



## **NextSource Materials Provides Quarterly Update and Announces Progress on Molo Mine Expansion Study and Battery Anode Facility Strategy**

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**NextSource Materials Inc.** (TSX: NEXT) (OTCQB: NSRCF) ("NextSource" or "the Company") provides a third quarter activities update for nine months ending March 31, 2025 on its mine operations in Madagascar, and progress in the consideration of a larger-scale expansion of the Molo mine and the development of a Battery Anode Facility.

The Company's third quarter financials and Management's Discussion and Analysis (MD&A) are available to access on SEDAR+ and the NextSource corporate website by end of business on May 16, 2025.

Since announcing the initiation of the plant commissioning process on March 23, 2023, and first production of SuperFlake® graphite concentrate in June 2023, NextSource has made steady progress ramping up its Molo Phase 1 ("Phase 1"). In October 2024, the Company successfully completed its first commercial shipments of SuperFlake® graphite concentrate to customers in Germany and the United States of America under existing offtake agreements, with shipments having arrived at customer destinations since January 2025.

To date, the Company has received orders for over 1,000 tonnes of its SuperFlake® graphite for qualification purposes, confirming the strong market demand for the Company's graphite products. These requests are with multiple end-users and for several applications, including battery anodes, refractory, and graphite foils for fire retardants and consumer electronics.

### **Molo Update and Feasibility Study Update**

The Molo Phase 1 operation was severely affected during the first calendar quarter of 2025 by excessive rain, where the mine site experienced 3 cyclones passing in close proximity. This weather disruption significantly hindered the ramp-up process but was used as an opportunity for the Company to improve its operating procedures, with the site successfully weathering the storms with minimal incidents.

During the quarter, and in parallel with ramp-up efforts, the Company concluded a comprehensive technical and organizational review ("the Review") of Molo Phase 1 operations, which included a detailed technical and organizational assessment, and consolidation of the insights and learnings accumulated over the course of Phase 1 ramp-up.

The Review identified the remaining technical issues slowing the ramp-up, tracing them to inefficiencies in the milling and flotation circuits, which limit the plant capacity to c.11,000 tonnes per annum, and the improvements needed to correct them. Instead of incurring costs and resources to complete final fixes to the Phase 1 plant, where anticipated volume demands will quickly outgrow its volume capacity, the Company has updated its operational strategy to utilize Phase 1 for campaign production.

The Review also reinforced confidence in the quality and potential of the Molo mineral reserve estimates and its ability to produce a high-quality graphite concentrate with a fixed carbon content between 94-97%. Key insights and learnings from Phase 1 are being incorporated in the updated feasibility study (the "Updated Feasibility Study") to consider a revised development timeline and

staged expansion approach for Molo Phase 2. The completion of the Updated Feasibility Study is expected by the third calendar quarter of 2025.

This shift in operational strategy enables the Company to preserve cash and divert limited resources towards preparations for an industry-scale Molo Phase 2 expansion, which is expected to benefit from larger economies of scale, while being able to continue qualifying its graphite products and servicing key customers through Phase 1.

The approximately 2,500 tonnes of SuperFlake® graphite concentrate in inventory, together with continued campaign production, will continue to support the qualification requests of SuperFlake® graphite products and the servicing of existing key customers. This will enable the Company to continue the build out of its sales channels as it prepares for Phase 2 expansion in a responsible manner, and in lockstep with market demand.

### **Battery Anode Facility (“BAF”) Update**

Battery Anode Facilities are value-added processing facilities that are capable of converting our smaller size fraction graphite concentrate into a high-value graphite anode product, which is a critical and major component to the battery anode material that is assembled along with cathode material into lithium-ion batteries used in electric vehicles (“EV”).

Our Mauritius BAF is intended to have an initial production capacity of 3,600 tpa of graphite anode products with the main process equipment ordered and received during financial year 2025 to the value of approximately US\$12 million. The initiation of construction activities is still subject to a delayed EIA process and brings some risk to the viability of the Mauritius BAF. If the Company fails to secure the necessary permits, the Company has the option to terminate the Port Louis industrial lease at no further cost. Under this scenario the delivered BAF equipment is transportable and can be assembled in any suitable location.

As such, the Company has also identified prospective BAF sites in the Middle East that offer an attractive opportunity for a larger-scale BAF with an accelerated development schedule. NextSource has made steady progress to advance discussions with potential EV manufacturers (“OEMs”) to secure an offtake agreement, currently under negotiation. These negotiations are centered on meeting the specific requirements of OEMs supported by positive feedback from product qualification trials. The development of a large-scale BAF aligns with the Company's broader strategy, ensuring a robust and sustainable supply chain for its global customers.

NextSource is also actively advancing a financing workstream to evaluate potential strategic investors for a Middle Eastern-based BAF. This initiative aims to secure a local partnership in the establishment of a BAF in this jurisdiction, which will play a critical role in delivering battery anode materials globally.

### **Graphite Market Outlook**

The market landscape continues to support NextSource’s strategic direction, as global demand for critical minerals accelerates alongside the clean energy transition. EV adoption remains a major force behind graphite demand growth with a continued surge in global EV sales. The expansion of renewable energy storage is further reinforcing this trend as electrification directly impacts battery material demand. As the core component of all lithium-ion battery anodes, graphite remains the largest battery material in a battery by volume, making up more than 95% of a lithium-ion battery anode. As vehicle manufacturers prioritize securing raw materials closer to their production hubs, the need for stable, local supply chains has become increasingly urgent.

Global supply chain shifts are accelerating away from China, the world's largest producer and processor of graphite, due to heightened geopolitical tensions and trade policy changes. The International Energy Agency has flagged graphite as the most vulnerable battery mineral, citing high geographic concentration, tight supply margins, and growing export risks. Market participants are responding by actively looking for alternative sources of both natural graphite and battery anode materials, with NextSource well-positioned to benefit from this continued shift.

### **About NextSource Materials Inc.**

NextSource Materials Inc. is a battery materials development company based in Toronto, Canada that is intent on becoming a vertically integrated global supplier of battery materials through the mining and value-added processing of graphite and other minerals.

The Company's Molo graphite project in Madagascar is one of the largest known and highest-quality graphite resources globally, and the only one with SuperFlake® graphite. The Molo mine has begun production through Phase 1 mine operations. The Company is also developing a significant downstream graphite value-add business through the staged rollout of Battery Anode Facilities capable of large-scale production of coated, spheronized and purified graphite for direct delivery to battery and automotive customers, in a fully transparent and traceable manner.

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

For further information about NextSource, please visit our website at [nextsourcematerials.com](http://nextsourcematerials.com)

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