

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.

Nouveau Monde Graphite COO, Karl Trudeau, on the upcoming Demo Plant

You were director of Imerys mine at Lac-des-îles, Quebec which is known as the only North-American graphite mine currently in production. What have you seen in Nouveau Monde Graphite Inc. (TSXV: NOU | OTCQX: NMGRF) to make you resign from your position with a billion-dollar company to join a junior?

Karl Trudeau: Imerys is a good employer and I enjoyed my position as their mine director at Lac-des-îles. At this point in my career, I was in need of a new challenge, knowing that Lac-des-îles is likely getting on its last few years of production. The vision of Nouveau Monde's management team was enticing enough to make me do the move and become their COO.

Please tell us about your role at Nouveau Monde and how your experience at Lac-des-îles relates to the challenges you will be facing?

Karl Trudeau: I have several years of experience mining and producing graphite at an industrial scale. Nouveau Monde was in need of a COO who would be instrumental in selecting equipment, in putting in place efficient and effective mining and processing operations and in building a team around these. One also needs to understand that graphite is a relatively opaque market so knowing who the key players are in the industry is clearly an asset for someone in my position.

Nouveau Monde has publicly announced the setup and commissioning of a demo plant by mid-2018. What are the key milestones of this project and how far are you already advanced?

Karl Trudeau: In early January, we started receiving the first pieces of equipment. To celebrate the milestone, we published pictures of these on our Facebook company page. What made it possible to achieve this so quickly was the signing, last fall, of a 3-year lease agreement with Louisiana Pacific, the owner of the industrial building where we're setting up our demo plant. The pictures that one can see are of the equipment pieces as they were delivered in our industrial plant. The facility is ready to accept additional equipment and we're actively working on placing orders for the pieces requiring long lead orders. So, in a nutshell, we are following our timeline and milestones are being met. We are confident that our demo plant will start producing flake graphite by mid-2018.

What is the vision behind this demo plant? What are you trying to achieve and how does it stand as a good chance of creating value for your shareholders?

Karl Trudeau: Selling graphite is tricky since there are no exchange-based marketplaces. A producer needs to establish sales agreements which are typically known as "offtake agreements". In the current market, buyers will only commit if they are reasonably comfortable that the producer can meet

their specifications and can produce enough of the material. What we're getting ready to do is having enough capacity to produce 1,000 tonnes of flake graphite per year which we will then sell to North-American buyers. This will allow them to qualify our products. We will also use the demo plant to produce 250 tonnes of value-added products such as purified spherical graphite, expandable graphite and graphene.

Our vision is to leverage our location in Southern Quebec and use cheap and green hydro-electricity as much as possible to keep production costs and the environmental footprint as low as possible. You can say that we are following in the foot steps of Nemaska Lithium where they were successful in using hydro-electricity as much as possible in their lithium refining process. They clearly innovated and were successful in getting government grants to that effect. This is what we want to emulate in the graphite space.

What are the key attributes that make Nouveau Monde unique among other graphite juniors? How does this demo plant leverage these attributes?

Karl Trudeau: Our flake size distribution is one key attribute. We have about 48% large and jumbo flakes, 12% of mediums and the remainder are fines. This distribution ratio will allow us to tap a large portfolio of potential buyers. Just like in the real estate market, our location is another key attribute as we are in proximity of existing infrastructures and in a mining friendly jurisdiction. As per our pre-feasibility study (PFS), we have a competitive production cost per tonne of flake graphite and the beauty is that once it's produced, it's already here in North-America. No need for overseas transportation which is expensive and adds to the environmental footprint. So, our plans are to sell the most profitable flakes in the North-American market and further process what remains into value-added products using cheap and green hydro-electricity. I strongly believe that lithium-ion battery and EV manufacturers do care about the

environmental footprint of their suppliers. The demo plant will allow us to demonstrate these capabilities and also delineate the costs of these processes at the commercial scale of 52,000 tonnes of flake graphite (about half will be further processed into value-added products).

