

SUNRISE RESOURCES plc

SUNRISE RESOURCES PLC

(“Sunrise” or “the Group” or “the Company”)

AIM Announcement

19 February 2020

Audited Results for the year to 30 September 2019

The Board of Sunrise Resources plc, the AIM-traded company focusing on the development of its CS Pozzolan-Perlite Project in Nevada, USA, is pleased to announce its audited results for the year ended 30 September 2019.

Operational Highlights for 2019

- Continuing focus on development of the CS Pozzolan-Perlite Project.
- 27-year mine Plan of Operations/Reclamation Permit Application submitted to the regulatory authorities.
- In final stages of mine permitting; Environmental Assessment for the Project at an advanced stage.
- Air quality permit application submitted.
- Water rights lease secured; water use permits applied for.

Perlite

- Successful customer testing programmes continuing.
- Processing of a bulk sample of perlite produced a horticultural grade perlite and generated engineering data for process plant design.
- Larger 100-ton bulk sample was also extracted and is awaiting processing to provide samples to a wider range of perlite customers.
- Discovery of extensive areas of perlite at the NewPerl Project at multiple separate locations.
- NewPerl testwork has confirmed that large areas of perlite are suitable to produce horticultural grade perlite as future feed to the CS Project. Drilling and bulk sampling programme has been permitted.

Natural Pozzolan

- Concrete trials by two large cement/ready-mix companies benchmarked against existing commercial sources of pozzolan with positive results.
- Due diligence agreement signed for local mothballed grinding plant for grinding natural pozzolan.
- Recent market developments have resulted in increased demand for both products.

Further information:

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

Chairman's Statement

I am pleased to present the Company's Annual Report and Financial Statements for the year ended 30 September 2019, a year in which we made significant progress at our CS Pozzolan-Perlite Project with several key permitting steps now completed.

Whilst our activities have been constrained by limited funds in 2019, we have ensured that the permitting of our CS Project has progressed as quickly as possible. To this end, the Company has made substantial progress with the submission of its 27-year mine Plan of Operations/Reclamation Permit Application and its Air Quality Permit Application to the regulatory authorities. The Environmental Assessment for the Project is at an advanced stage. Despite our best efforts the original timetable for mine permitting has extended during the year due to the late introduction of new information requirements from the lead regulator but we are now in the final stages of mine permitting.

On the commercial side we have continued to develop our industry relationships with end users for our future perlite and natural pozzolan products, with a number of customers continuing their testing programmes successfully alongside our own testing programmes. Separate concrete trials using CS natural pozzolan by two large cement/ready-mix companies were benchmarked against existing commercial sources of pozzolan with very positive results and whilst gaining market acceptance is a long process for industrial minerals such as perlite and pozzolan I am pleased with our progress this year. We are currently evaluating possibilities for the grinding of the natural pozzolan and recently entered into a due diligence agreement that may lead to the lease of a local mothballed grinding plant.

Processing of a bulk sample of perlite generated engineering data for process plant design and produced a horticultural grade perlite for commercial scale expansion testing in the plant of a second potential customer with good results. As a result, we have developed designs and costings for our preferred perlite processing option to use rental fleet mobile quarry crushing and screening equipment to produce a horticultural grade perlite. A larger 100-ton bulk sample was also extracted and is awaiting processing to provide samples to a wider range of perlite customers.

Recent market developments have resulted in increased demand for both products. The demand for natural pozzolan comes from its potential to replace coal-fired power station fly ash pozzolan where supplies are declining as coal-fired power plants continue to close at a rapid rate and new coal mine investments are shunned. The economics of power generation have also swung against coal in favour of natural gas and renewables and this was a factor in the closure of the Navajo Generating Station in 2019 which took 500,000 tons/year of fly ash from the western US markets that we are targeting.

In 2019 we presented at the inaugural meeting of the Natural Pozzolan Association which has created an increased level of awareness and interest in our CS Project. Moreover, the meeting has reinforced our belief that we will see the continuing resurgence of natural pozzolan as a major component in concrete. We are well placed to participate in this resurgence in a part of the US that is particularly badly affected by the shortage of fly ash and to pursue this scalable business opportunity in future on a wider basis.

Our CS Project also generated further strong interest amongst the attendees of the Perlite Institute Annual Meeting held in late 2019 and customer discussions continue to reinforce the opportunity for a new supplier of raw perlite. The latest United States Geological Survey commodity summary shows a growing market for perlite with a 12% annual rise in US consumption in 2018 and a 22% rise since 2015, driven in part by increased use of perlite in the expanding cannabis market in North America.

Turning to our other projects, we announced during the year the discovery of extensive areas of perlite on our NewPerl Project. This new discovery is proof of concept of the targeting method that originally led us to the discovery of the perlite and pozzolan deposits at our CS Project and which we now know can be successfully applied elsewhere. We have now found and claimed extensive areas of perlite at NewPerl, at multiple separate locations, including a new northern area now named as the Jackson Wash Project.

This testwork has confirmed that large areas of perlite at both localities are suitable to produce horticultural grade perlite and potentially to produce super-coarse grades of perlite and could provide future feed to the CS Project. An initial drilling and bulk sampling programme has been permitted and will take place when funds allow.

During the year VR Resources Ltd ("VRR") carried out a first pass drill programme at the Junction Copper-Silver-Gold Project where we hold a royalty interest and consequently, we were issued with a further 50,000 shares in VRR bringing our holding to 100,000 shares. As a result of drilling on our royalty claims and adjoining claims VRR announced the drill discovery of a Cretaceous-age porphyry copper mineralised system within the 6km mineralised trend defined by earlier exploration. It is reported that further work is planned.

Our progress in 2019 was made against a very difficult financial background for most junior exploration companies with many traditional funding sources all but closed for business. Sunrise replaced its advisers during the year due to the

merger of its Nomad with another company and the insolvency of its corporate broker. We managed to raise funds in 2019 and in February 2020 and avoided the very deep placing price discounts required of most fundraisings for junior mining companies and I was pleased to have personally supported the November 2019 fundraise with a £100,000 investment.

Our Annual General Meeting for the year ended 30 September 2019 will be held in Macclesfield at 12:00 noon on Thursday 19 March 2020.

I would like to take this opportunity to thank shareholders for their support this past year but also to highlight the hard work and dedication of those working with me to make CS Project a reality. As we go forward in 2020, I think we can justifiably say that our flagship CS Project is still on track, if a little behind the original schedule, due to factors beyond our control, and we look forward to progressing the project further in 2020.

