SUN MIRROR
RESPONSIBLE EXPLORATION

ANNUAL REPORT 2021/22

CONTENT

CONSOLIDATED MANAGEMENT REPORT

2021/22
AS AT 30 JUNE 2022

ECONOMIC ENVIRONMENT

CONTENT

ECONOMIC ENVIRONMENT

Macroeconomic Environment

Australia's resource and energy export earnings are forecast to reach $450 billion in 2022–23, surpassing last year's record of $422 billion. Earnings are then forecast to fall to $375 billion in 2023–24 (still the third highest ever), as world supply responds to high prices amidst a soft demand backdrop.

Driving the current surge in resource and energy export earnings is a spike in energy prices and Australian dollar weakness against the US dollar. Energy prices are elevated largely because of a looming drop in exports of gas, coal and oil by Russia, one of the world's largest energy exporters. Gas, LNG and thermal coal prices are at record levels, as Northern Hemisphere nations try to build stockpiles ahead of winter.

Since the end of June 2022, the price of thermal coal and other energy commodities prices have remained extremely high except for metallurgical coal prices which have declined sharply. Bans on Russian exports of oil and other fossil fuels by most advanced Western countries are progressively taking effect. By early 2023, the market for Russian exports will have shrunk noticeably: transport and infrastructure constraints will likely prevent a full diversion of some of these energy commodities from the West to nations such as China and India. The net result is a drop in world energy supply, as some Russian output becomes stranded. Drought in large parts of Western Europe, the United States and southern China has exacerbated energy shortages. High energy prices have caused the curtailment of energy-intensive metal smelting/refining, especially in Western Europe. These output cuts have partly offset the impact of weaker metal demand (induced by a sharp rise in energy costs on consumers and slower global GDP growth). Prices of energy commodities are expected to remain relatively high over the outlook period. High prices are likely to accelerate the push towards the adoption of low emission technologies.

Source: https://www.industry.gov.au/sites/default/files/minisite/static/8f915ab4-c06d-41cf-98ee-5bc628230bdc/resources-and-energy-quarterly-september-2022/documents/Resources-and-Energy-Quarterly-September-2022.pdf

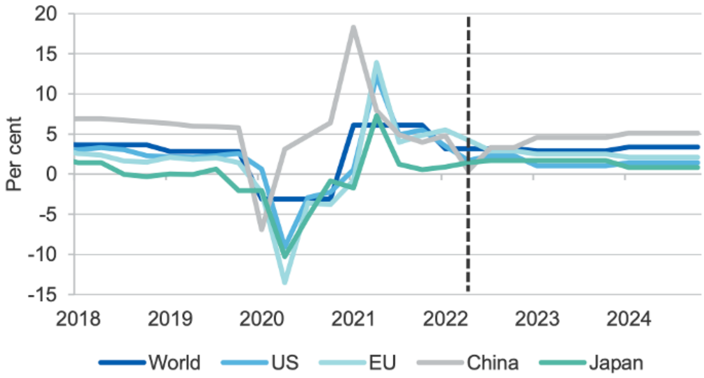
WORLD ECONOMIC OUTLOOK

The International Monetary Fund (IMF) projects the world economy to grow by 3.2% in real terms in 2022 and 2.9% in 2023. This is around half the rate of growth achieved last year and represents a downward revision of 0.4 percentage points in 2022 and 0.7 percentage points for 2023 from the April 2022 World Economic Outlook.

Global output stalled in the second quarter of this year, with GDP falling quarter-on-quarter (q/q) in China, the US and the UK, while Germany had zero growth. Downward revisions to forecast growth occurred across most economies, including substantially lower IMF growth forecasts for the US, China, the Euro Area, Japan and India. The Reserve Bank of Australia (RBA) expects growth in Australia's major trading partners to be well below its pre-pandemic average in the next two years.1

Policymakers in most economies currently face major challenges: they are having to manage high levels of inflation in an environment of sharply slowing (and even negative) growth. Inflation has surged, as supply problems add to a surge in energy prices due the fallout from the Russian invasion of Ukraine. The supply problems are both a remnant of the COVID-19 pandemic and a result of severe drought in Western Europe, southern China and the US.

GDP Growth Forecasts



Source: IMF (2022)

Downside risks are substantial. These include: Russia cutting off gas exports to Europe; inflation proving harder to reduce than expected; tighter global financial conditions inducing debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lingering problems in the Chinese property sector.

Whether the global economy experiences a hard or soft landing remains in the balance. Labour markets are extremely tight in some advanced economies, especially the US and the UK, raising nominal wage growth. But real wages have mostly fallen, eroding household purchasing power and consumer sentiment. Households in advanced economies are servicing historically high debt levels, in part by drawing down savings built up during the pandemic. How labour markets perform will be critical as business investment and household spending respond to tighter financial conditions over the coming quarters.

Source: https://www.industry.gov.au/sites/default/files/minisite/static/8f915ab4-c06d-41cf-98ee-5bc628230bdc/resources-and-energy-quarterly-september-2022/documents/Resources-and-Energy-Quarterly-September-2022.pdf

Relevant Commodity Markets

GOLD

SUMMARY: Gold prices averaged US$1,872 an ounce in the June quarter 2022, before falling to an average of about US$1,730 an ounce in the September quarter 2022. Prices came under pressure from the strong US dollar and rising bond yields, following aggressive US monetary tightening and heightnened uncertainty over global economic growth.

World gold consumption increased in the first half of 2022

World gold demand increased by 12% year-on-year to 2,189 tonnes in the first half of 2022. This increase was driven by strong flows into US and European gold-backed exchange-traded funds (ETFs), which gained 234 tonnes, compared to an outflow of 127 tonnes in 2021.

Heightened geopolitical risk following Russia's invasion of Ukraine, weaker equity markets and mounting inflation concerns, drove significant investment flows into safe-haven assets (such as gold ETFs) from January-April 2022. From May 2022, rising real bond yields and a strong US dollar eroded gold's appeal to investors, leading to ETF outflows and lower gold prices over the remainder of the June quarter 2022.

Gold consumption is expected to fall in 2023 but recover in 2024

World gold consumption is forecast to decrease by 1.6% to 4,065 tonnes in 2023, as investment demand eases from relatively strong levels in 2022. While safe-haven demand will tend to support gold investment — so long as geopolitical and economic uncertainty persists — real bond yields are unlikely to decline to the negative levels seen throughout 2021 and 2022. This will make investors more likely to seek alternative safe-haven assets, such as interest-bearing bonds.

World gold consumption is forecast to increase by 7.7% in 2024 to 4,376 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 countries such as China and India.

World supply increased in the first half of 2022

World gold supply increased by 4.9% year-on-year to 2,357 tonnes in the first half of 2022. The increased supply was driven by a 3.1% rise in global mine production and an 8.0% increase in gold recycling. Stronger gold recycling activity in the quarter largely reflected the impact of higher US dollar gold prices, with increases achieved despite disruptions in China related to the country's zero COVID policy.

Global mine production rose to a record high 1,764 tonnes during the first half of 2022, driven largely by increased production in China and Australia.

Gold mine production is expected to increase as new projects come online in Canada, Chile, Brazil and Argentina. Production in Australia is forecast to rise during 2023 and 2024, driven by new projects and expansions of existing projects. Continued environmental regulations and industry consolidation in China will see production fall over the medium-term.

Gold prices to fall over the short and medium term

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 economic uncertainty continues to support the US dollar. Lower safe haven demand will do less to ameliorate the impact of higher interest rates on gold demand.

There are several risks to the gold price assessment in the remainder of of 2022. These include the arrival of any new COVID-19 variants and the extent to which COVID-19 lockdowns and control measures persist in China.

Record Australian gold exploration expenditure in 2021–22

Australia's gold exploration expenditure reached a record high of $1.6 billion in 2021–22, up 4.0% from the previous record in 2020–21. Gold accounted for 41% of Australia's total mineral exploration expenditure (at $3.9 billion) in 2021–22. Western Australia remained the centre of gold exploration activity in Australia in 2021–22, accounting for 71% (or $1.1 billion) of total gold exploration expenditure, followed by Victoria (10% or $166 million) and NSW (7.2% or $114 million).

LITHIUM

SUMMARY Spodumene prices are forecast to rise from an average US$598 a tonne in 2021 to US$2,730 a tonne in 2022, and US$3,280 a tonne in 2023 before moderating to US$2,490 in 2024. We expect lithium hydroxide prices to lift from US$17,370 a tonne in 2021 to US$38,575 a tonne in 2022 and US$51,510 in 2023, and moderate to US$37,650 by 2024.
Australia's lithium production is forecast to grow from 247,000 tonnes of lithium carbonate equivalent (LCE) in 2020–21 to 387,000 tonnes in 2022–23 and 469,000 tonnes of LCE in 2023–24.
Australia's lithium export earnings are forecast to increase by more than ten-fold in just two years from $1.1 billion in 2020–21 to $13.8 billion in 2022–23, and ease to $12.9 billion by 2023–24.

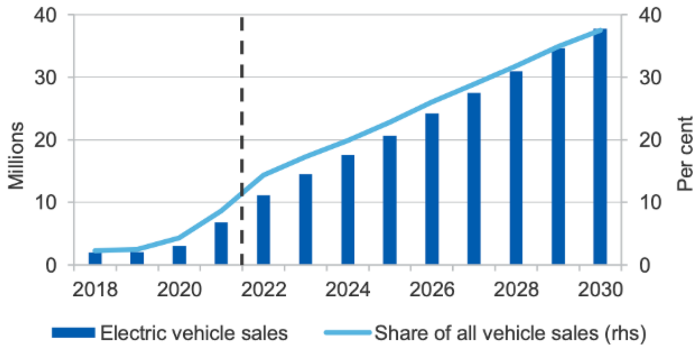
Global demand for lithium grows as electric vehicle sales take off

Global lithium demand continued to grow strongly in the June quarter 2022, driven by rising demand for electric vehicle batteries. Despite faltering global economic growth in the June quarter, sales and production of electric vehicles (EVs) continued their rapid growth trend.

Global sales of all types of EVs increased 36% in the year to June 2022 compared with the same period in 2021 — with Chinese sales up 110% (and still representing over 50% of global sales), European sales up 6%, and North American sales up 27%.

Long term electric vehicle sales projections

Globally, governments continue to be extremely supportive to encourage EV sales to the detriment of fossil fuel powers vehicles.



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

Key global automakers continue to accelerate plans to transition to EVs by developing new product lines and converting existing manufacturing capacity. The global market share for passenger EVs has quadrupled since 2019, with EV sales representing about 9% of the car market in 2021. Strong underlying demand and EV manufacturers' declarations of further increases in production, imply that EV sales could reach almost 40% of vehicle sales annually by 2030.

World demand for lithium is estimated to increase from 583,000 tonnes of lithium carbonate equivalent (LCE) in 2021 to 724,000 tonnes in 2022. Over the following two years, demand is forecast to rise by over 40%, reaching 1,058,000 tonnes by 2024. Asia remains the major source of demand for lithium, despite the spread of new battery manufacturing capacity into Europe and the US.

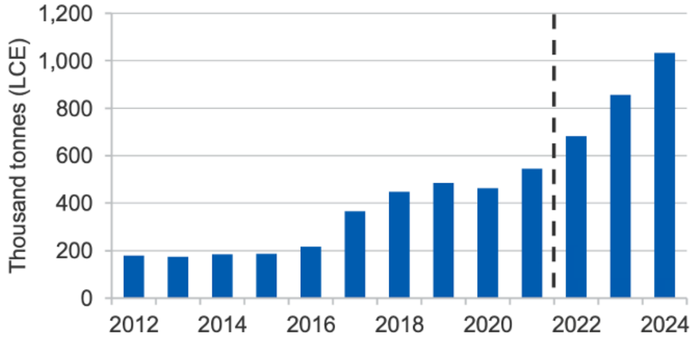
Supply chain issues that plagued EV manufacturers and battery makers late in 2021 and earlier this year have eased somewhat. But supply remains tight, with reports of delivery timeframes for key EV models being pushed well into 2023. Higher prices for lithium as well as other key battery materials (such as nickel, graphite and cobalt) are putting pressure on battery costs.

Global lithium production rising, but supply gap remains

World output was 546,000 tonnes LCE in 2021, and is forecast to reach 682,000 tonnes in 2022 and 1,034,000 tonnes in 2024. This rapid growth — of over 80% in three years — is forecast to be met by gains in output by Australia, Chile (via expansions to Albemarle and SQM brine operations) and Argentina (via new and expanded brine operations by Livent, Allkem and Minera Exar).

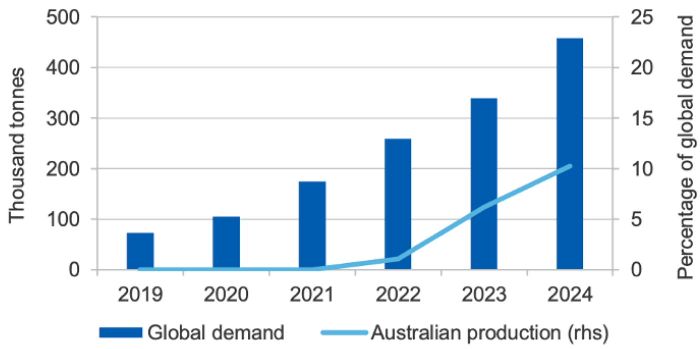
Total supply from mine and brine operations is currently insufficient to meet demand. While new lithium projects are being developed, the supply gap will take time to close. Stockpile size is hard to ascertain, with some estimates of 4-8 weeks for spodumene. Ongoing tight supply conditions are forcing lithium processors and battery makers to pay record prices.

Global lithium production



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

World and Australian lithium hydroxide output



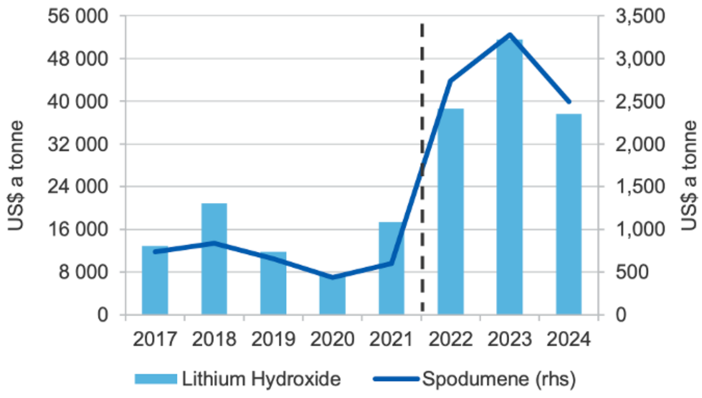
Source: Wood Mackenzie (2022); Department of Industry, Science and Resources (2022)

Global race for new lithium production speeds up

A number of expansions and new projects have been announced in recent months. 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, in Canada several projects are expected to start or restart production between 2023-2025, Mexico has created a state-run company to mine lithium after nationalising lithium resources in April, Europe and North America are looking to reduce their dependency on Chinese imports and develop their own lithium production with new regulation, Zimbabwe's Premier African Minerals is expected to start shipping spodumene concentrate from its Zulu lithium mine to China by March 2023, and Argentina's Government revealed that Ultra Argentina SRL and China's Zangge Mining have committed $290 million to explore, develop and process the nation's lithium deposits. Interest in recycling continues to rise, with recycling projects announced in many nations. However, large scale operations will take time to establish.

Record spodumene spot prices rolling into contract prices

Shortages of spodumene, lithium hydroxide and lithium carbonate continue to push spot prices to new records. As most Australian producers (which represent almost half of the world' production) have historically utilised long term contracts, prices received take time to adjust to shifts in spot prices. High average prices reported by Australian producers indicate spot prices are now flowing more rapidly into contract prices.



Notes: Lithium hydroxide price is for higher-priced battery grade product. Source: Wood Mackenzie (2022); Department of Industry, Science and Resources (2022).

Rapid price movements and the relative immaturity of the market will likely lead to ongoing uncertainty. Risks to the lithium price forecasts are balanced over the outlook period. While expansions to production are already underway in Australia and overseas, there are long lead times for lithium mine and brine operations. Moreover, the potential for delays in bringing such large volumes of lithium into production, mean risks remain of persistent supply shortages over the next few years.

However, one of the drivers of recent high spot prices appears to be a push by refiners and battery makers to build up inventories, due to concerns about global supply chains. The lack of data on global lithium stocks makes it difficult to judge how well battery producers have built up stockpiles. If these concerns ease, prices could moderate more rapidly over the outlook period. Prices may also ease if global economic growth slows more rapidly than recent IMF forecasts suggest it will.

More generally, the Lithium market has been volatile in the past 10 years. Between 2017-2020, global demand lost momentum and prices and revenues plunged. This fall tested the resilience of businesses, with some facilities relegated to care and maintenance. But as global battery manufacturers and automakers reassessed their requirements over the course of 2021, demand for lithium took off again. This third stage holds even stronger growth prospects than the first, with Australia's lithium export revenues forecast to grow from $1.1 billion in 2020–21 to $13.8 billion in 2022–23 — a tenfold increase in just two years.

Australia's hydroxide refineries on verge of commercial production

A key milestone occurred in May 2022 with first production of battery grade lithium hydroxide at the Kwinana lithium hydroxide refinery (51% Tianqi and 49% IGO) and this has allowed the start of the product qualification process with offtake partners, with an expected completion time of 4-8 months. By 2024, Australia may have about 10% of global lithium hydroxide refining capacity, rising to about 20% of global lithium refining by 2027. There are a number of risks to the strong forecast growth for Australian lithium production. Delays to approval and construction of new mine and processing plants, as well as difficulties achieving ramp up to full output, would see slower growth in spodumene output volumes and export values.

China dominates the EV battery supply chain, producing three-quarters of all lithium-ion batteries, and holds around 70% of cathode production capacity and 85% of anode production. Over half of lithium, cobalt and graphite processing and refining capacity is located in China. This situation is not expected to change rapidly. The IEA states that the majority of the supply chain is likely to remain Chinese through to 2030. In the case of battery production, China accounts for 70% of new global production capacity announced for the period to 2030 (IEA 2022).

IRON ORE

SUMMARY Iron ore prices have fallen by around 20% in the September quarter 2022. Combined with growing global recessionary fears, new COVID- 19 outbreaks and weakness in China's housing sector, have dampened world steel and iron ore demand in recent months.
Australian export volumes were 0.9% higher year-on-year in the first half of 2022, with new greenfield supply starting to come online from major producers. Exports are forecast to increase by 3.1% in 2022–23 to reach 903 million tonnes, and rise by 3.8% to 937 million tonnes in 2023–24.
Lower prices over the outlook are expected to see Australia's iron ore export earnings ease from $134 billion in 2021–22 to $119 billion in 2022–23, and then to $95 billion in 2023–24.

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

Iron ore prices dip in September quarter on weaker global steel demand

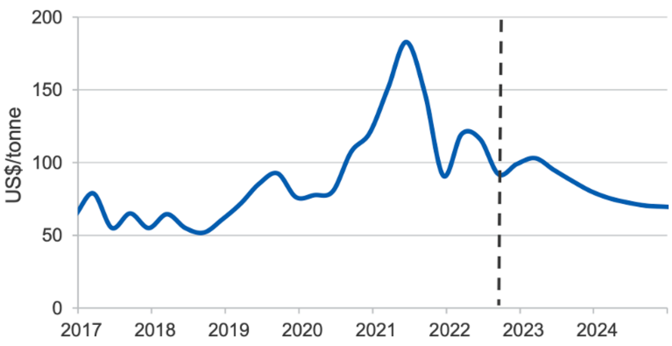
Iron ore prices have fallen by around 20% in the September quarter 2022, averaging around US$100 a tonne. Combined with growing global recessionary fears, new COVID- 19 outbreaks and weakness in China's housing sector, have dampened world steel and iron ore demand in recent months.

Weakening demand in China, combined with a cost increase in many raw materials inputs has also driven steel mill margins down so far in 2022, with reports of as many as half of all mills operating at a loss in July (particularly EAF-based steelmaking). Following a multi-month decline in China's portside stocks, iron ore inventories rebounded from July, reaching around 140 million tonnes by mid-September. Despite the increase in portside stocks, inventories at steel mills remain low in year-on-year terms, which may provide some tailwind to iron ore demand over the rest of 2022.

Weaker demand and more supply to continue to push prices lower to 2024

Over the rest of the outlook period, 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 also take place alongside growing supply from Australia and Brazil. Growing global recessionary fears present further downside risks to iron ore prices over this period.

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)

World trade - Global iron ore supply improved in June quarter, but remains tight in 2022

In the first half of 2022, combined shipments for Australia, Brazil, South Africa and Canada — representing more than 80% of global seaborne supply — were around 640 million tonnes, a fall of 1.3% compared with the same period in 2021. This was due to weaker export volumes for Brazil (down 7.5% year-on-year) and South Africa (down 4.6%) over the period.

Russia/Ukraine prompting both a market restructure and regional shortfall

The Russian invasion of Ukraine has continued to see a reorganisation of iron ore and steel exports in recent months. Supply chain constraints are likely to lead to some shortfalls in regional supply of iron ore in 2022.

With most of Ukraine's iron ore mines located in areas outside major conflict zones, Ukrainian producers had been able to maintain a reasonably high level of exports through the early months of the invasion. This was despite Russia's blockade of the country's primary export hub at the port of Pivdennyi, with Ukrainian producers redirecting cargos by rail and barge to ports in Poland and Romania for export.

However, with rising energy costs and Russian strikes on this improvised logistics network in June, exports have declined in recent months, and are expected to remain weak for the rest of 2022. This has led to major iron ore producers such as Metinvest and ArcelorMittal suspending a number of operations from July.

China announces a significant new state-owned iron ore enterprise

In July, China established a new state-backed entity, China Mineral Resources Group, with responsibilities including the import and export of commodities, sales, iron ore mining, processing, and supply chain management services. The new company has registered capital of RMB 20 billion (around US$3bn). The move is seen as an effort by the Chinese government to guarantee the supply of important minerals resources and increase the negotiating power of China's steel industry. This could include establishing a single, central purchasing platform for iron ore, though how this would function across China's vast steel industry remains unclear.

