



**MASON GRAPHITE INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**



## **Notice to Reader**

The accompanying unaudited condensed interim financial statements of Mason Graphite Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by the entity's auditor.

## **Management's responsibility for financial reporting**

Management is responsible for the preparation and presentation of the accompanying unaudited condensed interim financial statements, which includes ensuring that significant accounting judgments and estimates are made in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions for which objective judgment is required.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the financial information included in the unaudited condensed interim financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management. The Audit Committee has the responsibility of meeting with management to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee reports its findings to the Board for its consideration in approving the condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Peter Damouni"

Peter Damouni  
Executive Director

"Carmelo Marrelli"

Carmelo Marrelli  
Chief Financial Officer

Laval, Québec  
May 29, 2023

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

**Mason Graphite Inc.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(Unaudited)

| As at,  | March 31,<br>2023    | June 30,<br>2022     |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| <b>Current assets</b>   |                      |                      |
| Cash and cash equivalents                                     | \$ 8,215,201         | \$ 7,316,990         |
| Sales tax receivables   | 177,256              | 201,255              |
| Government assistance   | -                    | 12,394               |
| Prepaid and other receivable                                  | 52,041               | 92,395               |
| Assets of subsidiary subject to loss of control (Note 4)      | -                    | 13,124,328           |
|   | <u>8,444,498</u>     | <u>20,747,362</u>    |
| <b>Non-current assets</b>                                     |                      |                      |
| Investment in associate (Note 4)                              | 14,390,313           | -                    |
| Property, plant and equipment (Note 3)                        | 5,682,302            | 5,695,688            |
|   | <u>14,390,313</u>    | <u>-</u>             |
| <b>Total assets</b>   | <u>\$ 28,517,113</u> | <u>\$ 26,443,050</u> |
| <b>LIABILITIES</b>  |                      |                      |
| <b>Current liabilities</b>                                    |                      |                      |
| Accounts payable and accrued liabilities                      | \$ 158,934           | \$ 178,100           |
| Liabilities of subsidiary subject to loss of control (Note 4) | -                    | 99,025               |
|   | <u>158,934</u>       | <u>277,125</u>       |
| <b>Total liabilities</b>                                      | <u>158,934</u>       | <u>277,125</u>       |
| <b>EQUITY</b>   |                      |                      |
| Share capital   | 110,305,542          | 107,819,916          |
| Reserves  | 13,324,782           | 13,124,660           |
| Deficit   | (95,272,145)         | (100,469,937)        |
|   | <u>28,358,179</u>    | <u>20,474,639</u>    |
| Non-Controlling Interest                                      | -                    | 5,691,286            |
| <b>Total equity</b>   | <u>28,358,179</u>    | <u>26,165,925</u>    |
| <b>Total liabilities and equity</b>                           | <u>\$ 28,517,113</u> | <u>\$ 26,443,050</u> |

Nature of operations and liquidity risk (note 1)  
Subsequent events (note 8)

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

**Mason Graphite Inc.**
**CONSOLIDATED STATEMENTS OF LOSS (INCOME) AND COMPREHENSIVE LOSS (INCOME)**
**(Expressed in Canadian Dollars)**
**(Unaudited)**

