



**MASON RESOURCES INC.**  
**PREVIOUSLY MASON GRAPHITE INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**



## **Notice to Reader**

The accompanying unaudited condensed interim financial statements of Mason Resources Inc. (Previously 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 consolidated 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 consolidated 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 consolidated 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  
February 28, 2024

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

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

As at,	December 31, 2023	June 30, 2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 7,967,344	\$ 7,581,884
Sales tax receivables	218,992	215,734
Prepaid and other receivable	92,930	45,176
	<u>8,279,266</u>	<u>7,842,794</u>
<b>Non-current assets</b>		
Investment in associate (Note 5)	13,280,822	14,011,792
Property, plant and equipment (Note 3)	-	5,052,839
	<u>-</u>	<u>5,052,839</u>
<b>Total assets</b>	<u>\$ 21,560,088</u>	<u>\$ 26,907,425</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 282,108	\$ 308,874
	<u>282,108</u>	<u>308,874</u>
<b>Total liabilities</b>	<u>282,108</u>	<u>308,874</u>
<b>EQUITY</b>		
Share capital	110,305,542	110,305,542
Reserves	14,419,048	13,330,449
Deficit	(103,446,610)	(97,037,440)
	<u>21,277,980</u>	<u>26,598,551</u>
<b>Total equity</b>	<u>21,277,980</u>	<u>26,598,551</u>
<b>Total liabilities and equity</b>	<u>\$ 21,560,088</u>	<u>\$ 26,907,425</u>

Nature of operations and liquidity risk (note 1)  
Subsequent events (note 11)

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

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

	For the three months ended December 31,		For the six months ended December 31,	
	2023	2022	2023	2022
	<b>Expenses</b>			
Salaries and consulting fees	\$ 209,966	\$ 749,624	\$ 424,833	\$ 945,941
Director fees	29,650	125,285	70,184	157,646
Professional fees	61,064	163,451	148,844	249,799
General office expenses	66,801	39,333	84,732	82,349
Travel and accommodation	46,344	58,247	48,261	75,257
Share-based compensation (Note 7)	-	84,629	1,088,599	183,205
Communication and promotion	10,199	12,647	10,199	20,182
Transfer agent and filing fees	675	67,215	17,070	88,002
Operating net foreign exchange (gain)	45,249	10	44,870	(1,282)
<b>Operating loss</b>	<b>(469,948)</b>	<b>(1,300,441)</b>	<b>(1,937,592)</b>	<b>(1,801,099)</b>
Finance income	96,725	23,122	144,642	38,468
Share of loss of associate (Note 5)	(363,020)	(23,569)	(730,970)	(2,503,974)
<b>Net loss from continuing operations (attributable to Company shareholders)</b>	<b>(736,243)</b>	<b>(1,300,888)</b>	<b>(2,523,920)</b>	<b>(4,266,605)</b>
Net (loss) income from discontinued operations (Note 4 and 5)	(3,844,984)	(71,611)	(3,885,250)	10,233,706
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>\$ (4,581,227)</b>	<b>\$ (1,372,499)</b>	<b>\$ (6,409,170)</b>	<b>\$ 5,967,101</b>
<b>Attributable to:</b>				
Company shareholders	\$ (4,581,227)	\$ (1,372,499)	\$ (6,409,170)	\$ 6,078,199
Non-controlling interest (Note 5)	\$ -	\$ -	\$ -	\$ (111,098)
<b>Net income (loss) per share (Note 9)</b>				
from continuing operations				
- basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
from discontinued operations				
- basic and diluted	\$ (0.03)	\$ (0.00)	\$ (0.03)	\$ 0.07
Total - basic and diluted	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ 0.04

