



**NextSource Materials Inc.**

**Unaudited Condensed Interim Consolidated Financial Statements**

For the three and nine months ended March 31, 2025, and 2024

Expressed in US Dollars

In accordance with National Instrument 51-102, the  
Company discloses that its auditors have not reviewed these  
unaudited condensed interim financial statements.

**NextSource Materials Inc.**  
**Unaudited Condensed Interim Consolidated Statement of Financial Position**  
*(Expressed in US Dollars)*

|                                                              | As at<br>March 31,<br>2025 | As at<br>June 30,<br>2024 |
|--------------------------------------------------------------|----------------------------|---------------------------|
| <b>Assets</b>                                                |                            |                           |
| <b>Current Assets:</b>                                       |                            |                           |
| Cash and cash equivalents                                    | 1,244,540                  | 10,770,381                |
| Amounts receivable (notes 18 and 19)                         | 830,766                    | 427,977                   |
| Inventories (notes 5 and 18)                                 | 5,221,206                  | 1,002,793                 |
| Prepaid expenses (notes 6 and 18)                            | 1,739,372                  | 1,333,944                 |
| <b>Total Current Assets</b>                                  | <b>9,035,884</b>           | <b>13,535,095</b>         |
| Prepayments and deposits (note 18)                           | 881,608                    | 9,492,982                 |
| Property, plant, equipment, and development (notes 7 and 18) | 89,426,822                 | 69,820,625                |
| <b>Total Assets</b>                                          | <b>99,344,314</b>          | <b>92,848,702</b>         |
| <b>Liabilities</b>                                           |                            |                           |
| <b>Current Liabilities:</b>                                  |                            |                           |
| Accounts payable and accrued liabilities (notes 8 and 19)    | 5,991,330                  | 4,473,128                 |
| Current portion of lease obligations (note 9)                | 3,383,230                  | 2,405,980                 |
| Current portion of royalty obligations (note 10)             | 948,750                    | 2,846,250                 |
| Commercial production obligation (note 12)                   | 632,559                    | 707,850                   |
| Borrowings (note 11)                                         | 4,874,026                  | —                         |
| <b>Total Current Liabilities</b>                             | <b>15,829,895</b>          | <b>10,433,208</b>         |
| Share-based compensation liability (notes 17 and 19)         | 21,882                     | 401,469                   |
| Withholding tax provision                                    | 486,313                    | 247,195                   |
| Lease obligations (note 9)                                   | 18,751,322                 | 18,797,929                |
| Royalty obligations (note 10)                                | 8,914,659                  | 8,745,628                 |
| Asset retirement obligations (note 13)                       | 2,181,245                  | 1,920,269                 |
| <b>Total Liabilities</b>                                     | <b>46,185,316</b>          | <b>40,545,698</b>         |
| <b>Shareholders' Equity</b>                                  |                            |                           |
| Share capital (note 15)                                      | 216,548,896                | 205,025,476               |
| Accumulated deficit                                          | (160,963,368)              | (151,452,062)             |
| Accumulated other comprehensive income                       | (2,426,530)                | (1,270,410)               |
| <b>Total Shareholders' Equity</b>                            | <b>53,158,998</b>          | <b>52,303,004</b>         |
| <b>Total Liabilities and Shareholders' Equity</b>            | <b>99,344,314</b>          | <b>92,848,702</b>         |

Nature of operations (note 1)

Basis of presentation and going concern (note 2)

Commitments (note 14)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

**NextSource Materials Inc.**
**Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss**
*(Expressed in US Dollars, except share and per share amounts)*

|                                                                      | nine months<br>ended<br>March 31,<br>2025 | nine months<br>ended<br>March 31,<br>2024 | three months<br>ended<br>March 31,<br>2025 | three months<br>ended<br>March 31,<br>2024 |
|----------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>Revenues</b>                                                      | 259,352                                   | -                                         | 207,763                                    | -                                          |
| <b>Expenses and other income</b>                                     |                                           |                                           |                                            |                                            |
| Cost of Sales (note 18)                                              | 349,446                                   | -                                         | 318,160                                    | -                                          |
| Exploration and evaluation expenses (note 18)                        | 11,834                                    | 25,912                                    | 3,740                                      | 13,496                                     |
| General and administrative expenses (note 18)                        | 7,429,884                                 | 4,250,236                                 | 2,525,776                                  | 1,597,376                                  |
| Share-based compensation and RSU expense (note 18)                   | 52,260                                    | 216,000                                   | (137,105)                                  | -                                          |
| Depreciation of property, plant, equipment, and development (note 7) | 410,171                                   | 806,275                                   | 133,896                                    | 304,037                                    |
| Lease finance costs and accretion (note 9 & 18)                      | 1,123,059                                 | 708,722                                   | 383,438                                    | 365,959                                    |
| Foreign currency translation (gain) loss                             | 529,516                                   | (498,854)                                 | (216,624)                                  | (1,182,459)                                |
| Interest income                                                      | (85,978)                                  | (1,005,854)                               | (18,788)                                   | (265,367)                                  |
| Change in value of lease liability (note 9)                          | (38,831)                                  | (178,339)                                 | (64,592)                                   | -                                          |
| Change in value of royalty obligation (note 10)                      | (1,867,234)                               | -                                         | (853,291)                                  | -                                          |
| Finance cost on borrowings (note 11)                                 | 291,685                                   | -                                         | 291,685                                    | -                                          |
| Change in value of commercial production obligation (note 12)        | (89,455)                                  | (46,362)                                  | (22,408)                                   | -                                          |
| Impairment of VAT receivable (note 18)                               | 1,391,561                                 | 1,198,104                                 | 378,205                                    | 350,975                                    |
| <b>Total Expenses</b>                                                | <b>9,507,918</b>                          | <b>5,475,840</b>                          | <b>2,722,092</b>                           | <b>1,184,017</b>                           |
| <b>Loss before income taxes</b>                                      | <b>(9,248,566)</b>                        | <b>(5,475,840)</b>                        | <b>(2,514,329)</b>                         | <b>(1,184,017)</b>                         |
| Current income tax expense                                           | (262,740)                                 | -                                         | (99,952)                                   | -                                          |
| <b>Net loss</b>                                                      | <b>(9,511,306)</b>                        | <b>(5,475,840)</b>                        | <b>(2,614,281)</b>                         | <b>(1,184,017)</b>                         |
| <b>Other comprehensive income</b>                                    |                                           |                                           |                                            |                                            |
| Items that will be reclassified subsequently to net loss             |                                           |                                           |                                            |                                            |
| Translation adjustment for foreign operations                        | (1,156,120)                               | 788,022                                   | 392,438                                    | 265,510                                    |
| <b>Net loss and comprehensive loss</b>                               | <b>\$ (10,667,426)</b>                    | <b>\$ (4,687,818)</b>                     | <b>\$ (2,221,843)</b>                      | <b>(918,507)</b>                           |
| Weighted-average common shares (basic and diluted)                   | 173,878,630                               | 152,240,593                               | 184,911,107                                | 155,783,507                                |
| Net loss income per common share (basic and diluted) \$              | (0.05) \$                                 | (0.04) \$                                 | (0.01) \$                                  | (0.01)                                     |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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

