sunrise energy metals

2021

Annual Report

We consistently apply our values to all we do.

Invested

We achieve positive outcomes for all our stakeholders.
We are committed to creating and sustaining value from Sunrise Energy Metals' core technologies.

Connected

We actively interact to leverage our combined capabilities and create mutually beneficial outcomes.

Prepared to be different

We have the courage to pursue excellence and are prepared to do things differently to add value, while managing the risks in our business.

Contents

FY21 Highlights of the Year

The work undertaken during the 2021 Financial Year saw the Sunrise Battery Materials Complex further progressed towards the commencement of construction:

- Sunrise Energy Metals completed the Project Execution Plan (**PEP**) for the Sunrise Battery Materials Complex (**Sunrise Project**) in NSW. The PEP confirmed the Sunrise Project's status as one of the world's lowest cost, development-ready sources of critical electric vehicle battery materials.
- Ongoing works at the Sunrise Project progressed a number of deliverables aimed at minimising Project start time once funding is secured.
- The Company completed a Renewable Energy Supply study confirming the Sunrise Project's external power needs can be 100% supplied by renewable sources.
- Scandium marketing works progressed, including signing of a number of offtake agreements.
- An area of high-grade platinum mineralisation was defined within the Sunrise nickel laterite – the Phoenix Platinum Zone – confirming the Sunrise Project as one of the largest platinum resources in Australia.
- Drilling targeting platinum group elements below the nickel laterite delivered some exciting initial results, with follow-up drilling currently underway.

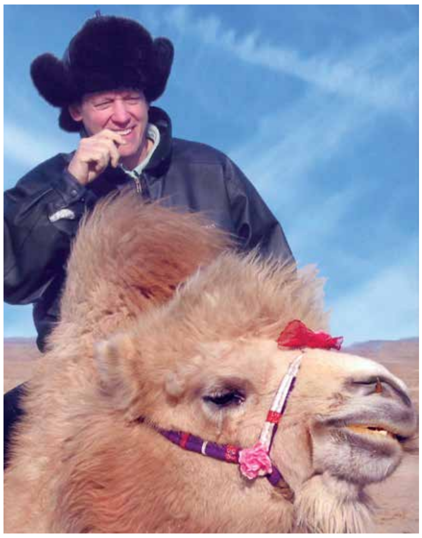
Occupational Health and Safety

- There were no lost time injuries or reportable environmental incidents during the year.
- The have been no reported COVID-19 cases, and the Company continues to maintain appropriate protocols to minimise the potential transmission of COVID-19.

Corporate

- The Company changed its name on 24 March 2021 to Sunrise Energy Metals Limited (formerly Clean TeQ Holdings Limited).
- During the year Sunrise Energy Metals raised approximately $35m in new capital to help fund ongoing preparation works at the Sunrise Project, and to fund projects in the now-divested water business.
- The Company announced the planned demerger of Clean TeQ Water Limited during the year, with the demerger completed on 1 July 2021.
- Sunrise Energy Metals implemented a 1 for 10 share consolidation on 29 March 2021.
- The Company was delisted from the Toronto Stock Exchange on 5 November, the Company's listing on the Australian Stock Exchange is unaffected.
- Mr Trevor Eaton was appointed as an independent Non-Executive Director of the Company, effective 1 July 2021. Non-Executive Directors Mr Ian Knight and Mrs Judith Downes retired from the Board effective 30 June 2021.

Message from the Co-Chairmen



The world has reached a unique juncture in how it expects to generate, store and consume energy. The focus on environmental responsibility has never been stronger, nor more tangibly met with action. Thanks to new and emerging technologies, opportunities to look beyond fossil fuels to meet the world's energy needs in all its forms have never been greater. At Sunrise Energy Metals, we are well positioned to play an important role in supporting this energy transition through our Sunrise Battery Materials Complex in Australia.

As the global population continues to urbanise, air quality remains a critical issue for an overwhelming majority of the people living in cities. Electrification of transportation, and the generation and storage of large volumes of renewable energy that can be distributed upon demand, remain the best and most meaningful ways to reduce our reliance on fossil fuels and improve air quality.

The essential metals needed to fuel this high-tech, all-electric and more urbanised future include ever larger volumes of nickel and cobalt, specifically in the form of high-purity metal sulphates and precursors. These are some of the key ingredients for state of the art cathode manufacture.

Sunrise Energy Metals, with its Sunrise Battery Materials Project in Australia, is positioned to be one of the largest and lowest cost suppliers of battery-grade nickel and cobalt feedstocks, as well as the global market leader in scandium supply.

Most importantly, Sunrise will supply these critical materials while maintaining the highest operating standards in health, safety, environmental management and community relations. And it will do this from Australia, where environmental, social, political and business risks are low.

We progressed our planned divestment of Clean TeQ Water during the year, with the new company successfully listing on ASX shortly after financial year end. We are proud to witness Clean TeQ Water make its way as an independent company, bringing unique water treatment technologies to clients across the globe.

In what was a uniquely challenging year, we remained focused on successfully delivering one of the largest and most integrated battery materials facilities in the world. As the world emerges from the current health crisis, and we see increasing coordinated global action to tackle carbon emissions, the Board and management team remain confident in our company's capacity to deliver important contributions to our shared future.

Robert Friedland
Co-Chairman

Jiang Zhaobai
Co-Chairman

Message from the Managing Director and Chief Executive Officer

Sunrise Energy Metals passed several milestones during the year. These included:

- completion of the Project Execution Plan for the Sunrise Battery Materials Project;
- an expansion of our tenement holdings in New South Wales with a view to growing our nickel and cobalt resource base, as well as some encouraging exploration results for platinum group metals;
- excellent progress on developing new scandium alloys for the US aerospace market; and
- significant advances with our direct-to-precursor and battery recycling activities, which anticipates a far more integrated battery eco-system in the future.

These are not disparate or unrelated activities. They all support our vision to find better ways to deliver specialty materials to a range of technology-critical industries. The Sunrise Project is at the heart of these ambitions – a highly integrated processing facility that will significantly lower the cost and carbon footprint of raw material supply to the battery industry, as well as supporting light-weighting initiatives in the transport sector.

Focus on the long-term

For Sunrise Energy Metals, this is about the long-term. Ensuring that we deliver Australia's largest battery materials project successfully has always been our key objective.

But this is only one part of a much larger plan to position Sunrise in a rapidly evolving market. This means that, on occasion, we weigh risk and opportunity differently to other companies, because our focus is on value creation over the long-term. We know that the optionality embedded in an asset like Sunrise, with its low cost structure and long operating life, is enormous and cannot be easily quantified in a net present value. Nor can it be easily replicated by competitors.

With this mindset of long-term value creation guiding decision making, we have been extremely focused on anticipating, as best we can, the trends and changes that will impact the industries that we intend to serve. For Sunrise, that means our decisions around design have focused on:

- producing the specific products we believe the market will need;
- identifying the best and most versatile technologies to deliver those products;
- assessing the value trade-offs that higher degrees of downstream integration bring to cathode production;
- understanding our resource base and how geology and geochemistry interact in the design of our flowsheet;
- quantifying and benchmarking our environmental footprint; and
- providing options for closed-loop recycling.

We know that we will not always make the right calls. This is a new and rapidly evolving industry placing unique demands on a supply chain burdened with historic inertia. But we are confident that, in Sunrise, we have designed and engineered an asset that is a template for operational excellence and environmental stewardship.

