

Northern Graphite has an MOU to sell 100% of their graphite production to China

Graphite is a naturally occurring form of crystalline carbon. It is a native element mineral found in metamorphic and igneous rocks. It is extremely soft, cleaves with very light pressure, and has a very low specific gravity. In contrast, it is extremely resistant to heat and nearly inert in contact with almost any other material. These extreme properties give it a wide range of uses in metallurgy and manufacturing.

Northern Graphite Corp. (TSXV: NGC | OTCQX: NGPHF) is a Canadian based mine development company with a principle asset, their 100% owned Bissett Creek Graphite Project, located in the county of Renfrew, Ontario, Canada.

Bissett Creek Graphite Project

Bissett Creek is a very advanced stage project, as their Bankable Feasibility Study (BFS) has been completed and the major environmental permit obtained. Additional operational permits are required to commence operations and are expected to be received by early 2019. The Company believes that Bissett Creek has the best location, best infrastructure, highest margin and highest percentage of large flake production of any new graphite project.

A full Feasibility Study was completed on the property in 1989. It estimated a proven and probable reserve, and concluded that the project was economic; however it was never developed due to a subsequent decline in graphite prices. Northern Graphite re-activated the project due to higher prices and renewed interest in graphite projects.

Bissett Creek is a very unique deposit in that approximately 90% of the contained graphite will be categorized as large and extra large flake which is believed to be the highest ratio in the industry. Construction of the mine will take approximately 18 months and the estimated capital cost is only C\$102 m, including a C\$9.3 m contingency.

The Company hopes to be in production in 2020 (subject to financing) and the mine is expected to produce an average of 20,800 tonnes of graphite concentrate per year.

Timeline to Production

Approval of Mine Closure Plan	received
Financing (US\$80M)	2018
Operational permitting	2018/2019
Start Construction	2019
Commercial Production	2020

Solid results at Bissett Creek – BFS and PEA

The Bankable Feasibility Study for Stage 1 was based on a graphite selling price of \$US1,660/t and operating costs of US\$632/t and resulted in a post-tax NPV of C\$117.8m, and a post-tax IRR of 20.3%. Cash operating costs are low and benefit from a low 0.79 waste to ore ratio, simple flow sheet, low cost natural gas power generation, and proximity to infrastructure. The measured and indicated resource is large enough to significantly expand production in the future. The Company has completed a Stage 2 Preliminary Economic Assessment (PEA) based on 33,183/t pa graphite production. The post-tax NPV8% for Stage 2 is C\$192.2m.

	BFS (phase 1)	PEA (phase 2)
Annual Production (tonnes)	20,800	33,183
Capital Cost (\$CDN millions)	\$102.0	\$102.0
Expansion Capital (\$CDN millions)	-	\$45.0
Price (US\$/t)	\$1,660	\$1,660
Operating costs (US\$/t)*	\$636	\$556
Mine Life (years)	28	22
After tax IRR (%)*	20.3	25.4
After tax NPV (\$CDN millions)*	117.8	\$192.2

On June 2018 Northern Graphite signed a Memorandum of Understanding with a European commodity trading company to sell 100% of the projected output from the Bissett Creek graphite project in China. Tests conducted by the trading company from a number of different sources outside China have found the Bissett Creek graphite is of the highest quality and fits best with market requirements.

CEO Gregory Bowes commented: "The fact that we can sell up to 100% of production in China alone is very strong confirmation of current market conditions and provides a base level of sales which will enable the Company to pursue project financing. Demand for XL/XXL flake is also strong outside of China and Northern has the flexibility to pursue other opportunities to diversify sales."

The Company has also developed a patent pending purification technology for upgrading flake graphite for use in lithium-ion batteries (LiBs) and other value added markets. It represents a cost competitive, environmentally sustainable alternative to current Chinese methods.

Although graphite prices have been depressed in recent years the steel industry is recovering, and new applications such as

LiBs are creating significant demand. Even modest adoption rates of electric vehicles (EVs) will require multiple new graphite mines. Northern Graphite Corporation is in a strong position having a MOU in place that sees 100% of their projected production sold to a country whose graphite needs will only increase through the continued use of graphite in lithium-ion batteries.

Northern Graphite Corporation is headquartered in Ottawa, Canada; and has a market cap of C\$16.3 m.