SunMirror Group

Interim Report 2023/24 consisting of
Group Management Report and
Condensed Interim Consolidated Financial Statements
for the six months ended 31 December 2023

SunMirror Group

Group management Report for the six months ended 31 December 2023

Table of Contents

1 Economic environment

1.1 Executive summary

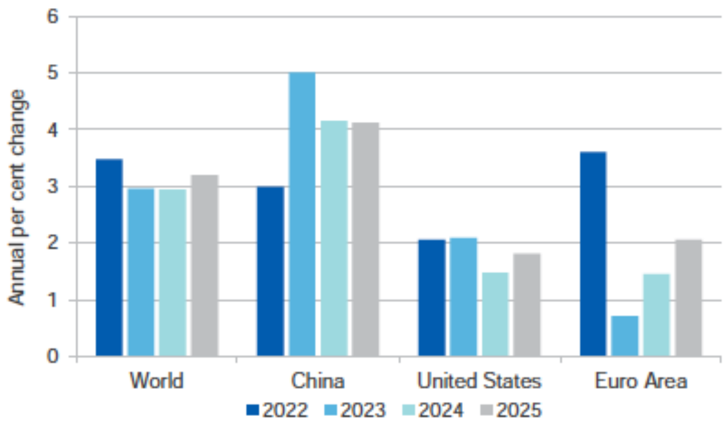
- World economic growth remains relatively soft, weighed down by tighter financial conditions; central banks in the major Western economies continue to clamp down on inflation, which appears to be easing in some nations. The IMF's latest forecasts (October) are largely unchanged. However, concerns around a hard landing in the US have eased considerably and the outlook for China has improved, given stronger than expected economic results and the Government taking further measures to stabilise the nation's residential property sector. Both developments help the outlook for resource and energy commodity demand.
- Strong infrastructure and manufacturing sector capital expenditures as well as rising motor vehicle exports have helped sustain Chinese steel production in the face of falling residential construction. Steady world steel output and low Chinese iron ore inventories recently helped push iron ore prices above US$120 a tonne. Other bulk commodity prices also remain high in historical terms. Improving supply is expected to see bulk commodity prices drift down in the outlook period.
- To date, there has been very limited impact of the conflict in the Middle East on the global economy and energy prices. After repeated OPEC+ supply cuts, world oil stocks remain relatively low, keeping oil prices more vulnerable to supply shocks. Worries that the Hamas-Israel conflict could cause a disruption to Middle East oil and LNG supplies sparked a rise in energy prices early in Q4 2023 but weak world demand and the absence of any fallout on Middle East oil supply has helped move oil and LNG prices back close to pre-conflict levels.
- Reduced global supply of energy commodities following the implementation of Russian sanctions has raised the vulnerability of gas/LNG/coal prices to supply outages and demand spikes. As such, there is more uncertainty than in the past around how energy prices may develop through the Northern Hemisphere winter and summer demand peaks. However, stockpiles of gas in Europe were high heading into winter. Likewise, high stocks of thermal coal in China and Europe have seen thermal coal prices come down.
- There has been a surge in uranium prices in recent months. New supply problems have added to the impact of hoarding and, on the demand side, some nations continue to favourably reconsider the role nuclear power can make in meeting their 'net zero' targets and ensuring their energy security.
- Lithium prices have fallen further from their record peak in late 2022. Driving the fall has been concerns about short term demand for electric vehicles and ongoing increases in lithium supply. Export volumes of Australian lithium ores and chemicals are still expected to grow strongly over the outlook period, with lithium hydroxide set to account for a rising share of those exports. The long-term outlook for lithium demand remains strong, as does Australian lithium producers' ability to compete.

1.2 Macroeconomic Environment

Summary

- Global industrial production and manufacturing activity have continuedto soften in H2 2023, due to falling goods demand in major economies.
- The core outlook for global growth in 2024 has weakened slightly, with the balance of risks surrounding the outlook remaining tilted to the downside. As inflation returns to target levels, central banks will be able to adopt less restrictive stances, allowing growth to pick up in 2025.
- Despite better-than-expected growth in the Q3 2023, key downside risks challenge China's growth outlook, including ongoing issues in the real estate sector.

GDP Growth Forecasts (below)



Source: IMF (2023)

The world economy is growing at a relatively slow rate

The world economy remains relatively subdued, mainly due to tighter monetary conditions adopted by most central banks over the past twenty months. Over Q4 2023, most Western central banks have kept a tightening bias to cut inflation and anchor inflation expectations. Services inflation in the West remains high, due to tightness in labour markets. Forecasts are for OECD economic growth to slow and labour market tightness to ease, so that services inflation should fall, giving central banks scope to withdraw their current restrictive monetary stance.

There are signs that China's economic growth has steadied at relatively low levels as Beijing rolls out more measures to stabilise China's residential property sector. The relatively slow rate of economic growth in China is causing higher unemployment — especially among young people — and deterring foreign investment: with slow company sales, Chinese equities are weak, and high/rising interest yields in the West are also causing capital flows away from China, where official rates are falling. In the Q3 2023, China recorded negative foreign direct investment (of US$11.8 billion) for the first time since 1998. Nevertheless, there are pockets of strength: the Chinese steel and auto sectors have proven significant sources of demand for resource commodities in recent months. Chinese steel output has been assisted by higher infrastructure spending in China and strong steel exports. Chinese auto exports have risen six-fold in the past 3 years to 4.2 million a year. China recently overtook

Germany as the world's 2nd biggest car exporter.

The IMF expects global economic growth of 3.0% in 2023 and 2.9% in 2024, down from 3.5% in 2022. Growth in developed nations is expected to slow from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024. Developing and emerging market economies are forecast to grow by 4.0% in 2023 and 2024. China is forecast to grow by 4.6% in 2024, down from 5.4% in 2023.

Of course, geopolitical developments (the Hamas-Israel conflict, the Russian-Ukraine war, piracy resurgence in the Red Sea, etc) continue to pose downside risks to the outlook for commodity markets.

Source: https://www.industry.gov.au/sites/default/files/2023-12/resources-and-energy-quarterly-december-2023.pdf

World Economic Outlook

The International Monetary Fund (IMF) forecasts the world economy to grow by 3.0% in 2023 and 2.9% in 2024, with growth then rising to 3.2% in 2025). Compared to the July 2023 World Economic Outlook, this represents a downgrade of 0.1 percentage points for 2024 but no change for 2023 and 2025.

Over the next couple of years, the IMF continues to expect a notable divergence to emerge between the performance of Advanced and Emerging economies. The US economy has surprised on the upside with resilient consumption and investment this year, however European economies appear to have slowed substantially in 2023 under the weight of tighter monetary policy.

Weaker consumer demand for goods relative to services over the past year in the US and Europe has weighed on the economic growth of manufacturing exporters — including China, Japan and Korea. Demand for services now also looks to be weakening, with manufacturing in a prolonged slowdown, suggesting a slowing of global growth into 2024.

After recording growth below the global average in 2022, China’s economy grew by 5.2% in 2023. Due to stronger-than-expected growth in Q3 2023 and recent policy announcements, the IMF issued a 0.4 percentage point upgrade to China’s growth outlook in November to 4.6% in 2024.

While global growth forecasts were only revised marginally from the July update, the IMF stated the balance of risks is less negative than it was in April, however it is still tilted to the downside.

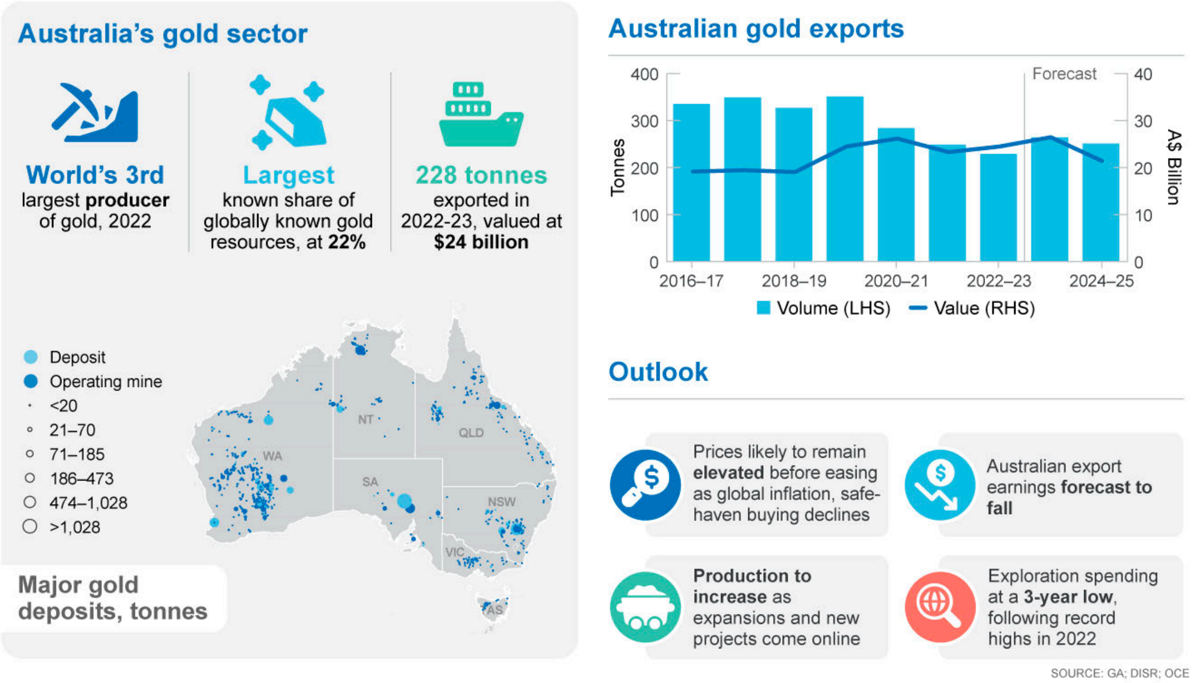
Headline and core inflation measures have continued to moderate in most economies in recent months, but they remain above central bank targets, as do near-term inflation expectations. There is a risk that ongoing labour market tightness and further drawdown of excess savings in some nations could see inflation fail to return to central bank targets, or even rebound. This would lead to monetary policy staying restrictive, constraining economic growth.

An additional risk to global growth the IMF has emphasised is the potential for China’s economic recovery to disappoint, or its financial stability to worsen if the property downturn continues.

Source: https://www.industry.gov.au/sites/default/files/2023-12/resources-and-energy-quarterly-december-2023.pdf

1.3 Relevant Commodity Markets

1.3.1 Gold



Summary

- After averaging US$1,930 an ounce in Q3 2023, gold rose to above US$2,000 an ounce in November following the onset of conflict in the Middle East. Prices are forecast to remain elevated but soften gradually to average around US$1,830 an ounce in 2025.
- Australian gold production decreased to 72 tonnes in Q3 2023 due to lower grades, planned maintenance and several mines put in care and maintenance. Production is forecast to be steady due to project delays.
- Higher volumes will lift exports to A$27 billion in 2023–24 from A$24 billion in 2022–23. Price falls will then cut exports to A$21 billion in 2024–25.

Gold consumption to grow over the medium-term

Rising jewellery consumption and a recovery in demand for high tech manufacturing are expected to drive world gold consumption, which is forecast to stabilise below recent elevated levels, reaching about 4,450 tonnes by 2025. Investment demand is forecast to steady above 2023 levels and average about 1,100 tonnes over the forecast period. As inflation eases towards central bank targets, interest rates are assumed to decline over the medium-term. If interest rates are cut faster than inflation declines over the medium-term, this will support institutional investment and retail demand through lower real interest rates.

Official sector demand is forecast to ease from recent record levels, but remain relatively high, to about 700 tonnes a year by 2025. Buying is expected to be driven by emerging market central banks, who will continue their long term aim to diversify their reserves with gold. According to World Gold Council data for declared gold purchases, Russia added 31 tonnes to official reserves in 2022. Given ongoing sanctions on foreign exchange and restricted access to its foreign reserves, Russian official sector demand will likely be strong over the outlook period.

