



Northern Graphite Signs Product Offtake Agreement

June 4, 2018 – Northern Graphite Corporation (**NGC:TSX-V, NGPHF:OTCQX**) (“Northern” or the “Company”) announces that it has signed a Memorandum of Understanding (“MOU”) with a European commodity trading company to sell 100 per cent of the projected output from the Bissett Creek graphite project in China. The parties intend to enter into a binding agreement when a number of conditions have been met, including the arrangement of project financing. Northern’s partner will be identified at that time as per their request.

Customers of the trading company have tested graphite from a number of different sources outside China and have found that Northern’s graphite is of the highest quality and fits best with market requirements. Chinese production of XL (+50 mesh) and XXL (+32 mesh) flake graphite is declining while demand is growing, particularly in the expandable graphite market. There is an immediate opportunity for new production and Northern is uniquely positioned to meet that need with an advanced stage project that will produce almost entirely large/XL/XXL flake and which has a reasonable capital cost. The project is also located close to infrastructure in a politically stable jurisdiction.

The Bissett Creek project will produce almost no small flake or fines, both of which are in oversupply. Chinese companies continue to add small flake production capacity to meet demand from the rapidly growing lithium ion battery (“LiB”) market which has kept small flake prices from rising. This will continue to be the case until the very positive growth forecasts for electric vehicles are realized. China Minmetals Corporation, China’s largest metals and minerals group, recently estimated that the demand for spherical graphite, the anode material in LiBs, will be one million tonnes by 2020 and most will be consumed in China. This will require annual flake graphite production to more than double from current levels. While Northern is not specifically targeting the LiB market, a rise in small flake prices is expected to drive up prices for all flake sizes.

Gregory Bowes, CEO commented that: “The fact that we can sell up to 100 per cent 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.”

Expandable Graphite

Expandable graphite is manufactured by treating large and particularly XL flake graphite concentrates with an intercalation agent that penetrates between the many layers of each individual flake. It can be sold as is or heated which causes the intercalation agent to expand, splitting the flakes apart and increasing the volume by hundreds of times. The expanded graphite is then pressed into self binding sheets or foils. These products are used for thermal management in consumer electronics as every smart phone, tablet and flat panel TV, as well as solar panels, require a sheet of graphite foil to keep them cool and dust free; for gasket products in the automotive, petroleum, chemical and nuclear industries as graphite does not rust, corrode or react with acids; in conductive plates for fuel cells and flow batteries; and in fire retardants. The latter market is expected to grow rapidly as the use of brominated flame retardants is phased out or banned. Expandable graphite is principally made from +50 mesh XL flake which sells for approximately US\$1,750/tonne while expandable graphite can sell for up to US\$3,000/tonne.

Qualified Person

Gregory Bowes, B.Sc. MBA, P. Geo., a Qualified Person as defined under National Instrument 43-101, has reviewed and is responsible for the technical information in this news release.

About Northern Graphite

Northern Graphite is a Canadian development company with a 100% interest in the Bissett Creek graphite deposit, which is located in southeastern Ontario and relatively close to all required infrastructure. The Company has completed a full FS, a PEA which includes a Phase 2 doubling of production after three years of operation, and has secured its major mining permit. The Bissett Creek project has a low capital cost, a high profit margin at current prices, and low marketing risk resulting from the very high quality of its concentrates and a realistic production level that can be easily expanded when market conditions warrant.

For additional information, please contact: Gregory Bowes, CEO (613) 241-9959

This news release contains certain “forward-looking statements” within the meaning of applicable Canadian securities laws. Forward-looking statements and forward-looking information are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “potential”, “possible” and other similar words, or statements that certain events or conditions “may”, “will”, “could”, or “should” occur. Forward-looking statements in this release include statements regarding, among others; the FS, the PEA, graphite prices, project economics, permitting, the development timeline and the graphite market.

All such forward-looking statements are based on certain assumptions and analyses made by management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of other parties to perform as agreed; social or labour unrest; changes in commodity prices; unexpected failure or inadequacy of infrastructure, the failure of exploration programs, including drilling programs, to deliver anticipated results and the failure of ongoing and contemplated studies to deliver anticipated results or results that would justify and support continued studies, development or operations. Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.

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