

26 April 2021

## Quarterly Activities Report – March 2021

<p><b>Sunrise Energy Metals Limited</b> ACN 127 457 916 ASX:SRL OTCQX:CTEQF</p> <p><b>Corporate Information:#</b></p> <p>Ordinary shares: 88.6M Unlisted options: 675K Performance rights: 2.0M Cash at bank: A\$57.7M</p> <p><b>Co-Chairmen</b> Robert Friedland Jiang Zhaobai</p> <p><b>MD &amp; CEO</b> Sam Riggall</p> <p><b>Non-Executive Directors</b> Judith Downes Eric Finlayson Ian Knight Stefanie Loader</p> <p><b>Company Secretary</b> Melanie Leydin</p> <p><b>Contact Details:</b> 12/21 Howleys Rd Notting Hill VIC 3168</p> <p>P: +61(0)3 9797 6700 F: +61(0)3 9706 8344 E: <a href="mailto:info@sunriseem.com">info@sunriseem.com</a> W: <a href="http://www.sunriseem.com">www.sunriseem.com</a></p> <p># As at 31 March 2021</p>	<p><b>HIGHLIGHTS</b></p> <ul style="list-style-type: none"> <li>• Three new water treatment contracts awarded</li> <li>• Assays pending for Phoenix Platinum Zone drill holes</li> <li>• Sunrise Project to secure 100% renewable power</li> <li>• Demerger of Clean TeQ Water on track for Q2 CY2021 shareholder meeting</li> <li>• \$35 million equity capital raising successfully completed</li> </ul> <hr/> <p><b>About Sunrise Energy Metals Limited</b></p> <p>Our vision is to empower the clean revolution by providing specialty materials and clean solutions to a range of industries using our proprietary Clean-iX® continuous ion exchange technology.</p> <p><b>Sunrise Battery Materials Complex</b></p> <p>The Sunrise Project is one of the largest and most cobalt-rich laterite deposits in the world. Once developed, the Sunrise Project will become a globally significant producer of nickel sulphate and cobalt sulphate – key cathode materials for the electric vehicle battery market. Sunrise is also one of the largest and highest-grade scandium deposits in the world, positioning Sunrise Energy Metals to be a major supplier of low-cost scandium for production of next generation aluminium alloys for aerospace and automotive markets.</p> <p><b>Clean TeQ Water</b></p> <p>Sunrise Energy Metals’ water business, Clean TeQ Water, delivers cost effective water treatment solutions to the municipal, industrial and mining sectors built around a portfolio of proprietary technologies. These technologies are designed to cope with the most demanding waters to provide best in class performance in water recovery and operability.</p>
---	---

During the quarter, Sunrise Energy Metals Limited and its controlled entities (**Sunrise Energy Metals** or the **Company**) continued to advance the development of the Sunrise Battery Materials Complex (**Sunrise Project**) in New South Wales, Australia.

### Sunrise Project Renewable Energy

During the quarter the Company completed a study confirming the availability and cost of renewable energy to supply 100% of the external power requirements for the Sunrise Project. Transformative in its impact, the proposal eliminates approximately one-third of the project's total carbon emissions and positions Sunrise as one of the world's largest battery metals producers, designed to run on 100% renewable power.

Over the first 25 years of operation, the change is estimated to reduce carbon dioxide emissions by 4.6 million tonnes, equivalent to taking over 1 million internal combustion engine cars off the road for a year. It will also lower Sunrise's estimated carbon intensity to 12kg CO<sub>2</sub>e/kg Ni (includes scope 1, 2 and 3 emissions), giving it one of the lowest carbon footprints for battery-grade nickel production in the world.

The majority of Sunrise's energy demand will be generated on-site from a co-generation circuit attached to the acid plant. Supplemental energy is required for peak demand and at times when the acid plant may not be operating at full capacity, such as during maintenance shut-downs.