Mining cannot be business as usual

With the election of the Biden administration in the US, and the doubling-down by the European Commission on emissions targets and standards, the world's focus on carbon abatement has stepped up several notches. Battery technology is a key enabler to deliver these global policy objectives. While capacity additions along most of the battery and electric vehicle supply chains have increased rapidly, investment in raw material supply is worryingly low. Nowhere is this more evident than with nickel and cobalt, the two metals that present the most challenging geological and investment risk.

Few people outside the mining industry truly understand the expansion of mining activity that will be required to support electrification of our transport industry and the building of new power grids. Batteries are a metal intensive technology, and we face the prospect of exponential demand growth over coming decades. If we cannot find better and more efficient ways to mine and process metals, we will simply shift emissions from the tailpipe to the shovel. Better outcomes can only be delivered if we embrace sustainability in our capital allocation frameworks.

At Sunrise, we have addressed these issues through key design features of our project including:

- Committing to source 100% renewable electricity for our mineral processing operations;
- Modelling future carbon tax outcomes to deliver optimal design and product decisions;
- Maximising water re-use from on-site water treatment facilities;
- Managing health, safety, environment and community in accordance with international best practice;
- Ensuring waste management adheres to ANCOLD standards and state legislative requirements; and
- Providing options to integrate recycle streams into our production process to deliver final products that meet our customers' mandated recycling quotas.

Sunrise and critical minerals – how we see the markets

It was no surprise to us that the White House's recent report on US supply chain security concluded that, of all the metals used in lithium-ion battery manufacture, battery-grade nickel posed by far the largest risk to global supply chains. There are some obvious reasons for this. First, the nickel industry has suffered years of underinvestment because of depressed prices, but also the geological scarcity of good quality nickel sulphide resources. Secondly, new sources of supply are technically challenging, highly capital intensive and face long lead times. This is exacerbated by the fact that potential sources of supply are located in challenging jurisdictions, in terms of political risk, as well as environmental impacts. Finally, state of the art battery cathodes require higher nickel content. The simple conclusion is that prices for battery-grade nickel will need to move substantially higher to incentivise new production.

The picture with cobalt is just as challenging, but for different reasons. Around 70% of the world's mined cobalt is sourced from Democratic Republic of Congo, while 65% of all processed and refined cobalt comes from China. This market structure presents significant concentration of supply risks for carmakers. For all the talk of cobalt thrifting, demand for batteries is still expected to generate a 19% compounding annual growth rate in demand for cobalt from 2020 to 2030. Batteries are not the only high-growth end use: high-temperature superalloys use significant quantities of cobalt. Of course, the major challenge is that cobalt is almost always mined as a by-product, hence supply depends greatly on nickel and copper development.

Finally, while scandium is not a battery input, it has a critical role to play in producing the alloys that deliver stronger and lighter components in the transport sector. While scandium's value in aluminium alloys has always been well understood, there is clear interest is its value in emerging 5G/6G communications technologies, as well as fuel cells.

As the world's largest ore reserve of scandium, Sunrise will substantially lower the cost structure of scandium supply, and in doing so drive a new wave of demand for emerging technology applications.

The Sunrise Battery Materials Project

The Sunrise Project is Australia's largest and most advanced battery materials project. Once constructed, Sunrise will be fully integrated from mine to battery chemicals, with average annual production of 21,300 tonnes of nickel and 4,400 tonnes of cobalt. In addition, Sunrise will supply some of the industry's lowest cost nickel and cobalt units. With carmakers seeking ways to reduce battery costs, Sunrise makes for a compelling proposition.

Sunrise will be the global standard bearer for sustainable production of battery cathode materials that are lower cost, lower risk and specific to battery industry needs. Once constructed, Sunrise will:

- operate in the lowest quartile of the industry cost curve in an attractive jurisdiction, while offering strong economics and a rapid payback period;
- have sufficient reserves to sustain a 50-year operation;
- use a direct-to-sulphate processing route to produce battery precursor feedstock at the mine site, thereby avoiding the need for untraceable third-party or offshore refining;
- be sustainably designed to operate on 100% renewable electricity, offering an industry-leading carbon footprint, coupled with water re-use and responsible waste management ;
- offer potential to integrate with downstream precursor and cathode production to reduce processing, handling and logistics costs;
- be designed with optionality to use its refining capacity to incorporate recycling of spent batteries and cathode; and
- enable critical by-product alloy metals, like scandium, to develop lighter and stronger aluminium components for the automotive and aerospace sectors.

We remain committed to the development of the Sunrise Project to capture the strong outlook for nickel and cobalt demand.

Exploration and metals development optionality

We continue to expand our exploration footprint around the Sunrise Project. During the year we agreed to acquire the Hylea Project, located 50km north of Sunrise. Hylea exhibits similar structural geology to Sunrise with historic drilling results on the prospect showing encouraging grades of cobalt mineralisation. We also expanded our exploration footprint in the region at Sunrise North and Nyngan, which offer similar lateritic nickel, cobalt, scandium and platinum opportunities.

Results from the Phoenix Platinum Zone drilling program during the year also highlighted the potential for platinum group metals at Sunrise. The next stage of that drilling campaign is now underway.

De-merger of Clean TeQ Water

We successfully completed the demerger of Clean TeQ Water shortly after the year end. The demerger will help to enhance shareholder value by recognising the distinct characteristics of the Metals Business and Water Business that were previously both contained within Sunrise Energy Mentals. The demerger allows Sunrise Energy Metals to focus its energies and attention on progressing the Sunrise Battery Materials Project.

Our people

I am pleased to again report that this year we kept our people safe despite ongoing COVID19 challenges, recorded no environmental issues and received zero community complaints. I would like to thank all of our staff for their hard work over the year. I would also like to pay special thanks to the communities we work with, especially those members of the community who serve on the Sunrise Community Consultative Committee, as well as the local government areas we interact with, Lachlan, Forbes and Parkes Shire Councils.

Outlook

We have ambitious goals. And we realise we must do things differently if we are to succeed.

I empathise with many shareholders who, at times, express to me their frustration with the pace of project development. However, we should never forget that we are doing something unique that requires us to keep our focus on the long-term. The market is coming to us and our attention should be on those things we can control. The world needs Sunrise's metals and we can be confident that we have positioned the project to deliver them reliably and sustainably. If, like me, you believe the world is truly committed to decarbonising, it is hard to think of more strategic assets in the raw material supply chain than Sunrise.

I thank all of our shareholders for your ongoing support, and the hard working members of the Sunrise Energy Metals Team as we seek to achieve our shared vision to empower the clean revolution.

Sam Riggall
Chief Executive Officer

For Sunrise Energy Metals, this is about the long-term. Ensuring that we deliver Australia's largest battery materials project successfully has always been our key objective.

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Directors' Report

The Directors present their report, together with the financial statements, for the consolidated entity consisting of Sunrise Energy Metals Limited (referred to hereafter as the 'Parent Entity', 'the Company' or 'Sunrise Energy Metals) and the entities it controlled (referred to hereafter as the 'Consolidated Entity'), for the financial year ended 30 June 2021 ('financial year'), and the auditor's report thereon.

