



NextSource Materials Inc.

Audited Consolidated Financial Statements

For the years ended June 30, 2025, and 2024

Expressed in US Dollars



Independent auditor's report

To the Shareholders of NextSource Materials Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of NextSource Materials Inc. and its subsidiaries (together, the Company) as at June 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at June 30, 2025 and 2024;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended June 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of property, plant and equipment related to the Molo mine cash generating unit (CGU)

Refer to note 3 Material accounting policy information, note 4 Significant judgments, estimates and assumptions, note 9 Property, plant and equipment and note 21 Segment reporting to the consolidated financial statements.

The carrying value of property, plant and equipment was \$72.7 million as at June 30, 2025, of which \$60.7 million related to the Madagascar segment of which the Molo mine CGU represents a significant portion.

Whenever indicators of impairment exist, the recoverable amount of the asset is calculated by management in order to determine if any impairment loss is required to be recorded. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the CGU level for the purpose of assessing the recoverable amount. An impairment loss is recognized for any excess of the carrying amount of the CGU over its recoverable amount, which is the higher of the fair value less costs to sell and value in use.

Our approach to addressing the matter included the following procedures, among others:

- Tested how management determined the recoverable amount of the Molo mine CGU, which included the following:
 - Tested the underlying data used in the discounted cash flow model.
 - Evaluated the reasonableness of production volumes, future commodity prices, and operating costs by (i) comparing future commodity prices with external market and industry data; and (ii) assessing whether these key assumptions were consistent with evidence obtained in other areas of the audit, as applicable.
 - The work of management's experts was used in performing the procedures to evaluate the reasonableness of (i) the estimates associated with the production volumes based on estimated quantities of mineral reserves and resources and (ii) operating costs. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of data used by management's experts and an evaluation of their findings.



Key audit matter

As at June 30, 2025, the company identified an impairment indicator as the market capitalization of the Company was less than the carrying amount of the net assets which triggered an impairment assessment. The Company determined the recoverable amount of the Molo mine CGU based on a fair value less cost of disposal method using a discounted cash flow model. Calculating the recoverable amount of the Molo mine CGU requires management to make estimates and assumptions relying on its judgment and taking into account information available at that time. Key assumptions used by management in the discounted cash flow model included: production volumes, future commodity prices, discount rate and operating costs. Estimated quantities of mineral reserves and resources, production volumes and operating costs are based on information compiled by qualified persons (management's experts).

We considered this a key audit matter due to the significance of the property, plant and equipment balance of the Molo mine CGU and the judgment made by management in determining the recoverable amount of the Molo mine CGU. This has resulted in significant audit effort and subjectivity in performing procedures to test the key assumptions. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

How our audit addressed the key audit matter

- Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the appropriateness of the method, the discounted cash flow model used by management and the reasonableness of the discount rate used within the model.
- Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessment of property, plant and equipment of the Molo mine CGU.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Marelize Barber.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
September 29, 2025

NextSource Materials Inc.
Consolidated Statements of Financial Position
(Expressed in US Dollars)

	As at June 30, 2025	As at June 30, 2024
Assets		
Current Assets:		
Cash and cash equivalents	\$ 3,281,768	\$ 10,770,381
Amounts receivable (note 21)	483,449	427,977
Inventories (notes 6)	6,013,127	1,002,793
Prepaid expenses (notes 7)	862,789	1,333,944
Total Current Assets	10,641,133	13,535,095
Prepayments and deposits (note 8)	889,184	9,492,982
Property, plant, and equipment (notes 9 and 21)	72,664,783	69,820,625
Total Assets	\$ 84,195,100	\$ 92,848,702
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities (note 10 and 21)	\$ 4,962,950	\$ 4,282,479
Current portion of lease obligations (note 11)	1,400,976	2,405,980
Current portion of royalty obligations (note 12)	1,897,500	2,846,250
Share-based compensation liability (notes 19 and 21)	57,228	190,649
Borrowings (note 13)	15,437,022	—
Total Current Liabilities	23,755,676	9,725,358
Share-based compensation liability (notes 19 and 21)	32,479	401,469
Withholding tax provision	568,200	247,195
Lease obligations (note 11)	7,428,877	18,797,929
Royalty obligations (note 12)	8,694,866	8,745,628
Commercial production obligation (note 14)	536,127	707,850
Asset retirement obligations (note 15)	2,192,186	1,920,269
Total Liabilities	43,208,411	40,545,698
Shareholders' Equity		
Share capital (note 17)	216,433,563	205,025,476
Accumulated deficit	(174,708,355)	(151,452,062)
Accumulated other comprehensive loss	(738,519)	(1,270,410)
Total Shareholders' Equity	40,986,689	52,303,004
Total Liabilities and Shareholders' Equity	\$ 84,195,100	\$ 92,848,702

Nature of operations (note 1)

Basis of presentation and going concern (note 2)

Commitments (note 16)

The accompanying notes are an integral part of these audited consolidated financial statements.

NextSource Materials Inc.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in US Dollars, except number of shares)

	Year ended June 30, 2025	Year ended June 30, 2024
Revenues (note 5)	\$ 714,837	\$ —
Expenses and other income		
Cost of Sales (note 21)	3,085,801	—
General and administrative expenses (note 20 and 21)	8,896,761	6,766,917
Exploration and evaluation expenses (note 21)	31,379	75,941
Madagascar Government Royalties (note 21)	16,362	239
Share-based compensation and RSU expense (note 21)	(108,911)	334,411
Depreciation of property, plant, equipment and development (note 9)	664,838	198,322
Gain on disposal of right-of-use asset (note 21)	(261,544)	(178,339)
Change in value of lease liability (note 21)	(171,954)	—
Change in value of royalty obligation (note 12 and 21)	(680,592)	8,443
Change in value of commercial production obligation (note 14 and 21)	(231,688)	(46,362)
Impairment of foreign VAT receivable (note 21)	398,959	1,599,832
Impairment of property, plant and equipment (note 21)	4,089,318	—
Write-down of inventory to net realizable value (note 21)	3,687,157	—
Realized foreign exchange loss	472,446	883,141
Unrealized foreign exchange loss	1,079,428	—
Total Expenses and other income	20,967,760	9,642,545
Loss before income taxes and net financing cost	(20,252,923)	(9,642,545)
Finance cost	2,583,930	267,944
Finance income	(122,320)	(1,156,840)
Current income tax expense	541,760	246,379
Net loss	\$ (23,256,293)	\$ (9,000,028)
Other comprehensive loss		
Items that will be reclassified subsequently to comprehensive loss		
Translation adjustment for foreign operations	531,891	288,566
Net loss and comprehensive loss	\$ (22,724,402)	\$ (8,711,462)
Weighted-average common shares (basic and diluted)	176,663,906	153,124,111
Net loss per common share (basic and diluted)	\$ (0.13)	\$ (0.06)

The accompanying notes are an integral part of these audited consolidated financial statements.

NextSource Materials Inc.**Consolidated Statements of Changes in Shareholders' Equity***(Expressed in US Dollars, except number of shares)*

	Common Shares Outstanding	Share Capital	Accumulated Deficit	Other Comprehensive Loss	Total (Deficit) Equity
Balance as at June 30, 2023	125,271,007	\$ 169,212,945	\$ (142,452,034)	\$ (1,558,976)	\$ 25,201,935
Shares issued from prospectus offering	30,303,500	37,750,585	—	—	37,750,585
Cost of issue from prospectus offering	—	(1,546,992)	—	—	(1,546,992)
Shares issued for severance	209,000	216,000	—	—	216,000
Recognition of RSU liability (note 18)	—	(592,118)	—	—	(592,118)
Shares issued on conversion of restricted share units	39,500	—	—	—	—
Stock options granted under long-term incentive plan	—	21,486	—	—	21,486
Restricted share units expensed over vesting period	—	(36,430)	—	—	(36,430)
Net loss	—	—	(9,000,028)	—	(9,000,028)
Cumulative translation adjustment	—	—	—	288,566	288,566
Balance as at June 30, 2024	155,823,007	\$ 205,025,476	\$ (151,452,062)	\$ (1,270,410)	\$ 52,303,004
Shares issued from private placement	29,088,100	11,228,651	—	—	11,228,651
Issuance cost from private placement	—	(130,704)	—	—	(130,704)
Share options granted under long-term incentive plan	—	310,140	—	—	310,140
Net loss	—	—	(23,256,293)	—	(23,256,293)
Cumulative translation adjustment	—	—	—	531,891	531,891
Balance as at June 30, 2025	184,911,107	\$ 216,433,563	\$ (174,708,355)	\$ (738,519)	\$ 40,986,689

The accompanying notes are an integral part of these audited consolidated financial statements.

NextSource Materials Inc.
Consolidated Statements of Cash Flows
(Expressed in US Dollars)

	Year ended June 30, 2025	Year ended June 30, 2024
Operating activities		
Net loss and comprehensive loss	\$ (23,256,293)	\$ (9,000,028)
<i>Adjustments for non-cash items:</i>		
Depreciation of property, plant and equipment and development (note 9)	664,838	198,322
Income tax expense	541,760	246,379
Change in value of royalty obligations (note 12)	(680,592)	8,443
Gain on disposal of right of use (notes 11, 21)	(261,544)	(178,339)
Change in value of lease obligations (notes 11)	(171,954)	267,944
Change in value of commercial production obligation	(231,688)	(46,362)
Change in impairment of VAT receivable	398,959	1,599,832
Impairment of property, plant and equipment	4,089,318	—
Write-down of inventory to net realizable value	3,687,157	—
Unrealized foreign exchange gains/loss	1,079,428	—
Finance cost	2,583,930	—
Share-based compensation expense (note 21)	(108,911)	201,055
	(11,665,592)	(6,702,754)
<i>Change in working capital balances:</i>		
Increase in amounts receivable	(451,411)	(1,533,559)
Increase in inventories	(8,116,933)	(532,457)
Increase in prepaid expenses (note 7)	458,890	(1,161,560)
Changes in Deposits	(703,001)	—
Increase/(decrease) in accounts payable and accrued liabilities	(768,462)	1,039,592
Net cash used in operating activities	(21,246,509)	(8,890,738)
Investing activities		
Increase in long-term prepayments and deposits	—	(8,774,640)
Additions to property, plant, equipment, and development (note 9)	(9,651,686)	(12,156,813)
Net cash used in investing activities	(9,651,686)	(20,931,453)
Financing activities		
Proceeds from issuance of common shares (note 17)	11,330,309	37,750,585
Common shares issuance costs (note 17)	(182,305)	(1,546,992)
Lease obligation principal and interest payments (note 11)	(481,258)	(604,320)
Repayment of royalty financing (note 12)	(1,897,500)	(1,897,500)
Proceeds from borrowings net of transaction cost	15,000,000	—
Debt Issuance Cost	(425,102)	—
Net cash provided by financing activities	23,344,144	33,701,773
Effect of exchange rate changes on cash and cash equivalents	65,438	5,341
Net increase (decrease) in cash and cash equivalents	(7,488,613)	3,884,923
Cash and cash equivalents, beginning of period	10,770,381	6,885,458
Cash and cash equivalents, end of period	\$ 3,281,768	\$ 10,770,381

The accompanying notes are an integral part of these audited consolidated financial statements.

