SUNRISE RESOURCES plc

("the Company")

AIM Announcement **21 May 2018**

HALF-YEARLY REPORT

Sunrise Resources plc, the AIM-traded company focusing on the development of its CS Pozzolan-Perlite Project in Nevada, USA, announces its unaudited interim results for the six months ended 31 March 2018.

OPERATIONAL HIGHLIGHTS:

CS Pozzolan-Perlite Project (Nevada, USA; 100% owned)

- ➢ Targeting first production in first half of 2019.
- ➢ Phase 2 drill programme completed to better define the mineral zones of commercial interest and assist in the preparation of mine plans.
  - Thick zones of pozzolan intersected from bedrock surface (immediately beneath shallow colluvium) in Main Zone and Tuff Zone and in step out holes in Main Zone and Northeast Zone.
  - Thick perlite intersections also encountered in Main Zone.
- ➢ Positive testwork continuing on Pozzolan and Perlite:
  - Results on three composite samples of pozzolan show that the product mitigates the negative impact of "concrete cancer" and places it amongst the best natural pozzolans available on the market.
  - Perlite testing now focused on application specific testing for marketing.
- ➢ Permitting work well underway. Lead agency, the US Bureau of Land Management, has appointed interdisciplinary project permitting team for the project.

Junction Copper-Silver-Gold Project (Nevada, USA; Share and Royalty interest)

- ➢ 2018 surface exploration at Junction underway with gravity survey already completed.
- ➢ Large high-contrast gravity anomaly at Denio Summit confirms the down dip potential of copper-silver veins, all in the Sunrise Area of Interest.
- ➢ Further exploration planned for this Spring at Junction to include induced polarisation geophysical survey and airborne magnetic and radiometric survey.

Bakers Gold Project (Western Australia; 100% owned, for sale or joint venture)

- ➢ Mapping and chip sampling of gold bearing quartz-stockwork veins in Dicky Lee open pit; gold values to 32.1 grammes/tonne gold ("g/t Au"), averaging 1.7 g/t Au.
- ➢ Infill soil sampling at DRL4 target confirms 500m long gold-in-soil anomaly, increases tenor and enhances definition of drill target.

Results Summary

Loss

Group loss for the six-month period of £174,517 (six months to 31 March 2017: £162,869) comprising:

- Interest income of £55; less
- Administration costs of £150,760; and
- Expensed exploration costs totalling £5,786; and
- Impairment of deferred exploration costs of £17,433 and
- Loss in value of accrued income on disposal of exploration asset of £593.

Funding

- On 6 December 2017 a total of £500,000 (before expenses) was raised through the issue of 333,333,333 new ordinary shares by way of a placing at a price of 0.15p.

- On 31 October 2017, 6,802,353 new ordinary shares were issued at a price of 0.17p to the three directors in settlement of directors' fees totalling £11,564.

About Natural Pozzolan

Pozzolan is a cementitious material that can partially replace ordinary Portland cement in cement and concrete mixes in amounts up to 35%. Natural pozzolans, therefore, 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 (CO_2) generated for each tonne of cement produced. Natural pozzolans can also improve the strength and chemical resistance of concrete. Natural pozzolans can also replace industrial by-product pozzolans in cement such as coal fly ash. The availability and quality of fly ash is under threat as coal-fired power stations are phased out in favour of natural gas plants and fly ash quality becomes more variable due to increased emission control legislation.

About 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, building materials, filter aids, insulating industrial cryogenic storage vessels and as a potting medium in gardening and horticulture to aid water retention and aeration of the soil. Some perlites can also be used as a natural pozzolan.

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

<u>Further information</u>

Sunrise Resources plc Patrick Cheetham, Executive Chairman	**Tel: +44 (0)1625 838 884**
Northland Capital Partners Limited *Nominated Adviser and Broker* Matthew Johnson/Edward Hutton/ Jamie Spotswood John Howes/Rob Rees	**Tel: +44 (0)203 861 6625**

CAUTIONARY NOTICE

The news release 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. Accordingly, you should not rely on any forward-looking statements and save as required by the AIM Rules for Companies or by law, the Company does not accept any obligation to disseminate any updates or revisions to such forward-looking statements.

