

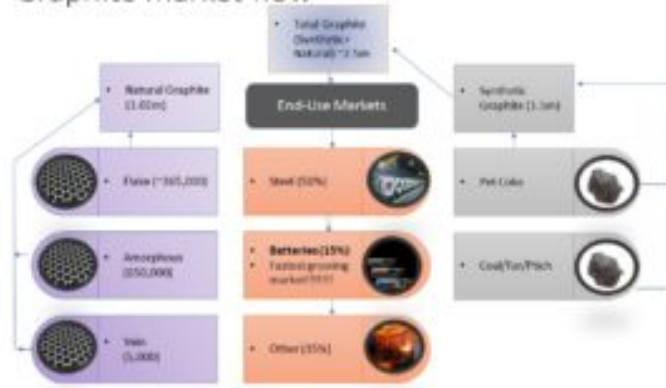
Analyst describes Northern Graphite as a near-producing, lean, capital efficient junior

Northern Graphite Corp. (TSXV: NGC | OTCQX: NGPHF) (“Northern Graphite”) is set to start mine construction this year, with the view of commencing commercial production as early as 2018. The deposit -an open pit operation, promises a cheap operating rate, capable of producing graphite flake concentrates at \$640/tonne, which is less than half of the current market rate of around \$1,700/tonne.

Northern Graphite’s Bissett Creek’s flake deposit is impressive. It is located in Eastern Ontario, has a life of mine of 28 years and is targeting an initial production of 20,800 tpa. From a financial perspective, Northern Graphite has zero debt and US\$1.2 million in capital, which, for a mining junior not yet in production, is no small feat. Most importantly, the mine is scaleable and the expansion is a fairly cheap undertaking. This allows Northern Graphite to take full advantage of market conditions and increase production in line with market demand.

If one considers investing in graphite, flake graphite is where you want to be. Not only are the fortunes of flake graphite dependent on a growing battery market, as opposed to steel, but it is also driven by scarcity. The fact that there’s currently no flake graphite production in North America, makes Northern Graphite even more compelling. And in terms of pricing, flake graphite is directly affected by the level of purity. From this vantage, the fact that Northern Graphite has just announced an upgrade in the purity of its concentrate to 97.9% is extremely valuable.

Graphite market flow



The majority of the available graphite is synthetic, derived from pet. coke and coal tar. From an end-use perspective, batteries comprise only 15% of demand, but is the largest growth market.

How much additional flake graphite is required for every GWh of battery production?



It is estimated that every additional GWh of battery production requires between 462-1,848 tonnes of Graphite Flake feedstock. Given the expected growth in battery-propelled technologies, Flake Graphite has a bright future

What is more, Northern Graphite has developed a proprietary process in creating concentrate in a more environmentally responsible manner with an excellent recovery rate, both on

SPG and flake processing, creating the first viable and cost effective process to the traditional way of producing concentrate.

The company's management is highly experienced, lending credibility to the operation. Not only are they experienced in the mining arena and running successful businesses, but they also have experiences within the lithium, copper and gold mining spaces. They have proven that they run a tight ship and keep costs firmly under control, imbuing much confidence from an investor point of view.

We have seen that in the company's capital raising efforts, (the latest was in March, being the private placement that raised US\$2.5 million). The placement was oversubscribed, which Gregory Bowes, CEO of Northern Graphite, viewed as a reflection of the backing the company enjoys from its investors and a bullish outlook for the graphite market.

"The financing provides the means to continue moving forward with preparations for full project financing, construction and production," Bowes said about the oversubscribed placement.

To summarize, we like Northern Graphite as a near-producing, lean, capital efficient junior. Its capital expenses are low. It is cash positive with no debt. And it owns a world class flake deposit that is scaleable and is expected to grow investors' money in the years to come. As long as the graphite market fundamentals remain positive for Northern Graphite, we see the company soaring to new highs.