*AGL's Nyngan Solar Farm, Central New South Wales*

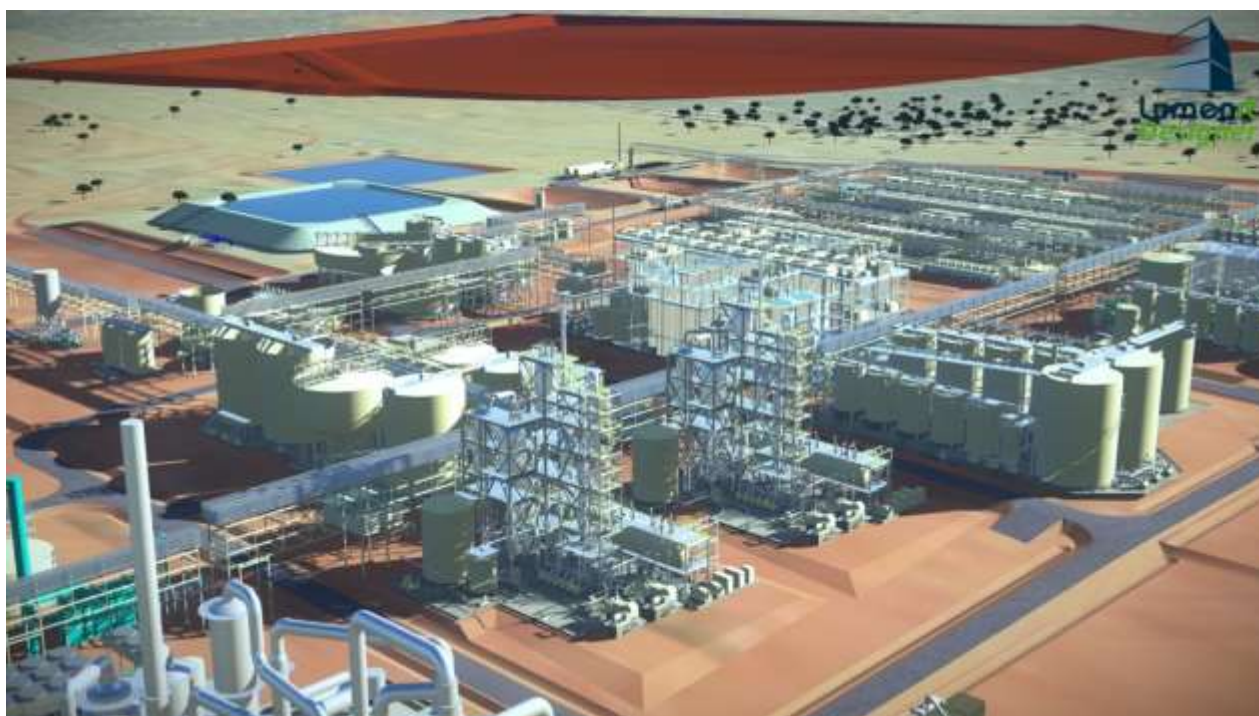
Throughout 2020 a joint study was undertaken with AGL Energy Limited (ASX:AGL), the owner of Australia's largest portfolio of electricity generation assets, to identify several alternatives for the delivery of renewable energy to Sunrise.

The study considered Sunrise’s electricity demand profile over the first ten years of operations and assessed a range of options, including a dedicated BOOT proposal to build a behind the meter on-site solar array (with and without battery storage), as well as renewable electricity sourced directly from the generator/retailer via the NSW grid.

While the Company has yet to commit to a final development option, several viable proposals have been presented and these will now be incorporated into our development plans.

The capital and operating cost estimates contained in the Sunrise Project Execution Plan<sup>1</sup> (PEP) assumed Sunrise would purchase supplemental energy directly from the NSW grid. This entailed construction of a longer electrical transmission line from site to the regional centre of Parkes. This cost is included in the PEP capital cost estimate and it remains an important enabler for providing options for renewable power supply. Accordingly, there is no capital cost impact from adopting 100% renewable electricity supply, when compared with the base case PEP cost assumptions.

For operating costs, the proposed renewable energy tariffs have no material impact on post-tax cashflow or the project’s net present value, highlighting just how competitive renewable power options have become compared to conventional grid supply. The study confirms that the Sunrise Project will be one of the lowest-cost and most sustainable sources of critical battery cathode materials for the EV industry.



*Three-Dimensional Model of the Sunrise Project Process Plant Facilities*

The cost competitiveness of these proposals is a testament to the rapid advances that have been made towards increasing renewable energy capacity within the eastern Australian electricity market, and the rapid maturation of technologies in the energy industry. Discussions continue with AGL on the scope and timing of a technical and commercial feasibility proposal to support renewable power supply to the Sunrise Project.

---

<sup>1</sup> For full details of the Project Execution Plan see the ASX announcement of 28 September 2020

## Sunrise Project Ongoing Works Programs

A range of work-streams are underway in order to progress a number of value-adding deliverables aimed at minimising Project restart time once funding is secured:

- Work is being progressed on 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 CY21.
- Progressing ongoing 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 ETL.
- Surveying and planning for autoclave and oversize equipment transport routes to site.
- Preliminary investigations to be undertaken on our exploration licences for limestone resources, a key process reagent for which the Company currently has a supply contract in place with a third party.
- Test work and process development work assessing opportunities for potential further downstream processing of sulphates into cathode precursor and recycling of spent battery materials.
- Ongoing environmental work including monitoring and compliance reporting.
- The Sunrise Community Consultative Committee will be continued as a stakeholder forum, along with a number of local community engagement/support programs.
- Progressing an application for a modification to the Sunrise Project Development Consent that covers some enhancements and changes made during the Sunrise Project Execution Plan.
- A range of scandium alloy development programs will 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.