|  | For the three months<br>ended March 31, |                     | For the nine month<br>ended March 31, |                     |
|--|---|---------------------|---------------------------------------|---------------------|
|  | 2023                                    | 2022                | 2023                                  | 2022                |
| <b>Expenses</b>  |   |                     |                                       |                     |
| Salaries and consulting fees   | \$ 212,406                              | \$ 342,992          | \$ 1,158,347                          | \$ 773,501          |
| Director fees  | 39,743                                  | 53,070              | 197,389                               | 158,482             |
| Professional fees  | 114,226                                 | 179,071             | 364,025                               | 296,978             |
| General office expenses  | 22,150                                  | 61,759              | 104,499                               | 171,626             |
| Travel and accommodation   | 8,908                                   | -                   | 84,165                                | 3,814               |
| Share-based compensation   | 16,917                                  | 124,812             | 200,122                               | 708,375             |
| Communication and promotion  | 2,321                                   | 11,625              | 22,503                                | 66,727              |
| Transfer agent and filing fees   | 9,195                                   | 13,454              | 97,197                                | 101,341             |
| Added-value processing (Note 6)  | 18,877                                  | 46,863              | 137,627                               | 414,297             |
| R&D expenses   | -                                       | -                   | -                                     | 6,573               |
| Government assistance  | (81,870)                                | (7,700)             | (301,136)                             | (215,242)           |
| Care and maintenance for Lac Gueret project  | 60,956                                  | 84,893              | 165,725                               | 301,190             |
| Depreciation (Note 3)  | 4,462                                   | 5,446               | 13,386                                | 18,494              |
| Operating net foreign exchange loss  | 10                                      | 655                 | (1,272)                               | (443)               |
| <b>Operating loss</b>  | <b>428,301</b>                          | <b>916,940</b>      | <b>2,242,577</b>                      | <b>2,805,713</b>    |
| Finance income   | (138,604)                               | (19,126)            | (177,072)                             | (62,316)            |
| Gain on dilution of Black Swan<br>Graphene Inc. (Note 4)                                       | -                                       | -                   | (10,477,469)                          | -                   |
| Loss on investment in associate (Note 4)   | 775,710                                 | -                   | 3,279,684                             | -                   |
| Gain on sale of equipment  | (185,000)                               | -                   | (207,000)                             | -                   |
| <b>Net loss (profit) from continuing operations<br/>(attributable to Company shareholders)</b> | <b>880,407</b>                          | <b>897,814</b>      | <b>(5,339,280)</b>                    | <b>2,743,397</b>    |
| Net loss from discontinued operations (Note 4)   | -                                       | 650,752             | 252,586                               | 1,472,700           |
| <b>Net comprehensive loss (profit)<br/>for the period</b>                                      | <b>\$ 880,407</b>                       | <b>\$ 1,548,566</b> | <b>\$ (5,086,694)</b>                 | <b>\$ 4,216,097</b> |
| <b>Attributable to:</b>  |   |                     |                                       |                     |
| Company shareholders   | \$ 880,407                              | \$ 966,701          | \$ (5,197,792)                        | \$ 3,607,957        |
| Non-controlling interest (Note 4)  | \$ -                                    | \$ 581,865          | \$ 111,098                            | \$ 608,140          |
| Net loss (profit) per share (Note 7)   |   |                     |                                       |                     |
| from continuing operations   |   |                     |                                       |                     |
| - basic and diluted  | \$ 0.01                                 | \$ 0.01             | \$ (0.04)                             | \$ 0.03             |
| from discontinued operations   |   |                     |                                       |                     |
| - basic and diluted  | \$ 0.00                                 | \$ 0.00             | \$ 0.00                               | \$ 0.00             |
| Total - basic and diluted  | \$ 0.01                                 | \$ 0.01             | \$ (0.04)                             | \$ 0.03             |

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

**Mason Graphite Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

|   | <b>For the nine month<br/>ended March 31,</b> |                    |
|---|---|--------------------|
|   | <b>2023</b>                                   | <b>2022</b>        |
|   | <b>\$</b>                                     | <b>\$</b>          |
| <b>Cash flows used in operating activities</b>  |   |                    |
| Net income (loss) for the period  | 5,086,694                                     | (4,216,097)        |
| Items not affecting cash:   |   |                    |
| Share-based compensation  | 200,122                                       | 708,375            |
| Amortization of intangible assets   | -   | 551,796            |
| Depreciation  | 13,386  | 18,494             |
| Gain on dilution of Black Swan Graphene Inc.  | (10,477,469)                                  | -                  |
| Loss on investment in associate   | 3,279,684                                     | -                  |
| Changes in non-cash working capital items:  |   |                    |
| Sales tax receivables   | 4,738   | (60,076)           |
| Government assistance   | 12,394  | (17,062)           |
| Prepaid and other receivable  | 43,119  | (30,110)           |
| Accounts payable and accrued liabilities  | 89,942  | (711,659)          |
|   | <b>(1,747,390)</b>                            | <b>(3,756,339)</b> |
| <b>Cash flows from financing activities</b>   |   |                    |
| Private placement   | 2,485,626                                     | 2,980,085          |
|   | <b>2,485,626</b>                              | <b>2,980,085</b>   |
| <b>Cash flows used in investing activities</b>  |   |                    |
| Acquisition of intangible assets  | -   | (5,208,541)        |
| Acquisition of property, plant and equipment  | -   | (629,328)          |
| Loss of control of subsidiary   | (3,965,488)                                   | -                  |
|   | <b>(3,965,488)</b>                            | <b>(5,837,869)</b> |
| Change in cash and cash equivalents   | (3,227,252)                                   | (6,614,123)        |
| Net change in cash classified within subsidiary loss of control                                   | 4,125,463                                     | -                  |
| Cash and cash equivalents, beginning of the period  | 7,316,990                                     | 20,125,836         |
| <b>Cash and cash equivalents, end of the period</b>   | <b>8,215,201</b>                              | <b>13,511,713</b>  |
| <b>Cash flows from discontinued operations</b>  |   |                    |
| Operating activities  | 92,611  | 984,943            |
| Financing activities  | -   | 2,980,085          |
| Investing activities  | -   | (5,208,541)        |
| <b>Supplemental information:</b>  |   |                    |
| Property, plant and equipment accounted for in accounts payable and accrued liabilities           | -   | 1,163,537          |
| Deferred charges for an upcoming transaction included in accounts payable and accrued liabilities | -   | 134,680            |
| Cash held in GIC's  | 5,000,000                                     | -                  |