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

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

	<b>For the six months ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Net (loss) income for the period	(6,409,170)	5,967,101
Items not affecting cash:		
Share-based compensation	1,088,599	183,205
Loss on sale of equipment	3,729,050	-
Impairment of equipment	96,436	-
Depreciation	4,462	8,924
Gain on deemed disposal of Black Swan Graphene Inc.	-	(10,477,469)
Share of loss of associate net of dilution gains	730,970	2,503,974
Gain on sale of mineral data	(50,000)	-
Changes in non-cash working capital items:		
Sales tax receivables	(3,258)	22,384
Government assistance	-	12,394
Prepaid and other receivable	(47,754)	43,119
Accounts payable and accrued liabilities	(26,766)	22,834
	<b>(887,431)</b>	<b>(1,713,534)</b>
<b>Cash flows from financing activities</b>		
Private placement	-	2,485,626
	-	2,485,626
<b>Cash flows used in investing activities</b>		
Sale of property, plant and equipment (net of costs)	1,222,891	-
Proceeds from sale of mineral data	50,000	-
Loss of control of subsidiary	-	(3,965,488)
	<b>1,272,891</b>	<b>(3,965,488)</b>
Change in cash	<b>385,460</b>	<b>(3,193,396)</b>
Net change in cash classified within subsidiary loss of control	-	4,125,463
Cash, beginning of the period	<b>7,581,884</b>	<b>7,316,990</b>
<b>Cash, end of the period</b>	<b>7,967,344</b>	<b>8,249,057</b>
<b>Cash flows from discontinued operations</b>		
Operating activities	(105,302)	92,611
Financing activities	-	-
Investing activities	1,272,891	-
<b>Supplemental information:</b>		
Cash held in GIC's	<b>5,194,931</b>	-

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**Mason Resources Inc. (Previously 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, 2023</b>	<b>141,292,585</b>	<b>110,305,542</b>	<b>5,622,949</b>	<b>591,458</b>	<b>7,116,042</b>	<b>(97,037,440)</b>	<b>26,598,551</b>	<b>-</b>	<b>26,598,551</b>
Share-based compensation	-	-	-	-	1,088,599	-	1,088,599	-	1,088,599
Net (loss) and comprehensive (loss) for the period	-	-	-	-	-	(6,409,170)	(6,409,170)	-	(6,409,170)
<b>Balance, December 31, 2023</b>	<b>141,292,585</b>	<b>110,305,542</b>	<b>5,622,949</b>	<b>591,458</b>	<b>8,204,641</b>	<b>(103,446,610)</b>	<b>21,277,980</b>	<b>-</b>	<b>21,277,980</b>
<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	-	-	-	-	183,205	-	183,205	-	183,205
Net income (loss) and comprehensive income (loss) for the period	-	-	-	-	-	6,078,199	6,078,199	(111,098)	5,967,101
<b>Balance, December 31, 2022</b>	<b>141,292,585</b>	<b>110,305,542</b>	<b>5,622,949</b>	<b>591,458</b>	<b>7,093,458</b>	<b>(94,391,738)</b>	<b>29,221,669</b>	<b>-</b>	<b>29,221,669</b>

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

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

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

Mason Resources Inc. (Previously Mason Graphite Inc.) ("Mason" 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. On October 27, 2023, the Company's changed its name Mason Resources Inc. from Mason Graphite Inc.

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. On May 15, 2023, Nouveau Monde Graphite Inc. and Mason Graphite entered into an agreement with a joint venture option on Lac Guéret graphite property.

On October 26, 2022, the Company announced that it had completed its change of business from a "Tier 2 mining issuer" to a "Tier 2 investment issuer" pursuant to Policy 5.2 – Changes of Business and Reverse Takeovers of the TSX Venture Exchange which was approved at the special meeting of shareholders of the Company held on July 14, 2022.

These unaudited condensed consolidated 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 December 31, 2023, the Company had a working capital of \$7,997,158, an accumulated deficit of \$103,446,610 and a net loss from continuing operations of \$2,523,920 for the six months ended December 31, 2023. Working capital included a cash balance of \$7,967,344.

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. Should it become required to obtain additional financing, the Company can raise funds in various ways, including through strategic partnerships, joint venture agreements, debt project financing or other options offered by financial markets. 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 consolidated interim financial statements were reviewed, approved and authorized for issue by the Board of Directors on February 28, 2024.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of presentation**

These unaudited condensed consolidated 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 consolidated interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2023.

