
SunMirror AG

Interim condensed group financial statements
for the six months ended 31 December 2020

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Interim condensed consolidated statement of profit and loss and comprehensive income

For the six months ended 31 December 2020 and the six months ended 31 December 2019

<i>In USD</i>	Notes	2020	2019
Personnel expense		-169,262	0
General and administrative expense	4.1	-1,138,959	-17,154
Gross Profit		-1,308,221	-17,154
Operating loss		-1,308,221	-17,154
Finance expense		-1,963	0
Earnings before taxes		-1,310,184	-17,154
Income tax		0	0
Loss for the period		-1,310,184	-17,154
			0
Other comprehensive income/loss		2,630,909	-24,078
			0
Total comprehensive loss for the period		1,320,725	-41,232
<i>Loss per share</i>	4.3	-0.96	-0.05

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

Interim condensed consolidated statement of financial position

As at 31 December 2020 and 30 June 2020

<i>In USD</i>			
ASSETS	Note	Dec 31 2020	Jun 30 2020
Non-current assets			
Intangible assets		29,465,997	0
Exploration and evaluation assets		3,789,551	3,358,399
Total non-current assets		33,255,548	3,358,399
Current assets			
Other receivables		126,978	25,790
Cash and cash equivalents		72,889	7
Total current assets		199,867	25,796
Total assets		33,455,415	3,384,195
EQUITY AND LIABILITIES			
Equity			
Share capital		2,168,498	327,030
Capital reserves		44,048,840	17,562,854
Accumulated losses		-15,951,844	-14,641,660
Foreign currency translation reserve		2,351,077	-279,832
Total shareholders' equity		32,616,572	2,968,393
Current liabilities			
Other payables		838,843	415,803
Total current liabilities		838,843	415,803
Total liabilities		838,843	415,803
Total equity and liabilities		33,455,415	3,384,195

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

Interim condensed consolidated Statement of changes in equity

For the six months ended 31 December 2020 and 31 December 2019

	Share capital	Capital reserves	Accumul. Loss	Foreign currency translation reserve	Total share-holders' equity
<i>In USD</i>					
Balance as at 01 July 2019	327,030	-267,065	-1,238,212	20,933	-1,157,314
Total comprehensive loss/income			-17,154	-24,078	-41,232
Capital increase		1,187,762			1,187,762
Balance as at 31 December 2019	327,030	920,697	-1,255,367	-3,294	-10,933

	Share capital	Capital reserves	Accumul. Loss	Foreign currency translation reserve	Total share-holders' equity
<i>In USD</i>					
Balance as at 01 July 2020	327,030	17,562,854	-14,641,660	-279,832	2,968,392
Contribution of Pharlap		27,179,239			27,179,239
Contribution in cash	547,205				547,205
Reverse acquisition in way of contribution in kind	1,294,264	-693,253	0	0	601,011
Total comprehensive loss/income	0	0	-1,310,184	2,630,909	1,320,725
Balance as at 31 December 2020	2,168,498	44,048,840	-15,951,844	2,351,077	32,616,572

Interim condensed consolidated Statement of cash flows

For the six months ended 31 December 2020 and 31 December 2019

<i>In USD</i>	Note	2020	2019
Cash flows from operating activities			
Loss of the period/year		-1,310,184	-545
Listing expense	4.1	531,064	0
Increase/decrease in other receivables		-101,188	-5,095
Increase in other payables		423,040	5,674
Net cash flow from operating activities		-457,269	34
Cash flows from investing activities			
Payments for exploration expenditure	4.2	-5,628	0
Net cash flow from investing activities		-5,628	0
Cash flows from financing activities			
Capital increase (cash-effective)		547,205	0
Net cash flow from financing activities		547,205	0
Net foreign exchange differences		-11,426	-34
Net change in cash and cash equivalents		72,882	0
Cash and cash equivalent at beginning of year		7	7
Cash and cash equivalent at end of year		72,889	7

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

Notes to the interim condensed consolidated financial statements

1 Corporate information

The interim condensed consolidated financial statements of SunMirror AG (“SunMirror”, “the Company” or “the Group”) and its subsidiaries for the six months ended 31 December 2020 were authorized for issue in accordance with a resolution of the directors on 26 March 2021.

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) merely 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.

On 7 September 2020 the Company acquired SunMirror Luxembourg S.A. (“SunMirror Luxembourg”) including SunMirror Luxembourg’s subsidiaries Lithium 1 Pty Ltd (“Lithium”) and Pharlap Holdings Pte Ltd („Pharlap“). Prior to this transaction, SunMirror had been a single entity without any subsidiaries.

SunMirror prepares and publishes its financial statements in US Dollar (USD). Unless otherwise stated, the numbers are rounded in USD. Due to rounding, it is possible that figures in the financials may not add up exactly to the sum given.

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

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 30 June 2020 and SunMirror Luxembourg’s annual consolidated financial statements as at 30 June 2020.

2.2 Basis of consolidation

The following table displays the entities that are part of the consolidation scope of SunMirror.

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	AUD	4,226,777	100%

2.3 New standards, interpretations and amendments adopted by the Group

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.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Major areas of judgment include exploration and evaluation, the determination of the functional currency and assumptions related to tax losses carried forward. The acquisition of Pharlap in August 2020 resulted in recognition of an intangible asset which is evaluated using the cost model described in IAS 38. The useful life depends on the amount of raw materials exploited. As of the reporting date, exploration activities have not been started, therefore no amortization was recognized. Indications for impairment are regularly analyzed. As of the reporting date no impairment trigger had been identified.

Please refer to the annual financial statement for further details.