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

**Mason Graphite Inc.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars)  
(Unaudited)

|  | Share Capital      |                    | Reserves         |                 |                  |                      | Total             | Non-controlling Interest | Equity            |
|--|--------------------|--------------------|------------------|-----------------|------------------|----------------------|-------------------|--------------------------|-------------------|
|  | Number             | Amount             | Warrants         | Broker warrants | Options          | Deficit              |                   |                          |                   |
|  |                    | \$                 | \$               | \$              | \$               | \$                   |                   |                          |                   |
| <b>Balance as of July 1, 2022</b>                                    | <b>136,292,585</b> | <b>107,819,916</b> | <b>5,622,949</b> | <b>591,458</b>  | <b>6,910,253</b> | <b>(100,469,937)</b> | <b>20,474,639</b> | <b>5,691,286</b>         | <b>26,165,925</b> |
| Private placement - Common Shares                                    | 5,000,000          | 2,485,626          | -                | -               | -                | -                    | 2,485,626         | -                        | 2,485,626         |
| Loss of control of subsidiary  | -                  | -                  | -                | -               | -                | -                    | -                 | (5,580,188)              | (5,580,188)       |
| Share-based compensation   | -                  | -                  | -                | -               | 200,122          | -                    | 200,122           | -                        | 200,122           |
| Net profit (loss) and comprehensive profit (loss) for the period     | -                  | -                  | -                | -               | -                | 5,197,792            | 5,197,792         | (111,098)                | 5,086,694         |
| <b>Balance, March 31, 2023</b>                                       | <b>141,292,585</b> | <b>110,305,542</b> | <b>5,622,949</b> | <b>591,458</b>  | <b>7,110,375</b> | <b>(95,272,145)</b>  | <b>28,358,179</b> | <b>-</b>                 | <b>28,358,179</b> |
| <b>Balance as of July 1, 2021</b>                                    | <b>136,292,585</b> | <b>107,819,916</b> | <b>5,622,949</b> | <b>591,458</b>  | <b>6,099,566</b> | <b>(95,242,007)</b>  | <b>24,891,882</b> | <b>-</b>                 | <b>24,891,882</b> |
| Issuance of shares for the acquisition of intangible assets (note 4) | -                  | -                  | -                | -               | -                | (130,052)            | (130,052)         | 3,983,152                | 3,853,100         |
| Issuance of shares by the subsidiary                                 | -                  | -                  | -                | -               | -                | 445,300              | 445,300           | 2,554,785                | 3,000,085         |
| Shares issued costs by the subsidiary                                | -                  | -                  | -                | -               | -                | (11,200)             | (11,200)          | (8,800)                  | (20,000)          |
| Share-based compensation   | -                  | -                  | -                | -               | 708,375          | -                    | 708,375           | -                        | 708,375           |
| Net loss and comprehensive loss for the period                       | -                  | -                  | -                | -               | -                | (3,607,957)          | (3,607,957)       | (608,140)                | (4,216,097)       |
| <b>Balance, March 31, 2022</b>                                       | <b>136,292,585</b> | <b>107,819,916</b> | <b>5,622,949</b> | <b>591,458</b>  | <b>6,807,941</b> | <b>(98,545,916)</b>  | <b>22,296,348</b> | <b>5,920,997</b>         | <b>28,217,345</b> |

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

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**Mason Graphite Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended March 31, 2023, and 2022**  
**(Expressed in Canadian Dollars, except where noted)**  
**(Unaudited)**

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**1. NATURE OF OPERATIONS AND LIQUIDITY RISK**

Mason Graphite Inc. ("Mason Graphite" or the "Company") was incorporated on March 15, 2011 under the *Business Corporations Act* (Ontario) and was continued under the *Canada Business Corporations Act* effective March 3, 2016. The Company's head office is located at 3030 Le Carrefour Boulevard, Suite 600, Laval QC H7T 2P5 Canada.

