

SUNRISE RESOURCES plc

("the Company")

AIM Announcement

30 May 2019

HALF-YEARLY REPORT

Sunrise Resources plc, the AIM-traded company focusing on the development of its CS Pozzolan-Perlite Project in Nevada, USA, announces its unaudited interim results for the six months ended 31 March 2019. A copy of the interim results will be available from the Company's website, www.sunriseresourcesplc.com.

Operational Highlights:

CS Pozzolan-Perlite Project, Nevada, USA

Permitting:

- Plan of Operations and Reclamation Permit Application for production of pozzolan and perlite submitted to US Bureau of Land Management and Nevada State regulators.
- Emissions Inventory completed for the Federal Environmental Assessment and State Air Quality Permit application.
- Targeting completion of permitting in the 4th quarter of 2019.

Pozzolan:

- Continuing closure of coal-fired power stations is increasing market opportunities for natural pozzolan as a coal fly ash replacement in concrete. Closure of the Navajo Generating Station in Arizona will remove 500,000 tons/year of fly ash from the western US market by year end.
- Separate concrete tests by two major cement companies confirm CS Natural Pozzolan performs favourably with established pozzolan and fly ash sources.
- 18-ton pozzolan sample sent to custom milling facility to provide information on grinding characteristics and to provide larger ground samples for additional customer trials.

Perlite:

- Latest testwork shows promise for production of premium-value super-coarse horticultural grades of perlite.
- 100-ton sample of perlite extracted for further processing and customer testing.
- 7-ton perlite sample submitted for crushing and screening for purpose of designing an appropriate mobile plant design for production of horticultural grade perlite.

NewPerl Project, Nevada, USA

- Expandability testing continues to show that the majority of samples tested are suitable for production of horticultural grade perlite, including premium priced super-coarse grades.
- Notice level permit application approved for drilling and bulk sampling.
- Project being evaluated as "satellite" project for the CS Project for production of premium grades of horticultural perlite.

Junction Copper-Silver-Gold Project, Nevada, USA (Shareholding in VR & Royalty Interest)

- VR Resources Ltd ("VR") advised the drill discovery of a Cretaceous-age porphyry copper mineralised system and that it will advance exploration in 2019 on the Denio Summit target.

County Line Diatomite Project, Nevada, USA

- Approach from potential diatomite customer - Samples collected and submitted for manufacturing tests.
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Results Summary

Group loss for the six-month period of £157,139 (six months to 31 March 2018: £174,517) comprising:

- Interest income of £150; less
- Administration costs of £155,241;
- Expensed exploration costs totalling £2,281; and
- Gain in value of accrued income on disposal of exploration asset of £233.

Funding during the period

- On 6 November 2018, 7,650,968 new ordinary shares were issued at a price of 0.155p to the three directors in settlement of a portion of outstanding directors' fees totalling £11,564.
- On 8 January 2019, a total of £350,000 (before expenses) was raised through the issue of 291,666,666 new ordinary shares by way of a placing at a price of 0.12p.

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

Further information

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Chairman's Statement

It has been a busy few months since my last report to shareholders in the 2018 Annual Report and, after several months of hard work by our small project team, we recently announced the submission of our combined CS Project Mine Plan of Operations/Nevada Reclamation Permit Application ("Plan of Operations") to US Bureau of Land Management and Nevada State Regulators.

The Plan of Operations sets out in detail how the mine will be developed for production of natural pozzolan and perlite over time and how the mine will be reclaimed over its lifetime and on closure. It is a key document in triggering the Environmental Assessment which we aim to have completed during the last quarter of this year.

The market for our natural pozzolan is as a replacement for pozzolanic coal-fired power station fly ash in cement and concrete mixes. Coal-fired power stations in the US and around the world are closing at a rapid pace as coal is not cost competitive with natural gas or, increasingly, renewables and is not seen as compatible with a low carbon future. The fly ash supply situation in the western US will be heavily impacted by the closure this year of the Navajo Generating Station in Arizona which will take 500,000 tons/year of fly ash from the western US market that traditionally uses 2 million tons/year. By substituting high quality natural pozzolan for Portland cement in concrete the mix is greener, stronger and less susceptible to cracking.

The Company also continues to advance its concept for low-cost production of horticultural grade perlite at the CS Project using mobile processing plant. A 7-ton sample was sent to equipment manufacturers for trial processing and refinement of the process flow sheet. In addition, a 100-ton bulk sample was recently taken for further customer testing. Testwork on perlite samples from the CS and NewPerl Projects to produce super-coarse grades of horticultural perlite have been encouraging.

