SunMirror AG

Group Management Report and Interim Condensed Consolidated Financial Statements for the six months ended 31 December 2022

SunMirror AG

Group Management Report for the six months ended 31 December 2022

Content

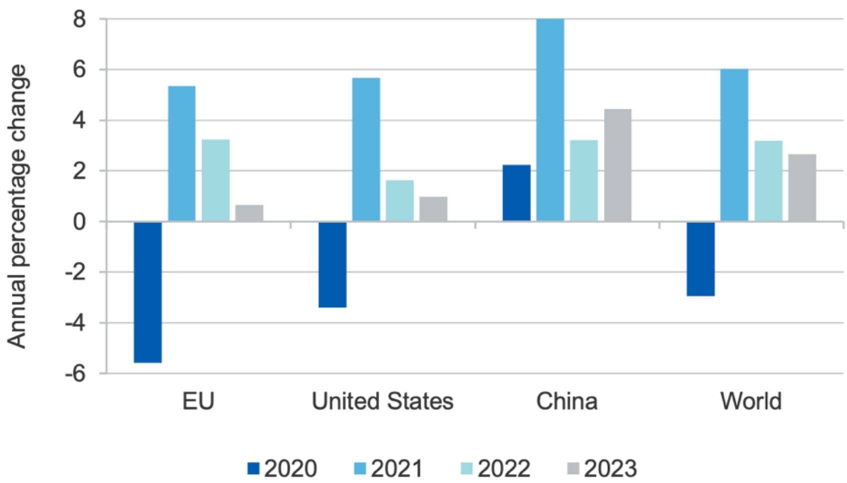
1 Economic environment

1.1 Macroeconomic Environment

Increasing pessimism about global growth prospects for 2023, although the world economy is performing better than expected.

- The world macroeconomic environment has weakened further over the latter half of 2022, as headwinds from war, inflation and COVID-19 outbreaks weighed on global economic growth.
- Tighter fiscal and monetary conditions in most major economies – due to strong and persistent inflation, driven by higher energy and food prices – are increasing pessimism about global growth prospects for 2023.
- In January 2023, the IMF forecast the world economy to grow by 3.4% in 2022 and 2.9% in 2023, down from 6.0% in 2021. The 2023 forecast represented an upward revision of 0.2 percentage points from the previous forecast in October 2022.

GDP Growth Forecasts



Source: IMF (2022)

Summary

- Energy commodity prices have fallen from record highs, on easing fears of Northern Hemisphere winter shortages, but will likely stay above pre-Ukraine-Russia war levels in 2023, as some Russian energy supply becomes stranded.
- High energy commodity prices and strength in the US dollar are driving a surge in Australian export earnings. After a record AUD 422 billion in 2021–22, resource and energy export earnings are forecast to lift to AUD 459 billion in 2022–23, before falling back to AUD 391 billion in 2023–24.
- Lithium exports are set to earn AUD 16 billion in 2022–23, becoming Australia's sixth largest resource and energy export.

Source: https://www.industry.gov.au/sites/default/files/2022-12/resources-and-energy-quarterly-december-2022.pdf

World Economic Outlook

High energy commodity prices in the September 2022 quarter, and tighter financial conditions in the major Western economies, have had a major impact, and while world economic growth has continued to slow in recent months the outlook is more positive than it was in the December 2022 quarter. Indeed the change in China's COVID-19 is expected to have a positive impact while some supply chain disruptions persist. In parallel, global gas prices have declined sharply in the past few months, and there are signs that the surge in headline inflation in most Western nations has peaked. If a meaningful slowing in core inflation allows the major Western central banks to ease monetary tightening soon, and if Chinese economic growth stabilises, the world economy may only slow modestly further.

Chinese economic growth remains sluggish, largely due to a weak property market, while the effect of COVID-19 policies is now fading. China's low inflation rate means the authorities are less constrained in adopting further measures to support growth. Such measures would help support resource and energy commodity prices.

Economic growth has slowed sharply in many European nations, hurt by extremely high energy commodity prices resulting from fallout from the Russian invasion of Ukraine. EU gas storage remains above 80% full as of December 2022 due to milder temperatures than usual and after a six month drive to ensure that the cessation of energy imports from Russia would not leave the region short in the winter peak usage period. The fallout from China's COVID-19 lockdowns also contributed to free up some gas/LNG to flow to Western Europe, taking pressure off gas prices.

Since September 2022 the US Federal Reserve has raised official interest rates further, in an effort to contain US inflation. With US inflation likely having passed its cyclical peak, the bulk of the Federal Reserve's monetary tightening seems done.

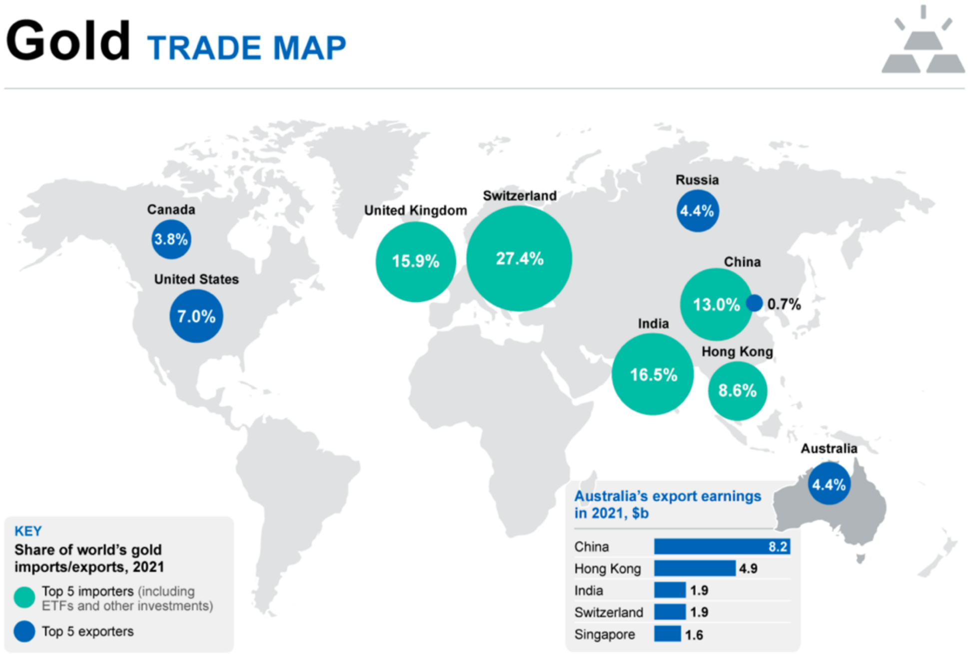
Global resource and energy commodity trade continues to re-organise, as Western sanctions imposed on Russia ramp up further. China, India and Turkey are taking Russian cargoes (at heavy price discounts) shunned by the West. As a result, China and India are now buying fewer cargoes of non-Russian commodities. Starting on 5 December, some Western nations have applied price caps to Russian oil exports, with a price cap on oil products due to start on 5 February 2023. Unless Russia chooses to stop exporting to nations who enforce the price cap, oil prices should fall: the replacement of bans with price caps cuts the likelihood of some Russian oil output being stranded. Capacity constraints on Russian coal exports to the East will likely limit world supply, holding coal prices higher than otherwise.

Higher global interest rates pose a downside risk to global economic activity and Australian mineral exports.

Source: https://www.industry.gov.au/sites/default/files/2022-12/resources-and-energy-quarterly-december-2022.pdf

1.2 Relevant Commodity Markets

1.2.1 GOLD



Summary

- Gold prices averaged US$1,728 an ounce in the September quarter 2022, coming under pressure from increasing bond yields and the strong US dollar. A rebound to above US$1,750 an ounce in mid- November followed lower-than-expected US inflation data, which lowered market expectations for further interest rate increases.
- Australian gold mine production in the September quarter 2022 was 5.4% higher year-on-year at 78 tonnes. Production is forecast to increase to 329 tonnes in 2023–24, as new projects and expansions of existing projects come online.
- Gold earnings are forecast to rise from AUD 23 billion in 2021–22 to around AUD 24 billion in 2023–24, as rising export volumes outweigh lower prices.

World gold consumption increased in the September quarter 2022

World gold demand increased by 28% year-on-year to 1,181 tonnes in the September quarter 2022. This increase was driven by record central bank net purchases, which more than offset continued outflows from gold- backed exchange-traded funds (ETFs).

Rising bond yields since May 2022 — following aggressive interest rate increases from most central banks, particularly the US Federal Reserve — have caused significant outflows from gold ETFs, and contributed to lower gold prices since then despite strong government demand.

Consumer demand for gold (jewellery, gold coins and bars) strengthened during the September quarter 2022, also helping to partially offset the impact of strong ETF outflows. Gold jewellery consumption increased by 9.8% year-on-year to 523 tonnes in the September quarter 2022, driven by stronger demand from China and India.

Gold consumption is expected to grow up to 2024

World gold consumption is forecast to increase by 8.1% in 2024 to 4,357 tonnes, driven largely by continued growth in global jewellery consumption. Jewellery consumption is expected to grow by 12% year-on- year in 2024, as economic recovery and a forecast decline in gold prices support purchases in key consuming nations such as China and India.

World supply increased in the September quarter 2022

World gold supply increased by 0.6% year-on-year to 1,215 tonnes in the September quarter 2022, driven by a 2.3% rise in global mine production.

Global mine production rose to a near-record third quarter total of 949 tonnes during the September quarter 2022, driven largely by increased production in China, and Central/South America.

Chinese production — the world's largest gold producing nation — rose by 14% year-on-year to around 95 tonnes in the September quarter 2022, as mining operations in Shandong province returned to normal. Shandong's provincial government halted operations in 2021, in order to enable safety inspections to take place.

Australian production — the world's second-largest gold producing country — increased by 5.4% year-on-year in the September quarter 2022, to 78 tonnes.

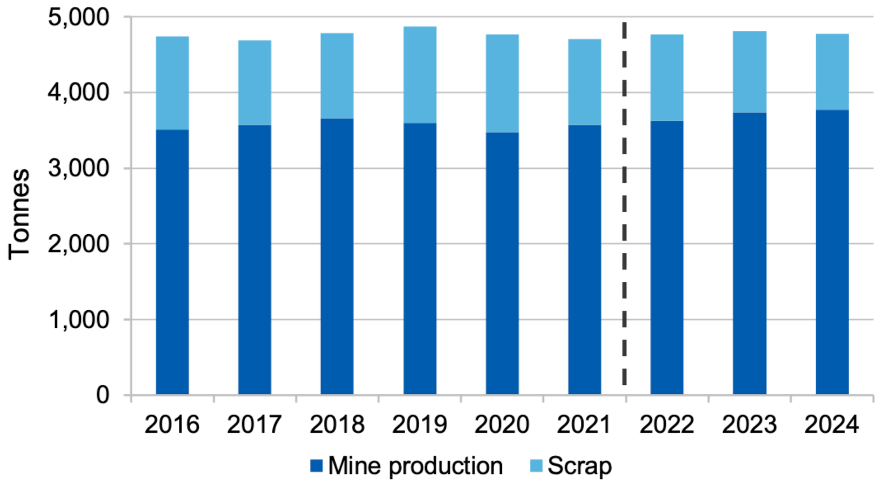
Russian production — the world's third-largest gold producing country — declined by 11% year-on-year. This was due to a combination of lower grades at several major mines and lower production — due to rising costs, shortages of equipment and reduced financing due to sanctions.

Central and South American production was 10 tonnes higher year-on- year in the September quarter 2022.

Gold recycling declined by 5.8% year-on-year, largely reflecting the impact of disruptions in China related to the government's zero-COVID policy. Partially offsetting declines in China, recycling flows were higher in several markets (such as Japan, the EU and the UK), supported by local currency depreciation against the US dollar.

World supply expected to fall after 2022 as recycling activity eases

In 2022, global gold supply is estimated to rise by 1.6% to 4,758 tonnes, driven mainly by higher gold mine production. World gold mine production is estimated to rise by 1.4% in 2022 to 3,620 tonnes, led by increases in China, Australia, Canada and West Africa, and is expected to increase at an average rate of 2.1% over the outlook period to about 3,800 tonnes as new projects come online in Canada, Chile, Brazil and Australia. Continued environmental regulations and industry consolidation in China will see production fall over the medium-term.



Note: Net producer hedging is not included.

