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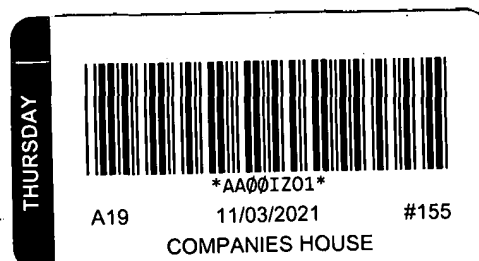
# **SUNRISE**

## **RESOURCES plc**

Company No. 05363956

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**Annual Report and Accounts**  
**For the year ended 30 September 2020**



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# Contents

## Sunrise Resources plc

**Our Aim** is for the Company to be self-funding through the development of profitable mining projects.

**Our Strategy** is to develop the CS Pozzolan-Perlite Project through to production and to unlock the value inherent in our other mineral projects through exploration, joint venture, sale or other arrangements.

The Strategic Plan is on track and we are aiming for first commercial production in 2021.

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## Chairman's Statement



It has been a year of considerable challenges but ultimately a rewarding year with the major milestone being the mine permitting of our CS Pozzolan-Perlite Project in Nevada, USA. After many delays and frustrations, the Environmental Assessment for the project was completed in July 2020 and, after a public comment period, a Finding

of No Significant Impact was handed down by the chief regulator, the US Bureau of Land Management. This paved the way for the issue of the mine permit Decision of Record and the mine Reclamation Permit, and the process plant Air Quality Control Permit was awarded shortly thereafter.

These permits are the result of over two years of relentless hard work by our small management team who must be commended for this achievement. The mine is now permitted for the production of an average of 100,000 tons per year of perlite and 500,000 tons per year of natural pozzolan although initial production will be lower as we work our way into the markets.

The grant of the mine permit has cleared the way for the Company to extract larger samples for market testing and since the financial year end we have processed a 100 ton sample of perlite and sent sized horticultural grades of raw perlite for market testing by five potential customers. Feedback is awaited. Progress is also being made towards large scale testing of our natural pozzolan. We aim that these tests will lead to offtake agreements and/or initial orders which will then allow for commercial production to start in 2021.

We are currently undertaking further mine engineering and financial studies to better define the start-up costs and based on feedback from the potential customers we should be in a position to provide financial projections in due course.

We are pleased to see further encouraging market developments for our two key mine products this year. The outlook for natural pozzolan demand is bright as the supplies of the fly ash we seek to replace continue to decline with the continuing closure of coal-fired power stations across the USA and the increasing reliance on cheaper and greener renewables and natural gas. We expect this will accelerate under the "Green New Deal" supported by President-elect Biden and as many large institutional investors turn their backs on further investment in the coal mining industry. The market for horticultural perlite, although mature, has reportedly been very strong in 2020 helped not least by an increase in gardening activities during COVID-19 lockdowns and restrictions.

Turning to other projects, we made the decision in the summer of 2020 to dedicate some of our budgets to drill testing our portfolio of drill ready precious metal projects with a view to giving our shareholders exposure to the buoyant market for precious metals. Our first drill programme was at the Clayton Silver-Gold Project in Nevada where despite difficult drilling conditions we intersected the target zone and eagerly await the assays' results. Drilling is planned for the Newark Gold Project, also in Nevada, and at the Baker's Gold Project in Western Australia where an Aboriginal heritage drill clearance survey is scheduled this month.

I am pleased to report that we have been able to continue business as usual during the COVID-19 pandemic and hope this can continue in 2021. The signs for this look favourable with a least one vaccine now approved for use in the UK. Despite the COVID-19 epidemic, stock markets have been surprisingly resilient, and we have seen a considerable turnaround in investor sentiment in 2020 both generally and in your Company and this has enabled us to raise funds following the permitting of our CS Project, to continue our progress.

Our Annual General Meeting for the year ended 30 September 2020 will be held in our offices in Macclesfield, at 12.00 noon on Thursday 28 January 2021. The Notice of AGM is set out on page 50. Further detailed instructions on proxy voting are on pages 52 and 53. In order to observe ongoing government restrictions on social distancing and public gatherings only the Chairman and one other nominated Shareholder will attend the meeting to ensure that the meeting is quorate. Other Shareholders and third parties will not be permitted to attend the Meeting and will be refused entry. Shareholders are therefore encouraged to appoint the Chairman as their proxy (online at [www.signalshares.com](http://www.signalshares.com) or by requesting and submitting a hard copy Form of Proxy) as soon as possible. In line with corporate governance best practice and in order that any proxy votes of those shareholders who are not allowed to attend and to vote in person are fully reflected in the voting on the resolutions, the Chairman of the meeting will direct that voting on the Resolutions set out in the Notice of Meeting will take place by way of a poll. The final poll vote on the Resolutions will be published after the General Meeting on the Company's website.

I think that we have reasons to be cheerful this Christmas and as we move into 2021 and I look forward to updating shareholders on a regular basis.

A handwritten signature in black ink, appearing to read 'P. Cheetham', followed by a horizontal line.

**Patrick Cheetham**  
Executive Chairman

11 December 2020

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# Strategic Report

**The Directors of the Company and its subsidiary undertakings (which together comprise “the Group”) present their Strategic Report for the year ended 30 September 2020.**

**Our Aim** is for the Company to self-fund its growth through the development of profitable mining projects.

**Our Strategy** is to develop the CS Project through to production and to unlock the value inherent in our other mineral projects through further exploration, joint venture, sale or other arrangements.

The Strategic Plan is on track although delays to the permitting process have meant that we did not meet our objective to be in production in 2020. Nevertheless, our CS Project is now fully permitted, and we are aiming for first commercial production in 2021.

Further details of our progress on the CS Project are given in the Operating Review set out on pages 6 to 9.

The Company's Business Model is to acquire 100% ownership of mineral assets at minimal expense. This usually involves staking claims as was the case for the CS Project, or applying for exploration licences from the relevant authority, as was the case for our Baker's Gold Project in Australia. In other cases, rights are negotiated with existing project owners for initially low periodic payments that rise over time as confidence in the project value increases and this was the case for the Bay State Silver Project.

The Group currently operates with a low-cost base to maximise the funds that can be spent on value adding exploration and development activities. The Company's administration costs are reduced via a cost sharing Management Services Agreement with Tertiary Minerals plc which was formerly a significant shareholder in the Company.

The Company's activities are financed by periodic capital raisings, through private share placings. For more advanced projects such as the CS Project the Board will seek to secure additional funding from a range of sources, for example debt funding, pre-financing through off-take agreements and other joint arrangements.

Over the past few years, the Company has established a valuable portfolio of drill-ready precious metal, base metal and industrial mineral projects. Our strategy remains to valorise those projects through sale or other arrangements seeking, wherever possible, free-carried exposure to increases in value and production from the projects. An example of this is our shareholding in VR Resources Ltd (“VRR”) and our ongoing royalty interest in the Junction Project now held by VRR. However, recognising the increased investor interest in, and higher prices for, precious metals, a decision was made in 2020 to undertake initial drilling programmes on certain of the

Company's projects in order to add further value prior to offering these projects for joint venture or sale. This process was initiated with a drill programme at the Clayton Silver-Gold Project at the end of the year.

## Organisation Overview

The Group's business is directed by the Board and is managed by the Executive Chairman. The Company has a Management Services Agreement with Tertiary Minerals plc (“Tertiary”) which was the original parent of the Company. Under this cost sharing agreement Tertiary provides all of the Company's administration and technical services, including the technical and management services of the Executive Chairman, at cost. Day-to-day activities are managed from Tertiary's offices in Macclesfield in the United Kingdom, but the Group operates in two other countries and the corporate structure of the Group reflects the historical pattern of project acquisition by the Group and the need, where appropriate, for fiscal and other reasons, to have incorporated entities in particular territories. During the current COVID-19 pandemic all staff and directors have worked largely from home without disruption to the Company's business.

The Group's exploration activity in Nevada, USA, is undertaken through two local subsidiaries, SR Minerals Inc. and Westgold Inc.

In Australia the Company operates through an Australian subsidiary, Sunrise Minerals Australia Pty Ltd.

The Board of Directors comprises two independent non-executive directors and the Executive Chairman. Their profiles are provided on page 17. The Executive Chairman is also Executive Chairman of Tertiary Minerals plc, but otherwise the Board is independent of Tertiary. Tertiary is not a significant shareholder in the Company (as defined under the AIM Rules).

## Financial & Performance Review

The Group is not yet producing minerals and so has no income other than a small amount of bank interest. Consequently, 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.

The financial statements for the Group are set out in detail on pages 27 to 49. The Group reports a loss of £302,902 for the year (2019: £301,738) after administration costs of £298,980 (2019: £297,261) and after crediting interest receivable of £261 (2019: £234). The loss includes expensed pre-licence and reconnaissance exploration costs of £4,183 (2019: £4,711). Administration costs include an amount of £18,932 (2019: £2,149) as non-cash costs for the value of certain share warrants held by employees of both Tertiary and Sunrise, calculated in accordance with IFRS 2. Cash administration costs are therefore £280,048 (2019: £295,112).

The Financial Statements show that, at 30 September 2020, the Group had net current assets of £1,048,356 (2019: £7,821). This represents the cash position and receivables, less trade and other payables. These amounts are shown in the Consolidated and Company Statements of Financial Position on page 28 and are also components of the Net Assets of the Group. Net assets also include various "intangible" assets of the Company. As the name suggests, these intangible assets are not cash assets but include some of this year's and previous years' expenditure on mineral projects where that expenditure meets the criteria in Note 1(d) of the accounting policies. The intangible assets total £1,867,218 (2019: £1,753,050) and a breakdown by project is shown in Note 2 to the financial statements on page 37.

Details of intangible assets, property, plant and equipment, investments and right of use assets are also set out in Notes 8, 9, 10 and 17 of the financial statements.

#### **Impairment**

Expenditures which do not meet the criteria in Note 1(d), such as pre-licence and reconnaissance costs, are expensed and add to the Company's loss. The loss reported in any year can also include expenditure for specific projects carried forward in previous reporting periods as an intangible asset but which the Board determines is "impaired" in this reporting period.

It is a consequence of the Company's business model that there will be impairments of unsuccessful exploration projects, from time to time. The extent to which expenditure is carried forward as intangible assets is a measure of the extent to which the value of the Company's expenditure is preserved.

Biannual reviews are carried out by the Directors as to whether there are any indications of impairment of the Group's assets.

At the year-end an impairment review was undertaken by the Directors to ascertain whether the carrying value of its exploration and development projects and the associated intercompany loans should be impaired under IFRS 6 and IAS 36. It was judged that none of the projects or intercompany loans should be impaired.

The intangible asset value of a project, shown at cost, should not be confused with the realisable or market value of a particular project which will, in the Directors' opinion, be at least equal in value and often considerably higher. Hence the Company's market capitalisation on the AIM Market is usually in excess of the net asset value of the Group.

The Company finances its activities through periodic capital raisings, via share placings and asset sales. As the Company's projects become more advanced there may be strategic opportunities to obtain funding for some projects through joint venture, production sharing, royalty and other marketing arrangements. The Company's agreement with VR Resources Ltd is such an example.

#### **Key Performance Indicators**

The financial statements of a mineral exploration and development company can provide a moment in time snapshot of the financial health of a company but do not provide a reliable guide to the performance of the Company or its Board.

The usual financial key performance indicators ("KPIs") are neither applicable nor appropriate to measurement of the value creation of a company which is involved in mineral exploration and development which currently has no turnover. The Directors consider that the detailed information in the Operating Review is the best guide to the Group's progress and performance during the year.

The Directors highlight the following KPIs and expect that further KPIs will be reported as the Company progresses through development:

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**Health & Safety** The Group has not lost any man-days through injury and there have been no Health and Safety incidents or reportable accidents during the year.

**Environment** No Group company has had or been notified of any instance of non-compliance with environmental legislation in any of the countries in which they work.

**Fundraising** The Company raised £1,550,000 before expenses through share placings in the reporting period and issued equity to the value of £30,724 in settlement of outstanding fees payable to Directors and £17,550 in settlement of fees payable to the Company's broker, Peterhouse Capital Limited.

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In exploring for valuable mineral deposits, we accept that not all our exploration will be successful but also that the rewards for success can be high. We therefore expect that our shareholders will be invested for the potential for capital growth taking a long-term view of management's track record in mineral discovery and development.

#### **Fundraising**

The Directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. Given the Group's cash position at year end (£1,089,417), these projections include the proceeds of future fundraising necessary within the next 12 months to meet the Group's overheads and planned discretionary project expenditures and to maintain the Company and its subsidiaries as going concerns. Prior to year-end, in August 2020, the Company completed a fundraising of £1,000,000 before expenses.

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## Strategic Report continued

### Operating Review

In 2020 the Group continued its focus on advancing its CS Project in Nevada, USA, towards production and realised its main objective for the reporting period – the completion of mine permitting. The Company has also initiated exploration on a number of its precious metals projects.

The CS Project is held in the Company's 100% owned subsidiary, SR Minerals Inc. The Group's other Nevada projects are held through SR Minerals Inc. and Westgold Inc. and its remaining Australian project is held through an Australian subsidiary, Sunrise Minerals Australia Pty Ltd.

### SR MINERALS INC.

#### CS POZZOLAN-PERLITE PROJECT, NEVADA, USA

The CS Project is located near Tonopah, in Nevada, USA, and contains deposits of both natural pozzolan and perlite in three separate zones – the Main Zone, the Tuff Zone and the Northeast Exploration Area. Further details of the market and market developments for these two commodities are set out starting on page 8.

Much of the period under review has been concerned with mine permitting activities and in particular the finalisation of the combined Mine Plan of Operations and Reclamation Permit Application and an Environmental Assessment (EA) of the project. This has required considerable time spent in liaison with the principal regulatory authorities – the Federal Bureau of Land Management ("BLM"), the Nevada Division of Environmental Protection ("NDEP") and Nevada Bureau of Mining Regulation and Reclamation ("BMRR"). The CS Project is located on federally owned and administered land and the lead agency for permitting is the BLM.

### Environmental Assessment

The project Environmental Assessment and the fourteen accompanying Supplemental Environmental Reports ("SERs") set out the impact of the project on various resources (e.g. water, air quality, wildlife, soils and vegetation, etc.) on a cumulative basis taken with other existing or proposed developments in the project's wider area.

The BLM reviewed the EA and its associated SERs as required under the National Environmental Policy Act ("NEPA") and, in July 2020 following a period of public comment and minor amendments, delivered a Finding of No Significant Impact ("FONSI") and has accordingly determined that an Environmental Impact Statement is not required for the project. The FONSI recognises the positive contributions that the use of natural pozzolan can make to a reduction in CO<sub>2</sub> emissions in the USA.

The Company has an approved Eagle Conservation Plan (ECP) to mitigate the impact of the project on the Golden Eagle population should eagles' nests in proximity to the Project

become occupied for breeding. Under the ECP mining activities will be suspended each year from the start of the breeding season, 1 January, until it is determined that any such nests are unoccupied or no longer occupied. This is not expected to materially impact the Project in the early years of the Project and the Company can apply for unoccupied nests to be removed should this become a limiting factor for the Project in the future.

### Permits Issued

Following the issue of the FONSI, the Company has now received the three key permits that it requires to operate the CS Project. These permits are the BLM Decision of Record approving and authorising the Company's Mine Plan of Operations, the Air Quality Operation Permit ("AQOP") and the Reclamation Permit. During the public comment phases of these permit applications, no appeals or objections were received.

