SUNMIRROR AG
(FORMERLY DYNASTAR AG),
ZUG

Consolidated Financial Statements for the year ended
30 June 2021 and Report of the Statutory Auditor

Deloitte AG
Pfingstweidstrasse 11
8005 Zürich
Switzerland

Phone: +41 (0)58 279 6000
Fax: +41 (0)58 279 6600
www.deloitte.ch

Report of the Statutory Auditor

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, 2021, 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 enclosed consolidated financial statements give a true and fair view of the financial position and results of operations of the Group as at June 30, 2021 as well as the net income and cash flows for the financial year ending on this balance sheet date in accordance with International Financial Reporting Standards (IFRSs) 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements describing the material uncertainty around future funding required by the Group in order to continue as a going concern This fact together with other matters disclosed in Note 2.2 indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore the group may be unable to realise the assets and discharge its liabilities in the normal course of business. 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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 \$32 million at June 30, 2021. The carrying value of the exploration assets amounts to 95 percent of the total assets of the Group as per 30 June 2021. The carrying value of the assets were largely established in the prior year at the time of acquisition of the assets and involved consideration in the form of share based payments. A significant impairment of these assets was recorded in the prior year financial statements. As the year ended June 30, 2021 was our first year as auditor, our opening balance testing included performing specific procedures to review the prior accounting for these significant transactions. Also given the significance of the amounts on the balance sheet and management judgement required to assess impairment under 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.	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 management's accounting position for the initial transaction and subsequent accounting with reference to the agreements and applicable accounting standards; • we engaged an internal mining valuation expert, to assess the work performed by management's expert and challenge whether the initial value of the equity exchanged for the contributed exploration asset was appropriate (Moolyella tenement); • We undertook an independent assessment of impairment indicators to challenge the Group's assessment of any impairment indicators. We performed the following procedures: - Reviewed underlying exploration licenses, to verify existence of ownership and validity as at year end - Reviewed the most recent field visit report for the Moolyella tenement 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 the underlying exploration license held by the royalty party, to verify existence of ownership and validity as per year end. 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. We conclude that the presented restatement related to the initial recognition of the Lithium 1 transaction (refer to Note 2.4 of the financial statements), is appropriately disclosed.

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.

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, individu-ally or in the aggregate, they could reasonably be expected to influence the economic deci-sions 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.

Other Matter

The financial statements of SunMirror Luxembourg disclosed as comparatives for the year ended June 30, 2020 were audited by another auditor whose report, dated March 19, 2021, expressed an unqualified opinion on those financial statements.

Report on Other Legal and Statutory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we are required to 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.

In the course of our audit performed in accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system for the preparation of financial statements designed according to the instructions of the Board of Directors was not adequately documented in all material respects.

In our opinion the internal control system is not in accordance with Swiss law and accordingly we are unable to confirm the existence of the internal control system for the preparation of the financial statements.

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

Deloitte AG

Matthew Sheerin	David Reichel
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, October 15, 2021
MSH/DRE/axh

<u>Enclosures</u>

Financial statements (balance sheet, statement of profit and loss and comprehensive income, Statement of Changes in Equity and Statement of cash flows and note

SunMirror AG

Consolidated IFRS Financial Statements for the year ended 30 June 2021

Content

Consolidated statement of profit and loss and comprehensive income

for the twelve months ended 30 June 2021 and six months ended 30 June 2020

In USD	**Note**	**30 June 2021 (12 months)**	**30 June 2020 (6 months, restated)**
Revenue	4.1	0	0
Exploration expenditure	4.2	0	-7'480
Personnel expense	4.3	-441'758	-27'551
General and administrative expense	4.4	-3'711'414	-296'276
Operating loss		**-4'153'172**	**-331'307**
Finance income		1'280'920	0
Finance expense		-536'619	-85
Financial result	4.5	**744'301**	**-85**
Loss for the year/period		**-3'408'871**	**-331'392**
Other comprehensive income/loss	4.7	1'770'540	-12'700
Total comprehensive loss for the year/period		**-1'638'331**	**-344'092**
Loss per share	4.8	-1.83	-0.28

The accompanying notes are an integral part of these consolidated financial statements.
The disclosures on restatement of prior period's amounts are included in the Note 2.4 *Restatement of prior period amounts.*

Consolidated statement of financial position

as of 30 June 2021 and 30 June 2020

In USD **ASSETS**	**Note**	**30 June 2021**	**30 June 2020 (restated)**
Non-current assets			
Intangible assets	4.10	28'612'437	0
Exploration and evaluation assets	4.11	3'835'160	3'358'399
Other assets	4.12	2'970'914	0
Total non-current assets		**35'418'511**	**3'358'399**
Current assets			
Financial assets	4.13	4'758'626	16'703
Other receivables	4.14	129'171	9'086
Cash and cash equivalents	4.15	445'443	7
Total current assets		**5'333'240**	**25'796**
Total assets		**40'751'751**	**3'384'195**
EQUITY AND LIABILITIES			
Equity	4.16		
Share capital		2'161'816	327'030
Capital reserves		30'888'085	4'244'116
Accumulated losses		-4'995'631	-1'586'760
Foreign currency translation reserve		1'754'546	-15'994
Total shareholders' equity		**29'808'816**	**2'968'392**
Current liabilities			
Financial liabilities	4.17	9'635'799	50'499
Trade and other payables	4.18	1'300'030	358'714
Other non-financial liabilities	4.19	7'106	6'590
Total current liabilities		**10'942'935**	**415'803**
Total liabilities		**10'942'935**	**415'803**
Total equity and liabilities		**40'751'751**	**3'384'195**

