

# SUNRISE RESOURCES plc

(“the Company”)

AIM Announcement

30 November 2022

## £480,000 Investment Issue of Equity & TVR

Sunrise Resources plc (“**Sunrise**” or the “**Company**”), the AIM-traded company focusing on the development of its CS Pozzolan-Perlite Project in Nevada, USA, wishes to announce that it has entered into an investment agreement (the “**Agreement**”) to secure up to a £480,000 investment from Towards Net Zero, LLC (the “**Investor**”), a U.S.-based institutional investor focused on the green economy.

### Key terms of the Agreement

*(For the meaning of Capitalised Terms please see the section “Details of the Agreement” following).*

1. The Investor will invest up to £480,000 in the Company as follows.
  - Next week, the Investor will invest £200,000 for a two-year zero-coupon convertible security with a face value of £200,000 (the “First Closing”).
  - The Company will have a five-month option to require the Investor to invest a further £200,000 for a two-year zero-coupon convertible security, which will be issued to the Investor no later than six-months after the First Closing (if the Company exercises this option and subject to the prevailing share price being greater than the Floor Price after the option is exercised).
  - At the First Closing, the Investor will also invest £80,000 by way of a placing (the “Placing”) of 80,000,000 ordinary shares at par (0.1 pence per ordinary share). The total initial investment by the Investor at the First Closing will thus be £280,000.
  - Following the conversion or redemption of all convertible securities, the Investor will make an additional payment to the Company equal to the Equalisation Amount if the value of these shares at that time exceeds their subscription price; alternatively, the Equalisation Amount will be due to the Investor.
2. Each convertible security may be converted in full or in part at any time of the Investor’s choosing during the two-year term of the convertible security, initially at 0.16 pence per share, and after the initial month, at the *greater* of the Market Price and the Floor Price (0.1 pence per share).
3. The outstanding face value of the convertible securities may be redeemed at the Company’s option for cash, with a 10% premium, subject to the Investor’s right to convert the outstanding face value in full at that time or elect that one-third of the outstanding face value be withheld from the redemption.
4. The Company will redeem the convertible securities in quarterly instalments of one-eighth of their original face value for cash (with no premium), if the Market Price is less than the Floor Price for a specified period in any one quarter during the term of the

Agreement. In addition, at maturity, the outstanding face value of each convertible security, if any, will be redeemed by the Company for cash (also with no premium).

5. At the Company's option, the Company may partially redeem a convertible security by way of issuance of Ordinary Shares at the greater of the Market Price and the Floor Price. If the prevailing Market Price is below the Floor Price, the redemption consideration will also include cash or, at the Company's election, additional Ordinary Shares, based on the difference between the Floor Price and the Market Price.

#### **Commenting today, Executive Chairman Patrick Cheetham said:**

*"We are pleased to be entering into this flexible funding agreement with Towards Net Zero LLC, an institutional investor with a focus on ESG (environmental, social and governance) outcomes.*

*The Agreement provides funding on day one as well as additional capital committed by the Investor, while the Company retains the flexibility not to take up the additional funding committed by the Investor if it is not needed. Moreover, since the number of shares issuable under the arrangement is based on our future share price performance, it has the potential to reduce dilution compared to a discounted placing in today's difficult market. The Board anticipates a number of value catalysts for the Company's key projects which have potential to minimise dilution under this funding structure. The agreement also gives us downside protection on the conversion price and also allows a repayment option at a time of our choosing.*

*The investment by Towards Net Zero LLC is a recognition of the part that can be played by the Company's natural pozzolan projects in Nevada in contributing to CO<sub>2</sub> Net Zero targets in the US cement and concrete industries."*

#### **Use of Proceeds**

The funds raised will be applied to the further development and exploration of the Company's projects and general working capital purposes.

#### **Total Voting Rights**

For the purposes of the Disclosure and Transparency Rules of the Financial Conduct Authority, the Board of Sunrise hereby notifies the market that, following admission of the Placement Shares (defined below), the Company will have 3,913,599,087 shares in issue with each share carrying the right to one vote. There are no shares currently held in treasury. The total number of voting rights in the Company is therefore 3,913,599,087 and this figure may be used by shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

#### **Details of the Agreement**

The investment will initially raise £280,000 within the next week, by way of a Placing to the Investor of 80,000,000 ordinary shares of 0.1 pence each ("**Ordinary Shares**") in the Company ("**Placement Shares**") at a price of 0.1 pence per Ordinary Share (in consideration of the Investor's payment of £80,000), and an issue to the Investor of a zero-coupon convertible security with a face value of £200,000 (in consideration of the Investor's payment of £200,000). The Company will have an option exercisable within five months to secure an additional investment of £200,000 from the Investor through an issuance of a convertible security with a face value £200,000 to the Investor, within the next six months. The additional investment is subject to the prevailing share price being greater than the Floor Price after the

option is exercised, and other customary conditions precedent. The Company will make an announcement following the issue of each convertible security. Each of the convertible securities will have a term of 24 months.