|                                                       | Common Shares<br>Outstanding | Share Capital      | Accumulated Deficit  | Accumulated Other<br>Comprehensive Income | Total (Deficit) Equity |
|-------------------------------------------------------|------------------------------|--------------------|----------------------|-------------------------------------------|------------------------|
|                                                       |                              | \$                 | \$                   | \$                                        | \$                     |
| <b>Balance as at June 30, 2023</b>                    | 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                |
| Net loss                                              | —                            | —                  | (5,475,840)          | —                                         | (5,475,840)            |
| Cumulative translation adjustment                     | —                            | —                  | —                    | (578,056)                                 | (578,056)              |
| <b>Balance as at March 31, 2024</b>                   | <b>155,783,507</b>           | <b>205,632,538</b> | <b>(147,927,874)</b> | <b>(2,137,032)</b>                        | <b>55,567,632</b>      |
| Recognition of RSU liability                          | —                            | (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                                              | —                            | —                  | (3,524,188)          | —                                         | (3,524,188)            |
| Cumulative translation adjustment                     | —                            | —                  | —                    | 866,622                                   | 866,622                |
| <b>Balance as at June 30, 2024</b>                    | <b>155,823,007</b>           | <b>205,025,476</b> | <b>(151,452,062)</b> | <b>(1,270,410)</b>                        | <b>52,303,004</b>      |
| Shares issued from private placement                  | 29,088,100                   | 11,228,651         | —                    | —                                         | 11,228,651             |
| Issuance cost from private placement                  | —                            | (130,704)          | —                    | —                                         | (130,704)              |
| Share option expense                                  | —                            | 425,473            | —                    | —                                         | 425,473                |
| Net loss                                              | —                            | —                  | (9,511,306)          | —                                         | (9,511,306)            |
| Cumulative translation adjustment                     | —                            | —                  | —                    | (1,156,120)                               | (1,156,120)            |
| <b>Balance as at March 31, 2025</b>                   | <b>184,911,107</b>           | <b>216,548,896</b> | <b>(160,963,368)</b> | <b>(2,426,530)</b>                        | <b>53,158,998</b>      |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

**NextSource Materials Inc.**  
**Unaudited Condensed Interim Consolidated Statements of Cash Flows**  
*(Expressed in US Dollars)*

|                                                                              | <b>nine months<br/>ended<br/>March 31,<br/>2025</b> | <b>nine months<br/>ended<br/>March 31,<br/>2024</b> |
|------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| <b>Operating activities</b>                                                  |                                                     |                                                     |
| Net loss                                                                     | (9,248,566)                                         | (5,475,840)                                         |
| <i>Add (deduct) items not affecting cash:</i>                                |                                                     |                                                     |
| Depreciation of property, plant, equipment, and development (note 7)         | 410,171                                             | 806,275                                             |
| Lease finance costs and accretion (note 9 & 18)                              | 1,123,059                                           | 708,722                                             |
| Change in value of lease and commercial production obligations (notes 9,12)  | (128,286)                                           | (224,701)                                           |
| Change in value of royalty obligations (note 10)                             | (1,867,234)                                         | —                                                   |
| Finance cost on borrowings (note 11)                                         | 291,685                                             | —                                                   |
| Impairment of VAT receivable                                                 | 1,391,561                                           | 1,198,104                                           |
| Unrealized Foreign currency translation (gain) loss                          | 266,459                                             | —                                                   |
| Share-based compensation expense (note 18)                                   | 52,260                                              | 216,000                                             |
|                                                                              | <b>(7,708,891)</b>                                  | <b>(2,771,440)</b>                                  |
| <i>Change in non-cash working capital balances:</i>                          |                                                     |                                                     |
| Increase in amounts receivable and prepaids and impairment of VAT receivable | (2,238,802)                                         | (1,682,672)                                         |
| Increase in inventories                                                      | (4,273,836)                                         | (496,554)                                           |
| Increase/(decrease) in accounts payable and accrued liabilities              | 1,007,165                                           | (1,407,139)                                         |
| Increase/(decrease) in provisions (note 12)                                  | —                                                   | (31,333)                                            |
| Net cash used in operating activities                                        | <b>(13,214,364)</b>                                 | <b>(6,389,138)</b>                                  |
| <b>Investing activities</b>                                                  |                                                     |                                                     |
| Increase in prepayments and deposits                                         | (3,541)                                             | (5,347,961)                                         |
| Additions to property, plant, equipment, and development costs (note 7)      | (10,040,233)                                        | (8,510,077)                                         |
| Net cash (used)/provided in investing activities                             | <b>(10,043,774)</b>                                 | <b>(13,858,038)</b>                                 |
| <b>Financing activities</b>                                                  |                                                     |                                                     |
| Proceeds from issuance of common shares (note 15)                            | 11,228,651                                          | 37,750,585                                          |
| Common shares issuance costs (note 15)                                       | (130,704)                                           | (1,536,571)                                         |
| Lease obligation principal payments (note 9)                                 | (975,921)                                           | (1,470,000)                                         |
| Repayment of royalty financing (note 10)                                     | (948,750)                                           | (1,897,500)                                         |
| Proceeds from borrowings net of transaction cost                             | 4,582,340                                           | —                                                   |
| Net cash provided by financing activities                                    | <b>13,755,616</b>                                   | <b>32,846,514</b>                                   |
| Effect of exchange rate changes on cash and cash equivalents                 | (23,318)                                            | (578,056)                                           |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                  | <b>(9,525,841)</b>                                  | <b>12,021,282</b>                                   |
| Cash and cash equivalents, beginning of period                               | 10,770,381                                          | 6,885,458                                           |
| <b>Cash and cash equivalents, end of period</b>                              | <b>1,244,540</b>                                    | <b>18,906,740</b>                                   |

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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**NextSource Materials Inc.**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended March 31, 2025 and 2024**  
*(Expressed in US Dollars)*

**1. Nature of operations**

NextSource Materials Inc. (the “Company” or “NextSource”) continued its operations under the Canada Business Corporations Act from the State of Minnesota to Canada on December 27, 2017, and has a fiscal year end of June 30. The Company’s registered head office and primary location of records is 130 King Street West, Exchange Tower, Suite 1940, Toronto, Ontario Canada, M5X 2A2. The Company’s common shares are listed on the Toronto Stock Exchange (the “TSX”) under the symbol “NEXT” and the OTCQB under the symbol “NSRCF”.

