



**MASON RESOURCES INC.
PREVIOUSLY MASON GRAPHITE INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023
(EXPRESSED IN CANADIAN DOLLARS)**

Independent Auditor's Report

To the Shareholders of Mason Resources Inc. (previously Mason Graphite Inc.)

Opinion

We have audited the consolidated financial statements of Mason Resources Inc. (previously Mason Graphite Inc.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2024, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of cash flows and consolidated statements of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company for the year ended June 30, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on October 25, 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there were no key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

McGovern Hurley

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP



Chartered Professional Accountants

Licensed Public Accountants

Toronto, Ontario
October 28, 2024

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

As at,	June 30, 2024	June 30, 2023
ASSETS		
Cash	\$ 5,494,253	\$ 7,581,884
Sales tax receivables	158,294	215,734
Prepaid and other receivable	179,316	45,176
Investments (Note 9)	32,206,180	-
Investment in associate (Note 8)	-	14,011,792
Property, plant and equipment (Note 5)	-	5,052,839
Total assets	\$ 38,038,043	\$ 26,907,425
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 110,896	\$ 308,874
Total liabilities	110,896	308,874
EQUITY		
Share capital	110,305,542	110,305,542
Reserves	14,419,048	13,330,449
Deficit	(86,797,443)	(97,037,440)
Total equity	37,927,147	26,598,551
Total liabilities and equity	\$ 38,038,043	\$ 26,907,425

Nature of operations and liquidity risk (note 1)
Commitments and contingencies (note 17)
Subsequent events (note 19)

Approved on behalf of the Board of Directors:

"Peter Damouni"

Director

"François Perron"

Director

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

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

	For the years ended June 30,	
	2024	2023
Expenses		
Salaries and consulting fees	\$ 857,156	\$ 1,525,560
Director fees	175,764	225,423
Professional fees	417,571	585,223
General office expenses	286,042	140,399
Travel and accommodation	26,042	109,892
Share-based compensation (Note 12)	1,088,599	205,789
Communication and promotion	13,599	56,725
Transfer agent and filing fees	46,233	115,459
Net foreign exchange loss	7,166	536
Loss before other items	(2,918,172)	(2,965,006)
Finance income	298,249	265,538
Change in fair market value (Note 9)	1,873,052	-
Gain on dilution of Black Swan Graphene Inc (Note 8)	-	176,745
Share of loss of associate (Note 8)	(1,728,800)	(3,834,950)
Net income (loss) from continuing operations	(2,475,671)	(6,357,673)
Net income from discontinued operations (Note 7 and 8)	12,715,668	9,644,348
Net income (loss) and comprehensive income (loss) for the year	\$ 10,239,997	\$ 3,286,675
Attributable to:		
Company shareholders	\$ 10,239,997	\$ 3,432,497
Non-controlling interest (Note 8)	\$ -	\$ (145,822)
Net income (loss) per share (Note 14)		
from continuing operations		
- basic and diluted	\$ (0.02)	\$ (0.05)
from discontinued operations		
- basic and diluted	\$ 0.09	\$ 0.07
Total - basic and diluted	\$ 0.07	\$ 0.02

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

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

	For the years ended June 30,	
	2024	2023
	\$	\$
Cash flows used in operating activities		
Net income for the year	10,239,997	3,286,675
Items not affecting cash:		
Share-based compensation	1,088,599	205,789
Loss (gain) on sale of property, plant and equipment	3,727,050	(174,010)
Impairment of property plant and equipment	96,436	625,000
Depreciation	4,462	17,849
Amortization of intangible assets	-	78,827
Gain on deemed disposal of Black Swan Graphene Inc.	-	(10,521,572)
Gain on sale of Lac Guéret graphite property not including transaction costs	(17,050,135)	-
Change in fair market value of investments	(1,873,052)	-
Share of loss of associate net of dilution gains	1,728,800	3,658,205
Changes in non-cash working capital items:		
Sales tax receivables	57,440	(33,739)
Government assistance	-	12,394
Prepaid and other receivable	(134,140)	49,984
Accounts payable and accrued liabilities	(197,978)	239,881
	<u>(2,312,521)</u>	<u>(2,554,717)</u>
Cash flows from financing activities		
Private placement	-	2,485,626
	<u>-</u>	<u>2,485,626</u>
Cash flows from investing activities		
Purchase of investments	(1,000,000)	-
Sale of property, plant and equipment	1,405,300	174,010
Cost related to sale of property, plant and equipment	(180,410)	-
Loss of control of subsidiary	-	(3,965,488)
	<u>224,890</u>	<u>(3,791,478)</u>
Change in cash	(2,087,631)	(3,860,569)
Net change in cash classified within subsidiary loss of control	-	4,125,463
Cash, beginning of the year	7,581,884	7,316,990
Cash, end of the year	<u>5,494,253</u>	<u>7,581,884</u>
Cash flows from discontinued operations		
Operating activities	(109,063)	92,611
Financing activities	-	-
Investing activities	1,274,918	-
Total cash flows from discontinued operations	<u>1,165,855</u>	<u>92,611</u>
Supplemental information:		
Cash held in GIC's	5,237,039	5,000,000