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert Friedland (Co-Chairman and Non-Executive Director)

Jiang Zhaobai (Co-Chairman and Non-Executive Director)

Sam Riggall (Managing Director and CEO)

Stefanie Loader (Lead Independent Non-Executive Director)

Eric Finlayson (Non-Executive Director)

Trevor Eton (Independent Non-Executive Director – appointed 1 July 2021)

Ian Knight (Independent Non-Executive Director– resigned 30 June 2021)

Judith Downes (Independent Non-Executive Director – resigned 30 June 2021)

Directors' Profiles

Name:	**Mr Robert Friedland**
Title:	Co-Chairman and Non-Executive Director
Qualifications:	Bachelor of Arts in Political Science from Reed College, Oregon, USA
Experience and Expertise:	Mr. Friedland was appointed Co-Chairman of Sunrise Energy Metals on 8 September 2016. During the past 25 years of his career, Mr. Friedland has founded and led two prominent, international mining entities under the Ivanhoe Mines banner. He is Executive Co-Chairman and a director of Ivanhoe Mines Ltd., which has three major mine development projects and exploration underway in Southern Africa, including construction of three new mines, two of which are on world-scale mineral discoveries made by Ivanhoe Mines, in South Africa and the Democratic Republic of Congo. The company operated under the Ivanplats name after its founding in 1998 and assumed the Ivanhoe Mines name in 2013. The original Ivanhoe Mines, founded in 1994 and now named Turquoise Hill Resources, had extensive mining and exploration interests in the Asia Pacific Region. Mr. Friedland was Executive Chairman and Chief Executive Officer of the original Ivanhoe Mines until 2012, and also was President from 2003 to 2008. He directed Ivanhoe Mines' assembly of a portfolio of interests in several countries over 16 years and led the company's team that made the discoveries and initial development of the Oyu Tolgoi copper-gold-silver deposits in southern Mongolia. Rio Tinto acquired a controlling interest in the company in January 2012 and the company was renamed Turquoise Hill Resources in August 2012, which now is operating and continuing the development of Oyu Tolgoi. Before founding Ivanhoe Mines, Mr. Friedland was a co-founding principal investor in Diamond Fields Resources in late 1992. Assuming Co-Chairmanship in 1994 after company-funded exploration discovered high-grade nickel at Voisey's Bay in Canada, Mr. Friedland led negotiations for the subsequent sale of the tier-one discovery to INCO for C$4.3 billion in 1996. The mine began production in 2005. Now owned by Vale, it is the world's fourth-largest nickel producer. Mr. Friedland also is Chairman and President of Ivanhoe Capital Corporation, his family's private, Singapore-based company founded in 1987 that specialises in providing venture capital, project financing and related services for international business enterprises, predominantly in the minerals, energy and communications technologies sectors. He was inducted into the Canadian Mining Hall of Fame in 2016.

Directors' Report

Continued

Other current directorships:	Founder and Executive Co-Chairman, Ivanhoe Mines Ltd. Chairman & President, Ivanhoe Capital Corporation (private) Chairman & Co-Founder, I-Pulse Inc. (private) Chairman & Chief Executive Officer, High Power Exploration Inc. (private) Chairman, VRB Energy (private) Co-Chairman, SK Global Entertainment (private) Co-Founder and Chairman, Ivanhoe Pictures (private) Chairman and CEO, Ivanhoe Capital Acquisition Corp. Chairman and Chief Executive Officer, Ivanhoe Electric Inc. (private)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	11,977,801 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	**Mr Jiang Zhaobai**
Title:	Co-Chairman and Non-Executive Director
Qualifications:	EMBA, China Europe International Business School
Experience and Expertise:	Mr Jiang took part in numerous engineering and construction projects following graduation from university in the 1980's. He later founded his own real estate development company in 1988. In 1997, Shanghai Pengxin Group Co., Ltd. was established with Mr Jiang as founding Chairman and he remains in that role to this date. Under Mr Jiang's leadership, Shanghai Pengxin Group has successfully developed a number of significant property projects, amounting to a total of twenty million square meters. Starting from real estate development including both residential and commercial as well as hotel industry, the group has diversified into a range of other sectors including modern agriculture, mining, environmental science and technology and financial investment. The group is now a diversified conglomerate with controlling interests in four listed companies in China. He was appointed a Director of Sunrise Energy Metals on 24 April 2017.
Other current directorships:	Chairman of Shanghai Pengxin Group Executive Chairman of Shanghai Entrepreneurs Association (private) Vice President of the China-Latin America and the Caribbean Friendship Association (private)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	10,451,888 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	**Mr Sam Riggall**
Title:	Managing Director & Chief Executive Officer
Qualifications:	LLB (Hons), B.Com., MBA
Experience and Expertise:	Mr Riggall has spent his career in the mining and technology industries as a company director, senior executive, adviser and investor. He has worked extensively in specialty minerals, initially as mining executive for the Rio Tinto Group's portfolio of industrial minerals businesses, and over the past decade in battery materials. Mr Riggall has worked in exploration, evaluation, development and operations, having served as a director on several public and private boards in Australia and overseas. He brings deep and extensive insight to the interface between emerging technologies and raw material markets and is an active advocate for reforming supply chains to accelerate innovation and better manage risk. Prior to Sunrise Energy Metals, Mr Riggall was head of strategy and planning at Ivanhoe Mines, where he worked actively in Central Asia, Africa and Australia. In his roles at both Rio Tinto and Ivanhoe, Mr Riggall was responsible for review of capital allocation decisions and new project generation. He has led negotiations with national governments and parliaments to secure long-term mine development agreements, as well as actively defending nationalisation and expropriation cases in many parts the world. Mr Riggall holds law and economics degrees from the University of Melbourne, and a MBA from Melbourne Business School. He is a Fellow of the Australian Institute of Mining and Metallurgy, was a member of the taskforce responsible for the Australian Government's Modern Manufacturing Strategy on Resources Technology and Critical Minerals Processing and was awarded the Honour Medal of Economic and Financial Service by the Government of Mongolia for his contribution to Mongolia's economic and social development. Mr Riggall was appointed to the Sunrise Energy Metals Board on 4 June 2013.
Other current directorships:	Clean TeQ Water Limited
Former directorships (last 3 years):	Syrah Resources Limited (resigned 22 May 2020)
Special responsibilities:	Nil
Interests in shares:	2,693,147 fully paid ordinary shares
Interests in options:	100,000 expiring 9 August 2023 with a strike of $5.30
Interests in rights:	509,090

