



NORTHERN
GRAPHITE
CORPORATION

TSXV NGC
OTCQB NGPHF

northerngraphite.com

NOT FOR DISTRIBUTION TO UNITED STATES WIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Northern Graphite Corporate and Market Update

December 30, 2021: Northern Graphite Corporation (**NGC:TSX-V, NGPHF:OTCQB**) (the “Company” or “Northern”) is pleased to provide this year end corporate and market update following a very positive year for the Company. 2021 started with the completion of a \$3 million financing, which included a half warrant at \$0.45 per share. The share price subsequently performed well with the last trade at \$0.83. The Company diversified its asset base by optioning the South Okak nickel-copper-cobalt project and testing continued to confirm that concentrates from the Bissett Creek project are of the highest quality and suitable for all applications, especially lithium ion batteries. The year culminated with the announcement that Northern has agreed to acquire two producing graphite mines from Imerys SA. This transaction will arguably transform Northern into the leading public natural graphite company and one that is well positioned to benefit from the projected growth in EV and battery markets.

Acquisition of Imerys’ Natural Graphite Division

On December 2, 2021 the Company announced that it has signed binding agreements to acquire 100% ownership of the producing Lac des Iles graphite mine in Quebec (the “LDI Project”) and the Okanjande graphite deposit/Okorusu processing plant in Namibia (the “OK Project”) from subsidiaries of Imerys SA (collectively with any subsidiaries “Imerys”) for approximately US\$40 million (the “Transaction”). [See press release here](#). Because the Transaction is considered a “Fundamental Acquisition”, it is subject to TSX Venture Exchange (“TSX-V”) approval and trading in the Company’s shares is halted until such time as the TSX-V completes a satisfactory review including National Instrument 43-101 Technical Reports for both the LDI Project and the OK Project and financial statements for the businesses/companies being acquired. The Company will provide further updates with respect to TSX-V approval and the trading halt as they develop.

Northern intends to raise US\$55 million in financing to complete the Transaction and has signed a term sheet with Sprott Resource Streaming and Royalty Corp. for US\$40 million in debt/royalty/stream financing and has engaged Sprott Capital Partners LP to act as lead agent with respect to an equity offering of up to US\$15 million (collectively with any subsidiaries the “Sprott Group”). The Sprott Group intends to participate in the equity offering with an investment of US\$3 million and Imerys will receive US\$3 million in equity on the same terms as partial payment of the purchase price. Marketing of the equity offering has started through a syndicate of agents lead by the Sprott Capital Partners LP and including Cormark Securities Inc. and Canaccord Genuity Corp. and Tamesis Partners LLP. Pricing and other terms for the financing, which is being completed on a private placement basis, will be determined within the context of the market. It is expected that the proceeds of the financing will be placed into escrow and released on closing of the Transaction. Any shareholders of Northern who qualify as “accredited investors” and who wish to participate should contact their broker, the agents or the Company for additional information. For a definition of Accredited Investors [please click here](#).

As a result of the Transaction Northern will become the only North American and the world's third largest non-Chinese graphite producing company. Gregory Bowes, CEO commented that: "We believe completion of the Transaction will make Northern the leading public graphite company by virtue of having substantial near term production and two large scale development projects that will enable the Company to significantly expand production to meet growing demand from the EV/battery markets. All projects have high quality "battery grade" concentrate and are located close to infrastructure in politically stable countries."

Closing of the Transaction requires a number of other conditions to be met including closing of the financing package and approval of the Namibian Competition Committee. The Company will provide further updates with respect to the status of these approvals as they develop.

Any securities to be offered pursuant to the proposed equity offering have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any securities laws of any state of the United States and accordingly may not be offered or sold within the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to exemptions therefrom.

Corporate Strategy for 2022 and Beyond

1. Complete the **Imerys acquisition** and associated financing
2. Expand corporate leadership to manage the Company's rapid growth
3. Bring the Namibian operation back into production in 2022
4. Develop **strategic partnerships** in the graphite/battery space
5. Extend and expand the mine life at Lac des Iles
6. Implement a strategy to manufacture **battery anode material**
7. Finance and start construction of the **Bissett Creek Project**
8. Acquire/develop the capacity to produce value added products for industrial markets
9. Acquire/develop the capacity to manufacture **graphene** based products
10. Significantly **expand production** from Bissett Creek and Namibia as EV/battery market demand grows

Graphite Market Update

Graphite is the anode material in a lithium ion battery ("LiB") and its single largest component. Despite the rapid growth in the EV/battery market, graphite prices have lagged other battery minerals due to excess production capacity in China. It has been the Company's position that EV sales needed to reach the five million vehicles per year range for them to have a meaningful effect on the graphite market. That now appears to be happening.

Bloomberg has estimated that 2021 will be "yet another record year for EV sales globally with 5.6 million sold". That is 83% higher than 2020 sales, a 168% increase over 2019 and about five per cent of the new car market. Bloomberg expects EVs to make up 20-30% of new car sales by 2025 based on "proposed and confirmed rules".

The International Monetary Fund has predicted that graphite will have the largest supply shortage of metals/minerals used in clean energy technologies:

<https://blogs.imf.org/2021/12/08/metals-demand-from-energy-transition-may-top-current-global-supply/>

While Graphite has underperformed other battery minerals to date, the substantial growth in EV/battery demand is now having an effect on supply/demand/pricing and this is just beginning to be reported by the mainstream press.

[Reuters: Battery makers grapple with graphite supply](#)

In addition, supply is being restricted by the winter shut down of operations in Luobei, a major Chinese graphite producing region near the Russian border. Producers generally build inventory to carry them through to spring but this year there is no inventory because of high battery demand. Fastmarkets (formerly Industrial Minerals) reports that "prices continue to set historic new highs, with the latest assessment up by 41.5% since September." "We are not quoting prices now because we have zero stock," a supplier in Heilongjiang said.

Most recently, Tesla announced an offtake agreement for natural graphite based anode material making it one of the first major battery/auto makers to publicly recognize the graphite supply problem. A number of LiB manufacturing plants are in operation or under construction in North America and it will take multiple graphite mines/conversion plants to supply them. Shipping all that material around the world is not a green or economic solution.

The following articles also describe positive developments for the graphite industry:

<https://www.utilitydive.com/news/global-ev-sales-rise-80-in-2021-as-automakers-including-ford-gm-commit-t/609949/>

<https://miningfeeds.com/think-the-lithium-crisis-is-bad-the-graphite-crisis-might-be-worse/>

<https://www.enr.com/articles/53247-gm-ramps-up-to-expand-billions-in-us-battery-and-supply-chain-production>

<https://www.constructionequipmentguide.com/central-north-carolina-to-become-home-to-12b-lithium-battery-plant-for-toyota-usa/54754>

About Northern Graphite

Northern Graphite is a Canadian company, listed on the TSX Venture Exchange, that is focussed on becoming a world leading producer of natural graphite and on the upgrade of mine concentrates into high value products critical to the green energy revolution including electric vehicles, lithium-ion batteries, fuel cells and graphene, as well as advanced industrial technologies.

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 visit the Company's website at <http://www.northerngraphite.com/investors/presentation/>, the Company's profile on www.sedar.com, contact Gregory Bowes, CEO (613) 241-9959 or visit our **Social Channels**.



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: the Company’s intentions with respect to the completion of the Transaction and related financings; the Company’s corporate strategy and objectives; and the graphite market including graphite prices and industry economic and technical studies. 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.