Patrick Cheetham
Executive Chairman

18 February 2020

Strategic Plan on Track

KEY AIMS from our **STRATEGY & BUSINESS PLAN** for 2019 are summarised here to show how our strategy has progressed. Our targets for 2020 are also set out below:

AIMS IN 2019 & PROGRESS MADE	TARGETS FOR 2020
<p>Continue advancing CS Project towards production:</p> <ul style="list-style-type: none"> • Mine permitting passed through a number of key milestones with completion of the Plan of Operations and various environmental and permit submissions. • Further lab and commercial-scale testwork successfully completed. 	<p>Continue advancing CS Project towards production:</p> <ul style="list-style-type: none"> • Complete mine permitting. • Conclude customer Offtake Agreements. • Commence first production.
<p>Seek progressive valorisation of the Company's existing precious metal and other industrial minerals projects and unlock the inherent value in the Company:</p> <ul style="list-style-type: none"> • Negotiations held for the sale of a number for projects. 	<p>Seek progressive valorisation of the Company's existing precious metal and other industrial minerals projects and unlock the inherent value in the Company:</p> <ul style="list-style-type: none"> • Complete the sale or joint venture of non-core projects.
<p>To run the Company with low overheads and be a low-cost explorer:</p> <ul style="list-style-type: none"> • Corporate overheads shared with Tertiary Minerals plc. • Outstanding directors' fees continue to be settled in shares. 	<p>To run the Company with low overheads and be a low-cost exploration, development and production company:</p> <ul style="list-style-type: none"> • Continue cost sharing arrangements.

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 2019.

A review of the AIMS and STRATEGY set out in our 2018 Annual Report highlights our progress in delivery of our strategic plan in 2019.

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 sale, joint venture or other arrangements.

The Strategic Plan is on track although behind on our original schedule. Our CS Project, targeting the production of natural pozzolan and perlite, is now at an advanced stage in the mine permitting process.

Further details of our progress on the CS Project and other projects are given in the Operating Review.

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 NewPerl and Jackson Wash Perlite Projects during the year, or applying for exploration licences from the relevant authority, as was previously the case 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 as a result of a cost sharing Management Services Agreement with Tertiary Minerals plc ("Tertiary").

The Company's activities are financed by periodic capital raisings, through share placings. When projects become more advanced, the Board will seek to secure additional funding from a range of various 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 and our strategy with respect to those projects has evolved following a decision to focus on development of the CS Project. We are seeking 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 the ongoing royalty interest in the Junction Project being explored by VRR.

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 which was the original parent of the Company. Under this cost sharing agreement Tertiary provides all 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.

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 non-executive directors and the Executive Chairman. The Executive Chairman is also Chairman of Tertiary, but otherwise the Board is independent of that company. 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 Group reports a loss of £301,738 for the year (2018: £786,672) after administration costs of £297,261 (2018: £290,023) and after crediting interest receivable of £234 (2018: £105). The loss includes expensed pre-licence and reconnaissance exploration costs of £4,711 (2018: £10,473), impairment of deferred exploration asset of £Nil (2018: £483,169) and impairment of other investments of £Nil (2018: £Nil). Administration costs include an amount of £2,149 (2018: £1,741) as non-cash costs for the value of certain share warrants held by employees of both Tertiary and Sunrise, as required by IFRS 2. Cash administration costs are therefore £295,112 (2018: £288,282).

The Financial Statements show that, at 30 September 2019, the Group had net current assets of £7,821 (2018: £205,596). This represents the cash position after allowing for receivables, trade and other payables. These amounts are shown in the Consolidated and Company Statements of Financial Position 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 set out in Note 1(d) of the accounting policies. The intangible assets total £1,753,050 (2018: £1,363,360) and a breakdown by project is shown in Note 2 to the financial statements.

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

Impairment

Expenditures which do not meet the criteria set out in Note 1(d), such as pre-licence and reconnaissance costs, are expensed and added 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 periodic impairments of unsuccessful exploration projects. 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.

A review of the recoverability of loans to subsidiary undertakings 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.

The intangible asset value of a project should not be confused with the realisable or market value of a 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, through share placings and, in the past, through other innovative equity based financial instruments. As the Company's projects become more advanced there may be strategic opportunities to obtain funding for some projects from future customers, via production sharing, royalty and other marketing arrangements. The Company's agreement with VRR 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 the 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:

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 £350,000 before expenses through a share placing in the reporting period and issued equity to the value of £26,068 in settlement of outstanding fees payable to directors.

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 the 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 the year end (£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. Subsequent to the year end, the Company completed a fundraising of £350,000 before expenses in November 2019 and a conditional fundraising of £200,000 in February 2020.

Operating Review

In 2019 the Group has continued to advance the CS Pozzolan-Perlite Project in Nevada, USA, towards production.

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.

The Company's operations at the CS Project have focused on mine planning and environmental permitting but bulk sampling, testing, process plant design and customer trials have continued throughout the year as resources allowed.

Mine Planning and Environmental Permitting

The CS Project is located on federally owned and administered land and the lead agency for permitting is the Federal Bureau of Land Management ("BLM"). A reclamation permit is required from the Nevada Division of Environmental Protection's Bureau of Mining

Regulation and Reclamation (“NDEP” and “BMRR”). An air quality permit, renewable every five years, is also required for the project from NDEP’s Bureau of Air Pollution Control before processing operations can commence on site. The Company has applied for a Class II Air Quality Permit which is applicable to projects having generally low levels of emissions. Several additional minor permits are required from other regulatory bodies. These additional permits have generally short approval lead times.

Mine permitting in Nevada is a procedure involving many individual steps and processes leading up to an environmental assessment by the BLM as required under the National Environmental Policy Act (“NEPA”). Many of these processes were completed in 2019.

In May 2019, SR Minerals Inc. submitted its combined Mine Plan of Operations/Nevada Reclamation Permit Application (“Plan of Operations”) to the BLM and the NDEP and BMRR. This combined document sets out in detail how the mine will be developed over time and how the mine will be reclaimed over its lifetime and on closure.

The current mine plan contained in the Plan of Operations replaces that reported in the 2018 Annual Report where a three-phase 15-year mine plan was outlined providing the option to mine pozzolan from either the Main Zone pit or the Tuff Zone pit, or both with separate alternative mine plans developed for pozzolan in each zone. The Plan of Operations now submitted includes both alternatives and envisages a longer, 27-year mine life where both perlite and natural pozzolan are mined from the Main Zone in Phases 1-3 (years 1-15) with pozzolan continuing to be mined in the Tuff Zone in a new Phase 4 (years 16-27).

The Plan of Operations also includes programmes of drilling and bulk sampling to run concurrently with mining. These exploration programmes will test for extensions of perlite and natural pozzolan which are open ended and project beyond the current pit limits. This includes evaluation of the extensive Northeast Zone which so far has been tested by a single drill hole which intersected 40m of high quality natural pozzolan from surface. Previous exploration suggests that the Northeast Zone target extends over an area at least as large as the Main Zone and is an exciting target for further evaluation.

The Company’s Plan of Operations was accepted by the BLM in July 2019 allowing the Company to progress through the NEPA process and to prepare its Environmental Assessment (“EA”) in accordance with a streamlined process mandated by an Executive Order of President Trump. A series of Supplemental Environmental Reports (“SERs”) have been prepared to support the EA which 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. These impacts are considered by the Company’s environmental consultants to be minor or negligible in most cases, except in respect of the mine area itself where there is a moderate but localised impact on soils and geology as would be expected for any mining operation.

The completion of the SERs has been delayed due to requests for further information resulting in the requirement to carry out a hydrological baseline report and SER and an expanded air quality SER. The Company has also been required to provide an Eagle Management Plan to mitigate the impact of the project on the eagle population should recently unoccupied eagles’ nests in proximity to the project become occupied in future. This plan has been reviewed by BLM and the US Fish and Wildlife Service which is a co-operating agency with BLM for this purpose.