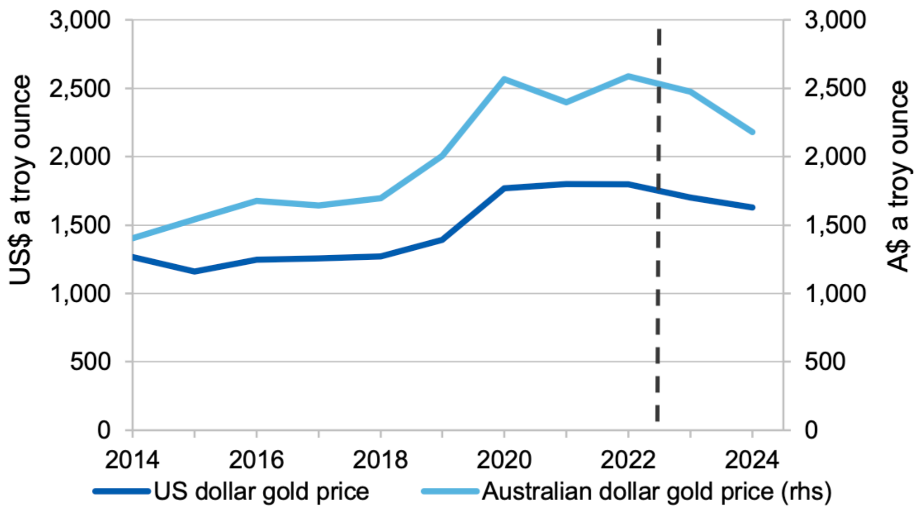
Source: Department of Industry, Science and Resources (2022); Metals Focus (2022); World Gold Council (2022).

Gold prices to fall over the short and medium term

Gold prices are forecast to fall at an average annual rate of 4.9% over the outlook period, from about US$1,800 an ounce in 2022 to US$1,625 an ounce in 2024. Gold prices have mostly resisted sharp increases in real bond yields so far this year, however this resistance is expected to unwind over time as interest rates continue to rise and as global inflation cools. Lower safe haven demand will do less to ameliorate the impact of higher interest rates on gold demand.

The lower US dollar gold price is expected to drive the Australian dollar gold price lower from around A$2,600 an ounce in 2022 to A$2,200 an ounce in 2024.

There are several risks to the gold price assessment over the outlook period, particularly the continued fallout from Russia's invasion of Ukraine. An escalation in the conflict is likely to have a pronounced impact on the safe-haven demand for gold. Finally, the path of official interest rates — and by extension inflation — over the forecast period is uncertain.



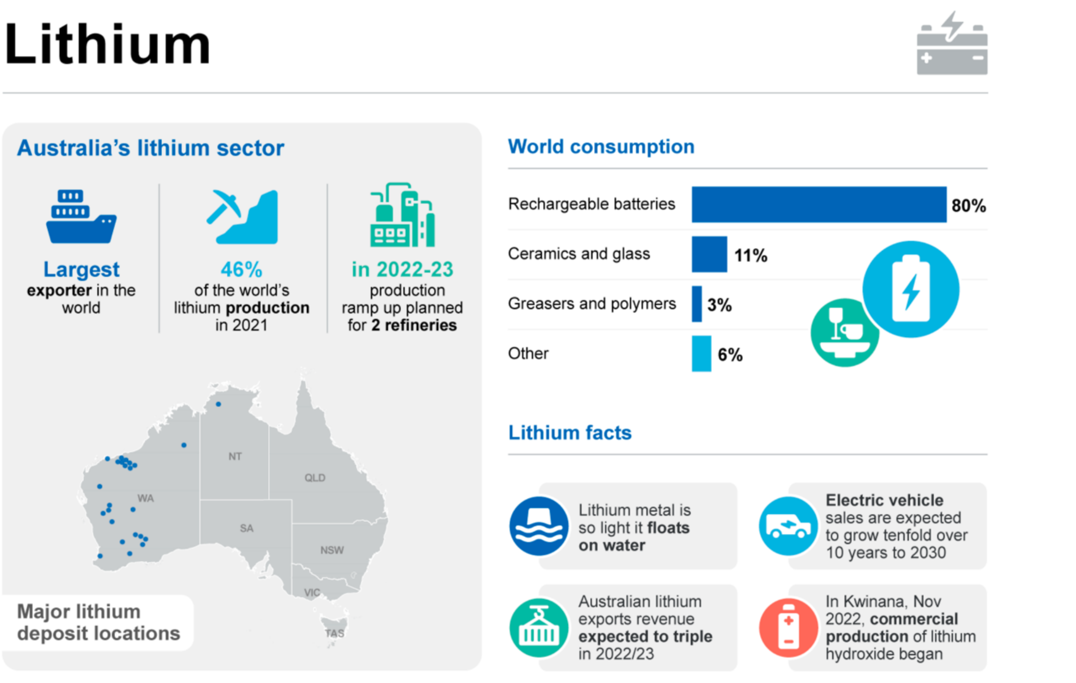
Source: Department of Industry, Science and Resources (2022); LBMA (2022) Gold price PM

Gold exploration expenditure decreased in September quarter 2022

Australia's gold exploration expenditure decreased by 8.5% year-on-year to AUD 382 million in the September quarter 2022. As a result, gold's share of Australian mineral exploration expenditure declined to 35.2% in the September quarter 2022, down from 41.9% a year earlier. Western Australia remained the centre of gold exploration activity in Australia, accounting for 74% of total gold exploration expenditure. A 4.4% decline year-on-year in Western Australian gold exploration expenditure accounted for much of the decline in overall gold exploration expenditure, while expenditure was also down year-on-year in Victoria (by 24%) and New South Wales (21%).

Source: https://www.industry.gov.au/sites/default/files/2022-12/resources-and-energy-quarterly-december-2022.pdf

1.2.2 LITHIUM



Summary

- Spodumene prices are estimated to rise from US$2,700 a tonne in 2022, to US$4,010 a tonne in 2023 before moderating to US$3,130 in 2024. Lithium hydroxide prices are expected to lift from US$39,900 in 2022 to US$61,200 in 2023, moderating to US$48,500 by 2024.
- Australia's lithium production is forecast to grow from 335,000 tonnes of lithium carbonate equivalent (LCE) in 21/22 to 399,000 tonnes in 22/23 and 470,000 tonnes of LCE in 23–24.
- In 2022–23 Australia's export earnings are forecast to more than triple — from $4.9 billion in 2021–22 to $16.1 billion, and $17.0 billion in 2023–24.

Chinese electric vehicle sales remain strong

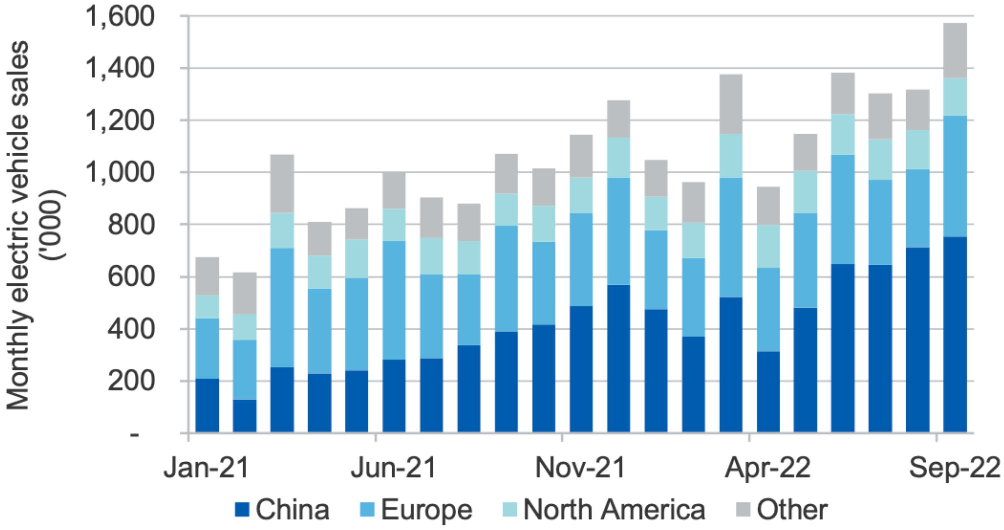
Rising demand for electric vehicle batteries saw global lithium demand continue to grow strongly in the September quarter 2022. Despite a weakening in global economic conditions, sales and production of electric vehicles (EVs) continued their rapid growth trend. Global sales of all types of EVs increased 40% in the nine months to September 2022 compared with the same period in 2021 — with Chinese sales up 110%, European sales up 6%, and North American sales up 27%.

Fallout from the Russian invasion of Ukraine and the resulting higher power prices and factory shutdowns saw European sales slow. While US EV sales have continued to grow, the North American market remains relatively small. In China, total monthly EV sales reached over three-quarters of a million for the first time in September. Auto production and supply chains in China have recovered from the COVID-19s lockdowns that disrupted industrial output in the June quarter 2022. Tax incentives and government subsidies continue to support purchases of new energy vehicles. Policies to promote EV uptake have also been implemented in many other countries. In the United States, the Inflation Reduction Act of 2022 (with funding of US$391 billion) contains provisions to promote the clean energy transition including significant incentives to purchase EVs.

Global passenger EV sales are expected to continue to grow strongly, albeit at a slower rate than in 2021 — when passenger EV sales more than doubled to an estimated 6.8 million vehicles. Passenger EV sales are expected to reach over 14 million in 2023.

World demand for lithium is estimated to increase from 592,000 tonnes of lithium carbonate equivalent (LCE) in 2021 to 745,000 tonnes in 2022. Over the following two years, demand is forecast to rise by over 40%, reaching 1,091,000 tonnes by 2024. Despite the spread of new battery manufacturing capacity into Europe and the US, Asia remains the major source of demand for lithium.

Electric vehicle sales (all types) by country/ region



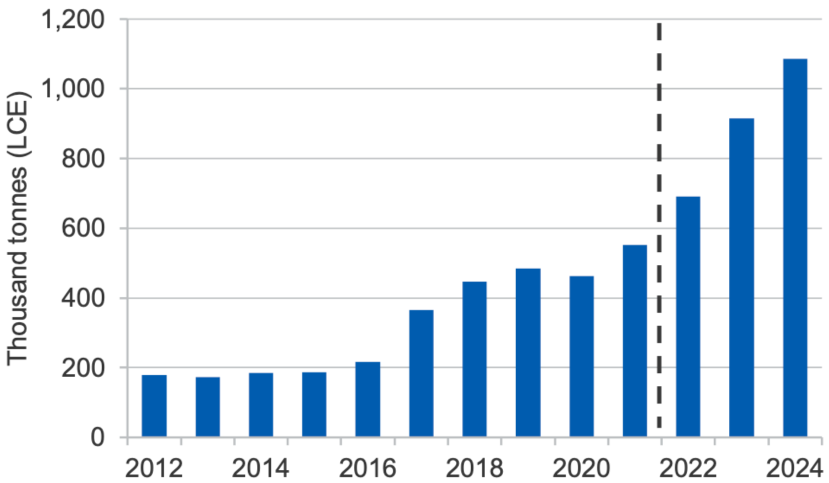
Source: IEA (2022).

Global lithium production to grow, but supply gap will take time to close

World output was 551,000 tonnes of lithium carbonate equivalent (LCE) in 2021, and is estimated to reach 691,000 tonnes in 2022 and 1,087,000 tonnes in 2024. This rapid growth is forecast to be met by gains in output by Australia, Chile (via expansions to SQM and Albemarle brine operations) and Argentina (via new and expanded brine operations by Allkem, Livent and Minera Exar).

A supply gap is forecast to persist over the outlook period, with total supply from both mine and brine operations currently insufficient to meet demand. With new lithium projects being developed rapidly, the supply gap is expected to reduce over the outlook period, but will take time to close. Lithium stockpiles remain hard to ascertain, with some estimates of 4-8 weeks for spodumene.

Global Lithium Production



Source: Department of Industry, Science and Resources (2022); Wood Mackenzie (2022).

Global lithium project pipeline continues to grow

The strong demand outlook for lithium chemicals is attracting capital to build global supply. A number of expansions and new projects have been announced during 2022, with exploration and drilling activities picking up in many countries over recent months. A pre-feasibility study for the Ewoyaa lithium project in Ghana has been completed. The project aims to produce 255,000 tonnes a year of 6% spodumene concentrates over a 12.5-year mine life, with capex of US$125 million. The project is targeting first production of spodumene concentrate in late-2024, subject to receipt of a mining licence in late-2023 and the project meeting all other statutory requirements. In addition to ongoing expansions to brine operations in Chile, state-owned mining firm Codelco is undertaking exploration in the Salar de Maricunga, with drilling due for completion early next year.

The Naraha Lithium Hydroxide plant in Japan produced its first lithium hydroxide in November 2022. Pilbara Minerals' joint venture with POSCO has seen contracts awarded and preliminary site activities are underway for the 43,000 tonnes a year primary lithium hydroxide chemical processing facility in South Korea. The joint venture plans to source over 300,000 tonnes a year of spodumene concentrate from the Pilgangoora operations.

