SUNRISE RESOURCES plc

("the Company")

AIM Announcement **24 May 2022**

HALF-YEARLY REPORT 2022

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 2022, a copy of which is also available on the Company's website, www.sunriseresourcesplc.com

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Operational Highlights

CS Pozzolan-Perlite Project

- Discussions continuing for project development with cement and concrete industry participants. Recent meetings held with multiple parties, including:
    - two cement & ready-mix companies,
    - a major fly ash distributor,
    - a large building materials company and
    - a new cement clean-tech company.

- Application made for conditional approval of CS natural pozzolan for Caltrans's Authorized Materials List as supplementary cementitious materials ("SCMs") mandated in California State infrastructure projects to build more durable and sustainable concrete structures.

- Natural pozzolan has a key role in cement decarbonisation strategies towards net-zero CO_2 emissions and is expected to benefit from recent California State legislation and Implementation Priorities under President Biden's $1.2 trillion Infrastructure Bill.

- Company prioritising pozzolan over perlite in production strategies as deposits and markets are larger.

Hazen Pozzolan Project

- Industry interest extended to Hazen Pozzolan Project. Due diligence field visits carried out by interested parties and further sample testing underway.

- Permit obtained to extract 500ton sample for commercial trials.

Pioche Sepiolite Project, Nevada

- Positive test-work results reported by European industrial minerals company from testing of high grade sepiolite samples in Europe.

- Discussions being held with interested parties facilitated by sepiolite specialist.

Myrtle Gold Silver project, Nevada

- High grade gold and silver results from sampling at Myrtle Gold-Silver project from potential intrusion related gold system.

Baker's Gold Project, Western Australia

- Mining lease application submitted to cover high-grade gold mineralisation intersected in 2021 drill programme.

Financial Results Summary

Group loss for the six-months ended 31 March 2022 of £153,323 (31 March 2021: £185,955) comprising:

- Revenue income from lease of £11,422.
- Interest income of £11; less Administration costs of £160,623.
- Expensed pre-licence exploration costs totalling £4,133.

Project expenditure of £37,145 was capitalised.

Funding during the period

No equity or other funds were raised during the current reporting period except for a small amount raised through the exercise of warrants (£675). Shares to the value of £16,685 were issued in January 2022 in satisfaction of a portion of outstanding directors' fees.

At 31 March 2022, the Company held £183,923 in cash and cash equivalents and liquid listed investments having a value of £49,553.

The Company relies upon periodic capital fundraisings until such time as cashflow can be derived either from the sale of assets or future operations.

Further information:

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Chairman's Statement

I am pleased to present the Company's unaudited financial results for the six-months' period ended 31 March 2022.

In this period, management has concentrated on advancing our CS Pozzolan-Perlite Project in Nevada in line with the strategy last outlined in our 2021 Annual Report. This strategy allows for a number of production scenarios for both natural pozzolan and perlite. The production of natural pozzolan is the larger business opportunity for the Company as our deposits are larger, the markets in cement and concrete are potentially large and, not least, because perlite can also be used as a natural pozzolan. Consequently, our efforts to find a partner to develop the CS Project have focused on the cement and concrete industries.

During the period, therefore, we have continued negotiations with potential industry partners and with one cement and ready-mix company ("CRMC") in particular following a successful joint bulk sampling, test milling and concrete pouring programme in 2021. However, further negotiations with this CRMC were recently terminated having become protracted without reaching a satisfactory conclusion in significant part due to organisational changes within the CRMC.

Since then, we have been able to build on the successful 2021 commercial trials and we are advancing discussions with a number of other existing and new interested parties. Indeed, we are seeing an upsurge of interest in natural pozzolan, not just from the traditional cement and concrete companies, but also from the building materials companies that supply to those companies, as well as new generation clean-tech cement companies developing new types of carbon-neutral cements and concretes using natural pozzolans in their formulations.

Cement production is responsible for 8% of global man-made CO_2 emissions and much has already been said about the huge environmental challenges faced by the cement and concrete industries which are tasked by legislation and industry targets to achieve net-zero CO_2 emissions by 2050. Several strategies are being employed to achieve these targets including the use of supplementary cementitious materials ("SCMs") such as natural pozzolan in blended cements.

