

Northern Graphite Corporation

Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

(Expressed in thousands of Canadian dollars except for number of shares and per share amounts)

To the Shareholders of Northern Graphite Corporation:

Opinion

We have audited the consolidated financial statements of Northern Graphite Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and December 31, 2024, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred losses since its inception and has an accumulated deficit as at December 31, 2025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of Mineral Interests and Property, Plant and Equipment

Key Audit Matter Description

We draw attention to notes 3, 4, 9 and 10 to the consolidated financial statements.

As at December 31, 2025, the carrying amount of Mineral Interests amounted to \$14.1 million and the carrying amount of Property, Plant and Equipment ("PP&E") amounted to \$25.6 million. At the end of each reporting period, management reviews Mineral Interests and PP&E to determine whether there are any indications that those assets may be impaired.

Management makes significant judgments in assessing whether changes to certain factors would be considered an indicator of impairment, which include both internal and external factors such as (i) interpretation of geological and geophysical data, (ii) the impact of current and expected future metal prices on potential reserves, and (iii) increases to forecasted operating costs. No impairment indicators were noted.

We consider this to be a key audit matter due to the significance of the balances of both Mineral Interests and PP&E and the subjectivity in performing procedures to assess the internal and external factors evaluated by management in its assessment of impairment indicators, which require significant management judgment.

Audit Response

Our audit work in relation to this included, but was not restricted to, the following:

- Evaluating the reasonableness of management's assessment of impairment indicators for Mineral Interests and PP&E.
- Assessing the completeness of external and internal factors that could be considered as indicators of impairment of the Company's Mineral Interests and PP&E, by considering evidence obtained in other areas of the audit.
- Assessing whether there was a reduction in quantity of the recoverable reserves, a reduction in metal prices, or an increase in forecasted operating costs by considering external market data and evidence obtained in other areas of the audit, as applicable.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kate Duholke.

Vancouver, British Columbia

April 30, 2026

MNP **LLP**

Chartered Professional Accountants

NORTHERN GRAPHITE CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2025 and December 31, 2024

	Notes	December 31, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 2,539	\$ 373
Receivables	6	682	1,535
Prepays		1,213	613
Deposits		472	467
Inventories	7	1,298	8,858
Total current assets		6,204	11,846
Non-current assets			
Exploration and evaluation assets	8	17,725	17,634
Property, plant and equipment	9	25,631	24,776
Mineral interests	10	14,090	15,412
Other assets	11	3,869	2,918
Restricted cash and reclamation deposits	5, 30	1,987	1,942
Goodwill		2,713	2,713
Total Assets		\$ 72,219	\$ 77,241
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12, 29	\$ 11,330	\$ 8,966
Flow through shares liability	19	197	-
Senior secured loan	13	28,498	25,087
Royalty	14	17,680	14,826
Current portion of leases	18	150	411
Total current liabilities		57,855	49,290
Non-current liabilities			
Deferred revenue	15	42,521	39,615
Leases	18	788	778
Bank loan	16	563	-
Repayable government contribution	17	411	-
Reclamation provisions	30	7,150	6,769
Deferred tax liability	20	877	2,191
Total Liabilities		110,165	98,643
SHAREHOLDERS' DEFICIENCY			
Share capital	19	71,298	67,896
Warrants	19	-	223
Contributed surplus	19	5,638	5,287
Foreign currency translation		(377)	(1,612)
Accumulated deficit		(114,505)	(93,196)
Total Shareholders' Deficiency		(37,946)	(21,402)
Total Liabilities and Shareholders' Deficiency		\$ 72,219	\$ 77,241

Going concern (note 1)

Subsequent events (notes 9, 13, 14, 15, 17, 19, 23, 30 and 32)

APPROVED ON BEHALF OF THE BOARD ON April 30, 2026

(Signed) Gregory Bowes, Director

(Signed) Cam Birge, Director

NORTHERN GRAPHITE CORPORATION

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

As at December 31, 2025 and December 31, 2024

(Stated in thousands of Canadian dollars, except for number of shares and per share amounts)

	Notes	December 31, 2025	December 31, 2024
Revenue		\$ 19,231	\$ 22,728
Cost of Sales			
Production costs	21	16,343	18,107
Depletion and depreciation		6,714	4,931
Total cost of sales		23,057	23,038
Loss from mine operations		(3,826)	(310)
License and other revenue	23	5,757	1,497
Expenses			
License expenses		72	-
General and administrative	22	9,147	8,736
Share-based compensation	19, 28	569	450
Foreign exchange gain		(1,153)	(515)
Total expenses		8,635	8,671
Operating loss		(6,704)	(7,484)
Finance expense	24	13,398	16,048
Care and maintenance expense	9	4,077	4,663
Impairment expense	7	2,148	4,657
Loss on marketable securities		-	90
Okorusu moving costs		-	22
Interest income		(54)	(169)
Gain on sale of non-current assets		(227)	-
Foreign exchange (gain) loss on financing instruments	13, 14, 15	(4,055)	6,019
Loss before taxes		(21,991)	(38,814)
Current tax expense		659	88
Deferred tax recovery		(1,341)	(98)
Net loss		(21,309)	(38,804)
Other comprehensive income			
Foreign currency translation gain		1,235	959
Total comprehensive loss		(20,074)	(37,845)
Loss per share – basic and diluted		(0.16)	(0.30)
Weighted average shares outstanding - basic and diluted		136,862,040	130,775,110

NORTHERN GRAPHITE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

As at December 31, 2025 and 2024

(Stated in thousands of Canadian Dollars)

	Notes	December 31, 2025	December 31, 2024
Operating activities			
Net loss		\$ (21,309)	\$ (38,804)
Items not affecting cash			
Depletion and depreciation		6,925	5,344
Income taxes		(682)	(10)
Share based payments	19, 28	601	556
Interest expense and accretion		15,019	12,422
Accretion of asset retirement obligation	24, 30	56	90
Impairment expense	7	2,148	4,657
Foreign exchange (gain) loss		(5,208)	5,074
Loss on marketable securities		-	90
Gain on sale of non-current assets		(227)	-
Loss on extinguishment of royalty		-	4,364
Gain on modification of senior debt and royalty	24	(1,782)	(866)
Gain on derecognition of leases	18	(111)	-
Changes in non-cash working capital items			
Receivables, prepaids and deposits		264	531
Inventories		3,786	4,616
Accounts payable and accrued liabilities		2,795	758
Net cash provided by (used in) operating activities		2,275	(1,178)
Investing activities			
Restricted cash and deposits	5	(45)	(68)
Exploration and evaluation costs		(1,332)	(369)
Cash received on sale of marketable securities		-	400
Additions to property, plant, equipment, mineral property and intangibles		(3,813)	(526)
Proceeds from sale of property, plant, equipment, mineral property and intangibles		316	-
Net cash used in investing activities		(4,874)	(563)
Financing activities			
Proceeds from private placements	19	3,293	-
Proceeds from repayable government contribution	17	1,182	-
Proceeds from bank loan	16	563	-
Proceeds from exercise of options	19	-	100
Share issuance costs	19	(82)	-
Royalty payments	14	-	(658)
Lease payments	18	(185)	(448)
Net cash provided by (used in) financing activities		4,771	(1,006)
Effect of exchange rate changes on cash		(6)	5
Net increase (decrease) in cash and cash equivalents		2,172	(2,747)
Cash and cash equivalents, beginning		373	3,115
Cash and cash equivalents, ending		\$ 2,539	\$ 373

Supplemental Cash Flow Information – Note 26

NORTHERN GRAPHITE CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

As at December 31, 2025 and 2024

(Stated in thousands of Canadian Dollars, except for number of shares)

	Number of shares	Share Capital	Warrants	Contributed Surplus	Foreign Currency Translation	Accumulated Deficit	Total
Balances at December 31, 2024	131,098,214	\$ 67,896	\$ 223	\$ 5,287	\$ (1,612)	\$ (93,196)	\$ (21,402)
Expiry of warrants (note 19)	-	223	(223)	-	-	-	-
Exercise of RSU (note 19)	685,000	250	-	(250)	-	-	-
Share based payments (notes 19)	-	-	-	601	-	-	601
Flow-through share issuance (note 19)	2,631,579	276	-	-	-	-	276
Share issuance through private placement (note 19)	23,914,546	2,793	-	-	-	-	2,793
Share issuance costs	-	(140)	-	-	-	-	(140)
Foreign currency translation	-	-	-	-	1,235	-	1,235
Loss for the period	-	-	-	-	-	(21,309)	(21,309)
Balances at December 31, 2025	158,329,339	\$ 71,298	\$ -	\$ 5,638	\$ (377)	\$ (114,505)	\$ (37,946)
Balances at December 31, 2023	130,343,022	\$ 57,421	\$ 10,368	\$ 4,961	\$ (2,571)	\$ (54,392)	\$ 15,787
Expiry of warrants (note 19)	-	10,145	(10,145)	-	-	-	-
Exercise of options (note 19)	307,692	125	-	(25)	-	-	100
Exercise of RSU (note 19)	447,500	205	-	(205)	-	-	-
Share based payments (note 19)	-	-	-	556	-	-	556
Foreign currency translation	-	-	-	-	959	-	959
Loss for the period	-	-	-	-	-	(38,804)	(38,804)
Balances at December 31, 2024	131,098,214	\$ 67,896	\$ 223	\$ 5,287	\$ (1,612)	\$ (93,196)	\$ (21,402)

NORTHERN GRAPHITE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025 and 2024

(Stated in thousands of Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Graphite Corporation (“Northern” or the “Company”) is a mineral resource exploration, development and production company engaged in the acquisition, exploration, development and production of graphite and other mineral properties. The Company was incorporated under the laws of the Province of Ontario on February 25, 2002. On April 29, 2022, the Company acquired the producing Lac-des-Îles graphite mine in Quebec (“LDI”) and the Okanjande graphite deposit and Okorusu processing plant in Namibia (together “Okanjande”). In addition, Northern holds a 100% interest in the Mousseau graphite project in Quebec (“Mousseau”) and the Bissett Creek graphite project in Ontario (“Bissett Creek”). The Company is listed on the TSX Venture Exchange (symbol “NGC”) and the OTCQB Market (symbol “NGPHF”).

