

Sunrise Resources plc

Company No. 05363956

**Annual Report and Accounts
For the year ended 30 September 2017**

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Sunrise Resources plc

Sunrise Resources plc is a **mineral exploration company** having a **diversified portfolio of mineral projects** primarily in Nevada, USA.

Our AIM 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.

Our Strategy has evolved in 2017 to focus on the CS Project whilst maintaining free-carried exposure to near-drill stage projects having potential for significant discoveries and value creation.

We only operate in stable, democratic and mining friendly jurisdictions having low levels of corruption and political risk.

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Chairman's Statement

I am pleased to present the Company's Annual Report and Financial Statements for the year ended 30 September 2017 and to report on a year of important developments in the realisation and evolution of our strategic plan. More discussion of this can be found in the Strategic Report on page 6.

In the early part of the year, work on our CS Project in Nevada, USA, newly staked this time last year, was successful in identifying large areas of natural pozzolan, a "green" substitute for Portland cement which is responsible for 5% of global carbon emissions. It is a pivotal time in the cement and concrete industries as traditional supplies of coal fly ash pozzolan dry up as coal-fired power stations close across the USA. Natural pozzolan can replace fly ash pozzolan and this is our opportunity.

The CS Project natural pozzolan is in the form of volcanic tuff and tephra deposits and also perlite. Perlite is a valuable rock in its own right. It pops like popcorn when heated to a lightweight material with a number of industrial and horticultural applications. Favourable test results for both pozzolan and perlite led to the completion of a positive concept study for a combined production operation and a Board decision to focus on the development of the CS Project and valorise other projects held by the Company through sale or other arrangements.

Subsequent exploration during the year included trenching and a maiden drill programme and identified large areas and significant thicknesses of perlite and pozzolan in three zones. The samples from this work have been extensively tested and results confirm that the pozzolan is a high quality pozzolan, competitive with materials currently on the market and that the perlite is suitable for a range of applications.

Whilst the discovery of new and large deposits of pozzolan and perlite is exciting, it does mean that testing has been necessarily more extensive and time consuming than originally expected, as we work to correctly identify the best areas to start open-pit mining for both products, either together or separately. The pit and plant areas need to be tightly constrained to reduce the cost of permitting studies. We also need to ensure that mine plant and facilities are not built on top of future reserves.

We believe that the CS Project pozzolan and perlite deposits could support tens of years of mining. A further phase of drilling is planned to take place shortly and will form the basis for an initial mine design for a 5-10 year starter pit. We anticipate environmental permit baseline studies will start in earnest early in February 2018, targeting initial production in the first half of 2019. Marketing and customer testing has started and is expected to continue throughout 2018. Much work lies ahead but it is pleasing that so much progress has been made and we expect strong news flow from the CS Project in 2018.

The sale of non-core projects is an ongoing process but we have made a good start with the sale of the Junction Project in Nevada to Canadian TSX-V listed VR Resources Ltd. As a result of the sale, we now have a small shareholding which will increase if certain exploration milestones are met. We have also retained a royalty on production from this project and so have ongoing exposure to exploration success. VR Resources has recently reported high grade copper-silver-gold mineralisation over a 6km strike length and anticipates drill testing in 2018. We hope that this will be the first such project disposal following the evolution of our strategic focus.

We are also a small shareholder in Block Energy plc, originally Goldcrest Resources plc. Block Energy is expanding its Georgian oil interests and is planning to dual list on AIM as well as the NEX Exchange Growth Market and we are following this investment with interest.

Our largest shareholder, Tertiary Minerals plc, continues to provide management services at cost and to take shares in lieu of payment in cash from time to time. This allows us to reduce the cash impact of administration costs and the directors continue to be paid their modest fees in shares. I thank them and our Company Secretary for their contributions.

We have taken the opportunity to better reflect our strategy and focus in a re-launch of our website incorporating a new logo and to make better use of social media. We see a significant increase in investor interest with substantially improved share trading liquidity in 2017.

Our work programmes at the CS Pozzolan-Perlite Project have delivered excellent results throughout the year and we will maintain this momentum as we advance the CS Project towards potential production. We are expecting strong news flow in 2018 and look forward to reporting on future progress.

Our Annual General Meeting for the year ended 30 September 2017 will be held in London on Wednesday 31 January 2018 as set out on page 43 and I hope that shareholders will attend.

Patrick Cheetham
Executive Chairman

13 December 2017

Strategic Plan on Track

KEY AIMS from our **STRATEGY & BUSINESS PLAN** for 2016 and 2017 are summarised here to show how our strategy has evolved and progressed in 2017. Our targets for 2018 are also set out below:

AIMS IN 2016	AIMS IN 2017 & PROGRESS MADE	TARGETS FOR 2018
<p>Target advanced projects which have the potential to generate a sustaining cash flow.</p>	<p>Develop the CS Project towards production:</p> <ul style="list-style-type: none"> ● Positive Concept Study. ● Discovery of Tuff & Northeast Zones. ● Drill testing of Main Zone & Tuff Zone – thick zones of pozzolan and perlite demonstrated. ● Pozzolan testing confirms high quality of natural pozzolan. ● Perlite testing shows potential in a number of industrial applications. 	<p>Continue advancing CS Project towards production:</p> <ul style="list-style-type: none"> ● Open pit definition drilling on the Main Zone & Tuff Zone. ● Resource definition. ● Mine, plant and pit design. ● Permitting. ● Logistic studies. ● Marketing. ● Feasibility studies.
<p>Target advance drill stage projects where there is potential for significant mineral discovery.</p>	<p>Having secured a valuable portfolio of projects – to 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"> ● Junction Project sold for cash, shares and contingent share consideration. Royalty interest retained. 	<p>To maintain existing projects at minimum costs.</p> <p>Sell or otherwise valorise additional projects maintaining exposure to future value creation and production where possible.</p>
<p>To run the Company with low overheads and be a low cost explorer.</p>	<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. ● Directors' fees continue to be taken in shares. ● Tertiary Minerals plc has taken part payment by way of shares in lieu of cash for management charges. 	<p>Continue cost sharing and strive for exploration cost efficiencies.</p>

Our Strategic Plan is on Track

A review of the AIMS and STRATEGY set out in our 2016 Annual Report highlights the advance and evolution of our strategic plan in 2017.

Our long-stated **AIM** has been to develop profitable mining operations to sustain the Company's wider exploration efforts and create value for shareholders through the discovery of world-class mineral deposits.

OUR STRATEGY includes the targeting of advanced projects, in particular industrial minerals projects which the company believes offer a faster route to cash flow than conventional precious or base metals projects due to lower permitting thresholds. Our strategy also targets near-drill stage projects where there is a potential for significant mineral discovery.

The strategic plan is on track. Our CS industrial mineral project, targeting the production of natural pozzolan and perlite, has quickly risen to become the key focus for the Company in delivering on that strategy and the Company is now focused on developing that project through to production, targeting a mine start up in the first half of 2019. Further details of our progress on the CS Project are given in the operating review starting on page 7.

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 will now seek to valorise those projects through sale or other arrangements seeking, wherever possible, free-carried exposure to increases in value and production from the projects. Our agreement to sell the Junction Project to VR Resources Ltd. is an early example of success in implementing this evolved strategy.

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 2017.

Principal Activities

The Company's objective is to develop profitable mining operations at the CS Pozzolan-Perlite Project in Nevada and unlock the value inherent in our diverse portfolio of industrial minerals, precious metals and base metal projects.

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 Minerals plc (“Tertiary”) which is a significant shareholder in the Company (as defined under the AIM Rules). Under this cost sharing agreement Tertiary provides all of the Company's administration and technical services, including the 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 three other countries. The corporate structure of the Group reflects the historical pattern of 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 Company maintains a branch in Finland as a result of historical exploration activities in Finland and its mineral project in Ireland is held by the Group Parent company, Sunrise Resources plc.

The Board of Directors comprises two non-executive directors and the Executive Chairman. Their profiles are provided on page 18. The Executive Chairman is also Chairman of Tertiary Minerals plc, but otherwise the Board is independent of Tertiary.