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Consolidated statement of changes in equity

for the twelve months ended 30 June 2021 and six months ended 30 June 2020

In USD	Note	Share capital	Capital reserves (restated)	Accumul. Loss (restated)	Foreign currency translation reserve (restated)	Total share-holders' equity (restated)
Balance as at 01 January 2020	3	327'030	920'697	-1'255'368	-3'294	-10'935
Loss for the year				-331'392		-331'392
Other comprehensive income/loss	4.7				-12'700	-12'700
Total comprehensive loss/income				-331'392	-12'700	-344'092
Contribution in kind	2.4		3'323'419			3'323'419
Balance as at 30 June 2020 (restated)		**327'030**	**4'244'116**	**-1'586'760**	**-15'994**	**2'968'392**
Balance as at 01 July 2020		327'030	4'244'116	-1'586'760	-15'994	2'968'392
Loss for the year				-3'408'871		-3'408'871
Other comprehensive income/loss	4.7				1'770'540	1'770'540
Total comprehensive loss/income				-3'408'871	1'770'540	-1'638'331
Contribution of Pharlap	3		27'179'239			27'179'239
Contribution in cash	3	540'522				540'522
Reverse acquisition in way of contribution in kind	3	1'294'264	-704'077			590'187
Equity component of convertible bonds	5.1		168'807			168'807
Balance as at 30 June 2021		**2'161'816**	**30'888'085**	**-4'995'631**	**1'754'546**	**29'808'816**

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

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Consolidated statement of cash flows

for the twelve months ended 30 June 2021 and six months ended 30 June 2020

In USD	Note	30 June 2021 (12 months)	30 June 2020 (6 months, restated)
Cash flows from operating activities			
Loss of the year/period		**-3'408'871**	**-331'393**
Adjustments to reconcile loss before tax to net cash flows:			
Listing expense (non-cash)	4.4	531'064	
Financial result	4.5	-744,301	85
Working capital changes:			
Increase/decrease in other receivables	4.14	-114,915	1'874
Increase/decrease in trade and other payables	4.18	941'316	331'571
Interest paid	5.1	-25'562	
Net cash flow from operating activities		**-2'821'269**	**2'137**
Cash flows from investing activities			
Payments for intangible assets	4.10	-13'175	
Payments for exploration expenditure	4.11		-42'170
Exclusivity fee for acquisition of Latitude 66 Cobalt Oy	6	-2'970'914	
Payments for financial assets at fair value through profit or loss	4.13	-4'764'922	
Proceeds from financial assets at fair value through profit or loss	4.13	1'465'909	
Payments for loans granted	4.13	-387'455	
Net cash flow from investing activities		**-6'670'557**	**-42'170**
Cash flows from financing activities			
Proceeds from issuance of shares	4.16	540'522	
Proceeds from convertible bonds	4.17	10'011'775	
Proceeds from convertible loan	5.1	885'730	
Payments for convertible loan	5.1	-885'730	
Proceeds from shareholder loan	4.18	12'558	45'635
Cash inflow on acquisition (less acquired cash)			7
Payments for brokerage commission	4.17	-602'078	
Net cash flow from financing activities		**9'962'777**	**45'642**
Net foreign exchange differences		-25'515	-5'602
Net change in cash and cash equivalents		**445'436**	**7**
Cash and cash equivalent at beginning of year/period		7	0
Cash and cash equivalent at end of year/period		**445'443**	**7**

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

The disclosures on restatement of prior period's amounts are included in the Note 2.4 *Restatement of prior period amounts.*

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 2021 were authorised for issue in accordance with a resolution of the directors on 15 October 2021.

SunMirror AG (the Company or the parent) is incorporated and domiciled in Switzerland. The shares are listed under ISIN CH0396131929 on the Regulated Unofficial Market in Duesseldorf as well as Berlin, Germany and Vienna, Austria. The company changed its name to SunMirror AG (formerly Dynastar AG) on 31 August 2020. 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). Unless otherwise stated, the numbers are rounded to whole USD units.

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 (besides holding rights for potential royalties) of exploration (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, i.e. 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 indirect fully owned subsidiary of the Company, holds 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 the 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 based on its two exploration licenses for the next years. 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 development of an operating mine.

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

When preparing the financial statements of SunMirror Group on a going concern, management has identified material uncertainties that may cast significant doubt upon SunMirror's ability to continue as a going concern.

During the year ended 30 June 2021, the Group incurred a net loss for the period of USD 3.4 million (2020: USD 0.3 million) and net cash outflow from operating and investing activities of USD 9.5 million (2020: USD 0.0 million).

As at 30 June 2021, the Group had net assets of USD 29.8 million (June 2020: USD 3.0 million) including cash of USD 0.4 million (June 2020: USD 0.0 million) and readily marketable securities of a publicly listed company of USD 4.3 million (June 2020: USD 0.0 million). Net current liabilities as at 30 June 2021 are USD 5.6 million (June 2020: USD 0.4 million).

In order to continue as a going concern and to complete the acquisition of Latitude 66 (refer to Note 6), the Group is planning to raise additional capital in the amount of EUR 70 million for which it has verbal commitments, subject to the company successfully listing on a regulated market.

An alternative scenario involves continuing without the acquisition of Latitude 66. In order to continue as a going concern in this scenario additional capital in the amount of USD 20 million is required to be raised. The Group has received a letter of intent from an external investor, to contribute USD 20 million subject to the successful listing on a regulated market.