The Company’s registered office is located at 1000 Innovation Drive, Suite 500, Ottawa, Ontario, K2K 3E7.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$114,505 as at December 31, 2025 which has been primarily funded by the issuance of shares, a senior secured loan (note 13), royalty financing (note 14), a deferred revenue agreement (note 15), bank loan (note 16), repayable government contribution (note 17) and sales of graphite concentrate. As at December 31, 2025, the Company had a negative working capital balance of \$51,651. The Company’s ability to continue as a going concern depends upon its ability to raise adequate financing and to generate profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares and entering into financing arrangements, but there is no assurance that it will be able to continue to do so in the future. There is a material uncertainty related to these conditions that casts significant doubt about the Company’s ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. Any such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements for the years ended December 31, 2025 and 2024 (the “Consolidated Financial Statements”) have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board.

The material accounting policies set out in note 4 were consistently applied to all the periods presented, unless otherwise noted.

These Consolidated Financial Statements were approved and authorized for issue by the Board of Directors on April 30, 2026.

Basis of consolidation

Subsidiaries are entities over which the Company has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. These Consolidated Financial Statements include the accounts of the wholly-owned subsidiaries as shown below. All inter-company balances, and gains and losses on intercompany transactions, have been eliminated for consolidation purposes.

Basis of measurement

These Consolidated Financial Statements have been prepared on a historical cost basis except those accounts as noted in the financial instruments section (note 27). In addition, the Consolidated Financial Statements have been prepared using the accrual basis of accounting.

NORTHERN GRAPHITE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025 and 2024

(Stated in thousands of Canadian Dollars)

Functional and presentation currency

These Consolidated Financial Statements are presented in Canadian dollars, which is the functional currency of the Company. The Company's material wholly-owned subsidiaries and their functional currencies are as follows:

Name of Subsidiary	Location	Percentage Ownership	Functional Currency
Graphite Nordique Inc.	Canada	100%	CAD
Northern Graphite Processing (Namibia) (Pty) Ltd.	Namibia	100%	NAD
Northern Graphite Holdings (Namibia) (Pty) Ltd.	Namibia	100%	NAD
Northern Graphite Okanjande Mining (Pty) Ltd.	Namibia	100%	NAD
NGC Battery Materials GmbH ("NGCBM")	Germany	100%	EUR

3. USE OF ESTIMATES AND JUDGEMENTS

In preparing these Consolidated Financial Statements management has made judgements and estimates that affect the application of the Company's accounting policies and have a material impact on the Consolidated Financial Statements. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis and revisions to estimates are recognized prospectively.

The key judgements and estimates made in preparing these Consolidated Financial Statements are as follows:

Going concern

Judgement is required related to the assessment of the Company's ability to continue as a going concern.

Functional currency

Judgement is required in determining the functional currency of each of the Company's subsidiaries which is the currency of the primary economic environment in which the entity operates.

Taxes

Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the probable timing and the level of future taxable income realized, including the usage of tax planning strategies.

Exploration and evaluation assets

Judgement is required for the classification of expenditures as exploration and evaluation assets.

Deferred revenue

The upfront deposit received under a mineral purchase and sale agreement (note 15) was accounted for as deferred revenue in accordance with IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). As the Company's obligation under the mineral purchase and sale agreement will be satisfied through deliveries of graphite, which is a non-financial item rather than cash or other financial assets, it was determined to be entered into and continued to be held for the purpose of the delivery of a non-financial item in accordance with the Company's expected sale or usage requirements and thus not within the scope of IFRS 9 Financial Instruments ("IFRS 9"). The determination of whether the obligation is within the scope of IFRS 15 or IFRS 9 requires management's judgement.

Revenue to be recognized from the upfront deposit received from the mineral purchase and sale agreement is considered variable and is subject to changes in the total graphite tonnes to be delivered. Changes in estimates of total graphite tonnes to be delivered are applied prospectively.

NORTHERN GRAPHITE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025 and 2024

(Stated in thousands of Canadian Dollars)

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the Consolidated Financial Statements are as follows:

Estimated mineral reserves and depletion rates for mineral interests

The carrying amounts of the Company's producing mining properties are depleted based on recoverable tonnes contained in mineral reserves which are estimated using reports which are prepared according to National Instrument 43-101 Technical Report standards. Changes to estimates of recoverable tonnes of reserves resulting from revisions to the Company's mine plans and changes in graphite price forecasts can result in a change to future depletion rates.

Depreciation rates for property, plant and equipment

Depreciation expenses are estimated based on estimated asset lives. Should the asset life or depreciation rates differ from the initial estimate, an adjustment would be made in the consolidated statement of loss and comprehensive loss on a prospective basis.

Market interest rates

The senior secured loan (note 13), the royalty (note 14) and the repayable government contribution (note 17) were all initially recorded at fair value by discounting at a market interest rate, with residual funds received allocated to the warrants issued as part of senior secured loan and royalty agreements and to the carrying value of property, plant and equipment and mineral interests as part of the government grant agreement. The determination of a fair market interest rate requires management to make significant estimates, assumptions and judgements.

Inventory valuation

Materials and supplies, ore stockpiles and finished goods, are valued at the lower of cost and net realizable value. Estimates in the carrying values of inventories arise due to the nature of the valuation of ore stockpiles and finished goods based on an appropriate allocation of direct mining costs, direct labour and material costs, mine site overhead, and depletion and depreciation.

Property, plant and equipment, mineral interests, goodwill and exploration and evaluation assets valuation

The Company is required to review the carrying value of its property plant and equipment, mineral interests, goodwill and exploration and evaluation properties at each reporting date for potential impairment. Impairment is indicated if the carrying value of the Company's assets is not recoverable. Goodwill is tested for impairment annually. If impairment is indicated, the amount by which the carrying value of the assets exceeds their estimated recoverable amount is charged to the consolidated statements of loss and comprehensive loss.

Evaluating for recoverability requires judgement in determining whether future economic benefits from future exploitation, sale or otherwise are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves or resources. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological and geophysical data, the Company's financial ability to continue exploration and evaluation activities, contractual issues with joint venture partners, the impact of government legislation and political stability in the region, and the impact of current and expected future metal prices on potential reserves.

Reclamation and site closure provision

The Company recognizes the liability for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the exploration or development of its properties. The provision is calculated as the present value of the expenditures required to settle the obligation. The Company assesses its provision for site reclamation and site closure at each reporting date. The provision at the reporting date represents management's best estimate of the present value of the future restoration and site closure costs required.

Share-based compensation

The Black-Scholes option pricing model used in measuring the fair value of stock options incorporates highly subjective assumptions, including volatility, estimated forfeiture rates and expected time until exercise, which affect the calculated values.

NORTHERN GRAPHITE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025 and 2024

(Stated in thousands of Canadian Dollars)

4. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include bank balances, funds held in trust with lawyers, and short-term investments that are readily convertible into cash with original maturities of three months or less.

Restricted cash and reclamation deposits

Restricted cash and reclamation deposits include an irrevocable letter of credit as part of the security required for reclamation obligations.

Inventories

Inventories include work in progress inventory in the form of stockpiled graphite ore, finished goods inventory and materials and supplies. Cost of materials and supplies inventory include acquisition, freight and other directly attributable costs. Cost of work in progress inventory and finished goods includes all direct costs incurred in production including direct labor and materials, freight, depletion and depreciation of plant and equipment used in the production process, amortization of acquisition costs and related overhead costs. Finished goods inventory costs are allocated using the co-product methodology based on relative sales prices in the period. All inventories are valued at the lower of weighted average cost or net realizable value, with net realizable value determined with reference to recent sales prices, less estimated future production costs to convert inventories into graphite concentrate. If the carrying value exceeds the net realizable value, an impairment is recognized. The impairment may be reversed in a subsequent period if the circumstances which caused the impairment no longer exist.

Mining properties and exploration and evaluation expenditures

Mining properties correspond to acquired interests in mining exploration leases/permits/claims which include the rights to explore, mine, extract and sell all minerals. All pre-exploration costs, comprised of costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated.

General and administration expenditures relating to exploration are capitalized where they can be directly attributed to the site undergoing exploration and evaluation.

Exploration and evaluation assets are carried at historical cost, less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrated for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

Mineral interests

Mineral interests consist of the cost of acquiring and developing mineral interests including stripping costs incurred during the development phase of the mine. Once in production, mineral interests are depleted on a units-of-production basis over the component of the ore body to which they relate.

Property, plant and equipment

Upon initial acquisition, property, plant and equipment are valued at cost, being the purchase price and the directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management.

In subsequent periods, property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value and is not depreciated.

NORTHERN GRAPHITE CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2025 and 2024

(Stated in thousands of Canadian Dollars)

Each component or part of property and equipment with a cost that is significant in relation to total cost of the item will be depreciated separately unless there is no difference in depreciation on the respective components.

Depletion and depreciation of mineral interests, property, plant and equipment

The carrying amounts of mineral interests, property, plant and equipment are depleted or depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of the remaining depreciation or depletion rate. Changes in estimates which affect depreciation are accounted for prospectively. Depreciation or depletion commences on the date the asset is available for its use as intended by management. The expected useful lives are as follows:

- LDI mineral interest and property, plant and equipment – over the mineral reserves of the related graphite deposit
- Okanjande ROU assets included within mineral interests - over the lease contract periods

Construction in progress

Mineral interest development and plant and equipment construction commence after the technical feasibility and commercial viability of extracting a mineral resource is demonstrable, approval by management and the Board of Directors and the Company has obtained all regulatory permissions to proceed. Development and construction expenditures are capitalized and classified as construction in progress. Once completed, the costs associated with all applicable assets related to the development and construction are reclassified to the appropriate category within mineral interest or property, plant and equipment.

Care and maintenance

If a property is put on care and maintenance, related costs are expensed in the period incurred.

Impairment of long-lived assets

At each consolidated statement of financial position date, the Company assesses whether there is any indication that any long-lived assets or finite life tangible assets are impaired. The Company monitors the recoverability of long-lived assets based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the assets. An impairment is recognized if the recoverable amount, determined as the higher of an asset's fair value less cost to sell and the discounted future cash flows generated from use and eventual disposal of an asset, is less than its carrying value. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

Impairment of goodwill

The carrying amount of goodwill is tested annually for impairment or more frequently when there is an indication that the goodwill may be impaired. Any impairment is recognized as an expense immediately. Should there be a recovery in the value of a cash generating unit to which goodwill has been allocated, any impairment of goodwill previously recorded is not subsequently reversed.

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes a party to the contracts that give rise to them and are classified as: amortized cost; FVTPL; or, fair value through other comprehensive income, as appropriate. The Company considers whether a contract contains an embedded derivative when it first becomes a party to the contract. The embedded derivatives are separated from the host contract if the host contract is not measured at FVTPL and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held by a business whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Receivables and reclamation deposits are classified as and measured at amortized cost.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVTOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so, designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVTOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company's cash and cash equivalents and marketable securities are measured at FVTPL with changes in fair value recognized in the consolidated statements of loss and comprehensive loss.