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 results for the Group are set out in detail on pages 24 to 28. The Group reports a loss of £311,046 for the year (2016: £369,587) after administration costs of £276,568 (2016: £285,092) and after crediting interest receivable of £70 (2016: £532). The loss includes expensed pre-licence and reconnaissance exploration costs of £21,161 (2016: £45,316), impairment of deferred costs of £3,077 (2016: £39,711) and impairment of available for sale investment of £13,338 (2016: £Nil). Administration costs include an amount of £1,507 (2016: £4,323) as non-cash costs for the value of certain share warrants held by employees, as required by IFRS 2. Cash

administration costs are therefore £275,061 (2016: £280,769). The sale of the Junction Project rights produced a surplus on disposal of £3,028.

The Financial Statements show that, at 30 September 2017, the Group had net current assets of £183,422 (2016: £94,748). This represents the cash position after allowing for receivables and trade and other payables. These amounts are shown in the Consolidated and Company Statements of Financial Position on page 25 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 in Note 1(d) of the accounting policies. The intangible assets total £1,302,404 (2016: £1,072,571) and a breakdown by project is shown in Note 2 to the financial statements on page 32.

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

As shown in Note 8, an additional Group investment was acquired in the reporting period, being shares in VR Resources Ltd valued at £8,021, as part consideration for the sale of the Junction Project in Nevada.

For the Interim Accounts for the six month period to 31 March 2017 an impairment review was undertaken by the Directors to ascertain whether the decline in fair value of the investment in Block Energy plc could be considered to be significant or prolonged, as required under IAS 39. It was decided that, by comparison to the small amount of the initial investment of £25,000, the decline in fair value of Block Energy plc was likely to be deemed significant under IAS 39; therefore an amount of £13,338 was impaired and charged to the Consolidated Income Statement, thereby increasing the loss for that period (see Note 1(k) in the Notes to the Financial Statements on page 31.

An amount of £10,795 has been recognised in the Available for Sale Investment Reserve in Equity comprising a £10,962 increase in the fair value of the shareholding in Block Energy in the following six month period to 30 September 2017, and a decrease of £167 in the fair value of the VR Resources Ltd. shares.

Expenditures which do not meet the criteria in Note 1(d), such as pre-licence and reconnaissance costs, are expensed and add 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 regular 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.

The intangible asset value of a project should not be confused with the realisable or market value of a particular 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, via 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 VR Resources Ltd is such an example.

Key Performance Indicators

The financial statements of a mineral exploration 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 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.

In addition 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 £635,580 before expenses through the Placing and Subscription of shares in the reporting period and issued equity to the value of £15,736 in consideration of fees payable to Directors and to the value of £52,735 to Tertiary Minerals plc in consideration of at-cost management fees.

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 management's good 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 Company's cash position at year end (£234,181), 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 the Group as going concerns. The Company raised £500,000 before expenses on 6 December 2017.

Impairment

A bi-annual review is carried out by the Directors as to whether there are any indications of impairment. The bi-annual impairment indication reviews were conducted in March 2017 and October 2017 and the directors do not consider that there are any indications of impairment in the intangible assets.

Operating Review

Following early exploration success at the CS Project and the completion of a positive Concept Study by the Company for development of the project, the Board carried out a strategic review of the Company's projects and a decision was made to focus management time and expenditure on advancement of the CS Project towards production and to seek value for the Company's other projects through sale or joint venture.

The CS Project is held in the Company's 100% owned subsidiary, SR Minerals Inc.

The Company's other Nevada projects are held through SR Minerals Inc. and Westgold Inc. The Company's Australian projects are held through an Australian subsidiary Sunrise Minerals Australia Pty Ltd. The Company's Derryginagh Barite Project is held directly in the name of Sunrise Resources plc.

SR MINERALS INC.

POZZ PROJECT

CS Pozzolan-Perlite Project, Nevada, USA

The CS Project is located near Tonopah, in Nevada, USA, and has developed out of the Company's broader Pozz Project, an umbrella initiative to search for and acquire, at low-cost, deposits having potential for the production of natural pozzolan. The Pozz Project also includes the Pozz Ash Project and the newly discovered NewPerl Project. Natural pozzolans are seeing increased use in cements and concrete as a "greenhouse gas friendly" substitute for Portland cement.

Strategic Report continued

The CS Project contains deposits of both natural pozzolan and perlite and further details on the Company's opportunity in these two commodities are set out in the boxes below.

Our opportunity in 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, which include some glassy volcanic tuffs, tephra and perlite, 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.

Natural pozzolans can also improve the strength and chemical resistance of concrete and replace industrial by-product pozzolans in cement such as coal fly ash, a traditional waste product from coal-fired power stations.

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. Since 2010, 248 power plants, or just under 50% of all coal-fired power stations in the US, have announced a scheduled retirement plan. Many of these 248 plants are deciding to close their doors early, primarily because they cannot compete or remain competitive with gas-fired power production.

The supply of fly ash to the western US is already precarious and predicted to become critical when the West's largest coal fired power station in Arizona closes in 2018.

Established natural pozzolan producers in the western US are enjoying rapidly increased sales volumes in cement and concrete markets.

At the CS Project three main zones of interest have been defined. In the **Main Zone** thick deposits of perlite have formed on the rapidly cooled margins of crystalline rhyolite lava flows in the inner parts of a volcanic complex. Further out from the core, on the margins of the Main Zone and in the **Northeast Zone**, deposits zones of "tephra" (semi-consolidated fragmental material ejected from the volcano) formed as air fall deposits, possibly in water courses and marginal lakes (Lahar). Still further away from the core of the volcano, finer grained pyroclastic material fell to the ground to form volcanic tuffs in the **Tuff Zone**. The above features are illustrated in a map on the CS Project page on the Company's website.

The Main Zone is being evaluated for both pozzolan and perlite whereas the Northeast and Tuff Zones are being tested primarily as pozzolan.

Concept Study

After a positive initial testwork programme in January 2017, the Company initiated an internal concept study to scope out the potential for commercial development of the project. It was prepared primarily for internal management purposes and, in particular, to help inform a decision as to whether to commit the Company to the next stages of exploration and development for the CS Project.

This was completed in April 2017 and included a preliminary evaluation of the markets and market opportunities for the Company in both perlite and pozzolan and identified a low capital and operating cost strategy for market entry as well as future opportunities to grow the business. Simple financial modelling of a preliminary development plan suggests the potential for a very low capital and operating costs project with attractive financial returns and it also identified potential to grow with the markets and to make step changes in the value of the business through downstream processing.

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, 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.

The legalisation of marijuana in a number of states in the USA is fuelling an increasing demand for horticultural grades of perlite.

Perlite can also have pozzolanic properties and be suitable for use as a natural pozzolan.

For more information on perlite see:
<https://perlite.org/library-perlite-info/perlite-library.html>

According to the United States Geological Survey, in 2016 world production of perlite was 4.6 million tonnes with 473,000 tonnes produced in the USA. China is the world's largest producer with most of its production consumed internally.

The Concept Study also sets out a road map for development of the project and includes an initial evaluation of the requirements and broad timelines for permitting the project with the various regulatory authorities. An extract from the Concept Study is available on the Company's website.

Trenching & Drilling

Following the completion of a positive concept study the Company carried out trenching and a maiden drill programme in July 2017.

Seven holes were drilled targeting pozzolan and perlite in the Main Zone and two holes tested the pozzolanic tuff in the east end of the Tuff Zone. Thick intervals of pozzolan and perlite were intersected in the Main Zone, comparable to those reported from many commercial deposits currently in production. Drill holes in the Main Zone are currently too widely spaced to confirm correlation between holes but the target zones were intersected in all drill holes with no significant overburden. Drilling on the Tuff Zone encountered thick intervals of the target tuff.

Trenches were excavated in areas covered by colluvium and scree and in most cases exposed bedrock that, on further testing showed perlitic and/or pozzolanic properties. This work suggests that the Main Zone remains open to the south, extends further north and east than previously defined and that the current definition of three main zones may be artificial, representing only specific areas of outcrop surrounded by additional areas of pozzolan and perlite thinly covered with alluvium and colluvium.

The Company has recently received acceptance of an amendment to its Notice level permit to allow drilling at a further 22 drill sites in order to define the boundaries for one or more open-pit mine locations.

Pozzolan Testing

In order to qualify as a natural pozzolan a material has to meet the specifications of ASTM Standard C618 which applies to both natural pozzolans and coal fly ash. This specifies a minimum content of combined silica, alumina and iron oxide which are the reactive compounds and minimum strength requirements for mortars made with partial substitution of Portland cement by natural pozzolan. The relative strength of the mortar is compared to an "index" mortar produced using only Portland Cement after 7 and 28 days.