NextSource Materials Inc.**Notes to the Consolidated Financial Statements**

(All amounts expressed in US Dollars unless designated otherwise)

1. Nature of operations

NextSource Materials Inc. (the “Company” or “NextSource”) was continued under the Canada Business Corporations Act from the State of Minnesota on December 27, 2017, with its fiscal year ending June 30. The Company’s registered head office and primary location of records is situated at 130 King Street West, Exchange Tower, Suite 1943, Toronto, Ontario, Canada, M5X 2A2. The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “NEXT,” and on the OTCQB under the symbol “NSRCF.

NextSource is committed to establishing itself as a global, vertically integrated supplier of battery materials through the mining and value-added processing of graphite concentrate and other minerals. The Company’s principal business activity involves the development and operation of the Molo Graphite Mine in Madagascar, and it announced on August 5th, 2025, plans to construct its inaugural Battery Anode Facility (“BAF”) in the Middle East.

In addition, The Company owns two exploration and evaluation stage projects: the Green Giant Vanadium Project in Madagascar and the Sagar Project in Quebec.

The Company does not pay dividends, nor is it expected to do so in the immediate or near future.

These consolidated financial statements were approved by the Board of Directors on September 29, 2025.

2. Basis of presentation and going concern***Statement of compliance with International Financial Reporting Standards (IFRS)***

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards)

Basis of measurement

The consolidated financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern, which assume assets will be realized and liabilities settled in the ordinary course of business. Assets and liabilities are reported on a historical cost basis, except for certain financial instruments that are measured at fair value, as described in the note 3.

Basis of consolidation

The consolidated financial statements include the statement of financial position, the statements of results of operations and comprehensive loss, statements of cash flows and statements of changes in shareholder’s equity of the Company and its wholly owned subsidiaries. Intercompany balances and transactions, including gains and losses relating to subsidiaries, have been eliminated on consolidation.

NextSource Materials Inc. is the holding company that owns 100% of NextSource Materials (Mauritius) Ltd. (“MATMAU”), a Mauritius subsidiary, NextSource Materials (UK) Ltd., a UK subsidiary, and 2391938 Ontario Inc., an Ontario subsidiary. MATMAU owns 100% of NextSource Minerals (Mauritius) Ltd. (“MINMAU”), a Mauritius subsidiary, NextSource Graphite (Mauritius) Ltd (“GRAMAU”), a Mauritius subsidiary, NextSource CSPG (Mauritius) Ltd (“CSPGMAU”), a Mauritius subsidiary, and NextSource Materials (Madagascar) SARLU (“MATMAD”), a Madagascar subsidiary. MINMAU owns 100% of NextSource Minerals (Madagascar) SARLU (“MINMAD”), a Madagascar subsidiary. GRAMAU owns 100% of ERG (Madagascar) SARLU (“ERGMAD”), a Madagascar subsidiary.

Going Concern Assumption

The Company's ability to continue operations and fund development is dependent on management's ability to secure additional financing. As of June 30, 2025, the Company had cash and cash equivalents of \$3,281,768 which is insufficient to fund its working capital requirements (including current liabilities of \$23,755,676) as well as ongoing general and administrative costs and anticipated capital and operating cash outflows. The Company does not expect to generate substantial revenues from current operations for the foreseeable future. Therefore the Company will need to obtain financing in the form of equity, debt, or a combination thereof to continue with its planned ongoing strategic and operational activities. Management is proactively seeking funding and while it has been successful at doing so in the past, there can be no assurance it will be able to do so in the future or on terms that are acceptable to the company. As such the ability of the Company to raise additional funding in order to meet their obligation as they come due results in a material uncertainty that may cast significant doubt regarding the Company’s ability to continue as going concern.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, managements considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. These consolidated financial statements do not give the effect of adjustments to the carrying values of the assets and liabilities and the reported expenses and balance sheets classifications that would be necessary should the Company be unable to continue as a going concern and thereof need to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the consolidated financial statements. These adjustments could be material.

NextSource Materials Inc.
Notes to the Consolidated Financial Statements
(All amounts expressed in US Dollars unless designated otherwise)

3. Material accounting policy information

Foreign currencies

The Company's presentation and functional currency is the US dollar ("USD").

Most cash expenditures relate to commissioning and ramp-up of the Molo Graphite Mine in Madagascar and capital equipment and study costs relating to the proposed Battery Anode Facility. Superflake® Graphite concentrate sold from the Molo Mine is USD denominated and based on the FOB China benchmark pricing. The registered office is in Canada where most payroll and administrative expenses are incurred in Canadian dollars. The Mauritius subsidiaries use USD as their functional currency, while the Madagascar subsidiaries use the Madagascar Ariary. All borrowings and other debt related instruments are USD denominated.

For the presentation of consolidated financial statements, subsidiary company assets and liabilities are expressed in US dollars using the prevailing exchange rates at the end of the reporting period. Any exchange differences that arise are recognized in other comprehensive loss and cumulative translation adjustment in equity.

At the end of each reporting period, the Company translates foreign currency balances as follows:

- monetary items are translated at the closing rate in effect at the consolidated statements of financial position;
- non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction;
- non-monetary items measured at fair value are translated at the exchange rate in effect at the date the fair value was measured; and
- revenue and expense items are translated using the average exchange rate during the period.

The intercompany loans made to the subsidiary companies are considered part of the parent company's net investment in a foreign operation as the Company does not plan to settle these balances in the foreseeable future. As a result of this assessment, the unrealized foreign exchange gains and losses on the intercompany loans are recorded through other comprehensive loss. If the Company determined that settlement of these amounts was planned or likely in the foreseeable future, the resultant foreign exchange gains and losses would be recorded through the consolidated statements of operations and comprehensive loss.

Cash and cash equivalents

The Company considers cash and cash equivalents to be bank balances and highly liquid investments with maturities of three months (ninety days) or less.

Prepayments and deposits

The Company makes down payments and advance deposits to suppliers for services to be rendered or the construction and design of equipment and supplies not yet under control of the Company. These down payments or advances are recognized as prepayments when made and recognized as expenses or assets when the services are rendered or the Company take control of the equipment and supplies. Prepayments and advance deposits on property, plant and equipment with extensive lead times are recorded as long-term prepayments and deposits.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the provisions of the contract.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all the risks and rewards of ownership are transferred. Financial liabilities are derecognized when the obligation under the liability is extinguished, discharged, cancelled, or has expired. Gains and losses on derecognition of financial assets and financial liabilities are recognized in the statements of operations and comprehensive loss.

Management evaluates the classification of financial assets and liabilities at the time of initial recognition, and, except in rare instances, such classifications remain unchanged thereafter. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and/or management's intent. Transaction costs with respect to financial instruments not classified as fair value through profit or loss are recognized as an adjustment to the cost of the underlying instrument and amortized over the term of the instrument using the effective interest method.

NextSource Materials Inc.
Notes to the Consolidated Financial Statements
(All amounts expressed in US Dollars unless designated otherwise)

The Company's financial instruments were classified in the following categories:

Financial assets measured at fair value through profit or loss (FVTPL):

Financial assets classified as FVTPL if it is held for trading, acquired with the intent of short-term resale, or formally designated as such by management at initial recognition. All derivative financial assets fall into this category. Financial instruments included in this category are initially recognized at fair value. Transaction costs on initial recognition and changes in fair value are recorded through the consolidated statements of operations and comprehensive loss.

Financial assets measured at amortized cost:

Financial assets measured at amortized cost are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost. Interest income on amounts receivable is recognized using the effective interest method as finance income.

The following financial assets are measured at amortized cost:

- Cash and cash equivalents
- Amounts receivable (excluding sales taxes)

Financial liabilities measured at fair value through profit or loss (FVTPL):

Financial liabilities classified as FVTPL are initially recognized at fair value. Transaction costs on initial recognition and changes in fair value are recognized in the consolidated statements of operations and comprehensive loss. Derivative instruments, including embedded derivatives, are recorded at fair value as FVTPL. All changes in fair value of derivative instruments are recorded in the consolidated statements of operations and comprehensive loss.

Financial liabilities measured at amortized cost:

Financial liabilities measured at amortized cost are initially recognized at fair value net of transaction costs and are subsequently measured at amortized cost using the effective interest rate method. All accretion expenses and changes in an instrument's fair value are reported in the consolidated statements of operations and comprehensive loss. Accretion expenses are included in finance costs.

The following financial liabilities are measured at amortized cost:

- Accounts payable and accrued liabilities
- Royalty obligations
- Commercial production obligation
- Borrowings

Fair value measurement

Financial instruments recorded at fair value in the consolidated statements of financial position are categorized into a three-level hierarchy based on the type of inputs. The fair value hierarchy is defined as follows:

- Level 1 – inputs are unadjusted, quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 – inputs other than quoted Level 1 prices, that are directly or indirectly observable for the asset or liability;
- Level 3 – inputs are not based on observable market data and require management judgment and estimation and reflect assumptions that market participants would generally use in valuing the asset or liability.

NextSource Materials Inc.
Notes to the Consolidated Financial Statements
(All amounts expressed in US Dollars unless designated otherwise)

Mine Development Expenditures

Mine development expenditures are costs incurred to obtain access to proven and probable mineral reserves or mineral resources and for extracting, gathering, transporting, and storing the mined ore. The development stage of a mine commences when the technical feasibility and commercial viability of extracting the mineral resource has been determined.

Costs directly attributable to mine development are capitalized when necessary for bringing the mine to commercial production. Abnormal costs are expensed as incurred, while indirect costs are included only if they can be specifically attributed to the area of interest. General and administrative expenses are capitalized as part of development expenditures only when they relate directly to a specific mine development project.

Inventories

Inventories consist of run-of-mine ore stockpiles, consumable materials, and Superflake® Graphite concentrate. Inventories are carried at the lower of cost and net realizable value (“NRV”). Cost is determined using the weighted average cost formula and includes all mining costs, costs of conversion and other costs incurred in bringing the inventories to its final condition and location.

Cost of inventories includes direct costs for materials and labour related to mining and processing activities. It further includes:

- production phase stripping costs;
- depreciation of property, plant and equipment directly involved in the related mining and production process;
- depreciation of capitalized mine development costs;

When interruptions to production occur, an adjustment is made to the costs included in inventories, such that they reflect normal capacity. Abnormal costs are expensed in the period they are incurred.

Ore stockpiles and inventories determined not to be consumed within the next twelve months are classified as long-term.

Net Realizable Value (NRV) is determined by deducting the estimated costs necessary to convert inventories into saleable products from the estimated net selling price. The costs to complete are based on management’s best estimates as at the date of the consolidated statements of financial position. If the conditions that led to the impairment of NRV no longer exist, the impairment may be reversed in a subsequent period.

Mining properties, plant, and equipment

Properties

Mining property costs include directly attributable mine development costs, deferred stripping, capitalized evaluation costs and capitalized borrowing costs until the mine has achieved commercial production. Payments relating to the acquisition of land and mineral rights are recorded as mining property costs. Exploration costs are expensed in the period incurred.