3 Significant transactions and events

Reverse Take Over

On 31 August 2020 SunMirror performed a capital increase from USD 327,030 (CHF 325,000) to USD 2,168,498 (CHF 2,000,000) by means of a cash contribution of USD 547,205 (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 has to be accounted for as Reverse Take Over of SunMirror and is not within the scope of IFRS 3 (“Business Combinations”) as SunMirror as acquirer 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 as a continuation of the financial statements of SunMirror Luxembourg and a capital reorganization of SunMirror 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 has to be accounted for as acquirer. SunMirror Luxembourg’s historical share capital of USD 1,247,727 and SunMirror’s Legal reserves of USD 93, accumulated loss of USD 273,687 and foreign currency translation reserve of USD 916 are eliminated.

Comparative information were retroactively adjusted to reflect SunMirror’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 of Pharlap is not in scope of IFRS 3 as Pharlap as acquirer for accounting purposes does not meet the definition of a business in accordance with IFRS 3. Therefore, 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. In the acquisition of Pharlap solely one intangible asset related to the Cape Lambert Magnetite Project was acquired. 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 evaluation of intangible assets is based on significant judgements and estimates. The value was determined with reference on the share price of SunMirror Luxembourg at the point of the acquisition.

The purchase price of the shares has been agreed for 19% (212,004) shares in SunMirror Luxembourg. At the time of the transaction this was valued equal to EUR 108.91 per share, resulting in a total purchase price for the acquisition of EUR 23,090,000 (equivalent to USD 27,179,239). The value per share was determined with reference on the share price of SunMirror Luxembourg at the point of the acquisition. 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.

<i>in USD</i>	Relative fair value of consideration transferred
Assets	
Intangible assets	27,195,046
Cash and cash equivalents	-
	27,195,046
Liabilities	
Other payables	15,807
	27,179,239
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	-
Cash outflow on acquisition	-

COVID-19

The impact of the COVID-19 outbreak continues to evolve at the date of this report. The Group is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operation during future years. Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, supplied, industry, and workforce.

Given the daily evolution of the COVID-19 outbreak and the global responses to curb the spread, SunMirror is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity in future years. Although SunMirror cannot

estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Group's results of future operations, financial position, and liquidity in future years.

4 Details on performance and balance sheet items

4.1 General and administrative expense

<i>In USD</i>	2020	2019
Listing expense	-531,064	0
Admission costs	-228,598	0
Legal fees and related expenses	-85,568	-4,323
Accounting, tax and auditing fees	-104,863	-11,897
Professional fees (related parties)	-93,276	0
Communication/PR and IT costs	-85,019	0
Capital tax	-2,983	-604
Other fees	-7,589	-330
Total general and administrative expense	-1,138,959	-17,154

Due to the fact that SunMirror being accounted for as acquiree SunMirror's listing status has to be accounted for in accordance with IFRS 2 resulting in the recognition of a listing expense of USD 531,064. The fair value of the listing status was measured by reference to the excess of the consideration over the net assets acquisition in a separate transaction.

4.2 Exploration & evaluation assets

<i>in USD</i>	
Cost as at 1 January 2020	0
Acquisition of Lithium 1	16,307,494
Additions	-
Moolyella E45/5573	3,771
Kingston Keith E53/1953	38,399
Impairment	-13'054'900
Currency translation	63,635
Cost as at 30 June 2020	3,358,399
Additions	
Moolyella E45/5573	4,439
Kingston Keith E53/1953	1,189
Currency translation	425,524
Cost as at 31 December 2020	3,789,551

4.3 Earnings 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 six months ended 31 December 2020 was 1,371,875 (325'000 shares for the six months ended 31 December 2019).

4.4 Segment reporting

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

4.5 Fair values and categories of financial instruments

The Group's financial instruments comprise of cash and cash equivalents, other receivables and other payables that are categorized at amortized cost. Due to the short-term maturities, fair values of these financial instruments approximate their carrying amounts.

In April 2020 the Company entered into a convertible loan facility in the maximum amount of EUR 3.0 million (equivalent to USD 3.68 million) with an Investor and shareholder. The convertible loan is an unsecured credit facility and constitutes an embedded derivative as well as a loan commitment. All amounts drawn down under the facility bear a fixed interest of 8% p.a. until repayment or conversion. The loan has a duration of 3 years and can be converted to shares of SunMirror Luxembourg at the discretion of 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. However, this was not the case as of 31 December 2020.

The embedded derivative and a loan commitment in the convertible loan facility were initially recognised at fair value on the date on which the loan facility was entered into and were subsequently remeasured at fair value. Both had a fair value of EUR 0 at initial recognition and as of 31 December 2020.

4.6 Related party transactions

The Group's related parties include its key management personnel as entered in the register as well as the Group's parent entity. In addition, several shareholders and board members are regarded as related parties.

4.6.1 Transactions with key management personnel

Transactions with key management personnel during the period from 1 July 2020 to 31 December 2020 include the board of director's fee shown as personnel expense of USD 169,262 and partly corresponding payables. In addition, the other receivables contain amounts owed by Opus Capital in the amount of USD 18,303 (USD 16,703 as of 30 June 2020). Other payables include a shareholder loan in the amount of USD 63,045 which has not yet been included in the prior year figures and payables to Opus Capital in the amount of USD 193,707 (USD 257,496 as of 30 June 2020).

Additional fees paid to related parties have been labelled in Note 4.1.

4.6.2 Transactions with shareholders

The acquisition of Pharlapp has been performed as a contribution in kind and an amount of USD 27,179,239 has been contributed into the capital reserves by a Group's shareholder.

Zug, 26 March 2021



Dr. Heinz Kubli, Board of Directors