Financial assets at FVTOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the consolidated statements of loss and comprehensive loss. The election is available on an investment-by-investment basis. The Company currently has no financial assets classified at FVOTC.

Financial liabilities

Financial liabilities are recognized initially at fair value, net of transaction costs. After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses are recognized in the consolidated statements of loss and comprehensive loss when the liabilities are derecognized as well as through the amortization process. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date. Accounts payable, accrued liabilities, senior secured loan, royalty, bank loan and repayable government contribution are classified and measured at amortized cost.

Derecognition of financial assets and liabilities

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss. The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The financial liability derecognized, and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Derivative instruments

Derivative instruments, including embedded derivatives, are measured at fair value on initial recognition and at each subsequent reporting period end. Any gains or losses arising from changes in fair value of derivatives are recorded in the consolidated statements of loss and comprehensive loss.

Fair values

The fair value of quoted investments is determined by reference to market prices at the close of business on the consolidated statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

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Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 – Fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or FVOCI. At each reporting date, the loss allowance for a financial asset measured at amortized cost is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial asset measured at amortized cost, other than a trade receivable, has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to the 12-month expected credit losses.

For trade receivables, the Company measures the loss allowance at an amount equal to the lifetime expected credit losses and history of losses with individual customers.

Deferred revenue

Deferred revenue consists of upfront deposits received by the Company in consideration for future commitments to deliver graphite under a mineral purchase and sale agreement. As deliveries of graphite are made, the Company records a portion of the deferred revenue as sales, based on a proportionate share of graphite deliveries made compared with the total estimated contractual commitment.

Interest expense on deferred revenue is recognized in finance costs as the Company has identified a significant financing component related to its graphite streaming arrangement, resulting from a difference in the timing of the upfront deposit received and delivery of the graphite. The interest rate is determined based on the market rate in the streaming agreement at the date of inception.

Government grants

The Company recognizes government grants in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. Government grants are recognized when there is reasonable assurance that milestone criteria for their receipt will be met. Grants related to income are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate. Grants related to assets are deducted in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements except for ROU assets and lease liabilities for leases of low-value assets and leases with lease terms that are less than 12 months. Lease payments associated with these leases are instead recognized as an expense over the lease term.

The lease liability is initially measured at the present value of the lease payments for the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

The Company remeasures leases when there is a change in future lease payments or other factors which affect the terms of the lease. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

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ROU assets are included in mineral interests, property, plant and equipment, and the lease liabilities are presented separately in the consolidated statement of financial position.

Asset retirement obligations

The present value of an asset retirement obligation is recorded in the period in which it is incurred. When the liability is initially recorded, the cost is capitalized by increasing the carrying amount of the related long-lived asset. Over time, the liability is adjusted to reflect the passage of time (accretion expense) and for changes in estimated future cash flows. Accretion expense is charged to the consolidated statements of loss and comprehensive loss, while adjustments related to changes in estimated cash flows are recorded as increases or decreases in the carrying value of the asset. The capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, a gain or loss is recorded if the actual costs incurred are different from the liability recorded.

Share capital and share purchase warrants

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial asset or liability. The Company's common shares and share purchase warrants, are classified as equity instruments. Incremental costs directly attributable to the issuance of new equity instruments are shown in equity as a deduction from the proceeds of issuance. Amounts recorded relating to expired warrants are transferred to share capital.

The proceeds from the issue of shares and warrants issued together as units are allocated between common shares and share purchase warrants on a pro-rata basis based on relative fair values at the date of issuance. The fair value of common shares is based on the market closing price on the day preceding the date the units are issued and the fair value of share purchase warrants is determined using the Black-Scholes option pricing model as of the date of issuance.

Share based payments

The Company has a stock option plan (as amended and restated, the "Option Plan"), a deferred share unit and restricted share unit compensation plan (the "DSU/RSU Plan") and issues warrants as described in note 19. The Company measures the compensation cost of awards issued under the Option Plan and DSU/RSU plan, and warrants, issued using the fair-value method as determined using the Black-Scholes option pricing model. Compensation costs are measured at the grant date based on the fair value of the award and are recognized over the vesting period as share-based payments with a corresponding increase to contributed surplus. Upon exercise, common shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, as adjusted for any consideration paid.

Revenue

Revenue is generated from the sale of graphite concentrate which is sorted into different graphite flake sizes and sold according to flake size specifications.

Graphite revenue is recognized when the risk and rewards associated with the ownership of graphite concentrate are transferred to the customer. This generally occurs when the graphite concentrate leaves the production site and physical and legal title transfers from the Company to the customer and when the sales price is agreed upon and collectability is reasonably assured. Graphite revenue is measured based on the graphite sales price agreed to between the Company and the customer at the time of sale and the amount the Company expects to receive.

License revenue

License revenue is generated from licensing the Company's carbon material processing technology. License revenue is recognized at a point in time when the Company satisfies performance obligations by transferring the right to use the license to the customer. This generally occurs at the fulfillment of all the conditions stipulated in the contract within the agreed-upon timeframe. License revenue is measured based on the technology transfer and exclusivity reservation fee agreed with the customer.

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Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction/development of a qualifying asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as finance costs in the period in which they are incurred. To the extent that the Company borrows funds specifically for the purpose of obtaining a specific qualifying asset, the amount of borrowing costs eligible for capitalization is the actual net borrowing costs incurred on that borrowing during the period.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit or loss nor taxable profit (loss) and does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method which includes the dilutive effect of warrants, stock options and contingently issuable shares in the weighted average number of common shares outstanding for the year when applicable. For the years ended December 31, 2025 and 2024, all outstanding warrants and stock options were anti-dilutive.

Translation of foreign currencies

The functional currency and presentation currency of the Company is the Canadian dollar. The functional currency of each subsidiary is determined after consideration of the primary economic environment of the entity. The functional currencies of the Company's material subsidiaries are listed in note 2. Financial statements of subsidiaries are maintained in their functional currencies and converted to Canadian dollars for consolidation of the Company's results.

Transactions denominated in foreign currencies, which are transactions in currencies other than the functional currency of an entity, are translated at the exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at reporting date exchange rates and any gain or loss on translation is recorded in the consolidated statement of loss and comprehensive loss as a foreign exchange gain or loss.

On translation of entities with functional currencies other than the Canadian dollar into the presentation currency, consolidated statements of loss and comprehensive loss items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Consolidated statement of financial position items are translated at closing exchange rates as at the reporting date. Exchange differences on the translation of the foreign currency entities are recorded in the foreign currency translation reserve in equity.

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Comparative information

The Company reclassified the revenues generated from NGCBM to “license and other revenue” line of the consolidated statement of loss and comprehensive loss. In the prior year, NGCBM revenue was reported in line “other income”. The reclassification aims to present total revenue from NGCBM on single revenue line due to the increasing volume and significance of activities in the battery materials segment and its distinctive nature compared to revenues from mining activities.

Recent and future accounting standards

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates

On January 1, 2025, the Company adopted amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates. The amendments provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments did not have an impact of the Company’s Consolidated Financial Statements and the comparative period.

IFRS 18 - Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements. The objective of the new standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income and expenses. The new standard is effective for reporting periods beginning on or after January 1, 2027. Management is currently assessing the impact of the new standard on the Company’s Consolidated Financial Statements.

Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued amendments to the classification and measurement of financial instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. Management is currently assessing the impact of the new standard on the Company’s Consolidated Financial Statements.

5. RESTRICTED CASH AND RECLAMATION DEPOSIT

Cash which the Company does not have immediate access to and is held in escrow accounts, on deposit with governmental agencies for reclamation obligations or as security for surety bonds has been presented as restricted cash and reclamation deposits. Restricted cash which the Company expects to receive, and have access to, within a year has been presented within current assets.

As at December 31, 2025, restricted cash consisted of \$1,987 (December 31, 2024 - \$1,942) deposited as collateral for an irrevocable letter of credit issued to secure a surety bond that guarantees reclamation obligations relating to LDI and Bissett Creek.

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6. RECEIVABLES

	December 31, 2025	December 31, 2024
Trade receivables	\$ 91	\$ 846
Value added tax	569	686
Other	22	3
	\$ 682	\$ 1,535

The Company's expected credit loss as at December 31, 2025, is a nominal amount (December 31, 2024 – nominal amount).

7. INVENTORIES

	December 31, 2025	December 31, 2024
Materials and supplies	\$ 1,109	\$ 1,155
Graphite ore stockpiles	185	1,664
Finished goods	4	6,039
Total inventory	\$ 1,298	\$ 8,858

The amount of inventories recognized as an expense during the year ended December 31, 2025, was \$22,163 (December 31, 2024 – \$21,581).

During the year ended December 31, 2025, due to lower production, higher per unit inventoried costs, lower anticipated sales prices and identified inventory variances following a physical count of inventories, the Company recorded a net realizable value impairment of \$1,490 (December 31, 2024 – \$1,057) on its stockpiled inventory and \$658 on its finished goods inventory (December 31, 2024 - \$3,600). Total inventory net realizable value impairment recorded for the year ended December 31, 2025 was \$2,148 (December 31, 2024, \$4,657).

8. EXPLORATION AND EVALUATION ASSETS

	Bissett Creek	Mousseau	LDI	Total
Balance, December 31, 2024	\$ 12,836	\$ 1,240	\$ 3,558	\$ 17,634
Engineering and metallurgical	-	-	48	48
Geological and geophysical	-	-	12	12
Site costs and royalties	31	-	-	31
Balance, December 31, 2025	\$ 12,867	\$ 1,240	\$ 3,618	\$ 17,725

	Bissett Creek	Mousseau	LDI	Total
Balance, December 31, 2023	\$ 12,774	\$ 1,237	\$ 1,682	\$ 15,693
Engineering and metallurgical	9	-	1,194	1,203
Geological and geophysical	-	-	438	438
Site costs and royalties	53	3	244	300
Balance, December 31, 2024	\$ 12,836	\$ 1,240	\$ 3,558	\$ 17,634

Bissett Creek, Ontario, Canada

The Company has a 100% interest in Bissett Creek which consists of a 1,938 hectare mining lease, expiring in June 2034, a 565-hectare mining lease, expiring in August 2035, and 52 cells under Ontario's claim system totaling approximately 1,159 hectares. All leases and cells are located in the United Townships of Head, Clara and Maria, in the County of Renfrew, Ontario.