The manufacture of pozzolan blended cements allows cement companies to reduce the embodied carbon in their products. It also increases their cement production per ton of cement clinker capacity at a time when they are already operating at full capacity and cement process are soaring.

The use of SCMs has crossover to other decarbonisation strategies, as SCMs alone have the additional benefit that they increase the long-term durability and sustainability of concrete by mitigating concrete cancer. It also seems likely that priority will be given to greener and more sustainable building materials in contracts awarded under the Implementation Policies of Biden's $1.2 trillion Infrastructure Bill.

We are targeting the California markets with our CS natural pozzolan where a significant consumer of concrete in California is the State Government Department of Transport ("Caltrans"). Caltrans mandates the use of SCMs from its Authorised List for State funded infrastructure projects to improve the durability and sustainability of its structures. We have applied to Caltrans for conditional approval of CS Pozzolan onto this list under a new procedure for new sources of supply. Acceptance onto this list is also important as it is an endorsement of quality for independent concrete specifiers.

Our strategy for our perlite deposits is to align the production with natural pozzolan as the production of coarse horticultural grades of perlite produces perlite fines which can be sold as natural pozzolan. Our strategy also provides for a stand-alone perlite plant in due course where both coarse and fine grades of perlite are directed to perlite specific applications. To that end we have started work to find markets for the finer grades of perlite in its traditional industrial applications where its property to expand on heating is required.

In 2021, we acquired a second natural pozzolan project, at Hazen in northern Nevada as we seek to expand our interests into other regional centres of cement and concrete demand, in this case northern Nevada and northern California. Although at an early stage, and the extent of the deposit is yet to be defined, this project is also attracting industry interest and due diligence field visits have recently been conducted to both Hazen and the CS Projects. A permit has been obtained from the US Bureau of Land Management for a 500 ton bulk sample to be extracted at Hazen for commercial scale testing.

Our activities on other projects in the reporting period has been limited as we have sought to preserve existing cash resources from our last placing in August 2020. We have, however, carried out a small mapping and sampling programme on our Myrtle Project in Nevada where high-grade gold and silver results have recently been announced in a potential intrusion related gold system and further exploration is justified.

At our Pioche Sepiolite Project in Nevada, an extended programme of industrial test-work being conducted by a European industrial minerals producer has now concluded and is reported to have produced positive results from high grade samples collected during a joint field visit in December 2021. Discussions are being held with interested parties facilitated by a sepiolite industry specialist working on a success-based fee.

In Western Australia we have also applied for a mining lease to cover the high-grade gold mineralisation intersected in drilling last year at our Baker's gold project. If granted this will extend our tenure over this project beyond the expiry of our underlying prospecting licences and we have submitted a programme of work to the Department of Mines to allow for follow up drilling.

I think there is much to look forward to in the remainder of the financial year. We hold one of the few fully permitted and undeveloped natural pozzolan deposits in the western US, momentum is building for natural pozzolan, and we believe our CS and Hazen Pozzolan Projects are well placed to help industry in pursuit of its net-zero goals. In addition, we have a largely overlooked but valuable portfolio of precious and base metal projects that can provide additional growth opportunities in future.

Patrick Cheetham
Executive Chairman
24 May 2022

Consolidated Income Statement

for the six months to 31 March 2022

	Six months to 31 March 2022 Unaudited	Six months to 31 March 2021 Unaudited	Twelve months to 30 September 2021 Audited
	£	£	£
Revenue	**11,422**	-	-
Pre-licence exploration costs	**(4,133)**	(12,985)	(17,320)
Impairment of deferred exploration assets	**-**	(7,428)	(30,021)
Administration costs	**(160,623)**	(165,581)	(318,630)
Operating loss	**(153,334)**	(185,994)	(365,971)
(Loss)/gain on disposal of intangible asset	**-**	-	30,658
Interest receivable	**11**	39	61
Loss before income tax	**(153,323)**	(185,955)	(335,252)
Income tax	**-**	-	-
Loss for the period attributable to equity holders of the parent	**(153,323)**	(185,955)	(335,252)
Loss per share – basic and fully diluted (pence) (Note 2)	**(0.004)**	(0.005)	(0.009)