NextSource is intent on becoming a vertically integrated global supplier of battery materials through the mining and value-added processing of graphite and other minerals. The Company’s principal business is the development of the Molo Graphite Mine in Madagascar and has announced plans to build the first of several Battery Anode Facilities (“BAF”) in Mauritius, with alternative locations also considered in the Middle East.

The Company also owns the Green Giant Vanadium Project, located in Madagascar, and the Sagar Project, located in Quebec, both of which are at the exploration and evaluation stage.

The Company has no prior experience in operating mines or processing facilities. The Company does not pay dividends and is unlikely to do so in the immediate or near future.

These condensed interim consolidated financial statements were approved by the Board of Directors of the Company on May 15, 2025.

**2. Basis of presentation and going concern**

***Statement of compliance with IFRS***

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) applicable to the preparation of interim financial statements under International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements do not include all the disclosures required by IFRS for annual audited consolidated financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended June 30, 2024, including the accounting policies and notes thereto, which were prepared in accordance with IFRS.

In the opinion of management, these condensed interim consolidated financial statements reflect all adjustments, which consist of normal and recurring adjustments necessary to present fairly the financial position as at March 31, 2025, and June 30, 2024, and the results of operations and cash flows for the nine months ended March 31, 2025, and 2024.

Operating results for the nine months ended March 31, 2025, are not necessarily indicative of the results that may be expected for the full year ending June 30, 2025.

***Basis of measurement***

The condensed interim consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Assets and liabilities are presented under the historical cost basis, except for certain financial instruments that are measured at fair value, as explained in the accounting policies below.

***Basis of consolidation***

These condensed interim consolidated financial statements include the financial position, results of operations and comprehensive (loss) income and cash flows of the Company and its wholly owned subsidiaries. Intercompany balances, transactions, income and expenses, profits, and losses, including gains and losses relating to subsidiaries have been eliminated on consolidation.

NextSource owns 100% of NextSource Materials (Mauritius) Ltd. (“MATMAU”), a Mauritius subsidiary, NextSource Materials (UK) Ltd. and NextSource U.K. Ltd, both UK subsidiaries; and NextSource Global Talent Inc and 2391938 Ontario Inc., both Ontario Companies. 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 March 31, 2025, the Company had cash and cash equivalents of \$1,244,540 which is insufficient to fund its working capital requirements (including current liabilities of \$15,829,895) as well as ongoing general and administrative costs and anticipated capital and operating cash outflows. The Company has not generated significant revenue from operations and does not expect to do so in the near future. Therefore, the Company will need to obtain financing in the form of equity, debt, or a combination thereof to continue with its planned strategic and operational activities. 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 or on terms that are acceptable to the Company. As such, the ability of the Company to raise additional funding to meet its 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.

The accompanying condensed interim consolidated financial statements have been prepared based on a going concern, 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, management 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 condensed interim consolidated financial statements do not give effect to adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the Company be unable to continue as a going concern and therefore 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 condensed interim financial statements. These adjustments could be material.

### **3. Material accounting policy information & new accounting standards and amendments**

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as disclosed in Note 3 to the Company's audited consolidated financial statements for the year ended June 30, 2024, except for the following:

#### ***Revenues***

Revenues include sales of coarse flake graphite concentrate. The Company recognizes revenue when it transfers control of the coarse flake graphite concentrate to the customer. The principal activity from which the Company generates its revenue is the sale of coarse flake graphite concentrate to third parties. Delivery of the coarse flake graphite concentrate is considered to be the only performance obligation. Revenues are measured based on the consideration specified in the contract with the customer.

#### ***New accounting standards issued but not yet effective***

##### ***New standard – IFRS 18, Presentation and Disclosure in Financial Statements***

IFRS 18 is a new standard that will provide new presentation and disclosure requirements and which will replace IAS 1, Presentation of Financial Statements. IFRS 18 introduces changes to the structure of the statement of income (loss); provides required disclosures in financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and provides enhanced principles on aggregation and disaggregation in financial statements. Many other existing principles in IAS 1 have been maintained. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

The Company is currently assessing the impact of the new standard issued but not yet effective.

### **4. Significant judgments, estimates and assumptions**

To prepare financial statements in conformity with IFRS, the Company must make estimates, judgments and assumptions concerning the future that affect the carrying values of assets and liabilities as of the date of the condensed interim consolidated financial statements and the reported values of revenues and expenses during the reporting period. By their nature, these are uncertain, and actual outcomes could differ from the estimates, judgments, and assumptions. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods when the revision affects both current and future periods. Significant accounting judgments, estimates and assumptions are reviewed on an ongoing basis.

The areas involving significant judgments, estimates and assumptions have been detailed in Note 4 to the Company's audited consolidated financial statements for the year ended June 30, 2024.

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**NextSource Materials Inc.**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended March 31, 2025 and 2024**  
*(Expressed in US Dollars)*

**5. Inventories**

|                             | <b>As at<br/>March 31,<br/>2025</b> | <b>As at<br/>June 30,<br/>2024</b> |
|-----------------------------|-------------------------------------|------------------------------------|
| Consumable materials        | 2,060,106                           | 923,337                            |
| Run-of-mine (ROM) stockpile | 310,025                             | 71,279                             |
| Finished product            | 2,851,075                           | 8,177                              |
| <b>Total Inventories</b>    | <b>5,221,206</b>                    | <b>1,002,793</b>                   |

**6. Prepaid Expenses**

|                      | <b>As at<br/>March 31,<br/>2025</b> | <b>As at<br/>June 30,<br/>2024</b> |
|----------------------|-------------------------------------|------------------------------------|
| Vendor Advances      | 1,140,974                           | 1,174,515                          |
| Insurance & Services | 598,398                             | 159,429                            |
| <b>Total Prepaid</b> | <b>1,739,372</b>                    | <b>1,333,944</b>                   |

**NextSource Materials Inc.**  
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended March 31, 2025 and 2024**  
*(Expressed in US Dollars)*

**7. Property, plant, equipment, and development**

During the nine months ended March 31, 2025, the Company made additions of \$15,742,728 and incurred development costs of \$5,771,070. The additions represent the capitalization of BAF equipment for \$11,972,733 of which \$8,609,740, was accounted for as a prepayment as of June 30, 2024. Development costs represent ongoing capitalization of Molo Mine processing plant and commissioning costs. There were no transfers from assets-under-construction to other categories of assets for the nine months ended March 31, 2025 (June 30, 2024: \$nil).