The BLM Decision of Record authorises the extraction of perlite and natural pozzolan under the regulations application to locatable minerals governed by the 1872 Mining Act which, importantly, means that no Federal Royalties are payable on the production of either perlite or pozzolan.

The Class II AQOP, renewable every five years, authorises the operation of mobile crushing and screening plant to produce a coarse horticultural grade perlite and a finer perlite suitable for grinding and sale as a natural pozzolan. This permit allows 24-hour, year-round, on site mineral processing operations. A Class II AQOP specifically applies to projects like the CS Project that have generally low levels of emissions.

The Reclamation Permit from the NDEP and BMRR is valid for the life of the project.

The Company has leased water rights from Liberty Moly LLC and a temporary permit has been granted by the Nevada Division of Water Resources to enable extraction of water at the Company's designated well-site. A long-term permit has also been submitted and is awaiting approval. The construction of the groundwater well for use in connection with the project, along with access over BLM administered land, requires Right of Way permits which have been granted by the BLM.

Several additional minor permits may be required from other regulatory bodies. These additional permits have generally short approval lead times and are not expected to delay the development of the project.

### Mine Plan of Operations

The BLM approved mine Plan of Operations covers four phases of mining operations. Phase I is the production rate ramp up phase with perlite and pozzolan being mined from the Main Zone and processed using mobile plant. In Phase II, mining would continue in the Main Zone and a fixed perlite processing

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plant would be constructed to enable production of a wider range of products. Phase III would be an expansion of Phase II operations in the Main Zone of the project and Phase IV would begin once the Main Zone resource has been depleted, with production and processing of ore moving to the Tuff Zone.

The Company is permitted to produce up to 1,656,000 tons of perlite and 14,523,000 tons of natural pozzolan at rates averaging 100,000 tons per year (over 15 years) and 500,000 tons per year (over 27 years) respectively.

The Plan of Operations also includes programmes of infill drilling along with exploration drilling for perlite in unexplored parts of the property and for natural pozzolan in the extensive and largely unexplored Northeast Zone.

#### **Production Options**

Following the grant of the required permits the Company has begun the transition towards production and has been working on the following options for production of natural pozzolan and perlite.

##### **Perlite**

- Production of coarse horticultural grade perlite using mobile crushing and screening equipment and use of undersized perlite as natural pozzolan; and
- Construction of a fixed perlite processing plant to produce a range of raw perlite products in coarse, medium and fine grades.

The Company is aiming to initiate production on the first of these two options in 2021 as production can start quickly at a relatively low capital cost as the mobile plant is available from the quarry industry and can be bought, rented or leased, subject to availability. Estimates of capital and rental costs have been obtained and will be factored into the Company's financial planning and forecasting. The Company's Class II AQOP, which primarily applies to an on-site process plant, is based on the first of these options.

The Company has permission to construct the onsite fixed perlite processing plant set out in the second option and, as referenced in Phase II of the Plan of Operations, this has already been designed and costed, however it may be preferable to construct this at a more suitable, rail-linked site elsewhere in Nevada. A number of locations are under review.

##### **Natural Pozzolan**

The use of natural pozzolan in cement and concrete mixes requires that the pozzolan be ground to a fine size before use. The production options being evaluated by the Company are:

- Direct sale to cement companies of crushed ore and by-product perlite for grinding in their facilities.

- Construction of a fixed process plant to grind the crushed natural pozzolan for sale to cement companies and ready-mix concrete companies.

Pozzolan can be crushed using the same mobile plant used for perlite crushing and so the first of these options has the lowest capital and operating cost but a fewer number of potential customers who would need to have their own pozzolan grinding capacity. Different grinding technologies and plant capital and operating costs are being evaluated for the second option of a stand-alone perlite grinding plant.

#### **Customer Trials**

Until recently, surface disturbance restrictions have limited the ability of the Company to provide larger scale bulk samples to potential customers. However, with the grant of the key mine permits this constraint has been removed. This will allow for larger scale trials with the view that this will lead to sales contracts and offtake agreements.

Following the grant of the mine permit, the Company recently completed processing of a 100-ton sample of perlite using a mobile crushing and screening plant to process bulk samples of raw perlite. The plant comprises a crusher, high frequency screens and associated conveyors and was a basic version of the plant that is proposed for the initial production facility and for which the Company recently received its AQOP.

The perlite bulk sample was processed into two separate size-grades of horticultural raw perlite and has been sent to five potential customers who will expand the raw perlite in their commercial facilities.

Different customers who expand perlite for end-use horticultural markets do so in different types of furnaces and consequently will achieve different production rates and yields of expanded perlite using the same ore source and so must test the material prior to committing to offtake agreements.

A by-product of the raw perlite production test will be approximately 60 tons of fine-grained perlite some of which will be ground for use as natural pozzolan and for a test concrete pour.

Plans are also being advanced for a large-scale commercial test of the Company's natural pozzolan.

#### **Mine Planning & Preparation**

In parallel with customer testing the Company is now moving forward with site engineering and costing for mine infrastructure and the well site to allow it to better define the start-up costs. Based on feedback from the potential customers we should be in a position to provide additional financial projections for the project in due course.

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## Strategic Report continued

### Market Developments

#### Natural Pozzolan

Natural pozzolan is one of a range of materials that can partially replace cement in cement and concrete mixes (usually up to 35%) and which collectively are known as Supplementary Cementitious Materials ("SCMs"). SCMs both improve the long-term strength and resistance of concrete compared to concrete made using only Portland cement. These performance characteristics have resulted in many State transport infrastructure regulators mandating the use of SCMs in concrete used in public works.

SCMs also have strong "green" credentials as the production of Portland cement is responsible for 7-8% of the global man-made carbon dioxide emissions with nearly one tonne of carbon dioxide (CO<sub>2</sub>) generated for each tonne of cement produced. Use of natural pozzolan to replace cement can therefore reduce a consumer's carbon footprint.

Natural pozzolans include some glassy volcanic tuffs, tephra and perlite such as those of interest on the CS Project and were widely used in major dam construction projects in the western USA. However, for more than 40 years coal-fired power station fly ash has been the most widely used SCM but supplies of fly ash are now constrained and declining rapidly. This is due to a number of socio-economic factors that have resulted in the closure of a large number of coal-fired power stations with many more closures planned. In the US, power generation economics favour cleaner and cheaper natural gas and, more recently, renewable energy options.

In the western USA, coal fly ash supplies continue to decline, accompanied by price increases due to increasing scarcity of supply, and this problem is most acute as western States are literally at the end of the line when it comes to rail supplies of coal fly ash produced in the continental interior. This has continued to be exacerbated by the closure of and reduction of output from coal-fired power stations in the US. Of particular significance was the closure of the Navajo coal-fired power station in Arizona at the end of 2019. This was a major supplier of fly ash and as result of closure approximately 500,000 tons per year of fly ash was removed from western US markets.

Established fly ash distributors are looking to supplement or replace their SCM offerings with natural pozzolan and, similarly, their customers, cement and ready-mix concrete companies, are looking to source supplies of natural pozzolan independently of their fly ash suppliers. These are our potential customers. The price of natural pozzolan varies from market to market and is fixed by negotiation but is expected to follow the price of fly ash for now, typically \$95-100/ton delivered.

During the COVID-19 pandemic, the cement and concrete industries world-wide have experienced lower demand for their products. However, in parallel with this, there has been an

increased awareness of environmental issues and pressure is continuing to grow for these industries to raise their environment standards, with a view to reaching carbon neutrality. This provides a perfect opportunity for the increased use of natural pozzolans, such as those found at the CS Project, in cement and concrete mixes. The markets for cement products are expected to recover as countries reopen, fuelled by economic recovery and growth, and urbanisation. This recovery is reflected in the US cement industry, driven by the resumption of activity and growth in the infrastructure sector.

The Company believes that the high quality of its natural pozzolan material puts it in a favourable market position and that its leverage in the markets is steadily increasing.

For more information on natural pozzolan see:

<https://pozzolan.org/>

#### Perlite

Perlite is a glassy raw material which, when heated in a furnace, pops like popcorn and expands by up to 20 times in volume into a white or pale coloured low-density material.

Expanded perlite is used in:

- Various industrial and household applications such as insulation, paint texturing, plaster and concrete fillers, building materials fillers, formed insulation, field conditioners (soil porosity enhancement) and fire proofing.
- Filter aids (in competition with diatomite).
- Insulating industrial cryogenic storage vessels.
- Potting medium in gardening and horticulture to aid water retention and aeration of the soil.

According to the United States Geological Survey ("USGS"), 520,000 tons of raw perlite was mined in the USA in 2019 with most material used internally, and some material imported, primarily from Greece. USGS reports showed an 8% annual rise in US consumption in 2019. China is the world's largest producer with most of its production consumed internally.

The market for perlite is well established but in recent years the market for horticultural perlite has been invigorated by the growth in cannabis cultivation following the legalisation of cannabis in various US States and in Canada. Only coarse grades of raw perlite from certain sources can be expanded to produce the coarse expanded perlite used as a growing medium for cannabis. Raw perlites from other sources shatter too much on expansion and are not suitable.

The perlite market has proven to be resilient during the COVID-19 pandemic, with many people in lockdown turning to gardening and so fuelling further demand for perlite.

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It is therefore significant that the Company's recent commercial trials confirmed that the coarse grades produced from the processed bulk sample produced the expanded product that is of interest to the cannabis industry as well as other more traditional horticultural buyers.

USGS reports show that perlite typically sells for US\$72 per ton at the mine gate but coarse and super-coarse horticultural grades can command a higher price.

Perlite can also have pozzolanic properties and be suitable for use as a natural pozzolan.

For more information on perlite see:  
<https://www.perlite.org/library/>

#### **NEWPERL PERLITE PROJECT, NEVADA**

This project is located approximately 85km from the CS Project in Nevada, USA.

The NewPerl Project contains two key targets where surface samples have shown excellent expandability results for horticultural grades of perlite. Subject to further testing, this could be suitable for feed into the CS Project in the future.

In one of the areas within the project perlite has been found along a 200m wide flank of a 1km long ridge with up to 80m vertical relief. A second target is the Knoll Prospect where high quality horticultural grade perlite protrudes from the surrounding alluvial plain over an area 150m by 150m. Whilst small in area, similar material occurs as float over a wide surrounding area suggesting that similar material is found under shallow cover in the area surrounding this knoll and this requires further investigation.

The Company has a drill permit in place and will start drilling as soon as a drill rig becomes available.

#### **JACKSON WASH PERLITE PROJECT, NEVADA**

The Jackson Wash Project is located 16km from the NewPerl Project in Nevada.

This project is also a target for horticultural grade perlite and may be suitable as a future feed for the CS Project. The best samples come from a perlite flow that outcrops continuously over a length of 1.6km with a width averaging 150m and a vertical projection of up to 10m from its immediate surroundings. Other perlite flows within this northern claim block have yet to be sampled.

Due to the focus on the CS Project, no work was carried out on this project during the reporting period.

#### **RIDGE LIMESTONE PROJECT, NEVADA**

This project covers a large surface area of high purity limestone which has potential for higher value industrial applications. The limestone deposit forms a prominent ridge and lends itself to

low-cost open-cast mining with potentially large tonnages evidenced by a large exposed surface area.

The claims also cover small scale mine workings with grab samples of up to 15.8% zinc. A mapping and sampling programme was carried out at this project during the year and further exploration is being planned with a focus on base metals.

#### **JUNCTION COPPER-SILVER-GOLD PROJECT, NEVADA**

The Company holds a 3% net smelter royalty interest in the Junction Project which is currently owned by TSX-V listed VR Resources Ltd ("VRR").

The royalty interest covers part of a Cretaceous-age porphyry copper mineralised system with a 6km mineralised trend defined by earlier exploration. Within the Company's royalty area VRR has so far focused exploration on the Denio Summit target which lies at the western end of the mineralised trend. VRR has not carried out any work on this project during the reporting period.

In addition to its royalty interest, Sunrise holds 100,000 shares in VRR and will be issued with a further 250,000 shares should VRR's exploration in the Sunrise Royalty Area result in the definition of a Mineral Resource.

#### **OTHER SR MINERALS INC. PROJECTS**

During the year on the **Bay State Silver Project**, the **County Line Diatomite Project** and the **Garfield Gold-Silver-Copper Project** in Nevada, USA, no work was carried out although the Company's claim position is being maintained whilst a buyer or joint venture partner is sought for these projects or until such time as further exploration can be funded by the Company. The diatomite deposit on the Company's County Line Project has synergy with the CS Project as diatomite is also a natural pozzolan.

#### **WESTGOLD INC.**

The Company's Westgold subsidiary holds three projects in Nevada – **Clayton**, **Newark** and **Stonewall** – that were acquired with the specific objective that they be held at minimal cost and offered as being available for joint venture, with low cost exploration carried out where funds permit.

#### **CLAYTON SILVER-GOLD PROJECT, NEVADA**

The Clayton Silver-Gold Project is located in the Walker Lane Mineral Belt, which includes a large number of epithermal gold and silver deposits and porphyry copper and molybdenum and copper skarn deposits, including the famous and productive Comstock gold and silver deposits and Yerington porphyry copper deposits. The property also lies 40 miles southwest of the famous silver deposits at Tonopah which produced over 138 million ounces of silver and 1.5 million ounces of gold from 1900-1921.

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## Strategic Report continued

Twenty-one holes were drilled at the Clayton project in the 1980s and whilst a number of these holes intersected significant silver mineralisation, some did not reach the target depth. Silver grades were reported as likely understated due to loss of fine silver-bearing sulphide minerals as a result of the percussion drilling method used at that time.

During the year the Company completed a core drill hole, 20CLDD001, to a depth of 104.7m to twin and deepen a historic drill hole CL-15 which intersected 7.6m grading 165 grammes/tonne silver (4.8 ounces/ton) and 0.4 g/t gold from 82.3m depth to the base of hole at 89.9m depth.

Drilling conditions were extremely difficult, and progress was slow due to heavy faulting and extensive zones of swelling clays in fractured and hydrothermally altered rock. Whilst these geological conditions can be favourable indications for mineralisation, core recovery was very poor as a result.

Despite the difficult drilling conditions, hole 20CLDD001 intersected a massive quartz vein and quartz breccia in the target zone between 83.52m and 91.44m downhole (true thickness unknown) containing fine-grained disseminated sulphides including mineral logged as the silver sulphide mineral acanthite. Assay and analytical results are awaited.

### NEWARK GOLD PROJECT, NEVADA

The Newark Gold Project is located at the southern end of the Battle Mountain-Eureka (Cortez) gold trend. It lies 40 km south of, and along the same structural zone as, the past-producing Alligator Ridge Mine, 13 km southwest of the past producing Illipah Gold Mine and 20 km east of the Pan Gold Mine.

The Newark Project was originally targeted for Carlin-style gold mineralisation by Freeport-McMoRan Gold Co. in the 1980s following the discovery of gold anomalous values in silicified rocks in a favourable structural and stratigraphic setting. Carlin-style deposits can be both large (e.g. Goldstrike which contains 39 million ounces gold at a grade of 3.3 g/t) and high-grade (e.g. Barrick's recent Goldrush discovery which contains 8.6 million ounces gold at a grade of 10.6 g/t).

Freeport drilled a total of 16 holes. Significantly, hole NWK8 intersected 47m of low-level gold (average 0.14 ppm gold) in jasperoid from 75m to the end of the hole at 122m. The Company is planning to drill test this gold bearing jasperoid and to deepen the hole through to about 400m depth to test the underlying Joana Limestone which can be a significant host for Carlin-style gold mineralisation.