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

Mason Resources Inc. (Previously Mason Graphite Inc.)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars)

	Share Capital		Reserves				Total	Non-controlling Interest	Equity
	Number	Amount	Warrants	Broker warrants	Options	Deficit			
		\$	\$	\$	\$	\$	\$	\$	
Balance as of July 1, 2023	141,292,585	110,305,542	5,622,949	591,458	7,116,042	(97,037,440)	26,598,551	-	26,598,551
Share-based compensation	-	-	-	-	1,088,599	-	1,088,599	-	1,088,599
Net income and comprehensive income for the year	-	-	-	-	-	10,239,997	10,239,997	-	10,239,997
Balance, June 30, 2024	141,292,585	110,305,542	5,622,949	591,458	8,204,641	(86,797,443)	37,927,147	-	37,927,147
Balance as of July 1, 2022	136,292,585	107,819,916	5,622,949	591,458	6,910,253	(100,469,937)	20,474,639	5,691,286	26,165,925
Private placement - Common Shares	5,000,000	2,485,626	-	-	-	-	2,485,626	-	2,485,626
Loss of control of subsidiary	-	-	-	-	-	-	-	(5,545,464)	(5,545,464)
Share-based compensation	-	-	-	-	205,789	-	205,789	-	205,789
Net income (loss) and comprehensive income (loss) for the year	-	-	-	-	-	3,432,497	3,432,497	(145,822)	3,286,675
Balance, June 30, 2023	141,292,585	110,305,542	5,622,949	591,458	7,116,042	(97,037,440)	26,598,551	-	26,598,551

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

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

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 26-1501 Av. McGill College, Montréal, Québec, H3A 3M8, Canada. On October 27, 2023, the Company’s changed its name to Mason Resources Inc. from Mason Graphite Inc.

Mason is a Canadian corporation focused on investment opportunities in minerals and materials, notably battery-related materials and their by-products and includes the development of value-added products, notably for green technologies like transport electrification.

These consolidated 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 June 30, 2024, the Company had a working capital of \$5,720,967 (2023 - \$7,533,920), an accumulated deficit of \$86,797,443 (2023 - \$97,037,440) and a net income from continuing operations of \$2,475,671 (2023 - \$6,357,673) for the year ended June 30, 2024. Working capital included a cash balance of \$5,494,253 (2023 - \$7,581,884).

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 consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on October 28, 2024.

2. MATERIAL ACCOUNTING POLICIES

Basis of presentation

The Company’s consolidated financial statements (“consolidated financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). On April 1, 2024, the Company determined that it met the definition of an investment entity in accordance with IFRS 10, Consolidated Financial Statements (“IFRS 10”), and subsequently all investments have been recorded as investments at fair value through profit or loss. The Company has consistently applied the accounting policies used in the preparation of its IFRS consolidated financial statements to both reporting periods.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the statements of cash flows.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Scope of consolidation

The consolidated financial statements of the Company include the accounts of the parent company and its 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.

Status as investment entity

The following are criteria within IFRS 10 – Consolidated Financial Statements, which the Company used to evaluate and determine that it continues to meet the definition of an Investment Entity:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all its investments on a fair value basis.

The Company met the criteria required to be considered an “investment entity” under IFRS 10 and as such, in the cases where the Company has control or significant influence over a company in its investment portfolio, the Company values such investments as financial assets at fair value through profit or loss (“FVTPL”).

Subsidiary company

Information on the Company’s subsidiary:

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

SUBSIDIARY NAME	MAIN ACTIVITY	COUNTRY OF CONSTITUTION
Black Swan Graphene Inc.	Graphene technology development	Canada

Non-Controlling interests

Non-controlling interests represent equity interests in the subsidiary held by external parties. The share of the net assets of the subsidiary attributable to non-controlling interests is presented as a component of equity. Their share of net income is recognized directly in equity even if the balance of income from non-controlling interests shows a loss. The Company treats transactions concluded with holders of non-controlling interests on the same basis as transactions in equity instruments. Changes in the parent company’s interests in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

Cash

Cash consists of deposits held with banks.

2. MATERIAL ACCOUNTING POLICIES (continued)

Transaction fees

Transaction costs related to financial assets at amortized cost are recorded as an increase in the carrying amount of the asset while transaction costs related to financial liabilities at amortized cost are recorded as a reduction of the carrying amount of the liability. They are then recognized over the expected lifespan. Transaction costs include fees and commissions paid to agents, advisers, and brokers, amounts levied by regulatory agencies and stock exchanges as well as transfer duties and taxes. Transaction costs do not include the premium for debt redemption or issuance, financing costs, internal administration costs, or carrying costs.

