

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

NextSource Materials Inc. (“**NextSource**” or the “**Company**”)
130 King Street West, Exchange Tower, Suite 1940,
Toronto, Ontario M5X 2A2

Item 2: Date of Material Change

August 1, 2023

Item 3: News Release

News release announcing the material change was disseminated on August 1, 2023 through the facilities of Canada Newswire (Cision), a copy of which has been filed under NextSource’s profile on SEDAR+.

Item 4: Summary of Material Change

On August 1, 2023, NextSource closed an overnight marketed public offering (the “**Offering**”). Pursuant to the Offering, NextSource issued 30,303,500 common shares of the Company (each a “**Share**”) at a price of C\$1.65 per Share (the “**Offering Price**”) for gross proceeds of C\$50,000,775.

Item 5: Full Description of Material Change

5.1 Full Description of Material Change

On August 1, 2023, NextSource closed the Offering. Pursuant to the Offering, NextSource issued 30,303,500 Shares at a price of C\$1.65 per Share for gross proceeds of C\$50,000,775. The Offering was conducted through a syndicate of underwriters co-led by Cormark Securities Inc. and BMO Capital Markets, and including Clarus Securities Inc. (collectively, the “**Underwriters**”), pursuant to an underwriting agreement dated July 13, 2023 entered into among the Company and the Underwriters.

In addition, the Company has granted the Underwriters an option (the “**Over-Allotment Option**”) to purchase up to an additional 15% of the number of Shares issued under the Offering on the same terms exercisable at any time up to 30 days following the closing of the Offering, for market stabilization purposes and to cover over-allotments, if any.

The net proceeds of the Offering are intended to be used by the Company to advance and complete construction of a battery anode facility in Mauritius and other matters as described in the Prospectus (as defined below).

The Shares issued under the Offering were qualified for distribution by way of a final short form prospectus dated July 27, 2023 (the “**Prospectus**”) filed in each of the provinces of Canada, other than Quebec, and were offered in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws, and certain other jurisdictions outside of Canada and the United States.

Vision Blue Resources Ltd. (“**Vision Blue**”) purchased 14,151,500 Shares under the Offering to maintain its pro rata ownership in the Company. Prior to the Offering, Vision Blue held an aggregate of 58,428,572 common shares of the Company (“**Common Shares**”), 150,000 stock options (“**Options**”), each entitling it to purchase one Common Share, expiring on March 19, 2024 and 15,000 restricted share units (“**RSUs**”) entitling it to acquire one Common Share, and expiring on June 30, 2024, representing approximately 46.6% of the outstanding Common Shares on a non-diluted basis and approximately 46.8% on a partially diluted basis (in the event that the Vision Blue exercises its outstanding Options and RSUs). After giving effect to the closing of the Offering, Vision Blue owns and exercises control or direction over 72,580,072 Common Shares, 150,000 Options and 15,000 RSUs of the Company, representing approximately 46.6% of the outstanding Common Shares on a non-diluted basis and approximately 46.7% on a partially diluted basis. The participation of Vision Blue in the Offering constitutes a “related party transaction” pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The Company has determined that the transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 by virtue of the exemptions contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of securities issued to Vision Blue nor the consideration paid by Vision Blue exceeded 25 percent of the Company’s market capitalization. The Company did not file a material change report in respect of the transaction 21 days in advance of closing of the Offering because Vision Blue’s participation had not been confirmed. The shorter period was necessary in order to permit the Company to close the Offering in a timeframe consistent with usual market practice for transactions of this nature.

5.2 Disclosure of Restructuring Transactions

Not applicable

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

For further information, please contact Marc Johnson, Chief Financial Officer, at (416) 364-4986.

Item 9: Date of Report

August 8, 2023