The Company has submitted a notice of intent to drill at Newark and is awaiting approval.

### STONEWALL GOLD PROJECT, NEVADA

Due to commitments on the CS Project, no work has been carried out this year, however the Company has received outside interest in the project.

### SUNRISE MINERALS AUSTRALIA PTY LTD

Plans are also being advanced to drill test the **Baker's Gold Project** in Western Australia where the Company has defined a significant gold-in-soil anomaly which will be tested alongside the Dickie Lee open pit area where metal detectorists have recovered specimen quality gold-quartz nuggets both at surface and in-situ.

The Company's Programme of Work has been approved by the Western Australia Department of Mines, Industry Regulation and Safety and an Aboriginal heritage clearance survey is scheduled for December 2020 and drilling will follow once a drill rig is available.

### Risks & Uncertainties

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 and in the foreseeable future are detailed on page 11 together with risk mitigation strategies employed by the Board.

### Forward-Looking Statements

This Annual Report may contain certain statements and expressions of belief, expectation or opinion which are forward-looking statements, and which relate, inter alia, to the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Company's directors. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from such forward-looking statements.

| RISK                                                                                                                                                                                                                                                                                                                                                                                                                          | MITIGATION STRATEGIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Exploration Risk</b></p> <p>The Group's business is mineral exploration and development which are speculative activities. 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.</p>                                                                               | <p>The directors bring many years of combined mining and exploration experience and an established track record in mineral discovery.</p> <p>The Company targets advanced and drill-ready exploration projects in order to avoid higher risk grass roots exploration.</p>                                                                                                                                                                                                                                                |
| <p><b>Resource Risk</b></p> <p>All mineral projects have risk associated with defined grade and continuity. Mineral Reserves are always subject to uncertainties in the underlying assumptions which include geological projection and price assumptions.</p>                                                                                                                                                                 | <p>At the appropriate time resources and reserves are estimated by independent specialists on behalf of the Group in accordance with accepted industry standards and codes. The directors are realistic in the use of metal and mineral price forecasts and impose rigorous practices in the QA/QC programmes that support its independent estimates.</p>                                                                                                                                                                |
| <p><b>Development and Marketing Risk</b></p> <p>Delays in permitting, financing, mine commissioning and marketing a project and its products may result in delays to the Group meeting production targets.</p>                                                                                                                                                                                                                | <p>To reduce development risk the directors will ensure that its permitting, financial evaluation and financing and market mechanisms are robust and thorough and will seek to position the Company as a low-cost producer.</p>                                                                                                                                                                                                                                                                                          |
| <p><b>Commodity Price Risk</b></p> <p>Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.</p>                                                                                                                                                                                                                                           | <p>The Company consistently reviews commodity prices and trends for its key projects throughout the development cycle.</p>                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>Mining and Processing Technical Risk</b></p> <p>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, groundwater conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.</p> | <p>From the earliest stages of exploration, the directors look to use consultants and contractors who are leaders in their field and in future will seek to strengthen executive management and the Board with additional technical and financial skills as the Company transitions from exploration to production.</p>                                                                                                                                                                                                  |
| <p><b>Environmental Risk</b></p> <p>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.</p>                                                                                         | <p>The development of industrial minerals projects such as the CS Project carry a lower level of environmental liability than gold or base metal projects due to low levels of toxic contaminants in the ore and processing chemicals. The Company has adopted an Environmental Policy and the directors avoid the acquisition of projects where liability for legacy environmental issues might fall upon the Company. The Environmental Policy will be updated in future to account for planned mining activities.</p> |

## Strategic Report continued

| RISK                                                                                                                                                                                                                                                                                                                                                                                                                     | MITIGATION STRATEGIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Political Risk</b></p> <p>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.</p> | <p>The Company's strategy restricts its activities to stable, democratic and mining friendly jurisdictions.</p> <p>The Company has adopted a strong Anti-corruption Policy and a Code of Conduct and these are strictly enforced.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p><b>Partner Risk</b></p> <p>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.</p>                                                                                                                                                                         | <p>The Board's policy is to maintain control of certain key projects so that it can control the pace of exploration and development and reduce partner risk.</p> <p>For projects where other parties are responsible for critical payments and expenditures the Company's agreements legislate that such payments and expenditures are met.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p><b>Financing &amp; Liquidity Risk</b></p> <p>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.</p>                                                                                                                                                    | <p>The Company maintains a good network of contacts in the capital markets that has historically met its financing requirements. The Company's low overheads and cost-effective exploration strategies help reduce its funding requirements and currently the outstanding directors' fees are settled in shares. Nevertheless, further equity issues will be required over the next 12 months.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Financial Instruments</b></p> <p>Details of risks associated with the Group's Financial Instruments are given in Note 18 to the financial statements on page 48.</p>                                                                                                                                                                                                                                               | <p>The directors are responsible for the Group's systems of internal financial control. Although no systems of internal financial control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.</p> <p>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.</p> <p>The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.</p> |

### Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. This requires a director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the Company's employees; the need to foster the Company's business relationships with suppliers, clients, joint arrangement partners and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the Company.

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The directors give careful consideration to these factors in discharging their duties. The stakeholders we consider are our shareholders, employees, suppliers (including consultants and contractors), our joint arrangement partners, the regulatory bodies that we engage with and those that live in the societies and geographical areas in which we operate. The directors recognise that building strong, responsible and sustainable relationships with our stakeholders will help us to deliver our strategy in line with our long-term objectives.

Having regard to:

**The likely consequences of any decision in the long-term:**

The Company's Aims and Business Model are set out at the head of this Strategic Report on page 4 and in the Chairman's Statement on page 3. The Company's mineral exploration and development business is, by its very nature, long-term and so the decisions of the Board always consider the likely long-term consequences and take into consideration, for example, trends in metal and minerals supply and demand, the long-term political stability of the countries in which the Company operate and the potential impact of its decisions on its stakeholders and the environment. As the Company aims to transition the CS Project into production other projects also become important to the long-term future of the Company and this has framed the Board's decision to allocate a portion of capital to testing of some of the Company's precious metal projects in 2020. The Board's approach to general strategy and long-term risk management are set out in the Corporate Governance Statement (Principle 1) on page 19 and the section on Risks and Uncertainties starting on page 10.

**The interests of the Company's employees:**

The Company has no employees. It relies on the employees of Tertiary Minerals plc through a services agreement with Tertiary Minerals plc, but all of these employees have daily access to the Executive Chairman and their views are considered in the Board's decision making. Further details on the Board's employment policies, health and safety policy and employee engagement are given in the Corporate Governance Statement (Principle 8) on page 20.

**The need to foster the Company's business relationships with its stakeholders:**

The sustainability of the Company's business long-term is dependent on maintaining strong relationships with its stakeholders. The factors governing the Company's decision making and the details of stakeholder engagement are set out in the Corporate Governance Statement (Principles 2, 3, 8 and 10) starting on page 19.

**Having regard to the impact of the Company's operations on the community and the environment:**

The Company requires a "social licence" to operate sustainably in the mining industry and so the Board makes careful consideration of any potential impacts of its activities on the local community and the environment. The Board strives to maintain good relations with the local communities in which it operates and with local businesses. For example, in 2020 the Board has carried out extensive work and consultation with regulators and the local community representatives to evaluate the benefits and impacts of its CS Project as part of the mine permitting process. Further discussion of these activities and Board considerations can be found in the Operating Review starting on page 6 and in the Corporate Governance Statement (Principle 3) on page 19.

**The desirability of the Company maintaining a reputation for high standards of business conduct:**

The Board recognises that its reputation is key to its long-term success and depends on maintaining high standards of corporate governance. It has adopted the QCA Code of Corporate Governance and sets out in detail how it has complied with the 10 key principles of the QCA Code in the Corporate Governance Statement starting on page 19. This contains details of various Company policies designed to maintain high standards of business conduct such as the Share Dealing Policy, Health and Safety Policy and Anti-Bribery Policy and Code of Conduct.

**The need to act fairly between Members of the Company:**

The Board ensures that it takes decisions in the interests of the members (shareholders) as a whole and aims to keep shareholders fully informed of significant developments, ensuring that all shareholders receive Company news at the same time. The Executive Chairman devotes time to answering genuine shareholder queries, no individual or group of shareholders is given preferential treatment. Further information is provided in the Corporate Governance Statement (Principles 2 and 10).

This Strategic Report was approved by the Board of Directors on 11 December 2020 and signed on its behalf.



**Patrick Cheetham**  
Executive Chairman

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## Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires directors to prepare financial statements for a company for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. 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 Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare the financial statements in accordance with the AIM Rules of the London Stock Exchange for companies trading securities on the AIM market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; 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 and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and financial statements are prepared in accordance with applicable law in the United Kingdom.

### Website Publication

The maintenance and integrity of the Sunrise Resources plc website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

## Directors' Report

The directors are pleased to submit their Annual Report and audited financial statements for the year ended 30 September 2020.

The Strategic Report starting on page 4 contains details of the principal activities of the Company and includes the Operating Review which provides detailed information on the development of the Group's business during the year and indications of likely future developments and events that have occurred after the financial year end.

### 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. Given the Group's cash position at year end of £1,089,417 (2019: £27,069), these projections include the proceeds of future fundraising necessary within the next 12 months to meet the Group's overheads and planned discretionary project expenditures and to maintain the Company and its subsidiaries 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 their 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.

### Dividend

The directors do not recommend the payment of any dividend.

### 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 are given in Note 19 to the financial statements.

Details of risks and uncertainties that affect the Group's business are given in the Strategic Report on pages 10 to 12.

### Directors

The directors holding office in the period were:

Mr P L Cheetham – Chairman of the Board and Chairman of the Nomination Committee.

Mr D J Swan – Chair of the Audit Committee and member of the Nomination and Remuneration Committees.

Mr R D Murphy – Chair of the Remuneration Committee and a member of the Nomination and Audit Committees.

### Attendance at Board and Committee Meetings

The Board retains control of the Group with day-to-day operational control delegated to the Executive Chairman. The full Board meets four times a year and on any other occasions it considers necessary.

| Director     | Board Meetings |      | Nomination Committee |      | Audit Committee |      | Remuneration Committee |      |
|--------------|----------------|------|----------------------|------|-----------------|------|------------------------|------|
|              | Attended       | Held | Attended             | Held | Attended        | Held | Attended               | Held |
| P L Cheetham | 14             |      | 1                    |      | 2               |      | 2                      |      |
| D J Swan     | 14             | 14   | 1                    | 1    | 2               | 2    | 3                      | 3    |
| R D Murphy   | 14             |      | 1                    |      | 2               |      | 3                      |      |

The directors' shareholdings are shown in Note 16 to the financial statements.

### Post Reporting Period Event

On 30 October 2020, 6,772,459 0.1p ordinary shares were issued at 0.24p per share to three directors, for a total consideration of £16,254, in satisfaction of their net fees, for the six-month period ending 30 October 2020.

## Directors' Report continued

### 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 share register.

| As at 11 December 2020                                  | Number<br>of shares | % of share<br>capital |
|---------------------------------------------------------|---------------------|-----------------------|
| Interactive Investor Services Nominees Limited SMKTISAS | 322,427,354         | 8.75                  |
| Euroclear Nominees Limited EOC01                        | 313,937,999         | 8.52                  |
| Hargreaves Lansdown (Nominees) Limited 15942            | 249,399,108         | 6.77                  |
| Hargreaves Lansdown (Nominees) Limited VRA              | 218,833,000         | 5.94                  |
| Interactive Investor Services Nominees Limited SMKTNOMS | 209,067,345         | 5.67                  |
| Share Nominees Ltd                                      | 209,017,288         | 5.67                  |
| Pershing Nominees Limited BICLT                         | 208,779,545         | 5.67                  |
| Barclays Direct Investing Nominees Limited CLIENT1      | 188,003,237         | 5.10                  |
| HSDL Nominees Limited MAXI                              | 165,109,620         | 4.48                  |
| Wealth Nominees Limited NOMINEE                         | 135,171,749         | 3.67                  |
| Hargreaves Lansdown (Nominees) Limited HLNOM            | 115,203,338         | 3.13                  |
| Hargreaves Lansdown (Nominees) Limited VRADDDOWN        | 110,943,424         | 3.01                  |

### 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 reappoint Crowe U.K. LLP as Auditor of the Company will be proposed at the forthcoming Annual General Meeting.

### Charitable and Political Donations

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

### Annual General Meeting

Notice of the Company's Annual General Meeting convened for Thursday 28 January 2021 at 12:00 noon is set out on page 50 of this report. Explanatory Notes giving further information about the proposed resolutions are set out on page 51.

### 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. The Company's Articles contain such a provision. Procedures are in place in order to avoid any conflict of interest between the Company and Tertiary Minerals plc. Tertiary provides corporate and project management services to Sunrise.

Approved by the Board on 11 December 2020 and signed on its behalf.



**Patrick Cheetham**  
Executive Chairman

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## Board of Directors

The Directors and Officers of the Company during the financial year were:



**Patrick Cheetham**  
Executive Chairman

**Key Strengths:**

- Founding director
- Mining geologist with 39 years' experience in mineral exploration
- 34 years in public company management

**Appointed:** March 2005

**Committee Memberships:** Chairman of the Nomination Committee

**External Commitments:** Executive Chairman of Tertiary Minerals plc



**David Swan**  
Senior Non-Executive Director

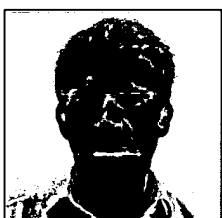
**Key Strengths:**

- Chartered Accountant with career focus in natural resources industry
- Past executive director of several public listed mining companies

**Appointed:** May 2012

**Committee Memberships:** Chairman of the Audit Committee and a Member of the Remuneration and Nomination Committees

**External Commitments:** Non-Executive Director of both Central Asia Metals plc and Tigers Realm Coal Limited.



**Roger Murphy**  
Non-Executive Director

**Key Strengths:**

- Career focus in capital raising for mining and oil & gas companies
- Former MD, Investment Banking, of Dundee Securities Europe Ltd
- Geologist

**Appointed:** May 2016

**Committee Memberships:** Chairman of the Remuneration Committee and Member of Audit and Nomination Committees

**External Commitments:** Partner and non-executive Director of Madini Minerals, Executive Director of Zamare Minerals Ltd and Executive Director of West Wales Gold Limited.



**Rod Venables**  
Company Secretary

**Key Strengths:**

- Qualified company/commercial solicitor
- Director and Head of Company Secretarial Services at City Group PLC
- Experienced in both Corporate Finance and Corporate Broking

**Appointed:** July 2019

**External Commitments:** Company Secretary for Tertiary Minerals plc and other clients of City Group PLC

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## Corporate Governance

### Chairman's Overview

There is no prescribed corporate governance code for AIM companies and the London Stock Exchange prefers to give companies the flexibility to choose from a range of codes which suit their specific stage of development, sector and size.

The Board considers the corporate governance code published by the Quoted Companies Alliance to be the most suitable code for the Company. Accordingly, the Company has adopted the principles set out in the QCA Corporate Governance Code (the "QCA Code") and applies these principles wherever possible, and where appropriate given its size and available resources. The Company's Corporate Governance Statement was reviewed and amended by the Board on 30 October 2020. The Company has set out on its website and in its Corporate Governance Statement, set out on pages 19 to 21, the 10 principles of the QCA Code and details of the Company's compliance.