European Lithium is progressing arrangements to secure additional capital to progress the Wolfsberg Lithium Project, a hard rock lithium project, located 270km south-west of Vienna, Austria. The project comprises 54 exploration licences and 11 mining licences covering a total area of 11.33 square kilometres and is located close to several planned battery gigafactories. The UK's first large-scale lithium refinery has been announced for Teesside, Middlesborough, with the region also chosen as the location for the nation's largest planned recycling facility for EV batteries. The proposed facility is planned to produce 50,000 tonnes of battery-grade lithium each year once it enters full operations, scheduled for 2025. Britishvolt secured £1.7bn of additional funding for construction of a gigafactory near Blyth, which is scheduled for completion in late 2025, but on the 17th January this year it went into administration. It was most recently bought out of administration by Australian startup Recharge Batteries.

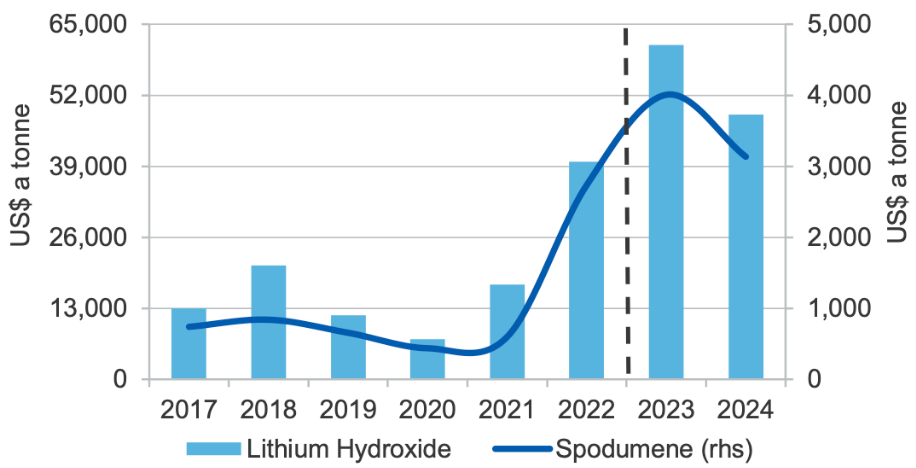
Interest in battery recycling continues to rise around the globe. However, large scale operations will take time to get established. Rising volumes of used EV batteries, combined with higher lithium prices, should strengthen the economics of recycling projects over time.

Record spot prices see contract prices reset in September quarter

Spot prices continue to set record highs, driven by shortages of spodumene, lithium hydroxide and lithium carbonate. Spot spodumene concentrate averaged about US$6,100 per tonne in November 2022 (SC6.0, CIF China) representing a more than three-fold gain from the US$1,900 a tonne average spot price for November 2021. In November 2022, spot lithium hydroxide price (delivered to China) averaged around US$78,950 a tonne, up from US$28,560 in November 2021.

Spodumene prices are forecast to rise from an average of US$598 a tonne in 2021 to US$2,730 a tonne in 2022, as record spot prices feed through into contract prices. Prices are expected to grow further in 2023 as contract prices reset in the September quarter 2022, averaging US$4,010 a tonne in 2023 before moderating to US$3,130 in 2024. The lithium hydroxide price is estimated to rise to US$39,850 a tonne in 2022, up from US$17,370 a tonne in 2021. Prices are expected to peak at over US$60,000 a tonne in 2023 before moderating to average about US$48,000 in 2024.

Spodumene concentrate / lithium hydroxide prices



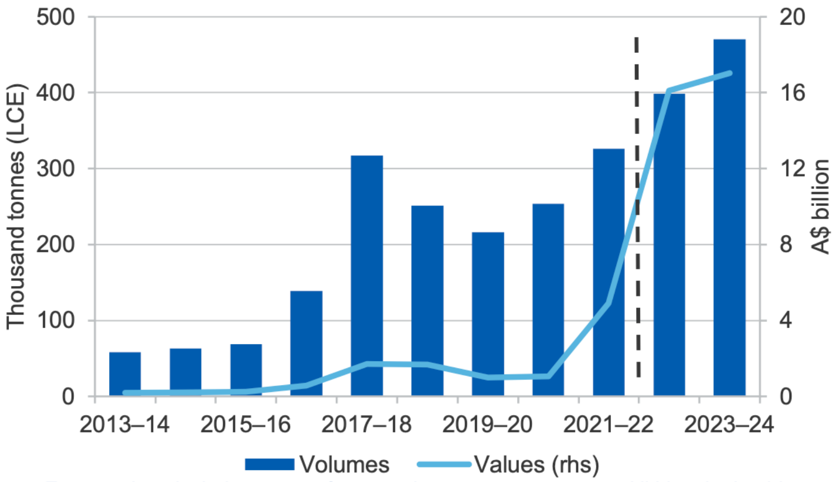
Notes: Lithium hydroxide price is for higher-priced battery grade product.

Source: Wood Mackenzie (2022); Department of Industry, Science and Resources (2022).

Australian Lithium exports set to triple

The strong growth in spodumene prices that saw Australia's export revenue reach a record $4.9 billion in 2021–22 — up from $1.1 billion in 2020–21 — is expected to drive a further tripling in annual export earnings over the outlook period. Production from lithium hydroxide refineries is forecast to steadily build, lifting total annual lithium export revenue to an estimated $16 billion in 2022–23 and $17 billion in 2023–24.

Australia's exports of lithium



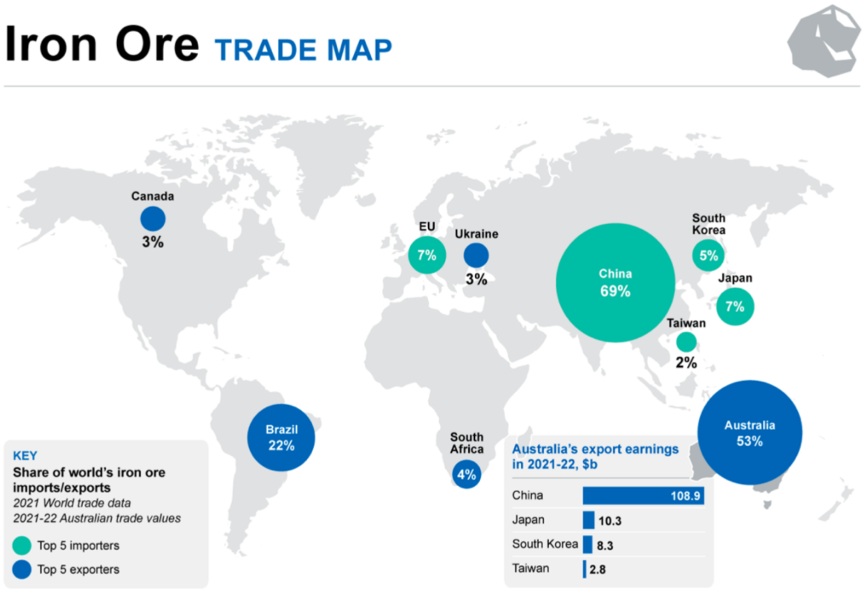
Notes: Export values include revenue from spodumene concentrate and lithium hydroxide. Lithium volumes include total exports of spodumene concentrate and lithium hydroxide converted to LCE.

Source: Company reports; WA Department of Mines, Industry Regulation and Safety (2022), Wood Mackenzie (2022); Department of Industry, Science and Resources (2022).

While much of the forecast export growth is price driven, Australia's production capacity is also forecast to grow strongly over the outlook. Expected annual average growth of over 18% a year will see production rise from 335,000 tonnes of LCE in 2021–22 to 399,000 tonnes in 2022–23, and 470,000 tonnes in 2023–24. Export volumes of spodumene concentrate are forecast to grow by more than one-third from 2021–22 levels over the forecast period: spodumene concentrate exports are forecast to rise to 3.2 million tonnes in 2023–24 from 2.3 million tonnes in 2021–22.

Source: https://www.industry.gov.au/sites/default/files/2022-12/resources-and-energy-quarterly-december-2022.pdf

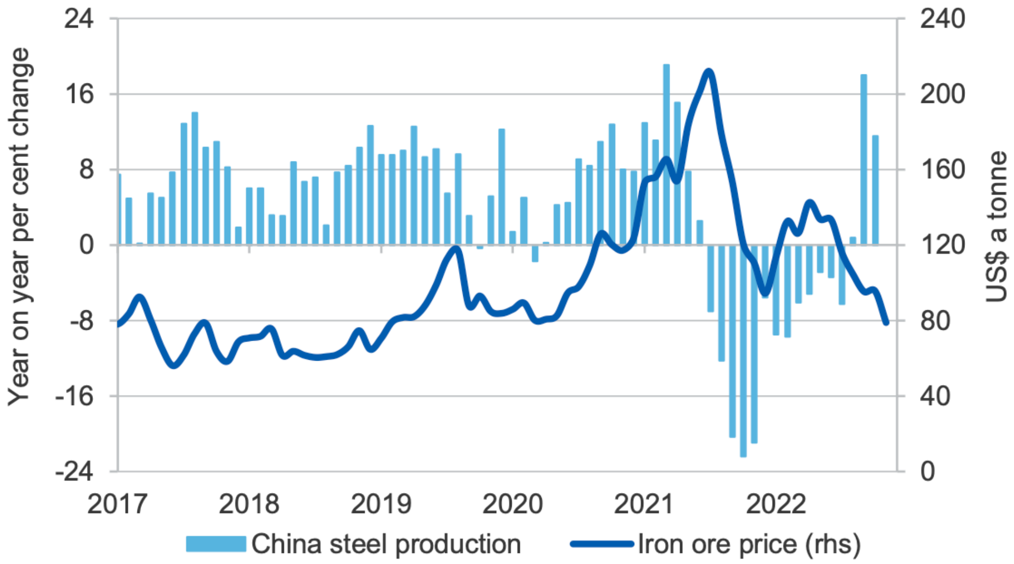
1.2.3 IRON ORE



Summary

- The average iron ore price has fallen slightly in the December quarter 2022. Further outbreaks of COVID-19 in China have continued to weaken domestic demand, adding to pressures from the country's residential property market. Ex-China world demand has also waned in recent months, as global construction and industrial activity has slowed.
- Australian export volumes rose by 1.2% year-on-year in the September quarter 2022, with greenfield supply continuing to come online from major producers. Exports are forecast to increase by 2.5% in 2022–23 to 896 million tonnes, and by 2.7% to 920 million tonnes in 2023–24.
- Lower prices over the outlook period are expected to see Australia's iron ore export earnings ease from $133 billion in 2021–22 to $113 billion in 2022–23, and then to $95 billion in 2023–24.

Iron ore price and China steel production, monthly

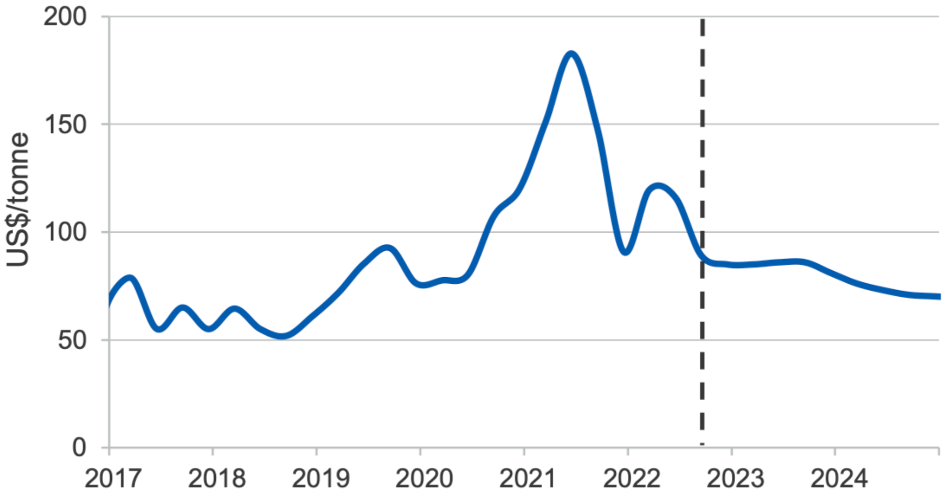


Notes: China import Iron ore fines 62% Fe spot (CFR Tianjin port)
Source: Bloomberg (2022) China import prices; World Steel Association (2022)

Price outlook in 2023 relies on China's fiscal stimulus and property market

Throughout 2022, China has continued to turn to fiscal stimulus in order to support its economy through current challenges. China is now expected to allocate more than RMB 5 trillion (US$700 billion) in special purpose bonds in 2022, with the majority intended for new infrastructure investment. This will be bolstered by RMB1.4 trillion (US$200 billion) in new lending from China's three major policy banks for infrastructure projects. In October, China's infrastructure investment (3 month average) was around 15% higher year-on-year, and is expected to boost construction activity, and steel and iron ore demand through 2023.

Iron ore price outlook, quarterly



Notes: China import iron ore fines 62% Fe spot (FOB)
Source: Bloomberg (2022); Department of Industry, Science and Resources (2022)

In recent months, China's government and central bank have also continued to implement measures aimed at stabilising its residential property sector. In November, the Chinese government announced 16 new policy measures intended to support the property sector. This is expected to include measures such as extending existing developers' loans and reducing down-payment and mortgage rates for homebuyers.