World supply increased in Q3 2023

World gold supply increased by 6.4% year-on-year to about 1,270 tonnes in Q3 2023, driven by both higher mine production and increased recycling.

Global mine production rose to a record 971 tonnes in the Q3 2023. Growth was led by increased production from the major producers.

In Australia — the world's third-largest gold producing nation — output decreased by 2.5% year-on-year in Q3 2023, to 73 tonnes. Australian mine production fell due to lower mine grades, planned maintenance and several mine closures.

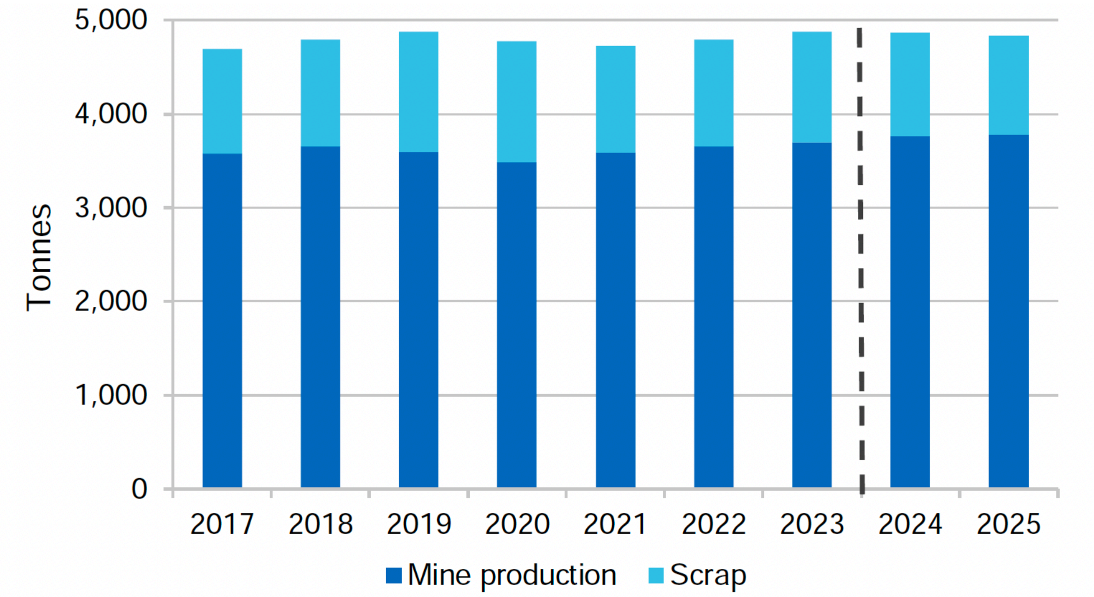
Gold recycling in Q3 2023 rose year-on-year to 289 tonnes, largely due to stronger gold prices in China and India.

World supply to stabilise as mine supply growth slows

Global gold supply is forecast to stabilise above 4,800 tonnes in the period to 2025, with increasing world gold mine production offset by decreasing supply from recycling activity.

World gold mine production is forecast to rise by 1.4% a year on average by 2025 to 3,780 tonnes, led by gains in Canada, the US, Chile and Brazil, while gold recycling activity is forecast to decline on average by 5.4% a year by 2025, due to lower forecast gold prices.

World Gold Supply (below)



Source: Department of Industry, Science and Resources (2023); Metals Focus (2023); World Gold Council (2023).

Gold prices surged in October 2023 on geopolitical concerns

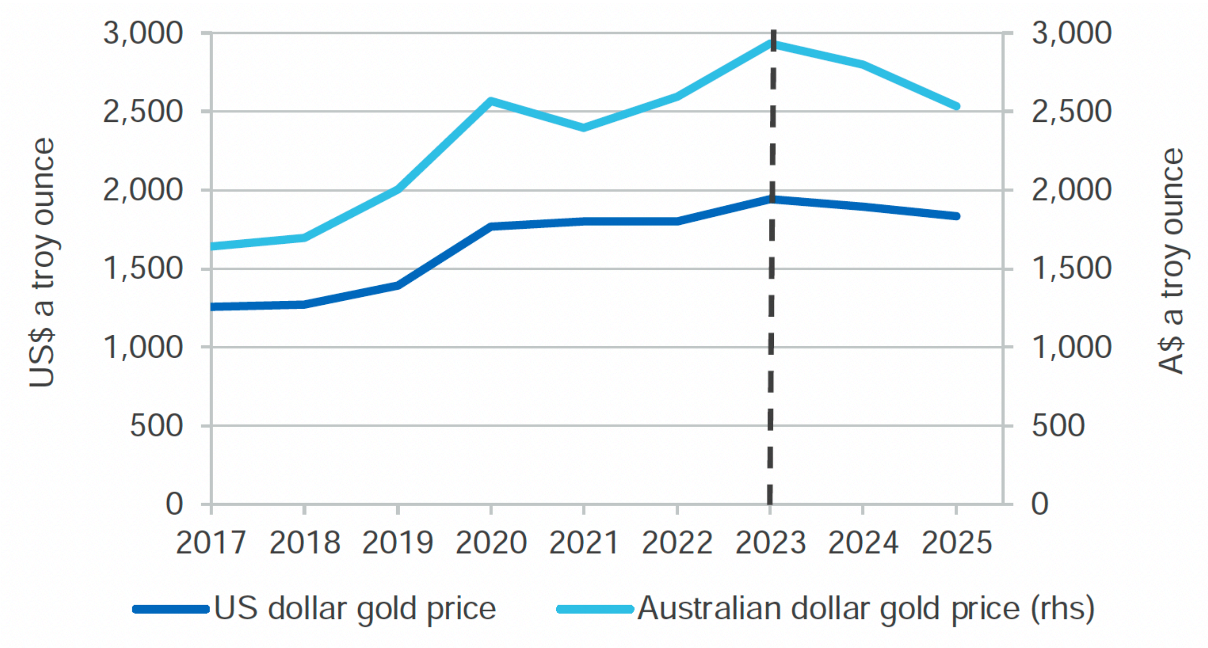
Rising bond yields tend to decrease gold's appeal to institutional and retail investors as a secure asset to hedge against inflation or other risks. However, the relationship between real bond yields and gold prices weakened sharply following the Russian invasion of Ukraine — as prices were lifted by heightened safe-haven demand for gold. This has persisted as a driver since, muting the effect of rising interest rates.

The LBMA gold price is estimated to have averaged about US$1950/oz over 2H 2023 — 13% higher than in 2022. Price support has come from ongoing strength in central bank purchasing, economic uncertainty and geopolitical risk.

Prior to the conflict in the Middle East, pressures from surging bond yields and a strong US dollar were pushing gold prices lower — declining by 6.4% over 2 weeks to a low of US$1,820/oz on 5 October.

The gold price rose sharply after the Hamas-Israel conflict started, reaching the US$2,000/oz mark in late October on strong safe-haven demand, falling US Treasury yields and a weakening US dollar. On 3rd December 2023, gold prices surged to US$2,100 an ounce, a new record high.

US and Australian dollar gold prices (below)

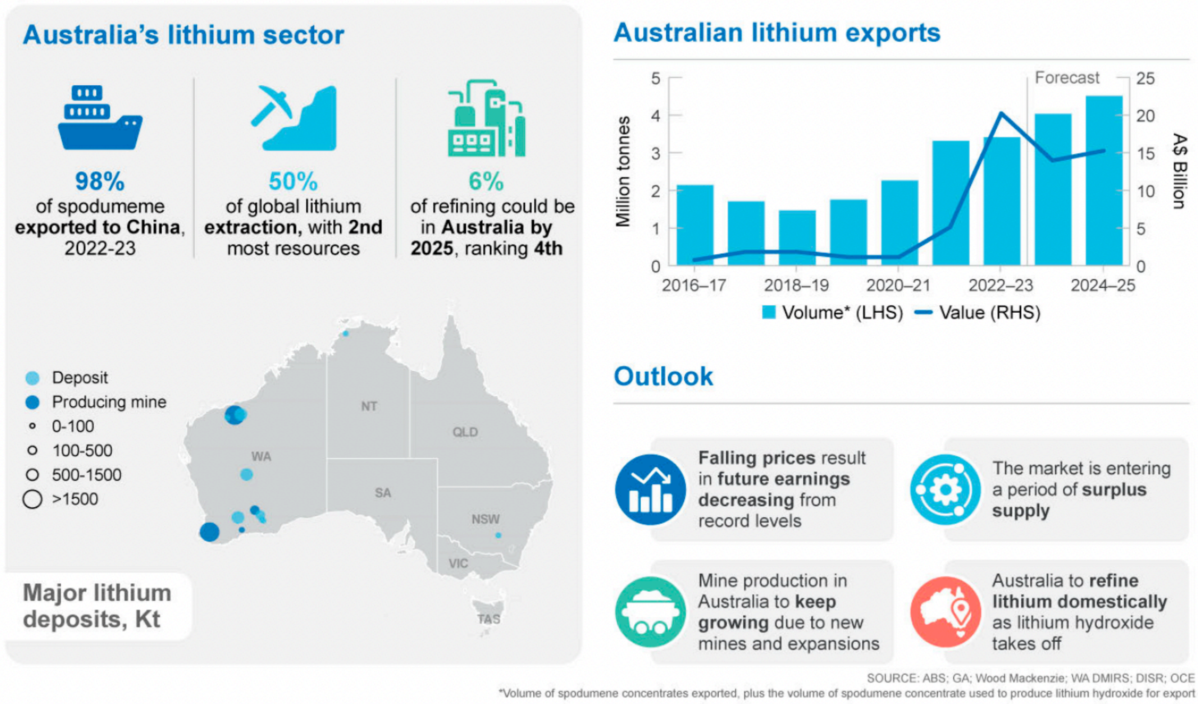


Source: Department of Industry, Science and Resources (2023); LBMA (2023) Gold price PM

Gold exploration expenditure declined in Q3 2023

Australia's gold exploration expenditure decreased by 12% year-on-year to $334 million in Q3 2023. As a result, gold's share of Australian mineral exploration expenditure declined to 29% in Q3 2023, down from 35% a year earlier. This decline in exploration occurred despite high Australian gold prices, which have historically motivated high exploration expenditure. Western Australia remained the centre of gold exploration activity in Australia, accounting for 72% of total gold exploration expenditure.

1.3.2 Lithium



Summary

- Lithium export earnings are forecast to fall as lower prices more than offset higher export volumes. Exports will be A$14-15 billion in 2023–24 and 2024–25, down from record levels (A$20 billion) in 2022–23.
- Price declines since Q3 2023 reflect rising lithium inventories. High-cost producers have become unprofitable and have cut output. Australia's Greenbushes lithium mine (the world's largest) reported stockpiling of surplus production and flagged the prospect of future output cuts if weakness in prices and demand persists. However, most producers remain profitable at current prices.
- Three Australian lithium hydroxide refineries are either operating or under construction, targeting a total capacity of 198 thousand tonnes(kt) of lithium hydroxide. By 2030, close to 20% of Australian spodumene could be refined domestically. Investments have also been made in low-emissions refining technology including a lithium phosphate refinery.

High growth outlook for lithium demand, but some near term challenges for downstream markets such as the EV sector

The high growth trajectory consensus forecast for global lithium demand is driven by government policies to increase electrification and decarbonise the global economy. Lithium is a key input to the global energy transition, making up a sizeable share of the cost of the most popular batteries (expected to be) used in electric vehicles (EVs) and stationary energy storage systems (ESS). In lithium carbonate equivalent (LCE) terms, global lithium consumption is forecast to increase from 797 kt in 2022 to 1,428 kt in 2025.