The process to list on a regulated market is in progress and the company expects to complete a capital raising by 30 November 2021. Completion of the successful listing and capital raising for either of the above scenarios is outside the control of the Group and depends on regulatory approval. Therefore, material uncertainty exists in relation to the successful listing and completion of a capital raising.

Should the Group be unable to successfully list and raise the required capital it may not be able to continue as a going concern and therefore unable to realize its assets and discharge its liabilities in the normal course of business and at amounts stated in the financial statements.

2.3 Comparative information

On 31 August 2020 SunMirror AG performed a capital increase by means of a cash contribution and a contribution in kind of 1’111’000 shares in SunMirror Luxembourg (see Note 3 *Significant transactions and events*).

The transaction is accounted for in the consolidated financial statements of SunMirror Group as a continuation of the financial statements of SunMirror Luxembourg and a capital reorganization of SunMirror AG i.e. the consolidated financial statements represent the continuation of the financial statements of SunMirror Luxembourg (legal subsidiary) except for its share capital.

Therefore, comparative information was retroactively adjusted to reflect SunMirror Luxembourg’s comparative information except SunMirror AG’s legal capital as the legal parent of the Group.

These financial statements present the results of operations and cash flows for the 12 months ended 30 June 2021. Prior year comparative information presents the results of operations and cash flows of SunMirror Luxembourg for 6 months ended 30 June 2020 due to the change in the reporting date made in prior year, resulting in limited comparability.

The Board of Directors has decided to set a uniform reporting date of 30 June for all companies in the Group.

2.4 Restatement of prior period amounts

On 14 February 2020 SunMirror Luxembourg acquired 100% of the share capital of Lithium 1 for approximately USD 16’307’500 (GBP 12’500’000). The transaction was under common control, because Lithium 1 and the Group were owned by the same investor (Perfect Summit Holdings Ltd). At the time of the acquisition Lithium 1 held exploration and development licenses for Moolyella site. The purchase price was granted as a shareholder loan at that time. Subsequently the shareholder loan was converted into equity without the issuance of new shares at its nominal value.

The transaction was accounted for as an asset acquisition in the consolidated financial statements and the costs were allocated to the assets acquired and liabilities assumed, based on their relative values at the date of purchase. The valuation report, which was used for the determination of the purchase consideration, was not intended for accounting purposes and therefore it could not be used to determine the fair value of the acquired exploration and development licenses. On 30 June 2020 an alternative valuation based on comparative market transactions was performed which resulted in an impairment of USD 13’054’900 that was recorded as an expense in the prior year.

In the current financial year, the Management reassessed the accounting treatment and concluded that there was no triggering event resulting in an impairment of the exploration and evaluation asset under IFRS 6. Instead, the downward adjustment of the fair value of the exploration and development licenses should be accounted for as a reduction in the purchase price on day 1. Given that instead of paying the purchase price, the consideration payable was converted into equity and recorded as contribution in kind, the reduction in the purchase price should be accounted for as a reduction in the contribution in kind.

The adjustment results in a restatement of the components of equity, while the total equity remains unchanged, as well as in the profit and loss statement and in the calculation of earnings per share as presented below.

Impact on equity (increase (+)/decrease (-) in equity)

In USD	**Capital reserves**	**Accumul. Loss**	**Foreign currency translation reserve**	**Total share-holders' equity**
Loss for the year		13‘054‘900		13‘054‘900
Other comprehensive income/loss			263‘838	263‘838
Contribution in kind	-13‘318‘738			-13‘318‘738
Net impact on equity	**-13‘318‘738**	**13‘054‘900**	**263‘838**	**0**

Impact on statement of profit or loss (increase/decrease in profit)

In USD	**2020**
Impairment expense	13‘054‘900
Net impact on loss for the period	**13‘054‘900**
Net impact on total comprehensive loss for the period	**13‘054‘900**

Impact on basic and diluted earnings per share (EPS) (increase/decrease in EPS)

Following the restatement of the prior year's net loss, the loss per share decreased from USD 11.39 to USD 0.28.

2.5 Basis of consolidation

The following entites form the consolidation scope of these consolidated financial statements as of 30 June 2021:

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

SunMirror AG did not have any subsidiary until February 2020. As the contribution in kind of all shares in SunMirror Luxembourg (see "3 Significant transactions and events") is accounted for in the consolidated financial statements of SunMirror Group as a continuation of the financial statements of SunMirror Luxembourg and a capital reorganization of SunMirror AG the comparative reflect the following entites as of 30 June 2020.

Name	Country of incorporation	Currency	Share capital	Equity portion
SunMirror Luxembourg S.A.	Luxembourg	EUR	1'111'000	Holding
Lithium 1 Pty Ltd	Australia	AUD	10	100%

2.6 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.

As stated above the consolidated financial statements of SunMirror Group have been prepared accordance with IFRS as issued by the IASB. Prior year comparative information reflects SunMirror Luxembourg's comparative information except SunMirror AG's legal capital. As the consolidated financial statements of SunMirror Luxembourg have been prepared in accordance with the IFRS as adopted by the European Union the accounting policies have been changed to comply with the IFRS as adopted by the IASB. The change in accounting policies did not have an impact on comparative information as presented by SunMirror Luxembourg as of 30 June 2020.

2.6.1 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.

Given that SunMirror AG directly owns 100% of equity in SunMirror S.A. which owns 100% equity in Lithium 1 Pty Ltd and Pharlap Holdings Pte, there are no uncertainties about control over these entities and these entities are consolidated into the SunMirror Group as of 30 June 2021.

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 recognised in profit or loss as incurred.