Patrick Cheetham, in his capacity as Chairman, has overall responsibility for the corporate governance of the Company and the Board is responsible for delivering on our well-defined business strategy having due regard for the associated risks and opportunities. The Company's corporate governance arrangements now in place are designed to deliver a corporate culture that understands and meets shareholder and stakeholder needs and expectations whilst delivering long-term value for shareholders.

The Board recognises that its principal activity, mineral exploration and development, 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 the Environmental Policy, have had only minimal environmental impact at present and this policy is regularly reviewed. Where appropriate, all work is carried out after advance consultation with affected parties.

The Board recognises the benefits that social media engagement can have in helping the Company reach out to shareholders and other stakeholders, but it also recognises that misuse or abuse of social media can bring the Company into disrepute. To facilitate the responsible use of social media the Company has adopted a Social Media Policy applicable to all officers and employees of the Company.

The Board has also adopted a Share Dealing Code for dealings in shares of the Company by directors and employees and an Anti-corruption Policy and Code of Conduct applicable to employees, 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 Statements of Financial Position in respect of trade payables at the end of the financial year represents 5 days of average daily purchases (2019: 20 days). This amount is calculated by dividing the creditor balance at the year end by the average daily Group spend in the year.

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 employees and other stakeholders. The Company has developed a Health and Safety Policy to clearly define roles and responsibilities and in order to identify and manage risk.

Your Board currently comprises three directors of which two are non-executive and considered by the Board to be independent of management. We believe that this balance provides an appropriate level of independent oversight. The Board has the ability to seek independent advice although none was deemed necessary in the year under review. The Board is aware of the need to refresh its membership from time to time and to match its skill set to those required for the development of its mineral interests and will consider appointing additional independent non-executive directors in the future.



**Patrick Cheetham**  
Executive Chairman

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## Corporate Governance Statement

The QCA Code sets out ten principles which should be applied. The principles are set out below with an explanation of how the Company applies each principle, and the reasons for any aspect of non-compliance.

### **Principle One: Establish a strategy and business model which promote long-term value for shareholders.**

The Company has a clearly defined strategy and business model that has been adopted by the Board and is set out in the Strategic Report starting on page 4. Details of the challenges to the execution of the Company's strategy and business model and how those will be addressed can be found in Risks and Uncertainties in the Strategic Report set out on pages 10 to 12.

### **Principle Two: Seek to understand and meet shareholder needs and expectations.**

The Board is committed to maintaining good communication with its shareholders and investors. The Chairman and members of the Board from time to time meet with shareholders and investors directly or through arrangements with the Company's brokers to understand their investment requirements and expectations and to address their enquiries and concerns.

All shareholders are normally encouraged to attend the Company's Annual General Meetings where they can meet and directly communicate with the Board. After the close of business at the Annual General Meeting, the Chairman makes an up-to-date corporate presentation and opens the floor to questions from shareholders.

Shareholders are also welcome to contact the Company via email at [info@sunriseresourcesplc.com](mailto:info@sunriseresourcesplc.com) with any specific queries.

The Company also provides regulatory, financial and business news updates through the Regulatory News Service (RNS) and various media channels such as Twitter. Shareholders also have access to information through the Company's website, [www.sunriseresourcesplc.com](http://www.sunriseresourcesplc.com), which is updated on a regular basis and which includes the latest corporate presentation on the Group. Contact details are also provided on the website.

### **Principle Three: Take into account wider stakeholder and social responsibilities and their implications for long-term success.**

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 written 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 engages positively with local communities, regulatory authorities, suppliers and other stakeholders in its project locations and encourages feedback through this engagement. Through this process the Company identifies the key resources and fosters the relationships on which the business relies.

### **Principle Four: Embed effective risk management, considering both opportunities and threats, throughout the organisation.**

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 whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future are detailed in Risks and Uncertainties in the Strategic Report set out on pages 10 to 12, together with risk mitigation strategies employed by the Board.

### **Principle Five: Maintain the board as a well-functioning, balanced team led by the chair.**

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 formally four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives regular and timely reports for consideration on all significant strategic, operational and financial matters. Relevant information for consideration by the Board is circulated in advance of its meetings.

The Board met fourteen times during the year to consider such matters. Further details are provided in the Directors' Report on page 15. The Board is supported by the Audit, Remuneration and Nomination Committees, details of which, together with attendance records, can also be found on page 15.

The Board currently consists of the Executive Chairman (Patrick Cheetham), a senior non-executive director (David Swan) and one further non-executive director (Roger Murphy). The current Board's preference is that independent non-executive directors comprise the majority of Board members. Patrick Cheetham is currently the Chairman and Chief Executive. Patrick Cheetham has a service contract as Chairman of the Company and his services as Chief Executive are provided to the Company at cost through a Management Services Agreement with Tertiary Minerals plc, in which he is a shareholder and where he is also employed as Chairman. Currently Patrick Cheetham dedicates over 66% of his working time to the Company. The combined role of Chairman and Chief Executive results in cost savings and is considered acceptable whilst there is a majority of independent directors on the Board and having regard to the fact that the Company is not yet revenue generating.

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## Corporate Governance continued

The non-executive directors have committed the time necessary to fulfil their roles during the year. The attendance record of the directors at Board and Board Committee meetings are detailed in the Directors' Report on page 15.

The current non-executive directors are considered independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

**Principle Six: Ensure that between them the directors have the necessary up to date experience, skills and capabilities.**

The Board considers the current balance of sector, financial and public market skills and experience of its directors are relevant to the Company's business and are appropriate for the current size and stage of development of the Company and the Board considers that it has the skills and experience necessary to execute the Company's strategy and business plan and discharge its duties effectively.

The directors maintain their skills through membership of various professional bodies, attendance at mining conferences and through their various external appointments. Details of the current Board of Directors' biographies are set out on page 17.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. All directors are able to take independent professional advice, if required, in relation to their duties and at the Company's expense.

**Principle Seven: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.**

The ultimate measure of the effectiveness of the Board is the Company's progress against the long-term strategy and aims of the business. This progress is reviewed in Board meetings held at least four times a year. The Executive Chairman's performance is reviewed once a year by the rest of the Board.

The Nomination Committee, currently consisting of the Executive Chairman and the two non-executive directors, meets once a year to lead the formal process of rigorous and transparent procedures for Board appointments. During this meeting the Nomination Committee reviews the structure, size and composition of the Board; succession planning; leadership; key strategic and commercial issues; conflicts of interest; time required from non-executive directors to execute their duties effectively; overall effectiveness of the Board and its own terms of reference.

No new Board appointments were considered necessary during the year.

Under the Articles of Association, new directors appointed to the Board must stand for election at the first Annual General Meeting of the Company following their appointment. Under the Articles of Association, existing directors retire by rotation and may offer themselves for re-election.

**Principle Eight: Promote a corporate culture that is based on ethical values and behaviours.**

The Board recognises and strives to promote a corporate culture based on strong ethical and moral values. The Group is currently managed via a service agreement with Tertiary Minerals plc ("Tertiary"). It has no employees but encourages Tertiary's employees to understand all aspects of the Group's business and Tertiary seeks to remunerate its employees fairly, being flexible where practicable. In future, the Group will give 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 Tertiary's employees' interests when making decisions, and suggestions from those employees aimed at improving the Group's performance are welcomed.

The corporate culture of the Company is promoted to Tertiary's employees, suppliers and contractors and is underpinned by the implementation and regular review, enforcement and documentation of various policies: Health and Safety Policy; Environmental Policy; Share Dealing Policy; Anti-Corruption Policy & Code of Conduct; Privacy and Cookies Policy and Social Media Policy. These procedures enable the Board to determine that ethical values are recognised and respected.

The Board recognises that its principal activity, mineral exploration and development, has potential to impact on local environments and consequently has adopted an Environmental Policy to ensure that, wherever they take place, 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 the 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.

**Principle Nine: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.**

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making, and that the non-executive directors are properly briefed on all operational and financial matters. The Chairman has overall responsibility for corporate governance matters in the Group and chairs the Nomination Committee. The Chairman has the responsibility for

implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are complied with. Key operational and financial decisions are reserved for the Board through quarterly project reviews, annual budgets, and quarterly budget and cash-flow forecasts and on an ad hoc basis where required.

The two non-executive directors are responsible for bringing independent and objective judgment to Board decisions. The Board has established Audit, Remuneration and Nomination Committees with formally delegated duties and responsibilities. David Swan currently chairs the Audit Committee, Roger Murphy chairs the Remuneration Committee and Patrick Cheetham chairs the Nomination Committee.

This Corporate Governance statement will be reviewed at least annually to ensure that the Company's corporate governance framework evolves in line with the Company's strategy and business plan.

**Principle Ten: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.**

The Company regularly communicates with, and encourages feedback from, its shareholders who are its key stakeholder group. The Company's website is regularly updated and users, including all stakeholders, can register to be alerted via email when material announcements are made. The Company's contact details are on the website should stakeholders wish to make enquiries of management.

The Group's financial reports for at least the past five years can be found here: <https://www.sunriseresourcesplc.com/financial-reports> and contains past Notices of Annual General Meetings.

The results of voting on all resolutions in general meetings are posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent votes.

**Audit Committee Report**

The Audit Committee is a sub-committee of the Board, comprised of independent non-executive directors and 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 auditors taking account of any non-audit services provided by them. David Swan is Chair of the Audit Committee.

The specific objectives of the Committee are to:

- (a) maintain adequate quality and effective scope of the external audit of the Group including its branches where applicable and review the independence and objectivity of the auditors.
- (b) ensure that the Board of Directors has adequate knowledge of issues discussed with external auditors.
- (c) ensure the financial information and reports issued by the Company to AIM, shareholders and other recipients are accurate and contain proper disclosure at all times.
- (d) maintain the integrity of the Group's administrative operating and accounting controls and internal control principles.
- (e) ensure proper accounting policies are adhered to by the Group.

The Committee has unlimited access to the external auditors, to senior management of the Group and to any external party deemed necessary for the proper discharge of its duties. The Committee may consult independent experts where it considers necessary to perform its duties.

The Audit Committee reviews the financial controls of the Company on a regular basis and is satisfied that the Group's financial controls and reporting procedures are robust and sufficient to ordinarily prevent fraud and ensure that senior management, the Committee and the Board are fully aware of the Company's financial position at all times.

The Audit Committee met twice in the last financial year, on 18 February and 29 May 2020. Significant reporting issues considered during the year included the following:

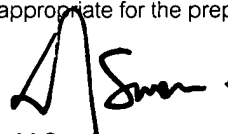
**1. Impairments**

The Committee has reviewed the carrying values of the Group projects and the Group inter-company loans and carried out impairment reviews. The project carrying values are assessed against the IFRS 6 criteria set out in Note 1(j) on page 34. Loans to Group undertakings are assessed for impairment under IFRS 9.

As a result of the year-end review it was judged that none of the Group's projects or inter-company loans should be impaired. Further details are provided on pages 34 and 35.

**2. Going Concern**

The Committee also considered the Going Concern basis on which the accounts have been prepared (see Note 1(b) on page 32). The directors are satisfied that the Going Concern basis is appropriate for the preparation of the financial statements.



**David Swan**  
Chair – Audit Committee

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## Corporate Governance continued

### Remuneration Committee Report

The Remuneration Committee is a sub-committee of the Board and comprises the non-executive directors. Mr Murphy is Chairman of the Remuneration Committee.

The primary objective of the Committee is to review the performance of the executive directors and review the basis of their service agreements and make recommendations to the Board regarding the scale and structure of their remuneration.

However, the Company does not currently remunerate any of the directors other than in their capacity as directors. Whilst the Chairman of the Board, Patrick Cheetham, does have an executive role, his technical and managerial services are provided under a general service agreement with Tertiary Minerals plc and his remuneration is fixed by Tertiary Minerals plc. Nonetheless, it is the role of the Remuneration Committee to ensure that the executive director is appropriately incentivised and rewarded for his services to the Company and this will be considered as part of the Committee's review of any Long-Term Incentive Plan.

The Remuneration Committee met three times during the period under review. It met on 27 February 2020 and 1 May 2020 to consider the Executive Chairman's Incentive Plan and recommended to the Board an issue of warrants to the Executive Chairman. These warrants were issued on 6 August 2020 (see Note 15). The Remuneration Committee also met on 4 November 2019 to consider if any changes were required to the Committee's terms of reference. There were no new recommendations made to the Board.



**Roger Murphy**

Chair – Remuneration Committee

### Nomination Committee Report

The Nomination Committee comprises the Chairman and the non-executive directors. Patrick Cheetham is Chair of the Nomination Committee.

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 best practice and other applicable rules and regulations, insofar as they are appropriate to the Group at this stage in its development.

The Committee is required to:

- (a) Review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes.
- (b) Give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.
- (c) Keep under review the leadership needs of the organisation to compete effectively in the marketplace.
- (d) Review annually the time required from non-executive directors.
- (e) Arrange periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

The Committee carries out its duties for the Parent Company, major subsidiary undertakings and the Group as a whole and met once during the period under review, on 24 July 2020.

The Committee is satisfied that the current Board has a depth of experience and level and range of skills appropriate to the Company at this stage in its development. It is however recognised that the Company is likely to need additional expertise as it moves forward into commercial production and so the composition of the Board will be kept under careful review to ensure that the Board can deliver long-term growth in shareholder value.



**Patrick Cheetham**

Chair – Nomination Committee

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# Independent Auditor's Report

to the Members of Sunrise Resources plc for the year ended 30 September 2020

## Opinion

We have audited the financial statements of Sunrise Resources plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 September 2020, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 30 September 2020;
- the Group and Parent Company statements of financial position as at 30 September 2020;
- the Group and Parent Company statements of cash flows for the year then ended;
- the Group and Parent Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2020 and of the Group's loss for the period 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.

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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty relating to going concern

We draw attention to Note 1(b) in the financial statements, which indicates that the Group's projections include the proceeds of future fundraising necessary 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 necessary to realise the value inherent in these projects. As stated in Note 1(b), these events or conditions, along with the other matters as set forth in Note 1(b) (taking into account the projects set out in Note 1(j)), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. In considering the longer term financial outlook of the group, the continued viability of the most significant exploration and evaluation assets is critical to this assessment and the risks and audit responses are detailed in the Key Audit Matters below. Our opinion is not modified in respect of this matter.

## Overview of our audit approach

### Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £67,000, based on 2% of the Group's total assets, with a lower level of materiality used for the Consolidated Income Statement.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

# Independent Auditor's Report continued

to the Members of Sunrise Resources plc for the year ended 30 September 2020

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £1,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

## Overview of the scope of our audit

The Group and its subsidiaries are accounted for from one central operating location, the Group's registered office. Our audit was conducted from the main operating location and all group companies were within the scope of our audit testing.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the

financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We determined that going concern should be considered a key audit matter and this is described above in the section "Material uncertainty relating to going concern."

