



Northern Graphite Commences Drill Program at Bissett Creek

October 1, 2012 – Northern Graphite Corporation (**NGC: TSX-V, NGPHF: OTCQX**) announces that it has commenced a drill program on its Bissett Creek graphite project consisting of approximately 3,000 meters of drilling in 65 holes. The drill program is designed to follow up on opportunities identified in the recently completed bankable feasibility study (“FS”) to further improve the already attractive economics of the Bissett Creek project.

The main objective of the drill program is to upgrade inferred resources both within and outside the FS pit shell to the indicated category. The FS considers approximately 1.5 million tonnes of inferred resources within the pit as waste and includes the processing of a low grade stockpile that exceeds 2.5 million tonnes. Upgrading the inferred resources within the pit to the indicated category, and substituting higher grade material from outside of the FS pit for the low grade stockpile, could result in an increase in grade and a further reduction in operating costs. Of particular interest are the higher grade inferred resources located off the eastern end of the FS pit (see figure 1). The Preliminary Economic Assessment on the Bissett Creek project states that there is a relatively high probability that inferred resources can be upgraded due to the thick, flat lying and continuous nature of the mineralization. However, the inferred resources do yet not have demonstrated economic viability and are not mineral reserves.

The Company has retained AGP Mining Consultants Inc. (“AGP”) to update the current resource and reserve estimates, mine design and economic model once the new drilling results are available which is expected to be before year end. In addition, AGP will review assay methodologies and procedures to investigate the fact that graphite production, based on calculated head assays from the locked cycle test program, was up to 12% higher than expected based on the initial assay grade of the samples.

Gregory Bowes, CEO, stated that “The FS is based on 23 years of indicated resources but this does not represent the best 23 years. We have an additional 50+ years of inferred resources at planned production rates. The drill program will enable us to optimize the first 20 years and demonstrate that the project has very solid economics even in a low graphite price environment. Operating costs over the first five years of operation were estimated at \$851/tonne of concentrate in the FS which assumed contract mining. Owner mining is expected to reduce them to approximately \$800/tonne with further decreases possible based on the results of the drill program and assay review.”

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 proposed a new set of rules and standards for graphite mines which will make them much more difficult to operate and build. 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. Due to the expectation that

Chinese graphite production and exports could decline at a time when demand is appears ready to grow rapidly, 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. The completion of the bankable Feasibility Study has established Northern as the 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:

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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.

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