Directors' Report

Continued

Name:	**Ms Stefanie Loader**
Title:	Lead Independent Non-Executive Director
Qualifications:	Bachelor of Science with Honours (Geology), University of Western Australia, Graduate Certificate in Applied Statistics, Murdoch University; MAIG; GAICD.
Experience and Expertise:	Ms Stefanie (Stef) Loader is a mining industry executive with experience in exploration, project evaluation and development, mining and corporate roles across seven countries and four continents. Residing in Central West NSW, Ms Loader was most recently Managing Director of Northparkes Copper and Gold Mine for CMOC International. Ms Loader began her career with Rio Tinto as an exploration geologist in Australia and was part of the discovery team for the Khanong copper deposit at Sepon in Laos. After exploration and evaluation roles in the Americas, Ms Loader was assigned to the office of Rio Tinto Chief Executive in London. Ms Loader also led the development of the Bunder diamond project in India. Ms Loader was appointed a Director of Sunrise Energy Metals on 28 June 2017, with effect from 1 July 2017.
Other current directorships:	St Barbara Limited Clean TeQ Water Limited
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of the People, Governance and Sustainability Committee and member of the Audit, Finance and Risk Committee
Interests in shares:	22,000 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	**Mr Eric Finlayson**
Title:	Non-Executive Director
Qualifications:	BSc (Honours) in Applied Geology
Experience and Expertise:	Mr Finlayson is a geologist with over thirty-five years of experience in Australia and overseas. In 24 years with Rio Tinto, Mr Finlayson held a number of key executive roles including regional exploration manager for Canada, Director of Exploration for the Australasian region and 5 years as Global Head of Exploration based in London. Mr Finlayson also served as CEO of Rio Tinto Coal Mozambique following Rio Tinto's takeover of Riversdale Mining in 2011. Mr Finlayson is currently President of High Power Exploration and President of Ivanhoe Electric, both US private companies, and is interim CEO of Kaizen Discovery. Mr Finlayson was appointed a Director of Sunrise Energy Metals on 16 September 2015.
Other current directorships:	Cordoba Minerals Corp. Kaizen Discovery Inc. Sama Resources Inc.
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of the People, Governance and Sustainability Committee and from 1 July 2021 a member of the Audit, Finance and Risk Committee
Interests in shares:	75,000 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	**Mr Trevor Eton**
Title:	Non-Executive Director
Qualifications:	Bachelor of Arts (Hons.) degree majoring in Economics from Victoria University of Wellington, New Zealand, a Post Graduate Diploma in Management from the Melbourne Business School and is an Associate Fellow of the Australian Institute of Management (AFAIM).
Experience and Expertise:	Mr Eton is a well-respected finance executive with over 35 years' experience in corporate finance within the minerals industry. His previous full-time executive role was as CFO and Company Secretary of sulphide nickel producer, Panoramic Resources Limited (ASX:PAN) ('Panoramic') from 2003 to 2020 where he was instrumental in the financing, construction and development of the Savannah Nickel Project and the acquisition and subsequent development of the Lanfranchi Nickel Project, which saw Panoramic reach a market capitalisation exceeding $1 billion in 2007. Prior to Panoramic, he held corporate finance roles with various other resource companies, including diversified metal producers, MPI Mines Limited and Australian Consolidated Minerals Limited (ACM). Mr Eton was appointed a Director of Sunrise Energy Metals on 1 July 2021.
Other current directorships:	Auroch Minerals Limited (ASX:AOU)
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of the Audit, Finance and Risk Committee and member of the People, Governance and Sustainability Committee
Interests in shares:	Nil
Interests in options:	Nil
Interests in rights:	Nil

Other current directorships quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships' quoted above are directorships held in the last three years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company Secretary

Ms Melanie Leydin was appointed to the position of Company Secretary on 7 July 2011. Ms Leydin is a Chartered Accountant, Fellow of the Governance Institute of Australia and principal of Leydin Freyer, a firm specializing in accounting and company secretarial services. Ms Leydin has over 25 years' experience in the accounting profession and over 15 years as a company secretary to a number of entities listed on the Australian Securities Exchange ('ASX').

Directors' Report

Continued

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board subcommittee held during the financial year ended 30 June 2021, and the number of meetings attended by each Director are tabled below:

	Board		Audit, Finance and Risk Committee		People, Governance and Sustainability Committee	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Total meetings	7		8		3	
Robert Friedland	7	4	–	–	–	–
Jiang Zhaobai	7	4	–	–	–	–
Sam Riggall	7	6	–	–	–	–
Stef Loader	7	7	8	8	3	3
Judith Downes	7	7	8	8	–	–
Eric Finlayson	7	5	–	–	3	2
Ian Knight	7	7	8	8	3	3

Chair Member

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Attended: indicates the number of meetings attended by each Director during the time the Director held office or was a member of the relevant committee.

The Company values a Board with a diverse mix of skills and experience. Co-Chair, Jiang Zhaobai, is not a fluent English speaker, and the Company has taken a number of steps to ensure that Mr Jiang understands and can contribute to the business of the Board and can discharge his duties effectively. Specifically, papers are distributed well in advance of Board meetings to allow time for review and comment. Further, Mr Jiang attends Board meetings with his bilingual Executive Assistant who assists with translation and communication. To the extent that Mr Jiang, or any Director, is unable to attend meetings, the Co-Chair or the Lead Independent Director ensure that their views are represented to the Board.

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the Consolidated Entity consisted of the development of the Consolidated Entity's Sunrise Battery Materials Complex ('Sunrise Project') in New South Wales utilising the Company's Clean-iX® resin technology for extraction and purification of a range of metals as well as progressing exploration activities at the Company's other mineral tenements ('Metals Division').

During the financial year the Consolidated Entity undertook a reorganisation of its water purification business which is focused on the engineering design, procurement and commissioning of water treatment plants for clients in the municipal, industrial and mining sectors as well as being actively engaged in research and development into complementary value adding new technologies including the development of a graphene oxide membrane for water filtration ('Water Business'). During the financial year the assets and liabilities associated with carrying out the business of the Water Business were transferred into a new entity, Clean TeQ Water Limited ('Clean TeQ Water'). On 1 July 2021 the Company disposed of its interest in the Water Business when it undertook a capital reduction by way of an in-specie distribution to Sunrise Energy Metals shareholders of all of the shares in Clean TeQ Water. As such, the Water Business is presented herein as a discontinued operation.

There have been no other significant changes in the nature of the Consolidated Entity's activities during the financial year.

REVIEW OF OPERATIONS

During the financial year ended 30 June 2021, the loss after tax for the Consolidated Entity's continuing operations amounted to $17,084,000 (2020: loss after tax of $189,715,000).

The Consolidated Entity's revenue and other income from continuing operations increased to $1,058,000 (2020: $44,000) due primarily to higher government grant income.

The ongoing development of the Sunrise Project resulted in $2,648,000 of exploration and evaluation expenditure during the financial year. This expenditure was financed largely by existing cash reserves.

The Consolidated Entity's net assets decreased during the financial year by $19,596,000 to $22,488,000 (2020: $42,084,000). Working capital, being current assets less current liabilities, amounted to a surplus of $22,458,000 (2020: $37,894,000), with cash and cash equivalents reducing from $40,083,000 to $38,652,000 during the financial year.

Sunrise Battery Materials Complex

Project Execution Plan

During the financial year the Consolidated Entity completed the Project Execution Plan ('PEP') in conjunction with Fluor Australia Pty Ltd ('Fluor'), part of the Fluor global engineering group headquartered in Irving, Texas.

Undertaken by an integrated Sunrise Energy Metals and Fluor project delivery and engineering team, the PEP updated the 2018 Definitive Feasibility Study ('DFS'), incorporating revised cost estimates, design and engineering work to date, as well as a revised master schedule for the engineering, procurement, construction, commissioning and ramp-up of the Sunrise Battery Materials Project ('Sunrise Project').

The PEP outcomes confirm the Sunrise Project's status as one of the world's lowest cost, development-ready sources of critical electric vehicle ('EV') battery materials. Once in production it will be a major supplier of nickel and cobalt to the lithium-ion battery market, and scandium to the aerospace, consumer electronics and automotive sectors.

Highlights of the PEP include[1]:

- The PEP results have been finalised at a time of encouragingly strong market demand for EVs, particularly in Europe, as new EU emissions standards take effect and car makers begin to focus on the environmental and social aspects of supply chains. Despite significant economic uncertainty created by COVID-19, global EV sales surged in the early stages of the financial year and are, again, back to a healthy growth trajectory.
- Benchmarked against other operations and process flowsheets, the Sunrise Project is the template for sustainable, reputable and auditable nickel and cobalt supply for the next generation of EVs.
- The PEP modelled the first 25 years of production, with sufficient ore reserves to extend operations up to approximately 50 years.
- Long-term nickel and cobalt sulphate price forecasts were obtained from independent expert Benchmark Mineral Intelligence. Weighted average forecast (metal equivalent) sulphate prices over the life of mine are approximately:
  - Nickel: US$24,200/t (including sulphate premium) (US$10.98/lb).
  - Cobalt: US$59,200/t (US$26.85/lb).
- The PEP scope of works included a range of studies which have optimised metal production rates while holding autoclave ore feed constant at the approved maximum 2.5 million tonnes per annum. Average annual (metal equivalent) production rates are:
  - 21,293 tonnes nickel and 4,366 tonnes cobalt (Year 2 – 11).
  - 18,439 tonnes nickel and 3,179 tonnes cobalt (Year 2 – 25).