Chemical analysis of a range of samples shows that all of our materials met the chemical specification of ASTM C618. Over 80 surface samples, composite drill samples and trench samples have been "pre-certification" strength tested by independent laboratory Magmatics Inc. whose principal, Joe Thomas, is an acknowledged expert on the application of natural pozzolans and is a voting member of both the ASTM

and ACI pozzolan committees. All but one of these samples passed the strength requirements of ASTM C618 indicating that material from all three zones at the CS Project are quality natural pozzolans competitive with natural pozzolans available on the market today.

Pozzolan testing is now moving on to more extensive testing of three composite samples from areas that are expected to fall within potential starter-pit operations. Not all marketable natural pozzolans command the same selling price and these tests will help determine a number of properties that can affect value. This includes water demand (a low water demand improves concrete workability and negates the need for expensive plasticizers), mitigation of the deleterious alkali silica reaction that occurs in concrete between Portland cement and certain reactive aggregates (a cause of "concrete cancer"), sulphate resistance and long-term strength.

Because the "curing" of concrete takes place over a long period, well after it has set, some of these tests span periods up to 12 months and will take place concurrent with further exploration and mine permitting. ASTM certification testing will also take place at an appropriate independent laboratory to confirm Magmatics' pre-certification testing results.

Perlite Testing

The Company's perlite samples are being tested primarily at independent laboratory In-Mat-Lab in Greece with a number of quality control samples tested at a second independent perlite testing laboratory at the New Mexico Bureau of Geology and Mineral Resources (NMBGMR).

To date over 70 samples from the surface, drill holes and trenches have been subjected to basic testing, mostly from the Main Zone. This has allowed the Company to identify different areas having potential for the production of perlite for different industrial applications. Different applications require different raw material properties and testing has now progressed to application specific testing.

These more advanced stages of perlite testing will allow the Company to better define the target markets for its perlite, provide further information for potential customers and allow the development of a mine plan based on the best performing materials.

Marketing

During the year preliminary meetings have been held with a number of potential customers for perlite and pozzolan in the USA. These discussions have been kept low key whilst testing has been in progress, but will be expanded significantly in 2018.

Strategic Report continued

The potential for new sources of perlite and pozzolan was well received and samples are currently being tested by a number of interested parties in their own laboratories. It is anticipated that customers may want to test larger bulk samples as part of their decision process.

Forward Work Programme

In the remainder of 2017 and in 2018 work on the project is planned to include:

1. Open pit definition drilling on the Main Zone and Tuff Zone
2. Resource definition
3. Mine, plant and pit design
4. Permitting
5. Logistic studies
6. Marketing
7. Financial Modelling

The Company is targeting production in the first half of 2019 but this will depend on the speed at which permitting progresses through the US Bureau of Land Management.

Pozz Ash Deposit, Nevada, USA

Ongoing testwork on a composite sample from the Pozz Ash Deposit confirmed a marginally acceptable strength value and a higher water demand due to the high clay content. Preliminary clay separation testwork carried out during the year was not successful suggesting that the Pozz ash will require calcining for use as a natural pozzolan. This process route is unlikely to be commercially competitive.

NewPerl Pozzolan-Perlite Project, Nevada, USA

The Company's original discovery of the CS Project was made through the application of a specific proprietary exploration technique. As part of its regional Pozz Project the Company has refined the technique and is now applying it over other geologically prospective areas in Nevada to identify targets of interest.

Over the past few months a number of targets were selected for follow-up sampling and as a result of that work a new pozzolan-perlite occurrence has been discovered and secured with mining claims.

A sample from the deposit has been tested for its perlitic expansion properties with very good results and application specific testing is now underway. Deposits of pozzolan also occur in the same area and are currently being tested.

BAY STATE SILVER PROJECT, NEVADA, USA

The historic Bay State Silver Mine is located in the Newark Mining District, 15km east of the town of Eureka in central Nevada.

A second phase of drilling was underway at the start of the year but met with mixed results due to the severe directional deviation of a key drill hole. No additional drilling was carried out as work shifted to the CS Project, but the results from the first two drill programmes, taken together with extensive surface and underground sampling, are highly encouraging and justify further drilling.

Following the decision to focus on the CS Project a partner is now being sought for the Bay State Project. In order to reduce holding costs the Company has negotiated a two-year standstill on lease payments on the leased portions of the property.

COUNTY LINE DIATOMITE PROJECT, NEVADA, USA

The claims cover a large deposit of the industrial mineral diatomite, an industrial raw material mainly used in filtration, as an industrial filler and in various agricultural and horticultural applications.

At the start of the year this project was under lease to EP Minerals, LLC, a significant diatomite producer, who carried out a programme of trenching in one area of the claim block and subsequently permitted a programme of follow up drill testing. In February 2017 EP Minerals terminated its lease prematurely without completing the proposed drill programme or adequately testing the project.

The Company's 8 sq km licence area is underlain entirely by diatomite and whilst diatomite is widespread throughout the western USA, large and pure deposits are less common and represent an attractive target and so a new partner is being sought.

JUNCTION COPPER-GOLD PROJECT, NEVADA, USA

The Junction Gold (-Copper) Project is located in Humboldt County in northern Nevada.

In line with the Board's decision to focus on the CS Project, the Company sold the project to TSX-V listed VR Resources Ltd ("VR") in August 2017. The Company has received an initial payment US\$10,000 and was issued with 50,000 shares. It will be issued with a further 50,000 shares in VR should drilling take place and a further payment of 250,000 shares should VR complete and file a 43-101 compliant report containing a resource estimate for the project. Sunrise has also retained a royalty equal to 3% of the Net Smelter Return, subject to VR's right to buy up to half of the royalty entitlement (1.5%) for US\$500,000 per half-percent.

There is no record of modern or systematic exploration on the property, but prospector scale diggings target copper mineralisation in quartz veins and pegmatite dykes in shear zones hosted within Cretaceous age granite. Sunrise had also identified a new gold zone on the property, some 250 m northwest from the historic copper zone.

VR has moved quickly to start exploration on the project and recently announced that mapping, prospecting and soil sampling has resulted in the discovery of high-grade copper-silver-gold mineralisation at surface along a strike length of 6km. VR anticipates completion of a high resolution airborne magnetic/electromagnetic survey in 2018, in order to test along-strike sub-surface continuity of the outcropping mineralisation, and in preparation for a first pass diamond drill program.

RIDGE LIMESTONE PROJECT, NEVADA, USA

The Ridge Limestone Project, north of Austin, Nevada, was staked to cover a large area of limestone where reconnaissance samples indicated a high purity with industrial potential.

A programme of follow up sampling was completed during the year with mixed results; lower grade limestone having been found interbedded with the purer areas of limestone. A Joint Venture partner is sought to continue the evaluation of the project.

GARFIELD GOLD, SILVER & COPPER PROJECT, NEVADA, USA

The Garfield Project, located near Hawthorne in Nevada, offers the potential for a new copper discovery based on a small trenching programme carried out by the Company.

WESTGOLD INC.

The Company's Westgold subsidiary holds three projects in Nevada, available for joint venture, – **Stonewall, Clayton** and **Newark**. 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's tenure over the **Cue Diamond Project** and the **Baker's Gold Project** were maintained in 2017 but no work was carried out due to competing priorities.

OTHER PROJECTS

Derryginagh Barite Project, Ireland

The Derryginagh Barite Project in Ireland was renewed in 2015 for a 6 year period but is subject to review by the Irish government every two years.

The current government review is underway but no results have yet been notified to the Company.

Forward-Looking Statements

This Annual Report contains certain forward-looking statements that have been made by the directors in good faith based on the information available at the time of the approval of the Annual Report. By their nature, such forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

Strategic Report continued

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 evaluation 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>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. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.</p>	<p>The Company's permitting requirements are limited at this stage to its exploration activities, but to reduce development risk in future the directors will ensure that its permit and financing applications are robust and thorough and will seek to position the Company as a low quartile 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>Mineral exploration carries a lower level of environmental liability than mining. 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.</p>

RISK	MITIGATION STRATEGIES
<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 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 directors take their fees in shares. Nevertheless further equity issues will 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 on page 41.</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>

This Strategic Report was approved by the Board of Directors on 13 December 2017 and signed on its behalf.

Patrick Cheetham
Executive Chairman

Corporate Responsibility

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 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.

