

# SunMirror AG Zug

Independent Practitioner's Assurance Report  
on the compilation of Pro Forma Financial Information  
included in a Prospectus

Pro forma balance sheet and pro forma income statement as at 30 June 2020



## **Report on the Compilation of Pro Forma Financial Information Included in a Prospectus**

To the Board of Directors of  
**SunMirror AG, Zürich**

We have completed our assurance engagement to report on the compilation of pro forma financial information of SunMirror AG (the company) and its subsidiary undertakings (collectively, the “Group”) by the board of directors. The pro forma financial information consists of the pro forma condensed combined statement of financial position as at 30 June 2020, the pro forma condensed combined statement of profit and loss for the six-month period ended 30 June 2020 and related notes as set out in section XV of the prospectus issued by the company. The applicable criteria on the basis of which the board of directors has compiled the pro forma financial information are specified in the Annexure 20 of Commission Delegated Regulation (EU) 2019/980 and described in the note 1 (applicable criteria).

The pro forma financial information has been compiled by the board of directors to illustrate the impact of the transactions; a) SunMirror AG’s share capital increases by of contribution in kind of SunMirror Luxembourg S.A. on 7 September 2020, b) Reflects the recognition of expense related to the acquisition of SunMirror listing accounted for under IFRS 2 on 29 July 2020 and c) SunMirror Luxembourg S.A. acquisition of Pharlapp Holdings Pte Ltd on 12 August 2020, set out in Note 4, on the Group’s financial position as at 30 June 2020 and its financial performance for the period ended 30 June 2020 as if the event or transaction had taken place at 1 January 2020. As part of this process, information about the SunMirror AG and SunMirror Luxembourg S.A. financial position and financial performance have been extracted by the board of directors from the group entity financial statements for the period ended 30 June 2020, on which an audit report has been published.

### **The Board of Directors’ Responsibility for the Pro Forma Financial Information**

The board of directors is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

### **Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Practitioner’s Responsibilities**

Our responsibility is to express an opinion, as required by the Annexure 20 of Commission Delegated Regulation (EU) 2019/980, about whether the pro forma financial information has been compiled, in all material respects, by the board of directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether the board of directors has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transactions between July and September 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the board of directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria.

### **Emphasis of Matter**

We draw your attention to note 4 c) of the pro forma financial information, which describes the significant level of judgement and estimates involved in arriving at the value of the Pharlap royalty license.

Zurich, 24 March 2021

**Grant Thornton AG**

Hermann Caspers  
Director

Dr. Shqiponja Isufi  
Partner

Enclosure: Appendix XV. – Pro Forma Condensed and Combined Financial Information

## XV. PRO FORMA CONDENSED AND COMBINED FINANCIAL INFORMATION

### *Introduction*

The following pro forma condensed and combined financial information is based on the following financial statements and transactions:

- i. SunMirror AG's historical financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") as at 30 June 2020 and fiscal year 2020 respectively.
- ii. SunMirror Luxembourg S.A.'s historical consolidated financial statements prepared in accordance with IFRS as at 30 June 2020 and fiscal year 2020 respectively. At that time, the scope of consolidation included SunMirror Luxembourg S.A. and Lithium 1 Pty Ltd (Lithium 1), which was acquired in February 2020 by SunMirror Luxembourg S.A.
- iii. The acquisition of Pharlap Holdings Pte Ltd („**Pharlap**") by SunMirror Luxembourg as of 12 August 2020. Pharlap's historical financial statements prepared in accordance with Singapore Financial Reporting Standards („FRS") with the AUD as its reporting currency. The pro forma condensed and combined financial information gives effect to adjustments required to convert Pharlap's historical financial information to IFRS and its reporting currency to USD.
- iv. Capital increase in SunMirror AG's share capital from CHF 325,000 to CHF 1,500,000, by way of contribution in kind of Couno Resources S.A. (now SunMirror Luxembourg S.A.). The share capital from the Luxembourg company into SunMirror AG that was contributed in kind to Switzerland amounted to EUR 1,111,000 which is equivalent to CHF 1,175,000 at that time. This is reflected in the notarized public deed (*Öffentliche Urkunde*) dated 31 August 2020, and officially executed on 7 September 2020.

