

SUNRISE RESOURCES plc

(“the Company”)

AIM Announcement

29 July 2020

CS PROJECT

MINE PERMIT IS GRANTED

Further to its announcement of 24 June 2020 the Company is delighted to announce the issue of the mine permit for its CS Perlite-Pozzolan Project in Nevada, USA.

HIGHLIGHTS:

- Environmental Assessment Final – Federal Bureau of Land Management (BLM) delivers a “Finding of No Significant Impact” (FONSI).
- BLM Decision Record (Mine Permit) issued thereby authorising:
 - Mine Plan of Operations (“the Plan”);
 - Production of up to 1,656,000 tons of perlite and 14,523,000 tons of natural pozzolan; and
 - Rights of Way for water well site and access development.
- Perlite and natural pozzolan now permitted as locatable minerals – No Federal royalty payable.
- Initial reclamation bond agreed.
- Draft Air Quality Permit Issued by Nevada Division of Environmental Protection Bureau of Air Pollution Control.
- Project to move into trial mining stage, detailed engineering and financial modelling/mine finance evaluation.

Commenting today Sunrise Executive Chairman Patrick Cheetham said: “This positive mine permit decision comes after 2½ years of mine planning, environmental studies and reporting and I am very proud of the tremendous effort put in by our employees with limited budgets and resources.

We can now move forward with the staged development of mining and mineral processing operations at the CS Project free from the ground disturbance limitations that have previously constrained our ability to extract and process large scale samples for customer development. This is required to secure offtake agreements and the grant of the mining permit will be a major catalyst in this process.

The mine permit comes at a propitious time as cement industry demand is growing for natural pozzolan as a fly ash replacement and the horticultural demand for perlite is increasing with the rising cultivation of medicinal marijuana.

We believe that this is a major value adding milestone for the Company and puts the project firmly on the map as one of just a few permitted deposits of perlite and high quality natural pozzolan in the US.

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

Further information

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Detailed Information

The CS Project is located approximately 24 miles northwest of Tonopah, in Esmeralda County, Nevada, USA and is held by the Company's 100% owned subsidiary SR Minerals Inc. (SRM).

The Company's Mine Plan of Operations is located on public land administered by the United States Bureau of Land Management (BLM).

The BLM's Environmental Assessment (EA) for the CS Project is now final. The BLM has issued responses to the limited agency comments made during the public consultation period and made amendments to the EA where appropriate.

The BLM, having now evaluated the EA, has handed down a Finding of No Significant Impact (FONSI) for the Company's Mine Plan of Operations and accordingly determined that an Environmental Impact Statement is not required per Section 102(2) (c) of the National Environmental Policy Act. The FONSI recognizes the positive contributions that the use of natural pozzolan can make to a reduction in CO₂ emissions in the US as a replacement in the cement industry for the fly ash from coal-fired power stations.

The BLM has also issued its Decision Record approving and authorising the Company's Mine Plan of Operations. This now allows the Company to develop the CS Mine according to that plan and in compliance with the various environmental mitigation measures and best practice measures proposed by the Company in its various submissions to the BLM.

The BLM Decision authorises the extraction of perlite and natural pozzolan under the regulations applicable to locatable minerals governed by the 1872 Mining Act. This means that no Federal Royalties are payable on production of either perlite or pozzolan.

As with all mining projects in Nevada, the Company will be subject to the Nevada Net Proceeds Tax (variable between 2% and 5% of net profits depending on profit margin) and Federal Income Tax.

Copies of the EA, the FONSI and the Decision Record as well as various Supplemental Environmental reports are available for download from the BLM's eplanning website at: <https://eplanning.blm.gov/eplanning-ui/project/1505504/510>

Parties that are adversely affected by the BLM decision to authorise mining operations can appeal this decision to the BLM State Director within 30 days, as set out in the Decision Record referenced above.

Mine Plan of Operations

The BLM authorised Mine Plan of Operations covers the production of 1,656,000 tons of perlite and 14,523,000 tons of natural pozzolan over a 27-year period and includes the following components:

- Two open pits (Main Zone & Tuff Zone) and associated waste rock storage areas and growth media stockpiles;
- One area at any given time to be utilized for administration, mobile crushing and screening facilities, and run-of-mine stockpiles;
- One fixed perlite processing plant;
- Access and haul roads;
- Exploration and bulk sampling activities;
- Fuel and propane storage;
- Explosives prill silo;
- Use of existing access road and groundwater well, and
- Reclamation and closure.

The Plan of Operations covers four phases of mining operations with mining taking place in the Main Zone in Phases I-III and the Tuff Zone in Phase IV, as detailed below.

During Phase I, the production rate ramp-up phase, perlite and pozzolan are mined from the Main Zone and processed in a mobile crushing plant enabling the Company to start production at low capital cost. Perlite is mined, crushed and screened to produce a coarse-grained perlite for horticultural use and a fine-grained perlite for sale as natural pozzolan to a customer grinding facility.

Starting with Phase II, a fixed perlite processing plant would be constructed to produce a wider range of perlite products and would replace many of the functions of the mobile process plant which would then only be used for primary crushing of natural pozzolan. Mined material would continue to come from the Main Zone.

Phase III is an expansion of the Phase II operations in the Main Zone. Phase IV would commence once the Main Zone deposits are depleted and the production and processing of pozzolan would move to the Tuff Zone.