Whilst we remain firmly focused on developing the CS Project in 2019, we now have enough confidence in the quality of the perlite on the NewPerl claims to consider this as a future "satellite" feed to the CS Project and in particular for premium grades of perlite. The Company has recently received regulatory approval for a programme of drilling and bulk sampling at NewPerl which will allow the Company to move to commercial testing at an earlier stage than was possible at the CS Project.

Elsewhere in Nevada I was encouraged to see VR Resources recently reported the discovery of a major copper porphyry system on the Junction Project which includes the Denio target where we hold a royalty interest. We hold shares in VR Resources and in Block Energy where we have seen a sharp increase in the value of our holding since the half-year end after Block Energy reported exciting developments for its Georgian oil interests. At our County Line Diatomite Project in Nevada there has been renewed interest from a potential customer that is now testing samples.

These developments serve as a reminder of the value not only in the CS and NewPerl Projects but also our non-core projects as we continue our efforts to turn these to account. In anticipation of a busy second half of the financial year we look forward to reporting further progress as we develop the CS Project toward production.

I would like to thank shareholders for their support.

Patrick Cheetham

Executive Chairman

30 May 2019

CAUTIONARY NOTICE

The news release may contain certain statements and expressions of belief, expectation or opinion which are forward looking statements, and which relate, inter alia, to the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Company's directors. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from such forward-looking statements. Accordingly, you should not rely on any forward-looking statements and save as required by the AIM Rules for Companies or by law, the Company does not accept any obligation to disseminate any updates or revisions to such forward-looking statements.

Consolidated Income Statement

for the six months to 31 March 2019

	Six months to 31 March 2019 Unaudited	Six months to 31 March 2018 Unaudited	Twelve months to 30 September 2018 Audited
	£	£	£
Pre-licence exploration costs	2,281	5,786	10,473
Impairment of deferred exploration asset	-	17,433	483,169
Administration costs	155,241	150,760	290,023
Operating loss	(157,522)	(173,979)	(783,665)
(Loss)/gain on disposal of intangible asset	233	(593)	(3,112)
Interest receivable	150	55	105
Loss before income tax	(157,139)	(174,517)	(786,672)
Income tax	-	-	-
Loss for the period attributable to equity holders of the parent	(157,139)	(174,517)	(786,672)
Loss per share – basic and fully diluted (pence) (Note 2)	(0.006)	(0.009)	(0.04)

Consolidated Statement of Comprehensive Income

for the six months to 31 March 2019

	Six months to 31 March 2019 Unaudited £	Six months to 31 March 2018 Unaudited £	Twelve months to 30 September 2018 Audited £
Loss for the period	(157,139)	(174,517)	(786,672)
Other comprehensive income:			
Items that could be reclassified subsequently to the income statement:			
Foreign exchange translation differences on foreign currency net investments in subsidiaries	(1,234)	(77,165)	11,657
Fair value movement on available for sale investment	-	(586)	(11,007)
	(1,234)	(77,751)	650
Items that will not be reclassified to the Income Statement:			
Changes in the fair value of equity investments	1,821	-	-
	1,821	-	-
Total comprehensive loss for the period attributable to equity holders of the parent	(156,552)	(252,268)	(786,022)

Consolidated Statement of Financial Position

as at 31 March 2019

	As at 31 March 2019 Unaudited £	As at 31 March 2018 Unaudited £	As at 30 September 2018 Audited £
Non-current assets			
Intangible assets	1,513,066	1,456,639	1,363,360
Available for sale investment	-	29,539	19,697
Financial assets at fair value through other comprehensive income	27,105	-	-
	1,540,171	1,486,178	1,383,057
Current assets			
Receivables	57,110	55,926	76,220
Cash and cash equivalents	234,509	320,712	235,722
	291,619	376,638	311,942
Current liabilities			
Trade and other payables	(57,419)	(123,949)	(106,346)
Net current assets	234,200	252,689	205,596
Net assets	1,774,371	1,738,867	1,588,653
Equity			
Called up share capital	2,736,228	2,144,151	2,436,910
Share premium account	5,058,567	4,926,718	5,016,526
Share warrant reserve	23,239	67,230	68,204
Fair value reserve	1,609	10,209	(212)
Foreign currency reserve	30,172	(57,416)	31,406
Accumulated losses	(6,075,444)	(5,352,025)	(5,964,181)
Equity attributable to owners of the parent	1,774,371	1,738,867	1,588,653