## Key Personnel

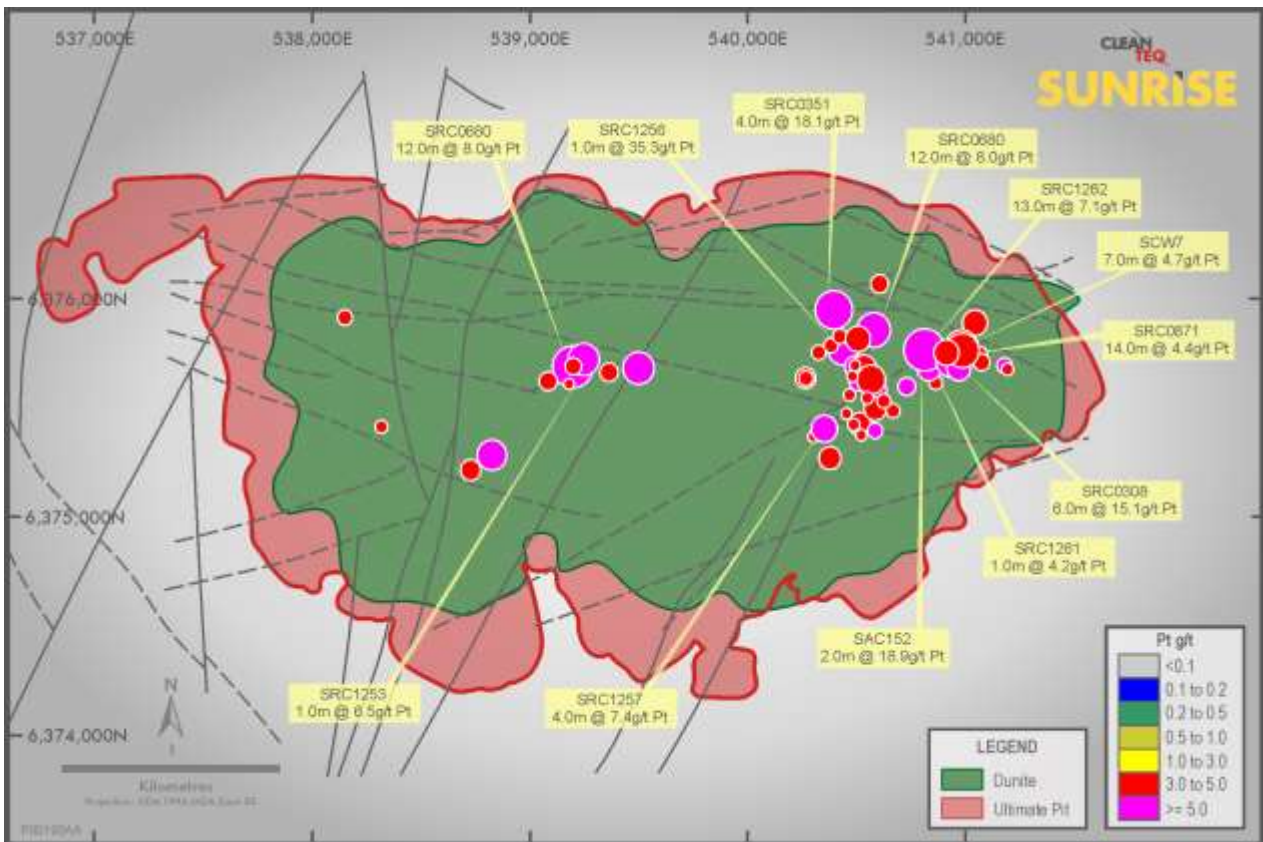
Tim Kindred, Sunrise Project and Start-up Director, ceased employment with the Company during the quarter. The Directors thank Tim for his valuable contribution during his tenure as Sunrise Project and Start-up Director. Mike Wood – Sunrise Regional Manager, based in Parkes, has since assumed overall management of the Sunrise Project.

## Funding and Development

COVID-19 has presented difficult conditions for financial markets and challenges for funding new projects. However, engagement with the automotive and battery sectors on the Sunrise Project remains on-going. The Company continues to see significant interest from the automotive sector to secure long-term supply of nickel and cobalt for their battery supply chains. While the timing for completion of a financing transaction is not possible to forecast, Sunrise Energy Metals will continue to engage with potential partners across the supply chain.

## Phoenix Platinum Zone

The Sunrise laterite hosts a significant resource<sup>2</sup> of 103.1 Mt @ 0.33 g/t Pt for 1,076,170 ounces of platinum, using a 0.15 g/t Pt cut-off grade, making it one of the largest platinum resources in Australia. Of this total resource, approximately 90% (metal content) is in the measured and indicated categories. While the average grade over the global resource is relatively low, areas of significantly higher-grade platinum mineralisation exist within the resource envelope – the Phoenix Platinum Zone.



*Plan view of historic drill hole locations with significant Pt intersections*

The Sunrise Project is located approximately 5km northwest of Fifield, at the eastern end of an intrusion known as the Tout Intrusive Complex. The core of the intrusive body is a dunitic, olivine-rich igneous rock of ultramafic composition, exhibiting a coarse-grained texture and surrounded by pyroxenite and gabbro. The surface expression of this magmatic system is a nickel-cobalt-scandium bearing laterite that forms the existing ore reserve<sup>3</sup> for the Sunrise Project. The laterite is the product of weathering and decomposition of one or more dunite pipes, resulting in the gradual concentration of metals near surface.

Current interpretations of platinum distributions across the laterite suggest that the higher-grade accumulations have formed above one or more primary platinum sources within the underlying dunite. This has resulted in two zones of higher-grade accumulation – one in the east and one in the west – separated by a paleochannel, assumed to be comprised of mostly barren sediment.

