



Anti-Bribery and Anti-Corruption Extended Policy

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1. POLICY OBJECTIVE

NextSource Materials Inc. (the "Company" or "NEXT") is committed to conducting its business in accordance with applicable law and the highest ethical standards. That commitment is reflected in our Code of Ethics and in this Anti-Bribery and Anti-Corruption Policy (the "Policy"), which is intended to provide guidance and procedures for compliance with Canada's Corruption of Foreign Public Officials Act ("CFPOA") and the Criminal Code ("Criminal Code") in Canada, the Foreign Corrupt Practices Act ("FCPA") as amended in the United States, and the Anti-Bribery Act ("UKBA") in the United Kingdom, together with all other anti-corruption and anti-bribery laws and regulations applicable to the Company's business anywhere in the world ("Anti-Corruption Laws").

2. APPLICATION AND PURPOSE

This Policy applies to all directors, officers, employees, consultants and independent contractors of the Company worldwide ("Company Personnel"). Its purpose is to advise Company Personnel of their anti-bribery and anti-corruption obligations and to ensure compliance by Company Personnel with Anti-Corruption Laws. It also provides guidance on identifying potential risks, dealing with challenging situations and reporting when those situations violate or may lead to a violation of this Policy and Anti-Corruption Laws.

In addition, the Company expects its agents, consultants, representatives, lobbyists, suppliers, vendors, contractors, advisors, business partners and any other person that performs services for or on behalf of the Company (each, an "Intermediary") to comply with the principles contained in this Policy.

The Company has zero tolerance for corrupt activities of any kind. Bribes or other improper or unauthorized payments, or acts that create the appearance of promising, offering, giving, or authorizing such payments, are prohibited by this Policy. Company Personnel and Intermediary are expected to adhere to both the spirit and the letter of this Policy with respect to the Company's business anywhere in the world.

Failure to comply with this Policy or Anti-Corruption Laws will be grounds for disciplinary action up to and including termination of employment or other relationship with the Company, may require restitution and may lead to civil or criminal action against individual Company Personnel and Intermediary. If Company Personnel are in or aware of a situation that they believe may violate or lead to a violation of this Policy, they must ask for guidance from their manager or other personnel in a superior position or follow the guidelines described in the Company Code of Ethics and Business Conduct or in the Whistleblower Policy.

3. DEFINITIONS

The following definitions are to serve as a guide for some of the words or phrases that could otherwise be left up to interpretation.

“Bribe” includes payments to a Public Official or other persons for an **“improper purpose”**, which could include:

- Influencing any act or decision of the recipient in his or her official capacity;
- Inducing the recipient to do or omit to do any act in violation of his or her lawful duty;
- Inducing the recipient to influence any act or decision of a government or instrumentality of a government; or
- Securing any improper advantage,
- To secure, gain or retain regulatory approvals, contracts, business advantages or other benefits. This includes payments, entertainment or other gifts or courtesies.

“Corruption” means the misuse of power to influence an outcome or to encourage a form of behavior which may not have occurred otherwise.

“Entertainment” (including, but not limited to, beverages, recreation, lodging, transportation and tickets) is an event with a specific business purpose.

“Facilitation payments”, include any payment to a Public Official in his or her personal capacity to secure or expedite routine governmental action, for example, to expedite customs clearances; to obtain permits, licenses, or other official documents to qualify a person to do business in a foreign country; or to process routine governmental papers such as visas or work orders; for clarity, facilitation payments do not include the legitimate payment of official fees paid directly to a government or agency or enterprise of the government in accordance with established fee schedules or other official documents.

“Gift” means any item of monetary value.

“Government” includes any federal, provincial, national, state or local government together with any agency, instrumentality or other body thereof including hospitals or other health facilities, research institutions, utilities, public universities or sovereign wealth funds which are owned or operated by a government and including regulatory agencies or government-controlled or affiliated businesses or corporations.

“Payment” refers to and includes any direct or indirect offers to pay, promises to pay, authorizations of or payments of anything of value or in-kind contributions including but not limited to, cash or cash equivalents, gifts, services, employment offers, loans, travel expenses, entertainment, political contributions, charitable donations, subsidies, per diem payments, sponsorships, honoraria, or provision of any other asset, even if nominal in value.

