



**MASON RESOURCES INC.
PREVIOUSLY MASON GRAPHITE INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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
November 28, 2023

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,	September 30, 2023	June 30, 2023
ASSETS		
Current assets		
Cash	\$ 7,074,357	\$ 7,581,884
Sales tax receivables	220,597	215,734
Prepaid and other receivable	45,308	45,176
	<u>7,340,262</u>	<u>7,842,794</u>
Non-current assets		
Investment in associate (Note 4)	13,643,842	14,011,792
Property, plant and equipment (Note 3)	5,048,377	5,052,839
	<u>13,643,842</u>	<u>14,011,792</u>
Total assets	<u>\$ 26,032,481</u>	<u>\$ 26,907,425</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 173,274	\$ 308,874
	<u>173,274</u>	<u>308,874</u>
Total liabilities	<u>173,274</u>	<u>308,874</u>
EQUITY		
Share capital	110,305,542	110,305,542
Reserves	14,419,048	13,330,449
Deficit	(98,865,383)	(97,037,440)
	<u>25,859,207</u>	<u>26,598,551</u>
Total equity	<u>25,859,207</u>	<u>26,598,551</u>
Total liabilities and equity	<u>\$ 26,032,481</u>	<u>\$ 26,907,425</u>

Nature of operations and liquidity risk (note 1)

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 September 30,	
	2023	2022
Expenses		
Salaries and consulting fees	\$ 214,867	\$ 196,317
Director fees	40,534	32,361
Professional fees	87,780	86,348
General office expenses	17,931	43,016
Travel and accommodation	1,917	17,010
Share-based compensation (Note 6)	1,088,599	98,576
Communication and promotion	-	7,535
Transfer agent and filing fees	16,395	20,787
Added-value processing (Note 7)	7,642	56,870
Government assistance	(1,725)	(200,834)
Care and maintenance for Lac Gueret project	79,887	59,068
Gain on sale of mineral data	(50,000)	-
Depreciation (Note 3)	4,462	4,462
Operating net foreign exchange (gain)	(379)	(1,292)
Operating loss	(1,507,910)	(420,224)
Finance income	47,917	15,346
Share of loss of associate (Note 4)	(367,950)	(2,480,405)
Net loss from continuing operations (attributable to Company shareholders)	(1,827,943)	(2,885,283)
Net income (loss) from discontinued operations (Note 4)	-	10,224,883
Net income (loss) and comprehensive income (loss) for the period	\$ (1,827,943)	\$ 7,339,600
Attributable to:		
Company shareholders	\$ (1,827,943)	\$ 7,450,698
Non-controlling interest (Note 4)	\$ -	\$ (111,098)
Net income (loss) per share (Note 8)		
from continuing operations		
- basic and diluted	\$ (0.01)	\$ (0.02)
from discontinued operations		
- basic and diluted	\$ -	\$ 0.07
Total - basic and diluted	\$ (0.01)	\$ 0.05

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)

	For the three months ended	
	September 30,	
	2023	2022
	\$	\$
Cash flows used in operating activities		
Net (loss) income for the period	(1,827,943)	7,339,600
Items not affecting cash:		
Share-based compensation	1,088,599	98,576
Depreciation	4,462	4,462
Gain on deemed disposal of Black Swan Graphene Inc.	-	(10,477,469)
Share of loss of associate net of dilution gains	367,950	2,480,405
Gain on sale of mineral data	(50,000)	-
Changes in non-cash working capital items:		
Sales tax receivables	(4,863)	85,141
Government assistance	-	12,394
Prepaid and other receivable	(132)	54,425
Accounts payable and accrued liabilities	(135,600)	135,602
	(557,527)	(266,864)
Cash flows from financing activities		
Private placement	-	2,485,626
	-	2,485,626
Cash flows used in investing activities		
Proceeds from sale of mineral data	50,000	-
Loss of control of subsidiary	-	(3,965,488)
	50,000	(3,965,488)
Change in cash	(507,527)	(1,746,726)
Net change in cash classified within subsidiary loss of control	-	4,125,463
Cash, beginning of the period	7,581,884	7,316,990
Cash, end of the period	7,074,357	9,695,727
Cash flows from discontinued operations		
Operating activities	-	92,611
Financing activities	-	-
Investing activities	-	-

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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			
		\$	\$	\$	\$	\$	\$	\$	
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 (loss) and comprehensive (loss) for the period	-	-	-	-	-	(1,827,943)	(1,827,943)	-	(1,827,943)
Balance, September 30, 2023	141,292,585	110,305,542	5,622,949	591,458	8,204,641	(98,865,383)	25,859,207	-	25,859,207
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	-	-	-	-	-	-	-	(5,580,188)	(5,580,188)
Share-based compensation	-	-	-	-	98,576	-	98,576	-	98,576
Net income (loss) and comprehensive income (loss) for the period	-	-	-	-	-	7,450,698	7,450,698	(111,098)	7,339,600
Balance, September 30, 2022	141,292,585	110,305,542	5,622,949	591,458	7,008,829	(93,019,239)	30,509,539	-	30,509,539

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

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Condensed Interim Consolidated Financial Statements
Three months ended September 30, 2023, and 2022
(Expressed in Canadian Dollars, except where noted)
(Unaudited)

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 September 30, 2023, the Company had a working capital of \$7,166,988, an accumulated deficit of \$98,865,383 and a net loss from continuing operations of \$1,827,943 for the three months ended September 30, 2023. Working capital included a cash balance of \$7,074,357.

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 November 28, 2023.