|                                          | Property<br>\$   | Plant<br>\$      | Equipment<br>\$  | Right of Use<br>Assets<br>\$ | Assets Under<br>Construction<br>\$ | Total<br>\$       |
|------------------------------------------|------------------|------------------|------------------|------------------------------|------------------------------------|-------------------|
| <b>As at June 30, 2023</b>               | <b>2,096,759</b> | <b>8,161,993</b> | <b>2,559,807</b> | <b>12,419,209</b>            | <b>18,999,061</b>                  | <b>44,236,829</b> |
| 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         |
| Transfers                                | -                | -                | -                | -                            | -                                  | -                 |
| 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           |
| <b>As at June 30, 2024</b>               | <b>3,567,652</b> | <b>7,886,795</b> | <b>2,607,348</b> | <b>21,091,718</b>            | <b>34,667,112</b>                  | <b>69,820,625</b> |
| Additions                                | 246,686          | 162,246          | 145,688          | -                            | 15,188,108                         | 15,742,728        |
| Development costs                        | -                | -                | -                | -                            | 5,771,070                          | 5,771,070         |
| Depreciation                             | (6,673)          | (315,291)        | (347,454)        | (568,147)                    | 827,394                            | (410,171)         |
| Disposals                                | -                | -                | -                | -                            | -                                  | -                 |
| Impact of foreign exchange               | (72,794)         | (220,193)        | (98,564)         | (285,258)                    | (820,621)                          | (1,497,430)       |
| <b>As at March 31, 2025</b>              | <b>3,734,871</b> | <b>7,513,557</b> | <b>2,307,018</b> | <b>20,238,313</b>            | <b>55,633,063</b>                  | <b>89,426,822</b> |
| 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)       |
| <b>As at June 30, 2024</b>               | <b>3,567,652</b> | <b>7,886,795</b> | <b>2,607,348</b> | <b>21,091,718</b>            | <b>34,667,112</b>                  | <b>69,820,625</b> |
| Cost                                     | 3,749,363        | 8,280,560        | 3,248,968        | 20,903,557                   | 55,633,063                         | 91,815,511        |
| Accumulated depreciation                 | (14,492)         | (767,003)        | (941,950)        | (665,244)                    | -                                  | (2,388,689)       |
| <b>As at March 31, 2025</b>              | <b>3,734,871</b> | <b>7,513,557</b> | <b>2,307,018</b> | <b>20,238,313</b>            | <b>55,633,063</b>                  | <b>89,426,822</b> |

*Molo Graphite Mine Development*

On February 15, 2019, the Company received a 40-year mining license for the Molo Graphite Mine, located in Madagascar, which does not limit mining to any specific volume. On March 29, 2021, the Company announced the initiation of construction of Phase 1 with a nameplate capacity of 17,000 tonnes per annum (“tpa”) of SuperFlake® graphite concentrate and began capitalizing mine development costs.

On March 23, 2023, the Company announced the initiation of commissioning of Phase 1 of its Molo Graphite Mine in Madagascar, which has a nameplate capacity of 17,000 tpa of SuperFlake® graphite concentrate. As at March 31, 2025, the mine and processing plant were still in commissioning. The Molo Mine processing plant is classified as an asset under construction and commissioning costs are being capitalized until commercial production is achieved.

The Molo Graphite Mine is subject to the following royalties:

- 3% of the gross sales revenue royalty is owned by Vision Blue Resources Limited (see also *Note 10 Royalty Obligation*).
- 1.5% net smelter royalty (“NSR”) owned by Capricorn Metals (formerly known as Malagasy Minerals) (“Capricorn”). Prior to becoming a Director of the Company, Brett Whalen purchased an option to acquire the 1.5% NSR from Capricorn upon the mine achieving commercial production in return for a further payment to Capricorn.
- 5% gross revenue royalty payable to the Government of Madagascar.

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*Mauritius BAF Development Project*

The Company exclusively accesses a proprietary graphite processing technology via a licensing royalty. This includes BAF process flowsheets, equipment sourcing, and all required training and operational expertise. The Company also has an agreement with a graphite trader for the international sale of the products. The sales partner will receive a marketing fee for leveraging its international relationships and acting as a sales, marketing, and trading agent of our BAF products.

*Exploration and Evaluation Expenditures*

The Company owns the Green Giant Vanadium Project, located in Madagascar, and the Sagar Project, located in Quebec, which are at the exploration and evaluation stage. Since early 2012, the Company has focused its efforts on the Molo Graphite Project and as such only limited work has been completed on these properties. Exploration and evaluation expenditures are expensed as incurred.

As of March 31, 2025, the Company had not capitalized any acquisition, exploration, and evaluation costs for these projects.

**8. Accounts payable and accrued liabilities**

|                                                       | <b>As at March 31,<br/>2025</b> | <b>As at June 30,<br/>2024</b> |
|-------------------------------------------------------|---------------------------------|--------------------------------|
| Accounts payable                                      | 2,478,857                       | 2,791,910                      |
| Accrued liabilities                                   | 3,512,473                       | 1,681,218                      |
| <b>Total accounts payable and accrued liabilities</b> | <b>5,991,330</b>                | <b>4,473,128</b>               |

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**9. Right-of-Use assets and lease obligations**

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

- On November 24, 2023, the Company signed a lease for the Mauritius BAF, which was amended on December 1, 2024, 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 monthly in advance up to May 31, 2025 and thereafter annually in advance. In the event the Company cannot obtain an EIA, the Company may terminate the lease prior to May 31, 2025, without incurring any additional cost.
- On November 6, 2023, the Company signed a lease for an office in Antananarivo (Tana) 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.
- For the year ended June 30, 2024 the company recognized a lease obligation of \$7,871,192 and a right of use asset for the energy services agreement (“ESA”) with CrossBoundary Energy Madagascar (“CBE”). This contract is for the hybrid solar thermal power plant owned and operated by CBE that is supplying electricity to the Molo 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 \$0.0837 per kWh which is equivalent to \$937,440 per annum. Over the initial term, the base tariff is subject to an annual escalation factor of 2.5% on June 1st of every year. 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 was no variable lease payments made during the nine months ended March 31, 2025. Total cash outflows made during the nine months ended March 31, 2025, for this lease was \$872,222. During the nine months ended March 31, 2025, \$76,753 of depreciation and \$877,943 of interest expense was capitalized in relation to this lease.