The other key matters and responses are summarised below. This is not a complete list of all risks identified by our audit.

| <b>Key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>How the scope of our audit addressed the key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Potential impairment of capitalised exploration and evaluation costs.</b></p> <p>The group has intangible assets, comprising exploration and evaluation project costs, the most significant of which are the CS Project, Bay State and County Line projects within SR Minerals Inc. and Bakers project held in Sunrise Minerals Australia Pty Ltd.</p> <p>Together, the CS Project, Bay State and County Line projects constitute a significant proportion (87%) of the capitalised exploration costs in Sunrise Group. Both Bay State and County Line projects have seen minimal expenditure during the year as the Group focuses on the CS Project.</p> <p>There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate and that capitalised costs to date exceed the recoverable amount for the sites.</p> <p>The directors are required to assess whether there are any indicators of impairment of these assets. Any assessment of value in use requires that accumulated costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale. This requires management to use their sector experience, apply their specialist expertise and form a conclusive judgement as whether or not, on the balance of evidence, further exploration is justified to determine if an economically viable mining operation can be established in future.</p> | <p>In respect of all material intangible assets our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"><li>• Reviewing progress on exploration and evaluation activities at each of the licence areas to assess whether there was evidence which would indicate a potential impairment trigger;</li><li>• Reviewing approved budget forecasts and minutes of board meetings to confirm the intention to continue exploration work on the licences; and</li><li>• Review and challenge of the directors' assessment of whether there are any indicators of impairment to capitalised costs and discussion around any key judgemental areas.</li></ul> |

| <b>Key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>How the scope of our audit addressed the key audit matter</b>                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Potential impairment of investments in subsidiaries and recoverability of loans to subsidiaries in the Company financial statements.</b></p> <p>The carrying values of investments in and recoverability of loans to subsidiaries, SR Minerals Inc., Sunrise Minerals Australia Pty Ltd and Westgold Inc., are dependent upon the future cash flows associated with the recovery of the exploration and evaluation assets held by the subsidiaries.</p> <p>In the event of impairment in the underlying exploration and evaluation assets, there is a potential impact upon the realisation of investments and recoverability of loans in the accounts of Sunrise Resources Plc (the Company) and this assessment would also be required by the directors.</p> | <p>In conjunction with our work associated with the potential impairment of the exploration and evaluation assets held within subsidiaries, critical review of the directors' assessment of potential impairment of investments in subsidiaries and recoverability of loans to subsidiaries in the accounts of Sunrise Resources Plc (the Company).</p> |

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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# Independent Auditor's Report continued

to the Members of Sunrise Resources plc for the year ended 30 September 2020

- 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.

## Responsibilities of the directors for the financial statements

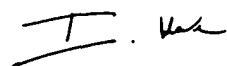
As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**Ian Weekes**

**(Senior Statutory Auditor)**

For and on behalf of Crowe U.K. LLP

Statutory Auditor

Manchester, United Kingdom

11 December 2020

## Consolidated Income Statement

for the year ended 30 September 2020

|                                                                       | Notes | 2020<br>£        | 2019<br>£        |
|-----------------------------------------------------------------------|-------|------------------|------------------|
| Pre-licence exploration costs                                         |       | 4,183            | 4,711            |
| Administration costs                                                  |       | 298,980          | 297,261          |
| <b>Operating loss</b>                                                 |       | <b>(303,163)</b> | <b>(301,972)</b> |
| Interest receivable                                                   |       | 261              | 234              |
| Loss before income tax                                                | 3     | (302,902)        | (301,738)        |
| Income tax                                                            | 7     | –                | –                |
| <b>Loss for the year attributable to equity holders of the parent</b> |       | <b>(302,902)</b> | <b>(301,738)</b> |
| Loss per share - basic and diluted (pence)                            | 6     | (0.009)          | (0.01)           |

All amounts relate to continuing activities.

## Consolidated Statement of Comprehensive Income

for the year ended 30 September 2020

|                                                                                              | 2020<br>£        | 2019<br>£        |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| <b>Loss for the year</b>                                                                     | <b>(302,902)</b> | <b>(301,738)</b> |
| <b>Items that could be reclassified subsequently to the income statement:</b>                |                  |                  |
| Foreign exchange translation differences on foreign currency net investments in subsidiaries | (75,659)         | 93,692           |
|                                                                                              | <b>(75,659)</b>  | <b>93,692</b>    |
| <b>Items that will not be reclassified to the income statement:</b>                          |                  |                  |
| Changes in the fair value of equity investments                                              | (1,660)          | 44,625           |
|                                                                                              | <b>(77,319)</b>  | <b>138,317</b>   |
| <b>Total comprehensive loss for the year attributable to equity holders of the parent</b>    | <b>(380,221)</b> | <b>(163,421)</b> |

# Consolidated and Company Statements of Financial Position

at 30 September 2020

Company Registration Number: 05363956

|                                                    | Notes | Group<br>2020<br>£ | Company<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2019<br>£ |
|----------------------------------------------------|-------|--------------------|----------------------|--------------------|----------------------|
| <b>Non-current assets</b>                          |       |                    |                      |                    |                      |
| Intangible assets                                  | 9     | 1,867,218          | –                    | 1,753,050          | –                    |
| Right of use assets                                | 17    | 18,431             | –                    | –                  | –                    |
| Investment in subsidiaries                         | 8     | –                  | 2,269,548            | –                  | 1,976,381            |
| Other investments                                  | 8     | 19,765             | –                    | 22,078             | –                    |
|                                                    |       | <b>1,905,414</b>   | <b>2,269,548</b>     | <b>1,775,128</b>   | <b>1,976,361</b>     |
| <b>Current assets</b>                              |       |                    |                      |                    |                      |
| Receivables                                        | 11    | 51,980             | 26,670               | 53,740             | 21,288               |
| Cash and cash equivalents                          | 12    | 1,089,417          | 1,065,480            | 27,069             | 20,941               |
|                                                    |       | <b>1,141,397</b>   | <b>1,092,150</b>     | <b>80,809</b>      | <b>42,229</b>        |
| <b>Current liabilities</b>                         |       |                    |                      |                    |                      |
| Trade and other payables                           | 13    | (90,677)           | (80,786)             | (72,988)           | (47,804)             |
| Lease liabilities                                  | 17    | (2,364)            | –                    | –                  | –                    |
| <b>Net current assets</b>                          |       | <b>1,048,356</b>   | <b>1,011,364</b>     | <b>7,821</b>       | <b>(5,575)</b>       |
| <b>Non current liabilities</b>                     |       |                    |                      |                    |                      |
| Lease liabilities                                  | 17    | (7,336)            | –                    | –                  | –                    |
| <b>Net assets</b>                                  |       | <b>2,946,434</b>   | <b>3,280,912</b>     | <b>1,782,949</b>   | <b>1,970,806</b>     |
| <b>Equity</b>                                      |       |                    |                      |                    |                      |
| Called up share capital                            | 14    | 3,677,997          | 3,677,997            | 2,749,760          | 2,749,760            |
| Share premium account                              |       | 5,655,781          | 5,655,781            | 5,059,244          | 5,059,244            |
| Share warrant reserve                              | 14    | 33,893             | 33,893               | 24,476             | 24,476               |
| Fair value reserve                                 |       | 42,753             | 36,987               | 44,413             | 36,987               |
| Foreign currency reserve                           | 14    | 49,439             | 1,319                | 125,098            | 1,321                |
| Accumulated losses                                 |       | (6,513,429)        | (6,125,065)          | (6,220,042)        | (5,900,982)          |
| <b>Equity attributable to owners of the parent</b> |       | <b>2,946,434</b>   | <b>3,280,912</b>     | <b>1,782,949</b>   | <b>1,970,806</b>     |

The Company reported a loss for the year ended 30 September 2020 of £233,598 (2019: £241,148).

These financial statements were approved and authorised for issue by the Board on 11 December 2020 and were signed on its behalf.



**P L Cheetham**  
Executive Chairman



**D J Swan**  
Director

## Consolidated Statement of Changes in Equity

| Group                                        | Share capital<br>£ | Share premium<br>account<br>£ | Share warrant<br>reserve<br>£ | Fair value<br>reserve<br>£ | Foreign<br>currency<br>reserve<br>£ | Accumulated<br>losses<br>£ | Total<br>£       |
|----------------------------------------------|--------------------|-------------------------------|-------------------------------|----------------------------|-------------------------------------|----------------------------|------------------|
| <b>At 30 September 2018</b>                  | <b>2,436,910</b>   | <b>5,016,526</b>              | <b>68,204</b>                 | <b>(212)</b>               | <b>31,406</b>                       | <b>(5,964,181)</b>         | <b>1,588,653</b> |
| Loss for the year                            | –                  | –                             | –                             | –                          | –                                   | (301,738)                  | (301,738)        |
| Change in fair value                         | –                  | –                             | –                             | 44,625                     | –                                   | –                          | 44,625           |
| Exchange differences                         | –                  | –                             | –                             | –                          | 93,692                              | –                          | 93,692           |
| <b>Total comprehensive loss for the year</b> | <b>–</b>           | <b>–</b>                      | <b>–</b>                      | <b>44,625</b>              | <b>93,692</b>                       | <b>(301,738)</b>           | <b>(163,421)</b> |
| Share issue                                  | 312,850            | 42,718                        | –                             | –                          | –                                   | –                          | 355,568          |
| Share-based payments expense                 | –                  | –                             | 2,149                         | –                          | –                                   | –                          | 2,149            |
| Transfer of expired warrants                 | –                  | –                             | (45,877)                      | –                          | –                                   | 45,877                     | –                |
| <b>At 30 September 2019</b>                  | <b>2,749,760</b>   | <b>5,059,244</b>              | <b>24,476</b>                 | <b>44,413</b>              | <b>125,098</b>                      | <b>(6,220,042)</b>         | <b>1,782,949</b> |
| Loss for the year                            | –                  | –                             | –                             | –                          | –                                   | (302,902)                  | (302,902)        |
| Change in fair value                         | –                  | –                             | –                             | (1,660)                    | –                                   | –                          | (1,660)          |
| Exchange differences                         | –                  | –                             | –                             | –                          | (75,659)                            | –                          | (75,659)         |
| <b>Total comprehensive loss for the year</b> | <b>–</b>           | <b>–</b>                      | <b>–</b>                      | <b>(1,660)</b>             | <b>(75,659)</b>                     | <b>(302,902)</b>           | <b>(380,221)</b> |
| Share issue                                  | 928,237            | 596,537                       | –                             | –                          | –                                   | –                          | 1,524,774        |
| Share-based payments expense                 | –                  | –                             | 18,932                        | –                          | –                                   | –                          | 18,932           |
| Transfer of expired warrants                 | –                  | –                             | (9,515)                       | –                          | –                                   | 9,515                      | –                |
| <b>At 30 September 2020</b>                  | <b>3,677,997</b>   | <b>5,655,781</b>              | <b>33,893</b>                 | <b>42,753</b>              | <b>49,439</b>                       | <b>(6,513,429)</b>         | <b>2,946,434</b> |

## Company Statement of Changes in Equity

| Company                                      | Share capital<br>£ | Share premium account<br>£ | Share warrant reserve<br>£ | Fair value reserve<br>£ | Foreign currency reserve<br>£ | Accumulated losses<br>£ | Total<br>£       |
|----------------------------------------------|--------------------|----------------------------|----------------------------|-------------------------|-------------------------------|-------------------------|------------------|
| <b>At 30 September 2018</b>                  | <b>2,436,910</b>   | <b>5,016,526</b>           | <b>68,204</b>              | <b>2,682</b>            | <b>1,408</b>                  | <b>(5,705,711)</b>      | <b>1,820,019</b> |
| Loss for the year                            | -                  | -                          | -                          | -                       | -                             | (241,148)               | (241,148)        |
| Change in fair value                         | -                  | -                          | -                          | 34,305                  | -                             | -                       | 34,305           |
| Exchange differences                         | -                  | -                          | -                          | -                       | (87)                          | -                       | (87)             |
| <b>Total comprehensive loss for the year</b> | <b>-</b>           | <b>-</b>                   | <b>-</b>                   | <b>34,305</b>           | <b>(87)</b>                   | <b>(241,148)</b>        | <b>(206,930)</b> |
| Share issue                                  | 312,850            | 42,718                     | -                          | -                       | -                             | -                       | 355,568          |
| Share-based payments expense                 | -                  | -                          | 2,149                      | -                       | -                             | -                       | 2,149            |
| Transfer of expired warrants                 | -                  | -                          | (45,877)                   | -                       | -                             | 45,877                  | -                |
| <b>At 30 September 2019</b>                  | <b>2,749,760</b>   | <b>5,059,244</b>           | <b>24,476</b>              | <b>36,987</b>           | <b>1,321</b>                  | <b>(5,900,982)</b>      | <b>1,970,806</b> |
| Loss for the year                            | -                  | -                          | -                          | -                       | -                             | (233,598)               | (233,598)        |
| Change in fair value                         | -                  | -                          | -                          | -                       | -                             | -                       | -                |
| Exchange differences                         | -                  | -                          | -                          | -                       | (2)                           | -                       | (2)              |
| <b>Total comprehensive loss for the year</b> | <b>-</b>           | <b>-</b>                   | <b>-</b>                   | <b>-</b>                | <b>(2)</b>                    | <b>(233,598)</b>        | <b>(233,600)</b> |
| Share issue                                  | 928,237            | 596,537                    | -                          | -                       | -                             | -                       | 1,524,774        |
| Share-based payments expense                 | -                  | -                          | 18,932                     | -                       | -                             | -                       | 18,932           |
| Transfer of expired warrants                 | -                  | -                          | (9,515)                    | -                       | -                             | 9,515                   | -                |
| <b>At 30 September 2020</b>                  | <b>3,677,997</b>   | <b>5,655,781</b>           | <b>33,893</b>              | <b>36,987</b>           | <b>1,319</b>                  | <b>(6,125,065)</b>      | <b>3,280,912</b> |

# Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2020

|                                                             | Notes | Group<br>2020<br>£ | Company<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2019<br>£ |
|-------------------------------------------------------------|-------|--------------------|----------------------|--------------------|----------------------|
| <b>Operating activity</b>                                   |       |                    |                      |                    |                      |
| Total (loss)/profit after tax excluding interest received   |       | (303,163)          | (270,642)            | (301,972)          | (272,309)            |
| Depreciation/interest charge                                | 17    | 3,700              | –                    | –                  | –                    |
| Share-based payment charge                                  |       | 18,932             | 18,932               | 2,149              | 2,149                |
| Shares issued in lieu of net wages                          |       | 30,724             | 30,724               | 26,068             | 26,068               |
| Shares issued in settlement of invoices                     |       | 17,550             | 17,550               | –                  | –                    |
| (Increase)/decrease in receivables                          | 11    | 1,761              | (5,382)              | 22,479             | 17,214               |
| Decrease in trade and other payables                        | 13    | 17,690             | 32,981               | (33,358)           | (46,500)             |
| <b>Net cash outflow from operating activity</b>             |       | <b>(212,806)</b>   | <b>(175,837)</b>     | <b>(284,634)</b>   | <b>(273,378)</b>     |
| <b>Investing activity</b>                                   |       |                    |                      |                    |                      |
| Interest received                                           |       | 261                | 37,173               | 234                | 31,075               |
| Disposal of other investments                               | 8     | –                  | –                    | 48,649             | 48,649               |
| Acquisition of other investments                            | 8     | –                  | –                    | (5,792)            | –                    |
| Lease payments                                              | 17    | (12,431)           | –                    | –                  | –                    |
| Development expenditures                                    | 9     | (188,587)          | –                    | (313,258)          | –                    |
| Loans to subsidiaries                                       |       | –                  | (293,167)            | –                  | (349,875)            |
| <b>Net cash outflow from investing activity</b>             |       | <b>(200,757)</b>   | <b>(255,994)</b>     | <b>(270,167)</b>   | <b>(270,151)</b>     |
| <b>Financing activity</b>                                   |       |                    |                      |                    |                      |
| Issue of share capital (net of expenses)                    |       | 1,476,500          | 1,476,500            | 329,500            | 329,500              |
| <b>Net cash inflow from financing activity</b>              |       | <b>1,476,500</b>   | <b>1,476,500</b>     | <b>329,500</b>     | <b>329,500</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>1,062,937</b>   | <b>1,044,669</b>     | <b>(225,301)</b>   | <b>(214,029)</b>     |
| Cash and cash equivalents at start of year                  |       | 27,069             | 20,941               | 235,722            | 234,972              |
| Exchange differences                                        |       | (589)              | (130)                | 16,648             | (2)                  |
| <b>Cash and cash equivalents at 30 September</b>            | 12    | <b>1,089,417</b>   | <b>1,065,480</b>     | <b>27,069</b>      | <b>20,941</b>        |

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# Notes to the Financial Statements

for the year ended 30 September 2020

## Background

Sunrise Resources plc (the "Company") 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 (together, "the Group") for one company incorporated in Australia, and two companies incorporated in Nevada, in the United States of America. 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.

