



Northern Graphite Files bankable Feasibility Study

August 27, 2012 – Northern Graphite Corporation (**NGC: TSX-V, NGPHF: OTCQX**) is pleased to announce that the bankable feasibility study (“FS”) for its 100% owned Bissett Creek graphite deposit has been filed on SEDAR and is available on the Company’s website. The FS was prepared by GMining Services Inc. with contributions from SGS Canada Inc. (Lakefield-metallurgy), Geostat-resource modelling), Knight Piesold Ltd. (environmental, permitting, tailings management and road infrastructure) and Met-Chem Canada Inc.(process engineering).

The FS concludes that *“based on all the engineering studies, cost estimates, price scenarios and economic analyses performed as part of this Feasibility Study, we believe that the financial returns are sufficiently robust to justify the required investment to bring the Bissett Creek Project to commercial production. Its production level, when compared to the total market, should enable its successful introduction in the supply of large and extra-large graphite flake products, without impacting the supply-demand relationship and resulting prices. When well established as a reliable supplier of quality products, Northern Graphite should be in excellent position to pursue a production expansion on the basis of its large resources at Bissett Creek.”*

Gregory Bowes, CEO, stated that “There are very few development stage graphite companies and Northern is the only one that has disclosed complete independent, bankable feasibility level confirmation of reserves and resources, capital and operating costs, metallurgy, flake size distribution, carbon content of concentrates, etc.” He added that “While economies in the US, European and Chinese have slowed, the FS has identified a number of immediate, low risk opportunities to increase production and further reduce costs which we believe will offset the effect of softer graphite prices.”

Project Description

The proposed development of the Bissett Creek graphite deposit includes the construction of an open pit mine and a 2,500tpd processing plant. The processing plant will consist of conventional crushing, grinding and flotation circuits followed by concentrate drying and screening and is based on proven methods and equipment that are widely used in the mineral industry. The Company plans to build a natural gas pipeline to the site from the main Trans Canada line, approximately 15 kms away, to fuel five 1.0 MW-generators that will produce electrical power. Waste heat from the generators will be used to dry the concentrate resulting in low overall energy costs of \$0.079/kWh. Infrastructure includes upgrading the last 5 kms of access road, site preparation, and tailings facilities. Approximately 97% of the tailings will be non-acid generating.

Over the first five full years of operation a total of 4.2 million tonnes of ore will be processed at an average head grade of 2.22% Cg to produce an average of 18,600 tonnes of graphite concentrate at 94.5% Cg per year. Approximately 80% of production will be +80 mesh large flake and 50% will be XL (+50 mesh) and XXL (+32 mesh) flake. Cash operating costs will average CDN\$851 per tonne of concentrate over the first five years. Capital costs are estimated at \$102.9 million including a \$9.4 million contingency but excluding any financial assurance relating to reclamation obligations. The FS does not include any upgrading to value added products such as spherical graphite for Li ion batteries which sell for significantly higher prices than those used in the FS.

Project Opportunities

The FS has identified a number of significant, low risk opportunities to further enhance project returns including upgrading some inferred resources to indicated, both within and outside the proposed pit, which will increase the grade and production, and further reduce operating costs. In addition, actual graphite production

from the pilot plant was approximately 4% higher, and graphite production from eight locked cycle tests was approximately 12% higher, than assayed head grades indicating that the reserve grade is conservative and potentially understated. The Company is planning a review of assay procedures to identify the reasons for the understatement. The Company's objective is to achieve operating costs of less than \$800/tonne.

Qualified Persons

The FS was prepared in accordance with NI 43-101 standards by G Mining Services Inc. Louis Gignac, ing., Nicolas Ménard, ing., Antoine Champagne, ing., Ahmed Bouajila, ing., Robert Menard, ing., and Robert Marchand, ing. are the independent "qualified persons" under NI 43-101 who were responsible for preparing the FS on behalf of G Mining Services Inc.

This press release has been reviewed and approved by Don Baxter, P.Eng, President of the Company and a non-independent "Qualified Person" under NI 43-101.

The Graphite Market

Graphite demand and prices have increased substantially over the past few years 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, vanadium redox batteries, fuel cells and nuclear power have the potential to create significant incremental demand growth.

China currently produces 70% of the world's graphite and an export tax and a licensing system have been instituted to restrict exports and encourage value added processing in China. Recently the Chinese government has proposed a set of new rules relating to the size, operational performance, quality and environmental standards for new graphite mines which will make them much more difficult to build. Also, existing Chinese production is expected to decline due to the effects of many years of high grading, the consolidation or elimination of smaller producers, and improvements in labor and environmental standards. The recent proposals on new mines are the third major graphite supply related announcement out of China this year and follow calls for REE type protection from the largest Chinese graphite producer, and the formation of a state owned amorphous graphite monopoly. As a result of the supply/demand situation for graphite, **both the European Union and the United States have declared graphite a supply critical mineral.**

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. Northern has established itself as an industry leader with a large flake, high purity, scalable deposit that is located close to infrastructure and has very competitive operating costs. Additional information is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.northerngraphite.com or please contact:

Gregory Bowes, CEO (613) 241-9959

Don Baxter P.Eng, President (705) 789-9706

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