Plant and Equipment

Costs for constructing new facilities or improving the operating capacity or extending the useful life of existing facilities are capitalized as plant and equipment. These costs include the purchase price of equipment (net of discounts and rebates), import duties, non-refundable taxes, site restoration and dismantling estimates, and other direct costs to reach commercial production. Dismantling and restoration costs during production are capitalized as inventory.

Assets are derecognized upon disposal or when no future economic benefits are expected. Gains or losses from derecognition—based on the difference between net proceeds and carrying value—are reported in the consolidated statements of operations and comprehensive loss for the relevant period.

Depreciation of a mining asset begins when the asset reaches commercial production. Depreciation ceases at the earlier of the date the asset is classified as held-for-sale or the date the asset is derecognized. Assets under construction are not depreciated until the asset reaches commercial production. Depreciation is calculated using either the units-of-production method or on a straight-line basis. The method used is determined by the pattern in which the asset’s future economic benefits are expected to be consumed. The units-of-production method is based on the current life-of-mine plan that includes proven and probable mineral reserves as well as management’s estimate for the future conversion of mineral resources to reserves. The depletion or depreciation method applied to an asset is reviewed at least annually.

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The following sets out the useful lives of certain assets:

- | | |
|-----------------------|----------------|
| • Plant | 20 to 30 years |
| • Equipment | 3 to 10 years |
| • Right-of-use assets | Lease term |

Assets Under Construction

The capital cost of an asset for a specific project comprises cost components such as directly attributable salaries and wages, supplies and materials utilized in the project, and incremental overhead expenses that can be specifically assigned to the project.

Assets under construction are not depreciated until commercial production is achieved. Upon achieving commercial production, the capitalized construction costs are transferred to the appropriate category within property, plant and equipment.

Borrowing Costs

Borrowing costs are capitalized to qualifying assets. Qualifying assets are assets that take a substantial period to prepare for the Company's intended use, which includes projects that are in the exploration and evaluation, development, or construction stages. Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as finance costs in the period in which they are incurred. Where the funds used to finance a qualifying asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to the relevant borrowings during the period.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Company assesses whether:

- the contract involves the use of an explicitly or implicitly identified asset;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the contract term;
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease (i.e.: the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets consists of the initial amount of lease liabilities recognized, any initial direct costs incurred, and lease payments made at or before the lease commencement date, minus any lease incentives received. Unless ownership of the leased asset is expected to transfer to the Company at the end of the lease term, right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life or the lease term. These assets are also subject to impairment assessments.

At the lease commencement date, the Company recognizes lease liabilities at the present value of lease payments over the lease term, discounted by the interest rate implicit in the lease or, if unavailable, the Company's incremental borrowing rate. Lease payments include fixed amounts, variable payments tied to an index or rate, expected residual value guarantees, and purchase options the Company is reasonably certain to exercise.

Following the commencement date, lease liabilities are adjusted to account for accrued interest and decreased by lease payments. The carrying amount of lease liabilities is also remeasured when there is a modification, a change in the lease term, an adjustment to fixed lease payments, or a change in the assessment regarding the purchase of the underlying asset.

The Company reports right-of-use assets under the property, plant, and equipment section of the consolidated statements of financial position, while lease liabilities are disclosed within the lease obligations line item on the same statements.

The Company does not recognize right-of-use assets or lease liabilities for leases under twelve months without a purchase option or for low-value assets. Payments on these short-term and low-value leases are expensed in the consolidated statements of operations and comprehensive loss.

Reclamation provisions

Asset retirement obligations (“AROs”) arise from the development and construction of mining properties, processing plants and due to government controls and regulations that protect the environment on the closure and reclamation of these mining properties and plants.

The major parts of the carrying value of AROs relate to:

- tailings closure and rehabilitation;
- demolition of buildings and mine facilities;
- ongoing water treatment; and
- ongoing care and maintenance of closed mines.

The Company recognizes an ARO at the time of the environmental disturbance, or when a constructive obligation arise and the Company’ can reliably estimate the timing and amount of expected cash flows to settle the obligation. When the ARO provision is recognized, the corresponding cost is capitalized to the related item of property, plant, and equipment. Reclamation obligations that result from the extraction of ore in the current period are included in the cost of inventories.

The timing of the actual environmental remediation expenditures is dependent on several factors such as the life and nature of the asset, the operating license conditions and the environment in which the mine operates. Reclamation provisions are measured at the expected value of future cash flows discounted to their present value using a US-dollar risk-free interest rate. AROs are adjusted each period to reflect the passage of time (accretion). Accretion expense is recorded in finance costs for each period. Upon settlement of an ARO, the Company records a gain or loss if the actual cost differs from the carrying amount of the ARO. Settlement gains or losses are recorded in the consolidated statements of operations and comprehensive loss.

Expected cash flows are updated to reflect changes in facts and circumstances. The principal factors that can cause expected cash flows to change are the construction of new processing facilities, changes in the quantities of material in mineral reserves and mineral resources and a corresponding change in the life of mine plan, changing ore characteristics that impact required environmental protection measures and related costs, changes in water quality that impact the extent of water treatment required and changes in laws and regulations governing the protection of the environment.

Each reporting period, provisions for AROs are remeasured to reflect any changes to significant assumptions, including the amount and timing of expected cash flows and risk-free interest rates. Changes to the reclamation provision resulting from changes in estimate are added to or deducted from the cost of the related asset, except where the reduction of the reclamation provision exceeds the carrying value of the related assets in which case the asset is reduced to nil and the remaining adjustment is recognized in the consolidated statements of operations and comprehensive loss.

Environmental remediation liabilities (“ERLs”) are differentiated from AROs in that ERLs do not arise from environmental contamination in the normal operation of a long-lived asset or from a legal or constructive obligation to treat environmental contamination resulting from the acquisition, construction, or development of a long-lived asset. The Company is required to recognize a liability for obligations associated with ERLs arising from past acts. ERLs are measured by discounting the expected related cash flows using a risk-free interest rate. The Company prepares estimates of the timing and amount of expected cash flows when an ERL is incurred. Each reporting period, the Company assesses cost estimates and other assumptions used in the valuation of ERLs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the value of the ERLs. Any change in the value of ERLs results in a corresponding charge or credit to the consolidated statements of operations and comprehensive loss. Upon settlement of an ERL, the Company records a gain or loss if the actual cost differs from the carrying amount of the ERLs in the consolidated statements of operations and comprehensive loss.

The Company’s operations are subject to environmental regulations in Madagascar. As at the date of these consolidated financial statements, the Company recognized an asset retirement obligation (AROs) but did not recognize any environmental rehabilitation obligation (ERLs).

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount to settle the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance costs.

Impairment of long-lived assets

A cash generating unit (“CGU”) is defined as the smallest identifiable group of assets that can generate cash inflows that are independent from other identifiable groups of assets. If an active market exists for the output produced by an asset or group of assets, that asset or group of assets shall be identified as a CGU, even if some or all of the output is used internally. At the end of each reporting period the Company assesses whether there is any indication that long-lived assets other than goodwill may be impaired. If an indicator of impairment exists, the recoverable amount of the asset is calculated in order to determine if any impairment loss is required. Whenever indicators of impairment exist, the recoverable amount of the asset is calculated by management in order to determine if any impairment loss is required to be recorded. If it is not possible to estimate the recoverable amount of the individual asset, assets are grouped at the CGU level for the purpose of assessing the recoverable amount. An impairment loss is recognized for any excess of the carrying amount of the CGU over its recoverable amount which is the higher of the fair value less costs to sell and value in use. Impairment losses are recorded in the consolidated statements of operations and comprehensive loss in the period in which they occur.

Any impairment charge that is taken on a long-lived asset other than goodwill is reversed if there are subsequent changes in the estimates or significant assumptions that were used to recognize the impairment loss that result in an increase in the recoverable amount of the CGU. If an indicator of impairment reversal has been identified, the recoverable amount of the asset is calculated in order to determine if any impairment reversal is required. The recoverable amount is considered to be the higher of the fair value less costs of disposal (FVLCD) and value-in-use (VIU). A recovery is recognized to the extent the recoverable amount of the asset exceeds its carrying amount. The amount of the reversal is limited to the difference between the current carrying amount and the amount which would have been the carrying amount had the earlier impairment not been recognized and amortization of that carrying amount had continued. The impairment reversal is allocated on a pro-rata basis to the existing long-lived assets of the CGU based on their carrying amounts. Impairment reversals are recorded in the consolidated statements of operations and comprehensive loss in the period in which they occur.

Revenue

Revenue represents sales of Superflake® Graphite concentrate during this pre-commercial production phase to third parties. The Company recognizes revenue when it transfers control of a product to the customer. Delivery of the Superflake Graphite concentrate is considered to be the only performance obligation. Revenues are measured based on the consideration specified in the contract with the customer. Revenue is recognized upon the transfer of control over goods to the customer, which is determined by the relevant Incoterms applicable to each delivery (FOB or CIF). The product is considered delivered when the significant rights and obligations of ownership have been transferred to the buyer. Revenue is measured based on the consideration specified in sales order.

Share-based compensation

The Company offers equity-settled awards such as stock options and cash-settled awards such as restricted share units to certain employees, officers and directors of the Company through its Long-Term Incentive Plan (“LTIP”).

Stock options

The Company’s LTIP provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Options have exercise prices equal to the market price on the day prior to the date of grant. The fair value of these options is recognized in the consolidated statements of operations and comprehensive loss or in the consolidated statements of financial position if capitalized as part of property, plant and equipment over the applicable vesting period as a compensation cost. Any consideration paid by employees on exercise of options or purchase of common shares is credited to share capital.

The fair value of share-based compensation is determined at the date of grant using the Black-Scholes-Merton valuation model. Equity-settled share-based payments with parties other than employees are measured at the fair value of the goods or services received, except where this fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instruments granted, as at the date the Company obtains the goods or the counterparty renders the service. The fair value of share-based compensation is only re-measured if there is a modification to the terms of the instrument, such as a change in exercise price or term. The fair value of the share-based compensation is recognized as an expense over the expected vesting period with a corresponding entry to shareholders’ equity.

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Restricted share units (RSUs)

The Company's LTIP provides for the granting of restricted share units ("RSU") to directors, officers, employees and service providers in lieu of cash compensation. RSUs are subject to vesting requirements based on specific performance measurements by the Company. The cost of the RSUs is either measured initially at fair value on the grant date based on the Market Price of the Company's common shares preceding the effective grant date when settled in cash. For RSUs settled in common shares, the fair value of the portion associated with market conditions is determined using pricing models at the grant date, while the fair value of the portion associated with non-market conditions is determined by the market value of the shares at the grant date. Compensation expense related to RSUs settled in common shares, is based on the current best estimate of the outcome for the specific performance measurement established by the Company and is recognized over the vesting period based on the number of units estimated to vest. The cost of the RSUs is recorded within equity until settled. Equity-settled awards are not remeasured subsequent to the initial grant date. The cost of RSUs settled in cash is recognized as a liability in the consolidated statement of financial position and as an expense in the consolidated statement of operations and comprehensive loss over the vesting period. The liability is remeasured to fair value based on the Market Price of the Company's common shares at each reporting date up to and including the settlement date, with changes in fair value recognized in the consolidated statement of operations and comprehensive loss.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in the consolidated statements of operations and comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in statements of operations and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Net loss per share

Basic net loss per share is calculated by dividing the net loss for a given period by the weighted average number of common shares outstanding during that same period. Diluted net loss per share reflects the potential dilution that could occur if holders with rights to convert instruments to common shares exercise these rights. The weighted average number of common shares used to determine diluted net loss per share includes an adjustment, using the treasury stock method, for outstanding stock options.

