



NORTHERN GRAPHITE CORPORATION
MANAGEMENT DISCUSSION
AND ANALYSIS

For the Three Month Period ended March 31, 2025

(Information as at May 29, 2025 unless otherwise noted)

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three Month Period ended March 31, 2025
(Information as at May 29, 2025 unless otherwise noted)

The following provides management's discussion and analysis ("MD&A") of results of operations and financial condition of Northern Graphite Corporation ("Northern" or the "Company") for the three month period ended March 31, 2025 and 2024. This MD&A was prepared by the Company's management and approved by its Board of Directors on May 29, 2025.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three-month periods ended March 31, 2025 and 2024 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for interim financial statements and also with the Company's audited consolidated financial statements for the years ended December 31, 2024 and 2023 which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board for annual financial statements. All figures are presented in Canadian dollars unless otherwise indicated. This MD&A is prepared in conformity with National Instrument 51-102F1.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and other information included in this MD&A constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable securities legislation, which are collectively referred to herein as "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms or similar expressions.

Forward-looking statements in this MD&A may include, but are not limited to statements with respect to the following: the future operating or financial performance of the Company and certain of its projects, including the existing operating mine at LDI; the future price of graphite; the estimation of Mineral Resources and Mineral Reserves and the realization of such mineral estimates; results of economic and technical studies, including the Okanjande PEA and the Bissett Creek PEA, and the realization of such results; the timing and amount of estimated future production and costs of exploration, development, production, operations and capital for certain of the Company's projects; the success, timing and cost of the contemplated resumption of mining operations at the Okanjande Project; the success, timing and cost of exploration and development activities, including at the Mousseau and Bissett Creek Projects; the success and timeline of permitting activities; the Company's mine-to-market downstream processing strategy and its plans with respect to the construction of a BAM processing facility in Baie-Comeau, Québec or elsewhere; requirements relating to additional capital; government regulation of mining and processing operations; environmental risks; reclamation obligations and expenses; market trends including with respect to EV and Li-ion battery markets; and any other information as to the future plans and outlook for the Company.

Forward-looking statements are based on what the Company's management considers to be reasonable assumptions, beliefs, expectations and opinions based on the information currently available to it, as of the date such statements are made. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties, including inflation, tariffs and interest rates and the impact they may have on the Company's operations and economic activity in general; the speculative nature of mineral exploration and development; the actual results of current production, development and exploration activities; fluctuations in graphite prices; inherent uncertainties in respect of conclusions of economic and technical studies, including the Okanjande PEA and the Bissett Creek PEA; the accuracy of the Company's Mineral Resource and Mineral Reserve estimates (including, with respect to size, grade and recoverability) as well as the geological, operational and price assumptions on which they are based; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production, including risks arising from the current

inflationary environment and the impact on operating costs and other financial metrics; possible variations of mineral grade or recovery rates; fluctuations in currency exchange rates; uncertainties and risks inherent to developing and commissioning new mines into production, including the resumption of activities at the Okanjande Project, which may be subject to unforeseen delays; uncertainties with respect to actual results of current exploration and development activities; uncertainties inherent with conducting business in foreign jurisdictions; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; the availability of financing for the Company's development of its projects and other initiatives on reasonable terms, if at all; the possibility that the Company may incur additional debt; opposition by social or non-governmental organizations to mining projects and processing operations; unanticipated title disputes or other claims or litigation; increased costs and physical risks, including extreme weather events and resource shortages, related to climate change; cyber-attacks and other cybersecurity risks; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses; risks relating to extraordinary events such as pandemics, including disruptions to the Company's supply chain, product shortages, delivery and shipping issues, and labour force disruptions; the fact that certain of the initiatives described in this MD&A are still in the early stages and may not materialize; as well as those risk factors discussed in the section entitled "Risk Factors" in this MD&A or in any other documents filed by the Company from time to time with applicable Canadian securities regulatory authorities and available under the Company's profile on SEDAR+ at www.sedarplus.ca. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

1. Introduction

Northern is a mineral resource exploration, development and production company engaged in the acquisition, exploration, development and production of graphite and other battery mineral properties. The Company's material mineral projects consist of: (i) the operating Lac-des-Iles graphite mine located in Québec (the "**LDI Project**"); (ii) the Okanjande graphite mine currently on care and maintenance located in Namibia (the "**Okanjande Project**"), which the Company plans to restart in early 2027, subject to financing; and (iii) the Bissett Creek graphite development project located in Ontario (the "**Bissett Creek Project**"), which the Company intends to bring into production within 2 to 2.5 years of an investment decision, subject to financing. The Company also owns the Mousseau graphite exploration project located in Québec in proximity to its LDI Project (the "**Mousseau Project**"), which has the potential to further extend the life of and expand operations at the LDI Project by shipping material there for processing. Northern is the only flake graphite producing company in North America¹. With the resumption of production at the Okanjande Project, Northern would become one of the world's largest non-Chinese natural graphite producers.²

The Company has adopted a mine-to-market strategy of becoming a vertically integrated supplier to traditional downstream customers and to the emerging market for battery anode material ("**BAM**") which is manufactured from graphite mine concentrate. The Company 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 ("**LiBs**"), electric vehicles ("**EVs**"), fuel cells and graphene, as well as advanced industrial technologies. The Company's strategy is to expand production at the LDI Project, resume and expand production at the Okanjande Project and advance the Bissett Creek Project and the Mousseau Project towards development, while also developing downstream capacity to produce BAM for use in LiBs and EVs in North America and Europe and to upgrade graphite mine concentrate into value added industrial products. To speed up such downstream development and to leverage the most advanced technologies, Northern is partnering with leading technology companies with the goal of building North America's largest BAM plant. In addition, the Company has recently formed NGC Battery Materials GmbH ("**NGCBM**") to bridge the gap between the mining sector and the upstream battery market sector with the intent to offer innovative new solutions to meet the growing demands of the battery market and provide tailored solutions to Northern's customers. The NGC Battery Materials Group will specialize in advanced material analytics and electrochemical characterization techniques for carbon and battery materials as well as providing in-depth expertise in the field of high-temperature processing, scale-up, and carbon design. This will enable Northern to provide tailored solutions to EV battery makers and original equipment manufacturers to satisfy their various unique battery requirements.

¹ Source: U.S. Geological Survey, Mineral Commodity Summaries (<https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-graphite.pdf>)

² Source: U.S. Geological Survey, Mineral Commodity Summaries (<https://pubs.usgs.gov/periodicals/mcs2024/mcs2024-graphite.pdf>) and Investing News Network with respect to the Top 10 Graphite-producing Countries (<https://investingnews.com/daily/resource-investing/battery-metals-investing/graphite-investing/top-graphite-producing-countries/#:~:text=Top%2010%20Graphite-producing%20Countries%201%201.%20China%20Mine,Mine%20production%3A%2017%2C000%20MT%20...%206%206.%20Russia.>)

2. Highlights for the three months ended March 31, 2025

Summary of Results for the three months period ended March 31, 2025:

- Revenue of \$4.0 million generated based on 1,585 tonnes of graphite concentrate sold at a record high average realized sales price of \$2,550 per tonne (US\$1,776 per tonne).
 - Sales volumes decreased in the first quarter of 2025 by 47% to 1,585 tonnes compared to the first quarter of 2024. Tonnes sold in the first quarter of 2025 were negatively impacted by inventory availability and production issues at both the mine and mill after restarting operations in mid-January. Mine and mill performance began to improve in the second quarter.
 - The average realized price in the first quarter was 37% above the first quarter of 2024, mainly due to price increases implemented in 2025 and a blend of sales that included a higher percentage of higher priced large flake sizes than in the prior year's quarter.
 - Total revenue was 27% lower than the first quarter of 2024.
- Cash costs of \$1,797 (US\$1,252) per tonne of graphite concentrate sold increased by 10% compared to first quarter 2024 costs of \$1,628 per tonne (US\$1,207) primarily due to changes in the sales mix that resulted in more higher cost inventory being sold in the 2025 quarter and higher mine and plant costs per tonne produced.

- Income from mine operations of \$0.3 million, compared to a loss from mine operations of \$0.5 million during the prior year's first quarter.
- General and administrative expenses during the first quarter of 2025 were \$2.5 million compared with \$2.3 million in the first quarter of 2024 and primarily increased due to legal expenditures and costs related to NGCBM which was just starting up in the prior year period, but were partially offset by the impact of strict overhead cost control measures and lower Namibian costs;
- Finance costs were \$3.2 million in the quarter (2024 - \$3.1 million). They increased as the impact of higher accretion rates were only partially offset by gains on a revaluation of the Company's royalty liability and senior debt of \$0.2 million and \$0.2 million, respectively, due to modifications to the anticipated timing of royalty and interest payments. Almost all of the finance costs were non-cash items.
- An impairment expense of \$0.2 million was recorded on stock-piled inventories due to net realizable issues primarily caused by higher mining related per unit costs;
- During the fourth quarter of 2024 the Company placed the LDI plant and mine under a temporary shutdown for maintenance and repairs and resumed mining and milling operations in mid January 2025. Costs incurred during the first quarter of 2025 during the shutdown were \$0.4 million. During the first quarter of 2024, the LDI mine was on shutdown with costs of \$0.6 million. These amounts were recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expenses.
- The Okanjande plant was temporarily placed in care and maintenance in the third quarter of 2023. Holding costs of \$0.3 million incurred during the first quarter of 2025 (2024 - \$0.5 million) were recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expenses.
- A net loss of \$5.3 million (\$0.04 per share) which included significant non-cash charges relating to depletion and depreciation, finance costs, impairment expenses and drawdown of inventories. Cash used in operating activities was \$0.3 million, compared to \$0.4 million cash provided in the fourth quarter of 2024.
- As of March 31, 2025, in line with previous quarters, the Company continued to report its senior secured loan (\$26.1 million) and its royalty financing (\$15.8 million) as current liabilities as a result of the lack of performance by the Company on the following covenants related to these instruments:
 - Senior secured loan:
 - The payment of accrued interest of \$3.5 million (US\$2.5 million) on the semi-annual cash interest payment date as of December 31, 2024;
 - Maintaining, at all times, on a consolidated basis, positive working capital, and
 - Maintaining, at all times, on a consolidated basis, a minimum cash balance of US\$0.75 million.
 - Royalty financing:
 - the payment of royalty amounts due in 2024 and the first quarter of 2025 totaling \$2.9 million (US\$2.0 million), and
 - the payment of royalty amounts with respect to the first quarter of 2025 for a total of \$0.5 million (US\$0.4 million) which were due on April 30, 2025.
 - As of May 29, 2025, all defaults have been waived by the lender effective March 31, 2025, and the Company is currently in discussions with the lender relating to the revision of existing agreements.
- Cash and equivalents of \$0.3 million as at March 31, 2025, compared to \$0.4 million as of December 31, 2024. The net decrease in cash and cash equivalents resulted from the following elements:
 - Net cash used in operating activities was \$0.3 million. To partially offset the unfavorable impact from operating cash flow losses, the Company implemented strong working capital management measures during 2024 which continued into 2025 including optimizing accounts receivable and accounts payable balances;
 - Net cash used in investing activities of \$0.1 million;
 - Net cash provided by financing activities of \$0.4 million was mainly due to a private placement of flow through common shares, partially offset by lease and deposit payments.
- The Company's working capital optimization efforts on inventories and receivables offset by the above noted senior debt and royalty classification to current liabilities (\$41.9 million in total), resulted in a negative working capital balance of \$41.2 million as at March 31, 2025.

Subsequent to March 31, 2025, the following occurred:

- On April 14, 2025, Northern entered into an agreement with Frankfurter Volksbank Rhein/Main eG for a loan of \$0.5 million (€0.35 million) bearing interest at 5.1750 % per annum. The drawn loan amounts and related interest are all repayable between September 30, 2027 and June 30, 2032. The loan is limited to the activities of the Company's NGCBM subsidiary.
- On April 27, 2025, the remaining 1,680,000 outstanding share purchase warrants expired.

Operational Summary for the three month period ended March 31, 2025:

- **Graphite Market Update**

- Momentum has been gathering at the US government level over the past two years for a more stable and sustainable graphite industry in North America. As it maps out a strategy to establish stable and sustainable critical mineral supply chains in the face of China dominance, the transition from the administration of former President Joe Biden to that of President Donald Trump has created drivers and challenges to an evolving panorama.
- On October 20, 2023, China's Commerce Ministry announced that China would start imposing controls on certain graphite exports for battery making as of December 1, 2023 by requiring export permits for certain graphite products in a move, "conducive to ensuring the security and stability of the global supply chain and industrial chain, and conducive to better safeguarding national security interests." China is the world's largest producer of graphite, a key component of batteries for EVs and also widely used in traditional industrial markets.
- In a move to help support the nascent graphite industry, in May 2024, the U.S. government provided new U.S. graphite procurement regulations, including a two-year certification requirement for auto and battery makers under the final implementation rules of the IRA Section 30D Clean Vehicle Tax Credit. This regulation aims at having OEMs show meaningful progress toward having a North American supply chain in place before January 2027 in order for their vehicles to continue qualifying for the tax credit. This final rule grants OEMs a two-year window to continue purchasing graphite mined, manufactured, and processed in China, until January 1, 2027, upon demonstrating a meaningful procurement plan to create compliant supply chains by the time the exemption expires.
 - The U.S. Department of Energy has proposed guidance for what constitutes a Foreign Entity of Concern ("FEOC") under the U.S. Inflation Reduction Act (the "IRA"), which provide up to a \$7,500 tax credit for each vehicle sold to consumers.
- In addition, the Biden Administration and United States Trade Representative decided on May 14, 2024 to place Section 301 tariffs on natural graphite from China. The 25% duty will take effect in 2026.
- In what marks an important development for North American producers and for Northern Graphite in particular as the only current producer of natural graphite in North America, in the second half of May 2025, the U.S. Department of Commerce ("Commerce") issued a preliminary decision to impose tariffs of up to 721% on natural and artificial graphite active anode material from China. The decision was the result of an investigation by Commerce to assess whether the Chinese government is subsidizing the production and supply of graphite active anode material to the United States. Commerce is due to issue a second preliminary decision in July on an antidumping investigation into Chinese graphite imports. A final determination for both investigations is expected to be issued in December, 2025.
- During the year ended 2024, in line with the trend evidenced during the second half of 2023, volumes and revenues from LDI have increased significantly, and continuously. During 2024, sales volumes increased by 45% compared to 2023, and revenues increased by 33%. Following the announcement of the temporary shutdown for maintenance during November and December 2024, the Company continued to serve its customers from existing inventory. Graphite from Canada remains exempt under the terms of the United States-Mexico-Canada Agreement (USMCA) and Northern's customers have not experienced any negative tariff-related impacts to date.
- The traditional graphite market remains strong, and according to a report issued by SNE Research, the demand for battery anode materials increased by 26% in 2024 compared to 2023.

