

NEXTSOURCE MATERIALS INC.

Public Offering of Common Shares

July 13, 2023

A preliminary short form prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces of Canada, excluding the province of Québec. A copy of the preliminary short form prospectus, and any amendment, is required to be delivered with this document. The preliminary short form prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

(All amounts shown in C\$)

Issuer:	NextSource Materials Inc. (the “ Company ”).
Offering:	30,303,500 Common Shares (the “ Securities ”) of the Company.
Offering Price:	\$1.65
Size of Offering:	\$50,000,775
Over-Allotment Option:	The underwriters shall have the option (the “ Over-Allotment Option ”) to purchase up to an additional 15.0% of the Securities sold pursuant to the Offering from treasury on the same terms of the Offering at any time up to 30 days following the Closing Date (as hereinafter defined), solely for market stabilization purposes and to cover over-allotments, if any.
Use of Proceeds:	The net proceeds of the Offering are intended to be used by the Company to advance and complete construction of a battery anode facility in Mauritius and other matters as to be described in the Prospectus.
Offering Basis:	The Securities: (i) will be offered by way of a short form prospectus to be filed in each of the provinces of Canada, excluding the province of Québec, pursuant to National Instrument 44-101 – <i>Short Form Prospectus Distributions</i> ; (ii) may be offered in the United States on a private placement basis pursuant to an exemption from the registration requirements of the <i>United States Securities Act of 1933</i> , as amended, and applicable state securities laws; and (iii) may be offered in jurisdictions outside of Canada and the United States, as agreed to between the Company and the Joint Bookrunners, in each case in accordance with all applicable laws provided that no prospectus, registration statement or similar document is required to be filed in such jurisdiction and the Company will not be subject to any continuous disclosure requirements in any such jurisdiction.
Commission:	A cash commission equal to 5.0% of the aggregate gross proceeds of the Offering (which shall be reduced to 1.0% for gross proceeds raised from Securities sold to certain purchasers on the president’s list agreed to between the Company and the Joint Bookrunners).
Eligibility:	The Securities will be eligible for Canadian RRSPs, RRIFs, DPSPs, RESPs and TFSAs.
Listing:	The conditional approval of the listing of the Securities on the Toronto Stock Exchange shall be a condition to closing the Offering.
Joint Bookrunners:	Cormark Securities Inc. and BMO Capital Markets.

Closing Date:

August 1, 2023 or such other date as the Joint Bookrunners and the Company may agree.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This Offering is being made only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and may not be offered or sold within the United States (as such term is defined in Regulation S under the U.S. Securities Act (the “United States”)) or to, or for the account or benefit of, a U.S. person (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act (a “U.S. Person”)), except as permitted by the Underwriting Agreement (as defined herein) and in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. The prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, U.S. Persons.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions that are intended to stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters may offer the Securities at a lower price than stated above.

An investment in the Securities is highly speculative and involves significant risks that should be carefully considered by prospective investors before purchasing such securities. Such investment should only be made by those persons who can afford the risk of loss of their entire investment. The risks outlined in this short form prospectus and in the documents incorporated by reference herein should be carefully reviewed and considered by prospective investors in connection with an investment in such securities. See “Cautionary Statement Regarding Forward-Looking Information” and “Risk Factors” in this short form prospectus, “Cautionary Statement Regarding Forward-Looking Information” and “Risk Factors” in the AIF (as defined herein) and the risk factors set forth in the Interim MD&A and the Annual MD&A which are available under the Corporation’s profile on SEDAR at www.sedar.com, before purchasing the Securities.

Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Securities, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Securities.