

28 April 2023

## Quarterly Activities Report

MELBOURNE, Australia – Sunrise Energy Metals Limited (**Sunrise Energy Metals** or **Company**) (ASX:SRL and OTC:SREMF) is pleased to provide an update on its activities for the quarter ended 31 March 2023.

### Key Developments:

- **The Company continues to progress discussions with potential equity funding and offtake partners for the Sunrise Battery Materials Complex (Sunrise Project).**
- **Ongoing work streams to advance the fully integrated Sunrise Project continued with activities focussed on:**
  - **Advancing work on the electrical transmission line (ETL) work scope – a long lead time activity to deliver power to site;**
  - **Progression of the detailed Oversize Transportation Corridor Study;**
  - **Continuation of test work and process development assessing opportunities for recycling of spent battery materials; and**
  - **Commencement of drilling of water bores for Project water supply.**
- **A range of scandium alloy development programs continue to be progressed, consistent with Sunrise Energy Metals' long-term strategy to work with, and assist, industry players to investigate and develop new applications for scandium-aluminium alloys.**
- **Field exploration activities continued to advance during the quarter with a focus on expanding our understanding of the geological potential of our large tenement package in the Macquarie Arc, New South Wales (NSW). Key developments include:**
  - **Submission of an application for additional electromagnetic (EM) survey lines to be flown over the Minore tenement targeting rare earth elements as well as copper-gold intrusions;**
  - **Submission of drill samples to the ALS laboratory from the Ezy Lime tenements; and**
  - **Commencement of planning for FY24 exploration activities.**

## OCCUPATIONAL HEALTH AND SAFETY & ENVIRONMENTAL PERFORMANCE

The Company had no lost time injuries or reportable environmental incidents recorded during the quarter.

## SUNRISE BATTERY MATERIALS COMPLEX

During the quarter, the Company continued to advance the development of the Sunrise Battery Materials Complex. A range of workstreams remain ongoing to progress several value-adding deliverables aimed at minimising Project start time once a financing package is secured and a final investment decision (**FID**) is made. Key work programs included:

- Advancement of the long-lead electrical transmission line (**ETL**) work scope. The ETL application to connect to the NSW electrical grid is currently in progress and will continue through FY23.
- The electrical network parameters (Design Information Pack) were received from Essential Energy which will allow GHD Group to progress the power systems studies that are required as part of the ETL connection agreement.
- Test work and process development assessing opportunities for recycling of spent battery materials and further downstream processing of sulphates into precursor cathode active material.
- In early April 2023 the drilling of a number of bores commenced at the Company's borefield, 60km south of the Sunrise Project. The bores are a critical component of Project infrastructure, supplying the vast majority of the Sunrise Project's processing water utilising the Company's existing ground water extraction licences. The Company has existing agreements in place with Forbes and Lachlan shire councils for the placement of a water pipeline from the borefield to the Project.

### Permitting and approvals

The Sunrise Project development plan includes a proposal to connect to the electrical grid at Parkes. Connection to the NSW electrical grid is a key enabler of the Company's commitment to procure renewable energy to supply 100% of the Project's external power requirements. Progress continues on the long-lead electrical transmission line work scope. The application to connect to the NSW electrical grid is currently in progress and will continue through FY23.

The Company continues to progress commercial discussions with landowners, local councils, the NSW State Government and other impacted parties required for land access agreements for key infrastructure including the water pipeline and the electrical transmission line.

Work is progressing on the design and planning of civil and overhead services modifications required along the oversized transport route with engagement with key road and power authorities

throughout the quarter. Designs to relocate overhead electrical services are approximately 70% complete.

An oversized over mass (OSOM) permit application has been lodged with the National Heavy Vehicle Regulator (**NHVR**) to progress the required permits and stakeholder approvals for the proposed transport route from Port Pirie to Fifield. To date, the NHVR permit for the movement of the autoclaves has been approved by 4 of 8 road managers along the proposed transport route.