The following pro forma condensed and combined statement of financial position as of 30 June 2020 reflects the financial statements and transactions as if they had occurred on 1 January 2020. The pro forma condensed and combined statements of profit and loss for the six months ended 30 June 2020 reflect the transactions as if they had occurred on 1 January 2020.

This pro forma information has been presented for informational purposes only and is not necessarily indicative of what SunMirror's actual financial position or statements of profit and loss would have been had the transactions been completed as of the dates indicated. In addition, the pro forma information does not purport to project the future financial position or operating results of SunMirror. The pro forma adjustments are based on information currently available. The assumptions and estimates underlying the unaudited pro forma adjustments are described in the notes to the accompanying unaudited pro forma condensed and combined financial information. Actual results may differ materially from the assumptions used to present the accompanying pro forma condensed and combined financial information. Management of SunMirror and SunMirror Luxembourg have made significant estimates and assumptions in the determination of the pro forma adjustments. As the pro forma condensed and combined

financial information has been prepared based on these preliminary estimates, the final amounts later recorded may differ materially from the information presented. This information should be read together with SunMirror's and SunMirror Luxembourg's audited financial statements and related notes for the years ended 30 June 2020, 31 December 2019, 31 December 2018 and 31 December 2017 and other financial information included elsewhere in this prospectus.

### ***Description of the transactions***

As of 12 August 2020, SunMirror Luxembourg acquired Pharlapp, an exempt private company incorporated and registered in Singapore. The assets of Pharlapp relate to future royalties payable in relation to the Cape Lambert Magnetite Project. The purchase price of the shares has been agreed for 19% (212,004) shares in SunMirror Luxembourg. At the time of the transaction this was valued equal to EUR 108.91 per share, resulting in a total purchase price for the acquisition of EUR 23,090,000 (equivalent to USD 25,871,411). The value per share was determined with reference on the share price of SunMirror Luxembourg at the point of the acquisition. The shares for payment of the purchase price were provided by the major shareholder and recorded as a capital contribution by this shareholder without issuing new shares at SunMirror Luxembourg. Therefore, SunMirror Luxembourg did not incur any cash outflow or liability on the acquisition of Pharlapp.

Pursuant to the capital increase with contribution in kind each shareholder of SunMirror Luxembourg exchanges his, her or its equity interest for shares in SunMirror AG (SunMirror) in accordance with his, her or its individual share in SunMirror Luxembourg. Thereby, SunMirror's share capital increases from 325,000 shares with a nominal value of CHF 1.00 each to 1,500,000 shares by way of capital increase by contribution in kind of SunMirror Luxembourg (1,175,000 shares) on 31 August 2020.

### ***Accounting for the Transaction***

The acquisition of Pharlapp is not in the scope of IFRS 3 ("Business Combinations") as Pharlapp as acquiree for accounting purposes does not meet the definition of a business in accordance with IFRS 3. Therefore, the acquisition is accounted for as an asset acquisition. The costs of the Transaction are allocated to the assets acquired and liabilities assumed, based on their relative fair values at the date of purchase. No goodwill arises on the transaction. In the acquisition of Pharlapp solely one intangible asset related to the Cape Lambert Magnetite Project was acquired.

The contribution in kind of SunMirror Luxembourg into SunMirror has to be accounted for as a Reverse Take Over of SunMirror and is also not within the scope of IFRS 3 because SunMirror as acquiree for accounting purposes does not meet the definition of a business in accordance with IFRS 3. Therefore, the exchange is accounted for within the scope of IFRS 2 ("Share-based Payment").