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1 For full details, including JORC disclosures, see ASX announcement dated 28 September 2020.

- The Project is forecast to deliver over US$16 billion in revenue and average annual (real) post-tax free cashflow of US$308 million over the first 25 years of operations.
- Strong cash flows result in a post-tax net present value (NPV) of US$1.21 billion (A$1.72 billion) and post-tax Internal Rate of Return (IRR) of 15.44%.
- High cobalt credits result in very low average C1 operating costs of negative US$1.97/lb of nickel after by-product credits (US$4.31/lb nickel before credits) in years 2-11.
- Average C1 operating costs of negative US$0.80/lb nickel after by-product credits (US$4.58/lb nickel before credits) over years 2-25, positioning the Project to generate high margins and strong cash flows over many decades.
- Global supply of scandium oxide is approximately 10-15 tonnes per annum. Consistent with the Consolidated Entity's strategy of facilitating wider-scale adoption in key emerging markets (such as high-performance aluminium alloys), a long-term scandium oxide price assumption of US$1500/kg was adopted in the PEP.
- Scandium oxide refining capacity of up to 20 tonnes per year installed from year three, which can be readily expanded to 80 tonnes per year with approximately A$25 million capital expenditure on additional refining capacity. As the scandium market grows, future investment in a dedicated resin-in-pulp scandium extraction circuit and further refining capacity offers the potential to increase by-product scandium production to up to approximately 150 tonnes per annum.
- The PEP conservatively ramps up scandium oxide sales from 2 to 20 tonnes per year over the first decade of the mine life. The Consolidated Entity has existing alloy development agreements and offtake heads of agreement with companies including Panasonic Corporation Global Procurement Company, Relativity Space, Inc. and UACJ Corporation. Further programs are underway with a range of additional parties to develop new light-weight aluminium scandium alloys for the aerospace, additive layer manufacturing, consumer electronics and automotive sectors.
- A pre-production capital cost estimate of US$1.658 billion (A$2.368 billion) (excluding US$168 million estimated contingency) reflects a significantly de-risked capital cost, with approximately 79% of total equipment and materials costs covered by vendor quotations. Submissions were also obtained from contractors to validate the labour costs included in the total direct cost.
- Future value optimisation studies will assess opportunities to reduce capex in areas of off-site pre-assembly, modularisation and low-cost offshore procurement.
- The PEP assumed project execution on an engineering, procurement, construction management ('EPCM') basis. Prior to making a final investment decision, Sunrise will select an EPCM contractor for the engineering, procurement and construction phase of the Sunrise Project.
- Engineering, procurement and construction schedule from signing of an EPCM contract to first production of approximately three years, followed by a 24-month ramp-up to full production.

Renewable Energy Supply Study

During the year the Consolidated Entity 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_2e/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.

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 build, own, operate, transfer ('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 Consolidated Entity has yet to commit to a final development option, several viable proposals have been presented and these will now be incorporated into the Sunrise Project's development plans.

The capital and operating cost estimates contained in the 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.

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.

Sunrise Ongoing Works Programs

With the PEP completed, the level of activity at Sunrise has significantly reduced. However, a range of work-streams continued during the year in order to progress a number of value-adding deliverables aimed at minimising project start time once funding is secured:

- Progressing 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 the remainder of the 2021 calendar year.
- Advancing 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 Consolidated Entity 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.
- Continuation of the Sunrise Community Consultative Committee 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 PEP.
- 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.

Scandium Marketing

In July 2020 Sunrise Energy Metals announced a collaboration with Relativity Space Inc. to develop scandium-aluminium alloys for 3D printing of launchers for commercial orbital launch services. The two companies also agreed a binding Scandium Offtake Heads of Agreement for Sunrise to supply scandium oxide from the Sunrise Project.

In July 2021 Sunrise Energy Metals announced that it had entered into a Binding Heads of Agreement for the development of aluminium-scandium alloys with UACJ Corporation ('UACJ'). The Agreement with UACJ will focus on the research and future development of aluminium-scandium alloys for the use in advanced automotive applications. Under the agreement UACJ will develop test pieces of aluminium-scandium and test the material characteristics. Sunrise will advise on the research plan and over time provide the scandium for use in the alloys.

Sunrise Project Partnering Process

COVID-19 has presented difficult conditions for financial markets and challenges for funding new projects. Pleasingly, though, engagement with the automotive and mining sectors on Sunrise remains on-going, despite these challenges.

While the timing for completion of a transaction is not possible to forecast, Sunrise will continue to engage with potential partners across the supply chain.

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.

While demand fundamentals continue to strengthen, the supply outlook for nickel and cobalt battery materials is challenging. Given the strong outlook for nickel and cobalt demand, the Company remains committed to developing the Project once funding has been secured. As such, the partnering process will continue, however the targeted timing for completion of any transaction is not possible to forecast, particularly in light of the significant uncertainty currently impacting the global economy as a result of the COVID-19 pandemic.

Exploration

Phoenix Platinum zone

The Sunrise laterite hosts a significant resource 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.[2] During the financial year an area of high-grade platinum mineralisation was defined within the Sunrise laterite resource, forming a newly-classified Phoenix Platinum Zone.

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.

Given the high platinum grades near surface and historic intercepts beneath the laterite, a program of work was 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.

A six-hole diamond core drill program was completed during the year. The program's aim was to intersect the dunite structures at depth (targeting 400-600m below surface) which had been proposed to be the source of the platinum in the Sunrise laterite.

The first hole (SDD022) returned an extraordinarily high grade intersection of 0.6m at 129g/t platinum at 255.9m downhole[3]. The intersection also included significant grades of palladium, rhodium, iridium, osmium and ruthenium.

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2 For full details, including JORC disclosures, see ASX announcement dated 9 October 2017.
3 For full details, including JORC disclosures, see ASX announcement dated 3 May 2021.

The drill program intersected structures (up to 390m below surface) with chromite sequences appearing between 125-260m (downhole) and, as expected, co-incident with the platinum mineralisation. The dunitic host structure is many kilometres in extent and is considered to be the source of much of the near-surface platinum mineralisation in the Sunrise laterite. Other intercepts from the program above 1g/t Pt are listed in the table below.

Intercepts										
Prospect	Hole	From	To	Interval	Pt ppm	Pd ppm	Rh ppb	Ir ppb	Os ppb	Ru ppb
ML 1770	SDD022	124.3	124.6	0.3	9.00	0.08	92	106	16	20
ML 1770	SDD022	254.9	255.2	0.3	1.24	0.01	Not sampled			
ML 1770	**SDD022**	**255.9**	**256.2**	**0.6**	**129**	**1.23**	**1785**	**4000**	**888**	**277**
ML 1770	SDD023	156.0	157.0	1.0	3.25	0.03	16	11	2	3
ML 1770	SDD023	158.0	159.0	1.0	2.44	0.06	24	16	1	3
ML 1770	SDD023	160.0	160.5	0.5	1.98	0.05	32	20	5	4
ML 1770	SDD023	256.0	257.0	1.0	3.25	0.03	17	12	1	3

The Consolidated Entity has now launched the next phase of the drilling campaign which will see a further three holes drilled targeting intersections of the structure which the initial drilling campaign indicated could be high grade PGE mineralization within the chromite dominant structure.