Property, plant and equipment

Property, plant and equipment ("PP&E") are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct charges associated with bringing the asset to the location and condition necessary to put the asset into use, as well as the future cost of dismantling and removing the plant and associated infrastructure and restoring and rehabilitating the land on which it is situated. When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E. Replacement cost, including major inspection and overhaul expenditures are capitalized as components of PP&E, which are accounted for separately.

Depreciation is provided on PP&E at the commissioning. Depreciation is calculated so as to write off the cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. IT equipment is depreciated using the straight-line method over its useful life which is between 3 and 10 years.

Capitalized costs, including certain mine development and construction costs, are not depreciated until the time at which the related mining property has reached a pre-determined level of operating capacity intended by management. Costs incurred prior to this point, including depreciation of related PP&E, are capitalized and proceeds from sales during this period are offset against capitalized costs. Upon completion of construction, mining property under development are amortized on a unit of production basis, which is measured by the portion of the mine's economically recoverable and proven ore reserves produced during the period. Impairment is tested in the same way as other non-financial assets.

Impairment is tested in the same way as other non-financial assets.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, an impairment test is performed and the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation or amortization. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined had impairment not previously been recognized. A reversal is recognized as a reduction in the depreciation or amortization charge for the period.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Equity

Common shares are classified as equity.

Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from the proceeds in equity in the period in which the transaction occurs.

For offerings of units consisting of a common share and another equity instrument, the total fair value of the units is allocated between the common share and the other equity instrument based on their relative fair value. Transaction costs directly attributable to the issue of units are allocated between the instruments based on their relative fair values.

When the Company modifies the terms of warrants issued in a private placement, the adjusted measurement adjustment, as a result of the modifications, is recognized in equity (the deficit).

Share-based compensation

The fair value of stock options granted to employees is recognized as an expense or capitalized to PP&E assets, over the vesting period with a corresponding increase in option reserves which is the counterpart. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured and are recorded at the date on which the goods or services are received.

The fair value is measured at the grant date and is recognized over the period during which the stock options vest. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each statement of financial position date, the amount recognized as an expense or capitalized to PP&E assets is adjusted to reflect the actual number of stock options that are expected to vest. On exercise of a stock option, any amount related to the initial value of the stock option, along with the proceeds from its exercise, are recorded in share capital.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income (loss) or in equity, in which case it is recognized in other comprehensive income (loss) or in equity, respectively.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognized where the temporary difference arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that does not affect either accounting or taxable profit or loss, other than where the initial recognition of such an asset or liability arises in a business combination. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as non-current. Assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities or deferred tax assets against deferred tax liabilities and the respective assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income (loss) per share

Basic income (loss) per share is based on the weighted average number of common shares of the Company outstanding during the year. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding share options, convertible debentures, broker warrants and warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

The calculation of income (loss) per share is based on the weighted average number of shares outstanding for each period. Basic income (loss) per share is calculated by dividing the profit or loss of the Company by the weighted average number of common shares outstanding during the year. The treasury stock method is used to determine the dilutive effect of the warrants, broker warrants, share options, and the if-converted method is used for the convertible debentures. Under the treasury stock method, when the Company reports a loss, the diluted loss per common share is equal to the basic loss per common share due to the anti-dilutive effect of the outstanding warrants, broker warrants and share options. Under the if-converted method, the convertible debentures are assumed to be converted at the later of the beginning of the year and the time of issuance and the loss is adjusted for transaction costs, interest accretion and the fair value fluctuation of the embedded derivatives.

Foreign currency

The Company's functional and presentation currency is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rate prevailing at the statement of financial position date. Exchange differences are recognized in expenses in the period in which they arise.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expires.

Financial Assets

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Company classifies its financial assets in the following measurement categories:

- measured subsequently at amortized cost; and
- measured subsequently at fair value (either through other comprehensive loss, or through net loss).

For investments in debt instruments, the classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial Assets (continued)

i) Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Impairment

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the simplified method permitted by IFRS 9 to trade receivables which requires the recognition of expected losses over the life of the accounts as of the initial recognition of these receivables. The Company assumes that there is no significant increase in credit risk for instruments with low credit risk.

Financial Liabilities

Financial liabilities are initially recorded at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortized cost using the effective interest method.

Investments

Purchases and sales of investments are recognized on a trade date basis. Publicly-traded investments at fair value through profit or loss are initially recognized at fair value, with changes in fair value reported in profit (loss). At each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and reflects such valuations in the financial statements.