2.6.2 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 that the Group identifies and recognizes the individual identifiable assets and liabilities assumed. The cost are allocated to the individual identifiable asset and liabilities on the basis of 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.

2.6.3 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 was determined with reference to the purchase consideration (Note 3 *Significant transactions and events*).

The Royalty Agreement is not yet available for use and is therefore tested for impairment at each reporting date (Note 2.6.5 *Impairment testing*). As of 30 June 2021, 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 reassessed at each reporting date.

2.6.4 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.

2.6.5 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 asset's 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.

At each reporting date the Group asseeses whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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 2021.

2.6.6 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 counttries 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, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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.

2.6.7 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 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.

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 other income or other 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 component of equity.

2.6.8 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 subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and 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. In order 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. The Group's receivables do not bear interest.

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 2021 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 fair value through profit or loss or at amortized cost, depending on the Group's business model of managing them.

The Group's financial liabilities mainly consist of loans received and trade and other payables measured at amortized cost. The Group's payables do not bear interest.

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. Given that the Group's business model does not assume holding these instruments for trading, the liability component was classified as financial liability at amortized cost. 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 components is determined as the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The equity components are subsequently not remeasured until maturity. Furthermore, if conversion options 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.

2.6.9 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.

2.6.10 Equity

Share capital represents the nominal value of the shares that have been issued. As of 30 June 2021 the Company has 2'000'000 shares in issue, each with a nominal value of CHF 1.

Capital reserves are created through transactions of capital nature and were produced by a contribution in kind.

Retained earnings/Accumulated losses include all current and prior period retained profits or losses.

Foreign currency translation reserve contains differences arising from translation of the balance sheet items accounted for in functional currencies of the Group entities to the Group's presentation currency.

2.7 Changes in relevant accounting standards

2.7.1 Initial application of standards in the fiscal year

In the fiscal year 2021 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 3 Business Combinations provide clarifications on definition of a business by defining when a substantive process exists. The amendments did not have any impact on the financial statements of the Group.

Amendments to IAS 1 and IAS 8: Definition of Material provide additional guidance to the preparers of financial statements for the assessment of materiality. The amendments did not have any impact on the financial statements of the Group.

2.7.2 Standards issued but not yet effective

The Group analyzed new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements and that might have an impact on the Group's financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The new and amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

2.8 Critical accounting judgements

The preparation of the Group's financial statements requires management to make judgements, assumptions and estimates that affect the reported amounts of expenses, assets and liabilities and the accompanying disclosures. Key sources of estimation uncertainty could result in outcomes that require a material adjustment to the carrying amount of affected assets or liabilities in future periods. The Management has not identified any key sources of estimation uncertainty when the consolidated financial statements were prepared. 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 the Management made the following critical judgements:

2.8.1 Accounting for the Reverse Take Over of SunMirror Luxembourg

On 31 August 2020, SunMirror AG concluded a contribution in kind agreement under Swiss law with all shareholders of SunMirror Luxembourg pursuant to which all shareholders in SunMirror Luxembourg transferred all shares in SunMirror Luxembourg to SunMirror AG in exchange for total 1’175’000 newly issued shares in the Company.

Management used significant judgement to determine SunMirror AG as acquiree for accounting purposes and that SunMirror AG does not meet the definition of a business in accordance with IFRS 3. In the absence of an accounting standard that specifically applies to this transaction in total, management determined it appropriate to apply by analogy, in accordance with paragraphs 10–12 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the guidance in paragraphs B19–B27 of IFRS 3 for reverse acquisitions. Application of the reverse acquisitions guidance by analogy results in the non-listed operating entity being identified as the accounting acquirer and the listed non-operating entity being identified as the accounting acquiree.

For further details see Note 3 *Significant transactions and events*.

2.8.2 Determination of the functional currency

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 for 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 company, whose functional currency is Australian Dolar (AUD).

As of the reporting date, no further significant judgements had been identified that might have an impact on the financial statements.

3 Significant transactions and events

Reverse Take Over of SunMirror Luxembourg

On 31 August 2020 SunMirror AG performed a capital increase from USD 327’030 (CHF 325’000) to USD 2’161’816 (CHF 2’000’000) by means of a cash contribution of USD 540’522 (CHF 500’000) and a contribution in kind of 1’111’000 shares in SunMirror Luxembourg with a nominal amount of EUR 1.00 resulting in an increase in capital of USD 1’294’264 (CHF 1’175’000). Each share has a nominal value of CHF 1.

The contribution in kind of SunMirror Luxembourg into SunMirror AG has to be accounted for as Reverse Take Over of SunMirror AG and is not within the scope of IFRS 3 (“Business Combinations”) as SunMirror AG as the acquiree for accounting purposes does not meet the definition of a business in accordance with IFRS 3. Therefore, the exchange is accounted for within the scope of IFRS 2 (“Share-based Payment”). The transaction is accounted for in the consolidated financial statements of SunMirror Group as a continuation of the financial statements of SunMirror Luxembourg and a capital reorganization of SunMirror AG i.e. after the transaction the consolidated financial statements represent the continuation of the financial statements of SunMirror Luxembourg (legal subsidiary) except for its share capital.

The reorganization is accounted for as a recapitalization, with SunMirror Luxembourg being the accounting predecessor and SunMirror AG has to be accounted for as acquiree. SunMirror Luxembourg’s historical share capital of USD 1’247’727, which is presented as share capital of SunMirror AG by USD 327’030 and capital reserve by USD 920’697 as per 1 January 2020. SunMirror AG’s Legal reserves of USD 93, accumulated loss of USD 275’030 and foreign currency translation reserve of USD 13’919 are eliminated. The difference between the fair value of issued shares and SunMirror AG’s identifiable net assets at point of the reverse acquisition are reflected as non-cash listing expenses of USD 531’064.