Shareholders

The Board seeks to protect shareholders' interests by following, where appropriate, the guidelines in the UK Corporate Governance Code and the directors are always prepared, where practicable, to enter into a dialogue with shareholders to promote a mutual understanding of objectives. The Annual General Meeting provides the Board with an opportunity to informally meet and communicate directly with investors.

Environment

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.

Employees

The Group engages 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.

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 12 days of average daily purchases (2016: 71 days). This amount is calculated by dividing the creditor balance at year end by the average daily Group spend in the year.

Anti-Corruption Policy and Code of Conduct

The Company has adopted and implemented an Anti-corruption Policy and Code of Conduct applicable to employees, suppliers and contractors.

Health and Safety

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 employee 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.

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 Report of the Directors and other information included in the Annual Report and Financial Statements is 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; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. 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.

Directors' Report

The directors are pleased to submit their Annual Report and audited accounts for the year ended 30 September 2017.

The Strategic Report starting on page 6 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 (£234,181), 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 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.

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 14 December 2017	Number of shares	% of share capital
TD Direct Investing Nominees (Europe) Limited SMKTNOMS	167,561,579	9.25
Hargreaves Lansdown (Nominees) Limited 15942	160,858,832	8.88
Barclays Direct Investing Nominees Limited CLIENT1	155,140,569	8.57
Tertiary Minerals plc	124,567,229	6.88
TD Direct Investing Nominees (Europe) Limited SMKTISAS	119,420,789	6.59
HSDL Nominees Limited	100,204,911	5.53
Hargreaves Lansdown (Nominees) Limited VRA	90,014,957	4.97
HSDL Nominees Limited MAXI	72,891,861	4.03
Share Nominees Ltd	65,851,491	3.64
Hargreaves Lansdown (Nominees) Limited HLNOM	60,969,640	3.37
Beaufort Nominees Limited SSLNOMS	59,271,060	3.27

This expectation is strengthened by recent investor interest in the Company, resulting in a successful placing on 6 December, which raised £500,000 before expenses.

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 on page 12.

Directors

The directors holding office in the period were:

Mr P L Cheetham
Mr D J Swan
Mr R D Murphy

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

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 Clark Whitehill 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

Notice of the Company's Annual General Meeting convened for Wednesday 31 January 2018 at 10.30 a.m. is set out on page 43 of this report. Explanatory Notes giving further information about the proposed resolutions are set out on page 44.

Approved by the Board of Directors on 13 December 2017 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 36 years' experience in mineral exploration
- 31 years in public company management

Appointed: March 2005

Committee Memberships: Chairman of Nomination Committee

External Commitments: Executive Chairman of Tertiary Minerals 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: CEO of Sula Iron & Gold Plc



David Swan
Non-Executive Director

Key Strengths:

- Chartered Accountant with career focus in natural resources industry
- Past executive director of several public listed mining companies including Oriel Resources plc

Appointed: May 2012

Committee Memberships: Chairman of the Audit Committee, Member of the Remuneration and Nomination Committees

External Commitments: Non-Executive Director of Central Asia Metals plc, Non-Executive Director of Oriel Resources plc and CFO (part-time) Scotgold Resources Limited.



Colin Fitch LLM, FCIS
Company Secretary

Key Strengths:

- Barrister-at-Law
- Previously Corporate Finance Director of Kleinwort Benson
- Previously held a number of non-executive directorships of public and private companies, including Merrydown Plc, African Lakes plc and Manders plc

Appointed: October 2006

External Commitments: Company Secretary for Tertiary Minerals plc

Corporate Governance

Although the rules of AIM do not require the Company to comply with the UK Corporate Governance Code (“the Code”), the Company fully supports the principles set out in the Code and will attempt to comply wherever possible, given both the size and resources available to the Company.

The Board of Directors currently comprises the combined role of chairman and chief executive and two non-executive directors. The Board considers that this structure is suitable for the Company having regard to the fact that it is not yet revenue-earning. However, it is the intention of the Board to separate these roles in future and to strengthen the executive Board as projects are developed and financial resources permit.

The Board is aware of the need to refresh its membership from time to time and will consider appointing additional independent non-executive directors in the future.

Role of the Board

The Board’s role is to agree the Group’s long-term direction and strategy and to monitor the achievement of its business objectives. The Board meets 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 and operational matters.

The non-executive directors may not be considered under the terms of the Code to be independent directors by virtue of their holding of warrants to subscribe for shares in the Company. However, they are considered by the Board to be free from any other business or relationship which could materially interfere with the exercise of their independent judgement. Directors have the facility to take external independent advice in furtherance of their duties at the Group’s expense and have access to the services of the Company Secretary.

The Board delegates certain of its responsibilities to the Audit, Remuneration and Nomination Committees of the Board. These Committees operate within clearly defined terms of reference.

Audit Committee

The Audit Committee, composed entirely of non-executive directors, 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 Chairman of the Audit Committee.

Remuneration Committee

The Remuneration Committee also comprises the non-executive directors. Mr Murphy is Chairman of the Remuneration Committee. The Company does not currently remunerate any of the directors other than in a non-executive capacity. Whilst the Chairman of the Board, Patrick Cheetham, does have an executive role, his services are provided under a general service agreement with Tertiary Minerals plc.

The Company issues share warrants to directors and to the staff of Tertiary Minerals plc who are engaged in the management of the activities of the Company. The Company’s policy on the issue of such warrants is that outstanding warrants should not in aggregate exceed 10% of the issued capital of the Company at any time. Details of directors’ warrants are disclosed in Note 16.

Nomination Committee

The Nomination Committee comprises the Chairman and the non-executive directors. Mr Cheetham is Chairman 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.

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, which held 7.56% of the Company’s issued share capital at 30 September 2017. Tertiary Minerals provides management services to Sunrise Resources in the search, evaluation and acquisition of new projects.

Independent Auditor's Report

to the Members of Sunrise Resources plc for the year ended 30 September 2017

Opinion

We have audited the financial statements of Sunrise Resources plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 September 2017, which comprise:

- the Group Income Statement and Statement of Comprehensive Income for the year ended 30 September 2017;
- the Group and Parent Company Statements of Financial Position as at 30 September 2017;
- the Group and Parent Company Statements of Cash Flows for the year then ended;
- the Group and Parent Company Statements of Changes in Equity for the year then ended; and
- the Notes to the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2017 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 1(b) in the financial statements, which indicates that the Group's projections include the proceeds of future fundraising necessary within the next 12 months in order to cover the Company's and Group's overheads and carry out the Company's and Group's planned discretionary project expenditure. As stated in Note 1(b), these events or conditions, along with the other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £35,000, based on 2% of the Group's total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £1,750. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group and its subsidiaries are accounted for from one central operating location, the Group's registered office. Our audit was conducted from the main operating location and all group companies were within the scope of our audit testing.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were

addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Key audit matter	How the scope of our audit addressed the key audit matter
<p><i>Potential impairment of capitalised exploration and evaluation costs associated with the Cue Diamond and Bay State projects held in the subsidiaries, Sunrise Minerals Australia Pty Ltd and SR Minerals Inc. respectively.</i></p> <p>Together, the Cue Diamond and Bay State projects constitute £848k (65%) of the capitalised exploration costs in Sunrise Group.</p> <p>Both projects have seen minimal expenditure during the year as the Group focuses on other projects such as the CS Project.</p> <p>There is a risk that accounting criteria associated with the capitalisation of exploration and evaluation expenditure may no longer be appropriate and that capitalised costs to date exceed the recoverable amount for the sites.</p> <p>Any assessment of value in use requires that accumulated costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale. This requires management to make estimates and judgements and to make certain assumptions, often of a geological nature, and most particularly in relation to whether or not an economically viable mining operation can be established in future.</p>	<p>Our audit work included, but was not restricted to, a review of the directors' assessment of the criteria for the capitalisation of exploration and evaluation expenditure and whether there are any indicators of impairment to capitalised costs.</p> <p>The directors concluded that there were no indicators of potential impairment, as a result of the following factors:</p> <ul style="list-style-type: none"> ● the Group continues to hold the right to explore in the specific areas and have no intention to not renew the licences; ● disposal of the non-core projects is planned and otherwise future expenditure on the projects may take place in future when surplus funds are available; and ● the exploration activities performed to date justify further exploration and there is not currently any indication that the carrying amounts will not be recoverable through sale or exploitation. <p>Our work did not indicate that there were facts or circumstances to suggest that an impairment review of exploration and evaluation assets was required.</p>
<p><i>Potential impairment of the investment in the subsidiaries, Sunrise Minerals Australia Pty Ltd and SR Minerals Inc., in the Company financial statements.</i></p> <p>The cost of the investment in and loan due from the subsidiaries, held as an asset of the Company, is supported by the future cash flows associated with the recovery of the exploration and evaluation assets held by those subsidiaries.</p> <p>If there were impairment in the exploration and evaluation assets of the subsidiaries, this could imply that the carrying value of the investment in and due from the subsidiaries, was also impaired in the Company's financial statements.</p>	<p>In conjunction with our work associated with the potential impairment of the exploration and evaluation assets held within Sunrise Minerals Australia Pty Ltd and SR Minerals Inc., we considered directors' assessment on whether there was an indication that the cost of the investment in and loan due from the subsidiary required impairment in the Company.</p> <p>As there was no impairment of the assets held by Sunrise Minerals Australia Pty Ltd and SR Minerals Inc., we concur with the directors' view that there are no indications of impairment in the carrying value of the investments in and loans due from the subsidiaries.</p>