Transaction costs are expensed as incurred in profit (loss). The determination of fair value requires judgment and is based on market information where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such changes in valuations in the consolidated statements of (loss) income and comprehensive (loss) income. The Company is also required to present its investments (and other financial assets and liabilities reported at fair value) into three hierarchy levels (Level 1, 2, or 3) based on the transparency of inputs used in measuring the fair value, and to provide additional disclosure in connection therewith (see note 18, "Financial instruments and risk management"). The three levels are defined as follows:

Level 1 – investment with quoted market price;

Level 2 – investment which valuation technique is based on observable market inputs; and

Level 3 – investment which valuation technique is based on non-observable market inputs.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Investments (continued)

Publicly-traded investments:

1. Securities, including shares, options, and warrants that are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted closing prices at the reporting date or the closing price on the last day the security traded if there were no trades at the reporting date. These are included in Level 1.

2. Securities that are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. Shares that are received as part of a private placement that are subject to a standard four-month hold period are not discounted. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee corporation, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. These are included in Level 2.

3. Warrants or options of publicly-traded securities which do not have a quoted price are carried at an estimated fair value calculated using the Black-Scholes option pricing model if sufficient and reliable observable market inputs are available. If no such market inputs are available or reliable, the warrants and options are valued at intrinsic value. These are included in Level 2.

4. Performance shares are convertible into common shares if or when the investee companies meet certain milestones. Performance shares are recorded at fair value when the certainty of meeting these milestones is reasonably assured. These are included in Level 3.

The amounts at which the Company's publicly-traded investments could be disposed of may differ from carrying values based on market quotes, as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Such differences could be material.

Privately-held investments:

1. Securities in privately-held companies (other than options and warrants) are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the financial statements. As of June 30, 2024 are no Level 3 investments. Options and warrants of private companies are carried at their intrinsic value.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these may not be realized or realizable. In addition to the events described below, which may affect a specific investment, the Company will take into account general market conditions when valuing the privately-held investments in its portfolio. The absence of occurrence of any of these events or any significant change in general market conditions indicates generally that the fair value of the investment has not materially changed.

2. An upward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.

2. MATERIAL ACCOUNTING POLICIES (continued)

Investments (continued)

Privately-held investments: (continued)

Such events include, without limitation:

- political changes in a country in which the investee company operates which, for example, reduce the corporate tax burden, permit mining where, or to an extent that, it was not previously allowed, or reduce or eliminate the need for permitting or approvals;
- receipt by the investee company of environmental, mining, aboriginal or similar approvals, which allow the investee company to proceed with its project(s);
- filing by the investee company of a National Instrument 43-101 technical report in respect of a previously non-compliant resource;
- release by the investee company of positive exploration results, which either proves or expands their resource prospects; and
- important positive management changes by the investee company that the Company's management believes will have a very positive impact on the investee company's ability to achieve its objectives and build value for shareholders.

3. Downward adjustments to carrying values are made when there is evidence of a decline in value as indicated by the assessment of the financial condition of the investment based on third party financing, operational results, forecasts, and other developments since acquisition, or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a negative impact on the investee company's prospects and therefore its fair value. The amount of the change to the fair value of the investment is based on management's judgment and any value estimated may not be realized or realizable. Such events include, without limitation:

- political changes in a country in which the investee company operates, which increases the tax burden on companies, which prohibit mining where it was previously allowed, which increases the need for permitting or approvals, etc.;
- denial of the investee company's application for environmental, mining, aboriginal or similar approvals which
- prohibit the investee company from proceeding with its projects;
- the investee company releases negative exploration results;
- changes to the management of the investee company take place which the Company believes will have a negative impact on the investee company's ability to achieve its objectives and build value for shareholders;
- the investee company is placed into receivership or bankruptcy; and
- based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

2. MATERIAL ACCOUNTING POLICIES (continued)

Investments (continued)

Investment Derecognition:

Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in profit (loss) on a trade date basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis.

Investments in associates

Associates are entities over which the Company has significant influence, but not control, generally accompanying a shareholding between 20% and 50% of the voting rights prior to the Company becoming an investment entity as defined by IFRS 10. The financial results of the Company's investments in its associate are included in the Company's results according to the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of profits or losses of its associate after the date of acquisition. The Company's share of profits or losses is recognized in the statement of income (loss) and comprehensive income (loss), and its share of other comprehensive income or loss of its associate is included in other comprehensive income or loss. Unrealized gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in the associate are recognized in the statement of loss and comprehensive loss.

The Company assesses at each year-end whether there is any objective evidence that its investment in its associate is impaired. If impaired, the carrying value of the Company's share of the underlying assets of the associate is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of income (loss) and comprehensive income (loss).

After becoming an investment entity, as defined by IFRS 10, on April 1, 2024, the Company no longer accounts for any investments using the equity method.

Government assistance and Scientific Research and Experimental Development ("SR&ED") tax credit

Prior to the Company becoming an investment entity as defined by IFRS 10, the Company periodically received financial assistance under government incentive programs and SR&ED tax credit. Government assistance is recognized initially when there is reasonable assurance that it will be received and the Company will comply with the conditions associated with the assistance. Assistance that compensates the Company for expenditures incurred is recognized against expenditures incurred on a systematic basis in the same periods in which the expenditures are incurred.