Under the treasury stock method:

- the exercise of stock options and warrants is assumed to occur at the beginning of the period (or date of issuance, if later);
- the proceeds from the exercise of stock options and warrants plus the future period compensation expense on stock options and warrants granted are assumed to be used to purchase common shares at the average market price during the period;
- the shares are only included if the exercise price is below the average market price; and

the incremental number of common shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) is included in the denominator of the diluted net income loss per share calculation.

Recently Issued Accounting Pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after July 1, 2024. Other than as noted below, they are not applicable or do not have a significant impact on the Company.

IFRS 18 "Presentation and Disclosure in Financial Statements"

In April 2024, IFRS 18 "Presentation and Disclosure in Financial Statements" was issued to achieve comparability of the financial performance of similar entities. The standard, which replaces IAS 1 "Presentation of Financial Statements", impacts the presentation of primary financial statements and notes, including the statement of operations where companies will be required to present separate categories of income and expense for operating, investing and financing activities with prescribed subtotals for each new category. The standard will also require management-defined performance measures to be explained and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027 and requires retrospective application. The Company is currently evaluating the impact of the amendments on its consolidated financial statements.

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Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The own-use requirements in IFRS 9 were amended to include the factors an entity is required to consider for contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent. The hedge accounting requirements in IFRS 9 were amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument.

IFRS 7 was also amended to introduce additional disclosure requirements about contracts for nature-dependent electricity with specified characteristics to enable investors to understand the impact of these contracts on a company's financial performance and future cash flow. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently evaluating the impact of the amendments on its consolidated financial statements.

In May 2024, the IASB issued Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments clarify the date of recognition and derecognition of certain financial assets and liabilities, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion, add new disclosures for financial instruments with contractual terms that can change cash flows, and revise disclosure requirements for equity investments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently evaluating the impact of the amendments on its consolidated financial statements.

4. Significant judgments, estimates and assumptions

The Company prepares its financial statements in accordance with IFRS Accounting Standards, which requires estimates, judgments, and assumptions that affect reported asset, liability, revenue, and expense values. These estimates are inherently uncertain, and actual results may differ. Such estimates impact the consolidated financial statements and may need adjustment as circumstances change. Revisions to estimates are recorded in the period revised and future periods if applicable. Significant accounting judgments, estimates, and assumptions are continually reviewed.

Functional currency

The Company reviews its functional currency whenever changing circumstances affect its primary economic environment. This involves significant judgment, given the impact of costs on operations and the main environments where the Company and its subsidiaries conduct business.

Assessment of impairment indicators of long-lived assets

The Company uses judgment to determine if there are indicators of impairment that would require testing. Factors considered include (i) significant changes in the market value of the Company's share price; (ii) variations in the quantity of recoverable resources and reserves; (iii) fluctuations in commodity prices, capital, and operating costs; and (iv) adjustments in interest rates. As at June 30, 2025, the company identified an impairment indicator as the market capitalization of the company was less than the carrying amount of the net assets which triggered an impairment assessment.

Carrying Values and Impairment Charges

In the event of an impairment indicator the Company estimates the recoverable amount of the assets to compare such estimated recoverable amount to its carrying value. Calculating estimated recoverable amounts requires management to make estimates and assumptions relying on its judgment and taking into account information available at the end of each reporting period. The company determined the recoverable amount of the Molo Mine CGU based on a fair value less cost of disposal method using a discounted cash flow model. Calculating the recoverable amount of the Molo Mine CGU requires management to make estimates and assumptions relying on its judgment and taking into account information available at that time. Key assumptions used in the discounted cash flow model included: production volumes, future commodity prices, discount rate and operating costs. Estimates quantities of Mineral Reserves and Mineral Resources production volumes and operating costs are based on information compiled by qualified persons (management's experts).

The Company considered the impact of changes in the most significant assumption to the estimated recoverable amount as follows:

<u>Impairment Sensitivities</u>	<u>Impact</u>
Discount Rate (+10%)	\$ (37.70)
Flake Graphite Price (-10%)	\$ (34.04)

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A 10% increase to the discount rate or a 10% decrease to the Flake Graphite Price would not have resulted in impairments for the Company.

The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the consolidated statements of operations and comprehensive loss.

Asset retirement obligations

The Company recognises asset retirement obligations based on a discounted cash flow forecast, which is developed by management in consultation with an independent third party and utilizes observable market data where applicable. Included in the estimated obligations are a number of significant assumptions made by management in determining closure provisions including the timing of reclamation activities and estimated future closure costs for the Molo Graphite Mine site.

Development Stage Expenditures

Judgment is required to apply the Company's accounting policy for development stage expenditures, specifically in determining when technical feasibility and commercial viability of mineral extraction are established. Key assessment factors include:

- geological certainty of the deposit;
- mine plans or economic models supporting extraction;
- economic studies showing positive outcomes;
- likelihood of obtaining permits;
- board approval of project development.

Royalty obligation

The Company calculates its royalty obligation using a discounted cash flow forecast developed by management and based on the current life-of-mine plan, which calculates estimated future revenues from the Molo Graphite Mine. The graphite price is a key assumption, and variations in this assumption may significantly affect the measurement of the royalty obligation. The value of the royalty obligation is provided in Note 11 – *Royalty Obligation*.

Commercial Production

A mineral processing plant is considered to have achieved commercial production when the plant, associated equipment and infrastructure are in the condition necessary for it to operate as intended by management. In determining whether a processing plant, associated equipment and infrastructure have achieved commercial production, the criteria considered include, but are not limited to, the following:

- completion of a reasonable period of testing the plant and equipment;
- ability to produce commercial product at the intended recovery rate and within the minimum sales specifications and impurity levels;
- ability to sustain a minimum production run-rate consistently.

When a mineral processing plant, associated equipment and infrastructure enter the commercial production stage, depreciation commences and the capitalization of construction, commissioning and ramp-up operating costs cease. Subsequently, normal production costs are capitalized to inventories and abnormal costs expensed as incurred. Repair and maintenance costs incurred to sustain the processing plant capacity for a period longer than twelve months are capitalized as sustaining capital expenditure under property, plant and equipment.

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5. Revenues

As of June 30, 2025, the Company recognized \$714,837 revenues generated by the sales of Superflake® Graphite Concentrate (June 30, 2024:\$Nil).

		As at June 30, 2025		As at June 30, 2024
Sales of Superflake® Graphite Concentrate	\$	714,837	\$	—
Total Revenues	\$	714,837	\$	—

6. Inventories

		As at June 30, 2025		As at June 30, 2024
Consumable materials	\$	2,256,031	\$	923,337
Run-of-mine (ROM) stockpile		1,451,654		71,279
Superflake® Graphite concentrate		2,305,442		8,177
Total Inventories	\$	6,013,127	\$	1,002,793

As at June 30, 2025, Run-of-mine stockpile was written down by \$851,655 (June 30, 2024: \$Nil) and the Superflake® Graphite Concentrate was written down by \$2,835,501 (June 30, 2024: \$Nil). Both amounts are reflected in the Consolidated Statements of Operations and Comprehensive Loss. The cost of inventories recognized as cost of goods sold for the year ended June 30, 2025, was \$974,143 (June 30, 2024: \$Nil)

7. Prepaid Expenses

		As at June 30, 2025		As at June 30, 2024
Vendor Advances	\$	275,446	\$	1,174,515
Insurance & Services		587,343		159,429
Total Prepaid	\$	862,789	\$	1,333,944

8. Prepayments and deposits

As of June 30, 2025, the carrying value of prepayments and deposits for long-term assets was \$889,184 (June 30, 2024: \$9,492,982) and consists mainly of Port Louis security deposit paid, which was still owing as at June 30, 2025. As at June 30, 2024, prepayments relate to BAF equipment that was manufactured through the Company's technology partner and stored offshore.

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9. Property, plant, and equipment

For the year ended June 30, 2025, the Company had additions of \$16,808,900 (June 30, 2024: \$28,274,941) and capitalized development costs of \$3,333,729 (June 30, 2024: \$9,581,458). The additions represent in part the capitalization of BAF equipment for \$11,972,733 of which \$8,609,740, was accounted for as a prepayment as at June 30, 2024.

Continued ramp-up and commissioning costs of the Molo Graphite Mine and processing plant were capitalized until the end of Q3 2025. Capitalization ceased at the start of Q4 2025 as the decision was made to utilize the existing plant for campaign production. Accordingly, the capitalized Molo Graphite Mine plant costs of \$32,264,210 (June 30, 2024: \$Nil) were transferred from assets-under-construction to plant, and depreciation commenced. There were no other transfers from assets-under-construction to other categories of assets for the year ended June 30, 2025 (June 30, 2024: \$Nil).

	Property		Plant		Equipment		Right-of-Use Assets	Assets Under Construction	Total
As at June 30, 2023	\$ 2,096,759	\$ 8,161,993	\$ 2,559,807	\$ 12,419,209	\$ 18,999,061	\$ 44,236,829			
Additions	1,466,305	81,262	453,535	21,192,030	5,081,809	28,274,941			
Development costs	—	—	—	—	9,581,458	9,581,458			
Depreciation	(8,120)	(418,808)	(430,932)	(193,080)	852,618	(198,322)			
Cancellation and derecognition of leases	—	—	—	(12,332,100)	—	(12,332,100)			
Impact of foreign exchange	12,708	62,348	24,938	5,659	152,166	257,819			
As at June 30, 2024	\$ 3,567,652	\$ 7,886,795	\$ 2,607,348	\$ 21,091,718	\$ 34,667,112	\$ 69,820,625			
Additions	226,424	163,242	146,951	—	16,272,283	16,808,900			
Development costs	—	—	—	—	3,333,729	3,333,729			
Transfers	—	32,264,210	—	—	(32,264,210)	—			
Depreciation	(8,943)	(832,229)	(470,032)	(600,003)	1,246,369	(664,838)			
Lease termination and write off	—	—	—	(12,939,442)	(4,089,318)	(17,028,760)			
Impact of foreign exchange	19,194	1,158,179	5,342	42,599	(830,186)	395,128			
As at June 30, 2025	\$ 3,804,327	\$ 40,640,197	\$ 2,289,609	\$ 7,594,872	\$ 18,335,779	\$ 72,664,783			
Cost	3,575,800	8,352,405	3,226,186	21,193,292	34,667,112	71,014,795			
Accumulated depreciation	(8,148)	(465,610)	(618,838)	(101,574)	—	(1,194,170)			
As at June 30, 2024	\$ 3,567,652	\$ 7,886,795	\$ 2,607,348	\$ 21,091,718	\$ 34,667,112	\$ 69,820,625			
Cost	3,821,774	41,962,064	3,397,173	7,903,596	18,335,779	75,420,386			
Accumulated depreciation	(17,447)	(1,321,867)	(1,107,564)	(308,724)	—	(2,755,603)			
As at June 30, 2025	\$ 3,804,327	\$ 40,640,197	\$ 2,289,609	\$ 7,594,872	\$ 18,335,779	\$ 72,664,783			

There were no additions to right-of-use assets for the year ended June 30, 2025 (June 30, 2024: \$21,192,030). As at June 30, 2025, the Company did not capitalize any evaluation costs related to its exploration and evaluation projects.