*Installation of water bores underway at the Sunrise Project borefield*

## **Project Financing**

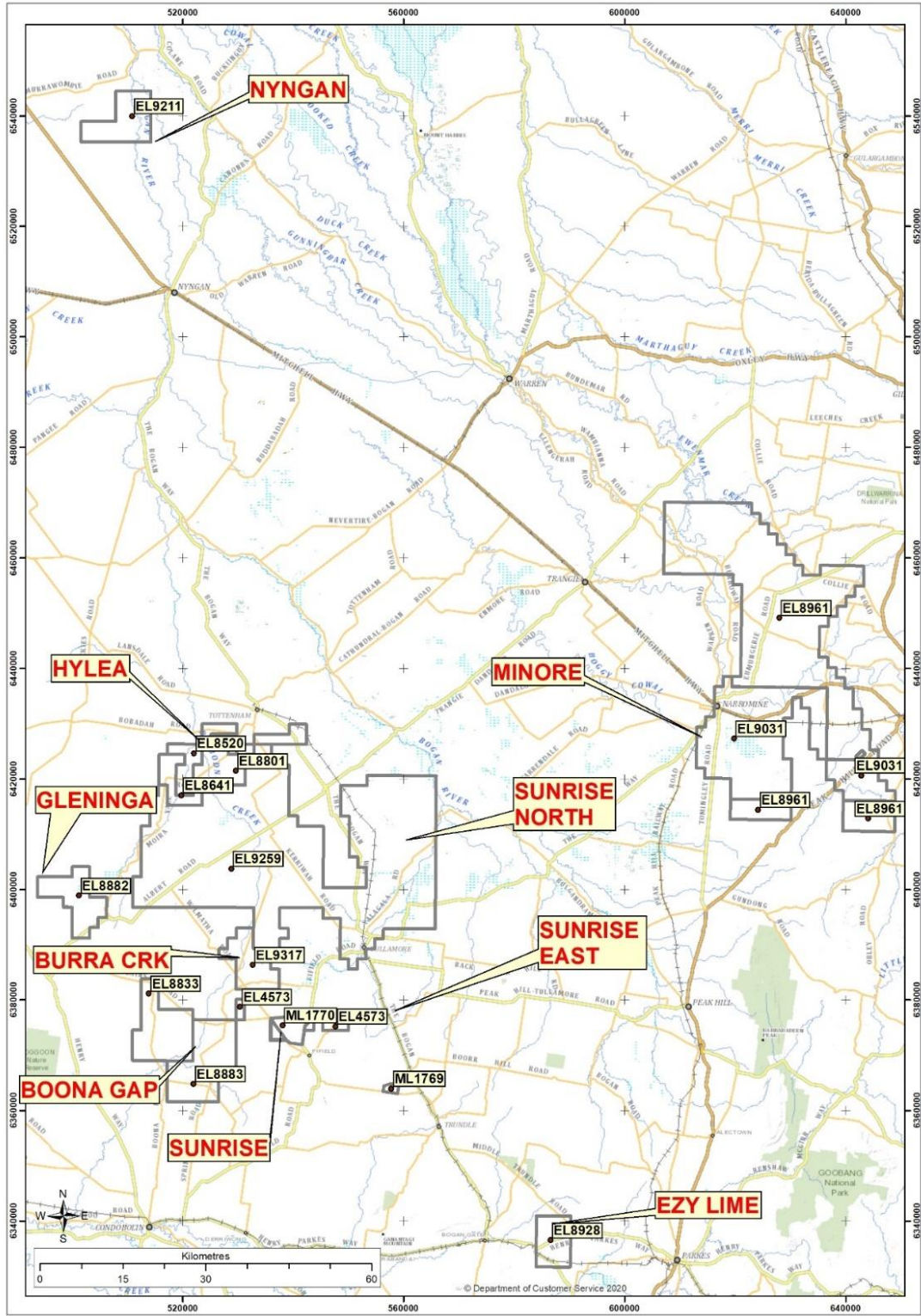
The Company continues to engage proactively with a range of participants in the electric vehicle (**EV**) industry with a view to securing project-level equity funding, in conjunction with offtake, to underpin a complete financing package for Sunrise. The engagement with potential partners, primarily within EV supply chains, continues to be positive. The discussions remain subject to confidentiality agreements, and the Company will update the market as soon as it is able to do so.