Nyngan

During the June 2021 quarter the Consolidated Entity applied for an area (ELA6261) 160 km north of the Sunrise project. The 80 square kilometre lease area was previously unpegged ground. The lease area covers the Horton Park Igneous Complex, a continuation of the Alaskan-style ultramafic complexes that stretches along the western boundary of the Macquarie Arc system within the Lachlan Fold Belt. The application area has had no previous drilling undertaken on it.

The exploration approach will be to undertake preliminary reconnaissance exploration including soil and grab sampling to establish a geological framework from which to advance the next phase of exploration work. Variable thicknesses of Quaternary sediment cover overlies the complex with the Macquarie River on the eastern edge of the lease area.

Sunrise North

During the quarter, the Consolidated Entity applied for a 1,230 square kilometre tenement (ELA6246) 20km north of the Sunrise Project. Sunrise North abuts several large magnetic anomalies to the southwest of the lease and includes what is interpreted to be the edge of the western limb of the Macquarie Arc. The magnetic anomalies are most likely Alaskan-style ultramafics and may hold additional laterite nickel, cobalt and scandium mineralisation as well as platinum.

The main magnetic anomaly was drilled by a single historic reverse circulation drill hole to a depth of 135m but was terminated in siltstone due to excessive water. Six rotary air blast holes were also drilled to a maximum depth of 56m further east on the less prominent magnetic anomalies and were terminated in schist.

Exploration will initially focus on analysis and interpretation of existing government geophysical surveys, including gravity and magnetic surveys, to better resolve the nature of the high gravity anomalies observed in the government data.

Hylea

In April 2021, the Consolidated Entity reached agreement to acquire the Hylea Project, located in New South Wales, from Lotus Resources Limited (ASX:LOT) ('Lotus') 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.

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 five kilometres.

Ministerial approval for the tenement transfers was received in August 2021 and the Consolidated Entity acquired a 100% interest in Exploration Licences EL8520, EL8641 and EL8801 for $1.0 million in cash and $1.5 million Sunrise Energy Metals shares at completion on 13 August 2021.

Water Division

During the financial year the Company progressed its plan to demerge the Water Business into a new stand-alone ASX listed company – Clean TeQ Water. Subsequent to the end of the financial year, the demerger was completed.

Key highlights for the Water Business during the year included:

- Formal completion and handover of a ground-breaking Continuous Ion Exchange Desalination (DESALX®) plant at the Fosterville Gold Mine owned by Kirkland Lake Gold Ltd. (TSX/NYSE: KL & ASX: KLA).
- Award to the Consolidated Entity of a new contract with the Mackay Regional Council for the upgrade of a bore water treatment plant at Koumala, near Mackay in Queensland, which is valued at over $2 million.
- In late 2019 the Company announced the successful customer acceptance of commissioning and handover of a ground-breaking Continuous Ionic Filtration (CIF®) plant in Oman. During the financial year the Consolidated Entity was awarded a contract to undertake the detailed design for an upgrade of this water treatment plant.
- Award of a new contract to design, procure, deliver and install a BIONEX water treatment plant to a coal mine in Inner Mongolia, China.
- The Consolidated Entity 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 valued at approximately $16 million.
- In May 2021 the Water Business acquired the remaining 16.8% (116,667 shares) of NematiQ that it did not own as well as the shareholder loan of $340,000 owed by NematiQ to joint venture partner Ionic Industries Limited. As part of the asset swap, the Company issued to Ionic 740,741 Sunrise Energy Metals fully paid ordinary shares.

Corporate

Delisting from Toronto Stock Exchange

The Company elected to voluntarily de-list from trading on the Toronto Stock Exchange ('TSX') during the year. The de-listing resulted in no change to the quotation and trading of Company shares on the ASX. With over 96% of trading of the Company's shares occurring on the ASX, and only 1.7% of total shares held on the Canadian share register, the Board of Directors concluded the ongoing regulatory and other costs associated with maintaining the TSX listing was not justified.

Share consolidation

On 29 March 2021 the Company completed a share consolidation through the conversion of every ten shares into one new share.

Name change and water business demerger

During the financial year shareholders approved a resolution to change the Company's name from Clean TeQ Holdings Limited to Sunrise Energy Metals Limited. Sunrise Energy Metals commenced trading on the ASX with the new ticker SRL on 24 March 2021.

Board changes

As a result of the demerger of Clean TeQ Water, there were two changes to the Company's board during the financial year, and one subsequent to year end. Mr Ian Knight and Mrs Judith Downes retired from the Sunrise Energy Metals Board effective 30 June 2021. Mr Trevor Eton was appointed to the Sunrise Energy Metals Board on 1 July 2021 as a Non-Executive Director.

Equity raisings

During the financial year, the Company raised approximately $35 million in new capital via:

- Placements to institutional and sophisticated investors announced on 25 November 2020 and 2 December 2020.
- Two private placements of 12 million shares each at an issue price of $0.25 per share raising proceeds of $3 million each. The placements 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.
- A Share Purchase Plan that raised $12.9 million via subscriptions totalling 51.7 million new shares at an issue price of $0.25 per share.

COVID-19

During the financial year there have been no material impacts on the Consolidated Entity's ongoing operations as a result of the COVID-19 pandemic. Remote working systems and technologies were successfully adopted in order to ensure that office-based workflows are not materially disrupted during periods when significant numbers of staff have been required to work from home. Field and laboratory staff adopted control measures based on medical advice and have continued to work largely uninterrupted.

Control measures have been put in place in various regions which are limiting the movement of people. Until they are lifted, those measures may result in delays to some of the Consolidated Entity's planned future field activities including progressing the completion of current and future water purification projects, pilot projects and field activities at the Sunrise Project. It is not possible to estimate the probable extent of those delays at this time.

Global economic conditions are being heavily impacted by the COVID-19 pandemic. In response, many governments have announced stimulus packages and may enact further stimulus packages to rebuild economies post-COVID-19. If, and to what extent, the pandemic or any applicable stimulus package may negatively or positively impact on the demand for, or prices of, the Consolidated Entity's products in the future is uncertain.

The Consolidated Entity is well capitalised in order to navigate through a period of near-term uncertainty. Despite the significant impacts on capital markets and commodity prices due to COVID-19, we believe that the long-term market fundamentals for nickel, cobalt and scandium remain strong, with ongoing commitment to improving environmental outcomes including the transition of the global transport sector to lithium ion powered EVs by supply chain participants and governments.

These actual and potential impacts of COVID-19 have been considered by the board in making critical judgements required for the preparation of the financial statements for the financial year ended 30 June 2021.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

During the financial year the Consolidated Entity undertook a reorganisation of its Water Business which is focused on the engineering design, procurement and commissioning of water treatment plants for clients in the municipal, industrial and mining sectors as well as being actively engaged in research and development into complementary value adding new technologies including the development of a graphene oxide membrane for water filtration. During the financial year the assets and liabilities associated with carrying out the business of the Water Business were transferred into a new entity, Clean TeQ Water. On 1 July 2021 the Company disposed of its interest in the Water Business when it undertook a capital reduction by way of an in-specie distribution to Sunrise Energy Metals shareholders of all of the shares in Clean TeQ Water. As such, the Water Business is presented herein as a discontinued operation.

Directors' Report

Continued

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Consolidated Entity will continue to pursue its objectives of development of the Sunrise Project utilising the Company's Clean-iX® resin technology for extraction and purification of a range of metals as well as progressing exploration activities at the Company's other mineral tenements.

The Consolidated Entity intends to fund its development through debt finance, equity partnerships and capital raisings.

Further information on likely developments in the operations of the Consolidated Entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity has an interest in the mineral licences disclosed in note 14. The authorities responsible for the granting of these licences require the tenement holder to comply with the terms and conditions of the licences and all directions given to it by those authorities.