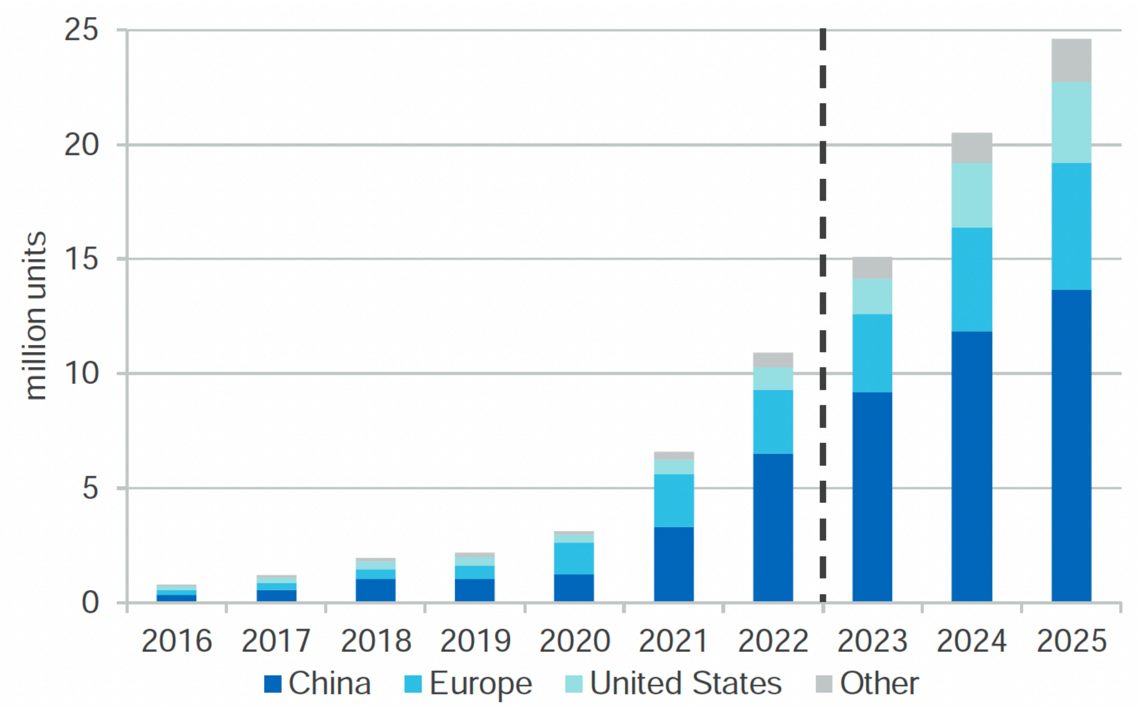
Since September, there have been reports highlighting weakness in the EV sector, particularly in the United States. EV manufacturers including General Motors, Ford and Tesla have delayed some investments in factories in response to disappointing EV sales growth and the broader economic slowdown.

Recently, some US EV makers are reported to have begun making price cuts. However, this appears to largely be in response to the recent slowdown in sales as opposed to a broader shift to better affordability by EV makers in the US and Europe.

To achieve the ambitious targets set by governments for EV uptake by 2030, it is necessary for EVs to become more cost competitive with internal combustion engine vehicles. In China, the country's National Action Plan sets a target of 40% sales share for 'new energy vehicles' (includes electric and fuel cell vehicles) by 2030. In the European Union (EU), the 'Fit for 55' package requires new car sales to have 55% lower emissions from 2030 and zero CO_2 emissions from 2035. The US is targeting 'clean energy vehicles' including EVs to make up a 50–52% share of vehicle sales by 2030.

The outlook for EV demand is largely determined by government targets and the high levels of policy support directed to the sector. Global EV sales are projected to more than double between 2022 and 2025 (11 million to almost 25 million cars per annum). EVs are the dominant source of demand for lithium (and batteries), making up 60% of lithium consumption in 2022.

Global electric vehicle sales (below)



Note: Electric vehicles (EVs) are defined to be battery EVs and plug-in hybrid EVs.
Source: Wood Mackenzie (2023)

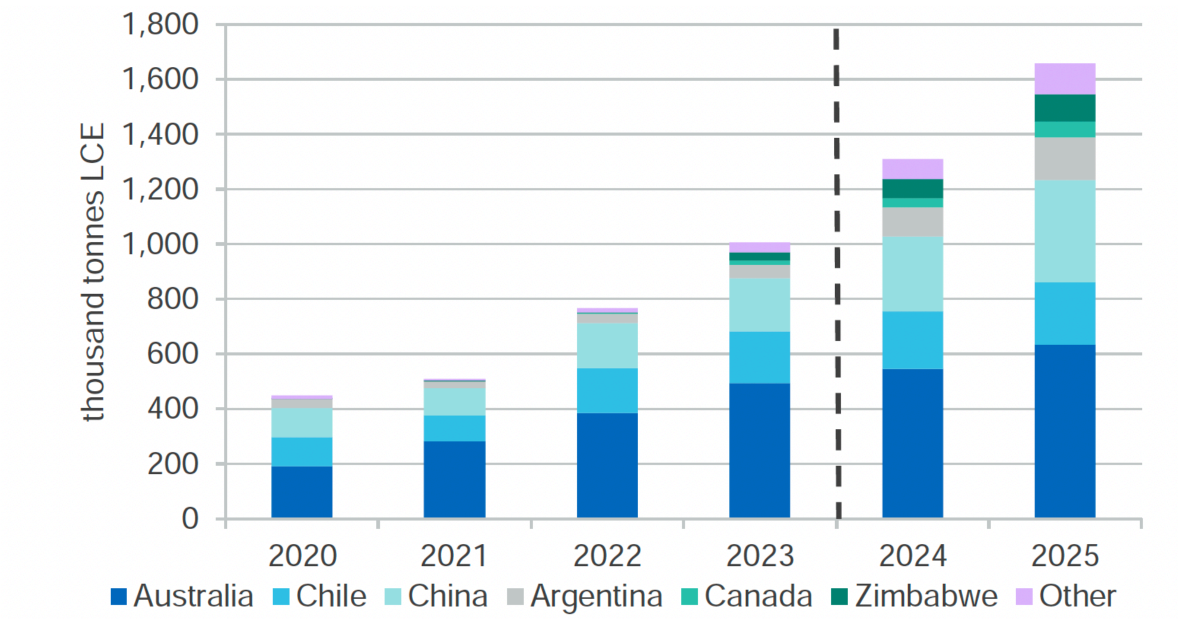
Growing global lithium extraction leading to a short-term surplus of supply

Global lithium inventories have been rising following a prolonged deficit in the last few years. The surplus is due to higher extraction of lithium from mineral concentrate (e.g. spodumene and lepidolite) and brine sources, largely in response to a recovery in lithium prices in 2021 and the record highs set in 2022, with higher production across all major producer nations, as well as the emergence of a number of new, smaller producers. Prices are expected to remain above pre-2021 levels, enabling higher cost producers and projects to enter the market. Australia leads the world in lithium extraction, accounting for 50% of global output in 2022. Spodumene production is forecast to increase from 386 kt in 2022 to 633 kt LCE in 2025. Most Australian spodumene is exported and processed into lithium hydroxide or carbonate overseas (mostly China). However, investments in domestic refineries will result in a rising share of spodumene being processed domestically.

Chile and China are the next two largest sources of lithium extraction. Chile is expected to see further growth (from brine sources) over the outlook period, rising from 162 kt in 2022 to 227 kt LCE in 2025. Brine is refined into lithium carbonate which is typically exported to other markets. China is also forecast to increase lithium extraction (from brine and mine sources) from 166 kt LCE in 2022 to 373 kt LCE by 2025. Notwithstanding its own production, China is a net importer of lithium resources, buying lithium from countries such as Australia and Chile.

Argentina, Canada and Zimbabwe lithium extraction is expected to significantly increase and account for a combined 19% share of global production by 2025 (from 5.1% in 2022).

Global lithium extraction by country (below)



Notes: Global lithium extraction differs from the measure of world lithium production in this report. Lithium production is defined to reflect refined production of lithium chemicals such as lithium hydroxide and lithium carbonate. In contrast, lithium extraction includes lithium resources extracted from brines or mines.

Source: Department of Industry, Science and Resources (2023), Wood Mackenzie (2023)

Lithium prices to decrease as market enters a period of surplus production

During 2022 and early 2023, lithium prices reached levels well above previous records as the market moved to a large deficit. In 2022, spot prices for spodumene (concentrated ore) averaged US$4,364 per tonne, well above the average level of US$663 per tonne over the 3 years to 2021. The spot price of lithium hydroxide (a refined lithium product) averaged US$67,279 per tonne in 2022, dramatically higher than the average price of US$13,656 per tonne over the 3 years to 2021.

In 2023, prices have fallen significantly as the market has swung from deficit to surplus. The high prices in 2021 and 2022 incentivised more investment in lithium production, resulting in growth in supply outpacing demand. Adding to this, lithium consumers destocked during the period of high prices to lower the cost of carrying inventory.

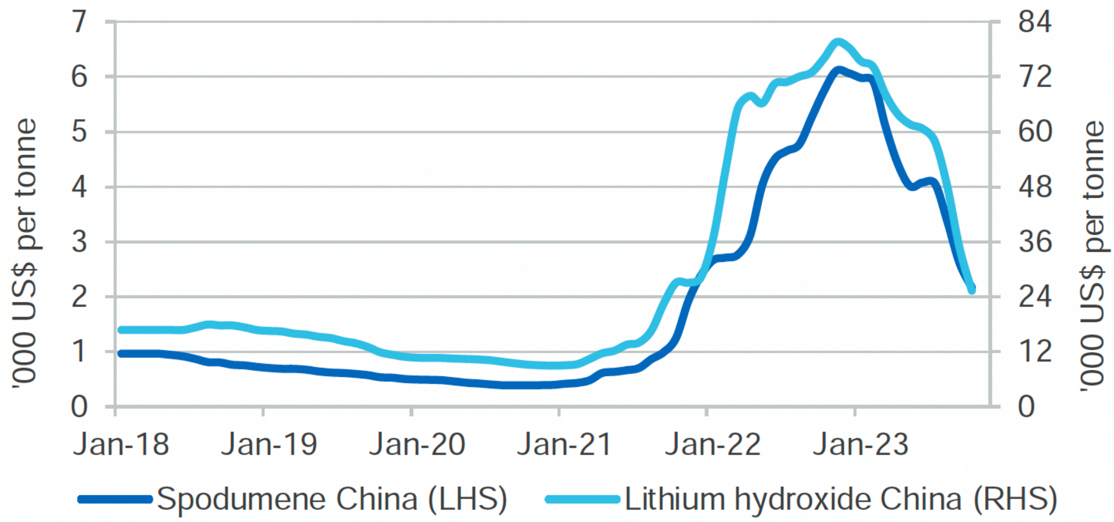
In the near-term, the demand for lithium is facing headwinds due to slower than expected growth in EV uptake in recent months, especially in the US.

The average price over the month of October 2023 was US$2,168 and US$25,327 per tonne for spodumene and lithium hydroxide, respectively.

The spot price of spodumene is estimated to average US$3,840 per tonne in 2023 and forecast to fall to US$2,200 in 2025. The spot price of lithium hydroxide is estimated to average US$52,450 in 2023 but is forecast to stabilize to an average of US$30,000 per tonne through 2025.

In terms of risks for the price forecasts, there is an unusually high degree of uncertainty. The lithium market has undergone significant structural change in recent years due to new producers entering the market and the rapid pace of EV demand growth.

Average monthly lithium spot prices (below)



Notes: The spodumene price is CIF (cost including freight), with an average grade of 5-6%. The lithium hydroxide price is FOB (free on board). Price series are smoothed.

Source: Bloomberg (2023)

Lithium mines expected to continue to increase production

Australian mines output is expected to lift further after recent capital expenditure. The output of spodumene is forecast to rise to 3.4 million tonnes (Mt) in 2023–24 and 4.0 Mt in 2024–25, up from to 3.1 Mt in 2022–23.

Rising mine production will be driven by the expansion of existing mines, including Greenbushes, Finniss, Wodgina, Pilgangoora, Mt Marion and Mt Cattlin. Over the outlook period, greenfield production is also due to commence at Mt Holland and Kathleen Valley.