<sup>2</sup> For full details see ASX announcement dated 25 June 2018.

<sup>3</sup> For full details see the ASX announcement dated 28 September 2020

Despite extensive drilling over previous decades, only a handful of holes have been drilled beneath the Sunrise laterite. Of these, significant historic downhole intersections include<sup>4</sup>:

- 4m (from 119m) @ 7.4g/t Pt, 0.13% Ni and 0.01% Co, for 29.4 g.m Pt (SRC1257)
- 1m (from 127m) @ 6.5g/t Pt, 0.15% Ni and 0.01% Co, for 6.5 g.m Pt (SRC1253)
- 1m (from 23m) @ 4.2g/t Pt, 0.15% Ni and 0.01% Co, for 4.2 g.m Pt (SRC1261)

All holes were drilled using reverse circulation rigs and no assays were undertaken for other PGEs in these drill samples.

Given the high platinum grades near surface and historic intercepts beneath the laterite, a program of work has commenced to test the structural geology of the Tout Intrusive Complex, targeting the establishment of a platinum resource that will either integrate with the development of the Sunrise nickel-cobalt-scandium mine, or be developed as a stand-alone operation.

The Company has been progressing this program of work including:

- Completing the first three of the planned six-hole diamond core drill program. The program is aiming to intersect the dunite structures at depth (targeting 400-600m below surface) which are proposed to be the source of the platinum in the Sunrise laterite;
- The initial hole (SDD022) was targeting the area approximately 120m below surface which was identified in historic drilling undertaken by Ivanplats (SRC1257 returned 4m (from 119m) @ 7.4g/t Pt, 0.13% Ni and 0.01% Co, for 29.4 g.m Pt).
- SDD022 successfully intersected that target area, with visible indications of chromite veining, and hand-held X-ray fluorescence spectroscopy (XRF) analysis also indicating elevated levels of Cr, Fe and Mg in veins.
- Chromite veining is typically found coincident with platinum group elements (**PGE's**) in Alaskan style dunite pipe systems. Chromite veins were also reported by Ivanplats in the target area of SRC1257;
- Assay laboratories have been experiencing significant delays of late, and while it is not possible to know precisely when the pending assay results will be returned, the Company's current best estimate is for results from first three holes to be received around mid-May 2021.
- Re-mobilisation of the drill rig will occur as soon as possible once the remaining targets have been re-assessed against the pending assay results.