Following the completion of permitting the Company is required to submit a reclamation bond before mining can start. The Company’s Plan of Operations is phased, allowing the amount of the initial bond to be minimised.

Processing Options, Plant Design and Customer Trials

The Company is considering the following mineral processing options for its natural pozzolan and perlite production.

Natural Pozzolan

- Direct sale of as-mined ore to cement companies; and
- Construction of a fixed process plant to crush and grind natural pozzolan for sale to cement companies and ready-mix concrete companies.

The first of these options has the lowest capital and operating cost but a fewer number of potential customers. The second option would require construction of a grinding plant, most likely off-site. With this in mind the Company signed an agreement incorporating a detailed term sheet (“the Agreement”) allowing the Company to evaluate and, if appropriate, to lease a mothballed grinding and mineral processing plant located at Millers, 15 miles by road from the CS Project, adjacent to Highway 6 and some 13 miles west of the town of Tonopah. This plant operated successfully until the 1980s re-grinding historic silver mine tailings. It will require significant modification to be used for grinding pozzolan. The Agreement provides for a 9-month period during which the Company can carry out due diligence to evaluate the adaptability of the plant for grinding pozzolan. If the plant is unsuitable the plant area could be leased as a favourable site for a completely new pozzolan grinding plant. Should the Company’s due diligence prove positive the Agreement allows Sunrise to elect that all parties use their best endeavours to negotiate in good faith and enter into a further agreement whereby Sunrise will lease a 5.5-acre area containing and surrounding the plant.

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 mobile plant for the first of these perlite production options is available from the quarry industry and can be bought, rented or leased and, subject to availability, production could start quickly at a relatively low capital cost. The Company has been working with equipment suppliers to cost and source the required process plant and has received cost proposals for the rental of the various plant items in line with the Company's objective to develop the project at minimal capital cost.

A preliminary plant design has also been completed for a more sophisticated fixed processing plant to be built either on site, or preferably at a rail-linked site elsewhere in Nevada.

The Company's Plan of Operations allows for both of these possible processing options to take place on site to give the Company maximum flexibility for initial production and future processing to additional and/or higher value products.

The Company's Class 11 Air Quality Permit application, which primarily applies to an on-site process plant, is based on the first of these options.

Sampling, Testing and Customer Trials

Natural Pozzolan

In 2019 the Company was actively engaged in ongoing testing programmes with a number of companies that have large operations in the western United States, and which are potential customers and partners for our future production of natural pozzolan and perlite from the CS Project.

Previously, all the Company's natural pozzolan testwork has involved *mortar* blocks in accordance with standard testing procedures (ASTM C618) where the Company's natural pozzolan is mixed with cement and sand and the resulting mortar blocks tested for strength.

In 2019, successful tests have been completed by two major international cement/ready-mix companies to evaluate the behaviour of concrete made with the Company's natural pozzolan replacing 20% of the cement in the concrete mix. The test was benchmarked in one case against an identical test using a commercially available pozzolan, and in the other, fly ash. The Company's natural pozzolan performed well with good strength, low shrinkage and good setting times comparing favourably with the benchmark commercial pozzolan and fly ash samples. These tests have been important in demonstrating the value of the Company's natural pozzolan as competitive with other commercially available high quality natural pozzolan and as a replacement for fly ash in the large end-use ready-mix concrete market, fly ash currently being the most commonly used but declining form of supplementary cementitious material ("SCM").

In order to meet customer demand for additional testwork 18 tons of pozzolan were submitted to a commercial custom grinding facility but the process technology proved unsuitable and could not achieve the required grind size and further processing will be required using more appropriate grinding technology.

Perlite

Process development testwork has moved onto the bulk sampling scale in 2019 and so only limited laboratory scale testwork was carried out aimed at the production and expansion of super-coarse horticultural grades of perlite. These very coarse grades of raw perlite are only available in restricted tonnages and command a premium price. This testwork has produced a coarse expanded perlite with acceptable yields indicating promising potential to produce these premium grades.

In order to provide potential customers with additional samples for testwork the Company has recently completed a second round of bulk sampling at the CS Project. One hundred tons of perlite was extracted for further testwork. The bulk sample mining exercise has confirmed that the perlite targeted for first production can be mined mechanically by excavator or bulldozer, without the need for more costly drilling and blasting.

Seven tons of perlite were crushed and screened through production scale mobile processing equipment to simulate the low capital cost processing option that is being planned for first production of horticultural grade perlite. The primary objective of this work – funded by the equipment suppliers – was to provide operating data for refinement of the process flowsheet and information on operating cost parameters. This test produced enough horticultural grade raw perlite to justify a second commercial perlite expansion by a potential customer. This test was successful.

Following these successful plant trials, the Company is now working with its equipment suppliers to assemble an integrated crushing and screening plant close to the CS Project in order to process the remaining 100-ton sample of perlite. This pilot scale work will allow for additional tonnages of horticultural grade raw perlite to be produced and sent to a wider range of customers.

Following the reporting of further successful commercial scale perlite expansion tests the Company has received encouraging off-take enquiries from potential customers. Consideration is also being given to processing a bulk sample from the Company's NewPerl Project at the same time, for which a permit has already been granted.

Water Supply

Water will be required by the CS Project, primarily for dust suppression in and around the Company's proposed mining and mineral processing operations.

A disused well has been identified close to the proposed operations and has been pump tested and found sufficient to supply the Company's needs. An application submitted for new water rights to be used in conjunction with the well and the Project was rejected because it would lead to an overall increase in total water rights. The Company has since signed an agreement with Liberty Moly LLC ("Liberty Moly") providing the Company with a lease of existing water rights to be used in the development of its CS Pozzolan-Perlite Project.

The lease covers an initial 5-year period renewable for a further five one-year periods and covers enough water for the Project's annual projected requirements at full production rates.

The leased water rights are currently attached to the past-producing Liberty molybdenum mine some 18 miles west of, and in the same water basin as, the Project. Liberty Moly is a subsidiary of General Moly, Inc. An application has been made to the Nevada Division of Water Resources for permits to enable extraction of water at the Company's designated well-site using the water rights leased from Liberty Moly.

An application for a Right of Way for the well and access over BLM administered land has been submitted alongside the Company's Plan of Operations and Reclamation Permit application.

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 5% of the global man-made carbon dioxide emissions with nearly one tonne of carbon dioxide (CO₂) 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 the coal ash supply problem – and hence our marketing opportunity for natural pozzolan – 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. As predicted, this was exacerbated in 2019 by the closure of the West's largest coal-fired power station in Arizona taking 500,000 tonnes per year of high-quality fly ash off the market and which previously serviced the markets we are targeting in Nevada and California.

The rate of decline in the supply of fly ash is faster than many within the industry expected due to the accelerating closure of coal-fired power stations across the USA. This represents a significant threat to the concrete companies that have come to rely on a ready supply of fly ash. 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.

This was highlighted at the inaugural meeting of the Natural Pozzolan Association in 2019 where many of the large cement and concrete companies were attendees. The meeting was very well attended with over 70 delegates, mainly from the USA, but with several other countries also represented. Several large multi-national cement and concrete producers and fly ash distribution companies were represented including some already engaged in joint testwork programmes and marketing/off-take discussions with the Company.

