NextSource Materials Secures Partnership with Major Electric Vehicle Supply Chain to Build Battery Anode Facility

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- *Three-way partnership pairs NextSource with a leading processor and a supplier of battery anode material within the Tesla supply chain.*
- *Provides NextSource with a complete, turn-key facility that is a duplicate of the current facilities that are processing spheronized and purified graphite (SPG) for lithium-ion batteries ("LiB") by current suppliers to Tesla and other electric vehicle ("EV") and hybrid vehicle ("HEV") manufacturers.*
- *Enables NextSource to gain immediate access to leading and established spheroidization technology intellectual property. As a result, the time required for final QA/QC of its SuperFlake® graphite with other automotive manufacturers can be significantly reduced.*
- *Commissioning of the battery anode facility is targeted for Q4 2022.*
- *Partnership is exclusive to NextSource and can provide automotive manufacturers a complete and proven anode solution using non-Chinese sourced feedstock or value-added anode material.*
- *NextSource is well positioned to become a significant strategic supplier of battery anode material for the electric vehicle revolution, providing a fully integrated graphite product from "the mine to the car".*

TORONTO, April 12, 2021 - Nextsource Materials Inc. (TSX:NEXT)(OTCQB:NSRCF) ("NextSource" or the "Company") is pleased to announce it has finalized a binding agreement ("the Partnership") to construct and operate a value-added, battery anode facility ("BAF") to produce spheronized and purified graphite ("SPG") required in lithium-ion batteries for electric vehicle ("EV") and hybrid vehicle ("HEV") applications.

The Partnership is exclusive to NextSource and pairs the Company with two well-established and leading companies that process and supply SPG to leading Japanese anode and battery makers, who in turn supply the Tesla supply chain and other major automotive companies ("OEMs").

This three-way Partnership will provide NextSource with a complete, turn-key anode facility that is an exact duplicate of the facility that is currently processing value-added spheronized and purified graphite for lithium-ion batteries by one of current suppliers to Tesla and other international OEMs.

Commissioning of the BAF is targeted for Q4 2022 and will be located proximal to key demand markets for graphite anode material. South Africa, Europe and North America are the jurisdictions currently being considered for the location of the facility.

Sir Mick Davis, Chairman of NextSource commented,

"This collaboration is part of NextSource's downstream growth plan and partners the Company with prominent and established processors and suppliers of graphite anode material to the Tesla supply chain and other global automotive OEMs. NextSource is well positioned to be a significant strategic supplier of high-quality flake graphite to major battery anode customers globally, while simultaneously gaining an immediate foothold into the high-growth markets for EVs, as well as the burgeoning energy storage market that will be reliant on graphite anode material."

President and CEO, Craig Scherba P. Geo., commented,

"With our Molo project fully financed and commissioning of the Molo mine expected in March of the next year, this partnership fulfils our strategy of having upstream integration supporting the battery anode facility at any scale the market may require. This gives NextSource the enviable "pole position" in the battery race to have a fully commercial and vertically intergraded graphite operation."

THE TESLA SUPPLY CHAIN PARTNERS

The Partners consist of NextSource's Japanese offtake partner ("Japanese Partner") and the Japanese Partner's Chinese SPG processing partner ("Chinese Partner").

The Japanese Partner is a prominent Japanese trading company who is a major supplier of SPG for anode material in lithium-ion batteries for EV and HEV applications. It currently supplies graphite anode material to the majority of Japanese automotive OEMs and the Tesla supply chain.

The Chinese Partner is a leading processor of SPG for the EV and HEV markets who owns and operates graphite anode processing facilities in China. This Chinese Partner is regarded by OEM anode producers to be a best-in-class processor and one of the highest quality suppliers of SPG globally.

The Japanese and Chinese Partners have had an alliance together for over 30 years and have been processing battery-grade graphite for over 15 years. To protect certain confidential aspects of the Partnership, the Partners have requested not to be identified at this time.

Since 2018, all three parties have been in discussions regarding a potential supply chain partnership to supply value-added graphite material using SuperFlake® graphite concentrate. As announced in April 2020, Letter of Intent was signed by all parties to collaborate on the construction of a battery anode facility that would mirror the Partners' current SPG processing facility in China in order to provide OEMs the growing desire for optionality in sourcing both graphite concentrate feedstock and anode material from outside of China.

COLLABORATION DETAILS

- NextSource will be responsible for the sourcing of all funds needed to construct the BAF and will wholly own and operate the facility.
- The Chinese Partner will act as the technical partner and provide NextSource with a complete, turn-key BAF operation that is a duplicate of the facilities it currently operates in China that is producing SPG for the Tesla supply chain. It will price, design and source all required graphite processing equipment, design and develop the process flowsheets, and provide all required training and operational know how related to the production of anode material. It will receive a 3% licencing fee based on the total annual sales value of anode material sold.
- The Japanese Partner will utilize its network with OEMs and act as NextSource's exclusive agent in the sales, marketing and trading of anode material to OEM anode suppliers and to OEMs directly. It will receive a 5% sales commission based on the total annual sales value of anode material sold.
- Both the Japanese and Chinese Partners will participate in the development of 5-year business plans related to the expansion of the BAF.