What is the budget for this demo plant and are you fully funded to make it through the construction and commissioning phases?

Karl Trudeau: We've put up a budget of \$12M for the demo plant. We are fully funded to make it through construction, commissioning and the production of our first tonnes of flake graphite.

Will you be seeking out government grants and how significant could these grants be in the overall budget?

Karl Trudeau: Yes, we believe we have strong business cases for innovation and for other government grants in the areas of energy efficiency, value-added products, social acceptability and tailing management.

This demo plant is a complex endeavor, have you added key personnel in the last few months to make this vision a reality?

Karl Trudeau: We've worked hard to implement the CEO and Board vision. We've been successful in attracting some of the best graphite experts and we now have about 15 full-time employees (FTEs). By the end of the year, when the demo plant is fully operational, we expect to be about 35 FTEs. Our management team brings about 30 years of recent graphite experience.

Both the graphite deposit and the demo plant are located next to existing infrastructures and a town of potential employees. That's a blessing only if the population is fully behind the project. How are you managing social acceptability to ensure you've got the backing of the local people?

Karl Trudeau: You are right to say that both the graphite deposit and the demo plant are next to existing infrastructures. They are also only 5 km apart from one another. We do not foresee serious logistic challenges during the operations of our demo plant. On the topic of social acceptability, Nouveau Monde Graphite has been very proactive over the last 4 years. We held 3 public meetings with the local people to keep them informed of the project and more than 50 small groups or individual meetings. We've been very transparent with our stake holders and we opened our head office on the main street of the village. People are always welcomed to stop by and ask questions. That is why we enjoy strong support for our project. We were also proactive with the Atikamekw first nation. We involved them from the onset and they've been supporting us.

NextSource Materials' Modular Graphite Game Plan

With positive results from their detailed engineering study in hand, NextSource Materials Inc. (TSX: NEXT | OTCQB: NSRC) ("NextSource") have set their sights on creating value. The company announced that the planned demonstration plant will instead be a fully producing mine which will output 15,000 tpa of premium flake graphite concentrate during the initial production phase alone, stepping up to full capacity of 53,000 tpa as the market requires. Battery-grade flake graphite typically sells for thousands of dollars per tonne, and with portable technologies and electric vehicles both in their prime, it's hardly surprising that NextSource have put their foot down.

The plant will take only six months from commencement to construct, and is based on a smart modular design that allows the company to scale-up production as the target markets expand. The inclusion of the option to grow when necessary will protect NextSource from fluctuations that are to be expected in technology-affected marketplaces, making them more likely to succeed in the long-term. The 100% owned Molo graphite project in Madagascar has a projected mine-life of over twenty years, and so the completion of the facility should signal the beginning of a consistent growth period lasting decades.

Having the ability to produce the highest quality flake graphite is the holy grail of any graphite play, as some plots simply lack the standard of raw material that is necessary. The Molo project is one of the largest and highest-purity graphite resources known in the world, and is the first significant graphite discovery in Madagascar in over fifty years. Additionally, the area is remarkably flat and in close proximity to existing infrastructure, including Port Dauphin, from where the material will eventually be shipped. The graphite-bearing trends at the site are all immediately at surface, meaning a much lower production cost is possible; all this adds up to a relatively low-risk endeavour.

The US, China and Europe have all noted graphite as a critical strategic material as its unique properties serve a multitude of niches. Not only is it an excellent conductor of heat and electricity, but it has the highest natural strength and stiffness of any material, even possessing the ability to maintain its strength and stability in temperatures exceeding 3,600°C. In addition to its powerful aforementioned properties, it is also one of the lightest of all reinforcing agents, meaning that it will likely be demanded by many more industries than just the battery sector.

Of particular interest to scientific, military and technology sectors is the super-material graphene. The material's perfect

lattice structure and incredible strength is set to be put to use in advanced microprocessors and even quantum computing. Graphene was discovered in 2004, and is currently graduating from the early stages of development before it is properly harnessed, but many expect a rise in demand over the next five years to bring a ten-fold increase in prices.