Chairman's Statement

I am pleased to be reporting on progress during the six-month financial reporting period ended 31 March 2018.

Since reporting developments up to mid-December 2017 in our last Annual Report, we have made good progress towards the development of our CS Pozzolan-Perlite Project in Nevada, USA. A second drill programme in January 2018 delivered thick and open-ended intersections of pozzolan in the Main and Tuff Zones from bedrock surface and in step-out holes in both the Main Zone and Northeast Zone and demonstrated potential to add substantially to the known pozzolan deposits in the Tuff and Main Zones. We are now very confident that the Main and Northeast Zones are part of one continuous zone with a very large open-pit tonnage potential.

Our testwork programmes, which include Phase 2 drill samples, are continuing and a particularly important result has been the confirmation that the Company's CS Pozzolan can mitigate the effects of reactive aggregates in concrete mixes which can otherwise lead to deleterious expansion and concrete cancer. The results place it amongst the best commercially available pozzolans and will assist the Company in positioning its products in the market.

We are pushing ahead with mine planning and permitting, and season sensitive environmental baseline studies have been completed or are in progress. We are also starting to see the results of our market development work and a significant step forward was the recent signing of an MOU for an offtake agreement and commercial testing with a major buyer and processor of raw perlite. This could account for a significant proportion of the production tonnage required to justify development of the Company's perlite deposits. Whilst non-binding, it does establish a working relationship and demonstrates that the perlite deposits at our CS and NewPerl Projects are creating significant interest amongst consumers of raw perlite. The market for horticultural grades of perlite is particularly strong with market growth being driven in part by the growth in the legal cannabis market in parts of the USA.

The value in our broader portfolio of mineral projects and interests should not be overlooked. We continue to follow our small investment in Block Energy plc (formerly Goldcrest Resources Plc) which has made good progress in transforming itself to a Georgia based oil and gas producer and which is planning to list on AIM. Our holding in Canadian TSX listed VR Resources Ltd also looks poised for growth as it continues its exploration of the Junction Copper-Silver-Gold Project, where we retain contingent rights to additional shares and a royalty interest. This is developing into an exciting exploration project. A compelling gravity anomaly has now been discovered with a very strong spatial association to the high grade surface copper-silver showings at the Denio Summit target showing potential for significant downdip continuation of the sulphide veins and a sulphide bearing intrusive source.

We have carried out a small, low cost exploration programme at our Baker's Gold project in Australia generating new and positive exploration results that will enhance the value and marketability of the Baker's Gold project as we continue our divestment programme of non-core assets.

The Company reports a loss for the six-month period as expected and this includes a small write down of expenditure on our Austin Ash Project where the Board has determined that future exploration is unlikely due to the lower quality of the pozzolan at that locality compared to our CS Project.

We are continuing to push hard in developing the CS Project with the ambition to deliver first production by the end of the first half of 2019 and we look forward to reporting further progress on a regular basis.

Patrick Cheetham
Executive Chairman

21 May 2018

Consolidated Income Statement
for the six months to 31 March 2018

	Six months to 31 March 2018 Unaudited	Six months to 31 March 2017 Unaudited	Twelve months to 30 September 2017 Audited
	£	£	£
Pre-licence and other exploration costs	**5,786**	14,851	21,161
Impairment of deferred exploration cost	**17,433**	-	3,077
Administrative expenses	**150,760**	134,741	276,568
Operating loss	**(173,979)**	(149,592)	(300,806)
Impairment of available for sale investment	**-**	(13,338)	(13,338)
(Loss)/gain on disposal of exploration asset	**(593)**	-	3,028
Interest	**55**	61	70
Loss before income tax	**(174,517)**	(162,869)	(311,046)
Income tax	**-**	-	-
Loss for the period attributable to equity holders of the parent	**(174,517)**	(162,869)	(311,046)
Loss per share – basic and fully diluted (pence) (Note 2)	**(0.009)**	(0.013)	(0.022)

