

Northern Graphite Plans to Increase Bissett Creek Production Rate

written by Raj Shah | February 8, 2019

✘ February 8, 2019 ([Source](#)) – Northern Graphite Corporation (**TSXV: NGC**) (**OTCQX: NGPHF**) (the “Company”) announces that as part of its ongoing review of the economics of the Bissett Creek graphite project (the “Project”), G Mining Services Inc. (“G Mining”) has completed an analysis which indicates that increasing annual concentrate production by at least 20 per cent can be achieved with a relatively modest six per cent increase in capital costs for the first phase of development. Higher production would also reduce unit operating costs and is expected to have a very positive effect on the Project’s net present value (“NPV”) and internal rate of return (“IRR”). Accordingly, the Company intends to integrate an initial production rate of approximately 25,000 tonnes per year into its development plans.

Gregory Bowes, CEO, commented that: “The Bissett Creek project already has attractive economics at current prices and they will be further enhanced by the higher production level. We do not believe this will significantly increase the risk associated with introducing new supply into the market. Most graphite deposits contain large resources but production must be “right-sized” for target markets as some large, low margin segments are currently unattractive to western producers. Northern’s strategy is to focus on higher value industrial markets, mainly in the US and Europe. Many require large and XL flake graphite and the Company is fortunate to have a deposit with a very high percentage of these grades when demand is growing, Chinese

production is declining and the only North American source is near the end of its life.”

The first phase of development, for which a NI 43-101 Feasibility Study (“FS”) has previously been filed, contemplated producing 20,800 tonnes of graphite concentrate per year with a capital cost of \$101.6 million. Phase 2 involves a future doubling of production, based on measured and indicated resources only, to meet the expected growth in graphite demand. A Preliminary Economic Assessment (“PEA”) encompassing both Phase 1 and 2 is available on Sedar and is the current NI 43-101 report on the Project.

The Company’s press release dated December 12, 2018 provided a sensitivity analysis on Project economics in the PEA based on estimates of current capital and operating costs, exchange rates and commodity prices. The sensitivity analysis estimated a pre-tax IRR of 30.1 per cent (25.0 per cent after tax) and a pre-tax NPV of \$304.9 million (\$198.2 million after tax) using an eight per cent discount rate. The Company anticipates that the higher production level and lower unit costs contemplated in the latest analysis will result in a meaningful increase in the Project NPV and IRR for both Phase 1 and Phase 2.

The disclosure herein relating to Project economics is supported only by the sensitivity analysis within the PEA and does not reflect the PEA base case economic analysis. The PEA is based on Measured and Indicated resources only. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA is preliminary in nature and there is no certainty that the results of the preliminary economic assessment will be realized.

A comprehensive metallurgical test program is currently underway at SGS Lakefield to confirm graphite recoveries, concentrate

purity and flake size yield under a new simplified flow sheet and to bring testing up to feasibility level standards. Once these results are available, the Company will determine if it is necessary or beneficial to prepare and file a new NI 43-101 report.

Warrant Extension

The Company is pleased to announce that it has received approval from the TSX Venture Exchange to extend the expiry date of 3,909,166 warrants which are exercisable to purchase common shares of the Company at an exercise price of \$0.40 and which were issued under a private placement that was completed on March 24, 2017. The expiry date for the warrants has been extended from March 24, 2019 to March 24, 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.

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.

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 FS, a PEA which includes a Phase 2 expansion, and has secured its major mining permit. Northern intends to start production at a realistic level to minimize

capital costs and the risk associated with introducing a new source of supply into the market. Production will then be expanded as the market grows. The percentage of large/XL flake graphite in the Bissett Creek deposit is one of the highest in the industry which will enable the Company to focus on high margin and value added industrial markets, mainly in the US and Europe.

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.

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.