**PRO FORMA CONDENSED AND COMBINED STATEMENT OF FINANCIAL POSITION  
AS OF 30 JUNE 2020**

	SunMir- ror AG Historical IFRS USD	SunMirror Luxembourg S.A. Historical IFRS USD	Pharlap Holdings Pte Ltd Historical FRS AUD	Pharlap Holdings Pte Ltd Historical FRS USD	Pro Forma Adjust- ment IFRS USD		Pro Forma Combined USD
<b>ASSETS</b>							
<b>Non-current assets</b>							
Exploration and evaluation assets	0	3,358,399	0	0	0		3,358,399
Intangible assets	0	0	0	0	25,871,411	c)	25,871,411
<b>Total non-current assets</b>	<b>0</b>	<b>3,358,399</b>	<b>0</b>	<b>0</b>	<b>25,871,411</b>		<b>29,229,810</b>
Cash and cash equivalents	234,082	7	0	0	0	a)	234,089
Other receivables	1,473	25,790	0	0	0		27,262
<b>Total current assets</b>	<b>235,555</b>	<b>25,796</b>	<b>0</b>	<b>0</b>			<b>261,351</b>
<b>Total assets</b>	<b>235,555</b>	<b>3,384,195</b>	<b>0</b>	<b>0</b>	<b>25,871,411</b>		<b>29,491,161</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Share capital	327,030	1,247,727	2	1	-9,126	a)	1,565,632
Capital reserves	0	16,642,157	0	0	26,276,415	a)b)c)	42,918,572
Legal reserves	93	0	0	0	-93	a)	0
Accumulated loss	-111,904	-14,641,660	-4,248,953	-2,917,968	2,519,468	a)b)	-15,152,064
Foreign currency translation reserve	12,514	-279,832	0	0	-12,514	a)	-279,832
<b>Total equity</b>	<b>227,734</b>	<b>2,968,393</b>	<b>-4,248,951</b>	<b>-2,917,967</b>	<b>28,774,149</b>		<b>29,052,308</b>
<b>Non-current liabilities</b>							
Other payables	0	0	4,226,775	2,902,738	-2,902,738		0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>4,226,775</b>	<b>2,902,738</b>	<b>-2,902,738</b>		<b>0</b>
<b>Current liabilities</b>							
Other payables	7,821	415,803	22,176	15,229	0	c)	438,853
<b>Total current liabilities</b>	<b>7,821</b>	<b>415,803</b>	<b>22,176</b>	<b>15,229</b>	<b>0</b>		<b>438,853</b>
<b>Total liabilities</b>	<b>7,821</b>	<b>415,803</b>	<b>4,248,951</b>	<b>2,917,967</b>	<b>-2,902,738</b>		<b>438,853</b>
<b>Total equity and liabilities</b>	<b>235,555</b>	<b>3,384,195</b>	<b>0</b>	<b>0</b>	<b>25,871,411</b>		<b>29,491,161</b>

**PRO FORMA CONDENSED AND COMBINED STATEMENT OF PROFIT AND LOSS  
FOR SIX MONTHS ENDED 30 JUNE 2020**

	<b>SunMirror AG Historical IFRS USD</b>	<b>SunMirror Luxembourg S.A. Historical IFRS USD</b>	<i>Pharlap</i> <b>Hold- ings Pte Ltd Histori- cal FRS AUD</b>	<b>Pharlap Holdings Pte Ltd Historical FRS USD</b>	<b>Pro Forma Adjust- ment IFRS USD</b>	<b>Pro Forma Combined USD</b>
<b>Revenue</b>	0	0	0	0	0	0
Exploration expenditure	0	-7,480	0	0	0	-7,480
Personnel expense	-6,213	-27,551	0	0	0	-33,765
General and administrative expense	-14,766	-296,276	-5,735	-3,770	-510,404	-825,217
<b>Gross Profit</b>	<b>-20,980</b>	<b>-331,307</b>	<b>-5,735</b>	<b>-3,770</b>	<b>-510,404</b>	<b>-866,461</b>
Impairment expense	0	-13,054,900	0	0	0	-13,054,900
<b>Operating loss</b>	<b>-20,980</b>	<b>-13,386,207</b>	<b>-5,735</b>	<b>-3,770</b>	<b>-510,404</b>	<b>-13,921,361</b>
Finance income	0	0	0	0	0	0
Finance expense	-112	-85	0	0	0	-197
<b>Loss before taxes</b>	<b>-21,091</b>	<b>-13,386,293</b>	<b>-5,735</b>	<b>-3,770</b>	<b>-510,404</b>	<b>-13,921,558</b>
Income tax	0	0	0	0	0	0
<b>Loss for the period</b>	<b>-21,091</b>	<b>-13,386,293</b>	<b>-5,735</b>	<b>-3,770</b>	<b>-510,404</b>	<b>-13,921,558</b>

**NOTES TO PRO FORMA CONDENSED AND COMBINED FINANCIAL INFORMATION**

**1 Basis of preparation**

The pro forma condensed and combined financial information has been prepared to illustrate the effect of the financial statements as well as the transactions and has been prepared for informational purposes only.