“Public Official” means a person who holds a legislative, administrative, or judicial position in Government; a person who performs public duties or functions for Government; an official or

agent of a public international organization; or elected officials, candidates for public office, political parties, and officers, personnel, representatives, and agents of political parties.

4. PROHIBITION ON CORRUPTION

Company Personnel and Intermediary are prohibited from engaging in any form of corrupt practices, including bribes, in the Company's business dealings both in the private and government sectors and such conduct will often constitute a violation of one or more Anti-Corruption Laws.

Given the broad prohibitions under the CFPOA and the FCPA and other Anti-Corruption Laws, Company Personnel must not directly or indirectly make, offer or promise to make, or authorize any bribes, kickbacks or other improper payments, benefits or advantages to any person, individual, entity or organization, including, but not limited to, any Public Official or any employee, official, representative or agency of any:

- Government (including any government-owned or affiliated entity);
- Public international organization (such as the United Nations or the World Bank);
- Political party, including the party itself as well as candidates for public office;
- Non-governmental organization; or
- Private-sector company,

For any improper purpose, including for the purpose of influencing, inducing, or rewarding any act, omission or decision to secure an improper advantage or to obtain or retain business.

This Policy also prohibits "quid pro quo" payments, meaning that the payment is made with the expectation of receiving in return an improper benefit or advantage.

A violation of this Policy can occur even if the bribe or other corrupt practice fails to achieve the purpose for which it was intended. Under this Policy (and under applicable Anti-Corruption Laws) the fact of an offer or promise of a bribe will typically be sufficient to constitute a violation, and this Policy applies whether or not Company funds are used to finance the improper payment or other benefit.

Company Personnel are also prohibited from soliciting or accepting any bribe, kickback or other improper payments or benefits from the Company's vendors or other persons in relation to the Company's business.

The areas where corruption, including bribery, can most often occur include:

- Gifts and Entertainment;
- Facilitation Payments; and
- Political, Community, and Charitable Contributions.

It is the responsibility of Company Personnel to be aware of how these situations may violate or lead to a violation of this Policy and Anti-Corruption Laws. Please consult with your manager or other personnel in a superior position for further guidance.

5. GIFTS AND ENTERTAINMENT

Gifts and entertainment are commonly offered as gestures of gratitude or tokens of appreciation. The Company allows these tokens and gestures when they are reasonable, proportional, made in good faith and in compliance with the Company's Code of Ethics and Business Conduct and this Policy.

Examples of gifts and entertainment include the receipt or offer of gifts, meals or items of limited value as well as invitations to events, functions or other social gatherings related to the Company's business.

However, the CFPOA, FCPA and other Anti-Corruption Laws prohibit the provision or acceptance of money or things of value for corrupt or improper purposes. Therefore, Company Personnel must ensure that any gifts or entertainment are of a value that is in proportion to the situation at hand and should be occasional to avoid being interpreted as an attempt to influence a decision or act. When offering or accepting a gift or forms of entertainment consider:

- **The intended outcome:** Is the offering intended to build a relationship or could it be viewed as influencing a direct result (for example, in connection with a negotiation, request for proposals or a tender)?
- **Transparency and reputation:** If the offering were publicized, how would it reflect on the Company in the public realm or in front of Company shareholders?
- **Competition:** How would the offering be perceived by the Company if it were made by a competitor?

In addition to complying with the CFPOA, FCPA and other Anti-Corruption Laws, Company Personnel must also ensure that the provision of a gift or entertainment or any other benefit does not violate local laws or policies that apply in the country where the recipient is located. Some countries impose express limits on the value of gifts, entertainment, or other benefit that a recipient can accept.

This Policy prohibits gifts of cash or gift certificates or instruments that are easily convertible into cash in all instances.

Company Personnel should consult with their supervisors for further guidance on giving or accepting gifts or forms of entertainment or hospitality in most circumstances, but they must consult with their supervisors prior to providing any gifts or entertainment to any Public Official.

6. FACILITATION PAYMENTS

Facilitation payments are prohibited by this Policy and should not be made. Such payments will also typically breach Anti-Corruption Laws. If you are unclear on whether a payment may be a facilitation payment rather than a legitimate official fee, please consult your manager or other personnel in a superior position.

7. POLITICAL, COMMUNITY AND CHARITABLE CONTRIBUTIONS

Political contributions, as permitted by law, using Company funds should not be made without authorization.

