



NextSource Materials Inc.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2026, and 2025

Expressed in US Dollars

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

	As at March 31, 2026	As at June 30, 2025
Assets		
Current Assets:		
Cash and cash equivalents	\$ 16,442,927	\$ 3,281,768
Amounts receivable	414,067	483,449
Inventories (note 6)	6,147,855	6,013,127
Prepaid expenses and deposits (note 7)	3,368,283	862,789
Total Current Assets	26,373,132	10,641,133
Prepaid expenses and deposits (note 7)	—	889,184
Property, plant, and equipment (note 8)	74,252,096	72,664,783
Total Assets	\$ 100,625,228	\$ 84,195,100
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 5,189,277	\$ 4,962,951
Current portion of lease obligations (note 10)	1,389,387	1,400,976
Current portion of royalty obligations (note 11)	948,750	1,897,500
Share-based compensation liability (note 18)	213,276	57,228
Warrant liabilities (note 19)	2,000,943	—
Borrowings (note 12)	32,694,899	15,437,022
Total Current Liabilities	42,436,532	23,755,677
Share-based compensation liability (note 18)	147,729	32,479
Withholding tax provision	891,068	568,200
Lease obligations (note 10)	7,523,686	7,428,877
Royalty obligations (note 11)	9,315,640	8,694,866
Commercial production obligation (note 13)	581,934	536,127
Asset retirement obligation (note 14)	1,790,964	2,192,186
Total Liabilities	\$ 62,687,553	\$ 43,208,413
Shareholders' Equity		
Share capital (note 16)	232,582,611	216,433,563
Accumulated deficit	(197,184,396)	(174,708,355)
Accumulated other comprehensive loss	2,539,460	(738,519)
Total Shareholders' Equity	37,937,675	40,986,689
Total Liabilities and Shareholders' Equity	\$ 100,625,228	\$ 84,195,102

Nature of operations (note 1)

Basis of presentation and going concern (note 2)

Commitments (note 15)

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 number of shares)

	Nine months ended March 31, 2026	Nine months ended March 31, 2025	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenues (note 5)	\$ 694,289	\$ 259,352	\$ 141,014	\$ 207,763
Expenses and other income				
Cost of Sales	1,017,304	349,446	250,238	318,160
General and administrative expenses (note 20)	5,477,291	7,429,884	1,664,565	2,525,776
Exploration and evaluation expenses	69,660	11,834	19,582	3,740
Madagascar Government Royalties	14,529	—	2,279	—
Share-based compensation and RSU expense	570,422	52,260	269,608	(137,105)
Depreciation of property, plant, equipment and development (note 8)	13,001	410,171	4,023	133,896
BAF Evaluation costs	4,309,511	—	2,157,618	—
Change in value of lease liability	—	(38,831)	—	(64,592)
Change in value of royalty obligation (note 11)	(492,895)	(1,867,234)	(1,561,949)	(853,291)
Change in value of commercial production obligation (note 14)	—	(89,455)	—	(22,408)
Change in value of warrant derivative liability (note 19)	61,742	—	61,742	—
Impairment of foreign VAT receivable	27,547	1,391,561	—	378,205
Write-down inventory to net realizable value (note 6)	8,201,787	—	2,289,016	—
Unrealized foreign exchange (gain)/loss	(968,637)	266,459	(1,312,289)	(150,114)
Realized foreign exchange loss/(gain)	386,719	263,057	361,260	(66,510)
Total Expenses and other income	18,687,981	8,179,152	4,205,693	2,065,757
Loss before income taxes and net financing cost	\$ (17,993,692)	\$ (7,919,800)	\$ (4,064,679)	\$ (1,857,994)
Finance cost	3,647,305	1,414,744	1,410,929	675,123
Finance income	(85,908)	(85,978)	(40,428)	(18,788)
Current income tax expense	920,952	262,740	392,749	99,952
Net loss	\$ (22,476,041)	\$ (9,511,306)	\$ (5,827,929)	\$ (2,614,281)
Other comprehensive loss				
Translation adjustment for foreign operations	3,277,979	(1,156,120)	4,943,379	392,438
Net loss and comprehensive loss	\$ (19,198,062)	\$ (10,667,426)	\$ (884,550)	\$ (2,221,843)
Weighted-average common shares (basic and diluted)	184,982,375	173,878,630	185,053,643	184,911,107
Net loss per common share (basic and diluted)	\$ (0.12)	\$ (0.05)	\$ (0.03)	\$ (0.01)

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

NextSource Materials Inc.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in US Dollars, except number of shares)

	Common Shares Outstanding	Share Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
Balance as at June 30, 2024	155,823,007	205,025,476	(151,452,062)	(1,270,410) \$	52,303,004
Shares issued from private placement	29,088,100	11,228,651	—	—	11,228,651
Issuance cost from private placement	—	(130,704)	—	—	(130,704)
Share options granted under long-term incentive plan	—	425,473	—	—	425,473
Net loss	—	—	(9,511,306)	—	(9,511,306)
Cumulative translation adjustment	—	—	—	\$ (1,156,120)	(1,156,120)
Balance as at March 31, 2025	184,911,107	\$ 216,548,896	\$ (160,963,368)	\$ (2,426,530)	\$ 53,158,998
Balance as at June 30, 2025	184,911,107	\$ 216,433,563	\$ (174,708,355)	\$ (738,519)	\$ 40,986,689
Shares issued from private placement	58,823,500	16,368,367	—	—	16,368,367
Issuance cost from private placement	—	(872,838)	—	—	(872,838)
Shares issued from Restricted Share Units (note 18)	1,755,170	374,693	—	—	374,693
Share options granted under long-term incentive plan	—	278,826	—	—	278,826
Net loss	—	—	(22,476,041)	—	(22,476,041)
Cumulative translation adjustment	—	—	—	3,277,979	3,277,979
Balance as at March 31, 2026	245,489,777	\$ 232,582,611	\$ (197,184,396)	\$ 2,539,460	\$ 37,937,675