Consolidated Statement of Changes in Equity

	Share capital £	Share premium account £	Share warrant reserve £	Fair value reserve £	Foreign currency reserve £	Accumulated losses £	Total £
At 30 September 2017	1,804,016	4,792,790	89,248	10,795	19,749	(5,200,294)	1,516,304
Loss for the period	-	-	-	-	-	(174,517)	(174,517)
Change in fair value	-	-	-	(586)	-	-	(586)
Exchange differences	-	-	-	-	(77,165)	-	(77,165)
Total comprehensive loss for the period	-	-	-	(586)	(77,165)	(174,517)	(252,268)
Share issue	340,135	133,928	-	-	-	-	474,063
Share based payments expense	-	-	768	-	-	-	768
Transfer of expired warrants	-	-	(22,786)	-	-	22,786	-
At 31 March 2018	2,144,151	4,926,718	67,230	10,209	(57,416)	(5,352,025)	1,738,867
Loss for the period	-	-	-	-	-	(612,156)	(612,156)
Change in fair value	-	-	-	(10,421)	-	-	(10,421)
Exchange differences	-	-	-	-	88,822	-	88,822
Total comprehensive loss for the period	-	-	-	(10,421)	88,822	(612,156)	(533,755)
Share issue	292,759	89,808	-	-	-	-	382,567
Share based payments expense	-	-	974	-	-	-	974
At 30 September 2018	2,436,910	5,016,526	68,204	(212)	31,406	(5,964,181)	1,588,653
Loss for the period	-	-	-	-	-	(157,139)	(157,139)
Change in fair value	-	-	-	1,821	-	-	1,821
Exchange differences	-	-	-	-	(1,234)	-	(1,234)
Total comprehensive loss for the period	-	-	-	1,821	(1,234)	(157,139)	(156,552)
Share issue	299,318	42,041	-	-	-	-	341,359
Share based payments expense	-	-	911	-	-	-	911
Transfer of expired warrants	-	-	(45,876)	-	-	45,876	-
At 31 March 2019	2,736,228	5,058,567	23,239	1,609	30,172	(6,075,444)	1,774,371

Consolidated Statement of Cash Flows

for the six months to 31 March 2019

	Six months to 31 March 2019 Unaudited	Six months to 31 March 2018 Unaudited	Twelve months to 30 September 2018 Audited
	£	£	£
Operating activity			
Operating Loss	(157,522)	(173,979)	(783,665)
Share based payment charge	911	768	1,741
Shares issued in settlement of outstanding wages	11,859	11,564	22,131
Impairment charge – deferred exploration asset	-	17,433	483,169
Increase/(decrease) in accrued income	(5,353)	(939)	(2,501)
(Increase)/decrease in receivables	19,110	6,216	(14,078)
Increase/(decrease) in trade and other payables	(48,927)	11,048	(6,555)
Net cash outflow from operating activity	(179,922)	(127,889)	(299,758)
Investing activity			
Interest received	150	55	105
Disposal of development asset	-	-	(390)
Development expenditures	(150,596)	(238,658)	(550,132)
Net cash outflow from investing activity	(150,446)	(238,603)	(550,417)
Financing activity			
Issue of share capital (net of expenses)	329,500	462,500	834,500
Net cash inflow from financing activity	329,500	462,500	834,500
Net increase/(decrease) in cash and cash equivalents	(868)	96,008	(15,675)
Cash and cash equivalents at start of period	235,722	234,181	234,181
Exchange differences	(345)	(9,477)	17,216
Cash and cash equivalents at end of period	234,509	320,712	235,722

Notes to the Interim Statement

1. Basis of preparation

The consolidated interim financial information has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ending 30 September 2019 which are not expected to be significantly different to those set out in Note 1 of the Group's audited financial statements for the year ended 30 September 2018. These are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) or that are expected to be adopted and effective at 30 September 2019. The implementation of new standards and interpretations has not led to any changes in the Group's accounting policies (other than presentation and disclosure) or had any other material impact on its financial position. The financial information has not been prepared (and is not required to be prepared) in accordance with IAS 34. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The financial information in this statement relating to the six months ended 31 March 2019 and the six months ended 31 March 2018 has neither been audited nor reviewed by the Auditors pursuant to guidance issued by the Auditing Practices Board. The financial information presented for the year ended 30 September 2018 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 30 September 2018 have been filed with the Registrar of Companies. The Independent Auditor's Report on the Annual Report and Financial Statements for the year ended 30 September 2018 was unqualified, although did draw attention to matters by way of emphasis in relation to going concern.

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

2. Loss per share

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

	Six months to 31 March 2019 Unaudited	Six months to 31 March 2018 Unaudited	Twelve months to 30 September 2018 Audited
Loss for the period (£)	(157,139)	(174,517)	(786,672)
Weighted average shares in issue (No.)	2,574,415,872	2,020,282,088	2,136,387,359
Basic and diluted loss per share (pence)	(0.006)	(0.009)	(0.04)

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

3. Share capital

During the six months to 31 March 2019 the following share issues took place:

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

An issue of 291,666,666 0.1p Ordinary Shares at 0.12p per share, by way of placing, for a total consideration of £350,000 before expenses (8 January 2019).