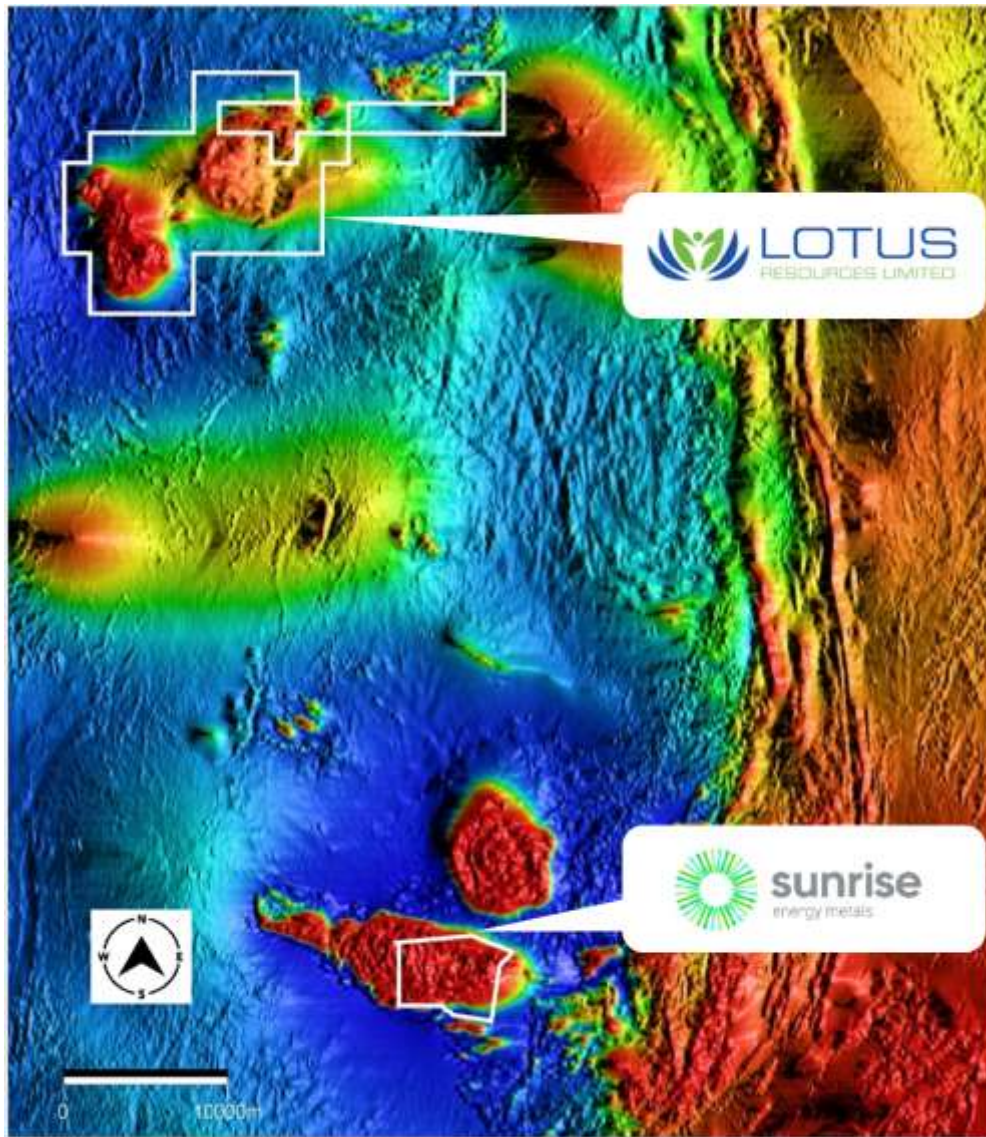
---

<sup>4</sup> For full details see ASX announcement dated 3 September 2020. Drilling undertaken by previous owner Ivanplats in 2005/06 with assays undertaken by ALS in Orange, NSW. Data is as per the drilling data records provided by Ivanplats to the Company. This historical data is relevant and material in the context of the deeper drilling program detailed herein. Although the Company is confident the drill data is accurate, the information is based on historic drilling and records and therefore does not conform to JORC 2012 standards.

## HYLEA PROJECT

During the quarter Sunrise Energy Metals reached agreement to acquire the Hylea Project, located in New South Wales, from Lotus Resources Limited (**Lotus**) (ASX:LOT) to expand the Company's footprint in the highly prospective Lachlan Fold Belt.

The Hylea Project is located approximately 50 kilometres north of the Sunrise Project on the western side of the Lachlan Orogen. Its geology exhibits late stage post-orogenic zoned Alaskan-Ural style intrusives covering an area of some 25 square kilometres and exhibits similar structural geology to the Sunrise Project, where the weathered surface expression of the intrusive hosts nickel, cobalt and scandium mineralisation.



*Location of the Hylea Project*

In 2018 Lotus completed a 54 hole drill program for 3,624 metres that intersected a well-developed, at or near surface, laterite and in-situ clay profile developed over ultramafic rock types including dunites, pyroxenites

and peridotites. While the drilling covered approximately 600 metres of lateral extent, the aeromagnetic signature of the Hylea prospect extends, like Sunrise, over 5 kilometres.

Sunrise Energy Metals will acquire a 100% interest in Exploration Licences EL8520, EL8641 and EL8801 for \$2.5 million, with \$1.0 million payable in cash and \$1.5 million payable in cash and/or SRL shares, at the Company's election, at completion. If settled in shares, the number of SRL shares issued will be determined based on the volume weighted average price for the five trading days preceding completion. Completion is subject to receipt of Ministerial Approval for the transfer of the above Exploration Licences.

## CLEAN TEQ WATER

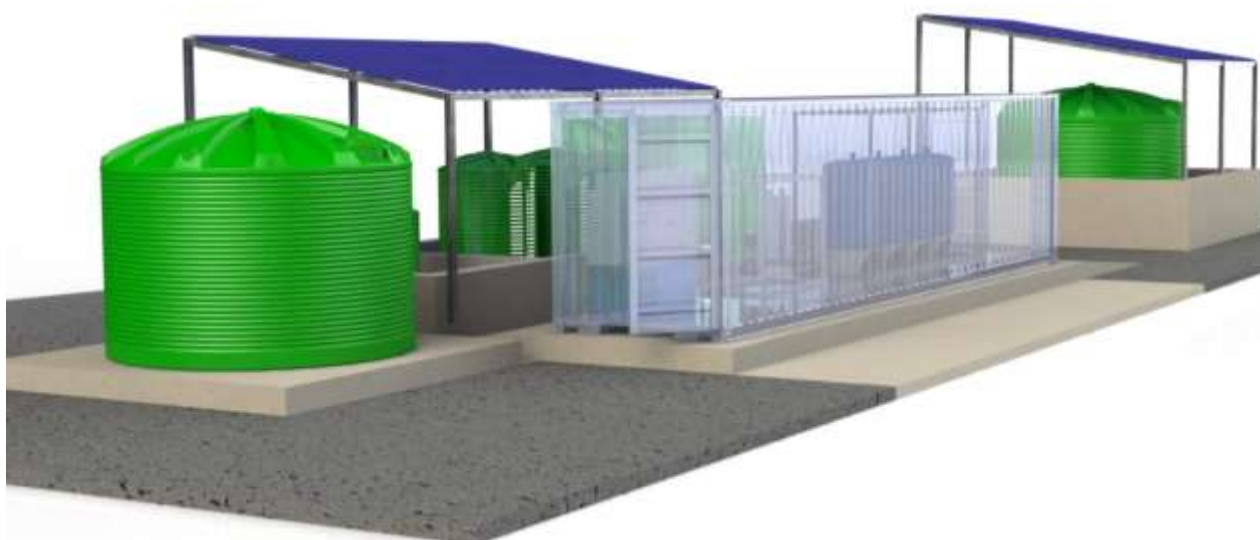
Sunrise Energy Metals' water business, Clean TeQ Water, delivers cost effective water treatment solutions to the municipal, industrial and mining sectors built around a portfolio of proprietary technologies. These technologies are designed to cope with the most demanding waters to provide best in class performance in water recovery and operability.

