

SUNRISE RESOURCES PLC

Annual Report for the year ended 30 September 2012

Company Number 05363956



**A diversified mineral exploration
and development specialist**

Welcome to **SUNRISE RESOURCES PLC**

Sunrise Resources plc is a diversified mineral exploration and development specialist.

The Company's objective is to develop profitable mining operations to sustain the Company's wider exploration efforts and create value for shareholders through the discovery of world-class mineral deposits

Shares in the Company trade on AIM, Stock Code (EPIC - SRES).

For further information go to
www.sunriseresourcesplc.com

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Chairman's Statement

During the year the Company's focus was on the Derryginagh barite project in Ireland and the Cue diamond project in Western Australia where good progress was made.

Patrick Cheetham

I am pleased to present our annual report for the year ended 30 September 2012

During the year the Company's focus was on the Derryginagh barite project in Ireland and the Cue diamond project in Western Australia where good progress was made

Cue Diamond Project, Western Australia

Exploration of the 100% owned Cue diamond project has accelerated during the year after Aboriginal heritage surveys cleared the way for drill testing of the Cue1 kimberlite prospect and a number of other prospects. Drilling was successful in confirming the location and sampling of the Cue 1 kimberlite and 500kg of composite drill samples are now being processed for diamonds in Canada.

Expectations are high following the receipt in October 2012 of excellent microdiamond results from a 37kg surface sample of the Cue 1 kimberlite which confirmed the kimberlite to be significantly diamondiferous with the recovered stones being mainly high quality white/transparent stones with few inclusions.

Various prospecting campaigns have been carried out during the year resulting in the discovery in December 2012 of two new surface occurrences of kimberlite. These are not associated with the trend of the known Cue 1 or Soapy Bore diamond bearing kimberlite dyke swarms and it is now highly likely that additional kimberlites can be found within our licences. These discoveries significantly increase the chance of finding a kimberlite with commercial diamond content and add substantially to the potential of the Cue diamond project.

Derryginagh Barite Project, Ireland

Much of management's effort during the year was concentrated on the completion of a technical and economic scoping study for the development of the Derryginagh project as a source of white industrial filler grade barite. This included evaluation of results from the Company's first drilling that confirmed high-grade extensions to the barite vein system, well below the old mine workings, but which did not find the strike extensions that were suggested by the Company's earlier trenching programmes. This limited the tonnage and mine life that could be considered for the purposes of the study.

The Scoping Study also included the results of metallurgical testwork which did not correlate with mineralogical predictions. Consequently the process plant design was more complex than envisaged with higher capital costs.

In all scenarios considered by the study, the project shows very good operating cost margins but a short mine life and did not provide a satisfactory return on higher capital costs when pricing the barite product competitively with imported Chinese lump barite.

There are, however, opportunities to increase the mine life through further drilling, to simplify the metallurgical process through further testwork, and to capture more of the significant value chain between imported Chinese white lump barite and fine-ground white barite given that the Derryginagh product will already be ground in the concentration process.

The market for white barite remains tight as traditional supplies from China diminish in quantity and quality. We will now step up our discussions with potential customers and industry partners to ensure that the beneficiation plan for the

Chairman's Statement continued

Old mine workings at Derryginagh

project will optimise the potential revenues for this increasingly scarce commodity and reflect these in a further evaluation of the project

Long Lake Gold Project, Canada

In 2012 the Company surrendered its option over the Long Lake gold project in Canada following disappointing drilling results from the 2011 follow-up drilling programme. This was a difficult decision but it was judged that the residual exploration potential did not justify the further property payments and expenditure commitments.

Finland Diamond Exploration

The Company's diamond projects in Finland were rationalised during the year with some lower priority targets being surrendered whilst others have been retained for future exploration. No work was carried out during the year.

Financials

The Company announced a £3 million Equity Finance Facility with Darwin Strategic in October 2012. This facility offers the Company an alternative to traditional sources of funding and we hope to use this judiciously, when market conditions allow, to help finance the further development of the Group's projects.

The audited financial statements for 2012 have been prepared in full compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group reported a loss of £886,844 for the year (2011 £540,158). The increase in the loss for 2012 is mainly due to a higher impairment of deferred exploration costs of £620,005 (2011 £268,284).

Annual General Meeting

At the Annual General Meeting on 19 February 2013 shareholders will be asked to renew the usual share issue authorities and I hope you will once again support the Board in putting these in place.

In addition, I hope you will support the re-election of Mr David Swan who was appointed to the Board mid-year, following the departure of Mr Neil Herbert, whose contribution to the development of the Company since its admission to AIM is greatly appreciated.

In Conclusion

The risks inherent in mineral exploration and development are underlined by our experiences at Long Lake and serve to highlight the importance to the Company of a diversified portfolio at this early stage in its development.

The Board remains committed to its strategy to develop profitable mining operations to sustain the Company's wider exploration efforts and create value for shareholders through the discovery of world-class deposits. The Company will therefore continue to seek additional project opportunities when appropriate.

The preliminary diamond sampling results from the Cue 1 kimberlite are first-rate and vindicate our decision to take another look at the kimberlites in the Cue area and to drill test at an early stage.

We look forward to receiving the results of diamond evaluation of our drill samples early in the New Year.

Patrick Cheetham
Executive Chairman



12 December 2012

Operating Review

Derryginagh Barite Project Ireland

The Company is targeting the Derryginagh barite deposit for the production of high value white “paint-grade” barite for use as mineral filler in paints and plastics.

Derryginagh Barite Project

The Derryginagh barite project is located near Bantry, County Cork, in the south-west of the Irish Republic. White barite was produced from Derryginagh intermittently in the period 1864 – 1922 and drilling (four holes) was carried out by Dresser Minerals in the 1980s.

The Company is targeting the Derryginagh barite deposit for the production of high value white “paint-grade” barite for use as mineral filler in paints and plastics.

First Drill Programme Completed

During the year the Company completed its first programme of drilling at Derryginagh and a further programme of metallurgical testwork. Based on the results of this work a technical and economic scoping study for development of the project was completed in October 2012 by Wardell Armstrong International (“WAI”).

The drill programme comprised six complete holes for a total of 892m of drilling on five separate traverses spaced from 60m and 100m apart. This programme was successful in extending the known barite vein system to approximately 180m vertically below surface, a significant depth below the old workings.

Assay results confirmed the main vein intersections to be high-grade and demonstrate that the vein is continuing strongly at a vertical depth of 180m from surface where it remains open to expansion.

Hole 11SDG004 intersected a 3.6m down-hole thickness of the main vein containing 88.9% barite from 200.3m down hole and also a narrow hanging wall vein containing 68.8% barite over a 1.05m down-hole thickness from 166.7m.

Hole 11SDG005 intersected a 3.2m down-hole thickness of the main vein containing 61.1% barite from 219.8m down hole and a narrow hanging wall vein containing 86.1% barite over 1.12m down-hole thickness from 205.7m. The main vein intersection in this hole contained a higher grade intersection of 86.2% over an intersected thickness of 1.95m from 219.8m.

True vein thicknesses are estimated to be in the range 56% and 77% of reported drill-intersected thicknesses.

Operating Review continued

An opportunity exists to achieve a substantially higher sales price by fine grinding the barite product. The additional capital and operating costs involved need to be fully evaluated.

Drill holes on traverses east and west from the old workings showed the main vein to be thin, or absent where tested at shallow depth in this initial programme – for example, east of the surface workings in holes 11SDG002A and 11SDG003. Mine records, however, report that the vein is continuing strongly to the east in the deepest mine workings, below a fault and below hole 11SDG002A indicating that, at depth, the mineralisation is also open along strike to the east.

As the vein system is known to pinch and swell and be offset by faults, there is also potential for near surface extensions in areas not yet drill tested.

The drilling results taken together with historic drilling allowed WAI to model the mineralisation for use in the scoping study.

Scoping Study Completed

The study considered mine production rates of between 50,000 and 90,000 tonnes per annum corresponding to product output rates of 27,600 – 48,000 tonnes per annum of white barite concentrate.

WAI carried out geological modelling of the historic and recent Company drill data and, for the purpose of the study, derived a base-case tonnage-grade estimate of 394,000 tonnes grading 81% barite. This tonnage-grade estimate was not classified by WAI according to JORC standards as QA/QC data was not available for historic drilling and there is some uncertainty over the exact locations of the old holes otherwise the data would have supported estimation of an Inferred Mineral Resource under JORC guidelines.

