

Northern Graphite Closes Acquisition of Two Graphite Mines

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Company to become the only significant North American⁽¹⁾ and third largest non Chinese natural graphite producer

Ottawa, May 2, 2022 - [Northern Graphite Corp.](#) (TSXV: NGC) (OTCQB: NGPHF) (FSE: 0NG) (XSTU: ONG) (the "Company" or "Northern") announces that it has closed its previously announced acquisition (December 2, 2021) of the producing Lac des Iles graphite mine ("LDI") in Quebec from a subsidiary of Imerys SA (Imerys and its subsidiaries, "Imerys") and the Okanjande graphite deposit/Okorusu processing plant in Namibia from a subsidiary of Imerys and its joint venture partner (collectively, the "Acquisition"). The Acquisition was financed through US\$36 million in debt, royalty and stream financing provided by funds managed by Sprott Resource Streaming and Royalty Corp. (collectively, "Sprott") and a CDN\$23 million equity offering lead by Sprott Capital Partners LP. Sprott invested CDN\$3.75 million in the equity offering and Imerys has received US\$4 million in equity, on the same terms as the equity offering, as partial payment of the purchase price.

Gregory Bowes, CEO commented: "Northern is now well positioned to benefit from the growth in electric vehicle ("EV") sales and recent announcements by governments in the US, Canada and Europe regarding plans to support critical mineral development and processing. Northern will be one of very few significant western graphite producers and looks forward to executing the second part of its business strategy which is to rapidly expand production and develop the capacity to produce anode material for use in EVs/batteries in both North America and Europe."

Transaction Highlights

- The Company is now the only significant North American natural graphite producer¹ and has acquired an established customer base and market share
- Northern has acquired 40-50,000 tonnes per year ("tpy") of graphite production capacity in Quebec and Namibia, which will make it the third largest non Chinese natural graphite producing company
- The Company also has two large scale development projects, Bissett Creek in Ontario and an expansion of Okanjande in Namibia, which it intends to build to meet growing EV demand
- Bissett Creek has been independently rated as the highest margin graphite project in the world
- The Okanjande deposit has large measured and indicated resources and the Company intends to assess building a new processing plant with 100-150,000 tpy of production capacity
- The LDI, Bissett Creek and Okanjande deposits are all located close to infrastructure in politically stable countries with high ESG standards
- All deposits have high quality flake graphite that is suitable for all battery and industrial applications
- The Acquisition has been completed in a very capital efficient manner that minimizes shareholder dilution. Common shares outstanding have increased from approximately 80 million to slightly less than 120 million

1. As per Benchmark Mineral Intelligence

Acquisition Summary

As consideration for the acquisition of LDI, which was completed through the Company's wholly-owned subsidiary Graphite Nordique Inc., the Company paid Imerys approximately CDN\$17.8 million in cash and issued to Imerys US\$4 million worth of units. The units each consisted of one common share and one-half of one share purchase warrant and had the same CDN\$0.75 price and other terms as the equity offering described below, resulting in the issuance to Imerys of 6,841,600 common shares and 3,420,800 warrants. The common shares, warrants and common shares issuable on exercise of the warrants are subject to a four month resale restrictions under Canadian securities laws expiring on August 30, 2022.

The LDI mine has been in operation for over 20 years and is the only significant graphite producer in North

America. LDI will produce up to 15,000 tpy of graphite concentrate over the next two to three years. A technical report with respect to LDI prepared in accordance with National Instrument 43-101 ("NI 43-101") will be filed under the Company's profile on SEDAR. The Company believes there are opportunities to expand production and extend the mine life. An option has already been secured on the Mousseau West project in Quebec (see press release here), which the Company believes will provide a source of graphite mineralization to supply LDI.

As consideration for the acquisition of the Okanjande graphite deposit and a processing facility located 78 km away at the Okorusu Fluorspar Mine, the Company paid Imerys and its joint venture partner US\$15.8 million in cash. The Company also paid the owner of the lands on which the Okorusu plant is located EUR2.2 million in lease payments for use of the land and buildings. The Okorusu plant was retrofitted to produce graphite and has been on care and maintenance since November 2018.

The balance of the financing proceeds will be used to fund the restart of operations in Namibia and for working capital purposes. Northern intends to invest approximately US\$14 million to build a new tailings facility and to further modify the Okorusu processing plant to increase throughput and recovery and improve the flake size distribution. The operation, which is based on processing weathered resources, is expected to be back in production at a rate of approximately 30,000 tpy in nine to twelve months. A technical report with respect to the mineral resources contained in the Okanjande deposit has been prepared in accordance with NI 43-101 and will be filed under the Company's profile on SEDAR. The Company also intends to file a Preliminary Economic Assessment, prepared in accordance with NI 43-101, with respect to the proposed mining operations at the Okanjande deposit and processing at the Okorusu plant within 45 days from the date hereof.

Northern intends to evaluate building a new processing plant adjacent to the Okanjande deposit based on its large measured and indicated hard rock resources in order to produce 100-150,000 tpy of graphite concentrate to meet rapidly growing EV and battery demand. Namibia is one of the best jurisdictions in Africa in which to operate, Okanjande graphite is of the highest quality, the operation has access to grid power and it is five hours over good roads from the deep water port of Walvis Bay which provides ready access to European and North American markets. These attributes, plus a much shorter time to market, provide a competitive advantage over other African graphite projects.