Consolidated Statement of Comprehensive Income

for the six months to 31 March 2018

	Six months to 31 March 2018 Unaudited	Six months to 31 March 2017 Unaudited	Twelve months to 30 September 2017 Audited
	£	£	£
Loss for the period	**(174,517)**	(162,869)	(311,046)
Items that could be reclassified subsequently to the income statement:			
Fair value movement on available for sale investment	**(586)**	1,676	12,471
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**(77,165)**	43,477	(35,169)
Total comprehensive loss for the period attributable to equity holders of the parent	**(252,268)**	(117,716)	(333,744)

Company Registration Number: 05363956

Consolidated Statement of Financial Position

as at 31 March 2018

	As at 31 March 2018 Unaudited	As at 31 March 2017 Unaudited	As at 30 September 2017 Audited
	£	£	£
Non-current assets			
Intangible assets	**1,456,639**	1,183,369	1,302,404
Available for sale investment	**29,539**	11,662	30,478
	1,486,178	1,195,031	1,332,882
Current assets			
Receivables	**55,926**	40,486	62,142
Cash and cash equivalents	**320,712**	287,982	234,181
	376,638	328,468	296,323
Current liabilities			
Trade and other payables	**(123,949)**	(108,205)	(112,901)
Net current assets/(liabilities)	**252,689**	220,263	183,422
Net assets	**1,738,867**	1,415,294	1,516,304
Equity			
Called up share capital	**2,144,151**	1,464,710	1,804,016
Share premium account	**4,926,718**	4,815,734	4,792,790
Share warrant reserve	**67,230**	88,572	89,248
Available for sale investment reserve	**10,209**	-	10,795
Foreign currency reserve	**(57,416)**	98,395	19,749
Accumulated losses	**(5,352,025)**	(5,052,117)	(5,200,294)
Equity attributable to owners of the parent	**1,738,867**	1,415,294	1,516,304

Consolidated Statement of Changes in Equity

	Share capital £	Share premium account £	Share warrant reserve £	Available for sale reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2016	**1,119,910**	**4,818,998**	**119,899**	**(1,676)**	**54,918**	**(4,921,406)**	**1,190,643**
Loss for the period	-	-	-	-	-	(149,531)	(149,531)
Change in fair value	-	-	-	(11,662)	-	-	(11,662)
Transfer of impairment to income statement	-	-	-	13,338	-	(13,338)	-
Exchange differences	-	-	-	-	43,477	-	43,477
Total comprehensive loss for the period	**-**	**-**	**-**	**1,676**	**43,477**	**(162,869)**	**(117,716)**
Share issue	344,800	(3,264)	-	-	-	-	341,536
Share based payments expense	-	-	831	-	-	-	831
Transfer of expired warrants	-	-	(32,158)	-	-	32,158	-
At 31 March 2017	**1,464,710**	**4,815,734**	**88,572**	**-**	**98,395**	**(5,052,117)**	**1,415,294**
Loss for the period	-	-	-	-	-	(148,177)	(148,177)
Change in fair value	-	-	-	10,795	-	-	10,795
Exchange differences	-	-	-	-	(78,646)	-	(78,646)
Total comprehensive				-			
loss for the period	**-**	**-**	**-**	**10,795**	**(78,646)**	**(148,177)**	**(216,028)**
Share issue	339,306	(22,944)	-	-	-	-	316,362
Share based payments expense	-	-	676	-	-	-	676
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 period	-	-	-	-	-	(174,517)	(174,517)
Change in fair value	-	-	-	(586)	-	-	(586)
Exchange differences	-	-	-	-	(77,165)	-	(77,165)
Total comprehensive loss for the period	**-**	**-**	**-**	**(586)**	**(77,165)**	**(174,517)**	**(252,268)**
Share issue	340,135	133,928	-	-	-	-	474,063
Share based payments expense	-	-	768	-	-	-	768
Transfer of expired warrants	-	-	(22,786)	-	-	22,786	-
At 31 March 2018	**2,144,151**	**4,926,718**	**67,230**	**10,209**	**(57,416)**	**(5,352,025)**	**1,738,867**