#### (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. Given the Group's cash position at year end (£1,089,417), 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's and Company's ability to continue as going concerns and, therefore, that they may be unable to realise their assets and discharge their 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, including long-term loans, in the 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 Company and its subsidiary undertakings using the acquisition method and eliminate intercompany balances and transactions.

In accordance with section 408 of the Companies Act 2006, the Company 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 the Company is £233,598 (2019: £241,148). There were no provisions for impairments in 2020.

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**(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 biannual review is carried out by the directors to consider whether there are any indications of impairment in capitalised exploration and development costs. The biannual impairment reviews were conducted in April 2020 and October 2020.

Where an indication of impairment is identified, the relevant value is written off to the income statement in the period for which the impairment was identified. An impairment of exploration and development costs may be subsequently reversed in later periods should conditions allow.

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.

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**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) Leases**

The Group adopted IFRS 16 and this requires the recognition of operating lease commitments on the Group's statement of financial position as assets and the recognition of a corresponding liability. Lease costs are recognised in the income statement in the form of depreciation of the right of use asset over the lease term and interest charges representing the unwind of the discount on the lease liability. The adoption of IFRS 16 did not have material impact on the financial statements of the Group as it has negligible leasing exposure and exploration project leases are exempt as exploration assets under IFRS 16.3(b).

Short term leases, which meet the requirements to not be accounted for by recognising a right of use asset and a lease liability, having a duration of 12 months or less and without reasonable certainty about their renewal, are charged to the income statement on straight line basis.

**(h) 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.

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## Notes to the Financial Statements continued

for the year ended 30 September 2020

### **(i) Foreign currencies**

The Group's consolidated financial statements are presented in Pounds Sterling (£), being the functional currency of the Company, and the currency of the primary economic environment in which the Company 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 net investment in foreign operations and the assets and liabilities of overseas subsidiaries, associated undertakings and joint arrangements, that have a functional currency different from the Group's presentation currency, are translated at the closing exchange rates. Income statements of overseas subsidiaries, that have a functional currency different from the Group's presentation currency, are translated at exchange rates at the date of transaction. Exchange differences arising on opening reserves are taken to the foreign currency reserve in equity.

### **(j) Share warrants and share-based payments**

The Company issues warrants to employees (including directors) and third parties. The fair value of the warrants is recognised as a charge measured at fair value on the date of grant and determined in accordance with IFRS 2 or IAS 39, adopting the Black-Scholes-Merton model. The fair value is recognised on a straight-line basis over the vesting period, with a corresponding adjustment to equity, based on the management's estimate of shares that will eventually vest. The expected life of the warrants is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. The details 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 traded 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.

### **(k) 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 assets — exploration and evaluation***

IFRS 6 "Exploration for and Evaluation of Mineral Resources" requires that exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed recoverable amount.

In practical terms, this requires that project carrying values are regularly monitored and assessed for recoverability whether from future exploitation of resources or realised by sale to a third party.

Where activities have not reached a stage, which permits reasonable confirmation of the existence of mineral reserves, the directors must form a judgement whether future exploration and evaluation should continue. This requires management to use their sector experience, apply their specialist expertise and form a conclusive judgement whether or not, on the balance of evidence that further exploration is justified to determine if an economically viable mining operation can be established in future. Such estimates, judgements and assumptions are likely to change as new information and evidence becomes available. If it becomes apparent, in the judgement of the directors, that recovery of capitalised expenditure is unlikely, the carrying value should be considered as impaired and treated as detailed below.

#### ***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 directors are required to continually monitor and review the carrying values by reference to new developments, stages in the exploration process and new circumstances. Assessment of the potential impairment of assets requires an updated judgement of the probability of adequate future cash flows from the relevant project. It includes consideration of:

- (a) The period for which the entity has the right to explore in the specific area and whether this right will expire in the near future, and whether the right is expected to be renewed.
- (b) Whether substantive expenditure on further exploration for and evaluation of mineral resources for the specific project is either budgeted or planned.
- (c) Whether exploration for and evaluation of mineral resources on the specific project has led to the discovery of commercially viable quantities of mineral resources and whether the entity has decided to discontinue such activities on the project.

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- (d) Whether sufficient data exist to indicate that, although a development on the specific project is likely to proceed, the carrying amount of the exploration and evaluation asset is likely to be recovered in full from successful development of a mine or by the sale of the project.

The judgements in respect of key projects are as follows:

The CS Project in Nevada is the Group's lead project with a carrying value of £1,067,000. In the judgement of the directors, this is the focus because there is perceived to be good production potential. Following the successful grant of various mining and production permits, the focus is on the mine start up and production.

Further exploration at the Bay State Project (carrying value £411,000) is budgeted and project leases and claims are being maintained. In the judgement of the directors further exploration is justified. Drilling problems encountered in early exploration can be overcome and the longer term objective remains to continue exploration of the project. In the opinion of the directors this asset is not impaired.

Although there has been no exploration during 2020 on the County Line Project (carrying value £139,000), in the judgement of the directors further evaluation of the production potential is justified and the project is not impaired.

In relation to the Bakers Project (Australia) at a carrying value of £70,000, further exploration has been budgeted and in the judgment of the directors exploration results to-date justify further exploration and in the opinion of the directors the project is not impaired.

Also, in relation to other projects, the exploration rights are being maintained and further exploration and/or drilling is budgeted therefore the directors have reached the conclusion that no impairments are required.

#### *Going concern*

The preparation of financial statements requires an assessment of the validity of the going concern assumption. This in turn is dependent 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 warrants and share-based payments*

The estimates of costs recognised in connection with the fair value of share warrants 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 warrants before exercise, and behavioural consideration of warrant holders.

#### **(l) Financial assets designated at fair value through OCI**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

#### **(m) Standards, amendments and interpretations not yet effective**

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not yet been adopted by the EU.

- (a) New standards, interpretations and amendments effective from 1 January 2019

The following new standards were effective and did not impact the Group:

- IFRS 16 Leases (IFRS 16)
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

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## Notes to the Financial Statements continued

for the year ended 30 September 2020

(b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods. The following amendments are effective for the periods beginning on or after 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)

Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current based upon whether an entity has a right at the end of the reporting period to defer settlement of the liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Amendments as part of the 2015-2018 Annual Improvements Cycle were as follows;

- IFRS 3/ IFRS 11: Measuring interests in Joint operations.
- IAS 12: Accounting for income tax consequences of dividend payments.
- IAS 23: Treatment of borrowings originally made to develop a specific asset.
- IAS 1:125 Disclose significant key assumptions concerning the future, and other key sources of estimation uncertainty.
- IAS 1:122 Disclose significant judgements management has made in applying the entity's accounting policies.

Sunrise Resources Plc is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

## 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<br>projects<br>£ | Head<br>office<br>£ | Total<br>£       |
|-----------------------------------------------------------------------|------------------------------|---------------------|------------------|
| <b>2020</b>                                                           |                              |                     |                  |
| <b>Consolidated Income Statement</b>                                  |                              |                     |                  |
| Pre-licence exploration costs                                         | 4,183                        | –                   | 4,183            |
| Share-based payments                                                  | –                            | 18,932              | 18,932           |
| Other expenses                                                        | –                            | 280,048             | 280,048          |
| <b>Operating loss</b>                                                 | <b>(4,183)</b>               | <b>(298,980)</b>    | <b>(303,163)</b> |
| Interest receivable                                                   | –                            | 261                 | 261              |
| Loss before income tax                                                | (4,183)                      | (298,719)           | (302,902)        |
| Income tax                                                            | –                            | –                   | –                |
| <b>Loss for the year attributable to equity holders of the parent</b> | <b>(4,183)</b>               | <b>(298,719)</b>    | <b>(302,902)</b> |
| <b>Non-current assets</b>                                             |                              |                     |                  |
| Intangible assets:                                                    |                              |                     |                  |
| Deferred exploration costs:                                           |                              |                     |                  |
| Baker's Gold Project, Australia                                       | 70,451                       | –                   | 70,451           |
| County Line Diatomite Project, USA                                    | 139,396                      | –                   | 139,396          |
| Garfield Silver–Gold–Copper Project, USA                              | 28,158                       | –                   | 28,158           |
| Bay State Silver Project, USA                                         | 410,965                      | –                   | 410,965          |
| NewPerl Project/Jackson Wash Project, USA                             | 62,160                       | –                   | 62,160           |
| Ridge Limestone Project, USA                                          | 25,378                       | –                   | 25,378           |
| CS Pozzolan–Perlite Project, USA                                      | 1,066,685                    | –                   | 1,066,685        |
| Clayton Gold Project, USA                                             | 20,087                       | –                   | 20,087           |
| Newark Silver–Gold Project, USA                                       | 29,768                       | –                   | 29,768           |
| Stonewall Gold Project, USA                                           | 14,170                       | –                   | 14,170           |
|                                                                       | 1,867,218                    | –                   | 1,867,218        |
| Right of use assets                                                   | 18,431                       | –                   | 18,431           |
| Other investments                                                     | –                            | 19,765              | 19,765           |
|                                                                       | 1,885,649                    | 19,765              | 1,905,414        |
| <b>Current assets</b>                                                 |                              |                     |                  |
| Receivables                                                           | 22,909                       | 29,071              | 51,980           |
| Cash and cash equivalents                                             | –                            | 1,089,417           | 1,089,417        |
|                                                                       | 22,909                       | 1,118,488           | 1,141,397        |
| <b>Current liabilities</b>                                            |                              |                     |                  |
| Trade and other payables                                              | (20,541)                     | (70,136)            | (90,677)         |
| Lease liabilities                                                     | (2,364)                      | –                   | (2,364)          |
| <b>Net current assets</b>                                             | <b>4</b>                     | <b>1,048,352</b>    | <b>1,048,356</b> |
| <b>Non-current liabilities</b>                                        |                              |                     |                  |
| Lease liabilities                                                     | (7,336)                      | –                   | (7,336)          |
| <b>Net assets</b>                                                     | <b>1,878,317</b>             | <b>1,068,117</b>    | <b>2,946,434</b> |
| <b>Other data</b>                                                     |                              |                     |                  |
| Deferred exploration additions                                        | 188,587                      | –                   | 188,587          |
| Exchange rate adjustments to deferred exploration costs               | (74,419)                     | –                   | (74,419)         |

## Notes to the Financial Statements continued

for the year ended 30 September 2020

|                                                                       | Exploration<br>projects<br>£ | Head<br>office<br>£ | Total<br>£ |
|-----------------------------------------------------------------------|------------------------------|---------------------|------------|
| 2019                                                                  |                              |                     |            |
| <b>Consolidated Income Statement</b>                                  |                              |                     |            |
| Pre-licence exploration costs                                         | 4,711                        | –                   | 4,711      |
| Share-based payments                                                  | –                            | 2,149               | 2,149      |
| Other expenses                                                        | –                            | 295,112             | 295,112    |
| <b>Operating loss</b>                                                 | (4,711)                      | (297,261)           | (301,972)  |
| Interest receivable                                                   | –                            | 234                 | 234        |
| Loss before income tax                                                | (4,711)                      | (297,027)           | (301,738)  |
| Income tax                                                            | –                            | –                   | –          |
| <b>Loss for the year attributable to equity holders of the parent</b> | (4,711)                      | (297,027)           | (301,738)  |
| <b>Non-current assets</b>                                             |                              |                     |            |
| Intangible assets:                                                    |                              |                     |            |
| Deferred exploration costs:                                           |                              |                     |            |
| Baker's Gold Project, Australia                                       | 66,300                       | –                   | 66,300     |
| County Line Diatomite Project, USA                                    | 142,513                      | –                   | 142,513    |
| Garfield Silver-Gold-Copper Project, USA                              | 29,033                       | –                   | 29,033     |
| Bay State Silver Project, USA                                         | 416,507                      | –                   | 416,507    |
| NewPerl Project/Jackson Wash Project, USA                             | 59,069                       | –                   | 59,069     |
| Ridge Limestone Project, USA                                          | 20,341                       | –                   | 20,341     |
| CS Pozzolan-Perlite Project, USA                                      | 959,904                      | –                   | 959,904    |
| Clayton Gold Project, USA                                             | 17,608                       | –                   | 17,608     |
| Newark Silver-Gold Project, USA                                       | 28,789                       | –                   | 28,789     |
| Stonewall Gold Project, USA                                           | 12,986                       | –                   | 12,986     |
|                                                                       | 1,753,050                    | –                   | 1,753,050  |
| Other investments                                                     | –                            | 22,078              | 22,078     |
|                                                                       | 1,753,050                    | 22,078              | 1,775,128  |
| <b>Current assets</b>                                                 |                              |                     |            |
| Receivables                                                           | 28,512                       | 25,228              | 53,740     |
| Cash and cash equivalents                                             | –                            | 27,069              | 27,069     |
|                                                                       | 28,512                       | 52,297              | 80,809     |
| <b>Current liabilities</b>                                            |                              |                     |            |
| Trade and other payables                                              | (24,278)                     | (48,710)            | (72,988)   |
| <b>Net current assets</b>                                             | 4,234                        | 3,587               | 7,821      |
| <b>Net assets</b>                                                     | 1,757,284                    | 25,665              | 1,782,949  |
| <b>Other data</b>                                                     |                              |                     |            |
| Deferred exploration additions                                        | 313,258                      | –                   | 313,258    |
| Exchange rate adjustments to deferred exploration costs               | 76,432                       | –                   | 76,432     |

### 3. Loss before income tax

|                                                     | 2020<br>£ | 2019<br>£ |
|-----------------------------------------------------|-----------|-----------|
| <b>The operating loss is stated after charging:</b> |           |           |
| Fees payable to the Company's auditor for:          |           |           |
| The audit of the Company's annual accounts          | 7,619     | 7,072     |
| Other Services:                                     |           |           |
| Interim review of accounts                          | 1,020     | 1,000     |
| Corporation tax fees                                | 740       | 700       |
| Corporation tax review fees                         | –         | 2,700     |

### 4. Directors' emoluments

|                                                             | 2020<br>£ | 2019<br>£ |
|-------------------------------------------------------------|-----------|-----------|
| <b>Remuneration in respect of directors was as follows:</b> |           |           |
| P L Cheetham (salary)                                       | 16,000    | 16,000    |
| D J Swan (salary)                                           | 16,000    | 16,000    |
| R D Murphy (salary)                                         | 16,000    | 16,000    |
|                                                             | 48,000    | 48,000    |

In the year ended 30 September 2020 the cost of Employer's National Insurance Contributions for directors was £50.34 (2019: £Nil).

In the year ended 30 September 2020 the value of non-cash share-based payments in respect of share warrants issued to the directors was £3,600 (2019: £630).

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 £80,121, including Employers National Insurance Contributions, was charged to the Company for his services during the year (2019: £76,773). These services are provided at cost.

