SUNRISE RESOURCES PLC

AIM Announcement

22 May 2017

SUNRISE RESOURCES PLC
("the Company")

HALF-YEARLY REPORT

Sunrise Resources plc ("the Company") announces its unaudited interim results for the six months ended 31 March 2017.

<u>Operational Highlights (covering the period and up to date of this report)</u>

CS Pozzolan-Perlite Project, Nevada, USA

- Successful independent certification testing of Main Zone pozzolan.
- Positive Concept Study completed by the Company for production of both pozzolan and perlite.
- Surface mining and simple production process envisaged.
- Preliminary modelling by the Company shows attractive financial returns based on low capital and operating cost estimates.

County Line Diatomite Project, Nevada, USA

- EP Minerals, LLC withdrew from lease agreement, without conducting permitted drill programme.

Board Strategic Review

- Board to focus current management and financial resources on development of CS Project into production and other natural pozzolan opportunities.
- Board to seek progressive valorisation of the Company's existing precious metal and other industrial mineral projects through joint venture, sale or other arrangements.

<u>Results Summary</u>

Loss

Group loss for the six month period of £162,869 (six months to 31 March 2016: £149,534) comprising:

- Interest income of £61; less
- Administration costs of £134,741; and
- Expensed exploration costs totalling £14,851; and
- Impairment of available for sale investment of £13,338.

<u>Funding</u>

- On 15 November 2016, 11,887,558 new Ordinary Shares were issued at a price of 0.19p per share to Tertiary Minerals plc, in partial settlement of invoices for management and services fees, totalling £22,586.
- On 24 January 2017, a total of £60,580 (before expenses) was raised through the issue of 60,580,000 new Ordinary Shares by way of a placing and subscription at a price of 0.1 pence per share.

Funding (continued)

- On 1 February 2017, 22,332,230 new Ordinary Shares were issued at a price of 0.135p per share to Tertiary Minerals plc, in partial settlement of invoices for management and services fees, totalling £30,149.
- On 7 March 2017, a total of £250,000 (before expenses) was raised through the issue of 250,000,000 new Ordinary Shares by way of a placing at a price of 0.1p per share.
- After the period end, on 3 April 2017, 14,305,500 new Ordinary Shares were issued at a price of 0.11p per share to the three directors in settlement of directors' fees totalling £15,736, net of tax.

Further information

Sunrise Resources plc Patrick Cheetham, Executive Chairman	**Tel: +44 (0)1625 838 884**
Northland Capital Partners Limited *Nominated Adviser and Broker* Edward Hutton/David Hignell John Howes/Rob Rees	**Tel: +44 (0)203 861 6625**
Beaufort Securities Limited *Joint Broker* Jon Belliss	**Tel: +44 (0)207 382 8300**

Chairman's Statement

In the last six month reporting period, our attention has been largely dedicated to the Pozz Project and in particular the CS Project in Nevada. The Pozz Project is an umbrella project covering our search for deposits of natural pozzolan.

Pozzolans are cementitious materials that can be used in partial replacement for Portland cement in cement and concrete mixes. Pozzolans, and natural pozzolans in particular, have strong "green" credentials as the manufacture of Portland cement is responsible for 5% of global man-made CO_2 emissions.

The Pozz Project is motivated by the market opportunity we see for natural pozzolan which is being driven by cement companies' imperative to reduce CO_2 emissions and, in the western USA at least, by shortages of fly ash, an industrial by-product pozzolan produced by coal-fired power plants in the USA. With nearly half of US coal-fired power stations now scheduled to close due to competition from low-cost natural gas and more stringent environmental obligations, the supply of fly ash to the western USA is already precarious and predicted to become critical in the coming years, opening up an already expanding market for natural pozzolan. Our aim is to become part of the solution to this problem by seeking to develop the CS and other natural pozzolan projects.