Finance costs related to:

- accretion of the royalty obligation of \$1,158,612 (June 30, 2024: \$1,464,054),
- accretion of the commercial production obligation of \$66,006 (June 30, 2024: \$22,513)
- accretion related to lease obligations of \$1,170,590 (June 30, 2024: \$1,086,224) and
- interest and accretion related to the Vision Blue drawdown credit facility of \$227,975 (June 30, 2024: \$Nil)

were capitalized as assets-under-construction for the year ended June 30, 2025.

Depreciation of \$1,246,369 (June 30, 2024: \$852,618) was capitalized as assets-under-construction during the commissioning and ramp-up of the Molo Graphite Mine.

On June 2nd, 2025, the Company announced the relocation of the inaugural BAF Development Project from Mauritius to the Middle East. The Company decided to exercise its option to terminate the Port Louis lease agreement on May 31, 2025 and withdraw its EIA application at no further cost (see *Note 11 Right-of-Use assets and lease obligations*). The carrying value of \$12,939,442 of the Port Louis right-of-use asset was derecognized and offset against the lease liability. Remaining assets were assessed on an individual basis and certain capitalized studies and certain site specific equipment associated with the Mauritius BAF facility of \$4,089,318 (June 30, 2024: \$Nil) was written off as at June 30, 2025.

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9. Property, plant and equipment (continued)

Exploration and Evaluation Expenditures

Since early 2012, the Company has focused its efforts on the Molo Graphite Mine and as such only a limited amount of work has been completed on the Green Giant Vanadium Project, located in Madagascar, and the Sagar Project, located in Quebec. The associated exploration license fees are expensed as incurred.

10. Accounts payable and accrued liabilities

		As at June 30, 2025	As at June 30, 2024
Accounts payable	\$	1,875,356	\$ 2,601,261
Accrued liabilities		3,087,594	1,681,218
Total accounts payable and accrued liabilities	\$	4,962,950	\$ 4,282,479

11. Right-of-Use assets and lease obligations

The Company has recognized the following Right-of-Use (“ROU”) assets and lease obligations

- On February 28, 2023, the Company signed a lease for the Mauritius BAF Development Project and recognized a ROU asset and lease obligation of \$12,125,135 calculated using an incremental borrowing rate of 11.5% based on an initial term of 20 years plus a renewal of 5 years. The lease payments are payable annually in advance. The lease was terminated on September 28, 2023, in accordance with provisions in the lease agreement. The lease obligation was remeasured resulting in a gain of \$178,339 and the Right-of-Use asset and obligation were derecognized.
- On November 24, 2023, the Company signed a new lease for the Mauritius BAF at an industrial site in the port of Port Louis and recognized a ROU asset and a lease obligation of \$13,319,736 and capitalized legal costs of \$20,000. The lease obligation was calculated using an incremental borrowing rate of 11.5% based on an initial term of 20 years plus a renewal of 5 years. The lease payments are payable annually in advance. The Company terminated the lease on May 31, 2025 and recognized a gain of \$261,544.
- On November 6, 2023, the Company signed a lease for an administrative office in Antananarivo and recognized a ROU asset and lease obligation of \$365,119. The lease obligation was calculated using an incremental borrowing rate of 11.5% based on an initial term of 3 years. The lease payments are payable monthly in advance.
- For the year ended June 30, 2025 the company recognized a lease obligation of \$8,648,127.86 and a ROU asset for the energy services agreement (“ESA”) with CrossBoundary Energy Madagascar (“CBE”). This contract is for the hybrid solar and thermal power plant, owned and operated by CBE, and supply all electricity to the Molo Graphite Mine. The lease obligation was calculated using an incremental borrowing rate of 13.8% based on an initial term of 20 years plus a renewal of 5 years. The ESA requires the Company to purchase a minimum energy output of 11,200,000 kWh per annum at a base tariff of \$0.08615 per kWh (2024: \$0.0837 per kWh) and subject to an annual 2.5% escalation. The equivalent annual rate for the year ended June 30, 2025 was approximately \$964,880 per annum (June 30, 2024: \$937,440). If the energy use exceeds this minimum annual kWh, the Company will pay the same tariff per kWh for the excess, which is considered a variable lease payment. There were no variable lease payments made in the current or prior year. Total cash outflows made in the year for this lease was \$1,005,002 (June 30, 2024: \$474,877). During the year, \$63,627 (June 30, 2024: \$28,202) of depreciation and \$1,170,590.43 (June 30, 2024: \$1,086,224) of accretion expense was capitalized in relation to this lease as Assets-under-Construction.

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(All amounts expressed in US Dollars unless designated otherwise)

11. Right-of-Use assets and lease obligations (continued)

The following table sets out the carrying amounts of lease obligations included in the consolidated statements of financial position and the movements between the reporting periods:

		Port-Louis BAF Lease	CBE Power Facility Lease	Tana Office Lease	Total Obligations
As at June 30, 2023	\$	— \$	— \$	— \$	—
Initial recognition of obligation		13,319,736	7,871,192	365,119	21,556,047
Finance costs		—	1,086,224	21,354	1,107,578
Lease payments		(899,599)	(474,877)	(87,397)	(1,461,873)
Foreign exchange adjustments		—	—	2,157	2,157
As at June 30, 2024	\$	12,420,137 \$	8,482,539 \$	301,233 \$	21,203,909
Initial recognition of obligation		—	—	—	—
Finance costs		1,424,501	1,170,590	26,408	2,621,499
Lease payments		(863,384)	(1,005,002)	(143,839)	(2,012,225)
Remeasurement of lease liability		94,291	—	—	94,291
Lease termination (note 9)		(13,075,545)	—	—	(13,075,545)
Foreign exchange adjustments		—	—	(2,076)	(2,076)
As at June 30, 2025	\$	— \$	8,648,127 \$	181,726 \$	8,829,853

The following table sets out the lease obligations included in the consolidated statements of financial position:

		Port-Louis BAF Lease	CBE Power Facility Lease	Tana Office Lease	Total Obligations
Current portion of lease obligations	\$	— \$	1,267,183 \$	133,793 \$	1,400,976
Long-term lease obligations		—	7,380,944	47,933	7,428,877
As at June 30, 2025	\$	— \$	8,648,127 \$	181,726 \$	8,829,853

		Port-Louis BAF Lease	CBE Power Facility Lease	Tana Office Lease	Total Obligations
Current portion of lease obligations	\$	1,379,559 \$	891,075 \$	135,346 \$	2,405,980
Long-term lease obligations		11,040,578	7,591,464	165,887	18,797,929
As at June 30, 2024	\$	12,420,137 \$	8,482,539 \$	301,233 \$	21,203,909

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11. Right-of-Use assets and lease obligations (continued)

Future minimum lease payments required to meet obligations that have initial or remaining non-cancellable lease terms are set out in the following table:

	CBE Power Facility Lease	Tana Office Lease	Total Obligations
Within 12 months	\$ 1,267,183	\$ 133,793	\$ 1,400,976
Between 13 and 24 months	1,267,183	47,933	1,315,116
Between 25 and 36 months	1,267,183	—	1,267,183
Between 37 and 48 months	1,267,183	—	1,267,183
Between 49 and 60 months	1,267,183	—	1,267,183
Over 60 months	21,542,106	—	21,542,106
Total undiscounted lease obligations	\$ 27,878,021	\$ 181,726	\$ 28,059,747

Short term leases of less than 12 months, and leases with variable payments proportional to the rate of use of the underlying assets do not give rise to lease obligations. During the year ended June 30, 2025, the Company recognized short-term expenses of \$120,584 (June 30, 2024: \$47,582) in the consolidated statements of operations and comprehensive loss.

12. Royalty obligation

On February 8, 2021, the Company announced a financing agreement with Vision Blue for gross proceeds of \$29.5 million consisting of private placements and a royalty financing agreement. As part of the royalty financing agreement:

- (a) The Company received the initial royalty funding of \$8.0 million (less a \$1.5 million royalty financing fee) on June 28, 2021, and received the remaining \$3.0 million on August 17, 2022.
- (b) Beginning on the biannual period ending June 30, 2023, the Company must pay the greater of: (i) \$825,000 (the “Minimum Repayment”) or (ii) 3% of the gross sales revenues from graphite concentrate sales (the “GSR”). Once Vision Blue has received cumulative royalty payments of \$16.5 million, the Minimum Repayment will cease, and the royalty will only be based on the GSR. The Company has the option at any time to reduce the GSR to 2.25% by paying \$20 million to Vision Blue. Each of the biannual Minimum Repayments can be deferred by 12 months, subject to accrued interest of 15% per annum. The royalty payments are subject to 15% withholding tax.
- (c) Vision Blue received a royalty of 1.0% of the gross revenues from sales of vanadium pentoxide (“V₂O₅”) from the Green Giant Vanadium Project for a period of 15 years following commencement of production of V₂O₅. The royalty payments are subject to 15% withholding tax.

On June 30, 2021, the Company recognized a royalty obligation at the fair value of \$ 6.5 million, which was equal to the present value using an effective discount rate of 13.8% of (1) the deferred \$3.0 million royalty funding, (2) the minimum royalty payments, (3) the accrued interest on the deferral of minimum royalty payments, and (4) the perpetual 3.0% GSR for the remaining 30-year life of mine for Phase 1. The discount rate was determined at recognition by calculating the internal rate of return (IRR) of the expected cash flows. Upon recognition, a total of \$169,279 of capitalized legal fees was netted against the obligation resulting in an initial carrying value of 6,330,721. The carrying value of the royalty obligation will be remeasured at each reporting period based on the revised expected future cash flows using the original discount rate under the amortized cost method.

On June 30, 2025, the obligation was remeasured at \$10,592,367 (June 30, 2024: \$11,591,878).

