



Northern Graphite Looking at Doubling Bissett Creek Production Rate

May 7, 2014 – Northern Graphite Corporation (**NGC:TSX-V, NGPHF:OTCQB**) announces that the Company intends to update the Preliminary Economic Assessment (the “PEA”) for its 100% owned Bissett Creek graphite project to double the planned production rate at the outset rather than after three years of operation as originally contemplated. The current PEA is based on twinning the mill circuits and was undertaken to show the project’s ability to meet future growth in graphite demand. However, building one large plant is much more efficient and should lead to lower capital and operating costs. The Company has also been encouraged to assess the economics of the larger plant by recent developments in the lithium ion battery industry and by strong interest in the high purity concentrates that will be produced using Northern’s proprietary purification technology.

The PEA already indicates that the Bissett Creek project has very attractive economics even at or below current depressed graphite price levels. The pre-tax internal rate of return is 26.3% (22.0% after tax) and the pre-tax net present value is \$231.1 million (\$150.0 million after tax) using an 8% discount rate and a weighted average price of US\$1,800/tonne of concentrate.

Gregory Bowes, CEO, commented that: “Bissett Creek is the only true large flake deposit and the only one with a bankable Feasibility Study (the “FS”) and its major environmental permit. It also has the best infrastructure of any new graphite project, the lowest capital costs and the highest operating margin.”

Capital costs in the current PEA have been estimated at \$146.8 million to produce an average of 42,700 tonnes of graphite annually over the first 10 full years of operation compared to capital costs of \$101.6 million and annual production of 20,800 tonnes in the FS. Almost 90% of graphite production will be large and extra large flake and battery grade which is the highest ratio in the industry. There are also 27.3 million tonnes of measured and indicated resources and 24 million tonnes of inferred resources that are not part of the PEA mine plan and the deposit has not yet been closed off by drilling, all of which indicates that further expansions are possible. P&E Mining Consultants Inc. have been engaged to complete a new mine plan for the PEA update and WorleyParsons Canada will estimate the capital and operating costs of the larger mill.

Expandable Graphite

Expandable graphite is used for thermal management in consumer electronics as well as in gaskets and fluid sealing solutions, fuel cells, redox flow batteries, and fire retardants and other construction materials. It is one of the fastest growing market segments along with li ion batteries. Expandable graphite is made from extra large flake (+50 mesh) graphite which will make up almost 50% of Bissett Creek production, by far the highest in the industry. The Company has developed a proprietary purification process which will enable it to produce and sell high purity expandable graphite at a significant premium. Representative samples have been provided to a number of potential customers and substantial interest has been generated.

Graphite Markets and Pricing

After more than tripling from 2005 to 2012, graphite prices have fallen back 50% or more due to the slowdown in China and a lack of growth in the US, Europe and Japan. Recently it has been reported that Chinese flake production has fallen 30% as uneconomic and polluting mines are closed. Current prices are at the marginal cost of production for many producers which should limit further price declines. The weighted average price that would be realized by Bissett Creek concentrates in the current market is estimated at US\$1,800/t which is the highest in the industry as almost 90% of production will be large or extra large flake. Current pricing is

approximately \$2,100/t for +50 mesh concentrates, \$1,300/t for +80 large mesh, \$1,100/t and \$900/t for -100 and -150 medium and small flake respectively, and less than \$500/t for -150 mesh fines.

Qualified Person

Mehmet F. Taner, Ph.D., P.Geol., a Consulting Geologist who is independent of the Company, has reviewed and approved the technical content of this press release.

Northern Graphite Corporation

Northern Graphite Corporation is a Canadian company that has a 100% interest in the Bissett Creek graphite deposit located in eastern Ontario. Graphite demand is expected to rapidly increase in the future due to strengthening economies and the growth in new technologies such as lithium ion batteries, particularly due to their use in hybrid and all electric vehicles. Northern Graphite is the only public graphite company with a true large flake deposit, a bankable Feasibility Study and its major environmental permit and is well positioned to benefit. Additional information on Northern can be found at www.sedar.com and www.northerngraphite.com.

Due to market conditions, Northern no longer retains the services of Renmark Financial Communications Inc. effective May 1, 2014.

For further information please contact Gregory Bowes, CEO or Stephen Thompson, CFO at (613) 241-9959

This press release contains forward-looking statements, which can be identified by the use of statements that include words such as "could", "potential", "believe", "expect", "anticipate", "intend", "plan", "likely", "will" or other similar words or phrases. These statements are only current predictions and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. The Company does not intend, and does not assume any obligation, to update forward-looking statements, whether as a result of new information, future events or otherwise, unless otherwise required by applicable securities laws. Readers should not place undue reliance on forward-looking statements.

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