Consolidated Statement of Cash Flows
for the six months to 31 March 2018

	Six months to 31 March 2018 Unaudited	Six months to 31 March 2017 Unaudited	Twelve months to 30 September 2017 Audited
	£	£	£
Operating activity			
Operating Loss	**(173,979)**	(149,592)	(300,806)
Share based payment charge	**768**	831	1,507
Shares issued in lieu of net wages	**11,564**	-	15,736
Impairment charge - exploration	**17,433**	-	3,077
Accrued income	**(939)**	-	7,854
(Increase)/decrease in receivables	**6,216**	3,120	(18,536)
Increase/(decrease) in trade and other payables	**11,048**	(63,921)	(59,225)
Net cash outflow from operating activity	**(127,889)**	(209,562)	(350,393)
Investing activity			
Interest received	**55**	61	70
Disposal of development asset	**-**	-	7,467
Development expenditures	**(238,658)**	(68,707)	(273,814)
Net cash outflow from investing activity	**(238,603)**	(68,646)	(266,277)
Financing activity			
Issue of share capital (net of expenses)	**462,500**	341,536	642,162
Net cash inflow from financing activity	**462,500**	341,536	642,162
Net increase/(decrease) in cash and cash equivalents	**96,008**	63,328	25,492
Cash and cash equivalents at start of period	**234,181**	223,268	223,268
Exchange differences	**(9,477)**	1,386	(14,579)
Cash and cash equivalents at end of period	**320,712**	287,982	234,181

Notes to the Interim Statement

1. Basis of preparation

The consolidated interim financial information has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ending 30 September 2018 which are not expected to be significantly different to those set out in Note 1 of the Group's audited financial statements for the year ended 30 September 2017. These are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) or that are expected to be adopted and effective at 30 September 2018. The financial information has not been prepared (and is not required to be prepared) in accordance with IAS 34. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The financial information in this statement relating to the six months ended 31 March 2018 and the six months ended 31 March 2017 has neither been audited nor reviewed by the Auditors pursuant to guidance issued by the Auditing Practices Board. The financial information presented for the year ended 30 September 2017 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 30 September 2017 have been filed with the Registrar of Companies. The Independent Auditor’s Report on the Annual Report and Financial Statements for the year ended 30 September 2017 was unqualified, although did draw attention to matters by way of emphasis in relation to going concern, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The directors prepare annual budgets and cash flow projections for a 15 month period. These projections include the proceeds of future fundraising necessary within the period to meet the Company’s and Group’s planned discretionary project expenditures and to maintain the Company and Group as a going concern. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

2. Loss per share

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

	Six months to 31 March 2018 Unaudited	Six months to 31 March 2017 Unaudited	Twelve months to 30 September 2017 Audited
Loss for the period (£)	**(174,517)**	(162,869)	(311,046)
Weighted average shares in issue (No.)	**2,020,282,088**	1,190,845,858	1,418,016,156
Basic and diluted loss per share (pence)	**(0.009)**	(0.013)	(0.022)

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

3. Share capital

During the six months to 31 March 2018 the following share issues took place:

An issue of 6,802,353 Ordinary Shares at 0.17p per share to three directors, for a total consideration of £11,564, in satisfaction of directors' fees (31 October 2017).

An issue of 333,333,333 Ordinary Shares at 0.15p per share, by way of placing, for a total consideration of £462,500 net of expenses (6 December 2017).