

Northern Graphite Announces 2023 Year-End Results: A Year of Transformation

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Ottawa, April 30, 2024 - [Northern Graphite Corp.](#) (TSXV: NGC) (OTCQB: NGPHF) (FSE: 0NG) (XSTU: 0NG) (the "Company" or "Northern") announces that its Audited Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2023 have been filed on SEDAR+ and posted to the Company's website. The Company is pleased to provide the following operational and financial summary.

"2023 was our first full year in operation since the Company acquired the Lac des Iles and Okanjande mining assets from Imerys, and it has been a transformative year for Northern," said Chief Executive Officer Hugues Jacquemin. "We successfully integrated the Lac des Iles mine and Okanjande project into the Company and optimized working capital to generate the cash we needed to advance our strategy, with minimal dilution to shareholders. Over the course of 2023, we saw sales rebound and progressed our four main growth catalysts, expanding our resource base at Lac des Iles, moving Okanjande closer to a construction decision, advancing our battery materials technology capabilities and progressing our plans to build a battery materials facility in Baie-Comeau. While it is frustrating that this progress is not yet reflected in our share price, we are confident the Company has a sound strategy and a strong competitive position relative to its peers."

Image 1

To view an enhanced version of this graphic, please visit:

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Advancing Our Growth Catalysts: Operational Highlights

- Following a successful 2023 drilling campaign which led to a new resource estimate and the potential to significantly extend mine life at our cornerstone Lac des Iles ("LDI") mine in Quebec, the Company is planning a second program for 2024. The Company's goal is to further increase LDI production through exploration success and/or the potential to process material from the Company's nearby Mousseau Project;
- LDI sales volumes were 8,592 tonnes in 2023 versus 5,785 tonnes in 2022 as the Company only acquired the LDI mine in May of that year. Sales increased by 24% to 4,763 tonnes in the second half of 2023 compared to the first half and were also 19% higher than the second half of 2022. This favorable trend is forecast to continue in 2024. In order to meet rising demand and to improve financial performance, the Company moved LDI to a seven day per week operation in April, 2024, targeting annual nameplate capacity of 25,000 tpy;
- The Company advanced its Okanjande project in Namibia by relocating most of the front end of its processing facility to the mine site and is working to secure non-dilutive financing to complete the move and target a restart of operations by the second half of 2025;
- Northern advanced its mine-to-market strategy, signing multiple non-disclosure agreements with battery and automakers for consideration of future potential offtake agreements;
- Testing conducted by Heraeus Battery Technology demonstrated that Battery Anode Material ("BAM") produced from LDI graphite samples has the potential to perform at or above the standards of commercially available reference materials;
- The Company signed a letter of intent with the city of Baie-Comeau to purchase land for a 200,000 tonne per year BAM plant to supply anode material to lithium-ion battery manufacturing plants throughout North America;
- The Company is in ongoing, active discussions with various government organizations at the federal and provincial level, and internationally, to gain support for its projects and to speed up development of the battery anode supply chain;

- Northern has bolstered in-house expertise, adding Chief Operating Officer Kirsty Liddicoat at the management level as well as key operations personnel. At the Board level, we welcomed Frank O'Brien-Bernini, formerly of Owens Corning, as Chair of the Environment, Social, Governance (ESG) and Nominating Committee. In January of 2024, the Company announced the appointment to its Board of Samantha Espley, an industry veteran who has a history of making transformation happen at some of the world's most important mining companies; and
- In 2023, Northern established an ESG strategy for the business, defining how to achieve a carbon neutral product stream by 2039, including water and dust management, use of solar power at Okanjande, hydro power at Baie-Comeau and via continuous remediation. Our objective is to be one of the world's most sustainable, integrated graphite miners and we have set unique and ambitious ESG targets, including goals to partner with the communities where we live and work. We have inclusion, equity and diversity targets for a workforce that is targeted to be 50 percent female by 2030.