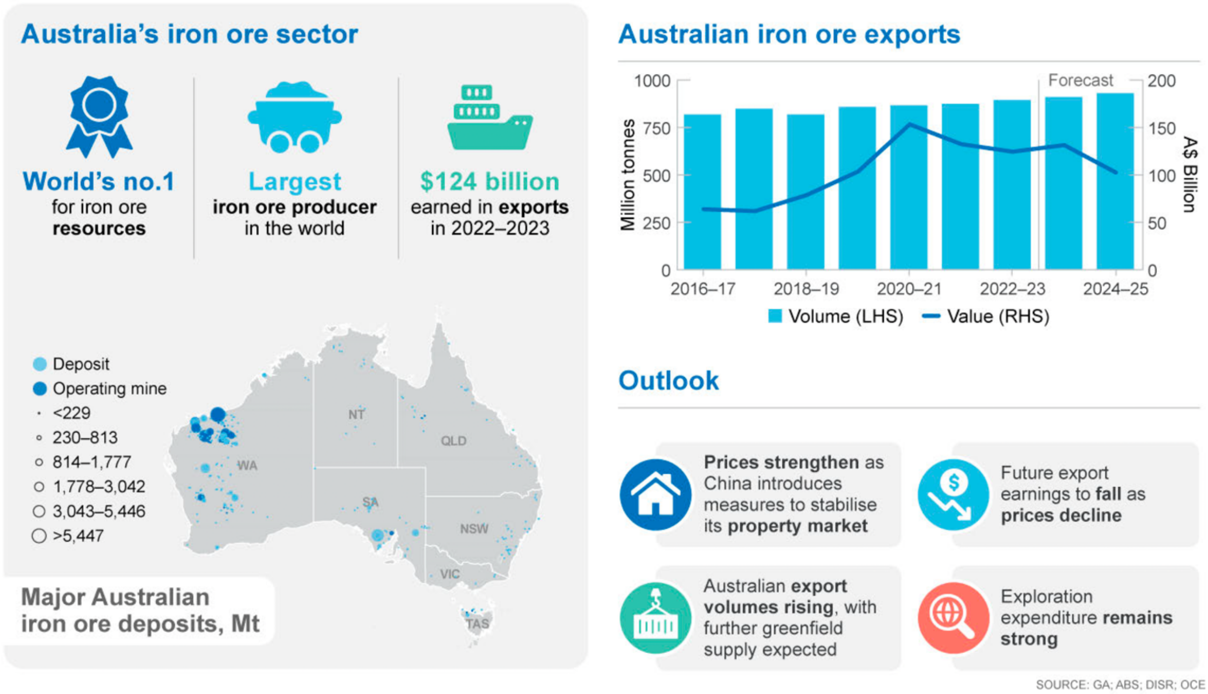
Since the end of Q3 2023, falls in lithium prices have led to some mines reporting stockpiling and the prospect of production cuts. Greenbushes (the world's largest lithium mine, based in Australia) reported it was stockpiling spodumene output, and flagged future production cuts if weakness in prices and demand persists.

Growing domestic processing as Australian lithium refineries to ramp up

Australia is continuing to develop new lithium refining capacity. There are three lithium hydroxide refineries either operating or under development with a combined target capacity of 198 kt of lithium hydroxide. This suggests Australia could refine close to 20% of spodumene mined in Australia domestically.

The first is Tianqi Lithium Corporation (51%) and IGO's (49%) Kwinana refinery. Technical challenges (primarily debottlenecking) have meant a slower than expected ramp up of production at this new facility. Total output was 0.6 kt in Q3 2023, and the facility is expected to be at 50% of capacity by the end of this year.

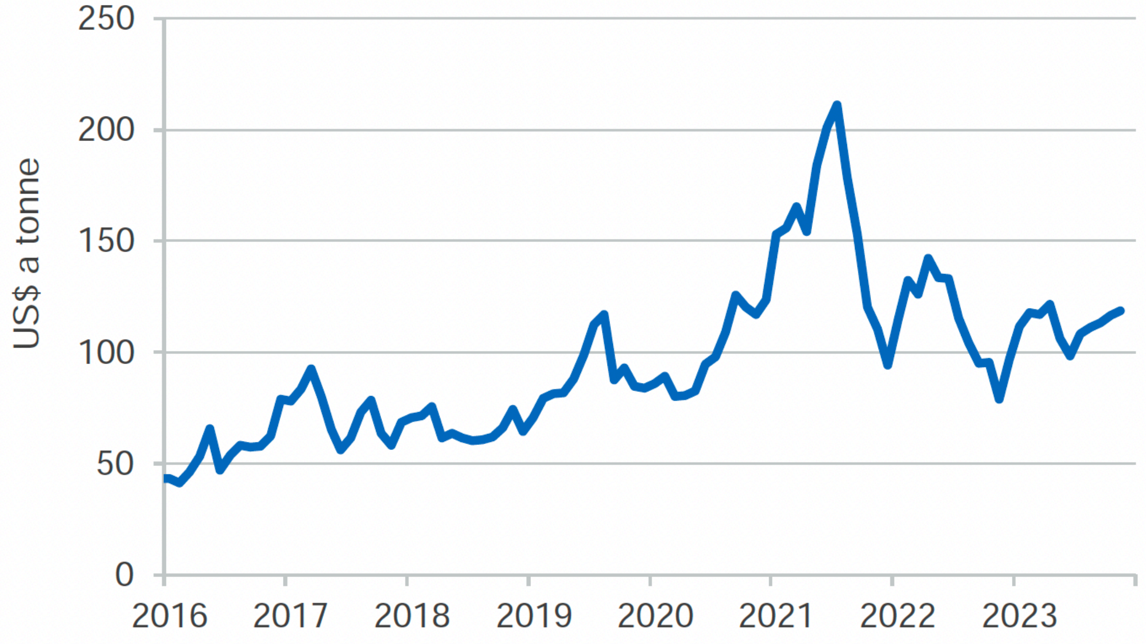
1.3.3 Iron Ore



Summary

- Spot iron ore prices strengthened in the December quarter driven by positive sentiment associated with the ongoing policy stimulus provided to the Chinese economy. Prices are likely to drift lower over the outlook period and indeed prices have fallen in the first quarter Q1 2024.
- Australian export volumes over H2 2023 have remained healthy, reflecting an ongoing ramp up in new operations from established and emerging producers. Export volumes should rise steadily over the outlook period.
- **Australia's iron ore export earnings are expected to rise from A$124 billion in 2022–23 to A$131 billion in 2023–24, before falling to A$102 billion in 2024–25.**

Iron ore price, monthly (below)



Notes: China import Iron ore fines 62% Fe spot (CFR Tianjin port)
Source: Bloomberg (2023) China import prices

Iron ore prices further strengthened in the December quarter

Iron ore prices have lifted in recent months driven by improved market sentiment following a series of Chinese government measures to support China's economy. After falling to around US$108 a tonne in August 2023 the benchmark iron ore spot price (basis 62% Fe fines CFR Qingdao) rose to average over US$120 a tonne in November 2023. The spot price for 62% Fe iron ore fines (FOB) for calendar 2023 is estimated to average around US$105 per tonne.

The rally in iron ore prices through Q4 2023 contrasts with seasonal trends seen over the two previous years: in both 2021 and 2022, prices fell sharply late in the calendar year as Chinese steel mills cut output to meet government production caps. Production cuts have not been strictly enforced in 2023 as the Chinese government prioritises economic growth over other considerations.

China's stronger than expected steel production has seen China's total iron ore imports continue to rise, increasing by 4.8% year-on-year in Q3 2023, up 7.7% on Q2 2023 imports.

While risks to the global iron ore demand outlook remain, they have eased slightly in recent months. Inflation is moderating back towards target levels in the major Western nations, potentially allowing central banks to remove their restrictive monetary policy stance. The IMF's November upgrades to the Chinese GDP growth forecasts for 2023 and 2024 point to the potential for stronger underlying demand for steel. However, this is contingent on improved economic growth translating into improved confidence among homebuyers, a key uncertainty at present.

Starting on the 5th January 2024, iron ore prices began to fall due to lower demand and increased port stocks.

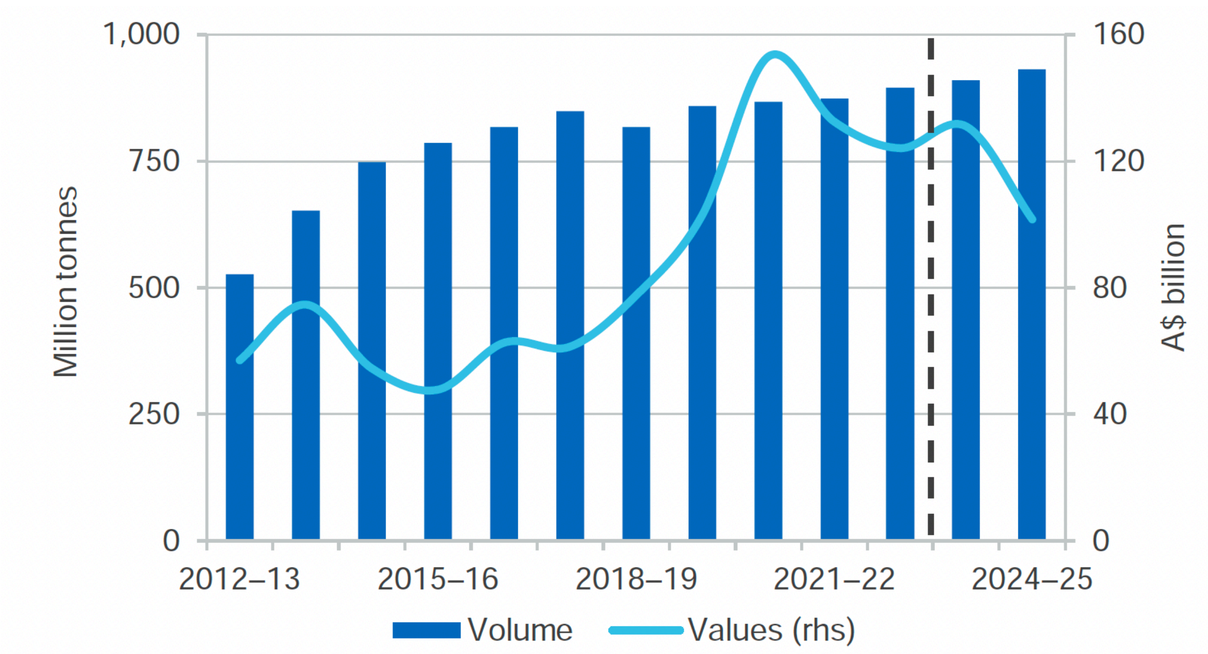
Australian export volumes and values increased in Q3 2023

Australia's iron ore export earnings were A$33.1 billion in Q3 2023, a 15% (or A$4.3 billion) increase year-on-year. The increase reflected stronger iron ore prices and a weaker AUD/USD, with the unit export price in Q3 2023 averaging around A$146 per tonne — 12% higher compared with the same period in 2022.

Australia exported 227 million tonnes of iron ore in Q3 2023, up 2.3% year-on-year. Q3 2023 results lifted exports for the first nine months of 2023 to 667 million tonnes. The result reflected the ongoing ramp up of BHP's South Flank, Fortescue's Eliwana and Rio Tinto's Gudai-Darri operations.

The expected increase in Australian iron ore export earnings reflects higher production volumes, a weaker exchange rate and a slightly higher average price. Moderating prices and a higher AUD/USD over the outlook period are forecast to lead to lower iron ore earnings.

Australia's iron ore export volumes and values – past and projected (below)



Source: ABS (2023) International Trade, Australia, 5368.0; Department of Industry, Science and Resources (2023)

Exploration rose in Q3 2023

A total of A$196 million was spent on iron ore exploration in Q3 2023. This was 2.4% higher compared with the previous quarter, and 1.8% lower than the same period in 2022. Exploration has fallen from near decade highs last year. However, the latest results continue the broad upward trend in iron ore exploration which was triggered by the historical high iron ore prices of above US$200 a tonne reached in the first half of 2021.