There is no doubt that computing must advance past its current abilities, and once a breakthrough in quantum computing brings it to the consumer, companies involved in the graphene supply chain will need to step up or shut up. NextSource is exceedingly well-positioned to reap the benefits of the plethora of emerging graphite demands, and with a prestigious management team that have considerable legal and geological experience, as well as previous successes in bringing exploration projects to fruition, confidence is high that Molo will be in full swing in the very near future.

NextSource Materials to present at InvestorIntel's 6th Annual Cleantech & Technology Metals Summit

Brent Nykoliation to present "Developing the World's Next Source of High Quality Flake Graphite"

May 8, 2017 – NextSource Materials Inc. (TSX: NEXT | OTCQB: NSRC), developing the world's next source of high-quality flake graphite, is pleased to announce that they will be presenting at **InvestorIntel's 6th Annual Cleantech & Technology Metals Summit** (CTMS2017.com | @CTMS2017). Featuring

some of the most impressive market movers in the cleantech and technology metals sector, #CTMS2017 is scheduled for Monday, May 15th and Tuesday, May 16th at the Omni King Edward Hotel in Toronto, Canada located at 37 King St. East.

Brent Nykoliation, Sr. Vice President of Corporate Development for NextSource Materials Inc. is scheduled to speak on Monday, May 15th from 3:25-3:40 PM (EST). Presenting **Developing the World's Next Source of High Quality Flake Graphite**. NextSource Materials Inc. is fast-tracking its Molo Graphite Project utilizing a unique two-phase, modular build approach to construct the mine. In doing so, NextSource Materials will deliver to the industrial minerals industry a mining first: the achievement of a full-scale, permanent graphite mine utilizing cutting edge modular supply and modular build technology.

By utilizing its 2-phase modular approach, NextSource Materials will be able to quickly enter the graphite market with an initial production rate that is right-sized for the current market and allow for efficient and cost effective expansion as market demand requires. This will provide NextSource Materials with a competitive advantage and create a barrier to market entry to other competing projects.

InvestorIntel Corp. CEO Tracy Weslosky commented: "It is with great pleasure that we announce the participation of NextSource Materials Inc. as a presenter at our 6th annual Cleantech & Technology Metals Summit. We have over 100 companies participating in what is intended to be the most exciting review of global equities focused on strategic materials, critical metals and the associated technologies that impact the world. Please note that Brent will also be a panelist on Tuesday, May 16th from 12:45-1:35 PM (EST) in a panel moderated by InvestorIntel Sr Editor Dr. Luc Duchesne to discuss the electric vehicle market and battery materials. We look forward to our best #CTMS event to-date."

#CTMS2017 Delegate Passes:

To secure a 2-day InvestorIntel's 6th Annual Cleantech & Technology Metals Summit delegates pass (includes lunches/reception) for Monday, May 15th and Tuesday, May 16th from 8AM – 6PM (EST), click on the following link: <http://bit.ly/2p2lC3k>

#CTMS Contact Information: For more information on InvestorIntel's 6th Annual Cleantech & Technology Metals, please contact us at +1 647 345 5486 or email info@investorintel.com. For regular updates on the **Cleantech & Technology Metals Summit**, please go to CTMS2017.com or follow us on twitter @CTMS2017.

“Bold decision” on graphite pays off for Energizer

In 2012 Energizer Resources Inc. (TSX:EGZ | OTCQB:ENZR) (“Energizer”) took a bold decision to halt its vanadium prospects in south-central Madagascar and focus its efforts entirely on developing its nearby full feasibility-stage Molo graphite deposit. This decision is certainly paying off.