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

	Nine Months Ended March 31, 2026	Nine Months Ended March 31, 2025
Operating activities		
Net loss and comprehensive loss	\$ (22,476,041)	\$ (9,511,306)
<i>Adjustments for non-cash items:</i>		
Depreciation of property, plant, equipment and development (note 8)	13,001	410,171
Income tax expense	920,952	262,740
Change in value of warrant derivative liability (note 19)	61,742	—
Change in value of royalty obligations (note 11)	(492,895)	(1,867,234)
Change in value of lease obligations (note 10)	—	(38,831)
Change in value of commercial production obligation	—	(89,455)
Change in impairment of VAT receivable	27,547	1,391,561
Write-down of inventory to net realizable value	8,201,787	—
Unrealized foreign exchange loss	(968,637)	266,459
Finance cost	3,647,305	1,414,744
Share-based compensation expense	570,422	52,260
	(10,494,817)	(7,708,891)
<i>Change in working capital balances:</i>		
Decrease/(Increase) in amounts receivable	58,221	(2,238,802)
Increase in inventories	(5,161,247)	(4,273,836)
Increase in prepaid expenses and deposits (note 7)	(1,763,906)	—
Changes in deposits	192,331	—
Increase in accounts payable and accrued liabilities	736,646	1,007,165
Net cash used in operating activities	(16,432,772)	(13,214,364)
Investing activities		
Increase in long-term prepayments and deposits	—	(3,541)
Additions to property, plant, equipment, and development (note 8)	(213,592)	(10,040,233)
Net cash used in investing activities	(213,592)	(10,043,774)
Financing activities		
Proceeds from issuance of units (note 16)	18,297,604	11,228,651
Common shares issuance costs (note 16)	(872,838)	(130,704)
Lease obligation principal and interest payments (note 10)	(1,515,928)	(975,921)
Repayment of royalty obligation (note 11)	(948,751)	(948,750)
Drawdown of borrowings (note 12)	15,000,000	5,000,000
Debt issuance cost (note 12)	(173,439)	(417,660)
Net cash provided by financing activities	29,786,648	13,755,616
Effect of exchange rate changes on cash and cash equivalents	20,875	(23,318)
Net decrease in cash and cash equivalents	13,161,159	(9,525,840)
Cash and cash equivalents, beginning of period	3,281,768	10,770,381
Cash and cash equivalents, end of period	\$ 16,442,927	\$ 1,244,541

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

NextSource Materials Inc.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements****For the three and nine months ended March 31, 2026 and 2025***(All amounts expressed in US Dollars unless designated otherwise)*

1. Nature of operations

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

NextSource is committed to establishing itself as a global, vertically integrated supplier of battery materials through the mining and value-added processing of graphite concentrate and other minerals. The Company’s principal business activity involves the development and operation of the Molo Graphite Mine in Madagascar, and it announced on August 5, 2025, plans to construct its inaugural Battery Anode Facility (“BAF”) in the United Arab Emirates. On October 1, 2025, the Company announced that it has signed an agreement to secure an industrial building in the Industrial City of Abu Dhabi for the construction of a proposed BAF.

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

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

These condensed interim consolidated financial statements were approved by the Board of Directors of the Company on May 8, 2026.

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

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

These unaudited 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, 2025, including the accounting policies and notes thereto, which were prepared in accordance with IFRS.

In the opinion of management, these unaudited 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, 2026, and June 30, 2025, and the results of operations and cash flows for the three and nine months ended March 31, 2026, and 2025.

Operating results for the three and nine months ended March 31, 2026, are not necessarily indicative of the results that may be expected for the full year ending June 30, 2026.

Basis of measurement

The unaudited condensed interim consolidated financial statements are prepared in accordance with generally accepted accounting principles applicable to a going concern, which assume assets will be realized and liabilities settled in the ordinary course of business. Assets and liabilities are reported on a historical cost basis, except for certain financial instruments that are measured at fair value, as described in Note 3 to the Company’s audited consolidated financial statements for the year ended June 30, 2025.

NextSource Materials Inc.
Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the three and nine months ended March 31, 2026, and 2025
(All amounts expressed in US Dollars unless designated otherwise)

Basis of consolidation

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

NextSource Materials Inc. is the holding company that owns 100% of NextSource Materials (Mauritius) Ltd. ("MATMAU"), a Mauritius subsidiary, NextSource Materials (UK) Ltd., a UK subsidiary, 2391938 Ontario Inc., an Ontario subsidiary, and NextSource Battery Materials Holdings Limited, a United Arab Emirates ("UAE") subsidiary. MATMAU owns 100% of NextSource Minerals (Mauritius) Ltd. ("MINMAU"), a Mauritius subsidiary, NextSource Graphite (Mauritius) Ltd ("GRAMAU"), a Mauritius subsidiary, NextSource CSPG (Mauritius) Ltd ("CSPGMAU"), a Mauritius subsidiary, and NextSource Materials (Madagascar) SARLU ("MATMAD"), a Madagascar subsidiary. MINMAU owns 100% of NextSource Minerals (Madagascar) SARLU ("MINMAD"), a Madagascar subsidiary. GRAMAU owns 100% of ERG (Madagascar) SARLU ("ERGMAD"), a Madagascar subsidiary. NextSource Battery Materials Holdings Limited owns 100% of NextSource Battery Materials L.L.C, a UAE 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, 2026, the Company had cash and cash equivalents of \$16,442,927 which is insufficient to fund its working capital requirements (including current liabilities of \$42,436,532) as well as ongoing general and administrative costs and anticipated capital and operating cash outflows. The Company does not expect to generate substantial revenues from current operations for the foreseeable future. Therefore, the Company will need to obtain financing in the form of equity, debt, or a combination thereof to continue with its planned ongoing strategic and operational activities. Management is proactively seeking funding and while it has been successful at doing so in the past, there can be no assurance it will be able to do so in the future or on terms that are acceptable to the Company. As such the ability of the Company to raise additional funding to meet their obligations as they come due results in a material uncertainty that may cast significant doubt regarding the Company's ability to continue as going concern.

The accompanying unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, 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 unaudited condensed interim consolidated financial statements do not give the effect of adjustments to the carrying values of the assets and liabilities and the reported expenses and balance 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 unaudited condensed interim consolidated financial statements. These adjustments could be material.

3. Material accounting policy information

These unaudited 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, 2025, with the addition of the following:

Financial liabilities measured at fair value through profit or loss:

Derivative instruments, including embedded derivatives, are recorded at fair value unless exempted from derivative treatment as normal purchase and sale. All changes in their fair value are recorded through the consolidated statements of operations and comprehensive (loss) income.

The following financial liabilities are measured at FVTPL:

- Warrant derivative financial liabilities.

NextSource Materials Inc.
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(All amounts expressed in US Dollars unless designated otherwise)

4. Significant judgments, estimates and assumptions

The Company prepares its financial statements in accordance with IFRS, which requires estimates, judgments, and assumptions that affect reported assets and liabilities, as of the date of the unaudited condensed interim consolidated financial statements and the reported values of revenues and expenses during the reporting period. These estimates are inherently uncertain, and actual results may differ. Such estimates impact the unaudited condensed interim consolidated financial statements and may need adjustment as circumstances change. Revisions to estimates are recorded in the period revised and future periods if applicable. Significant accounting judgments, estimates, and assumptions are continually reviewed.

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, 2025, with the addition of the following:

Warrant derivative liability

The Company measures the fair value of the derivative liability using an option pricing model. This estimate requires determining the most appropriate inputs to the valuation model including the expected life of the warrant, volatility and risk-free interest rate and making assumptions about them. The value of the warrant liability along with the assumptions and model used for estimating fair value are disclosed in Note 19 - Warrant Derivative Liabilities.

5. Revenues

For the three and nine months ended March 31, 2026, the Company recognized revenue generated by the sales of Superflake® Graphite Concentrate.