Until the quarter ended March 31, 2020, Mason Graphite was engaged in the development of its 100% owned Lac Guéret graphite property located in Québec, Canada. Substantially, all of the Company's efforts were devoted to financing and developing this property. The Company has a National Instrument 43-101 compliant technical report for its mineral reserve and resource estimate and for a feasibility study on the Lac Guéret property.

On October 26, 2022, Company announced today that the Company has completed its change of business from a "Tier 2 mining issuer" to a "Tier 2 investment issuer" (the "COB") pursuant to Policy 5.2 – Changes of Business and Reverse Takeovers of the TSX Venture Exchange (the "TSX-V") which was approved at the special meeting of shareholders of the Company held on July 14, 2022. Mr. Peter Damouni has been nominated as the new President, Chief Executive Officer and Corporate Secretary of the Company. Mr. Damouni was previously the Executive Director of the Company since January 2021.

These unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the most recent reporting period.

As of March 31, 2023, the Company had a working capital of \$8,285,564, an accumulated deficit of \$95,272,145 and a net profit of \$5,339,280 for the nine months ended March 31, 2023. Working capital included a cash balance of \$8,215,201.

Management believes that the Company has sufficient funds to meet its obligations, operating expenses and some development expenditures of the value-added graphite product for the next 12 months. To obtain additional financing, which the Company can do in various ways, including through strategic partnerships, joint venture agreements, debt project financing or other options offered by financial markets. Management continues to assess all these possibilities. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

These unaudited condensed interim financial statements were reviewed, approved and authorized for issue by the Board of Directors on May 29, 2023.

**Mason Graphite Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended March 31, 2023, and 2022**  
**(Expressed in Canadian Dollars, except where noted)**  
**(Unaudited)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of presentation**

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The unaudited condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements for the year ended June 30, 2022.

The preparation of the unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies.

The accounting policies followed in these unaudited condensed interim financial statements are consistent with those of the previous financial year in addition to the application of the new policies that follow.

**b) Scope of consolidation**

On August 2, 2022, the Company lost control of its subsidiary Black Swan Graphene, as the result of an reverse take over transaction. The unaudited condensed interim financial statements of the Company include the accounts of the parent company (the Company) and its subsidiary while the Company held control of the subsidiary. The parent company controls a subsidiary when it is exposed or entitled to variable returns because of its connection to the subsidiary and is able to directly influence these returns because of its power over the subsidiary. All transactions and balances between group companies are eliminated on consolidation, including unrealized gains and losses on transactions between group companies. The amounts presented in the financial statements of the subsidiary have been adjusted when necessary to ensure consistency with the accounting policies adopted by the Company.

Gains and losses as well as other comprehensive income (loss) of subsidiaries acquired or sold during the period are recognized from the effective date of the acquisition, or until the effective date of the sale, depending on the case.

**Subsidiary company**

Information on the Company’s subsidiary:

|   |                |
|---|----------------|
| 67% owned as of September 30, 2021  | Consolidated   |
| 56% owned as of June 30, 2022   | Consolidated   |
| 41.49% owned as of September 30, 2022, December 31, 2022,<br>& March 31, 2023 | Deconsolidated |

| <b>SUBSIDIARY NAME</b>   | <b>MAIN ACTIVITY</b>            | <b>COUNTRY OF CONSTITUTION OF THE COMPANY</b> |
|--------------------------|---------------------------------|---|
| Black Swan Graphene Inc. | Graphene technology development | Canada  |



**Mason Graphite Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended March 31, 2023, and 2022**  
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**3. PROPERTY, PLANT AND EQUIPMENT**