Australian iron ore exploration expenditure (below)

Source: ABS (2023) Catalogue 8412.0

Section source: https://www.industry.gov.au/publications/resources-and-energy-quarterly-december-2023.

2 Business Development

2.1 Business Update

In the first half of Fiscal year 2024, the Group has continued its efforts to develop its existing mining assets in Western Australia. In particular, steady progress is being made towards a drilling programme at Moolyella, which should put us in a position to make a reliable assessment of the tenement's true lithium potential and would be a key milestone towards establishing a resource. At Mollyella we also intend to further investigate the viability of extracting tin and tantalum from the tailing where Lithex reported JORC compliant Inferred Resources of 1.9 million tonnes grading 160 ppm of tin, and 20 ppm of tantalum.

At Kingston Keith, data was acquired and processed that indicates potential for both gold and lithium at the tenement. While we advance the exploration effort step by step, we continue to have discussions with potential financial and operational partners in order to accelerate the development of the tenement.

2.2 Business Activities

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

In financial year 2020 the Group started its activities in the raw material sector and is in the early stage of exploration activities which continued through to mid 2023. The current business activities of SunMirror Group consist merely of exploration (i.e., the search for and development of economically viable reserves of mineral resources) and holding rights for potential royalties in this sector. Subject to a successful exploration program SunMirror Group also plans to be active in the field of the development, mining, and extraction of mineral resources in the future.

2.3 Objectives and Strategies

SunMirror pursues an opportunistic acquisition strategy of new exploration and operating assets. All current projects are held 100% by the Group. The Group's strategy is to acquire primarily sole ownership or controlling interests (save for potential royalty opportunities). Any decision on the acquisition of additional exploration and operating assets will only be made after successful due diligence, negotiations/commercial agreement and securing any required financing.

SunMirror pursues discussions with various potential partners that could participate in the development of its projects with carries and milestone-based earn-ins. This approach will contribute to SunMirror ability to diversify its portfolio of assets.

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

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

2.4 Research and Development

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

2.5 Operating Activities

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

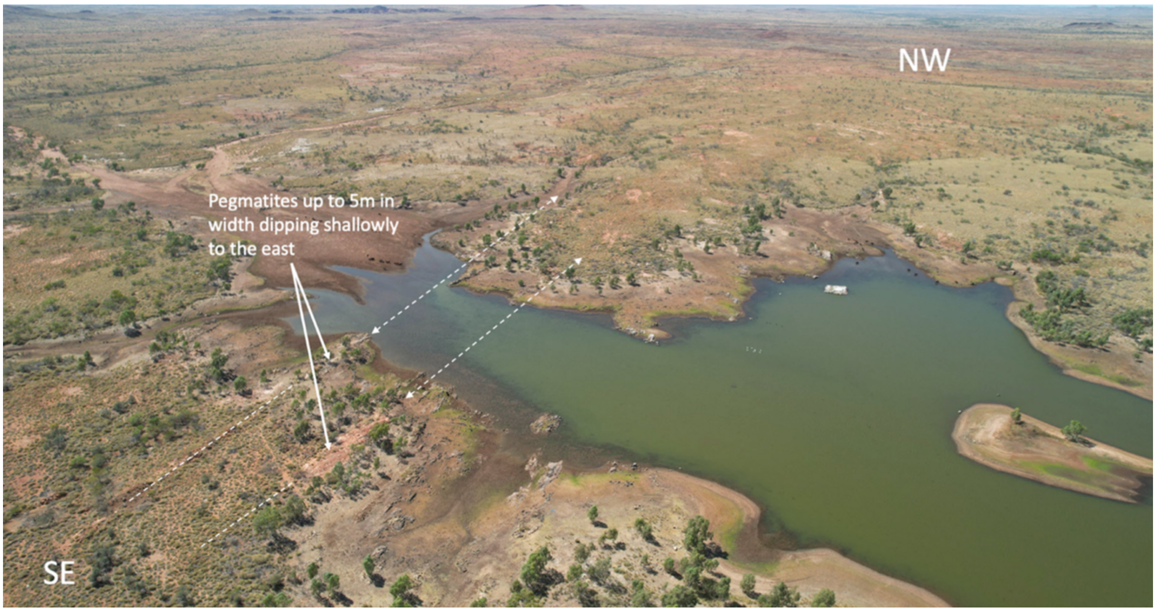
- **Moolyella:** The Group holds an exploration licence (E 45/5573) granted on 23 December 2020 for a term of five years for an area of approximately 93 square kilometers in Moolyella, located in North-western Australia, which the Group believes has a robust potential for lithium-bearing pegmatites.

  During the months of June and July 2023, just under 3,500 soil samples were collected within the licence by Terra Search Pty Ltd. All samples sent off for geochemical analysis at Nagrom Labs with lithium in soil grades returned ranging up to 460 ppm (parts per million) lithium (Li) with the mean at 107 ppm and the standard deviation at 60 ppm.

  533 of the samples were over 167 ppm lithium (equivalent to the mean + 1 standard deviation), with 148 grading over 227 ppm lithium (the mean + 2 standard deviations).

  Numerous areas, extending for more than 1km in length were identified within the licence area with high grade lithium values (> 167 ppm lithium) in soil, some of which correlate to the extensions of known mineralised (lithium-bearing) structures in adjacent exploration licences being explored by other lithium exploration companies (such as Kalamzoo Resources, now rebranded Kali Metals Ltd). The total for the areas exceeding 167ppm lithium (assuming a 50m x 100m sample grid for the reported samples) is approximately 2.6 km^2.

  Following the above encouraging results, a 7-day field visit was completed by Geonomik Pty Ltd in the first half of October to verify and assess the location of these high-grade lithium in soil anomalies. During the site visit a significant number of outcropping and sub-cropping pegmatites were identified, some of which were confirmed as the continuation of lithium-bearing pegmatites extending from adjacent tenements (see below) into the Moolyella licence.



Some of the swarms extend for over 2 km in length with individual pegmatites widths up to 15 metres, with visible lepidolite (lithium-rich mica) identified in some of the pegmatites and confirmed my thin section microscopic work.

In total, 62 rock samples collected and sent off to ALS Labs in Perth for analysis (ME-MS89L). These results were reported in January 2024. The top five samples returned lithium values of:

- 2.185 % Li_2O (10,150 ppm lithium)
- 1.296 % Li_2O (6,020 ppm lithium)
- 1.001 % Li_2O (4,650 ppm lithium)
- 0.956 % Li_2O (4,440 ppm lithium)
- 0.797 % Li_2O (3,700 ppm lithium)

14 samples returned values > 0.1 % Li_2O. These are very encouraging results and their respective locations will be visited during a pre-drilling heritage site inspection visit scheduled in April 2024.

Moolyella is an early-stage exploration project with no JORC-compliant lithium mineral resource defined as yet. The licence does however, have a historic JORC-compliant resource on tin and tantalum published by a previous operator, LitheX Resources Limited.

In March 2012 Lithex Resources Limited reported a JORC compliant inferred resource by MPR Geological Consultants Pty Ltd of 1.9 million tonnes grading 160 parts per million (ppm) tin and 20 parts per million (ppm) tantalum. Preliminary test work by Nagrom (a metallurgical and analytical laboratory in Western Australia) reported average recoveries of 67.8% for tin and 38.4% for tantalum.

At current metal prices this would equate to a recoverable value of just over USD 8m (excluding CAPEX and OPEX costs).

The test work was conducted on 12 bulk samples (80 – 90 kg each) taken from an auger drill program on the tailings. The Company itends to perform additional work on these tailings as it believes it represents a low cost opportunity to generate cash flows on a 1-2 year horizon.

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

  In July 2023, Southern Geoscience Consultants was commissioned to re-process the MagSpec data and carry out a full structural study over the entire licence area to delineate potential gold and lithium targets for further investigation (by soil sampling).

  The data from a forthcoming soil sampling program planned in the Summer of 2024 will help to establish drill hole locations for a first phase drill campaign.

  A geological database over the entire licence area purchased from SensOre (a specialist minerals targeting company optimizing discoveries through AI-enhance exploration) including a proprietary Artificial Intelligence (AI) Lithium Fertility Index study, identified 3 ‘fertility’ target areas within the middle part of the licence. Work assessing all the geological data within and surrounding the licence is ongoing.

  Discussions are ongoing for a third party to visit the licence in Q1 2024.

  Management believes the licence is highly prospective for lithium, gold and potentially nickel.

- **Cape Lambert:** The Group holds a royalty on future mine production from the MCC Australia Sanjin Mining Pty Ltd (“MCC”)'s retention licence (R 47/18) on their Cape Lambert magnetite project covering an area of approximately 84 square kilometers in the Cape Lambert region in Western Australia (and more broadly on the territory covered by defunct licence E47/1462). This is a passive holding investment held by the Group.

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

  The Group may look at selling its royalty if approached by a third party offering a fair value.

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

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

An exploration budget for the fiscal year 2024 of roughly USD 1.1 million is estimated for the company's Australian projects. This amount is subject to continuous review by the Board and is dependent on positive results generated from ongoing exploration work.

2.6 Acquisitions

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

3 Earnings and Balance Sheet Analysis

The interim condensed consolidated financial statements of SunMirror Group for the six months ended 31 December 2023 have been prepared on a going concern basis in accordance with IAS® 34 interim Financial Reporting as issued by the International Accounting Standards Board (IASB®).

3.1 Revenue

SunMirror did not generate any revenues within the reporting period July – December 2023 (1H 2023/24) as well as in the comparative period July – December 2022 (1H 2022/23), with the exception of other income. See the explanations below .

The Group assets located at Moolyella and Kingston Keith are in an exploration phase and do not produce any revenue for the time being. The Group plans to continue exploration on these two exploration licences. For the next 12 months funded by financial means already available to the Group as well as other financing to be provided by investors if needed. The Group holds a passive royalty over the Cape Lambert North project in Western Australia and has no influence over actions taken by MCC Australia Sanjin Mining Pty Ltd (MCC). The project is held by MCC under a Retention Licence. A pre-feasibility study was developed for the project in 2012 but to the Company's knowledge, no decision to develop the project has been made. The Group expects that production at the Cape Lambert mine will not start in the short-term as described above.

3.2 Other income

Other income results from the reversal of a current provision no longer required and the successful clawback of an advance payment, which was not recognized as a receivable in prior periods.

3.3 Exploration expenditure

Currently, the two evaluation and exploration assets Moolyella and Kingston Keith are being explored for potential resources subject to economic development. The costs incurred were fully capitalized in 1H 2023/24 (USD 0.3 million) as well as in 1H 2022/23 (USD 0.1 million), which is why there were no charges in the income statement.

3.4 Personnel expenses

In USD thousand	**July - Dec. 2023**	**July - Dec. 2022**
Wages and salaries	-408	-436
Share-based payments	-22	0
Social security and insurance contributions	-12	-24
Defined benefit plans	0	-8
Defined contribution plans	-1	-2
Other personnel expenses	0	-62
Total Personnel expenses	**-443**	**-532**

Personnel expense decreased by 16.7% (USD 0.1 million) in the reporting period and amount to USD 0.4 million for 1H 2023/24 (1H 2022/23 USD 0.5 million). The number of full-time equivalents (FTE) further decreased from an average of 3.6 FTE in 1H 2022/23 to an average of 2.1 FTE in 1H 2023/24.

3.5 General and administrative expense

In USD thousand	**July - Dec. 2023**	**July - Dec. 2022**
Consulting fees	0	-250
Regulatory expenses	-37	-59
Legal and tax fees	-40	-459
Accounting and auditing fees	-168	-497
Investor Relations	-21	-138
Capital tax	-10	-11
Other operating expenses	-1	-52
Total General and administrative expenses	**-277**	**-1,466**

General and administrative expense decreased significantly by 81.1% (USD -1.2 million) in the reporting period and amount to USD 0.3 million in 1H 2023/24 (1H 2022/23: USD 1.5 million).