The Company remains optimistic on the outlook for demand growth in the EV and lithium-ion battery sectors, and in particular the strategic importance of Sunrise as one of the largest suppliers of battery-grade nickel and cobalt into the global EV supply chain.

The partnering process will continue, however the targeted timing for completion of any transaction is not possible to forecast.

## EXPLORATION ACTIVITIES

The Company continues to advance activities across its range of exploration assets in NSWs. Field exploration activities were limited during the quarter due to the effect of recent wet weather and the holiday period.



**Sunrise Energy Metals' Tenement Holdings in NSW**

### **Sunrise East (EL4573)**

Rehabilitation of reverse-circulation (**RC**) drill holes from the previous drilling campaign has been completed with the exception of a small number of holes capped for groundwater evaluation on request of landholders. These remaining holes are planned to be filled once areas are dry enough and harvest has been completed. No further exploration is planned at this stage.

### **Sunrise Project (ML1770)**

Activity was focussed on the NSW ESF2 rehabilitation submission to request regulator sign off on the rehabilitation of approximately 130 RC and diamond drill holes from prior drilling campaigns. Work over the remainder of FY23 will include setting up the sample shed for all on site preparation allowing full and effective use of equipment including the pXRF and spectral analyser.

### **Minore Project (EL8961 and EL9031)**

An application was submitted for additional EM survey lines to be flown over the Minore tenement. It is intended that the EM surveys target both the potential rare earth element (**REE**) trachyte plugs in the south of the tenement as well as intrusion related copper-gold potential to the north.

In addition to the application for the survey, a review of historic sampling and geochemistry was undertaken regarding potential REE trachyte plugs in the south-east of the tenement adjacent to the Toongi Igneous Complex.

Exploration activity for the remainder of FY23 and in to FY24 will be focussed on:

- Sampling of untested targets.
- Undertaking additional sampling around the existing targets to potentially define the lateral extent of the REE prospect and any geochemical haloes or footprints associated with the intrusions.
- Using the acquired data, planning an initial scout-style RC drilling program during the second half of CY2023 to test for REE.

### **Ezy Lime (EL8928)**

During the period a limestone exploration campaign of 25 RC drill holes totalling 1,086m was conducted at the Ezy Lime tenements. The samples were sent to ALS Orange for geochemical analysis. The Company is awaiting completion and interpretation of the ALS laboratory results which will provide a strategy for future exploration activities at the site.

Limestone is a key reagent used in the Sunrise Project's process plant. The Company has a contract in place to secure limestone from a quarry near Parkes which is sufficient for the operations of the mine. The purpose of the current limestone drilling program is to determine if an additional source

of limestone can be delineated which is closer to the mine site in order to supplement the supply from the third-party quarry, as well as reducing trucking distances for this important bulk reagent.



*RC drill chip samples from EL8928 (EZRC040) limestone drilling*

### **Boona Gap (EL8833)**

Exploration activities at Boona Gap focussed on a potential source of high-grade limestone. Previous fieldwork in 2022 identified a limestone body to the north of the quarry at “Boona South”, and further mapping and sampling during February 2023 revealed a more northerly extension of the limestone lens. It is anticipated that approximately 10 x 50m deep RC holes will be drilled at Boona Gap, commencing in the June quarter, to complete the limestone exploration drilling program.