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

**Mason Resources Inc. (Previously Mason Graphite Inc.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and six months ended December 31, 2023, and 2022**  
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**(Unaudited)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) Scope of consolidation**

On August 2, 2022, the Company lost control of its subsidiary Black Swan Graphene, as the result of a reverse takeover transaction. The unaudited condensed consolidated 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

56% owned subsequent to November 8, 2021 until loss of control on August 2, 2022

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

**3. PROPERTY, PLANT AND EQUIPMENT**

	<b>IT equipment</b>	<b>Production equipment</b>	<b>Construction in progress</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, June 30, 2023</b>	<b>100,898</b>	<b>4,951,941</b>	-	<b>5,052,839</b>
Depreciation	(4,462)	-	-	(4,462)
Impairment	(96,436)	-	-	(96,436)
Sale of equipment	-	(4,951,941)	-	(4,951,941)
<b>Balance, December 31, 2023</b>	-	-	-	-
<b>As of December 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	(122,157)	-	-	(122,157)
Accumulated charge for impairment	(96,436)	(10,117,629)	-	(10,214,065)
Sale of equipment	-	(4,951,941)	(32,469,164)	(37,421,105)
<b>Net book value</b>	-	-	-	-



**Mason Resources Inc. (Previously Mason Graphite Inc.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and six months ended December 31, 2023, and 2022**  
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**(Unaudited)**

**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

	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	(8,924)	-	-	(8,924)
<b>Balance, December 31, 2022</b>	<b>109,823</b>	<b>4,951,941</b>	<b>625,000</b>	<b>5,686,764</b>
<b>As of December 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	(108,770)	-	-	(108,770)
Accumulated charge for impairment	-	(10,117,629)	(31,844,164)	(41,961,793)
<b>Net book value</b>	<b>109,823</b>	<b>4,951,941</b>	<b>625,000</b>	<b>5,686,764</b>

**4. EXPLORATION PROPERTY**

Until the quarter ended March 31, 2020, the Company 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. On May 15, 2023, Nouveau Monde Graphite Inc. and the Company entered into an agreement with a joint venture option on Lac Guéret graphite property. Subsequent to November 2023, the Company disposed of its interest in Lac Guéret in January 2024 (note 11), and sold off all equipment to various parties, due to the above the operations related to the property were classified as a discontinued operations.

	For the three months ended December 31,		For the six months ended December 31,	
	2023	2022	2023	2022
<b>Expenses</b>				
Added-value processing (Note 8)	\$ 60	\$ 61,880	\$ 7,702	\$ 118,750
R&D expenses	9,000	-	9,000	-
Government assistance	-	(18,432)	(1,725)	(219,266)
Care and maintenance for Lac Guéret project	10,438	45,701	90,325	104,769
Gain on sale of mineral data	-	-	(50,000)	-
Impairment of property plant and equipment (Note 3)	96,436	-	96,436	-
Depreciation (Note 3)	-	4,462	4,462	8,924
Loss (gain) on sale of equipment (Note 3)	3,729,050	(22,000)	3,729,050	(22,000)
<b>Net loss (income) from discontinued operations</b>	<b>3,844,984</b>	<b>71,611</b>	<b>3,885,250</b>	<b>(8,823)</b>

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

**5. BLACK SWAN GRAPHENE INC.**

During the year ended June 30, 2022, due to the impending loss of control over Black Swan, the Company classified it's as subsidiary subject to impending loss of control and its results operations were classified as a discontinued operations. The net gain (loss) from discontinued operations is presented below. Black Swan's numbers have been reclassified to match Mason's financial groupings.

	<u>For the period from July 1, 2022 - August 1, 2022</u>
<b>Expenses</b>	
Salaries and consulting fees	\$ 125,456
Professional fees	69,642
General office expenses	2,921
Travel and accommodation	12,340
Communication and promotion	15,000
Transfer agent and filing fees	10,122
Services – Thomas Swan	17,105
<b>Operating loss</b>	<u>(252,586)</u>
Gain on deemed disposal	10,477,469
<b>Income (loss) from discontinued operations</b>	<u>\$ 10,224,883</u>
<b>Attributable to:</b>	
Company shareholders	\$ 10,335,981
Non-controlling interest	\$ (111,098)

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.

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 an associate from the date of the Transaction, using the equity method. The loss of control lead to the recognition of a gain on the deemed disposal of Black Swan amounting to \$10,477,469 based on an initial New Black Swan share price of \$0.15.

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.