The terms and conditions of any mineral licence typically include certain environmental conditions, covering such matters as Aboriginal cultural heritage, threatened species, habitat, heritage items, trees and vegetation, roads and tracks, groundwater, streams and watercourses, erosion and sediment controls, preventing and monitoring pollution, refuse, chemicals, fuels and waste materials, transmission lines and pipelines, drilling, rehabilitation of the land, environmental reporting, and site security. The People, Governance and Sustainability Committee ('PGSC') is responsible for monitoring compliance with the terms and conditions of the licences. There have been no known breaches of the Consolidated Entity's licence conditions or any other environmental regulation during the financial year or up until the date of this report.

Dividends

There were no dividends paid or declared during the current or previous financial year.

Corporate Governance Statement

The Company's 2021 Corporate Governance Statement was released to the ASX on 30 August 2021 and is available at www.sunriseem.com.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year the Company paid premia in respect of contracts to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*.

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former audit partners of KPMG

Mr Ian Knight, appointed as a Non-Executive Director on 17 July 2013 and resigned 30 June 2021, was previously a Partner of KPMG and Head of Private Equity for KPMG Corporate Finance, until June 2012. The Board believes this prior relationship with KPMG did not interfere with Mr Knight's exercise of objective, unfettered or independent judgement, or his ability to act in the best interests of the Consolidated Entity. The Board has determined, consistent with its policy on the independence of Directors, that Mr Knight was independent.

Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 43 and forms part of the Directors' Report for the financial year ended 30 June 2021.

Auditor

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Sam Riggall
Managing Director

30 August 2021
Melbourne

Remuneration Report (Audited)

The Directors of Sunrise Energy Metals Limited present this Remuneration Report, which has been audited, for the financial year ended 30 June 2021.

The Remuneration Report provides information about the remuneration of Sunrise Energy Metals' key management personnel ('KMP'), being those executives with authority and responsibility for planning, directing, and controlling the activities of the Consolidated Entity, and its non-executive directors. The Remuneration Report has been prepared in accordance with the requirements of the *Corporations Act 2001* and contains the following sections:

Section 1 Remuneration at Sunrise Energy Metals	This section of the Remuneration Report provides an overview of Sunrise Energy Metals' remuneration principles and structure of remuneration for KMP.
Section 2 Performance and Executive Remuneration Outcomes	This section details the remuneration outcomes for Sunrise Energy Metals' KMP in the financial year. It also demonstrates how the components of remuneration at Sunrise Energy Metals are aligned with value-creation by being linked to the Company's performance.
Section 3 Non-Executive Director Remuneration	This section outlines the remuneration structure and fees paid to Sunrise Energy Metals' non-executive directors.
Section 4 Statutory Remuneration Disclosures	This section includes statutorily required remuneration disclosures for the financial year, including details of equity awards and KMP and non-executive director interests in equity instruments of Sunrise Energy Metals.

Non-executive Directors for the purposes of this report are as follows:

- Robert Friedland (Co-Chairman and Non-Executive Director)
- Jiang Zhaobai (Co-Chairman and Non-Executive Director)
- Stefanie Loader (Lead Independent Non-Executive Director)
- Eric Finlayson (Non-Executive Director)
- Trevor Eton (Independent Non-Executive Director – appointed 1 July 2021)
- Ian Knight (Independent Non-Executive Director– resigned 30 June 2021)
- Judith Downes (Independent Non-Executive Director – resigned 30 June 2021)

KMP as identified for the purposes of this report by the criteria set out above are as follows:

- Sam Riggall – Managing Director and Chief Executive Officer
- Ben Stockdale – Chief Financial Officer
- Tim Kindred – Sunrise Project and Start-Up Director (ceased employment 19 February 2021)

There were no other employees in the Consolidated Entity that met the definition of key management personnel in accordance with the *Corporations Act 2001* or Australian Accounting Standards.

SECTION 1: REMUNERATION AT SUNRISE ENERGY METALS

The Board of Directors is responsible for approving the compensation arrangements for the Directors and KMP following recommendations received from the People, Governance and Sustainability Committee ('PGSC'). The Board, in conjunction with the PGSC, regularly assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Compensation levels are set to attract and retain appropriately qualified and experienced directors and executives. As and when required the PGSC has access to independent advice on the appropriateness of compensation packages given trends in comparative companies and the objectives of the compensation strategy.

Non-executive director remuneration consists of fixed directors' fees only. KMP remuneration is structured to consist of fixed and variable remuneration. The KMP compensation structures explained below are designed to reward the achievement of strategic objectives, align performance with shareholder interests and create the broader outcome of creating value for shareholders.

The compensation structures take into account:

- the capability and experience of a KMP;
- a KMP's ability to control the relevant business unit's performance;
- the Consolidated Entity's performance including:
  - (i) the Company's market capitalisation;
  - (ii) the Consolidated Entity's earnings; and
  - (iii) the growth in share price and achievement of shareholder returns.

KMP remuneration and incentive policies and practices are performance based and aligned to the Consolidated Entity's vision, values and overall business objectives. They are designed to motivate KMP to pursue the Consolidated Entity's long-term growth and success. Compensation packages include a mix of fixed and variable compensation and short and long-term performance-based incentives.

In addition to salaries, the Consolidated Entity may also provide non-cash benefits to its directors and key management personnel and contributes to post-employment superannuation plans on their behalf.

Fixed remuneration

Total Fixed Remuneration ('TFR') consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits), as well as leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed at least annually by the PGSC through a process that considers individual, segment and overall performance of the Consolidated Entity.

Performance-linked remuneration

Sunrise Energy Metals' approach to remuneration is to ensure that remuneration received by KMP is closely linked to the Consolidated Entity's performance and the returns generated for shareholders. Performance-linked compensation, as outlined in the Consolidated Entity's Employee Incentive Plan ('EIP'), includes both short-term and long-term incentives, and is designed to incentivise and reward employees for meeting or exceeding Company-wide and individual objectives. The short-term incentive ('STI') is an "at risk" bonus provided in the form of cash and/or shares, while the long-term incentive ('LTI') is provided as options and performance rights over ordinary shares of the Company. The STI and LTI plans provide for the Board to be able to exercise discretion on the award of cash bonuses, options and performance rights.

Within the established remuneration framework, each employee is assigned a level which reflects the seniority and responsibility associated with their role. This level determines an employees' participation in the STI and LTI, and therefore, the proportion of their total remuneration which is linked to performance. Senior executives of the Company have a higher proportion of their total potential remuneration 'at risk'. The applicable annual EIP metrics, which were implemented with effect from 1 July 2020, are detailed below.

Percentage of TFR	Level 1 (CEO)	Level 2	Level 3	Level 4	Level 5
STI – bonus	20%	20%	20%	20%	20%
LTI – performance rights	150%	100%	20%	10%	5%

Total Remuneration Breakdown	Level 1 (CEO)	Level 2	Level 3	Level 4	Level 5
TFR	37%	45%	71%	77%	80%
STI – bonus	7%	9%	14%	15%	16%
LTI – performance rights	56%	45%	14%	8%	4%
Total at risk	**63%**	**54%**	**28%**	**23%**	**20%**

The Board considers that the performance-linked compensation structure outlined in the EIP will generate the desired outcome in respect of attracting and retaining high calibre employees and aligning employee performance with shareholder interests. Refer to Section 2 of this Remuneration Report for an analysis of the Consolidated Entity's performance in the financial year ended 30 June 2021 and link to overall remuneration.

Short Term Incentive

The STI has been adopted to link employee remuneration to key business outcomes which drive value creation in the short to medium term.