- **Lac-des-Iles**

- On November 2, 2024, the Company placed the plant and mine under a temporary shutdown for maintenance and repairs. At the time the plant was running with four shifts on a seven day a week basis. Mining and milling operations resumed again at LDI in mid January 2025.
- Following a 2023 drilling program financed from the proceeds of \$2.3 million charity flow-through private placement, the Company announced on January 17, 2024 an updated mineral resource estimate for the LDI Project. The updated mineral resource estimate creates potential to extend the life of the LDI Project by approximately eight years, which will be confirmed and quantified through an updated mineral reserve estimate and life-of-mine plan. Indicated Mineral Resources now total approximately 3.29 million tonnes (“Mt”) at an average grade of 6.4% graphitic carbon (“Cg”), containing approximately 213,000 tonnes of Cg. Inferred Mineral Resources total approximately 1.43 Mt at an average grade of 7.4% Cg, containing approximately 106,000 tonnes of Cg. Existing stockpiles at the mine site are not included in the updated mineral resource estimate. The new mineral resource estimate supports the Company’s intention to meet rising demand by moving permanently to a seven-days-per week operation, targeting annual nameplate capacity of 25,000 tonnes per year (“tpy”).
- The Company is finalizing the study of different operating scenarios with respect to opening a new pit as reserves in the existing pit and mine stockpiles will only sustain operations until the fall of this year. An investment of up to \$10 million will be required to open the new pit and it will require a lead time of approximately six months to begin producing. The Company is pursuing a number of options for raising the necessary financing.
- Following up on the success of the 2023 drilling campaign, the Company initiated a drill program at Lac-des-Iles in November 2024 to further evaluate exploration targets identified through the airborne geophysical survey and expand on results from the 2023 drilling. The program focused on testing additional untested geophysical anomalies and delineating mineralization in an area first drilled in 2023. The program consisted of 39 holes for 4,343 meters of drilling completed. In order to meet the terms of the Company’s 2023 flow through share agreement, the Company was required to spend an \$2,250,000 on qualifying expenditures before December 31, 2024. Due to delays and scope of work issues, the Company only spent \$2,019,000 of this amount by December 31, 2024. As a result, Northern has accrued \$286,000 to cover penalties and interest due to the Canadian and Quebec governments and amounts anticipated to be due to the flow through shareholders for shortfalls in the expenditures.
- The results of the 2024 drilling program are being compiled and analysed. However, the process has been delayed by a lack of financial resources to complete all necessary work and the Company is not yet in a position to release the results of the program.
- On April 2, 2025, Northern and Graphano Energy Ltd. (“Graphano”) announced an agreement to share technical knowledge and expertise to further the exploration and development of their respective properties. The agreement covers Northern’s LDI graphite mine and processing facility and Graphano’s Lac Aux Bouleaux (“LAB”) and Standard properties. The LAB Property is contiguous to the LDI graphite mine and covers the southern extensions of the productive graphite horizons and the Standard property is between Northern’s Mousseau exploration project and the LDI plant. All exploration costs will continue to be borne by the owners of each property.

- **Namibia**

- The Company continues to evaluate options to fund the Okanjande Project through the use of a royalty/stream/debt structure and equity contributed by a strategic partner without having to go to the market at current share prices. During the third quarter of 2023, Northern placed Okanjande on care and maintenance (except for engineering and activities relating to moving the plant from its site at Okorusu to Okanjande). The timing of the restart is subject to the availability of project financing. A technical report in respect of the PEA prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) was filed under the Company’s profile on SEDAR+ (www.sedarplus.ca) on August 28, 2023.

- **Mine-to-Market Strategy**

- On January 31, 2024, the Company announced the launch of the NGC Battery Materials Group to spearhead its mine-to-battery strategy, which would make Northern one of the largest integrated developers, producers, and processors of natural graphite outside of China. NGC Battery Materials Group was formed through the acquisition of the assets and R&D team of the battery division of Germany’s Heraeus Group, and includes a fully operational, state-of-the-art laboratory in Frankfurt.

- The Company is pursuing its effort to integrate downstream by further processing its graphite for use in LiBs by adding shaping, purification and coating technologies to produce BAM in Baie Comeau. This is expected to be done in partnership with companies that are industry leaders in these technologies, and in modular phases as demand for BAM increases. A first phase for the BAM plant, expected to cost in the range of \$500 million, is targeted for completion in 2027, subject to financing, regulatory approvals and certain other conditions, and is eligible for potential assistance under programs offered by the province of Québec, the Canadian and U.S. governments, as well as other assistance by the Manicouagan region and potential Plan Nord incentives.
- Northern has announced on October 11, 2024 the signature of a Joint Development Agreement (“JDA”) with Rain Carbon Inc. (“RAIN”) to develop and commercialize advanced battery anode material used in lithium-Ion batteries for electric vehicles. The JDA follows the launch of NGCBM in February and RAIN’s announcement of its new Technology Innovation Center for Energy Storage Materials (“*Innovation Center*”) in August. Under the terms of the JDA, Northern and RAIN will jointly develop and commercialize natural graphite BAM products designed to extend cycle life, enhance charging speed and reduce electrode swelling in lithium-ion battery cells. This innovation addresses the stability gap between natural and synthetic graphite, enabling increased use of natural graphite in Electric Vehicle (“EV”) battery cells. The JDA will combine graphite from the Company’s Lac-des-Îles mine and Northern’s expertise in graphite shaping (spheroidization) with RAIN’s expertise in carbon precursors and coating processes to enable the development of high-quality, natural graphite battery anode materials for customers.
- The Company has been continuously and actively involved in discussions and negotiations with technology and original equipment manufacturing (“OEM”) partners in both the US and Europe who want to collaborate with a quality supplier of graphite that has current production, immediately available inventory and the capacity to support future growth. These discussions center on volume requirements and the timing thereof and plans for downstream conversion facilities in both North America and Europe. Discussions are also being held with various government organizations at both the federal and provincial level to gain support to speed up the development of the battery anode supply chain, with a particular focus on Ontario and Québec.
- Northern has also licensed intellectual property from Heraeus Group to develop, produce, and sell Porocarb®, a high-performance porous hard carbon material developed over the last 10 years and patented by Heraeus Group to enhance the efficiency and speed of energy storage mechanisms. Since February 2024, Northern has signed non-disclosure agreements with top-tier global battery manufacturers from South Korea, China, and several Western countries who are keen on utilizing Porocarb® as a performance additive in lithium-Ion batteries or as a protective carbon coating for All-Solid-State-Battery (“ASSB”) anodes. These developments are opening a whole new potential revenue stream for the Company, separate but complementary to BAM sales
- On March 31, 2025, the Company announced that its proposal to upgrade graphite from its Okanjande project in Namibia into battery anode material in France has been selected as one of 47 Strategic Projects under the European Union’s Critical Raw Materials Act (“CRMA”). The designation by the European Commission, the EU’s executive body, qualifies Northern’s project for fast-tracked permitting and funding support in order to boost Europe’s strategic raw material capacities and diversify its sources of supply. Northern’s Frankfurt-based Battery Materials Division submitted the proposal last year to take battery grade graphite from its Okanjande project in Namibia and upgrade it into BAM in a facility in France at an estimated cost of \$244,000,000 (€159,000,000). Next steps include discussions with the financing sub-group of the Critical Raw Materials Board on how each Strategic Project can be financially supported, considering both private and public sources of funding.

The level of production at Lac des Îles (“LDI”) since its acquisition has not been sufficient to sustain the Company on a cash flow basis and operational deficits have been financed by external financings and the sale of inventories. In order to address this situation and make the Company self sustaining, LDI’s production needs to be ramped up to nameplate capacity of 25,000 tpy to meet growing demand stimulated by EV sales, Chinese export controls and US tariffs on Chinese graphite. The Company temporarily shutdown its processing facility in LDI in the fourth quarter of 2024 in order to complete repairs and maintenance to enable the mill to increase throughputs in order to meet this target. While the expansion is expected to increase operating income, it also requires an additional investment in working capital which is straining the Company’s resources, and discussions around the revision of our existing agreements, including in particular the interest on senior debt, which was capitalized in 2023. The Company also needs financing to open a new pit at LDI and sustain production past the fall of this year. The Company continues to seek support from federal,

provincial and US government agencies as well as EV and battery manufacturers but has not yet been successful and financial markets are difficult, especially given the current share price. Accordingly, strict overhead cost control measures have been implemented as demonstrated during the final nine months of 2024 and the first quarter of 2025 and a number of other strategies are being considered and implemented, including spot inventory sales to sustain the Company until such time as support for the only graphite mine in North America materializes or markets improve.

3. Corporate

On March 13, 2025, the Company announced the resignation of Don Christie from its Board of Directors as he turns to focus onto other endeavours.

In the first quarter of 2025, the Company completed a non-brokered private placement of 2,631,579 common shares on a flow-through basis at a price of \$0.19 per share for gross proceeds of \$0.5 million. In connection with the private placement, the Company paid a cash finders' fee of \$30,000 on closing.

In the first quarter of 2025, the Company's Chief Operating Officer, Kirsty Liddicoat, left Northern to return to Australia. Her role has been assumed by Maximilliam Meier on an interim basis. Also during the quarter, the Company's VP Sales, Marco Zvanic left to pursue other opportunities. Michael Grimm, the President of Northern's Battery Materials Division has taken on the role of Chief Commercial Officer.

On March 13, 2025, the Board of Directors approved a grant of 250,000 RSUs to an officer of the Company. These RSUs vest 40 percent on April 1, 2026; 30 percent on April 1, 2027, and 30 percent on April 1, 2028.

4. Business Lines and Strategy

The Company plans to become one of the largest producers and processors of natural graphite outside of China. To achieve this goal, Northern has embarked on a three-pronged strategy:

- 1) **Building capacity to produce BAM:** Following the acquisition of LDI in April 2022, the Company became the only North American flake graphite producing company and expects to become one of the world's largest non-Chinese producers when its Namibian operations restart. The Company has substantial near-term production capacity with the LDI Project and the planned restart of operations in Namibia (approximately 50,000 tpy upon restart), and two large-scale development projects with the Okanjande and Bissett Creek projects. The Mousseau Project has the potential to extend and expand production from LDI. These projects provide the Company with the opportunity to significantly expand production to meet growing demand from the EV/LiB markets, subject to financing. All projects have high quality "battery grade" mineralization and are located close to infrastructure in politically stable countries. In the fourth quarter of 2023, Northern published results of testing performed by Heraeus Battery Technology which confirmed that LDI graphite is suitable for the production of BAM. These results demonstrated the potential to perform at or above the standards of commercially available reference materials.
- 2) **Mine-to-market strategy:** With the growth of the EV market, the Company is moving downstream in order to further process its graphite for use in LiBs with shaping, purification and coating technologies. Led by its newly created NGC Battery Materials Group formed in January 2024, this strategy is expected to be implemented in partnership with companies that are industry leaders in these technologies. Northern would provide a secure supply of graphite concentrate and its technology partners would license and/or contribute their technology, plans and expertise for building and operating processing plants. On June 29, 2023, the Company signed the LOI with the city of Baie-Comeau to purchase land for a 200,000 tonne per year BAM plant. The LOI, which is subject to financing and receipt of regulatory approvals, gives Northern the right to purchase a 1.2 million m² property of approximately 300 acres in the Baie-Comeau port industrial zone, with access to municipal services and infrastructure, for US\$1.2 million. The Baie-Comeau BAM plant will be one of the world's largest such conversion facilities and will process concentrates from Northern's mines as well as from other producers that will be coming online. The plant will have a low CO₂ footprint due to its access to green, hydroelectric power. The Company will cooperate with its different technological partners to develop this project.
- 3) Northern is working with a network of global partners to bring to the group extensive expertise/know how and existing capacity to process natural graphite into BAM for North American and European markets. This

network of partners is made up of established companies that are actively working in the space and smaller companies with innovative breakthrough technologies that can enhance the performance of Northern's material and processes by leveraging their expertise.

On October 9, 2024, the Company announced an agreement to jointly develop natural graphite battery anode material with RAIN, a leading supplier of carbon precursor and carbon products derived from the upcycling of industrial by-products, to develop and commercialize advanced battery anode material used in lithium-Ion batteries for electric vehicle. Under the terms of the JDA, Northern and RAIN will jointly develop and commercialize natural graphite BAM products designed to extend cycle life, enhance charging speed and reduce electrode swelling in lithium-ion battery cells. This innovation addresses the stability gap between natural and synthetic graphite, enabling increased use of natural graphite in electric vehicle battery cells.

On March 31, 2025, Northern announced that its proposal to upgrade graphite from its Okanjande project in Namibia into battery anode material in France has been selected as one of 47 Strategic Projects under the European Union's Critical Raw Materials Act ("CRMA"). The designation by the European Commission, the EU's executive body, qualifies Northern's project for fast-tracked permitting and funding support in order to boost Europe's strategic raw material capacities and diversify its sources of supply. Northern's Frankfurt-based Battery Materials Division submitted the proposal last year to take battery grade graphite from its Okanjande project in Namibia and upgrade it into BAM in a facility in France at an estimated cost of \$244,000,000 (€159,000,000). Under the scope of the project, pre-purification, milling and shaping of the graphite would occur in Namibia and purification and coating would take place at a new plant in France. Battery testing would take place at NGCBM's laboratory in Germany. The mining of graphite at Okanjande is not covered under the scope of the Strategic Project.