Barite Market

Barite or barytes (syn. baryte or barytes) is the mineral form of the chemical barium sulphate. It is an environmentally friendly, non-toxic natural product. It is chemically and physically unreactive, has a high specific gravity, and low oil adsorption. It also has good sound-deadening and radiation-shielding properties. Barite has a specific gravity that is 1.7 times that of 'normal' rock.

These properties make barite suitable for use as a weighting agent in oil industry drilling muds and as a higher value industrial filler in, for example, paints, plastics, brake linings and acoustic panels.

There is a significant demand for white paint-grade barite in Europe but no major mine supply outside of China and India. Consequently there is a niche opportunity for a new European supplier as China's own internal demand limits traditional exports.

Above: Barite drill core — Derryginagh Project

Drilling at Derryginagh

After allowances for stentilation around old mine workings, mine pillars and mine dilution the base-case tonnage grade estimate supports total mine production of 278,340 tonnes at 67% bante. The mining methods suggested for the Derryginagh mineralisation are a combination of Alimak stoping and longitudinal retreat stoping, with ore being hauled to surface via a decline located to the north of the deposit. The mine life is six years at a production rate of 50,000 tonnes but correspondingly shorter at higher production rates.

The Company's metallurgical testwork programme during the year did not perform in line with mineralogical predictions and accordingly the gravity process flowsheet designed by WAI was more complex than originally envisaged. It includes crushing, ball milling, desliming and size classification and gravity beneficiation using a combination of spirals, shaking tables and multi gravity separators. The final concentrate grade was estimated at 98.5% bante with both coarse (50-500 microns, 80% of total) and fine (less than 50 microns, 20% of total) concentrates produced.

Mining capital and operating costs were estimated for both owner operated and contract mining scenarios. Mining capital costs were higher than anticipated due to the more complex plant design and financial modelling showed that the project did not generate satisfactory returns.

However, the project did show good margins on operating costs and the study identified a number of opportunities for the project. In particular, WAI considers that the available geological information at this stage does not fully reflect the perceived potential of the Derryginagh project as the deposit is open down dip and further drilling may increase the Mineral Resource base sufficiently to support an extended life of the mine and enhanced project economics.

There is also an opportunity to improve and simplify the process plant design with potential benefits to capital and operating costs.

The Company also considers that the revenue assumptions it imposed for the study may also be conservative. An opportunity exists to achieve a substantially higher sales price by fine grinding the bante product. The additional capital and operating costs involved need to be fully evaluated.

Operating Review continued

Cue Diamond Project

Western Australia

High expectations for diamond sampling results in early 2013 . . .

Cue Diamond Project

The 100% owned Cue diamond project is located in the Murchison Mining District of central Western Australia, 80km north-west of the gold mining town of Cue

The Company is targeting multiple kimberlite dykes discovered by De Beers in the period leading up to their withdrawal from all diamond exploration in Australia several years ago. De Beers discovered kimberlite dykes at two locations – Cue 1 and Soapy Bore and results of geophysical exploration and stream sediment sampling suggest significant strike potential to both dyke systems. De Beers reported both kimberlites to be significantly diamondiferous but detailed grade information was not provided.

Sunrise's exploration objective in 2012 was to drill test the diamond potential of the known kimberlites and collect drill samples for a preliminary evaluation of diamond content and quality. In order to clear the way for drilling the Company first carried out an Aboriginal Heritage Survey to ensure that sites of Aboriginal archaeological and cultural significance are avoided during the Company's exploration activities. The survey was contracted to the Ethical Engagement Consultancy, an Aboriginal owned and operated company, whose principal is an elder of the Wajarn people, indigenous to the West Murchison region where the project is located.

Individual surveys covered targets at the Cue 1 and Soapy Bore kimberlites and outlying prospect area as well as potential access routes. The survey cleared sufficient of the Cue 1 and other target areas to allow drilling to proceed.

Scattered Aboriginal artefacts were found in areas around Soapy Bore but insufficient time was available to allow these finds to be fully delineated and so further Heritage Survey work will be required before drilling can take place at Soapy Bore.

First rate microdiamond results from surface sampling

A preliminary field work programme carried out in preparation for drilling resulted in the delineation of the outcrop of the Cue 1 kimberlite. Three samples were collected from separate areas of the outcrop and submitted to an independent laboratory in Saskatchewan, Canada where the samples (total 36.6kg) were processed for extraction of microdiamonds.

The microdiamond results are shown below

Sample Numbers	C23.1	C23.3	C23.4	Combined
Sample weight (kg)	13.9	13.6	9.1	36.6
Number of stones	9	3	29	41
No. of stones/kg	0.6	0.2	3.2	1.1

Picking Kimberlite Indicator Minerals (KIMS)

The number of microdiamonds recovered per kilogram of kimberlite from these small samples of the Cue 1 kimberlite is high, averaging over 1 microdiamond/kg, and is higher than that reported for a number of kimberlites that are in, or have been in, commercial production

The small size of the sample so far evaluated, and consequently the number of microdiamonds recovered, is however too low to allow a statistically meaningful projection of macrodiamond grade

As part of its evaluation of the Cue 1 kimberlite outcrop samples, and prior to fusion of the samples for microdiamond extraction, the samples were processed for extraction of Kimberlite Indicator Mineral grains (so-called KIMs which include G9 & G10 garnet, chrome diopside and chrome spinel) as the chemistry of KIMs is also a guide to the prospectivity of the kimberlite for diamonds

In highly weathered samples such as those collected from outcrop it is usual that only the most resistant of the KIMs – the chrome spinels – are preserved. Processing of the Cue 1 outcrop sample recovered a large number of chrome spinel grains with a high percentage having favourable compositions in the diamond-inclusion and diamond intergrowth fields. In addition a few grains of G9 and G10 garnet and chrome diopside were recovered. The KIM chemistry indicates that the Cue 1 kimberlite source was fertile for diamonds.

In the drill programme ten reverse circulation drill holes were completed for a total of 642m of drilling. Five holes were drilled to sample the Cue 1 kimberlite and five holes tested various geological and geochemical targets.

The programme was successful in obtaining multiple drill intersections of the Cue 1 kimberlite in fresh rock below the zone of weathering.

High expectations for diamond sampling results in early 2013

Drill samples weighing a total of half a tonne have now been submitted for diamond evaluation and should yield a more meaningful population of stones for evaluation when compared to the results so far obtained from small surface samples. Results are expected in early 2013.

New kimberlite occurrences

Various prospecting programmes have been carried out during the year resulting in the discovery in November 2012 of new surface occurrences of kimberlite. A large area of kimberlite float discovered at Target 5 within a parallel trend to Cue 1 kimberlite. Kimberlite float was also found outside of licence area at Target 8 and a new licence application was made to cover this area.

Target 5 contains the largest spread of kimberlite float (over 100m diameter) found on the project area to date.

The new areas of kimberlite float were found in areas containing high levels of kimberlite indicator minerals in stream sediments that had been recorded by De Beers in the 1990s but not followed up.

Operating Review continued

Other Projects

Finland/Canada

Finland Diamond Projects

The Company's Finnish diamond exploration projects have remained on hold during the year having assumed a lower priority

Long Lake Gold Project, Canada

In April 2012 the Company gave notice to the project claim owner that it would not be extending its option to purchase the project

The Company took this decision after further evaluation of the results of work carried out over the past two years and in order to focus expenditure on the Company's Derryginagh and Cue projects

The Company considers that its work programmes adequately tested for extensions to the gold mineralisation previously mined at Long Lake

Whilst there was potential for nickel-copper and PGM mineralisation to be discovered on the western side of the claim block, this required a more grass roots exploration programme and targets were not sufficiently advanced to justify the option payments becoming due in May this year, or the accelerated exploration expenditures that would be necessary to justify exercise of the option when due in May 2013

Diamond Market

During the Global credit crunch in 2008-9 diamond prices and demand fell substantially but then recovered to pre-2008 levels by the end of 2010 and continued rising in the first half of 2011. By the end of 2011 caution had returned to the market and this continued throughout 2012 as fears of recession resurfaced. The RapNet Diamond Index (RAPI) for certified 1-carat diamonds fell 12.5 percent in the first 11 months of 2012 and is down about 22 percent since its peak in July 2011.

The longer term outlook however which is of primary interest to the Company, is favourable with demand for diamonds predicted to grow at twice the pace of supply. A major factor in the forecast supply side deficit is the lack of recent investment in new mine development and a severe reduction in grass roots diamond exploration in recent years that will undoubtedly limit the opportunities for new mine development in future.

