

# Northern Graphite Updates Project Economics With Current Commodity Prices and Exchange Rates

written by Raj Shah | February 28, 2018

☒ February 28, 2018 ([Source](#)) – Northern Graphite Corporation (**TSXV: NGC**) (**OTCQX: NGPHF**) (the “Company”) is pleased to provide updated financial metrics for the Preliminary Economic Assessment (the “PEA”) on the Company’s 100% owned Bissett Creek graphite project (the “Project”).

The PEA used a weighted average concentrate price of US\$1,800/t and a CDN/US dollar exchange rate of 1.05, which reflected market conditions at the time, as well as an 8% discount rate. The CDN/US dollar exchange rate has subsequently increased to approximately 1.25 while the US dollar graphite price has declined. The net effect is a 10% increase in the weighted average Canadian dollar price that the Company would realize for its concentrates. Based on this change only, the Project has a pre-tax internal rate of return of 30.3% (25.4% after tax) and a pre-tax net present value of CDN\$292.5 million (CDN\$192.2 million after tax) using an 8% discount rate. Cash operating costs over the first 10 years of operation are estimated at US\$547/t using current exchange rates.

For the purpose of this analysis, no change has been made to capital or operating cost estimates. The Company has engaged GMining Services Inc. to update costs and review other technical parameters with respect to the Project and those results will be released when available. The PEA is based on Measured and Indicated resources only which have not

*changed. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

The Company's PEA envisions developing the Project in two phases. Phase 1 will consist of building a mine and plant capable of producing over 20,000 tonnes of graphite concentrate per annum at an initial capital cost of CDN\$101.5 million (US\$81.2 million at current exchange rates). A full Feasibility Study was filed by the Company with respect to the Phase 1 development. The PEA, which was subsequently filed in late 2013, includes a second phase which involves doubling the plant throughput after three years of operation and increasing production to an average of 42,000tpy over the succeeding 10 years in order to meet the expected future growth in graphite demand.

"Bissett Creek not only has attractive economics at current prices but the multi phase development approach reduces upfront capital requirements and provides the ability to expand as demand from the battery and EV markets grow", commented Gregory Bowes, CEO. He added: "the Project also has very low marketing risk because it is "right sized" for the current market and production will be almost entirely large/XL/XXL flake with no fines."

The PEA used a weighted average, CIF Europe price of US\$1,800/t (CDN\$1,890/t) for mine concentrate. The current price is estimated at US\$1,660/t (CDN\$2,075) based on the following prices provided by Benchmark Mineral Intelligence: US\$850/t for small (+150 mesh) flake, US\$950/t for medium (+100 mesh) flake, US\$1,175/t for large (+80 mesh) flake and US\$1,850/t for XL (+50 mesh) flake concentrates. An independent European marketing consultant provided a current price of US\$2,250/t for XXL flake (+32 mesh) concentrate.

More information with respect to the Project is available in the technical report entitled “Northern Graphite Corporation, Bissett Creek Project, Preliminary Economic Assessment” and the technical report entitled “NI 43-101 Technical Report – Bankable Feasibility Study of the Bissett Creek Project”, both of which are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company also announces that Jay Chmelauskas has resigned from the Board of Directors due to the increased demands of his other professional commitments. The Board of Directors express their appreciation for Mr. Chmelauskas’s contributions to Northern Graphite and wishes him all the best in his future endeavours.

### **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 southeastern Canada and relatively close to all required infrastructure. The Company has completed a full FS, a PEA which includes a Phase 2 expansion, and has secured its major environmental permit. The Company believes Bissett Creek has the best attributes required of a new graphite project including low initial capital costs, a high profit margin and low marketing risk resulting from the best flake size distribution and a realistic production level that can easily be expanded when market conditions warrant.

*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.*

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