The CS Project contains areas of both perlite and natural pozzolan and has advanced considerably this last six months. Testwork is progressing well and shows that the perlite samples are very high quality for various industrial applications and we have just received the first independent certification of the pozzolan. More significantly, we have recently completed a positive Concept Study for development of the CS Project which has identified a low capital cost development option with attractive returns on the production of both natural pozzolan and perlite.

We will now move quickly to initiate the necessary technical work, feasibility studies and start the permitting process. Various value adding marketing and technical milestones have been identified and we hope to move forward with bulk sampling and customer trials towards the end of this year.

We are excited by this focus on growth markets for natural pozzolan and perlite in the Western USA.

Turning to our other projects, much of the work undertaken on our precious metal portfolio took part in the first quarter and has been covered in some detail in the Operating Review in our 2016 Annual Report released in December 2016.

Our investment in Block Energy plc (formerly Goldcrest Resources Plc) was affected by its share consolidation and fundraisings during this reporting period but we are pleased to see that the Company is now looking to list on AIM following the acquisition of various oil and gas interests in Georgia and we look forward to benefiting from this investment in due course.

In February this year we were disappointed to receive notice from EP Minerals, LLC withdrawing from its lease on our County Line Diatomite Project. EP Minerals did not carry out all of the work that it planned and permitted and so was not, we believe, in any position to make an informed decision on the payment to us of the advance royalty that our agreement required.

Despite this, with our progress at the CS Project, we have taken further steps during this reporting period towards our objective to generate cash flow from our industrial mineral projects and, as a result, the Board has been able to refine the Company's strategy and bring its focus into sharper relief.

The Board has resolved to concentrate both management time and expenditure on the CS Project and to advance this towards production as soon as possible. As a result, we will look to unlock the value inherent in our other project interests through joint venture, sale or other arrangements, with any funds released being applied to progress our pozzolan and perlite strategy.

In closing, I would like to thank my fellow directors who continue to demonstrate their faith in the Company by taking their rather modest fees in shares and to thank those shareholders who continue to support the Company. I look forward to reporting further progress.

Patrick Cheetham
Executive Chairman
22 May 2017

Consolidated Income Statement
for the six months to 31 March 2017

	Six months to 31 March 2017 Unaudited	Six months to 31 March 2016 Unaudited	Twelve months to 30 September 2016 Audited
	£	£	£
Pre-licence and other exploration costs	**14,851**	7,260	45,316
Impairment of deferred exploration cost	**-**	-	39,711
Administrative expenses	**134,741**	142,453	285,092
Operating loss	**(149,592)**	(149,713)	(370,119)
Impairment of available for sale investment	**(13,338)**	-	-
Interest	**61**	179	532
Loss before income tax	**(162,869)**	(149,534)	(369,587)
Income tax	**-**	-	-
Loss on ordinary activities after tax	**(162,869)**	(149,534)	(369,587)
Loss for the period attributable to equity holders of the parent	**(162,869)**	(149,534)	(369,587)
Loss per share – basic and fully diluted (pence) (note 2)	**(0.01)**	(0.02)	(0.04)

Consolidated Statement of Comprehensive Income
for the six months to 31 March 2017

	Six months to 31 March 2017 Unaudited	Six months to 31 March 2016 Unaudited	Twelve months to 30 September 2016 Audited
	£	£	£
Loss for the period	**(162,869)**	(149,534)	(369,587)
Items that could be reclassified subsequently to the income statement:			
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**43,477**	93,618	193,942
Items that have been reclassified subsequently to the Income Statement:			
Fair value movement on available for sale investment	**-**	44,971	(1,676)
Transfer from available for sale investment reserve on impairment of available for sale investment	**1,676**	-	-
Total comprehensive loss for the period attributable to equity holders of the parent	**(117,716)**	(10,945)	(177,321)

