Northern Graphite Provides Update on Lac des Iles Restart Plans

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- Q3 restart delayed due to mining lease issue, financial constraints and current market conditions
- Authorization received from MELCCFP to begin mining activities associated with pit expansion
- Notice of mining lease suspension received from MRNF relating to an outstanding site restoration financial guarantee issue
- Company intends to contest the MRNF's decision before the Quebec Court
- Suspension of mining lease will be stayed pending a final decision by the Quebec Court

Ottawa, August 19, 2026 - Northern Graphite Corp. (TSXV: NGC) (OTCQB: NGPHF) (FSE: 0NG) (XSTU: 0NG) (the "Company" or "Northern") announces that, while it has received authorization to begin mining activities associated with a planned pit expansion at its cornerstone Lac des Iles ("LDI") mine in Quebec, the timing of the restart has been affected by issues relating to its mining lease, financial constraints and current market conditions.

Mining Lease

On August 10, 2026, Northern received a notice from the Ministère des Ressources naturelles et des Forêts ("MRNF") advising of the suspension of the LDI mining lease in connection with an outstanding payment related to an increase in the amount of the financial guarantee sought by the MRNF from the Company for the restoration of the site upon completion of its mining activities. The Company disagrees with the MRNF's interpretation for calculating the financial guarantee and the applicable deadline for the payment under the Mining Act (Quebec) and its regulations.

Northern has 30 days to contest the MRNF's decision, with a deadline of September 9, 2026. The Company intends to contest the decision within the applicable period and the suspension of the mining lease will be stayed until a final determination is made by the Quebec Court. Accordingly, the mining lease will remain in effect until a final judgment is rendered on the issue.

The requirement for additional security arose following approval of the Company's updated restoration plan for LDI in November 2025. Under the updated plan, the total financial guarantee was increased by about $1.8 million, from about $8.2 million to about $10.1 million. The Company was requested to pay 50% of the additional security in the form of a $0.9 million cash deposit by February 28, 2026, with a further $0.45 million due in each of November 2026 and November 2027.

Northern does not agree with the MRNF's interpretation for calculating the financial guarantee and the applicable deadline for the payment under the Mining Act (Quebec) and its regulations. It also believes the decision to suspend the mining lease is a disproportionate response by the MRNF.

The MRNF already holds a surety bond of $8,232,941, or more than 80% of the required guarantee, which the Company believes covers the first two prescribed instalments. Northern also believes it has until November 28, 2027 to pay the final portion of the guarantee in the amount of $1,829,635, under section 113 of the regulations under the Mining Act (Quebec). Northern therefore maintains that it is not in default.

"We recognize and take seriously our responsibility to provide financial security for the future restoration of

Lac des Iles, and Northern already has provided $8.2 million in security toward those obligations," said Northern Chief Executive Officer Hugues Jacquemin. "However, we do not agree with the interpretation the MRNF has provided in this matter and consider, on the basis of our legal adviser's analysis, that we are not in default, because the final portion of the guarantee should not be payable until November 28, 2027. We intend to contest this decision while continuing to pursue a practical arrangement that protects the environment and preserves the future of the operation."

Authorization and Planned Restart

Through a separate regulatory process, Northern received authorization from the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs ("MELCCFP") on July 9, 2026 to begin mining activities associated with a staged pit expansion that has the potential to add up to eight years to the mine life of North America's only graphite mine.

The amended Certificate of Authorization allows Northern to expand the current pit to the west by 48,000 m², to mine down to the 209-metre elevation, and excavate up to 2.2 million tonnes of waste rock from the expansion area through April 9, 2027. The Company is in the process of doing additional kinetic studies for the MELCCFP to support authorization to mine beyond April 9, 2027 to produce up to 44,000 tonnes of graphite flake over its three-year, Phase I mining plan.

Northern placed the LDI mine and mill into temporary care and maintenance in November 2025 to accelerate critical maintenance and development work ahead of the pit expansion and to complete plant upgrades designed to support 24/7 plant operations and help achieve nameplate capacity of 25,000 tonnes per year.

Restart plans follow the receipt of federal and provincial financing to support the staged pit expansion. Work had previously been expected to begin in the third quarter with extraction activities, followed by plant operations once sufficient ore-bearing material had been stockpiled to ensure continuous feed and support stable operating conditions during ramp-up.

Although the mining lease will remain in effect pending a decision of the Quebec Court of the Company's appeal of the MRNF's decision to suspend the mining lease, and Northern has received the MELCCFP authorization to begin mining associated with its pit expansion, the Company is now unlikely to meet its target of restarting mining at LDI during the third quarter of 2026.

Financial Constraints and Market Conditions

Timing of the restart will depend on the Company securing sufficient working capital or other financing after a longer-than-anticipated shutdown of LDI placed further pressure on Northern's financial resources. Maintenance and upgrade work on the LDI plant is now well advanced and it, along with a permitted tailings facility, remain important and valuable assets.

As it seeks to control costs and establish a viable path to restarting operations, the Company plans to temporarily reduce its LDI workforce. The extent and timing of the reduction remain subject to applicable consultation and notification processes.

Additionally, since Northern began preparing for the pit expansion in November 2025, demand for natural graphite has not developed at the pace expected despite growing geopolitical and supply-chain concerns and forecasts of a global graphite deficit by the end of the decade. Accordingly, a restart will also be contingent on the Company having adequate visibility into product demand.

The pit expansion is intended to support production approaching LDI's nameplate capacity of 25,000 tonnes per year. Given the higher strip ratio associated with the new mining area, operating at materially lower production levels would not currently be economically viable.

"Receiving the authorization to expand the pit is an important milestone for LDI, but regulatory authorization alone is not sufficient to support a successful restart," said Mr. Jacquemin. "The extended shutdown has

depleted financial resources and we will need to secure sufficient working capital or financing while also having confidence that the market can absorb the level of production required to operate the new pit economically. In the interim, we must make difficult decisions to reduce costs as we work to preserve the operation and establish a sustainable path forward."

Northern will continue to pursue a timely resolution of the mining lease matter while assessing the financing and market conditions required to support a restart. The Company will provide further updates as material developments occur.

About Northern Graphite

Northern is a Canadian, TSX Venture Exchange listed company that is the only flake graphite miner in North America. Northern is focused on becoming a world leader in producing natural graphite and upgrading it into high-value products critical to the green economy, including anode material for lithium-ion batteries/EVs, fuel cells and graphene, as well as advanced industrial technologies. The Company's mine-to-battery strategy is spearheaded by its Battery Materials Group, which has a fully equipped, state-of-the-art laboratory in Frankfurt.

Northern's graphite assets include the Lac des Iles mine in Quebec, where the Company plans to boost output to meet growing demand from industrial customers and coming demand from North American battery makers. The Company also owns the large-scale, advanced stage Bissett Creek graphite project in Ontario and the fully permitted Okanjande graphite mine in Namibia, which is currently on care and maintenance, and represents an opportunity to substantially increase graphite production at a lower cost and with a shorter time to market than most competing projects. All projects have "battery quality" graphite and are located close to infrastructure in politically stable jurisdictions.

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Qualified Person
Gregory Bowes, B.Sc. MBA P.Geo, the Chairman of Northern, is a "qualified person" as defined under NI 43-101and has reviewed and approved the content of this news release.

For additional information
Please visit the Company's website at https://www.northerngraphite.com/home/, the Company's profile on www.sedarplus.ca our Social Channels listed below or contact the Company at (613) 271-2124.

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inability to raise required financing. Readers are cautioned not to place undue reliance on forward-looking information or statements.

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