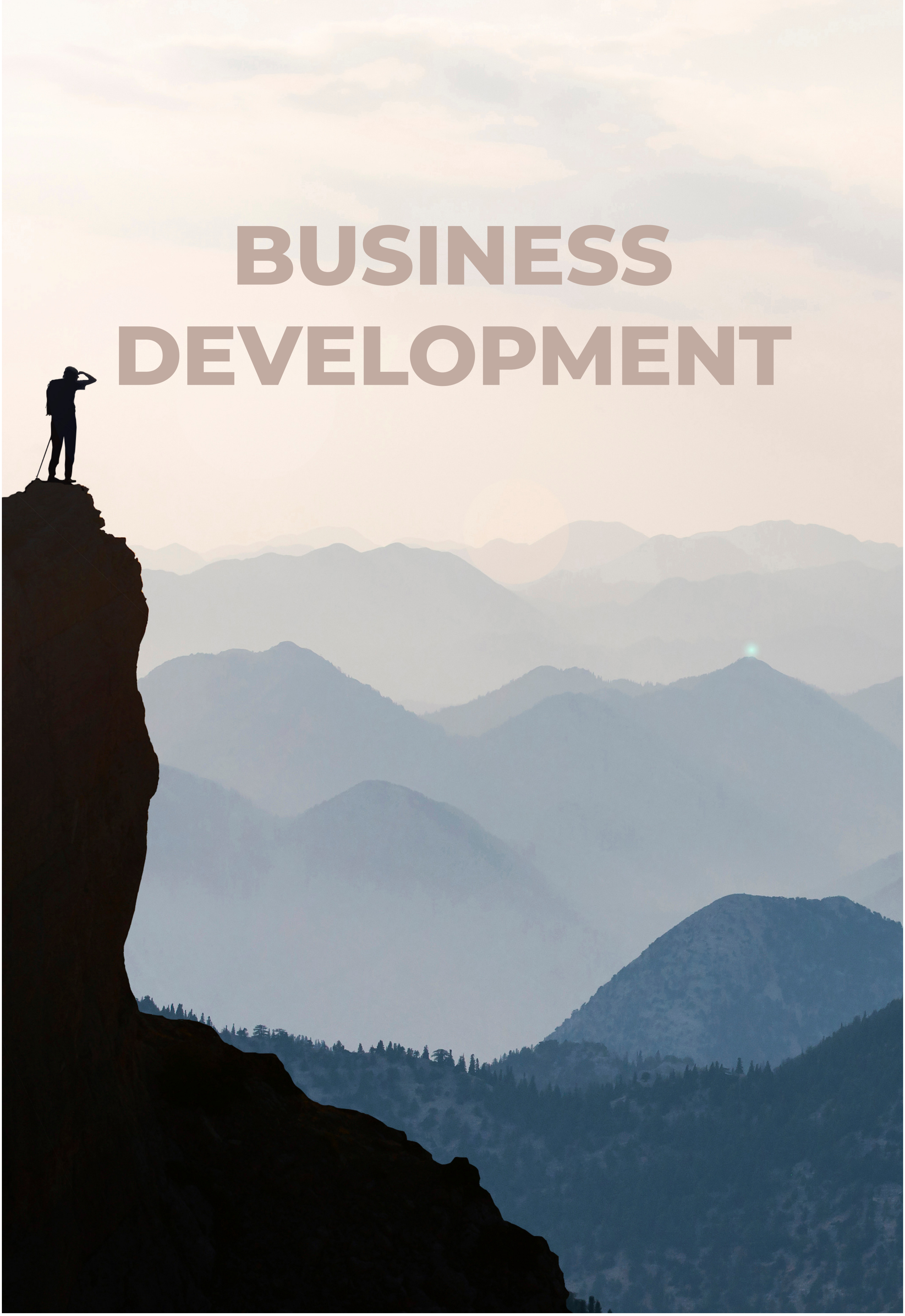
In conclusion, the global seaborne iron ore market is expected to remain relatively balanced over the outlook period, with growth in exports from both Australia and Brazil offsetting falls from mid-tier exporters such as India. However, growing macroeconomic headwinds — such as weakening global growth, energy shortages and further COVID-19 outbreaks — present a mounting risk to steel demand growth over the outlook, which would have repercussions for iron ore demand.

Iron ore exploration expenditure highest in 9 years in June quarter

A total of $201 million was spent on iron ore exploration in the June quarter 2022 (Figure 4.8). This was an increase of 44% compared with the previous quarter, and 33% higher than the same quarter in 2021. Exploration has remained elevated in recent quarters following iron ore prices reaching historical highs in the first half of 2021 and this is expected to continue going forward.

Source: https://www.industry.gov.au/publications/resources-and-energy-quarterly-september-2022

BUSINESS DEVELOPMENT



CONTENT

BUSINESS DEVELOPMENT

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 (see section 2.2.4 below) started its activities in the raw material sector and is in the early stage of exploration activities. 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.

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.

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 undeveloped countries. In addition, this provides SunMirror with a proximal market for its mineral projects.

SunMirror's acquisition strategy is to acquire majority stakes (apart from potential royalty opportunities).

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.

Operating Activities

The Group invests into exploration and mining assets with a focus on critical metals relevant for both the European and Asian EV 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 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.

  As the company plans to carry out both trenching and drilling in the future, Terrestrial Ecosystems was commissioned to undertake a preliminary site assessment and to prepare a report that outlines the potential vertebrate fauna issues should our company intend to proceed with exploration and mining in one of more areas within the license area. (To comply with Western Australian mining laws).

  Site reconnaissance visit was undertaken by Dr Scott Thompson on 16 February 2022 to assess variations in habitat types, the presence of habitat that would support conservation significant species, access and habitat condition.

Dr Thompson's report concludes that

> "Exploration drilling in the three main target areas within the licence is unlikely to significantly impact of terrestrial species unless the drilling area is near the activity area of a conservation significant species, and in most cases the animals will move into an adjacent area with little impact.
>
> Arboreal bats are unlikely to be significantly impacted unless a roost site is disturbed, and roost sites are caves or adits. If exploration drilling is at least 50m from the entrance of a cave or adit and the drilling activity is limited to a couple of days, then impacts are unlikely to be significant.
>
> If exploration is to occur adjacent to the wetland areas, then the waterbirds will almost certainly move to less disturbed areas, so any impacts will be low.
>
> It is recommended that an inspection of each of the proposed access track and exploration drilling sites and is undertaken prior to drilling activity by a suitably experienced zoologist is undertaken to identify if any conservation significant species will be potentially impacted."

He concludes

> "When the intended mining and disturbance area(s) are demarcated, then a targeted survey should be planned and implemented for conservation significant species potentially found in the project areas."

In April 2022 Botanica Consulting Pty Ltd (Botanica) was commissioned by Lithium 1 Pty. Ltd. (SunMirror's wholly-owned subsidiary) to undertake a reconnaissance and targeted flora / vegetation survey of the project area (referred to as the 'survey area'). Their assessment is intended to support Program of Works (trenching / drilling) approvals for the exploration program on the Project.

Following a desktop study and site visit (May 2022), their report concludes:

1. No environmentally sensitive areas were identified within the survey area.
2. There are no wetlands of international importance (Ramsar Wetlands) or national importance (Australian Nature Conservation Agency Wetlands) within the survey area.
3. There are no gazetted conservation reserves within the survey area.
4. No threatened, priority or otherwise significant flora species were identified within the survey area.
5. No threatened, priority or otherwise significant ecological communities were identified within the survey area.

Plan of Word (PoW) is being submitted to the authorities and quotes are being sought for drilling as well as for an aeromagnetic survey. The aeromagnetic survey will be especially useful in identifying structures that lie beneath supercial cover within the licence area, and which will be prioritised and targeted by drilling.

- **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 has good potential for gold and nickel. The property is an exploration project with no JORC-compliant mineral resources defined as yet.

  Since the November 2021 field visit by Geonomik Pty Ltd, no further work has taken place on the ground. Quotes for both drilling and an aeromagnetic survey are being sought, with a view to drilling in 2023. As with the Moolyella licence above, the aeromagnetic survey will help to identify prospective structures that may host gold mineralisation for drilling.

- **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.

  SunMirror is aware that MCC has recently submitted an application for an extension (renewal) of their retention license to the Department of Mines, Industry Regulation and Safety (submission date: 16 March 2022) and has paid the required annual rental fee for the next twelve months (until 21 March 2023) and which has been verified on the Australian Tenements Online system. Furthermore, the system shows that no expenditure is required by MCC on the project to hold the licence for the current year (ending March 2023).

  The maximum licence term for a retention licence is 10 years. A retention licence may be renewed.

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 (ending December 2023) of approximately AUD$760k has been calculated for the company's Australian projects and is predominantly made up of drilling and airborne geophysical costs for Moolyella and Kingston Keith. The airborne geophysics, in the form of aeromagnetics, will highlight structures beneath the ground for drilling. The exploration budget is subject to continuous review by the Board, and is dependent on positive results generated from exploration work.

Please refer to section 1.2 of the notes to the consolidated financial statements for further information.

Acquisitions

LATITUDE 66 ACQUISITION

On 27 August 2021 SunMirror AG through its wholly owned subsidiary SunMirror Luxembourg S.A. entered into a conditional binding agreement with Latitude 66 Cobalt Limited to acquire 100 percent of the shares of Finnish cobalt company Latitude 66 Cobalt Oy ("Lat66 OY") from its parent company Latitude 66 Cobalt Limited ("Parent" or "Lat66"). Further to the announcement made by the Company on 26 August 2021, the Company announced that on 19 December 2021 its wholly owned subsidiary SunMirror Luxembourg S.A. entered into a bid implementation agreement with Latitude 66 Cobalt Limited in connection with the proposed offer to acquire the issued share capital of Lat66, the parent company of Finnish cobalt company at a price of AUD 0.467 per Lat66 share. Lat66 OY's business focus is exploration and mine development with its business operations located in Finland. Founded 4 years ago, Lat66 Oy is one of the leading explorers of cobalt in Europe and controls the largest exploration tenement package of any single company in Finland. Lat66 OY's most advanced mine development project is the fourth largest known cobalt deposit in the European Union and the second largest not yet in production. In addition, Lat66 OY has an extensive exploration portfolio with over 100 targets identified for further exploration. The purchase price per Lat 66 share and per performance right is AUD 0.467 payable to the Lat 66 shareholders and holders of performance rights in cash on closing, for a total amount of AUD 69,116,00, and a 2% net smelter royalty on future production. The Offer was supposed to close on 4 February 2022, if not extended ("Offer Period").

On 30 November 2021 a single investor (the "Investor") subscribed for 1,000,000 new bearer shares at an issue price of EUR 70 per share (the "Capital Raise"), of which to date only 248,121 shares have been paid and issued.

Between February 2022 and June 2022, due to the ongoing delays in completing the Capital Raise, SunMirror Luxembourg agreed with Lat66 several extensions to the closing date of the takeover offer and filed with the Australian Securities and Investments Commission the relevant supplementary bidder's statements.

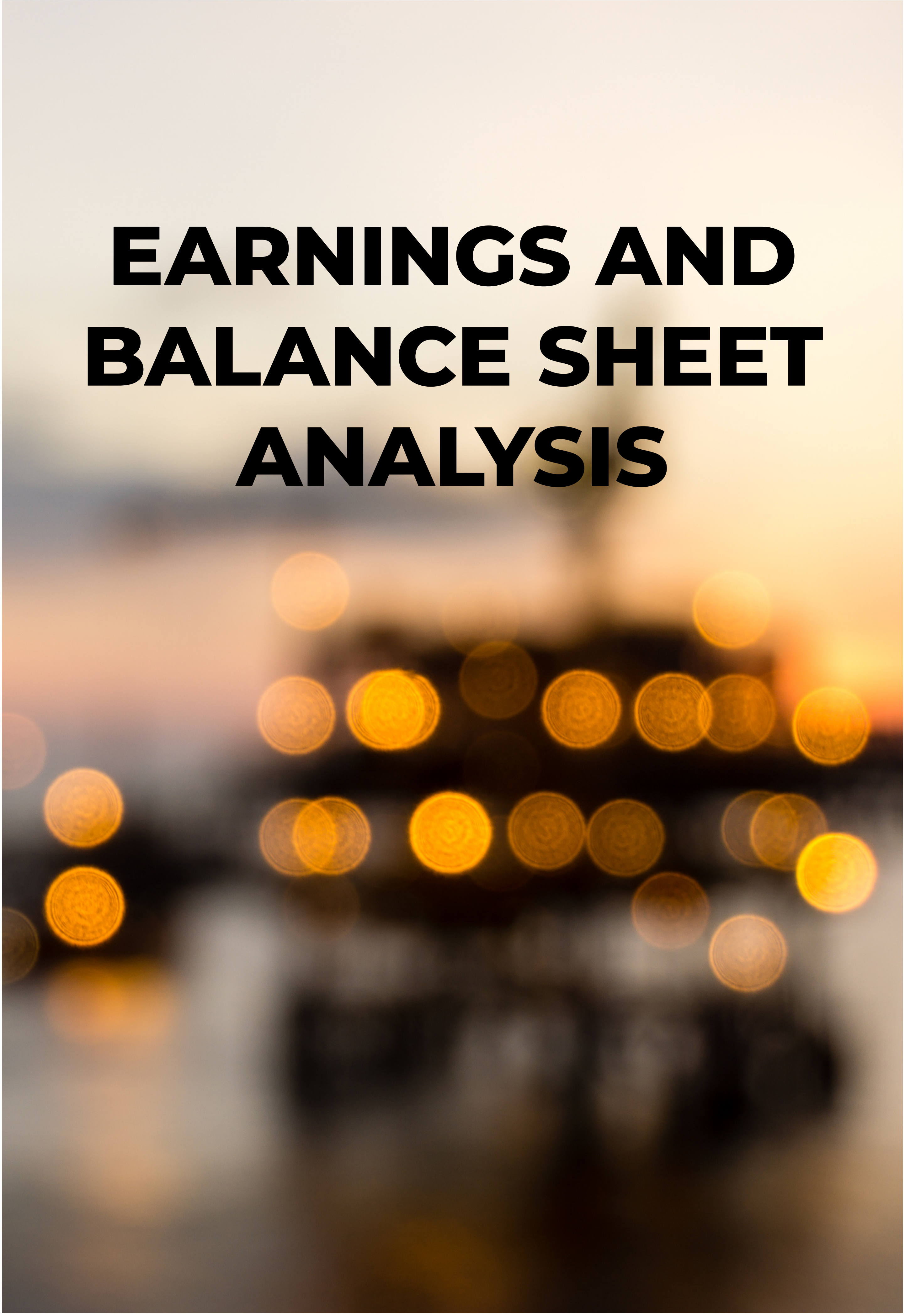
In April 2022, an agreement was reached with Latitude 66 Cobalt Limited to extend the closing date of the takeover offer for a consideration of a EUR 4 million loan (non-repayable should the takeover not be completed) for its scheduled exploration and mine development programme. This arrangement was made on the basis of reiterated promises by the Investor, with some supporting evidences, that they would be able to fulfil their obligations in relation to the Capital Raise. Prior to that, various non-repayable loans totalling EUR 3.05 million had already been extended between August 2021 and February 2022 to support Latitude 66 Cobalt Limited's operation. Proceeds from these loans were retained within the Lat66 Group to run the business. On 14 June 2022 the closing date of the takeover offer was extended one final time to 12 July 2022, but the acquisition could not be completed.

Please refer to section 8 of the Management Report "Outlook and Important events that have occurred since the end of the last business year" for further information on the Lat66 acquisition.

OTHER ACQUISITIONS

The Group continues to be on the lookout of acquisition 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.

EARNINGS AND BALANCE SHEET ANALYSIS



CONTENT

EARNINGS AND BALANCE SHEET ANALYSIS

The consolidated financial statements of SunMirror Group for the twelve months ended 30 June 2021 have been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Revenue

SunMirror did not generate any revenues within the reporting period 2021/22 as well as in the comparative period 2020/21.

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 two years funded by financial means already available to the Group as well as other financing to be provided by investors. The Cape Lambert mine conducted a pre-feasibility study and is now at the mine site design and planning stage. The Group expects that production at the Cape Lambert mine will not start in the short-term as described above. The Group holds a passive royalty and has no influence over actions taken by MCC as noted in the Risk Report.

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 the financial years 2020/21 (USD 0.2 million) and 2021/22 (USD 0.3 million), which is why there were no charges in the income statement.

Please note that in the Earnings and Balance Sheet Analysis and financial statements sections of this report the thousand separation is noted as a dot instead of a comma.

Personnel expense

In USD thousand	**2021/2022**	**2020/2021**
Wages and salaries	-824	-433
Social security and insurance contributions	-69	-6
Defined benefits plans	-31	0
Defined contribution plans	-3	0
Other personnel expenses	-14	-3
Total personnel expense	**-941**	**-442**

Personnel expense increased by 112.9% (USD 0,5 million) in the reporting year and amount to USD 0,9 million for 2021/22 (2020/22 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 1,4 FTE in the financial year 2020/21 to an average of 3.3 FTE in the financial year 2021/22.

General and administrative expense

In USD thousand	2021/2022	2020/2021
Consulting fees and valuation reports	-947	-467
Listing expense	0	-531
Stock exchange fees	-574	-1.042
Legal and tax fees	-949	-371
Accounting and auditing fees	-726	-1.012
Communication/PR costs	-505	-244
Capital tax	-8	-4
Other fees	-108	-40
Total general and administrative expense	**-3.817**	**-3.711**

General and administrative expense increased by 2,9% (USD 0.1 million) in the reporting year and amount to USD 3,8 million for 2021/22 (2020/22 USD 3,7 million).

In fiscal 2020/21, the main driver was the cost of preparatory work for a stock market listing. In fiscal year 2021/22, further costs were incurred for the initial listing on the Vienna Stock Exchange, which was successfully completed with the admission on November 26, 2021. The first day of trading was on 30 November 2021. The costs related to the work on the prospectus are mainly included in the categories consulting fees and valuation reports, stock exchange fees, legal fees, accounting, tax and auditing fees, Professional fees and communication/PR costs.

In fiscal year 2021/22, further consulting fees and valuation reports, legal and tax consulting fees, communication and PR costs were incurred, which are attributable to the following projects:

- Strategic discussions with shareholder groups.
- Introduction of an internal control system and compliance monitoring in accordance with the requirements of the law and the Vienna Stock Exchange.
- Preparation of a securities prospectus for the planned capital increase to finance the acquisition of Latitude 66.
- Various legal and tax fees and audit fees for due diligence costs in connection with the planned acquisition of Latitude 66.

Net impairment losses on financial assets

In USD thousand	2021/2022	2020/2021
Impairment of exclusivity fee for acquisition of Latitude 66	-3.012	0
Impairment losses	-7.821	0
Total impairment losses and amortization expense	**-10.833**	**0**

Impairment of the exclusivity fee, as well as impairment losses on financial assets relate exclusively to the failed acquisition of Latitude 66 in the fiscal year 2021/22 in the amount of USD 10.8 million (2020/21: USD 0 million).

In May 2022, management concluded that it was likely that the acquisition of Latitude 66 would not be completed, as the agreed contractual conditions for the transaction to be closed, and especially those linked to SunMirror's ability to raise additional capital of EUR 70 million, would not be met within the required timeframe. This was finally confirmed with the withdrawal by Latitude's independent directors of their recommendation to Latitude 66 shareholders that they accept SunMirror's offer on 12 July 2021.

Financial result

In USD thousand	**2021/2022**	**2020/2021**
Gains on marketable securities	0	1.064
thereof realized	*0*	*252*
thereof unrealized	*0*	*812*
Foreign currency exchange gain	1.283	217
thereof realized	*685*	*53*
thereof unrealized	*598*	*164*
Interest income	14	0
Other finance income	151	0
Finance income	**1.448**	**1.281**
Interest expense	-1.175	-364
Brokerage commission	0	-6
Foreign currency exchange loss	-1.091	-167
thereof realized	*-723*	*-134*
thereof unrealized	*-368*	*-33*
Losses on marketable securities	-1.881	0
thereof realized	*-1.571*	*0*
thereof unrealized	*-310*	*0*
Fair value loss on embedded derivative	0	0
Finance expense	**-4.147**	**-537**
Financial result	**-2.699**	**744**

Financial income increased by 13.0% (USD 0,1 million) in the reporting year and amounts to USD 1.4 million for 2021/22 (2020/22 USD 1,3 million). The financial income results primarily from net realized foreign exchange gains from the currency translation of convertible EUR bonds. Other financial income resulted from the reversal of accrued interest expense relating to the prior period, which was reversed due to the conversion of a convertible bond into equity.

Financial expense increased by 672.3% (USD 3.6 million) in the reporting year and amount to USD 4.1 million for 2021/22 (2020/22 USD 0,5 million). Financial expense is a result of the loss on investments in securities of Cadiz Inc., a listed U.S. company, interest expense relating to convertible bonds as well as foreign currency exchange losses on assets denominated in EUR.

Income Tax

In the current and previous periods, the Group did not generate taxable profits. The accumulated tax loss carry forwards, which amounted to USD 22.9 million as of 30 June 2021, further increased as of 30 June 2022 to an amount of USD 37.5 million. No deferred tax asset has been recognized in relation to tax loss carry forwards due to the uncertainty of realization.

Cashflow Statement

Cash outflow from operating activities increased by 55.1% (USD 1.6 million) to USD 4.4 million in 2021/22 (2020/21 USD 2.8 million). This is mainly because of higher personnel expense, general and administrative expense and the timely management of accounts payable.

Cash outflow cfrom investing activities decreased by 15,6% (USD 1.1 million) to USD 5.6 million in 2021/22 (2020/21 USD 6.7 million). In 2021/22, loans of USD 7.8 million were granted for the potential acquisition of Latitude 66 (2020/21 USD 3.0). To maintain operational liquidity the financial assets (Cadiz shares) , which were acquired in 2020/21, were sold almost in full in 2021/22.

Cash flow from financing activities increased by 113,5% (USD 11.3 million) to USD 21.3 million in 2021/22 (2020/21 USD 10.0 million). In March 2022 a capital increase of USD 19.5 was completed in cash. Total costs of USD 1.8 million were incurred for this capital increase. In addition, compulsory convertible notes were issued in December 2021, resulting in a cash inflow of USD 4.2 million. Costs of USD 0.5 million were incurred in relation to such issuance, which will be amortized over the term of the notes.

Financial position and capital structure

ASSETS

In USD thousand ASSETS	Note	30 June 2022	30 June 2021
Non-current assets			
Intangible assets	5.10	26.357	28.612
Exploration and evaluation assets	5.11	3.781	3.835
Other assets	5.12	0	2.972
Total non-current assets		**30.138**	**35.419**
Current assets			
Financial assets	5.13	413	4.759
Other receivables	5.14	118	129
Cash and cash equivalents	5.15	10.611	445
Total current assets		**11.142**	**5.333**
Total assets		**41.280**	**40.752**

Total assets increased by 1.3% (USD 0.5 million) to USD 41,3 million as at end-June 2022 (June 2021: USD 40.8 million).

Intangible assets remain unchanged from the previous year (I.e. Royalty on Cape Lambert). However, due to the changed currency situation, they decrease by USD 2.2 million to USD 26.4 million (June 2021: USD 28.6). Exploration and evaluation assets (I.e. Moolyella and Kingston Keith) amount to USD 3.8 million (June 2021: USD 3.8 million). The capitalized costs at assets Moolyella and Kingston Keith in the amount of USD 0.3 million were reduced by the same amount due to the translation of the foreign currency. The deposit payment of USD 3,0 million (June 2021) made in the course of the planned acquisition of Latitude 66 Cobalt Limited (Australia) had to be written off in full in the reporting year (June 2022).

The financial assets (listed securities) from the previous year were almost completely sold and converted into liquidity in the reporting year.