|                                   | IT equipment   | Production equipment | Construction in progress | Total             |
|-----------------------------------|----------------|----------------------|--------------------------|-------------------|
|                                   | \$             | \$                   | \$                       | \$                |
| <b>Balance, June 30, 2022</b>     | <b>118,747</b> | <b>4,951,941</b>     | <b>625,000</b>           | <b>5,695,688</b>  |
| Depreciation                      | (13,386)       | -                    | -                        | (13,386)          |
| <b>Balance, March 31, 2023</b>    | <b>105,361</b> | <b>4,951,941</b>     | <b>625,000</b>           | <b>5,682,302</b>  |
| <b>As of March 31, 2023</b>       |                |                      |                          |                   |
| Cost                              | <b>218,593</b> | <b>15,069,570</b>    | <b>32,469,164</b>        | <b>47,757,327</b> |
| Accumulated depreciation          | (113,232)      | -                    | -                        | (113,232)         |
| Accumulated charge for impairment | -              | (10,117,629)         | (31,844,164)             | (41,961,793)      |
| <b>Net book value</b>             | <b>105,361</b> | <b>4,951,941</b>     | <b>625,000</b>           | <b>5,682,302</b>  |
| <b>As of March 31, 2022</b>       |                |                      |                          |                   |
| Cost                              | <b>218,593</b> | <b>15,069,570</b>    | <b>32,469,164</b>        | <b>47,757,327</b> |
| Accumulated depreciation          | (89,800)       | -                    | -                        | (89,800)          |
| Accumulated charge for impairment | -              | (10,117,629)         | (31,844,164)             | (41,961,793)      |
| <b>Net book value</b>             | <b>128,793</b> | <b>4,951,941</b>     | <b>625,000</b>           | <b>5,705,734</b>  |

**4. BLACK SWAN GRAPHENE INC.**

On August 26, 2021, the Company acquired a portfolio of patents through its subsidiary Black Swan Graphene Inc. ("Black Swan"), then 66.67% owned. Black Swan's activities constitute a new segment of the Company focused on graphene processing technologies.

The acquisition of a portfolio of patents from Thomas Swan does not meet the definition of a business combination; therefore, the transaction has been accounted for as the acquisition of a group of assets in accordance with IAS 38 Intangible Assets. The total acquisition price was allocated to the assets acquired based on their relative fair value.

**The purchase price of the intangible assets was calculated as follows:**

**Consideration paid**

|   |                     |
|---|---------------------|
| Common shares representing 33.33% interest in Black Swan issued at closing..... | <b>\$ 3,853,100</b> |
| Cash paid to Thomas Swan (1).....   | <b>\$ 5,216,050</b> |
| Transaction fees (2).....   | <b>\$ 390,127</b>   |

**Net assets acquired**

|                        |                     |
|------------------------|---------------------|
| Intangible assets..... | <b>\$ 9,459,277</b> |
|------------------------|---------------------|

**Mason Graphite Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended March 31, 2023, and 2022**  
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**4. BLACK SWAN GRAPHENE INC. (continued)**

**The purchase price of the intangible assets was calculated as follows: (continued)**

- (1) Including \$ 176,350 already paid in Prepayment for the transaction as at June 30, 2021.
- (2) Including \$ 255,447 already paid in Deferred charges for an upcoming transaction as at June 30, 2021.

On November 8, 2021, Black Swan issued shares to a third party for consideration of \$3,000,085, reducing the Company's ownership from 66.67% to 56%. The subsidiary incurred issuance costs of \$20,000.

On August 2, 2022, Black Swan closed a Qualifying Transaction with Dragonfly pursuant to the terms of a share exchange agreement dated January 17, 2022 as amended, with Black Swan and its shareholders (the "Transaction"). The Transaction was completed by way of share exchange whereby Dragonfly acquired all of the outstanding common shares in the capital of Black Swan (each, a "Black Swan Share") from the shareholders of Black Swan (collectively, the "Black Swan Shareholders").

The \$7 million previously raised by Dragonfly through the issuance of subscription receipts were also released to Dragonfly. Following these transactions, the Company received 117,799,982 shares in Dragonfly, now renamed Black Swan Graphene Inc ("New Black Swan"), representing a participation of 41.49% in New Black Swan. The Company has accounted for its participation in New Black Swan as an investment in associate from the date of the Transaction, using the equity method.

In addition, the 1,225,000 options to purchase Black Swan Shares which were outstanding immediately prior to closing of the Transaction were cancelled and the holders thereof were granted an aggregate of 15,175,000 options to purchase common shares and 7,875,000 restricted share units of New Black Swan, under the terms of an omnibus equity incentive plan which was adopted by the board of directors of New Black Swan immediately after closing the Transaction.

During the period ended March 31, 2023, the Company's share of the losses from Black Swan was \$3,279,684.