Consolidated Statement of Comprehensive Income

for the six months to 31 March 2022

	Six months to 31 March 2022 Unaudited	Six months to 31 March 2021 Unaudited	Twelve months to 30 September 2021 Audited
	£	£	£
Loss for the period	**(153,323)**	(185,955)	(335,252)
Other comprehensive income:			
Items that could be reclassified subsequently to the income statement:			
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**61,117**	(127,182)	(86,770)
	61,117	(127,182)	(86,770)
Items that will not be reclassified to the Income Statement:			
Changes in the fair value of equity investments	**(14,282)**	758	(9,651)
	(14,282)	758	(9,651)
Total comprehensive loss for the period attributable to equity holders of the parent	**(106,488)**	(312,379)	(431,673)

Consolidated Statement of Financial Position

as at 31 March 2022

	As at 31 March 2022 Unaudited	As at 31 March 2021 Unaudited	As at 30 September 2021 Audited
	£	£	£
Non-current assets			
Intangible assets	**2,228,941**	1,997,911	2,133,137
Right of use assets	**11,603**	15,178	13,423
Other investments	**49,553**	19,614	63,503
	2,290,097	2,032,703	2,210,063
Current assets			
Receivables	**147,358**	130,521	130,805
Cash and cash equivalents	**183,923**	637,834	371,740
	331,281	768,355	502,545
Current liabilities			
Trade and other payables	**(103,178)**	(93,723)	(100,861)
Lease liability	**(1,171)**	(2,248)	(2,300)
Net current assets	**226,932**	672,384	399,384
Non-Current liabilities			
Lease liability	**(3,632)**	(4,553)	(4,715)
Reclamation Liability	**(24,458)**	(25,792)	(26,665)
	(28,090)	(30,345)	(31,380)
Net assets	**2,488,939**	2,674,742	2,578,067
Equity			
Called up share capital	**3,711,086**	3,695,860	3,701,805
Share premium account	**5,683,695**	5,666,997	5,675,616
Share warrant reserve	**39,015**	40,774	40,164
Fair value reserve	**18,820**	43,511	33,102
Foreign currency reserve	**23,786**	(77,743)	(37,331)
Accumulated losses	**(6,987,463)**	(6,694,657)	(6,835,289)
Equity attributable to owners of the parent	**2,488,939**	2,674,742	2,578,067

Consolidated Statement of Changes in Equity

	Share capital £	Share premium account £	Share warrant reserve £	Fair value reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2020	**3,677,997**	**5,655,781**	**33,893**	**42,753**	**49,439**	**(6,513,429)**	**2,946,434**
Loss for the period	-	-	-	-	-	(185,955)	(185,955)
Change in fair value	-	-	-	758	-	-	758
Exchange differences	-	-	-	-	(127,182)	-	(127,182)
Total comprehensive loss for the period	**-**	**-**	**-**	**758**	**(127,182)**	**(185,955)**	**(312,379)**
Share issue	17,863	11,216	-	-	-	-	29,079
Share based payments expense	-	-	11,608	-	-	-	11,608
Transfer of expired warrants	-	-	(4,727)	-	-	4,727	-
At 31 March 2021	**3,695,860**	**5,666,997**	**40,774**	**43,511**	**(77,743)**	**(6,694,657)**	**2,674,742**
Loss for the period	-	-	-	-	-	(149,298)	(149,298)
Change in fair value	-	-	-	(10,409)	-	-	(10,409)
Exchange differences	-	-	-	-	40,412	-	40,412
Total comprehensive loss for the period	**-**	**-**	**-**	- **(10,409)**	40,412	**(149,298)**	**(119,295)**
Share issue	5,945	8,619	-	-	-	-	14,564
Share based payments expense	-	-	8,056	-	-	-	8,056
Transfer of expired warrants	-	-	(8,666)	-	-	8,666	-
At 30 September 2021	**3,701,805**	**5,675,616**	**40,164**	**33,102**	**(37,331)**	**(6,835,289)**	**2,578,067**
Loss for the period	-	-	-	-	-	(153,323)	(153,323)
Change in fair value	-	-	-	(14,282)	-	-	(14,282)
Exchange differences	-	-	-	-	61,117	-	61,117
Total comprehensive loss for the period	**-**	**-**	**-**	**(14,282)**	**61,117**	**(153,323)**	**(106,488)**
Share issue	9,281	8,079	-	-	-	-	17,360
Share based payments expense	-	-	-	-	-	-	-
Transfer of expired warrants	-	-	(1,149)	-	-	1,149	-
At 31 March 2022	**3,711,086**	**5,683,695**	**39,015**	**18,820**	**23,786**	**(6,987,463)**	**2,488,939**