The Company will finalize targeted initial production volumes for the BAF as well as plant designs, equipment list and total capital costs for the BAF by the end of May 2021. The Company will then initiate a technical study to determine the associated operating cost ("OPEX") based on each of the proposed locations.

ABOUT SUPERFLAKE® GRAPHITE

As announced in November 2015, independent testing by various third-party end users of flake graphite confirmed that NextSource's SuperFlake® graphite meets or exceeds quality requirements for all major end-markets for natural flake graphite. The major end-markets are refractories, anode material for lithium-ion batteries, specialty graphite foils used as essential components in the chemical, aeronautical and fire-retardant industries, and graphene in high-end ink and substrate applications.

As detailed in the Molo 2019 Feasibility Study, SuperFlake® graphite concentrate can achieve 98% carbon

(C) purity with simple flotation, has excellent thermal expansion, can be easily upgraded to 99.97% purity (battery grade), contains no deleterious substances and has high crystallinity.

SuperFlake® graphite concentrate has excellent flake size distribution that is well above the global average, with 46.4 percent being classified as +80 (large), +65 (extra large) and +48 (jumbo) mesh in flake size. Specifically, 23.6 percent of SuperFlake® graphite concentrate is +48 mesh and greater in size.

SuperFlake® is a registered trademark in the United States, Canada, Japan, South Korea, U.K. and the European Union. These key jurisdictions represent the top demand markets for flake graphite and the locations where NextSource intends to sell its SuperFlake® graphite and anode material.

About NextSource Materials Inc.

Nextsource Materials Inc. is a battery materials development company based in Toronto, Canada that is intent on becoming a fully integrated, global supplier of critical battery and technology materials needed to power the sustainable energy revolution.

Targeting commercial production by April 2022, the Company's Molo graphite project in Madagascar is regarded as one of the largest and highest-quality graphite deposits globally and the only project with SuperFlake® graphite.

With expected low-cost operations and both its mining and environmental licenses in place, NextSource Materials has forged strategic and exclusive partnerships with key supply chain participants to provide graphite-based anode material to international OEMs for lithium-ion and fuel cell applications, and graphite for high-end, value-added applications where graphite is an essential material.

The Company will enter into production in phases and utilize an all-modular build approach to construct the Molo graphite mine. Initial production is expected to be approximately 17,000 tonnes per annum ("tpa") over the first two years of production, followed by a significant expansion in production planned in year three to match market demand.

NextSource Materials is listed on the Toronto Stock Exchange (TSX) under the symbol "NEXT" and on the OTCQB under the symbol "NSRCF".

Please see "Molo Feasibility Study, National Instrument 43-101 Technical Report on the Molo Graphite Project located near the village of Fotadrevo in the Province of Toliara, Madagascar Prepared by Erudite Strategies (Pty) Ltd" dated May 31, 2019 for certain other details and assumptions relating to the parameters of the project, mineral resource and reserve estimates and data verification procedures.

Mr. Craig Scherba, P.Geo., President and CEO of NextSource, is the qualified person who reviewed and approved the technical information provided in this press release.

For further information about NextSource visit our website at www.nextsourcematerials.com or contact us a +1.416.364.4911 or email Brent Nykoliation, Executive Vice President, Corporate Development at brent@nextsourcematerials.com or Craig Scherba, President and CEO at craig@nextsourcematerials.com.

Safe Harbour: This press release contains statements that may constitute "forward-looking information" or "forward-looking statements" ("forward-looking statements") within the meaning of applicable Canadian and United States securities legislation. Readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements in this release include statements regarding collaboration agreements to build a value-added SPG (anode) facility, time to commissioning the BAF, the demand for EVs and HEVs, the use of SuperFlake, , successful and on-budget construction of the Molo Graphite Project, SPG plant and BAF, sourcing the funds needed to construct the BAF, expansion of the BAF, estimated future production from the Molo Graphite Project, completion of the technical studies and expansion of the Molo Graphite Project. These statements are based on current expectations, estimates and assumptions that involve a number of risks, which could cause actual results to vary and, in some instances,

to differ materially from those anticipated by the Company and described in the forward-looking statements contained in this press release, including the risk that the Molo graphite mine is not built on the expected time and cost estimates, that the mineral reserve and resource estimates for the Molo Graphite Project are incorrect, that expected recoveries and costs to produce SPG are incorrect, and that permits and licences to operate the Molo Graphite Project may not be renewed or may be revoked. No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits the Company will derive there from. The forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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