Tax credit related to resources and mining tax credit

Prior to the Company becoming an investment entity as defined by IFRS 10, the Company was entitled to a refundable tax credit on qualified exploration expenditures incurred. The refundable tax credit is recognized against the expenditures incurred.

2. MATERIAL ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of income (loss) and comprehensive income (loss), net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Leases

Leases are recognized as rights-of-use assets (presented in other non-current assets in the statement of financial position), with a corresponding liability to the date on which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and the cost of financing. The cost of financing is charged to profit or loss over the term of the lease so as to produce a constant periodic interest rate on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter period between the useful life of the asset and the term of the lease.

Non-current assets (or disposal groups) of subsidiary subject to impending loss of control and discontinued operations

Non-current assets (or disposal groups) are classified as subsidiary subject to impending loss of control if their carrying amount will be recovered principally through a loss of control rather than through continuing use and the loss of control is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified assets from subsidiary subject to impending loss of control. Interest and other expenses attributable to the liabilities of a disposal group classified as subsidiary subject to impending loss of control continue to be recognised.

Non-current assets classified as subsidiary subject to impending loss of control and the assets of a disposal group classified as subsidiary subject to impending loss of control are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as subsidiary subject to impending loss of control are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as subsidiary subject to impending loss of control and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

New accounting pronouncements

There were no accounting policies which were adopted during the year ended June 30, 2024, which had a significant impact on the financial statements.

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions include, but are not limited to, the following:

i) Valuation of investments

Investment transactions are recorded on a trade date basis. The cost of investments represents the amount paid for each investment and is determined on an average cost basis. The Company classifies its investments as fair value through profit or loss, with unrealized gains and losses recognized in profit or loss. The fair value of the Company's investments as at the financial reporting date are determined as follows: Common shares in quoted companies – All securities listed on a recognized public stock exchange are generally valued at their last bid price. Options and warrants – The options and warrants are valued at fair value using the Black-Scholes pricing model which considers factors such as market value of the underlying security, strike price, volatility and expected life. Investments in private companies and other investments – When the fair values of financial assets and financial liabilities recorded on the consolidated statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value.

ii) Impairment of non-financial assets

Asset groups are reviewed for an indication of impairment or reversal thereof at each statement of financial position date or when a triggering event is identified. This determination requires significant judgment. Factors which could trigger an impairment are the following: very negative trends in the industry or economic conditions, including changes in graphite prices, changes in exchange rates, changes in mineral reserves, changes in graphite grade or recovery, and/or declines in market capitalization of the Company or its investment in associate. Opposite factors may lead to a reversal of a prior impairment.

iii) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas of significant judgments in assessing whether the going concern assumption is appropriate, which is at least, but not limited to twelve (12) months from the end of the reporting period.

iv) Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets that could be recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within its control, are feasible and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

3. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

iv) Income taxes and recoverability of potential deferred tax assets (continued)

Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each the end of the reporting period.

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities and interpretations of laws in Canada, including the rules and laws related to flow-through share financings. The Company is subject to assessments by tax authorities that may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

v) Share-based payments

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

vi) Provisions

Provisions and contingencies arising in the course of operations, including provisions for income or other tax matters are subject to estimation uncertainty. Management uses all information available in assessing the recognition, measurement and disclosure of matters that may give rise to provisions or contingencies. The actual outcome of various provisional and contingent matters may vary and may cause significant adjustments when the amounts are determined or additional information is acquired.

4. GOVERNMENT ASSISTANCE

In December 2019, the Company finalized a contribution agreement with the Ministry of Energy and Natural Resources represented by its Support Program for Research and Innovation in the Mining Sector (PARIDM) in order to financially assist the Company in order to characterize mine waste rock and validate deposition scenarios with amendments in order to prevent acid mine drainage (AMD).

In October 2019, the Company finalized a contribution agreement with the Ministry of Energy and Natural Resources represented by its PARIDM in order to provide financial assistance to the Company in the demonstration of the robustness of the process and in the qualification of the products of the process for upgrading the graphite concentrate aimed at the production of materials for anodes.

As part of the contribution agreements, the Company accrued government assistance as detailed below and are included in discontinued operations for the years indicated:

	As of June 30,	
	2024	2023
Amount received during the year	\$ -	\$ 318,736
Amount recognized in the statement of income (loss) and comprehensive income (loss)	\$ -	\$ 306,342