Comparative information was retroactively adjusted to reflect SunMirror AG’s legal capital as the legal parent of the group.

Acquisition of Pharlap Holdings Pte Ltd

On 12 August 2020 Pharlap Holdings Pte Ltd (in the following “Pharlap”), a Singapore company whose main asset is composed of Royalty Agreement relating to future royalties payable in relation the Cape Lambert Magnetite Project, was acquired by contribution of the acquired shares in Pharlap by SunMirror’s shareholder to SunMirror.

The acquisition is accounted for as asset acquisition. The costs of the transaction are allocated to the assets acquired and liabilities assumed, based on their relative fair values at the date of purchase. No goodwill arises on the transaction. The contribution of the acquired shares in Pharlap to SunMirror Luxembourg resulting in an increase in SunMirror’s capital reserves of USD 27’179’239 and a corresponding increase in net assets comprising the acquired intangible asset related to the Cape Lambert Magnetite Project of USD 27’195’046 and other payables of USD 15’807. This intangible asset is a royalty covering future mine production. The valuation of this intangible asset is based on significant judgements and estimates. The value was determined with reference on the share price of SunMirror Luxembourg at the time of acquisition.

The purchase price of the shares was agreed for 19% (212’004) shares in SunMirror Luxembourg. Based on the Amendment and Confirmation agreement dated 18 December 2020 in consideration of these 212’004 shares in SunMirror Luxembourg the seller became entitled to receive 381’757 shares in the capital in SunMirror AG instead resulting in a total purchase price for the acquisition of EUR 23’090’000 (equivalent to USD 27’179’239).

The shares for payment of the purchase price were provided by the major shareholder and recorded as a capital contribution by this shareholder without issuing new shares at SunMirror Luxembourg. Therefore, SunMirror Luxembourg did not incur any cash outflow or liability on the acquisition of Pharlap.

in USD	**Relative fair vaule of consideration transferred**
Assets	
Intangible assets	27'195'046
Cash and cash equivalents	0
	27'195'046
Liabilities	
Other payables	15'807
Total identifiable net assets at fair value	**27'179'239**
Contribution of shares in Pharlap by SunMirror's shareholder (Capital increase)	27'179'239
Total consideration	**27'179'239**
Direct costs relating to the acquisition	0
Cash outflow on acquisition	**0**

4 Details on performance and balance sheet items

4.1 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.

4.2 Exploration expenditure

In USD	**2020/2021**	**2020**
Intangible exploration assets written off	0	-6'570
Intangible exploration expenditure	0	-911
Intangible exploration expenditure	**0**	**-7'480**

4.3 Personnel expense

In USD	**2020/2021**	**2020**
Board of directors fees	-388'757	-27'551
Salaries	-43'926	0
Social security and insurance contributions	-6'252	0
Other personnel expenses	-2'823	0
Total personnel expense	**-441'758**	**-27'551**

4.4 General and administrative expense

In USD	**2020/2021**	**2020**
Consulting fees and valuation reports	-192'223	0
Listing expense	-531'064	0
Stock exchange fees	-1'041'894	0
Legal fees and expenses	-371'462	-39'988
Accounting, tax and auditing fees	-1'011'838	-10'360
Professional fees (related parties)	-275'107	-205'237
Communication/PR and IT costs	-244'036	0
Capital tax	-4'412	-5'306
Other fees	-39'378	-35'385
Total general and administrative expense	**-3'711'414**	**-296'276**

The professional fees paid to related parties were paid in relation to consulting fees of Opus Capital Switzerland AG, Zug, Switzerland and Opus Capital Asset Management GmbH, Zug, Switzerland.

4.5 Financial result

In USD	**2020/2021**	**2020**
Gains on marketable securities	1‘063‘818	0
thereof realized	*252‘419*	*0*
thereof unrealized	*811‘399*	*0*
Foreign currency exchange gain	217‘102	0
thereof realized	*52‘744*	*0*
thereof unrealized	*164‘358*	*0*
Finance income	**1‘280‘920**	**0**
Interest expense	-363'539	0
Brokerage commission	-6'411	0
Foreign currency exchange loss	-166‘669	-85
thereof realized	*-134‘428*	*-85*
thereof unrealized	*-32‘241*	*0*
Finance expense	**-536‘619**	**-85**
Financial result	**744‘301**	**-85**

4.6 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 15’048’590 as of 30 June 2020, further increased as of 30 June 2021 to an amount of USD 18’255’204. No deferred tax asset has been recognized in relation to tax loss carry forwards due to uncertainty of realization.

A reconciliation of tax expense and the accounting loss multiplied by Company’s domestic tax rate for 2020 and 2021 is provided below:

In USD	**2020/2021**	**2020**
Accounting loss before income tax in USD	**-3'408'871**	**-331'392**
Expected tax income based statutory income tax rate	-429'859	-82'517
Lack of recognition of deferred tax	429'859	82'517
Tax expense according to income statement	**0**	**0**
Effective tax rate	*0.0%*	*0.0%*
Statutory income tax rate (Corporate tax, employment fund charge + municipal business charge	*12.6%*	*24.9%*

Following the reverse acquisition of SunMirror Luxembourg, the effective tax rate applied for the calculation of deferred tax on accounting loss changed from the tax rate applicable in Luxembourg to the tax rate applicable in Switzerland. Tax rate applicable in Switzerland is calculated as a sum of Federal and Cantonal corporate income tax.