The consulting contract with Opus Capital Switzerland AG (now Calym AG in Liquidation) was terminated in the last fiscal year. No further consulting fees occurred in 1H 2023/24.

Legal costs were significantly reduced because no further legal cases were brought to SunMirror.

There were no new business transactions during the reporting period 1H 2023/24 and the change of auditor will lead to significantly lower accounting and auditing costs in the second audit year. Investor relations costs were also significantly lower as business activities in the first half of 2023/24 focused mainly on existing exploration assets.

3.6 Financial result

In USD thousand	**July - Dec. 2023**	**July - Dec. 2022**
Gains on marketable securities	0	42
Foreign currency exchange gains	3	112
Interest income	21	4
Financial income	**24**	**158**
Interest expenses	0	-218
Foreign currency exchange losses	-199	-192
Financial expenses	**-199**	**-410**
Total Financial result	**-175**	**-252**

Financial income results primarily from interest income on cash and cash equivalents and some foreign exchange gains.

Financial expenses decreased by 51.5% (USD 0.2 million) in the reporting period and amount to USD 0.2 million for 1H 2023/24 (1H 2022/23: USD 0.4 million). Financial expenses in the reporting period result only from foreign exchange losses and no interest expenses on debt instruments were incurred in 1H 2023/24.

3.7 Income Tax

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

3.8 Cashflow Statement

In USD thousand	**July - Dec. 2023**	**July - Dec. 2022**
Net cash flow from operating activities	**-1,013**	**-2,935**
Net cash flow from investing activities	**-268**	**2**
Net cash flow from financing activities	**0**	**-2,599**
Net foreign exchange differences	189	171
Net change in cash and cash equivalents	**-1,092**	**-5,361**
Cash and cash equivalents at beginning of year	3,992	10,611
Cash and cash equivalents at end of year	2,900	5,250

Cash outflow from operating activities decreased by 65.5% (USD 1.9 million) to USD 1.0 million in 1H 2023/24 (1H 2022/23: USD 2.9 million) and is in line with expectations.

Cash outflow from investing activities shows the capital expenditures in exploration and evaluation assets in 1H 2023/24. In the previous period 1H 2022/23, investments in exploration and evaluation assets and proceeds from the sale of listed securities practically balanced each other out.

There were no financing activities in 1H 2023/24. As a result of the stronger CHF as functional currency of SunMirror AG, there was again a positive effect on cash and cash equivalents in USD (reporting currency).

3.9 Assets

In USD thousand **ASSETS**	**31 Dec. 2023**	**30 June 2023**
Non-current assets		
Intangible assets	26,065	25,435
Exploration and evaluation assets	4,223	3,863
Total non-current assets	**30,288**	**29,298**
Current assets		
Financial assets	341	333
Other short-term receivables	211	169
Cash and cash equivalents	2,900	3,992
Total current assets	**3,452**	**4,494**
Total assets	**33,740**	**33,792**

Total assets decreased only by a fraction (USD 0.1 million) to USD 33.7 million as at the end of December 2023 (June 2023: USD 33.8 million).

Intangible assets remain unchanged from the last reporting date (i.e. Royalty on Cape Lambert and Domains). However, due to the changed currency situation, the book value increase by USD 0.7 million to USD 26.1 million (June 2023: USD 25.4 million). Exploration and evaluation assets (i.e. Moolyella and Kingston Keith) amount to USD 4.2 million (June 2023: USD 3.9 million). The capitalized costs of USD 0.3 million for the Moolyella and Kingston Keith Tenements were added together with the currency translation.

3.10 Liabilities

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Non-current liabilities		
Provision stock option plan	30	8
Total non-current liabilities	**30**	**8**
Current liabilities		
Trade payables	67	89
Other payables	333	519
Other non-financial liabilities	18	13
Total current liabilities	**418**	**621**
Total liabilities	**448**	**629**

Total liabilities decreased by 28.8% (USD 0.2 million) to USD 0.4 million at the end of December 2023 (June 2023: USD 0.6 million).

Non-current liabilities

In May 2023, the Board of Directors of SunMirror AG introduced a stock option plan. Certain members of the management and selected key employees are eligible to participate in the plan (participants). The market value of the options is recalculated on each reporting date and the changes in value together with the value of the stock options vested in the period are recognized in the income statement as personnel expenses.

Current liabilities

As part of efforts to reduce general costs, trade payables and other payables were also further reduced as at the end of December 2023 compared to the end of June 2023. Other non-financial liabilities contain capital tax accruals (December and June 2023).

3.11 Equity

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Equity		
Share capital	2,585	2,585
Capital reserves	58,092	58,092
Accumulated losses	-27,356	-26,521
Other reserves	-29	-993
Total shareholders' equity	**33,292**	**33,163**

Shareholders' equity increased slightly by 0.4% (USD 0.1 million) to USD 33.3 million at the end of December 2023 (June 2023: USD 33.2 million). This is due to currency effects recognized in comprehensive income, which were higher than the loss for the reporting period 1H 2023/24. At the end of December 2023, the Group had an equity to asset ratio of 98.7% (June 2022: 98.1%).

There were no capital measures in H1 2023/24, which is why both the share capital and the capital reserves at 31 December 2023 remained unchanged compared to 30 June, 2023.

The accumulated losses have increased by the loss for the period in 1H 2023/24 (USD -0.8 million, 1H 2022/23 USD -2.1 million). The comprehensive income for 1H 2023/24 amounted to USD 1.0 million and reflects the volatile exchange rate movements in the foreign currencies relevant to SunMirror. (1H 2022/23 comprehensive loss of USD 0.4 million).

4 Company Structure

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

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

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

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

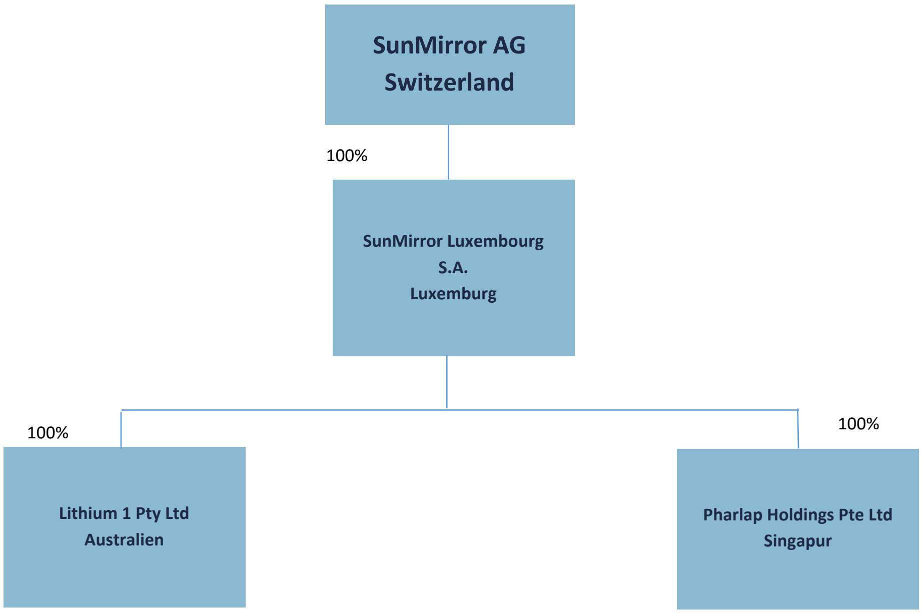
4.2 The Creation and Historical Development of the Company

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

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

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

Thereby, also the subsidiaries of SunMirror Luxembourg, Lithium 1, and Pharlap, became part of the Group, resulting in the following structure:



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

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

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

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

4.3 Significant Subsidiaries

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

5 Risk Report

5.1 Business related risk factors

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

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

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

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

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

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

5.2 Commodity market related Risk factors

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

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

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

5.3 Regulatory Risk factors

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

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

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

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

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

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

Parts of the Moolyella and Kingston Keith exploration licences are covered by heritage claims and the company is in close dialogue with the aboriginal groups concerned. An RSHA has been concluded with the local Native Title Group covering the Moolyella licence area, and an Exploration Agreement has been agreed with the relevant Native Title Group in the Kingston Keith licence area (Tjiwarl Aboriginal Corporation). Lithium 1 had the Kingston Keith exploration licence granted to it in 2020 once the National Native Title Tribunal Member determined that the tenement could be granted as the expedited procedure did not apply and held that there were no places or sites of particular significance in the tenement area. Accordingly, under the Tjiwarl Indigenous Land Use Agreement with the State of Western Australia, and otherwise at law, the Company does not need to enter into any new agreement, but the Company have agreed to sign an Exploration Agreement voluntarily as an indication of respect for, and acknowledgement of, the Tjiwarl Prescribed Body Corporate and the Tjiwarl Native Title Holders..

New laws designed to avoid a repeat of the destruction of an ancient Indigenous site by resources giant Rio Tinto were introduced by the Government of Western Australia when it released the Aboriginal Cultural Heritage Act 2021 (WA), which came into force on the 1st July 2023.

The new Act, which was to replace the Aboriginal Heritage Act 1972 (WA) proved hugely controversial and on the 8th August this year, just weeks after being introduced, the WA Premier announced the repeal of the new Aboriginal Cultural Heritage Act 2021 (WA) and a return to the original Aboriginal Heritage Act 1972 (WA).

As such it is business as normal for the Groups projects in Australia.
Source: https://www.dmp.wa.gov.au/Minerals/Native-Title-Act-Process-5548.aspx

The Austrian Financial Reporting Enforcement Panel (AFREP) has audited our financial reporting and the annual financial statements for 2021 and 2022. The audit started in December 2022 and the results were communicated in October 2023. In this letter dated 9 October 2023, AFREP concluded that our accounting was incorrect. AFREP confirms the classification of the royalty on Cape Lambert as an intangible asset, but concludes in the subsequent measurement that the impairment test should have been performed annually according to the provisions of IAS 36.10 lit. a. In summary, AFREP is of the opinion that the Royalty Asset cannot be classified as an asset in accordance with IFRS 6.

Following thorough consultation with our advisors, the Board of Directors of SunMirror does not share AFREP's assessment and has therefore disagreed with the audit findings. A valuation of the Royalty Asset prepared in the meantime by an external expert concludes that, based on the assumptions made, the current value of the Royalty Asset supports the carrying amount. Thus, regardless of the impairment assessment, there is no deviation in the subsequent measurement under either IAS 36 (AFREP perspective) or IFRS 6 (SunMirror perspective). The proceedings have now been forwarded by AFREP to the Austrian Financial Market Authority (FMA), which will form an independent opinion on this matter. The proceedings had not been concluded at the time this management report was prepared.

Irrespective of the FMA's decision, the Board of Directors does not expect any impact on the figures published in this management report.

5.4 Legal risks

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

The Company has been in a dispute with the holders of the former 52'534 mandatory convertible notes ISIN CH1142529093, which were issued in December 2021 and were automatically converted into SunMirror shares on 20 December 2022 at a price of EUR 75 per share. The noteholders have disputed the conversion of their notes. The Company considers that the notes were rightfully converted to shares and fundamentally disagrees with the noteholder's allegations. On this basis and given the current facts, the Company is of the opinion that the claims are unfounded and does not recognize any provision or contingent liabilities in connection with this dispute. At a conciliation hearing in March 2023, no settlement was reached. Following such conciliation hearing the noteholders failed to file a claim in Swiss courts within the applicable deadline. In order to file a claim, the noteholders would have to start the process again and request a new conciliation meeting. There have been no further developments on this matter since March 2023.

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

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

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

Finally, the increase in interest rate is likely going to dampen global economic growth in the medium term. This could result in reduced demand for the commodities that the Group looks to produce. However, production will occur in a longer timeframe.

Separately recession could impact MCC's plans to develop the Cape Lambert Iron Ore Project, which would postpone the date by which the Royalty Asset could produce revenues.