	Nine months ended March 31, 2026	Nine months ended March 31, 2025	Three months ended March 31, 2026	Three months ended March 31, 2025
Sales of Superflake® Graphite Concentrate	\$ 694,289	259,352	\$ 141,014	\$ 207,763
Total Revenues	\$ 694,289	\$ 259,352	\$ 141,014	\$ 207,763

6. Inventories

	As at March 31, 2026	As at June 30, 2025
Consumable materials	\$ 2,866,546	\$ 2,256,031
Run-of-mine (ROM) stockpile	1,368,953	1,451,654
Superflake® Graphite concentrate	1,912,356	2,305,442
Total Inventories	\$ 6,147,855	\$ 6,013,127

For the three and nine months ended March 31, 2026, ROM stockpile was written down by \$56,539 (June 30, 2025: \$851,655) and the Superflake® Graphite Concentrate was written down by \$8,145,248 (June 30, 2025: \$2,835,501). Both amounts are reflected in the unaudited condensed interim consolidated statements of operations and comprehensive loss. The cost of inventories recognized as cost of sales for the three and nine months ended March 31, 2026, was \$247,417 (March 31, 2025: \$Nil) and \$1,002,499 (June 30, 2025: \$974,143), respectively.

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(All amounts expressed in US Dollars unless designated otherwise)

7. Prepaid Expenses and Deposits

	As at March 31, 2026	As at June 30, 2025
Vendor Advances	\$ 2,094,610	\$ 275,446
Insurance & Services	564,208	587,343
Deposits	709,465	—
Total Current Prepaid Expenses and Deposits	\$ 3,368,283	\$ 862,789
Non Current Deposits	\$ —	889,184
Total Prepaid Expenses and Deposits	\$ 3,368,283	\$ 1,751,973

Vendor Advances include prepaid expenses of \$1,824,370 to secure an industrial building in the Industrial City of Abu Dhabi (“ICAD”) for the Company’s planned BAF.

As of March 31, 2026, the carrying value of prepayments and deposits for assets was \$709,465 (June 30, 2025: \$889,184) and consists mainly of Port Louis lease (Note 10) security deposit paid, which was still owing as at March 31, 2026, and as at June 30, 2025. For the period ended March 31, 2026, a reimbursement of \$200,000 was received by the Company related to the outstanding Port Louis lease security deposit. The balance is expected to be recovered within the next six months and has therefore been classified as a current asset.

8. Property, plant, and equipment

For the nine months ended March 31, 2026, the Company had additions of \$380,780 (June 30, 2025: \$16,808,900) and capitalized development costs of \$Nil (June 30, 2025: \$3,333,729). The additions for the nine months ended March 31, 2026, primarily represent costs incurred related to the updated Molo Phase 2 expansion study and the recognition of a new ROU asset associated with the lease of a warehouse in Toliara. Additions for the year ended June 30, 2025, represent in part the capitalization of BAF equipment for \$11,972,733 of which \$8,609,740, was accounted for as a prepayment as at June 30, 2024.

In the prior year, continued ramp-up and commissioning costs of the Molo Graphite Mine and processing plant were capitalized until the end of Q3 2025. Capitalization ceased at the start of Q4 2025 as the decision was made to utilize the existing plant for campaign production. Accordingly, the capitalized Molo Graphite Mine plant costs were transferred from assets-under-construction to plant, and depreciation commenced.

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(All amounts expressed in US Dollars unless designated otherwise)

	Property	Plant	Equipment	Right-of-use Assets	Assets Under Construction	Total
As at June 30, 2024	\$ 3,567,652	\$ 7,886,795	\$ 2,607,348	\$ 21,091,718	\$ 34,667,112	\$ 69,820,625
Additions	226,424	163,242	146,951	—	16,272,283	16,808,900
Development costs	—	—	—	—	3,333,729	3,333,729
Transfers	—	32,264,210	—	—	(32,264,210)	—
Depreciation	(8,943)	(832,229)	(470,032)	(600,003)	1,246,369	(664,838)
Lease termination and write off	—	—	—	(12,939,442)	(4,089,318)	(17,028,760)
Impact of foreign exchange	19,194	1,158,179	5,342	42,599	(830,186)	395,128
As at June 30, 2025	\$ 3,804,327	\$ 40,640,197	\$ 2,289,609	\$ 7,594,872	\$ 18,335,779	\$ 72,664,784
Additions	—	153,376	—	167,188	60,216	380,780
Transfers	(18,008)	2,914,476	—	112,604	(3,009,072)	—
Depreciation	(111,484)	(1,740,737)	(381,943)	(165,077)	—	(2,399,241)
Change in asset retirement obligation	(439,926)	—	—	—	—	(439,926)
Impact of foreign exchange	210,319	2,754,224	131,847	497,969	451,340	4,045,699
As at March 31, 2026	\$ 3,445,228	\$ 44,721,536	\$ 2,039,513	\$ 8,207,556	\$ 15,838,263	\$ 74,252,096
Cost	3,821,774	41,962,064	3,397,173	7,903,596	18,335,779	75,420,386
Accumulated depreciation	(17,447)	(1,321,867)	(1,107,564)	(308,724)	—	(2,755,602)
As at June 30, 2025	\$ 3,804,327	\$ 40,640,197	\$ 2,289,609	\$ 7,594,872	\$ 18,335,779	\$ 72,664,784
Cost	3,599,168	47,929,712	3,612,154	8,591,009	15,838,263	79,570,306
Accumulated depreciation	(153,940)	(3,208,176)	(1,572,641)	(383,453)	—	(5,318,210)
As at March 31, 2026	\$ 3,445,228	\$ 44,721,536	\$ 2,039,513	\$ 8,207,556	\$ 15,838,263	\$ 74,252,096

During the three and nine months ended March 31, 2026, the Company did not capitalize any evaluation costs related to its exploration and evaluation projects.

Finance costs that were capitalized as assets-under-construction for the three and nine months ended March 31, 2026, related to:

- accretion \$Nil (June 30, 2025: \$1,158,612).
- accretion of the commercial production obligation of \$Nil (June 30, 2025: \$66,006).
- accretion related to lease obligations of \$Nil (June 30, 2025: \$1,170,590), and
- interest and accretion related to the Vision Blue drawdown credit facility of \$Nil (June 30, 2025: \$227,975).

For the three and nine months ended March 31, 2026, depreciation of \$896,503 (March 31, 2025: \$Nil) and \$2,386,240 (March 31, 2025: \$Nil) respectively, were capitalized as cost of inventory.

On June 2, 2025, the Company announced the relocation of the inaugural BAF from Mauritius to the Middle East. The Company decided to exercise its option to terminate the Port Louis lease agreement on May 31, 2025, and withdrew its EIA application at no further cost (Note 10). The carrying value of \$12,939,442 of the Port Louis right-of-use asset was derecognized and offset against the lease liability. Each remaining asset was evaluated separately, and certain capitalized studies and certain site-specific equipment linked to the Mauritius BAF facility of \$4,098,318 was written off as at June 30, 2025.