Financial and Risk Review

Financial Review

The results for the Group and the Company are set out in detail on page 17. The Group reports a loss of £886,844 for the year (2011: £540,158) after administration costs of £269,510 (2011: £274,772) and after crediting treasury interest of £3,935 (2011: £3,863). The loss includes expensed pre-licence and reconnaissance exploration costs of £1,264 (2011: £965) as well as deferred exploration cost impairments of £620,005 (2011: £268,284) which in 2012 were attributable mainly to the Long Lake Project in Canada.

Administration costs include non-cash costs under IFRS 2 whereby a cost is assigned to the value of certain options and warrants in issue.

Administration overhead costs have been shared with Tertiary Minerals plc, to the benefit of both companies. This cost sharing is continuing.

The Group is not expected to report profits until it disposes of or is able to profitably develop or otherwise turn to account its exploration and development projects.

Intangible assets in the financial statements total £1,004,866 at year end. Of this, £557,020 relates to the Company's diamond projects in Finland where no work was carried out in 2012.

Equity Issues

The Company's exploration activities continue to be funded from working capital and in February 2012 this was supplemented by a placing of new ordinary shares, which raised a total of £600,000 before expenses. During the year to 30 September 2012, a total of 2,512,212 shares were issued to directors in lieu of fees.

Non Current Assets

Details of intangible assets, property, plant & equipment and investments are set out in notes 8, 9 and 10 of the financial statements.

Risks

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

The principal risks and uncertainties facing the Group at this stage in its development are:

Exploration Risk

The Company's business is mineral exploration and evaluation which are speculative activities and whilst the directors are satisfied that good progress is being made, there is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.

Resource Risk

All mineral projects have risk associated with defined grade and continuity. Mineral Reserves and Resources are calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and metal price assumptions.

Development Risk

Delays in permitting, financing and commissioning a project may result in delays to the Group meeting production targets. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.

Mining and Processing Technical Risk

Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, ground water conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.

Environmental Risk

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.

Financing & Liquidity Risk

The Company has an ongoing requirement to fund its activities through the equity markets and in future to obtain finance for project development. There is no certainty such funds will be available when needed.

Financial and Risk Review continued

Political Risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation whereas less developed countries can have in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.

Partner Risk

Whilst there has been no past evidence of this, the Group can be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments. Currently the Group has no joint venture partners on any of its projects.

Financial Instruments

Details of risks associated with the Group's Financial Instruments are given in note 19 to the financial statements on page 34.

Key Performance Indicators

The Board considers that normal performance indicators are not appropriate measures of the progress of an exploration and development company and refers shareholders to both the Operating Review and the Financial & Risk Review for further information on the Group's progress during the year.

Forward Looking Statements

This Annual Report contains certain forward looking statements that have been made by the directors in good faith based on the information available at the time of the approval of the Annual Report. By their nature, such forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

Board of Directors

The Directors and Officers of the Company are

Patrick Cheetham **aged 52, Executive Chairman**

Mr Cheetham is the founder of the Company. He is a mining geologist with 31 years experience in mineral exploration and 25 years in public company management. Mr Cheetham started his career as an exploration geologist in Australia with Western Mining Corporation and prior to that worked for Imperial Metals Corporation in British Columbia, Canada. From 1986 to 1993 he was joint managing director of Dragon Mining NL, during which time he was responsible for the formation of that company, the identification of and acquisition of its exploration projects, its listing on the Australian Stock Exchange and the subsequent development of its exploration projects. Patrick co-founded Archaean Gold NL in 1993 – the subject of a successful \$50 million takeover bid by Lachlan Resources NL. He is currently also Chairman of Tertiary Minerals plc.

Francis Johnstone **aged 47, (Senior) Non-Executive Director ***

Mr Johnstone is a founding director of the Company with over 20 years experience in the mining sector and has been a director of a number of junior resource companies. He is currently an adviser to Baker Steel Resources Trust Limited, an investment company listed on the London Stock Exchange specialising in private mining investments. Prior to that he was Commercial Director of Ridge Mining plc, an AIM listed mining company which took the Blue Ridge Platinum Mine in South Africa, from first discovery through to production prior to being acquired by Aquarius Platinum Limited in a recommended takeover for £143 million in July 2009. He is currently a director of Ares Resources Limited and Bilboes Gold Limited.

David Swan **aged 57, Non-Executive Director †**

Mr Swan is a Chartered Accountant with a career focus in the natural resources industry. He qualified in 1981 and after moving into commerce in 1991 acted as Chief Financial Officer (CFO) or Finance Director for a number of ASX listed mining companies. He returned to the accounting profession in 1996 as Group Leader of the Mining and Resource Group at Ernst & Young in Sydney. After relocating to the UK in 2001 he continued his involvement in the natural resources industry including the position as CFO of Oriel Resources plc undertaking the IPO, TSX listing and reverse take-over of a major smelting business, until its eventual sale to Mechel Group for \$1.4b, in 2008. He has also held various other public company directorships, most recently Lubel Coal Company Ltd. He was appointed by the Board to the position of Non-executive Director in May 2012.

Colin Fitch LL.M., F.C.I.S. **Company Secretary**

Colin Fitch is a Barrister-at-Law, and was previously Corporate Finance Director of Kleinwort Benson, Partner and Head of Corporate Finance at Rowe & Pitman (SG Warburg Securities) and Assistant Secretary at the London Stock Exchange. He has also held a number of non-executive directorships of public and private companies, including Merrydown Plc. He is currently Company Secretary for Tertiary Minerals plc.

* Chairman of the Remuneration Committee and member of the Audit Committee

† Chairman of the Audit Committee and member of the Remuneration Committee

Directors' Report

The directors are pleased to submit their annual report and audited accounts for the year ended 30 September 2012

Principal Activities

The principal activity of the Group, which comprises the Company and its subsidiaries, is the identification, acquisition, exploration and development of mineral projects. The Group is currently exploring in Ireland, Australia and Finland.

Business Review and Future Developments

The Chairman's Statement together with the Operating Review and the Financial and Risk Review provide detailed information on the development of the Group's business during the year and indications of likely future developments.

Dividend

The directors are unable to recommend the payment of any ordinary dividend.

Going Concern

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches, as and when required. When any of the Company's projects move to the development stage, specific project financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising and planned discretionary project expenditures

necessary to maintain the Group and Company as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the "going concern" basis is appropriate for the preparation of the financial statements.

Results

The Group's loss for the period was £886,844 (2011 £540,158).

Financial Instruments and Other Risks

The business of mineral exploration and evaluation has inherent risks. Details of the Group's financial instruments and risk management objectives and of the Group's exposure to risk associated with its financial instruments is given in note 19 to the financial statements.

Details of risks and uncertainties that affect the Group's business are given in the Financial and Risk Review on page 9.

Directors

The directors holding office in the period were:

Mr P L Cheetham
Mr F P H Johnstone
Mr D J Swan (Appointed May 2012)
Mr N H Herbert (Resigned May 2012)

Shareholders

As at the date of this report the following interests of 3% or more in the issued share capital of the Company appeared in the register:

As at 12 December 2012	Number of shares	% of share capital
Barclayshare Nominees Limited	51,910,495	14.21
HSDL Nominees Limited	42,675,597	11.68
TD Waterhouse Nominees (Europe) Limited SMKTNOMS Acct	33,650,933	9.21
Tertiary Minerals plc	25,751,785	7.05
Mr Ronald Bruce Rowan	25,000,000	6.84
HSBC Client Holdings Nominee (UK) Limited 731504	21,291,326	5.83
Share Nominees Ltd	19,233,763	5.27
Starvest Plc	14,183,333	3.88

Suppliers and Contractors

Details of the Group's policy and payment of creditors is disclosed on page 15. This policy will continue unchanged in the next financial year.

Accounting Policies

The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and their interpretations adopted by the International Accounting Standards Board (IASB). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Further details of the Group's accounting policies can be found in note 1 of the financial statements on page 21.

Charitable and Political Donations

During the year, the Group made no charitable or political donations.

Annual Report

Copies of the Sunrise Resources plc financial statements are available from the Company's Registered Office and from Northland Capital Partners Limited, 60 Gresham Street, London EC2V 7BB and also on the Company's website www.sunriseresourcesplc.com.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with those standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,

- make judgments and accounting estimates that are reasonable and prudent,
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Disclosure of Audit Information

Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the Company's Auditor is unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

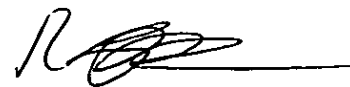
A resolution to re-appoint PKF (UK) LLP as Auditor of the Group and Company will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

Notice of the Company's Annual General Meeting convened for Tuesday 19 February 2013 at 11.00 a.m. is set out on page 35 of this report. Explanatory notes giving further information about the proposed resolutions are set out on page 39.