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The Company is required to make royalty payments of \$0.02 per ton of graphite concentrate produced to the previous owners and is subject to a 2.5% net smelter return payable on any other minerals derived and sold from Bissett Creek. An advance royalty of \$27 per annum is payable in semi-annual installments and is recorded in exploration and evaluation assets (\$27 paid in the year ended December 31, 2025). The advance will be credited against any future royalty payments.

During 2020, the Company closed the sale of a 1.0% gross revenue royalty ("GRR") on Bissett Creek to Electric Royalties Ltd. ("ERL") for \$500 in cash and 2,000,000 shares of ERL. The Company has the option to buy back half of one percent of the initial GRR by paying \$1,500 in cash.

During the third quarter of 2023, Northern sold an additional 0.5% GRR to ERL for \$950 in cash. In connection with this sale, the Company will make a separate fixed royalty payment to ERL in the total amount of \$200, payable in equal quarterly payments of \$25 for two years. The net present value of the remaining payments at December 31, 2025 is \$50.

On May 27, 2024, the Company sold its 2,000,000 shares of ERL for \$400 in cash.

Mousseau, Quebec, Canada

During October 2022, the Company acquired the Mousseau West property for \$500 in cash and the issuance of 900,000 common shares of the Company. The Company has the right to acquire a 2% NSR retained by the owners at any time upon the payment of \$1,000.

On March 14, 2023, the Mousseau East property consisting of 101.64 hectares was granted to the Company by the Québec Ministère des Ressources naturelles et des Forêts (the "Minister") through an automatic procedure under the *Mining Act* (Québec) due to the lapse of certain adjoining claims previously held by an arm's length third party. In connection with the increase in the area covered by the Company's claims, the Company paid \$50 and issued 100,000 common shares of the Company to the previous holder of the adjoining claims in order to settle litigation proceedings challenging the Minister's increase in the area of the Company's claims. The Mousseau West and East properties are now collectively referred to as "Mousseau" and comprise 590.5 hectares.

Lac-des-Îles

During the year ended December 31, 2023, the Company carried out a drill program designed to explore previously untested areas of the property with the objective of extending the life of the mine. The program consisted of 8,000 meters of drilling and was financed through the proceeds of a \$2,250 charity flow-through private placement.

During the fourth quarter of 2024 the Company carried out an additional drilling program to continue exploring untested areas of the property with the objective of further expanding resources. As with the 2023 drill program, this was financed by the 2023 charity flow-through share financing.

During the year ended December 31, 2024, the Company announced it received a grant of \$60 from Québec's Ministère des Ressources Naturelles et des Forêts (MRNF) to pay 50 percent of eligible expenses for geo-metallurgical and geo-environmental drilling to be carried out this year. The grant is subject to a number of conditions and will be recognized when the underlying conditions have been met.

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9. PROPERTY, PLANT AND EQUIPMENT

Cost	Okanjande	LDI	Other	Total
Balance, December 31, 2024	\$ 20,067	\$ 8,825	\$ 1,475	\$ 30,367
Additions	1	888	70	959
Change in reclamation asset	-	325	-	325
Disposals	(110)	-	(10)	(120)
Government grant	-	(443)	-	(443)
Foreign currency translation	1,685	-	9	1,694
Balance, December 31, 2025	\$ 21,643	\$ 9,595	\$ 1,544	\$ 32,782
Accumulated depletion and depreciation				
Balance, December 31, 2024	(115)	(4,126)	(1,350)	(5,591)
Depletion and depreciation	(68)	(1,479)	(34)	(1,581)
Disposals	21	-	-	21
Balance, December 31, 2025	(162)	(5,605)	(1,384)	(7,151)
Net book value	\$ 21,481	\$ 3,990	\$ 160	\$ 25,631

Cost	Okanjande	LDI	Other	Total
Balance, December 31, 2023	\$ 18,966	\$ 8,305	\$ 1,393	\$ 28,664
Additions	186	243	82	511
Change in reclamation estimate	-	277	-	277
Sale of assets	(37)	-	-	(37)
Foreign currency translation	952	-	-	952
Balance, December 31, 2024	\$ 20,067	\$ 8,825	\$ 1,475	\$ 30,367
Accumulated depletion and depreciation				
Balance, December 31, 2023	(47)	(3,339)	(1,321)	(4,707)
Depletion and depreciation	(68)	(787)	(29)	(884)
Balance, December 31, 2024	(115)	(4,126)	(1,350)	(5,591)
Net book value	\$ 19,952	\$ 4,699	\$ 125	\$ 24,776

During the third quarter of 2025, the Canadian government agreed to provide a repayable and interest-free contribution of up to \$6,225 to support extending the life of LDI (Note 17). Contributions are received as the eligible costs are incurred by the Company. The interest-free repayable contributions received to date were discounted and the benefit of the loan at a below-market rate of interest is treated as a government grant and is deducted from the carrying value of the asset. The government grant amount attributed to the LDI plant was \$199 and \$244 to equipment.

As at December 31, 2025 the amount of depletion and depreciation from property, plant and equipment and mineral interests included in inventory was \$113 (December 31, 2024 – \$1,080) and the amount of depreciation included in general and administrative expenses was \$77 (December 31, 2024 - \$91). As at December 31, 2025, the amount of construction in process included in Okanjande property, plant and equipment was \$9,119 (December 31, 2024 - \$8,405).

As at December 31, 2025, LDI property, plant, and equipment cost includes \$1,667 (December 31, 2024 - \$1,667) for right of use assets with a net book value of \$327 (December 31, 2024 - \$548). The right of use assets consists of \$327 for a land use and building lease (December 31, 2024 - \$466) and nil for mobile assets (December 31, 2024 - \$82). As at December 31, 2025, Okanjande property, plant, and equipment cost includes \$548 (December 31, 2024 - \$514) for right of use assets with a net book value of \$424 (December 31, 2024 - \$435). The right of use assets consists of \$390 for a land use (December 31, 2024 - \$492) and \$34 for access to water resources (December 31, 2024 - \$45).

The LDI mine and plant were temporarily placed in care and maintenance for the second, third and part of the fourth quarters of 2023 while the Company sold excess inventory acquired with LDI. The plant restarted in October 2023,

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but the mine continued on care and maintenance and restarted mining operations April 2024. In order to preserve cash, the Company temporarily stopped its mining operations in July 2024 while continuing to operate the plant seven days a week, processing inventory from its existing stockpile, and then restarted mining operations in September 2024. During the fourth quarter of 2024 the Company again placed the plant and mine under a temporary shutdown for maintenance and repairs and resumed mining and milling operations in mid January 2025. In April 2025 the Company placed the plant under a temporary shutdown for two weeks to perform maintenance and build ore stockpiles. During the third quarter of 2025, the Company again placed the plant under temporary shutdown for two weeks between August in September for maintenance and repairs and resumed production during the second week of September as repairs were completed.

In November 2025, the LDI mine and mill were temporarily placed into care and maintenance in order to address an unexpected equipment issue and to accelerate critical maintenance and development work ahead of the Company's 2026 pit expansion and allow Northern the time to request a minor amendment to its existing Certificate of Authorization to mine the remaining ore in the old pit. This resulted in a production gap with production expected to resume in the second half of Q2 2026.

Costs incurred while LDI mining and/or production was temporarily halted during the year ended December 31, 2025 were \$3,111 (December 31, 2024 - \$2,957) and have been recorded in the consolidated statements of loss and comprehensive loss as care and maintenance expense.

The Okanjande plant has been under care and maintenance since 2023. Holding costs incurred for the year ended December 31, 2025 of \$966 (December 31, 2024 - \$1,706) were recorded in the consolidated statements of loss and comprehensive loss as care and maintenance expense.

As at December 31, 2025, Okanjande construction in process includes \$2,256 (December 31, 2024 - \$2,256) for capitalized interest (rate of 12%) arising from accretion on deferred revenue (note 15).

10. MINERAL INTERESTS

Cost	Okanjande	LDI	Total
Balance, December 31, 2024	\$ 9,982	\$ 15,809	\$ 25,791
Additions	-	1,815	1,815
Government grant	-	(336)	(336)
Foreign currency translation	847	-	847
Balance, December 31, 2025	\$ 10,829	\$ 17,288	\$ 28,117
Accumulated depletion and depreciation			
Balance, December 31, 2024	-	(10,379)	(10,379)
Depletion and depreciation	-	(3,648)	(3,648)
Balance, December 31, 2025	-	(14,027)	(14,027)
Net book value	\$ 10,829	\$ 3,261	\$ 14,090

Cost	Okanjande	LDI	Total
Balance, December 31, 2023	\$ 9,509	\$ 15,809	\$ 25,318
Foreign currency translation	473	-	473
Balance, December 31, 2024	9,982	15,809	25,791
Accumulated depletion and depreciation			
Balance, December 31, 2023	-	(6,951)	(6,951)
Depletion and depreciation	-	(3,428)	(3,428)
Balance, December 31, 2024	-	(10,379)	(10,379)
Net book value	\$ 9,982	\$ 5,430	\$ 15,412

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During the third quarter of 2025, the Canadian government agreed to provide a repayable and interest-free contribution of up to \$6,225 to support extending the life of LDI (Note 17). Contributions are received as the eligible costs are incurred by the Company. The interest-free repayable contributions received to date were discounted and the benefit of the loan at a below-market rate of interest is treated as a government grant and is deducted from the carrying value of the asset.

As at December 31, 2025, Okanjande mineral interests included \$1,197 (December 31, 2024 - \$1,197) for capitalized interest (rate of 12%) arising from accretion on deferred revenue (note 15).