Company Registration Number: 05363956

Consolidated Statement of Financial Position

as at 31 March 2017

	As at 31 March 2017 Unaudited	As at 31 March 2016 Unaudited	As at 30 September 2016 Audited
	£	£	£
Non-current assets			
Intangible assets	**1,183,369**	871,040	1,072,571
Available for sale investment	**11,662**	69,971	23,324
	1,195,031	941,011	1,095,895
Current assets			
Receivables	**40,486**	32,343	43,606
Cash and cash equivalents	**287,982**	62,008	223,268
	328,468	94,351	266,874
Current liabilities			
Trade and other payables	**(108,205)**	(100,598)	(172,126)
Net current assets/(liabilities)	**220,263**	(6,247)	94,748
Net assets	**1,415,294**	934,764	1,190,643
Equity			
Called up share capital	**1,464,710**	746,182	1,119,910
Share premium account	**4,815,734**	4,802,191	4,818,998
Share warrant reserve	**88,572**	88,180	119,899
Available for sale investment reserve	**-**	44,971	(1,676)
Foreign currency reserve	**98,395**	(45,406)	54,918
Accumulated losses	**(5,052,117)**	(4,701,353)	(4,921,406)
Equity attributable to owners of the parent	**1,415,294**	934,765	1,190,643

Consolidated Statement of Changes in Equity

	Share capital £	Share premium account £	Share warrant reserve £	Available for sale reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2015	**691,149**	**4,761,776**	**322,820**	**-**	**(139,024)**	**(4,790,072)**	**846,649**
Loss for the period	-	-	-	-	-	(149,534)	(149,534)
Change in fair value	-	-	-	44,971	-	-	44,971
Exchange differences	-	-	-	-	93,618	-	93,618
Total comprehensive loss for the period	**-**	**-**	**-**	**44,971**	**93,618**	**(149,534)**	**(10,945)**
Share issue	55,033	40,415	-	-	-	-	95,448
Share based payments expense	-	-	3,613	-	-	-	3,613
Transfer of expired warrants	-	-	(238,253)	-	-	238,253	-
At 31 March 2016	**746,182**	**4,802,191**	**88,180**	**44,971**	**(45,406)**	**(4,701,353)**	**934,765**
Loss for the period	-	-	-	-	-	(220,053)	(220,053)
Change in fair value	-	-	-	(46,647)	-	-	(46,647)
Exchange differences	-	-	-	-	100,324	-	100,324
Total comprehensive loss for the period	**-**	**-**	**-**	- **(46,647)**	**100,324**	**(220,053)**	**(166,376)**
Share issue	373,728	16,807	31,009	-	-	-	421,544
Share based payments expense	-	-	710	-	-	-	710
Transfer of expired warrants	-	-	-	-	-	-	-
At 30 September 2016	**1,119,910**	**4,818,998**	**119,899**	**(1,676)**	**54,918**	**(4,921,406)**	**1,190,643**
Loss for the period	-	-	-	-	-	(149,531)	(149,531)
Impairment of available for sale investment	-	-	-	-	-	(11,662)	(11,662)
Transfer from impairment of available for sale reserve	-	-	-	1,676	-	(1,676)	-
Exchange differences	-	-	-	-	43,477	-	43,477
Total comprehensive loss for the period	**-**	**-**	**-**	**1,676**	**43,477**	**(162,869)**	**(117,716)**
Share issue	344,800	(3,264)	-	-	-	-	341,536
Share based payments expense	-	-	831	-	-	-	831
Transfer of expired warrants	-	-	(32,158)	-	-	32,158	-
At 31 March 2017	**1,464,710**	**4,815,734**	**88,572**	**-**	**98,395**	**(5,052,117)**	**1,415,294**