### Water Treatment Projects

During the quarter the Company announced the award of three additional water treatment contracts in Queensland, Oman and China.

#### Queensland

Clean TeQ Water has won a competitive tender and been awarded a contract which is valued at over \$2 million by Mackay Regional Council for the upgrade of a bore water treatment plant at Koumala, near Mackay in Queensland.



*Designs for Koumala water treatment plant in Queensland*



Clean TeQ Water will design, supply, and install an ion exchange treatment plant plus a package gas chlorination system to remove hardness and lower the salinity of an existing bore water supply. This will reduce the scaling of pipes and improve the quality of the potable water supply at Koumala, Queensland. Clean TeQ Water will manage the full design, procurement, construction and commissioning of the plant including subcontracting of civil works. The program of works is scheduled to commence in the first quarter of CY2021 and run through to the end of the year.

## Oman

As announced in January 2021, Clean TeQ Water was awarded a contract to undertake the detailed design for an upgrade of the existing DESALX® (two-stage CIF®) technology plant in Oman. Changes in the upstream antimony processing facility have resulted in a higher salt load and increased arsenic, antimony and selenium concentrations in the waste water. The upgrade will focus on neutralising the waste liquors and precipitating contaminants for easier recovery, as well as upgrading the existing ion exchange circuit using the Company's CIF® technology and adding additional pre-treatment for the reverse osmosis plant in order to maximise recovery and generate reduced brine for disposal.



*The Company's proprietary DESALX® (two-stage CIF®) plant in Oman*

Clean TeQ Water has now been awarded a further contract by Multotech valued in excess of A\$1 million to undertake the procurement of the plant and equipment required for the upgrade. Construction oversight and commissioning support is also proposed to be supplied by Clean TeQ Water but is not included in the current scope and costing.

By treating the waste, the customer is able to recycle a significant proportion of the water for re-use in their processing plant, rather than disposing of it. This provides a valuable cost saving for the customer in a

geographic location where water is relatively scarce. Recycling the water also results in environmental benefits by significantly reducing the volume of waste which would otherwise need to be disposed.

The plant consists of a number of precipitation steps to remove antimony, arsenic and hardness, followed by the Company's proprietary DESALX® (two-stage CIF®) technology system to extract calcium and magnesium sulphate plus any remaining heavy metals, followed by reverse osmosis to desalinate the water and prepare it for re-use.

## China

During the quarter Clean TeQ Water was awarded a contract to design, procure, deliver and install a BIONEX water treatment plant to a coal mine in Inner Mongolia, China.

The Company's BIONEX solution is a combination of our Continuous Ionic Filtration and BIOCLENS (bacteria encapsulated in a protective PVA lens) technologies which has been demonstrated to be highly effective for removal of nitrate from wastewater. This market is growing rapidly due to increasingly strict regulation and increasing safety concerns over the disposal of waste waters with even very low levels of nitrate. Nitrate removal from water effluent is a significant challenge throughout China.



*Designs for the Ordos water treatment plant in Inner Mongolia, China*

The plant has been designed to treat and remove nitrate from 12,000 m<sup>3</sup>/day of coal mine in pit ground water to below 1 ppm in order to comply with local regulations governing the disposal of mine water.

The contract, which is valued at approximately A\$2 million, has been awarded to the Company's wholly owned Beijing based subsidiary by Beijing Beihua Zhongqing Environment Engineering Technology Co., Ltd. (BHZQ). BHZQ is a subsidiary of Beijing Enterprise Water Group (BEWG). Listed on the Hong Kong Stock Exchange and valued at approximately HKD 30 billion, BEWG is a diversified water company focused on operating water assets throughout China. BEWG is also one of the largest water treatment companies in Asia.

Once completed, this application will be a valuable addition to the Company's portfolio of large-scale operating plants which we will seek to leverage to grow future sales – it will be the Company's first ever large-scale application of BIONEX in China.

### Other

As the Company announced in 2020, strong progress is being made towards Clean TeQ Water securing an engineering, procurement and construction (EPC) contract with Townsville City Council for a large-scale water recycling plant utilizing our HiROx® process and BIOCLENS encapsulated bacteria. HiROx® is an ultra-high recovery water treatment process which combines the Company's CIF technology with reverse osmosis.

Clean TeQ Water has been advised that it is the preferred contractor to deliver a recycled water re-use plant at the Cleveland Bay Purification Plant in Townsville, however, award of a final EPC contract is subject to a range of conditions including agreement on commercial terms, construction schedule and pricing. While the EPC contract discussions are ongoing, Townsville Council engaged Clean TeQ Water on an initial scope of work valued at A\$920,000 for detailed design and procurement of long-lead items for the plant. This work was completed in 2020. Based on the latest feedback from Townsville, the Company anticipates that the majority of the EPC works will commence around July 2021 at the earliest.



