

# SUNRISE RESOURCES plc

("the Company")

AIM Announcement

21 December 2022

## Tolsa commits to Pioche Sepiolite Project in 2023 and to pay \$50,000 to maintain option to acquire the Project

Sunrise Resources plc is pleased to advise that Tolsa USA Inc. ("Tolsa") has notified the Company of positive results from its October trenching programme, its strategy for further evaluation work and its decision to continue the option period to acquire the Company's Pioche Sepiolite Project in Nevada, USA (the "Pioche Project").

### Key Points:

- Tolsa will make the required interim payment of \$50,000 to the Company to continue its option to purchase the project for 12 months.
- Trenching programme was successful in demonstrating continuity of the sepiolite beds mapped at surface.
- Tolsa now planning a resource definition drilling programme, further industrial testing and feasibility studies.
- Tolsa can purchase the Pioche Project for \$1.25 million by 28 December 2023 and an ongoing payment to Sunrise of a 3% royalty (see announcement of 28 June 2022 for detail).
- Tolsa is a US subsidiary of Tolsa S.A., the world's largest producer of sepiolite.
- Sepiolite, an industrial mineral, has unique characteristics, is scarce, with very few commercial deposits in the world.

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

*"This is excellent news and an early Christmas present for shareholders. We are delighted with the progress being made by Tolsa since our agreement was signed in the summer and to see the commitment to resource definition drilling in the Spring when the snow melts.*

*As we know, Sepiolite is a rare mineral with few commercial deposits in the world and Tolsa is the world's largest producer, so it is significant, I believe, when Tolsa tells us this project has the highest priority within the Tolsa Group.*

*We are excited to see this project being fast tracked, and we wish Tolsa all the best with its evaluation in 2023."*

### Further information

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**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.

### **Detailed information**

#### **About the Pioche Sepiolite Project**

The Pioche Sepiolite Project (the "Project") is located close to the historic mining town of Pioche in Lincoln County, Nevada. It lies within 4km of US Highway 93, from which it can be accessed by a network of 4WD tracks, and 47km from rail at the town of Caliente, Nevada.

The Project was originally identified whilst evaluating the area for deposits of natural pozzolan and was acquired by claim staking by Sunrise's Nevada subsidiary, SR Minerals Inc ("SRM"). High grade sepiolite was subsequently identified in outcrop. The sepiolite deposits are believed to have formed from volcanic ash deposited and weathered in an extensive ancient lake system that once covered the area of the claims and was fed by volcanoes in the surrounding areas.

To date Tolsa has carried out detailed mapping and sampling and a programme of trenching and bulk sampling. It has now advised that it intends to carry out resource definition drilling in the Spring and industrial testing of the bulk samples and feasibility studies in the next 12 months.

#### **About the Company's agreement with Tolsa.**

Full details of the agreement with Tolsa are given in the Company's news release of 28 June 2022. Having extended its option period, Tolsa will now have until 28 December 2023 to purchase the Pioche Project for the sum of US\$1.25 million payable in cash.

If a sale is closed, SRM will retain a 3% royalty on all minerals and mineral materials produced and sold from the Pioche Project claims and any further claims acquired by either party in a 2-mile radius of the external boundary of the original claims (the "Mineral Products Royalty"). The Mineral Products Royalty is calculated as gross revenue less sales bonus, commissions, rebates and any other discounts provided to unrelated third parties. The Mineral Products Royalty will be payable from the commencement of commercial production for a period of 25 years and a nominal advance royalty of \$50,000 per annum will be paid if production is not started within 5 years for any reason.

Twenty percent of all payments, including royalties, will be payable by the Company as a success fee to an unrelated third party, a sepiolite industry specialist, who has brokered the agreement with Tolsa.

#### **About Sepiolite**

Sepiolite is a non-swelling, lightweight, porous clay with outstanding sorption capacity. The largest market globally for sepiolite is for use in lightweight non-clumping pet litters where it has superior properties compared to other clays used in this application.

Sepiolite is also used extensively in agriculture as a slow-release absorbent and adsorbent carrier for chemicals and pesticides and in animal feeds as a binder and carrier for nutrients and growth promoter. It is also used as a suspending agent in paints, medicines, pharmaceuticals and cosmetics, and in high temperature drilling muds.

Sepiolite is a very uncommon clay because of both its unusual characteristics and scarce occurrence. There are very few commercial deposits in the world and, with one exception, there are no significant sepiolite deposits known in the USA, so a large potential market could exist for any new US producer of sepiolite.

### **About Tolsa**

Tolsa S.A., founded in Spain in 1957, is a privately owned specialist clay mining and processing company that now operates in 95 countries including the USA where it has bentonite mining operations in Wyoming and processing facilities in Nevada.

It is the largest producer of sepiolite in the world, mainly from its mining operations near Madrid in Spain and it is Europe's largest producer of lightweight hygienic pet litter with 37% of the European market.

In 2021, Tolsa reported global turnover of Euros 193 million, a clay processing capacity of 1.2 million tons/year and annual production of over 1 million tons of clay products.