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

5. PROPERTY, PLANT AND EQUIPMENT

	IT equipment	Production equipment	Construction in progress	Total
	\$	\$	\$	\$
Balance, June 30, 2023	100,898	4,951,941	-	5,052,839
Depreciation	(4,462)	-	-	(4,462)
Impairment	(96,436)	-	-	(96,436)
Sale of equipment	-	(4,951,941)	-	(4,951,941)
Balance, June 30, 2024	-	-	-	-
As of June 30, 2024				
Cost	218,593	15,069,570	32,469,164	47,757,327
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)
Net book value	-	-	-	-
	IT equipment	Production equipment	Construction in progress	Total
	\$	\$	\$	\$
Balance, June 30, 2022	118,747	4,951,941	625,000	5,695,688
Depreciation	(17,849)	-	-	(17,849)
Impairment	-	-	(625,000)	(625,000)
Balance, June 30, 2023	100,898	4,951,941	-	5,052,839
As of June 30, 2023				
Cost	218,593	15,069,570	32,469,164	47,757,327
Accumulated depreciation	(117,695)	-	-	(117,695)
Accumulated charge for impairment	-	(10,117,629)	(32,469,164)	(42,586,793)
Net book value	100,898	4,951,941	-	5,052,839

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	As of June 30,	
	2024	2023
Trade payables	\$ 66,398	\$ 110,821
Accrued liabilities	44,500	198,056
	\$ 110,898	\$ 308,877

7. EXPLORATION PROPERTY

The Company was previously 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. The Company disposed of its interest in Lac Guéret in January 2024, and sold all property, plant and equipment to various parties. Operations related to the property were classified as a discontinued operations.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

7. EXPLORATION PROPERTY (continued)

	For the years ended June 30,	
	2024	2023
Expenses (income)		
Added-value processing (Note 13)	\$ 7,702	\$ 145,558
R&D expenses	9,000	-
Government assistance (Note 4)	(1,725)	(306,342)
Care and maintenance for Lac Guéret project	94,086	237,756
Gain on sale of mineral data	(50,000)	-
Impairment of property plant and equipment (Note 5)	96,436	625,000
Depreciation (Note 5)	4,462	17,849
Loss (gain) on sale of equipment (Note 5)	3,727,022	(174,010)
Sale of Lac Guéret graphite property (Note 9)	(16,602,651)	-
Deferred taxes on deemed disposal	-	(1,200,000)
Net income from discontinued operations	\$ (12,715,668)	\$ (654,189)

8. INVESTMENT IN ASSOCIATE - BLACK SWAN GRAPHENE INC. ("BLACK SWAN")

During the year ended June 30, 2022, due to the impending loss of control over Black Swan, the Company classified it's as subsidiary as subject to impending loss of control and its results of operations were classified as a discontinued operation. For the year ended June 30, 2023, the net gain (loss) from discontinued operations is presented below. Black Swan's numbers were reclassified to match Mason's financial groupings.

	For the period from July 1, 2022 - August 1, 2022	
Expenses		
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	
Amortization of intangible assets	78,827	
Operating loss		(331,413)
Gain on deemed disposal		10,521,572
Income (loss) from discontinued operations		\$ 10,190,159
Deferred taxes		(1,200,000)
Total comprehensive loss for the year		\$ 8,990,159
Attributable to:		
Company shareholders	\$ 9,135,981	
Non-controlling interest	\$ (145,822)	

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

8. INVESTMENT IN ASSOCIATE - BLACK SWAN GRAPHENE INC. ("BLACK SWAN") (continued)

On August 2, 2022, Black Swan closed a Qualifying Transaction with Dragonfly Capital Corp. ("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. As a result of the Transaction, the Company became a reporting issuer.

The \$7 million previously raised by Dragonfly through the issuance of subscription receipts were also released to the combined entity. 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 up until the Company became an investment entity under the rules of IFRS 10 on April 1, 2024. The loss of control led to the recognition of a gain on the deemed disposal of Black Swan amounting to \$10,521,572 during the year ended June 30, 2023 based on an initial New Black Swan share price of \$0.15.

For the years June 30, 2024 and 2023, the impact of the changes on the Company's investment in New Black Swan are as follows:

	Year ended June 30, 2024	Year ended June 30, 2023
Balance, beginning of year	\$ 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	(1,728,800)	(3,834,950)
Fair value adjustment upon the change of the Company to an investments entity	1,264,005	-
Transfer to investment measured at fair value through profit and loss	(13,546,997)	-
Balance, end of year	\$ -	\$ 14,011,792

No impairment was recognized during the years ended June 30, 2024 and 2023, on the investment in New Black Swan. As at June 30, 2024, this investment is measured at fair value.

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.

	As of June 30, 2023
	\$
Cash	6,792,105
Total current assets	7,244,360
Total non-current assets	10,180,798
Total assets	17,425,158
Total current liabilities	410,006
Net assets	17,015,152
Proportion of ownership interest held	39.04 %
Proportion share of net assets	6,642,715
Goodwill	7,354,575
Net carrying amount of investment in New Black Swan	14,011,792

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

8. INVESTMENT IN ASSOCIATE - BLACK SWAN GRAPHENE INC. ("BLACK SWAN") (continued)

	From August 2, 2022 to June 30, 2023
Loss from continuing operations and total comprehensive loss	<u>\$ 9,305,725</u>

On April 1, 2024, the Company determined that it met the definition of an investment entity in accordance with IFRS 10, and subsequent to this date the Company recognized its investment in New Black Swan at fair market value through profit and loss.