Next steps include discussions with the financing sub-group of the Critical Raw Materials Board on how each Strategic Project can be financially supported, considering both private and public sources of funding.

Most recently, On April 26, 2025, Northern announced that The BMI Group ("**BMI**") and the Company were partnering to evaluate the feasibility of establishing a BAM facility at a former paper mill in Baie-Comeau that is being developed by BMI as the Norderra multimodal industrial hub. On April 23, 2025, the Company announced that it had received a letter for support from the Port of Rotterdam for the BAM facility.

5. Mining Operations & Projects

a) Lac-des-Iles, Québec, Canada

The LDI graphite mine has been in operation for over 30 years and is the only flake graphite producer in North America. The mine is located approximately two kilometres south of Lac-des-Îles, Québec, approximately 110 km northeast of Ottawa and 180 km northwest of Montréal. LDI consists of an open pit graphite mine and a processing facility that includes crushing, grinding and flotation circuits that produce high quality concentrates of various sizes and purities that are sold directly to end-users for various applications.

The mine is covered by active mining title BM-788, which has an area of approximately 652.6 hectares over 23 contiguous smaller blocks as part of NTS sheet 31J05. The title is fully registered with a current expiration date of January 31, 2029. Agreements have been executed with the surface rights holders of certain lots on the mining lease for use of land for mining purposes. The agreements require that the owners be paid a royalty per metric tonne of ore extracted and processed.

Additional information on LDI can be found in independent technical reports dated December 22, 2021 and March 1, 2024 prepared by SLR (Canada) Ltd. in accordance with NI 43-101 and which have been filed under the Company's profile on SEDAR+. The Company acquired LDI with the belief that opportunities existed to extend the mine life and expand production. The Company subsequently completed an initial exploration program which successfully increased resources and created the potential to extend the life of the mine. During the fourth quarter of 2022, the Company acquired the Mousseau Project which it believes can provide another source of graphite mineralization to supply the LDI plant. With LDI, the Company also acquired an established market share and customer base.

After being on care and maintenance for seven consecutive months in 2023, the LDI plant restarted on October 30, 2023, but the mine continued on care and maintenance and restarted on April 25, 2024. In order to preserve cash, the mine was again placed on care and maintenance on July 15, 2024 and restarted on September 3, 2024.

On October 21, 2024, the Company announced that it had again placed the plant and the mine under a temporary shutdown for maintenance and repairs to support development of new pit and increased production capacity. The shutdown was for a period of approximately two months from November 3, 2024 with resumption of operations occurring in mid-January 2025. The shutdown allowed repairs and maintenance to be completed and is planned to enable the mill to increase throughput to meet growing demand for natural graphite sourced outside of China.

For the quarter ended March 31, 2025 the Company produced 1,211 tonnes of graphite concentrate and sold 1,585 tonnes of graphite concentrate. The Company realized an average sales price of \$2,550 per tonne, cash costs were \$1,797 per tonne sold and mine operating income of \$300,000 was recorded. Production in the quarter was hampered by start up issues following the maintenance shutdown at the end of 2024 and ore quantity issues due to the mine restart, weather conditions and high strip ratios. Mine and mill performance began to improve in the second quarter.

The following table presents operational highlights on a quarterly basis through Q1 2025 and for the years ended December 31, 2024 and 2023.

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	YTD 2024	Q1 2025
<u>Mining</u> <u>(tonnes)</u>											
Ore	40,877	-	-	-	40,877	-	18,165	37,145	14,546	69,856	7,912
Waste	224,492	-	-	-	224,492	-	169,580	64,228	44,850	278,658	46,000
Strip Ratio	5.49	-	-	-	5.49	-	9.34	1.73	3.08	3.99	5.81
<u>Processing</u>											
Crusher feed	38,554	-	-	19,930	58,484	44,706	64,624	42,816	16,649	168,795	16,449
Recovery	91.6%	-	-	88.5%	90.6%	84.4%	86.7%	89.1%	92.7	88.0%	90.7
Feed grade	6.8%	-	-	6.5%	6.7%	6.6%	6.6%	7.3%	7.0%	6.8%	5.7%
<u>Production</u>											
Tonnes	2,966	-	-	1,295	4,261	2,574	4,082	3,630	1,411	11,697	1,211
<u>Sales</u>											
Tonnes	1,813	2,016	2,587	2,176	8,592	2,968	2,772	4,080	2,622	12,442	1,585
Average realized selling price per tonne	2,202	1,966	1,907	1,935	1,990	1,864	1,972	1,644	1,915	1,827	2,550

Mining

During the three month period ended March 31, 2025, 7,912 tonnes were mined from Pit 2. Mining restarted in mid-January following the year end shutdown for maintenance. During the first quarter of 2025, the mine experienced low production due to a combination of restart issues, poor weather and a high stripping ratio.

Processing

During the three month period ended March 31, 2025, the plant processed a total of 16,449 tonnes of ore with an average feed grade of 5.7 % graphite and a recovery of 90.7 % to produce 1,211 tonnes of graphite concentrate. Production in the quarter was hampered by start up issues following the maintenance shutdown at the end of 2024 and ore quantity issues due to the mine restart, weather conditions and high strip ratios. Mine and mill performance began to improve in the second quarter.

The mine and mill were shutdown for maintenance and repairs from early November through mid-January. Costs incurred during the first quarter of 2025 during the shutdown were \$0.4 million. These amounts were recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expenses.

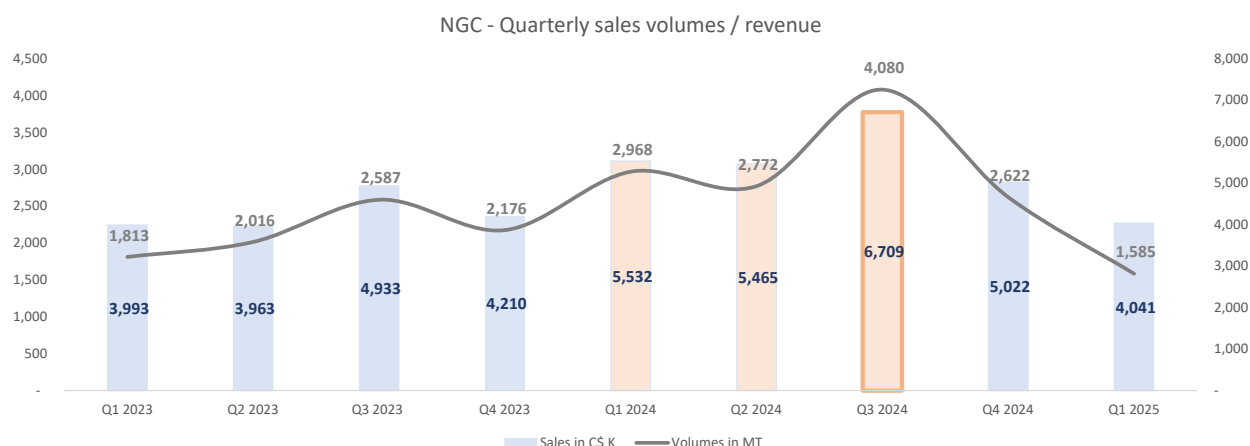
In order to stabilize its cash position, the Company is implementing strict costs control measures at the plant in order to continue reducing its average cash costs of production while ensuring it continues to serve its customers in a favorable context of increasing market demand.

Sales

During the first quarter of 2025 the Company sold 1,585 tonnes of graphite concentrate with an average realized sales price of \$2,550 per tonne.

Revenues of \$4.0 million were down 27% compared to last year, as a result of lower sales due to inventory shortages. This was partially offset by higher realized prices per tonne as a result of a price increase and higher percentage of higher value flakes compared to the prior period. Customer demand has increased following last year's announcements

from China on export controls combined with recent announcements around US Tariffs and requirements for OEMs to demonstrate efforts to develop a meaningful procurement plan to secure compliant supply chains by the end of 2026. Those events, combined with successful market share gains had driven sales volumes up significantly prior to the past quarter and are expected to continue throughout 2025. Management has been aggressively pursuing new markets/customer opportunities in North America and Europe in order to balance liquidity with the amount of working capital tied up in inventories, and to create a market for future expected Namibian production.



The Company now has 2,714 tonnes of graphite concentrate in inventory with a carrying value of \$6.6 million and an approximate market value of \$6.9 million. In addition, the Company has 13,174 tonnes of broken ore in stockpile containing approximately 808 tonnes of graphite which has a carrying value of \$1.1 million which approximates its' market value.

LDI Exploration

After a detailed review of historical studies, mine plans and the completion of an airborne geophysical survey, the Company launched a new drill program at LDI during the second quarter of 2023 that was designed to explore previously untested areas of the property with the objective of extending the life of the mine. The program consisted of 88 holes for 7,890 meters of drilling and was financed from the proceeds of a \$2.25 million charity flow-through private placement. On October 5, 2023, Northern announced the results of this drilling campaign which confirmed the potential to extend the life of the mine.

On January 17, 2024, the Company announced an updated mineral resource estimate for the LDI Project prepared by SLR Consulting (Canada) Ltd. The Company also announced that it intends to meet rising demand by moving to a seven-days-per week operation in the second quarter of 2024, targeting annual nameplate capacity of 25,000 tpy. The updated mineral resource estimate creates potential to extend the life of the LDI Project by approximately eight years, which will be confirmed and quantified through an updated mineral reserve estimate and life-of-mine plan. Indicated Mineral Resources now total approximately 3.29 Mt at an average grade of 6.4% Cg, containing approximately 213,000 tonnes of Cg. Inferred Mineral Resources total approximately 1.43 Mt at an average grade of 7.4% Cg, containing approximately 106,000 tonnes of Cg. Existing stockpiles at the mine site are not included in the updated mineral resource estimate. The updated mineral resource estimate is based on drill hole data available as of November 2, 2023, assuming an open pit mining scenario and a long-term average flake graphite concentrate market price of US\$1,550 per tonne. Mineral resources are constrained within an optimized pit shell at a cut-off grade of 2.3% Cg.

Remaining reserves and the broken ore stockpile will be depleted in the fall of this year and the Company must open a new pit to sustain production. This will require an investment of up to \$10 million and a six month lead time and the Company is currently pursuing a number of financing alternatives.

Following up on the success of the 2023 campaign, the Company initiated a drill program at Lac-des-Iles in November 2024 to further evaluate exploration targets identified through the airborne geophysical survey and expand on results

from the 2023 drilling. The program focused on testing additional untested geophysical anomalies and delineating mineralization in an area first drilled in 2023. The program consisted of 39 holes for 4,343 meters of drilling completed. In order to meet the terms of the Company's 2023 flow through share agreement, the Company was required to spend \$2,250,000 on qualifying expenditures before December 31, 2024. Due to delays and scope of work issues, the Company only spent \$2,019,000 of this amount by December 31, 2024. As a result, Northern has accrued \$286,000 to cover penalties and interest due to the Canadian and Quebec governments and amounts anticipated to be due to the flow through shareholders for shortfalls in the expenditures. The results of the 2024 drill campaign are currently being compiled and analysed but due to a lack of financial resources, the Company is not yet in a position to release any results.

As at March 31, 2025, the Company had capitalized \$3,609,000 of exploration and evaluation expenditures relating to LDI.

On April 2, 2025, Northern and Graphano Energy Ltd. ("Graphano") announced an agreement to share technical knowledge and expertise to further the exploration and development of their respective properties in a more consolidated and efficient manner with increased opportunities for success. The agreement covers Northern's LDI graphite mine and processing facility and Graphano's Lac Aux Bouleaux ("LAB") and Standard properties. The LAB Property is contiguous to the LDI graphite mine and covers the southern extensions of the productive graphite horizons and the Standard property is between Northern's Mousseau exploration project and the LDI plant.

The companies intend to share geological, geophysical, and metallurgical data and technical expertise to advance graphite exploration and development in the area with the goal of expanding mineral resources that can be processed at the LDI plant. Northern and Graphano plan to cooperate on mineral resource modeling, drilling programs, metallurgical testing, and potentially future production sharing arrangements. Both companies are committed to a collaborative approach that enhances operational efficiencies and supports the long-term development of critical mineral resources in Canada. All exploration costs will be borne by the owners of each property.

Mousseau

In October 2022, the Company acquired a 100% interest in the Mousseau Project by exercising an option and paying \$500,000 in cash and issuing 900,000 common shares of the Company. The project is located approximately 80 kms from, and within economic trucking distance of, the Company's producing LDI graphite mine. Northern also has the right to acquire a 2% net smelter royalty retained by the owners at any time upon the payment of \$1 million. Mousseau has the potential to extend the mine life at LDI and increase its production back to nameplate capacity.

Mousseau consists of 12 claims totalling 590.54 hectares in size. It is located approximately 150 kms north of Montreal in the Mont-Laurier area and can be accessed from Highway 117 over 12 kms of good quality logging roads. Over 7,500 meters of drilling has been carried out on the property.

On March 14, 2023 the Company announced an increase in the size of the Mousseau Project by an additional 101.64 hectares to a total of 590.54 hectares. through an automatic procedure under the *Mining Act* (Québec) due to the lapse of certain adjoining claims previously held by an arm's-length third party. In connection with the increase in the area covered by the Company's claims, the Company paid \$50,000 and issued 100,000 common shares of the Company to the previous holder of the adjoining claims in order to settle litigation proceedings challenging the Minister's increase in the area of the Company's claims.

On October 12, 2023, the Company announced a mineral resource estimate on Mousseau. The estimate consists of 2,821,041 tonnes of measured and indicated mineral resources with an average grade of 7.9% with 223,079 tonnes of contained graphite. In addition, there are an estimated 331,884 tonnes of inferred mineral resources with an average grade of 9.3% with 30,714 tonnes of contained graphite.