Approved by the Board of Directors on 12 December 2012 and signed on its behalf

Patrick Cheetham
Executive Chairman



Corporate Governance

Companies whose shares trade on AIM are not required to make an annual statement to shareholders regarding compliance with the UK Corporate Governance Code. The Company is committed to high standards of corporate governance and the Board seeks to comply with the principles of the UK Corporate Governance Code, insofar as they are appropriate to the Company at this stage in its development.

The Board of Directors currently comprises the combined role of chairman and chief executive and two non-executive directors. The Board considers that this structure is suitable for the Company having regard to the fact that it is not yet revenue-earning. However, it is the policy of the Board to separate these roles in future and to strengthen the executive Board as projects are developed and financial resources permit.

The Board is aware of the need to refresh its membership from time to time and will consider appointing additional independent non-executive directors in the future.

Role of the Board

The Board's role is to agree the Group's long term direction and strategy and monitor achievement of its business objectives. The Board meets four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic and operational matters.

The non-executive directors are considered by the Board to be independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement. Directors have the facility to take external independent advice in furtherance of their duties at the Group's expense and have access to the services of the Company Secretary.

The Board delegates certain of its responsibilities to the Audit, Remuneration and Nomination Committees of the Board. These Committees operate within clearly defined terms of reference.

Audit Committee

The Audit Committee, composed entirely of non-executive directors, assists the Board in meeting responsibilities in

respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost effectiveness, independence and objectivity of the auditor taking account of any non-audit services provided by them.

Remuneration Committee

The Remuneration Committee also comprises the non-executive directors. The Company does not currently remunerate any of the directors other than in a non-executive capacity. Whilst the Chairman, Patrick Cheetham, does have an executive role, his services are provided under a general service agreement with Tertiary Minerals plc.

The Company issues share warrants to directors and to the staff of Tertiary Minerals plc who are engaged in the management of the activities of the Company. The Company's policy on the issue of such warrants is that outstanding warrants should not in aggregate exceed 10% of the issued capital of the Company from time to time. Details of directors' warrants are disclosed in note 16.

Nomination Committee

A Nomination Committee was formed in November 2011 and comprises the Chairman and the non-executive directors. The Nomination Committee meets at least once per year to lead the formal process of rigorous and transparent procedures for board appointments and to make recommendations to the Board in accordance with the requirements of the UK Corporate Governance Code and other applicable rules and regulations, insofar as they are appropriate to the Group at this stage in its development.

Conflicts of Interest

The Companies Act 2006 permits directors of public companies to authorise directors' conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect.

Procedures are in place in order to avoid any conflict of interest between the Company and Tertiary Minerals plc, which held approximately 7.05% of the Company's issued share capital at 30 September 2012. Tertiary Minerals provides management services to Sunrise Resources in the search, evaluation and acquisition of new projects.

Internal Controls & Risk Management

The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Corporate Social Responsibility

The Board takes regular account of the significance of social, environmental and ethical matters affecting the business of the Group. At this stage in the Group's development the Board has not adopted a specific policy on Corporate Social Responsibility as it has a limited pool of stakeholders other than its shareholders. Rather, the Board seeks to protect the interests of the Group's stakeholders through individual policies and through ethical and transparent actions.

The Company has adopted an Anti-corruption Policy and Code of Conduct.

Shareholders

As set out above, the Board seeks to protect shareholders' interests by following, where appropriate, the guidelines in the UK Corporate Governance Code and the directors are always prepared, where practicable, to enter into a dialogue with shareholders to promote a mutual understanding of objectives. The Annual General Meeting provides the Board with an opportunity to informally meet and communicate directly with investors.

Environment

The Board recognises that its principal activity, mineral exploration, has potential to impact on the local environment and consequently has adopted an Environmental Policy to

ensure that the Group's activities have minimal environmental impact. Where appropriate the Group's contracts with suppliers and contractors legally bind those suppliers and contractors to do the same.

The Group's activities carried out in accordance with Environmental Policy have had only minimal environmental impact and this policy is regularly reviewed. Where appropriate, all work is carried out after advance consultation with affected parties.

Employees

The Group engages its employees to understand all aspects of the Group's business and seeks to remunerate its employees fairly, being flexible where practicable. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Board takes account of employees' interests when making decisions and suggestions from employees aimed at improving the Group's performance are welcomed.

Suppliers and Contractors

The Group recognises that the goodwill of its contractors, consultants and suppliers is important to its business success and seeks to build and maintain this goodwill through fair dealings. The Group has a prompt payment policy and seeks to settle all agreed liabilities within the terms agreed with suppliers. The amount shown in the consolidated and Company Statement of Financial position in respect of trade payables at the end of the financial year represents 10 days of average daily purchases (2011: 17 days).

Health and Safety

The Board recognises it has a responsibility to provide strategic leadership and direction in the development of the Group's health and safety strategy in order to protect all of its stakeholders. The Company has developed a health and safety policy to clearly define roles and responsibilities and in order to identify and manage risk.

Independent Auditor's Report

to the Members of Sunrise Resources plc
for the year ended 30 September 2012

We have audited the financial statements of Sunrise Resources plc for the year ended 30 September 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated and company statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2012 and of the group's loss for the year then ended,

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1(b) to the financial statements concerning the group's and the company's ability to continue as going concerns. As explained in note 1(b) to the financial statements, the group will need to raise further funds within the next 12 months in order to cover the company's and group's overheads and carry out the company's and group's planned discretionary project expenditure. As there is no assurance that adequate funds will be obtained, these conditions, along with the other matters explained in note 1(b) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as going concerns. The financial statements do not include the adjustments that would result if the group and company were unable to continue as going concerns.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Donald Bancroft (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
Manchester, UK

12 December 2012

Consolidated Income Statement

for the year ended 30 September 2012

	Notes	2012 £	2011 £
Pre-licence exploration costs		1,264	965
Impairment of deferred exploration cost		620,005	268,284
Administrative expenses		269,510	274,772
Operating loss		(890,779)	(544,021)
Interest receivable		3,935	3,863
Loss on ordinary activities before taxation	3	(886,844)	(540,158)
Tax on loss on ordinary activities	7	-	-
Loss on ordinary activities after tax		(886,844)	(540,158)
Loss for the year attributable to equity holders of the parent		(886,844)	(540,158)
Loss per share – basic and diluted (pence)	6	(0.26)	(0.18)

All amounts relate to continuing activities

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2012

	2012 £	2011 £
Loss for the year	(886,844)	(540,158)
Foreign exchange translation differences on foreign currency net investments in subsidiaries	6,880	(12,668)
Total comprehensive loss for the year attributable to equity holders of the parent	(879,964)	(552,826)

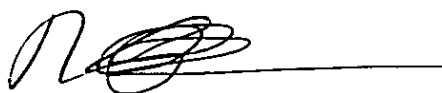
Consolidated and Company Statement of Financial Position

at 30 September 2012

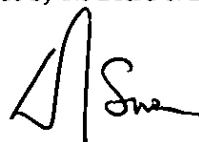
Company Registration Number 05363956

	Notes	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Non-current assets					
Intangible assets	9	1,004,866	802,217	1,241,623	1,230,461
Investment in subsidiary	8	–	192,524	–	26,992
		1,004,866	994,741	1,241,623	1,257,453
Current assets					
Receivables	11	38,386	25,365	40,605	40,605
Cash and cash equivalents	12	734,180	734,180	696,338	696,338
		772,566	759,545	736,943	736,943
Current liabilities					
Trade and other payables	13	(131,358)	(80,792)	(85,957)	(85,957)
Net current assets		641,208	678,753	650,986	650,986
Net assets		1,646,074	1,673,494	1,892,609	1,908,439
Equity					
Called up share capital	14	365,251	365,251	312,739	312,739
Share premium account		4,061,513	4,061,513	3,526,621	3,526,621
Share option reserve		283,997	283,997	237,972	237,972
Foreign currency reserve		(5,788)	–	(12,668)	–
Accumulated losses		(3,058,899)	(3,037,267)	(2,172,055)	(2,168,893)
Equity attributable to owners of the parent		1,646,074	1,673,494	1,892,609	1,908,439

These financial statements were approved and authorised for issue by the Board of Directors on 12 December 2012 and were signed on its behalf