The location – a sparsely populated dry savannah grassland region, far away from any rainforests, endemic wildlife and villages, makes it as idyllic as any prospector can hope for to ensure low cost, open-pit mining. In my experience in working with mines in Africa, some of the biggest upfront hurdles and costs is the relocation of villages. This process too often becomes a long drawn out one that could hold up a mine's development for years. Often mere rumour that a mine is underway and will be relocating people brings more people from

outside the area in the hope of being able to get a free pass. For investors thinking about investing in African mining projects, the fact that the Molo project is situated in an scarcely populated area and at the same time far away from any natural reserves, cannot be underestimated.

As far as African mining jurisdictions go, Madagascar is a pretty sweet deal. It has an Indonesian-based culture with French and Malagasy as official languages whose government recognises mining as a key growth engine, and as such is a mining-friendly jurisdiction with codified mining laws, thanks to two major billion-dollar projects already established and operational in the country by Sherritt International and Rio Tinto. On November 27th of this year, Madagascar hosted the 2016 Francophonie Summit, where France and other Francophonie countries attended to promote bilateral trade and investment into the country. The Canadian government sent a large delegation, headed by Prime Minister Justin Trudeau himself. The Molo project is regarded as one of top five mining projects in the country expected to reach production and I've even noted it listed on a few of Madagascar's tourism sites. Major countries are currently invested in Madagascar (U.S., France and China) and regard it as a strategic location for mineral wealth opportunity. Madagascar's laws on large scale mining investments incentivise mining companies with larger operations to invest in the country in return for various fiscal benefits. These benefits include a temporary exemption from minimum corporate tax and no VAT on imports. Furthermore, Madagascar's distance from all Africa's conflict zones provide investors with confidence in the project's stability.

Molo is home to one of the largest primary sources of crystalline flake graphite in the world. Those readers who have been following InvestorIntel for a while have seen the stellar projections for flake graphite over the next four years.

To satisfy the steel market alone, annual graphite demand is expected to rise 8% CAGR to 2020 from 1.1 million tonnes to 1.5 million tonnes. Batteries and high-tech application needs are projected to be dramatic enough to require a 600% increase in annual flake graphite production. Only flake graphite can be used in the over 200-known applications that require graphite as an additive and is the only natural form of graphite that can be used to make the spherical graphite used in lithium-ion batteries. Thus, purified, spherical graphite currently sells for between \$4-6,000/tonne, more than twice the price of high quality flake graphite. Furthermore, the British Geological Survey listed graphite, along with antimony and rare-earths, as most at risk of a global supply disruption.

To this end, Molo is well poised to take advantage of the highly anticipated demand growth in flake graphite. The project hosts one of the largest, high-quality crystalline flake graphite deposits ever discovered and extensive independent testing by various third-party end-users verified that the flake graphite concentrates from the Molo deposit met or exceeded quality requirements for all major end-markets for natural flake graphite – namely refractories, lithium-ion batteries, specialty foils, and graphene ink applications.

The company announced last month a three-phased approach for the development of its world-class Molo project using a modular approach, which looks to significantly accelerate the company's original timeline to production. The first phase will be the construction of a 15,000 tonne per annum demonstration plant for the project, which is expected to commence in January 2017 and be completed in only 9 months time. As outlined in the company's November 7th, 2016 Front-end Engineering and Design ("FEED") Study, Energizer is taking a sensible phased approach to production, with phase one being the demonstration plant, thus providing a cost-effective solution to test and verify the mine flow sheet design process

ahead of the planned expansion to the 53,000 tonne per annum mine as envisioned in the company's 2015 full feasibility study. Once the demonstration plant's process has been proven and optimised, phase two will include the development of additional sustaining infrastructure required to achieve the planned capacity, with phase three being the expansion to the 53,000 tonne per annum mine as market demand requires. As the company's feasibility study indicated, the Molo project is estimated to have one of the lowest graphite processing costs in the industry.