The country-wide closure of coal-fired power stations is not restricted to the USA. France, Sweden, Britain, Ireland, Austria, Portugal Denmark and Germany all plan to have closed all their coal-fired power stations by the end of this decade.

These macro-economic factors create a permissive environment for natural pozzolan and have recently been highlighted by two separate reports.

A report issued in March this year by Energy Innovation LLC¹ ([The Coal Cost Crossover: Economic Viability Of Existing Coal Compared To New Local Wind And Solar Resources](#)) reported that "America has officially entered the **"coal cost crossover"** – where existing coal is increasingly more expensive than cleaner alternatives. Today, local wind and solar could replace approximately 74 percent of the U.S. coal fleet at an immediate savings to customers. By 2025, this number grows to 86 percent."

A report recently commissioned by the Sierra Club² and submitted to the California Legislature highlights the potential for SCMs such as natural pozzolan to replace cement in cement and concrete mixes and reduce the carbon outputs of the California cement industry.

"In addition, the CO₂ emissions intensity (tCO₂/t cement) of California's cement industry was the second highest among countries/regions studied, and 57 percent higher than that of China's cement industry."

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 increasing rapidly. We understand that fly ash pozzolan is selling for up to approximately US\$95 per ton delivered to customers in the western USA and this currently sets a benchmark for pricing pozzolan. We expect pozzolan prices to increase over time.

For more information on natural pozzolan see:

<https://pozzolan.org/>

References:

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<https://www.globalefficiencyintel.com/new-blog/2019/californias-cement-climate-challenge>

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"), 560,000 tonnes of raw perlite was mined in the USA in 2018 with most material used internally and some material imported, primarily from Greece. USGS reports show a 12% annual rise in US consumption in 2018 and a 22% rise over 2015. 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, most recently, 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.

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.

Raw sized perlite typically sells for US\$70 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 & JACKSON WASH PERLITE PROJECTS, NEVADA

These perlite projects are located approximately 85km from the CS Project in Nevada, USA.

During the year the Company discovered and staked extensive outcrops of perlite at a new location about 16km northwest of the original NewPerl claims and extended its perlite discoveries at NewPerl to the southwest. For permitting reasons the new location target/claim group was split out from the NewPerl Project and referred to as the *Jackson Wash Project* whilst the original southern target/claim group will retain the *NewPerl Project* name.

NewPerl Project

The current claims contain two key targets where surface samples have shown excellent expandability results for horticultural grades of perlite. In one of these areas perlite has been found along a 200m wide flank of a 1km long ridge with up to 80m vertical relief.

The second target area is a small knoll (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.

The Company now has a bonded work programme approved by BLM to allow for an initial drilling and bulk sampling programme at the Knoll Prospect.

Jackson Wash Project

Testwork on several reconnaissance samples highlight this as a significant new perlite target for horticultural grade perlite. 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.

These projects are being evaluated as a future source of feed for the CS Project and, resources permitting, it is likely that the Company will move to commercial-scale testing of samples from NewPerl and Jackson Wash at a much earlier stage than was possible for the CS Project.

JUNCTION COPPER-SILVER-GOLD PROJECT, NEVADA, USA

The Company holds a 3% net smelter royalty interest in the Junction Project and shares in the holding Company, TSX-V listed VR Resources Ltd ("VRR").

Early in the year VRR announced the drill discovery of a Cretaceous-age porphyry copper mineralised system within the 6km mineralised trend defined by earlier exploration. Two reconnaissance drill holes were completed by VRR, one at each of the Denio Summit and Granite Mountain targets which lie at either end of the mineralised trend. VRR has stated that it will now be focusing on three key targets, Denio Summit, Lone Mountain and Granite Mountain. The Denio Summit target is within the area where Sunrise holds a 3% net smelter royalty (the "Sunrise Royalty Area") and the Lone Mountain target is on the edge of this area. The Granite Mountain target is outside of the Sunrise Royalty Area. The Junction property is hosted within a polyphase, middle Cretaceous batholith that has the same age as the Robinson porphyry copper deposit at Ely, Nevada, which has a history going back to 1876 and which is still in production today, operated as a large open-pit mine by KGHM Polska Miedz S.A. VRR considers this a proven analogue for further exploration at the Junction Project.

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 PROJECTS

No work was carried out during the year on the **Bay State Silver Project**, the **County Line Diatomite Project**, **Ridge Limestone Project** or **Garfield Gold-Silver-Copper Project** in Nevada, USA, 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. A number of joint venture enquiries have been received.

WESTGOLD INC.

The Company's Westgold subsidiary holds three projects in Nevada – **Stonewall**, **Clayton** and **Newark** – that were acquired with the specific objective that they be held at minimal costs and offered as being available for joint venture. No work has been carried out on these projects to date, but all have drill-ready targets for epithermal gold, silver and Carlin style deposits respectively.

SUNRISE MINERALS AUSTRALIA PTY LTD

The Company intends to maintain its interest in the **Baker's Gold Project** where mapping and chip sampling of gold bearing quartz-stockwork veins has developed drill targets at the Dicky Lee open pit, which was developed in the 1980s for production of specimen gold-quartz nuggets, and a 500m long gold-in-soil anomaly. The Company's proposed drill programme has approval from the Department of Mines & Petroleum of Western Australia but requires an Aboriginal Heritage Clearance survey prior to drilling.

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 below together with risk mitigation strategies employed by the Board.

Risk	Mitigation Strategies
<p>Exploration Risk</p> <p>The Group's business is mineral exploration and mine 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>Resource Risk</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>Development Risk</p> <p>Delays in permitting, financing and commissioning a project may result in delays to the Group meeting production targets.</p>	<p>To reduce development risk directors will ensure that its permitting, financial evaluation and financing mechanisms are robust and thorough and will seek to position the Company as a low-cost producer.</p>
<p>Commodity Risk</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>Mining and Processing Technical Risk</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 the executive and the Board with additional technical and financial skills as the Company transitions from exploration to production.</p>
<p>Environmental Risk</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>
<p>Political Risk</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 Code of Conduct and this is strictly enforced.</p>
<p>Partner Risk</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>Financing & Liquidity Risk</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 may be required over the next 12 months.</p>

<p>Financial Instruments</p> <p>Details of risks associated with the Group's Financial Instruments are given in Note 18 to the financial statements.</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>
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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.

This Strategic Report was approved by the Board on 18 February 2020 and signed on its behalf.

Patrick Cheetham
Executive Chairman

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 the directors to prepare financial statements 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 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.

Information from the Directors' Report

The directors are pleased to submit their Annual Report and audited accounts for the year ended 30 September 2019.

The Strategic Report 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 Balance Sheet date.

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 (£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 and raised £350,000 before expenses subsequent to the year end in November 2019, 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 are currently unable to recommend the payment of any ordinary 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 18 to the financial statements.

Details of risks and uncertainties that affect the Group's business are given in the Strategic Report.

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	10	10	1	1	2	2	1	1
D J Swan	10		1		2		1	
R D Murphy	10		1		2		1	

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

Post Balance Sheet Events

In November 2019, the Company raised £350,000 before expenses through a placing of 350,000,000 ordinary shares at a price of 0.1 pence per ordinary share. In addition, 12,500,000 warrants were issued, each warrant entitling the holder to apply for one ordinary share at the price of 0.1 pence per ordinary share at any time within twelve months from the date of issue.