Independent Auditor's Report continued

to the Members of Sunrise Resources plc for the year ended 30 September 2017

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities statement (set out on page 15), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Jayson (Senior Statutory Auditor)

For and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor
Manchester, United Kingdom
13 December 2017

Crowe Clark Whitehill LLP is a limited liability partnership registered in England and Wales (with registered number OC307043).

Consolidated Income Statement

for the year ended 30 September 2017

	Notes	2017 £	2016 £
Pre-licence exploration costs		21,161	45,316
Impairment of deferred exploration cost	9	3,077	39,711
Administrative expenses		276,568	285,092
Operating loss		(300,806)	(370,119)
Impairment of available for sale investment		(13,338)	–
Gain on disposal of intangible asset		3,028	–
Interest receivable		70	532
Loss before income tax	3	(311,046)	(369,587)
Income tax	7	–	–
Loss for the year attributable to equity holders of the parent		(311,046)	(369,587)
Loss per share – basic and diluted (pence)	6	(0.02)	(0.04)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2017

	2017 £	2016 £
Loss for the year	(311,046)	(369,587)
Items that could be reclassified subsequently to the income statement:		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	(35,169)	193,942
Fair value movement on available for sale investment	12,471	(1,676)
	(22,698)	192,266
Total comprehensive loss for the year attributable to equity holders of the parent	(333,744)	(177,321)

Consolidated and Company Statements of Financial Position

at 30 September 2017

Company Registration Number: 05363956

	Notes	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Non-current assets					
Intangible assets	9	1,302,404	–	1,072,571	–
Investment in subsidiaries	8	–	1,601,574	–	1,311,874
Available for sale investment	8	30,478	22,624	23,324	23,324
		1,332,882	1,624,198	1,095,895	1,335,198
Current assets					
Receivables	11	62,142	25,079	43,606	27,081
Cash and cash equivalents	12	234,181	215,339	223,268	102,865
		296,323	240,418	266,874	129,946
Current liabilities					
Trade and other payables	13	(112,901)	(96,829)	(172,126)	(98,468)
Net current assets		183,422	143,589	94,748	31,478
Net assets		1,516,304	1,767,787	1,190,643	1,366,676
Equity					
Called up share capital	14	1,804,016	1,804,016	1,119,910	1,119,910
Share premium account		4,792,790	4,792,790	4,818,998	4,818,998
Share warrant reserve	14	89,248	89,248	119,899	119,899
Available for sale investment reserve		10,795	10,962	(1,676)	(1,676)
Foreign currency reserve	14	19,749	1,359	54,918	1,176
Accumulated losses		(5,200,294)	(4,930,588)	(4,921,406)	(4,691,631)
Equity attributable to owners of the parent		1,516,304	1,767,787	1,190,643	1,366,676

The Company reported a loss for the year ended 30 September 2017 of £271,115 (2016: 277,151).

These financial statements were approved and authorised for issue by the Board of Directors on 13 December 2017 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 £	Available for sale reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2015	691,149	4,761,776	322,820	–	(139,024)	(4,790,072)	846,649
Loss for the year	–	–	–	–	–	(369,587)	(369,587)
Change in fair value	–	–	–	(1,676)	–	–	(1,676)
Exchange differences	–	–	–	–	193,942	–	193,942
Total comprehensive loss for the year	–	–	–	(1,676)	193,942	(369,587)	(177,321)
Share issue	428,761	57,222	31,009	–	–	–	516,992
Share-based payments expense	–	–	4,323	–	–	–	4,323
Transfer of expired warrants	–	–	(238,253)	–	–	238,253	–
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 year	–	–	–	–	–	(311,046)	(311,046)
Change in fair value	–	–	–	12,471	–	–	12,471
Exchange differences	–	–	–	–	(35,169)	–	(35,169)
Total comprehensive loss for the year	–	–	–	12,471	(35,169)	(311,046)	(333,744)
Share issue	684,106	(26,208)	–	–	–	–	657,898
Share-based payments expense	–	–	1,507	–	–	–	1,507
Transfer of expired warrants	–	–	(32,158)	–	–	32,158	–
At 30 September 2017	1,804,016	4,792,790	89,248	10,795	19,749	(5,200,294)	1,516,304

Company Statement of Changes in Equity

Company	Share capital £	Share premium account £	Share warrant reserve £	Available for sale reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2015	691,149	4,761,776	322,820	–	–	(4,652,733)	1,123,012
Loss for the year	–	–	–	–	–	(277,151)	(277,151)
Change in fair value	–	–	–	(1,676)	–	–	(1,676)
Exchange differences	–	–	–	–	1,176	–	1,176
Total comprehensive loss for the year	–	–	–	(1,676)	1,176	(277,151)	(277,651)
Share issue	428,761	57,222	31,009	–	–	–	516,992
Share-based payments expense	–	–	4,323	–	–	–	4,323
Transfer of expired warrants	–	–	(238,253)	–	–	238,253	–
At 30 September 2016	1,119,910	4,818,998	119,899	(1,676)	1,176	(4,691,631)	1,366,676
Loss for the year	–	–	–	–	–	(271,115)	(271,115)
Change in fair value	–	–	–	12,638	–	–	12,638
Exchange differences	–	–	–	–	183	–	183
Total comprehensive loss for the year	–	–	–	12,638	183	(271,115)	(258,294)
Share issue	684,106	(26,208)	–	–	–	–	657,898
Share-based payments expense	–	–	1,507	–	–	–	1,507
Transfer of expired warrants	–	–	(32,158)	–	–	32,158	–
At 30 September 2017	1,804,016	4,792,790	89,248	10,962	1,359	(4,930,588)	1,767,787

Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2017

	Notes	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Operating activity					
Operating loss		(300,806)	(261,797)	(370,119)	(279,805)
Share-based payment charge		1,507	1,507	4,323	4,323
Shares issued in lieu of net wages		15,736	15,736	19,720	19,720
Impairment charge – exploration		3,077	–	39,711	–
Accrued income		7,854	–	–	–
(Increase)/decrease in receivables	11	(18,536)	2,002	(9,123)	(5,702)
Increase/(decrease) in trade and other payables	13	(59,225)	(1,639)	63,475	14,346
Net cash outflow from operating activity		(350,393)	(244,191)	(252,013)	(247,118)
Investing activity					
Interest received		70	4,020	532	2,654
Disposal of development asset		7,467	–	–	–
Development expenditures	9	(273,814)	–	(183,767)	–
Loans to subsidiaries		–	(289,701)	–	(256,468)
Net cash outflow from investing activity		(266,277)	(285,681)	(183,235)	(253,814)
Financing activity					
Issue of share capital (net of expenses)		642,162	642,162	497,272	497,272
Net cash inflow from financing activity		642,162	642,162	497,272	497,272
Net increase/(decrease) in cash and cash equivalents		25,492	112,290	62,024	(3,660)
Cash and cash equivalents at start of year		223,268	102,865	142,079	105,349
Exchange differences		(14,579)	184	19,165	1,176
Cash and cash equivalents at 30 September	12	234,181	215,339	223,268	102,865

Notes to the Financial Statements

for the year ended 30 September 2017

Background

Sunrise Resources plc 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.