9. INVESTMENTS

	As of June 30, 2024	On Acquisition Date
Black Swan Graphene Inc. (note 8)	\$ 14,135,998	\$ 13,546,997
NorthX Nickel Corp. - Common shares	1,145,833	535,506
NorthX Nickel Corp. - Warrants	907,167	464,494
Nouveau Monde Graphite Inc.	16,017,182	17,050,135
Total	<u>\$ 32,206,180</u>	<u>\$ 31,597,132</u>

Nouveau Monde Graphite Inc. ("NMG")

On January 31, 2024, the Company closed the sale of the Lac Guéret Property by way of an asset purchase agreement dated January 21, 2024 with Nouveau Monde Graphite Inc. In consideration for the sale of the Lac Guéret Property, Mason received 6,208,210 common shares of NMG, representing approximately 9.25% of the issued and outstanding common shares of NMG. These common shares were treated as a financial asset classified at FVPTL. At the start of commercial production of the contemplated Uatnan Mining Project an additional payment of \$5,000,000 in cash is to be paid to the Company. As this contingent payment is not virtually certain to occur, no amounts have been recorded related to this potential additional payment.

NorthX Nickel Corp.

On May 15, 2024, the Company invested \$1,000,000 in NorthX Nickel Corp. (CSE: NIX) (OTCQB: RCHRF), formerly known as Archer Exploration Corp. ("NorthX"), Mason subscribed to 4,166,667 Units at a price of \$0.24 per Unit, with each Unit being comprised of one common share of NorthX and one share purchase warrant entitling Mason to purchase one NorthX share at a price of \$0.36 per Share until May 14, 2027.

In connection with the subscription of the Units, NorthX and Mason entered into an Investor Rights Agreement, pursuant to which, among other things, Mason has the right to designate two (2) nominees for election as directors of NorthX so long as it maintains ownership, directly or indirectly, of at least 10% of the issued and outstanding Shares on a non-diluted basis, and one (1) nominee for election as a director of NorthX so long as it maintains ownership, directly or indirectly, of at least 5% of the issued and outstanding Shares on a non-diluted basis.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

10. 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 year ended June 30, 2024, 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.

11. WARRANTS

The Company did not have any outstanding warrants as of June 30, 2024, 2023, and 2022.

12. 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 year ended June 30, 2024, the Company granted 6,780,000 options to directors, officers, and consultants of the Company, which vest immediately. 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 following table reflects the continuity of options for the year ended June 30, 2024 and 2023:

	Number of stock options	Weighted average exercise price (\$)
Balance, June 30, 2022	7,292,000	0.490
Expired	(150,000)	1.850
Forfeited	(425,000)	0.460
Balance, June 30, 2023	6,717,000	0.460
Granted	6,780,000	0.230
Expired	(497,000)	0.380
Balance, June 30, 2024	13,000,000	0.340

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

12. STOCK OPTIONS (continued)

As of June 30, 2024, 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	1.54	6,000,000	6,000,000
September 2, 2026	0.51	2.18	400,000	400,000
July 31, 2028	0.23	4.09	6,600,000	6,600,000
	0.34	2.85	13,000,000	13,000,000

Share-based compensation costs related to Mason for the year ended June 30, 2024, totaled \$1,088,599 (2023: \$205,789).

13. ADDITIONAL INFORMATION

Value-added graphite products study charges are composed of the below and are included in discontinued operations for the years indicated.

	For the years ended June 30,	
	2024	2023
Subcontracting costs	\$ 7,702	\$ 57,701
General & office expenses	-	62,496
Rental	-	25,361
Total	\$ 7,702	\$ 145,558

14. NET INCOME (LOSS) PER SHARE

	For the years ended June 30,	
	2024	2023
Weighted average number of common shares	141,292,585	140,862,894
Dilutive effect on stock options	-	-
Weighted average of diluted common shares	141,292,585	140,862,894
Net loss from continuing operations attributable to common shareholders of Mason	(2,475,671)	(6,357,673)
Net loss from continuing operations per share – Basic and diluted	(0.02)	(0.05)
Net income (loss) from discontinued operations attributable to common shareholders of Mason	12,715,668	9,790,170
Net income (loss) from discontinued operations per share – Basic and diluted	0.09	0.07
Net income (loss) attributable to common shareholders of Mason	10,239,997	3,432,497
Net income (loss) per share – Basic and diluted	0.07	0.02

Given the net loss from continuing operations, the effect of potential issuances of shares under options would be anti-dilutive for the period ended June 30, 2024 and 2023 and accordingly, all basic, and diluted losses per share are the same.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

