



NextSource Materials Announces Molo Mine Update, Management Appointments and Exercise of Warrants by Vision Blue Resources for Proceeds of US\$16.9M

NEWS RELEASE – TORONTO, October 25, 2022

NextSource Materials Inc. (TSX:NEXT) (OTCQB:NSRCF) (“NextSource” or the “Company”) is pleased to provide an update on the development of its Molo Graphite Mine (“Molo mine”) in Madagascar, management appointments and progress on its proposed Battery Anode Facility (“BAF”) deployment plans.

The Company also announces the early exercise by Vision Blue Resources Limited (“Vision Blue”) of 23,214,286 warrants acquired in May 2021 (see the Company’s press release on May 19, 2021) for aggregate proceeds to the Company of approximately US\$16.9 million.

Molo Mine Construction Update

The transport of all processing plant modules and supporting equipment to the Molo mine site has been completed. Re-assembly of the Processing Plant is in progress and will be followed by Site Acceptance Testing, which is the final step before commissioning.

Completion of construction activities and the start of mining activities is expected in November. Completion of plant commissioning is expected in December followed by a ramp up period prior to declaring commercial production. Phase 1 of the Molo Mine is designed to operate at a production capacity of 17,000 tonnes per annum.

Phase 1 is modular and can be incrementally expanded to provide additional feedstock for the Company’s downstream initiatives.

Strengthening Management and Operations Team for Next Stage of Growth

The Company is pleased to announce an expansion of its senior management and mine operations teams with the addition of Danniell Stokes as Vice President, Special Projects, and Wilhelm Reitz as Mine Manager of the Molo Graphite Mine.

Mr. Stokes has more than 18 years of project management experience across a diverse portfolio of mining projects around the world. Mr. Stokes will be based in the UK and will be responsible for project management of the Molo Mine Phase 2 Expansion Feasibility Study and the BAF project.

Prior to joining NextSource Materials, Mr. Stokes held senior management positions at the Nimba Iron Ore Project, ArcelorMittal Mining’s PMO, and on international mining projects that include the Guinea Alumina Project, Ivanhoe’s Oyu Tolgoi Copper/Gold Project in Mongolia, and the Resolution Copper Project in Arizona. Mr. Stokes holds degrees in business and engineering.

Mr. Reitz has 28 years of mine management experience in Africa and across a diverse range of critical minerals, metals and commodities, with specific graphite expertise, having served as the mine manager and technical advisor to two graphite operations in Madagascar.

President and CEO, Craig Scherba, commented,

"With the commissioning of the Molo mine anticipated to be just weeks away, we are executing on our strategy to become an integrated producer of graphite anode materials to supply the global automotive industry with a material that is critical to its electrification plans. The construction of the Molo mine is progressing well, and we expect to provide details on the location and economics of our first downstream battery anode facility by December.

I am delighted to welcome Danniell Stokes and Wilhelm Reitz to the NextSource team and, together with the additional investment by Vision Blue Resources, we are well positioned as we advance to our next stage of growth."

Battery Anode Facility (BAF)

With the completion of Phase 1 of the Molo Graphite Mine in Madagascar, the Company is finalizing its plans to build several BAFs in sequence that will convert flake graphite into coated, spheronized and purified graphite ("CSPG"). The Company plans to construct BAFs with modular production capacities that can expand in lockstep with automotive demand, with each facility to be strategically positioned to serve key markets in Asia, North America, and Europe.

For the past several months, the Company has undertaken a comprehensive process to shortlist optimal locations for its first BAF, and through this process has selected a location. An economic/costing study ("the Study") on the capital and operating costs in respect of the first BAF is expected to be completed in November 2022 and the Company will share details of the location and the Study results shortly thereafter. It is anticipated that the BAF will take approximately 12 months to complete once a construction decision has been made by the Company.