P L Cheetham
Executive Chairman



D J Swan
Director

Consolidated and Company Statement of Changes in Equity

Group	Share capital £	Share premium account £	Share option reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2010	248,866	2,420,203	181,521	-	(1,631,897)	1,218,693
Loss for the year	-	-	-	-	(540,158)	(540,158)
Exchange differences	-	-	-	(12,668)	-	(12,668)
Total comprehensive loss for the year	-	-	-	(12,668)	(540,158)	(552,826)
Share issue	63,873	1,106,418	-	-	-	1,170,291
Share based payments	-	-	56,451	-	-	56,451
At 30 September 2011	312,739	3,526,621	237,972	(12,668)	(2,172,055)	1,892,609
Loss for the year	-	-	-	-	(886,844)	(886,844)
Exchange differences	-	-	-	6,880	-	6,880
Total comprehensive loss for the year	-	-	-	6,880	(886,844)	(879,964)
Share issue	52,512	534,892	-	-	-	587,404
Share based payments	-	-	46,025	-	-	46,025
At 30 September 2012	365,251	4,061,513	283,997	(5,788)	(3,058,899)	1,646,074

Company	Share capital £	Share premium account £	Share option reserve £	Accumulated losses £	Total £
At 30 September 2010	248,866	2,420,203	181,521	(1,618,928)	1,231,662
Share issue	63,873	1,106,418	-	-	1,170,291
Share based payments	-	-	56,451	-	56,451
Loss for the year/Total comprehensive loss for the year	-	-	-	(549,965)	(549,965)
At 30 September 2011	312,739	3,526,621	237,972	(2,168,893)	1,908,439
Share issue	52,512	534,892	-	-	587,404
Share based payments	-	-	46,025	-	46,025
Loss for the year/Total comprehensive loss for the year	-	-	-	(868,374)	(868,374)
At 30 September 2012	365,251	4,061,513	283,997	(3,037,267)	1,673,494

Consolidated and Company Statement of Cash Flows

for the year ended 30 September 2012

	Notes	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Operating activity					
Operating loss		(890,779)	(879,189)	(544,021)	(541,160)
Share based payment charge		46,025	46,025	59,389	59,389
Shares issued in lieu of net wages		23,777	23,777	24,016	24,016
Impairment charge		620,005	620,005	267,996	267,996
Decrease/(increase) in accounts receivable	11	2,219	15,240	(17,798)	(17,798)
Increase/(decrease) in accounts payable	13	6,681	(3,398)	10,158	10,158
Net cash outflow from operating activity		(192,072)	(177,540)	(200,260)	(197,399)
Investing activity					
Interest received		3,935	3,935	3,863	3,863
Purchase of intangible fixed assets		(337,968)	(186,969)	(581,384)	(570,222)
Loan to subsidiary		-	(165,531)	-	(14,023)
Net cash outflow from investing activity		(334,033)	(348,565)	(577,521)	(580,382)
Financing activity					
Issue of share capital (net of expenses)		563,627	563,627	1,146,275	1,146,275
Net cash inflow from financing activity		563,627	563,627	1,146,275	1,146,275
Net increase/(decrease) in cash and cash equivalents					
		37,522	37,522	368,494	368,494
Cash and cash equivalents at start of year	12	696,338	696,338	340,512	340,512
Exchange differences		320	320	(12,668)	(12,668)
Cash and cash equivalents at 30 September		734,180	734,180	696,338	696,338

Notes to the Financial Statements

for the year ended 30 September 2012

Background

Sunrise Resources plc is a public company incorporated and domiciled in England. It is traded on the AIM market of the London Stock Exchange EPIC: SRES.

The Company is a holding company for one company (together, "the Group") incorporated and domiciled in Australia. The Group's financial statements are presented in Pounds Sterling (£) which is also the functional currency of the Company.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

(b) Going concern

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When any of the Group's projects move to the development stage, specific project financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising necessary within the next 12 months to meet the Company's and Group's overheads and planned discretionary project expenditures and to maintain the Company and Group as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the Group and Company's ability to continue as going concerns and, therefore, that they may be unable to realise their assets and discharge its liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

(c) Basis of consolidation

Investments in subsidiaries are valued at the lower of cost or recoverable amount, with an ongoing review for impairment.

The Group's financial statements consolidate the financial statements of Sunrise Resources plc and its subsidiary undertakings using the acquisition method and eliminate intercompany balances and transactions.

In accordance with section 408 of the Companies Act 2006, Sunrise Resources plc is exempt from the requirement to present its own statement of comprehensive income. The amount of the loss for the financial year recorded within the financial statements of Sunrise Resources plc is £868,374 (2011: £549,965).

Notes to the Financial Statements continued

for the year ended 30 September 2012

1. Accounting policies – continued

(d) Intangible assets

Exploration and evaluation

Accumulated exploration and evaluation costs incurred in relation to separate areas of interest (which may comprise more than one exploration licence or exploration licence applications) are capitalised and carried forward where

- (1) such costs are expected to be recouped through successful exploration and development of the area, or alternatively by its sale, or
- (2) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing

A bi-annual review is carried out by the directors to consider whether any exploration and development costs have suffered impairment in value and, if necessary, provisions are made according to this criteria

Accumulated costs where the Group does not yet have an exclusive exploration licence and in respect of areas of interest which have been abandoned, are written off to the income statement in the year in which the pre-licence expense was incurred or in which the area was abandoned

Development

Exploration, evaluation and development costs are carried at the lower of cost and expected net recoverable amount. On reaching a mining development decision, exploration and evaluation costs are reclassified as development costs and all development costs on a specific area of interest will be amortised over the useful economic life of the projects, once they become income generating, and the costs can be recouped

(e) Trade and other receivables and payables

Trade and other receivables and payables are measured at initial recognition at fair value and subsequently measured at amortised cost

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short term bank deposits with a maturity of three months or less

(g) Deferred taxation

Deferred taxation, if applicable, is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes

Deferred tax assets are recognised to the extent that they are regarded as recoverable

1. Accounting policies – continued

(h) Foreign currencies

The functional and presentation currency of the Company and subsidiaries is Pounds Sterling (£) and this is the currency of the primary economic environment in which the Company and subsidiaries operates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

For consolidation purposes, the assets and liabilities of overseas subsidiaries, associated undertakings, joint arrangements and the net investment in foreign operations are translated at the closing exchange rates. Income statements of overseas subsidiaries are translated at exchange rates at the date of transaction. Exchange differences arising on these translations are taken to the foreign currency reserve.

(i) Share based payments

The Company issues warrants and options to employees (including directors) and third parties. For all options and warrants issued after 7 November 2002 the fair value of the services received is recognised as a charge on the date of grant and determined in accordance with IFRS 2, adopting the Black-Scholes-Merton model. The fair value is charged/ (credited) to the following areas of the financial statements as appropriate:

- a) administrative expenses,
- b) intangible assets,
- c) equity

The charge is incurred on a straight line basis over the vesting period, based on the management's estimate of shares, that will eventually vest. The expected life of the options and warrants is adjusted based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. The details of the calculation are shown in Note 15.

The Company also issues shares in order to settle certain liabilities, including payment of fees to directors. The fair value of shares issued is based on the closing mid-market price of the shares on the AIM Market on the day prior to the date of settlement and it is expensed on the date of settlement with a corresponding increase in equity.

(j) Judgements and estimations in applying accounting policies

In the process of applying the Group's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements:

Intangible fixed assets – exploration and evaluation

Capitalisation of exploration and evaluation costs requires that costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale or alternatively, where activities have not reached a stage which permits a reasonable estimate of the existence of mineral reserves, a judgement that future exploration or evaluation should continue. This requires management to make estimates and judgements and to make certain assumptions, often of a geological nature, and most particularly in relation to whether or not an economically viable mining operation can be established in future. Such estimates, judgements and assumptions are likely to change as new information becomes available. When it becomes apparent that recovery of expenditure is unlikely the relevant capitalised amount is written off to the income statement.

Notes to the Financial Statements continued

for the year ended 30 September 2012

1. Accounting policies – continued

Impairment

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. The Group will look to evidence produced by its exploration activities to indicate whether the carrying value is impaired. Assessment of the impairment of assets is a judgement based on analysis of the future likely cash flows from the relevant project, including consideration of

- a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed
- b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned
- c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area
- d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale

Going concern

The preparation of financial statements requires an assessment of the validity of the going concern assumption. The validity of the going concern assumption is dependant on finance being available for the continuing working capital requirements of the Group. Based on the assumption that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts.

Share based payments

The estimates of share based payments costs requires that management selects an appropriate valuation model and make decisions on various inputs into the model including the volatility of its own share price, the probable life of the options before exercise, and behavioural consideration of employees.