Optimizing Working Capital: Financial Highlights:

- The Company optimized working capital by reducing its finished goods inventories by 4,326 tonnes and extending current lending/royalty agreements to generate cash for operations without diluting shareholders;
- Revenue of \$17.1 million for 2023 based on 8,592 tonnes of graphite concentrate sold at an average realized sales price of \$1,990 per tonne (US\$1,474 per tonne); ⁽¹⁾
- Cash costs of \$1,429 (US\$1,059) per tonne of graphite concentrate sold in 2023; ⁽¹⁾
- 2023 income from mine operations of \$1.9 million after depletion and depreciation of \$2.9 million;
- Cash used in operating activities was \$4.7 million in 2023;
- Largely due to a number of non-cash charges including depletion and depreciation, inventory impairments, adjustments and sales, capitalized interest expenses, share based compensation and the write off of the South Okak property, a net loss of \$23.6 million (\$0.18 per share) was recorded versus a net loss of \$14.6 million (\$0.14 per share) in 2022;
- The Company's financial performance on a cash flow and earnings basis was largely driven by LDI operating at less than half its nameplate capacity in 2023. In order to improve the Company's financial performance and to respond to increased demand, which partially relates to concerns over Chinese supply, the Company has moved to a seven day per week operation targeting annual nameplate capacity of 25,000 tpy. In addition, the Company is implementing a number of cost control and working capital reduction measures;
- Cash and cash equivalents were \$3.1 million as at December 31, 2023 compared to \$5.1 million as of December 31, 2022;
- At year end 2023 the Company had working capital of \$10.1 million (December 31, 2022 - \$19.4 million). Working capital includes \$17.1 million (December 31, 2022 - \$18.3 million) in inventory, consisting of 4,417 tonnes (current + non current) of graphite concentrate (December 31, 2022 - 8,743 tonnes) and 124,239 tonnes of ore stockpiles as well as materials and supplies. The ore stockpile contains approximately 7,765 tonnes of recoverable graphite;
- Net cash used in investing activities was \$4.5 million, largely consisting of capital expenditures of \$3.0 million and exploration costs of \$ 1.9 million;
- Net cash from Financing Activities was \$7.3 million and included the sale of an additional 0.5% gross revenue royalty ("GRR") on Bissett Creek for \$950,000, additional financing of US\$3 million from Sprott Private Resource Streaming and Royalty in the form of an increase in its senior secured loan of US\$1 million (from US\$12 million to US\$13 million) and an increase its royalty on LDI of US\$2 million (from US\$4 million to US\$6 million) through an additional 4% royalty, a non-brokered charity flow-through private placement financing of \$2,250,000 and the exercise of options and warrants.

(1) The Company reports the non-IFRS financial measures of average realized sales price per tonne of graphite concentrate sold and cash costs per tonne of graphite concentrate sold to manage and evaluate its operating performance. See "Cautionary Note Regarding Non-IFRS Performance Measures" below.

Image 2

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Northern is advancing toward its goal of becoming a vertically integrated, mine-to-market supplier to traditional downstream customers and to the emerging market for battery anode material. The main catalysts of that strategy include growing graphite production from its cornerstone Lac des Iles asset, restarting its Okanjande mine in Namibia and developing downstream capacity to produce anode material for use in lithium-ion batteries and electric vehicles ("EVs") in North America and Europe and to upgrade graphite mine concentrate into value added industrial products.

Mining Operations

Northern advanced its key growth catalyst of adding resources that will enable it to bring on quick, scalable, low capex production at existing mines and bring its projects on line in time to supply the EV revolution. Northern expects to become one of the largest natural graphite producers outside of China when its Namibian operations are restarted.

Lac des Iles Mine - Quebec

After a detailed review of historical studies and mine plans and the results of an airborne geophysical survey in 2023, the Company carried out a drill program to explore previously untested areas of the LDI property with the objective of extending the life of the mine. The program was financed from the proceeds of a \$2.25 million charity flow-through private placement and consisted of 7,890 meters of drilling in 88 holes. Based on the success of the program, an updated mineral resource estimate was prepared by SLR Consulting (Canada) Ltd. The new resource estimate creates the potential to extend the life of LDI by approximately eight years which will be confirmed and quantified through an updated mineral reserve estimate and life-of-mine plan that will be available later in 2024. 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 updated mineral resource estimate assumes 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. A technical report in respect of the updated mineral resource estimate 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+ on March 1, 2024.