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 months ended September 30, 2023, and 2022
(Expressed in Canadian Dollars, except where noted)
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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

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

3. 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)
Balance, September 30, 2023	96,436	4,951,941	-	5,048,377
As of September 30, 2023				
Cost	218,593	15,069,570	32,469,164	47,757,327
Accumulated depreciation	(122,157)	-	-	(122,157)
Accumulated charge for impairment	-	(10,117,629)	(32,469,164)	(42,586,793)
Net book value	96,436	4,951,941	-	5,048,377

Mason Resources Inc. (Previously Mason Graphite Inc.)
Notes to Condensed Interim Consolidated Financial Statements
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3. PROPERTY, PLANT AND EQUIPMENT (continued)

	IT equipment	Production equipment	Construction in progress	Total
	\$	\$	\$	\$
Balance, June 30, 2022	118,747	4,951,941	625,000	5,695,688
Depreciation	(4,462)	-	-	(4,462)
Balance, September 30, 2022	114,285	4,951,941	625,000	5,691,226
As of September 30, 2022				
Cost	218,593	15,069,570	32,469,164	47,757,327
Accumulated depreciation	(104,308)	-	-	(104,308)
Accumulated charge for impairment	-	(10,117,629)	(31,844,164)	(41,961,793)
Net book value	114,285	4,951,941	625,000	5,691,226

4. 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.

	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
Operating loss	(252,586)
Gain on deemed disposal	10,477,469
Income (loss) from discontinued operations	\$ 10,224,883
Attributable to:	
Company shareholders	\$ 10,335,981
Non-controlling interest	\$ (111,098)

Mason Resources Inc. (Previously Mason Graphite Inc.)
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4. BLACK SWAN GRAPHENE INC. (continued)

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.

For the three months ended September 30, 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:

	Three months ended September 30, 2023	For the year ended June 30, 2023
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	(367,950)	(3,834,950)
Balance, end of period	\$ 13,643,842	\$ 14,011,792

No impairment was recognized during the three months ended September 30, 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.

	As of September 30, 2023	As of June 30, 2023
Cash	\$ 6,030,879	6,792,105
Total current assets	6,508,348	7,244,360
Total non-current assets	9,943,786	10,180,798
Total assets	16,452,134	17,425,158
Total current liabilities	410,006	410,006
Net assets	\$ 16,042,128	17,015,152
Proportion of ownership interest held	39.04 %	39.04 %
Proportion share of net assets	\$ 6,262,847	6,642,715
Goodwill	\$ 7,354,575	7,354,575
Net carrying amount of investment in New Black Swan	\$ 13,643,842	14,011,792

Mason Resources Inc. (Previously Mason Graphite Inc.)
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(Unaudited)

4. BLACK SWAN GRAPHENE INC. (continued)

	For The Three Months Ended September 30, 2023	From August 2, 2022 to September 30, 2022
Loss from continuing operations and total comprehensive loss	\$ 942,494	\$ 5,311,332

5. SHARE CAPITAL

(a) Authorized

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

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 September 30, 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.

6. 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 September 30, 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 months ended September 30, 2023, and 2022
(Expressed in Canadian Dollars, except where noted)
(Unaudited)

6. STOCK OPTIONS (continued)

The following table reflects the continuity of options for the three months ended September 30, 2023 and 2022:

	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, September 30, 2022	6,717,000	0.460
Balance, June 30, 2023	6,717,000	0.460
Granted	6,780,000	0.230
Balance, September 30, 2023	13,497,000	0.350

As of September 30, 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	2.29	6,317,000	6,317,000
September 2, 2026	0.51	2.93	400,000	400,000
July 31, 2028	0.23	4.84	6,780,000	6,780,000
	0.35	3.59	13,497,000	13,497,000

Share-based compensation costs related to Mason for the three months ended September 30, 2023, totaled \$1,088,599 (2022: \$98,576).

7. ADDITIONAL INFORMATION

Value-added graphite products study charges are composed of:

	For the three months ended September 30,	
	2023	2022
Subcontracting costs	\$ 7,642	\$ 18,871
General & office expenses	-	20,150
Rental	-	17,849
Total	\$ 7,642	\$ 56,870

Mason Resources Inc. (Previously Mason Graphite Inc.)
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8. NET INCOME (LOSS) PER SHARE

	For the three months ended September 30,	
	2023	2022
Weighted average number of common shares	141,292,585	140,140,901
Dilutive effect on stock options	-	-
Weighted average of diluted common shares	141,292,585	140,140,901
Net loss from continuing operations attributable to common shareholders of Mason	(1,827,943)	(2,885,283)
Net loss from continuing operations per share – Basic and diluted	(0.01)	(0.02)
Net income (loss) from discontinued operations attributable to common shareholders of Mason	-	10,335,981
Net income (loss) from discontinued operations per share – Basic and diluted	-	0.07
Net income (loss) attributable to common shareholders of Mason	(1,827,943)	7,450,698
Net income (loss) per share – Basic and diluted	(0.01)	0.05

Given the net loss from continuing operations, the effect of potential issuances of shares under options would be anti-dilutive for the period ended September 30, 2023 and 2022 and accordingly, all basic, and diluted losses per share are the same.

9. RELATED PARTY TRANSACTIONS

As of September 30, 2023, the balance due to the related parties amounted to \$4,681 (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 September 30,	
	2023	2022
Salaries, consulting fees and other benefits	\$ 87,812	\$ 75,869
Directors fees'	37,500	30,000
Share-based compensation – Management	208,000	21,925
Share-based compensation – Directors	476,000	51,315
	\$ 809,312	\$ 179,109

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.