The directors are also the key management personnel. If all benefits are taken into account, the total key management personnel compensation would be £51,995 (2019: £48,630).

### 5. Staff costs

|                                                                                         | 2020<br>£ | 2019<br>£ |
|-----------------------------------------------------------------------------------------|-----------|-----------|
| <b>Staff costs for the Group and the Company, including directors, were as follows:</b> |           |           |
| Wages and salaries                                                                      | 48,000    | 51,197    |
| Social security costs                                                                   | 50        | –         |
| Pension                                                                                 | 345       | –         |
| Share-based payments                                                                    | 3,733     | 1,003     |
|                                                                                         | 52,128    | 52,200    |

|                                                                                                                      | 2020<br>Number | 2019<br>Number |
|----------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>The average monthly number of employees employed by the Group and the Company during the year was as follows:</b> |                |                |
| Directors                                                                                                            | 3              | 3              |
| Other Officers                                                                                                       | 0              | 1              |
|                                                                                                                      | 3              | 4              |

The Company does not employ any staff directly apart from the directors. The services of technical and administrative staff are provided by Tertiary Minerals plc as part of the Management Services Agreement between the two companies (see Note 16).

# Notes to the Financial Statements continued

for the year ended 30 September 2020

The Company issues share warrants to employees of Tertiary Minerals plc from time to time and these non-cash share-based payments resulted in a charge within the financial statements of £729 (2019: £1,145).

The previous Company Secretary, Colin Fitch, retired in June 2019 and since July 2019 the company secretarial services have been provided by Rod Venables through City Group plc.

## 6. Loss per share

Loss per share has been calculated using the loss for the year attributable to equity holders of the Company and the weighted average number of shares in issue during the year.

|                                          | 2020          | 2019          |
|------------------------------------------|---------------|---------------|
| Loss (£)                                 | (302,902)     | (301,738)     |
| Weighted average shares in issue (No.)   | 3,237,733,688 | 2,661,216,018 |
| Basic and diluted loss per share (pence) | (0.009)       | (0.011)       |

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.

## 7. Income tax

No liability to corporation tax arises for the year due to the Group recording a taxable loss (2019: £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 - 19% (2019: 19%). The differences are explained below.

|                                                               | 2020<br>£          | 2019<br>£          |
|---------------------------------------------------------------|--------------------|--------------------|
| <b>Tax reconciliation</b>                                     |                    |                    |
| Loss before income tax                                        | (302,902)          | (301,738)          |
| Tax at 19% (2019: 19%)                                        | (57,551)           | (57,330)           |
| Pre-trading expenditure no longer deductible for tax purposes | 44,764             | 20,473             |
| Administration expenditure not deductible for tax purposes    | 19,372             | 2,149              |
| Tax effect at 19% (2019: 19%)                                 | 12,186             | 4,298              |
| Tax credit for the period                                     | (45,365)           | (53,032)           |
| <b>Tax recognised on loss</b>                                 | -                  | -                  |
| <b>Total losses carried forward for tax purposes</b>          | <b>(3,509,429)</b> | <b>(3,294,662)</b> |

### Factors that may affect future tax charges

The Group has total losses carried forward of £3,509,429 (2019: £3,294,662). This amount would be charged to tax, thereby reducing tax liability, if sufficient profits were made in the future capped to £5m per annum allowance. The deferred tax asset has not been recognised as the future recovery is uncertain given the exploration status of the Group. The carried forward tax loss is adjusted each year for amounts that can no longer be carried forward.

The difference of £23,999 between 2019 and 2020 total losses carried forward balance is chargeable gain and additional expenditure non-deductible for tax purposes relating to 2019.

## 8. Investments

### *Subsidiary undertakings*

| Company                            | Country of incorporation /registration | Date of incorporation /registration | Type and percentage of shares held at 30 September 2020 | Principal activity  |
|------------------------------------|----------------------------------------|-------------------------------------|---------------------------------------------------------|---------------------|
| Sunrise Minerals Australia Pty Ltd | Australia                              | 7 October 2009                      | 100% of ordinary shares                                 | Mineral exploration |
| SR Minerals Inc.                   | Nevada, USA                            | 12 January 2014                     | 100% of ordinary shares                                 | Mineral exploration |
| Westgold Inc.                      | Nevada, USA                            | 13 April 2016                       | 100% of ordinary shares                                 | Mineral exploration |

The registered office of Sunrise Minerals Australia Pty Ltd is Level 4, 35-37 Havelock Street West, Perth, WA 6005.

The registered office of SR Minerals Inc. and Westgold Inc. is 241 Ridge Street, Suite 210, Reno, NV 89501.

|                                                      | Company<br>2020<br>£ | Company<br>2019<br>£ |
|------------------------------------------------------|----------------------|----------------------|
| <b>Investment in subsidiary undertakings</b>         |                      |                      |
| Ordinary Shares – Sunrise Minerals Australia Pty Ltd | 61                   | 61                   |
| Loan – Sunrise Minerals Australia Pty Ltd            | 759,530              | 740,584              |
| Less – provision for impairment                      | (546,541)            | (546,541)            |
| Ordinary Shares – SR Minerals Inc.                   | 1                    | 1                    |
| Loan – SR Minerals Inc.                              | 1,937,253            | 1,676,913            |
| Ordinary Shares – Westgold Inc.                      | 1                    | 1                    |
| Loan – Westgold Inc.                                 | 119,243              | 105,362              |
| <b>At 30 September</b>                               | <b>2,269,548</b>     | <b>1,976,381</b>     |

### *Investments in share capital of subsidiary undertakings*

The directors consider that the carrying value of the Company's investments in shares of subsidiary undertakings totalling £63 is not material and therefore does not require an impairment review.

### *Loans to Group undertakings*

Amounts owed by subsidiary undertakings are unsecured and payable in cash. Loan interest is charged to US subsidiaries on intercompany loans with Parent Company.

A review of the recoverability of loans to subsidiary undertakings, totalling £2,269,548 has been carried out in accordance with IFRS 9. As a result, the directors have concluded that no potential credit losses arose in the year. The assessment has been based upon a review of the underlying exploration assets held by the subsidiary undertakings.

### *Other investments – listed investments*

| Company          | Country of incorporation /registration | Type and percentage of shares held at 30 September 2020 | Principal activity  |
|------------------|----------------------------------------|---------------------------------------------------------|---------------------|
| VR Resources Ltd | Canada                                 | 0.14% of ordinary shares                                | Mineral exploration |

## Notes to the Financial Statements continued

for the year ended 30 September 2020

|                                                        | Group<br>2020<br>£ | Company<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2019<br>£ |
|--------------------------------------------------------|--------------------|----------------------|--------------------|----------------------|
| <b>Investment designated at fair value through OCI</b> |                    |                      |                    |                      |
| Value at start of year                                 | 22,078             | –                    | 19,697             | 14,344               |
| Additions                                              | –                  | –                    | 5,792              | –                    |
| Disposals                                              | –                  | –                    | (48,649)           | (48,649)             |
| Movement in valuation                                  | (2,313)            | –                    | 45,238             | 34,305               |
| <b>At 30 September</b>                                 | <b>19,765</b>      | <b>–</b>             | <b>22,078</b>      | <b>–</b>             |

The fair value of each investment is equal to the market value of its shares at 30 September 2020, based on the closing mid-market price of shares on its equity exchange market.

These are level one inputs for the purpose of the IFRS 13 fair value hierarchy.

### 9. Intangible assets

|                                         | Group<br>2020<br>£ | Company<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2019<br>£ |
|-----------------------------------------|--------------------|----------------------|--------------------|----------------------|
| <b>Deferred exploration expenditure</b> |                    |                      |                    |                      |
| <b>Cost</b>                             |                    |                      |                    |                      |
| At start of year                        | 4,377,086          | 2,203,594            | 4,063,828          | 2,203,594            |
| Additions                               | 188,587            | –                    | 313,258            | –                    |
| <b>At 30 September</b>                  | <b>4,565,673</b>   | <b>2,203,594</b>     | <b>4,377,086</b>   | <b>2,203,594</b>     |
| <b>Disposals</b>                        |                    |                      |                    |                      |
| At start of year                        | (2,624,036)        | (2,203,594)          | (2,700,468)        | (2,203,594)          |
| Foreign currency exchange adjustments   | (74,419)           | –                    | 76,432             | –                    |
| <b>At 30 September</b>                  | <b>(2,698,455)</b> | <b>(2,203,594)</b>   | <b>(2,624,036)</b> | <b>(2,203,594)</b>   |
| <b>Carrying amounts</b>                 |                    |                      |                    |                      |
| <b>At 30 September</b>                  | <b>1,867,218</b>   | <b>–</b>             | <b>1,753,050</b>   | <b>–</b>             |
| <b>At start of year</b>                 | <b>1,753,050</b>   | <b>–</b>             | <b>1,363,360</b>   | <b>–</b>             |

During the year the directors carried out an impairment review with reference to IFRS 6.20 (a) which resulted in no impairment being required. Refer to accounting policy 1(d) and 1(j) for a description of the considerations used in the impairment review.

### 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<br>2020<br>£ | Company<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2019<br>£ |
|------------------------|--------------------|----------------------|--------------------|----------------------|
| Prepayments            | 18,350             | 16,272               | 15,367             | 11,712               |
| Accrued income         | –                  | –                    | –                  | –                    |
| Other receivables      | 33,630             | 10,398               | 38,373             | 9,576                |
| <b>At 30 September</b> | <b>51,980</b>      | <b>26,670</b>        | <b>53,740</b>      | <b>21,288</b>        |

# 12. Cash and cash equivalents

|                                 | Group<br>2020<br>£ | Company<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2019<br>£ |
|---------------------------------|--------------------|----------------------|--------------------|----------------------|
| <b>Cash at bank and in hand</b> |                    |                      |                    |                      |
| <b>At 30 September</b>          | <b>1,089,417</b>   | <b>1,065,480</b>     | <b>27,069</b>      | <b>20,941</b>        |

# 13. Trade and other payables

|                                       | Group<br>2020<br>£ | Company<br>2020<br>£ | Group<br>2019<br>£ | Company<br>2019<br>£ |
|---------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Amounts owed to Tertiary Minerals plc | 43,717             | 43,717               | 10,495             | 10,495               |
| Trade creditors                       | 3,753              | 2,647                | 22,980             | 2,939                |
| Accruals                              | 19,404             | 10,619               | 15,513             | 10,370               |
| Net pay due in shares                 | 16,254             | 16,254               | 16,734             | 16,734               |
| Social security and taxes             | 7,549              | 7,549                | 7,266              | 7,266                |
| <b>At 30 September</b>                | <b>90,677</b>      | <b>80,786</b>        | <b>72,988</b>      | <b>47,804</b>        |

# 14. Issued capital and reserves

|                                           | 2020<br>Number       | 2020<br>£        | 2019<br>Number       | 2019<br>£        |
|-------------------------------------------|----------------------|------------------|----------------------|------------------|
| <b>Allotted, called up and fully paid</b> |                      |                  |                      |                  |
| <b>Ordinary shares of 0.1p each</b>       |                      |                  |                      |                  |
| Balance at start of year                  | 2,749,760,308        | 2,749,760        | 2,436,910,064        | 2,436,910        |
| Shares issued in the year                 | 928,236,562          | 928,237          | 312,850,244          | 312,850          |
| <b>Balance at 30 September</b>            | <b>3,677,996,870</b> | <b>3,677,997</b> | <b>2,749,760,308</b> | <b>2,749,760</b> |

During the year to 30 September 2020 the following share issues took place:

An issue of 350,000,000 0.1p ordinary shares at 0.1p per share, by way of placing, for a total consideration of £336,500 net of expenses including P Cheetham's subscription to 1,000,000,000 0.1p ordinary shares (4 November 2019).

An issue of 14,551,565 0.1p ordinary shares at 0.115p per share to three directors, for a total consideration of £16,734, in satisfaction of directors' fees (22 November 2019).

An issue of 181,818,182 0.1p ordinary shares at 0.11p per share, by way of placing, for a total consideration of £190,000 net of expenses (14 February 2020).

An issue of 17,550,000 0.1p ordinary shares at 0.1p per share, as a settlement of broker fees, for a total of £17,550 (15 April 2020).

## Notes to the Financial Statements continued

for the year ended 30 September 2020

An issue of 7,173,959 0.1p ordinary shares at 0.195p per share to three directors, for a total consideration of £13,989, in satisfaction of directors' fees (6 August 2020).

An issue of 357,142,856 0.1p ordinary shares at 0.28p per share, by way of placing and broker option, for a total consideration of £950,000 net of expenses (24 August 2020).

During the year to 30 September 2019 a total of 312,850,244 0.1p ordinary shares were issued, at an average price of 0.12p per share, for a total consideration of £355,568 net of expenses.

### **Nature and purpose of reserves**

#### **Foreign currency reserve**

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Parent's functional currency, being Sterling, are recognised directly in the foreign currency reserve.

#### **Share warrant reserve**

The share warrant reserve is used to recognise the value of equity-settled share warrants provided to employees, including key management personnel, as part of their remuneration, and to third parties in connection with fundraising. Refer to Note 15 for further details.

### **15. Share warrants granted**

#### **Warrants not exercised or expired at 30 September 2020**

| Issue date | Exercise price | Number     | Exercisable             | Expiry dates |
|------------|----------------|------------|-------------------------|--------------|
| 18/02/16   | 0.160p         | 3,250,000  | Any time before expiry  | 18/02/21     |
| 01/02/17   | 0.135p         | 3,250,000  | Any time before expiry  | 01/02/22     |
| 31/01/18   | 0.160p         | 3,250,000  | Any time before expiry  | 31/01/23     |
| 21/02/19   | 0.160p         | 4,000,000  | Any time before expiry  | 21/02/24     |
| 21/02/19   | 0.110p         | 4,750,000  | Any time before expiry  | 21/02/24     |
| 01/11/19   | 0.100p         | 12,500,000 | Any time before expiry  | 01/11/20     |
| 19/02/20   | 0.110p         | 9,090,909  | Any time before expiry  | 19/02/21     |
| 06/08/20   | 0.195p         | 35,000,000 | *Any time from 05/08/21 | 05/08/25     |
| 24/08/20   | 0.280p         | 17,857,143 | Any time before expiry  | 24/08/21     |
| Total      |                | 92,948,052 |                         |              |

\*Of these 15,000,000 warrants cannot be exercised before the Company makes the first sustainable sales of perlite/pozzolan product from the CS Project.

Share warrants 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.

**Share warrant movements:**

|                              | 2020                           |                                                     | 2019                           |                                                     |
|------------------------------|--------------------------------|-----------------------------------------------------|--------------------------------|-----------------------------------------------------|
|                              | Number of<br>share<br>warrants | Weighted<br>average<br>exercise<br>price<br>(Pence) | Number of<br>share<br>warrants | Weighted<br>average<br>exercise<br>price<br>(Pence) |
| Outstanding at start of year | 27,875,000                     | 0.18                                                | 274,875,000                    | 0.245                                               |
| Granted during the year      | 74,448,052                     | 0.19                                                | 8,750,000                      | 0.13                                                |
| Forfeited during the year    | —                              | —                                                   | —                              | —                                                   |
| Exercised during the year    | —                              | —                                                   | —                              | —                                                   |
| Expired during the year      | (9,375,000)                    | 0.28                                                | (255,750,000)                  | 0.25                                                |
| Outstanding at end of year   | 92,948,052                     | 0.18                                                | 27,875,000                     | 0.18                                                |
| Exercisable at end of year   | 57,948,052                     | 0.17                                                | 19,125,000                     | 0.21                                                |

The share warrants outstanding at 30 September 2020 had a weighted average exercise price of 0.18p (2019: 0.18p), a weighted average fair value of 0.056p (2019: 0.078p) and a weighted average remaining contractual life of 2.51 years.