The Lac des Iles mine and plant were temporarily shut down for the second and third quarters, as well as part of the fourth quarter of 2023, while the Company served customers and preserved cash by selling down inventories. Inventories of finished goods decreased by 4,326 tonnes to 4,417 tonnes as of December 31, 2023 as a result of increased sales combined with the care and maintenance program. The Company produced 4,261 tonnes of graphite concentrate and sold 8,592 tonnes of graphite concentrate during the year. The Company realized an average sales price of \$1,990 per tonne in 2023 with cash costs of \$1,429 per tonne sold and mine operating income of \$1.9 million generated.

The plant was restarted in October and Northern currently plans to restart the mine in the spring of 2024. In order to meet rising demand and to improve its financial performance the Company has moved to a seven day per week operation targeting annual nameplate capacity of 25,000 tpy.

Mousseau - Quebec

In the third quarter of 2023, Northern announced a mineral resource estimate on its Mousseau property (previously known as Mousseau West) that added significant resources to the Company's portfolio. Resources at Mousseau are estimated at 2,821,041 tonnes in the measured and indicated category with an average grade of 7.9% (223,079 tonnes of contained Cg) and 331,884 tonnes of inferred resources with an average grade of 9.3% (30,714 tonnes of contained Cg). The Mousseau project is located approximately 80 km from LDI and has the potential to further extend LDI's life and expand its production by shipping material to LDI's processing facility. Mousseau is Northern's fourth significant graphite project along with LDI, Bissett Creek in Ontario and Okanjande in Namibia. A technical report in respect of the mineral resource estimate prepared in accordance with NI 43-101 was filed under the Company's profile on SEDAR+ on October 12, 2023.

Okanjande Mine - Namibia

In August, the Company published the results of a new PEA that evaluated moving the processing plant for its Namibian operations, currently located at Okorusu, to the Okanjande mine site rather than rehabilitating the mill in its current location. The PEA indicated 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.

Key results of the PEA included average annual production of 31,000 tonnes of graphite concentrate to be sold in U.S. and European markets, production costs of US\$666 per tonne, a post tax IRR of 36 percent, a post tax NPV of US\$70 million and a payback of under four years. Results 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 was prepared in accordance with NI 43-101 and was filed under the Company's profile on SEDAR+ on August 28, 2023. During the third quarter of 2023, Northern put most of Okanjande on care and maintenance (except for engineering and activities relating to moving the plant to Okanjande) to reduce costs. The timing of a restart is subject to the availability of project financing. 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. A full development schedule can be executed within 12- to 14 months once financing is available, with the intent to resume production in 2025.

Bissett Creek Project - Ontario

Northern advanced permitting and project conversations with First Nations on the Bissett Creek project in Ontario while also looking for funding opportunities. Engineering work is forecast to start in 2025, and construction can begin shortly thereafter, pending financing. Northern's goal is to bring Bissett Creek into initial production in 2026, in line with forecasted first phase production of the Baie-Comeau facility that is timed to meet projected demand from battery makers for graphite battery anode material, a critical component of the lithium-ion batteries that power electric vehicles.

Mine-to-Market Strategy

The Company has continued to evolve its mine-to-market-to-battery strategy, working toward building a 200,000 tonne-per-year Battery Anode Material plant in Baie-Comeau, Quebec, which is a key component of the strategy. The Company advanced and strengthened technical relationships with multiple partners during the year with the objective of securing the technology, engineering and financial partnerships necessary to develop BAM facilities, in Baie-Comeau and elsewhere.

In the third quarter, testing conducted by Heraeus Battery Technology demonstrated that BAM produced from LDI graphite samples has the potential to perform at or above the standards of commercially available reference materials. Subsequent to year end, the Company launched its NGC Battery Materials Group following the acquisition of the assets and R&D team of the battery division of Germany's Heraeus Group, including a fully operational, state-of-the-art laboratory in Frankfurt. Northern has also licensed IP from Heraeus to develop, produce, and sell Porocarb®, a patented high-performance porous hard carbon material that enhances the efficiency and speed of energy storage mechanisms including both lithium-ion and solid state batteries. Discussions are ongoing with automakers and EV battery manufacturers to secure long-term purchase agreements.