The People's Bank of China has also eased broader monetary conditions in recent months, cutting the Reserve Requirement Ratio in December, and announcing plans in July to create a fund to provide up to RMB 200 billion (US$28 billion) in low interest loans to finish stalled real estate projects.

On the supply side, the world's two largest producers — Australia and Brazil — are expected to continue to collectively grow export volumes by around 38 million tonnes (3.1%) in 2023. This follows a ramp up of greenfield projects for major Australian miners, new supply from Vale's Northern system and remediation work associated with its South-eastern system.

A stabilisation of China's real estate sector, in combination with the country's substantial infrastructure stimulus and only modest supply growth from Australia and Brazil, is expected to provide support to steel and iron ore prices over the outlook period. The spot price for 62% Fe iron ore fines (FOB) is forecast to average US$85 a tonne in 2023.

Moderating demand and more supply to push prices lower to 2024

In 2024, iron ore prices are projected to decline toward (lower) longer-run levels. This follows more modest growth in blast-furnace steelmaking (compared with the past decade) from major producers such as the EU, US and China, as the world undergoes a transition to a low emissions environment. Slower growth in blast furnace steelmaking capacity will take place alongside rising supply from Australia and Brazil.

A fall into global recession presents a downside risk to iron ore prices over the outlook period. While slowing industrial production seen in recent months may hamper growth heading into 2023, large infrastructure rollouts (including many new energy projects) across major economies are expected to provide support for steel (and iron ore) demand over the latter half of the outlook period.

From an estimated average price of around US$100 per tonne (FOB) in 2022, the benchmark iron ore price is projected to average around US$75 per tonne in 2024.

The global seaborne iron ore market is expected to remain relatively balanced over the outlook period, with growth in exports from both Australia and Brazil offsetting falls from mid-tier exporters such as India and Ukraine. However, growing macroeconomic headwinds — such as weakening global growth and high energy prices — present a mounting risk to growth in world steel demand over the outlook period, which would have significant repercussions for iron ore demand.

Lower prices to see Australian export earnings fall over the outlook period

Higher production volumes and stable prices saw Australia’s iron ore export earnings reach around $133 billion in 2021–22. Weaker prices are forecast to lead to lower earnings for iron ore over the outlook period, with total export value of $113 billion in 2022–23, falling to $95 billion by 2023– 24.

Source: https://www.industry.gov.au/sites/default/files/2022-12/resources-and-energy-quarterly-december-2022.pdf

2 Business Development

2.1 Business Activities

The Company’s focus is on (majority) acquisitions in mineral exploration companies in mainly developed countries with the most attractive mining jurisdictions, with a specific focus on battery metals, iron ore and gold deposits.

In 2021/2022 the Group started its activities in the raw material sector and is in the early stage of exploration activities which continued through early 2023. The current business activities of SunMirror Group consist merely of exploration (i.e., the search for and development of economically viable reserves of mineral resources) and holding rights for potential royalties in this sector. Subject to a successful exploration program SunMirror Group also plans to be active in the field of the development, mining, and extraction of mineral resources in the future.

2.2 Objectives and Strategies

SunMirror pursues an opportunistic acquisition strategy of new exploration and operating assets. All current projects are held 100% by the Group. The Group's acquisition strategy is to acquire primarily sole ownership or controlling interests (save for potential royalty opportunities). Any decision on the acquisition of additional exploration and operating assets will only be made after successful due diligence, negotiations/commercial agreement and securing any required financing. In addition SunMirror pursues discussions with various potential partners that could participate in the development of its projects with carries and milestone-based earn-ins. This approach will contribute to SunMirror ability to diversify its portfolio of assets.

SunMirror seeks to acquire mineral assets that have seen at least some work from the previous owners and operators. This partial de-risking strategy provides SunMirror with baseline information to estimate the potential likelihood of encountering further encouraging results, as well as a starting point from which to direct the next phases of work; and consequently, reduce the risk of SunMirror not being able to deliver encouraging future project results.

The Company’s strategy is to invest into exploration and mining assets with a focus on metals critical for the fast-growing European green technology industry such as cobalt, copper, gold, lithium, nickel, and tin. The focus is furthermore on assets located in stable, low risk jurisdictions, e.g., Australia, Europe and selected African countries. By focusing on mineral assets in these more developed countries, management of SunMirror tries to avoid typical expropriation and political risk associated with mineral assets in more challenging jurisdictions.

2.3 Research and Development

Since the business model of SunMirror does not require any research and development activities, it can mainly operate adopting commonly used best practices in its core business areas, and as such there are no current research and development activities apart from its ongoing mineral exploration programs.

2.4 Operating Activities

The Group invests into exploration and mining assets with a focus on critical metals relevant for the European industry. The Group continues to advance its exploration assets and with the aim to eventually operate multiple mines and processing plants. Currently, the Group holds 3 assets in Western Australia:

- **Moolyella**: The Group holds an exploration license (E 45/5573) granted on 23 December 2020 for a term of five years for an area of approx. 92.773 square kilometers in Moolyella, located in North-western Australia, which the Group believes has a robust potential for lithium-bearing pegmatites. The property is an early-stage exploration project with no JORC-compliant mineral resources defined as yet. Nevertheless, the area is highly prospective for both lithium and tin, the latter of which was exploited in the 1890's.

  In November 2022 the Company signed an agreement with MagSpec Airborne Surveys Pty Ltd to carry out an aeromagnetic and radiometric survey over the entire licence area. The survey commenced early December and was completed before the Christmas break. The final survey report was received early January (2023) and the results are currently being evaluated. The data from this survey will help to establish drill hole locations for a forthcoming drill campaign to test geological structures within the licence area for lithium mineralisation.

  To that effect, Southern Geoscience Consultants, a specialist group of geoscientists, have been engaged to process the Moolyella airborne data, to provide a full structural and lithological interpretation of the data resulting in a classified and ranked series of target zones for drilling later this year.

  In addition, the Group has concluded its Regional Standard Heritage Agreement (RSHA) with the relevant Native Title Group in the Moolyella area which covers the basic conditions agreed by both parties on how the Group operates on the ground.

- **Kingston-Keith**: The Group holds an exploration license (E 53/1953) granted on 9 March 2020 for a period of five years for an area of approx. 152 square kilometers in the Kingston-Keith/Mt. Keith area, situated in a prolific gold and nickel production district in central Western Australia, which the Group believes have good potential for gold and nickel. The property is an exploration project with no JORC-compliant mineral resources defined as yet.

In December 2022 the Company signed an agreement with MagSpec Airborne Surveys Pty Ltd to carry out an aeromagnetic and radiometric survey over the entire licence area. The survey began on the 12th January this year (2023) and was completed on the 16^{th}January. The Company expects to receive a copy of the final survey report early February. The data from this survey will help to establish drill hole locations for a forthcoming drill campaign which will test geological structures in the northern part of the licence for gold mineralisation.

The Company is in early discussions with various parties, which have proactively approached the Company and expressed an interest in reviewing the Kingston Keith licence for potential farm ins.

The Group is currently negotiating the terms and conditions for a Regional Standard Heritage Agreement with the local Native Title Group in the Kingston Keith area.

- **Cape Lambert**: The Group holds a royalty on future mine production from the MCC Australia Sanjin Mining Pty Ltd ("MCC")'s retention license (R 47/18) on their Cape Lambert magnetite project covering an area of approx. 83.68 square kilometers in the Cape Lambert region in Western Australia. This is a passive holding investment held by the Group.

  The Group does not expect any royalties from the project in the short-term. This expectation is based on the following assumptions: Currently, MCC holds a so-called retention license for the Cape Lambert project. A retention license is a license at an intermediate licensing stage between exploration license and mining lease, which allows the holder to retain but not to develop a mining project, e.g., because of pending commercial feasibility or the development of required transportation infrastructure.

The maximum licence term for a retention licence is 10 years.

The Group assets of the company, located at Moolyella and Kingston Keith are at an exploration phase and do not produce any revenue for the time being. A pre-feasibility study was completed by MCC as per above, but has not yet been placed into production. The Group expects that production at MCC's Cape Lambert mine will not start in the short term.

An exploration budget (for the period January - June 2023) of roughly AUD 225,000 is estimated for the company's Australian projects. This amount is subject to continuous review by the Board and is dependent on positive results generated from exploration work.

2.5 Acquisitions

2.5.1 Latitude 66 acquisition

The bid of SunMirror Luxembourg published on 22 December 2021 to acquire all shares in Latitude 66 Cobalt Limited ended unsuccessfully on 12.07.2022, as the minimum acceptance condition (90% acceptance, by number, of all Lat66 shares) was not fulfilled at the end of the offer period. Until the very end of the Offer Period, SunMirror attempted to meet the agreed requirement to raise EUR 70 million of additional capital within the agreed and repeatedly extended timeframe. Unfortunately, this did not succeed because only part of the EUR 70 million subscribed as part of the capital increase was paid by the investor.

2.5.2 Other acquisitions

The Group continues to be on the lookout of acquisition or partnership opportunities to complement its portfolio of assets in Australia and potentially other developed countries and/or select African countries. Some discussions are taking place with companies looking to combine or sell assets.

2.6 Changes in Management and Board Composition

On 1 September 2022, Laurent Quelin stepped in the function of Chief Financial Officer of the Company replacing Flavia Sennhauser. At the EGM of 30 September 2022, Flavia Sennhauser resigned from the Board. Laurent Quelin and Daniel Monks were elected as Board Members alongside Heinz Kubli. On 1 November 2022, Daniel Monks was elected by the Board as Chairman of the Remuneration Committee, alongside Laurent Quelin as Vice-Chairman. At the AGM of 23 December 2022, Heinz Kubli did not seek re-election. Laurent Quelin was elected Chairman of the Board and Daniel Monks was re-elected as Board Member.

3 Earnings and Balance Sheet Analysis

The interim condensed Group financial statements of SunMirror Group for the six months ended 31 December 2022 have been prepared on a going concern basis in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

3.1 Revenue

SunMirror did not generate any revenues within the reporting period July – December 2022 (1H 2022/23) as well as in the comparative period July – December 2021 (1H 2021/22). With the exception of other income. See the explanations below.

The Group assets located at Moolyella and Kingston Keith are in an exploration phase and do not produce any revenue for the time being. The Group plans to continue exploration on these two exploration licenses. For the next 18 months funded by financial means already available to the Group as well as other financing to be provided by investors if needed. The Group holds a passive royalty over the Cape Lambert North project in Western Australia and has no influence over actions taken by MCC. The project is held by MCC under a Retention Licence. A pre-feasibility study was developed for the project in 2012 but to the Company's knowledge, no decision to develop the project has been made. The Group expects that production at the Cape Lambert mine will not start in the short-term as described above.

3.2 Exploration expenditure

Currently, the two evaluation and exploration assets Moolyella and Kingston Keith are being explored for potential resources subject to economic development. The costs incurred were fully capitalized in 1H 2022/23 (USD 0.1 million) as well as in 1H 2021/22 (USD 0.2 million), which is why there were no charges in the income statement.

3.3 Personnel expense

Personnel expense increased by 27.3% (USD 0.1 million) in the reporting period and amount to USD 0.5 million for 1H 2022/23 (1H 2021/22 USD 0.4 million). The increase in personnel expense compared to the prior period arises primarily from the increase in the number of full-time equivalents (FTE) from an average of 2.85 FTE in 1H 2021/22 to an average of 3.62 FTE in 1H 2022/23.

3.4 General and administrative expense

In USD thousand	**July – Dec. 2022**	**July – Dec. 2021**
Consulting fees	-249	-154
Regulatory expenses	-59	-372
Legal and tax fees	-459	-416
Accounting and auditing fees	-497	-272
Services provided by related parties	0	-239
Investor Relations	-138	-317
Capital tax	-11	-2
Other operating expense	-52	-20
Total general and administrative expense	**-1’466**	**-1’792**

General and administrative expense decreased by 18.2% (USD -0.3 million) in the reporting period and amount to USD 1.5 million in 1H 2022/23 (1J 2021/22: USD 1.8 million).

Consulting fees and services provided by related party must be considered together. Services from related parties contain services provided by Opus Capital Switzerland AG, which was classified as a related party until June 30, 2022. In the period 1H 2022/23, Opus Capital Switzerland AG continued to provide consulting services under the existing contract, but the services were no longer considered to be related party services because the required criteria for this no longer existed as of July 1, 2022 after Heinz Kubli resigned from the Board of Directors of Opus Capital Switzerland AG. In the meantime the contract has been terminated by the end of the calendar year 2022.

Following the listing on the Vienna Stock Exchange in the fall of 2021, regulatory expenses and investor relations expenses in 1H 2022/23 were also significantly lower than in the previous period.