Exploration and Evaluation Expenditures

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

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(All amounts expressed in US Dollars unless designated otherwise)

9. Accounts payable and accrued liabilities

	As at March 31, 2026		As at June 30, 2025	
Accounts payable	\$	1,240,511	\$	1,875,357
Accrued liabilities		3,948,764		3,087,594
Total accounts payable and accrued liabilities	\$	5,189,275	\$	4,962,951

10. Right-of-Use assets and lease obligations

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

- On November 6, 2023, the Company signed a lease for an administrative office in Antananarivo and recognized a ROU asset and lease obligation of \$365,119. The lease obligation was calculated using an incremental borrowing rate of 11.5% based on an initial term of 3 years. The lease payments are payable monthly in advance.
- For the year ended June 30, 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”). As of March 31, 2026, the carrying value of the lease obligation amounted to \$8,685,344 (June 30, 2025: \$8,648,128). This contract is for the hybrid solar and thermal power plant, owned and operated by CBE, and for the supply of all electricity to the Molo Graphite Mine. The lease obligation was calculated using an incremental borrowing rate of 13.8% based on an initial term of 20 years plus a renewal of 5 years. The ESA requires the Company to purchase a minimum energy output of 11,200,000 kWh per annum at a base tariff of \$0.09051 per kWh (2025: \$0.08830 per kWh) and subject to an annual 2.5% escalation which is equivalent to approximately \$1,013,727 per annum (June 30, 2025: \$989,002). 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. Variable lease payments amounting to \$717,130 were made during the nine months ended March 31, 2026 (June 30, 2025: \$647,423). Total cash outflows made for nine months ended March 31, 2026, for this lease was \$816,938 (June 30, 2025: \$1,005,002). For the nine months ended March 31, 2026, no depreciation (June 30, 2025: \$63,627), and no accretion expense (June 30, 2025: \$1,170,590) were capitalized in relation to this lease as Assets-under-Construction.
- On December 1, 2025, the Company entered into a lease agreement for a warehouse in Toliara and recognized an ROU asset and lease obligation of \$163,639. The lease obligation was calculated using an incremental borrowing rate of 11.5% based on an initial term of 2 years. The lease payments are payable monthly in advance.

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

	Port-Louis BAF Lease		CBE Power Facility Lease		Tana Office Lease	Toliara Lease	Total Obligations			
As at June 30, 2024	\$	12,420,137	\$	8,482,539	\$	301,233	\$	—	\$	21,203,909
Finance costs		1,424,501		1,170,590		26,408		—		2,621,499
Lease payments		(863,384)		(1,005,002)		(143,839)		—		(2,012,225)
Remeasurement of lease liability		94,291		—		—		—		94,291
Lease termination (note 8)		(13,075,545)		—		—		—		(13,075,545)
Foreign exchange adjustments		—		—		(2,076)		—		(2,076)
As at June 30, 2025	\$	—	\$	8,648,127	\$	181,726	\$	—	\$	8,829,853
Additions		—		—		—		163,639		163,639
Finance costs		—		854,155		11,084		5,770		871,009
Lease payments		—		(816,938)		(118,358)		(30,715)		(966,011)
Remeasurement of lease liability		—		—		—		—		—
Lease termination (note 8)		—		—		—		—		—
Foreign exchange adjustments		—		—		5,252		9,331		14,583
As at March 31, 2026	\$	—	\$	8,685,344	\$	79,704	\$	148,025	\$	8,913,073

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

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

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

	Port-Louis BAF Lease	CBE Power Facility Lease	Tana Office Lease	Toliara Lease	Total Obligations
Current portion of lease obligations	\$ —	\$ 1,230,931	\$ 79,702	\$ 78,754	\$ 1,389,387
Long-term portion of lease obligations	—	7,454,415	—	69,271	7,523,686
As at March 31, 2026	\$ —	\$ 8,685,346	\$ 79,702	\$ 148,025	\$ 8,913,073

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

	CBE Power Facility Lease	Tana Office Lease	Toliara Lease	Total Obligations
Within 12 months	\$ 1,230,931	\$ 79,702	\$ 78,754	\$ 1,389,389
Between 13 and 24 months	1,230,931	—	69,271	1,300,201
Between 25 and 36 months	1,230,931	—	—	1,230,931
Between 37 and 48 months	1,230,931	—	—	1,230,931
Between 49 and 60 months	1,230,931	—	—	1,230,931
Over 60 months	20,002,539	—	—	20,002,538
Total undiscounted lease obligations	\$ 26,157,194	\$ 79,702	\$ 148,025	\$ 26,384,921

Short-term leases of less than 12 months and leases with variable payments proportional to the rate of use of the underlying assets do not give rise to lease obligations. During the three and nine months ended March 31, 2026, the Company recognized short-term lease expenses of \$28,238 (March 31, 2025: \$27,916) and \$75,263 (March 31, 2025: \$60,064) respectively, in the unaudited condensed interim consolidated statements of operations and comprehensive loss.

11. 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:

- 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.
- 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. The Company has the option at any time to reduce the GSR to 2.25% by paying \$20 million to Vision Blue. Each of the biannual Minimum Repayments can be deferred by 12 months, subject to accrued interest of 15% per annum. The royalty payments are subject to 15% withholding tax; and
- Vision Blue received a royalty of 1.0% of the gross revenues from sales of vanadium pentoxide ("V₂O₅") from the Green Giant Vanadium Project for a period of 15 years following commencement of production of V₂O₅. The royalty payments are subject to 15% withholding tax.

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11. Royalty obligation (continued)

On June 29, 2017, the Company recognized a royalty obligation at the fair value of \$6.5 million, which was equal to the present value using an effective discount rate of 13.8% of (1) the deferred \$3.0 million royalty funding, (2) the minimum royalty payments, (3) the accrued interest on the deferral of minimum royalty payments, and (4) the perpetual 3.0% GSR for the remaining 30-year life of mine for Phase 1. The discount rate was determined at recognition by calculating the internal rate of return (IRR) of the expected cash flows. Upon recognition, a total of \$169,279 of capitalized legal fees was netted against the obligation resulting in an initial carrying value of \$6,330,721. The carrying value of the royalty obligation will be remeasured at each reporting period based on the changes in the expected timing of minimum payments under the royalty agreement, using the original discount rate under the amortized cost method. On March 31, 2026, the obligation was remeasured at \$10,264,390 (June 30, 2025: \$10,592,366).

		Total
As at June 30, 2024	\$	11,591,878
Accretion		1,578,580
Minimum repayments		(1,897,500)
Remeasurement		(680,592)
As at June 30, 2025	\$	10,592,366
Accretion		1,113,670
Minimum repayments		(948,750)
Remeasurement		(492,896)
As at March 31, 2026	\$	10,264,390

		Total
Current portion of royalty obligation	\$	948,750
Long-term portion of royalty obligation		9,315,640
As at March 31, 2026	\$	10,264,390

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

During the nine months ended March 31, 2026, the obligation increased due to accretion of \$1,113,670 (March 31, 2025: \$1,087,515). This is offset by repayments made during the nine months ended March 31, 2026, of \$948,750 (June 30, 2025: \$1,897,500) and a remeasurement gain of \$492,896 (March 31, 2025: gain of \$1,867,234), resulting from the deferral of the second bi-annual payment.