11. OTHER ASSETS

	December 31, 2025	December 31, 2024
Intangible assets	\$ 1,209	\$ 169
Intangible assets accumulated amortization	(195)	(127)
Deposits on equipment	1,113	1,134
Contract assets (note 15)	1,742	1,742
	\$ 3,869	\$ 2,918

On July 10, 2025, the Company entered into a patent purchase agreement with a third-party to acquire its licensed patents, trademarks and technical and commercial know-how in relation to carbon material processing technology for synthetic carbon. As at December 31, 2025, total cost of the intellectual property was €647 (\$1,040), exclusive of VAT. The intellectual property acquired was subsequently licensed to another arm's length third party for industrial applications (Note 23). The intellectual property has a finite life and is amortized on a straight-line basis over its estimated useful life.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are primarily comprised of amounts outstanding for purchases relating to mining operations, exploration and evaluation activities and corporate expenses. Accounts payable and accrued liabilities are comprised of the following items:

	December 31, 2025	December 31, 2024
Trade payables	\$ 6,650	\$ 7,242
Trade related accruals	2,465	1,043
Customer deposits	973	-
Income tax payable	673	188
Payroll and related benefits	569	493
	\$ 11,330	\$ 8,966

13. SENIOR SECURED LOAN

On April 29, 2022 the Company completed a senior secured loan in the amount of \$15,350 (US\$12,000) made at a 2% discount, which matures in 48 months, bears interest at 9% plus the greater of the three month SOFR or 1% and issued the lender 4,800,000 warrants each of which were exercisable to purchase one common share of the Company at an exercise price of \$1.01 with an expiry date of April 29, 2024 (these warrants expired unexercised during the second quarter of 2024). The loan was discounted at a market interest rate of 15.2%, with the residual proceeds allocated to the value of warrants resulting in a value of \$1,858. At the Company's option, interest payable during the initial twelve months was capitalized (\$1,272) and added to the principal. In addition, the Company negotiated terms with the lender to capitalize interest payments due on June 30, September 30, and December 31, 2023 and added the balances (\$2,046) to the principal amount.

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In the fourth quarter of 2023, the Company obtained an additional \$1,359 (US\$1,000) under the above secured loan facility.

The loans are secured against the assets of LDI and Okanjande. The loans are subject to standard conditions and covenants, including maintenance of positive working capital and cash balances as well as debt service and loan life coverage upon achievement of certain cash flow levels.

As at December 31, 2025, 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 \$7,012, (US\$5,116) on the semi-annual cash interest payment date as of December 31, 2025 (covering the period January 1, 2024 to December 31, 2025);
- 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 US\$750.

Due to a change in the anticipated timing of the senior secured loan payments the Company has recognized a gain on modification during the year ended December 31, 2025 of \$397 (December 31, 2024 – \$346).

On April 29, 2026, the Company and the lender entered into a binding Letter of Agreement (“the Debt Agreement”) to restructure the senior secured loan and the Okanjande minerals streaming agreement (Note 15). Under the terms of the Debt Agreement, in return for cancelling the US\$15,969 face value of the senior secured loan (including capitalized interest) as well as all of the accrued and accruing interest to the maturity date of April 29, 2026 (US\$6,030), the parties will amend the streaming agreement to remove both the previously agreed step-down date limiting it to the first 350,000 tonnes of production and the option to then convert the stream to a 1% royalty. The Company will also issue 12,500,000 common shares to the lender. In addition, the Company will provide the lender with priority payment from a portion of proceeds received from any equity financings or its IP licensing agreements until such time as it has paid in full for all accrued and unpaid amounts owing on the royalty in respect of the Company’s LDI mine as of April 29, 2026 in the approximate amount of US\$4,400.

Balance, December 31, 2023	\$ 19,309
Interest expense and accretion	4,216
Gain on modification	(346)
Foreign exchange loss	1,908
Balance, December 31, 2024	25,087
Current portion of senior secured loan	25,087
Non-current portion of senior secured loan	\$ -
Balance, December 31, 2024	\$ 25,087
Interest expense and accretion	5,084
Gain on modification	(397)
Foreign exchange gain	(1,276)
Balance, December 31, 2025	28,498
Current portion of senior secured loan	28,498
Non-current portion of senior secured loan	\$ -

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14. ROYALTY FINANCING

On April 29, 2022, the Company sold a 9% royalty on graphite concentrate sales revenue from LDI for gross proceeds of \$5,117 (US\$4,000) and issued the royalty purchaser 1,200,000 warrants each of which were exercisable to purchase one common share of the Company at an exercise price of \$1.01 with an expiry date of April 29, 2024 (these warrants expired unexercised during the second quarter of 2024). The royalty was discounted at a market interest rate of 22.5%, with the residual proceeds allocated to the value of the warrants resulting in a value of \$465.

The purchaser of the royalties has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on Bissett Creek. The deposits are subject to standard conditions and covenants.

In the fourth quarter of 2023, the Company sold an additional 4% graphite sales revenue royalty on LDI reducing to 0.25% once the additional royalty has been paid on 45,000 tonnes of sales for gross proceeds of \$2,719 (US\$2,000).

As at December 31, 2025, the Company had not met one of the covenants relating to the amended and restated royalty agreement dated November 29, 2023, consisting of the payment of certain royalty amounts due during the years ended December 31, 2024 and 2025 for a total of \$5,389 (US\$3,932). An additional royalty amount with respect to fourth quarter 2025 sales of \$405 (US\$295) was due on January 31, 2026 and is currently unpaid.

Due to a change in the anticipated timing of royalty payments the Company has recognized a gain on modification of \$1,385 (December 31, 2024 – \$520).

As of April 30, 2026, all defaults have been waived by the lender effective December 31, 2025. On April 29, 2026 the Company and the purchaser entered into an agreement whereby the Company will provide the lender with priority payment from a portion of proceeds received from any equity financings or its IP licensing agreements until such time as it has paid in full for all accrued and unpaid amounts owing on the royalty in respect of the Company's LDI mine as of April 29, 2026 in the approximate amount of US\$4,400.

Balance, December 31, 2023	\$	6,768
Interest expense and accretion		3,813
Payments made		(658)
Loss on extinguishment		4,364
Gain on modification		(520)
Foreign exchange loss		1,059
Balance, December 31, 2024		14,826
Current portion of royalty		14,826
Non-current portion of royalty	\$	-

Balance, December 31, 2024	\$	14,826
Interest expense and accretion		5,045
Gain on modification		(1,385)
Foreign exchange gain		(806)
Balance, December 31, 2025		17,680
Current portion of royalty		17,680
Non-current portion of royalty	\$	-

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15. DEFERRED REVENUE

On April 29, 2022 the Company completed, in exchange for an upfront deposit of \$25,584 (US\$20,000), a minerals stream agreement for the purchase and sale of 11.25% of the graphite produced by Okanjande until 350,000 tonnes of contained graphite in concentrate have been produced and delivered, at which time, at the option of the stream purchaser, the stream may convert into a 1% royalty for the remaining life of the Okanjande deposit. The stream is secured by the assets of Okanjande. The stream purchaser has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on Okanjande.

As partial consideration for entering into the stream, the Company issued 4,500,000 warrants, each of which was exercisable to purchase one common share of the Company at an exercise price of \$1.01 with an expiry date of April 29, 2024 (these warrants expired unexercised in the second quarter of 2024). The value of the warrants was \$1,742 and was determined using the Black-Scholes option pricing model and has been recognized as a contractual asset which will be expensed over the term of the contract, beginning once sales commence.

The Company had the option, subject to any consents or approvals required under the secured loan, to reduce the stream percentage by up to 50% upon payment of \$25,181 (US\$17,500) in 2025. This option was not exercised and was assigned a nil value at inception.

The deposit does not contain cross-default provisions with the senior secured loan (note 13) or the royalty (note 14) but is subject to standard conditions and covenants. As at December 31, 2025, the Company was in compliance with all covenants.

On April 29, 2026, the Company and the lender entered into a binding Letter of Agreement (“the Debt Agreement”) to restructure the senior secured loan (Note 13) and the Okanjande minerals streaming agreement. Under the terms of the Debt Agreement, in return for cancelling the US\$15,969 face value of the senior secured loan (including capitalized interest) as well as all of the accrued and accruing interest to the maturity date of April 29, 2026 (US\$6,030), the parties will amend the streaming agreement to remove both the previously agreed step-down date limiting it to the first 350,000 tonnes of production and the option to then convert the stream to a 1% royalty. In addition, the Company will issue 12,500,000 common shares to the lender.

Balance, December 31, 2023	\$	32,305
Interest accretion		4,258
Foreign exchange loss		3,052
Balance, December 31, 2024		39,615

Balance, December 31, 2024	\$	39,615
Interest accretion		4,879
Foreign exchange gain		(1,973)
Balance, December 31, 2025		42,521

16. BANK LOAN

On April 14, 2025, the Company entered into an agreement for a loan of €350 bearing interest at 5.175% per annum. The drawn loan amounts and related interest are all repayable between September 30, 2027 and June 30, 2032. The loan is limited to the activities of NGCBM.

Balance, December 31, 2024	\$	-
Funds received		563
Balance, December 31, 2025	\$	563

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17. REPAYABLE GOVERNMENT LOAN

During the third quarter of 2025, the Economic Development Agency of Canada for the Regions of Quebec agreed to provide a repayable and interest-free contribution of up to \$6,225 to support extending the life of LDI. The contribution is repayable in 84 equal monthly instalments commencing December 1, 2030. Under the *Regional Economic Growth Through Innovation Program*, the contribution finances 75% of the eligible costs for the pit extension at LDI to support continued production from the mine. Contributions are received as the eligible costs are incurred by the Company.

As of December 31, 2025, the Company incurred eligible costs of \$1,576 and received a contribution of \$1,182. The interest-free repayable contributions received to date were discounted at a market rate of interest ranging from 12.95% to 13.26% and the benefit of the loan at a below-market rate of interest is treated as a government grant and is deducted from the carrying value of property, plant and equipment (Note 9) and mineral interests (Note 10). The total value attributed to government grants during the year ended December 31, 2025 was \$779. Subsequent to December 31, 2025, the Company drew down an additional \$3,463 on the facility.

On February 24, 2026, the Company signed an amendment to the agreement, whereby the Company will now receive a contribution equal to 90% of the eligible costs instead of 75% per the original agreement. The amended contribution rate was applied to all the eligible costs incurred before the amendment date. The repayable and interest-free contribution of up to \$6,225 remains unchanged.

Balance, December 31, 2024	\$ -
Repayable contribution received	1,182
Interest accretion	8
Government grant	(779)
Balance, December 31, 2025	411

18. LEASES

The Company has lease agreements relating to mobile equipment and land and building use with interest rates ranging from 4.5% to 10.0%.

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 1,189	\$ 1,470
Lease payments	(292)	(448)
Derecognition of leases	(111)	-
Interest expense and accretion	107	135
Foreign exchange loss	45	32
Balance, end of period	938	1,189
Less: current portion of leases	150	411
Non-current portion of leases	\$ 788	\$ 778

19. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares having no par value.