Legal fees were slightly higher in 1H 2022/23 than in the previous period. This is due to the fact that various legal and tax clarifications were ongoing in the reporting period. This also includes the settlement with a supplier, which resulted in a reduced payment (see other income).

3.5 Other income

In the reporting period (1H 2022/23), a court settlement was reached with a service provider. With the result that the maximum claim, for which provisions had been made and trade payables had been recognized, could be reduced. The difference between the settlement amount and the recognized provisions as well as trade payables resulted in other income. There was no other income in the comparative period (1H 2021/22).

3.6 Depreciation and impairment losses

In the reporting period (1H 2022/23) there were no depreciation and impairment losses. However, depreciation and impairment losses occurred in the previous period (1H 2021/22) in the amount of USD 4.5 million covering the exclusivity fee and the loans which were granted in connection with the failed acquisition of Latitude 66.

3.7 Financial result

In USD thousand	**July – Dec. 2022**	**July – Dec. 2021 (restated)**
Gains on marketable securities	42	25
Foreign currency exchange gain	112	434
Interest income	4	11
Finance income	**158**	**470**
Interest expense	-218	-819
Foreign currency exchange loss	-192	0
Loss on marketable securities	0	-1’863
Finance expense	**-410**	**-2’682**

Finance income decreased by 66.4% (USD 0.3 million) in the reporting period and amounts to USD 0.2 million for 1H 2022/23 (1H 2021/22 USD 0.5 million). The financial income results primarily from foreign currency exchange gains on liabilities and from the gain on the sale of the remaining shares in Cadiz Inc.

Finance expense decreased by 84.7% (USD 2.3 million) in the reporting period and amount to USD 0.4 million for 1H 2022/23 (1H 2021/22 USD 2.7 million). Interest expense decreased significantly in the reporting period compared with the previous period due to the conversion and repayment of convertible bonds. Finance expense results primarily from the pro rata reversal of brokerage commission for the compulsory convertible notes (interest expenses) and the foreign currency exchange losses on cash and cash equivalents as well as receivables. The loss on marketable securities recognized in the previous period was due to the plunge in the price of Cadiz shares.

3.8 Income Tax

In the current and previous periods, the Group did not generate taxable profits. No deferred tax asset has been recognized in relation to tax loss carry forwards due to the uncertainty of realization.

3.9 Cashflow Statement

In USD thousand		July – Dec. 2022	July – Dec. 2021 (restated)
Cash flows from operating activities			
Loss of the period		**-2'068**	**-8'958**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation		0	3
Other non-cash income/expense	4.4	118	4'629
Financial result	4.5	252	2'212
Working capital changes:			
Increase/ decrease in other receivables		-72	-301
Increase/decrease in trade and other payables		-867	-41
Interest paid		-298	-27
Net cash flows from operating activities		**-2'935**	**-2'483**

Net cash outflows from operating activities increased by 18.2% (USD 0.4 million) to USD 2.9 million in 1H 2022/23 (1H 2021/22 USD 2.5 million). This is mainly due to the reduction of trade and other payables compared to the consolidated financial statements as of June 30, 2022 as well as interest paid in connection with the redemption of the non-exercised convertible bond.

In USD thousand		July – Dec. 2022	July – Dec. 2021 (restated)
Cash flows from investing activities			
Payments for exploration expenditure	4.9	-109	-176
Payments in relation to the potential acquisition of Latitude 66 Cobalt Oy		0	-1'510
Proceeds from financial assets at fair value through profit or loss		111	2'429
Net cash flows from investing activities		**2**	**743**

Net cash inflows from investing activities decreased by 99.7% (USD 0.7 million) to USD 0.0 million in 1H 2022/23 (1H 2021/22 USD 0.7 million). During the reporting period, expenditures on exploration and evaluation assets were balanced by the proceeds from the sale of the Cadiz shares. In the previous period, significantly more Cadiz shares were sold. These proceeds were then used in part for the the Latitude 66 acquisition.

In USD thousand	July – Dec. 2022	July – Dec. 2021 (restated)
Cash flows from financing activities		
Proceeds from issuance of convertible bonds	0	4'157
Payments for convertible bonds	-2'599	0
Proceeds from shareholder loans	0	11
Payments for brokerage commission	0	-140
Net cash flows from financing activities	**-2'599**	**4'028**
Net foreign exchange differences	171	18
Net change in cash and cash equivalents	**-5'361**	**2'306**
Cash and cash equivalents at beginning of period	10'611	445
Cash and cash equivalents at end of period	**5'250**	**2'751**

In the course of the repayment of the non-converted convertible bond on July 5, 2022, there was a cash outflow from financing activities in the reporting period. In the prior period, there was a cash inflow due to the proceeds from the compulsory convertible bond issued in December 2021, which in turn was converted into equity in December 2022.

3.10 Assets

In USD thousand

ASSETS	Note	Dec. 31 2022	June 30 2022
Non-current assets			
Intangible assets	4.8	25'976	26'357
Exploration and evaluation assets	4.9	3'836	3'781
Total non-current assets		**29'812**	**30'138**
Current assets			
Financial assets	5.1	340	413
Other receivables	4.10	197	118
Cash and cash equivalents	5.1	5'250	10'611
Total current assets		**5'787**	**11'142**
Total assets		**35'599**	**41'280**

Total assets decreased by 13.8% (USD 5.7 million) to USD 35.6 million as at end of December 2022 (June 2022: USD 41.3 million).

Intangible assets remain unchanged from the previous period (i.e. domain and Royalty on Cape Lambert). However, due to the changed currency situation, the book value decreased by USD 0.4 million to USD 26.0 million (June 2022: USD 26.4). Exploration and evaluation assets (i.e. Moolyella and

Kingston Keith) amount to USD 3.8 million (June 2022: USD 3.8 million). The capitalized exploration and evaluation expenditures in the amount of USD 0.1 million were reduced by almost the same amount due to the translation of the foreign currency. Intangible assets and exploration and evaluation assets are currently classified as assets with undefined useful lives.

The remaining Cadiz shares, shown in the line item financial assets, were completely sold as of December 2022.

3.11 Liabilities

In USD thousand

	Note	Dec. 31 2022	June 30 2022
Non-current liabilities			
Defined benefit obligation		34	33
Total non-current liabilities		**34**	**33**
Current liabilities			
Financial liabilities	5.1	1	6'723
Trade payables	5.1	444	915
Other liabilities	5.1	607	755
Other non-financial liabilities	4.11	11	3
Total current liabilities		**1'063**	**8'396**
Total liabilities		**1'097**	**8'429**

Total liabilities decreased by 87.0% (USD 7.3 million) to USD 1.1 million at the end of December 2022 (June 2022: USD 8.4 million).

The remaining non-converted convertible bond in the amount of USD 2.8 million was fully repaid in July 2022 and the compulsory convertible notes in the amount of USD 3.9 million were converted into equity in December 2022. As part of the efforts to reduce general and administrative expenses, trade accounts payable and other current liabilities were also reduced at end of December 2022 compared to end of June 2022.

3.12 Equity

In USD thousand

	Note	Dec. 31 2022	June 30 2022
Equity			
Share capital		2’585	2’529
Capital reserves		58’093	54’018
Accumulated losses		-25’354	-23’286
Other reserves		-822	-410
Total shareholders’ equity		**34’502**	**32’851**

Shareholders' equity increased by 5.0% (USD 1.6 million) to USD 34.5 million at the end of December 2022 (June 2022: USD 32.9 million). At the end of December 2022, the Group had an equity to asset ratio of 96.9% (June 2022: 79.6%).

During the year ended December 2022, the Group carried out a capital increase by converting the compulsory convertible notes in the amount of USD 4.1 million (including accrued interest) into equity, where 52’534 new bearer shares of SunMirror AG were issued on 23 December 2022.

The comprehensive loss for the 1H 2022/23 amounted to USD 0.4 million and reflects the stronger US Dollar against the comparative currencies AUD and EUR (1H 2021/22 comprehensive loss of USD 1.5 million).

4 Company Structure

4.1 Registered Office, Financial Year, duration of the Company, Corporate Purpose

SunMirror AG is a stock corporation (Aktiengesellschaft) incorporated and operating under Swiss law. Its registered office is in Zug, Switzerland and it is registered with the commercial register office of the canton of Zug under CHE 395.708.464. The Company's address is General-Guisan-Strasse 6, 6300 Zug, Switzerland, telephone number +41 43 505 14 00. The Company's website is www.sunmirror.com.

The Company's legal name is "SunMirror AG". The Company and its subsidiaries operate on the market under the commercial name "SunMirror". The Company is established for an unlimited period of time. The Company's legal entity identifier (LEI) is 894500R3EZWT4CYDM933. The financial year of the Company runs from 1 July of a calendar year until 30 June of the next calendar year.

According to Article 2 of the Company's Articles of Association, the statutory purpose of the Company is to promote the long-term value of the subsidiaries, affiliated companies or participation through uniform administration and centralized services and to provide the associated financing. In addition, the Company may buy, sell, broker, manage and exploit real estate, securities, participations and intellectual property rights, establish subsidiaries and branches in Switzerland and abroad and carry out all commercial activities related to the purpose of the Company.

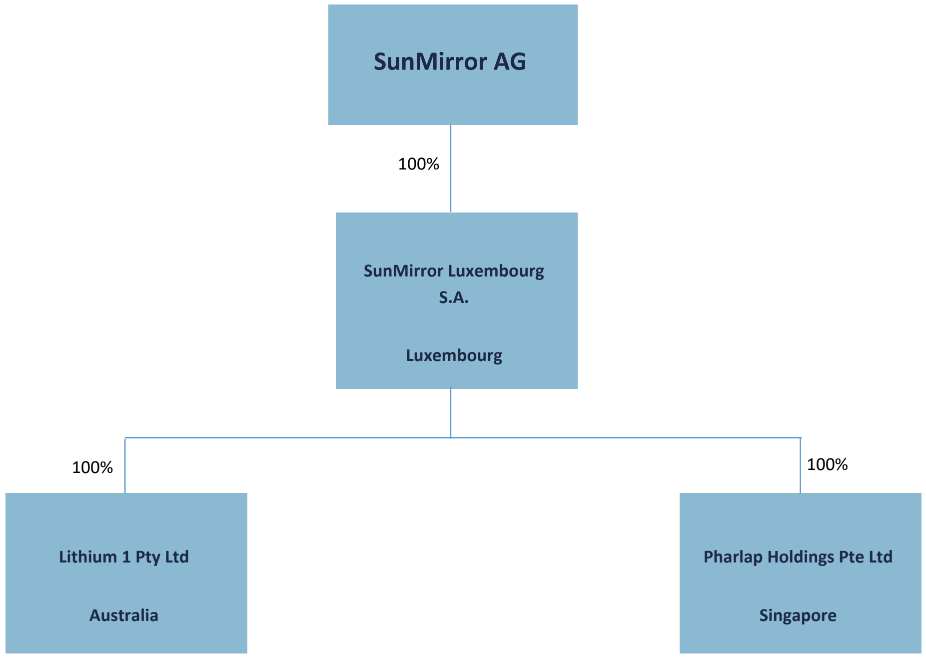
4.2 The Creation and Historical Development of the Company

The Company was first incorporated under the name Dynastar AG on 24 September 2014 with its registered office in Erlenbach ZH, Switzerland, and was registered with the commercial register office of the Canton of Zurich under CHE-395.708.464.

In 2018, the Company's shares were admitted to listing on the regulated unofficial market segment (*Freiverkehr*) of Düsseldorf Stock Exchange (*Börse Düsseldorf*).

On 31 August 2020 the Company's general meeting resolved to acquire all shares of Couno Resources S.A. (today, SunMirror Luxembourg S.A. – "**SunMirror Luxembourg**") by means of a contribution in kind, to change the Company's name to SunMirror AG and to move its registered office from the Canton of Zurich to the Canton of Zug. The acquisition of Couno Resources S.A. (today, SunMirror Luxembourg) completed on 7 September 2020.

Thereby, also the subsidiaries of Couno Resources S.A. (today, SunMirror Luxembourg), Lithium 1, and Pharlap, became part of the Group, resulting in the following structure:



Couno Resources S.A. (today, SunMirror Luxembourg) acquired all shares of Lithium 1 by means of a share purchase agreement dated 14 February 2020. Lithium 1 is an Australian company which holds an exploration license for the tenements Moolyella (Lithium) and Kingston-Keith (Gold and Nickel), both located in Western Australia.

Couno Resources S.A. (today, SunMirror Luxembourg) acquired all shares of Pharlap by means of a share purchase agreement dated 12 August 2020, amended on 18 December 2020. Pharlap is a Singapore company whose main asset is composed of a royalty agreement relating to future royalties payable in relation to the Cape Lambert magnetite project.