The Company believes in contributing to the communities in which it does business and permits donations to community projects, local and foreign charities, and other recipients. Prior to contributing, the Company needs to make best efforts to ensure that donations to foreign-based charities and other recipients are not, in effect, disguised illegal payments to foreign officials in violation of Anti-Corruption Laws.

8. THE POTENTIAL FOR CORRUPTION

Even if no bribe or other improper payment, benefit or gift is made directly, this Policy prohibits such bribes and other improper payments, benefits or gifts made indirectly through third parties or Intermediaries as these payments can still lead to a violation of Anti-Corruption Laws and to liability for both the individual Company Personnel and the Company itself.

This can occur if there is reason to believe that the person will engage in activity to obtain an improper benefit or otherwise to influence a Public Official or private organization by passing on all or a portion of such payment or gift. Therefore, Company Personnel should be on alert for indicia of potential violations, including the following:

- The country in question is known for bribery or there have been regular media reports of bribery in that country;
- The reputation of the local agent and the agent's relationships;
- Unusually large or small or unexplained commissions, bonuses, or rebates;
- Requests for cheques payable to "cash" or "bearer";
- Requests for payments made to third country bank accounts;
- Establishment of unusual or unexplained bank accounts or funds;
- The absence or incompleteness of documentation to justify expenses or charges; and/or
- Other similar suspicious conduct.

In certain cases, both the individual and the Company can be liable under the CFPOA and FCPA and other Anti-Corruption Laws even if the Intermediary was not expressly authorized to make the bribe or other improper payment or gift or to take other corrupt action but does so anyway. This can occur if Company Personnel have actual knowledge or a firm believe that a person will engage in corruption or consciously disregards, deliberately ignores or is wilfully blind to the Intermediary's correct or improper practices.

9. TRAINING

All Company Personnel and Intermediaries shall be trained on the content of this policy and shall be required to sign acknowledgement of understanding its content. (Refer to NSM FM 2.2.2.00 – NSM Policy Support Declaration as contained in the SD-HSSEQ Policy Group Standard (NSM GS 2.2.00). Additional training may be provided to Company Personnel and Intermediaries that have been identified as being at risk.

Training will furthermore be provided to all Company Personnel and Intermediaries how to identify corruption and how to best counter it before it occurs.

10. ACCOUNTING AND RECORD KEEPING

In addition to the Company's other obligations with respect to its financial statements and reporting, Anti-Corruption Laws require complete, thorough and accurate record keeping. Company Personnel must record each transaction or payment in the books and records of the Company so that the Company can fulfill these requirements. Any false or misleading statements or entries in the Company's books and records are violations of not only Anti-Corruption Laws and the Company's Code of Ethics but are also acts of fraud and will not be tolerated.

11. REPORTING AND ASSISTANCE

If any Company Personnel are approached by a Public Official, client or supplier representative, or any other person and is asked, directly or indirectly, to make a questionable payment or gift, the occurrence should be promptly and fully reported to a manager or other personnel in a superior position, who in turn shall report such occurrence to the General Counsel or Chief Financial Officer of the Company. Whilst NSM guarantees that reporting can be undertaken without fear of reprisal against the person who reported the incident, Company Personnel may also report anonymously using the procedures outlined in the Company's Whistleblower Policy.

All credible incidents of corruption will be investigated by NSM either through its Disciplinary Procedure, or through the Incident Investigation Procedure; and appropriate corrective action shall be developed and implemented. Where a criminal act has been discovered, NSM will follow due process to report such an offence to the relevant authorities in a timely manner.

12. MONITORING AND REPORTING TO STAKEHOLDERS

NSM utilises the Global Reporting Initiative (GRI) Sustainable Development guideline to report its SD-HSSEQ performance to its stakeholders. Anti-corruption systems and performance shall be monitored and reported in accordance with the GRI Disclosure series 205 on an annual basis, including:

- 205-1: Operations assessed for risks related to corruption;

- 205-2: Communication and training about anti-corruption policies and procedures, and
- 205-3: Confirmed incidents of corruption and actions taken.

In addition, NSM will publicly report on the value and beneficiaries facilitation payments, as well as of financial and in-kind political contributions, whether directly or through an intermediary.