The BLM is primarily concerned with permitting surface and environmental disturbance in accordance with the Mine Plan of Operations and within the defined Project Area. The Project Area covers 585 acres and is the area for which detailed environmental baseline studies were conducted as a part of the Environmental Assessment and within which the mine development will take place. The approved disturbance is for 264.9 acres and includes existing disturbance of 5 acres, all open pits and areas designated for trial mining in the Main Zone and Tuff Zone. It also includes additional disturbance for infill drilling in the Main and Tuff Zones and drilling and trial mining in the Northeast Zone.

The Northeast Zone is a large area favourable for the definition of additional resources of natural pozzolan and which may be included in future modifications to the Mine Plan. As it is already within the BLM defined Project Area any future modification of the Mine Plan to include this area in future should be a straightforward process.

Other Permits

In addition to the Mine Plan of Operations, the BLM has approved the Company's Plan of Development for long-term and short-term rights of way to enable it to develop the groundwater well proposed for use in connection with the project. The Company has already obtained water rights and had granted a temporary water extraction permit by the Nevada Division of Water Resource pending the grant of the Company's longer-term permit application.

In conjunction with the BLM Decision Record, the Bureau of Mining Regulation and Reclamation (BMRR), a bureau of the Nevada Division of Environmental Protection, is expected to shortly grant the Company its Nevada Reclamation Permit as mine permitting is a joint agency action based on the Company's joint submission of its Plan of Operations to the BLM and Reclamation Permit application to the BMRR.

Whilst the BLM EA included a detailed consideration for air quality issues, emissions from process plants are regulated by the Nevada Division of Environmental Protection Bureau of Pollution Control. A draft of the required Class II air quality control permit has been issued for the Phase I mobile crushing and screening plant and is expected to be finalised soon.

It is not expected that drilling and blasting will be required for rock extraction but, should this prove necessary, a blasting licence may be required. This permit is a short lead time item and an explosives storage facility is included in the BLM approved Plan of Operations and in the Air Quality Permit Application.

A few other minor short-lead-time permits are required and are not expected to hold up the development of the project.

Next Steps^{1,2}

Financial Bonding

The Company is required to post a reclamation bond of \$106,939 within 60 days of the Decision Record. This is held by the BLM pending successful closure and reclamation of the project. This amount can be bonded partially in cash and partially by annual payments to the Nevada Bond Pool.

This initial bond is to cover trial mining and infill drilling in the Main and Tuff Zones and drill testing and bulk sampling in the Northeast Zone as described above. Further bonds will be required as the Company moves into successive mine phases.

Trial Mining, Processing & Offtake Negotiations

Without BLM EA permitting, the Company has been limited to five acres of surface disturbance. This limit was reached some time ago by the Company's earlier drilling, trenching and associated road building. This has constrained the Company's ability to excavate and supply larger samples to potential customers who are considering offtake agreements with the Company.

With this constraint now removed the Company's prime objective is to initiate trial mining and first production of perlite and natural pozzolan for larger scale customer trials as soon as possible with the expectation that this will transition to commercial production in due course on the commitment of potential customers to offtake sales contracts.

A quote has already been obtained for the short-term rental of the necessary mobile processing equipment.

Site Engineering

Site engineering is now planned for development of the mine and well site to allow construction and mining contracts to be negotiated.

Plant Design & Costing

The mobile process plant required for Phase I processing of perlite and natural pozzolan has been selected. The installation of such a facility is now authorised and preliminary quotes have been obtained for supply and rental of this plant which will now be firmed up.

The fixed perlite processing plant required in Phase II has already been designed and costed. Although the Company is now permitted by BLM to construct this plant on site, an alternative rail-

linked site may be more suitable and various sites are being considered. The operation of such a plant will require a separate air quality permit.

The BLM permit does not include installation of a pozzolan grinding plant which would need to be constructed if the Company wishes to sell a finished product rather than raw material to a customer grinding facility. Such a plant would be best sited close to market and preferably rail-linked. The Company has recently obtained a preliminary estimate of the costs for construction and operation of such a plant and will now continue the evaluation of suitable sites.

The Company's evaluation of the Miller's grinding plant is not yet complete and although the formal exclusive arrangement advised last year has expired, the plant owner is happy for the Company to continue its evaluation on a non-exclusive basis.

Infill Drilling and Drill Testing of the Northeast Zone

A few additional drill holes are planned to infill existing drill hole data for production planning as the level of drilling previously undertaken was constrained by the previous disturbance limits. Drilling is also planned for the Northeast Zone as discussed above.

Detailed Financial Planning & Project Funding

The work programmes described above will combine with detailed financial planning. The Company's objective is to minimise the funding required to achieve production as set out in various previous news releases and shareholder reports. Funding will be required to enable the Company to deliver its mine plans. This funding could take the form of one or a combination of equity, debt, offtake or joint venture funding at Group, local company or project level and a number of options and discussions are currently being pursued, including unsolicited approaches from third parties.

Notes:

1. Forward Looking Statements.

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 unduly 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.

2. Covid-19

To date the Covid-19 pandemic has not affected the progress of the Company's projects. Mining is considered an essential industry in Nevada and existing operations are progressing largely as normal, as is mineral exploration. However, the number of Covid infections in Nevada and more widely in the US is currently on a rising trajectory. Travel bans are still in place between the US and the UK and many US Companies have self-imposed internal travel bans. These factors have the potential to negatively affect and delay the Company's plans for the CS Project.

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