



Metallurgical Testing Confirms Process Plant Cost Savings

July 23, 2020 – Northern Graphite Corporation (**NGC:TSX-V, NGPHF:OTCQB**) (the “Company” or “Northern”) announces that comprehensive metallurgical testing carried out at SGS Lakefield has validated changes designed to simplify the flow sheet for the Bissett Creek Project and to reduce capital and operating costs. Testing indicated that the new flowsheet will increase average concentrate purities from 94.5 to 97.2 per cent with a small decline in recoveries (from 94.7 to 92.4 per cent) and large flake yields. Due to the premium paid for higher purity concentrates, the net effect will be an increase of approximately US\$100/tonne in estimated concentrate sales prices.

Gregory Bowes CEO commented: “Northern is fortunate to have an economic project now based on selling larger flake sizes into higher priced, industrial markets. There is an immediate need for a new large flake mine and very few exist, particularly in politically stable jurisdictions.” He added: “Small flake graphite used in the battery market is currently priced under US\$600/t which approximates the operating costs of many new projects. Higher prices are needed to stimulate the development of new supply which is critical for the EV industry to meet projected sales and to diversify supply away from China.”

The revised flowsheet uses semi-autogenous grinding alone followed by rougher flotation and two stages of polishing and cleaner flotation. A large regrind mill, small polishing mill, cleaner flotation circuit and sulphide tailings regrind circuit have all been removed. As a result, Bissett Creek will have one of the simplest flow sheets and lowest costs per tonne of ore mined and processed in the industry. Bissett Creek ore is relatively soft, has a low work index and readily splits along cleavage planes and at the graphite/gangue interface easily releasing the graphite flakes without excessive grinding. The deposit also has a low degree of weathering and little variability, both of which have created metallurgical challenges for other projects. Low costs combined with one of the best flake size distributions will result in Bissett Creek being one of the highest margin graphite deposits in the world.

The flowsheet changes were incorporated into updated project economics and sensitivity analyses and the results were released in late 2018 and 2019. They indicated that the changes along with a significant decline in the CDN dollar will more than offset labour and equipment cost inflation since the Feasibility Study was completed and result in higher margins and improved economics. Now that metallurgical testing has confirmed the effects of the new flow sheet, it will be incorporated into the Company’s development plans.

About Northern Graphite

Northern’s 100% owned Bissett Creek graphite deposit is located in the southern part of Canada with ready access to labour, supplies, equipment and concentrate transportation whereas most of the Company’s peers are located in the northern part of Canada or Africa. Bissett Creek is an advanced stage project with a full Feasibility Study and a Preliminary Economic Assessment which contemplates doubling production after three years of operation. Permitting is well advanced and the Company is in a position to make a construction decision subject to financing.

The Bissett Creek Project has a reasonable capital cost, a realistic production rate relative to the size of the current market (which can be expanded as demand grows), and a very high percentage of L/XL/XXL flake. The latter will enable the Company to initially focus on higher priced and value-added industrial markets and expand into battery markets when economics improve. Unlike many graphite deposits, essentially all Bissett Creek production is “battery grade”.

Stock Options

The Board of Directors has approved the grant of stock options to purchase a total of 1,500,000 shares of the Company at a price of \$0.20 per share for a period of five years to directors and officers. Due to uncertainties with respect to the economy and financial and graphite markets, including the unknown long term effects of Covid-19, the Company’s Board

of Directors has deferred receiving directors fees and the CEO has deferred taking a significant portion of his salary until conditions improve.

Investor Relations Consultant

The Company announces that it has extended its contract with Mr. Grant Galloway for an additional six months during which time he will continue to provide investor relations services in compliance with the policies and guidelines of the TSXV and other applicable legislation. All other terms and conditions remain the same as announced in the press release dated February 3, 2020. Mr. Galloway has no direct or indirect interest in the securities of the Company as of the date hereof but may purchase its securities from time to time for investment purposes. Mr. Galloway has been granted stock options to purchase 100,000 shares of the Company at a price of \$0.20 per share for a period of two years subject to the approval of the TSXV.

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.

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 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; economic and technical studies, graphite prices, project economics, permitting, the development timeline and the graphite market. All such forward-looking statements are based on assumptions and analyses made by management based on their experience and perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. However, these statements 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 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 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 on what management believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with them. 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.