LIABILITIES

In USD thousand	Note	30 June 2022	30 June 2021
Non-current liabilities			
Defined benefit obligation	5.20	33	0
Total non-current liabilities		**33**	**0**
Current liabilities			
Financial liabilities	5.17	6.723	9.636
Trade and other payables	5.18	1.670	1.300
Other non-financial liabilities	5.19	3	7
Total current liabilities		**8.396**	**10.943**
Total liabilities		**8.429**	**10.943**

Total liabilities decreased by 23.0% (USD 2.5 million) to USD 8.4 million at the end of June 2022 (June 2021: USD 10,9 million).

One convertible bond in the amount of USD 6,7 million was converted into equity, a second one in the amount of USD 2,8 million at the end of June 2022 was due before June 30, 2022, but effectively repaid on July 5, 2022, due to technical issues at the settlement agent. In order to secure operational liquidity, compulsory convertible notes with a term of one year until December 2022 were issued in December 2021. This transaction increased the financial liability in the reporting year in the amount of USD 3.9 million.

EQUITY

In USD thousand

	Note	30 June 2022	30 June 2021
Equity			
Share capital	5.16	2.529	2.162
Capital reserves		54.018	30.888
Accumulated losses		-23.286	-4.996
Other reserves		-410	1.755
Total shareholders' equity		**32.851**	**29.809**

Shareholders' equity increased by 10.2% (USD 3.1 million) to USD 32.9 million at the end of June 2022 (June 2021: USD 29,8 million). At the end of June 2022, the Group had an equity to capitalization ratio of 79,6% (June 2021: 73,1%).

During the year ended June 30, 2022, the Group carried out two capital increases. In the first capital increase in March 2022 amounting to USD 19,5 million, 248.121 shares were issued at a price of EUR 70 per share. In the second capital increase in May 2022 amounting to USD 6,3 million, 95.100 shares were issues at a price of CHF 70 per share. The second capital increase resulted from the conversion of issued convertible bonds.

The comprehensive loss for the financial year 2021/22 amounted to USD 2.2 million and reflects the stronger dollar in the majority against the comparative AUS and EUR currencies. In the previous financial year 2020/21 the comprehensive income amounted to USD 1.8 million The effect was opposite and reflected the weaker USD against the currencies AUS and EUR.


COMPANY
STRUCTURE

CONTENT

COMPANY STRUCTURE

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 Steinhauserstrasse 74, 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.

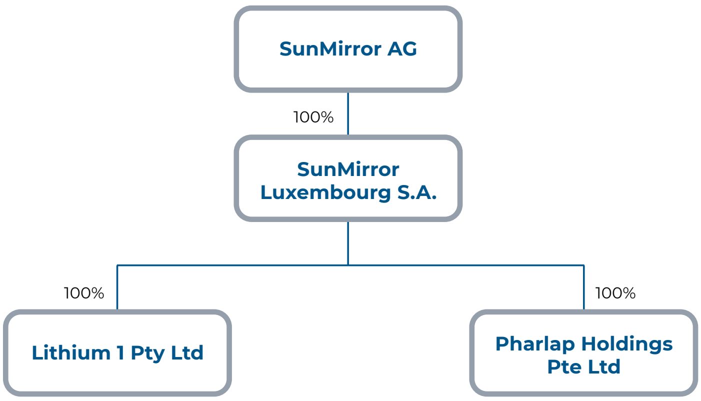
The Creation and Historical Development of the Company

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").

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.


RISK REPORT

CONTENT

RISK REPORT

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.

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.

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.

If MCC failed to get its retention license approved by Western Australia's department of mines this 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 to finalise the respective licence RHSAs.

The company does not envisage any problems in concluding the RHSAs on both licences in the near future.

Impact of Covid-19

Although slowly waning due to the improving health situation, central bank and government actions and support measures taken in response to the Covid-19 outbreak may create restrictions in relation to capital, human resources and mobility. These may limit management's flexibility in managing the business. The Group monitors these developments to assess how it could impact its business, particularly in relation to asset capex programmes and access to capital.

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.

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

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.

ACCOUNTING, CONTROL AND RISK MANAGEMENT PROCESS

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

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.

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 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.

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.

DISCLOSURES IN ACCORDANCE WITH 243A (1) UGB

1. The share capital of SunMirror AG was CHF 2,343,221.00 as at 30 June 2022 and was divided into 2,343,221 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 30 June 2022, the 343,221 bearer shares created in 1H2022 with the capital increases dated 3rd March 2022, and 3rd May 2022, have been admitted for trading by the Vienna Stock Exchange on 21st October 2022.

AUTHORISED CAPITAL

The Board of Directors is authorized, at any time until 29 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.

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.

CONDITIONAL CAPITAL AND CONVERTIBLE NOTES

The Company issued a first convertible note in June 2020, with an expiry date on 30 May 2022. The ISIN Code was CH1104954396. Of the 133,305 subscription rights, 95,100 were exercised and led to the capital increase of 3rd May 2022. These 95,100 new shares issued form part of the 343,221 bearer shares which have been admitted for trading on 21 October 2022.

With the May 2022 capital increase the conditional capital of the company decreased to CHF 904.900,00.

According to Article 3b of the Articles of Association: "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 remaining 904.900 bearer shares of the conditional capital, 52.534 shares are allocated to the Compulsory Convertible Notes with ISIN CH1142529093 expiring on 20 December 2022. The conversion of these 52.534 notes is compulsory at the Maturity of the Note and will lead to a further capital increase, reducing the conditional capital by the same amount. Upon issuance, the Company shall request these shares to be admitted for trading at the Vienna Stock Exchange as well.

2. As at 30 June 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 1 August 2022, the Company temporarily lost control over Lithium 1 Pty. Ltd. The control was regained on 2 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.

OUTLOOK AND IMPORTANT EVENTS

CONTENT

OUTLOOK AND IMPORTANT EVENTS

Important Events since the end of the last business year

The bid of SunMirror Luxembourg published on 22 December 2021 to acquire all shares in Latitude 66 Cobalt Limited pursued by SunMirror Luxembourg ended unsuccessfully on 12 July 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.

The Group continues to have discussions with Latitude 66 Cobalt Limited on potential ways to complete a combination transaction. Other acquisition or merger opportunities to reach a critical mass are being investigated.

Outlook for the coming business year

In the meantime, SunMirror is now fully focused on reducing overheads and expenses wherever possible and 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 boron 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 early next year after an aeromag survey will have identified more precise 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. A first drilling programme is to be carried out there next year after an aeromag survey as well. In addition, SunMirror plans to significantly reduce costs and resources by restructuring the group. The companies currently affiliated under SunMirror Luxembourg S.A., Lithium 1 and Pharlap, are to be brought under the Swiss group entity. This will save costs for the board and directors of the Luxembourg intermediate holding company as well as for the additional annual financial statement there.

As previously mentioned, in addition to these strategic measures, additional assets can be acquired and be brought into the company to increase the portfolio diversification and the value of the company. Some divestitures of non-core assets are also being considered.

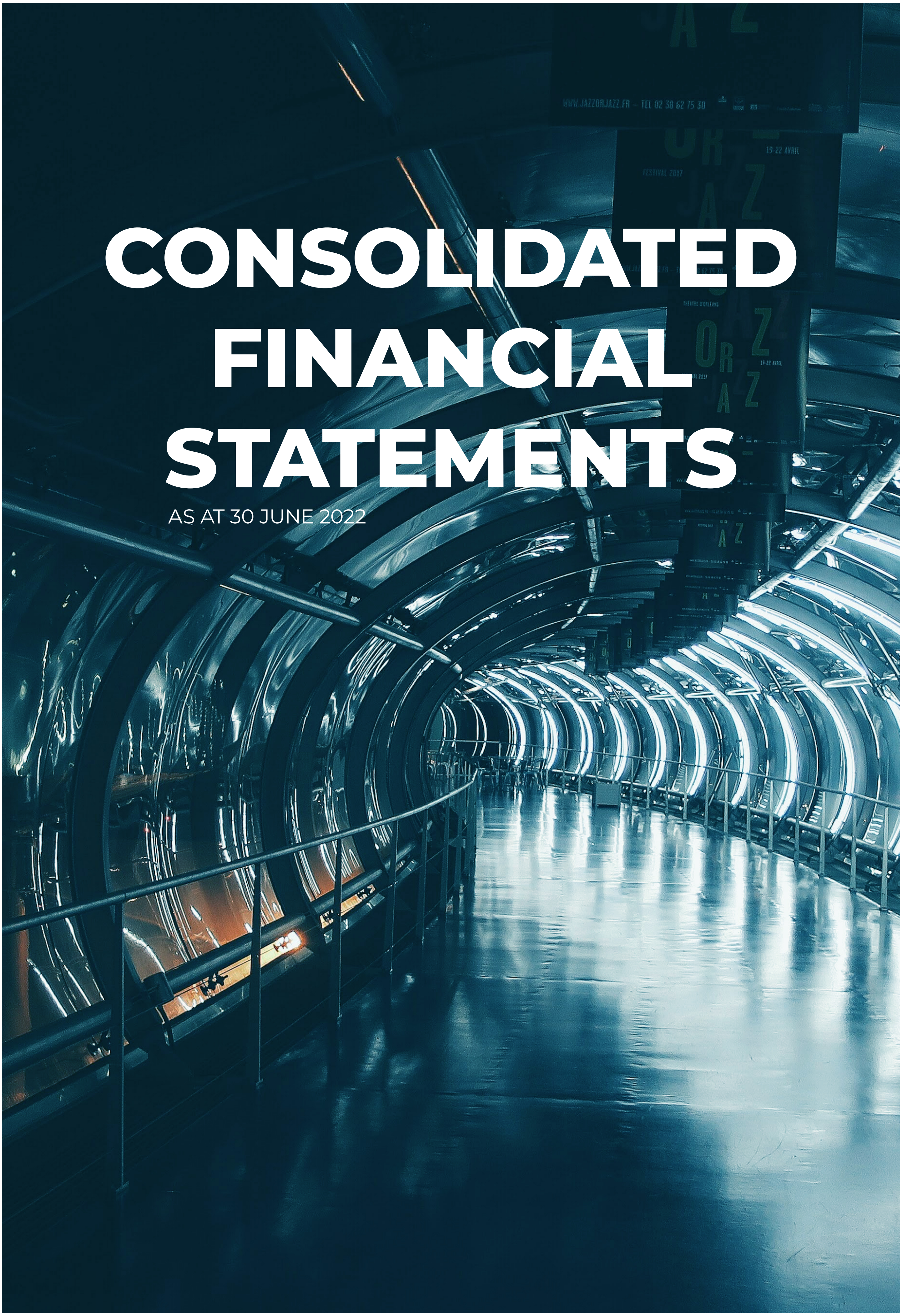
With the favourable momentum underpinning demand for electric vehicles, we believe that the portfolio of assets currently held at SunMirror is ideally positioned to benefit from a significant global flow of capital and supportive regulation to develop battery metal resources. This is particularly the case given these assets are located in countries where environmental and social regulations are aligned with the global push for ESG investing.

Zug, 28 October 2022

Dr. Heinz Kubli e.h. Chairman of the Board	Laurent Quelin e.h. Board member	Daniel Monks e.h. Board member

CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2022



CONTENT

CONSOLIDATED FINANCIAL STATEMENTS IFRS

Consolidated statement of profit and loss

In USD thousand	Note	30 June 2022	30 June 2021
Personnel expenses	5.3	-941	-442
General and administrative expenses	5.4	-3.817	-3.711
Impairment losses	5.5	-10.833	0
Operating loss		**-15.591**	**-4.153**
Finance income	5.6	1.448	1.281
Finance expense	5.6	-4.147	-537
Financial result		**-2.699**	**744**
Loss before taxes		**-18.290**	**-3.409**
Income tax	5.7	0	0
Loss for the year		**-18.290**	**-3.409**
Basic and diluted loss per share	5.8	-8,73	-1,83

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

Consolidated statement of comprehensive income

In USD thousand	Note	30 June 2022	30 June 2021
Loss for the year		**-18.290**	**-3.409**
Other comprehensive income			
Items that may be reclassified into to profit or loss:			
Exchange differences on translation of foreign operations		-2.143	1.771
Items that will not be reclassified subsequently to profit or loss			
Gains and losses from the remeasurement of the net defined benefit liability	5.20	-22	0
Total comprehensive loss for the year		**-20.455**	**-1.638**

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

Consolidated statement of financial position

In USD thousand ASSETS	Note	30 June 2022	30 June 2021
Non-current assets			
Intangible assets	5.10	26.357	28.612
Exploration and evaluation assets	5.11	3.781	3.835
Other assets	5.12	0	2.972
Total non-current assets		**30.138**	**35.419**
Current assets			
Financial assets	5.13	413	4.759
Other receivables	5.14	118	129
Cash and cash equivalents	5.15	10.611	445
Total current assets		**11.142**	**5.333**
Total assets		**41.280**	**40.752**
EQUITY AND LIABILITIES			
Equity			
Share capital	5.16	2.529	2.162
Capital reserves		54.018	30.888
Accumulated losses		-23.286	-4.996
Other reserves		-410	1.755
Total shareholders' equity		**32.851**	**29.809**
Non-current liabilities			
Defined benefit obligation	5.20	33	0
Total non-current liabilities		**33**	**0**
Current liabilities			
Financial liabilities	5.17	6.723	9.636
Trade and other payables	5.18	1.670	1.300
Other non-financial liabilities	5.19	3	7
Total current liabilities		**8.396**	**10.943**
Total liabilities		**8.429**	**10.943**
Total equity and liabilities		**41.280**	**40.752**

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

Consolidated statement of changes in equity

In USD thousand	Note	Share capital	Capital reserves	Accumul. Loss	Other reserves	Total share-holders' equity
Balance as at 01 July 2020		327	4.244	-1.587	-16	2.968
Loss for the year				-3.409		-3.409
Other comprehensive income					1.771	1.771
Total comprehensive income				-3.409	1.771	-1.638
Contribution of Pharlap			27.179			27.179
Contribution in cash		541				541
Reverse acquisition in way of contribution in kind		1.294	-704			590
Equity component of issued convertible bonds	5.17		169			169
Balance as at 30 June 2021		**2.162**	**30.888**	**-4.996**	**1.755**	**29.809**

In USD thousand	Note	Share capital	Capital reserves	Accumul. Loss	Other reserves	Total share-holders' equity
Balance as at 01 July 2021		2.162	30.888	-4.996	1.755	29.809
Loss for the year				-18.290		-18.290
Other comprehensive loss					-2.165	-2.165
Total comprehensive loss/income				-18.290	-2.165	-20.455
Capital increase	2.2	270	19.219			19.489
Transactions costs in relation to capital increase			-1.898			-1.898
Conversion of convertible bond	4	97	6.224			6.321
Equity component of issued convertible bonds	5.17		-415			-415
Balance as at 30 June 2022		**2.529**	**54.018**	**-23.286**	**-410**	**32.851**

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

Consolidated statement of cash flows

In USD thousand	Note	30 June 2022	30 June 2021
Cash flows from operating activities			
Loss of the year/period		**-18.290**	**-3.409**
Adjustments to reconcile profit before tax to net cash flows:			
Listing expense (non-cash)		0	531
Impairment losses	5.5	10.833	0
Other non-cash income/expense		377	0
Financial result	5.6	2.699	-744
Working capital changes:			
Increase/decrease in other receivables	5.14	10	-115
Increase/decrease in trade and other payables	5.18	42	942
Interest paid		-46	-26
Net cash flow from operating activities		**-4.375**	**-2.821**
Cash flows from investing activities			
Payments for intangible assets	5.10	0	-13
Payments for exploration expenditure	5.11	-261	0
Payments in relation to potential acquisition of Latitude 66 Cobalt Oy	4	-7.794	-2.971
Payments for financial assets at fair value through profit or loss		0	-4.765
Proceeds from financial assets at fair value through profit or loss		2.428	1.465
Loans granted to related parties		0	-387
Net cash flow from investing activities		**-5.627**	**-6.671**
Cash flows from financing activities			
Proceeds from issuance of shares		19.489	541
Payments for transaction costs from equity transactions		-1.833	0
Proceeds from compulsory convertible note and convertible bonds	4, 5.17	4.157	10.898
Payments for convertible bonds	4, 5.17	0	-886
Proceeds from shareholder loans	5.17	13	13
Repayment of shareholder loans	5.17	-77	0
Payments for brokerage commission		-476	-603
Net cash flow from financing activities		**21.273**	**9.963**
Net foreign exchange differences		-1.105	-26
Net change in cash and cash equivalents		**10.166**	**445**
Cash and cash equivalent at beginning of year/period		445	0
Cash and cash equivalent at end of year/period		**10.611**	**445**

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

Notes to the consolidated financial statements

1. CORPORATE AND GROUP INFORMATION

1.1 General information

The consolidated financial statements of SunMirror AG and its subsidiaries (collectively, SunMirror Group or the Group) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 28 October 2022.

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. The address of its registered office and principal place of business is 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.

1.2 The Group's operating activities

In 2020 the Group started its operating activities in the raw material sector and is in the early stage of exploration and development activities. The current business activities of SunMirror Group consist of (besides holding rights for potential royalties) managing exploration assets (i.e. the search for and development of economically viable reserves of mineral resources). In case of successful exploration SunMirror Group also plans to be active in the field of the development, mining and extraction of mineral resources.

The Group invests into pre-production mineral exploration assets with a focus on battery metals, iron ore and gold deposits in developed markets which meet certain minimum requirements in their legislation with regards to labour law and environmental protection such as, for example Australia, Europe and North America), for the purpose of evaluation and exploration with the aim to either produce minerals at a later stage or sell those properties. The Group currently holds three assets:

- **Moolyella:** Lithium 1 Pty Ltd ("Lithium 1"), an indirectly fully owned subsidiary of the Company, holding an exploration license in Moolyella, located in Northwestern Australia. Management believes that the site has potential for lithium-bearing pegmatites.
- **Kingston-Keith:** Lithium 1 holds an exploration license in the Kingston-Keith/Mt. Keith area, situated in a prolific gold and nickel production district in central Western Australia, which Management believes has potential for gold and nickel.
- **Cape Lambert:** Pharlap Holdings Pte ("Pharlap"), an indirect wholly owned subsidiary of the Company, holds a royalty on future mine production from the MCC Australia Sanjin Mining Pty Ltd's retention license on their Cape Lambert magnetite project in the Cape Lambert region in Western Australia.

All assets of Lithium 1 are in an exploration phase and do not produce any revenue for the time being. The Group plans to continue exploration for the next few years based on its two exploration licenses. The Group expects that production at the Cape Lambert mine will not start in the short term and thus the Group will only start to receive royalties at a later stage, subject to the decision to begin development of an operating mine by MCC Australia Sanjin Mining Pty Ltd. The commencement of the mining operations is currently not yet set.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of SunMirror Group have been prepared on a going concern basis in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.2 Going concern

The Directors continues 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 year ended 30 June 2022, the Group incurred a net loss for the period of USD 18,3 million (2021: USD 3,4 million) and net cash outflow from operating and investing activities of USD 10,0 million (2021: USD 9,5 million).

During the year ended June 30, 2022, the Group carried out two capital increases. In the first capital increase in March 2022 amounting to USD 19,5 million, 248.121 shares were issued at a price of EUR 70 per share. In the second capital increase in May 2022 amounting to USD 6,3 million, 95.100 shares were issues at a price of CHF 70 per share (refer to Note 4). The second capital increase resulted from the conversion of issued convertible bonds.

As at 30 June 2022, the Group had net assets of USD 32,9 million (June 2021: USD 29,8 million) including cash of USD 10,6 million (June 2021: USD 0,4 million) and readily marketable securities of a publicly listed company of USD 0,1 million (June 2021: USD 4,3 million). Net current assets (-liabilities) as at 30 June 2022 amount to USD 2,7 million (June 2021: USD -5,6 million).

The financial year 2022/23 is focused on developing the existing asset Moolyella and Kingston Keith with moderate base case capital expenditures of USD 345 thousand. The budget prepared for the fiscal year 2022/23 and the subsequent six months at group level reflects this scenario. Should acquisitions be made, these would have to be financed with corresponding capital increases.

In the base case scenario, which foresees a conversion of the currently issued compulsory convertible notes, the Directors have a reasonable expectation that the Group has adequate liquidity resources to continue as a going concern.

We have sensitised the following assumptions 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
- Settlements of certain claims
- Legal costs escalation due to potential claims

However, if other unexpected events (including unexpected cash out flows in relation to future litigation proceedings not currently commenced) 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:

- reduce non-essential capital expenditure and cancelling discretionary spending; and
- dispose of some of the Group's non-essential assets.

Further, the Company has planned certain exploration activities in the next fiscal year. If these activities do not yield a positive result, it is possible that the Company would decide to sell assets or discontinue certain operations that could result in due course in the Company not continuing as a going concern.

Based on these factors, the Directors have a reasonable expectation that the Group 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 30 June 2022:

Name	Country of incorporation	Currency	Equity portion	Share capital
SunMirror AG	Switzerland	CHF	Holding	2.343.221
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. See note 2.6 for information relating to the determination of the functional currency for each entity.

2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

2.4.1 Consolidation principles and business combinations

SunMirror AG consolidates all entities over which it exercises control (subsidiaries). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

SunMirror reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when SunMirror loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date SunMirror gains control until the date when SunMirror ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The Group determines whether a transaction represents a business combination by assessing whether the acquired assets and assumed liabilities constitute a business i.e. they must include inputs and substantive processes that have the ability to contribute to the creation of outputs. If the transaction does not represent a business combination, then the acquirer recognizes individual identifiable assets acquired and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values and no goodwill is recognized.

Acquisitions of businesses are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

2.4.2 Exploration and evaluation

Pre-license costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analyzing that data. These costs are expensed in the period in which they are incurred.

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:
- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Exploration and evaluation expenditures in relation to each separate area of interest are recognized as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:
- The rights to tenure of the area of interest are current; and
- At least one of the following conditions is met:
  - The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - Exploration and evaluation activities in the area of interest have not at the balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortization of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

An acquired group of assets including exploration and evaluation assets that do not constitute a business are accounted for by the Group by identifying and recognizing the individual identifiable assets and liabilities assumed. The cost incurred is allocated to the individual identifiable asset and liabilities based on their relative fair values at the date of purchase.

Exploration and evaluation assets are assessed for impairment in accordance with the requirements of IFRS 6 i.e., when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development and then amortized over the life of the reserves associated with the area of interest once mining operations have commenced. Any changes in the factors such as estimates of proved and probable reserve (change in the life of the reserves) that affect unit of production calculation are dealt with on a prospective basis.

In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

The Group's exploration and evaluation assets are classified as intangible assets in line with IFRS 6.

2.4.3 Intangible assets

Intangible assets include primarily the Royalty Agreement acquired as part of the acquisition of Pharlap Holdings. Given that the Royalty Agreement was the only asset acquired, the value of the intangible was determined by reference to the purchase consideration.

The Royalty Agreement will become effective for a defined period only once development activities will begin. As this is not yet the case, the intangible is considered to have an indefinite life, and is therefore tested for impairment at each reporting date (Note 2.4.5). As of 30 June 2022, there were no indicators of impairment. Once the Royalty Agreement becomes available for use, its useful life will be reassessed.