In February 2020, the Company raised £200,000 before expenses through a placing of 181,818,182 ordinary shares at a price of 0.11 pence per ordinary share, conditional on admission of the shares to trading on AIM. In addition, 9,090,909 warrants will be issued, each warrant entitling the holder to apply for one ordinary share at the price of 0.11 pence per ordinary share at any time within twelve months from the date of issue.

There were no other post balance sheet events which affect the financial position of the Company at the balance sheet date.

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 18 February 2020	Number of shares	% of share capital
Interactive Investor Services Nominees Limited SMKTISAS	215,925,016	6.93
Pershing Nominees Limited BICLT	201,779,545	6.48
Hargreaves Lansdown (Nominees) Limited 15942	198,173,066	6.36
Share Nominees Ltd	193,074,678	6.20
Barclays Direct Investing Nominees Limited CLIENT1	168,557,683	5.41
Interactive Investor Services Nominees Limited SMKTNOMS	166,976,472	5.36
HSDL Nominees Limited MAXI	149,548,729	4.80
Thomas Grant and Company Nominees Limited TGNOMS	140,750,000	4.52
Hargreaves Lansdown (Nominees) Limited VRA	115,979,283	3.72
Wealth Nominees Limited NOMINEE	111,163,229	3.57
Hargreaves Lansdown (Nominees) Limited VRADDDOWN	109,667,763	3.52
JIM Nominees Limited JARVIS	96,980,715	3.11

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

The Company's Annual General Meeting convened for Thursday 19 March 2020 at 12:00 noon will be held in Macclesfield.

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 18 February 2020 and signed on its behalf.

Patrick Cheetham
Executive Chairman

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 38 years' experience in mineral exploration
- 33 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 Central Asia Metals plc

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: Madini Minerals and 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
- Company Secretary for Sunrise Resources plc.

Appointed: July 2019

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

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 Corporate Governance Code 2018 ("the QCA Code") is the most suitable code for the Company and has adopted the principles set out in the QCA Code and applies these principles wherever possible, and where appropriate to its size and available resources. The Company's Corporate Governance Statement was reviewed and adopted by the Board on 18 February 2020. The Company has set out on its website and in its Corporate Governance Statement, 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 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.

In response to the Data Protection Act 2018 and the implementation of the General Data Protection Regulation which came into effect on 25 May 2018 the Company has carried out extensive due diligence to ensure compliance and has adopted a Privacy and Cookies Policy.

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 Statement of Financial Position in respect of trade payables at the end of the financial year represents 20 days of average daily purchases (2018: 13 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

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.

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

All shareholders are 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 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, 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 and 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 the Strategic Report 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 reports for consideration on all significant strategic, operational and financial matters.

The Board met ten times during the year to consider these matters. Further details are provided in the Directors' Report. The Board is supported by the Audit, Remuneration and Nomination Committees/

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. Mr Patrick Cheetham is currently the Chairman and Chief Executive. Mr 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 Mr. Cheetham dedicates over 79% 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.

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.

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 which it embodies is appropriate for the current size and stage of development of the Company and that the Board 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.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

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.

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

The corporate culture of the Company is promoted to its 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, 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 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 and Remuneration Committees with formally delegated duties and responsibilities. David Swan currently chairs the Audit Committee; Roger Murphy chairs the Remuneration 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 can be found here: <https://www.sunriseresourcesplc.com/financial-reports>.

Notices of General Meetings are posted to shareholders and copies for at least the past five years are contained within the Annual Reports, copies of which are available in the Company Documents section of the AIM Rule 26 page of the website.

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, composed entirely of 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. Mr 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. 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). 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.

2. Going Concern

The Committee also considered the Going Concern basis on which the accounts have been prepared and can refer shareholders to the Company's accounting policy set out in Note 1(b). The directors are satisfied that the going concern basis is appropriate for the preparation of the financial statements.

David Swan

Chair - Audit Committee

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 director and review the basis of his service agreement and make recommendations to the Board regarding the scale and structure of his 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 once during the period under review and also held a meeting 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. Mr 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 29 July 2019.

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

Publication of Statutory Accounts

The financial information set out in this announcement does not constitute the Company's Annual Accounts for the period ended 30 September 2019 or 2018. The financial information for 2018 is derived from the Statutory Accounts for 2018. Full audited accounts in respect of that financial period have been delivered to the Registrar of Companies. The Statutory Accounts for 2019 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on the 2019 and 2018 accounts. Neither set of accounts contain a statement under section 498(2) of (3) the Companies Act 2006 and both received an unqualified audit opinion. However, there was an emphasis of matter in relation to a requirement that the Company raise funds in the future to continue as a going concern.

Availability of Financial Statements

The Annual Report containing the full financial statements for the year to 30 September 2019 will be posted to shareholders on or around 25 February 2020, a soft copy of which will then be available to download from the company's website:

<https://www.sunriseresourcesplc.com>

Consolidated Income Statement for the year ended 30 September 2019

	Notes	2019 £	2018 £
Pre-licence exploration costs		4,711	10,473
Impairment of deferred exploration asset	9	-	483,169
Administration costs		297,261	290,023
Operating loss		(301,972)	(783,665)
Gain/(loss) on disposal of intangible asset		-	(3,112)
Interest receivable		234	105
Loss before income tax	3	(301,738)	(786,672)
Income tax	7	-	-
Loss for the year attributable to equity holders of the parent		(301,738)	(786,672)
Loss per share - basic and diluted (pence)	6	(0.01)	(0.04)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income for the year ended 30 September 2019

	2019 £	2018 £
Loss for the year	(301,738)	(786,672)
Items that could be reclassified subsequently to the income statement:		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	93,692	11,657
Fair value movement on other investments	—	(11,007)
	93,692	650
Items that will not be reclassified to the income statement:		
Changes in the fair value of equity investments	44,625	—
	138,317	650
Total comprehensive loss for the year attributable to equity holders of the parent	(163,421)	(786,022)

Consolidated and Company Statements of Financial Position at 30 September 2019

Company Registration Number: 05363956

	Notes	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Non-current assets					
Intangible assets	9	1,753,050	-	1,363,360	-
Investment in subsidiaries	8	-	1,976,381	-	1,626,506
Other investments	8	22,078	-	19,697	14,344
		1,775,128	1,976,381	1,383,057	1,640,850
Current assets					
Receivables	11	53,740	21,288	76,220	38,502
Cash and cash equivalents	12	27,069	20,941	235,722	234,972
		80,809	42,229	311,942	273,474
Current liabilities					
Trade and other payables	13	(72,988)	(47,804)	(106,346)	(94,305)
Net current assets		7,821	(5,575)	205,596	179,169
Net assets		1,782,949	1,970,806	1,588,653	1,820,019
Equity					
Called up share capital	14	2,749,760	2,749,760	2,436,910	2,436,910
Share premium account		5,059,244	5,059,244	5,016,526	5,016,526
Share warrant reserve	14	24,476	24,476	68,204	68,204
Fair value reserve		44,413	36,987	(212)	2,682
Foreign currency reserve	14	125,098	1,321	31,406	1,408
Accumulated losses		(6,220,042)	(5,900,982)	(5,964,181)	(5,705,711)
Equity attributable to owners of the parent		1,782,949	1,970,806	1,588,653	1,820,019

The Company reported a loss for the year ended 30 September 2019 of £241,148 (2018: £797,908).

