



Northern Graphite Corporate Update

November 12, 2019 – Northern Graphite Corporation (**NGC:TSX-V, NGPHF:OTCQB**) (the “Company” or “Northern”) is pleased to provide the following update with respect to the graphite market, the Company and its Bissett Creek Project. While graphite prices and investor interest remain low, longer term demand forecasts for battery minerals are very robust due to aggressive plans by automobile manufacturers to “electrify” their fleets and to security of supply concerns. The Company has a high quality, advanced stage project that is located close to infrastructure in a politically stable jurisdiction, and has sufficient financial resources to continue getting it “shovel ready” while seeking a strategic partner and awaiting an improvement in market conditions.

Graphite Market Update

Despite growing electric vehicle (“EV”) demand and the need for secure, ethically sourced supplies of battery minerals, graphite prices remain at very low levels. This is mainly due to increased production from China and a large, new mine in Africa which have resulted in supply increasing faster than demand. The new African mine recently announced that production is being sharply curtailed due to operational and financial challenges and low prices. This may lead to some improvement in prices in the short term.

Longer term, Benchmark Mineral Intelligence estimates that 1.3 million tonnes of lithium ion battery (“LiB”) anode material production capacity needs to be added by 2023 to meet the demands of new battery manufacturing plants. World graphite production will have to more than double in the next four years to meet that estimate. Recently, Volkswagen announced that it will need 300GW of annual battery supply by 2025. That alone will require a 40%+ increase in world natural graphite production. Raw material demand numbers are quite staggering even if EVs become only moderately successful. Construction of multiple new graphite mines needs to start very soon if this is to happen.

China currently has excess small flake production capacity which is the graphite grade used to make LiB anode material. However, China has demonstrated many times over that its strategy is to dominate markets over the long term and this is the case with the LiB/EV industries. Current and planned increases in Chinese raw material supply, downstream processing facilities and LiB manufacturing capacity greatly exceed existing demand. The net effect of this approach is to freeze out many western projects which will make the world even more dependent on China in the future. A solution must be found to stimulate the development of strategic mineral supplies in the west.

New Chinese and African graphite production is mainly small flake. New sources of large/XL flake are required due to declining production and growing industrial demand. Prices for these grades are higher and there is an immediate opportunity for new mines but markets are also smaller and supply must be added in a controlled fashion.

Corporate Update

Earlier this year the Company engaged Red Cloud Klondike Strike Inc. to assist in evaluating and pursuing alternatives for maximizing shareholder value including identifying potential sources of financing and/or a corporate partner to move the Bissett Creek project forward. To date, this effort has not been successful. There is limited interest in new graphite projects due to ample supply, low prices and the opaque nature of the industry. As a result, the share prices of many junior graphite companies are near all time lows. Other than the large mine built in Africa, Northern is not aware of any public graphite company that has successfully obtained production financing.

Northern's strategy differs from most of its peers in that the large/XL flake nature of the Bissett Creek deposit enables the Company to initially focus on higher value industrial markets and value-added products. While the economics of this business plan are still quite good, it has not yet been enough to stimulate investor interest and obtain financing.

Gregory Bowes, CEO, commented that: "It takes the right combination of commodity prices, investor sentiment and local and government support to build a mine. It is not uncommon for good projects to have to wait until all these factors come together and this obviously creates a very frustrating period for the Company and its shareholders. The history of commodity markets is generally that big companies do not move until there are shortages and supply disruptions, and then they all try to get through the same door at the same time."

The Company currently has approximately \$1.5 million in cash and a very low burn rate. As a result, it has sufficient liquidity to continue with its efforts to find a major partner and to get the Bissett Creek Project "shovel ready" for when the graphite market turns.

Bissett Creek Project

The Company believes that the Bissett Creek Project is unique among its North American peers in that it has a reasonable capital cost, an initial production rate that is realistic relative to the size of the current market (and which can be expanded as demand grows), and the highest percentage of large/XL flake. The latter will enable the Company to initially focus on high margin and value-added industrial markets, mainly in the US and Europe, and expand into the LiB market as conditions warrant. Unlike many graphite deposits, essentially all Bissett Creek production is "battery grade".

The Ministry of Energy, Northern Development and Mines has approved the Company's Mine Closure Plan ("MCP") which authorizes Northern to build and operate the mine. Due to a number of design and operational improvements made to enhance project economics and to the passage of time, the Company is now required to file an amendment to the MCP. The Company is also in the very advanced stages of finalizing a number of other authorizations and permits including the Ministry of Natural Resources and Forestry's Class Environmental Assessment which relates to the construction and upgrade of crown roads and water crossings and harvesting of crown timber, a Permit to Take Water and Authorizations under the Lakes and Rivers Improvement Act and the Endangered Species Act.

Warrant Extension

The Company also announces that it intends to extend the expiry date of 2,291,321 warrants which are exercisable to purchase common shares of the Company at a price of \$0.60, subject to the approval of the TSX Venture Exchange. The warrants were issued under a private placement that was completed on November 22, 2017 and subject to such approval, the expiry date will be extended from November 22, 2019 to November 22, 2021. All other terms and conditions of the warrants remain unchanged. The Company will not issue replacement warrant certificates and warrant holders will be required to present the original certificates in order to exercise their warrants on or before the new expiry date.

About Northern Graphite

Northern Graphite is a Canadian development company with a 100% interest in the Bissett Creek graphite deposit which is located in the southern part of Canada with ready access to labour, supplies, equipment and concentrate transportation. The Company has completed a full Feasibility Study and a Preliminary Economic Assessment which includes a Phase 2 expansion. The most challenging parts of the permitting process have been completed and the Company is in a position to make a construction decision subject to obtaining financing.

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:

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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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