Furthermore, intangible assets contain domains, which are measured at cost. The domains have indefinite useful life and are thus not amortized but instead tested for impairment at least annually, or as soon as there is an indication that the asset may be impaired.

Useful lives of intangible assets are re-assessed at each reporting date.

2.4.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For some assets and liabilities, observable market transactions or market information is available. For other assets and liabilities, observable market transactions or market information might not be available. When a price for an identical asset or liability is not observable, another valuation technique is used. To increase consistency and comparability in fair value measurements, there are three levels of the fair value hierarchy. Level 1 contains the use of quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 3 inputs are unobservable. Within this hierarchy level estimated values were made, based on reasonable assumptions including other fair value methods by management.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

As of the reporting date, the Group's investment in the shares of a publicly listed company is measured at fair value on a recurring basis. In addition, fair values are used for impairment testing as described in the next chapter.

2.4.5 Impairment testing

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. In assessing impairment indicators of exploration and evaluation assets and royalty and similar agreements for these assets, the Group refers to guidance provided under IFRS 6 Exploration for and Evaluation of Mineral Resources. An asset's recoverable amount is the higher of an assets or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing an impairment test for Exploration for and Evaluation of Mineral Resources, the Group considers market related risk factors such as general price and market environment, social perception, and marketability of resources, sanctions and geopolitical developments, currency movements and financing options. In addition, the impairment test analyzes asset related risk factors such as remaining lifetime of exploration rights, legal risk, additional expenditure risks, changes in legal frameworks succeed or failure of adjacent projects and insufficient commercially recoverable amounts.

At each reporting date the Group assess whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

No reversal was recognized in the statement of profit or loss during the period ended 30 June 2022.

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2.4.6 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2.4.7 Foreign currencies

The Group's financial statements are presented in USD, which is different to the functional currency of the parent company (CHF). The Group intends to expand its activities within the mineral sector, whose main currency is the USD.

For each subsidiary, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

The determination of functional currency may involve certain judgements to identify the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

The functional currency the parent entity and each of its subsidiaries, is the currency of the primary economic environment in which the entity operates. For all entities the functional currency is their respective local currency, except for Pharlap Holdings, Singapore, whose functional currency is the Australian Dollar (AUD). This is reflective of the activities of the entity, and in particular the location of the assets held by the entity, and related anticipated royalty income stream also being in AUD.

The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to the statement of profit or loss reflects the amount that arises from using this method.

Following exchange rates were used for translation into Group`s reporting currency (USD):

Foreign exchange rates	Spot rate as of June 30, 2021	Average exchange rate Jan-Jun 2021	Average exchange rate Jul-Dez 2020
USD/CHF	0,92	0,91	0,91
USD/EUR	0,84	0,83	0,85
USD/AUD	1,33	1,30	1,38

Foreign exchange rates	Spot rate as of June 30, 2022	Average exchange rate Jan-Jun 2022	Average exchange rate Jul-Dez 2021
USD/CHF	0,96	0,94	0,92
USD/EUR	0,96	0,92	0,86
USD/AUD	1,45	1,39	1,37

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Foreign exchange gains or losses are included in financial income or financial expenses.

Presentation currency

Selecting a presentation currency that is different from the functional currency requires a translation from the functional currency into the presentation currency. The results and financial position are translated using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date.
- Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at exchange rates at the transaction dates. The Group uses average rates as approximates to the exchange rates at the transaction date.
- All resulting exchange differences are recognized in other comprehensive income, and they are accumulated as a separate reserve, as a component of equity (other reserves).

2.4.8 Financial instruments

Financial assets

Financial instruments are initially measured at fair value (this includes transaction costs except in the initial measurement of financial assets and liabilities that will be measured at fair value through profit or loss). Financial assets are classified at initial recognition, as either subsequently measured at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's financial assets mainly consist of investments in shares of a publicly listed company measured at fair value through profit or loss, a loan given, and cash and cash equivalents measured at amortized cost.

A financial asset is primarily derecognized when either the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party.

Impairment of financial assets

An allowance for expected credit losses (ECLs) has to be recognized for all financial debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Group's financial assets measured at amortized cost contain loans to shareholders and receivables from cash-pooling with related parties. The Group reassesses the credit risk and ECLs on these positions at each reporting date.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Under this approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. As of 30 June 2022, the Group has no trade receivables.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For purposes of subsequent measurement, financial liabilities are classified in two categories – at amortized cost or at fair value through profit or loss if held for trading or so designated at initial recognition so as to reduce a measurement or recognition inconsistency.

The Group's financial liabilities mainly consist of loans received and trade and other payables measured at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Compound financial instruments

Financial instruments which, in addition to a liability component (a contractual arrangement to deliver cash or another financial asset), contain an equity component (i.e. grant an option to the holder of the instrument to convert it into an equity instrument of the entity), are regarded as compound financial instruments. If this is the case, the two components must be separated and classified respectively as financial liabilities and equity.

On initial recognition, the fair value of the liability component is the present value of the contractually determined stream of future cash flows discounted at the rate of interest applied at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option. For the subsequent measurement, the effective interest rate method is applied whereby the transaction costs are therefore to be distributed over the term with an effect on income.

The initial carrying amount of the equity component is determined as the residual amount after deducting from the fair value of the entire instrument, the amount separately determined for the liability component. The equity component is subsequently not remeasured until maturity. Furthermore, if conversion option(s) are not exercised, the amount recorded in equity is not reclassified (or 'recycled'), although it can be transferred from one equity reserve to another. If, at maturity, the lenders elect to receive shares, the Company derecognises the liabilities in full and recognises an increase in equity of the same amount. No gain or loss is recorded on conversion. Conversely, if the lenders elect to receive cash, the Company derecognises the liability and recognises a corresponding decrease in cash.

Hybrid instruments, which contain both an equity host and an embedded derivative that is required to be separated from a host contract are measured at fair value on the balance sheet. The host contract's carrying value at initial recognition is the difference between the fair value of the entire instrument as a whole and the embedded derivative's fair value. An embedded derivative that is required to be separated from a host contract is measured at fair value on the balance sheet, with changes in fair value being accounted for through profit or loss.

2.4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.4.10 Equity

Share capital represents the nominal value of the shares that have been issued. As of 30 June 2022, the Company has 2.343.221 ordinary bearer shares in issue, each with a nominal value of 1 CHF.

Capital reserves arise through transactions of a capital nature (i.e. capital increase) by means of a cash contribution and a contribution in kind net of related transaction costs. The capital reserves also arise through equity components of convertible notes at the date of recognition (i.e. value of the conversion rights), and through the conversion of the convertible notes into shares at the date of conversion.

2.4.11 Provisions for pensions and other employee benefits

The liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Actuarial valuations for the obligations are drawn up annually on the balance sheet date. An actuarial valuation is made based on various assumptions. These include the calculation of the discount rates for unaccrued interest, future wage and salary increases, the mortality rate and future pension increases.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

For defined contribution plans in UK, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

The Company also operates an equity settled share-based compensation plan for one participant. The fair value of such award is measured at grant date of the shares, and the number expected to vest estimated based on non-market performance conditions (refer to note 6.2). The number of shares expected are revised at the end of each reporting period and, if required, an adjustment recorded in profit or loss and the share-based payment reserve in equity.

Where shares are forfeited due to a failure by the participant to satisfy the performance condition, any expense previously recognized is reversed.

2.5 Changes in relevant accounting standards

2.5.1 Initial application of standards in the fiscal year

In the fiscal year 2022 no new accounting standards or interpretations became effective, which would have significant impact on the Group, however the following Amendments to IFRS were considered in the preparation of the consolidated financial statements.

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9. The amendments did not have any impact of the financial statements of the Group.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 interest rate benchmark reform – phase 2. The amendments did not have any impact of the financial statements of the Group.
- Amendments to IFRS 16 Leases: Covid-19-related rent concessions beyond 30 June 2021. The amendments did not have any impact of the financial statements of the Group.

2.5.2 Standards issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 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.

2.6 Critical accounting judgements and assumptions

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.

3. COMPULSORY CONVERTIBLE NOTES – CORRECTION AT 30 JUNE 2022

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). The issued notes are convertible into bearer shares of the Company with a conversion price of EUR 75 each. The compulsory conversion date is December 20, 2022.

The compulsory convertible note was initially recognized in the consolidated interim financial statements of the SunMirror Group as of 31 December 2021. Due to the conditions for early repayment triggered by a change of control, a separable embedded derivative (forward) was initially recognized. This repayment obligation was considered to qualify as a financial liability and measured at amortized cost using the effective interest method based on a discount rate of 5,65%. On the other hand, the embedded derivative was measured at fair value, estimated as the difference between the fair value of the shares at initial recognition of the note and the value at reporting date. The amount of the embedded derivative at 31 December 2021 was therefore measured by reference to the share price as at that date, being EUR 270.

As part of the preparation of the financial statements for the year 2021/2022, the accounting treatment of the compulsory convertible note as of 31 December 2021, was reanalysed based on the contractual terms of the note and deemed not to be correct. Specifically, it was concluded that the contract is a hybrid instrument with an equity host contract given the obligation to deliver a fixed number of shares, with an embedded contingent put option to redeem in cash at 75 EUR per note in the event of a change of control. At inception, a financial liability was therefore recognized in the amount of the redemption price of 75 EUR by the number of compulsory convertible notes issued. The financial liability was measured using the effective interest method. The effective interest is nil as the liability is equal to the redemption price as the liability can be redeemed at any time, in case of a change of control. The difference between the amount of the financial liability, and proceeds received upon issue of the note reflect the equity element.

The correction has a significant effect on debt and equity of SunMirror Group as of 31 December 2021. The equity increases by USD 11.037 thousand as of 31 December 2021, thereof capital reserves increase by USD 10.059 thousand, loss of the period decreases by USD 1.402 thousand and reserves for foreign exchange translation decrease by USD 424 thousand. The financial liabilities decrease by USD 11.037 thousand. The positive effect on the profit or loss is affecting the financial result and is mainly caused by the omission of fair value accounting for the embedded derivative.

Overview of the impact of the correction on the Interim Balance Sheet and Statement of Profit and Loss as of 31 December 2021:

In USD thousand **ASSETS**	**December 31, 2021**	**Restatement**	**December 31, 2021 (restated)**
Non-current assets	31.599	0	31.599
Current assets	3.674	0	3.674
Total assets	**35.273**	**0**	**35.273**
EQUITY AND LIABILITIES			
Equity			
Share capital	2.162	0	2.162
Capital reserves	20.413	10.059	30.472
Accumulated losses	-15.355	1.402	-13.953
Other reserves	686	-424	262
Total shareholders' equity	**7.906**	**11.037**	**18.943**
Current liabilities			
Financial liabilities	25.633	-11.037	14.596
Trade and other payables	1.714	0	1.714
Other non-financial liabilities	20	0	20
Total current liabilities	**27.367**	**-11.037**	**16.330**
Total liabilities	**27.367**	**-11.037**	**16.330**
Total equity and liabilities	**35.273**	**0**	**35.273**

In USD thousand	**December 31, 2021 (6 months)**	**Restatement**	**December 31, 2021 (6 months) (restated)**
Operating loss	**-6.746**	**0**	**-6.746**
Finance income	954	-484	470
Finance expense	-4.568	1.886	-2.682
Financial result	**-3.614**	**1.402**	**-2.212**
Loss for period	**-10.360**	**1.402**	**-8.958**
Basic and diluted loss per share	-5,18	0,70	-4,48

Loss for period	**-10.360**	**1.402**	**-8.958**
Other comprehensive income			
Items that may be reclassified into to profit or loss:			
Exchange differences on translation of foreign operations	-1.068	-424	-1.492
Total comprehensive income for the period	**-11.428**	**978**	**-10.450**

4. SIGNIFICANT TRANSACTIONS AND EVENTS

Increase in authorized capital

On 30 November 2021, the Company received subscription for one million new bearer shares to be issued from the authorized capital. The new shares have an issue price of EUR 70 per share, which accordingly generates gross proceeds of EUR 70 million (USD 80 million) for SunMirror.

Notification of early partial conversion of the convertible bond

On 8 October 2021, a holder of the convertible bond maturing 30 May 2022 exercised its right under which a bond value of EUR 6,0 million (USD 7,1 million) can be converted into shares of SunMirror AG in accordance with the terms of the agreement. Based on the conversion price of CHF 70 per share, this corresponds to the issuance of a total of 95.100 new bearer shares. The conversion was made on 4 May 2022.

The holders of the second convertible bond have not exercised their conversion rights. Due to technical problems with the paying agent, the repayment was delayed until 5 July 2022. For this reason, the liability including interest as of 30 June 2022 in the amount of USD 2,8 million is still included in the statement of financial position.

Admission to the Vienna Stock Exchange and the Frankfurt Stock Exchange

On 26 November 2021, the Vienna Stock Exchange admitted the shares of SunMirror AG to listing on the Regulated Market (Amtlicher Handel) in the Standard Market Continuous segment. The first trading day was 29 November 2021.

On 30 November 2021, trading of the SunMirror AG shares started on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. In addition, since 1 December 2021, SunMirror's shares have been listed in the electronic XETRA electronic trading system of Deutsche Börse in Frankfurt.

Placement of a compulsory convertible note with institutional investors

In a private placement with institutional investors, SunMirror AG placed a compulsory convertible note on 20 December 2021. As of 30 June 2022, 52.534 subscribed rights had been placed at a price of EUR 68,18 each, representing a cash inflow of EUR 3.572 thousand (USD 4.157 thousand).

The issued notes are convertible into bearer shares of the Company with a conversion price of EUR 75 each. The conversion date is 20 December 2022. (See note 3).

Acquisition of Latitude 66

In May 2022, management concluded that it was likely that the acquisition of Latitude 66 would not be executed, as the agreed contractual conditions for the transaction to be completed, and especially those linked to SunMirror's ability to raise additional capital of EUR 70 million, would not be met within the required timeframe. This was finally confirmed by the withdrawal by Latitude's independent directors of their recommendation to Latitude 66 shareholders that they accept SunMirror Luxembourg SA's acquisition offer on 12 July 2021.

Group's Management therefore decided that the amounts previously capitalised in respect of the acquisition should be fully impaired. This concerned the exclusivity fee paid as well as loans granted to the potential acquiree, which were only repayable in case of successful acquisition (see Note 5.5). The non-recoverable costs for the acquisition of Latitude 66 total EUR 9,6 million (USD 10,8 million), of which EUR 4,0 million (USD 4,5 million) has already been recognized and impaired in the interim financial statements as of 31 December 2021. Total impairments in relation to acquisition of Latitude 66 are shown in the line-item Impairment losses in the profit or loss statement.

Further topics

The war in Ukraine has permanently changed the global economic order and high inflation threatens to become a long-term problem. As the Group did not yet start its operating activities and is neither active in the Russian nor in the Ukrainian market the Group is not expecting material impact on its consolidated financial statements. However, due to the volatile geopolitical situation, including its consequent potential impact on mineral prices, the Group is closely monitoring the impacts of the Russia-Ukraine war on its business.

5. DETAILS ON PERFORMANCE AND BALANCE SHEET ITEMS

5.1 Revenue

The Group did not start its operating activities yet, therefore no revenue had been generated in the reporting period and in the comparative period.

5.2 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 the financial years 2020/21 (USD 0,2 million) and 2021/22 (USD 0,3 million), which is why there were no charges in the statement of profit and loss.

5.3 Personnel expenses

In USD thousand	**2021/2022**	**2020/2021**
Wages and salaries	-824	-433
Social security and insurance contributions	-69	-6
Defined benefits plans	-31	0
Defined contribution plans	-3	0
Other personnel expense	-14	-3
Total personnel expense	**-941**	**-442**

5.4 General and administrative expenses

In USD thousand	**2021/2022**	**2020/2021**
Consulting fees and valuation reports	-947	-467
Listing expense	0	-531
Stock exchange fees	-574	-1.042
Legal and tax fees	-949	-371
Accounting and auditing fees	-726	-1.012
Communication/PR costs	-505	-244
Capital tax	-8	-4
Other fees	-108	-40
Total general and administrative expense	**-3.817**	**-3.711**

The consulting fees contain professional fees paid to Opus Capital Switzerland AG, Zug, Switzerland and Opus Capital Asset Management GmbH, Zug, Switzerland. For related party transactions, please prefer to Note 6.3.

5.5 Impairment losses

In USD thousand	**2021/2022**	**2020/2021**
Impairment of exclusivity fee for acquisition of Latitude 66	-3.012	0
Impairment losses	-7.821	0
Total impairment losses	**-10.833**	**0**

Impairment of the exclusivity fee, as well as impairment losses on financial assets relate exclusively to the failed acquisition of Latitude 66 (see Note 4).

5.6 Financial result

In USD thousand	2021/2022	2020/2021
Gains on marketable securities	0	1.064
thereof realized	*0*	*252*
thereof unrealized	*0*	*812*
Foreign currency exchange gain	1.283	217
thereof realized	*685*	*53*
thereof unrealized	*598*	*164*
Interest income	14	0
Other finance income	151	0
Finance income	**1.448**	**1.281**
Interest expense	-1.175	-364
Brokerage commission	0	-6
Foreign currency exchange loss	-1.091	-167
thereof realized	*-723*	*-134*
thereof unrealized	*-368*	*-33*
Losses on marketable securities	-1.881	0
thereof realized	*-1.571*	*0*
thereof unrealized	*-310*	*0*
Fair value loss on embedded derivative	0	0
Finance expense	**-4.147**	**-537**
Financial result	**-2.699**	**744**

The financial income results primarily from net realized foreign exchange gains from the currency translation of convertible EUR bonds.

Financial expense is a result of the loss on investments in securities of Cadiz Inc., a listed U.S. company, interest expense relating to convertible bonds as well as foreign currency exchange losses on assets denominated in EUR.

5.7 Income tax

In the current and the comparative periods, the Group did not generate taxable profits. The accumulated tax losses carryforward, which amounted to USD 22.875 thousand as of 30 June 2021, further increased as of 30 June 2022 to an amount of USD 37.454 thousand. No deferred tax asset has been recognized in relation to tax loss carry forwards due to the uncertainty of realization.

Tax loss carryforwards currently available in Switzerland amount to CHF 14.398 thousand and can be used to offset any taxable profits in the years 2025-2029. Those available in Luxembourg amount to EUR 20.850 thousand and can be utilised against taxable profits between 2034-2039 whereas those in Australia and Singapore can be claimed for an unlimited period. The potential tax benefit from such unused tax losses is estimated in Switzerland as the sum of Federal and Cantonal corporate income tax, currently amounting to 12%. In other territories, the applicable tax benefit is based on the corporate income tax rate applicable in each jurisdiction, being 17% in Luxembourg as well as in Singapore and 30% in Australia.

No deferred tax on temporary differences has been recognized in the period, given the significant amount of deferred tax assets available to offset any resulting deferred tax liability.

5.8 Loss per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Accounting for the capital increase as of 30 June 2021, the weighted average of outstanding shares during the twelve months ended 30 June 2022 was 2.094.000.

The weighted average of outstanding shares for the comparative period (1 July 2021 - 30 June 2022) was calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average of outstanding shares during the twelve months ended 30 June 2022 was 1.859.863.

Dilutive potential is contained in the compulsory convertible notes the Company entered into in December 2021. If full conversion potential of the loan would be exercised, the holders of the loans would receive 52.534 shares of the Company. Refer to Note 6.1 resulting in an anti-dilutive impact.

5.9 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 segment.

5.10 Intangible assets

in USD thousand	Royalty agreement	Domains	Total
Cost as at 1 July 2020	**0**	**0**	**0**
Acquisition of Pharlap	27.588	0	27.588
Additions	0	13	13
Currency translation	1.011	0	1.011
Cost as at 30 June 2021	**28.599**	**13**	**28.612**
Cost as at 1 July 2021	**28.599**	**13**	**28.612**
Currency translation	-2.255	0	-2.255
Cost as at 30 June 2022	**26.344**	**13**	**26.357**

Intangible assets contain primarily Royalty Agreement relating to future royalties payable in relation the Cape Lambert Magnetite Project. The decrease in value during the fiscal year resulted exclusively from currency translation effects.

The Royalty Agreement is not yet available for use and is therefore tested for impairment at each reporting date (see Note 2.4.5).

The Group tested whether the Royalty Agreement has suffered any impairment on an annual basis. For the 2022 and 2021 reporting periods, no impairment indicator defined under IFRS 6 was identified. The carrying value of the Royalty Asset is linked to a retention license (see Note 1.2). The commencement of the mining operations is currently not yet set.

5.11 Exploration & evaluation assets

in USD thousand	Moolyella	Kingston Keith	Total
Cost as at 1 July 2020	**3.320**	**38**	**3.358**
Additions	57	109	166
Currency translation	310	1	311
Cost as at 30 June 2021	**3.687**	**148**	**3.835**
Cost as at 1 July 2021	**3.687**	**149**	**3.836**
Additions	66	195	261
Currency translation	-293	-23	-316
Cost as at 30 June 2022	**3.460**	**321**	**3.781**

Exploration potential acquired consists of the estimated fair value attributable to exploration licenses acquired as part of an asset deal (Note 3). In the period, there has been no facts or circumstances to suggest that the carrying amount of exploration assets may exceed its recoverable amount.

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay approximately USD 70 thousand per year to meet minimum expenditure requirements for the duration of the tenements.

5.12 Other assets

Other assets include a deposit payment of USD 0 thousand (in PY USD 2.972 thousand) relating to the potential business acquisition of Latitude 66. This non-refundable fee paid in the 2021 financial year allowed the Company an exclusivity to perform due diligence and negotiate the transaction. As the acquisition of Latitude 66 was not ultimately concluded in 2022, the amount was fully impaired. Details relating to the transaction are provided in Note 4.

5.13 Financial assets

In USD thousand	**Jun 30 2022**	**Jun 30 2021**
Securities at fair value through profit or loss	68	4.344
Loans to shareholders at amortized cost	345	392
Receivables from cash-pooling (related parties)	0	23
Total current financial assets	**413**	**4.759**

Securities at fair value through profit or loss contain short-term investments in shares of a publicly listed company. For additional details on financial instruments refer to Note 6.1. For terms and conditions of loan to shareholders, refer to note 6.3.

5.14 Other receivables

In USD thousand	**Jun 30 2022**	**Jun 30 2021**
Prepayments and accrued income	67	58
VAT advance payments and receivables	46	71
Advance payments for employee benefits	5	0
Total other receivables	**118**	**129**

Prepayments and accrued income contain primarily prepaid expenses for insurance, research and consulting services as well as prepaid bank fees. Accrued income contain primarily interest income.

5.15 Cash and cash equivalents

In USD thousand	Jun 30 2022	Jun 30 2021
Cash at banks	10.611	445
Total cash and cash equivalents	**10.611**	**445**

The increase in cash and cash equivalents is related to the capital increase from March 2022

5.16 Shareholders' equity

The increase in share capital is due to newly issued shares as described in the Note 2.2 and Note 4.

