



Northern Graphite Reports Positive Pilot Plant Test Results

Confirms production of exceptional large flake, high purity concentrate

January 11, 2012 – Northern Graphite Corporation (**NGC:TSX-V, NGPHF:OTCQX**) is pleased to announce positive pilot plant test results from its Bissett Creek Graphite Project. The pilot plant has confirmed the technical viability and operating performance of the Company's process plant design for the production of high purity, large flake graphite. Furthermore, results indicate that 50% of the graphite concentrate produced will be jumbo size, +48 mesh flake with a very high carbon content averaging 97.7% graphitic carbon ("Cg"). This is an exceptional product that will attract a premium price. The pilot plant test was designed, built and operated by SGS Minerals Services ("SGS") in Lakefield, Ontario.

SGS processed a 130 tonne bulk sample of graphitic material from the Bissett Creek deposit in the pilot plant and produced five final products which showed consistent flake size distribution and an overall carbon grade averaging 95% Cg. A 94% Cg concentrate with a flake size distribution of 80% greater than +80 mesh is the industry standard premium product and current prices are \$2,500 to \$3,000 per tonne. Almost all Bissett Creek production will meet this specification as the final concentrates averaged almost 80%, +80 mesh at 96.7% Cg. Significantly, 50% of the graphite concentrate produced was jumbo size, +48 mesh flake averaging 97.7% Cg.

Pilot plant recoveries ranged from 90.5% to 94.4 at concentrate grades of 94.5% Cg or greater. The Company is confident of achieving recoveries of 94 to 95% in the full scale plant for the following reasons:

- operation of a pilot plant does not allow enough time to optimize the process with respect to balancing grinding, retention time and reagents;
- due to its small scale, the pilot plant used mechanical cells for rougher flotation. The full plant will use column flotation which is more efficient for the recovery of coarse graphite flotation products;
- the bulk sample showed some signs of surface oxidation that affected recovery. This will not be a factor in the full scale mining operation.
- a coarser final flake concentrate is also expected as a rod mill was used for primary grinding in laboratory and pilot plant testing whereas the full scale plant will utilize a SAG Mill which is the best method of grinding to preserve flake size.

"The pilot plant results have confirmed that the Bissett Creek deposit will produce entirely large flake, high carbon concentrates from flotation alone, without chemical or thermal treatment" said Gregory Bowes, Chief Executive Officer. "As a result, we believe that Bissett Creek concentrates will have the highest average value per tonne in the industry and that this will also result in the highest margin in the industry. We will have the option of selling them into current high value markets, or using them to produce spherical graphite for Li ion batteries if it is financially advantageous to do so. Based on our review of publicly available information, it appears that over 50% of the production from most other graphite deposits will be very fine, -150 mesh lower carbon material, and it is generally not suitable for Li ion batteries or other high growth markets."

The pilot plant also confirmed results from the extensive historical testing, bulk sampling and pilot plant work that was carried out in the past and has validated the performance of the new flow sheet that will form the basis for the bankable FS which is nearing completion. Due to a backlog at SGS Lakefield, the pilot plant was two months late in starting and as a result the FS is now expected to be completed before the end of the first quarter of 2012. The Mine Closure Plan is expected to be completed and filed in the next 45 days. Upon approval, the Company will be in a position to initiate construction subject to positive results from the FS and the availability of financing.

Don Baxter, P.Eng, President of the Company and a “Qualified Person” under 43-101, is responsible for and has reviewed and approved the technical content of this press release.

About SGS Metallurgical Services (Lakefield)

SGS Metallurgical Services is recognized as the world leader in the development of bankable flowsheets and pilot plant programs. SGS Metallurgical Services was founded over half a century ago. Its metallurgists, hydrometallurgists and chemical engineers are experienced in all the major physical and chemical separation processes utilized in the recovery of metals and minerals contained in orebodies around the world.

About Northern Graphite Corporation

Northern Graphite Corporation is a Canadian company that has a 100% interest in the Bissett Creek graphite project, located 17kms from the Trans Canada highway between Ottawa and North Bay, Ontario.

Graphite prices have increased substantially due to the ongoing modernization of China and other emerging economies which has resulted in strong demand from traditional steel and automotive markets. In addition, new applications such as lithium ion batteries, fuel cells, vanadium redox batteries and nuclear and solar power have the potential to create significant incremental demand growth. It takes 20 to 30 times as much graphite as lithium to make a Li ion battery and their use in the growing EV/HEV market is expected to require significant increases in graphite production. However, graphite production and exports from China, which produces 70% of the world’s supply, are expected to decline and an export tax and a licensing system have been instituted. Both the European Union and the United States have declared graphite a supply critical mineral.

Northern Graphite is well positioned to benefit from this compelling supply/demand dynamic with a near term development project located in Canada and close to infrastructure. Additional information on Northern Graphite Corporation can be found under the Company’s profile on SEDAR at www.sedar.com and on the Company’s website at www.northern-graphite.com.

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