Category	Volume (m ³)	Specific Gravity (t/m ³)	Tonnes	Graphite (%)	Graphite (t)
Measured	283,605	2.85	808,275	7.612	61,525
Indicated	706,234	2.85	2,012,766	8.026	161,554
Measured and Indicated	989,839	2.85	2,821,041	7.908	223,079
Inferred	116,451	2.85	331,884	9.254	30,714

Notes:

1. *The parameters used to estimate an open pit cut-off grade for the mineral resources are as follows: graphite price of US\$1,500/t, exchange rate of US\$1.00=CAD\$0.78; estimated costs including mining (\$2.50), process (\$50/t), haulage (\$22/t) and G&A (\$5/t), process recovery of 90% and a pit slope of 50°. Mineralized material that is not included within the open pit shell is not part of the mineral resource estimate.*
2. *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
3. *The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and it is uncertain if further exploration work will result in upgrading them to an Indicated or Measured mineral resource category.*
4. *Mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines.*

A technical report in respect of the resource estimate prepared in accordance with NI 43-101 was filed under the Company's profile on SEDAR+ on October 12, 2023.

b) Okanjande Project, Namibia

The Company acquired a 100% interest in Northern Graphite Holdings (Namibia) (Pty) Ltd. (“**Holdings**”) from Imerys and its joint venture partner in April 2022. Holdings owns a 100% interest in Northern Graphite Processing (Namibia) (Pty) Ltd. (“**NGP**”) and a 100% interest in Northern Graphite Okanjande Mining (Pty) Ltd. (“**NGOM**”). NGOM holds Mining License (“**ML**”) 196 which covers the Okanjande graphite deposit located approximately 23 km by road to the southwest of the town of Otjiwarongo, 230 km north of Windhoek, the capital city of Namibia, and 388 km east of the port of Walvis Bay. NGOM also holds Exclusive Prospecting License (“**EPL**”) 4717 which surrounds the Mining License.

Namibia is considered one of the most favourable mining jurisdictions on the African continent. Okanjande graphite is of the highest quality and Okanjande is located just five hours over good roads from the deep water port of Walvis Bay, providing ready access to European and North American markets. These attributes, plus a much shorter time to market, are expected to provide a competitive advantage over other African graphite projects, and enable Northern to expand its market share in North America and Europe and reduce the market’s dependence on Chinese supply.

Since the third quarter of 2023 the Okanjande Project has been on care and maintenance (except for some activities relating to moving the plant from its site at Okorusu to Okanjande).

On August 28, 2023, the Company released the results of a new PEA that evaluated moving its processing plant to the Okanjande mine site, compared to the PEA released on July 11, 2022 which was based on processing at Okorusu. The PEA indicates that economics remain attractive under the new plan, with higher capital costs but lower operating costs. In addition, greenhouse gas emissions are reduced, sustainability is improved, and the expansion potential of the project is substantially enhanced.

The new PEA, dated July 31, 2023, was prepared by CREO Engineering Solutions and confirms the viability of moving milling operations directly to the Okanjande mine site, eliminating the need to truck mineralized material to the Okoruso processing site 70 kilometers away, reducing operating costs and allowing for a more sustainable operation that includes the use of solar power and reduced water consumption.

Key results include an average annual production of 31,315 tonnes of graphite concentrate, production costs of US\$666 per tonne, a Post Tax IRR of 36%, a Post Tax NPV of US\$70 million and a payback of under four years which were based on a 10-year mine life and a weighted average graphite price of US\$1,550/tonne. A technical report in respect of the PEA prepared in accordance with NI 43-101 was filed under the Company’s profile on SEDAR+ on August 28, 2023.

The PEA is based on 5.9 million tonnes of weathered resources grading 4.21% Cg and 1.2 million tonnes of fresh rock resources grading 4.35%, all in the measured and indicated categories. The total fresh rock resource consists of 24,200,000t with 1,287,000t of contained graphite in the measured and indicated categories and 7,200,000t with 359,000t of contained graphite in the inferred category (all based on a 3.1% Cg cut-off grade and a US\$1,250/t graphite price) which creates the potential to significantly expand production in the future.

Summary of PEA Results

	UOM	Updated PEA July 31, 2023 Okanjande
Measured and Indicated Resource - Weathered	Mt, %TGC	2.54Mt @ 5.03% TGC
Measured and Indicated Resource - Fresh	Mt, %TGC	3.56Mt @ 5.44% TGC
Total Measured and Indicated Resources	tonnes	6,096,950
Before Tax / 8% discount rate		
NPV	USD	\$120,396,195
IRR	%	46%
Cashflow	USD	\$239,077,435
PayBack Period	years	3
After Tax / 8% discount rate		
NPV	USD	\$70,218,979
IRR	%	36%
Cashflow	USD	\$145,674,213
PayBack Period	years	4
Capital Expenditures (excl. Sustaining capital)	USD	\$34,620,899
Working Capital Provision	USD	\$3,017,888
Average annual concentrate production	tonnes	31,315
C1 production costs	USD/tonne	\$666
Average grade	%	5.3%
Average recovery	%	92%
Graphite flake price	USD/t TCG	\$1,550
NAD / USD exchange rate	NAD : USD	18.5 : 1

Notes

- (1) All tabulated data have been rounded and as a result minor computational errors may occur.
- (2) Mineral Resources which are not Mineral Reserves have no demonstrated economic viability.
- (3) Inferred Mineral Resources are reported separately from other categories.
- (4) The Mineral Resources reported are the total Mineral Resources for the Okanjande Project, regardless of ownership.
- (5) Weathered mineral resources : The Mineral Resource is reported for mineralization contained within pit shells above a cut-off grade of 2.6% TGC, which is based on a product price of USD 1,250/t TGC, mining costs of USD 3.75/t RoM, transport cost to plant of USD 6.5/t RoM, processing and treatment costs of 14.9 USD/t (RoM), G&A USD 0.8/t (RoM), transport cost to the market USD 175/t product, 2% royalty, concentrate recovery 92%.
- (6) Fresh mineral resources : The Mineral Resource is reported for mineralization contained within a Whittle pit shell above a cut-off grade of 3.1% TGC, which is based on a product price of USD 1,250/t TGC, mining costs of USD 5.11/t RoM, transport cost to plant of USD 6.5/t RoM, processing and treatment costs of 17.88 USD/t (RoM), G&A USD 0.96/t (RoM), transport cost to the market USD 175/t product, 2% royalty, concentrate recovery 92%.
- (7) MSA is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing, or other relevant issue that could materially affect the Mineral Resource Estimate.
- (8) The Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

The above description of the Okanjande Project is derived from the technical report dated July 31, 2023 with an effective date of June 30, 2023 titled “Okanjande Graphite Project Preliminary Economic Assessment Study Update Report”

prepared by Etienne Roux, SME-RM, Robert Barnett, M (Eng), NHDip, BSc Geology (Hons), Pr Sci Nat, FGSSA, Ipelo Gasela, Pr Sci Nat, MGSSA, and Mark Mohring (the “**Okanjande Technical Report**”), which constitutes the current technical report for the Okanjande Project, and in many cases is a direct extract from such report. Portions of the information are based on assumptions, qualifications and procedures described in the Okanjande Technical Report but which are not fully described herein. Reference should be made to the full text of the Okanjande Technical Report. The Okanjande Technical Report has been filed under the Company’s profile on SEDAR+ and is available for review at www.sedarplus.ca.

The Company is evaluating options to fund the Okanjande project through the use of a royalty/stream/debt structure with equity contributed by a strategic partner without having to go to the market. During that process, the Namibian operations have been downsized to project mode, resulting in the retrenchment of 32 employees while maintaining 4 employees working on the preparation of the project. A full schedule is now in place to be executed within 12 to 14 months once financing is available, with the intent to start production early 2027.

The new available capacity will be used to serve BAM and non-BAM customers in North America and Europe.

c) Bissett Creek

The Company holds a 100% interest in the Bissett Creek Project, which is located approximately 15 km from the Trans-Canada Highway (Highway 17) between the towns of Deep River and Mattawa, Ontario. Bissett Creek is located in the United Townships of Head, Clara and Maria, in the County of Renfrew, Province of Ontario, approximately 300 km northeast of Toronto and 200 km west of Ottawa.

The Bissett Creek Project consists of Ontario mining lease number 109550 (covering 565 hectares) which expires on August 31, 2035, and Ontario mining lease number 109335 (covering 1,938 hectares) which expires on September 30, 2034 (the “Mining Leases”). The Company also held five unpatented mining claims, contiguous to the Mining Leases, which have been converted into 52 cells covering approximately 1,159 hectares under Ontario’s Mining Lands Administration System.

A royalty of \$20 per ton of concentrate sold must be paid to the families of the original discoverers of the deposit once the mine is operational plus a 2.5% net smelter royalty (“NSR”) on any other minerals derived from the Bissett Creek Project. An annual advance payment of \$27,000 must be made and will be credited against future payments when the mine commences production.

On July 15, 2020, the Company sold a 1% gross GRR on the Bissett Creek Project to Electric Royalties Ltd. (“ERL”) for \$500,000 in cash and 2,000,000 common shares of ERL valued at \$440,000 at the time of closing (the “Consideration Shares”). The Company has the option to buy back 0.5% of the initial GRR at any time by returning the Consideration Shares or paying \$1.5 million in cash. On September 27, 2023, the Company closed the sale of an additional 0.5% GRR on the Bissett Creek Project for \$950,000 in cash proceeds.

The Bissett Creek Project is unique among its North American peers in that it has a very high percentage of large/XL flake which is ideally suited for high margin and value-added industrial markets such as micronized graphite, expandable graphite and high purity flake graphite that receive premium prices. The Company also intends to develop the capacity to produce anode material for the LiB market which is growing rapidly (due to EVs) and is dominated by China. Unlike many graphite deposits, essentially all Bissett Creek production will be “battery grade”. No value-added products are included in the economics in the FS, Expansion PEA or the updates and sensitivity analyses relating thereto.

As at March 31, 2025, the Company had capitalized \$12,849,000 of exploration and evaluation expenditures relating to Bissett Creek, net of the proceeds from the ERL royalties.

The Company filed a revised Mine Closure Plan (“MCP”) which was accepted by the Ontario Ministry of Northern Development, Mines, Natural Resources and Forestry (“NDMNR”) in 2013. While the MCP authorizes Northern to build and operate the mine in theory, doing so is still subject to a number of other permitting requirements and First Nation consultations. The MCP requires the Company to deposit \$2,329,008 with the Province of Ontario prior to the commencement of commercial production. This represents the estimated amount required to restore the Bissett Creek property to its original environmental state after the mine has been constructed and operations cease. A deposit of

\$850,000 has been made in the form of a surety bond. Because of operational changes made to improve the economics of the Bissett Creek Project, and to the passage of time, the Company must file an amendment to the MCP which will include a re-estimation of reclamation costs and the amount of the associated deposit.

Over the last number of years, the Company has continued to work on the major permits/authorizations required in addition to the MCP and most are at an advanced stage. Applications/documentation have been prepared and / or submitted with respect to a Permit to Take Water, Environmental Compliance Approval – Industrial Sewage, approval of the Class Environmental Assessment and authorizations required under the Lakes and Rivers Improvement Act (for tailings facilities) and under the Endangered Species Act. These and other permits/authorizations are expected to be received in the normal course prior to the commencement of construction and mining operations. The Company anticipates being in a position to make a construction decision within 12 months of arranging the necessary project financing and completing First Nation consultations.

Mineral Resources

Based on a 1.02% Cg cut-off, the Bissett Creek deposit has estimated measured and indicated resources of 69.8 million tonnes grading 1.74% Cg (1.2 million tonnes of in situ graphite) and inferred resources of 24.0 million tonnes grading 1.65% Cg (0.4 million tonnes of in situ graphite) (the “2013 Resource Estimate”). The Bissett Creek deposit has exceptionally high content of high-purity, coarse-flake graphite which are very important factors that must be considered along with tonnage and grade.

Mineral resources were estimated in conformance with the CIM Mineral Resource definitions referred to in NI 43-101. Pierre Desautels, P.Geo., Principal Resource Geologist, and Gordon Zurowski, P.Eng., Principal Mining Engineer, both of AGP Mining Consultants and Qualified Persons under NI 43-101 who are independent of the Company, prepared the mineral resource estimate.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues including changing costs, recoveries and mineral prices.

The quantity and grade of reported inferred mineral resources are uncertain in nature and there has been insufficient exploration drilling to categorize inferred mineral resources as indicated or measured mineral resources and it is uncertain if further exploration will result in them being upgraded to indicated or measured mineral resources.

Bissett Creek Project – Economic Analysis

The Company initially completed a Feasibility Study (“FS”) for the Bissett Creek Project in 2012. The FS confirmed the technical and financial viability of constructing and operating an open pit mine and 2,500 tpd processing plant at Bissett Creek which is considered as Phase 1 of the ultimate development plan. In 2013, the Company revised the mine plan in the FS based on the 2013 Resource Estimate and updated the FS economics (“FS Update”). The FS Update also incorporated some modifications to capital and operating cost assumptions and lower graphite prices. The FS Update did not constitute a material change and a new technical report prepared in accordance with NI 43-101 was not filed.

The proposed development of the Bissett Creek graphite deposit consists of a shallow open pit mine and a processing plant with conventional crushing, grinding and flotation circuits followed by concentrate drying and screening. Power for the plant will be generated on site using compressed natural gas (“CNG”) that will be delivered by truck from the main Trans Canada line, 15 km away. The processing plant includes a sulphide flotation circuit to remove enough sulphides to make approximately 97% of the tailings benign.