Reconciliation of the number of shares outstanding	
Issued shares on 1 July 2020	325.000
Shares issued in exchange for equity for SunMirror Luxembourg	1.175.000
Shares issued for cash contribution	500.000
Issued shares on 30 June 2021	**2.000.000**
Issued shares on 1 July 2021	2.000.000
Shares issued for cash contribution	248.121
Conversion of convertible bond	95.100
Issued shares on 30 June 2022	**2.343.221**

Refer to notes 2.2, 2.4.10, and 4 for additional information relating to capital increases.

5.17 Financial liabilities

In USD thousand	Jun 30 2022	Jun 30 2021
Convertible bonds at amortized cost	2.829	9.568
Compulsory convertible notes at amortized cost	3.893	0
Shareholder loan	1	68
Total current financial liabilities	**6.723**	**9.636**

The compulsory convertible note was issued on December 20, 2021, with maturity on 20 December 2022. For details see Note 3.

Convertible bonds at amortized cost reflect the liability component of the convertible debt instruments. The compulsory convertible notes are presented in the balance sheet as follows:

In USD thousand	Jun 30 2022
Face value of compulsory convertible notes issued	4.157
Equity component	415
Amortized origination fees	-232
Cumulative translation adjustments	-447
Total current financial liabilities	**3.893**

The component recognized in equity in the amount of USD 415 thousand represents the difference between the issue price and the redemption price of the issued compulsory convertible notes. For additional details on financial instruments refer to Note 6.1.

The tables below provide details on the cash flows from financing activities:

In USD thousand	Balance as at 01 July 2020	Cash	Non-cash effective	Balance as at 30 June 2021
Convertible bonds at amortized cost	0	9.410	158	9.568
Shareholder loan	50	13	5	68
Total current financial liabilities	**50**	**9.423**	**163**	**9.636**

In USD thousand	Balance as at 01 July 2021	Cash	Non-cash effective	Balance as at 30 June 2022
Convertible bonds at amortized cost	9.568	0	-6.739	2.829
Compulsory convertible notes at amortized cost	0	3.681	212	3.893
Shareholder loan	68	-64	-3	1
Total current financial liabilities	**9.636**	**3.617**	**-6.530**	**6.723**

The cash flow from the issue of the compulsory convertible notes includes cash proceeds net of transaction costs. Non-cash effective component includes the effect of discounting and foreign exchange effects.

5.18 Trade and other payables

In USD thousand	Jun 30 2022	Jun 30 2021
Trade payables	915	1.066
Other payables and accrued charges	755	234
Total trade and other payables	**1.670**	**1.300**

Trade payables relate primarily to open balances for received management, legal and consulting services. Balances with the management company Opus Capital are included in Note 6.3. All outstanding balances are generally due within 30 days.

5.19 Other non-financial liabilities

Other non-financial liabilities contain capital tax accruals amounting to USD 3 thousand (PY: USD 7 thousand).

5.20 Provisions for pensions and employee benefits

Defined contribution plans:

Obligations for contributions to defined contribution pension plans are recognized as employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in future payments is available. The expense recognized in the current period in relation to these contributions amounted to USD 3 thousand.

Defined benefit plans:

The Company pays contributions to defined benefit plans for post-employment benefits. The pension fund provides benefits in the event of retirement, death, or disability. The plan's benefits are based on age, years of service, salary and on an individual old age account. The plan is funded by assets held within the legal separate entity of the foundation. The valuation is done by an actuary and is based on the "Projected Unit Credit Method".

Development of pension obligations

In USD thousand	Defined benefit obligation	Plan assets	Net defined benefit obligation
July 1, 2021	**4**		**4**
Recognized in profit or loss			
Current service costs	30		30
Administration expense		1	1
	30	**1**	**31**
Recognized in other comprehensive income			
Actuarial gains/losses arising from:			0
- financial assumptions	-19		-19
- experience	33		33
Return on plan assets, excl. amounts incl. in interest income		4	4
	14	**4**	**18**
Other			
Contributions to the plan by the employer		-20	-20
Contributions to the plan by the employees	20	-20	0
June 31, 2022	**68**	**-35**	**33**

Major asset classes of plan assets:

Plan assets	Jun 30 2022
Equities	29,4%
Bonds	15,5%
Real estate	29,0%
Alternative instruments	16,9%
Qualified insurance policies	0,0%
Mortgages	4,2%
Cash	5,0%
Total	**100,0%**

The principal actuarial assumptions used were as follows:

	Jun 30 2022
Discount rate	2,22%
Salary increase	2,00%
Pension indexation	0,00%

Assumptions about future mortality are based on mortality table BVG 2020.

The weighted average maturity of the defined benefit obligation was 16 years as of reporting date. The Company expects to pay contributions amounting to USD 26 thousand during the next fiscal year.

Sensitivity analysis

A change of the above assumptions would result in the following increase (decrease) of the DBO:Versorgungsplänen führen:

		Impact on defined benefit obligation	
	Change in assumptions	Increase in assumption	Decrease in assumption
	Jun 30 2022	Jun 30 2022	Jun 30 2022
Discount rate	0,25%	-6,14%	9,21%
Salary increase	0,25%	3,07%	0,00%

The above sensitivity analysis is based on the change in one assumption, with all other factors remaining constant. Changes in several assumptions can be correlated. To calculate the sensitivity of defined benefit obligations to actuarial assumptions the same method was used as to calculate the provisions for pensions in the consolidated statements of financial position.

6. OTHER DISCLOSURES

6.1 Disclosure on financial instruments

6.1.1 Fair values and categories of financial instruments

The Group's financial assets comprise of investments in securities of a listed company, cash at bank, loans issued and receivables from cash-pooling.

Investments in equity securities are classified as measured at fair value through profit or loss as they are held for trading. Their fair value is determined with reference to quoted market prices (Level 1 of Fair value hierarchy). Changes in the fair value are included in finance income in the profit or loss statement.

Cash at bank is measured at amortized cost and its carrying amount on initial measurement is equal to its nominal amount which is considered to reflect fair value.

Loans to shareholders are measured at amortized cost. The loan is repayable within one year and the carrying amount on initial measurement is not materially different to its nominal amount. The loan is secured by the shares held and bears interest at 1,00%.

Financial liabilities contain trade and other payables and loans received. All financial liabilities are short-term.

Loan from related parties, trade and other payables are measured at amortized cost, which is not materially different to the nominal amount at which they will be settled due to their short-term maturity.

As mentioned in note 3, 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) and which corresponds to the financial liability component of the compulsory convertible note, given that the amount can become due at any time (Note 3).

The liability component of convertible bonds relates to two convertible loan facilities in the total amount of EUR 8,4 million (equivalent to USD 10,2 million at the inception date) with two investors, which the Company entered into in April 2021. The convertible loans are unsecured credit facilities and are compound financial instruments with a debt and an equity component respectively. The facilities bear a fixed interest of 10% p.a. until either maturity or conversion. On 8 October 2021, a holder of the convertible bond maturing 30 May 2022 exercised its right to convert a bond value of EUR 6,0 million (USD 7,1 million) into 95.100 new bearer shares of SunMirror AG. The holders of the second convertible bond have not exercised their right to convert the bonds, which resulted in a repayment of the debt component in the amount of USD 2,4 million.

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

In USD thousand	Jun 30 2022	Jun 30 2021
Financial assets	**11.024**	**5.204**
Measured at fair value through profit or loss	**68**	**4.344**
Securities at fair value through profit or loss	68	4.344
Measured at amortized cost	**10.956**	**860**
Cash at banks	10.611	445
Loans to shareholders at amortized cost	345	392
Receivables from cash-pooling (related parties)	0	23
Financial liabilities	**8.393**	**10.936**
Measured at amortized cost	**8.393**	**10.936**
Liability component of convertible bonds	2.829	9.568
Compulsory convertible note	3.893	0
Shareholder loan	1	68
Trade payables	915	1.066
Other payables and accrued charges	755	234

Due to the short-term maturities, fair values of financial instruments held at amortized cost approximate their carrying amounts. Investments in securities of a listed company are carried at fair value through profit or loss. Investments in securities are measured with reference to quoted market prices (Level 1 of the fair value hierarchy).

6.1.2 Capital management

The objective of the capital management of SunMirror Group is primarily designed to finance the Group's growth strategy and to maximise the shareholder value. Management monitors and adjusts the capital structure to ensure stable financing at the lowest possible cost.

Management considers the Group's capital as consisting of both equity and debt, whereby debt has a convertible component which foresees the conversion of such instruments into equity.

For further details on sources of financing available for funding ongoing operations in the future please refer to note 2.2.

6.1.3 Financial instruments risk management objective and policies

The Group's risks arising from financial instruments is limited due to the nature of the financial instruments held.

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. As part of its operations, the Group is exposed to fluctuations in mineral prices, and in particular to those related to Lithium and iron ore and in relation to the latter, the future timing of extraction activities.

The Group is also exposed to price risk from its investments in securities. The Group manages this risk by actively managing its portfolio of investments in securities. Maximum exposure to risk is the carrying amount (at fair value) of the investment in securities.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its activities, including deposits with banks and financial institutions and the loan given to shareholder.

Credit risk from balances with banks and financial institutions is managed by the Group on an ongoing basis. Credit risk stemming from cash and deposits is very low. SunMirror maintains several relationships with reputable Banks, having an independently assessed credit rating of A2.

Credit risk from the loan with the shareholder is classified by management as medium, as it is not fully secured by the shareholder's shares in SunMirror. In 2022, this resulted in coverage of between 100% and 10%.

Credit risk arising from cash-pooling receivables is immaterial, as the balance consists of cash held by related parties on behalf of the Group.

The Group's maximum exposure to credit at the reporting date are the carrying amounts of the financial assets as illustrated in the financial statements, as recognized in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk of a shortage of funds. SunMirror only holds short-term debt and ensures the availability of short-term liquid funds. See also considerations in note 2.2.

The contractual maturities of the financial liabilities as of 30 June 2022 are limited to current liabilities, as all maturing within the next 12 months. The same maturity applied to the financial liabilities recognized in previous years. The below table presents the Group's liquidity position as of 30 June 2022 and 30 June 2021. The amounts presented are undiscounted cash flows from financial instruments.

In USD thousand	Jun 30 2022	Jun 30 2021
Financial liabilities		
Total payment (incl. interest) for convertibles	-2.829	-11.142
Loan from related party	-1	-68
Trade payables	-915	-1.066
Other payables and accrued charges	-756	-234
Total outflow of liquid funds	**-4.501**	**-12.510**
Financial assets		
Securities at fair value through profit or loss	68	4.344
Cash at banks	10.611	445
Loans to shareholders at amortized cost	345	392
Receivables from cash-pooling (related parties)	0	23
Total inflow of liquid funds	**11.024**	**5.204**
Net liquidity increase / decrease from financial instruments	**6.523**	**-7.306**

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to Group's financing activities. The Group manages this foreign currency risk by monitoring movements in exchange rates. USD is the principal global currency in the mining sector and has therefore been chosen as the presentation currency of the Group's financial statements. AUD is the functional currency of the entity's subsidiaries in Australia and Singapore, while EUR is the functional currency of SunMirror Luxembourg S.A. and also the primary currency in which the Group's debt is denominated. CHF is the functional currency of the parent company, SunMirror AG, Switzerland.

The Group currency risk concentration relates primarily to the Group's financing and operating activities. The largest share of financing is denominated in EUR (convertible bond) while operating activities (e.g., acquisition of exploration licenses) are conducted in AUD.

The Group's exposure to foreign currency risk at the end of the reporting period arises mainly from financial instruments denominated in Euro:

In USD thousand	Jun 30 2022	Jun 30 2021
Financial assets denominated in EUR		
Securities	68	4.344
Cash and cash equivalents	10.605	10
Financial liabilities denominated in EUR		
Liability component of convertible bonds	-2.829	-9.568
Compulsory convertible note	-3.893	0
Trade payables	-368	-305
Other payables	-203	-59
Total financial instruments denominated in EUR	**3.380**	**-5.578**

Sensitivity

The Company is primarily exposed to changes in the EUR/CHF exchange rate. A change of 5% in EUR/CHF exchange rate (ceteris paribus) would lead to a net effect on profit and loss in the following amount:

In USD thousand	Jun 30 2022	Jun 30 2021
EUR/CHF exchange rate - increase 5%	169	-279
EUR/CHF exchange rate - decrease 5%	-169	279

The aggregate net foreign currency gain (-loss) recognized in profit or loss amounts to USD 192 thousand (PY: USD 50 thousand).

Concentration of market and sources of funding

Concentration of risks depends on exposure to counterparties, geographies, industries and currencies. The Group actively assesses and manages risk concentrations.

Exposure to a concentration of market risk from investment in securities of a single issuer is deemed low as the Group can quickly change its exposure by selling the investment on the stock exchange. Exposure to geographical and industry risks is inherent to the business of the Group. The Group is currently primarily present in Australia. However, activities of the Group are planned to be expanded to other countries, thereby limiting exposure to geographical risks.

Exposure to counterparty risk and concentration of risk from sources of financing is assessed as high currently as the main source of financing are two convertible debt instruments from different investors. Currently the Group does not have any other lines of financing.

Exposure to geography and industry risks is inherent to the business of the Group. The Group is currently primarily present in Australia. However, activities of the Group are planned to be expanded to other countries as well limiting exposure to geography risks.

6.1.4 Capital management

The objective of the capital management of SunMirror Group is primarily designed to finance the Group's growth strategy and to maximise the shareholder value. Management monitors and adjusts the capital structure to ensure stable financing at the lowest possible cost.

Management considers the Group's capital as consisting of both equity and debt, whereby debt has a convertible component which foresees the conversion of such instruments into equity. For details on sources of financing available for funding ongoing and future operations, please refer to note 2.2.

6.2 Share-based payments

As of 30 June 2022, there is an equity settled performance-based compensation agreement with a member of the Executive Board. The agreement grants a direct participation to the Group through shares amounting to 0,75% of the total number of shares at the time an equity funding amounting to 4.000.000 shares is completed. As of 30 June 2022, the total number shares in issue is 2.343.221. As the performance condition allowing exercise of the option is not considered likely to be met, and the participant has given notice of termination the option has no impact on the balance sheet and the statement of comprehensive income of the Group.

6.3 Related party transactions

Until August 2020 Perfect Summit Holdings Ltd., Seychelles, had control over SunMirror Group. Therefore, the prior year's acquisition of Lithium 1 is a related party transactions.

Furthermore, the Group's related party transactions include transactions with:

- SunMirror's key management personnel (defined as the executive management of SunMirror AG).
- Opus Capital Asset Management GmbH, the company is providing key management personnel services to the Group.
- Opus Capital Switzerland AG, the company providing key management personnel services to the Group. Opus Capital Switzerland AG is an independent corporate advisory firm focused on the strategic realignment of middle-market and emerging growth companies.
- 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.

Key management personnel compensation comprised the following:

In USD thousand	2021/2022	2020/2021
Short-term employee benefits	460	316
Post-employment benefits	31	0
Total	**491**	**316**

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

The following transactions occurred with related parties:

In USD thousand	2021/2022	2020/2021
Receiving of services from other related party	-730	-888
Transactions resulting from loans received from other related party		-26
Total	**-730**	**-914**

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

In USD thousand	Jun 30 2022	Jun 30 2021
Current liabilities from:		
Key Management Personnel	-47	-60
Current receivables to:		
Other related party	5	23
Total	**-42**	**-37**
Loans granted to:		
Other related party	345	392
Total	**345**	**392**

In USD thousand	2021/2022	2020/2021
Impairment of receivables from another related party	16	0
Total	**16**	**0**

Events after the end of reporting period

On 12 July 2022, Latitude 66's independent directors confirmed the withdrawal of their recommendation to Latitude 66 shareholders that they should accept the offer of acquisition by SunMirror. Preceeding this confirmation, in May 2022, management concluded that it was likely that the acquisition of Latitude 66 would not be executed, as the agreed contractual conditions for the transaction to be completed, and especially those linked to SunMirror's ability to raise additional capital of EUR 70 million, would not be met within the required timeframe. SunMirror AG therefore decided that the amounts recognized in respect of the acquisition should be fully impaired (see Note 4 and ad hoc announcement on 5 July 2022)

On 5 July 2022, the convertible bond in the amount of USD 2,8 million, was fully repaid in cash (see note 5.17).

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Statutory Auditor's Report

To the General Meeting of
SUNMIRROR AG, ZUG

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SunMirror AG and its subsidiaries (the Group), which comprise the consolidated statement of financial statement as at June 30, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 53 to 99) give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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SUNMIRROR AG
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and Statutory Auditor's Report

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements describing the material uncertainty around the Group's ability to continue as a going concern, which is dependent on the availability of sufficient liquidity to finance the Groups 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. Based on the factors disclosed in Note 2.2, management has a reasonable expectation that the Group has adequate liquidity and resources to continue as a going concern for at least 12 months. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matter to be communicated in our report.

Deloitte.

SUNMIRROR AG
Consolidated Financial Statements
for the year ended June 30, 2022
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Key audit matter title

Valuation of non-current assets	How the scope of our audit responded to the key audit matter and observation
The carrying value of the Group's non-current assets within the scope of IFRS 6 *Exploration for and Evaluation of Mineral Resources* includes intangible assets in form of royalty rights and exploration and evaluation assets, which amounted in total to $30 million at June 30, 2022 (June 30, 2021 $32 million) (refer to note 5.10 & 5.11). The carrying value of the exploration assets amounts to 73 percent (in PY 95 percent) of the total assets of the Group as per June 30, 2022. We identified the valuation of non-current assets as a key audit matter due to the significance of the amounts on the balance sheet and management judgement required to assess impairment indicators including factors, such as: • possibility of license expiry or relinquishment; • exploration results that do not support the likelihood of the discovery of commercially viable quantities of mineral resources; and • long-term pricing assumptions for underlying commodities which reduce the likelihood of a commercially viable discovery. We assessed management's assumptions made in relation to valuation of non-current assets to be a key audit matter.	The scope of our audit responded as follows to the key audit matter: • we obtained understanding of and reviewed the valuation methodology and impairment indicator assessment applied by management for the financial year ended June 30, 2022. • we assessed the design and implementation of relevant controls related to management's impairment indicator assessment at the end of the year. • we engaged an internal mining valuation expert, to assess the work performed by management's expert and challenge whether the value of the assets were appropriate. • we performed the following procedures, to independently challenge the Group's assessment of the existence of any impairment indicators: - Reviewed underlying exploration licenses to verify existence of ownership and validity as at year end - Reviewed the most recent field visit reports prepared by the competent person engaged by management (management's expert) - Enquired with management and directors as to their intentions regarding the properties and plans for future exploration and development - For the royalty rights, we reviewed a third-party confirmation by the royalty party, confirming the royalty rights as per initial agreement as well as the holding of the respective retention license. We have also assessed management's estimation of the cash flow projection from the project. Key observations: Based on the results of our audit procedures, we conclude that the valuation and presentation of the exploration assets complies with the accounting framework, and that management's assessment of impairment indicators was appropriate.

Deloitte.

SUNMIRROR AG
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Key audit matter title

Accuracy and valuation of financial liabilities	How the scope of our audit responded to the key audit matter and observation
The financial liabilities amount to $7million at June 30, 2022 (June 30, 2021 $10 million), The financial liabilities consist of $4million related to compulsory convertible notes placed in December 2021 and $3million related to convertible bonds placed in April 2021, both carried at amortized cost. The terms and conditions of the compulsory convertible notes lead to complex accounting considerations, to determine its appropriate valuation and presentation under IFRS 7 and IFRS 9. Please refer to the Group's disclosure in Note 3 of the consolidated financial statements for further information.	The scope of our audit responded as follows to the key audit matter: • we obtained an understanding of the valuation methodology applied for initial recognition as well as subsequent measurement including review of agreements relating to the initial transactions. • we assessed the design and implementation of relevant controls related to management's review of the accounting treatment of complex financial instruments at the end of the year. • we assessed management's accounting position for the initial transaction and subsequent accounting with reference to the terms and conditions of the compulsory convertible notes. • we engaged internal financial instruments experts to assess the applied accounting treatment as presented in the consolidated financial statements for the financial year ended June 30, 2022. Key observations: Based on the results of our audit procedures, we conclude that the valuation and presentation of the compulsory convertible notes comply with the accounting framework.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report but does not include the consolidated financial statements and our auditor's reports thereon.

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

Deloitte.

SUNMIRROR AG
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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies.This description forms part of our auditor's report.

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SUNMIRROR AG
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Report on Other Legal and Statutory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Lay Boon Tan
Licensed Audit Expert
Auditor in Charge

David Reichel
Licensed Audit Expert

Zurich, October 28, 2022
BTA/DRE/vpf

Statement by all legal representatives

We confirm to the best of our knowledge that the consolidated 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 Group management report gives a true and fair view of
the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Zug, 28 October 2022

Dr. Heinz Kubli e.h.
Chairman of the Board

Laurent Quelin e.h.
Board member

Daniel Monks e.h.
Board member

MANAGEMENT REPORT

2021/22
AS AT 30 JUNE 2022

ECONOMIC ENVIRONMENT

CONTENT

ECONOMIC ENVIRONMENT

Macroeconomic Environment

Australia's resource and energy export earnings are forecast to reach $450 billion in 2022–23, surpassing last year's record of $422 billion. Earnings are then forecast to fall to $375 billion in 2023–24 (still the third highest ever), as world supply responds to high prices amidst a soft demand backdrop.

Driving the current surge in resource and energy export earnings is a spike in energy prices and Australian dollar weakness against the US dollar. Energy prices are elevated largely because of a looming drop in exports of gas, coal and oil by Russia, one of the world's largest energy exporters. Gas, LNG and thermal coal prices are at record levels, as Northern Hemisphere nations try to build stockpiles ahead of winter.

Since the end of June 2022, the price of thermal coal and other energy commodities prices have remained extremely high except for metallurgical coal prices which have declined sharply. Bans on Russian exports of oil and other fossil fuels by most advanced Western countries are progressively taking effect. By early 2023, the market for Russian exports will have shrunk noticeably: transport and infrastructure constraints will likely prevent a full diversion of some of these energy commodities from the West to nations such as China and India. The net result is a drop in world energy supply, as some Russian output becomes stranded. Drought in large parts of Western Europe, the United States and southern China has exacerbated energy shortages. High energy prices have caused the curtailment of energy-intensive metal smelting/refining, especially in Western Europe. These output cuts have partly offset the impact of weaker metal demand (induced by a sharp rise in energy costs on consumers and slower global GDP growth). Prices of energy commodities are expected to remain relatively high over the outlook period. High prices are likely to accelerate the push towards the adoption of low emission technologies.