Consolidated Statement of Cash Flows

for the six months to 31 March 2017

	Six months to 31 March 2017 Unaudited	Six months to 31 March 2016 Unaudited	Twelve months to 30 September 2016 Audited
	£	£	£
Operating activity			
Total loss after tax	**(149,592)**	(149,713)	(370,119)
Share based payment charge	**831**	3,612	4,323
Shares issued in lieu of net fees	**-**	9,176	19,720
Impairment charge - exploration	**-**	-	39,711
(Increase)/decrease in receivables	**3,120**	2,140	(9,123)
Increase/(decrease) in trade and other payables	**(63,921)**	(8,053)	63,475
Net cash outflow from operating activity	**(209,562)**	(142,838)	(252,013)
Investing activity			
Interest received	**61**	179	532
Development expenditures	**(68,707)**	(30,715)	(183,767)
Net cash outflow from investing activity	**(68,646)**	(30,536)	(183,235)
Financing activity			
Issue of share capital (net of expenses)	**341,536**	86,272	497,272
Net cash inflow from financing activity	**341,536**	86,272	497,272
Net increase/(decrease) in cash and cash equivalents	**63,328**	(87,102)	62,024
Cash and cash equivalents at start of period	**223,268**	142,079	142,079
Exchange differences	**1,386**	7,031	19,165
Cash and cash equivalents at end of period	**287,982**	62,008	223,268

Notes to the Interim Statement

1. Basis of preparation

The consolidated interim financial information has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ending 30 September 2017 which are not expected to be significantly different to those set out in Note 1 of the Group's audited financial statements for the year ended 30 September 2016. These are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) or that are expected to be adopted and effective at 30 September 2017. The financial information has not been prepared (and is not required to be prepared) in accordance with IAS 34. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The financial information in this statement relating to the six months ended 31 March 2017 and the six months ended 31 March 2016 has neither been audited nor reviewed by the Auditors pursuant to guidance issued by the Auditing Practices Board. The financial information presented for the year ended 30 September 2016 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 30 September 2016 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for the year ended 30 September 2016 was unqualified, although did draw attention to matters by way of emphasis in relation to going concern, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising necessary within the next 12 months to meet the Company's and Group's planned discretionary project expenditures and to maintain the Company and Group as a going concern. 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 entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

2. Loss per share

Loss per share has been calculated on the attributable loss for the period and the weighted average number of shares in issue during the period.

	Six months to 31 March 2017 Unaudited	Six months to 31 March 2016 Unaudited	Twelve months to 30 September 2016 Audited
Loss for the period (£)	**(162,869)**	(149,534)	(369,587)
Weighted average shares in issue (No.)	**1,190,845,858**	698,930,220	869,068,238
Basic and diluted loss per share (pence)	**(0.01)**	(0.02)	(0.04)

The loss attributable to ordinary shareholders and weighted average number of shares for the purpose of calculating the diluted earnings per share are identical to those used for the basic earnings per share. This is because the exercise of share warrants would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS33.

3. Share capital

During the six months to 31 March 2017 the following share issues took place:

An issue of 11,887,558 Ordinary Shares at 0.190p per share to Tertiary Minerals plc (a Related Party), for a total consideration of £22,586, by way of partial settlement of invoices issued to Sunrise Resources plc for management and services fees (15 November 2016).

An issue of 60,580,000 Ordinary Shares at 0.100p per share, by way of placing and subscription, for a total consideration of £60,580 before expenses (24 January 2017).

An issue of 22,332,230 Ordinary Shares at 0.135p per share to Tertiary Minerals plc (a Related Party), for a total consideration of £30,149, by way of partial settlement of invoices issued to Sunrise Resources plc for management and services fees (1 February 2017).

An issue of 250,000,000 Ordinary Shares at 0.100p per share, by way of placing, for a total consideration of £250,000 before expenses (7 March 2017).

4. Event after the balance sheet date

An issue of 14,305,500 Ordinary Shares at 0.110p per share to the three directors, for a total consideration of £15,736, in satisfaction of directors' fees (3 April 2017).

5. Interim report

Copies of this interim report are available from Sunrise Resources plc, Silk Point, Queens Avenue, Macclesfield, Cheshire SK10 2BB, United Kingdom. It is also available on the Company's website at www.sunriseresourcesplc.com.