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

|                                   | <b>Port-Louis<br/>BAF Lease</b> | <b>CBE Power<br/>Facility Lease</b> | <b>Tana Office<br/>Lease</b> | <b>Total<br/>Obligations</b> |
|-----------------------------------|---------------------------------|-------------------------------------|------------------------------|------------------------------|
|                                   | \$                              | \$                                  | \$                           | \$                           |
| <b>As at June 30, 2023</b>        | -                               | -                                   | -                            | -                            |
| 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)                  |
| Remeasurement of lease liability  | -                               | -                                   | -                            | -                            |
| Disposals                         | -                               | -                                   | -                            | -                            |
| Foreign exchange adjustments      | -                               | -                                   | 2,157                        | 2,157                        |
| <b>As at June 30, 2024</b>        | <b>12,420,137</b>               | <b>8,482,539</b>                    | <b>301,233</b>               | <b>21,203,909</b>            |
| Initial recognition of obligation | -                               | -                                   | -                            | -                            |
| Finance costs                     | 1,057,242                       | 877,943                             | 20,967                       | 1,956,152                    |
| Lease payments                    | -                               | (872,222)                           | (103,699)                    | (975,921)                    |
| Remeasurement of lease liability  | (38,831)                        | -                                   | -                            | (38,831)                     |
| Disposals                         | -                               | -                                   | -                            | -                            |
| Foreign exchange adjustments      | -                               | -                                   | (10,757)                     | (10,757)                     |
| <b>As at March 31, 2025</b>       | <b>13,438,548</b>               | <b>8,488,260</b>                    | <b>207,744</b>               | <b>22,134,552</b>            |

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

|                                      | <b>Port-Louis</b> | <b>CBE Power</b>      | <b>Tana Office</b> | <b>Total</b>       |
|--------------------------------------|-------------------|-----------------------|--------------------|--------------------|
|                                      | <b>BAF Lease</b>  | <b>Facility Lease</b> | <b>Lease</b>       | <b>Obligations</b> |
|                                      | \$                | \$                    | \$                 | \$                 |
| Current portion of lease obligations | 2,110,494         | 1,138,495             | 134,241            | 3,383,230          |
| Long-term lease obligations          | 11,328,054        | 7,349,765             | 73,503             | 18,751,322         |
| <b>As at March 31, 2025</b>          | <b>13,438,548</b> | <b>8,488,260</b>      | <b>207,744</b>     | <b>22,134,552</b>  |

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

|                                             | <b>Port-Louis</b> | <b>CBE Power</b>      | <b>Tana Office</b> | <b>Total</b>       |
|---------------------------------------------|-------------------|-----------------------|--------------------|--------------------|
|                                             | <b>BAF Lease</b>  | <b>Facility Lease</b> | <b>Lease</b>       | <b>Obligations</b> |
|                                             | \$                | \$                    | \$                 | \$                 |
| Within 12 months                            | 2,110,494         | 1,138,495             | 143,014            | 3,392,003          |
| Between 13 and 24 months                    | 1,475,700         | 1,030,591             | 85,340             | 2,591,631          |
| Between 25 and 36 months                    | 1,475,700         | 1,056,356             | -                  | 2,532,056          |
| Between 37 and 48 months                    | 1,475,700         | 1,082,765             | -                  | 2,558,465          |
| Between 49 and 60 months                    | 1,475,700         | 1,109,834             | -                  | 2,585,534          |
| Over 60 months                              | 27,930,763        | 24,573,623            | -                  | 52,504,386         |
| <b>Total undiscounted lease obligations</b> | <b>35,944,057</b> | <b>29,991,664</b>     | <b>228,354</b>     | <b>66,164,075</b>  |

Low value leases, 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.

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**10. 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, for the development and construction of the Molo Mine site.
- (b) Beginning on the biannual period ending June 30, 2022, 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. NextSource 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.
- (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.

On June 30, 2021, the Company recognized a graphite 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% 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 graphite 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 March 31, 2025, the obligation was remeasured at \$9,863,409 (June 30, 2024: \$11,591,878). During the nine months ended March 31, 2025, the obligation increased due to accretion of \$1,087,515 (2024: \$1,095,684) and decreased due to a remeasurement gain of \$1,867,234 (2024: nil) recognized through the condensed interim consolidated statements of operations and comprehensive loss.

|                                     | <b>Total</b>      |
|-------------------------------------|-------------------|
|                                     | <b>\$</b>         |
| <b>As at June 30, 2023</b>          | <b>12,016,881</b> |
| Accretion of royalty obligation     | 1,464,054         |
| Royalty minimum repayments          | (1,897,500)       |
| Remeasurement of royalty obligation | 8,443             |
| <b>As at June 30, 2024</b>          | <b>11,591,878</b> |
| Accretion of royalty obligation     | 1,087,515         |
| Royalty minimum repayments          | (948,750)         |
| Remeasurement of royalty obligation | (1,867,234)       |
| <b>As at March 31, 2025</b>         | <b>9,863,409</b>  |

  

|                                       | <b>Total</b>     |
|---------------------------------------|------------------|
|                                       | <b>\$</b>        |
| Current portion of royalty obligation | 948,750          |
| Long-term royalty obligation          | 8,914,659        |
| <b>As at March 31, 2025</b>           | <b>9,863,409</b> |

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

|                                               | <b>Total</b>      |
|-----------------------------------------------|-------------------|
|                                               | <b>\$</b>         |
| Within 12 months                              | 948,750           |
| Between 13 and 24 months                      | 1,897,501         |
| Between 25 and 36 months                      | 1,897,501         |
| Between 37 and 48 months                      | 1,897,501         |
| Between 49 and 60 months                      | 1,897,501         |
| Over 60 months                                | 7,589,996         |
| <b>Total undiscounted royalty obligations</b> | <b>16,128,750</b> |

## **11. Borrowings**

On January 30, 2025 the Company secured a drawdown credit facility of up to US\$20,000,000 with Vision Blue Resources Limited. The proceeds of the facility, which is non-dilutive to shareholders, will be used as needed to progress the Company's Battery Anode Facility strategy, support the continued development and growth of Molo, 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. The facility matures on June 30, 2025, upon which Vision Blue can call upon all outstanding advances, including accrued and unpaid interest, from the Company. The credit facility is secured by pledges of the Company's investments in the Madagascar and Mauritius operations and by guarantees from each of the subsidiaries that hold these assets.

During the 3 months ended March 31, 2025 the Company received the first advance from Vision Blue, which was recognized net of transaction costs of \$417,660. As at March 31, 2025 the outstanding amount is \$4,874,026 (2024: nil) and interest of \$291,685 was recorded for the nine months ended March 31, 2025. (2024:nil), and included in the current liabilities.