Graphite Market Outlook

Sales volumes increased by 24 percent during the second half of 2023 compared to the first half, with record volumes achieved during the third quarter and continued strong performance in the fourth quarter. Global graphite markets tightened in the second half after China, the world's largest producer of graphite - a key component of batteries for electric vehicles - reinstated subsidies on domestic EVs and less graphite was available for export. Markets tightened further after China announced that it would start imposing export controls on certain graphite battery making materials as of December 1. Strong sales continued into the first quarter of 2024 and, barring unforeseen disruptions, the Company expects this trend to continue as the year progresses.

In closing, Mr. Jacquemin commented: "2023 saw us advance across all of our key growth catalysts as we prepare our Company to supply coming graphite demand from the EV Revolution and energy transition in North America, and we will continue to drive on those catalysts," said Mr. Jacquemin. "Going forward, we anticipate an improving financial performance supported by a robust order book for our graphite. In the wake of China's actions to limit exports of graphite, we have already seen strong demand for our product, and we see this trend continuing in 2024. Accordingly, the Company has ramped up operations at LDI to seven days a week resulting in an annual run-rate of up to 25,000 tonnes versus the 8,592 tonnes that were sold in 2023. We are also planning a second exploration program at LDI and looking at transporting material from

our Mousseau Project to LDI for processing to leverage its infrastructure and further increase production. Already being an established producer, plus growth opportunities at LDI and Okanjande with the potential to substantially increase output at a reasonable capital cost and in a relatively short time frame, differentiates the Company from almost all of its peers. At the same time, we are advancing our mine-to-market-to-battery strategy and are in active discussions with a number of EV battery makers to qualify our materials and advance our product offerings for both lithium-ion and solid state batteries."

About Northern Graphite

Northern, the only flake graphite producing company in North America, is a Canadian, TSX Venture Exchange listed company that is focused on becoming a world leader in producing natural graphite and upgrading it into high-value products critical to the green economy, including anode material for lithium-ion batteries/EVs, fuel cells and graphene, as well as advanced industrial technologies.

Northern expects to become one of the largest natural graphite producers outside of China when its Namibian operations come back online. The Company also has the large-scale Bissett Creek project in Ontario and substantial additional measured and indicated resources in Namibia and the Mousseau property in Quebec which are expected to be sources of continued production growth in the future. All projects have "battery quality" graphite and are located close to infrastructure in politically stable jurisdictions.

For media inquiries contact

Pav Jordan, VP of Communications
Email: pjordan@northerngraphite.com

For further information contact

Guillaume Jacq, CFO
Telephone: (613) 271-2124
Email: info@northerngraphite.com

Qualified Person

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

For additional information

Please visit the Company's website at www.northerngraphite.com/investors/presentation the Company's profile on www.sedarplus.ca our Social Channels listed below or contact the Company at (613) 271-2124.

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Cautionary Note Regarding Non-IFRS Performance Measures

This news release includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide investors with 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. The calculation and an explanation of these measures is provided in the Company's Management's Discussion and Analysis and such measures should be read in conjunction with the Company's Management's Discussion and Analysis and financial statements.

Cautionary Note Regarding Forward-Looking Statements

This news release contains certain "forward-looking statements" within the meaning of applicable Canadian securities laws. Forward-looking statements and information are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "potential", "possible" and other similar words, or statements that certain events or conditions "may", "will", "could", or "should" occur. Forward-looking statements in this news release include statements regarding, among others, plans for

extending the mine life and output at LDI, bringing the Company's Namibian operations back online, advancing other developments projects to production, developing the capacity to manufacture value added products and raising the financing to complete any or all of these initiatives. All such forward-looking statements are based on assumptions and analyses made by management based on their experience and perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. However, these statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of other parties to perform as agreed; social or labour unrest; changes in commodity prices; unexpected failure or inadequacy of infrastructure and the failure of ongoing and contemplated studies to deliver anticipated results or results that would justify and support continued studies, development or operations, and the inability to raise the required financing. Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this news release are based on what management believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with them. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release.

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