6 Accounting, Control and Risk Management Process

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

6.1 Structure of accounting

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

6.2 Consolidation

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

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

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

6.3 Controls

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

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

7 Disclosures in accordance with Section 243a para 1 UGB

7.1 Share Capital

The share capital of SunMirror AG was CHF 2'395'755.00 as at 31 December 2023 and was divided into 2'395'755 bearer shares with a par value of CHF 1.00 per share each, which are fully-paid in. All shares are equal in terms of their dividend and voting rights.

7.2 Capital range

Since 20 December 2023, the company's capital band has been between CHF 2,395,755.00 (lower limit) and CHF 3,593,632.00 (upper limit).

According to Article 3d of the Articles of Association: “The Company has a capital range ranging from CHF 2,395,755.00 (lower limit) to CHF 3,593,632.00 (upper limit). The Board of Directors shall be authorized within the capital range to increase the share capital once or several times and in any amounts or to acquire shares directly or indirectly, until 19th December 2028 or until an earlier expiry of the capital range. The capital increase may be effected by issuing up to 1,197,877 fully paid-in bearer shares with a par value of CHF 1.00 each or by increasing the par value of the existing shares within the limits of the capital range.

In the event of a capital increase within the capital range, the Board of Directors shall, to the extent necessary, determine the issue price, the type of contribution (including cash contributions, contributions in kind, set-off and conversion of reserves or of profit carried forward into share capital), the date of issue, the conditions for the exercise of subscription rights and the beginning date for dividend entitlement. In this regard, the Board of Directors may issue new shares by means of a firm underwriting through a financial institution, a syndicate of financial institutions or another third party and a subsequent offer of these shares to the existing shareholders or third parties (if the subscription rights of the existing shareholders have been withdrawn or have not been duly exercised). The Board of Directors is entitled to permit, to restrict or to exclude the trade with subscription rights. It may permit the expiration of subscription rights that have not been duly exercised, or it may place such rights or shares as to which subscription rights have been granted, but not duly exercised, at market conditions or may use them otherwise in the interest of the Company.

In the event of a share issue the Board of Directors is authorized to withdraw or restrict subscription rights of existing shareholders and allocate such rights to third parties, the Company or any of its group companies: (i) if the issue price of the new shares is determined by reference to the market price; or (ii) for raising equity capital in a fast and flexible manner, which would not be possible, or would only be possible with great difficulty or at significantly less favorable conditions, without the exclusion of the subscription rights of existing shareholders; or (iii) for the acquisition of companies, part(s) of companies or participations, for the acquisition of products, intellectual property or licenses by or for investment projects of the Company or any of its group companies, or for the financing or refinancing of any of such transactions through a placement of shares; or (iv) for purposes of broadening the shareholder constituency of the Company in certain financial or investor markets, for purposes of the participation of strategic partners including financial investors, or in connection with the listing of new shares on domestic or foreign stock exchanges.

After a change of the par value, new shares shall be issued within the capital range with the same par value as the existing shares.”

7.3 Conditional Capital

Since 20 December 2023, the company's conditional capital has amounted to CHF 1,197,877.00.

According to Article 3b of the Articles of Association: "The share capital shall be increased, excluding shareholders' subscription rights, by a maximum amount of CHF 1,197,877.00 by issuing a maximum of 1,197,877 bearer shares with a nominal value of CHF 1.00 each, to be fully paid up, through the exercise of conversion and option rights granted to creditors of new bonds or similar debt instruments issued by the Company under one or more participation plans to be established by the Board of Directors. The Board of Directors shall determine the details of the terms of issuance.

Conversion and option rights pursuant to the preceding paragraph must be exercised in writing or in electronic form allowing proof by text. This also applies to the waiver of the exercise of these rights. "

7.4 Other information

- As of 31 December 2023, SunMirror AG has a direct stake of 100.0% in SunMirror Luxembourg S.A. and is thus the indirect sole shareholder of Lithium 1 Pty Ltd (Lithium 1). As announced in the Company's ad hoc news dated 1st August 2022, the Company temporarily lost control over Lithium 1. The control was regained on 2nd August 2022, and re-established the 100% ownership of Lithium 1 Pty Ltd by SunMirror Luxembourg S.A.
- According to Article 16 of the Articles of Association: "The Board of Directors is composed of one or several members, who are elected by the General Meeting of Shareholders for a term of one year and who may be re-elected. The term of office ends on the day when the ordinary Meeting of Shareholders is held. In case of by-elections, the new members of the Board of Directors shall complete their predecessors' term of office."
- There are no financing agreements nor customer contracts containing any customary agreements on a change of control in the event of a takeover within the meaning of Section 243a (1) No. 8 UGB.
- There are no compensation agreements within the meaning of Section 243a (1) No. 9 UGB.
- In May 2023, the Board of Directors of SunMirror AG introduced a stock option plan. Until 31 December 2023, a total of 17,968 stock options with an average exercise price of EUR 7.00 per share have been granted, all of which have legally vested as of the reporting date and 7'162 were recognised as share-based payments in personnel expenses in the current reporting period.

8 Outlook for the coming business year

The Board of SunMirror AG believes that 2024 will be a cornerstone year for the Group from an operational perspective. We intend to advance the exploration of both Moolyella and Kingston Keith to a point where the Group should be in an attractive position to raise further capital to fund the next stage of its development as is customary for mineral exploration companies.

We believe the downturn in lithium prices that took place in 2023 is the result of a temporary imbalance between lithium production capacity and EV demand. The Group continues to firmly believe that net-zero-carbon objectives of nations across the globe will boost EV demand growth for the long term, particularly as the build-up of battery charging infrastructure improves the competitiveness of EVs compared to gasoline fueled vehicles. This secular trend will drive the need for significantly more lithium extraction as well as production of other minerals needed for the electrification of the global economy.

In parallel the Group continues to explore avenues to monetizing the Royalty Asset. With the resurgence of iron ore prices in late 2023 and the strategic position of the Cape Lambert tenement in the region, we believe attractive divestment opportunities could materialize in 2024.

Finally, given the temporary downturn in EV-related mineral prices, we believe attractive acquisition opportunities will materialise in 2024. Projects spanning copper, nickel, lithium, manganese and rare earth elements, located in central Europe, the British Isles and North Africa are currently being considered for acquisition.

Zug, 27 March 2024

Laurent Quelin	Daniel Monks
Chairman of the Board	Board member

SunMirror AG

Interim Condensed Consolidated Financial Statements for the six months ended 31 December 2023

Table of contents

Consolidated statement of profit and loss

For the six months until 31 December 2023 and 31 December 2022 respectively (unaudited):

In USD thousand (except per share amounts in USD)	**Notes**	**July - Dec. 2023**	**July - Dec. 2022**
Other income	4.1	60	182
Personnel expenses	4.2	-443	-532
General and administrative expenses	4.3	-277	-1,466
Earnings before interest and taxes (EBIT)		**-660**	**-1,816**
Financial income		24	158
Financial expenses		-199	-410
Financial result	**4.4**	**-175**	**-252**
Loss before income taxes		**-835**	**-2,068**
Income taxes	4.5	0	0
Loss for the period		**-835**	**-2,068**
Basic and diluted loss per share	4.6	-0.35	-0.86

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

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

Consolidated statement of comprehensive income

For the six months until 31 December 2023 and 31 December 2022 respectively (unaudited):

In USD thousand	**Notes**	**July - Dec. 2023**	**July - Dec. 2022**
Loss for the period		**-835**	**-2,068**
Other comprehensive income			
Items that may be reclassified into profit or loss:			
Exchange differences on translation of foreign operations	4.7	964	-412
Total comprehensive income/ loss for the period		**129**	**-2,480**

The comprehensive income/ loss for the period is fully attributable to the shareholders of SunMirror AG. There are no noncontrolling interests.

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

Consolidated statement of financial position

In USD thousand	Notes	31 Dec. 2023	30 June 2023
ASSETS		(unaudited)	(audited)
Non-current assets			
Intangible assets	4.8	26,065	25,435
Exploration and evaluation assets	4.9	4,223	3,863
Total non-current assets		**30,288**	**29,298**
Current assets			
Financial assets	4.10	341	333
Other short-term receivables	4.11	211	169
Cash and cash equivalents	4.12	2,900	3,992
Total current assets		**3,452**	**4,494**
Total assets		**33,740**	**33,792**
EQUITY AND LIABILITIES			
Equity			
Share capital		2,585	2,585
Capital reserves		58,092	58,092
Accumulated losses		-27,356	-26,521
Other reserves		-29	-993
Total shareholders' equity	**4.13**	**33,292**	**33,163**
Non-current liabilities			
Provision stock option plan	4.14	30	8
Total non-current liabilities		**30**	**8**
Current liabilities			
Trade payables	4.15	67	89
Other payables	4.15	333	519
Other non-financial liabilities	4.16	18	13
Total current liabilities		**418**	**621**
Total liabilities		**448**	**629**
Total equity and liabilities		**33,740**	**33,792**

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

Consolidated statement of changes in equity

For the six months until 31 December 2023 and 31 December 2022 respectively (unaudited):

		Equity attributable to shareholders of SunMirror AG				
In USD thousand	**Notes**	**Share capital**	**Capital reserves**	**Accumulated losses**	**Other reserves**	**Total shareholders' equity**
Balance as at 01 July 2022		2,529	54,018	-23,286	-410	32,851
Loss for the year				-2,068		-2,068
Other comprehensive income					-412	-412
Total comprehensive loss for the period				**-2,068**	**-412**	**-2,480**
Conversion of convertible bond		56	4,074			4,130
Balance as at 31 Dec. 2022		**2,585**	**58,092**	**-25,354**	**-822**	**34,501**

		Equity attributable to shareholders of SunMirror AG				
In USD thousand	**Notes**	**Share capital**	**Capital reserves**	**Accumulated losses**	**Other reserves**	**Total shareholders' equity**
Balance as at 01 July 2023		2,585	58,092	-26,521	-993	33,163
Loss for the year				-835		-835
Other comprehensive income					964	964
Total comprehensive income/ loss for the period		**0**	**0**	**-835**	**964**	**129**
Balance as at 31 Dec. 2023		**2,585**	**58,092**	**-27,356**	**-29**	**33,292**

Shareholders' equity is fully attributable to the shareholders of SunMirror AG. There are no minority interests. Other reserves refer exclusively to cumulative currency translation differences from the translation of foreign operations and gains/ losses from the remeasurement of the net defined benefit liability.

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

Consolidated statement of cash flows

For the six months until 31 December 2023 and 31 December 2022 respectively (unaudited):

In USD thousand	Notes	July - Dec. 2023	July - Dec. 2022
Cash flows from operating activities			
Loss for the period		**-835**	**-2,068**
Adjustments to reconcile loss before income taxes to net cash flows:			
Other non-cash expense		22	118
Financial result	4.4	175	252
Working capital changes:			
Increase in other receivables		-30	-72
Decrease in trade and other payables		-365	-867
Interest paid		0	-298
Interest received		20	0
Net cash flow from operating activities		**-1,013**	**-2,935**
Cash flows from investing activities			
Payments for exploration and evaluation		-268	-109
Proceeds from financial assets at fair value through profit or loss		0	111
Net cash flow from investing activities		**-268**	**2**
Cash flows from financing activities			
Payment for convertible bonds		0	-2,599
Net cash flow from financing activities		**0**	**-2,599**
Net foreign exchange differences		189	171
Net change in cash and cash equivalents		**-1,092**	**-5,361**
Cash and cash equivalents at beginning of year		3,992	10,611
Cash and cash equivalents at end of year		2,900	5,250

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

Notes to the interim condensed consolidated financial statements

1 Corporate information

The condensed consolidated financial statements of SunMirror AG and its subsidiaries (collectively SunMirror, the SunMirror Group or the Group) for the six months from 1 July to 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 27 March 2024.