## Sunrise Energy Metals – Interests in Mineral Tenements

Licence Number	Project Name	Location	Equity Interest Current Quarter	Equity Interest Prior Quarter
EL8961	Minore	NSW	100%	100%
EL9031	Minore	NSW	100%	100%
EL8520	Hylea	NSW	100%	100%
EL8641	Hylea	NSW	100%	100%
EL8801	Hylea	NSW	100%	100%
EL9211	Nyngan	NSW	100%	100%
EL4573	Sunrise	NSW	100%	100%
EL8928	Sunrise	NSW	100%	100%
EL8833	Sunrise	NSW	100%	100%
EL8882	Sunrise	NSW	100%	100%
EL8883	Sunrise	NSW	100%	100%
EL9259	Sunrise	NSW	100%	100%
EL9317	Sunrise	NSW	100%	100%
ML1770	Sunrise	NSW	100%	100%
ML1769	Sunrise	NSW	100%	100%

### CORPORATE

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarter's activities report were \$215,000. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter.

In November 2022, the Company was advised by the Department of Regional NSW that its application for a \$500,000 grant in support of the Oversize Transportation Corridor Study was approved. The grant is being made pursuant to Stream 1 (Project Activation Studies) of the NSW Government's Critical Minerals and High-Tech Metals Activation Fund, which aims to support activities which will activate the critical minerals and high-tech metals sector in NSW. During the quarter the Company received the first \$250,000 instalment of the grant.

In early April 2023 the Company also received a cash payment of approximately \$350,000 from the Australian Tax Office, representing the refundable tax offset available under the Research and Development (R&D) Tax Incentive for FY22.

The Company's R&D activities during FY22 included valuable work to further advance the Company's capability in battery recycling and battery precursor and cathode manufacturing. These efforts are intended to demonstrate the future potential for value-adding downstream activities at the Sunrise Project.

This announcement is authorised for release to the market by the Board of Directors of Sunrise Energy Metals Limited.

**For more information, please contact:**

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**About Sunrise Energy Metals Limited**

Sunrise Energy Metals Limited (ASX:SRL) is progressing its world-class Sunrise Battery Materials Complex in NSW. The Sunrise Project is one of the largest and most cobalt-rich nickel laterite deposits in the world and is development-ready, with all key permits and approvals in place. Sunrise is also one of the largest and highest-grade scandium deposits globally.

**Forward Looking Statements**

Certain statements in this news release may constitute “forward-looking statements or “forward- looking information” within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect the Company’s current expectations regarding future events, performance and results, and speak only as of the date of this new release. Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this news release are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this news release and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this news release. For more information about Sunrise Energy Metals please visit the Company’s website [www.sunriseem.com](http://www.sunriseem.com).



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

SUNRISE ENERGY METALS LIMITED

ABN

34 127 457 916

Quarter ended ("current quarter")

31 MARCH 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(241)	(917)
(b) development	-	-
(c) production	-	-
(d) staff costs	(698)	(2,132)
(e) administration and corporate costs	(657)	(2,106)
(f) research and development	(38)	(243)
(g) Sunrise Project expenditure	(595)	(1,275)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	181	416
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	275	275
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,773)</b>	<b>(5,982)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Receipts from Customers	40	102
2.2 Payments to acquire or for:		
(a) entities		
(b) tenements	-	-
(c) property, plant and equipment	-	(44)
(d) exploration & evaluation	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(e) investments	-	-
(f) other non-current assets	-	-
2.3 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.4 Cash flows from loans to other entities	-	-
2.5 Dividends received (see note 3)	-	-
2.6 Other (provide details if material)	-	-
<b>2.7 Net cash from / (used in) investing activities</b>	<b>40</b>	<b>58</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings/payment of principal for rental leases	(61)	(184)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material):		
(a) Cash backing of security bonds	12	2
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(49)</b>	<b>(182)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	20,584	24,908
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,773)	(5,982)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.7 above)	40	58
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(49)	(182)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>18,802</b>	<b>18,802</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	18,802	20,584
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>18,802</b>	<b>20,584</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	215
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,773)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,773)
8.4 Cash and cash equivalents at quarter end (item 4.6)	18,802
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	18,802
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	10.6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

**Compliance statement**

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2023

This announcement is authorised for release to the market by the Board of Directors of Sunrise Energy Metals Limited.

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.