Probable mining reserves for the Bissett Creek deposit were established based on, and are a subset of, the 2013 Resource Estimate. The final mine plan only contemplated a 25 to 30 year operation and resulted in Probable Reserves of 28.3 Mt of ore grading 2.06% Cg based on a cut-off grade of 0.96% Cg. Probable Reserves include 24.3 Mt grading 2.20% Cg that will be processed first and 4.0 Mt grading 1.26% Cg from a low grade stockpile (“LGS”) that will be processed at the end of the mine life. In order to increase head grades in the initial years of production while maintaining a reasonable stripping ratio, Measured and Indicated resources grading between 0.96% Cg and 1.5% Cg will be stockpiled, largely within the mined out areas of the pit. The total LGS is planned to be 16.5 Mt grading 1.26% Cg and is expected to provide a great deal of flexibility in future operations as it is intended to be available for processing at a

later date, either through an expanded facility or at the end of the mine life. It also represents a low cost source of feed that could be processed during periods of depressed prices.

There are an additional 27.3 million tonnes of Measured and Indicated resources grading 1.62% Cg which are not included in the mine plan and 24 million tonnes of Inferred resources grading 1.65% Cg which are treated as waste. Resource limits have not yet been fully defined and resources may be expanded in the future with additional drilling.

The FS Update assumes 60% of Bissett Creek production will be +50 mesh and a third of this material is actually +32 mesh, 35% of production will be +80 mesh, and 5% will be +100 mesh.

In 2013 the Company completed and filed a technical report prepared in accordance with NI 43-101 with respect to a Preliminary Economic Assessment which includes both the Phase 1 development and a Phase 2 expansion of the Bissett Creek Project (the “Expansion PEA”) to demonstrate the ability to double processing capacity (to two Mtpa) after three years of operation based only on Measured and Indicated resources. This is the current technical report with respect to the Bissett Creek Project.

In 2014, the Company updated the Expansion PEA (the “Expansion PEA Update”) in order to assess the economics of building a two Mtpa processing plant at the outset rather than increasing from one Mtpa to two Mtpa after three years of operation. There was no requirement for a new technical report relating to the Expansion PEA Update under NI 43-101 as the changes were not material. A press release was issued and filed on SEDAR+ and includes detailed cash flows relating to the Expansion PEA Update.

Comparison of the study results

	2013 FS Update	2013 Expansion PEA	2014 Expansion PEA Update
Reserves/resources (million tonnes) *	28.3*	39.4*	40.5 ¹
Feed Grade (% graphitic carbon)	2.06%*	1.85%*	1.83% ¹
Waste to ore ratio	0.79	0.24	0.25
Processing rate (tonnes per day – 92% availability)	2,670	2,670-5,340	5,480
Mine life (years)	28	22	21
Mill recovery	94.7%	94.7%	94.7%
Average annual production	20,800t	33,183t	44,200t ²
Initial capital cost (\$ millions – including 10% contingency)	\$101.6M	\$101.6M	\$134.1
Expansion capital	NA	\$45.2M	NA
Sustaining capital	\$43.0	\$58.7M	\$55.1
Cash operating costs (\$/tonne of concentrate)	\$795	\$695	\$736
Mining costs (\$/tonne of ore)	\$5.63	\$4.05	\$3.74
Processing costs (\$/tonne of ore)	\$8.44	\$7.35	\$7.78
General and administrative costs (\$/tonne of ore)	\$2.50	\$1.45	\$1.45
CDN/US dollar exchange rate	1.05	1.05	1.05

*The probable reserve in the FS update consists of 24 million tonnes (“Mt”) grading 2.20% Cg and 4.0 Mt of low-grade stockpile (“LGS”) grading 1.26% Cg. The PEA accelerates the processing of the probable reserve and processes an additional 11.1 million tonnes of measured and indicated resources from the LGS at the end of the mine life. All grades are diluted.

¹ Potentially economically extractable resources are based on the 24 million tonne probable reserve grading 2.20% Cg (as estimated in the FS Update) being processed first followed by the processing of 16.1 million tonnes of Measured and Indicated resources grading 1.26 % Cg from a low grade stockpile. *Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

² First 10 years

Economic Summaries of the Expansion Scenarios

	2013 FS Update	2013 Expansion PEA			2014 Expansion PEA Update		
		(base case)			(base case)		
Graphite prices (US\$ per tonne)	\$1,800	\$2,100	\$1,800	\$1,500	\$2,100	\$1,800	\$1,500
Pre tax NPV @8% (CDN\$ millions)	\$129.9	\$335.6	\$231.0	\$126.6	\$380.9	\$264.7	\$148.4
Pre tax IRR (%)	19.8%	33.0%	26.3%	18.8%	40.7%	31.7%	22.2%
After tax NPV@8% (CDN\$ millions)	\$89.3	\$221.9	\$150.0	\$77.3	\$257.9	\$178.9	\$99.0
After tax IRR (%)	17.3%	27.7%	22.0%	15.7%	33.9%	26.7%	18.9%

During 2018 and into 2019 the Company engaged G Mining Services (“G Mining”) to carry out a review of the economics of the Bissett Creek Project given the passage of time since the FS Update and Expansion PEA were completed. The review evaluated the effect of some modifications to the flow sheet as well as changes in commodity prices, exchange rates, equipment and labor costs, and other project inputs. The review estimated that the capital cost of Phase 1 has increased by approximately five percent. Operating costs are expected to be up to 20 percent higher than original estimates.

For the purposes of quantifying the potential effects of G Mining’s review, the Company released the following sensitivity analysis with respect to the Expansion PEA. The sensitivity analysis is based on a five percent increase in capital and a 20 percent increase in operating costs, current exchange rates and commodity prices, and no change in resources or the mine plan.

	NI 43-101 PEA	Sensitivity Analysis
CDN/US dollar exchange rate	1.05	1.30
Graphite price (US\$/t)	\$1,800	\$1,750
Graphite price (CDN\$/t)	\$1,890	\$2,276
Initial capital cost (CDN\$ millions)	\$101.6	\$106.6
Initial capital cost (US\$ millions)	\$96.8	\$82.0
Expansion capital (CDN\$ millions)	\$45.2	\$47.5
Sustaining capital (CDN\$ millions)	\$58.7	\$61.5
Total capital costs (CDN\$ millions)	\$205.5	\$215.6
Average annual production (tonnes)*	38,400	38,400
Total cash operating costs (CDN\$ millions)	\$507.2	\$608.7
Cash operating costs (CDN\$/tonne)	\$695	\$834
Cash operating costs (US\$/tonne)	\$662	\$642
Pre-tax NPV (@8% - CDN\$ millions)	\$231.0	\$304.9
After -tax NPV (@8% - CDN\$ millions)	\$150.0	\$198.2
Pre-tax IRR (%)	26.3%	30.1%
After-tax IRR (%)	22.0%	25.0%
* Average over first 15 years		

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.

G Mining subsequently completed an analysis which indicated that increasing annual concentrate production by at least 20 percent can be achieved with a relatively modest nine percent increase in capital costs for the first phase of development. Higher production would also be expected to reduce unit operating costs and have a very positive effect on the Bissett Creek Project’s NPV and IRR.

6. Downstream Battery Materials Development: Mine-to-Market Strategy

It is the Company's ambition to serve the evolving needs of the EV industry by creating an end-to-end, North American graphite supply chain from the mine to the battery, and Northern is advancing this goal on several fronts. Ongoing testing of graphite from the Company's projects, both internally and by potential partners, continues to demonstrate that it is ideally suited for battery applications in terms of milling, shaping, purification, coating and electrochemical properties.

The Company has been actively involved in discussions and negotiations with technology and OEM partners in both the US and Europe who want to collaborate with a quality supplier of graphite that has current production, immediately available inventory and the capacity to support future growth. These discussions center on volume requirements and the timing thereof, and plans for downstream conversion facilities in both North America and Europe. Discussions are also being held with various government organizations at both the federal and provincial level to gain support to speed up the development of the battery anode supply chain, with a particular focus on Ontario and Québec.

Newly created Battery Materials Group

On January 31, 2024, the Company announced the launch of the NGC Battery Materials Group to spearhead its mine-to-battery strategy, which would make Northern one of the sole integrated developers, producers, and processors of natural graphite outside of China. NGC Battery Materials Group was formed through the acquisition of the assets and R&D team of the battery division of Germany's Heraeus Group, and includes a fully operational, state-of-the-art laboratory in Frankfurt. Northern has also licensed intellectual property from Heraeus Group to develop, produce, and sell Porocarb®, a high-performance porous hard carbon material developed over the last 10 years and patented by Heraeus Group to enhance the efficiency and speed of energy storage mechanisms. NGC Battery Materials Group will be operated by Northern and financed by selling excess production capacity to partners and other material developers. Northern will pay Heraeus Group a 2% royalty on sales of all Porocarb® products. NGC Battery Materials Group will specialize in advanced material analytics and electrochemical characterization techniques for carbon and battery materials as well as providing in-depth expertise in the field of high temperature processing, scale-up and carbon design. This will enable Northern to provide tailored solutions to EV battery makers and **OEMs** to satisfy their various unique battery requirements.

On March 31, 2025, Northern announced that its proposal to upgrade graphite from its Okanjande project in Namibia into battery anode material in France has been selected as one of 47 Strategic Projects under the European Union's Critical Raw Materials Act ("CRMA"). The designation by the European Commission, the EU's executive body, qualifies Northern's project for fast-tracked permitting and funding support in order to boost Europe's strategic raw material capacities and diversify its sources of supply. Northern's Frankfurt-based Battery Materials Division submitted the proposal last year to take battery grade graphite from its Okanjande project in Namibia and upgrade it into Battery Anode Material in a facility in France at an estimated cost of \$244,000,000 (€159,000,000). Under the scope of the project, pre-purification, milling and shaping of the graphite would occur in Namibia and purification and coating would take place at a new plant in France. Battery testing would take place at NGCBM's laboratory in Germany. The mining of graphite at Okanjande is not covered under the scope of the Strategic Project.

Next steps include discussions with the financing sub-group of the Critical Raw Materials Board on how each Strategic Project can be financially supported, considering both private and public sources of funding.

Northern's BAM project in France is targeted to begin operations by 2028 with an initial capacity of 20,000 tonnes per year of battery-grade anode material, with the potential to scale up to 50,000 tonnes. Northern is currently in active discussions with potential off-take partners for the initial production.

Baie-Comeau Agreement

In January 2023, the Company announced that it had entered into an agreement with Innovation et Développement Manicouagan ("**IDM**") at Baie-Comeau, Québec to evaluate sites for the construction of a planned 200,000 tpy BAM plant in the industrial port zone of Baie-Comeau. The plant would be one of the largest in the world and is intended to convert graphite concentrate from the Company's mines, and potentially that of other producers, into BAM to supply existing and planned LiB manufacturing plants throughout North America. Building a low-cost, large-scale conversion facility is a key component of Northern's strategy to empower the EV industry by creating an end-to-end North

American graphite supply chain from the mine to the battery.

On June 29, 2023, the Company announced that it had signed an LOI with the city of Baie-Comeau to purchase land for a 200,000 tonne per year BAM plant as it advances plans to supply anode material to LiB manufacturing plants throughout North America. The LOI, which is subject to financing and receipt of regulatory approvals, gives Northern the right to purchase a 1.2 million m² property, approximately 300 acres, in the Baie-Comeau port industrial zone, with access to municipal services and infrastructure, for US\$1.2 million. There is effectively no capacity in the West to convert graphite mine concentrates into anode material and the EV manufacturers are depending on project proponents such as Northern to fill the void and supply existing and planned LiB manufacturing plants throughout North America. The Baie-Comeau BAM plant will be one of the world's largest such conversion facilities and will process concentrates from Northern's mines as well as from other producers that will be coming online. The plant will have one of the lowest CO₂ footprints in the industry due to its access to green, hydroelectric power with pricing that is among the most competitive in the world.

Baie-Comeau is located on the shores of the St. Lawrence River, approximately 400 km north-east of Québec City in the Cote-Nord economic region and has direct access to the rest of North America via road, rail and a deep water, all-season port. The BAM plant, the first phase of which the Company expects would cost in the range of \$500 million, and which the Company would target for completion in 2027, will be subject to financing, regulatory approvals and certain other conditions, and is eligible for assistance under programs offered by the province of Québec, the Canadian and U.S. governments, as well as other assistance by the Manicouagan region and potential Plan Nord incentives.

On April 26, 2025, Northern announced that The BMI Group ("**BMI**") and the Company were partnering to evaluate the feasibility of establishing a BAM facility at a former paper mill in Baie-Comeau that is being developed by BMI as the Norderra multimodal industrial hub

On April 23, 2025, the Company announced that it had received a letter for support from the Port of Rotterdam for the BAM facility.

Northern is working with a network of global partners to bring to the group extensive expertise/know how and existing capacity to process natural graphite into BAM for North American and European markets. This network of partners is made up of established companies that are actively working in the space and smaller companies with innovative breakthrough technologies that can enhance the performance of Northern's material and processes by leveraging their expertise.

Testing of LDI Graphite for Battery Anode Material Grade

On October 19, 2023 the Company announced that testing of graphite samples from the LDI mine verified that it is suitable for the production of BAM, a key component for Lithium-Ion batteries.

Testing was carried out by Heraeus Battery Technology (“Heraeus”), a Hanau, Germany-based laboratory, which Northern subsequently acquired in January 2024. Heraeus analyzed the electrochemical characteristics of BAM produced from LDI graphite samples and demonstrated its potential to perform at or above the standards of commercially available reference materials.

The Heraeus laboratory results confirmed that anode electrodes produced in the laboratory and electrochemically tested in half-cells for Critical to Quality markers including first cycle efficiency, reversible specific capacity and cycling efficiency, demonstrated that graphite samples from the LDI mine that had been milled, shaped, purified and coated using currently available technologies meet or exceed current industry standards.

The specific capacity of graphite, the active material in the anode of LiBs, is a key indicator of the quality of the graphite and of how much energy can be stored per gram of material. Its value is measured in milliampere-hours per gram of active material (“**mAh/g**”). In second-cycle testing, used to determine the reversible capacity, a key indicator of the energy storage capability, LDI samples showed a specific capacity of 361 mAh/g versus an industry comparative of 358 mAh/g. The theoretical maximum storage capacity of graphite is 372 mAh/g and the goal of processing is to get as close to that figure as possible.