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

		Total
Within 12 months	\$	948,750
Between 13 and 24 months		1,897,500
Between 25 and 36 months		1,897,500
Between 37 and 48 months		1,897,500
Between 49 and 60 months		1,897,500
Over 60 months		5,692,500
Total undiscounted minimum royalty payments	\$	14,231,250

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12. Borrowings

On January 30, 2025, the Company secured a drawdown credit facility of up to \$20,000,000 with Vision Blue. The proceeds of the facility, which is non-dilutive to shareholders, was used as needed to progress the Company’s Battery Anode Facility strategy, support the continued development and growth of Molo Graphite Mine, and for general working capital purposes. The credit facility is available pursuant to up to four advances; each such advance shall be a maximum principal amount of \$5,000,000. Interest shall be payable at a rate of 15.0% per annum (inclusive of 25% withholding tax), compounding quarterly. The credit facility is secured by share pledges of the Company's investments in the subsidiaries in Madagascar and Mauritius and by guarantees from each of the subsidiaries that hold these assets and unsold inventory.

On October 29, 2025, the Company announced that it has agreed to an extension to its drawdown credit facility of up to a further \$10 million with Vision Blue (the “Amended Facility”). On October 29, 2025, the Company drew down \$5 million of the Amended Facility and on December 15, 2025, and February 2, 2026, the Company drew down and additional \$2.5 million of the Amended Facility respectively. As of March 31, 2026, the Amended Facility was fully drawn to the amount of \$30,000,000.

On February 9, 2026, the Company entered into an amended and restated loan facility with Vision Blue (the “Restated Facility”) which increased the maximum capacity under the Amended Facility from \$30,000,000 to \$50,000,000. Of the incremental \$20 million, \$5 million is available for drawdown, with any additional amounts subject to the sole discretion of Vision Blue Resources Limited (“Vision Blue”). Immediately prior to the closing of the ‘best-efforts’ private placement on February 24, 2026, the Company and Vision Blue entered into a Consent Agreement pursuant to which Vision Blue agreed not to demand repayment of the facility for a period of 12 months and one day following the closing of the private placement under the “listed issuer financing exemption” (the “LIFE Offering”). Although the Consent Agreement extended the period during which repayment would not be demanded, the facility remained payable on demand and the effective repayment date of February 25, 2027 falls within 12 months of the March 31, 2026 reporting date. Accordingly, the full amount outstanding under the facility has been classified as a current liability as at March 31, 2026.

During the nine months ended March 31, 2026, the Company received three advances from Vision Blue of \$15,000,000 (June 30, 2025: \$15,00,000) which were recognized net of transaction costs of \$173,439 (June 30, 2025: \$425,102) As at March 31, 2026, the outstanding amount of the loan is \$32,694,899 (June 30, 2025: \$15,437,022) and related interest of \$2,431,316 were recorded for the nine months ended March 31, 2026 (March 31, 2025: \$Nil).

		Total
As at June 30, 2024	\$	—
Drawdowns		14,574,898
Interest		862,124
As at June 30, 2025	\$	15,437,022
Drawdowns		14,826,561
Interest		2,431,316
As at March 31, 2026	\$	32,694,899

13. Commercial production obligation

On April 15, 2010, the Company signed a Sale and Purchase Agreement and a Mineral Rights Agreement (together “the Agreements”) with Capricorn Metals (formerly Malagasy Minerals) to acquire the remaining 25% interest in the Molo Graphite Mine. Pursuant to the Agreements, a further cash payment of C\$1,000,000 is due within 30 days of the commencement of commercial production. On June 29, 2018, the Company recognized a provision of \$708,514 using a 13.8% discount rate based on an initial expectation of settlement on or around June 30, 2023. The provision was recorded at amortized cost and capitalized as property under property, plant, equipment, and development. The obligation is expected to be settled upon the declaration of commercial production of the Molo Graphite Mine.

On March 31, 2026, the obligation increased to \$581,934 (June 30, 2025: \$536,127). During the nine months ended March 31, 2026, the Company recognized no remeasurement gain or loss (March 31, 2025: gain of \$89,455), and accretion of \$55,589 (March 31, 2025: \$67,063). During the nine months ended March 31, 2026, the Company recognized a foreign exchange gain of \$9,782 (March 31, 2025: gain of \$52,899), in the unaudited condensed interim consolidated statements of operations and comprehensive loss.

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13. Commercial production obligation (continued)

		Total
As at June 30, 2024	\$	707,850
Accretion		68,119
Remeasurement gain		(231,688)
Effect of foreign exchange		(8,154)
As at June 30, 2025	\$	536,127
Accretion		55,589
Remeasurement		—
Effect of foreign exchange		(9,782)
As at March 31, 2026	\$	581,934

14. Asset retirement obligation

The Company has recognized provisions for asset retirement obligations at its Molo Graphite Mine. The provision for these obligations is based on an independent third-party estimate. The estimate considered current disturbance and applicable regulations. The timing and future costs for site closure and rehabilitation are uncertain and depend on several factors including but not limited to, changes in the life-of-mine plan. Closure activities will include the demolition of the processing plant and infrastructure, land rehabilitation, water treatment and water treatment monitoring costs. The undiscounted closure and rehabilitation costs were estimated at \$4,220,535 as at March 31, 2026 (June 30, 2025: \$4,220,535).

		Total
As at June 30, 2024	\$	1,920,269
Accretion		90,720
Remeasurement loss		164,476
Effect of foreign exchange		16,721
As at June 30, 2025	\$	2,192,186
Accretion		46,632
Remeasurement gain		(439,926)
Effect of foreign exchange		(7,928)
As at March 31, 2026	\$	1,790,964

As of March 31, 2026, the present value of estimated future cash flows required to settle the Company's closure and decommissioning costs as of the reporting date was estimated at \$1,790,964 (June 30, 2025: \$2,192,186) using a long-term US Dollar risk-free interest rate of 2.63% (June 30, 2025: 2.31%).

15. Commitments

The Company is subject to contractual commitments related to royalties and the commercial production obligation as described in notes 11 and 13, respectively.

On August 5, 2025, the Company and Mitsubishi Chemical Corporation ("MCC"), Japan's largest chemical company and a leading supplier of anode active material ("AAM") to original automotive equipment manufacturers ("OEMs"), entered a binding, multi-year offtake agreement. Under the terms of the Offtake Agreement, the Company and MCC have partnered to supply AAM to a major OEM for the North American EV market. The Company will produce and supply intermediate AAM to MCC's Japan plant where MCC will produce final AAM for the OEM's EV battery cell manufacturing facilities in North America. The Offtake Agreement designates the Company as the sole supplier of c. 9,000tpa of intermediate AAM to MCC for a multi-year term from the commencement of production of the Company's BAF.

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16. Share capital

As of March 31, 2026, the Company had 245,489,777 common shares issued and outstanding (June 30, 2025: 184,911,107). 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 three and nine months ended March 31, 2026:

- (a) The Company recorded an increase in Share Capital of \$16,368,367 in accordance with the LIFE Offering which offered 58,823,50 units of the Company at a price of C\$0.425 per Unit for aggregate gross proceeds of C\$24,999,987.50. Each unit is comprised of one Common Share and one-half of one Common Share purchase warrant of the Company resulting in an increase of 58,823,500 of Common Shares.
- (b) The company recorded an increase in Share Capital of \$374,693 and corresponding decrease in Share-based compensation liability for 1,755,170 RSUs settled during the nine months ended March 31, 2026.
- (c) The Company recorded an increase in Share Capital of \$121,056 for 600,000 stock options granted to the Directors of the Company on November 6, 2025. The grant date fair value of the options was C\$0.28 (Note 17).