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**Three and six months ended December 31, 2023, and 2022**  
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**(Unaudited)**

**5. BLACK SWAN GRAPHENE INC. (continued)**

For the six months ended December 31, 2023, and for year ended June 30, 2023, the impact of the changes on the Company's investment in New Black Swan are as follows:

	<b>Six months ended December 31, 2023</b>	<b>Year ended June 30, 2023</b>
Balance, July 1, 2022	\$ 14,011,792	\$ -
Participation in New Black Swan at the time of the Transaction	-	17,669,997
Gain on dilution	-	176,745
Share of loss and comprehensive loss	(730,970)	(3,834,950)
<b>Balance, end of period</b>	<b>\$ 13,280,822</b>	<b>\$ 14,011,792</b>

No impairment was recognized during the six months ended December 31, 2023, on the investment in New Black Swan as the decline in the fair market value below cost was considered to be temporary.

The following table summarizes, in aggregate, the financial information of New Black Swan. The amounts included in the IFRS financial statements of the associate are adjusted to reflect adjustments made by the Company, when using the equity method, such as fair value adjustments made at the time of acquisition.

	<b>As of December 31, 2023</b>	<b>As of June 30, 2023</b>
Cash	\$ 5,572,868	6,792,105
Total current assets	6,063,450	7,244,360
Total non-current assets	9,724,819	10,180,798
Total assets	15,788,269	17,425,158
Total current liabilities	115,942	410,006
Net assets	15,672,327	17,015,152
Proportion of ownership interest held	39.04 %	39.04 %
Proportion share of net assets	6,118,476	6,642,715
Goodwill	7,354,575	7,354,575
Net carrying amount of investment in New Black Swan	<b>13,280,822</b>	<b>14,011,792</b>

	<b>For The Six Months Ended December 31, 2023</b>	<b>From August 2, 2022 to December 31, 2022</b>
Loss from continuing operations and total comprehensive loss	\$ 1,872,360	\$ 6,948,615

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**Mason Resources Inc. (Previously Mason Graphite Inc.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and six months ended December 31, 2023, and 2022**  
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**6. 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.

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**

During the period ended December 31, 2023, the Company did not issue any common shares.

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.

**7. STOCK OPTIONS**

The Company has an incentive stock option plan (the "Plan") whereby it can grant to employees, directors, officers and consultants' options to purchase its shares. The Plan provides for the issuance of stock options to acquire a maximum of 13,500,000 of the Company's issued and outstanding capital. The terms and conditions of each option granted under the Plan will be determined by the Board of Directors. Options will be priced in the context of the market and in compliance with applicable securities laws and exchange guidelines. Consequently, the exercise price for any stock option shall not be lower than the market price of the underlying common shares at the time of grant. The Board shall determine the vesting period and the term of stock options granted under the Plan, provided that no stock option shall be outstanding for a period greater than ten years.

During the three months ended December 31, 2023, the Company granted 6,780,000 options to directors, officers, and consultants of the Company. The fair value of the options granted, as estimated at the time of grant, was \$1,084,800. This value was calculated using the Black-Scholes pricing model and the following assumptions: weighted average exercise price of the options of \$0.23 which corresponds to the share price at the time of grant, estimated life of five years, weighted average risk-free interest rate of 3.90%, volatility of 94.4% (based on past volatility of the Company's stock) and expected return on the stock of nil. The vesting periods are from the time of the grant to two years after the grant of options.

No stock options were granted during the year ended June 30, 2023.

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

**7. STOCK OPTIONS (continued)**

The following table reflects the continuity of options for the six months ended December 31, 2023 and 2022:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, June 30, 2022</b>	<b>7,292,000</b>	<b>0.490</b>
Expired	(150,000)	1.850
Forfeited	(425,000)	0.460
<b>Balance, December 31, 2022</b>	<b>6,717,000</b>	<b>0.460</b>
<b>Balance, June 30, 2023</b>	<b>6,717,000</b>	<b>0.460</b>
Granted	6,780,000	0.230
<b>Balance, December 31, 2023</b>	<b>13,497,000</b>	<b>0.350</b>

As of December 31, 2023, the Company had the following options outstanding:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
January 12, 2026	0.46	2.04	6,317,000	6,317,000
September 2, 2026	0.51	2.67	400,000	400,000
July 31, 2028	0.23	4.59	6,780,000	6,780,000
	<b>0.35</b>	<b>3.34</b>	<b>13,497,000</b>	<b>13,497,000</b>

Share-based compensation costs related to Mason for the six months ended December 31, 2023, totaled \$1,088,599 (2022: \$183,205).