15. INCOME TAXES

Rate reconciliation

A reconciliation of actual income tax expense and the accounting loss multiplied by the Company's statutory tax rate of 26.5% (2023 - 26.5%) is as follows:

	For the years ended June 30,	
	2024	2023
Loss before income taxes from continuing operations ⁽¹⁾	\$ (2,475,671)	\$ (6,357,673)
	26.50 %	26.50 %
Expected income tax expense (recovery) based on statutory rate	(656,000)	(1,183,000)
Non-deductible expenses	4,802,000	1,014,000
Change in unrecognized DITA	(4,146,000)	169,000
Deferred income tax expense	\$ -	\$ -

(1)

	For the years ended June 30,	
	2024	2023
Deferred tax on discontinued operations	\$ -	\$ 1,200,000
Deferred tax on continuing operations	-	(1,200,000)
Net	\$ -	\$ -

Deferred tax assets and liabilities

The analysis of deferred income tax assets and liabilities as at June 30, 2024 and 2023 is as follows:

	For the years ended June 30,	
	2024	2023
Deferred income tax assets		
Non-capital losses carry forward	\$ 2,439,287	\$ -
Deferred income tax liabilities	-	-
Unrealized Gain on investment	(2,439,287)	-
Net	\$ -	\$ -

The tax effects of the following temporary differences have not been recognized in the consolidated financial statements.

	For the years ended June 30,	
	2024	2023
The following are the temporary differences with on which no tax asset has been recognized:		
E&E assets	\$ 2,464,000	\$ 19,687,000
Property, plant and equipment	42,086,000	36,652,000
Assets classified within subsidiary subject to impending loss of control	-	-
Non-capital losses	28,834,000	39,235,000
	\$ 73,384,000	\$ 95,574,000

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

15. INCOME TAXES (continued)

Non-capital losses

As of June 30, 2024, the Company had accumulated non-capital losses for tax purposes which can be used to reduce taxable income in the future amount to approximately \$36,562,000 (\$34,489,000 as of June 30, 2023). These losses expire in the years 2023-2044.

16. CAPITAL MANAGEMENT

The capital structure of the Company as of June 30, 2024 and 2023, consists of equity attributable to common shareholders comprising issued capital and equity reserves.

The Company manages and adjusts its capital structure based on available funds in order to identify additional investment opportunities. The Board of Directors reviews, on a regular basis, the financial viability of projects before allocating its capital.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of June 30, 2024 and 2023, the Company believes it is compliant with the policies of the TSXV.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no significant changes in the capital management notes, objectives, policies, and proceedings during the year ended June 30, 2024 and 2023. Changes in capital are described in the statements of changes in equity.

17. RELATED PARTY TRANSACTIONS

As of June 30, 2024, the balance due to the related parties amounted to \$3,195 (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 years ended	
	June 30,	
	2024	2023
Salaries, consulting fees and other benefits	\$ 383,152	\$ 676,305
Directors fees'	113,750	224,275
Share-based compensation – Management	208,000	44,458
Share-based compensation – Directors	476,000	108,064
	\$ 1,180,902	\$ 1,053,102

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 \$550,000. These contracts require that maximum payments of approximately \$1,000,000 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 consolidated financial statements.

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Consolidated Financial Statements
Years ended June 30, 2024 and 2023
(Expressed in Canadian Dollars, except where noted)

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit

The Company's cash is held in accounts with Canadian chartered banks. Management believes that the credit risk with respect to these financial instruments is minimal.

Liquidity

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital and maintain liquidity (Note 1).

Fair value

The Company has determined that the carrying value of its short-term financial assets and financial liabilities, measured at amortized costs including cash and accounts payable and accrued liabilities approximates their carrying value due to their short-term maturities.

Fair value hierarchy

The Company's investment portfolio is measured using the most reliable measure of fair value and range from level 1 to level 3 inputs. During the year ended June 30, 2024, there were no transfers between levels. The Company's measurement of the fair value of financial instruments as at June 30, 2024 in accordance with the fair value hierarchy is as follows:

	Level 1	Level 2	Level 3	Total
Investments	31,299,013	907,167	-	32,206,180

Currency (foreign exchange)

The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company has determined that there is limited currency risk at this time.

As of June 30, 2024, the Company maintained minor cash balances in foreign currency. The Company does not have any other monetary assets and liabilities in currencies other than its functional currency.

Interest rate

The Company's cash balance is subject to interest rate cash flow risk, as it carries a variable rate of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase.

Based on the cash as of June 30, 2024, an increase (decrease) of 1% in interest rates would not result in a significant change in the annual net income of the Company.

The Company's accounts payable and accrued liabilities are non-interest bearing.

19. SUBSEQUENT EVENTS

Subsequent to June 30, 2024, 6,700,000 stock options were voluntarily terminated or cancelled.

On October 18, 2024, the Company completed the acquisition of 10,000,000 common shares of Sand Minerals Inc. at \$0.10 per share for gross proceeds of \$1,000,000.