In the year ended 30 September 2020 warrants were granted as follows:

On 1 November 2019: 12,500,000 warrants at an exercise price of 0.1p, as part of fundraising, to Peterhouse Capital Limited.

On 19 February 2020: 9,090,909 warrants at an exercise price of 0.11p, as part of fundraising, to Peterhouse Capital Limited.

On 6 August 2020:

- 30,000,000 warrants at an exercise price of 0.195p to the Executive Chairman, Mr. Patrick Cheetham as part of a management incentive scheme.
- 3,000,000 warrants at an exercise price of 0.195p to employees of Tertiary Minerals plc as a management incentive.
- 2,000,000 warrants at an exercise price of 0.195p to non-executive Director Mr Roger Murphy as part of his remuneration.

On 24 August 2020: 17,857,143 warrants at an exercise price of 0.28p, as part of fundraising, to Peterhouse Capital Limited.

The warrants issued to Peterhouse Capital Limited had an aggregate estimated fair value of £14,469.

The warrants issued to Mr. Cheetham, Mr. Murphy and employees of Tertiary Minerals plc had an aggregate estimated fair value of £23,153. Note 5 explains the value recognised in the reporting period in respect of Tertiary Minerals plc.

In the year ended 30 September 2019 warrants were granted on 21 February 2019 to an officer and non-executive directors of the Company, and a director and employees of Tertiary Minerals plc with an aggregate estimated fair value of £2,468.

In the year to 30 September 2020 the Company recognised expenses of £18,932 (2019: £2,149) related to issuing of share warrants in connection with equity-settled share-based payment transactions. The fair value is charged to administrative expenses and where there is a vesting period it is charged on a straight-line basis over the vesting period, together with a corresponding increase in equity, based on the management's estimate of shares that will eventually vest.

The fair values of warrants are estimated using a Black-Scholes-Merton Pricing Model and charged to administrative expenses on a straight-line basis over the vesting period, together with a corresponding increase in equity, based on the management's estimate of shares that will eventually vest.

## Notes to the Financial Statements continued

for the year ended 30 September 2020

### *The inputs into the Black-Scholes-Merton Pricing Model were as follows:*

|                                 | 2020             | 2019    |
|---------------------------------|------------------|---------|
| Weighted average share price    | <b>0.20p</b>     | 0.11p   |
| Weighted average exercise price | <b>0.19p</b>     | 0.13p   |
| Expected volatility             | <b>70%</b>       | 62.5%   |
| Expected life                   | <b>2.4 years</b> | 4 years |
| Risk-free rate                  | <b>0.12%</b>     | 0.83%   |
| Expected dividend yield         | <b>0%</b>        | 0%      |

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 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.

In the year ended 30 September 2020 no share warrants were exercised.

### **16. Related party transactions**

#### **Key management personnel**

The directors holding office at the year end and their warrants held in the share capital of the Company are:

|               |                  | At 30 September 2020        |                              |                           |             | At 30 September 2019 |                             |
|---------------|------------------|-----------------------------|------------------------------|---------------------------|-------------|----------------------|-----------------------------|
|               | Shares<br>number | Share<br>warrants<br>number | Warrant<br>exercise<br>price | Warrant<br>expiry<br>date |             | Shares<br>number     | Share<br>warrants<br>number |
| P L Cheetham* | 231,047,657      | 30,000,000                  | 0.195p                       | 05/08/25                  | 125,593,683 | 3,000,000            |                             |
| D J Swan      | 29,281,338       | 2,000,000                   | 0.160p                       | 21/02/24                  | 23,257,510  | 3,500,000            |                             |
| R D Murphy    | 48,949,823       | 2,000,000                   | 0.160p                       | 21/02/24                  | 38,702,101  | 2,000,000            |                             |
|               |                  | 2,000,000                   | 0.195p                       | 05/08/25                  |             |                      |                             |

\*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 0.6% of the issued share capital on 30 September 2020 (2019: 2.71%).

Tertiary Minerals plc provides management services to Sunrise Resources plc and consequently during the year the Group incurred costs of £175,750 (2019: £189,742) recharged at cost from Tertiary Minerals being overheads of £20,369 (2019: £27,025), costs paid on behalf of the Group of £1,175 (2019: £6,554), Tertiary staff salary costs of £74,085 (2019: £78,590) and Tertiary directors' salary costs of £80,121 (2019: £77,574).

At the balance sheet date an amount of £43,717 (2019: £10,496) was due to Tertiary Minerals plc.

Patrick Cheetham, the Executive Chairman of the Company, is also a director of Tertiary Minerals plc.

At 30 September 2020 and at the date of this report Donald McAlister, a director of Tertiary Minerals plc, held 550,000 shares in the Company.

## 17. Leases

|                                               | Group<br>2020<br>£          | Company<br>2020<br>£                        | Group<br>2019<br>£          | Company<br>2019<br>£           |
|-----------------------------------------------|-----------------------------|---------------------------------------------|-----------------------------|--------------------------------|
| <b>Right of use assets</b>                    |                             |                                             |                             |                                |
| <b>Cost</b>                                   |                             |                                             |                             |                                |
| At start of year                              | —                           | —                                           | —                           | —                              |
| Additions                                     | 21,970                      | —                                           | —                           | —                              |
| Disposals                                     | —                           | —                                           | —                           | —                              |
| <b>At 30 September</b>                        | <b>21,970</b>               | <b>—</b>                                    | <b>—</b>                    | <b>—</b>                       |
| <b>Depreciation</b>                           |                             |                                             |                             |                                |
| At start of year                              | —                           | —                                           | —                           | —                              |
| Charge for the year                           | (3,539)                     | —                                           | —                           | —                              |
| Disposals                                     | —                           | —                                           | —                           | —                              |
| <b>At 30 September</b>                        | <b>(3,539)</b>              | <b>—</b>                                    | <b>—</b>                    | <b>—</b>                       |
| <b>Carrying amounts</b>                       |                             |                                             |                             |                                |
| <b>At 30 September</b>                        | <b>18,431</b>               | <b>—</b>                                    | <b>—</b>                    | <b>—</b>                       |
| <b>At start of year</b>                       | <b>—</b>                    | <b>—</b>                                    | <b>—</b>                    | <b>—</b>                       |
|                                               | <b>Group<br/>2020<br/>£</b> | <b>Company<br/>2020<br/>£</b>               | <b>Group<br/>2019<br/>£</b> | <b>Company<br/>2019<br/>£</b>  |
| <b>Lease liabilities</b>                      |                             |                                             |                             |                                |
| <b>Cost</b>                                   |                             |                                             |                             |                                |
| At start of year                              | —                           | —                                           | —                           | —                              |
| Additions                                     | 21,970                      | —                                           | —                           | —                              |
| Lease payments                                | (12,431)                    | —                                           | —                           | —                              |
| Interest charge                               | 161                         | —                                           | —                           | —                              |
| <b>At 30 September</b>                        | <b>9,700</b>                | <b>—</b>                                    | <b>—</b>                    | <b>—</b>                       |
|                                               |                             | <b>Minimum<br/>lease<br/>payments<br/>£</b> | <b>Interest<br/>£</b>       | <b>Present<br/>value<br/>£</b> |
| No later than one year                        |                             | 2,486                                       | (122)                       | 2,364                          |
| Later than one year and no later than 5 years |                             | 7,459                                       | (123)                       | 7,336                          |
| Later than five years                         |                             | —                                           | —                           | —                              |
| <b>Total lease liabilities</b>                |                             | <b>—</b>                                    | <b>—</b>                    | <b>9,700</b>                   |
| Current liabilities                           |                             | —                                           | —                           | 2,364                          |
| Non-current liabilities                       |                             | —                                           | —                           | 7,336                          |

The right of use assets and related lease liabilities are for the lease of water rights for use in conjunction with the CS Project in Nevada, USA. Total cash flow outflow amount is £3,700.

## Notes to the Financial Statements continued

for the year ended 30 September 2020

### 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 and selling assets.

### 19. Financial instruments

At 30 September 2020, the Group's and Company's financial assets consisted of receivables due within one year, other investments and cash and cash equivalents. 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's and Company's financial assets and liabilities.

**The carrying amounts for each category of financial instrument held at 30 September 2020, as defined in IAS 39, are as follows:**

|                                                                   | Group<br>2020 | Company<br>2020 | Group<br>2019 | Company<br>2019 |
|-------------------------------------------------------------------|---------------|-----------------|---------------|-----------------|
|                                                                   | £             | £               | £             | £               |
| Financial assets at amortised cost                                | 1,123,277     | 1,065,480       | 65,443        | 30,517          |
| Financial assets at fair value through other comprehensive income | 19,765        | —               | 22,078        | —               |
| Financial Liabilities at amortised cost                           | 76,574        | 56,983          | 48,987        | 23,805          |

### 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 Group holds cash balances in Sterling, US Dollars, Australian Dollars, Canadian Dollars and Euros to provide funding for exploration and evaluation activity, whilst the Company holds cash balances in Sterling, US Dollars, Canadian Dollars and Euros.

The Company is dependent 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.

#### 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.

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|                                                                | <b>Group<br/>2020</b> | <b>Company<br/>2020</b> | <b>Group<br/>2019</b> | <b>Company<br/>2019</b> |
|----------------------------------------------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| <i>Bank balances were held in the following denominations:</i> | <b>£</b>              | <b>£</b>                | <b>£</b>              | <b>£</b>                |
| United Kingdom Sterling                                        | <b>1,064,927</b>      | <b>1,064,927</b>        | 8,873                 | 8,873                   |
| Australian Dollar                                              | <b>9,588</b>          | <b>369</b>              | 1,262                 | 30                      |
| Canadian Dollar                                                | <b>43</b>             | <b>43</b>               | 43                    | 43                      |
| United States Dollar                                           | <b>14,823</b>         | <b>105</b>              | 16,887                | 11,991                  |
| Euro                                                           | <b>36</b>             | <b>36</b>               | 4                     | 4                       |

***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 insofar 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.

**20. Events after the report date**

An issue of 6,772,459 0.1p ordinary shares at 0.24p per share to three directors, for a total consideration of £16,254, in satisfaction of net directors' fees (30 October 2020).

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# 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 at Silk Point, Queens Avenue, Macclesfield, Cheshire SK10 2BB on Thursday 28 January 2021 at 12:00 noon 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 2020.
2. To re-elect Mr P L Cheetham who is retiring under the Articles of Association as a director of the Company.
3. To reappoint Crowe U.K. LLP as Auditor of the Company and to authorise the directors to fix their remuneration.

## Special Business

### Ordinary Resolution

4. That, in accordance with section 551 of the Companies Act 2006 (the "2006 Act"), 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 £2,000,000 (consisting of 2,000,000,000 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

5. That subject to the passing of resolution 4, 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 4 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 £2,000,000 (consisting of 2,000,000,000 ordinary shares of 0.1 pence each).

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 the notes on page 52 regarding attendance restrictions.

By order of the Board

**R G Venables**  
**Company Secretary**  
11 December 2020

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

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# Annual General Meeting – Explanatory Notes

The Annual General Meeting of Sunrise Resources plc will be held on Thursday 28 January 2021 at Silk Point, Queens Avenue, Macclesfield, Cheshire SK10 2BB at 12:00 noon. 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 the Directors and the Auditor for the year ended 30 September 2020 which can be found on pages 4 to 31.

### Resolution 2

The Company's Articles of Association require that directors retire at least once every three years and offer themselves for re-election if they and the Board so wish.

This year, Mr P L Cheetham is retiring in accordance with the Articles of Association and the Board proposes that he be re-elected.

Mr P L Cheetham's biographical details can be found on page 17.

### Resolution 3

The Company's Auditor Crowe U.K. LLP is offering itself for reappointment 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 give the directors authority to fix the remuneration of the Auditor.

## Special Business

### Resolution 4

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 19 March 2020, 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 2021.

### Resolution 5

This resolution will be proposed as a Special Resolution in the event that Resolution 4 is passed by shareholders. Resolution 5 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 Sunrise 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 share placing.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2021.

As the Annual General Meeting is a closed Meeting, Shareholders who wish to raise any queries regarding the Resolutions to be put to the Meeting may do so by email to [agmsunrise@sunriseresourcesplc.com](mailto:agmsunrise@sunriseresourcesplc.com) **at any time before 12:00 noon on Friday 15 January 2021** and any relevant questions along with the answers will be published on the Company's website by **12:00 noon on Tuesday 19 January 2021**.

In line with corporate governance best practice and in order that any proxy votes of those shareholders who are not allowed to attend and to vote in person are fully reflected in the voting on the resolutions, the Chairman of the meeting will direct that voting on the resolutions set out in the notice of meeting will take place by way of a poll. The final poll vote on the resolutions will be published after the General Meeting on the Company's website.

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## Voting at the Meeting, Electronic Voting, Proxy Notes and Instructions

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. Due to the restrictions imposed by the Government in connection with the COVID-19 pandemic, the Meeting will be held as a closed meeting, with only the minimum number of shareholders and directors in attendance as will be required to ensure that the Meeting is quorate. This being the case, shareholders are advised not to travel to attend the Meeting as they will not be admitted. Shareholders are therefore urged to register a proxy vote appointing the Chairman to vote in accordance with their instructions.
2. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company **at close of trading on Tuesday 26 January 2021**. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting. **Please note that on this occasion the Meeting will be held as a closed meeting and therefore Shareholders will not be able to attend in person.**
3. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company. **Shareholders are advised that as the Meeting will be a closed meeting they should appoint the Chairman of the Meeting as their proxy, in order to guarantee their proxy is in attendance. Appointment of a proxy who is unable to attend the Meeting will mean that your vote will not be counted.**
4. In the case of joint holders, where more than one of the joint holders purports to appoint 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).
5. 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. You can vote:
  - by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions to appoint one or more and direct your votes.
  - by hard copy Form of Proxy. You may request a hard copy form of proxy directly from the registrars, [Link Asset Services](#), on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by the Registrars, Link Asset Services, at 34 Beckenham Road, Beckenham, Kent, BR3 4TU **by 12:00 noon on Tuesday 26 January 2021**.

7. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrars before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) **by 12:00 noon on Tuesday 26 January 2021**. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
  10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
  11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
  12. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

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# Shareholder Notes

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## Company Information

**Sunrise Resources plc (AIM – EPIC: SRES)**

Company No. 05363956

### Head Office

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Cheshire  
SK10 2BB  
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Fax: +44 (0)1625 838559

### Registered Office

Sunrise House  
Hulley Road  
Macclesfield  
Cheshire  
SK10 2LP  
United Kingdom

### Company Website

[www.sunriseresourcesplc.com](http://www.sunriseresourcesplc.com)

### Nominated Adviser

Beaumont Cornish Limited  
Building 3, Chiswick Park  
566 Chiswick High Road  
London  
W4 5YA  
United Kingdom

### Broker

Peterhouse Capital Limited  
3rd Floor  
80 Cheapside  
London  
EC2V 6EE  
United Kingdom

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### Registrars

Link Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU  
United Kingdom

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### Solicitors

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU  
United Kingdom

### Auditor

Crowe U.K. LLP  
3rd Floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT  
United Kingdom

### Bankers

National Westminster Bank plc  
2 Spring Gardens  
Buxton  
Derbyshire  
SK17 6DJ  
United Kingdom

**Sunrise Resources plc**

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