(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 (£234,181), 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.

This expectation is strengthened by recent investor interest in the Company, resulting in a successful placing on 6 December 2017, which raised £500,000 before expenses.

(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 Sunrise Resources plc and its subsidiary undertakings using the acquisition method and eliminate intercompany balances and transactions.

In accordance with section 408 of the Companies Act 2006, Sunrise Resources plc 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 Sunrise Resources plc is £271,115 (2016: £277,151).

(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.

Notes to the Financial Statements continued

for the year ended 30 September 2017

A bi-annual review is carried out by the directors to consider whether there are any indications of impairment in capitalised exploration and development costs. The bi-annual impairment reviews were conducted in March 2017 and October 2017.

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.

(i) Share warrants and share-based payments

The Company issues warrants to employees 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 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

Capitalisation of exploration and evaluation costs requires that costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale or alternatively, where activities have not reached a stage which permits a reasonable

estimate of the existence of mineral reserves, a judgement that future exploration or evaluation should continue. This requires management to make estimates and judgements and to make certain assumptions, often of a geological nature, and most particularly in relation to whether or not an economically viable mining operation can be established in future. Such estimates, judgements and assumptions are likely to change as new information becomes available. When it becomes apparent that recovery of expenditure is unlikely the relevant capitalised amount is written off to the Income Statement.

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 Group will look to evidence produced by its exploration activities to indicate whether the carrying value is impaired. Assessment of the impairment of assets is a judgement based on analysis of the future likely cash flows from the relevant project, including consideration of:

- (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Impairment reviews for investments are carried out on an individual basis. The Group will look to performance indicators of the investment, such as market share price, to indicate whether the carrying value is impaired.

Going concern

The preparation of financial statements requires an assessment of the validity of the going concern assumption. The validity of the going concern assumption 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) Available for sale investments

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. Available for sale investments are initially measured at cost and subsequently at fair value, being the equivalent of market value, with changes in value recognised in equity. Gains and losses arising from available for sale investments are recognised in the income statement when they are sold or impaired.

(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.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods. Specifically, the adoption of IFRS 9 will have minimal impact for both the measurement and disclosures of existing financial instruments. As the Group does not have any turnover, IFRS 15 will not have any significant impact on revenue recognition and related disclosures. Finally, the adoption of IFRS 16 will not have any impact on the financial statements of the Group as all lease contracts are for periods of less than one year.

Notes to the Financial Statements continued

for the year ended 30 September 2017

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.

2017	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration cost	3,077	–	3,077
Pre-licence exploration costs	21,161	–	21,161
Share-based payments	–	1,507	1,507
Other expenses	–	275,061	275,061
Operating loss	(24,238)	(276,568)	(300,806)
Impairment of available for sale investment	–	(13,338)	(13,338)
Disposal of intangible asset	3,028	–	3,028
Interest receivable	–	70	70
Loss before income tax	(21,210)	(289,836)	(311,046)
Income tax	–	–	–
Loss for the year attributable to equity holders of the parent	(21,210)	(289,836)	(311,046)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Cue Diamond Project, Australia	480,204	–	480,204
Baker's Gold Project, Australia	53,558	–	53,558
County Line Diatomite Project, USA	114,525	–	114,525
Garfield Silver-Gold-Copper Project, USA	25,264	–	25,264
Bay State Silver Project, USA	368,205	–	368,205
Pozz Ash Project, USA	18,088	–	18,088
Ridge Limestone Project, USA	14,523	–	14,523
CS Pozzolan-Perlite Project, USA	184,926	–	184,926
Clayton Gold Project, USA	12,894	–	12,894
Newark Silver-Gold Project, USA	21,541	–	21,541
Stonewall Gold Project, USA	8,676	–	8,676
	1,302,404	–	1,302,404
Available for sale investment	–	30,478	30,478
	1,302,404	30,478	1,332,882
Current assets			
Receivables	26,319	35,823	62,142
Cash and cash equivalents	–	234,181	234,181
	26,319	270,004	296,323
Current liabilities			
Trade and other payables	(34,976)	(77,925)	(112,901)
Net current assets/(liabilities)	(8,657)	192,079	183,422
Net assets	1,293,747	222,557	1,516,304
Other data			
Deferred exploration additions	273,814	–	273,814
Deferred exploration disposal	(20,315)	–	(20,315)
Exchange rate adjustments to deferred exploration costs	–	(20,590)	(20,590)

2016	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs:			
Corona Gold Project, Australia	(32,930)	–	(32,930)
Strike Copper-Gold Project, USA	(6,781)	–	(6,781)
	(39,711)	–	(39,711)
Pre-licence exploration costs	(45,316)	–	(45,316)
Share-based payments	–	(4,323)	(4,323)
Other expenses	–	(280,769)	(280,769)
Operating loss	(85,027)	(285,092)	(370,119)
Bank interest received	–	532	532
Loss before income tax	(85,027)	(284,560)	(369,587)
Income tax	–	–	–
Loss for the year attributable to equity holders	(85,027)	(284,560)	(369,587)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Cue Diamond Project, Australia	478,348	–	478,348
Baker's Gold Project, Australia	49,040	–	49,040
County Line Diatomite Project, USA	102,888	–	102,888
Garfield Silver-Gold-Copper Project, USA	24,691	–	24,691
Bay State Silver Project, USA	362,961	–	362,961
Junction Gold Project, USA	14,189	–	14,189
Pozz Ash Project, USA	12,113	–	12,113
Clayton Gold Project, USA	8,645	–	8,645
Newark Silver-Gold Project, USA	13,427	–	13,427
Stonewall Gold Project, USA	6,269	–	6,269
	1,072,571	–	1,072,571
Available for sale investment	–	23,324	23,324
	1,072,571	23,324	1,095,895
Current assets			
Receivables	15,122	28,484	43,606
Cash and cash equivalents	–	223,268	223,268
	15,122	251,752	266,874
Current liabilities			
Trade and other payables	(82,062)	(90,064)	(172,126)
Net current assets/(liabilities)	(66,940)	161,688	94,748
Net assets	1,005,631	185,012	1,190,643
Other data			
Deferred exploration additions	183,767	–	183,767
Exchange rate adjustments to deferred exploration costs	–	174,777	174,777

Notes to the Financial Statements continued

for the year ended 30 September 2017

3. Loss before income tax

	2017	2016
	£	£
The operating loss is stated after charging:		
Fees payable to the Company's auditor for:		
The audit of the Company's annual accounts	6,000	6,000
Other services	1,000	1,000

4. Directors' emoluments

	2017	2016
	£	£
Remuneration in respect of directors was as follows:		
P L Cheetham (salary)	12,000	12,000
F P H Johnstone (salary)	–	7,295
D J Swan (salary)	12,000	12,000
R D Murphy (salary)	12,000	4,710
	36,000	36,005

The above remuneration amounts do not include non-cash share based payments charged in these financial statements in respect of share warrants issued to the directors amounting to £Nil (2016: £2,223) or Employer's National Insurance Contributions of £Nil (2016: £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 £104,324 was charged to the Company for his services during the year (2016: £99,775). 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 £36,000 (2016: £38,228).

5. Staff costs

	2017	2016
	£	£
Staff costs for the Group and Company, including directors, were as follows:		
Wages and salaries	40,128	39,078
Social security costs	–	–
Share-based payments	390	2,756
	40,518	41,834

The average monthly number of employees employed by the Group and Company during the year was as follows:

	Number	Number
	2017	2016
Directors	3	3
Other Officers	1	1
	4	4

The Company does not employ any staff directly apart from the directors and a company secretary. 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 Tertiary Minerals plc staff from time to time and these non-cash share-based payments resulted in a charge within the financial statements of £1,117 (2016: £1,567).

6. Loss per share

Loss per share has been calculated using the loss for the year attributable to equity holders of the Parent and the weighted average number of shares in issue during the year.

	2017	2016
Loss (£)	(311,046)	(369,587)
Weighted average shares in issue (No.)	1,418,016,156	869,068,238
Basic and diluted loss per share (pence)	(0.02)	(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 (2016: £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% (2016: 20%). The differences are explained below.