On 30 November 2020, the Shares were included for trading on the Vienna MTF (market segment direct market) of Vienna Stock Exchange (*Wiener Börse*).

On 26 November 2021, the Listed Shares were admitted to trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*), a regulated market pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended (Markets in Financial Instruments Directive II – "**MiFID II**").

4.3 Significant Subsidiaries

The significant subsidiaries of the Company are (i) SunMirror Luxembourg, incorporated in Luxembourg, (ii) Lithium 1, incorporated in Australia, and (iii) Pharlap, incorporated in Singapore. The Company holds, directly or indirectly, 100% of all shares and all votes in each such company.

5 Risk Report

5.1 Business related risk factors

The Company is a start-up company with no operating history and has not generated cash inflows as yet and will continue to be dependent on equity or debt funding at acceptable conditions in order to finance its business activities. The establishment of completely new business activities may fail, especially against the background of SunMirror's focus on mineral exploration companies, however the company aims to mitigate this risk by hiring relevant experienced industry personnel and conducting exploration with the objective of establishing mineral resources.

There is significant risk in the identification and proving up resources. While as of today no drilling has been done, there is no guarantee that future drilling programs will be successful. This means that there is a substantial risk that drilling may outline a lower tonnage or grade resource, which would negatively impact our valuation and possibly lead to future impairment of assets and impact the ability of the Company to continue as a going concern.

No asset of the Group is expected to generate revenues in the short term.

The Group's existing exploration assets, the Moolyella project and the Kingston-Keith project, are expected to take at least until 2027 and 2028 before they can be turned into producing mines, provided exploration efforts show the envisaged results of proving up a viable resource, obtaining a mining license and funding to construct an operating mine. Until such stage, even in case of successful exploration such assets will require further investment but will not generate revenues in the short-term. For the short-term, the Group will be dependent solely on equity and equity-linked funding, such as by means of convertible notes, to finance its administration and exploration and development activities. Any funding need may increase in case of delays with exploration efforts or higher than expected costs. If the Group fails to obtain additional funding at all or at reasonable terms, if required, the Group may be forced to sell assets, potentially also in distress, or even to file for insolvency which would result in assets being impaired and potentially additional liabilities being incurred.

In addition, the Group owns via its Pharlap Holdings subsidiary a royalty (the "Royalty Asset") on the Cape Lambert Iron Ore Project owned by MCC. The Royalty Asset is linked to a retention license and associated revenues rely on the commencement date of the mining operations, which is currently not yet set. Such date is dependent on many factors that are not in control of the Group, including but not limited to commodity prices, MCC business strategy and credit quality, regulation in Western Australia, global macroeconomic dynamics, etc.

Further, any acquisition by the Group of additional exploration assets or companies holding exploration assets will require the Group to obtain sufficient additional funding from its shareholders by means of share capital increases.

5.2 Commodity market related Risk factors

The market reacts sensitively to various factors, which is why a market forecast is only possible to a limited extent. Price and interest rate developments, inflation, political and social changes can be identified as driving factors.

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on net income or loss and economic value due to commodity price movements and volatilities. The Company closely monitors long term commodity prices, particularly as they relate to iron ore, base and precious metals, to determine the appropriate course of action to be taken by the Company. SunMirror actively monitors its risk of a shortage of funds as SunMirror will need extensive funds to finance its future exploration and evaluation activities as well as potential acquisitions. When expenses are denominated in currencies other than the respective functional currencies SunMirror is subject to foreign currency risks. SunMirror manages this foreign currency risk by matching receipts and payments in the same currency and monitoring movements in exchange rates.

In addition, SunMirror might be facing competition from other companies, some of which have considerably higher funds at their disposal for acquisitions or joint ventures. Furthermore, more competitors could lead to more mineral reserves being produced and to lower market prices for certain minerals. This could result in SunMirror Group’s outlook being less attractive to potential capital providers. A lack of access to capital could restrict SunMirror’s ability to finance development of its business. It could also impact the prospects of SunMirror’s royalty asset held at Pharlap.

5.3 Regulatory Risk factors

The parent company SunMirror AG issues bearer shares instead of registered shares, which is still feasible for publicly listed companies in Switzerland. However, with the global tendency towards issuing registered shares bearer shares may restrict the Group’s access to capital in the future.

MCC successfully got the extension of its retention license to March 2025 approved by Western Australia’s department of mines but further extensions could be refused in due course, which could have an impact on the prospect of SunMirror’s royalty held at its Pharlap subsidiary to produce any revenues in the future.

New environmental regulations might create additional requirements on mining developments and fossil fuel usage that may have an impact on the future Company's results of operations and financial conditions. Regulations on fossil fuel usage would also likely create opportunities given the Company's focus on battery metals resources.

In Western Australia, registered Native Title claimants and determined Native Title holders have certain rights under the provisions of the Native Title Act 1993 (Cth) (NTA) future act regime, when governments intend to conduct business such as the granting of mineral tenure that are future acts under the NTA.

The State Government has a policy whereby applicants for exploration licences and prospecting licences will have to sign and offer a Regional Standard Heritage Agreement (RSHA) or prove they have an existing Alternative Heritage Agreement in place. This must happen before the applications will be submitted to the NTA Expedited Procedure (Kimberley Region excluded).

The RSHAs provide Aboriginal heritage protection and offer all parties with standard fees and procedures for heritage clearances that are at an acceptable standard to industry.

Parts of the Moolyella and Kingston Keith exploration licences are covered by heritage claims and the company is in close dialogue with the aboriginal groups concerned. An RSHA has been concluded with the local Native Title Group covering the Moolyella licence area, and a similar agreement is currently being negotiated with the relevant Native Title Group in the Kingston Keith licence area.

Source: https://www.dmp.wa.gov.au/Minerals/Native-Title-Act-Process-5548.aspx

5.4 Impact of Covid-19

With the Covid-19 pandemic now fully under control, there is no impact on the Group's activity. The progressive lifting of restrictions in China, the last major country with severe regulations linked to the Covid-19 pandemic, it is expected that the need for battery metals will become even more acute.

5.5 Legal risks

The SunMirror Group is exposed to legal risks through its business and financing activities. The Sunmirror Group enters into contracts with suppliers, contractors, and other counterparties that may give rise to disputes and claims. The Group may also have claims against counterparties that it may decide to pursue and that may give rise to significant legal costs before a successful outcome, if any, were to occur. The Group has in-house expertise to handle such risks with the assistance of a number of outside legal advisors in the various jurisdictions where it operates or has business relationships. The Group also carefully monitors its own compliance with legal agreements to minimise the risk of legal disputes in the future.

The Company is in a dispute with the holders of the former 52,534 mandatory convertible notes ISIN CH1142529093, which were issued in December 2021 and were automatically converted into SunMirror shares in December 2022 at a price of EUR 75 per share. The noteholders dispute the conversion of their notes. The Company considers that the note were rightfully converted to shares and fundamentally disagrees with the noteholders allegations. On this basis and given the current facts, the Company is of the opinion that the claims are unfounded and does not recognise any provision or contingent liabilities in connection with this dispute. At a conciliation hearing in March 2023, no settlement was reached.

5.6 Impact of inflation, the increase in interest rates, and potential risk of global recession

The significant increase in inflation globally could put pressure on the Group's costs. Fortunately, the Group has limited exposure to inflation as most of its costs are contracted under medium to long term contracts. The Group has limited exposure to materials and energy costs in its exploration activities.

Further, central banks globally are fighting inflation with steep increases in interest rates. This could result in scarcer and/or more expensive access to capital which could in turn result in acquisitions and capex activities being more challenging to complete.

Finally, the increase in interest rate is likely going to dampen global economic growth in the medium term. This could result in reduced demand for the commodities that the Group looks to produce. However, production will occur in a longer timeframe. Separately recession could impact MCC's plans to develop the Cape Lambert Iron Ore Project, which would postpone the date by which the Royalty Asset could produce revenues.

6 Reporting on key features of the internal control and risk management system with regard to the accounting process

Corporate Accounting comprises those activities that are necessary to prepare annual financial statements and consolidated financial statements in compliance with the law and IFRS.

6.1 Structure of accounting

The accounting function in the SunMirror Group comprises the accounting departments at local companies and the Corporate Accounting department in Zurich. The local companies draw up financial statements in accordance with local law based on local accounting software. The financial statements are submitted quarterly to Corporate Accounting in Zurich for final clarification and review. The reconciliation of local financial statements to uniform IFRS accounting and valuation principles are performed by the Corporate Accounting departement in corporation with the consolidation service provider.

6.2 Consolidation

The IFRS financial statements are drawn up in accordance with IFRS accounting and valuation principals as issued by the International Accounting Standards Board (IASB). Local financial reporting data are checked manually by Corporate Accounting (mainly plausibility checks, intercompany reconciliation and reconciliation of financial statements according to local GAAP into IFRS-compliant accounting and valuation). During this process, Corporate Accounting works closely with the consolidation service provider. Consolidation work is done twice a year (annual group financial statements at June 30 and interim condensed group financial statements at December 31).

The overall consolidation process includes checking the consistency of the data transmitted and plausibilisation of the financial statements as a whole. The consolidation is prepared by using a certified professional consolidation software.

To ensure correct and timely completion of the annual report by the publication date, deadlines are set for both the half-year (interim) and the annual financial statements. The entire accounting function is notified of these in good time. In addition to the annual report at the end of each financial year, a halfyear interim report is published in accordance with IAS 34.

6.3 Controls

The accounting function reports to the CFO. Regular reports to the Board of Directors contain information on the asset capex programmes, expense outlook, potential legal challenges, and opportunities and risks. This ensures ongoing oversight of the internal control system. Existing and potential risks are constantly monitored. This is based on uniform risk guidelines. The management is responsible for implementing these guidelines and ensuring they are observed.

In the SunMirror Group, the annual audit schedule is determined by the Board of Directors on the basis of a proposal by the Corporate Accounting department. Focal areas are examining the effectiveness of the internal control system, compliance with the applicable Reporting Standards and other compliance requirements. The results of audits are presented on a case-by-case basis as they arise to the Board of Directors.

7 Information on capital, share, voting and control rights and associated obligations pursuant to 243a UGB

1. The share capital of SunMirror AG was CHF 2,395,755.00 as at 31 December 2022 and was divided into 2,395,755 bearer shares with a par value of CHF 1.00 per share each, which are fully-paid in. All shares are equal in terms of their dividend and voting rights.

As of the 31 December 2022, the 52,534 bearer shares created in 1H2023 with the capital increase dated 23rd December 2022, following the automatic conversion on 20 December 2022 of the compulsory convertible notes issued in December 2021, are pending admission for trading on the Vienna Stock Exchange.

7.1 Authorised Capital

The Board of Directors was authorized, at any time until 29th of December 2022 to increase the share capital by a maximum amount CHF 751,879.00 by issuing a maximum of 751,879 bearer shares with a nominal value of CHF 1.00 each, to be fully paid up. This amount of authorized capital expired on 29th of December 2022.

The Board of Directors is authorised to exclude the subscription right of existing shareholders for important reasons and to allocate it to third parties. Important reasons are in particular the participation of employees, mergers, the financing of the company, financing and refinancing of takeovers, contributions in kind as well as placement of the shares on national or international stock exchanges. The Board of Directors may also exclude the subscription right if the new shares to be created are issued in connection with i) a public placement or ii) a private placement to broaden the base of qualified shareholders within the meaning of the Federal Act on Collective Investment Schemes. Shares for which subscription rights are granted but not exercised must be used by the Board of Directors in the interest of the Company. The Board is authorised to determine the issue price of the shares, the type of contribution, the allocation to new shareholders and the date of dividend entitlement.

7.2 Conditional Capital and Convertible Notes

As of 1 July 2022, the conditional capital of the company stood at CHF 904.900,00.

According to Article 3b of the Articles of Association at the opening of FY2022/2023 : “The share capital shall be increased, excluding shareholders'' subscription rights, by a maximum of 904.900 bearer shares by issuing a maximum of 904.900 bearer shares with a nominal value of CHF 1,00 each, to be fully paid up, through the exercise of conversion and option rights granted to creditors of new bonds or similar debt instruments issued by the Company under one or more participation plans to be established by the Board of Directors. The Board of Directors shall determine the details of the terms of issuance.”

Of the 904.900 bearer shares of the conditional capital, 52.534 shares were allocated to the Compulsory Convertible Notes with ISIN CH1142529093, which were automatically converted in shares on 20th December 2022. The conversion of these 52.534 notes resulted in a reduction of the conditional capital by the same amount to CHF 852.366,00 effective on 23 December 2022 as per the updated Articles of Association. These shares shall be admitted for trading at the Vienna Stock Exchange in due course.

2. As at 31st December 2022, SunMirror AG had a direct stake of 100.0% in SunMirror Luxembourg S.A. and was thus the indirect sole shareholder of Pharlap Holdings PTE Ltd. As announced in the Company’s ad hoc news dated 1st August 2022, the Company temporarily lost control over Lithium 1 Pty. Ltd. The control was regained on 2nd August 2022, and re-established the 100% ownership of Lithium 1 Pty Ltd by SunMirror Luxembourg S.A.