Source: https://www.industry.gov.au/sites/default/files/minisite/static/8f915ab4-c06d-41cf-98ee-5bc628230bdc/resources-and-energy-quarterly-september-2022/documents/Resources-and-Energy-Quarterly-September-2022.pdf

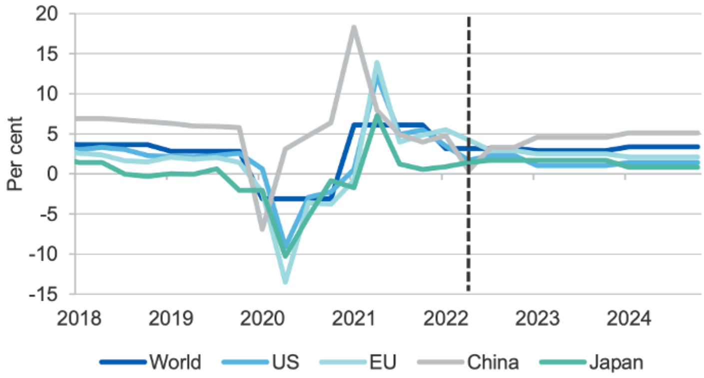
WORLD ECONOMIC OUTLOOK

The International Monetary Fund (IMF) projects the world economy to grow by 3.2% in real terms in 2022 and 2.9% in 2023. This is around half the rate of growth achieved last year and represents a downward revision of 0.4 percentage points in 2022 and 0.7 percentage points for 2023 from the April 2022 World Economic Outlook.

Global output stalled in the second quarter of this year, with GDP falling quarter-on-quarter (q/q) in China, the US and the UK, while Germany had zero growth. Downward revisions to forecast growth occurred across most economies, including substantially lower IMF growth forecasts for the US, China, the Euro Area, Japan and India. The Reserve Bank of Australia (RBA) expects growth in Australia's major trading partners to be well below its pre-pandemic average in the next two years.1

Policymakers in most economies currently face major challenges: they are having to manage high levels of inflation in an environment of sharply slowing (and even negative) growth. Inflation has surged, as supply problems add to a surge in energy prices due the fallout from the Russian invasion of Ukraine. The supply problems are both a remnant of the COVID-19 pandemic and a result of severe drought in Western Europe, southern China and the US.

GDP Growth Forecasts



Source: IMF (2022)

Downside risks are substantial. These include: Russia cutting off gas exports to Europe; inflation proving harder to reduce than expected; tighter global financial conditions inducing debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lingering problems in the Chinese property sector.

Whether the global economy experiences a hard or soft landing remains in the balance. Labour markets are extremely tight in some advanced economies, especially the US and the UK, raising nominal wage growth. But real wages have mostly fallen, eroding household purchasing power and consumer sentiment. Households in advanced economies are servicing historically high debt levels, in part by drawing down savings built up during the pandemic. How labour markets perform will be critical as business investment and household spending respond to tighter financial conditions over the coming quarters.

Source: https://www.industry.gov.au/sites/default/files/minisite/static/8f915ab4-c06d-41cf-98ee-5bc628230bdc/resources-and-energy-quarterly-september-2022/documents/Resources-and-Energy-Quarterly-September-2022.pdf

Relevant Commodity Markets

GOLD

SUMMARY: Gold prices averaged US$1,872 an ounce in the June quarter 2022, before falling to an average of about US$1,730 an ounce in the September quarter 2022. Prices came under pressure from the strong US dollar and rising bond yields, following aggressive US monetary tightening and heightened uncertainty over global economic growth.

World gold consumption increased in the first half of 2022

World gold demand increased by 12% year-on-year to 2,189 tonnes in the first half of 2022. This increase was driven by strong flows into US and European gold-backed exchange-traded funds (ETFs), which gained 234 tonnes, compared to an outflow of 127 tonnes in 2021.

Heightened geopolitical risk following Russia's invasion of Ukraine, weaker equity markets and mounting inflation concerns, drove significant investment flows into safe-haven assets (such as gold ETFs) from January-April 2022. From May 2022, rising real bond yields and a strong US dollar eroded gold's appeal to investors, leading to ETF outflows and lower gold prices over the remainder of the June quarter 2022.

Gold consumption is expected to fall in 2023 but recover in 2024

World gold consumption is forecast to decrease by 1.6% to 4,065 tonnes in 2023, as investment demand eases from relatively strong levels in 2022. While safe-haven demand will tend to support gold investment — so long as geopolitical and economic uncertainty persists — real bond yields are unlikely to decline to the negative levels seen throughout 2021 and 2022. This will make investors more likely to seek alternative safe-haven assets, such as interest-bearing bonds.

World gold consumption is forecast to increase by 7.7% in 2024 to 4,376 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 countries such as China and India.

World supply increased in the first half of 2022

World gold supply increased by 4.9% year-on-year to 2,357 tonnes in the first half of 2022. The increased supply was driven by a 3.1% rise in global mine production and an 8.0% increase in gold recycling. Stronger gold recycling activity in the quarter largely reflected the impact of higher US dollar gold prices, with increases achieved despite disruptions in China related to the country's zero COVID policy.

Global mine production rose to a record high 1,764 tonnes during the first half of 2022, driven largely by increased production in China and Australia.

Gold mine production is expected to increase as new projects come online in Canada, Chile, Brazil and Argentina. Production in Australia is forecast to rise during 2023 and 2024, driven by new projects and expansions of existing projects. Continued environmental regulations and industry consolidation in China will see production fall over the medium-term.

Gold prices to fall over the short and medium term

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 economic uncertainty continues to support the US dollar. Lower safe haven demand will do less to ameliorate the impact of higher interest rates on gold demand.

There are several risks to the gold price assessment in the remainder of of 2022. These include the arrival of any new COVID-19 variants and the extent to which COVID-19 lockdowns and control measures persist in China.

Record Australian gold exploration expenditure in 2021–22

Australia's gold exploration expenditure reached a record high of $1.6 billion in 2021–22, up 4.0% from the previous record in 2020–21. Gold accounted for 41% of Australia's total mineral exploration expenditure (at $3.9 billion) in 2021–22. Western Australia remained the centre of gold exploration activity in Australia in 2021–22, accounting for 71% (or $1.1 billion) of total gold exploration expenditure, followed by Victoria (10% or $166 million) and NSW (7.2% or $114 million).

LITHIUM

SUMMARY Spodumene prices are forecast to rise from an average US$598 a tonne in 2021 to US$2,730 a tonne in 2022, and US$3,280 a tonne in 2023 before moderating to US$2,490 in 2024. We expect lithium hydroxide prices to lift from US$17,370 a tonne in 2021 to US$38,575 a tonne in 2022 and US$51,510 in 2023, and moderate to US$37,650 by 2024.
Australia's lithium production is forecast to grow from 247,000 tonnes of lithium carbonate equivalent (LCE) in 2020–21 to 387,000 tonnes in 2022–23 and 469,000 tonnes of LCE in 2023–24.
Australia's lithium export earnings are forecast to increase by more than ten-fold in just two years from $1.1 billion in 2020–21 to $13.8 billion in 2022–23, and ease to $12.9 billion by 2023–24.

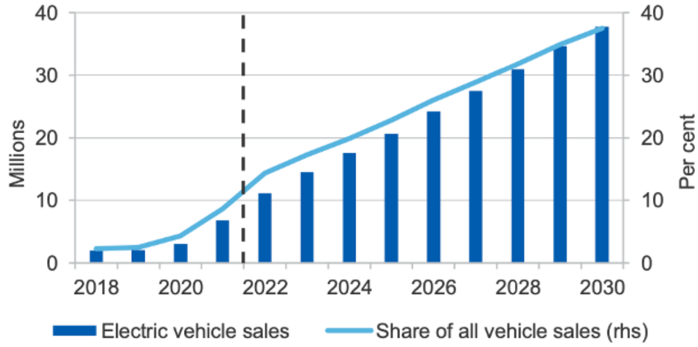
Global demand for lithium grows as electric vehicle sales take off

Global lithium demand continued to grow strongly in the June quarter 2022, driven by rising demand for electric vehicle batteries. Despite faltering global economic growth in the June quarter, sales and production of electric vehicles (EVs) continued their rapid growth trend.

Global sales of all types of EVs increased 36% in the year to June 2022 compared with the same period in 2021 — with Chinese sales up 110% (and still representing over 50% of global sales), European sales up 6%, and North American sales up 27%.

Long term electric vehicle sales projections

Globally, governments continue to be extremely supportive to encourage EV sales to the detriment of fossil fuel powers vehicles.



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

Key global automakers continue to accelerate plans to transition to EVs by developing new product lines and converting existing manufacturing capacity. The global market share for passenger EVs has quadrupled since 2019, with EV sales representing about 9% of the car market in 2021. Strong underlying demand and EV manufacturers' declarations of further increases in production, imply that EV sales could reach almost 40% of vehicle sales annually by 2030.

World demand for lithium is estimated to increase from 583,000 tonnes of lithium carbonate equivalent (LCE) in 2021 to 724,000 tonnes in 2022. Over the following two years, demand is forecast to rise by over 40%, reaching 1,058,000 tonnes by 2024. Asia remains the major source of demand for lithium, despite the spread of new battery manufacturing capacity into Europe and the US.

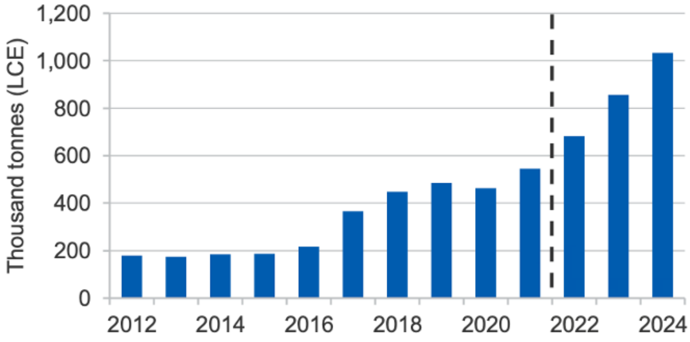
Supply chain issues that plagued EV manufacturers and battery makers late in 2021 and earlier this year have eased somewhat. But supply remains tight, with reports of delivery timeframes for key EV models being pushed well into 2023. Higher prices for lithium as well as other key battery materials (such as nickel, graphite and cobalt) are putting pressure on battery costs.

Global lithium production rising, but supply gap remains

World output was 546,000 tonnes LCE in 2021, and is forecast to reach 682,000 tonnes in 2022 and 1,034,000 tonnes in 2024. This rapid growth — of over 80% in three years — is forecast to be met by gains in output by Australia, Chile (via expansions to Albemarle and SQM brine operations) and Argentina (via new and expanded brine operations by Livent, Allkem and Minera Exar).

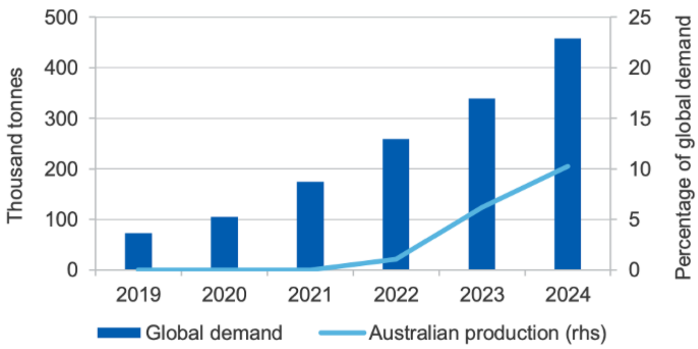
Total supply from mine and brine operations is currently insufficient to meet demand. While new lithium projects are being developed, the supply gap will take time to close. Stockpile size is hard to ascertain, with some estimates of 4-8 weeks for spodumene. Ongoing tight supply conditions are forcing lithium processors and battery makers to pay record prices.

Global lithium production



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

World and Australian lithium hydroxide output



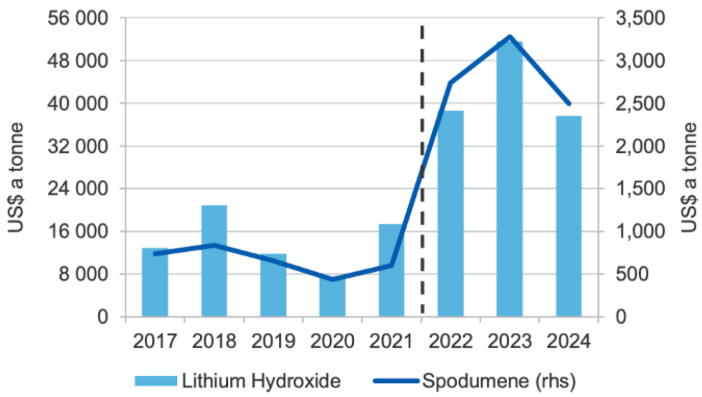
Source: Wood Mackenzie (2022); Department of Industry, Science and Resources (2022)

Global race for new lithium production speeds up

A number of expansions and new projects have been announced in recent months. 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, in Canada several projects are expected to start or restart production between 2023-2025, Mexico has created a state-run company to mine lithium after nationalising lithium resources in April, Europe and North America are looking to reduce their dependency on Chinese imports and develop their own lithium production with new regulation, Zimbabwe's Premier African Minerals is expected to start shipping spodumene concentrate from its Zulu lithium mine to China by March 2023, and Argentina's Government revealed that Ultra Argentina SRL and China's Zangge Mining have committed $290 million to explore, develop and process the nation's lithium deposits. Interest in recycling continues to rise, with recycling projects announced in many nations. However, large scale operations will take time to establish.

Record spodumene spot prices rolling into contract prices

Shortages of spodumene, lithium hydroxide and lithium carbonate continue to push spot prices to new records. As most Australian producers (which represent almost half of the world' production) have historically utilised long term contracts, prices received take time to adjust to shifts in spot prices. High average prices reported by Australian producers indicate spot prices are now flowing more rapidly into contract prices.



Notes: Lithium hydroxide price is for higher-priced battery grade product. Source: Wood Mackenzie (2022); Department of Industry, Science and Resources (2022).

Rapid price movements and the relative immaturity of the market will likely lead to ongoing uncertainty. Risks to the lithium price forecasts are balanced over the outlook period. While expansions to production are already underway in Australia and overseas, there are long lead times for lithium mine and brine operations. Moreover, the potential for delays in bringing such large volumes of lithium into production, mean risks remain of persistent supply shortages over the next few years.

However, one of the drivers of recent high spot prices appears to be a push by refiners and battery makers to build up inventories, due to concerns about global supply chains. The lack of data on global lithium stocks makes it difficult to judge how well battery producers have built up stockpiles. If these concerns ease, prices could moderate more rapidly over the outlook period. Prices may also ease if global economic growth slows more rapidly than recent IMF forecasts suggest it will.

More generally, the Lithium market has been volatile in the past 10 years. Between 2017-2020, global demand lost momentum and prices and revenues plunged. This fall tested the resilience of businesses, with some facilities relegated to care and maintenance. But as global battery manufacturers and automakers reassessed their requirements over the course of 2021, demand for lithium took off again. This third stage holds even stronger growth prospects than the first, with Australia's lithium export revenues forecast to grow from $1.1 billion in 2020–21 to $13.8 billion in 2022–23 — a tenfold increase in just two years.

Australia's hydroxide refineries on verge of commercial production

A key milestone occurred in May 2022 with first production of battery grade lithium hydroxide at the Kwinana lithium hydroxide refinery (51% Tianqi and 49% IGO) and this has allowed the start of the product qualification process with offtake partners, with an expected completion time of 4-8 months. By 2024, Australia may have about 10% of global lithium hydroxide refining capacity, rising to about 20% of global lithium refining by 2027. There are a number of risks to the strong forecast growth for Australian lithium production. Delays to approval and construction of new mine and processing plants, as well as difficulties achieving ramp up to full output, would see slower growth in spodumene output volumes and export values.

China dominates the EV battery supply chain, producing three-quarters of all lithium-ion batteries, and holds around 70% of cathode production capacity and 85% of anode production. Over half of lithium, cobalt and graphite processing and refining capacity is located in China. This situation is not expected to change rapidly. The IEA states that the majority of the supply chain is likely to remain Chinese through to 2030. In the case of battery production, China accounts for 70% of new global production capacity announced for the period to 2030 (IEA 2022).

IRON ORE

SUMMARY Iron ore prices have fallen by around 20% in the September quarter 2022. Combined with growing global recessionary fears, new COVID- 19 outbreaks and weakness in China's housing sector, have dampened world steel and iron ore demand in recent months.
Australian export volumes were 0.9% higher year-on-year in the first half of 2022, with new greenfield supply starting to come online from major producers. Exports are forecast to increase by 3.1% in 2022–23 to reach 903 million tonnes, and rise by 3.8% to 937 million tonnes in 2023–24.
Lower prices over the outlook are expected to see Australia's iron ore export earnings ease from $134 billion in 2021–22 to $119 billion in 2022–23, and then to $95 billion in 2023–24.

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

Iron ore prices dip in September quarter on weaker global steel demand

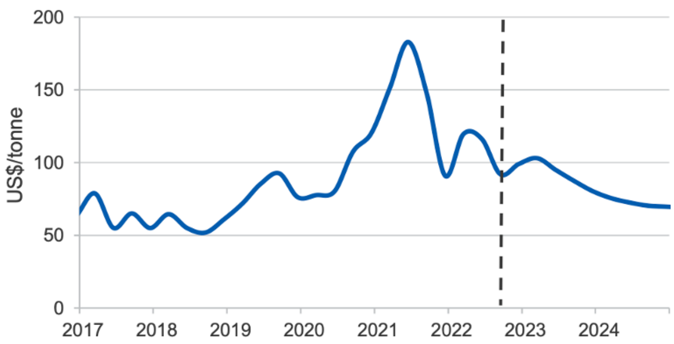
Iron ore prices have fallen by around 20% in the September quarter 2022, averaging around US$100 a tonne. Combined with growing global recessionary fears, new COVID- 19 outbreaks and weakness in China's housing sector, have dampened world steel and iron ore demand in recent months.

Weakening demand in China, combined with a cost increase in many raw materials inputs has also driven steel mill margins down so far in 2022, with reports of as many as half of all mills operating at a loss in July (particularly EAF-based steelmaking). Following a multi-month decline in China's portside stocks, iron ore inventories rebounded from July, reaching around 140 million tonnes by mid-September. Despite the increase in portside stocks, inventories at steel mills remain low in year-on-year terms, which may provide some tailwind to iron ore demand over the rest of 2022.

Weaker demand and more supply to continue to push prices lower to 2024

Over the rest of the outlook period, 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 also take place alongside growing supply from Australia and Brazil. Growing global recessionary fears present further downside risks to iron ore prices over this period.

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)

World trade - Global iron ore supply improved in June quarter, but remains tight in 2022

In the first half of 2022, combined shipments for Australia, Brazil, South Africa and Canada — representing more than 80% of global seaborne supply — were around 640 million tonnes, a fall of 1.3% compared with the same period in 2021. This was due to weaker export volumes for Brazil (down 7.5% year-on-year) and South Africa (down 4.6%) over the period.

Russia/Ukraine prompting both a market restructure and regional shortfall

The Russian invasion of Ukraine has continued to see a reorganisation of iron ore and steel exports in recent months. Supply chain constraints are likely to lead to some shortfalls in regional supply of iron ore in 2022.

With most of Ukraine's iron ore mines located in areas outside major conflict zones, Ukrainian producers had been able to maintain a reasonably high level of exports through the early months of the invasion. This was despite Russia's blockade of the country's primary export hub at the port of Pivdennyi, with Ukrainian producers redirecting cargos by rail and barge to ports in Poland and Romania for export.

However, with rising energy costs and Russian strikes on this improvised logistics network in June, exports have declined in recent months, and are expected to remain weak for the rest of 2022. This has led to major iron ore producers such as Metinvest and ArcelorMittal suspending a number of operations from July.

China announces a significant new state-owned iron ore enterprise

In July, China established a new state-backed entity, China Mineral Resources Group, with responsibilities including the import and export of commodities, sales, iron ore mining, processing, and supply chain management services. The new company has registered capital of RMB 20 billion (around US$3bn). The move is seen as an effort by the Chinese government to guarantee the supply of important minerals resources and increase the negotiating power of China's steel industry. This could include establishing a single, central purchasing platform for iron ore, though how this would function across China's vast steel industry remains unclear.

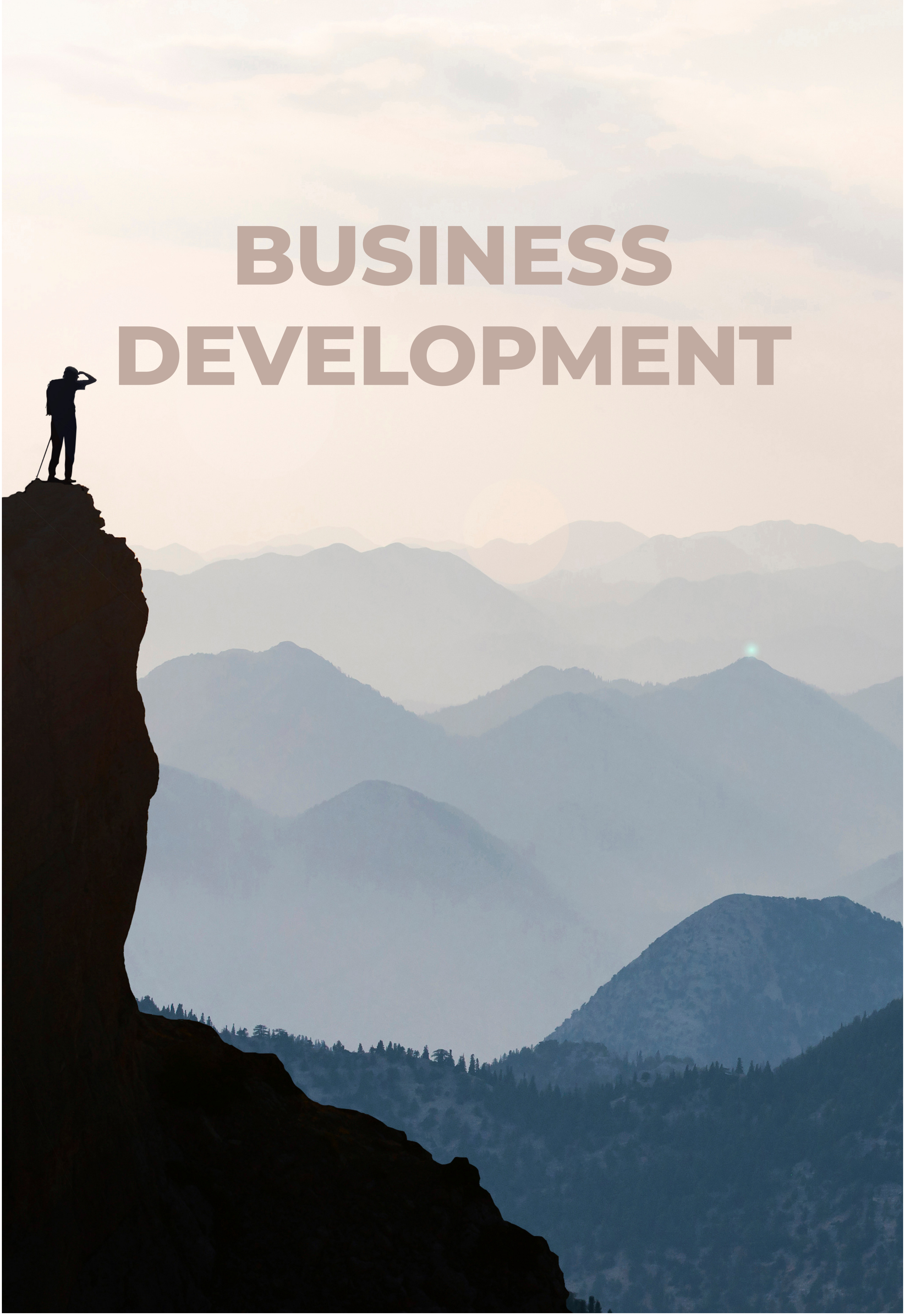
In conclusion, the global seaborne iron ore market is expected to remain relatively balanced over the outlook period, with growth in exports from both Australia and Brazil offsetting falls from mid-tier exporters such as India. However, growing macroeconomic headwinds — such as weakening global growth, energy shortages and further COVID-19 outbreaks — present a mounting risk to steel demand growth over the outlook, which would have repercussions for iron ore demand.