	Initial coulombic efficiency (%) ^(a)	Charging (lithiation) capacity (mAh/g) ^(b)	Discharging (delithiation) capacity (mAh/g) ^(b)	Coulombic efficiency (%) ^(b)
BAM demonstrator*	92.0	364	361	99.4
Industry standard*	94.0	360	358	99.3
Theoretical value		372	372	100.0

* Values from first cycle (a) and second cycle (b) half-cell measurement using an anode with 96% graphite 1% carbon black and 3% binder (CMC+SBR). The BAM demonstrator is closer to the theoretical values than the measured industry standard (also based on natural graphite) which highlights the potential of Northern’s graphite for this application.

7. Selected Financial Information

a. Selected Financial Information

The following tables contain selected interim financial information as at March 31, 2025 and December 31, 2024.

<i>(Shown in Thousands of Dollars)</i>	As at March 31, 2025 \$	As at December 31, 2024 \$
Statement of Financial Position		
Total assets	77,386	77,241
Total non-current financial liabilities	760	778

b. Results of Operations

The following table contains selected financial information for the three month periods ended March 31, 2025 and 2024.

<i>(Shown in Thousands of Dollars)</i>	Three Months Ended March 31	
	2025 \$	2024 \$
Revenue	4,041	5,532
Production costs	(2,849)	(4,832)
Depletion and depreciation	(892)	(1,220)
Income (loss) from mine operations	300	(520)
General and administrative	(2,504)	(2,297)
Operating Loss	(1,195)	(2,832)
Finance expense	(3,235)	(3,120)
Foreign exchange gain (loss) on finance arrangements	66	(1,432)
Impairment expense	(196)	(478)
Care and maintenance expense	(776)	(1,057)
Net loss	(5,349)	(8,781)
Loss per share – basic and diluted	(0.04)	(0.07)

Three Months Ended March 31, 2025 Compared to the Three Months Ended March 31, 2024

Mine Operations

Revenue for the three-month period ended March 31, 2025 was \$4,041,000 based on sales of 1,585 tonnes of graphite concentrate with an average realized sales price of \$2,550 per tonne and a cash cost per tonne of graphite concentrate sold of \$1,797 compared with the previous year's first quarter which had revenue of \$5,532,000 based on sales of 2,968 tonnes of graphite concentrate with an average realized sales price of \$1,864 per tonne and a cash cost per tonne of graphite concentrate sold of \$1,628. Revenue per tonne increased in the 2025 period mainly due to price increases and a blend of sales that included a higher percentage of higher priced flake sizes than in the prior year's quarter.

Production costs for quarter ended March 31, 2025 were \$2,849,000 compared to \$4,832,000 for the prior year's period and consist of mining and processing costs, mine site general and administrative costs and selling expenses. Production costs were lower in the period mainly due to lower tonnes sold which more than offset the impact of higher cost per tonne due to both the mix of graphite concentrate sold and higher mine and plant costs in the first quarter of 2025. Depletion and depreciation expense was \$892,000 and income from mine operations at LDI was \$300,000 for the quarter ended March 31, 2025 compared to depreciation and depletion expense of \$1,220,000 and a loss of \$520,000, respectively, for the prior year period.

Other Expenses and Net Loss

Corporate general and administrative costs for the three months ended December 31, 2024 were \$2,504,000 compared with \$2,297,000 for the prior year's quarter and primarily increased due to legal expenditures and costs related to the NGC BAM subsidiary which was just starting up in the prior period, but were partially offset by the impact of strict overhead cost control measures and lower Namibian costs.

Finance costs were \$3,235,000 in the quarter (2024 - \$3,120,000). Of this amount, \$67,000 (2024 - \$148,000) was paid in cash. Finance costs increased as the impact of higher accretion rates were only partially offset by gains on a revaluation of the Company's royalty liability and senior debt of \$203,000 and \$204,000, respectively, due to modifications to the anticipated timing of royalty and interest payments.

A foreign exchange gain on financing instruments of \$66,000 was recorded during the quarter compared to a loss of \$1,432,000 in the previous year's quarter which is largely attributable to quarter-end revaluations of US dollar denominated debt as the US / Canadian foreign exchange rate remained relatively stable in the current year period while the Canadian dollar finished weaker on a year-to-date basis against the US dollar in the prior year period.

In the quarter ended March 31, 2024, an impairment loss of \$196,000 was incurred on stockpiled inventory due to higher mining related unit costs. During the first quarter of 2024, as a result of lower realized prices on sales of concentrate and higher operating costs due to planned production ramp-up, the Company recorded a net realizable value impairment of \$478,000 on its finished goods inventory.

During the fourth quarter of 2024 the Company placed the plant and mine under a temporary shutdown for maintenance and repairs and resumed mining and milling operations again in mid January 2025. Costs incurred during the first quarter of 2025 during the shutdown were \$438,000. During the first quarter of 2024, the LDI mine was on shutdown with costs of \$607,000. These amounts were recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expenses.

The Okanjande plant was temporarily placed in care and maintenance in the third quarter of 2023. Holding costs of \$338,000 incurred during the quarter ended March 31, 2025 (March 31, 2024 - \$450,000) were recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expenses.

For the three months ended March 31, 2025 the Company recorded a net loss of \$5,349,000 or \$0.04 per share, compared to a net loss of \$8,781,000 or \$0.07 per share during the three months ended March 31, 2024. The primary reasons for the lower loss were higher mine operating income (loss in prior year period), other income, lower care and maintenance costs and foreign exchange gains (loss in comparative period). A significant portion of the net loss related to non-cash charges including depletion and depreciation, inventory impairments and accretion of debt instruments.

Summary of Quarterly Results

The following tables contain selected financial information for the eight most recently completed quarters for the Company ending March 31, 2025.

<i>(Shown in Thousands of Dollars)</i>	March 31 2025 \$	December 31 2024 \$	September 30 2024 \$	June 30 2024 \$
Revenue	4,041	5,022	6,709	5,465
Net loss	(5,349)	(15,899)	(4,759)	(9,365)
Loss per share – basic and diluted	(0.04)	(0.12)	(0.04)	(0.07)

<i>(Shown in Thousands of Dollars)</i>	March 31 2024 \$	December 31 2023 \$	September 30 2023 \$	June 30 2023 \$
Revenue	5,532	4,210	4,933	3,963
Net loss	(8,781)	(7,964)	(6,827)	(4,633)
Loss per share – basic and diluted	(0.07)	(0.06)	(0.05)	(0.04)

The LDI mine and plant were temporarily placed in care and maintenance for the second, third and part of the fourth quarters of 2023 while the Company sold excess inventory which it acquired with LDI. The plant restarted on October 30, 2023, and the mine restarted operations on April 25, 2024. In order to preserve cash, the Company temporarily again stopped mining operations on July 15, 2024 while continuing to operate the plant on a seven days a week basis, from its existing stockpile and then restarted mining operations on September 3, 2024. During the fourth quarter of 2024 the Company placed both the plant and mine under a temporary shutdown for maintenance and repairs and resumed mining and milling operations in mid January 2025. Relevant costs incurred in these periods were recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expenses.

The Okanjande plant was temporarily placed in care and maintenance in the third quarter of 2023 and remained so at March 31, 2025. Costs incurred in the periods were recorded in the condensed interim consolidated statements of loss and other comprehensive loss as care and maintenance expenses.

c. Liquidity and Capital Resources

As at March 31, 2025 the Company held cash of \$323,000 (December 31, 2024 - \$373,000), \$1,958,000 of restricted cash (December 31, 2024 - \$1,942,000) and had negative working capital of \$41,160,000 (December 31, 2024 - \$37,444,000). Working capital includes \$9,060,000 (December 31, 2024 - \$8,858,000) in inventory consisting of 2,714 tonnes of graphite concentrate (December 31, 2024 - 3,141) and 13,174 tonnes of ore stockpiles (December 31, 2024 - 21,710) as well as materials and supplies. The ore stockpile contains approximately 808 tonnes of recoverable graphite (December 31, 2024 - 1,332 tonnes). Inventories of graphite concentrate, and the ore stockpile are recorded at cost. The realizable value of the concentrate and stockpile inventory is higher than the cash cost.

Working capital as at March 31, 2025 continued to be negatively impacted by the full classification in current liabilities of the Company's senior secured loan (\$26.1 million) and royalty financing (\$15.8 million) as a result of the lack of performance by the Company on the following covenants related to these instruments:

- Senior Secured Loan - as at March 31, 2025, the Company had not met some of the covenants relating to the amended and restated credit agreement dated November 29, 2023, including:
 - o The payment of accrued interest of \$3.5 million (US\$2.5 million) on the semi-annual cash interest payment date as of December 31, 2024;
 - o Maintaining, at all times, on a consolidated basis, positive working capital, and
 - o Maintaining, at all times, on a consolidated basis, a minimum cash balance of US\$750,000.
- Royalty Financing - As at March 31, 2025, the Company had not met some of the covenants related to the amended and restated royalty agreement dated November 29, 2023, including:
 - o the payment of royalty amounts with respect to the first quarter of 2025 for a total of \$0.5 million (US\$0.4 million) which were due on April 30, 2025, and
 - o the payment of royalty amounts with respect to the first, second, third and fourth quarters of 2024 for a total of \$2.9 million (US\$2.0 million) which were due during 2024 and the first quarter of 2025.
- As of May 29, 2025, all defaults have been waived by the lender effective March, 2025 and the Company is currently in discussions with the lender relating to the revision of existing agreements.

During the three month period ended March 31, 2025, the Company utilized net cash of \$295,000 with respect to operating activities (March 31, 2024 - \$1,725,000) and used net cash of \$0.1 million (March 31, 2024 (\$0.1 million) in investment activities.

d. Financings

During the three month period ended March 31, 2025, the Company made \$0.1 million of lease payments and received gross proceeds of \$500,000 from a non-brokered private placement of 2,631,579 common shares on a flow-through basis at a price of \$0.19 per share.

On April 27, 2025, the Company's remaining 1,680,000 outstanding share purchase warrants expired.

On September 27, 2023, Northern closed the sale of an additional 0.5% GRR on the Bissett Creek Project for \$950,000 in cash. In connection with this sale, the Company will make a separate fixed royalty payment to ERL in the total amount of \$200,000, payable in equal quarterly payments (commencing in the fourth quarter of 2023) of \$25,000 for the next two years.

On April 27, 2023, the Company closed a non-brokered private placement financing of 3,000,000 units issued on a charity flow-through basis at a price of \$0.75 per unit for proceeds of \$2,250,000. Each unit consisted of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to purchase one common share at an exercise price of \$0.75 for a period of two years. In connection with the transaction, the Company issued 180,000 warrants to a finder exercisable at \$0.75 per share for a period of two years and has recorded finder's fee payable of \$135,000. The Company used the proceeds of the financing to complete a drill program on a number of targets around LDI with the objective of identifying potential new sources of plant feed. In order to meet the terms of the flow through share agreement, the Company was required to spend \$2,250,000 on qualifying expenditures before December 31, 2024. Due to delays and scope of work issues, the Company only spent \$2,019,000 of this amount by December 31, 2024. As a result, Northern has accrued \$286,000 to cover penalties and interest due to the Canadian and Quebec governments and amounts anticipated to be due to the flow through shareholders for shortfalls in the expenditures.

On November 29, 2023, the Company obtained additional financing of US\$3 million (\$4.1 million) from Sprott Resources and Royalties in the form of an increase in the amount of the Senior Secured Loan by US\$1 million (from US\$12 million to US\$13 million) (\$1.4 million), and an increase in the amount of the Royalty Financing by US\$2 million (from US\$4 million to US\$6 million) (\$2.7 million) through an additional 4% graphite sales revenue royalty on LDI reducing to 0.25% once the additional royalty has been paid on 45,000 tonnes of sales.

The Company's current assets largely consist of inventories which represent a substantial source of future liquidity. While additional capital will be required to restart operations in Namibia, open a new pit at LDI, advance the LDI exploration, Bissett Creek and Mousseau Projects, as well as for construction of the Baie-Comeau BAM facility, most of the Company's capital investment programs are discretionary and flexible and will be managed in a manner that minimizes the need to raise financing at current share prices. Numerous, active discussions are ongoing with respect to strategic partnerships and off take agreements and there continue to be many positive developments in the EV/battery/critical minerals space.

The Company has incurred losses since its inception and had an accumulated deficit of \$98.5 million as at March 31, 2025 which has been primarily funded by the issuance of shares, a senior secured loan, royalty financing, a deferred revenue agreement and sales of graphite concentrate. The Company's ability to continue as a going concern depends upon its ability to raise adequate financing and to generate profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares and entering into financing arrangements, but there is no assurance that it will be able to continue to do so in the future. As at March 31, 2025, the Company had a negative working capital balance of \$41.2 million. There is a material uncertainty related to these conditions that casts significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements. Any such adjustments could be material.

On April 2, 2025, Northern entered into an agreement with Frankfurter Volksbank Rhein/Main eG for a loan of \$537,000 (€350,000) bearing interest of 5.1750 % per annum. The drawn loan amounts and related interest are all repayable between September 30, 2027 and June 30, 2032. The loan is limited to the activities of the Company's NGCBM subsidiary.

e. Contractual Obligations

At March 31, 2025, the Company had the following contractual obligations outstanding:

<i>(Shown in Thousands of Dollars)</i>	Within 1 year	2-3 years	4-5 Years	5+ years	Total
Accounts payable and accrued liabilities	\$ 10,284	\$ -	\$ -	\$ -	\$ 10,284
Senior secured loan	7,587	23,236	-	-	30,823
Royalty	5,504	10,783	8,762	13,613	38,662
Deferred revenue	-	7,557	15,256	55,157	77,970
Lease commitments	465	302	95	696	1,558
Reclamation provisions	-	-	-	9,765	9,765
Firm commitments	2,375	-	-	-	2,375
	\$ 26,215	\$ 41,878	\$ 24,113	\$ 79,231	\$ 171,437

f. Subsequent Events

All material events subsequent to March 31, 2025 have been described elsewhere in this MD&A.

g. Off Balance-Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or any obligations under a variable interest entity arrangement.

h. Transactions with Related Parties and Key Management Compensation

During the three months ended March 31, 2025, the Company expensed salary and compensation to key management personnel of \$466,000 (three months ended March 31, 2024 - \$562,000) and management fees to a company owned and controlled by key management personnel of \$9,000 (three months ended March 31, 2024 - \$13,000). During the three months ended March 31, 2025, the Company expensed directors' fees of \$48,000 (three months ended March 31, 2024 - \$41,000). During the three months ended March 31, 2025, the Company expensed share-based payments for stock options and RSUs granted to key management personnel and directors of \$49,000 (three months ended March 31, 2024 - \$155,000).