Consolidated Statement of Cash Flows

for the six months to 31 March 2022

	Six months to 31 March 2022 Unaudited	Six months to 31 March 2021 Unaudited	Twelve months to 30 September 2021 Audited
	£	£	£
Operating activity			
Operating Loss	**(153,323)**	(185,994)	(335,313)
Depreciation/interest charge	**2,285**	2,250	4,744
Share based payment charge	**-**	11,608	19,663
Shares issued in settlement of outstanding salaries	**16,685**	16,254	30,818
Shares issued via exercise of warrants	**675**	-	12,825
Impairment of deferred exploration asset	**-**	7,428	30,021
Disposal of exploration assets	**-**	-	40,480
Non cash addition of equity investments	**-**	-	(45,675)
Reclamation provision	**(2,950)**	-	(26,665)
(Increase)/decrease in receivables	**(16,553)**	(78,542)	(78,825)
Increase/(decrease) in trade and other payables	**2,317**	3,046	10,184
Net cash outflow from operating activity	**(150,864)**	(223,950)	(337,743)
Investing activity			
Interest received	**11**	39	60
Receipts from disposal of exploration assets	**-**	-	20,000
Water lease payments	**(2,437)**	(2,325)	(2,378)
Project development expenditures	**(37,145)**	(247,797)	(391,061)
Net cash outflow from investing activity	**(39,571)**	(250,083)	(373,379)
Financing activity			
Issue of share capital (net of expenses)	**675**	12,825	-
Net cash inflow from financing activity	**675**	12,825	-
Net (decrease)/increase in cash and cash equivalents	**(189,760)**	(461,208)	(711,122)
Cash and cash equivalents at start of period	**371,740**	1,089,417	1,089,417
Exchange differences	**1,943**	9,625	(6,555)
Cash and cash equivalents at end of period	**183,923**	637,834	371,740

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 2022 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 2021. These are based on the recognition and measurement requirements of applicable law and International Accounting Standards in conformity with the Companies Act 2006. 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 2022 and the six months ended 31 March 2021 has neither been audited nor reviewed by the Independent Auditor pursuant to guidance issued by the Auditing Practices Board. The financial information presented for the year ended 30 September 2021 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 30 September 2021 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 2021 was unqualified, although it did draw attention to matters by way of emphasis in relation to going concern.

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 the Group’s planned discretionary project expenditures and to maintain the Company and the 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. These factors represent 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 2022 Unaudited	Six months to 31 March 2021 Unaudited	Twelve months to 30 September 2021 Audited
Loss for the period (£)	**(153,323)**	(185,955)	(335,252)
Weighted average shares in issue (No.)	**3,705,826,898**	3,383,046,491	3,693,084,489
Basic and diluted loss per share (pence)	**(0.004)**	(0.005)	(0.009)

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 2022 the following share issues took place:

An issue of 8,781,779 Ordinary Shares of 0.1p at 0.19p per share to three directors, for a total consideration of £16,685, in satisfaction of a portion of outstanding directors' fees (10 January 2022).

An issue of 500,000 Ordinary Shares of 0.1p at 0.135p per share for a total consideration of £675, following an exercise of warrants (31 January 2022).

The total number of shares in issue on 31 March 2022 was 3,711,086,466 (30 September 2021: 3,701,804,687).