Iron ore exploration expenditure highest in 9 years in June quarter

A total of $201 million was spent on iron ore exploration in the June quarter 2022 (Figure 4.8). This was an increase of 44% compared with the previous quarter, and 33% higher than the same quarter in 2021. Exploration has remained elevated in recent quarters following iron ore prices reaching historical highs in the first half of 2021 and this is expected to continue going forward.

Source: https://www.industry.gov.au/publications/resources-and-energy-quarterly-september-2022

BUSINESS DEVELOPMENT



CONTENT

BUSINESS DEVELOPMENT

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 (see section 2.2.4 below) started its activities in the raw material sector and is in the early stage of exploration activities. 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.

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.

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 undeveloped countries. In addition, this provides SunMirror with a proximal market for its mineral projects.

SunMirror's acquisition strategy is to acquire majority stakes (apart from potential royalty opportunities).

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.

Operating Activities

The Group invests into exploration and mining assets with a focus on critical metals relevant for both the European and Asian EV 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 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.

  As the company plans to carry out both trenching and drilling in the future, Terrestrial Ecosystems was commissioned to undertake a preliminary site assessment and to prepare a report that outlines the potential vertebrate fauna issues should our company intend to proceed with exploration and mining in one of more areas within the license area. (To comply with Western Australian mining laws).

  Site reconnaissance visit was undertaken by Dr Scott Thompson on 16 February 2022 to assess variations in habitat types, the presence of habitat that would support conservation significant species, access and habitat condition.

Dr Thompson's report concludes that

> "Exploration drilling in the three main target areas within the licence is unlikely to significantly impact of terrestrial species unless the drilling area is near the activity area of a conservation significant species, and in most cases the animals will move into an adjacent area with little impact.
>
> Arboreal bats are unlikely to be significantly impacted unless a roost site is disturbed, and roost sites are caves or adits. If exploration drilling is at least 50m from the entrance of a cave or adit and the drilling activity is limited to a couple of days, then impacts are unlikely to be significant.
>
> If exploration is to occur adjacent to the wetland areas, then the waterbirds will almost certainly move to less disturbed areas, so any impacts will be low.
>
> It is recommended that an inspection of each of the proposed access track and exploration drilling sites and is undertaken prior to drilling activity by a suitably experienced zoologist is undertaken to identify if any conservation significant species will be potentially impacted."

He concludes

> "When the intended mining and disturbance area(s) are demarcated, then a targeted survey should be planned and implemented for conservation significant species potentially found in the project areas."

In April 2022 Botanica Consulting Pty Ltd (Botanica) was commissioned by Lithium 1 Pty. Ltd. (SunMirror's wholly-owned subsidiary) to undertake a reconnaissance and targeted flora / vegetation survey of the project area (referred to as the 'survey area'). Their assessment is intended to support Program of Works (trenching / drilling) approvals for the exploration program on the Project.

Following a desktop study and site visit (May 2022), their report concludes:

1. No environmentally sensitive areas were identified within the survey area.
2. There are no wetlands of international importance (Ramsar Wetlands) or national importance (Australian Nature Conservation Agency Wetlands) within the survey area.
3. There are no gazetted conservation reserves within the survey area.
4. No threatened, priority or otherwise significant flora species were identified within the survey area.
5. No threatened, priority or otherwise significant ecological communities were identified within the survey area.

Plan of Word (PoW) is being submitted to the authorities and quotes are being sought for drilling as well as for an aeromagnetic survey. The aeromagnetic survey will be especially useful in identifying structures that lie beneath supercial cover within the licence area, and which will be prioritised and targeted by drilling.

- **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 has good potential for gold and nickel. The property is an exploration project with no JORC-compliant mineral resources defined as yet.

  Since the November 2021 field visit by Geonomik Pty Ltd, no further work has taken place on the ground. Quotes for both drilling and an aeromagnetic survey are being sought, with a view to drilling in 2023. As with the Moolyella licence above, the aeromagnetic survey will help to identify prospective structures that may host gold mineralisation for drilling.

- **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.

  SunMirror is aware that MCC has recently submitted an application for an extension (renewal) of their retention license to the Department of Mines, Industry Regulation and Safety (submission date: 16th March 2022) and has paid the required annual rental fee for the next twelve months (until 21 March 2023) and which has been verified on the Australian Tenements Online system. Furthermore, the system shows that no expenditure is required by MCC on the project to hold the licence for the current year (ending March 2023).

  The maximum licence term for a retention licence is 10 years. A retention licence may be renewed.

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 (ending December 2023) of approximately AUD$760k has been calculated for the company's Australian projects and is predominantly made up of drilling and airborne geophysical costs for Moolyella and Kingston Keith. The airborne geophysics, in the form of aeromagnetics, will highlight structures beneath the ground for drilling. The exploration budget is subject to continuous review by the Board, and is dependent on positive results generated from exploration work.

Please refer to section 1.2 of the notes to the consolidated financial statements for further information.

Acquisitions

LATITUDE 66 ACQUISITION

On 27 August 2021 SunMirror AG through its wholly owned subsidiary SunMirror Luxembourg S.A. entered into a conditional binding agreement with Latitude 66 Cobalt Limited to acquire 100 percent of the shares of Finnish cobalt company Latitude 66 Cobalt Oy ("Lat66 OY") from its parent company Latitude 66 Cobalt Limited ("Parent" or "Lat66"). Further to the announcement made by the Company on 26 August 2021, the Company announced that on 19 December 2021 its wholly owned subsidiary SunMirror Luxembourg S.A. entered into a bid implementation agreement with Latitude 66 Cobalt Limited in connection with the proposed offer to acquire the issued share capital of Lat66, the parent company of Finnish cobalt company at a price of AUD 0.467 per Lat66 share. Lat66 OY's business focus is exploration and mine development with its business operations located in Finland. Founded 4 years ago, Lat66 Oy is one of the leading explorers of cobalt in Europe and controls the largest exploration tenement package of any single company in Finland. Lat66 OY's most advanced mine development project is the fourth largest known cobalt deposit in the European Union and the second largest not yet in production. In addition, Lat66 OY has an extensive exploration portfolio with over 100 targets identified for further exploration. The purchase price per Lat 66 share and per performance right is AUD 0.467 payable to the Lat 66 shareholders and holders of performance rights in cash on closing, for a total amount of AUD 69,116,00, and a 2% net smelter royalty on future production. The Offer was supposed to close on 4 February 2022, if not extended ("Offer Period"). On 30 November 2021 a single investor (the "Investor") subscribed for 1,000,000 new bearer shares at an issue price of EUR 70 per share (the "Capital Raise"), of which to date only 248,121 shares have been paid and issued.

Between February 2022 and June 2022, due to the ongoing delays in completing the Capital Raise, SunMirror Luxembourg agreed with Lat66 several extensions to the closing date of the takeover offer and filed with the Australian Securities and Investments Commission the relevant supplementary bidder's statements.

In April 2022, an agreement was reached with Latitude 66 Cobalt Limited to extend the closing date of the takeover offer for a consideration of a EUR 4 million loan (non-repayable should the takeover not be completed) for its scheduled exploration and mine development programme. This arrangement was made on the basis of reiterated promises by the Investor, with some supporting evidences, that they would be able to fulfil their obligations in relation to the Capital Raise. Prior to that, various non-repayable loans totalling EUR 3.05 million had already been extended between August 2021 and February 2022 to support Latitude 66 Cobalt Limited's operation. Proceeds from these loans were retained within the Lat66 Group to run the business. On 14 June 2022 the closing date of the takeover offer was extended one final time to 12 July 2022, but the acquisition could not be completed.

Please refer to section 8 of the Management Report "Outlook and Important events that have occurred since the end of the last business year" for further information on the Lat66 acquisition.

OTHER ACQUISITIONS

The Group continues to be on the lookout of acquisition 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.

ERGEBNIS UND BILANZ-ANALYSE

CONTENT

EARNINGS AND BALANCE SHEET ANALYSIS

The statutory financial statements of SunMirror AG for the twelve months ended 30 June 2022 have been prepared on the assumption that the company will continue as a going concern in accordance with the provisions of the Swiss Code of Obligations (CO), commercial accounting and financial reporting (Art. 957 ff. CO).

Revenues

SunMirror AG did not generate any revenues or receive any dividends from its subsidiaries in the reporting period 2021/22 or in the prior-year period 2020/21.

Personnel expenses

	CHF 2021/ 22 (12 months)	CHF 2020/ 21 (12 months)
Wages and salaries	-574'032	-39'883
Services of third parties	-163'611	-124'111
Social security	-64'538	-5'677
Pension plan	-21'569	0
Other personnel expenses	-12'500	-2'563
Total	**-836'250**	**-172'234**

Personnel expenses increased by 385,5% (CHF 0,6 million) in the reporting year and amount to CHF 0,8 million in 2021/22 (2020/21: CHF 0,2 million). The increase in personnel expenses compared to the prior period arises primarily from the increase in the number of full-time equivalents (FTE) from an average of 1,4 FTE in the financial year 2020/21 to an average of 3.3 FTE in the financial year 2021/22.

Other operating expenses

	CHF (12 months)	CHF (12 months)
Rent	-38'768	-5'500
Maintenance, repairs, replacements	-1'025	0
Insurances, duties, fees, permits	-27'472	-1'969
Energy and disposal	-555	0
Administration and IT	-6'539	-9'055
Accounting and consolidation	-283'185	-172'139
Professional consulting	-884'459	-306'980
Legal and tax consulting	-587'409	-354'170
Admission expenses	-487'461	-983'341
Board of Directors and General Meeting	-17'472	-258'070
Audit	-564'102	-656'076
Advertising, Investor and Public Relation	-444'561	-148'789
Total	**-3'343'007**	**-2'896'089**

Other operating expenses increased by 15,4% (CHF 0,4 million) in the reporting year and amount to CHF 3,3 million for 2021/22 (2020/21: CHF 2,9 million).

In fiscal year 2020/21, the main driver was the cost of preparatory work for a stock market listing. In fiscal year 2021/22, further costs were incurred for the initial listing on the Vienna Stock Exchange, which was successfully completed with the admission on 26 November 2021. The first day of trading was on 30 November 2021. The costs related to the work on the prospectus are mainly included in the categories consulting fees and valuation reports, stock exchange fees, legal fees, accounting, tax and auditing fees, Professional fees and communication/PR costs.

In fiscal year 2021/22, further consulting fees and valuation reports, legal and tax consulting fees, communication and PR costs were incurred, which are attributable to the following projects:

- Strategic discussions with shareholder groups.
- Introduction of an internal control system and compliance monitoring in accordance with the requirements of the law and the Vienna Stock Exchange.
- Preparation of a securities prospectus for the planned capital increase to finance the acquisition of Latitude 66.
- Various legal and tax fees and audit fees for due diligence costs in connection with the planned acquisition of Latitude 66.

Depreciation, amortization and impairment of non-current assets

	CHF 2021/ 22 (12 months)	CHF 2020/ 21 (12 months)
Impairment of financial assets	-3'144'164	0
Amortization intangible assets	-4'386	0
Total	**-3'148'550**	**0**

Impairment of financial assets relate exclusively to the failed acquisition of Latitude 66 in the fiscal year 2021/22 in the amount of CHF 3,1 million (2020/21: CHF 0 million).

On 12 July 2022, Latitude 66's independent directors confirmed the withdrawal of their recommendation to Latitude 66 shareholders that they should accept the offer of acquisition by SunMirror. Preceeding this confirmation, in May 2022, management concluded that it was unlikely that the acquisition of Latitude 66 would be executed, as the agreed contractual conditions for the transaction to be completed, and especially those linked to SunMirror's ability to raise additional capital of EUR 70 million, would not be met within the required timeframe. SunMirror AG therefore decided that the amounts recognized in respect of the acquisition should be fully impaired.

The amortization of intangible assets is a straight-line amortization on the purchased domains.

Financial result

Financial income

	CHF 2021/ 22 (12 months)	CHF 2020/ 21 (12 months)
Interest income	3'254	607
Gains on marketable securities - realized	0	228'581
Gains on marketable securities - unrealized	0	736'721
Gains on currency translation - realized	777'221	47'685
Gains on currency translation - unrealized	3'066	2'648
Total	**783'542**	**1'016'242**

Financial income decreased by -22,9% (CHF -0,2 million) in the reporting year and amount to CHF 0,8 million (2020/21 CHF 1,0 million). The financial income results primarily from net realized foreign exchange gains from the currency translation of convertible EUR bonds.

Financial expenses

	CHF 2021/ 22 (12 months)	CHF 2020/ 21 (12 months)
Interest	-466'737	-200'490
Bank fees	-46'224	-23'030
Losses on marketable securities - realized	-1'431'741	0
Losses on marketable securities - unrealized	-289'902	0
Losses on currency translation - realized	-674'271	-116'887
Losses on currency translation - unrealized	-340'401	0
Other financial expenses	-1'951'431	-568'789
Total	**-5'200'708**	**-909'196**

Financial expenses increased by 472,2% (CHF 4,3 million) in the reporting year and amount to CHF 5,2 million (2020/21: CHF 0,9 million). Financial expense is a result of the loss on investments in securities of Cadiz Inc., a listed U.S. company, interest expenses relating to convertible bonds, foreign currency exchange losses on assets denominated in EUR and other financial expenses relating to costs for raising capital.

Extraordinary, non-recurring or out-of-period income

In the reporting year 2021/22, SunMirror AG recognized two out of period income in the total amount of CHF 0,4 million (2020/21: CHF 0 million). On the one hand, it was a partial waiver of a supplier and on the other hand, the interest accrued on the converted convertible loan in the previous year lapsed.

Direct taxes

SunMirror AG did not generate any taxable profits in the reporting period or in the prior-year period. The accumulated losses carried forward of CHF 3,1 million as of 30 June 2021 increased further to CHF 14,4 million as of 30 June 2022. SunMirror AG only paid capital taxes in the reporting period as well as in the previous year.

Cashflow Statement

As SunMirror AG (Group) has prepared its consolidated financial statements in accordance with IFRS as issued by the IASB, it does not prepare a cash flow statement in accordance with the law.

Financial position and capital structure

ASSETS

	(Notes)	CHF 30 June 2022	CHF 30 June 2021
Cash and cash equivalents	1	10'133'285	411'564
Marketable securities	2	65'294	4'013'334
Other short term receivables	3	8'113'172	1'163'377
Prepaid expenses and accrued income	4	47'248	42'171
Total current assets		**18'358'999**	**5'630'446**
Financial assets	5	516'208	2'770'900
Participations	6	1'175'000	1'175'000
Intangible assets	7	7'576	11'962
Total non-current assets		**1'698'784**	**3'957'862**
Total assets		**20'057'783**	**9'588'308**

Total assets increased by 109.2% (CHF 10,5 million) to CHF 20,1 million as at end of June 2022 (June 2021: CHF 9,6 million).

Cash and cash equivalents increased compared to the previous year, in particular as a result of the cash capital increase in March 2022. The decrease in marketable securities reflects the almost complete sale of Cadiz shares.

Other short-term receivables and con-current financial assets reflect intercompany receivables from subsidiaries. The participation shows the carrying amount of the direct investment in SunMirror Luxembourg S.A. The intangible assets include the residual carrying amount of the purchased domains.

LIABILITIES

	(Notes)	CHF 30 June 2022	CHF 30 June 2021
Trade accounts payable	8	849'790	850'272
Short-term interest bearing liabilities	9	6'989'538	9'394'449
Other short-term liabilities	10	29'459	14'776
Deferred income and accrued liabilities	11	702'016	400'907
Total short-term liabilities		**8'570'804**	**10'660'404**
Total liabilities		**8'570'804**	**10'660'404**

Total liabilities decreased by 19,6% (CHF 2,1 million) to CHF 8,6 million at the end of June 2022 (June 2021: CHF 10,7 million).

One convertible bond in the amount of CHF 6,1 million was converted into equity. By the end of June 2022 a second one in the amount of CHF 3,0 million was due. However, it was not actually repaid until the value date of 5 July 2022, due to technical problems with the paying agent. In order to secure operational liquidity, compulsory convertible notes with a term of one year until December 2022 were issued in December 2021. These transactions decreased the financial liability in the reporting year in the net amount of CHF 2,4 million.

EQUITY

	CHF	CHF
	30 June 2022	30 June 2021
Share capital		
Share capital - opening balance	2'000'000	325'000
Contribution in kind SunMirror Luxembourg S.A.	0	1'175'000
Conversion of convertible bond	95'100	0
Capital increase	248'121	500'000
Total Share capital	**2'343'221**	**2'000'000**
Number of bearer shares at a nominal value of CHF 1.00 per share	2'343'221	2'000'000
Statutory capital reserve		
Capital contribution reserve - opening balance	0	0
Conversion of convertible bond	6'027'676	0
Capital increase	17'512'235	0
Total Statutory capital reserve	**23'539'911**	**0**
Statutory retained earnings		
General statutory reserve - opening balance	92	92
Total Statutory retained earnings	**92**	**92**
Accumulated losses		
Accumulated losses - opening balance	-3'072'188	-109'497
Loss for the year	-11'324'058	-2'962'691
Total Accumulated losses	**-14'396'245**	**-3'072'188**
Total equity	**11'486'979**	**-1'072'096**

Shareholders' equity increased by CHF 12,6 million to CHF 11,5 million at the end of June 2022 (June 2021: CHF -1,1 Mio.). At the end of June 2022, the Group had an equity to capitalization ratio of 57,3% (June 2021: -11,2%).

During the year ended 30 June 2022, the Group carried out two capital increases. In the first capital increase in March 2022 amounting to CHF 17,8 million, 248.121 shares were issued at a price of EUR 70 per share. In the second capital increase in May 2022 amounting to CHF 6,1 million, 95.100 shares were issues at a price of CHF 70 per share. The second capital increase resulted from the conversion of issued convertible bonds.

COMPANY STRUCTURE

CONTENT

COMPANY STRUCTURE

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 Steinhauserstrasse 74, 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.

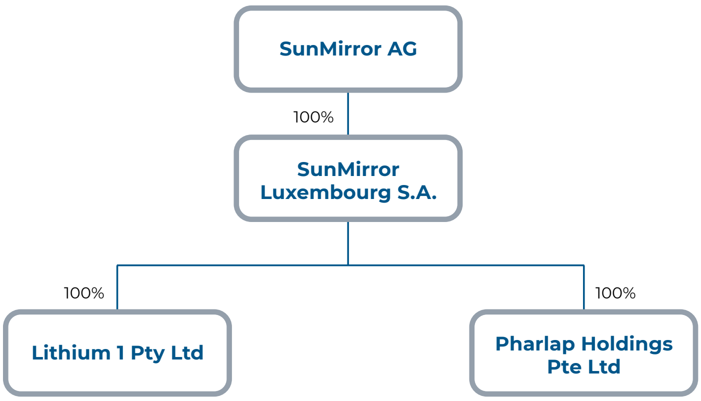
The Creation and Historical Development of the Company

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").

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.

RISK REPORT

CONTENT

RISK REPORT

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.

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.

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.

If MCC failed to get its retention license approved by Western Australia's department of mines this 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 to finalise the respective licence RHSAs.

The company does not envisage any problems in concluding the RHSAs on both licences in the near future.

Impact of Covid-19

Although slowly waning due to the improving health situation, central bank and government actions and support measures taken in response to the Covid-19 outbreak may create restrictions in relation to capital, human resources and mobility. These may limit management's flexibility in managing the business. The Group monitors these developments to assess how it could impact its business, particularly in relation to asset capex programmes and access to capital.

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.

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

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.

ACCOUNTING, CONTROL AND RISK MANAGEMENT PROCESS

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

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.

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 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.

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.

DISCLOSURES IN ACCORDANCE WITH 243A (1) UGB

1. The share capital of SunMirror AG was CHF 2,343,221.00 as at 30 June 2022 and was divided into 2,343,221 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 30 June 2022, the 343,221 bearer shares created in 1H2022 with the capital increases dated 3rd March 2022, and 3rd May 2022, have been admitted for trading by the Vienna Stock Exchange on 21st October 2022.

AUTHORISED CAPITAL

The Board of Directors is authorized, at any time until 29 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.

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.

CONDITIONAL CAPITAL AND CONVERTIBLE NOTES

The Company issued a first convertible note in June 2020, with an expiry date on 30 May 2022. The ISIN Code was CH1104954396. Of the 133.305 subscription rights, 95,100 were exercised and led to the capital increase of 3 May 2022. These 95,100 new shares issued form part of the 343.221 bearer shares which have been admitted for trading on 21 October 2022.

With the May 2022 capital increase the conditional capital of the company decreased to CHF 904.900,00.

According to Article 3b of the Articles of Association: “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 remaining 904.900 bearer shares of the conditional capital, 52.534 shares are allocated to the Compulsory Convertible Notes with ISIN CH1142529093 expiring on 20 December 2022. The conversion of these 52.534 notes is compulsory at the Maturity of the Note and will lead to a further capital increase, reducing the conditional capital by the same amount. Upon issuance, the Company shall request these shares to be admitted for trading at the Vienna Stock Exchange as well.

2. As at 30 June 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 1 August 2022, the Company temporarily lost control over Lithium 1 Pty. Ltd. The control was regained on 2 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.

OUTLOOK AND IMPORTANT EVENTS

CONTENT

OUTLOOK AND IMPORTANT EVENTS

Important Events since the end of the last business year

The bid of SunMirror Luxembourg published on 22 December 2021 to acquire all shares in Latitude 66 Cobalt Limited pursued by SunMirror Luxembourg ended unsuccessfully on 12 July 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.

The Group continues to have discussions with Latitude 66 Cobalt Limited on potential ways to complete a combination transaction. Other acquisition or merger opportunities to reach a critical mass are being investigated.