In addition, following the conversion or redemption of all convertible securities, the Investor has agreed to make an additional payment (the “**Equalisation Amount**”) to the Company if the value of the Placement Shares at that time, based on the prevailing Market Price, exceeds the subscription price paid by the Investor in the Placing, calculated as follows: (1) 80,000,000 multiplied by 98% of the average of five daily VWAPs (chosen by the Investor) during a specified period before the additional payment is made, rounded down to the next one hundredth of a pence less (2) £80,000; alternatively, the Equalisation Amount will be due to the Investor when the prevailing Market Price is below the subscription price of the Placement Shares.

The Company may at any time, on thirty days’ notice, redeem the outstanding face value of each convertible security for cash, with a 10% premium, subject to the Investor’s rights to hold back up to one third of the outstanding face value from redemption or convert the outstanding convertible security.

The convertible securities will (subject to the satisfaction of certain conditions) be convertible into Ordinary Shares of the Company, in whole or in part, at the option of Investor. The Company will make an announcement each time a convertible security is converted and will specify in such announcement the relevant conversion price (the “**Conversion Price**”), which will initially be equal to 0.16 pence per share. After the initial month, the Conversion Price will reset to be the *greater* of (1) 98% of the average of five daily volume-weighted average prices of the shares on AIM during a specified period preceding the relevant conversion, rounded down to the next one hundredth of a pence (the “**Market Price**”), and (2) 0.1 pence per share (the “**Floor Price**”). The Conversion Price thus provides the Company with an opportunity to ultimately issue shares at higher prices than the prices at which it may raise capital today, if the Company’s share price appreciates; while putting a floor under the price at which the Company would issue shares in a conversion if the Company’s share price were to depreciate.

The Company will redeem each convertible security in quarterly instalments of one eighth of the original face value of the convertible security (each, a “**Redemption Amount**”) for cash (with no premium), if the Market Price is equal to or less than the Floor Price for an agreed threshold period during any quarter. The Company will not, however, be required to make a quarterly redemption if the Market Price recovers above the Floor Price for a specified period during the quarter, or if the amount of that redemption instalment has been previously converted into shares.

At maturity, the Company may redeem the outstanding face value of the convertible securities for cash (also with no premium).

At the Company’s option, the Company may partially redeem a convertible security by way of issuance of Ordinary Shares at the greater of the Market Price and the Floor Price. In the circumstances of redemption set out above, if the prevailing Market Price is below the Floor Price, the redemption consideration will include cash or, at the Company’s election, additional Ordinary Shares at 0.1 pence per share, where the number of additional shares issued is equal to the amount to be redeemed, divided by the applicable Market Price minus that same amount divided by Floor Price. If the Company is in default of the Agreement at any time then the Investor may convert the outstanding face value of the convertible securities on the same basis.

The Investor has agreed to certain, substantial, limitations on its ability to dispose of the shares following a conversion of a convertible security. The Investor is also contractually precluded from shorting the Company’s shares.

The Company has applied for admission of the Placement Shares which will rank *pari passu* with existing Ordinary Shares to trading on AIM, and this is expected to become effective on or around 6 December 2022.

Application will be made to the London Stock Exchange for any shares issued and allotted on conversion of the convertible securities to be admitted to trading on AIM. The convertible securities will only be issued to the extent that the Company has corporate authority to do so.

### **Further information**

<b>Sunrise Resources plc</b> Patrick Cheetham, Executive Chairman	<b>Tel: +44 (0)1625 838 884</b>
<b>Beaumont Cornish Limited</b> <i>Nominated Adviser</i> James Biddle/Roland Cornish	<b>Tel: +44 (0)20 7628 3396</b>
<b>Peterhouse Capital Limited</b> <i>Broker</i> Lucy Williams/Duncan Vasey	<b>Tel: +44 (0)207 469 0930</b>

**Shares in the Company trade on AIM. EPIC: "SRES".**  
**Website: [www.sunriseresourcesplc.com](http://www.sunriseresourcesplc.com)**

### **Market Abuse Regulation (MAR) Disclosure**

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 which forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.