3. According to Article 16 of the Articles of Association: “The Board of Directors is composed of one or several members, who are elected by the General Meeting of Shareholders for a term of one year and who may be re-elected. The term of office ends on the day when the ordinary Meeting of Sahreholders is held. In case of by-elections, the new memebrs of the Board of Directors shall complete their predecessors’ term of office.”

4. There are no financing agreements nor customer contracts containing any customary agreements on a change of control in the event of a takeover within the meaning of Section 243a (1) No. 8 UGB.

5. There are no compensation agreements within the meaning of Section 243a (1) No. 9 UGB.

6. An employee stock option programme is being put in place by the Board

8 Outlook and Important events that have occurred since the end of the last business year

SunMirror is now fully focused on investing available funds primarily in the development of value-added resource projects. Thus, SunMirror wants to rapidly develop the Moolyella lithium project, where first rock samples were analysed earlier this year. The Moolyella licence is very promising for the occurrence of lithium-bearing pegmatites. This was confirmed by the assays. By focusing on this programme, management hopes to create significant value for the company, particularly given neighbouring tenements, such as those owned by Global Lithium Resources, have seen their resources base steadily expanding in the last 5 years. The first drilling is planned in the course of Q2/Q3 of 2023 after the full results of the aeromag survey have been interpreted to identify more precise drilling targets. As a further step to advance the resource projects, SunMirror allocated a budget for the Kingston Keith project to start the necessary preliminary work. An aeromag survey was completed in January 2023. In addition, discussions are taking place with potential partners in Australia to share exploration costs and expertise.

In addition, additional assets can be acquired and be brought into the company to increase the portfolio diversification and the value of the company. Potential JVs or partnerships are also being discussed to help diversify the Group’s opportunities and risk profile, with a focus on making sure there is a full alignment of interests with the potential partners.

At the end February 2023, Heinz Kubli left the Company and was replaced by Laurent Quelin as Interim CEO. In March 2023, a conciliation hearing with the compulsory convertible noteholders was held in Zug, Switzerland. No settlement was reached.

SunMirror AG

Interim Condensed Consolidated Financial Statements for the six months ended 31 December 2022

Content

Consolidated statement of profit and loss

For the six months ended 31 December 2022 and the six months ended 31 December 2021 (see Note 2.7):

In USD thousand	Note	**July – Dec. 2022**	**July – Dec. 2021 (restated)**
Personnel expense	4.1	-532	-418
General and administrative expense	4.2	-1'466	-1'792
Other income	4.3	182	0
Depreciation and impairment losses	4.4	0	-4'536
Operating loss		**-1'816**	**-6'746**
Finance income		158	470
Finance expense		-410	-2.682
Financial result	4.5	**-252**	**-2'212**
Loss before taxes		**-2'068**	**-8'958**
Income tax		0	0
Loss for the period		**-2'068**	**-8'958**
Basic and diluted loss per share	4.6	-0.86	-4.48

The loss for the period is fully attributable to the shareholders of SunMirror AG. There are no non-controlling interests.

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

Consolidated statement of comprehensive income

For the six months ended 31 December 2022 and the six months ended 31 December 2021 (see Note 2.7):

In USD thousand	**Note**	**July – Dec. 2022**	**July – Dec. 2021 (restated)**
Loss for the period		**-2'068**	**-8'958**
Other comprehensive income	4.7		
Items that may be reclassified into profit or loss:			
Exchange differences on translation of foreign operations		-412	-1'492
Total comprehensive loss for the year		**-2'480**	**-10'450**

Other comprehensive loss for the period is fully attributable to the shareholders of SunMirror AG. There are no non-controlling interests.

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

Consolidated statement of financial position

In USD thousand

ASSETS	Note	Dec. 31 2022	June 30 2022
Non-current assets			
Intangible assets	4.8	25’976	26’357
Exploration and evaluation assets	4.9	3’836	3’781
Total non-current assets		**29’812**	**30’138**
Current assets			
Financial assets	5.1	340	413
Other receivables	4.10	197	118
Cash and cash equivalents	5.1	5’250	10’611
Total current assets		**5’787**	**11’142**
Total assets		**35’599**	**41’280**
EQUITY AND LIABILITIES			
Equity			
Share capital		2’585	2’529
Capital reserves		58’093	54’018
Accumulated losses		-25’354	-23’286
Other reserves		-822	-410
Total shareholders’ equity		**34’502**	**32’851**
Non-current liabilities			
Defined benefit obligation		34	33
Total non-current liabilities		**34**	**33**
Current liabilities			
Financial liabilities	5.1	1	6’723
Trade payables	5.1	444	915
Other liabilities	5.1	607	755
Other non-financial liabilities	4.11	11	3
Total current liabilities		**1’063**	**8’396**
Total liabilities		**1’097**	**8’429**
Total equity and liabilities		**35’599**	**41’280**

Shareholders’ equity is fully attributable to the shareholders of SunMirror AG. There are no minority interests. The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in equity

For the six months ended 31 December 2022 and 31 December 2021

In USD thousand	Note	Share capital	Capital reserves	Accumul. Loss	Other reserves	Total shareholders' equity
Balance as at 01 July 2022		2'529	54'018	-23'286	-410	32'851
Loss for the period				-2'068		-2'068
Other comprehensive income					-412	-412
Total comprehensive income				-2'068	-412	-2'480
Conversion of convertible bond	3	56	4'075			4'131
Balance as at 31 December 2022		**2'585**	**58'093**	**-25'354**	**-822**	**34'502**

In USD thousand	Note	Share capital	Capital reserves	Accumul. Loss	Other reserves	Total shareholders' equity
Balance as at 01 July 2021		2'162	30'888	-4'996	1'755	29'809
Loss for the period				-8'958		-8'958
Other comprehensive income					-1'492	-1'492
Total comprehensive income				-8'958	-1'492	-10'450
Equity component of convertible bonds issued			-416			-416
Balance as at 31 December 2021 (restated)		**2'162**	**30'472**	**-13'954**	**263**	**18'943**

Shareholders' equity is fully attributable to the shareholders of SunMirror AG. There are no minority interests. Other reserves refer exclusively to cumulative currency translation differences from the translation of foreign operations.

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

Consolidated statement of cash flows

For the six months ended 31 December 2022 and the six months ended 31 December 2021.

In USD thousand	Note	July – Dec. 2022	July – Dec. 2021 (restated)
Cash flows from operating activities			
Loss of the period		**-2'068**	**-8'958**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation		0	3
Other non-cash income/expense	4.4	118	4'629
Financial result	4.5	252	2'212
Working capital changes:			
Increase/ decrease in other receivables		-72	-301
Increase/decrease in trade and other payables		-867	-41
Interest paid		-298	-27
Net cash flows from operating activities		**-2'935**	**-2'483**
Cash flows from investing activities			
Payments for exploration expenditure	4.9	-109	-176
Payments in relation to the potential acquisition of Latitude 66 Cobalt Oy		0	-1'510
Proceeds from financial assets at fair value through profit or loss		111	2'429
Net cash flows from investing activities		**2**	**743**
Cash flows from financing activities			
Proceeds from issuance of convertible bonds		0	4'157
Payments for convertible bonds		-2'599	0
Proceeds from shareholder loans		0	11
Payments for brokerage commission		0	-140
Net cash flows from financing activities		**-2'599**	**4'028**
Net foreign exchange differences		171	18
Net change in cash and cash equivalents		**-5'361**	**2'306**
Cash and cash equivalents at beginning of period		10'611	445
Cash and cash equivalents at end of period		**5'250**	**2'751**

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

Notes to the interim condensed consolidated financial statements

1 Corporate information

The condensed consolidated financial statements of SunMirror AG and its subsidiaries (collectively, SunMirror Group or the Group) for the six months from 1 July to 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 29 March 2023.

SunMirror AG (the Company or the parent) is incorporated and domiciled in Switzerland. The shares are listed under ISIN CH0396131929 on the Regulated Market (Amtlicher Handel) of the Vienna Stock Exchange, Austria. In addition, the shares are listed on the Open Market (Freiverkehr) in Frankfurt, Düsseldorf, and Berlin under ticker ROR. Since 22 December 2022, the new address of its registered office and principal place of business is General-Guisan-Strasse 6, Zug, Switzerland (before: Steinhauserstrasse 74, Zug, Switzerland).

SunMirror Group prepares and publishes its financial statements in US Dollar (USD), which is the SunMirror Group's presentation currency. Unless otherwise stated, the numbers are rounded to whole USD Thousand.

2 Basis of preparation and changes to the Group's accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. In preparation of these financial statements the same accounting policies as well as recognition and measurement principles were applied as in the Group's annual consolidated financial statements as at 30 June 2022.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2022.

2.2 Going Concern

The Directors continue to have a reasonable expectation that the Group has adequate resources to continue as a going concern for at least the next 12 months, and that going concern accounting remains appropriate.

The appropriateness of the Group's ability to continue as going concern is dependent on the availability of sufficient liquidity to finance the Group's on-going operations. As the Group, in its current stage as an exploration company, does not generate any operating cash inflows or revenues, a material uncertainty exists, that may cast significant doubt about the company's ability to continue as a going concern. Therefore, the group may be unable to realise the assets and discharge its liabilities in the normal course of business.

During the six months ended 31 December 2022, the Group incurred a net loss for the period of USD 2.1 million (July – Dec. 2021: loss USD 9.0 million) and net cash outflow from operating and investing activities of USD 2.9 million (July – Dec. 2020: USD 1.7 million).

As at 31 December 2022, the Group had net assets of USD 34.5 million (30 June 2022: USD 32.9 million) including cash of USD 5.3 million (30 June 2022: USD 10.6 million). Net current liabilities as at 31 December 2022 amount to USD 1.1 million (30 June 2022: USD 8.4 million).

SunMirror is currently focused on developing the existing asset Moolyella and Kingston Keith with moderate base case capital expenditures of USD 0.3 million (estimated) in the current financial year ending 30 June 2023 and an additional USD 0.3 million for July to December 2023. Management assumes that the Group has sufficient liquidity reserves for this purpose. Should acquisitions be made, these would have to be financed by corresponding capital increases.

We have performed a sensitivity analysis based on the key assumptions listed below underlying the Company's budget through December 2023 and do not believe the Company's ability to continue as a going concern would be materially impacted given the scale of the Group's operations and commitment:

- Inflation risk
- Repayment of liabilities
- Legal costs escalation due to potential claims

However, if such events were to occur, some of the mitigating measures within the Directors control to reduce costs, optimize cash flow and preserve liquidity include, but are not limited, to:

- reducing non-essential capital expenditure and cancelling discretionary spending
- disposing of some of the Group's non-essential assets

If these activities would not yield a positive result, it is possible that the Company would decide to sell assets or discontinue certain operations that could ultimately result in the Company not continuing as a going concern.

Based on these factors, the Directors have a reasonable expectation that SunMirror has adequate liquidity and resources to continue as a going concern.

2.3 Basis of consolidation

The following entities form the consolidation scope of these consolidated financial statements as of 31 December 2022.

Name	Country of incorporation	Currency	Equity portion	Share capital
SunMirror AG	Switzerland	CHF	Holding	2’395’755
SunMirror Luxembourg S.A.	Luxembourg	EUR	100%	1’111’000
Lithium 1 Pty Ltd	Australia	AUD	100%	10
Pharlap Holdings Pte Ltd	Singapore	SGD	100%	4’172’242

There was no change in the group of consolidated companies from prior year. The functional currency for all entities listed above is the local currency, with the exception of Pharlap Holdings Pte Ltd, who’s functional currency is AUD, which is different from the local currency.

2.4 New standards, interpretations and amendments adopted by the Group

The Group continuously reviews new and amended accounting standards and interpretations issued by the IASB. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. SunMirror's management has considered the impact of new and amended accounting standards effective for reporting periods beginning after 1 July 2022 and has determined that their application to the financial statements is either not relevant or not significant.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.5 Impairment testing

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. In addition to the impairment factors listed in note 2.4.5. of the consolidated financial statements as of June 30, 2022, the development of the stock market price of the SunMirror AG share (ticker: ROR) is also included as an indirect indication. The SunMirror AG share price has stabilized at a low level since the preparation of the consolidated financial statements as of June 30, 2022. As a result, management does not consider there to be any indication of a possible impairment.

2.6 Critical accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, assumptions and estimates that affect the reported amounts of expenses, assets and liabilities and the accompanying disclosures. Key sources of estimation uncertainty could result in outcomes that require a material adjustment to the carrying amount of affected assets or liabilities in future periods. The assumptions about future periods may, however, change due to circumstances arising beyond the control of the management. In such cases the changes in the assumptions will be reflected when they occur.