**8. ADDITIONAL INFORMATION**

Value-added graphite products study charges are composed of:

	For the three month period ended December 31,		For the six months period ended December 31,	
	2023	2022	2023	2022
Subcontracting costs	60	18,552	7,702	37,423
General & office expenses	-	35,816	-	55,966
Rental	-	7,512	-	25,361
<b>Total</b>	<b>\$ 60</b>	<b>\$ 61,880</b>	<b>\$ 7,702</b>	<b>\$ 118,750</b>

**Mason Resources Inc. (Previously Mason Graphite Inc.)**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and six months ended December 31, 2023, and 2022**  
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**(Unaudited)**

**9. NET INCOME (LOSS) PER SHARE**

	For the three months December 31,		For the six months ended December 31,	
	2023	2022	2023	2022
Weighted average number of common shares	<b>141,292,585</b>	141,292,585	<b>141,292,585</b>	140,684,380
Dilutive effect on stock options	-	-	-	-
Weighted average of diluted common shares	<b>141,292,585</b>	141,292,585	<b>141,292,585</b>	140,684,380
Net loss from continuing operations attributable to common shareholders of Mason	<b>(736,243)</b>	(1,300,888)	<b>(2,523,920)</b>	(4,266,605)
Net loss from continuing operations per share – Basic and diluted	<b>(0.01)</b>	(0.01)	<b>(0.02)</b>	(0.03)
Net income (loss) from discontinued operations attributable to common shareholders of Mason	<b>(3,844,984)</b>	(71,611)	<b>(3,885,250)</b>	10,344,804
Net income (loss) from discontinued operations per share – Basic and diluted	<b>(0.03)</b>	(0.00)	<b>(0.03)</b>	0.07
Net income (loss) attributable to common shareholders of Mason	<b>(4,581,227)</b>	(1,372,499)	<b>(6,409,170)</b>	6,078,199
Net income (loss) per share – Basic and diluted	<b>(0.03)</b>	(0.01)	<b>(0.05)</b>	0.04

Given the net loss from continuing operations, the effect of potential issuances of shares under options would be anti-dilutive for the period ended December 31, 2023 and 2022 and accordingly, all basic, and diluted losses per share are the same.

**10. RELATED PARTY TRANSACTIONS**

As of December 31, 2023, the balance due to the related parties amounted to \$4,050 (as of June 30, 2023: \$7,508). The amounts due are mainly directors' fees, do not bear interest, are not guaranteed and are payable on request.

	For the three months ended December 31,		For the six months period ended December 31,	
	2023	2022	2023	2022
Salaries, consulting fees and other benefits	\$ <b>84,683</b>	\$ 450,083	\$ <b>172,495</b>	\$ 525,952
Directors fees'	<b>31,250</b>	120,000	<b>68,750</b>	150,000
Share-based compensation – Management	-	-	<b>208,000</b>	21,925
Share-based compensation – Directors	-	-	<b>476,000</b>	51,315
	<b>\$ 115,933</b>	\$ 570,083	<b>\$ 925,245</b>	\$ 749,192

In accordance with IAS 24 Related Party Disclosures, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The Company is party to certain management contracts. Minimum commitments under these contracts are approximately \$750,000. These contracts require that maximum payments of approximately \$925,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these unaudited condensed consolidated interim financial statements.

## **11. SUBSEQUENT EVENTS**

On January 22, 2024, the Company announced that it entered into an asset purchase agreement dated January 21, 2024 with Nouveau Monde Graphite Inc. for the sale of the Lac Guéret Property, targeted for the development of the Uatnan Mining Project.

In consideration for the sale of the Lac Guéret Property, the Company will receive 6,208,210 common shares of NMG, representing a 143% premium on the implied market value of the Lac Guéret Property and 9.25% of the pro forma issued and outstanding common shares of NMG, to be issued to Mason upon the closing of the transaction, and an additional payment of \$5,000,000 in cash at the start of commercial production of the contemplated Uatnan Mining Project.