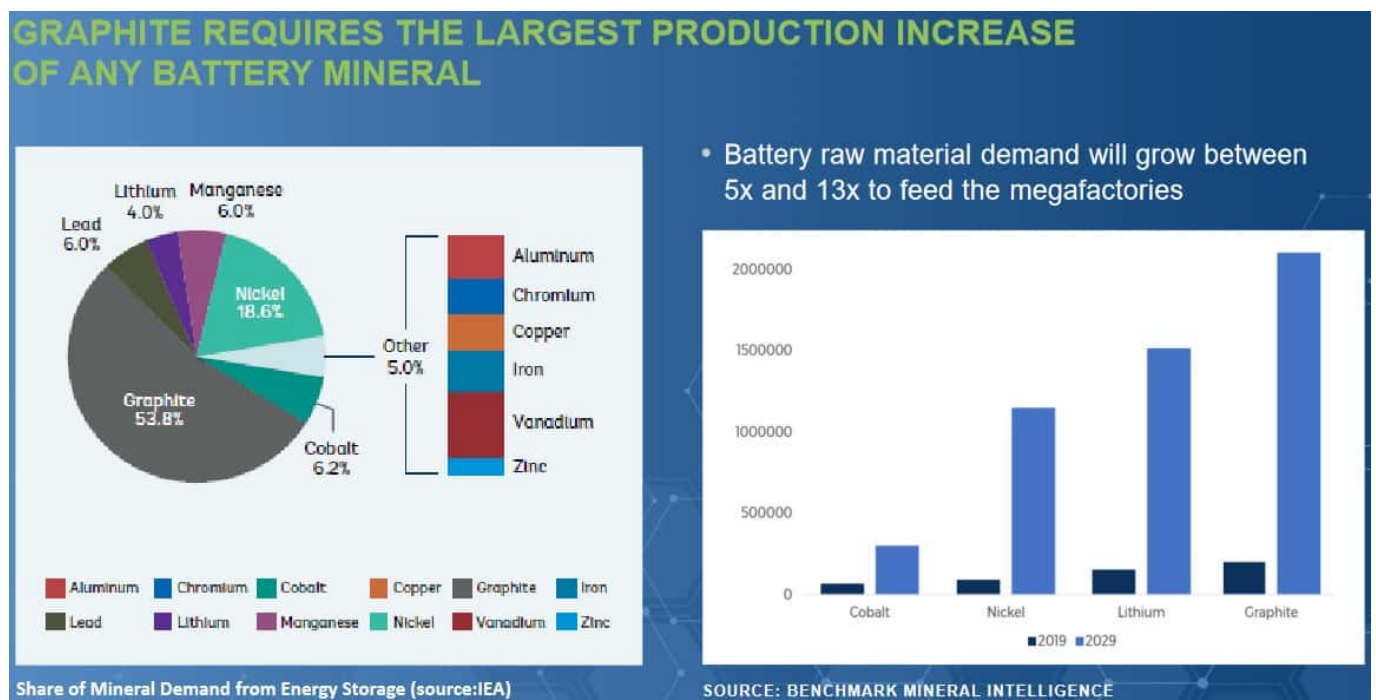


Northern Graphite moves to become a North American producer

Did you know that 'graphite' is on the list of 35 U.S critical minerals? It is because graphite is important in steel manufacturing and also in batteries. An average sized electric vehicle ("EV") lithium-ion battery typically has about 55 kgs of graphite, larger size EVs can use 75-115 kgs per vehicle. This is why in 2016 Elon Musk famously said: "Our cells should be called Nickel-Graphite, because primarily the cathode is nickel and the anode side is graphite with silicon oxide."

Graphite demand is set to soar this decade as EVs takeoff



Source: Northern Graphite company presentation

Today's company has recently signed a company changing deal that will see them soon become a North American graphite producer, assuming the deal finalizes.

Northern Graphite to acquire two graphite mines from Imerys

Group

Northern Graphite Corporation (TSXV: NGC) announced on December 2, 2021: “Northern Graphite to acquire two graphite mines from Imerys Group.”

The two graphite mines are the Lac des Iles, producing graphite mine in Quebec, Canada, and the Okanjande graphite deposit/Okorusu processing plant in Namibia. The purchase price is approximately US\$40 million. Northern Graphite plans to fund the deal and raise extra working capital, according to a term sheet with Sprott Resource Streaming and Royalty Corp., through US\$40 million in debt/royalty/stream financing plus a US\$15 million (~C\$20 million) private placement equity raise.

Northern Graphite CEO, Gregory Bowes, stated: “This is a truly transformational deal that will elevate Northern from one of over 20 junior graphite companies looking for project financing to being **the only North American and the world’s third largest¹ non-Chinese graphite producing company.**”

Note: Bold emphasis by the author.

Northern Graphite’s existing graphite project


Northern Graphite owns the Bissett Creek Graphite Project located 100km east of North Bay, Ontario, Canada and close to major roads and infrastructure. The Company has completed an NI 43-101 Bankable Feasibility Study and received its major environmental permit. The next step is project financing. More details on the Bissett Creek project [here](#).

Northern Graphite’s company goal and strategy

Northern Graphite is focused on becoming a world leading producer of natural graphite and on the upgrade of mine concentrates into high value products critical to the green energy revolution including lithium-ion battery anode material for EVs and stationary power systems, fuel cells, and

graphene, as well as advanced industrial technologies. The upgrading of mine concentrates usually means upgrading flake graphite (sells at ~US\$550-1,000/t) to active coated spherical graphite (sells at ~US\$7,000+/t). Northern Graphite is not yet at this stage, but it is their plan to go in that direction, which makes good business sense, to increase profit margins. Manufacturing and selling graphene is another way to add value.

INTRODUCING THE NEW NORTHERN GRAPHITE



The map shows three regions: Québec (top), Namibia (middle), and Ontario (bottom). Each region is highlighted in blue with a yellow star indicating a production location. Québec is in the northeast, Namibia is in the center, and Ontario is in the east.

- 50,000tpy of graphite production capacity
 - Only North American producer
 - Third largest non-Chinese producer
- Plus two large development projects with 100,000tpy potential
- All projects have quality flake graphite
 - Its not just about flake size and purity!
- All projects located close to infrastructure
- All projects located in politically stable countries
- Attractive valuation/share structure
- Trading halted pending TSXV approval of transaction

Source: Northern Graphite company presentation

Closing remarks

Northern Graphite has made a company changing deal by purchasing two graphite mines (and a processing plant) for only ~US\$40 million. Combine this with their existing advanced stage Bissett Creek graphite Project, and Northern Graphite will own 3 graphite projects/mines, two in Canada and one in Namibia.

A key to the new acquisition is that the Quebec based Lac des Iles Mine is already a producing asset. The Okanjande is a fully operational, permitted, mine in Namibia (currently on

care and maintenance). With graphite demand set to surge this decade as electric vehicles takeoff, the timing of the recent acquisition could not be any better and propels Northern Graphite from being a junior to being a North American graphite producer. Or as the company states: "Northern will become the only North American, and the world's third largest non-Chinese, graphite producing company."

The deal still needs to go through the usual approvals but is expected to finalize soon. Higher graphite prices are needed in the sector to make it more profitable; however, this may happen in 2022 as flake graphite is expected to move into deficit. Also, note the higher sovereign risk for the Namibia operation.

Northern Graphite Corporation trades on a market cap of only C\$69 million. One to follow closely in 2022.