In preparation of the consolidated financial statements, Management made no critical judgements and estimates, that require disclosure under IAS 1.

2.7 Correction in comparative period

A correction had to be recognized in the comparative period July - December 2021. This is related to the initial recognition and subsequent measurement of the compulsory convertible note. Details of the adjustment in the comparative period can be referred to in the consolidated financial statements for the fiscal year ended June 30, 2022 (Note 3). In the consolidated statement of profit and loss July - December 2021, the impact of the correction has affected items in financial result, loss for the period and loss per share. In addition, the item "General and administrative expense" has been disclosed in accordance with the presentation in the consolidated financial statements for the year ended June 30, 2022. In the consolidated statement of comprehensive income July - December 2021, this affects the line item currency translation differences.

3 Significant transactions and events

3.1 Repayment of convertible bond

On April 8, 2021, a convertible bond in the amount of USD 2.8 million with a maturity date of May 30, 2022, was fully subscribed. The holder of this convertible bond has not exercised his conversion right. Due to technical problems with the paying agent, the repayment was delayed until 5 July 2022. Repayment of the nominal amount together with accrued interest was recognized in the current reporting period.

3.2 Conversion of compulsory convertible bond

In a private placement with institutional investors, SunMirror AG placed a compulsory convertible note on 20 December 2021. As of 31 December 2021, 52’534 notes had been placed at a price of EUR 68.18 each, representing a cash inflow of EUR 3.6 million (USD 4.1 million). In the reporting period, the issued notes were converted into bearer shares of the Company with a conversion price of EUR 75 each. No repayments were made.

3.3 Personnel changes

A new and qualified CFO, Laurent Quelin, has been appointed. He officially assumed his function on 1 September 2022 but has been with the company since August 2022. In his position, Laurent Quelin replaces Flavia Sennhauser, who stepped down in August 2022 and ensured the smooth transition to her successor in a transitional phase until 30 September 2022. Laurent Quelin was elected to the Board of Directors of SunMirror AG at the Extraordinary General Meeting of 30 September 2022 and as Chairman of the Board of Directors at the Ordinary General Meeting of 23 December 2022. Laurent Quelin's compensation provides for a fixed monthly component and a variable share compensation element. However, due to materiality considerations and the lack of a basis for calculation, no share-based compensation was recognized as of 31 December 2022 (see Note 5.3).

3.4 Settlement of legal disputes

After an out-of-court settlement with a service provider regarding the invoiced fees could not be found, SunMirror filed a lawsuit with the Regional Court in Munich. With the decision of the Higher Regional Court in Munich on 8 November 2022, this lawsuit was concluded. As a result of this court decision, the defendants' outstanding receivables, which were recorded in SunMirror's current liabilities, were significantly reduced. (see Note 4.3).

4 Details on performance and balance sheet items

4.1 Personnel expenses

Personnel expenses comprise salaries and compensation for members of the Board of Directors, management, and employees. The increase in personnel expense compared to the prior year arises primarily from the increase in the number of full-time equivalents (FTE) from 2.85 FTE in the period July to December 2021 to 3.62 FTE during July to December 2022.

4.2 General and administrative expense

In USD thousand	**July – Dec. 2022**	**July – Dec. 2021**
Consulting fees	-249	-154
Regulatory expenses	-59	-372
Legal and tax fees	-459	-416
Accounting and auditing fees	-497	-272
Services provided by related parties	0	-239
Investor Relations	-138	-317
Capital tax	-11	-2
Other operating expense	-52	-20
Total general and administrative expense	**-1’466**	**-1’792**

4.3 Other income

Other income results from the reversal of a current provision no longer required and the reduction of a creditor's claim (see Note 3).

4.4 Depreciation and impairment losses

In USD thousand	**July – Dec. 2022**	**July – Dec. 2021 (restated)**
Impairment of exclusivity fee for the acquisition of Latitude 66	0	-3’012
Impairment of loans granted to Latitude 66	0	-1’520
Depreciation expense	0	-3
Total depreciation and impairment losses	**0**	**-4’535**

The impairment of the exclusivity fee and loans granted relates solely to the failed acquisition of Latitude 66. Refer to the notes to the consolidated financial statements for the year ended June 30, 2022.

4.5 Financial result

In USD thousand	July – Dec. 2022	July – Dec. 2021 (restated)
Gains on marketable securities	42	25
Foreign currency exchange gain	112	434
Interest income	4	11
Finance income	**158**	**470**
Interest expense	-218	-819
Foreign currency exchange loss	-192	0
Loss on marketable securities	0	-1’863
Finance expense	**-410**	**-2’682**
Financial result	**-252**	**-2’212**

Finance income results primarily from foreign currency exchange gains on liabilities and from the gain on the sale of the remaining shares in Cadiz Inc.

Finance expense result primarily from the pro rata reversal of brokerage commission for the compulsory convertible notes (interest expenses) and foreign currency exchange losses on cash and cash equivalents as well as receivables.

4.6 Earnings per share

Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period. 52’534 shares issued upon conversion of the compulsory convertible notes on December 23, 2022 have been included in the calculation of basic earnings per share. As of 31 December 2022, the Company had 2’395’755 shares outstanding. For the six months ended 31 December 2021 the number of shares was 2’000’000.

4.7 Other comprehensive income

Other comprehensive income includes gains and losses from the currency translation of companies whose functional currency differs from the Group's reporting currency. Foreign currency translation losses result mainly from the translation of assets held by Lithium 1 and Pharlap Holdings (see note 2.3).

4.8 Intangible assets

Intangible assets include together with the domain the Royalty Agreement for the Cape Lambert Magnetite Project (Australia). The decrease in value during the six months ended 31 December 2022 stems exclusively from currency translation effects. There were no impairment indicators, and no changes in circumstances relating to this asset compared with 30 June 2022.

The license agreement is not yet available for use and is therefore tested for impairment at each reporting date. No indicators of impairment within the meaning of IFRS 6 were identified for the reporting periods 1H 2022/23 and 1H 2021/22. The carrying amount of the license agreement is linked to a retention license.

The start of mining operations has not yet been determined, resulting in the intangible asset presently having an undefined useful life.

4.9 Exploration and Evaluation assets

In USD thousand	**Moolyella**	**Kingston Keith**	**Total**
Cost as at 01 July 2021	**3’687**	**149**	**3’836**
Additions	17	159	176
Currency translation	-130	7	-123
Cost as at 31 December 2021	**3’574**	**315**	**3’889**
Cost as at 01 July 2022	**3’460**	**321**	**3’781**
Additions	83	26	109
Currency translation	-50	-4	-54
Cost as at 31 December 2022	**3’493**	**343**	**3’836**

The increased the carrying amount in the period from July to December 2022 refers to capitalized exploration and evaluation expenditures. The resulting new information relating to these assets deriving from these activities did not reveal any indication for impairment. These are exclusively assets that are allocated to phase 1 (exploration and evaluation) and have an undefined useful life.

4.10 Other receivables

Other receivables comprise balances due from tax administrations, prepayments and accruals that are valued at nominal value due to their short term maturity.

4.11 Other non-financial liabilities

Other non-financial liabilities comprise blances due to tax administrations and accruals that are valued at nominal value due to their short term maturity.

5 Other disclosures

5.1 Disclosures on financial instruments

The convertible bond, valued at amortized cost, in the amount of USD 2.8 million was fully subscribed in April 2021 and, due to the lack of exercise of the conversion right, was fully repaid in cash in the current reporting period (see note 3).

The compulsory convertible note was valued at amortized costs and issued on 20 December 2021, with maturity on 20 December 2022. All subscribed 52'534 bond notes were converted into share capital at a price of EUR 75 per bond and share in the capital increase on 23 December 2022 (see note 3).

The following table includes the details of cash flows from financing activities:

In USD thousand	**Balance as at 01 July 2022**	**Cash-effective**	**Non-cash effective**	**Balance as at 31 December 2022**
Convertible bonds at amortized cost	2'829	-2'896	67	0
Compulsory convertible notes at amortized cost	3'893	0	-3'893	0
Shareholder loan	1	0	0	1
Total current financial liabilities	**6'723**	**-2'896**	**-3'826**	**1**

The table summarises the classification of financial instruments depending on their subsequent measurement.

In USD thousand	**31 Dec. 2022**	**30 June 2022**
Financial assets	**5’590**	**11’024**
Measured at fair value through profit or loss	**0**	**68**
Securities at fair value through profit or loss	0	68
Measured at amortized cost	**5’590**	**10’956**
Cash at bank	5’250	10’611
Loan to shareholder at amortized cost	340	345
Financial liabilities	**1’052**	**8’393**
Measured at amortized cost	**1’052**	**8’393**
Convertible bond (liability component)	0	2’829
Compulsory convertible bond (liability component)	0	3’893
Shareholder loan	1	1
Trade payables	444	915
Other payables and accrued charges	607	755

5.2 Segment reporting

The Group did not yet start its operating activities, therefore only one operating and reportable segment has been identified. Consequently, the conduct of exploration activities can be regarded as the Group’s sole operating and reportable segment.

5.3 Related party transactions

The Group’s related party transactions include transactions with:

- Directors and members of the management of SunMirror (defined as directors and management of SunMirror AG).
- Opus Capital Switzerland AG. The company provided key management personnel services to the Group and investors in the field of business development. Opus Capital Switzerland AG is an independent corporate advisory firm focused on the strategic realignment of middle-market and emerging growth companies. As of 1 July 2022, Opus Capital Switzerland AG is no longer classified as a related party, since Heinz Kubli has resigned as a member of the Board of Directors of Opus Capital Switzerland AG.
- Gilmore Capital Ltd (formerly Gravner Ltd.), a shareholder with significant influence over SunMirror supports the Group by searching for investment opportunities. These services are provided free of charge.

The compensation of directors and key management personnel comprised the following:

In USD thousand	**July – Dec. 2022**	**July – Dec. 2021**
Short-term personnel expenses	-236	-178
Post-employment benefits	0	-6
Total	**-236**	**-184**

The amounts disclosed in the table are the amounts recognized as an expense during the reporting periods related to key management personnel and directors.

On 23 December 2022, the Annual General Meeting approved the total compensation for the Executive Board in accordance with the proposal of the Board of Directors. The compensation period covers the period from 23 December 2022 to 30 June 2023 and the following financial year, comprising twelve months until 30 June 2024. Based on this, the Compensation Committee subsequently decided to establish a share compensation plan for management. The formal elaboration and details had not been finalized by the time the interim consolidated financial statements as of 31 December 2022 were prepared. In principle, key management (CFO, ad interim CEO and Chairman of the Board of Directors) would be entitled to a share-based compensation component as of 23 December 2022 (start date). However, due to materiality considerations and the lack of a basis for calculation, no share-based compensation was recognized as of 31 December 2022.

The following transactions occurred with related parties:

In USD thousand	**July – Dec. 2022**	**July – Dec. 2021**
Services received from other related parties	0	-239
Transactions resulting from loans to related parties	1	0
Total	**1**	**-239**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

In USD thousand	**31 Dec. 2022**	**30 June 2022**
Current liabilities to:		
Key Management Personnel	0	-47
Current receivables from:		
Other related party	1	5
Total	**1**	**-42**
Loans receivable from:		
Other related party	340	345
Total	**340**	**345**

The loan granted to the shareholder has the following terms: Repayment in cash on demand in full including interest at an interest rate of 1% per annum or against delivery of an agreed Australian Exploration License at SunMirror AG's option. The loan is partially secured by shares of SunMirror AG.

5.4 Events after the end of the reporting period

Effective 1 March 2023, Laurent Quelin has taken over as interim CEO from Dr. Heinz Kubli, who did not stand for re-election at the last Annual General Meeting on 23 December 2022 and left the company on 28 February 2023.

The Retention Licence (R 47/18) held by MCC Australia Sanjin Mining Pty Ltd ("Cape Lambert North"), in which the Company holds a passive royalty interest in iron ore, has extended its Retention Licence to 21 March 2025.

The Company is in a dispute with the holders of the former 52,534 mandatory convertible notes ISIN CH1142529093, which were issued in December 2021 and were automatically converted into SunMirror shares on 20 December 2022 at a price of EUR 75 per share. The noteholders dispute the conversion of their notes. The Company considers that the note were rightfully converted to shares and fundamentally disagrees with the noteholders allegations. On this basis and given the current facts, the Company is of the opinion that the claims are unfounded and does not recognise any provision or contingent liabilities in connection with this dispute. At a conciliation hearing in March 2023, no settlement was reached.

Declaration by legal representatives in accordance §125 Section 1 Stock Exchange Act

No audit or review was performed on this set of financial information by SunMirror's auditor, Deloitte.

We confirm to the best of our knowledge that the interim condensed financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the interim condensed financial statements, of the major risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Zug, 29 March 2023

Laurent Quelin	Daniel Monks
Chairman of the Board	Board member