*Townsville Water Purification Plant Render: The HiROx® plant combines the Company's continuous ion exchange technology with reverse osmosis and encapsulated bacteria*

In recognition of the 2020 commissioning of a large scale water treatment plant that used a novel method to treat wastewater from a gold mine located in Victoria, Clean TeQ Water has been shortlisted for a Global Water Award from Global Water Intelligence in the category of *Breakthrough Technology Company of the Year*.

## TECHNOLOGY DEVELOPMENT

Sunrise Energy Metals' technology development team continues to advance its work in the development of graphene oxide nanofiltration membranes and adsorbents, as well as ongoing development of the CIF® technology for water treatment applications.

### NematiQ Joint Venture

In late 2018, Sunrise Energy Metals and Ionic Industries established a joint venture company NematiQ Pty Ltd (**NematiQ**) to pursue in partnership the development of graphene oxide (**GO**) membranes for water treatment applications. Sunrise Energy Metals and Ionic have developed a process to manufacture high-purity GO that can be applied to a membrane support to create a graphene nanofiltration membrane (**GO-Membrane**). Significantly, the GO-Membrane manufacturing process has been demonstrated on commercial scale industrial equipment.

In water purification applications, graphene oxide membranes have the potential to offer distinct operational advantages over the current polymer nanofiltration membranes, providing a significant commercial opportunity should the technology prove successful.

The benefits of graphene oxide nanofiltration membranes when compared to conventional nanofiltration membranes include higher flux (flow rates) and lower propensity to fouling. These benefits have the potential to deliver lower operating costs, longer membrane life and lower maintenance costs.

NematiQ has established a factory and office premises in Notting Hill, adjacent to the existing Sunrise Energy Metals head office and laboratory. From this facility, NematiQ is focused on optimising its proprietary process for refining graphite oxide raw material into graphene oxide, which is used to form the filtration layer of the GO-Membrane. A pilot plant for the manufacture of high purity graphene oxide has been designed and installed at NematiQ's premises, with graphene oxide produced by the facility to be used for larger scale manufacture of graphene oxide membranes.

The development of the membrane has now progressed to a stage where we have produced at pilot scale a graphene oxide-based membrane with a molecular weight cut-off of 1,000 Daltons (commercial target molecular weight for nanofiltration) and with a flux rate that is superior to the currently available polymer based nanofiltration membranes.

GO-Membrane printing trials were undertaken during 2020 using a specialised commercial printing press in the USA. The trials confirmed that a GO-Membrane, meeting flux and molecular weight cut-off targets, can be produced on commercial equipment at economic printing speeds. The work programs currently underway are aimed at:

- eliminating intermittent membrane defects by improving the GO-Membrane robustness;
- enhancing the durability and performance of the membrane in chemical conditions typically encountered in a number of different proposed applications, including enhancing chlorine resistance; and,
- reducing the cost of the base membrane on which the GO-Membrane is supported.

The applications for GO-Membranes are numerous and include many large-scale market segments such as removal of organics from drinking water and from wastewater effluents along with more niche markets in value-added industries such as food and pharmaceutical.

## CORPORATE

As at 31 March 2021, the Company's cash balance was A\$57.7 million. A summary of the expenditure incurred during the quarter is detailed in the attached Appendix 4C.

### Equity Capital Raising

During the quarter the Company successfully completed a Share Purchase Plan (**SPP**) with subscriptions received from eligible shareholders totalling 51.7 million shares at an issue price of \$0.25 per share to raise proceeds of A\$12.9 million. In early January 2021 the Company also settled the share placements which were approved by shareholders at the general meeting on 8 January 2021. The two placements of 12 million shares each at an issue price of \$0.25 per share to raise total proceeds of \$3 million were made to Co-Chairman and Non-Executive Director Mr Robert Friedland and Pengxin International Group Limited, an entity associated with Mr Jiang Zhaobai, Co-Chairman and Non-Executive Director.

The SPP, the placements to the Co-Chairmen and the placement to institutional and sophisticated investors announced 25 November 2020 represent a total equity raising of approximately A\$35 million. The proceeds raised are to be used as follows:

- Funding for the ongoing development and growth of our water purification business, including provision of initial working capital for its proposed spin out into a new stand-alone entity;
- Progressing our work in the research and development of graphene oxide membranes as part of the NematIQ joint venture;
- Permitting, land access, environmental monitoring and long-lead activities at our Sunrise Battery Materials Complex, while we continue to pursue a financing package for the project;
- Mineral exploration activities at our suite of tenements including the Phoenix Platinum Zone beneath the Sunrise laterite and the Minore Project near Dubbo, NSW; and,
- General corporate and working capital.

## Demerger

The Company announced on 14 September 2020 that it had initiated a review to consider the separation of its water business, Clean TeQ Water, from the remainder of its business, comprising the Sunrise Project and the Company's other mineral exploration activities in New South Wales.

That review was completed during the quarter with the Directors determining that they intend to formally recommend to shareholders that the demerger of Clean TeQ Water proceeds. The Company is currently progressing a range of activities in anticipation of seeking shareholder approval for the demerger at a meeting to be scheduled in Q2 CY2021 with a target demerger implementation date of Q2 CY2021. Grant Samuel has been retained by the Company as corporate advisor for the demerger.