Year Ended December 31, 2025

On March 11, 2025, the Company completed a non-brokered private placement of 2,631,579 common shares on a flow-through basis at a price of \$0.19 per share for gross proceeds of \$500. In connection with the private placement, the Company paid a cash finders' fee of \$30 on closing. This was accounted for by fair valuing the shares with the residual of \$224 being allocated to flow through share liability as the value of tax deductions to be renounced by the Company. This liability was reduced by \$27 at December 31, 2025 based on eligible expenditures made since March 11, 2025.

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On October 9, 2025, the Company also completed a non-brokered private placement of 13,114,546 common shares at a price of \$0.11 per offered share for gross proceeds of \$1,443. In connection with this private placement, the Company paid a cash finders' fee of \$29 on closing and a cash finder fee balance of \$23 is payable on December 31, 2025. The Company will also pay additional finder fees of \$7 in common shares of the Company.

On December 19, 2025, the Company completed another non-brokered private placement of 10,800,000 common shares at a price of \$0.125 per offered share for gross proceeds of \$1,350. In connection with the private placement, the Company paid a cash finders' fee of \$11 on closing and a cash finder fee balance of \$22 is payable on December 31, 2025. The Company will also pay additional finder fees of \$18 in common shares of the Company. During the year ended December 31, 2025, total transaction costs recognized and deducted from share capital were \$140.

Also during the year ended December 31, 2025, 685,000 vested RSUs were exercised resulting in the issuance of 685,000 common shares of the Company.

Stock option, DSU and RSU issuances

On May 14, 2025 the Company issued 125,000 stock options to an officer and an employee of the Company at an exercise price of \$0.105 which expire on May 10, 2030.

On March 13, 2025, the Board of Directors approved a grant of 350,000 RSUs to an officer and an employee of the Company. The vesting terms of these RSUs are as follows: 250,000 RSUs vest 40 percent on April 1, 2026; 30 percent on April 1, 2027; and, 30 percent on April 1, 2028; and, 100,000 RSUs vest 25 percent on April 1, 2026; 25 percent on April 1, 2027; and, 50 percent on April 1, 2028.

On June 25, 2025, the Board of Directors approved a grant of 200,000 RSUs to an employee of the Company vesting one quarter after each of years one and two, and half after year three.

On December 5, 2025, the Company granted non-executive directors a total of 2,860,000 stock options as part of their compensation. The stock options vest immediately, are exercisable at \$0.20 per share and expire on December 5, 2030.

Year Ended December 31, 2024

During the year ended December 31, 2024, 307,692 stock options with an exercise price of \$0.325 per share were exercised for gross proceeds of \$100 in exchange for 307,692 common shares of the Company and 447,500 vested RSUs were exercised for the issuance of 447,500 common shares of the Company.

Stock option and RSU issuances

The Company's Board of Directors has granted RSUs and Stock options as part of its long-term incentive and retention plan for key executives and employees.

On January 11, 2024, the Company announced the appointment of Samantha Espley as a director of the Company. In connection with her appointment, the Company granted Ms. Espley a total of 400,000 stock options under the Company's amended and restated stock option plan, which have an exercise price of \$0.55 per share, an exercise period of five years and which vested immediately upon grant.

On February 28, 2024, the Board of Directors approved a grant of stock options to certain new officers and employees to purchase a total of 1,011,000 common shares of the Company at a price of \$0.35 per share, vesting one third after each of years one, two, and year three, which are exercisable for a period of five years.

On August 28, 2024, the Board of Directors approved a grant of stock options to certain employees to purchase a total of 1,700,000 common shares of the Company at a price of \$0.20 per share, vesting one quarter after each of years one and two and one half after year three, and which are exercisable for a period of five years. In addition, the Board of Directors approved a grant of 5,100,000 RSUs to certain officers and employees with a vesting period of one quarter after each of years one and two, and one half after year three.

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Warrants

The Company's warrants outstanding as at December 31, 2024 and 2025 are as follows:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2023	32,827,800	1.03
Warrants expired	(31,147,800)	1.05
Balance, December 31, 2024	1,680,000	0.75
Warrants expired	(1,680,000)	0.75
Balance, December 31, 2025	-	-

As at December 31, 2025, the weighted average remaining contractual life of warrants outstanding was nil (December 31, 2024 – 0.32 years).

Restricted share units

The Company has a DSU/RSU Plan which is a fixed security-based compensation plan with the maximum number of common shares of the Company that may be issued to participants under the DSU/RSU Plan being 12,036,052 shares, subject to customary adjustments as provided for in the DSU/RSU Plan. The maximum aggregate number of common shares issuable to insiders of the Company (as a group) under the DSU/RSU Plan and the Company's Option Plan shall together collectively not exceed 10% of the issued and outstanding number of shares at any time.

A summary of the RSU activity is presented below:

	Number of Restricted stock units
Balance, December 31, 2023	1,465,000
Granted	5,100,000
Exercised	(447,500)
Forfeited	(850,000)
Balance, December 31, 2024	5,267,500
Granted	550,000
Exercised	(685,000)
Forfeited	(1,425,000)
Balance, December 31, 2025	3,707,500

A summary of the Company's outstanding RSU's at December 31, 2025 is as follows:

Issue price	RSU's outstanding	RSU's exercisable
\$0.45	120,000	-
\$0.07	3,037,500	637,500
\$0.10	550,000	-
Balance, December 31, 2025	3,707,500	637,500

As at December 31, 2025, there was \$113 of unrecognized share-based compensation costs related to unvested RSU awards granted under the Company's DSU/RSU Plan. In the year ended December 31, 2025, \$178 of share-based compensation costs were recognized (December 31, 2024 - \$295).

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Stock options

The Company has adopted the Option Plan for directors, officers, employees and consultants of the Company. Under the Option Plan, the Company may grant non-transferable stock options to purchase common shares of the Company for a period of up to ten years from the date of the grant. The maximum aggregate number of common shares issuable to insiders of the Company (as a group) under the Option Plan and the DSU/RSU Plan shall together collectively not exceed 10% of the issued and outstanding number of shares at any time.

A summary of the stock option activity is presented below:

	Number of Options	Weighted average exercise price \$
Balance, December 31, 2023	9,810,384	0.53
Granted	3,111,000	0.29
Exercised	(307,692)	0.33
Forfeited	(1,121,692)	0.52
Expired	(100,000)	0.75
Balance, December 31, 2024	11,392,000	0.47
Granted	2,985,000	0.20
Expired	(1,568,000)	0.32
Forfeited	(2,773,000)	0.36
Balance, December 31, 2025	10,036,000	0.44

A summary of the Company's outstanding stock options at December 31, 2025 is as follows:

Exercise price	Stock options outstanding	Stock options exercisable	Expiry date
\$0.11	125,000	125,000	May 10, 2030
\$0.20	400,000	100,000	August 29, 2029
\$0.20	2,860,000	2,860,000	December 5, 2030
\$0.35	811,000	270,306	February 27, 2029
\$0.50	2,350,000	2,350,000	April 15, 2026
\$0.55	950,000	950,000	January 20, 2028
\$0.55	190,000	110,000	May 4, 2028
\$0.55	100,000	66,667	June 29, 2028
\$0.55	400,000	400,000	January 10, 2029
\$0.75	250,000	250,000	March 8, 2026
\$0.75	500,000	500,000	December 31, 2026
\$0.75	1,100,000	1,100,000	January 30, 2027
	10,036,000	9,081,973	

As at December 31, 2025, the weighted average remaining contractual life of stock options outstanding is 1.1 years (December 31, 2024 – 2.41 years).

Subsequent to December 31, 2025, 2,350,000 stock options of the Company with an exercise price of \$0.50 and 250,000 stock options with an exercise price of \$0.75 expired without exercise.

The value of stock options granted during the years ended December 31, 2025 and 2024 was determined utilizing the Black-Scholes option pricing model with input factors and assumptions as follows:

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	December 31, 2025	December 31, 2024
Stock options granted during the period	2,985,000	3,111,000
Weighted-average exercise price	0.11 to 0.20	0.29
Expected stock option life	5 years	5 years
Expected volatility	104.26% to 104.79%	101.65% to 103.96%
Risk free interest	2.78% to 3.01%	2.97% to 3.63%
Dividend yield	Nil	Nil
Forfeiture rate	Nil	Nil
Weighted average fair value (Black-Scholes value)	0.08 to 0.13	0.08

As at December 31, 2025, there were \$20 of unrecognized share-based compensation costs related to unvested stock option awards granted under the Company's Option Plan. In the year ended December 31, 2025, \$423 of share-based compensation costs were recognized (December 31, 2024 - \$261).

20. INCOME TAXES

The following table reconciles the expected income taxes at the Canadian statutory income tax rates to the amounts recognized in the statements of loss and comprehensive loss for the years ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Loss before taxes	\$ (21,991)	\$ (38,814)
Canadian statutory income tax rate	26.5%	26.5%
Expected income tax recovery	(5,828)	(10,285)
Differences resulting from:		
Non-deductible loss	118	212
Non-deductible expenses	150	164
Change in deferred tax assets not recognized	5,843	9,724
Quebec mining duty	(892)	120
Release of flow-through share premium liability	(27)	(501)
True-up	(17)	265
Flow through share renunciation	16	428
Other	(45)	(137)
Income tax recovery	\$ (682)	\$ (10)

	December 31, 2025	December 31, 2024
Current tax expense		
Income tax	\$ 576	\$ -
Quebec mining duty	83	88
Deferred tax recovery		
Income tax	(27)	(501)
Quebec mining duty	(1,314)	403
Total income tax recovery	\$ (682)	\$ (10)

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Deferred tax liability continuity is as follows:

	December 31, 2025	December 31, 2024
Opening deferred tax liability	\$ (2,191)	\$ (1,788)
Deferred Quebec mining duty tax recovery (expense)	1,314	(403)
Ending deferred tax liability	\$ (877)	\$ (2,191)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at December 31, 2025 and 2024 are comprised of the following:

	December 31, 2025	December 31, 2024
Non-capital loss carry forwards	\$ 2,792	\$2,710
Benefit of Quebec mining duty deductions	231	579
Financial and reclamation liabilities	1,125	2,685
Mineral interests, property, plant and equipment and exploration and evaluation assets	(4,026)	(5,026)
Quebec Mining Duty	(876)	(2,191)
Inventory	(28)	(763)
Other	(95)	(185)
	\$ (877)	\$ (2,191)

The unrecognized deductible temporary differences as at December 31, 2025 and 2024 are comprised of the following:

	December 31, 2025	December 31, 2024
Non-capital loss carry forwards	\$ 109,507	\$ 99,749
Property and equipment	770	868
Reclamation and close down provision	6,547	6,491
Royalty financial liability	-	4,199
SR&ED expenditures	1,486	1,486
Financing costs	703	1,216
Investment tax credits – Federal	440	440
Investment tax credits – Ontario	89	89
Stream and senior secured loan	17,179	14,921
	\$ 136,721	\$ 129,459

As at December 31, 2025, the Company has non-capital loss carry forwards in Canada of approximately \$62,547 which can be applied to reduce future Canadian taxable income and will expire between 2028 and 2045, of which \$61,894 has not been recognized and will expire between 2029 and 2045. The Company has non-capital loss carry forwards in Italy of \$nil. The Company has non-capital loss carry forwards in Namibia of \$55,813 which can be applied to reduce future Namibian taxable income. The Company has non-capital loss carry forwards in Germany of \$nil.