SunMirror AG (the Company or the parent) is a company under Swiss law with its registered office in Switzerland. The shares are listed under ISIN CH0396131929 on the Regulated Market (Amtlicher Handel) of the Vienna Stock Exchange, Austria. In addition, the shares are listed on the Open Market (Freiverkehr) in Frankfurt, Düsseldorf, and Berlin under ticker ROR. The address of its registered office and principal place of business is General-Guisan-Strasse 6, Zug, Switzerland.

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

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

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2023 have been prepared in accordance with IFRS® Accounting Standards, IAS® 34 Interim Financial Reporting. In preparation of these financial statements the same accounting policies as well as recognition and measurement principles were applied as in the Group's annual consolidated financial statements as at 30 June 2023.

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 2023.

2.2 Basis of consolidation

The following entities form the consolidation scope of these consolidated financial statements as of 31 December 2023.

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

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

2.3 New standards, interpretations and amendments adopted by the Group

The Group continuously reviews new and amended accounting standards and interpretations issued by the IASB®. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. SunMirror's management has considered the impact of new and amended accounting standards effective for reporting periods beginning after 1 July 2023 and has determined that their application to the financial statements is either not relevant or not significant.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.4 Impairment testing

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. In addition to the impairment factors listed in note 2.3.5 of the consolidated financial statements as of June 30, 2023, the development of the stock market price of the SunMirror AG share (ticker: ROR) is also included as an indirect indication. The SunMirror AG share price has again weakened significantly since the preparation of the consolidated financial statements as at 30 June 2023. Nevertheless, the management sees no objective indications of a possible impairment of the assets recognised in the balance sheet.

2.5 Critical accounting judgements and assumptions

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

In preparation of the condensed consolidated interim financial statements, the management has not made any accounting judgements and assumptions that differ from those made in the consolidated financial statements as at 30 June 2023 and which must be disclosed in accordance with IAS® 1.

3 Significant transactions and events

3.1 Impairment testing Royalty on Cape Lambert

The Austrian Financial Reporting Enforcement Panel (AFREP) has audited our financial reporting and the annual financial statements for 2021 and 2022. The audit started in December 2022 and the results were communicated in October 2023. In its letter dated 9 October 2023, AFREP concluded that our accounting of the Royalty on Cape Lambert was incorrect. AFREP confirms the classification of the Royalty on Cape Lambert as an intangible asset, but concludes in the subsequent measurement that the impairment test should have been performed annually according to the provisions of IAS 36.10 lit. a. In summary, AFREP is of the opinion that the Royalty on Cape Lambert cannot be classified as an asset in accordance with IFRS 6.

Following thorough consultation with our advisors, the Board of Directors of SunMirror does not share AFREP's assessment and has therefore disagreed with the audit findings. A valuation of the Royalty Asset prepared in the meantime by an external expert concludes that, based on the assumptions made, the current value of the Royalty Asset supports the carrying amount. Thus, regardless of the impairment assessment, there is no deviation in the subsequent measurement under either IAS 36 (AFREP perspective) or IFRS 6 (SunMirror perspective). The proceedings have now been forwarded by AFREP to the Austrian Financial Market Authority (FMA), which will form an independent opinion on this matter. The proceedings had not been concluded at the time the interim condensed consolidated financial statements were prepared.

Irrespective of the FMA's decision, the Board of Directors does not expect any impact on the figures published in these interim condensed consolidated financial statements.

3.2 Legal disputes

The Company has been in a dispute with the holders of the former 52’534 mandatory convertible notes ISIN CH1142529093, which were issued in December 2021 and were automatically converted into SunMirror shares on 20 December 2022 at a price of EUR 75 per share. The noteholders have disputed the conversion of their notes. The Company considers that the notes were rightfully converted to shares and fundamentally disagrees with the noteholder’s allegations. On this basis and given the current facts, the Company is of the opinion that the claims are unfounded and does not recognize any provision or contingent liabilities in connection with this dispute. At a conciliation hearing in March 2023, no settlement was reached. Following such conciliation hearing the noteholders failed to file a claim in Swiss courts within the applicable deadline. In order to file a claim, the noteholders would have to start the process again and request a new conciliation meeting. There have been no further developments on this matter since March 2023.

4 Details on performance and balance sheet items

4.1 Other income

Other income results from the reversal of a current provision no longer required and the successful clawback of an advance payment.

4.2 Personnel expenses

In USD thousand	**July - Dec. 2023**	**July - Dec. 2022**
Wages and salaries	-408	-436
Share-based payments	-22	0
Social security and insurance contributions	-12	-24
Defined benefit plans	0	-8
Defined contribution plans	-1	-2
Other personnel expenses	0	-62
Total Personnel expenses	**-443**	**-532**

Personnel expenses comprise salaries and compensation for members of the Board of Directors, management, and employees. The number of full-time equivalents (FTE) decreased to 2.1 FTE in the reporting period compared to 3.6 FTE in the comparative period.

4.3 General and administrative expenses

In USD thousand	**July - Dec. 2023**	**July - Dec. 2022**
Consulting fees	0	-250
Regulatory expenses	-37	-59
Legal and tax fees	-40	-459
Accounting and auditing fees	-168	-497
Investor Relations	-21	-138
Capital tax	-10	-11
Other operating expenses	-1	-52
Total General and administrative expenses	**-277**	**-1,466**

4.4 Financial result

In USD thousand	July - Dec. 2023	July - Dec. 2022
Gains on marketable securities	0	42
Foreign currency exchange gains	3	112
Interest income	21	4
Financial income	**24**	**158**
Interest expenses	0	-218
Foreign currency exchange losses	-199	-192
Financial expenses	**-199**	**-410**
Total Financial result	**-175**	**-252**

Financial income results primarily from interest income on cash and cash equivalents.

Financial expenses result from foreign currency exchange losses on cash and cash equivalents as well as receivables.

4.5 Income Tax

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

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

The Group is not expecting to meet the threshold requirements by the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework (Pillar Two) rule and corresponding disclosure requirements.

4.6 Loss per share

Basic EPS is calculated by dividing the loss for the period attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the period. 52’534 shares issued upon conversion of the compulsory convertible notes on 23 December 2022 have been included in the calculation of basic earnings per share of the comparative period. There have been no more changes since then. Therefore, as of 31 December 2023 and 31 December 2022, the Company had 2’395’755 shares outstanding.

4.7 Other comprehensive income

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

4.8 Intangible assets

In USD thousand	Royalty	Domains	Total
Cost as at 01 July 2022	**26,344**	**13**	**26,357**
Currency translation	-381	0	-381
Cost as at 31 Dec. 2022	**25,963**	**13**	**25,976**
Cost as at 01 July 2023	**25,421**	**14**	**25,435**
Currency translation	630	0	630
Cost as at 31 Dec. 2023	**26,051**	**14**	**26,065**

Intangible assets include together with the domain the Royalty Agreement for the Cape Lambert Magnetite Project (Australia). The increase in value during the six months ended 31 December 2023 stems exclusively from currency translation effects. There were no impairment indicators, and no changes in circumstances relating to this asset compared with 30 June 2023 (see Notes 2.4 and 3.1).

The licence agreement is not yet available for use and a test as to whether there are any indicators of impairment of the asset is made at each reporting date. No indicators of impairment within the meaning of IFRS 6 were identified for the reporting periods 1H 2023/24 and 1H 2022/23. The carrying amount of the licence agreement is linked to a retention licence.

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

4.9 Exploration and Evaluation assets

In USD thousand	Moolyella E45/5573	Kingston Keith E53/1953	Total
Cost as at 01 July 2022	**3,460**	**321**	**3,781**
Additions	83	26	109
Currency translation	-50	-4	-54
Cost as at 31 Dec. 2022	**3,493**	**343**	**3,836**
Cost as at 01 July 2023	**3,493**	**370**	**3,863**
Additions	202	50	252
Currency translation	97	11	108
Cost as at 31 Dec. 2023	**3,792**	**431**	**4,223**

The increased carrying amount in the period from July to December 2023 refers to capitalized exploration and evaluation expenditures as well as currency translation. The resulting new information relating to these assets deriving from these activities did not reveal any indication for impairment. These are exclusively assets that are allocated to phase 1 (exploration and evaluation) and have an undefined useful life.

4.10 Financial assets

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Loans to shareholders at amortized cost	341	333
Total Financial assets	**341**	**333**

For further information on the loan to shareholder, see Note 5.4.

4.11 Other short-term liabilities

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Prepaid expenses and accrued income	28	46
Receivables from government authorities	61	22
Advance payments	122	101
Total Other short-term receivables	**211**	**169**

4.12 Cash and cash equivalents

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Cash at banks	2,900	3,992
Total Cash and cash equivalents	**2,900**	**3,992**

The decrease in cash and cash equivalents during the reporting period is related to capital expenditures in Exploration and Evaluation assets, changes in net working capital and the loss for the period.

4.13 Shareholders‘ equity

Reconciliation of the number of shares outstanding:

	Total
Issued shares on 01 July 2022	**2,343,221**
Conversion of compulsory convertible notes	52,534
Issued shares on 31 Dec. 2022	**2,395,755**
Issued shares on 01 July 2023	**2,395,755**
Issued shares on 31 Dec. 2023	**2,395,755**

4.14 Provision stock option plan

In USD thousand	**Balance as at 01 July 2023**	**Cash effective**	**Non-cash effective**	**Balance as at 31 Dec. 2023**
Stock option plan for management	8	0	22	30
Total other non-current provisions	**8**	**0**	**22**	**30**

In May 2023, the Board of Directors of SunMirror AG introduced a stock option plan. Therefore, there are no comparative figures for 31 December 2022. See also Note 5.3.

4.15 Trade and other payables

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Trade payables	67	89
Other payables	333	519
Total trade and other payables	**400**	**608**

4.16 Other non-financial liabilities

Other non-financial liabilities contain capital tax accruals amounting to USD 19 thousand as of 31 December 2023 (30 June 2023: USD 13 thousand).

5 Other disclosures

5.1 Disclosures on financial instruments

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

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Financial assets		
Measured at amortized cost	**3,241**	**4,325**
Cash at banks	2,900	3,992
Loans to shareholders at amortized cost	341	333
Total Financial assets	**3,241**	**4,325**
Financial liabilities		
Measured at amortized cost	**400**	**608**
Trade payables	67	89
Other liabilities	333	519
Total Financial liabilities	**400**	**608**

5.2 Segment reporting

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

5.3 Share-based payments

Number of stock options	Granted, not yet vested	Non-current provision	Personnel expenses
Stock option plan for management			
Balance as at 01 July 2023	**8,984**	**10,806**	
Vested within the period and exercisable during the next 10 years	-8,984	0	0
Accrual for service period	0	7,162	7,162
Balance as at 31 Dec. 2023	**0**	**17,968**	**7,162**

The market value of the options is recalculated on each reporting date and the changes in value are recognized in the income statement as personnel expenses (see Notes 4.2 and 5.4).

5.4 Related party transactions

The Group's related party transactions include transactions with:

- Board members and members of the management of SunMirror (defined as Board members and management of SunMirror AG).
- Gilmore Capital Ltd, a shareholder with significant influence over SunMirror supports the Group by searching for investment opportunities. These services are provided free of charge.

The compensation of Board members and key management personnel comprised the following:

In USD thousand	July - Dec. 2023	July - Dec. 2022
Short-term employee benefits	-385	-236
Share-based payments	-22	0
Total	**-407**	**-236**

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

The following transactions occurred with related parties:

In USD thousand	**July - Dec. 2023**	**July - Dec. 2022**
Interest income resulting from loans granted to shareholders	1	1
Total	**1**	**1**

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

In USD thousand	**31 Dec. 2023**	**30 June 2023**
Loan granted to:		
Shareholders	341	333
Total	**341**	**333**
Non-current provisions:		
Stock option plan for management	-30	-8
Total	**-30**	**-8**

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

6 Events after the end of the reporting period

No events occurred after the balance sheet date that need to be disclosed.

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

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

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

Zug, 27 March 2024

Laurent Quelin Chairman of the Board	Daniel Monks Board member