The demerger is proposed to be undertaken via a spin out of the water business by way of a capital return comprising a pro-rata in-specie distribution of shares in Clean TeQ Water to Sunrise Energy Metals shareholders.

A separate shareholder meeting will be held at a later date to seek approval for the proposed demerger, with an explanatory memorandum setting out detailed information on the proposed demerger to be provided to shareholders in advance of that meeting.

## Share Consolidation and Company Name Change

Following shareholder approval at a general meeting on 24 March 2021, the Company implemented a 1 for 10 share consolidation on 29 March 2021.

At that meeting the shareholders also approved a resolution to change the name of the Company from Clean TeQ Holdings Limited (ASX:CLQ) to Sunrise Energy Metals Limited (ASX:SRL) which took effect on 12 April 2021.

## TSX Listing

Sunrise Energy Metals shares ceased trading and were delisted from Toronto Stock Exchange on 5 November 2020. The Company is applying to the Ontario Securities Commission (**OSC**), the relevant Canadian securities regulator, for an order to cease being a reporting issuer in Ontario, where Sunrise Energy Metals is still currently a reporting issuer. If the order is granted by the OSC then the Company will cease to be a reporting issuer in Canada and will no longer be required to file financial statements and other continuous disclosure documents in Canada. In any case, Sunrise Energy Metals will continue to file all financial statements and other continuous disclosure materials required in accordance with the applicable laws of Australia and the rules of the Australian Securities Exchange. All such continuous disclosure documents of the Company are publicly available to all shareholders of Sunrise Energy Metals at [www.sunriseem.com](http://www.sunriseem.com).

### **For more information about Sunrise Energy Metals contact:**

Ben Stockdale, CFO and Investor Relations

+61 3 9797 6700

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

About Sunrise Energy Metals Limited (ASX:SRL) – Based in Melbourne, Australia, Sunrise Energy Metals is a global leader in metals recovery and industrial water treatment through the application of its proprietary Clean-IX® continuous ion exchange technology. For more information about Sunrise Energy Metals please visit the Company's website [www.sunriseem.com](http://www.sunriseem.com)

About the Sunrise Project – Sunrise Energy Metals is the 100% owner of the Sunrise Project, located in New South Wales. The Sunrise Project is one of the largest cobalt deposits outside of Africa, and one of the largest and highest-grade accumulations of scandium ever discovered.

About Clean TeQ Water – Through its wholly owned subsidiary, Clean TeQ Water, Sunrise Energy Metals provides innovative water treatment solutions for removing hardness, desalination, nutrient removal and zero liquid discharge. The sectors of focus include municipal wastewater, surface water, industrial waste water and mining waste water. For more information about Clean TeQ Water please visit [www.cleanteqwater.com](http://www.cleanteqwater.com).

## FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Activities Report 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 Quarterly Activities Report.

Statements in this Quarterly Activities Report that constitute forward-looking statements or information include, but are not limited to, statements regarding: securing financing for the Sunrise Project; demand for nickel and cobalt offtake; the financial results of the PEP including statements regarding the Sunrise Project's IRR and NPV; Sunrise Project's carbon emissions; Sunrise capital and operating costs; the potential for new mineral discoveries at the Company's mineral tenements; award of new Clean TeQ Water Projects; anticipated successful completion of the various Clean TeQ Water projects and outcomes related to research and development undertakings.

Readers are cautioned that actual results may vary from those presented.

All such forward-looking information and statements are based on certain assumptions and analyses made by Sunrise Energy Metals' management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking information or statements including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts to perform as agreed; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations.

Other important factors that could cause actual results to differ from these forward-looking statements also include those described under the heading "Risk Factors" in the Company's most recently filed Annual Information Form available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this Quarterly Activities Report 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 Quarterly Activities Report 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 Quarterly Activities Report.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

SUNRISE ENERGY METALS LIMITED

**ABN**

34 127 457 916

**Quarter ended ("current quarter")**

31 March 2021

<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	173	636
1.2 Payments for		
(a) research and development	(225)	(552)
(b) product manufacturing and operating costs	(56)	(330)
(c) advertising and marketing	(195)	(530)
(d) leased assets	(226)	(634)
(e) staff costs	(1,862)	(4,885)
(f) administration and corporate costs	(1,720)	(4,008)
(g) exploration and evaluation	(1,136)	(7,093)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	39	155
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	47
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(5,208)</b>	<b>(17,194)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(23)	(62)
(d) investments	-	-
(e) intellectual property	-	-



Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	16
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(23)</b>	<b>(46)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	18,854	34,810
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	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>18,854</b>	<b>34,810</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	44,030	40,083
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,208)	(17,194)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(23)	(46)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	18,854	34,810
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>57,653</b>	<b>57,653</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	57,653	44,030
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>57,653</b>	<b>44,030</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
-
-

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

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

*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.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

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)	(5,208)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	57,653
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	57,653
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	11

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

## 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: 26 April 2021

Authorised 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 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 standard applies 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.