	Total
As at June 30, 2023	\$ 12,016,881
Accretion	1,464,054
Minimum repayments	(1,897,500)
Remeasurement	8,443
As at June 30, 2024	\$ 11,591,878
Accretion	1,578,580
Minimum repayments	(1,897,500)
Remeasurement	(680,592)
As at June 30, 2025	\$ 10,592,366

NextSource Materials Inc.
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12. Royalty obligation (continued)

		Total
Current portion of royalty obligation	\$	1,897,500
Long-term royalty obligation		8,694,866
As at June 30, 2025	\$	10,592,366

		Total
Current portion of royalty obligation	\$	2,846,250
Long-term royalty obligation		8,745,628
As at June 30, 2024	\$	11,591,878

During the year ended June 30, 2025, the obligation increased due to accretion of \$1,578,580 (June 30, 2024: \$1,464,054), a remeasurement gain of \$680,592 (June 30, 2024: loss of \$8,443) recognized through the consolidated statements of operations and comprehensive loss, and repayments of \$1,897,500 were completed (June 30, 2024: \$1,897,500).

Future undiscounted minimum royalty payments (inclusive of accrued interest) including accrued interest on deferrals are set out in the following table:

		As at June 30, 2025
Within 12 months	\$	1,897,500
Between 13 and 24 months		1,897,500
Between 25 and 36 months		1,897,500
Between 37 and 48 months		1,897,500
Between 49 and 60 months		1,897,500
Over 60 months		6,641,250
Total undiscounted royalty obligations	\$	16,128,750

13. Borrowings

On January 30, 2025 the Company secured a drawdown credit facility of up to US\$20,000,000 with Vision Blue. The proceeds of the facility, which is non-dilutive to shareholders, was used as needed to progress the Company's Battery Anode Facility strategy, support the continued development and growth of Molo Graphite Mine, and for general working capital purposes. The credit facility is available pursuant to up to four advances, each such advance shall be a maximum principal amount of \$5,000,000. Interest shall be payable at a rate of 15% per annum, compounding quarterly. On June 30, 2025, Vision Blue can call upon all outstanding advances, including accrued and unpaid interest, from the Company. The credit facility is secured by share pledges of the Company's investments in the subsidiaries in Madagascar and Mauritius and by guarantees from each of the subsidiaries that hold these assets.

During the twelve months ended June 30, 2025, the Company received three advances from Vision Blue, which were recognized net of transaction costs of \$425,102. As at June 30, 2025 the outstanding amount of the loan is \$15,437,022 (2024: \$Nil) and related interest of \$437,022 were recorded for the year ended June 30, 2025 (June 30, 2024: \$Nil). The total outstanding amount is payable on demand as of June 30, 2025, therefore the full amount outstanding is included in current liabilities.

		Total
As at June 30, 2024	\$	—
Drawdown		\$14,574,898
Interest		437,022
Accretion		425,102
As at June 30, 2025	\$	15,437,022

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14. Commercial production obligation

On April 16, 2014, the Company signed a Sale and Purchase Agreement and a Mineral Rights Agreement (together “the Agreements”) with Capricorn Metals (formerly Malagasy Minerals) to acquire the remaining 25% interest in the Molo Graphite Mine. Pursuant to the Agreements, a further cash payment of CAD\$1,000,000 is due within 30 days of the commencement of commercial production. On June 30, 2022, the Company recognized a provision of \$708,514 using a 13.8% discount rate based on an initial expectation of settlement on or around June 30, 2023. The provision was recorded at amortized cost and capitalized as property under property, plant, equipment, and development. The obligation is expected to be settled upon the declaration of commercial production of the Molo Graphite Mine.

On June 30, 2025, the obligation was remeasured at \$536,127 (June 30, 2024: \$707,850). During the year ended June 30, 2025, the Company recognized a remeasurement gain of \$231,688 (June 30, 2024: gain of \$46,362), accretion of \$68,119 (June 30, 2024: \$22,513), and a foreign exchange gain of \$8,154 (June 30, 2024: gain of \$23,274) through the consolidated statements of operations and comprehensive loss.

		Total
As at June 30, 2023	\$	754,973
Accretion		22,513
Remeasurement Gain		(46,362)
Effect of foreign exchange		(23,274)
As at June 30, 2024	\$	707,850
Accretion		68,119
Remeasurement Gain		(231,688)
Effect of foreign exchange		(8,154)
As at June 30, 2025	\$	536,127

15. Asset retirement obligations

The Company has recognized provisions for asset retirement obligations at its Molo Graphite Mine. The provision for these obligations is based on an independent third-party estimate. The estimate considered current disturbance and applicable regulations. The ultimate timing and costs for future site closure and rehabilitation are uncertain and will vary depending on several factors including changes in the life-of-mine plan. Significant closure activities will include the demolition of the processing plant and infrastructure, land rehabilitation, water treatment and water treatment monitoring costs. The undiscounted closure and rehabilitation costs were estimated at \$3,640,166.

		Total
As at June 30, 2023	\$	492,346
Accretion		—
Remeasurement Gain		1,349,631
Effect of foreign exchange		78,292
As at June 30, 2024	\$	1,920,269
Accretion		90,720
Remeasurement		164,476
Effect of foreign exchange		16,721
As at June 30, 2025	\$	2,192,186

As of June 30, 2025, the present value of estimated future cash flows required to settle the Company’s closure and decommissioning costs as of the reporting date was estimated at \$2,192,186 (June 30, 2024: \$1,920,269) using a long-term USD Dollar risk-free interest rate of 2.31%.

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16. Commitments

The Company is subject to contractual commitments related to royalties as described in notes 12 and 14.

17. Share capital

As of June 30, 2025, the Company had 184,911,107 common shares issued and outstanding (June 30, 2024: 155,823,007). The Company's common shares have no par value, and the authorized share capital is composed of an unlimited number of common shares.

The following changes occurred during the year ended June 30, 2025:

- (a) On October 11, 2024, the Company closed the first tranche of a non-brokered private placement offering, issuing 27,728,100 common shares of the Company at a price of CAD\$0.53 per share for an aggregate gross proceeds of \$10,703,661 (CAD\$14,695,893). The Company incurred issuance cost of \$82,294 for net proceeds of \$10,621,367.
- (b) On November 13, 2024 the Company closed a second and final tranche of the October 2024 announced non-brokered private placement offering, issuing an additional 1,360,000 common shares of the Company at a price of CAD\$0.53 per share for aggregate gross proceeds of \$524,990 (CAD\$720,800). The Company incurred issuance cost of \$48,410 for net proceeds of \$476,580.

In total the non-brokered private placement resulted in the issuance of 29,088,100 common shares of the Company at a price of CAD\$0.53 per share for an aggregate gross proceeds of \$11,228,651 (CAD\$15,416,693). The Company incurred issuance cost in total of \$130,704 for net proceeds of \$11,097,947.

The following changes occurred during the year ended June 30, 2024:

- (a) On August 1, 2023, the Company completed a prospectus equity funding of \$37,750,585 (CAD \$50,000,775) through the issuance of 30,303,500 common shares at a price of CAD \$1.65 per share resulting in net proceeds of \$36,203,593.
- (b) On November 28, 2023, a total of 209,000 common shares were issued to an officer as part of their severance with a fair value of \$216,000.
- (c) On June 28, 2024, a total of 39,500 common shares were issued as part of the conversion of RSUs.

18. Stock options

The Company determined the fair value of stock options using the Black-Scholes-Merton valuation model, which has several inputs including the closing market price, the exercise price, compound risk-free interest rate, the Company annualized share price volatility, and the number of years until expiration. The fair value is recorded in equity and expensed through the statements of operations and comprehensive loss over the vesting period. Each stock option entitles the holder to purchase one common share of the Company at the respective exercise price prior to, or on, its expiration date.

As of June 30, 2025, the Company had 2,750,000 stock options outstanding (June 30, 2024: 1,030,000) with a weighted average expiration of 8 years (June 30, 2024: 9.64 years) exercisable into 2,750,000 common shares (June 30, 2024: 1,030,000) at a weighted average exercise price of CAD \$0.89 (June 30, 2024: CAD\$0.94).

Grant Date	Vesting Date	Expiration Date	Exercise Price	As at June 30, 2024			As at June 30, 2025	
				Awarded	Cancelled	Exercised		
May 11, 2022	May 11, 2022	May 11, 2025	C\$2.50	30,000	—	(30,000)	—	—
May 28, 2024	November 1, 2027	May 27, 2034	C\$0.89	1,000,000	—	—	—	1,000,000
December 1, 2024	December 1, 2027	December 1, 2034	C\$0.89	—	950,000	—	—	950,000
December 1, 2024	December 1, 2025	December 1, 2032	C\$0.89	—	600,000	(400,000)	—	200,000
December 1, 2024	December 1, 2024	December 1, 2029	C\$0.89	—	750,000	(150,000)	—	600,000
Total Stock Options Issued				1,030,000	2,300,000	(580,000)	—	2,750,000

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18. Stock options (continued)

The following changes occurred during the twelve months ended June 30, 2025:

- On December 1, 2024, the Company granted 950,000 stock options exercisable at a price of C\$ 0.89, that vest after 3 years. The options were valued at \$273,427 based on a risk-free rate of 4.08%, a term of 10 years, annualized volatility of 65.27% and a closing market price on June 30, 2025 of C\$0.24 (2024: C\$0.58). These stock options will vest on December 1, 2027, and the value of the options will be expensed over the vesting period.
- On December 1, 2024, the Company granted 600,000 stock options exercisable at a price of C\$0.89, that vest after 1 year. The options were valued at \$51,835 based on a risk-free rate of 4.08%, a term of 8 years, volatility of 65.27% and a closing market price of C\$0.24 (2024: C\$0.58). These stock options will vest on December 1, 2025, and the value of the options will be expensed over the vesting period. During the 3 months ended March 31, 2025 400,000 of these options were cancelled.
- On December 1, 2024, the Company granted 750,000 stock options exercisable at a price of C\$0.89 that vest immediately. After 5 years the options will expire if not exercised. The options were valued at \$119,744 based on a risk-free rate of 4.08%, a term of 5 years, volatility of 65.27% and a market price of C\$0.24 (C\$0.58). These stock options vested on December 1, 2024, and the value of the options was expensed immediately. During the 3 months ended March 31, 2025 150,000 of these options were cancelled.

During the twelve months ended June 30, 2025, a total of 580,000 stock options were cancelled upon reaching their expiration dates.

19. Restricted share units (RSUs)

The Company account for the RSUs as cash-settled as the holder has the option to take the RSU amounts in cash or equity, subject to agreement by the Company. An RSU obligation of \$89,707 (June 30, 2024: \$592,118) was recorded to accrued liabilities and share-based compensation liability.

		As at June 30, 2025		As at June 30, 2024
Current portion of RSU obligations	\$	57,228	\$	190,649
Long-term RSU obligations		32,479		401,469
Total RSU Liability	\$	89,707	\$	592,118

Cash settled RSU obligations are remeasured at fair value based on the Market Price of the Company's common shares at each reporting date up to and including the settlement date, with changes in fair value recognized in the consolidated statement of operations and comprehensive loss.

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19. Restricted share units (RSUs) (continued)

As of June 30, 2025, the Company had 800,000 RSUs outstanding (June 30, 2024: 910,000) that is subject to satisfying their respective vesting conditions. The RSUs have a weighted average time until vesting of 3.47 years (June 30, 2024: 4.35 years).