The Company files income tax returns in Canada, Namibia, Italy, Germany and is subject to examination in these jurisdictions for all years since the Company's inception. As at December 31, 2025, all tax years are subject to examination by the tax authorities and no tax authority audits are currently underway. Fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years which have been carried forward and may be audited in subsequent years when utilized. The timing of the resolution, settlement and closure of any income tax audits is highly uncertain, and the Company is unable to estimate the full range of possible adjustments to the balance of gross unrecognized tax benefits. It is possible that

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the balance of gross unrecognized tax benefits could significantly change in the next twelve months. As at December 31, 2025, the 2025 tax year filings for the Company and its subsidiaries (where applicable) remain unfiled and have not been assessed by the relative tax authorities.

21. PRODUCTION COSTS

	December 31, 2025	December 31, 2024
Raw materials and consumables	\$ 2,224	\$ 2,878
Salaries and employee benefits	5,829	5,862
Contracted services	3,371	3,525
Electricity and energy	1,962	2,188
Freight	520	1,108
Insurance	1,603	1,394
Other	834	1,152
	\$ 16,343	\$ 18,107

22. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2025	December 31, 2024
Legal and audit	\$ 1,552	\$ 543
Office and management	7,381	7,896
Promotion and investor relations	65	151
Regulatory and transfer agent	72	55
Depreciation	77	91
	\$ 9,147	\$ 8,736

23. LICENSE REVENUE & REVENUE FROM CONTRACTS WITH CUSTOMERS

	December 31, 2025	December 31, 2024
License revenue	\$ 4,038	\$ -
Other revenues	1,719	1,497
	\$ 5,757	\$ 1,497

In 2025, the Company entered into a number of intellectual property transactions related to carbon material processing technologies. The Company first acquired the patents, trademarks and other intellectual property of the carbon material processing technology that it had previously licensed to develop, produce and sell a high-performance carbon-based material. The Company then entered into an agreement to license its carbon material processing technology for synthetic carbon to an arm's length third party for industrial applications.

In a first phase under the license of its carbon material processing technology, the Company will receive a technology transfer and exclusivity reservation fee of up to US\$7,000 (\$9,550), payable in instalments, subject to certain conditions including the licensee conducting due diligence on the technology to its satisfaction, the execution of a definitive long form license agreement, and the Company's completion of the acquisition of the intellectual property which was completed in July 2025 for €647 (\$1,040), exclusive of VAT. As part of the purchase agreement, the counterparty will receive a 0.5% royalty on the transfer and exclusivity reservation fees and the Company is obliged to pay to the counterparty 12.5% of any royalties received.

In a second phase, the Company will receive royalties based on the definitive licensing agreement for the carbon material processing technology. For the year 2026 and year 2027, the licensee will prepay US\$1,000 (\$1,364) each year to the Company in respect of the royalty to be agreed by the parties in the definitive agreements, subject to the fulfillment of certain conditions as set out in the first phase. At December 31, 2025 not all of these conditions have been met.

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The Company has accounted for the licensing of its carbon material processing technology under IFRS 15, *Revenue from Contracts with Customers*. For the year ended December 31, 2025, the Company recognised revenue of \$4,038 relating to the license agreement (December 31, 2024 – nil) which consisted of two payments of US\$1,500 with respect to the US\$7,000 technology transfer and exclusivity reservation fee. In April 2026, the Company received an additional US\$2,000 under the licensing agreement.

The balance of trade receivables relating to license revenue at December 31, 2025 was nil (December 31, 2024 – nil).

Other revenues include \$804 in sales of other products (December 31, 2024 – nil) and lab and other services to third parties. Some of lab services are on a cost recovery basis, of which, \$636 (December 31, 2024 – \$1,270) relates to one customer based on a fixed monthly fee.

24. FINANCE EXPENSE

	December 31, 2025	December 31, 2024
Interest expense and accretion (including notes 13 – 18)	\$ 15,124	\$ 12,422
Loss on extinguishment (note 14)	-	4,364
Gain on modifications (notes 13 and 14)	(1,782)	(866)
Accretion of reclamation provision (note 30)	56	90
Other	-	38
	\$ 13,398	\$ 16,048

During the year ended December 31, 2025 the Company paid interest expense of \$175 (year ended December 31, 2024 - \$371).

25. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration, development and operation of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders.

The Company's capital consists of items included in shareholders' deficiency, the senior secured loan, bank loan, government loan and leases net of cash and cash equivalents and current restricted cash.

Management reviews the Company's capital structure on a regular basis to ensure the above-noted objectives are met. The Company manages its capital structure and makes adjustments to it considering changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares or acquire or dispose of assets or issue debt if circumstances permit.

26. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	December 31, 2025	December 31, 2024
Exploration and evaluation costs in accounts payable and accrued liabilities	\$ (1,241)	\$ 1,572
Reclamation provision – change in estimate	\$ (325)	\$ (277)
Okanjande in process costs in accounts payable and accrued liabilities	\$ (29)	\$ 38

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value

As at December 31, 2025 the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized on the consolidated statements of financial position at fair value on a recurring basis are categorized as follows: cash and cash equivalents (Level 1) of \$2,539 (December 31, 2024 - \$373).

As at December 31, 2025 and 2024, there were no financial assets and liabilities measured and recognized at fair value on a non-recurring basis. The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between Level 1, Level 2 and Level 3 for the year ended December 31, 2025 and the year ended December 31, 2024. As at December 31, 2025 and December 31, 2024, there were no financial assets or liabilities measured and recognized in the consolidated statements of financial position at fair value that would be categorized as Level 3 in the fair value hierarchy.

The carrying value of receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments. The carrying value of restricted cash approximates fair value given that it earns a market rate interest. The carrying value of the bank loan approximates fair value given that it bears a market rate of interest. The Company has performed a sensitivity analysis which indicates that the carrying value of the royalty obligation, senior secured debt and repayable government loan would approximate its fair value with a 5%, 2% and 1% increase in the market rate respectively.

Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. Some of the Company's operating and corporate administration expenditures are incurred in US dollars and the fluctuation of the US dollar in relation to the Canadian dollar will have an impact on the Company's profitability and the carrying amounts of the Company's financial assets and liabilities. At December 31, 2025, the Company had the following financial assets and liabilities denominated in US dollars:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 1,444	\$ 199
Receivables	57	603
Accounts payable and accrued liabilities	(517)	(378)
Senior secured loan	(20,792)	(17,435)
Royalty	(12,900)	(10,303)
Net Exposure	\$ (32,708)	\$ (27,314)

At December 31, 2025, with other variables unchanged, a 1% increase on the US\$/CAD exchange rate would result in an unrealized foreign exchange loss of \$448 (December 31, 2024 - \$789). The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for graphite. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for graphite, inflation and political and economic conditions. Management closely monitors trends in commodity prices of graphite as part of its routine activities, as these trends could significantly impact future cash flows. A 10% increase or decrease in the price of graphite at December 31, 2025 would have resulted in a decrease or increase of \$1,923 in the Company's loss from mine operations for the year ended December 31, 2025 (December 31, 2024 - \$2,273).

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Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables. Substantially all trade receivables at December 31, 2025 have since been collected from these customers.

The Company invests cash and cash equivalents, restricted cash and reclamation deposits with financial institutions that are financially sound based on their credit rating. The Company's exposure to credit risk associated with receivables is influenced mainly by the individual characteristics of each customer. Given the Company's relatively short operating history at LDI, current customers have limited history of credit default with the Company. The Company had nominal credit losses during the year ended December 31, 2025.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure. Further discussion on liquidity and management's plans is outlined in note 1 and further analysis relating to the maturity of the Company's financial obligations are outlined in note 29.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2025, with other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by \$239 (December 31, 2024 - \$255). The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

28. RELATED PARTY TRANSACTIONS AND COMPENSATION OF KEY MANAGEMENT

	December 31, 2025	December 31, 2024
Salary and compensation to key management personnel	\$ 1,812	\$ 2,303
Management fees to a company owned and controlled by key management personnel	34	47
Director fees	175	170
Stock options and RSUs to key management personnel and directors	540	432

As at December 31, 2025, \$403 (December 31, 2024 - \$246) was included in accounts payable and accrued liabilities owing to officers and directors relating to management and directors' fees and for reimbursement of expenses. During the year ended December 31, 2025, 522,500 vested RSUs were exercised by related parties for the issuance of 522,500 common shares of the Company. On March 13, 2025, the Company issued 250,000 RSUs to an officer.

On May 14, 2025, the Company issued 100,000 stock options to an officer at an exercise price of \$0.105 and which expire on May 10, 2030. On December 5, 2025, the Company issued 2,860,000 stock options to non-executive board members at an exercise price of \$0.2 and which expire on December 5, 2030.

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29. COMMITMENTS AND CONTINGENCIES

At December 31, 2025, the Company had the following contractual obligations outstanding:

	Within 1 Year	2-3 years	4-5 years	5+ Years	Total
Accounts payable and accrued liabilities	\$ 11,330	\$ -	\$ -	\$ -	\$ 11,330
Senior secured loan	29,870	-	-	-	29,870
Royalty	8,396	10,007	8,643	9,746	36,792
Deferred revenue	-	5,369	14,942	54,026	74,337
Bank loan	29	222	256	177	684
Repayable government contribution	-	-	14	1,168	1,182
Lease commitments	243	385	184	575	1,387
Reclamation provisions	-	-	-	10,063	10,063
	\$ 49,868	\$ 15,983	\$ 24,039	\$ 75,755	\$ 165,645

30. RECLAMATION PROVISIONS

The Company has an obligation to undertake decommissioning, reclamation and environmental work when environmental disturbance is caused by the development and ongoing production of a mining operation. Movements in the reclamation provisions during the year ended December 31, 2025 and 2024 were allocated as follows:

	December 31, 2025	December 31, 2024
Balance, beginning of period	\$ 6,769	\$ 6,402
Change in estimate	325	277
Accretion	56	90
Balance, end of period	\$ 7,150	\$ 6,769

Of the total balance of \$7,150 at December 31, 2025, \$434 was attributable to Bissett Creek and \$6,716 was attributable to LDI. The reclamation provision for LDI is based on an updated report prepared by an independent third party.