2. Segmental analysis

The Chief Operating Decision Maker is the Board of Directors. The Board considers the business has one reportable segment, the management of exploration projects, which is supported by a Head Office function. For the purpose of measuring segmental profits and losses the exploration segment bears only those direct costs incurred by or on behalf of those projects, no Head Office cost allocations are made to this segment. The Head Office function recognises all other costs.

	Exploration projects £	Head office £	Total £
2012			
Consolidated Income Statement			
Impairment of deferred exploration costs			
Nordic Joint Venture, Diamond Project, Finland	(4,366)	–	(4,366)
Long Lake Gold Project, Canada	(615,639)	–	(615,639)
	(620,005)	–	(620,005)
Pre-licence exploration costs	–	(1,264)	(1,264)
Share based payments	–	(46,025)	(46,025)
Other expenses	–	(223,485)	(223,485)
Operating loss	(620,005)	(270,774)	(890,779)
Bank interest received	–	3,935	3,935
Loss on ordinary activities before taxation	(620,005)	(266,839)	(886,844)
Tax on loss on ordinary activities	–	–	–
Loss for the year attributable to equity holders	(620,005)	(266,839)	(886,844)
Non-current assets			
Intangible assets			
Deferred exploration costs			
Long Lake Gold Project, Canada	–	–	–
Kuusamo Diamond Project, Finland	525,068	–	525,068
Nordic Joint Venture Diamond Project, Finland	–	–	–
Other Diamond Projects, Finland	31,952	–	31,952
Derryginagh Bante Project, Ireland	245,197	–	245,197
Cue Diamond Project, Australia	202,649	–	202,649
	1,004,866	–	1,004,866
Current assets			
Receivables	–	38,386	38,386
Cash and cash equivalents	–	734,180	734,180
	–	772,566	772,566
Current liabilities			
Trade and other payables	(63,940)	(67,418)	(131,358)
Net current assets	(63,940)	705,148	641,208
Net assets	940,926	705,148	1,646,074
Other data			
Deferred exploration additions	376,688	–	376,688
Exchange rate adjustments to deferred exploration costs	–	6,792	6,792

Notes to the Financial Statements continued

for the year ended 30 September 2012

2. Segmental analysis – continued

2011	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs			
Nordic Joint Venture, Diamond Project, Finland	(267,998)	–	(267,998)
Cue Diamond Project, Australia	(286)	–	(286)
	(268,284)	–	(268,284)
Pre-licence exploration costs	–	(965)	(965)
Share based payments	–	(59,389)	(59,389)
Other expenses	–	(215,383)	(215,383)
Operating loss	(268,284)	(275,737)	(544,021)
Bank interest received	–	3,863	3,863
Loss on ordinary activities before taxation	(268,284)	(271,874)	(540,158)
Tax on loss on ordinary activities	–	–	–
Loss for the year attributable to equity holders	(268,284)	(271,874)	(540,158)
Non-current assets			
Intangible assets			
Deferred exploration costs			
Long Lake Gold Project, Canada	580,550	–	580,550
Kuusamo Diamond Project, Finland	517,771	–	517,771
Nordic Joint Venture Diamond Project, Finland	–	–	–
Other Diamond Projects, Finland	28,769	–	28,769
Derryginagh Bante Project, Ireland	103,371	–	103,371
Cue Diamond Project, Australia	11,162	–	11,162
	1,241,623	–	1,241,623
Current assets			
Receivables	–	40,605	40,605
Cash and cash equivalents	–	696,338	696,338
	–	736,943	736,943
Current liabilities			
Trade and other payables	(25,220)	(60,737)	(85,957)
Net current assets	(25,220)	676,206	650,986
Net assets	1,216,403	676,206	1,892,609
Other data			
Deferred exploration additions	595,180	–	595,180
Exchange rate adjustments to deferred exploration costs	–	(12,668)	(12,668)

3. Loss on ordinary activities before taxation

<i>The operating loss is stated after charging:</i>	2012	2011
	£	£
Fees payable to the Company's auditor for		
The audit of the Company's annual accounts	6,230	6,230
Other services	1,111	1,050

4. Directors emoluments

<i>Remuneration in respect of directors was as follows:</i>	2012	2011
	£	£
P L Cheetham (salary)	12,000	11,000
F P H Johnstone (salary)	12,000	11,000
N L Herbert (salary)	8,000	11,000
D J Swan (salary)	4,000	–
	36,000	33,000

The above remuneration amounts do not include non-cash share based payments charged in these financial statements in respect of warrants issued to the directors amounting to £13,187 (2011 £42,171) or Employer's National Insurance Contributions of £1,601 (2011 £2,270)

Patrick Cheetham is also a director of Tertiary Minerals plc and under the terms of the management services agreement (see Note 5) a total of £34,214 was charged to the Company for his services during the year (2011 £38,565)

5. Staff costs

The Company does not employ any staff directly apart from the directors, as shown in Note 4. The services of technical and administrative staff are provided by Tertiary Minerals plc as part of the management services agreement between the two companies. The Company issues warrants to Tertiary Minerals plc staff from time to time and these non-cash share based payments resulted in a charge within the financial statements of £6,674 (2011 £13,599)

6. Loss per share

Loss per share has been calculated on the loss and the weighted average number of shares in issue during the year

	2012	2011
Loss (£)	(886,844)	(540,158)
Weighted average shares in issue (No)	344,617,188	301,225,242
Basic and diluted loss per share (pence)	(0.26)	(0.18)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for the basic earnings per ordinary share. This is because the exercise of share warrants would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

Notes to the Financial Statements continued

for the year ended 30 September 2012

7. Taxation on ordinary activities

No liability to corporation tax arises for the year due to the Group recording a taxable loss (2011: £nil)

The tax credit for the period is lower than the credit resulting from the loss before tax at the standard rate of corporation tax in the UK – 24% (2011: 26%). The differences are explained below

	2012 £	2011 £
Tax reconciliation		
Loss on ordinary activities before tax	886,844	(540,158)
Tax at 24% (2011: 26%)	(212,843)	(140,441)
Effects (at 24%) (2011: 26%) of		
Tax losses carried forward	(212,843)	(140,441)
Tax on loss from ordinary activities	–	–

Factors that may affect future tax charges

The Group has total losses carried forward of £2,691,324 (2011: £1,983,687). This amount would be recoverable if sufficient profits were made in the future. The deferred tax asset has not been recognised as the future recovery is uncertain given the exploration status of the Group.

8. Investments

Subsidiary undertakings

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2012	Principal activity
Sunrise Minerals Australia Pty Ltd	Australia	100% of ordinary shares	Mineral exploration

	Company 2012 £	Company 2011 £
Investments in subsidiary undertakings		
Sunrise Minerals Australia Pty Ltd		
Loan	192,463	26,931
Ordinary shares	61	61
At 30 September	192,524	26,992

Sunrise Minerals Australia Pty Ltd was incorporated in Australia on 7 October 2009, to facilitate the application for exploration licences in Western Australia.

9. Intangible assets

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Deferred exploration expenditure				
Cost				
At start of year	1,983,084	1,971,922	1,387,904	1,387,904
Additions	376,688	185,201	595,180	584,018
At 30 September	2,359,772	2,157,123	1,983,084	1,971,922
Impairment losses				
At start of year	(741,461)	(741,461)	(456,731)	(456,731)
Change during year	(620,005)	(620,005)	(284,730)	(284,730)
Foreign exchange difference	6,560	6,560		
At 30 September	(1,354,906)	(1,354,906)	(741,461)	(741,461)
Carrying amounts				
At 30 September	1,004,866	802,217	1,241,623	1,230,461
At start of year	1,241,623	1,230,461	931,173	931,173

In April 2012 the Company made the decision to impair the accumulated exploration expenditure of £615,639 for the Long Lake gold project in Canada. This followed a further evaluation of the results of the second drill programme in 2011. It was concluded that significant extensions to the gold mineralisation previously mined at Long Lake were unlikely. Additionally £4,366 relating to licence applications for the Nordic JV project was impaired at the year end as grants of the licences are still awaited.

10. Property, plant and equipment

The Group has the use of tangible assets held by Tertiary Minerals plc as part of the management services agreement between the two companies.