The demonstration plant in Madagascar will have an estimated capital cost (CAPEX) of just US\$7,000,000 will provide a front-end processing capacity of 240,000 tonnes of ore per annum with an expected mine life of over ninety years, based on ore reserves alone. This will permit the company to provide off-takers with multi-tonne "run of mine" flake concentrate for final product testing and verification. Energizer will be immediately initiating the required steps to implement the primary phase. During this time, the plant's capabilities will be assessed and a comprehensive costing review exercise undertaken to ascertain the possibility of utilising a similar modular build for the full-scale Molo mine. Energizer's implementation of a modular build plan and phased approach is truly unique to the industrial minerals industry and provides a significant competitive advantage in terms of speed to market and reducing overall financial risk. We expect to be hearing much more from Energizer in the months to come.

Tesla news bolsters

confidence in Canadian graphite project

☒ Northern Graphite Corp. (TSXV: NGC | OTCQX: NGPHF) is a mineral exploration and development company that owns a 100% interest in the Bissett Creek graphite mining project located in eastern Ontario.

Northern's Bissett Creek mine is an advanced, pre-development stage project that completed its NI 43-101 Final Bankable Feasibility Study in 2013, and was recently granted its major environmental permit. Northern expects to commence construction in 2017, subject to the availability of financing and species-at-risk permit, both reported to be in advanced stages. Their company website states that the Bissett Creek project has the best flake size distribution and highest margin of any new graphite project, with the added advantages of low capital costs and realistic production targets relative to the size of the market.

A significant growth in demand for graphite is expected since it is essential to cell phones, cameras, laptops, power tools, etc. and applications of Lithium-Ion batteries (LIBs) continue to multiply. Both the EU and US have declared graphite a supply critical material. In 2013, the global graphite market was valued at US\$ 13.6 billion (including synthetic and amorphous graphite), and is projected to increase at 3.70% CAGR and reach US\$ 17.5 billion in 2020.

Tesla Motors' recently announced plans to manufacture lithium-ion batteries, further indicating a promising future for Northern's project as numerous countries strive to increase the uptake of electric vehicles, and experience increased demand for newer technologies such as grid energy storage systems.

✘ China has recognised this dynamic and since 2012 has increased its imports of graphite exponentially, whilst at the same time, global supply actually fell from its peak in 2011 of 450,000 tonnes to 300,000 tonnes in 2015. This has left a gap to be filled by junior miners.

Northern expects that its plant will process up to 2,900 tonnes of material each day from commencement of production in 2018, with over 90% of the contained graphite being categorised as large flake, the highest in the industry. Over 28 years of operation an average of 20,800 tonnes of concentrate will be produced each year, at an average cash mining cost of CDN\$795 per tonne. The capital cost to construct the processing plant, power plant and associated infrastructure is estimated at a total of \$102m. Northern's feasibility study in 2013 used a weighted average price of \$1,800/tonne to value its concentrates, while prices have since come down, the outlook for graphite is positive, underpinned by solid fundamentals.

With respect to the junior graphite market, the majority are focused on producing flake graphite for batteries. Annual world flake graphite production is 370,000 tonnes, while it takes around 100,000 tonnes of flake concentrate to produce the anode material for 400,000 Tesla Model 3's. This implies that the 370,000 tonne flake market will have to increase by around 27% to service Tesla's requirements alone. Our last assessment was that graphite flake concentrate prices were trading at \$780-840/tonne (80 mesh, 94-97% Cg) in October 2016.

Northern announced this year that they have advanced their proprietary purification and coating technologies and joined forces with Elcora Advanced Materials Corp. (TSXV: ERA | OTCQB: ECORF), Nouveau Monde Mining Enterprises Inc. (TSXV: NOU), Metals of Africa Limited (ASX: MTA), Coulometrics LLC and a private industry partner to acquire a micronizing and spheronizing mill to produce spherical graphite ("SPG"), a critical step in the production of anode material used in LIBs. All natural based SPG is currently produced in China and is purified using sulfuric and hydrofluoric acid, the method is unsustainable due to high levels of untreated waste and

increasing demand for environmentally friendly alternatives. On October 27th 2016 Northern and its associates announced their mill was installed and operational.