## **12. 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 Property. Pursuant to the Agreements, a further cash payment of CAD\$1,000,000 is due within 30 days of the commencement of commercial production (the "Commercial Production Fee"). On June 30, 2021, 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, 2022. The provision was recorded at amortized cost and capitalized as property under property, plant, equipment, and development. The obligation expected to be settled upon the declaration of commercial production.

During the nine months ended March 31, 2025, the obligation increased through accretion of \$67,063 (2024: nil). On March 31, 2025, the obligation was remeasured at \$632,559 (June 30, 2024: \$707,850). The remeasurement resulted in a gain of \$89,455 (2024: \$46,362) and a foreign exchange gain of 52,899 (2024: gain \$31,333).

## **13. Asset retirement obligations**

The Company has recognized provisions for asset retirement obligations at its Molo Mine property. The provision for these obligations is based on the completed independent third-party estimate as at June 30, 2024 which was updated as at March 31, 2025. The third-party estimate considered current closure plans 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 mining plan. Significant closure activities will include the demolition of the processing plant and infrastructure, land rehabilitation, water treatment, monitoring, and other costs. The obligation is expected to be settled at the end of the 30-year life of mine which is currently estimated as 2054. The undiscounted closure and rehabilitation costs were estimated at \$ 4,107,183

As of March 31, 2025, the present value of the future cash flows required for site closure and rehabilitation costs was measured at \$2,181,245 (June 30, 2024: \$1,920,269) using a long-term US Dollar risk-free interest rate of 2.14% (June 30, 2024: 2.1%).

## **14. Commitments**

The Company is subject to contractual commitments related to royalties as described in notes 10 and 12.

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**15. Share capital**

As of March 31, 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 nine months ended March 31, 2025.

- On October 11, 2024 and November 13, 2024 the Company closed a non-brokered private placement offering of 29,088,100 common shares for an aggregate gross proceeds of \$11,228,651 (CAD\$15,416,693) through issuance at a price of CAD\$0.53 per share resulting in net proceeds of \$11,097,947. The Company incurred issuance cost of \$130,704.

The following changes occurred during the nine months ended March 31, 2024:

- 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. The Company incurred issuance cost of \$1,546,992.
- On November 28, 2023 the Company issued 209,000 common shares to an officer as part of their severance with a fair value of \$216,000.

**16. Stock options**

The Company determined the fair value of stock options using the Black-Scholes option valuation model, which has several inputs including the market price, the exercise price, compound risk free interest rate, annualized volatility, and the number of periods until expiration. The fair value is recorded in equity and expensed through profit and 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 March 31, 2025, the Company had 2,780,000 stock options outstanding (June 30, 2024: 1,030,000) with a weighted average expiration of 8.16 years (June 30, 2024: 9.64 years) exercisable into 2,780,000 common shares (June 30, 2024: 1,030,000) at a weighted average exercise price of \$0.91 (June 30, 2024: C\$0.94).

| Grant Date       | Vesting Date     | Expiration Date  | Exercise Price | As at June 30, 2024 |                  |                  |          | As at March 31, 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              |
| <b>Totals</b>    |                  |                  |                | <b>1,030,000</b>    | <b>2,300,000</b> | <b>(550,000)</b> | <b>-</b> | <b>2,780,000</b>     |

The following changes occurred during the nine months ended March 31, 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 \$323,014 using the Black-Scholes pricing model based on a risk-free rate of 3%, a term of 7 years, volatility of 106% and a market price of \$0.41 (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 \$204,009 using the Black-Scholes pricing model based on a risk-free rate of 3%, a term of 7 years, volatility of 106% and a market price of \$0.41 (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 \$242,717 using the Black-Scholes pricing model based on a risk-free rate of 3%, a term of 5 years, volatility of 117% and a market price of \$0.41 (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 nine months ended March 31, 2024, a total of 1,680,000 stock options were cancelled upon reaching their expiration dates.

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**17. Restricted share units (RSUs)**

RSUs are cash-settled as the holder has the option to take the RSU amounts in cash or equity, subject to agreement by the Company, and based on actions taken in the prior year by the Company, a past practice of settling in cash has been established. An RSU obligation of \$124,863 was recorded to accrued liabilities and share-based compensation liability.

|                                    | As at<br>March 31,<br>2025 | As at<br>June 30,<br>2024 |
|------------------------------------|----------------------------|---------------------------|
| Current portion of RSU obligations | 102,981                    | 190,649                   |
| Long-term RSU obligations          | 21,882                     | 401,469                   |
| <b>Total RSU Liability</b>         | <b>124,863</b>             | <b>592,118</b>            |

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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As of March 31, 2025, the Company had 800,000 RSUs outstanding (June 30, 2024: 910,000) that are subject to satisfying their respective vesting conditions. The RSUs have a weighted average time until vesting of 1.12 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 March 31, 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         | -                    |
| <b>Totals</b>     |                    |                    |                   | <b>910,000</b>      |         |                 | <b>800,000</b>       |

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

The following changes occurred during the nine months ended March 31, 2025:

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

There were no changes during the nine months ended March 31, 2024.

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**18. Segment reporting**

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

The Company's reportable segments for purposes of assessing performance are presented as follows:

|                                                          | nine months ended March 31, 2025 |                    |                        | nine months ended March 31, 2024 |                  |                       |
|----------------------------------------------------------|----------------------------------|--------------------|------------------------|----------------------------------|------------------|-----------------------|
|                                                          | Mine                             | BAF                | Total                  | Mine                             | BAF              | Total                 |
| <b>Revenues</b>                                          | \$ 259,352                       | \$ -               | 259,352                | \$ -                             | \$ -             | \$ -                  |
| <b>Expenses</b>                                          |                                  |                    |                        |                                  |                  |                       |
| Cost of Sales                                            | 349,446                          | -                  | 349,446                | -                                | -                | -                     |
| Exploration and evaluation expenses                      | 11,834                           | -                  | 11,834                 | 25,912                           | -                | 25,912                |
| Lease finance costs & accretion                          | 65,817                           | 1,057,242          | 1,123,059              | 31,830                           | 676,892          | 708,722               |
| Depreciation                                             | -                                | 403,347            | 403,347                | 549,641                          | 252,287          | 801,928               |
| Impairment of VAT receivable                             | 1,391,561                        | -                  | 1,391,561              | 1,198,104                        | -                | 1,198,104             |
| <b>Segment loss</b>                                      | <b>(1,559,306)</b>               | <b>(1,460,589)</b> | <b>(3,019,895)</b>     | <b>(1,805,487)</b>               | <b>(929,179)</b> | <b>(2,734,666)</b>    |
| <b>Other Operating Expenses</b>                          |                                  |                    |                        |                                  |                  |                       |
| General and administrative expenses                      |                                  |                    | (7,429,884)            |                                  |                  | (4,250,236)           |
| Share-based compensation                                 |                                  |                    | (52,260)               |                                  |                  | (216,000)             |
| Depreciation                                             |                                  |                    | (6,824)                |                                  |                  | (4,347)               |
| Foreign currency translation loss                        |                                  |                    | (529,516)              |                                  |                  | 498,854               |
| Interest income                                          |                                  |                    | 85,978                 |                                  |                  | 1,005,854             |
| Change in value of lease liability                       |                                  |                    | 38,831                 |                                  |                  | 178,339               |
| Change in value of royalty obligation                    |                                  |                    | 1,867,234              |                                  |                  | -                     |
| Gain on disposal of asset                                |                                  |                    | -                      |                                  |                  | -                     |
| Change in value of commercial production obligation      |                                  |                    | 89,455                 |                                  |                  | 46,362                |
| Finance cost on borrowings                               |                                  |                    | (291,685)              |                                  |                  |                       |
| <b>Loss before income taxes</b>                          |                                  |                    | <b>(9,248,566)</b>     |                                  |                  | <b>(5,475,840)</b>    |
| Current income tax expense                               |                                  |                    | (262,740)              |                                  |                  | -                     |
| <b>Net Loss</b>                                          |                                  |                    | <b>(9,511,306)</b>     |                                  |                  | <b>(5,475,840)</b>    |
| <b>Other comprehensive income</b>                        |                                  |                    |                        |                                  |                  |                       |
| Items that will be reclassified subsequently to net loss |                                  |                    |                        |                                  |                  |                       |
| Translation adjustment for foreign operations            |                                  |                    | (1,156,120)            |                                  |                  | 788,022               |
| <b>Net loss and comprehensive loss</b>                   |                                  |                    | <b>\$ (10,667,426)</b> |                                  |                  | <b>\$ (4,687,818)</b> |

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|                                                          | Three months ended March 31, 2025 |                  |                    | Three Months Ended March 31, 2024 |                  |                    |
|----------------------------------------------------------|-----------------------------------|------------------|--------------------|-----------------------------------|------------------|--------------------|
|                                                          | Mine                              | BAF              | Total              | Mine                              | BAF              | Total              |
| <b>Revenues</b>                                          | \$ 207,763                        | \$ -             | \$ 207,763         | \$ -                              | \$ -             | \$ -               |
| <b>Expenses</b>                                          |                                   |                  |                    |                                   |                  |                    |
| Cost of Sales                                            | 318,160                           | -                | 318,160            | -                                 | -                | -                  |
| Exploration and evaluation expenses                      | 3,740                             | -                | 3,740              | 13,496                            | -                | 13,496             |
| Lease finance costs & accretion                          | 22,119                            | 361,319          | 383,438            | 11,129                            | 354,830          | 365,959            |
| Depreciation                                             | -                                 | 131,483          | 131,483            | 171,003                           | 131,461          | 302,464            |
| Impairment of VAT receivable                             | 378,205                           | -                | 378,205            | 350,975                           | -                | 350,975            |
| <b>Segment loss</b>                                      | <b>(514,461)</b>                  | <b>(492,802)</b> | <b>(1,007,263)</b> | <b>(546,603)</b>                  | <b>(486,291)</b> | <b>(1,032,894)</b> |
| <b>Other Operating Expenses</b>                          |                                   |                  |                    |                                   |                  |                    |
| General and administrative expenses                      |                                   |                  | (2,525,776)        |                                   |                  | (1,597,376)        |
| Share-based compensation                                 |                                   |                  | 137,105            |                                   |                  | -                  |
| Depreciation                                             |                                   |                  | (2,413)            |                                   |                  | (1,573)            |
| Foreign currency translation loss                        |                                   |                  | 216,624            |                                   |                  | 1,182,459          |
| Interest income                                          |                                   |                  | 18,788             |                                   |                  | 265,367            |
| Change in value of lease liability                       |                                   |                  | 64,592             |                                   |                  | -                  |
| Change in value of royalty obligation                    |                                   |                  | 853,291            |                                   |                  | -                  |
| Gain on disposal of asset                                |                                   |                  | -                  |                                   |                  | -                  |
| Change in value of commercial production obligation      |                                   |                  | 22,408             |                                   |                  | -                  |
| Finance cost on borrowings                               |                                   |                  | (291,685)          |                                   |                  | -                  |
| <b>Loss before income taxes</b>                          |                                   |                  | <b>(2,514,329)</b> |                                   |                  | <b>(1,184,017)</b> |
| Current income tax expense                               |                                   |                  | (99,952)           |                                   |                  | -                  |
| <b>Net Loss</b>                                          |                                   |                  | <b>(2,614,281)</b> |                                   |                  | <b>(1,184,017)</b> |
| <b>Other comprehensive income</b>                        |                                   |                  |                    |                                   |                  |                    |
| Items that will be reclassified subsequently to net loss |                                   |                  |                    |                                   |                  |                    |
| Translation adjustment for foreign operations            |                                   |                  | 392,438            |                                   |                  | 265,510            |
| <b>Net loss and comprehensive loss</b>                   |                                   |                  | <b>(2,221,843)</b> |                                   |                  | <b>(918,507)</b>   |

The following is detailed information by geographic region as at March 31, 2025:

|                                            | Canada           | Mauritius         | Madagascar        | Total             |
|--------------------------------------------|------------------|-------------------|-------------------|-------------------|
|                                            | \$               | \$                | \$                | \$                |
| Cash and cash equivalents                  | 819,159          | 264,202           | 161,179           | 1,244,540         |
| Amounts receivable                         | 277,177          | 322,358           | 231,231           | 830,766           |
| Inventories                                | -                | -                 | 5,221,206         | 5,221,206         |
| Prepaid expenses                           | 425,011          | 1,439             | 1,312,922         | 1,739,372         |
| Prepayments and deposits                   | -                | 700,000           | 181,608           | 881,608           |
| Property, plant, equipment and development | 1,591,877        | 27,283,438        | 60,551,507        | 89,426,822        |
| <b>Total assets as at March 31, 2025</b>   | <b>3,113,224</b> | <b>28,571,437</b> | <b>67,659,653</b> | <b>99,344,314</b> |