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

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

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

17. Stock options

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

As of March 31, 2026, the Company had 3,350,000 stock options outstanding (June 30, 2025: 2,750,000) with a weighted average expiration of 6.78 years (June 30, 2025: 8.00 years) exercisable into 3,350,000 common shares (June 30, 2025: 2,750,000) at a weighted average exercise price of C\$0.83 (June 30, 2025: C\$0.89).

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17. Stock options (continued)

Grant Date	Vesting Date	Expiration Date	Exercise Price C\$	As at June 30, 2025	Awarded	Cancelled	Exercised	As at March 31, 2026
May 28, 2024	November 1, 2027	May 27, 2034	0.89	1,000,000	—	—	—	1,000,000
December 1, 2024	December 1, 2027	December 1, 2034	0.89	950,000	—	—	—	950,000
December 1, 2024	December 1, 2025	December 1, 2032	0.89	200,000	—	—	—	200,000
December 1, 2024	December 1, 2024	December 1, 2029	0.89	600,000	—	—	—	600,000
November 6, 2025	November 6, 2029	November 6, 2030	0.54	—	150,000	—	—	150,000
November 6, 2025	November 6, 2029	November 6, 2030	0.54	—	150,000	—	—	150,000
November 6, 2025	November 6, 2029	November 6, 2030	0.54	—	150,000	—	—	150,000
November 6, 2025	November 6, 2029	November 6, 2030	0.54	—	150,000	—	—	150,000
Total Stock Options issued				2,750,000	600,000	—	—	3,350,000

On November 6, 2025, the Company granted 600,000 stock options exercisable at price C\$0.54 that vested on November 6, 2025. The options were valued at \$121,056 based on a risk-free rate of 2.39%, a term of 5 years, annualized volatility of 86.54% and a closing market price on March 31, 2026, of C\$0.28. These stock options vested on November 6, 2025, and the value of the options has been expensed in the nine months ended March 31, 2026.

18. Restricted share units (RSUs)

The Company accounts for the RSUs as cash-settled as the holder has the option to take the RSU amounts in cash or equity, subject to agreement by the Company. As at March 31, 2026, an RSU obligation of \$361,005 (June 30, 2025: \$89,707) was accrued.

	As at March 31, 2026		As at June 30, 2025	
Current portion of RSU obligations	\$	213,276	\$	57,228
Long-term portion of RSU obligations		147,729		32,479
Total RSU Liability	\$	361,005	\$	89,707

Cash settled RSU obligations are remeasured at fair value based on the closing 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 unaudited condensed interim consolidated statement of operations and comprehensive loss.

As of March 31, 2026, the Company had 6,020,361 RSUs outstanding (June 30, 2025: 800,000) that are subject to satisfying their respective vesting conditions. The RSUs have a weighted average time until vesting of 1.45 years (June 30, 2025: 3.46 years).

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Grant Date	Vesting Date	Expiration date	Vesting Condition	As at June 30, 2025	Awarded	Settled	As at March 31, 2026
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
November 5, 2025	September 30, 2026	September 30, 2036	E	—	1,859,558	—	1,859,558
November 5, 2025	September 30, 2027	September 30, 2037	E	—	1,859,558	—	1,859,558
November 5, 2025	September 30, 2028	September 30, 2038	E	—	1,859,580	—	1,859,580
November 5, 2025	November 28, 2025	November 28, 2035	E	—	429,368	(429,368)	—
November 5, 2025	March 5, 2026	March 5, 2036	E	—	967,467	(967,467)	—
Totals				800,000	6,975,531	(1,755,170)	6,020,361

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

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19. Warrant Derivative Liability

On February 9, 2026, the Company launched a “best-efforts” private placement of 58,823,500 units of the Company (the “Units”) at a price of C\$0.425 per Unit for aggregate gross proceeds of C\$24,999,987.50. The private placement was finalized on February 25, 2026, and each unit is comprised of one Common Share and one-half of one Common Share purchase warrant of the Company, resulting in the issuance of 29,411,750 warrants. Each warrant entitles the holder to acquire one Common Share (each a “Warrant Share”) at a price of C\$0.55 per Warrant Share for a period beginning 61 days following the Closing Date, February 24, 2026, and expiring 36 months following the Closing Date.

The Warrant Shares have been issued in a currency different from the Company’s functional currency and are considered a derivative financial liability settled through the consolidated statement of operations and comprehensive income (loss) as per IFRS 9 Financial Instruments. The warrant derivative liability was initially recognized at fair value on the issuance date. The fair value was determined using the Black-Scholes model, based on the following assumptions: 3-year term, risk-free interest rate of 2.38% and expected volatility of 49.44%.

Subsequent to initial recognition, the warrant derivative liability is remeasured to fair value at each reporting date. As at March 31, 2026, the fair value was determined using the Black-Scholes model, based on the following assumptions: 3-year term, risk-free interest rate of 2.38% and expected volatility of 75.22%. The resulting change in fair value for the period was recognized in the Consolidated Statements of Operations and Comprehensive Loss.

The fair value measurement of the warrant derivative liability is classified as a level 3 fair value measurement based on the use of historical share prices as an unobservable input to determine the annualized volatility of a Warrant Share.

		Total
As at June 30, 2025	\$	—
Recognition of warrant derivative liability		1,939,201
Change in fair value		61,742
As at March 31, 2026	\$	2,000,943

The fair value of the warrant derivative liability is particularly sensitive to changes in expected volatility, which is derived from historical share prices. A 5 percentage point increase in annualized volatility would increase the fair value of the warrant derivative liability by \$152,617, while a 5 percentage point decrease would reduce the fair value by \$309,668.

20. General and administrative expenses

	Nine months ended March 31, 2026	Nine months ended March 31, 2025	Three months ended March 31, 2026	Three months ended March 31, 2025
Payroll and salaries	\$ 2,707,470	\$ 3,008,748	\$ 972,643	\$ 1,152,228
Professional and legal	947,139	1,553,747	123,863	508,401
Consultants	194,820	1,327,981	64,608	359,707
General administration	1,016,501	811,310	290,411	346,472
Travel	359,649	349,822	119,699	68,811
Public company expenses	135,710	257,673	31,094	73,371
Sales and marketing	—	64,989	—	—
Insurance	116,002	55,614	62,247	16,786
Total	\$ 5,477,291	\$ 7,429,884	\$ 1,664,565	\$ 2,525,776

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21. Segment reporting

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

The Company's reportable segments are presented as follows:

	Nine Months Ended March 31, 2026			Nine Months Ended March 31, 2025		
	Mine	BAF	Total	Mine	BAF	Total
Revenues	\$ 694,289	\$ —	\$ 694,289	\$ 259,352	\$ —	\$ 259,352
Expenses						
Cost of Sales	1,017,304	—	1,017,304	349,446	—	349,446
General and administrative expenses	602,929	88,080	691,009	—	—	—
BAF Evaluation costs	—	4,309,511	4,309,511	—	—	—
Write-down of inventory to net realizable value	8,201,787	—	8,201,787	—	—	—
Finance costs	46,731	—	46,731	—	—	—
Depreciation	—	8,586	8,586	—	403,347	403,347
Impairment of foreign VAT receivable	—	27,547	27,547	1,391,561	—	1,391,561
Exploration and evaluation expenses	52,123	—	52,123	11,834	—	11,834
Madagascar Government Royalties	14,529	—	14,529	—	—	—
Change in value of lease liability	—	—	—	26,986	1,057,242	1,084,228
Realized foreign exchange loss	483	5,632	6,115	—	—	—
Unrealized foreign exchange gain	(937,761)	(78)	(937,839)	—	—	—
Segment loss	(8,303,836)	(4,439,278)	(12,743,114)	(1,520,475)	(1,460,589)	(2,981,064)
Other (Expenses)/Income						
General and administrative expenses			(4,786,282)			(7,429,884)
Share-based compensation			(570,422)			(52,260)
Depreciation			(4,415)			(6,824)
Exploration and evaluation expenses			(17,537)			—
Change in value of royalty obligation			492,895			1,867,234
Change in value of commercial production obligation			—			89,455
Change in value of warrant derivative liability			(61,742)			—
Realized foreign exchange loss			(380,604)			—
Unrealized foreign exchange gain/(loss)			30,798			(529,516)
Finance cost			(3,600,574)			(291,685)
Finance income			85,908			85,978
Loss before income taxes			(21,555,089)			(9,248,566)
Current income tax expense			(920,952)			(262,740)
Net loss			(22,476,041)			(9,511,306)
Other comprehensive loss						
Translation adjustment for foreign operations			3,277,979			(1,156,120)
Net loss and comprehensive loss			\$ (19,198,062)			\$ (10,667,426)

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	Three months ended March 31, 2026			Three months ended March 31, 2025		
	Mine	BAF	Total	Mine	BAF	Total
Revenues	\$ 141,014	\$ —	\$ 141,014	\$ 207,763	\$ —	\$ 207,763
Expenses						
Cost of Sales	250,238	—	250,238	318,160	—	318,160
General and administrative expenses	326,253	27,820	354,073	—	—	—
BAF Evaluation costs	—	2,157,618	2,157,618	—	—	—
Write-down of inventory to net realizable value	2,289,016	—	2,289,016	—	—	—
Exploration and evaluation expenses	15,800	—	15,800	3,740	—	3,740
Madagascar Government Royalties	2,279	—	2,279	—	—	—
Finance costs	12,776	—	12,776	—	—	—
Change in value of lease liability	—	—	—	22,119	296,727	318,846
Depreciation	—	3,042	3,042	—	131,483	131,483
Impairment of foreign VAT receivable	—	—	—	378,205	—	378,205
Realized foreign exchange loss (gain)	540	2,692	3,232	—	—	—
Unrealized foreign exchange loss	(1,267,312)	(78)	(1,267,390)	—	—	—
Segment loss	(1,488,576)	(2,191,094)	(3,679,670)	(514,461)	(428,210)	(942,671)
Other (Expenses)/Income						
General and administrative expenses			(1,310,493)			(2,525,776)
Share-based compensation			(269,608)			137,105
Depreciation			(981)			(2,413)
Exploration and evaluation expenses			(3,782)			—
Change in value of royalty obligation			1,561,949			853,291
Change in value of commercial production obligation			—			22,408
Change in value of warrant derivative liability			(61,742)			—
Realized foreign exchange (loss)/gain			(358,028)			329,567
Unrealized foreign exchange loss			44,899			(112,943)
Finance cost			(1,398,152)			(291,685)
Finance income			40,428			18,788
Loss before income taxes			(5,435,180)			(2,514,329)
Current income tax expense			(392,749)			(99,952)
Net Loss			\$ (5,827,929)			\$ (2,614,281)
Other comprehensive income						
Translation adjustment for foreign operations			4,943,379			392,438
Net loss and comprehensive loss			\$ (884,550)			\$ (2,221,843)

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21. Segment reporting (continued)

The information by geographic region is as follows:

	Canada	UAE	Mauritius	Madagascar	Total
Cash and cash equivalents	\$ 15,936,957	\$ —	\$ 253,345	\$ 252,625	\$ 16,442,927
Amounts receivable	56,921	—	—	357,146	414,067
Inventories	—	—	—	6,147,855	6,147,855
Prepaid expenses	265,707	1,824,370	500,000	778,206	3,368,283
Property, plant, equipment and development	97,287	—	12,064,642	62,090,167	74,252,096
Total assets as at March 31, 2026	\$ 16,356,872	\$ 1,824,370	\$ 12,817,987	\$ 69,625,999	\$ 100,625,228

	Canada	Mauritius	Madagascar	Total
Cash and cash equivalents	\$ 2,460,621	\$ 333,442	\$ 487,705	\$ 3,281,768
Amounts receivable	372,896	21,847	88,706	483,449
Inventories	—	—	6,013,127	6,013,127
Prepaid expenses	444,913	700,455	606,607	1,751,975
Property, plant, equipment, and development	12,464	11,967,934	60,684,386	72,664,784
Total assets as at June 30, 2025	\$ 3,290,894	\$ 13,023,678	\$ 67,880,530	\$ 84,195,102

Property, plant and equipment in Mauritius represent BAF equipment, currently in storage. Property, plant and equipment in Madagascar represent the Molo Graphite Mine, processing plant, associated infrastructure and equipment. Madagascar mineral property included in Property Plant and equipment, includes Molo Graphite Mine and the Green Giant Vanadium project.

22. Related party transactions

Parties are related if one party has the direct or indirect ability to control or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties include the Company subsidiaries, significant shareholders, and key management. Vision Blue is a significant shareholder that owns 47.51% of the common shares. Key management consists of the Board of Directors, Chief Executive Officer, Chief Financial Officer, and Senior Vice Presidents. Related parties also include companies controlled by key management. Related party transactions occur when there is a transfer of economic resources or financial obligations between related parties. Related party transactions in the normal course of business that have commercial substance are initially measured at fair value. Balances and transactions between the Company and its wholly owned subsidiaries have been eliminated and are not disclosed in this note.