As at March 31, 2025, \$311,000 (December 31, 2024 - \$246,000) was included in accounts payable and accrued liabilities owing to officers and directors relating to management and directors' fees and for reimbursement of expenses.

During the three months ended March 31, 2025, 100,000 vested RSUs were exercised by related parties for the issuance of 100,000 common shares of the Company. On March 13, 2025, the Company issued 250,000 RSUs to an officer.

Subsequent to March 31, 2025, the Company issued 100,000 stock options to an officer at an exercise price of \$0.105. These options expire on May 10, 2030.

i. Proposed Transactions

The Company continually reviews potential merger, acquisition, investment and other joint venture transactions that could enhance shareholder value. At the current time, there are no reportable proposed transactions except as disclosed elsewhere in this MD&A.

j. Critical Accounting Estimates and Judgements

The preparation of the condensed interim consolidated financial statements requires Company management to make estimates, assumptions, and judgements about the future that affect the amounts recorded in the condensed interim consolidated financial statements. These estimates, assumptions, and judgements are based on the Company's

experience and management's expectations about future events that are believed to be reasonable under the circumstances. They are continually being re-evaluated based on new facts and experience. Actual results may differ from estimates, assumptions and judgements. The effect of a change in an accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

The critical accounting estimates and judgements that have the most significant effect in the preparation of the condensed interim consolidated financial statements are consistent are disclosed in note 3 of the Company's annual consolidated financial statements for the year ended December 31, 2024.

k. Material Accounting Policies

The Company's financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board. Details of the significant accounting policies for significant (or potentially significant) areas that have had an impact (or may have an impact in future periods) on the Company's financial statements are disclosed in note 4 of the Company's annual audited consolidated financial statements for the year ended December 31, 2024.

l. Disclosure of Outstanding Share Data

Information with respect to outstanding common shares, warrants and stock options as at May 29, 2025, March 31, 2025 and December 31, 2024 is as follows:

	May 29, 2025	March 31, 2025	December 31, 2024
Common shares	133,852,293	133,852,293	131,098,214
Warrants	-	1,680,000	1,680,000
Stock options	9,744,000	10,019,000	11,392,000
Restricted stock units	4,070,000	4,070,000	5,267,500

m. Non-IFRS Performance Measures

The Company has included certain non-IFRS measures in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Cash Cost Per Tonne of Graphite Concentrate Sold

Cash costs are a common financial performance measure but have no standard meaning. The Company reports cash costs on a per tonne of graphite concentrate sold basis. The Company believes that, in addition to measures prepared in accordance with IFRS, such as revenue, certain investors can use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor LDI's operating cost and performance.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measure disclosed in the financial statements.

<i>(Shown in Thousands of Dollars, Except Tonnes and Per Tonnes Figures)</i>	Three months Ended March 31, 2025	Three months Ended March 31, 2024
Graphite concentrate sold (tonnes)	1,585	2,968
Cost of sales	\$3,741	\$6,052
Less: depletion and depreciation	892	1,220
Total cash costs	2,849	4,832
Cash cost per tonne of graphite concentrate sold	\$1,797	\$1,628

Average Realized Sales Price Per Tonne of Graphite Concentrate Sold

Average realized sales price per tonne of graphite concentrate sold is used by management and investors to better understand the graphite price realized throughout a period.

<i>(Shown in Thousands of Dollars, Except Tonnes and Per Tonnes Figures)</i>	Three months Ended March 31, 2025	Three months Ended March 31, 2024
Gross revenue	\$4,041	\$5,532
Graphite concentrate tonnes sold	1,585	2,968
Average realized sales price per tonne of graphite concentrate sold	\$2,550	\$1,864

n. Trends

There are significant uncertainties regarding the prices of industrial minerals and the availability of equity financing for the purposes of mineral exploration and development. For instance, the prices of industrial minerals, including graphite, have fluctuated widely in recent years and it is expected that wide fluctuations may continue. Management of the Company is not aware of any trend, commitment, event or uncertainty both presently known or reasonably expected by the Company to have a material adverse effect on the Company's business, financial condition or results of operations other than the normal speculative nature of the natural resource industry and the risks disclosed below under the heading "Risk Factors".

Risk Factors

An investment in the Company's common shares is speculative and subject to risks and uncertainties. The operating results and financial condition of the Company are subject to a number of inherent risks and uncertainties associated with its business activities, which include the operation of the LDI mine, the planned resumption of operations at the Okanjande Project and the development of the Bissett Creek and Mousseau Projects. The operating results and financial condition of the Company are also subject to numerous external factors, which include economic, environmental, regulatory, social, legal, tax, market and geopolitical risks impacting, among other things, graphite prices, the availability and cost of capital to fund the capital requirements of the business, inflation, the supply chain related to the business, uncertainty of production and cost estimates and the potential for unexpected costs and expenses, foreign exchange rates, and changes in general economic conditions or conditions in the financial markets. Each of these risks could have a material adverse effect on the Company's future business, results of operations, financial condition and prospects and the value of any investment in the Company, and could cause actual results to differ materially from those described in any forward-looking statements in this MD&A. The Company endeavors to manage these risks and uncertainties in a balanced manner. This includes developing appropriate risk management strategies, policies, processes and systems. There can be no assurance that the Company has been or will be successful in identifying all risks or that any risk-mitigating strategies adopted to reduce or eliminate risk will be successful.

The risk factors noted below outline certain risks associated with an investment in the Company's common shares or in connection with the operations of the Company. Readers are cautioned that this is not an exhaustive list of all such risks.

No History of Mineral Production; New Production Risks

The Company has one operating mine, being the LDI mine, which it acquired in April 2022. Prior to this, the Company did not have a history of mineral production and its principal focus was on the development of the Bissett Creek Project. The Company is subject to risks and uncertainties in integrating the acquisition of the LDI Project and transitioning to an operational mining company. The Company also acquired the Okanjande Project in April 2022, is in the course of working to resume mining operations there and is subject to risks and uncertainties with its abilities to do so.

With its mining operations at the LDI mine and planned mining operations in Namibia, the Company is and will be subject to all of the hazards and risks normally encountered with mining operations and related processing and infrastructure facilities. Such risks include, without limitation, technical difficulties or failures, equipment failure, industrial accidents, disruptions in the supply of critical materials and supplies, labour disputes, delays in obtaining work visas or other authorizations, disruptions due to pandemic conditions, environmental hazards, failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability, changes in laws, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material. Such risks could result in damage to, or destruction of, mines and other processing facilities, damage to life or property, environmental damage, delays in mining and processing, delays in scheduled maintenance, losses and possible legal liability and adverse governmental action. Any prolonged downtime or shutdowns at the Company's mining and processing facilities could have a material adverse impact on the Company's business, financial condition and results of operations.

Moreover, there can be no assurance of the profitability of the Company's future operations, nor that significant additional losses will not occur in the near future. The Company's operating expenses and capital expenditures may increase in subsequent years as the costs increase for the consultants, personnel and equipment associated with advancing exploration, development and production. The amount and timing of expenditures will depend on the

progress of ongoing exploration, development and production, the results of consultant's analyses and recommendations, the rate at which operating losses are incurred, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

Limited Operating History and Financial Resources

The Company has a limited operating history since the acquisition of the LDI Project in April 2022. Additional funds will be required to resume mining operations at the Okanjande Project, to bring the Bissett Creek and Mousseau Projects into production and to advance the Company's downstream mine-to-market strategy. The Company has limited financial resources and there is no assurance that the Company will be able to raise sufficient additional funding to do so on acceptable terms or at all. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of these projects and could cause the Company to reduce or terminate its plans. Additional funds raised by the Company from treasury share issuances may result in further dilution to the shareholders of the Company or a change of control.

Going Concern and Financial Position

The Company's condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company will require additional capital to restart operations in Namibia and advance the Bissett Creek and Mousseau Projects and there is no assurance management will be successful in its endeavors.

During quarter ended March 31, 2025, the Company reported an operating loss of \$1.2 million and cash outflows from operating activities of \$0.3 million, and it has yet to generate positive earnings. As at March 31, 2025, the Company had negative working capital of \$41.2 million. As noted above, the Company's ability to continue as a going concern depends upon its ability to raise adequate financing and to generate profitable operations in the future. However, the Company's ability to achieve its objectives is dependent upon its ability to generate positive cash flows from operations and the sales of inventories, obtain additional financing and fund the repayment of existing borrowings. The Company has been successful in the past in raising funds for operations by issuing shares and entering into financing arrangements, but there is no assurance that it will be able to continue to do so in the future. There is a material uncertainty related to these conditions that casts significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supplies are important requirements, which affect capital and operating costs. Although the Company can access its properties, by good quality all-weather roads and labour, power and water are all readily available, natural events such as unusual or infrequent weather phenomena and severe climactic conditions, as well as sabotage, government or other interference in the maintenance or provision of such infrastructure could have a material adverse effect on the Company's future operations, financial condition and results of operations.

Cost Overruns, Delays and Construction Risk

The Company's future plans include the development of the Bissett Creek Project, Mousseau and a large new plant at the Okanjande mine site. The Company has not yet initiated such development nor does it currently have the funds to do so nor to restart operations at the Okanjande Project. All of these projects will be subject to risks associated with potential cost overruns, delays and construction risk.

Exploration and Development

Exploration for and development of mineral properties involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral reserves by drilling, constructing mining and processing facilities at a site, developing processes and extracting minerals. The Company cannot ensure that its exploration and development programs will result in profitable commercial mining operations.

The economic feasibility of a mine is based upon many factors, including the accuracy of mineral resource and mineral reserve estimates; recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting and environmental management and protection; and prices, which are highly volatile. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing.

Mineral Resources and Mineral Reserves

The Mineral Resources and Mineral Reserves disclosed by the Company are estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors, such as the need for orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be unprofitable in any particular accounting period. In addition, there can be no assurance that graphite recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Fluctuations in graphite prices, results of drilling, change in cut-off grades, metallurgical testing, production and the evaluation of mine plans subsequent to the date of any estimates may require revision of such Mineral Resource and Mineral Reserve estimates. The volume and grade of Mineral Reserves mined and processed, and the recovery rates achieved may not be the same as currently anticipated. Any material reduction in the estimated Mineral Resources and Mineral Reserves could have a material adverse impact on the Company's business, financial condition and results of operations. A significant decrease in the Mineral Resource and Mineral Reserve estimates could have a material adverse impact on the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, depletion and depreciation charges, and estimated mine closure and rehabilitation costs, and could result in an impairment of the carrying value. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Inferred Mineral Resources

Inferred Mineral Resources cannot be converted to Mineral Reserves unless they are first converted into Measured and Indicated Resources as a result of continued exploration. Due to the uncertainty which may be attached to Inferred Mineral Resources, there can be no assurance that Inferred Mineral Resources will be upgraded to Measured and Indicated Resources. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Need for Mineral Reserves

As mines have limited lives based on Proven and Probable Mineral Reserves, the Company must continually develop, replace and expand its Mineral Reserves and Mineral Resources as its mines produce graphite concentrates. The Company's ability to maintain or increase its annual production of graphite and its aggregate Mineral Reserves will be significantly dependent on its ability to expand its Mineral Resource base both at its existing mines and new mines it intends to bring into production in the future.

Reliance on Results of Prior Exploration Work

In preparing technical reports on the Company's projects in accordance with NI 43-101, the authors of such studies and assessments relied upon data generated by exploration work carried out by geologists employed by others. There is no guarantee that data generated by prior exploration work is 100% reliable and discrepancies in such data not discovered by the Company or such authors may exist. Such errors and/or discrepancies, if they exist, could impact on the accuracy of any technical reports prepared for the Company.

Commodity Prices

The price of the Company's securities, its financial results and its exploration, development and mining activities have previously been, or may in the future be, significantly adversely affected by declines in the price of graphite. Industrial mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of industrial minerals by various dealers, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, the degree to which a dominant producer uses its market strength to bring supply into equilibrium with demand, and international political and economic trends, conditions and events. The prices of industrial minerals have fluctuated widely in recent years, and future price declines could cause continued exploration and development of the Company's assets to be impracticable and the Company's operations to become unprofitable.

Further, reserve calculations and life-of-mine plans using significantly lower prices could result in material write-downs of the Company's investments in its various mining and development projects and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and the Company's financial condition, declining prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Financing and Liquidity

The Company relies on the cash flows generated from its mining and processing operations, including provisional payments received from its customers, cash on hand, and its ability to raise equity and debt from the capital markets to fund its operating, investment and liquidity needs. The cyclical nature of the Company's businesses, general economic conditions and the volatility of capital markets are such that conditions could change dramatically, affecting the Company's cash flow generating capability as well as its liquidity, cost of capital and its ability to access additional capital, which could have a material adverse impact on the Company's earnings and cash flows and, in turn, could affect total shareholder returns.

Furthermore, there can be no assurance that the Company's operations will be profitable or that the Company will be able to raise capital on terms that it considers reasonable. Adverse commodity market, general economic conditions and adverse capital market conditions could result in a delay or the indefinite postponement of development or construction projects and could have a material adverse impact on the Company's business, financial condition, results of operations and share price.

Mining Operations and Insurance

The Company does not currently carry insurance against all the risks associated with mining operations and exploration and development. There is no assurance that such insurance will be available in the future, or if available, at economically feasible premiums or acceptable terms. The potential costs associated with losses or liabilities not covered by insurance coverage may have a material adverse effect upon the Company's financial condition.