The historical financial statements of SunMirror and the historical consolidated financial statements of SunMirror Luxembourg have been adjusted in the pro forma condensed and combined financial information to give effect to pro forma events that are (1) directly attributable to the Transaction, (2) factually supportable and (3) with respect to the pro forma condensed and combined statement of loss, expected to have a continuing impact on the combined results following the Transaction. The adjustments presented in the unaudited pro forma condensed and combined financial information are based on currently available information and certain information that management of SunMirror and SunMirror Luxembourg believe are reasonable under the circumstances. The unaudited condensed pro forma adjustments may be revised as additional information becomes available.

SunMirror and SunMirror Luxembourg did not have any historical relationship prior to the Transaction. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

## 2 Accounting policy conformity changes

The historical financial information of Pharlap was prepared in accordance with FRS. No adjustments were required to convert Pharlap's historical financial information from FRS to IFRS or to align Pharlap's accounting policies to those applied by SunMirror.

## 3 Foreign currency adjustments

The historical financial statements of SunMirror and SunMirror Luxembourg are presented in USD and the historical financial statements of Pharlap are presented in AUD. The historical financial information was translated from AUD to USD using the following historical exchange rates:

	<b>USD</b>	<b>per</b>
	<b>AUD</b>	<b>_____</b>
Period end exchange rate as of 30 June 2020	0.6868	
Period average exchange rate between 1 June 2020 and 30 June 2020	0.6574	

## 4 Adjustments to unaudited pro forma condensed and combined financial information

The pro forma adjustments are based on preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed and combined financial information:

- a) Reflects the adjustments to share capital and share premium by contribution in kind of SunMirror Luxembourg to SunMirror in exchange for 1,175,000 shares in SunMirror resulting in an increase to share capital of USD 1,238,603. SunMirror Luxembourg's historical share capital of USD 1,247,727 and SunMirror's Legal reserves of USD 93, accumulated loss of USD 111,904 and Foreign currency translation reserve of USD 12,514 are eliminated.
- b) Reflects the recognition of expense related to the acquisition of SunMirror listing on the regulated unofficial market segment (Freiverkehr) of Düsseldorf Stock Exchange (Börse Düsseldorf). The acquisition of SunMirror's listing is accounted for under IFRS 2 with an expense reflected for the difference between SunMirror's net assets acquired (as SunMirror is the accounting acquiree) and the cash consideration paid within in separate transaction resulting in a USD 510.404 increase in accumulated loss and a corresponding increase in SunMirror's capital reserves. Due to the one-time nature of the listing expense, this amount is not expected to have a continuing impact.
- c) Reflects the acquisition of Pharlap by contribution of the acquired shares in Pharlap by SunMirror Luxembourg's major shareholder to SunMirror Luxembourg. As Pharlap does not constitute

a business in accordance with IFRS 3 the acquisition is accounted for as asset acquisition, recognizing the individual assets acquired (including intangible assets) and liabilities. In the acquisition of Pharlap solely one intangible asset related to the Cape Lambert Magnetite Project was acquired. Pharlap's non-current liabilities of USD 2,902,738 were settled by Pharlap's former shareholder in course of the transaction. The contribution of the acquired shares in Pharlap to SunMirror Luxembourg resulting in an increase in SunMirror's capital reserves of USD 25,856,182 and a corresponding increase in net assets comprising the acquired intangible asset related to the Cape Lambert Magnetite Project of USD 25,871,411 and other payables of USD 15,229. This intangible asset is a royalty covering future mine production. The evaluation of intangible assets is based on significant judgements and estimates. The value was determined with reference on the share price of SunMirror Luxembourg at the point of the acquisition.