4.7 Other comprehensive income

Other comprehensive income contains gains and losses arising on translation of assets and liabilities of subsidiaries whose functional currency is different from the Group's presentation currency. Gains and losses on translation recognized in other comprehensive are accumulated in the separate component of equity - Foreign currency translation reserve until the subsidiary is disposed of when they may be reclassified to profit or loss.

For a reconciliation of the foreign currency translation reserve refer to the Statement of changes in equity.

4.8 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 31 August 2020, the weighted average of outstanding shares during the twelve months ended 30 June 2021 was 1'859'863.

The weighted average of outstanding shares for the comparative period (1 January 2020 - 30 June 2020) was calculated by multiplying the average number of SunMirror Luxembourg's shares outstanding by the exchange ratio on the reverse acquisition. For the reverse acquisition, SunMirror AG issued 1'175'000 shares to acquire 1'111'000 shares of SunMirror Luxembourg.

Dilutive potential is contained in the three convertible loans the Company entered into in April 2020 and April 2021. Under the convertible bond agreements, the lenders have the right, but not the obligation to convert the loans into ordinary shares of the Company. If full conversion potential of all three loans would be exercised, the holders of the loans would receive 170'704 shares of the Company. Refer to *Note 5.1 Disclosure on finanacial instruments* for additional information on the convertible loans.

4.9 Segment reporting

The Group did not start its operating activities yet, therefore only one operating segment has been identified.

4.10 Intangible assets

in USD	Royalty agreement	Domains	Total
Cost as at 1 January 2020	**0**	**0**	**0**
Cost as at 30 June 2020	**0**	**0**	**0**
Cost as at 1 July 2020	**0**	**0**	**0**
Acquisition of Pharlap	27'588'191	0	27'588'191
Additions	0	13'175	13'175
Currency translation	1'011'299	-228	1'011'071
Cost as at 30 June 2021	**28'599'490**	**12'947**	**28'612'437**

Intangible assets contain primarily Royalty Agreement relating to future royalties payable in relation the Cape Lambert Magnetite Project acquired on 12 August 2020 as part of the acquisition of Pharlap Holdings (Note 3 *Significant transactions and events*).

4.11 Exploration & evaluation assets

in USD	Exploration & evaluation assets
Cost as at 1 January 2020	**0**
Acquisition of Lithium 1	3'323'419
Additions	
Moolyella E45/5573	3'771
Kingston Keith E53/1953	38'399
Curreny translation	-7'190
Cost as at 30 June 2020	**3'358'399**
Cost as at 1 July 2020	**3'358'399**
Additions	
Moolyella E45/5573	56'539
Kingston Keith E53/1953	108'951
Curreny translation	311'271
Cost as at 30 June 2021	**3'835'160**

Exploration potential acquired consists of the estimated fair value attributable to exploration licenses acquired as part of an asset deal (Note 3 *Significant transactions and events).*

Exploration and evaluation expenditure are immediately expensed to 'Exploration expenditure' in the statement of profit or loss and other comprehensive income as per Note 4.2 *Exploration expenditure* amounted to USD 0 (PY: USD 7'480).

In order to maintain current rights of tenure to exploration tenements the Group will be required to outlay approximately USD 69'713 per year to meet minimum expenditure requirements for the duration of the tenaments.

4.12 Other assets

Other assets contain the deposit payment of USD 2'970'914 (in PY USD 0) relating to a potential acquisition of business. The deposit allows the Company a period of exclusivity to perform due diligence and negotiate the transaction. In case of a successful transaction, the deposit will be accounted toward the purchase consideration. As the deposit is non-refundable, in case the transaction is not conducted, it will be written off. On 27 August 2021 SunMirror closed the transaction giving evidence of the recoverability of the amount. Details on the transaction are provided in the Note 6 *Events after the end of reporting period.*

4.13 Financial assets

In USD	**30 June 2021**	**30 June 2020**
Securities at fair value through profit or loss	4'343'632	0
Loans to shareholders at amortised cost	392'166	0
Receivables from cash-pooling (related parties)	22'828	16'703
Total current financial assets	**4'758'626**	**16'703**

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 5.1 *Disclosure on financial instruments.*

4.14 Other receivables

In USD	**30 June 2021**	**30 June 2020**
Prepayments and accrued income	57'737	0
VAT advance payments and receivables	71'434	9'086
Total other receivables	**129'171**	**9'086**

Prepayments and accrued expenses contain primarily prepaid expenses for research and consulting services as well as prepaid bank fees.

4.15 Cash and cash equivalents

In USD	**30 June 2021**	**30 June 2020**
Cash at banks	445'443	7
Total cash and cash equivalents	**445'443**	**7**

4.16 Shareholders' equity

The increase in share capital is due to reverse acquisition of SunMirror Luxembourg as described in the *Note 3 Significant transactions and events.*

Reconciliation of the number of outstanding shares

Issued shares on 1 July 2020	325'000
Shares issued in exchange for equity of SunMirror Luxembourg	1'175'000
Shares issued for cash contribution	500'000
Issued shares on 30 June 2021	2'000'000

The increase in capital reserves results from the contribution of shares in Pharlap Holdings by SunMirror Luxembourg as described in the *Note 3 Significant transactions and events.*

4.17 Financial liabilities

In USD	**30 June 2021**	**30 June 2020**
Covertible bonds at amortised cost	9'568'127	0
Shareholder loan	67'672	50'499
Total current financial liabilities	**9'635'799**	**50'499**

Convertible bonds at amortised cost contain the liability component of the convertible debt instruments. For additional details on financial instruments refer to Note 5.1 *Disclosures on financial instruments.*