Governmental and Environmental Regulation, Permits and Compliance

The existing and anticipated future operations of the Company, including mining, processing, exploration and development activities, require licenses, permits or other approvals from various federal, provincial and local governmental authorities and such operations are or will be governed by laws and regulations relating to prospecting, development, mining, production, exports, taxes, labor standards, occupational health and safety, waste disposal, toxic substances, land use, water use, environmental protection, land claims of indigenous people and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that the Company will obtain on reasonable terms or at all the permits and approvals, and the renewals thereof, which it may require for the conduct of its future operations or that compliance with applicable laws, regulations, permits and approvals will not have an adverse effect on plans to develop the Company's mineral assets. Possible future environmental and mineral tax legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delay on the Company's planned exploration and operations, the extent of which cannot be predicted.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Reliance on Management and Experts

The success of the Company will be largely dependent upon the performance of its senior management and directors. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly skilled employees may adversely affect its business and future operations. The Company has not purchased any “key-man” insurance nor has it entered into any non-competition or non-disclosure agreements with any of its directors, officers or key employees and has no current plans to do so. The Company has hired and may continue to rely upon consultants and others for geological and technical expertise. The Company’s current personnel may not include persons with sufficient technical expertise to carry out the future development of the Company’s properties. There is no assurance that suitably qualified personnel can be retained or will be hired for such development.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The mining industry is facing a shortage of equipment and skilled personnel and there is intense competition for experienced geologists, field personnel, contractors and management. There is no assurance that the Company will be able to compete successfully with others in acquiring such equipment or personnel. The Company also competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company.

Title to Properties

Although the Company has taken precautions to ensure that legal title to its property interests are properly recorded in the name of the Company or its subsidiaries where possible, there can be no assurance that such title will ultimately be maintained. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

Aboriginal and Treaty Rights

In Canada, the issuance of government permits for mining projects may trigger the Crown’s duty to consult and potentially accommodate the Indigenous people of Canada, which include the First Nations (Indian), Inuit and Métis people of Canada. The aboriginal and treaty rights of Canada’s Indigenous people are recognized and affirmed by the *Constitution Act, 1982*, as a result of which Canadian courts have imposed on the federal and provincial governments a general duty to consult any Indigenous group whose aboriginal and treaty rights may be affected by a government decision, including the grant of permits or licences relating to mining activity. Although the duty to consult is imposed only on governments, the Crown may delegate some of the consultation’s procedural aspects to third parties and it is common practice for a mine proponent to be a participant in the process. Typically, this involves consultation and negotiation of an impact benefits agreement (“**IBA**”) between a mine proponent and applicable Indigenous group(s). Applicable Indigenous groups can file legal action on the basis of inadequate consultation, which could have the consequence of delaying the commencement of construction or operation of projects or increasing costs of projects. The Company is not aware of any aboriginal land claims having been asserted or any legal actions relating to indigenous issues having been instituted with respect to any of the Company’s projects in Canada. To the Company’s knowledge, no Indigenous group has been consulted regarding the LDI mine, which has been in production since 1989, but the closest Indigenous community to LDI is the Kitigan Zibi Anishinabeg First Nation reserve, which is located approximately 40 km to the southwest of the LDI mine. The Bissett Creek Project is located on unceded land claimed by the Algonquins of Ontario (“**AOO**”). The Company has begun the process of negotiating an IBA with the AOO and with the Algonquins of Pikwakanagan First Nation who are also a member of the AOO. To date the AOO have

expressed support for the Bissett Creek Project and have shown interest in economic development. However, the negotiation of an IBA is subject to many factors beyond the Company's control and there is no guarantee or assurance that the Company will be successful. The Company has also consulted with the Metis Nation of Ontario and these consultations could also lead to an IBA.

The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In addition, no assurance can be given that a broad recognition of aboriginal rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company's activities. Such impact could be material and, in certain circumstances, could delay or even prevent the Company's mineral exploration and mining activities.

Opposition to Mining

The Company's ability to advance its development activities, particularly in respect of its Bissett Creek and Mousseau Projects, may be affected to varying degrees by local community opposition to mining activities, causing delays in obtaining or the inability to obtain necessary permits and/or resulting in government regulations with respect to, but not limited to, restrictions on future exploitation and production. In addition, any shifts in political attitudes or changes in laws that may result in, among other things, significant changes to mining laws or any other national or local regulations or policies are beyond the Company's control and there is the risk that governments may adopt policies, which may extend to the deemed or actual expropriation of assets or revocation or cancellation of mining concession rights, that could adversely affect the Company's business.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation and provide for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry activities and operations. They also set forth limitations on the generation, transportation, storage and disposal of hazardous waste. A breach of such regulation may result in the imposition of fines and penalties. In addition, certain types of mining operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the viability or profitability of operations of the Company. It is always possible that, as work proceeds, environmental hazards may be identified which are at present unknown to the Company and which may have the potential to negatively impact on the Company's exploration, development and operational plans.

Cost of Land Reclamation

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Company.

Foreign Country and Political Risks

Some of the Company's operations and business are outside of Canada, being the Okanjande Project in Namibia. As such, the Company's operations are exposed to various political and other risks and uncertainties normally associated with operations in a foreign jurisdiction. These risks and uncertainties may include, but are not limited to: restrictions on foreign exchange and movements of capital; fluctuations in foreign currency exchange rates; high rates of inflation; labour unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; environmental policies; extreme weather conditions; changes in taxation or royalty policies; and changing political conditions. Any changes in mining or investment policies or shifts in political attitude in Namibia may have a material adverse impact on the Company's business, financial condition and results of operations.

Geopolitical Conflict

Geopolitical conflict, together with concerns over general global economic conditions, fluctuations in interest and foreign exchange rates, stock market volatility and inflation have contributed to increased economic uncertainty and

diminished expectations for the global economy. These factors have also increased the risk of disruption to global trade flows and supply chains. This global economic uncertainty and any disruption to global trade flows or supply chains may have a material adverse effect on our operations, sales, business and financial condition. Concerns over global economic conditions may also have the effect of heightening many of the other risks described herein, including, but not limited to: risks relating to fluctuations in the market price of our products; development of our projects; volatility in commodity and financial markets; market access restrictions or tariffs; fluctuations in the price and availability of consumed commodities; labour unrest and disturbances; availability of skilled employees; disruptions of information technology systems; changes in law or policies in relation to taxes; fees and royalties; and transportation and other services from third parties.

U.S. Legislative and Regulatory Policies.

The recent election of President Trump may result in legislative and regulatory changes that could have an adverse effect on the Company and its financial condition. In particular, there is uncertainty regarding U.S. tariffs and support for existing treaty and trade relationships, including with Canada. Implementation by the U.S. government of new legislative or regulatory policies could impose additional costs on the Company, decrease U.S. demand for the Company's products, or otherwise negatively impact the Company, which may have a material adverse effect on the Company's business, financial condition and operations. In addition, this uncertainty may adversely impact: (i) the ability of companies to transact business with companies such as the Company; (ii) the Company's profitability; (iii) regulation affecting the Canadian natural resources and mineral industry; (iv) global stock markets (including the TSXV); and (v) general global economic conditions. All of these factors are outside of the Company's control, but may nonetheless lead the Company to adjust its strategy in order to compete effectively in global markets.

Risks Related to Mine-to-Market Strategy

The Company's mine-to-market strategy for the downstream integration of its graphite concentrate capacity to produce BAM for use in Li-ion batteries and other possible value added products and its plans to build BAM production facilities in Baie-Comeau, Québec in furtherance of this strategy are subject to various risks and challenges including: the availability and terms of financing; the completion of all required binding commercial agreements relating to these initiatives including with any joint venture partners; the availability and performance of engineering and construction contractors, suppliers and consultants; the receipt of required governmental approvals and permits in connection with the construction of industrial facilities and the conduct of operations, including environmental and operating permits; price escalation on all components of construction and start-up. Any failure or delays in obtaining financing or concluding required commercial agreements, in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Company will be dependent in connection with these planned activities, to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or in connection with the completion and successful operation of the operational elements in connection with such industrial facilities could delay or prevent the Company from executing on its mine-to-market strategy. There can be no assurance that the Company will be successful in executing on this strategy and in implementing its related plans.

Obligations, Covenants and Restrictions in the Company's Senior Secured Loan

The Company has a senior secured loan with Sprott which it used to complete the acquisition of the LDI and Okanjande Projects. The Company's obligations under the loan are secured against the LDI and Okanjande Projects. The terms of the loan contain various customary positive and negative financial and operating covenants, as well as customary events of default, such as breach of covenants, conditions or obligations, and the occurrence of an insolvency event. The Company is already in default on certain covenants and events may occur in the future, including events beyond the Company's control, that could cause it to fail to cure existing defaults or satisfy other obligations and covenants under the loan. The failure to comply with its obligations and covenants could result in an event of default which, if not cured or waived, could permit acceleration of the related debt. This could lead to enforcement actions or proceedings under the security granted in connection with the loan. The occurrence of any such events would have a material adverse effect and could, among other things, result in the bankruptcy or liquidation of the Company, and could result in the loss of the Company's entire interests in the LDI and Okanjande Projects. As of May 29, 2025, all defaults have been waived by the lender effective March 31, 2025. The Company is currently in discussions with the lender relating to the revision of existing agreements. The Company can provide no assurance that it will achieve sufficient future cash flow and earnings to satisfy its debt obligations under the loan.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls

over financial reporting (“ICFR”) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed interim consolidated financial statements for external purposes in accordance with International Financial Reporting Standards.

As a “venture issuer” listed on the TSX Venture Exchange, the Company is not required to provide representations in its annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109 - *Certification of Disclosure in Issuer’s Annual and Interim Filings*. In particular, the Company’s CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation of condensed interim consolidated financial statements for external purposes in accordance with the Company’s Generally Accepted Accounting Principles.

Price Volatility and Lack of Active Market

Securities markets in Canada and elsewhere may from time-to-time experience high levels of price and volume volatility. Consequently, the market prices of the securities of many public companies may experience significant fluctuations in price which are not necessarily related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for the Company’s securities will be subject to such market volatility and that the value of such securities may be affected accordingly. If an active market does not develop, the liquidity of an investment in the Company’s common shares may be limited and the market price of such securities may decline.

Litigation

From time to time, the Company may be involved in lawsuits. The outcomes of any such legal actions may have a material adverse effect on the financial results of the Company on an individual or aggregate basis.

Dividends

The Company has no earnings or dividend record and does not anticipate paying any dividends on its common shares in the foreseeable future.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements and other information included in this MD&A constitute “forward-looking information” or “forward-looking statements” within the meaning of applicable securities legislation, which are collectively referred to herein as “forward-looking statements”. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes”, or variations of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms or similar expressions.

Forward-looking statements in this MD&A may include, but are not limited to statements with respect to the following: the future operating or financial performance of the Company and certain of its projects, including the existing operating mine at LDI; the future price of graphite; the estimation of Mineral Resources and Mineral Reserves and the realization of such mineral estimates; results of economic and technical studies, including the Okanjande PEA and the Bissett Creek feasibility study, and the realization of such results; the timing and amount of estimated future production and costs of exploration, development, production, operations and capital for certain of the Company’s projects; the success, timing and cost of the contemplated resumption of mining operations at the Okanjande Project; the success, timing and cost of exploration and development activities, including at the Mousseau and Bissett Creek Projects; the success and timeline of permitting activities; the Company’s mine-to-market downstream processing strategy and its plans with respect to the construction of a BAM processing facility in Baie-Comeau, Québec; requirements relating to additional capital; government regulation of mining and processing operations; environmental risks; reclamation obligations and expenses; market trends including with respect to EV and Li-ion battery markets; and any other information as to the future plans and outlook for the Company.

Forward-looking statements are based on what the Company's management considers to be reasonable assumptions, beliefs, expectations and opinions based on the information currently available to it, as of the date such statements are made. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the speculative nature of mineral exploration and development; the actual results of current production, development and exploration activities; fluctuations in graphite prices; inherent uncertainties in respect of conclusions of economic and technical studies, including the Okanjande PEA and the Bissett Creek feasibility study and PEA; the accuracy of the Company's Mineral Resource and Mineral Reserve estimate (including, with respect to size, grade and recoverability) as well as the geological, operational and price assumptions on which they are based; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production, including risks arising from the current inflationary environment and the impact on operating costs and other financial metrics; possible variations of mineral grade or recovery rates; fluctuations in currency exchange rates; uncertainties and risks inherent to developing and commissioning new mines into production, including the resumption of activities at the Okanjande Project, which may be subject to unforeseen delays; uncertainties with respect to actual results of current exploration and development activities; uncertainties inherent with conducting business in foreign jurisdictions; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; the availability of financing for the Company's development of its projects and other initiatives on reasonable terms; the possibility that the Company may incur additional debt; opposition by social or non-governmental organizations to mining projects and processing operations; unanticipated title disputes or other claims or litigation; increased costs and physical risks, including extreme weather events and resource shortages, related to climate change; cyber-attacks and other cybersecurity risks; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavorable operating conditions and losses; regulatory changes; actual results of reclamation activities; risks relating to the Company's business generally and the impact of the COVID-19 global pandemic, resulting in changes to the Company's supply chain, product shortages, delivery and shipping issues, closure and/or failure of plant, equipment or processes to operate as anticipated, employees and contractors becoming infected, low vaccination rates, lost work hours and labour force shortages; the fact that certain of the initiatives described in this MD&A are still in the early stages and may not materialize; as well as those risk factors discussion in the section entitled "Risk Factors" in this MD&A or in any other documents filed by the Company from time to time with applicable Canadian securities regulatory authorities and available under the Company's profile on SEDAR+ at www.sedarplus.ca. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

o. Qualified Person

Gregory Bowes B.Sc., MBA, P.Geo., is the Company's Qualified Person as that term is defined within NI 43-101 and has reviewed and approved the technical content of this MD&A.

Additional Information relating to the Company is available under the Company's profile on SEDAR+ at www.sedarplus.ca.