	2017 £	2016 £
Tax reconciliation		
Loss before income tax	(311,046)	(369,587)
Tax at hybrid rate 19.5% (2016: 20%)	(60,654)	(73,917)
Pre-trading expenditure no longer deductible for tax purposes	540,158	214,830
Tax effect at 19.5% (2016: 20%)	105,331	42,966
Unrelieved tax losses carried forward	(44,677)	30,951
Tax recognised on loss	–	–
Total losses carried forward for tax purposes	(3,493,492)	(3,722,605)

Factors that may affect future tax charges

The Group has total losses carried forward of £3,493,492 (2016: £3,722,605). 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.

8. Investments

Subsidiary undertakings

Company	Country of incorporation /registration	Date of incorporation /registration	Type and percentage of shares held at 30 September 2017	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.

Notes to the Financial Statements continued

for the year ended 30 September 2017

Investment in subsidiary undertakings	Company 2017 £1	Company 2016 £
Ordinary Shares – Sunrise Minerals Australia Pty Ltd	61	61
Loan – Sunrise Minerals Australia Pty Ltd	710,374	705,676
Ordinary Shares – SR Minerals Inc.	1	1
Loan – SR Minerals Inc.	809,053	558,392
Ordinary Shares – Westgold Inc.	1	1
Loan – Westgold Inc.	82,084	47,743
At 30 September	1,601,574	1,311,874

Available for sale investments

Company	Country of incorporation /registration	Type and percentage of shares held at 30 September 2017	Principal activity
Block Energy plc*	England & Wales	0.44% of ordinary shares	Mineral exploration
VR Resources Ltd	Canada	0.14% of ordinary shares	Mineral exploration

*On 5 May 2017 Goldcrest Resources Plc changed its name to Block Energy plc.

Available for sale investments	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Value at start of year	23,324	23,324	25,000	25,000
Additions to available for sale investment	8,021	–	–	–
Movement in valuation of available for sale investment	(867)	(700)	(1,676)	(1,676)
At 30 September	30,478	22,624	23,324	23,324

The fair value of each available for sale investment is equal to the market value of its shares at 30 September 2017, based on the closing mid-market price of shares on its equity exchange market.

Shares of Block Energy plc were suspended from trading on 25 September 2017, following its move to 100% working interest in the Norio oil field, deemed to be a reverse takeover. The fair value of Block Energy shares was not considered to be impaired as a result of the acquisition.

These are level one inputs for the purpose of the IFRS 13 fair value hierarchy.

9. Intangible assets

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Deferred exploration expenditure				
Cost				
At start of year	3,239,882	2,203,594	3,056,115	2,203,594
Additions	273,814	–	183,767	–
At 30 September	3,513,696	2,203,594	3,239,882	2,203,594
Disposals				
At start of year	(2,167,311)	(2,203,594)	(2,302,377)	(2,203,594)
Impairment losses during year	(3,077)	–	(39,711)	–
Disposal during year	(20,315)	–	–	–
Foreign currency exchange adjustments	(20,589)	–	174,777	–
At 30 September	(2,211,292)	(2,203,594)	(2,167,311)	(2,203,594)
Carrying amounts				
At 30 September	1,302,404	–	1,072,571	–
At start of year	1,072,571	–	753,738	–

During the year the Group carried out an impairment review which resulted in an impairment charge being recognised in the Consolidated Income Statement as part of operating expenses. Refer to accounting policy 1(j) for a description of the assumptions 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 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Prepayments	14,224	11,348	15,844	14,166
Accrued income	7,854	–	–	–
Other receivables	40,064	13,731	27,762	12,915
	62,142	25,079	43,606	27,081

12. Cash and cash equivalents

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Cash at bank and in hand	234,181	215,339	223,268	102,865

Notes to the Financial Statements continued

for the year ended 30 September 2017

13. Trade and other payables

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Amounts owed to Tertiary Minerals plc	61,275	61,275	64,724	64,724
Trade creditors	13,871	6,247	63,045	8,227
Accruals	19,617	11,169	44,357	25,517
Net pay due in shares	11,065	11,065	–	–
Social security and taxes	7,073	7,073	–	–
	112,901	96,829	172,126	98,468

14. Issued capital and reserves

	2017 Number	2017 £	2016 Number	2016 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p each				
Balance at start of year	1,119,910,379	1,119,910	691,148,682	691,149
Shares issued in the year	684,105,288	684,106	428,761,697	428,761
Balance at 30 September	1,804,015,667	1,804,016	1,119,910,379	1,119,910

During the year to 30 September 2017 the following share issues took place:

An issue of 11,887,558 0.1p ordinary shares at 0.19p per share to Tertiary Minerals plc, for a total consideration of £22,587, by way of settlement of an invoice issued to Sunrise Resources plc for management fees (15 November 2016).

An issue of 60,580,000 0.1p ordinary shares at 0.10p per share, by way of placing and subscription, for a total consideration of £57,551 net of expenses (24 January 2017).

An issue of 22,332,230 0.1p ordinary shares at 0.135p per share to Tertiary Minerals plc, for a total consideration of £30,149, by way of settlement of an invoice issued to Sunrise Resources plc for management fees (1 February 2017).

An issue of 250,000,000 0.1p ordinary shares at 0.10p per share, by way of placing, for a total consideration of £231,250 net of expenses (7 March 2017).

An issue of 14,305,500 0.1p ordinary shares at 0.11p per share to three directors, for a total consideration of £15,736, in satisfaction of directors' fees (3 April 2017).

An issue of 325,000,000 0.1p ordinary shares at 0.10p per share, by way of placing, for a total consideration of £300,625 net of expenses (29 June 2017).

During the year to 30 September 2016 a total of 428,761,697 0.1p ordinary shares were issued, at an average price of 0.125p per share, for a total consideration of £516,992 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 2017

Issue date	Exercise price	Number	Exercisable	Expiry dates
19/12/12	0.850p	5,750,000	Any time before expiry	19/03/18
14/01/14	0.550p	5,750,000	Any time before expiry	14/01/19
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
10/06/16	0.240p	16,666,667	Any time before expiry	10/12/18
10/06/16	0.240p	233,333,333	Any time before expiry	10/12/18
01/02/17	0.135p	750,000	Any time from 01/02/18	01/02/22
01/02/17	0.135p	2,500,000	Any time from 01/02/18	01/02/22

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:

	2017		2016	
	Number of share warrants	Weighted average exercise price (Pence)	Number of share warrants	Weighted average exercise price (Pence)
Outstanding at start of year	279,625,000	0.28	98,708,332	0.79
Granted during the year	3,250,000	0.135	253,250,000	0.239
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	(5,500,000)	1.25	(72,333,332)	0.84
Outstanding at end of year	277,375,000	0.26	279,625,000	0.28
Exercisable at end of year	274,125,000	0.26	276,375,000	0.28

The share warrants outstanding at 30 September 2017 had a weighted average exercise price of 0.26p (2016: 0.28p), a weighted average fair value of 0.03p (2016: 0.05p) and a weighted average remaining contractual life of 1.28 years.

In the year ended 30 September 2017 warrants were granted on 1 February 2017 to an officer of the Company and employees of Tertiary Minerals plc with an aggregate estimated fair value of £1,348. Note 5 explains the value recognised in the reporting period in respect of Tertiary Minerals plc.

Notes to the Financial Statements continued

for the year ended 30 September 2017

In the year ended 30 September 2016 warrants were granted on 18 February 2016 to an officer of the Company and employees of Tertiary Minerals plc with an aggregate estimated fair value of £1,599.

In the year to 30 September 2017 the Company recognised expenses of £1,507 (2016: £4,323) 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 2017 no share warrants were exercised.

<i>The inputs into the Black-Scholes-Merton Pricing Model were as follows:</i>	2017	2016
Weighted average share price	0.135p	0.12p
Weighted average exercise price	0.135p	0.24p
Expected volatility	70.0%	70.0%
Expected life	4 years	2 years
Risk-free rate	0.62%	0.36%
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:

	Shares number	At 30 September 2017			At 30 September 2016	
		Share warrants number	Warrant exercise price	Warrant expiry date	Shares number	Share warrants number
P L Cheetham*	79,741,326	2,000,000	0.85p	19/03/18	75,776,599	9,000,000
		2,000,000	0.55p	14/01/19		
		3,000,000	0.275p	05/02/20		
D J Swan	12,862,863	1,000,000	0.85p	19/03/18	8,710,863	3,500,000
		1,000,000	0.55p	14/01/19		
		1,500,000	0.275p	05/02/20		
R D Murphy	23,491,621	16,666,667	0.24p	10/12/18	17,302,848	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 7.56% of the issued share capital on 30 September 2017 (2016: 9.13%).