11. Receivables

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Other receivables	25,058	12,037	28,625	28,625
Prepayments	13,328	13,328	11,980	11,980
	38,386	25,365	40,605	40,605

12. Cash and cash equivalents

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Cash at bank and in hand	734,180	734,180	696,338	696,338
Short-term bank deposits	-	-	-	-
	734,180	734,180	696,338	696,338

Notes to the Financial Statements continued

for the year ended 30 September 2012

13. Trade and other payables

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Amounts owed to Tertiary Minerals plc	33,579	33,579	34,525	34,525
Trade creditors	11,573	11,503	12,083	12,083
Accruals	86,206	35,710	39,349	39,349
	131,358	80,792	85,957	85,957

14. Share capital

	2012 Number	2012 £	2011 Number	2011 £
Allotted, called up and fully paid				
Ordinary shares of 0 1p each	365,251,117	365,251	312,738,905	312,739
	365,251,117	365,251	312,738,905	312,739

During the year to 30 September 2012 the following share issues took place

An issue of 50,000,000 0 1p ordinary shares at 1 2p per share, by way of placing, for a total consideration of £563,625 net of expenses (16 February 2012)

An issue of 1,126,009 0 1p ordinary shares at 1 25p per share to the three directors, for a total consideration of £14,075 (24 February 2012), in satisfaction of directors' fees

An issue of 1,386,203 0 1p ordinary shares at 0 7p per share to the three directors, for a total consideration of £9,703 (27 July 2012), in satisfaction of directors' fees

During the year to 30 September 2011 a total of 63,872,892 0 1p ordinary shares were issued, at an average price of 1 9p per share, for a total consideration of £1,244,891

15. Warrants and options granted

Unexercised warrants

Issue date	Exercise price	Number	Exercisable	Expiry dates
31/10/07	2 00p	1,250,000	Any time before expiry	31/10/13
08/12/08	0 575p	5,500,000	Any time before expiry	08/12/14
07/12/09	0 85p	6,000,000	Any time before expiry	07/12/14
26/02/10	0 6p	38,888,889	Any time before expiry	26/02/14
04/05/10	0 675p	1,000,000	Any time before expiry	04/05/15
04/05/10	0 675p	500,000	Any time before expiry	04/05/15
07/12/10	0 25p	6,000,000	Any time before expiry	07/12/15
20/04/11	0 675p	500,000	Any time before expiry	04/05/15
20/04/11	0 675p	2,000,000	Any time from 04/05/13	04/05/15
24/02/12	1 25p	6,000,000	Any time from 24/02/13	24/02/17

Warrants and Options are issued for nil consideration and are exercisable as disclosed above. They are exchangeable on a one for one basis for each ordinary share of 0 1p at the exercise price on the date of conversion.

15. Warrants and options granted – continued

Share based payments

The Company issues warrants and options on varying terms and conditions

Details of the share warrants and options outstanding during the year are as follows

	2012		2011	
	Number of warrants and share options	Weighted average exercise price (Pence)	Number of warrants and share options	Weighted average exercise price (Pence)
Outstanding at start of year	62,838,889	1.12	61,638,889	0.01
Granted during the year	6,000,000	1.25	8,500,000	1.96
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	2,100,000	0.67
Expired during the year	1,200,000	2.75	5,200,000	4.92
Outstanding at end of year	67,638,889	1.10	62,838,889	1.12
Exercisable at end of year	59,638,889	0.85	53,838,889	0.71

The warrants and options outstanding at 30 September 2012 had a weighted average exercise price of 1.10p and a weighted average remaining contractual life of 2.19 years

In the year ended 30 September 2012, the aggregate of the estimated fair value of the warrants is

	Aggregate estimated fair value £
24 April 2012	39,000
	39,000

In the year ended 30 September 2011, warrants were granted on 7 December 2010 and 26 April 2011. The aggregate of the estimated fair values of the warrants granted on these dates is £109,622

No options were granted in the year ended 30 September 2012 or the year ended 30 September 2011

In the year ended 30 September 2012 no warrants were exercised

The inputs into the Black-Scholes-Merton Option Pricing Model are as follows

	2012	2011
Weighted average share price	1.25p	2.12p
Weighted average exercise price	1.25p	1.96p
Expected volatility	100%	97.5%
Expected life	4 years	4 years
Risk-free rate	0.86%	2.42%
Expected dividend yield	0%	0%

Notes to the Financial Statements continued

for the year ended 30 September 2012

15. Warrants and options granted – continued

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised total expenses of £46,025 and £56,451 related to equity-settled share based payment transactions in 2012 and 2011 respectively. There were no additional amounts capitalised as intangible assets (2011: £13,795).

The Company has not issued warrants in relation to any share issue in the year to 30 September 2012 or the year to 30 September 2011.

16. Related party transactions

Directors and directors' interests

The directors holding office at the year end and their beneficial interests in the share capital of the Company are

	Shares Number	At 30 September 2012			At 30 September 2011	
		Warrants			Shares Number	Warrants Number
		Number	Exercise price	Expiry date		
P L Cheetham*	11,673,386	500,000	2 000p	31/10/13	10,881,198	7,000,000
		2,000,000	0 575p	08/12/14		
		2,000,000	0 850p	07/12/15		
		2,000,000	2 500p	07/12/15		
		2,000,000	1 250p	24/02/17		
F P H Johnstone	3,853,321	250,000	2 000p	31/10/13	2,668,498	3,500,000
		1,000,000	0.575p	08/12/14		
		1,000,000	0 850p	07/12/15		
		1,000,000	2 500p	07/12/15		
		1,000,000	1 250p	24/02/17		
D J Swan	114,286	–	–	–	–	–

* Includes 5,500,000 shares held by K E Cheetham, wife of P L Cheetham

Tertiary Minerals plc

Sunrise Resources plc is treated as an investment in the consolidated accounts of Tertiary Minerals plc, which held 7.05% of the issued share capital on 30 September 2012 (2011: 8.23%).

Tertiary Minerals plc provides management services to Sunrise Resources plc and consequently during the year the Group incurred costs of £108,464 (2011: £121,218) recharged from Tertiary Minerals plc being shared overheads of £21,770 (2011: £19,285), costs paid on behalf of the Group of £7,343 (2011: £12,374), staff salary costs of £45,137 (2011: £50,986) and directors' salary costs of £34,214 (2011: £38,571).

At the balance sheet date an amount of £33,579 (2011: £34,525) was due to Tertiary Minerals plc, which was repaid in November 2012.

Patrick Cheetham, the Chairman of the Company is also a director of Tertiary Minerals plc. Donald McAlister, a director of Tertiary Minerals plc, holds 550,000 shares in the Company at 30 September 2012 and at the date of this report.

17. Post balance sheet event

On 23 October 2012, the Company entered into a three year Equity Financing Facility ("EFF") with Darwin Strategic Limited ("Darwin"). The agreement provides the Company with the facility to draw down up to £3 million, by issuing subscription notices requiring Darwin to subscribe for ordinary shares of the Company on certain terms and conditions. In conjunction with the EFF agreement, the Company has entered into a warrant agreement allowing Darwin to subscribe for up to 6,500,000 new Ordinary Shares in the capital of the Company at 1.46p per share, exercisable at any time before 3 October 2015.

18. Capital management

The Group's capital requirements are dictated by its project and overhead funding requirements from time to time. Capital requirements are reviewed by the Board on a regular basis.

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns, to increase the value of the assets of the business and to provide an adequate return to shareholders in the future when exploration assets are taken into production.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure the possibilities open to the Group in future include issuing new shares, consolidating shares, returning capital to shareholders, taking on debt, selling assets and adjusting the amount of dividends paid to the shareholders.

19. Financial instruments

At 30 September 2012, the Group and Company's financial assets consisted of receivables due within one year and cash at bank. At the same date, the Group and Company had no financial liabilities other than trade and other payables due within one year and had no agreed borrowing facilities as at this date. There is no material difference between the carrying and fair values of the Group and Company's financial assets and liabilities.

The carrying amounts for each category of financial instrument held at 30 September 2012, as defined in IAS 39, are as follows:

	Group 2012	Company 2012	Group 2011	Company 2011
	£	£	£	£
Loans & receivables	759,238	746,217	724,963	724,963
Financial liabilities at amortised cost	131,358	80,792	85,957	85,957

Risk management

The principal risks faced by the Group and Company resulting from financial instruments are liquidity risk, foreign currency risk and, to a lesser extent, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks as summarised below. The policies have remained unchanged from previous periods as the risks are assessed not to have changed.

Liquidity risk

The Company currently holds cash balances in Sterling, Canadian Dollars and the Euro to provide funding for exploration and evaluation activity. The Company is dependant on equity fundraising through private placings which the directors regard as the most cost effective method of fundraising. The directors monitor cash flow in the context of their expectations for the business to ensure sufficient liquidity is available to meet foreseeable needs.