Grant Date	Vesting Date	Expiration Date	Vesting Condition	As at June 30, 2024	Awarded	Settled in Cash	As at June 30, 2025
June 19, 2024	June 30, 2024	December 31, 2027	E	110,000	—	(110,000)	—
May 28, 2024	September 30, 2024	September 30, 2026	E	25,000	—	—	25,000
May 28, 2024	December 31, 2024	December 31, 2026	E	25,000	—	—	25,000
May 28, 2024	March 31, 2025	March 31, 2027	E	25,000	—	—	25,000
May 28, 2024	June 30, 2025	June 30, 2027	E	25,000	—	—	25,000
May 28, 2024	September 30, 2025	September 30, 2027	E	25,000	—	—	25,000
May 28, 2024	December 31, 2025	December 31, 2027	E	25,000	—	—	25,000
May 28, 2024	February 1, 2025	February 1, 2028	E, V	41,667	—	—	41,667
May 28, 2024	March 31, 2026	March 31, 2028	E	25,000	—	—	25,000
May 28, 2024	May 1, 2025	May 1, 2028	E, V	41,667	—	—	41,667
May 28, 2024	June 30, 2026	June 30, 2028	E	25,000	—	—	25,000
May 28, 2024	August 1, 2025	August 1, 2028	E, V	41,667	—	—	41,667
May 28, 2024	September 30, 2026	September 30, 2028	E	25,000	—	—	25,000
May 28, 2024	November 1, 2025	November 1, 2028	E, V	41,667	—	—	41,667
May 28, 2024	December 31, 2026	December 31, 2028	E	25,000	—	—	25,000
May 28, 2024	February 1, 2026	February 1, 2029	E, V	41,667	—	—	41,667
May 28, 2024	March 31, 2027	March 31, 2029	E	25,000	—	—	25,000
May 28, 2024	May 1, 2026	May 1, 2029	E, V	41,667	—	—	41,667
May 28, 2024	June 30, 2027	June 30, 2029	E	25,000	—	—	25,000
May 28, 2024	August 1, 2026	August 1, 2029	E, V	41,667	—	—	41,667
May 28, 2024	November 1, 2026	November 1, 2029	E, V	41,667	—	—	41,667
May 28, 2024	February 1, 2027	February 1, 2030	E, V	41,667	—	—	41,667
May 28, 2024	May 1, 2027	May 1, 2030	E, V	41,667	—	—	41,667
May 28, 2024	August 1, 2027	August 1, 2030	E, V	41,667	—	—	41,667
May 28, 2024	November 1, 2027	November 1, 2030	E, V	41,663	—	—	41,663
September 2, 2024	September 2, 2024	September 2, 2034	E	—	25,000	(25,000)	—
January 1, 2025	January 1, 2025	January 1, 2035	E, V	—	25,000	(25,000)	—
Totals				910,000	50,000	(160,000)	800,000

Legend: E - Vesting conditional on employment on vesting date, V - Variable vesting date

The following changes occurred during the year ended June 30, 2025:

- a. On September 2, 2024, a total of 25,000 RSUs were granted and vested on September 2, 2024, which were settled in cash.
- b. On January 1, 2025, a total of 25,000 RSUs were granted and vested on January 1, 2025, which were settled in cash.

The following changes occurred during the year ended June 30, 2024:

- (a) On May 28, 2024, a total of 500,000 RSUs were granted in tranches of 41,667 RSUs with variable vesting dates from February 1, 2025, to November 1, 2027, and expiration dates from February 1, 2028, to November 1, 2030.
- (b) On May 28, 2024, a total of 300,000 RSUs were granted in tranches of 25,000 RSUs with vesting dates from September 30, 2024, to June 30, 2027, and expiration dates from September 30, 2026, to June 30, 2029.
- (c) On June 19, 2024, a total of 110,000 RSUs were granted and vested on June 30, 2025, and expiration date of December 31, 2027.
- (d) On June 30, 2024, a total of 39,500 RSUs were converted into common shares, 25,000 were cancelled, and 95,500 were settled in cash.

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20. General and administrative expenses

		Year ended June 30, 2025		Year ended June 30, 2024
Payroll and salaries	\$	4,476,192	\$	2,430,368
Professional and legal		1,923,490		1,514,576
Consultants		729,723		756,270
General admin		907,896		898,541
Travel		464,644		573,564
Public company expenses		255,422		394,349
Sales and marketing		64,989		132,952
Insurance		74,405		66,297
Total	\$	8,896,761	\$	6,766,917

21. Segment reporting

The Company has two operating segments, consisting of mine development and BAF development. The Company's President and Chief Executive Officer and Chief Financial Officer are the operating decision-makers and direct the allocation of resources to its segments.

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21. Segment reporting (continued)

The Company's reportable segments are presented as follows:

	Year ended June 30, 2025			Year ended June 30, 2024		
	Mine	BAF	Total	Mine	BAF	Total
Revenues	\$ 714,837	\$ —	\$ 714,837	\$ —	\$ —	\$ —
Cost of Sales	3,085,801	—	3,085,801	—	—	—
Write-down of inventory to net realizable value	3,687,157	—	3,687,157	—	—	—
Impairment of Property Plant and Equipment	—	1,959,662	1,959,662	—	—	—
Finance costs	—	—	—	63,168	204,776	267,944
Depreciation	122,097	542,741	664,838	109,890	82,321	192,211
Impairment of foreign VAT receivable	—	398,959	398,959	1,599,832	—	1,599,832
Exploration and evaluation expenses	31,379	—	31,379	75,941	—	75,941
Madagascar Government Royalties	16,362	—	16,362	239	—	239
Change in value of lease liability	—	(171,954)	(171,954)	—	—	—
Gain on Disposal of right of use asset	—	(261,544)	(261,544)	—	(178,339)	(178,339)
Segment loss	(6,227,959)	(2,467,864)	(8,695,823)	(1,849,070)	(108,758)	(1,957,828)
Other (Expenses)/Income						
General and administrative expenses			(8,896,761)			(6,766,917)
Share-based compensation			108,911			(334,411)
Depreciation			—			(6,111)
Net Realized exchange gain/loss			(1,551,874)			(883,141)
Finance income			122,320			1,156,840
Change in value of royalty obligation			680,592			(8,443)
Impairment of Property Plant and Equipment			(2,129,656)			—
Change in value of commercial production obligation			231,688			46,362
Finance cost			(2,583,930)			—
Loss before income taxes			(22,714,533)			(8,753,649)
Current income tax expense			(541,760)			(246,379)
Net loss			(23,256,293)			(9,000,028)
Other comprehensive income						
Translation adjustment for foreign			531,891			288,566
Net loss and comprehensive loss			\$ (22,724,402)			\$ (8,711,462)

The information by geographic region is as follows:

	Canada	Mauritius	Madagascar	Total
Cash and cash equivalents	\$ 2,460,621	\$ 333,442	\$ 487,705	\$ 3,281,768
Amounts receivable	372,896	21,847	88,706	483,449
Inventories	—	—	6,013,127	6,013,127
Prepaid expenses	444,913	455	417,421	862,789
Prepayments and deposits	—	700,000	189,184	889,184
Property, plant, equipment and development	12,463	11,967,934	60,684,386	72,664,783
Total assets as at June 30, 2025	\$ 3,290,893	\$ 13,023,678	\$ 67,880,529	\$ 84,195,100

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21. Segment reporting (continued)

	Canada	Mauritius	Madagascar	Total
Cash and cash equivalents	\$ 9,754,055	\$ 325,052	\$ 691,274	\$ 10,770,381
Amounts receivable	206,170	221,807	—	427,977
Inventories	—	—	1,002,793	1,002,793
Prepaid expenses	360,289	1,439	972,215	1,333,944
Prepayments and deposits	—	9,308,079	184,903	9,492,982
Property, plant, equipment, and development	1,408,471	15,445,111	52,967,043	69,820,625
Total assets as at June 30, 2024	\$ 11,728,985	\$ 25,301,488	\$ 55,818,228	\$ 92,848,702

Assets in Mauritius relate to the Mauritius BAF. Assets in Madagascar relate to the Molo Graphite Mine and the Green Giant Vanadium project.

22. Related party transactions

Parties are related if one party has the direct or indirect ability to control or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties include the Company subsidiaries, significant shareholders, and key management. Vision Blue is a significant shareholder that owns 47.68% of the common shares. Key management consists of the Board of Directors, Chief Executive Officer, Chief Financial Officer, and Senior Vice Presidents. Related parties also include companies controlled by key management. Related party transactions occur when there is a transfer of economic resources or financial obligations between related parties. Related party transactions in the normal course of business that have commercial substance are initially measured at fair value. Balances and transactions between the Company and its wholly owned subsidiaries have been eliminated and are not disclosed in this note.

The following key management *related party transactions* occurred during the following reporting periods:

Related party transactions contained within	Year ended June 30, 2025	Year ended June 30, 2024
Payroll and benefits	\$ 2,132,646	\$ 1,484,581
Management consulting fees	358,627	658,927
Professional fees	—	10,251
Share-based compensation	(108,911)	334,411
Total	\$ 2,382,362	\$ 2,488,170

The following key management *related party balances* existed at the end of the following reporting periods:

Related party transactions contained within	Year ended June 30, 2025	Year ended June 30, 2024
Amounts receivable	\$ 21,029	\$ 56,623
Accounts payable and accrued liabilities	—	503,301
Current portion of RSU Obligations	57,228	190,649
Long-term portion of RSU Obligations	32,479	401,469
Credit Facility from Vision Blue	15,437,022	—
Current portion of royalty obligations	1,897,500	2,846,250
Long term portion of royalty obligations	8,694,866	8,745,628

During the year ended June 30, 2025, Vision Blue participated in the private placement offering completed on October 15, 2024 by subscribing to 15,582,300 common shares for gross proceeds of \$5,992,323 (CAD\$8,258,619).

The following key management *related party balances* existed at the end of the following reporting periods:

Amounts receivable is for short-term loans to assist with the exercise of stock options. Accounts payable and accrued liabilities is for normal course accounts payable, accrued bonuses, and accrued director fees. The royalty obligations are owed to Vision Blue.

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23. Capital management

There were no changes in the Company's approach to capital management during the year ended June 30, 2025.

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. The Company is not subject to any externally imposed capital requirements. To date, the Company has funded operations by raising equity and obtaining royalty financing. The Company manages its capital structure (consisting of shareholders' equity and debt obligations) on an ongoing basis and in response to changes in economic conditions and risk characteristics of its underlying assets. Changes to the capital structure can involve the issuance of new equity, obtaining working capital loans, construction financing, issuing debt, the acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

Capital Resource Analysis

As of June 30, 2025, the Company had cash and cash equivalents of \$3,281,768 which is insufficient to fund its working capital requirements (including current liabilities of \$23,755,676) as well as ongoing general and administrative costs and anticipated capital and operating cash outflows. Refer to note 2 basis of presentation and going concern.