CSPG is the final form of graphite that is used as anode material, which is assembled along with cathode material and other components into finished lithium-ion batteries, used by automobile manufacturers for electric vehicles. The Company has an exclusive technical partnership agreement to produce CSPG using proprietary and well-established processing technology that currently supplies major EV automotive companies, including the Tesla and Toyota supply chains.

Exercise of Warrants by Vision Blue Resources for Proceeds of US\$16.9M

The Company is pleased to announce the early exercise by Vision Blue of 23,214,286 common share purchase warrants ("Warrants") at a price of C\$1.00 per common share that were set to expire on May 19, 2023 for aggregate gross proceeds to the Company of C\$23,214,286 (approximately US\$16.9M). The subscription notice was received by the Company on October 25, 2022 and the estimated US Dollar equivalent is based on the posted exchange rate as of October 24, 2022. The exercise of the Warrants is expected to be completed on or around October 31, 2022.

Prior to the exercise of the Warrants, Vision Blue has beneficial ownership of, or control and direction over 35,214,286 common shares, 23,214,286 Warrants, 15,000 restricted share units (each, an "RSU"), entitling the holder to acquire one common share for no additional consideration and expiring on June 30, 2024, and 150,000 stock options (each, an "Option"), entitling the holder to purchase one common share at a price of C\$3.60 per share and expiring on March 19, 2024, representing approximately 34.57% of the outstanding common shares on a non-diluted basis and approximately 46.78% on a partially diluted basis. As a result of the exercise of the Warrants the Company's issued share capital will increase to 125,086,900 outstanding common shares and Vision Blue will have beneficial ownership of, or control and direction over 58,428,572 common shares, 15,000 RSUs and 150,000 Options, representing approximately 46.71% of the outstanding common shares on a non-diluted basis and approximately 46.78% on a partially diluted basis (in the event that Vision Blue exercises its outstanding options and RSUs).

Vision Blue is acquiring the common shares for investment purposes and intends to review its investment in NextSource on a continuing basis. Vision Blue may, depending on market and other conditions, increase or decrease its beneficial ownership, control or direction, over securities of NextSource through

market transactions, private agreements, treasury issuances or otherwise. Vision Blue's head office is located at Third Floor, 1 Le Truchot, St Peter Port, Guernsey GY1 1WD.

For more information, or to obtain a copy of the subject early warning report, please contact:

Sir Mick Davis
info@vision-blue.com
+44 (0)2073899512

ABOUT VISION BLUE RESOURCES LIMITED

Vision Blue was founded in December 2020 by Sir Mick Davis to identify and capture opportunities in battery and technology minerals linked to EVs & Grid Storage growth.

Vision Blue targets companies in established mining jurisdictions, with well-advanced and best-in-class battery material assets that are scalable and can be brought into production rapidly. Vision Blue aims to work with existing management teams to provide critical growth capital, technical support, experience in securing future finance, and ultimately the delivery of an exit strategy. Where possible, Vision Blue utilizes a phased development approach based upon self-financed expansion to achieve large scale revenue and cash flows across the entire battery materials vertical supply chain. For further information about Vision Blue visit their website at www.vision-blue.com.

ABOUT NEXTSOURCE MATERIALS INC.

NextSource Materials Inc. is a strategic materials development company based in Toronto, Canada that is intent on becoming a fully integrated, global supplier of critical battery and technology materials needed to power the sustainable energy revolution.

The Company's Molo graphite project in Madagascar is one of the largest known and highest-quality graphite deposits globally, and the only one with SuperFlake® graphite. Construction of Phase 1 of the Molo Project is underway, with the start of mining activities expected in November 2022, and completion of plant commissioning expected in early December 2022.

NextSource Materials is listed on the Toronto Stock Exchange (TSX) under the symbol "NEXT" and on the OTCQB under the symbol "NSRCF".

For further information about NextSource visit our website at www.nextsourcematerials.com or contact us a +1.416.364.4911 or email Brent Nykoliation, Executive Vice President at brent@nextsourcematerials.com or Craig Scherba, President & CEO at craig@nextsourcematerials.com.

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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.