These financial statements were approved and authorised for issue by the Board on 18 February 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 £	Share premium account £	Share warrant reserve £	Fair value reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2017	1,804,016	4,792,790	89,248	10,795	19,749	(5,200,294)	1,516,304
Loss for the year	-	-	-	-	-	(786,672)	(786,672)
Change in fair value	-	-	-	(11,007)	-	-	(11,007)
Exchange differences	-	-	-	-	11,657	-	11,657
Total comprehensive loss for the year	-	-	-	(11,007)	11,657	(786,672)	(786,022)
Share issue	632,894	223,736	-	-	-	-	856,630
Share-based payments expense	-	-	1,741	-	-	-	1,741
Transfer of expired warrants	-	-	(22,785)	-	-	22,785	-
At 30 September 2018	2,436,910	5,016,526	68,204	(212)	31,406	(5,964,181)	1,588,653
Loss for the year	-	-	-	-	-	(301,738)	(301,738)
Change in fair value	-	-	-	44,625	-	-	44,625
Exchange differences	-	-	-	-	93,692	-	93,692
Total comprehensive loss for the year	-	-	-	44,625	93,692	(301,738)	(163,421)
Share issue	312,850	42,718	-	-	-	-	355,568
Share-based payments expense	-	-	2,149	-	-	-	2,149
Transfer of expired warrants	-	-	(45,877)	-	-	45,877	-
At 30 September 2019	2,749,760	5,059,244	24,476	44,413	125,098	(6,220,042)	1,782,949

Company Statement of Changes in Equity

Company	Share capital £	Share premium account £	Share warrant reserve £	Fair value reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2017	1,804,016	4,792,790	89,248	10,962	1,359	(4,930,588)	1,767,787
Loss for the year	-	-	-	-	-	(797,908)	(797,908)
Change in fair value	-	-	-	(8,280)	-	-	(8,280)
Exchange differences	-	-	-	-	49	-	49
Total comprehensive loss for the year	-	-	-	(8,280)	49	(797,908)	(806,139)
Share issue	632,894	223,736	-	-	-	-	856,630
Share-based payments expense	-	-	1,741	-	-	-	1,741
Transfer of expired warrants	-	-	(22,785)	-	-	22,785	-
At 30 September 2018	2,436,910	5,016,526	68,204	2,682	1,408	(5,705,711)	1,820,019
Loss for the year	-	-	-	-	-	(241,148)	(241,148)
Change in fair value	-	-	-	34,305	-	-	34,305
Exchange differences	-	-	-	-	(87)	-	(87)
Total comprehensive loss for the year	-	-	-	34,305	(87)	(241,148)	(206,930)
Share issue	312,850	42,718	-	-	-	-	355,568
Share-based payments expense	-	-	2,149	-	-	-	2,149
Transfer of expired warrants	-	-	(45,877)	-	-	45,877	-
At 30 September 2019	2,749,760	5,059,244	24,476	36,987	1,324	(5,900,982)	1,970,806

Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2019

	Notes	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Operating activity					
Operating loss		(301,972)	(272,309)	(783,665)	(263,531)
Share-based payment charge		2,149	2,149	1,741	1,741
Shares issued in lieu of net wages		26,068	26,068	22,131	22,131
Impairment charge – deferred exploration asset		-	-	483,169	-
(Decrease)/increase in accrued income		-	-	(2,501)	-
(Increase)/decrease in receivables	11	22,479	17,214	(14,078)	(13,423)
Decrease in trade and other payables	13	(33,358)	(46,500)	(6,555)	(2,524)
Net cash outflow from operating activity		(284,634)	(273,378)	(299,758)	(255,606)
Investing activity					
Interest received		234	31,075	105	12,164
Disposal of development asset		-	-	(390)	-
Disposal of other investments	8	48,649	48,649	-	-
Acquisition of other investments	8	(5,792)	-	-	-
Development expenditures	9	(313,258)	-	(550,132)	-
Loans to subsidiaries		-	(349,875)	-	(571,472)
Net cash outflow from investing activity		(270,167)	(270,151)	(550,417)	(559,308)
Financing activity					
Issue of share capital (net of expenses)		329,500	329,500	834,500	834,500
Net cash inflow from financing activity		329,500	329,500	834,500	834,500
Net increase/(decrease) in cash and cash equivalents		(225,301)	(214,029)	(15,675)	19,586
Cash and cash equivalents at start of year		235,722	234,972	234,181	215,339
Exchange differences		16,648	(2)	17,216	47
Cash and cash equivalents at 30 September	12	27,069	20,941	235,722	234,972

Notes to the Financial Statements

for the year ended 30 September 2019

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.

The Group has adopted IFRS 9 from 1 October 2018. The directors reviewed the Group's existing financial assets as at 1 October 2018 and reclassified the investments previously held as available for sale into at fair value through other comprehensive income (OCI) category. The adoption of IFRS 9 did not result in adjustments to the amounts recognised in the financial statements. The new accounting policy is set out in note 1(k).

(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 (£27,069), 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 £241,148 (2018: £797,908). The loss for 2018 includes provision for impairment of its investment in subsidiary undertakings in the amount of £546,541 (Note 8). There were no provisions for impairments in 2019.

(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 2019 and November 2019.

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.

Development

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

(e) Trade and other receivables and payables

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

(f) Cash and cash equivalents

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

(g) Deferred taxation

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

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

(h) 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.

(i) 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.

(j) Judgements and estimations in applying accounting policies

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

Intangible 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 a 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.
- (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 £960,000. In the judgment of the directors, this is the focus because there is perceived to be good production potential. Delays in the process of obtaining mining permits are not considered to be a significant issue and follow further information requests from the regulatory authorities.

Further exploration at the Bay State Project (carrying value £416,000) has been deferred, however 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 2019 on the County Line Project (carrying value £142,000), in the judgment 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 £66,000, 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 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.

(k) 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.

(l) 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. Specifically the adoption of IFRS 16 leases will change the accounting treatment by lessees of leases currently classified as operating leases. Lease agreements will give rise to the recognition by the lessee of an asset, representing the right to use the leased item and a related liability for future lease payments. Lease costs will be recognised in the income statement in the form of depreciation of the right of use asset over the lease term and finance charges representing the unwind of the discount on the lease liability. The adoption of IFRS 16 will 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).

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.