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

In USD	**Balance at 1 January 2020**	**Cash**	**Non-cash effective**	**Balance at 30 June 2020**
Covertible bonds at amortised cost	0	0	0	0
Shareholder loan	0	45'635	4'864	50'499
Total current financial liabilities	**0**	**45'635**	**4'864**	**50'499**

In USD	**Balance at 1 July 2020**	**Cash**	**Non-cash effective**	**Balance at 30 June 2021**
Covertible bonds at amortised cost	0	9'409'697	158'430	9'568'127
Shareholder loan	50'499	12'558	4'615	67'672
Total current financial liabilities	**50'499**	**9'422'255**	**163'045**	**9'635'799**

The cash flow from the issue of the convertible bond includes cash proceeds reduced for the transaction costs. Non-cash effective component includes the discounting and foreign exchange effects.

4.18 Trade and other payables

In USD	30 June 2021	30 June 2020
Trade payables	1'066'184	
Payables to related parties	0	257'496
Other payables and accrued charges	233'846	101'218
Total trade and other payables	**1'300'030**	**358'714**

Trade payables relate primarily to open balances for received management, legal and consulting services. Balances with the management company Opus Capital are included in the note 5.2 *Related party transactions.* All outstanding balances are generally settled within 30 days.

4.19 Other non-financial liabilities

In USD	30 June 2021	30 June 2020
Tax accruals (capital tax)	7'106	6'590
Total non-financial liabilities	**7'106**	**6'590**

5 Other disclosures

5.1 Disclosure on financial instruments

5.1.1 Fair values and categories of financial instruments

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

Investments in 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 banks is measured at amortized cost and its carrying amount on initial measurement is equal to its nominal amount.

Loans to shareholders are measured at amortized cost. The loan is repayable within one year and the carrying amount on initial measurement equals its nominal amount.

Receivables from cash-pooling relate to short-term balances included in the cash-pooling account with the related parties.

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

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 maturity or conversion. The loans have a duration of 13 months and can be converted to shares of SunMirror Luxembourg at the discretion of Lender at CHF 70 per Company shares. On initial recognition, the convertible loan facilities had to be split between debt and equity components. The fair value of the debt component was calculated as present value of the contractually determined stream of future cash flows discounted at the interest rate observable on the market for instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion option, resulting in a discount rate of 11.65%.

Loan from related party, trade and other payables and accrued charges are measured at the nominal amount at which they will be settled.

Furthermore, in April 2020 the Group entered into a convertible loan facility in the maximum amount of EUR 3.0 million (equivalent to USD 3.36 million at inception) with an Investor and shareholder.

The convertible loan is an unsecured credit facility and constitutes an embedded derivate as well as a loan commitment. All amounts drawn down under the facilty bear a fixed interest of 8% p.a. until repayment or conversion. The loan has a duration of 3 years and the drawn amount can be converted to shares of SunMirror Luxembourg at the discretion of the Lender at the higher of EUR 60 per share or 70% of the volume weighted average price of trades in the Company’s shares. It is structured in a way that the provisions contained therein only come into effect if the facility is drawn in whole or in part. During 2021 USD 0.9 million were drawn and repaid. Therefore, the carrying amount of the loan, the embedded derivative and the loan commitment is zero as of 30 June 2021 (PY: USD 0). On the drawn amount of the loan interest expense of USD 26 thousand was incurred and recorded as a finance expense.

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

In USD	**30 June 2021**	**30 June 2020**
Financial assets		
Measured at fair value through profit or loss		
Securities at fair value through profit or loss	4'343'632	0
Measured at amortized cost		
Cash at banks	445'443	7
Loans to shareholders at amortised cost	392'166	0
Receivables from cash-pooling (related parties)	22'828	16'703
Financial liabilities		
Measured at amortized cost		
Liability component of convertible bonds	9'568'127	0
Shareholder loan	67'672	50'499
Trade payables	1'066'184	0
Payables to related parties	0	257'496
Other payables and accrued charges	233'846	101'218

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).

5.1.2 Financial instruments risk management objective and policies

The Group’s exposure to risk is limited due to the nature of its financial instruments.

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate because of changes in market prices. The Group is exposed to market 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. Deposits are secured by the deposit protection funds.

Credit risk arising from loan with the shareholder is assessed by management as very low as it is secured against the shareholder’s shares in SunMirror. Assuming the price of SunMirror’s shares remains at an average price for which these were traded in 2021, the collateral has higher value than the loan given.

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 the carrying amounts of the financial assets as illustrated in the financial statements.

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.

The contractual maturities of the financial liabilities as at 30 June 2021 are limited to current liabilities. This maturity also applied to the financial liabilities recognised in previous years. The below table presents the Group’s liquidity position as of 30 June 2021 and 30 June 2020. The amounts presented are undiscounted cash flows from financial instruments.