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

	Nine months ended March 31, 2026	Nine Months Ended March 31, 2025	Three months ended March 31, 2026	Three Months Ended March 31, 2025
Payroll and benefits	\$ 1,554,286	\$ 1,022,443	\$ 529,227	\$ 280,395
Management consulting fees	—	262,500	—	68,375
Share-based compensation	570,422	52,260	269,608	(137,105)
	\$ 2,124,708	\$ 1,337,203	\$ 798,835	\$ 211,665

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22. Related party transactions (continued)

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

Related party transactions contained within	As at March 31, 2026	As at June 30, 2025
Amounts receivable	\$ 21,028	\$ 21,029
Current portion of Share-based compensation liability	213,276	57,228
Long-term portion of Share-based compensation liability	147,729	32,479
Borrowings from Vision Blue	32,694,899	15,437,022
Current portion of royalty obligations	948,750	1,897,500
Long term portion of royalty obligations	9,315,640	8,694,866
Warrant liability to Vision Blue	950,560	—

During the year ended June 30, 2025, Vision Blue participated in the private placement offering completed on October 15, 2024, by subscribing to 15,582,300 common shares for gross proceeds of \$5,992,323 (C\$8,258,619). During the three months ended March 31, 2026, Vision Blue participated in the LIFE Offering completed on February 24, 2026, by subscribing to 27,944,464 units for gross proceeds of \$8,700,645 (C\$11,876,397). Amounts receivable are for short-term loans to assist employees with the exercise of stock options and for relocation expenses. Accounts payable and accrued liabilities is for normal course accounts payable, accrued bonuses, and accrued director fees. The royalty obligations are owed to Vision Blue.

23. Capital management

There were no changes in the Company's approach to capital management during the three and nine months ended March 31, 2026.

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

Capital Resource Analysis

As of March 31, 2026, the Company had cash and cash equivalents of \$16,442,927 which is insufficient to fund its working capital requirements (including current liabilities of \$40,435,589) as well as ongoing general and administrative costs and anticipated capital and operating cash outflows. Upon completing the "best-efforts" private placement of 58,823,500 units of the Company on February 24, 2026 Vision Blue announced that the maturity date for the Amended Facility was deferred for 12 months and 1 day following the Closing Date. Refer to Note 2 basis of presentation and going concern.

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24. Financial Instruments and Risk Management

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

Liquidity risk

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

- Accounts payable and accrued liabilities, which are due within 30 days.
- Minimum repayments under the royalty agreement that are due semi-annually on June 30 and December 31.
- Commercial production obligation that is due upon the declaration of commercial production at the Molo Mine.
- Lease payment obligations that are due annually.
- Vision Blue drawdown credit facility due on February 25, 2027 (Note 12).

As of March 31, 2026, the Company had cash and cash equivalents of \$16,442,927 (June 30, 2025: \$3,281,768) to settle current liabilities of \$40,435,589 (June 30, 2025: \$23,755,677).

Contractual maturities of financial liabilities	Due in the next 12 months	Between 1-2 years	Between 2-5 years	More than 5 years	Total contractual cash flows
Accounts payable and accrued liabilities (note 9)	\$ 5,189,277	\$ —	\$ —	\$ —	\$ 5,189,277
Royalty obligation (note 11)	948,750	1,897,500	5,692,500	5,692,500	14,231,250
Commercial obligation repayments (note 13)	—	581,934	—	—	581,934
Lease obligations (note 10)	1,389,387	1,300,201	3,692,794	20,002,538	26,384,920
Share-based compensation liability (note 18)	213,276	147,729	—	—	361,005
Borrowings (note 12)	32,694,899	—	—	—	32,694,899
March 31, 2026	\$ 40,435,589	\$ 3,927,364	\$ 9,385,294	\$ 25,695,038	\$ 79,443,285

For the year ended June 30, 2025:

Contractual maturities of financial liabilities	Due in the next 12 months	Between 1-2 years	Between 2-5 years	More than 5 years	Total contractual cash flows
Accounts payable and accrued liabilities (note 9)	\$ 4,200,261	\$ —	\$ —	\$ —	\$ 4,200,261
Royalty obligation (note 11)	1,897,500	1,897,500	1,897,500	10,436,250	16,128,750
Commercial obligation repayments (note 13)	—	536,127	—	—	536,127
Lease obligations (note 10)	1,400,976	1,315,116	1,267,183	24,076,472	28,059,747
Share-based compensation liability (note 18)	57,228	32,479	—	—	89,707
Borrowings (note 12)	15,437,022	—	—	—	15,437,022
As at June 30, 2025	\$ 22,992,987	\$ 3,781,222	\$ 3,164,683	\$ 34,512,722	\$ 64,451,614

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

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

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24. Financial Instruments and Risk Management (continued)

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

Credit risk

The Company has credit risk arising from refundable taxes classified as amounts receivable as well as outstanding receivables from commercial sales. The Company has credit risk arising from officer loans classified as amounts receivable. The Company has credit risk arising from the potential from counterparty default on cash and cash equivalents held on deposit with financial institutions. The Company manages this risk by ensuring that deposits are only held with large Canadian banks and financial institutions, whereas any offshore deposits are held with reputable foreign financial institutions. The Company also limits the deposits held with foreign financial institutions.

Interest rate risk

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

Commodity price risks

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

Currency risk

This is the sensitivity of the fair value or of the future cash flows of financial instruments to changes in foreign exchange rates. The Company transacts in currencies other than the US dollar, including the Canadian dollar, the Madagascar Ariary, the Mauritius Rupee, United Arab Emirates dirham 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 loss.

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24. Financial Instruments and Risk Management (continued)

As at March 31, 2026, the Company had the following balances in foreign currency:

			As at March 31, 2026	As at June 30, 2025
Cash and cash equivalents	CAD	\$	15,512,734	\$ 198,261
Cash and cash equivalents	MGA		25,861	478,361
Cash and cash equivalents	MUR		170,874	156,404
Amounts receivable	CAD		25,745	56,176
Amounts receivable	MGA		49,760	(15,668)
Amounts receivable	MUR		—	—
Amounts receivable	ZAR		—	—
Prepaid expenses	CAD		9,014	131,784
Prepaid expenses	ZAR		2,257	—
Prepaid expenses	MGA		296,017	630,656
Accounts payable and accrued liabilities	CAD		(672,677)	(972,460)
Accounts payable and accrued liabilities	MGA		(1,058,466)	(2,197,248)
Accounts payable and accrued liabilities	MUR		23,283	111,749
Accounts payable and accrued liabilities	GBP		(21,748)	49,429
Accounts payable and accrued liabilities	ZAR		6,384	(169,873)
Accounts payable and accrued liabilities	EUR		—	—
Accounts payable and accrued liabilities	AED		(410,759)	—
Commercial production obligations	CAD		(572,618)	(536,127)
Current portion of lease obligations	MGA		(1,382,750)	(1,400,976)
Net foreign exchange exposure in USD		\$	12,002,911	\$ (3,479,532)
Impact of 10% increase in CAD/USD exchange rates			1,430,220	(112,236)
Impact of 10% increase in MGA/USD exchange rates			(206,958)	(250,488)
Impact of 10% increase in AED/USD exchange rates			(41,076)	—
Impact of 10% increase in MUR/USD exchange rates			19,416	26,815
Impact of 10% increase in ZAR/USD exchange rates			864	(16,987)
Impact of 10% increase in EUR/USD exchange rates			—	—
Impact of 10% increase in GBP/USD exchange rates			(2,175)	4,943
Total		\$	1,200,291	\$ (347,953)

As at March 31, 2026, the Company estimated that a 10% decrease of the USD versus foreign exchange rates would result in a loss of \$1,200,291 (June 30, 2025: gain of \$347,953) and a 10% increase in the USD versus foreign exchange rates would result in a gain of \$1,200,291 (June 30, 2025: loss of \$347,953).