2019	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration cost	-	-	-
Pre-licence exploration costs	4,711	-	4,711
Share-based payments	-	2,149	2,149
Other expenses	-	295,112	295,112
Operating loss	(4,711)	(297,261)	(301,972)
Gain/(loss) on disposal of intangible asset	-	-	-
Interest receivable	-	234	234
Loss before income tax	(4,711)	(297,027)	(301,738)
Income tax	-	-	-
Loss for the year attributable to equity holders of the parent	(4,711)	(297,027)	(301,738)
Non-current assets			
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
Current assets			
Receivables	28,512	25,228	53,740
Cash and cash equivalents	-	27,069	27,069
	28,512	52,297	80,809
Current liabilities			
Trade and other payables	(24,278)	(48,710)	(72,988)
Net current assets	4,234	3,587	7,821
Net assets	1,757,284	25,665	1,782,949
Other data			
Deferred exploration additions	313,258	-	313,258
Exchange rate adjustments to deferred exploration costs	76,432	-	76,432

2018	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration cost	483,169	-	483,169
Pre-licence exploration costs	10,473	-	10,473
Share-based payments	-	1,741	1,741
Other expenses	-	288,282	288,282
Operating loss	(493,642)	(290,023)	(783,665)
Gain/(loss) on disposal of intangible asset	(3,112)	-	(3,112)
Interest receivable	-	105	105
Loss before income tax	(496,754)	(289,918)	(786,672)
Income tax	-	-	-
Loss for the year attributable to equity holders of the parent	(496,754)	(289,918)	(786,672)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Baker's Gold Project, Australia	61,118	-	61,118
County Line Diatomite Project, USA	129,213	-	129,213
Garfield Silver-Gold-Copper Project, USA	26,963	-	26,963
Bay State Silver Project, USA	384,677	-	384,677
NewPerl Project/Jackson Wash Project, USA	29,829	-	29,829
Ridge Limestone Project, USA	16,576	-	16,576
CS Pozzolan-Perlite Project, USA	662,139	-	662,139
Clayton Gold Project, USA	15,719	-	15,719
Newark Silver-Gold Project, USA	26,025	-	26,025
Stonewall Gold Project, USA	11,101	-	11,101
	1,363,360	-	1,363,360
Other investments	-	19,697	19,697
	1,363,360	19,697	1,383,057
Current assets			
Receivables	32,272	43,948	76,220
Cash and cash equivalents	-	235,722	235,722
	32,272	279,670	311,942
Current liabilities			
Trade and other payables	(30,860)	(75,486)	(106,346)
Net current assets	1,412	204,184	205,596
Net assets	1,364,772	223,881	1,588,653
Other data			
Deferred exploration additions	550,132	-	550,132
Exchange rate adjustments to deferred exploration costs	(6,007)	-	(6,007)

3. Loss before income tax

	2019	2018
	£	£
<i>The operating loss is stated after charging:</i>		
Fees payable to the Company's auditor for:		
The audit of the Company's annual accounts	7,072	6,175
Other Services:		
Interim review of accounts	1,000	1,000
VAT review	-	2,250
Corporation tax fees	700	700
Corporation tax review fees	2,700	-

4. Directors' emoluments

	2019	2018
	£	£
<i>Remuneration in respect of directors was as follows:</i>		
P L Cheetham (salary)	16,000	12,000
D J Swan (salary)	16,000	12,000
R D Murphy (salary)	16,000	12,000
	48,000	36,000

In the year ended 30 September 2019 the cost of Employer's National Insurance Contributions for directors was £Nil (2018: £Nil)

In the year ended 30 September 2019 the value of non-cash share based payments in respect of share warrants issued to the directors was £630 (2018: £Nil).

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 £76,773, including Employers National Insurance Contributions, was charged to the Company for his services during the year (2018: £110,790). 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 £48,630 (2018: £36,000).

5. Staff costs

<i>Staff costs for the Group and the Company, including directors, were as follows:</i>	2019	2018
	£	£
Wages and salaries	51,197	40,232
Social security costs	-	-
Share-based payments	1,003	450
	52,200	40,682

<i>The average monthly number of employees employed by the Group and the Company during the year was as follows:</i>	2019	2018
	Number	Number
Directors	3	3
Other Officers	1	1
	4	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).

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 £1,145 (2018: £1,291).

The 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.

	2019	2018
Loss (£)	(301,738)	(786,672)
Weighted average shares in issue (No.)	2,661,216,018	2,136,387,359
Basic and diluted loss per share (pence)	(0.011)	(0.04)

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 (2018: £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% (2018: 19%). The differences are explained below.

Tax reconciliation	2019 £	2018 £
Loss before income tax	(301,738)	(786,672)
Tax at hybrid rate 19% (2018: 19%)	(57,330)	(149,468)
Pre-trading expenditure no longer deductible for tax purposes	20,473	886,846
Administration expenditure not deductible for tax purposes	2,149	17,021
Tax effect at hybrid rate 19% (2018: 19%)	4,298	171,735
Unrelieved tax losses carried forward	(53,032)	(22,267)
Tax recognised on loss	-	-
Total losses carried forward for tax purposes	(3,294,662)	(3,376,297)

Factors that may affect future tax charges

The Group has total losses carried forward of £3,294,662 (2018: £3,376,297). This amount would be charged to tax, thereby reducing tax liability, if sufficient profits were made in the future. The deferred tax asset has not been recognised as the future recovery is uncertain given the exploration status of the Group. The carried tax loss is adjusted each year for amounts that can no longer be carried forward.

Following a review of the 2017 and 2018 tax returns there was a change in treatment of pre trade expenditure and treatment of carried forward losses as excess management expenses of the Company. This change resulted in the difference of £360,752 between the 2018 and 2019 carried forward balances.

8. Investments

Subsidiary undertakings

Company	Country of incorporation /registration	Date of incorporation /registration	Type and percentage of shares held at 30 September 2019	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 2019 £	Company 2018 £
Investment in subsidiary undertakings		
Ordinary Shares - Sunrise Minerals Australia Pty Ltd	61	61
Loan - Sunrise Minerals Australia Pty Ltd	740,584	726,816
Less – provision for impairment	(546,541)	(546,541)
Ordinary Shares - SR Minerals Inc.	1	1
Loan - SR Minerals Inc.	1,676,913	1,353,145
Ordinary Shares - Westgold Inc.	1	1
Loan - Westgold Inc.	105,362	93,023
At 30 September	1,976,381	1,626,506

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 £1,976,318 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 2019	Principal activity
Block Energy plc	England & Wales	0% of ordinary shares	Mineral exploration
VR Resources Ltd	Canada	0.18% of ordinary shares	Mineral exploration

	Group 2019	Company 2019	Group 2018	Company 2018
	£	£	£	£
Investment designated at fair value through OCI				
Value at start of year	19,697	14,344	30,478	22,624
Additions	5,792	-	-	-
Disposals	(48,649)	(48,649)	-	-
Movement in valuation	45,238	34,305	(10,781)	(8,280)
At 30 September	22,078	-	19,697	14,344

The fair value of each investment is equal to the market value of its shares at 30 September 2019, 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 2019	Company 2019	Group 2018	Company 2018
	£	£	£	£
Deferred exploration expenditure				
Cost				
At start of year	4,063,828	2,203,594	3,513,696	2,203,594
Additions	313,258	-	550,132	-
At 30 September	4,377,086	2,203,594	4,063,828	2,203,594
Disposals				
At start of year	(2,700,468)	(2,203,594)	(2,211,292)	(2,203,594)
Impairment losses during year	-	-	(483,169)	-
Disposal during year	-	-	-	-
Foreign currency exchange adjustments	76,432	-	(6,007)	-
At 30 September	(2,624,036)	(2,203,594)	(2,700,468)	(2,203,594)
Carrying amounts				
At 30 September	1,753,050	-	1,363,360	-
At start of year	1,363,360	-	1,302,404	-