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The following is detailed information by geographic region as at June 30, 2024:

|                                             | <b>Canada</b>     | <b>Mauritius</b>  | <b>Madagascar</b> | <b>Total</b>      |
|---------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                             | \$                | \$                | \$                | \$                |
| Cash and cash equivalents                   | 9,754,055         | 325,052           | 691,274           | 10,770,381        |
| Amounts receivable                          | 206,166           | 221,807           | 4                 | 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        |
| <b>Total assets as at June 30, 2024</b>     | <b>11,728,981</b> | <b>25,301,488</b> | <b>55,818,232</b> | <b>92,848,702</b> |

**19. 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. Significant shareholders consist of Vision Blue, which owns 48% of the common shares. Key management consists of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Chief Operating 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:

| <b>Related party transactions contained within</b> | <b>nine months ended March 31, 2025</b> | <b>nine months ended March 31, 2024</b> | <b>three months March 31, 2025</b> | <b>three months March 31, 2024</b> |
|----------------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------|------------------------------------|
| Payroll and benefits                               | \$ 1,022,443                            | \$ 946,146                              | \$ 280,395                         | \$ 324,478                         |
| Management consulting fees                         | 262,500                                 | 547,509                                 | 68,375                             | 96,657                             |
| Professional fees                                  | -                                       | 16,191                                  | -                                  | 9,518                              |
| Share-based compensation                           | 52,260                                  | 216,000                                 | (137,105)                          | -                                  |
| <b>Total</b>                                       | <b>\$ 1,337,203</b>                     | <b>\$ 1,725,846</b>                     | <b>\$ 211,665</b>                  | <b>\$ 430,653</b>                  |

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

| <b>Related party transactions contained within</b> | <b>As at March 31, 2025</b> | <b>As at June 30, 2024</b> |
|----------------------------------------------------|-----------------------------|----------------------------|
| Amounts receivable                                 | 21,029                      | 56,623                     |
| Accounts payable and accrued liabilities           | 15,654                      | 503,301                    |
| Current portion of RSU Obligations                 | 102,981                     | 190,649                    |
| Long-term portion of RSU Obligations               | 21,882                      | 401,469                    |
| Credit Facility from Vision Blue                   | 4,874,026                   | -                          |
| Current portion of royalty obligations             | 948,750                     | 2,846,250                  |
| Long term portion of royalty obligations           | 8,914,659                   | 8,745,628                  |

Amounts receivable is for short-term loans to officers related to the exercise of stock options and RSUs. Accounts payable and accrued liabilities are for accounts payable to related parties and the accrual of director fees.

## **20. Capital management**

There were no changes in the Company's approach to capital management during the three and nine months ended March 31, 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 primarily funded operations by raising equity and obtaining royalty financing and a credit facility from Vision Blue. 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 may involve the issuance of new equity, obtaining working capital loans, construction financing, issuing debt, the disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

### *Capital Resource Analysis*

As of March 31, 2025, the Company had cash and cash equivalents of \$1,244,540 which is insufficient to fund its working capital requirements (including current liabilities of \$15,829,895) 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.

## **21. 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:

- Accounts payable and accrued liabilities, which are due within 30 days.
- Minimum payments under the royalty agreement 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.
- Long-term lease payment obligations are due annually in advance.
- Credit facility from Vision blue that is payable as at June 30, 2025.

As of March 31, 2025, the Company had cash and cash equivalents of \$1,244,540 (June 30, 2024: \$10,770,381) to settle current liabilities of \$15,829,895 (June 30, 2024: \$10,433,208).

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 has obtained the credit facility from Vision Blue and 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, conditions exist that may raise 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 and equity capital markets. Additional funds will be required for general and administrative costs, general working capital, BAF construction, and development costs related to expansion of the MoloMine.

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*Credit risk*

The Company does have commercial receivables and thus exposure to credit risk arises through the potential failure of a customer to meet its contractual obligations to the Company; and sales to customers are protected by the Company's credit insurance policies. 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 Flake 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, British Pound, 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.

As at March 31, 2025, the Company had the following balances in foreign currency:

|                                          |     |    | <b>As at<br/>March 31,<br/>2025</b> | <b>As at<br/>June 30,<br/>2024</b> |
|------------------------------------------|-----|----|-------------------------------------|------------------------------------|
| Cash and cash equivalents                | CAD | \$ | 173,588                             | \$ 3,599,424                       |
| Cash and cash equivalents                | MGA |    | 14,171                              | 233,071                            |
| Cash and cash equivalents                | MUR |    | 154,613                             | 204,126                            |
| Amounts receivable                       | CAD |    | —                                   | 167,886                            |
| Amounts receivable                       | MUR |    | 76,455                              | 42,163                             |
| Prepaid expenses                         | CAD |    | 137,766                             | 42,327                             |
| Prepaid expenses                         | MUR |    | —                                   | —                                  |
| Prepaid expenses                         | ZAR |    | 255,773                             | 26,971                             |
| Prepaid expenses                         | MGA |    | 45,292                              | 1,023,304                          |
| Accounts payable and accrued liabilities | CAD |    | (343,630)                           | (570,544)                          |
| Accounts payable and accrued liabilities | MGA |    | (1,197,277)                         | (1,807,746)                        |
| Accounts payable and accrued liabilities | GBP |    | (65,697)                            | (197,407)                          |
| Commercial production obligations        | CAD |    | (632,559)                           | (707,850)                          |
| Current portion of lease obligations     | MGA |    | (134,240)                           | (135,346)                          |
| Net foreign exchange exposure in USD     |     | \$ | <b>(1,515,745)</b>                  | <b>\$ 1,920,379</b>                |

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|                                                  | <b>As at<br/>March 31,<br/>2025</b> | <b>As at<br/>June 30,<br/>2024</b> |
|--------------------------------------------------|-------------------------------------|------------------------------------|
| Impact of 10% increase in CAD/USD exchange rates | \$ (66,484)                         | \$ 253,124                         |
| Impact of 10% increase in MGA/USD exchange rates | (127,205)                           | (68,662)                           |
| Impact of 10% increase in MUR/USD exchange rates | 23,107                              | 24,629                             |
| Impact of 10% increase in ZAR/USD exchange rates | 25,577                              | 2,697                              |
| Impact of 10% increase in GBP/USD exchange rates | (6,570)                             | (19,741)                           |
| Total                                            | <b>\$ (151,575)</b>                 | <b>\$ 192,048</b>                  |

As at March 31, 2025, the Company estimated that a 10% decrease of the USD versus foreign exchange rates would result in a loss of \$151,575 (June 30, 2024: gain of \$192,048) and a 10% increase in the USD versus foreign exchange rates would result in a gain of \$151,575 (June 30, 2024: loss of \$192,048).

## **22 Subsequent Events**

On April 10, 2025 the Company drew down the second tranche of \$5 million from the credit facility with Vision Blue.