Tertiary Minerals plc provides management services to Sunrise Resources plc and consequently during the year the Group incurred costs of £204,110 (2016: £190,124) recharged at cost from Tertiary Minerals being overheads of £24,874 (2016: £23,488), costs paid on behalf of the Group of £4,646 (2016: £4,288), Tertiary staff salary costs of £69,957 (2016: £61,866) and Tertiary directors' salary costs of £104,633 (2016: £100,482).

At the balance sheet date an amount of £61,275 (2016: £64,724) 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 2017 and at the date of this report, Donald McAlister, a director of Tertiary Minerals plc, held 550,000 shares in the Company, and at 30 September 2017, David Whitehead, now deceased, formerly a director of Tertiary Minerals plc, held 250,000 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, selling assets and adjusting the amount of dividends paid to the shareholders.

18. Financial instruments

At 30 September 2017, the Group's and Company's financial assets consisted of receivables due within one year, available for sale 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 2017, as defined in IAS 39, are as follows:

	Group 2017	Company 2017	Group 2016	Company 2016
	£	£	£	£
Loans & receivables	274,245	229,070	251,030	115,780
Available for sale investments	30,478	22,624	23,324	23,324
Financial Liabilities at amortised cost	94,763	78,691	162,990	89,331

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.

Notes to the Financial Statements continued

for the year ended 30 September 2017

	Group 2017	Company 2017	Group 2016	Company 2016
	£	£	£	£
<i>Bank balances were held in the following denominations:</i>				
United Kingdom Sterling	187,946	187,946	93,749	93,749
Australian Dollar	10,431	–	25,871	–
Canadian Dollar	347	347	5,874	5,874
United States Dollar	34,699	26,288	96,448	1,916
Euro	758	758	1,326	1,326

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 balance sheet date

Subsequent to the year end, on 6 December 2017, there was an allotment of 333,333,333 ordinary shares of 0.1p by way of conditional placing at 0.15 pence per share for a total consideration of £500,000 before expenses. The issue of the Placing Shares is conditional, inter alia, on their admission to trading on AIM (“Admission”). Application has been made for the Placing Shares to be admitted to trading on AIM and Admission is expected to occur on or around 20 December 2017.

Notice of Annual General Meeting

Sunrise Resources plc
Company No. 05363956

Notice is hereby given that the Annual General Meeting of Sunrise Resources plc will be held in the Fourth Floor Council Room at Arundel House, 6 Temple Place, London WC2R 2PG on Wednesday 31 January 2018 at 10.30 a.m. for the following purposes:

Ordinary Business

1. To receive the Accounts and Reports of the Directors and of the Auditor for the year ended 30 September 2017.
2. To re-elect Mr P L Cheetham who is retiring as a director of the Company.
3. To reappoint Crowe Clark Whitehill LLP as Auditor of the Company and to authorise the directors to fix their remuneration.

Special Business

Ordinary Resolution

4. That, in accordance with section 551 of the Companies Act 2006, the directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £2,000,000 (consisting of 2,000,000,000 ordinary shares of 0.1p each) provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the 2006 Act.

Special Resolution

5. That subject to the passing of resolution 4, the directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 4 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with an offer by way of a rights issue to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £2,000,000 (consisting of 2,000,000,000 ordinary shares of 0.1 pence each).

The power granted by this resolution will expire on the conclusion of the Company's next Annual General Meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. Please refer to Notes overleaf.

By order of the Board

CDT Fitch
Company Secretary
13 December 2017

Registered Office:
Sunrise House
Hulley Road
Macclesfield
Cheshire
SK10 2LP
United Kingdom

Annual General Meeting – Explanatory Notes

The Annual General Meeting of Sunrise Resources plc will be held on Wednesday 31 January 2018 in the Fourth Floor Council Room at Arundel House, 6 Temple Place, London, WC2R 2PG at 10.30 a.m. The business of the meeting is as follows:

Ordinary Business

Resolution 1

The Board is required to present to the meeting for approval the Accounts and the Reports of the Directors and the Auditor for the year ended 30 September 2017 which can be found on pages 6 to 28.

Resolution 2

Mr P L Cheetham is retiring as a director of the Company and offers himself for re-election, by way of Resolution 2.

Biographical details can be found on page 18.

Resolution 3

The Company's Auditor Crowe Clark Whitehill LLP, is offering itself for reappointment and if elected will hold office until the conclusion of the next Annual General Meeting at which accounts are laid before shareholders. This resolution will also allow the directors to fix the remuneration of the Auditor.

Special Business

Resolution 4

This resolution is to give the directors authority to issue shares. The last such authority was put in place by a meeting of shareholders held on 31 January 2017 but it will expire at the coming Annual General Meeting.

Section 551 of the Companies Act 2006 requires that directors be authorised by shareholders before any share capital can be issued.

At this stage in its development the Company relies on raising funds through the issue of shares from the equity markets from time to time and unless this resolution is put in place the Company will not be in a position to continue to raise funds to continue its activities.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2019.

Resolution 5

This resolution will be proposed as a Special Resolution in the event that Resolution 4 is passed by shareholders. Resolution 5 is proposed to give the directors authority to exclude certain categories of shareholders in a rights issue where their inclusion would be impractical or illegal and also to issue shares other than by way of rights issues which are, for regulatory reasons, complex, expensive, time consuming and impractical for a company the size of Sunrise Resources plc.

A similar authority granted at last year's Annual General Meeting is due to expire at the coming Annual General Meeting. The resolution will, if passed, authorise directors to allot shares or grant rights over shares of the Company where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings – for example through a placement of shares.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2019.

Form of Proxy

Sunrise Resources plc
Company No. 05363956

I/We (Block capitals please)

being a member/members of **Sunrise Resources plc** hereby appoint the Chairman of the Meeting (see Note 3 overleaf) or the proxy named below as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 31 January 2018 in the Fourth Floor Council Room at Arundel House, 6 Temple Place, London, WC2R 2PG at 10.30 a.m. and at any adjournment thereof.

I/We wish this proxy to be used in connection with those of the Resolutions to be proposed at the Annual General Meeting which are listed below, in the manner set out below, and in connection with any other ordinary business transacted at the meeting.

Name of proxy	Number of shares appointed over	I wish to appoint multiple proxies (see Note 4 overleaf) Please tick
<input type="text"/>	<input type="text"/>	<input type="checkbox"/>

Signed or sealed (see Notes) Dated

Please indicate with an "X" in the spaces below how you wish the proxy to vote. Unless otherwise instructed the proxy will at his discretion vote as he thinks fit or abstain from voting in relation to all business of the meeting.

Ordinary Business	For	Vote Against	Withheld
1. Ordinary Resolution to receive the Accounts and Reports of the directors and of the Auditor for the year ended 30 September 2017.			
2. Ordinary Resolution to re-elect Mr P L Cheetham who is retiring as a director of the Company.			
3. Ordinary Resolution to reappoint Crowe Clark Whitehill LLP as Auditor of the Company and authorise the directors to fix their remuneration.			
Special Business			
4. Ordinary Resolution to authorise the directors to allot shares.			
5. Special Resolution to empower the directors to disapply the pre-emption rights for certain allotments of shares.			

Please see Notes overleaf.

Please return this Proxy Form in accordance with Note 6 overleaf.

Proxy Form Notes and Instructions

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant box on the Proxy Form. If you sign and return the Proxy Form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as the proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the Proxy Form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy, which in aggregate should not exceed the number of shares held by you. Please also tick the box to indicate that there are multiple proxies. All forms must be signed and should be returned as set out in Note 6.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy, the Proxy Form must be:
 - completed and signed;
 - sent or delivered to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and received by Link Asset Services no later than 10.30 a.m. on Monday 29 January 2018.
7. In the case of a member which is a company, the Proxy Form or any notice of revocation of a proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint or revoke a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. If you wish to change your proxy instructions simply submit a new proxy appointment according to these instructions. If you need another hard-copy Proxy Form please contact the Company. The last date for receipt of a new proxy instruction is set out in Note 6 above.
12. To revoke a proxy instruction you will need to send notice clearly stating your intention to revoke your proxy appointment to: Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
13. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on Monday 29 January 2018. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Company Information

Sunrise Resources plc (AIM – EPIC: SRES)

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