During the year the directors carried out an impairment review with reference to IFRS 6.20 (a) which resulted in no impairment being required. In 2018 an impairment charge relating to the Cue Diamond project was recognised in the Consolidated Income Statement as part of operating expenses. 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 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Prepayments	15,367	11,712	20,191	14,876
Accrued income	-	-	5,353	-
Other receivables	38,373	9,576	50,676	23,626
At 30 September	53,740	21,288	76,220	38,502

12. Cash and cash equivalents

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Cash at bank and in hand				
At 30 September	27,069	20,941	235,722	234,972

13. Trade and other payables

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Amounts owed to Tertiary Minerals plc	10,495	10,495	59,690	59,690
Trade creditors	22,980	2,939	5,747	1,981
Accruals	15,513	10,370	22,767	14,492
Net pay due in shares	16,734	16,734	11,394	11,394
Social security and taxes	7,266	7,266	6,748	6,748
At 30 September	72,988	47,804	106,346	94,305

14. Issued capital and reserves

	2019 Number	2019 £	2018 Number	2018 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p each				
Balance at start of year	2,436,910,064	2,436,910	1,804,015,667	1,804,016
Shares issued in the year	312,850,244	312,850	632,894,397	632,894
Balance at 30 September	2,749,760,308	2,749,760	2,436,910,064	2,436,910

During the year to 30 September 2019 the following share issues took place:

An issue of 7,650,968 0.1p ordinary shares at 0.155p per share to three directors, for a total consideration of £11,859, in satisfaction of directors' fees (6 November 2018).

An issue of 291,666,666 0.1p ordinary shares at 0.12p per share, by way of placing, for a total consideration of £329,500 net of expenses (8 January 2019).

An issue of 13,532,610 0.1p ordinary shares at 0.105p per share to three directors, for a total consideration of £14,209, in satisfaction of directors' fees (30 April 2019).

During the year to 30 September 2018 a total of 632,894,397 0.1p ordinary shares were issued, at an average price of 0.14p per share, for a total consideration of £856,631 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 at 30 September 2019

Issue date	Exercise price	Number	Exercisable	Expiry dates
05/02/15	0.275p	6,750,000	Any time before expiry	05/02/20
05/02/15	0.275p	2,625,000	Any time before expiry	05/02/20
18/02/16	0.160p	750,000	Any time before expiry	18/02/21
18/02/16	0.160p	2,500,000	Any time before expiry	18/02/21
01/02/17	0.135p	750,000	Any time before expiry	01/02/22
01/02/17	0.135p	2,500,000	Any time before expiry	01/02/22
31/01/18	0.160p	750,000	Any time from 01/02/19	31/01/23
31/01/18	0.160p	2,500,000	Any time from 01/02/19	31/01/23
21/02/19	0.160p	4,000,000	Any time from 21/02/20	21/02/24
21/02/19	0.110p	1,000,000	Any time from 21/02/20	21/02/24
21/02/19	0.110p	3,750,000	Any time from 21/02/20	21/02/24

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 transactions

The Company issues share warrants on varying terms and conditions.

Details of the share warrants outstanding during the year are as follows:

	2019		2018	
	Number of share warrants	Weighted average exercise price (Pence)	Number of share warrants	Weighted average exercise price (Pence)
Outstanding at start of year	274,875,000	0.245	277,375,000	0.26
Granted during the year	8,750,000	0.13	3,250,000	0.16
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(255,750,000)	0.25	(5,750,000)	0.85
Outstanding at end of year	27,875,000	0.18	274,875,000	0.245
Exercisable at end of year	19,125,000	0.21	271,625,000	0.246

The share warrants outstanding at 30 September 2019 had a weighted average exercise price of 0.18p (2018: 0.245p), a weighted average fair value of 0.078p (2018: 0.025p) and a weighted average remaining contractual life of 2.32 years.

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. Note 5 explains the value recognised in the reporting period in respect of Tertiary Minerals plc.

In the year ended 30 September 2018 warrants were granted on 31 January 2018 to an officer of the Company, and a director and employees of Tertiary Minerals plc with an aggregate estimated fair value of £1,941.

In the year to 30 September 2019 the Company recognised expenses of £2,149 (2018: £1,741) related to issuing of share warrants in connection with equity-settled share-based payment transactions. The fair value is 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.

In the year ended 30 September 2019 no share warrants were exercised.

<i>The inputs into the Black-Scholes-Merton Pricing Model were as follows:</i>	2019	2018
Weighted average share price	0.11p	0.16p
Weighted average exercise price	0.13p	0.16p
Expected volatility	62.5%	85.0%
Expected life	4 years	4 years
Risk-free rate	0.83%	1.06%
Expected dividend yield	0%	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.

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 2019				At 30 September 2018	
	Shares number	Share warrants number	Warrant exercise price	Warrant expiry date	Shares number	Share warrants number
P L Cheetham*	125,593,683	3,000,000	0.275p	05/02/20	83,454,885	5,000,000
D J Swan	23,257,510	1,500,000	0.275p	05/02/20	17,000,757	2,500,000
		2,000,000	0.160p	21/02/24		
R D Murphy	38,702,101	2,000,000	0.160p	21/02/24	29,414,074	16,666,667

*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 2.71% of the issued share capital on 30 September 2019 (2018: 5.19%).

Tertiary Minerals plc provides management services to Sunrise Resources plc and consequently during the year the Group incurred costs of £189,742 (2018: £218,841) recharged at cost from Tertiary Minerals being overheads of £27,025 (2018: £24,607), costs paid on behalf of the Group of £6,554 (2018: £5,421), Tertiary staff salary costs of £78,590 (2018: £77,597) and Tertiary directors' salary costs of £77,574 (2018: £111,216).

At the balance sheet date an amount of £10,496 (2018: £59,690) 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 2019 and at the date of this report Donald McAlister, a director of Tertiary Minerals plc, held 550,000 shares in the Company.

17. 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.

18. Financial instruments

At 30 September 2019, 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 2019, as defined in IAS 39, are as follows:

	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
Financial assets at amortised cost	65,443	30,517	291,751	258,598
Financial assets at fair value through other comprehensive income	22,078	-	19,697	14,344
Financial Liabilities at amortised cost	48,987	23,805	88,204	76,163

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.

Bank balances were held in the following denominations:	Group 2019 £	Company 2019 £	Group 2018 £	Company 2018 £
United Kingdom Sterling	8,873	8,873	234,380	234,380
Australian Dollar	1,262	30	110	-
Canadian Dollar	43	43	32	32
United States Dollar	16,887	11,991	1,053	413
Euro	4	4	147	147

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.

19. Events after the report date

In November 2019, the Company raised £350,000 before expenses through a placing of 350,000,000 ordinary shares at a price of 0.1 pence per ordinary share. In addition, 12,500,000 warrants were issued, each warrant entitling the holder to apply for one ordinary share at the placing price at any time within twelve months from the date of issue.

In February 2020, the Company raised £200,000 before expenses through a placing of 181,818,182 ordinary shares at a price of 0.11 pence per ordinary share, conditional on admission of the shares to trading on AIM. In addition, 9,090,909 warrants will be issued, each warrant entitling the holder to apply for one ordinary share at the price of 0.11 pence per ordinary share at any time within twelve months from the date of issue.

There were no other post balance sheet events which affect the financial position of the Company at balance date.