24. Financial Instruments and Risk Management

Financial instruments are exposed to certain financial risks, which may include liquidity risk, credit risk, interest rate risk, commodity price risk, and currency risk:

Liquidity risk

The following obligations have contractual maturities over the next twelve months and beyond:

- Accounts payable and accrued liabilities, which are due within 30 days.
- Minimum repayments under the royalty agreement that are due semi-annually on June 30 and December 31.
- Commercial production obligation that is due upon the declaration of commercial production at the Molo Mine.
- Lease payment obligations that are due annually.

As of June 30, 2025, the Company had cash and cash equivalents of \$3,281,768 (June 30, 2024: \$10,770,381) to settle current liabilities of \$23,755,676 (June 30, 2024: \$9,725,358).

Contractual maturities of financial liabilities	Due in the next 12 months	Between 1-2 years	Between 2-5 years	More than 5 years	Total contractual cash flows
Accounts payable and accrued liabilities (note 10)	\$ 4,200,261	\$ —	\$ —	\$ —	\$ 4,200,261
Royalty obligation (note 12)	1,897,500	1,897,500	1,897,500	10,436,250	16,128,750
Commercial obligation repayments (note 14)	—	536,127	—	—	536,127
Lease obligations (note 11)	1,400,976	1,315,116	1,267,183	24,076,472	28,059,747
Borrowings (note 13)	15,437,022	—	—	—	15,437,022
Total	\$ 22,935,759	\$ 3,748,743	\$ 3,164,683	\$ 34,512,722	\$ 64,361,907

For the year ended June 30, 2024

Contractual maturities of financial liabilities	Due in the next 12 months	Between 1-2 years	Between 2-5 years	More than 5 years	Total contractual cash flows
Accounts payable and accrued liabilities (note 10)	\$ 4,282,479	\$ —	\$ —	\$ —	\$ 4,282,479
Royalty obligation (note 12)	2,846,250	1,897,500	1,897,500	10,436,250	17,077,500
Commercial obligation repayments (note 14)	—	707,850	—	—	707,850
Lease obligations (note 11)	2,504,639	2,903,182	2,804,291	56,915,018	65,127,130
Total	\$ 9,633,368	\$ 5,508,532	\$ 4,701,791	\$ 67,351,268	\$ 87,194,959

NextSource Materials Inc.**Notes to the Consolidated Financial Statements**

(All amounts expressed in US Dollars unless designated otherwise)

24. Financial Instruments and Risk Management (continued)

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Company's financial obligations and in the management of its assets, liabilities, and capital structure. To minimize liquidity risk, the Company has implemented cost control measures including a construction budget and the minimizing of discretionary expenditures unless the project has sufficient economic or geologic merit. In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while obtaining sufficient funding to meet its obligations as they come due.

The Company's ability to continue operations and fund development is dependent on management's ability to secure additional financing. Although management is actively pursuing additional funding, and while it has been successful at doing so in the past, there can be no assurance it will be able to do so in the future. As such, the ability of the Company to raise additional funding in order to meet their obligations as they come due results in a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern (see Note 2 Basis of presentation and going concern). Based on management's past ability to manage its working capital, the Company believes it will be able to satisfy its current and long-term obligations as they become due.

The Company manages this risk by regularly evaluating its liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner. The main factors that affect liquidity include working capital requirements, capital-expenditure requirements, and equity capital market conditions. The Company's liquidity requirements are met through a variety of sources, including cash and cash equivalents, debt and equity capital markets. Additional funds will be required for general and administrative costs, general working capital, construction of the BAF, and development costs related to the operation and expansion of the Molo Mine.

Credit risk

The Company does not have commercial receivables. The Company has credit risk arising from refundable taxes classified as amounts receivable. The Company has credit risk arising from officer loans classified as amounts receivable. The Company has credit risk arising from the potential from counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions, whereas any offshore deposits are held with reputable foreign financial institutions. The Company also limits the deposits held with foreign financial institutions.

Interest rate risk

This is the sensitivity of the fair value or of the future cash flows of a financial instrument to changes in interest rates. The Company does not have any financial assets or liabilities that are subject to variable interest rates other than the interest earned on cash balances held in Canadian banks, which is subject to variable interest rate risk.

Commodity price risks

This is the sensitivity of the fair value of, and future cash flows, generated from its mineral projects to changes in commodity prices. The Molo Mine property and assets under construction are carried at historical cost. As a result, the recoverability of the carrying values are exposed to commodity price risks. The royalty obligation remeasurement includes an estimate of the present value of royalties paid on graphite revenues and as a result, is exposed to graphite price risk with a sensitivity to a 10% change in graphite prices of 1%. Graphite does not have an established forward pricing or futures market that could be used to hedge against this exposure. The Company manages this risk by monitoring mineral and commodity price trends to determine the appropriate timing for funding the development, acquisition or disposition of its mineral exploration and development projects.

Currency risk

This is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company transacts in currencies other than the US dollar, including the Canadian dollar, the Madagascar Ariary, the Mauritius Rupee, and the South African Rand. The Company purchases services and has certain salary commitments in those foreign currencies. The Company also has monetary and financial instruments that may fluctuate due to changes in foreign exchange rates. Derivative financial instruments are not used to reduce exposure to fluctuations in foreign exchange rates. The Company is not sensitive to foreign exchange exposure on revenues since it has not made commitments to deliver products quoted in foreign currencies. Since construction of the Molo Mine, the Company is sensitive to foreign exchange risk arising from the translation of the financial statements of subsidiaries with a functional currency other than the US dollar, whereby changes in the carrying amounts of certain assets, liabilities and equity are measured through other comprehensive income.

NextSource Materials Inc.
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24. Financial Instruments and Risk Management (continued)

As at June 30, 2025, the Company had the following balances in foreign currency:

			As at June 30, 2025	As at June 30, 2024
Cash and cash equivalents	CAD	\$	198,261 \$	3,599,424
Cash and cash equivalents	MGA		478,361	233,071
Cash and cash equivalents	MUR		156,404	204,126
Amounts receivable	CAD		56,176	167,886
Amounts receivable	MGA		959,440	100
Prepaid expenses	CAD		131,784	42,327
Prepaid expenses	ZAR		—	26,971
Prepaid expenses	MGA		630,656	1,023,304
Accounts payable and accrued liabilities	CAD		(972,460)	(570,544)
Accounts payable and accrued liabilities	MGA		(2,197,248)	(1,807,746)
Accounts payable and accrued liabilities	MUR		111,749	42,163
Accounts payable and accrued liabilities	GBP		49,429	(197,407)
Accounts payable and accrued liabilities	ZAR		(169,873)	—
Commercial production obligations	CAD		536,127	(707,850)
Current portion of lease obligations	MGA		1,400,976	(135,346)
Net foreign exchange exposure in USD		\$	1,369,782 \$	1,920,478

Impact of 10% increase in CAD/USD exchange rates		\$	(5,011) \$	253,124
Impact of 10% increase in MGA/USD exchange rates			127,218	(68,662)
Impact of 10% increase in MUR/USD exchange rates			26,815	24,629
Impact of 10% increase in ZAR/USD exchange rates			(16,987)	2,697
Impact of 10% increase in GBP/USD exchange rates			4,943	(19,741)
Total		\$	136,978 \$	192,048

As at June 30, 2025, the Company estimated that a 10% decrease of the USD versus foreign exchange rates would result in a loss of \$136,978 (June 30, 2024: loss of \$192,048) and a 10% increase in the USD versus foreign exchange rates would result in a gain of \$136,978 (June 30, 2024: gain of \$192,048).

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25. Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2024 - 26.5%) to the effective tax rate is as follows:

		As at June 30, 2025	As at June 30, 2024
Net loss before tax	\$	(22,714,533)	\$ (8,753,649)
Expected income tax recovery		(6,019,350)	(2,319,717)
Non-deductible expenses and other		304,970	20,520
Unrealized foreign exchange		286,010	271,500
Share based compensation		(5,890)	40,280
Change in value of commercial production obligation		(61,400)	(12,290)
Difference in foreign tax rates		1,261,930	462,216
Foreign withholding tax		541,760	246,380
Change in tax benefits not recognized		4,233,730	1,537,490
Income tax expense	\$	541,760	\$ 246,379

Deferred Tax

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. The following table summarizes the components of deferred tax:

		As at June 30, 2025	As at June 30, 2024
Deferred tax assets			
Lease liabilities	\$	1,518,970	\$ 3,619,780
Non-capital losses Canadian entities		—	—
Non-capital losses foreign entities		—	(68,420)
Property, plant and equipment		243,060	208,930
Subtotal of deferred tax assets		1,762,030	3,760,290
Deferred tax liabilities			
Right-of-use assets		(1,518,970)	(3,551,360)
Mineral Properties		(243,060)	(208,930)
Subtotal of deferred tax liabilities		(1,762,030)	(3,760,290)
Net deferred tax asset (liability)	\$	—	\$ —

Unrecognized Deferred Tax Assets

Deferred taxes are provided because of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		As at June 30, 2025	As at June 30, 2024
Non-capital losses - Canadian entities	\$	35,311,840	\$ 31,446,700
Non-capital losses - non-Canadian		22,601,850	13,337,810
Property, plant and equipment		3,360,560	2,135,740
Royalty obligation		3,387,370	2,489,380
Share and debt issuance cost		1,783,160	1,594,140
Capital loss carry forward		51,160	50,990
Tax Credits		29,800	29,710
Reserves		3,687,060	—
Unrecognized deferred tax assets	\$	70,212,800	\$ 51,084,470

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24. Income taxes (continued)

The Canadian non-capital loss carry forwards expire as noted in the table below. Non-Canadian tax losses carried forward expire between 2025 and 2029. The capital losses carried forward can be carried forward indefinitely but can only be used to reduce capital gains. Investment tax credits expire from 2026 to 2029. Share issue and financing costs will be fully amortized in 2025. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

	As at June 30, 2025
2026	\$ 804,540
2027	780,130
2028	788,950
2029	1,334,720
2030	1,880,800
2031	2,404,390
2032	2,005,140
2033	2,440,540
2034	1,943,660
2035	1,398,480
2036	1,773,340
2037	1,162,150
2038	889,710
2039	1,718,700
2040	1,331,650
2041	1,751,770
2042	1,513,240
2043	2,822,630
2044	3,772,730
	\$ 32,517,270

Although the Company redomiciled into Canada on December 27, 2017, the Company is treated as a United States corporation for United States federal income tax purposes and is subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is treated as a Canadian resident company for Canadian income tax purposes. As a result, the Company is subject to taxation both in Canada and the United States.

26. Subsequent events

On August 5, 2025, the Company and Mitsubishi Chemical Corporation (“MCC”), Japan’s largest chemical company and a leading supplier of anode active material (“AAM”) to original automotive equipment manufacturers (“OEMs”), entered into a binding, multi-year offtake agreement. Under the terms of the Offtake Agreement, the Company and MCC have partnered to supply AAM to a major OEM for the North American EV market. The Company will produce and supply intermediate AAM to MCC’s Japan plant where MCC will produce final AAM for the OEM’s EV battery cell manufacturing facilities in North America.

The Offtake Agreement designates the Company as the sole supplier of c. 9,000tpa of intermediate AAM to MCC for a multi-year term from the commencement of production of the Company’s BAF.