Notes to the Financial Statements continued

for the year ended 30 September 2012

19. Financial instruments – continued

Currency risk

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. The Group is exposed to transactional foreign exchange risk and takes profits and losses as they arise, as in the opinion of the directors, the cost of hedging against fluctuations would be greater than the related benefit from doing so. Fluctuations in the exchange rate are not expected to have a material effect on reported loss or equity.

Bank balances were held in the following denominations

	Group 2012 £	Company 2012 £	Group and Company 2011 £
United Kingdom Sterling	729,868	729,868	690,647
Canadian Dollars	4,133	4,133	5,691
Euro	179	179	–

Interest rate risk

The Company finances operations through equity fundraising and therefore does not carry borrowings.

Fluctuating interest rates have the potential to affect the loss and equity of the Group and the Company in-so-far as they affect the interest paid on financial instruments held for the benefit of the Group. The directors do not consider the effects to be material to the reported loss or equity of the Group or the Company presented in the financial statements.

Credit risk

The Company has exposure to credit risk through receivables such as VAT refunds, invoices issued to related parties and its joint arrangements for management charges. The amounts outstanding from time to time are not material other than for VAT refunds which are considered by the directors to be low risk.

The Company has exposure to credit risk in respect of its cash deposits with NatWest bank and this exposure is considered by the directors to be low risk.

Notice of Annual General Meeting

Sunrise Resources plc

Company No 05363956

Notice is hereby given that the Annual General Meeting of Sunrise Resources plc will be held in the Fourth Floor Council Room at Arundel House, 13 – 15 Arundel Street, Temple Place, London WC2R 3DX on Tuesday 19 February 2013, at 11 00 a.m. for the following purposes

Ordinary Business

- 1 To receive the Accounts and Reports of the Directors and of the Auditor for the year ended 30 September 2012
- 2 To re-elect Mr P L Cheetham who is retiring by rotation under the Articles of Association as a director of the Company
- 3 To re-appoint Mr D J Swan who has been appointed to the Board since the last Annual General Meeting, and who is retiring and offering himself for re-election, pursuant to Article 25.1.1 of the Company's Articles of Association
- 4 To re-appoint PKF (UK) LLP as Auditor of the Company and to authorise the directors to fix their remuneration

Special Business

Ordinary Resolution

- 5 That, in accordance with section 551 of the Companies Act 2006, the directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £100,000 (consisting of 100,000,000 ordinary shares of 0.1p each) provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired

This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the 2006 Act

Special Resolution

- 6 That subject to the passing of resolution 5, the directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 5 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to
 - a) the allotment of equity securities in connection with an offer by way of a rights issue to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, and
 - b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £100,000 (consisting of 100,000,000 ordinary shares of 0.1 pence each)

Notice of Annual General Meeting continued

The power granted by this resolution will expire on the conclusion of the Company's next Annual General Meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities

As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company Please refer to notes on page 38

By order of the Board

C D T Fitch
Company Secretary

12 December 2012

Registered Office
Sunrise House
Hulley Road
Macclesfield
Cheshire
SK10 2LP
United Kingdom

Form of Proxy

SUNRISE RESOURCES PLC

Company No 05363956

I/We (Block capitals please)

being a member/members of **Sunrise Resources plc** hereby appoint the Chairman of the Meeting (see note 3 on page 38) or the proxy named below as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 19 February 2013 in the Fourth Floor Council Room at Arundel House, 13 – 15 Arundel Street, Temple Place, London, WC2R 3DX at 11 00 a.m. and at any adjournment thereof

I/We wish this proxy to be used in connection with those of the Resolutions to be proposed at the Annual General Meeting which are listed below, in the manner set out below, and in connection with any other ordinary business transacted at the meeting

Name of proxy	Number of shares appointed over	I wish to appoint Multiple proxies (see note 4) Please tick

Signed or sealed (see notes)

Dated

Please indicate with an "X" in the spaces below how you wish the proxy to vote. Unless otherwise instructed the proxy will at his discretion vote as he thinks fit or abstain from voting in relation to all business of the meeting

Ordinary Business	For	Against	Vote withheld
1 Ordinary Resolution to receive the Accounts and Reports of the Directors and of the Auditor for the year ended 30 September 2012			
2 Ordinary Resolution to re-elect Mr P L Cheetham who is retiring by rotation under the Articles of Association as a director of the Company			
3 To re-elect Mr D J Swan who is retiring under the Articles of Association as a director of the Company			
4 Ordinary Resolution to re-appoint PKF (UK) LLP as Auditor of the Company and authorise the directors to fix their remuneration			
Special Business			
5 Ordinary Resolution to authorise the directors to allot shares			
6 Special Resolution to empower the directors to disapply the pre-emption rights for certain allotments of shares			

Please see notes on page 38

Please return this Proxy Form in the envelope provided, or in accordance with note 6 overleaf

EPIC - SRES

Proxy Form Notes and Instructions

- 1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- 2 Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- 3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant box on the Proxy Form. If you sign and return the proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as the proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the Proxy Form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy, which in aggregate should not exceed the number of shares held by you. Please also tick the box to indicate that there are multiple proxies. All forms must be signed and should be returned as set out in note 6.
- 5 To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 6 To appoint a proxy, the Proxy Form must be
 - completed and signed,
 - sent or delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, and received by Capita Registrars no later than 11.00 a.m. on Friday 15 February 2013.
- 7 In the case of a member which is a company, the Proxy Form or any notice of revocation of a proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 8 Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.
- 9 In the case of joint holders, where more than one of the joint holders purports to appoint or revoke a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- 10 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
- 11 If you wish to change your proxy instructions simply submit a new proxy appointment according to these instructions. If you need another hard-copy Proxy Form please contact the Company. The last date for receipt of a new proxy instruction is set out in note 6 above.
- 12 To revoke a proxy instruction you will need to send notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
- 13 Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 p.m. on Friday 15 February 2013. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Explanatory Notes to the Notice of Annual General Meeting

The Annual General Meeting of Sunnse Resources plc will be held on Tuesday 19 February 2013 in the Fourth Floor Council Room at Arundel House, 13 – 15 Arundel Street, Temple Place, London, WC2R 3DX at 11.00 a.m. The business of the meeting is as follows:

ORDINARY BUSINESS

Resolution 1

The Board is required to present to the meeting for approval the Accounts and the Reports of Directors and the Auditor for the year ended 30 September 2012 which can be found on pages 12 to 34.

Resolution 2

The Company's Articles of Association require that at least one-third of the directors retire annually and offer themselves for re-election if they and the Board so wish. Biographical details of the directors can be found on page 11.

This year Mr Patrick Cheetham is retiring by rotation and the Board proposes that he be re-elected.

Resolution 3

The Company's Articles of Association require that any director who has been appointed since the last Annual General Meeting to retire and offer themselves for re-election.

Mr David Swan was appointed to the Board in May 2012 and the Board proposes, by way of Resolution 3, that he be re-elected.

Resolution 4

The Company's Auditor PKF (UK) LLP is offering itself for re-appointment and if elected will hold office until the conclusion of the next Annual General Meeting at which accounts are laid before shareholders. This resolution will also allow the directors to fix the remuneration of the Auditor.

SPECIAL BUSINESS

Resolution 5

This resolution is to give the directors authority to issue shares. The last such authority was put in place by a meeting of shareholders held on 24 February 2012 but it will expire at the coming Annual General Meeting.

Section 551 of the Companies Act 2006 requires that directors be authorised by shareholders before any share capital can be issued.

At this stage in its development the Company relies on raising funds through the issue of shares from the equity markets from time to time and unless this resolution is put in place the Company will not be in a position to continue to raise funds to continue its activities.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2014.

Resolution 6

This resolution will be proposed as a Special Resolution in the event that Resolution 5 is passed by shareholders. Resolution 6 is proposed to give the directors authority to exclude certain categories of shareholders in a rights issue where their inclusion would be impractical or illegal and also to issue shares other than by way of rights issues which are, for regulatory reasons, complex, expensive, time consuming and impractical for a company the size of Sunnse Resources plc.

A similar authority granted at last year's Annual General Meeting is due to expire at the coming Annual General Meeting.

The resolution will, if passed, authorise directors to allot shares or grant rights over shares of the Company where they propose to do so for cash and otherwise than to existing shareholders pro-rata to their holdings – for example through a placement of shares.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2014.

Shareholder Notes

Company Information

Sunrise Resources plc (AIM – EPIC: SRES)

Company No 05363956

Head Office

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Queens Avenue
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SK10 2BB
United Kingdom
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