The following table summarizes, in aggregate, the financial information of Black Swan.

|   | <u>As of March 31, 2023</u> |                       |
|---|-----------------------------|-----------------------|
| Cash  |                             | 7,829,989             |
| Total current assets  |                             | 8,261,154             |
| Total non-current assets  |                             | 7,961,554             |
| Total assets  |                             | 16,222,708            |
| Total current liabilities                                       |                             | 374,601               |
| Total non-current liabilities                                   |                             | -                     |
|   |                             | <hr/>                 |
|   | <b>Three months</b>         | <b>From August 2,</b> |
|   | <b>ended</b>                | <b>2022 to</b>        |
|   | <b>March 31, 2023</b>       | <b>March 31, 2023</b> |
|   | <hr/>                       |                       |
| Loss from continuing operations<br>and total comprehensive loss | \$ 877,316                  | \$ 7,904,758          |
|   | <hr/>                       |                       |

**5. SHARE CAPITAL**

**(a) Authorized**

An unlimited number of common shares without nominal value which confer to each shareholder the right to vote at any meeting of the shareholders, except at meetings which only holders of special shares are entitled to attend, receive dividends declared by the Company thereon and share the residual property upon dissolution of the Company.

**Mason Graphite Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended March 31, 2023, and 2022**  
**(Expressed in Canadian Dollars, except where noted)**  
**(Unaudited)**

**5. SHARE CAPITAL (continued)**

**(a) Authorized (continued)**

The Company has an unlimited number of special shares without nominal value which include certain rights and privileges. No special shares have been issued.

**(b) Share issuances**

On July 20, 2022, the Company completed a private placement of 5.0 million common shares at a price of \$0.50 per share for gross proceeds of \$2.5 million.

During the year ended June 30, 2022, the Company did not issue any common shares.

**6. ADDITIONAL INFORMATION**

Value-added graphite products study charges are composed of:

|                           | For the three month period<br>ended March 31, |                  | For the nine month period<br>ended March 31, |                   |
|---------------------------|---|------------------|--|-------------------|
|                           | 2023  | 2022             | 2023   | 2022              |
| Salaries                  | \$ -  | \$ 21,984        | \$ -   | \$ 141,817        |
| Subcontracting costs      | 12,347  | 13,764           | 49,770                                       | 215,984           |
| General & office expenses | 6,530   | 11,115           | 62,496                                       | 33,733            |
| Rental                    | -   | -                | 25,361                                       | 22,763            |
| <b>Total</b>              | <b>\$ 18,877</b>                              | <b>\$ 46,863</b> | <b>\$ 137,627</b>                            | <b>\$ 414,297</b> |

**7. NET LOSS PER SHARE**

|  | For the three months<br>March 31, |             | For the nine month<br>March 31, |             |
|--|-----------------------------------|-------------|---------------------------------|-------------|
|  | 2023                              | 2022        | 2023                            | 2022        |
| Weighted average number of common shares   | 141,292,585                       | 136,292,585 | 140,862,894                     | 136,292,585 |
| Dilutive effect on stock options   | -                                 | -           | -                               | -           |
| Weighted average of diluted common shares  | 141,292,585                       | 136,292,585 | 140,862,894                     | 136,292,585 |
| Net loss (profit) from continuing operations<br>attributable to common shareholders of Mason | 880,407                           | 966,701     | (5,197,792)                     | 3,607,957   |
| Net loss (profit) from continuing operations per<br>share – Basic and diluted                | 0.01                              | 0.01        | (0.04)                          | 0.03        |
| Net loss from discontinued operations<br>attributable to common shareholders of Mason        | -                                 | 581,865     | 111,098                         | 608,140     |
| Net loss from discontinued operations per<br>share – Basic and diluted                       | 0.00                              | 0.00        | 0.00                            | 0.00        |
| Net loss (profit) attributable to common<br>shareholders of Mason                            | 880,407                           | 1,548,566   | (5,086,694)                     | 4,216,097   |
| Net loss (profit) per share – Basic and diluted  | 0.01                              | 0.01        | (0.04)                          | 0.03        |

The effect of potential issuances of shares under options would be anti-dilutive for the period ended March 31, 2022 and accordingly, basic, and diluted losses per share are the same.

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**Mason Graphite Inc.**  
**Notes to Condensed Interim Financial Statements**  
**Three and nine months ended March 31, 2023, and 2022**  
**(Expressed in Canadian Dollars, except where noted)**  
**(Unaudited)**

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**8. SUBSEQUENT EVENTS**

On April 6, 2023, Black Swan and Nationwide Engineering Research and Development Ltd ("NERD") announced the closing of a five percent (5%) Equity Swap of the outstanding shares of Black Swan and the entering into of the Supply Agreement announced on March 27, 2023.