

**FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102**

Item 1. Name and Address of Company

NextSource Materials Inc. (the “**Company**”)
1001-145 Wellington Street West
Toronto, Ontario, M5J 1H8
Canada

Item 2. Date of Material Change

July 19, 2017

Item 3. News Release

A news release was issued by the Company on July 19, 2017 through the facilities of Marketwired and was subsequently filed on SEDAR.

Item 4. Summary of Material Change

On July 19, 2017, the Company filed an updated Feasibility Study on SEDAR and on its website at www.nextsourcematerials.com. The Company also posted a new corporate presentation to its website.

Item 5. Full Description of Material Change

On July 19, 2017, the Company filed on SEDAR (www.sedar.com) an updated National Instrument 43-101 Technical Report – Feasibility Study (“Updated Feasibility Study”) for its Molo Graphite Project located near the village of Fotadrevo in the Province of Toliara, Madagascar.

The Updated Feasibility Study titled, “Molo Feasibility Study National Instrument 43-101 Technical Report” is also available on NextSource's website at www.nextsourcematerials.com.

Results from the Updated Feasibility Study were previously announced on June 1, 2017 and highlighted the following:

- The updated Feasibility Study results verify the positive economics for Phase 1 of the Molo mine, which will utilize a unique fully-modular build approach and takes into account current-day flake graphite prices
- A build cost of US\$18.4 million confirms that the Molo Project will have the lowest capital mine cost (CAPEX) of any new and competing graphite project
- Phase 1 will consist of a fully operational and sustainable graphite mine with a permanent processing plant capable of producing approximately 17,000 tonnes per annum (“tpa”) of high-quality SuperFlake™ graphite concentrate per year with a mine life of 30 years
- Project Operating costs (OPEX) include all-in costs for freight and insurance (CIF) to ship Molo SuperFlake™ concentrate to international European port (Rotterdam) and verifies Molo OPEX as one of the lowest in the industry on a full-cost, CIF basis
- Phase 1 build time of 9 months
- Phase 1 will realize a pre-tax internal rate of return (IRR) of 25.2%, a post-tax IRR of 21.6%

- Based on the positive results of the updated Feasibility Study, the Company will be initiating an economic analysis for eventual Phase 2 expansion that will incorporate its unique modular approach to produce approximately 50,000 tpa of finished SuperFlake™ graphite concentrate

QUALIFIED PERSONS

The updated Feasibility Study was prepared in accordance with National Instrument (NI) 43-101 standards by Mr. Johann de Bruin, PrEng. of Erudite Strategies (Pty) and is the Qualified Person who verified the technical data using industry acceptable standards and signed off on the relevant sections in the NI 43-101 report filed on SEDAR. Mr. de Bruin, independent of the Company, is the qualified person who has reviewed and approved the technical information contained in the updated Feasibility Study titled, "Molo Feasibility Study National Instrument 43-101 Technical Report."

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

Brent Nykolation
Senior Vice President, Corporate Development
(416) 364-4911

Item 9. Date of Report

July 22, 2017.