In USD	**30 June 2021**	**30 June 2020**
Financial liabilities		
Total payment (incl. interest) for convertible bonds	-11'141'597	0
Shareholder loan	-67'672	-50'499
Trade payables	-1'066'184	0
Payables to related parties	0	-257'496
Other payables and accrued charges	-233'846	-101'218
Total outflow of liquid funds	**-12'509'299**	**-409'213**
Financial assets		
Securities at fair value through profit or loss	4'343'632	0
Cash at banks	445'443	7
Loans to shareholders at amortised cost	392'166	0
Receivables from cash-pooling (related parties)	22'828	16'703
Total inflow of liquid funds	**5'204'069**	**16'710**
Net liquidity increase / decrease from financial instruments	**-7'305'230**	**-392'503**

The negative liquidity position as of 30 June 2021 arises primarily from the assumption that the convertible debt will be fully repaid instead of converted to equity. On 8 October 2021, a lender of the convertible loan has committed to convert an amount of EUR 6.0 million upon maturity (see Note 6 *Events after the end of reporting period)*. Management expects that the second debt holder will opt for the conversion as well, instead of a cash repayment, due to the favorable conversion rate given the current market price of SunMirror's shares. The debt holders may opt for conversion at any date during the term of the convertible debt agreements. If the second debt holder do not opt for conversion, the Management will engage in efforts to secure another source of financing, and if necessary obtain cash by selling securities held. Furthermore, the Group may obtain additional liquidity from a convertible loan facility entered into on April 2020 with Starpole Investments Ltd. (Note 5.2 *Related party transactions)*. As of 30 June 2021 available financing from this facility amounts to USD 2'2691'922. Also management is planning additional capital raisings – refer note 2.2 Going concern.

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 operating activities (when expenses are denominated in currencies other than the respective functional currencies). The Group manages this foreign currency risk by matching receipts and payments in the same currency and 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 currency of the parent company, SunMirror AG, Switzerland.

Risk concentration

Risk concentration depends of exposure to counterparties, geographies, industries and currencies. The Group actively assesses and manages risk concentrations.

Exposure to counterparty risk from investment is 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 counterparty risk from financing is assessed as high as the main source of financing are two convertible debt instruments. 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.

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.

5.1.3 Capital risk 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.

Group's capital consists both of equity and debt, whereby debt has a convertible component giving the finance providers the right, but not the obligation, to convert their debt instruments into equity. By providing the conversion option, the Group aims to reduce its cost of capital.

The liquidity risk associated with the convertible debt is monitored by Management as described in the note on liquidity risk under 5.1.2 *Financial instruments risk management objective and policies*.

5.2 Related party transactions

Until August 2020 Perfect Summit Holdings Ltd., Seychelles, had control over SunMirror Group. Therefore, the acquisition of Pharlap (see Note 3 *Significant transactions and events*) and prior year's acquisition of Lithium 1 are related party transactions.

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

- SunMirror's key management personnel (defined as the 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.
- Starpole Investments Ltd. ("Starpole"), a shareholder with significant influence over SunMirror, provided a convertible loan facility to the Group as described under the Note 5.1 *Disclosure on financial instruments.* As of 30 June 2021, there are no outstanding amounts due to Starpole under this loan facility.
- Gravner Ltd. ("Gravner"), a shareholder with significant influence over SunMirror supports the Group by searching for investment opportunities. These services are provided free of charge.

Outstanding balances were unsecured and are usually settled in cash.

Due to the reverse acquisition, some persons and entities identified as related parties in the previous reporting period do not represent Group's related parties according to IAS 24 in the current reporting period (key management personnel of SunMirror Luxembourg S.A and former owner of Lithium 1 Pty Ltd.).

Key management personnel compensation comprised the following:

In USD	**2020/2021**	**2020**
Short-term employee benefits	316'192	33'765
Total	**316'192**	**33'765**

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	**2020/2021**	**2020**
Receiving of services from other related party	-888'485	-205'237
Transactions resulting from loans received from other related party	-25'562	0
Total	**-914'047**	**-205'237**

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

In USD	**30 June 2021**	**30 June 2020**
Current liabilities to:		
Key Management Personnel	-60'143	-16'797
Other related party	0	-240'699
Current receivables from:		
Other related party	22'828	16'703
Total	**-37'315**	**-240'793**
Loans received from:		
Other related party	0	-50'498
Loans granted to:		
Other related party	392'166	0
Total	**392'166**	**-50'498**

6 Events after the end of reporting period

On 27 August 2021 SunMirror Luxembourg entered into an agreement to purchase 100% of the issued shares in Latitude 66 Cobalt Oy (Latitude 66), a limited liability company primarily engaged in mineral exploration and the potential development of polymetallic mining operations across Northern Finland, for consideration of EUR 45 million plus reimbursement costs and minus net debt.

An exclusivity fee of EUR 2.5 million, which is part of the consideration, was paid by the Group on 18 December 2020. The remaining consideration is due at the completion of the transaction. The completion will take place after SunMirror Luxembourg has placed its takeover bid, but no later than 30 November 2021. The net debt, which is to be substracted from the consideration, will be calculated as of transaction date. The net debt of Latitude 66 as of 30 June 2021 amounts to EUR -323 thousand.

SunMirror AG acts as a guarantor for SunMirror Luxembourg in this agreement and has committed to raising capital amounting to EUR 70 million, which is subject to SunMirror Luxembourg obligation to consummate the acquisition.

On 26 August 2021 SunMirror Luxembourg (lender) entered into loan agreement with Latitude 66 (borrower) to grant the borrower an unsecured limited recourse Euro term loan facility of total principal amount of EUR 1.3 million. The borrower shall use the loan for the maintenance and development of the Latitude 66 mining projects in Finland and ancillary purposes. The interest rate amounts to 3% per annum.

On 27 August 2021 SunMirror Luxembourg entered into agreement with Finroy Limited, a newly incorporated subsidiary of Latitude 66, to pay a 2% net smelter return royalty for each quarter, in which any product is extracted from the mining are and sold.

On 8 October 2021, a lender of the convertible loan of April 2021 has exercised its right and commited to convert an amount of EUR 6.0 million into shares of SunMirror AG by March 2022 in accordance with the contractual conditions.

Zug, 15 October 2021

Dr. Heinz Kubli