The undiscounted liability as at December 31, 2025 was \$2,329 (December 31, 2024 - \$2,329) for Bissett Creek (assuming operations go ahead as planned). This represents the estimated amount that would be required to restore Bissett Creek to its original environmental state but only after a mine has been constructed and operations cease. Related to this matter, the Company has entered into a surety bond for \$850.

The undiscounted liability as at December 31, 2025 was \$7,081 (December 31, 2024 - \$6,784) for LDI. The discount and inflation rates used for LDI are 2.6% and 2.0%, respectively (December 31, 2024, 3.1% and 2.0%, respectively). The Company has entered into a surety bond for \$8,231 to guarantee its reclamation obligations and the bond is secured by a cash deposit of \$1,987 (December 31, 2024 - \$1,942). On November 28, 2025, the Company received confirmation of approval, of the updated restoration plan prepared by an independent third party for LDI, from the Directorate of Mine Site Restoration and Environmental Liabilities in Quebec (the 'Ministry'). Under the plan, the total financial guarantee required is \$10,063, an increase to the current surety requirement of \$1,832. The Company was requested by the Ministry to pay 50% of the additional security requirement in the form of a \$916 cash deposit by February 26, 2026, with a further 25% due in November 2026 and November 2027, respectively. The Company has not yet made payment on the first \$916 instalment and is in discussions with the Ministry regarding the timing of this payment.

On July 7, 2025, the Company received a demand from its environmental bonding company for the full discharge of the bonding company from the surety bond guaranteeing the Company's reclamation obligations by August 7, 2025 in accordance with the bonding company's rights under the bond. The demand provided that if that was not possible, the Company would be required to deposit cash or collateral with the bonding company equal to the undischarged liability of the bond in accordance with the bonding company's rights under the bond. The bond is for \$8,231 and

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the Company has a cash deposit against the bond of \$1,987. The Company does not currently have the financial resources to procure the discharge of the bonding company from the bond nor to deposit cash or collateral with the bonding company equal to the undischarged liability of the bond. The Company is currently in discussions with the bonding company regarding the bonding company's demand in an effort to negotiate a resolution to the matter. In the event that parties are unable to resolve the matter, the bonding company could seek to enforce whatever rights in may have against the Company under the bond. During the fourth quarter of 2025 the Company made full payment on the annual fees for 2025/2026.

31. SEGMENTED INFORMATION

Operating segments are those operations from which the Company may earn revenues and incur expenses and whose operating results are reviewed by the chief operating decision makers ("CODM") to make decisions about resources to be allocated to the segments and assess their performance, provided those operations pass certain quantitative thresholds. The CODM for the Company are the Chief Executive Officer and the Chief Financial Officer.

The Company has determined it has three operating segments: Mining-LDI, Mining-Okanjande, Battery Materials, as well as corporate. Operating segments are determined based on the type of products and services from which each operating segment derives its revenues as well as the different development projects that the Company carries out. The Mining-LDI segment involves the exploration, development, production and sale of graphite concentrate in Quebec, Canada. The Mining-Okanjande segment involves the Okanjande mine and plant currently under care and maintenance. The Battery Materials segment involves the research, development, production and sale of battery anode materials as well as licensing of carbon material processing technology. During the year ended December 31, 2025, the Company reclassified its operations in Battery Materials as a separate operating segment due to increasing activities and significance of revenue generated in NGCBM.

For the year ended December 31, 2025:

	Mining-LDI	Mining-Okanjande	Battery Materials	Corporate	Total
Revenue	\$ 19,156	\$ 75	\$ 5,757	\$ -	\$ 24,988
Cost of sales	23,051	6	-	-	23,057
Total expenses	603	(289)	3,084	5,237	8,635
Loss (income) before tax	9,814	395	(2,654)	14,436	21,991
Income tax expense (recovery)	(1,231)	-	549	-	(682)
Net loss (income)	\$ 8,583	\$ 395	\$ (2,105)	\$ 14,436	\$ 21,309

For the year ended December 31, 2024:

	Mining-LDI	Mining-Okanjande	Battery Materials	Corporate	Total
Revenue	\$ 22,624	\$ 104	\$ 1,497	\$ -	\$ 24,225
Cost of sales	22,949	89	-	-	23,038
Total expenses	(809)	126	2,158	7,196	8,671
Loss before tax	7,400	1,643	661	29,110	38,814
Income tax expense (recovery)	490	-	-	(500)	(10)
Net loss	\$ 7,890	\$ 1,643	\$ 661	\$ 28,610	\$ 38,804

The following geographic data includes non-current assets based on the entity's location as at December 31, 2025 and December 31, 2024. The Company restated the non-current assets balance as at December 31, 2024 by reclassifying the assets categorized as "Other" to "Europe" to align with the presentation of geographical data as at December 31, 2025.

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December 31, 2025				
	Canada	Namibia	Europe	Total
Non-current assets	\$ 31,418	\$ 33,422	\$ 1,175	\$ 66,015

December 31, 2024				
	Canada	Namibia	Europe	Total
Non-current assets	\$ 34,203	\$ 31,066	\$ 126	\$ 65,395

The following table presents revenue from sales to major customers that exceeded 10% of the Company's revenue for the periods ended December 31, 2025 and 2024:

	December 31, 2025	December 31, 2024
Customer 1	\$ 7,209	\$ 5,126
Customer 2	1,972	3,437
Customer 3	-	2,629
Customer 4	-	2,606
Customer 5	-	1,845
Total revenue from major customers	9,181	15,643
Total revenue from major customers as a percentage of total revenue	48%	69%

Revenue from major customers is entirely attributable to the Mining-LDI segment. During the year ended 2025, \$16,316, or 65% (December 31, 2024- \$14,532 or 82%) of total revenue was from customers in the United States.

For the year-ended December 31, 2025, an intellectual property license sale to one customer represented 70% of total license and other revenues and was fully attributable to the Battery Materials segment.

For the year-ended December 31, 2024, sales to one customer represented 85% of total license and other revenues and was fully attributable to the Battery Materials segment.

32. SUBSEQUENT EVENTS

- On January 14, 2026, the Company signed a term sheet with Obeikan Investment Group ("Obeikan") to jointly develop and operate a Battery Anode Material ("BAM") facility in Yanbu Industrial City, Kingdom of Saudi Arabia, through a joint venture company ("JVCo"). The term sheet covers the potential development of an approximately US\$200,000 BAM facility with an initial production capacity of 25,000 tonnes per year which is expected to be supplied by the Company's Okanjande mine in Namibia. JVCo is to be majority-owned by Obeikan with a 51% ownership and 49% by the Company. Detailed engineering of the facility is expected to start in 2026, with the first-phase production forecast to begin in 2028, which aligns with the planned restart of mining and processing activities at the Okanjande mine.

The BAM facility is expected to be financed at the joint venture level, with Obeikan leading the organizing of local debt funding, for the construction, development and commissioning of the Yanbu plant. The remaining funding is to be provided as equity by the JVCo partners in proportion to their ownership interests and jointly through commercial banks.

The JVCo also intends entering into a long-term offtake agreement to purchase up to 50,000 tonnes per year of graphite concentrate from Northern's Okanjande Project in Namibia. Ad per the term sheet, JVCo and Northern will conclude a long-term agreement whereby Northern will receive a royalty on net sales of battery anode materials in addition to its direct ownership interest in the joint venture company.

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- On February 2, 2026, the Company, in partnership with Rain Carbon Germany GmbH (“Rain”), H.C. Starck Tungsten GmbH and Friedrich Schiller University Jena, launched *USE-G: Environmentally Friendly and Safe Graphite Extraction for Europe’s Battery Industry* (“USE-G”), a three-year research and development funded largely by the German Federal Ministry for Economic Affairs and Energy. The initiative is designed to develop new graphite processing technologies that are cleaner, less energy intensive, and fully independent of Chinese supply chains. The German Federal Ministry is contributing €1,140 toward the total project budget of €1,700.

Under the terms of the program, the Company will supply the natural graphite required for the project from its producing mine in Canada and, subject to restart, its mine in Namibia, both of which produce graphite certified as suitable for battery applications. At its lab in Germany, the Company will undertake milling and shaping of the graphite, as well as final battery testing of the processed materials. All work will be carried out within Germany at the facilities of the respective partners, with shipments of natural graphite supplied from the Company’s operations abroad. USE-G began January 1, 2026 and will run through December 31, 2028.

- On February 7, 2026, the Board of Directors approved a grant of 4,850,000 RSUs and 1,500,000 stock options to management, including officers and executives and employees. The RSUs vest over three years on each of the first, second, and third anniversaries of the date of grant at a rate of one-third per year. Out of the total RSUs granted, 3,700,000 were to officers and executives of the Company. The stock options are exercisable at \$0.25 per share, will vest over three years on each of the first, second, and third anniversaries from the date of grant at a rate of one-third per year and will expire on February 7, 2031. The Company also granted 1,000,000 stock options to two consultants, who are individuals working with the Company on a full-time-equivalent basis. The stock options are exercisable at \$0.25 per share, will vest based on certain performance milestones established by the Company and expire on February 7, 2031.
- On March 6, 2026, the Company granted 2,000,000 DSUs and 2,000,000 stock options to a senior executive. The stock options are each exercisable to acquire one common share of the Company at a price of \$0.25 per share for a period of five years and vest immediately. The DSUs are entirely performance based and vest on the attainment of specific corporate objectives, but in no case earlier than one year from the date of grant. Objectives include restructuring the Company’s debt, final investment decisions with respect to the restart of operations at the Okanjande Mine and the construction of a battery anode material plant in Saudi Arabia and, achieving specific growth targets with respect to the Company’s market capitalization. Upon vesting, each DSU shall entitle the holder to receive one common share of the Company or the cash equivalent thereof.
- On March 9, 2026, the Company completed a non-brokered private placement of 7,142,858 common shares of the Company issued on a flow-through basis at a price of \$0.28 per share for gross proceeds of \$2,000. In connection with the private placement, the Company paid a finders’ fee consisting of 503,971 common shares of the Company.