Outlook for the coming business year

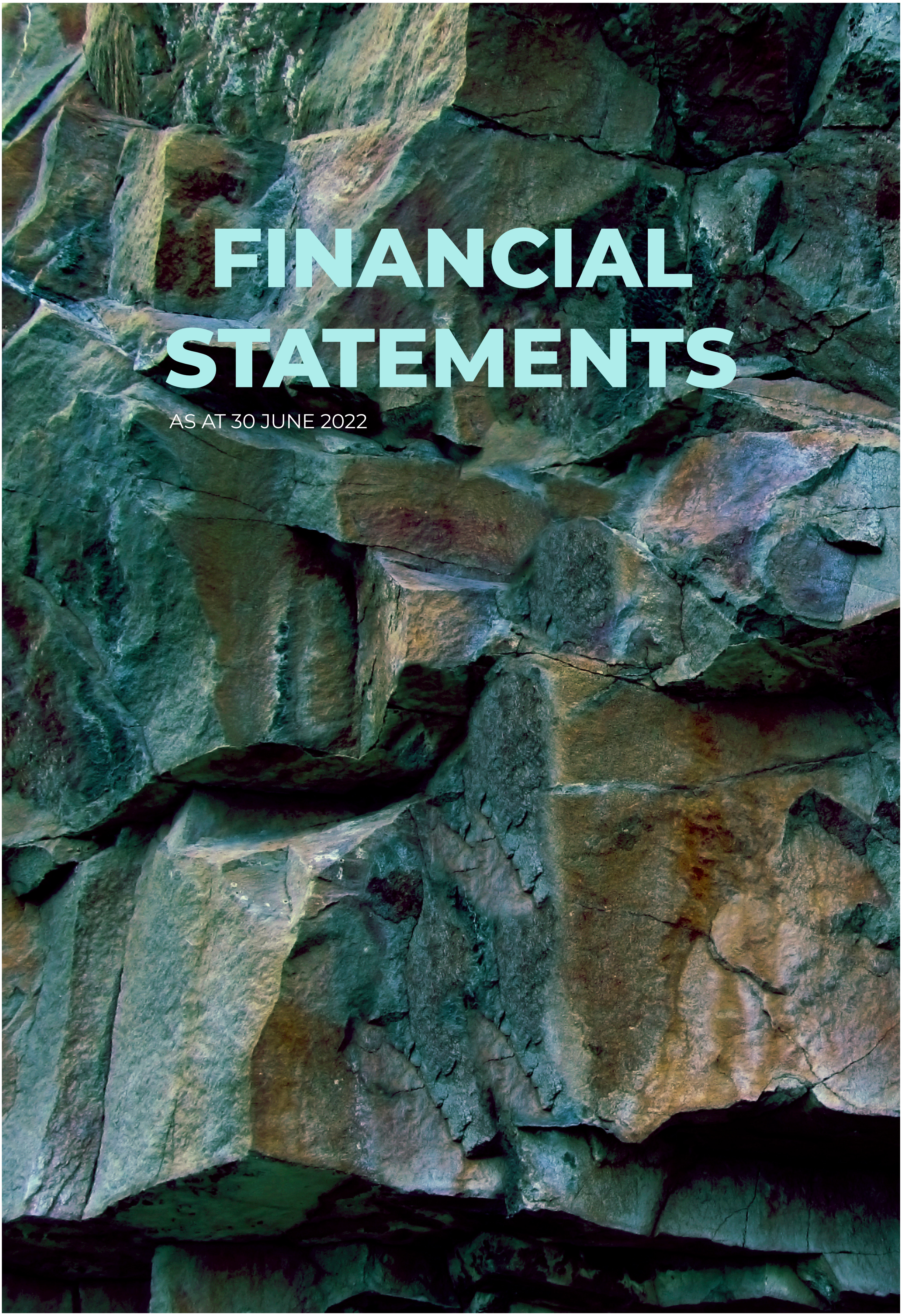
In the meantime, SunMirror is now fully focused on reducing overheads and expenses wherever possible and investing available funds primarily in the development of value-added resource projects. Thus, SunMirror wants to rapidly develop the Moolyella lithium project, where first rock samples were analysed 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 boron 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 early next year after an aeromag survey will have identified more precise 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. A first drilling programme is to be carried out there next year after an aeromag survey as well. In addition, SunMirror plans to significantly reduce costs and resources by restructuring the group. The companies currently affiliated under SunMirror Luxembourg S.A., Lithium 1 and Pharlap, are to be brought under the Swiss group entity. This will save costs for the board and directors of the Luxembourg intermediate holding company as well as for the additional annual financial statement there.

As previously mentioned, in addition to these strategic measures, additional assets can be acquired and be brought into the company to increase the portfolio diversification and the value of the company. Some divestitures of non-core assets are also being considered.

With the favourable momentum underpinning demand for electric vehicles, we believe that the portfolio of assets currently held at SunMirror is ideally positioned to benefit from a significant global flow of capital and supportive regulation to develop battery metal resources. This is particularly the case given these assets are located in countries where environmental and social regulations are aligned with the global push for ESG investing.

Zug, 28 October 2022

Dr. Heinz Kubli e.h. Chairman of the Board	Laurent Quelin e.h. Board member	Daniel Monks e.h. Board member



FINANCIAL STATEMENTS

AS AT 30 JUNE 2022

CONTENT

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

	(Notes)	30 June 2022	30 June 2021
ASSETS			
Cash and cash equivalents	1	10.133.285	411.564
Marketable securities	2	65.294	4.013.334
Other short term receivables	3	8.113.172	1.163.377
Prepaid expenses and accrued income	4	47.248	42.171
Total current assets		**18.358.999**	**5.630.446**
Financial assets	5	516.208	2.770.900
Participations	6	1.175.000	1.175.000
Intangible assets	7	7.576	11.962
Total non-current assets		**1.698.784**	**3.957.862**
Total assets		**20.057.783**	**9.588.308**
EQUITY AND LIABILITIES			
Trade accounts payable	8	849.790	850.272
Short-term interest bearing liabilities	9	6.989.538	9.394.449
Other short-term liabilities	10	29.459	14.776
Deferred income and accrued liabilities	11	702.016	400.907
Total short-term liabilities		**8.570.804**	**10.660.404**
Total liabilities		**8.570.804**	**10.660.404**
Share capital		2.343.221	2.000.000
Statutory capital reserve		23.539.911	0
Statutory retained earnings		92	92
Accumulated losses		-14.396.245	-3.072.188
Total equity	12	**11.486.979**	**-1.072.096**
Total equity and liabilities		**20.057.783**	**9.588.308**

STATEMENT OF PROFIT AND LOSS

	(Notes)	2021/ 22 (12 months)	2020/ 21 (12 months)
Personnel expenses	13	-836.250	-172.234
Other operating expenses	14	-3.343.007	-2.896.089
Operating loss before interest, tax, depreciation and amortisation (EBITDA)		**-4.179.257**	**-3.068.323**
Depreciation, amortization and impairment of non-current assets	15	-3.148.550	0
Operating loss before interest and taxes (EBIT)		**-7.327.807**	**-3.068.323**
Financial income	16	783.542	1.016.242
Financial expenses	17	-5.200.708	-909.196
Operating loss before taxes (EBT)		**-11.744.974**	**-2.961.277**
Extraordinary, non-recurring or income relating to other periods	18	422.866	0
Loss for the year before taxes		**-11.322.108**	**-2.961.277**
Direct taxes	19	-1.950	-1.414
Loss for the year		**-11.324.058**	**-2.962.691**

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

COMPANY NAME, REGISTERED OFFICE AND LEGAL FORM

Company name and registered office:

SunMirror AG, Zug, Switzerland

UID:	CHE-395.708.464
Legal form:	Aktiengesellschaft (AG)

SIGNIFICANT ACCOUNTING POLICES

Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Swiss Code (Obligations (CO), commercial accounting and financial reporting (Art. 957 ff. CO). Disclosures on the principles and accounting options applied, unless they are required by law.

The financial statements are prepared on a going concern basis at cost and are presented in Swiss francs (CHF).

Valuation at market values

As an exception to the basis of preparation, marketable securities held on a short-term basis are valued at the quoted market price and foreign currency rate provided by the relevant bank. Unrealized gains and losses related to marketable securities are recorded in the statement of profit and loss for the period.

Presentation of the statement of profit and loss

The statement of profit and loss is presented in accordance with the nature of expense method.

Foregoing a cash flow statement and additional disclosures in the notes

As SunMirror AG (Group) has prepared its consolidated financial statements in accordance with IFRS as issued by the IASB, it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Currency and roundings

Foreign currency items in current assets and current non-interest-bearing liabilities are measured at the closing rate. Corresponding gains and losses are recognized in the income statement for the period. Noncurrent assets, interest-bearing liabilities and non-current liabilities are valued at the historical exchange rate, except where this would result in overvaluations of assets or undervaluations of liabilities. Foreign currency transactions in the income statement are recorded at the exchange rates prevailing on the date of the transaction.

Individual figures in the annual financial statements are rounded. In tables, such commercially rounded figures may not add up exactly to the respective totals also shown in the tables.

DISCLOSURES ON THE ITEMS OF THE BALANCE SHEET AND INCOME STATEMENT

		CHF	
1	**Cash and cash equivalents**	30 June 2022	30 June 2021
	Cash in bank	10.133.285	411.564
	Total	**10.133.285**	**411.564**

		CHF	
2	**Marketable securities**	30 June 2022	30 June 2021
	Securities at market price	65.294	4.013.334
	Total	**65.294**	**4.013.334**

Securities at market price contain short-term investments in shares of a publicly listed company.

		CHF	
3	**Other short term receivables**	30 June 2022	30 June 2021
	Third parties	0	4.714
	Participations (direct or indirect)	7.724.869	763.201
	Shareholders (direct or indirect)	329.168	362.346
	Government agencies	43.266	27.431
	Social securities	5.785	0
	Pension plan Switzerland	1.794	0
	Advance payments	8.291	5.685
	Total	**8.113.172**	**1.163.377**

		CHF	
4	**Prepaid expenses and accrued income**	30 June 2022	30 June 2021
	Prepaid expenses	43.389	41.564
	Accrued income	3.860	607
	Total	**47.248**	**42.171**

		CHF	
5	**Financial assets**	30 June 2022	30 June 2021
	Advance payments for future acquisition	3.144.165	2.770.900
	Long term receivable from participations (direct or indirect)	516.207	0
	Impairment of financial assets	-3.144.164	0
	Total	**516.208**	**2.770.900**

6 Participations

	Local currency	Share of votes	Share of capital	Share capital in local currency	Opening balance (CHF)	Additions/ disposals (CHF)	Closing balance (CHF)
SunMirror Luxembourg S.A., Luxembourg (direct shareholding)	EUR	100%	100%	1.110.000	**1.175.000**	0	**1.175.000**
Lithium 1 Pty Ltd, Subiaco Western Australia (indirect shareholding)	AUD	100%	100%	10	**n/a**	n/a	**n/a**
Pharlap Holdings Pte. Ltd., Singapore (indirect shareholding)	SGD	100%	100%	4.172.472	**n/a**	n/a	**n/a**
End of the period 30 June 2022					**1.175.000**	**0**	**1.175.000**
SunMirror Luxembourg S.A., Luxembourg (direct shareholding)	CHF	100%	100%	0	**0**	1.175.000	**1.175.000**
Lithium 1 Pty Ltd, Subiaco Western Australia (indirect shareholding)	AUD	100%	100%	10	**n/a**	n/a	**n/a**
Pharlap Holdings Pte. Ltd., Singapore (indirect shareholding)	SGD	100%	100%	4.172.472	**n/a**	n/a	**n/a**
End of the period 30 June 2021					**0**	**1.175.000**	**1.175.000**

7 Intangible assets

	Opening balance (CHF)	Additions (CHF)	Disposals (CHF)	**Total before amortization** (CHF)	Amortization (CHF)	**Closing balance** (CHF)
Domains	11.962	0	0	**11.962**	-4.386	**7.576**
End of the period 30 June 2022	**11.962**	**0**	**0**	**11.962**	**-4.386**	**7.576**
Domains	0	11.962	0	**11.962**	0	**11.962**
End of the period 30 June 2021	**0**	**11.962**	**0**	**11.962**	**0**	**11.962**

8 Trade accounts payable

	CHF 30 June 2022	CHF 30 June 2021
Third parties (accounts payable)	849.763	793.617
Board members	27	56.655
Total	**849.790**	**850.272**

9 Short-term interest bearing liabilities

			CHF 30 June 2022	CHF 30 June 2021
Convertible bond Issue date: April 2021 Interest: 10% p.a. Maturity date: 30th May 2022	EUR	2.686.607	2.977.494	9.394.449
Compulsory Convertible Notes Issue date: 20th December 2021 Issue price: 90.91% of redemption price Maturity date: 20th December 2022 Redemption price: EUR 75.00	EUR	3.760.804	4.012.044	0
Total			**6.989.538**	**9.394.449**
due within 12 months			6.989.538	9.394.449
due after 12 months			0	0

10 Other short-term liabilities

	CHF 30 June 2022	CHF 30 June 2021
Employees	15.950	0
Social securities/ government agencies	12.753	9.433
Pension plan United Kingdom	756	0
Shareholders (direct or indirect)	0	5.343
Total	**29.459**	**14.776**

11 Deferred income and accrued liabilities

	CHF 30 June 2022	CHF 30 June 2021
Accrued liabilites and short-term provisions	702.016	400.907
Total	**702.016**	**400.907**

12 Total equity

	CHF 30 June 2022	CHF 30 June 2021
Share capital		
Share capital - opening balance	2.000.000	325.000
Contribution in kind SunMirror Luxembourg S.A.	0	1.175.000
Conversion of convertible bond	95.100	0
Capital increase	248.121	500.000
Total Share capital	**2.343.221**	**2.000.000**
Number of bearer shares at a nominal value of CHF 1.00 per share	2.343.221	2.000.000
Statutory capital reserve		
Capital contribution reserve - opening balance	0	0
Conversion of convertible bond	6.027.676	0
Capital increase	17.512.235	0
Total Statutory capital reserve	**23.539.911**	**0**
Statutory retained earnings		
General statutory reserve - opening balance	92	92
Total Statutory retained earnings	**92**	**92**
Accumulated losses		
Accumulated losses - opening balance	-3.072.188	-109.497
Loss for the year	-11.324.058	-2.962.691
Total Accumulated losses	**-14.396.245**	**-3.072.188**
Total equity	**11.486.979**	**-1.072.096**

	in % of votes 30 June 2022	in % of votes 30 June 2021
Major Shareholders		
Gilmore Capital Ltd. (formerly known as Gravner Limited)	15,4%	18,3%
Zero Carbon Investek AG	14,7%	9,6%
Greenland Shipping Ltd.	14,3%	0,0%
Mirador FZE	5,3%	5,5%
Seras Capital Finance Limited	8,4%	9,9%
Red Oak	8,4%	0,0%
Herlequin Investments Limited	6,1%	7,8%
MSM GmbH	4,3%	5,0%
Starpole Investments Limited	0,0%	19,1%

Due to the fact that SunMirror has only issued bearer shares, the Board of Directors can only disclose the share ownership known to it. Consequently, the actual ownership structure may differ substantially.

The Executive Board and the Board of Directors did not hold any bearer shares in the company in fiscal years 2020/21 and 2021/22.

13 Personnel expenses

	CHF 2021/ 22 (12 months)	2020/ 21 (12 months)
Wages and salaries	-574.032	-39.883
Services of third parties	-163.611	-124.111
Social security	-64.538	-5.677
Pension plan	-21.569	0
Other personnel expenses	-12.500	-2.563
Total	**-836.250**	**-172.234**

14 Other operating expenses

	CHF 2021/ 22 (12 months)	2020/ 21 (12 months)
Rent	-38.768	-5.500
Maintenance, repairs, replacements	-1.025	0
Insurances, duties, fees, permits	-27.472	-1.969
Energy and disposal	-555	0
Administration and IT	-6.539	-9.055
Accounting and consolidation	-283.185	-172.139
Professional consulting	-884.459	-306.980
Legal and tax consulting	-587.409	-354.170
Admission expenses	-487.461	-983.341
Board of Directors and General Meeting	-17.472	-258.070
Audit	-564.102	-656.076
Advertising, Investor and Public Relation	-444.561	-148.789
Total	**-3.343.007**	**-2.896.089**

See note 19 for further information for previous year comparison.

15 Depreciation, amortization and impairment of non-current assets

	CHF 2021/ 22 (12 months)	2020/ 21 (12 months)
Impairment of financial assets	-3.144.164	0
Amortization intangible assets	-4.386	0
Total	**-3.148.550**	**0**

16 Financial income

	CHF 2021/ 22 (12 months)	2020/ 21 (12 months)
Interest income	3.254	607
Gains on marketable securities - realized	0	228.581
Gains on marketable securities - unrealized	0	736.721
Gains on currency translation - realized	777.221	47.685
Gains on currency translation - unrealized	3.066	2.648
Total	**783.542**	**1.016.242**

17 Financial expenses

	CHF 2021/ 22 (12 months)	2020/ 21 (12 months)
Interest	-466.737	-200.490
Bank fees	-46.224	-23.030
Losses on marketable securities - realized	-1.431.741	0
Losses on marketable securities - unrealized	-289.902	0
Losses on currency translation - realized	-674.271	-116.887
Losses on currency translation - unrealized	-340.401	0
Other financial expenses	-1.951.431	-568.789
Total	**-5.200.708**	**-909.196**

18 Extraordinary, non-recurring or income relating to other periods

	CHF 2021/ 22 (12 months)	2020/ 21 (12 months)
Income relating to other periods	422.866	0
Total	**422.866**	**0**

2021/ 22: CHF 280'360: Agreement to pay a lower amount than the liability that was recognized in prior year

CHF 142'506: When the convertible bond was converted into equity, the interest accrued in the previous year lapsed.

19 Direct taxes

	CHF 2021/ 22 (12 months)	2020/ 21 (12 months)
Capital taxes	-1.950	-1.414
Total	**-1.950**	**-1.414**

Direct taxes are related to capital taxes. As the Company shows a loss for the reporting period and the previous period, there are no expenses related to income taxes.

In previous year, capital tax was shown under other operating expenses (Administration and IT).

OTHER DISCLOSURES REQUIRED BY LAW

20 Full-time equivalents (average per year/ period)

	30 June 2022	30 June 2021
The number of full-time equivalents is	not above 10	not above 10

21 Going concern

The Directors continues to have a reasonable expectation that the Company 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 Company's ability to continue as going concern, is dependent on the availability of sufficient liquidity to finance the Company'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 company may be unable to realise the assets and discharge its liabilities in the normal course of business During the year ended 30 June 2022, the Company incurred a net loss for the period of CHF 11,3 million (June 2021: CHF 3,0 million).

During the year ended June 30, 2022, the Company carried out two capital increases. In the first capital increase in March 2022 amounting to CHF 17,8 million, 248.121 shares were issued at a price of EUR 70 per share. In the second capital increase in May 2022 amounting to CHF 6,1 million, 95.100 shares were issues at a price of CHF 70 per share. The second capital increase resulted from the conversion of issued convertible bonds (see note 12).

As at 30 June 2022, the Company had net assets (-net liabilities) of CHF 11,5 million (June 2021: CHF -1,1 million) including cash of CHF 10,1 million (June 2021: CHF 0,4 million) and readily marketable securities of a publicly listed company of CHF 0,1 million (June 2021: CHF 4,0 million). Net current assets (-liabilities) as at 30 June 2022 amount to CHF 10,3 million (June 2021: CHF -5,0 million).

The financial year 2022/23 is focused on developing the existing asset Moolyella and Kingston Keith with moderate base case capital expenditures of CHF 0,3 million (Lithium 1). The budget prepared for the fiscal year 2022/23 and the subsequent six months at group level reflects this scenario. Should acquisitions be made, these would have to be financed with corresponding capital increases.

In the base case scenario, which foresees a conversion of the currently issued compulsory convertible notes, management has a reasonable expectation that the Group has adequate liquidity resources to continue as a going concern.

We have sensitised the following assumptions 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
- Settlements of certain liabilities
- Legal costs escalation due to potential claims.

However, if other unexpected events (including unexpected cash out flows in relation to future litigation proceedings not currently commenced) 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:

- reduce non-essential capital expenditure and cancelling discretionary spending and
- dispose of some of the Group's non-essential assets.

Further, the Company has planned certain exploration activities in the next fiscal year. If these activities do not yield a positive result, it is possible that the Company would decide to sell assets or discontinue certain operations that could result in due course in the Company not continuing as a going concern.

Based on these factors, management has a reasonable expectation that the Group and the Company itself have adequate liquidity and resources to continue as a going concern.

22 Events after the balance sheet date

On 12 July 2022, Latitude 66's independent directors confirmed the withdrawal of their recommendation to Latitude 66 shareholders that they should accept the offer of acquisition by SunMirror. Preceeding this confirmation, in May 2022, management concluded that it was likely that the acquisition of Latitude 66 would not be executed, as the agreed contractual conditions for the transaction to be completed, and especially those linked to SunMirror's ability to raise additional capital of EUR 70 million, would not be met within the required timeframe. SunMirror AG therefore decided that the amounts recognized in respect of the acquisition should be fully impaired (see note 5 and note 15).

On 5 July 2022 , the convertible bond in the amount of CHF 3,0 million, was fully repaid in cash (see note 9).

The war in Ukraine has permanently changed the global economic order and high inflation threatens to become a long-term problem. As the Group did not yet start its operating activities and is neither active in the Russian nor in the Ukrainian market the Group is not expecting material impact on its financial statements. However, due to the volatile geopolitical situation, Management is closely monitoring the impacts of the Russia-Ukraine war on its business.

Deloitte.

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Report of the Statutory Auditor

To the General Meeting of
SUNMIRROR AG, ZUG

Report on the Audit of the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Sun Mirror AG, which comprise the balance sheet as at June 30, 2022, and the income statement and notes for the year then ended.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended June 30, 2022, comply with Swiss law and the company's articles of incorporation.

Deloitte.

SunMirror AG
Statutory Auditor's Report
for the year ended
June 30, 2022

Emphasis of Matter

We draw attention to Note 21 to the financial statements describing the material uncertainty around the entity's ability to continue as a going concern, which is dependent on the availability of sufficient liquidity to finance the entity's on-going operations. As the entity, 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 entity may be unable to realise the assets and discharge its liabilities in the normal course of business. Based on the factors disclosed in Note 21, management has a reasonable expectation that the entity has adequate liquidity and resources to continue as a going concern for at least 12 months. Our opinion is not qualified in respect of this matter.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

Deloitte AG

Lay Boon Tan Licensed Audit Expert Auditor in Charge	David Reichel Licensed Audit Expert

Zurich, October 28, 2022
BTA/DRE/vpf

<u>Enclosures</u>
- Financial statements (balance sheet, income statement and notes)

Statement by all legal representatives

We confirm to the best of our knowledge that the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the Management Report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Zug, 28 October 2022

Dr. Heinz Kubli e.h. Chairman of the Board	Laurent Quelin e.h. Board member	Daniel Monks e.h. Board member

ANNUAL REPORT 2021/22

SUN MIRROR
RESPONSIBLE EXPLORATION

Note/Disclaimer

In this publication, “SunMirror” refers to the group, while “SunMirror AG” refers to the parent company (single entity).

Minor arithmetic differences may occur as a result of commercial rounding of individual figures and percentages in this publication.

The forecasts, target figures and forward-looking statements contained in this publication are based on the knowledge and estimates available at the time of preparation. Like all forward-looking statements, they are subject to risks and uncertainties that could lead to considerable deviations in the result. No guarantee can be given for the actual occurrence of forecasts and target figures as well as forward-looking statements.

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