The Bissett Creek project is in a politically stable authority only 15km from the trans-Canada highway and has easy access to the port of Montreal and north-eastern US markets. Its flat geography makes for easy future expansion and Bissett Creek has very attractive economics even at or below current depressed graphite price levels. Graphite deposits generally yield less than 15% XL flake and yet 50% of Bissett Creek's production will be XL flake, providing the Company with the choice of serving both the LiB and expandable graphite markets.

Potential Tesla battery supplier Graphite One begins drilling at Graphite Creek

✘ Graphite One Resources Inc. ('Graphite One', TSXV: GPH | OTCQX: GPHOF) has just announced that it will start drilling at its Graphite Creek Project, which the Company claims to be the only advanced stage large-scale, large flake graphite deposit in the United States. The Graphite Creek Property includes 129 claims covering a 6,799 hectares area in Alaska's Seward Peninsula, just 65 kilometers north the Nome deep sea port. Graphite Creek presents a highly desirable mineralization, marked by coarse crystalline (big flakes) graphite (greater than 0.18 mm). On January 20, 2014, Graphite One issued technical report noting that the Company was sitting on an 43-101 inferred resource of some 284.7 million

tons of 4.5% carbon graphite (Cg), including 37.68 million tons at 9.2% and 8.63 million tons at 12.8% graphite content. Graphite One intends to embark in a comprehensive Summer/Fall 2014 Drill in order to determine the extent of continuous mineralization in order to prepare the forthcoming Preliminary Economic Assessment (PEA). The work will also feature the collection of mini-bulk samples from both surface and existing drill core to continue to develop and implement bench scale metallurgical testing. Graphite One has already shown that it is capable of delivering a high purity of 99.99% (Cg) graphite from a rough concentrate through leaching.

Graphite One has the ability to produce and deliver the kind of graphite that is used to make anodes in lithium-ion batteries. Given that Graphite One's graphite has demonstrated that it contains the kind of graphite able to challenge the synthetic variety of graphite. According to the Company, the Graphite Creek Property "hosts the largest known, high-grade, large flake Graphite Deposit in the United States." This is the kind of graphite needed by Tesla Motors, which intends to build and run a new and huge factory solely devoted to making lithium ion batteries. The project, known as 'Gigafactory', could by itself raise the demand for natural graphite rise by up to 37% by 2020. Tesla intends to open the Gigafactory in 2017 such that it will deliver the equivalent of some 35 Gigawatt-hours (GWh) per year, which represents more than twice the value of the current market. Tesla believes that could become the market leader for Li-ion batteries in the United States.

Tesla's new factory is expected to be built in the Southwestern US and it could consume up to 28,000 tons of spherical graphite per year at full capacity, requiring the equivalent of 93,000 tons of flake graphite to process using today's methods more than twice as much as is used worldwide today. Despite some research, there is little to suggest that there is any end in sight to the dominance of graphite in the

manufacturing of anodes. Graphite is simply the material of choice for manufacturers of lithium ion batteries. Of course, there is the chance that Tesla may choose to use synthetic graphite; however, this is not a strong chance given the latter material's far more insidious environmental concerns and Tesla's image as a socially and environmentally responsible company. Quite simply, the expansion of the battery market for electric vehicles will be such that it will generate a great opportunity for graphite producers.

As of 2012, the battery sector accounted for around 8% of the global demand for natural graphite. Thus, thanks to Tesla in particular (but not exclusively – because others will step in to meet demand for electric vehicles should Tesla abandon the Gigafactory project) the production of flake graphite in the coming years will have to increase considerably. Graphite mining in North America, and elsewhere, will have to increase to meet the rapidly changing demands of the market and to compensate for China's potential cuts to production and ongoing mining sector rationalization and cleanup. Therefore, companies like Graphite One may well have a chance to play an important role in global graphite supply rather than exclusively North America. Given, the probable increase in the graphite market, several new graphite mines will have to come online to address demand. In addition, Graphite One benefits from having its project in Alaska, which has helped mining companies considering technology minerals to be essential components of the State's economic future.