Northern's existing Bissett Creek project is an advanced stage project with a full Feasibility Study. It is located in the southern part of Canada with ready access to labour, supplies, equipment, natural gas, green hydro-electric power and markets. An independent study estimates that Bissett Creek will have the highest margin of any existing or proposed graphite deposit due to it having the highest quality concentrates, a very favorable location and simple metallurgy. The Company plans to start production at 25,000 to 40,000 tpy and to expand production to 80,000-100,000 tpy as the EV/battery markets grow (based on measured and indicated resources only).

Financing Summary

The acquisition was funded through a combination of equity, debt and the sale of a royalty and stream on the assets being acquired, and issuing securities of the Company to Imerys as partial payment for the acquisition.

The Company has obtained a senior secured loan from Sprott in the amount of US\$12 million, made at a 2% discount, which matures in 48 months. The loan bears interest at 9% plus the greater of the three month SOFR or 1%. At Northern's option, interest payable during the initial 12 months can be capitalized and added to the principal. As partial consideration for providing the loan, the Company has issued 4,800,000 warrants to Sprott, each of which is exercisable to purchase one common share of Northern at an exercise price of CDN\$1.01 for a period of two years. The warrants and underlying common shares are subject to four month resale restrictions under Canadian securities laws expiring on August 30, 2022.

A 9% royalty on graphite concentrate sales revenue from LDI has been granted to Sprott for gross proceeds of US\$4 million. As partial consideration for purchasing the royalty, the Company has issued 1,200,000 warrants to Sprott, each of which is exercisable to purchase one common share of Northern at an exercise price of CDN\$1.01 for a period of two years. Sprott has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on the Company's Bissett Creek project. The warrants and underlying common shares are subject to four month resale restrictions under Canadian securities laws expiring on August 30, 2022.

In exchange for an upfront deposit of US\$20 million, the Company has entered into a commodity purchase (stream) agreement with Sprott for 11.25% of the graphite produced by the Namibian project until 350,000 tonnes of contained graphite in concentrate have been produced and delivered, at which time, at the option of Sprott, the stream may convert into a 1% royalty for the remaining life of the Okanjande deposit. The stream is secured by the same security package as the secured loan. Sprott has also been granted a right of first refusal with respect to any proposed grant of a stream, royalty or similar transaction on the Okanjande deposit. As partial consideration for entering into the stream, the Company has issued 4,500,000 warrants to Sprott, each of which is exercisable to purchase one common share of Northern at an exercise price of CDN\$1.01 for a period of two years. The warrants and underlying common shares are subject to four month resale restrictions under Canadian securities laws expiring on August 30, 2022. The Company will have the option, subject to any consents or approvals required under the secured loan, to reduce the stream percentage by up to 50% upon payment of US\$15.25 million in 2024 or US\$17.5 million in 2025. This option will be exercisable in whole or in part on a pro rata basis.

The Company also completed a brokered private placement of 30,762,500 subscription receipts issued at a price of CDN\$0.75 for gross proceeds of approximately CDN\$23.1 million through a syndicate of agents led by Sprott Capital Partners LP. In addition to the previously announced initial closing of the private placement (February 10, 2022) in which the Company issued 25,762,500 subscription receipts for gross proceeds of approximately CDN\$19.3 million, the Company completed a final closing of the private placement on April 27, 2022 in which Sprott purchased 5,000,000 subscription receipts for gross proceeds of CDN\$3.75 million. With the closing of the LDI and Okanjande acquisitions, each subscription receipt automatically converted into one unit of Northern, with each unit being comprised of one common share and one-half of one share purchase warrant of Northern. Each whole warrant is exercisable to purchase one common share of Northern at an exercise price of CDN\$1.10 per Common Share for a period of 24 months. The common shares, warrants and common shares issuable on exercise of the warrants are subject to four month resale restrictions under Canadian securities laws expiring on June 11, 2022 in respect of securities issued in connection with the first closing of the private placement and August 28, 2022 with respect to the second private placement.

In connection with the final closing of the private placement, the agents received a cash fee from the Company equal to 6% of the aggregate gross proceeds of the closing and a number of compensation warrants equal to 6% of the number of subscription receipts issued under the closing. Each agent's warrant is exercisable for one common share at an exercise price of CND\$0.75 per share for a period of two years. The private placement remains subject to the final approval of the TSX Venture Exchange. A finder's fee is payable in connection with the acquisition to an arm's length investment advisory firm based in London, United Kingdom, in the amount of 1.5% of the acquisition cost.

About Northern Graphite

Northern Graphite is a Canadian company, listed on the TSX Venture Exchange, that is focussed on becoming a world leading natural graphite mining and processing company by rapidly expanding production and upgrading mine concentrates into high value products critical to the green energy revolution including electric vehicles, lithium-ion batteries, fuel cells and graphene.

About Imerys Group

Imerys is the world leader in mineral-based specialty solutions for industry, with €4.4 billion in 2021 revenues and 17,000 employees, Imerys delivers high value-added, functional solutions to a diversified set of industrial sectors, from processing industries to consumer goods. The Group draws on its knowledge of applications, technological expertise and its material science know-how to deliver solutions based on beneficiation of its mineral resources, synthetic minerals and formulations. These contribute essential properties to customers' products and performance, including refractoriness, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and repellency. Imerys is determined to develop responsibly, in particular by fostering the emergence of environmentally friendly products and processes.

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

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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

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