Each year, all employees have individual key performance indicators ('KPI's') agreed with their manager. The Board approves the individual KPI's for the CEO based on the recommendation of the PGSC. The CEO approves the individual KPI's for the KMP with endorsement from the PGSC. The individual performance objectives are designed to focus employees on goals and objectives specific to their roles and typically include financial performance compared to budgeted amounts as well as non-financial metrics which vary with position and responsibility and include measures such as completion of specific tasks and projects as well as health, safety and environment outcomes and staff development.

KPI's for the Consolidated Entity are also set each year by the Board. KPI's for the Consolidated Entity are designed to focus employees on the key goals and objectives of the business as a whole and include metrics relating to the financing and development of the Sunrise Project and the growth and financial performance of the Water Business up until 30 June 2021.

At the end of the financial year, each employee's performance is assessed against their individual KPI's and a score is assigned. The Board approves the KPI assessments for the CEO based on the recommendation of the PGSC. The PGSC approves the assessments of the individual KPI's for the KMP based on the recommendation of the CEO.

The Board assesses the performance of the Consolidated Entity against the Consolidated Entity KPI's and a score is assigned. An employees' overall KPI score will be a combination of their individual KPI score and the Consolidated Entity KPI score, with higher level employees having a higher weighting of the Company KPI score vs the individual KPI score. The weighting applicable for each employee level is tabled below. The KPI score determines the STI outcome for each employee, subject ultimately to Board approval of the overall amount of the STI cash bonus pool to be awarded each year, if any.

STI Weighting	Level 1 (CEO)	Level 2	Level 3	Level 4	Level 5
Company KPI's	70%	50%	25%	0%	0%
Individual KPI's	30%	50%	75%	100%	100%

There are also a number of defined disqualifying events which, if triggered, result in no STI being awarded for a financial year. These disqualifying events comprise a small number of severely adverse health, safety, environment and community related occurrences.

Long Term Incentive

The LTI has been adopted to align employees' interests directly with shareholders by linking employee remuneration to the Company's share price performance over the medium to longer term. The LTI comprises grants of performance rights to all employees, and options to certain senior executives, pursuant to the Company's EIP Rules which were approved by shareholders on 15 October 2020.

Performance rights are granted at the discretion of the Board to employees by way of issue at nil cost both at the time of grant and vesting. Performance rights are granted on a semi-annual basis, with the at-risk value of the annual grant over the vesting period, typically three years, representing a percentage of the employee's TFR, and priced based on the Company's share price at the time of grant. Vesting is contingent on the Company meeting or exceeding performance hurdles over the performance period. The performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms and relative to Comparator Peer Group of companies. The Comparator Peer Group is selected on the basis that it presents the best fit for Sunrise Energy Metals over the coming years and is an established and 'live' index. The Comparator Peer Group is reviewed for each tranche of performance rights to ensure the group maintains ongoing relevance.

The EIP also provides for certain key executives to receive, for no consideration, options over ordinary shares of the Company at specified exercise prices as determined by the Board. The grant of options is intended to align the interests of senior executives with other owners of the Company over the medium to longer term and to increase those senior executives' proportion of 'at risk' remuneration. The ability to exercise the options is conditional upon each key executive's ongoing employment by the Company and other applicable vesting hurdles determined by the Board from time to time.

SECTION 2: PERFORMANCE AND EXECUTIVE REMUNERATION OUTCOMES

During the current financial year the Consolidated Entity made good progress towards achieving some of its operational targets, however, a number of those operational targets were not achieved and financial results remained loss-making due to the fact that the Consolidated Entity's technologies remain at the early stages of commercialisation and as a result of the Sunrise Project being at the pre-production development phase.

STI Performance and Outcomes

The Consolidated Entity's KPI's for FY21 are tabled below, along with the annual performance assessment undertaken by the PGSC. The Consolidated Entity KPI targets are intentionally challenging, and stretch targets are defined to deliver enhanced remuneration outcomes up to 125% grading for outstanding performance. As such, STI bonus payments are capped at an absolute maximum of 125% of TFR. While the precise terms of those objectives and progress made is in some cases commercially sensitive, a summary of the FY21 key strategic objectives and progress made against those objectives is set out below.

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Measure	KPI	Weight	Result	Score
Sunrise Project	Completion and release of the Sunrise Project Execution Plan by September 2020 and delivery of a financing solution for the Sunrise Project.	80%	0%	0%
Water Division	Three new successfully contracted water projects.	20%	100%	20%
	Deliver improved value to the Consolidated Entity, whether via corporate reorganisation, divestment or partnership.			
Total				20%

Disclosure of disqualifying events is tabled below.

Measure	Event	Occurrence
Health and Safety	Workplace fatality	No
Environment	Category four environmental incident	No
Community	Event resulting in material community or reputational damage	No

The following provides details on the factors which were considered by the Board in relation to the Consolidated Entity's performance against its KPI's in the financial year ended 30 June 2021, as well as the rationale for inclusion of the particular metric.

Financing and development of the Sunrise Project (80% weighting)

The Board considers that the financing and development of the Sunrise Project will create significant long-term value for shareholders. Accordingly, this objective remains the key focus of the Board and senior executives and this metric is allocated the highest weighting in the KPI's for the Consolidated Entity.

During the financial year significant progress was made in the on-time completion of the Sunrise Project Execution plan, however, the target of delivering a financing solution for the Sunrise Project was not achieved. Accordingly, the KPI is assessed as zero for the financial year.

Water Division (20% weighting)

During the financial year the Water Division made excellent progress in completion, commissioning and handover of commercial scale water purification plants in Oman and Australia and made strong progress in relation to progressing the commissioning and handover of a water purification plant in the Democratic Republic of Congo. New contracts were awarded in Oman, Australia and China and the Consolidated Entity 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, final award of an EPC contract is subject to a range of conditions including agreement on commercial terms, construction schedule and pricing. The Water Division was also demerged on 1 July 2021, unlocking further value for the Company's shareholders. Given the strong progress made in the Water Business during the financial year the KPI is assessed as being 100% achieved.

Disqualifying Events

Providing a safe workplace for all employees and ensuring that the impact of the Consolidated Entity's activities on the environment and local community stakeholders is managed appropriately is integral to Sunrise Energy Metal's corporate objectives and values.

No disqualifying events occurred during the financial year.

STI Outcome for the Consolidated Entity

In considering the Consolidated Entity's performance, the Board also has due regard to profit or loss after tax in the current and previous financial years, along with the market capitalisation and movement in the share price.

The earnings of the Consolidated Entity for the five years to 30 June 2021 are summarised below:

	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021| $'000
Loss after income tax	(12,184)	(16,012)	(18,013)	(197,676)	(21,154)

Note: Figures for 2021 include the impact of the Water Division operations which were discontinued with effect from 1 July 2021.

The factors that affect total shareholder returns are summarised below:

	2017	2018	2019	2020	2021
Share price at financial year end ($)	6.70	8.10	3.80	1.40	1.79
Movement in share price ($)	2.40	1.40	(4.30)	(2.40)	0.39
Dividends or capital returns paid ($)	–	–	–	–	–
Market Capitalisation Undiluted ($M)	381	598	284	105	160

Note: The Company undertook a one for ten share consolidation on 29 March 2021. All share and share price figures, including comparative years, are quoted herein on a post consolidation basis.

Dividends and changes in share price are included in the total shareholder return calculation, which is the key performance criteria assessed for the long-term incentives.

KMP Individual STI Outcomes for 2021

Sam Riggall – Managing Director and Chief Executive Officer

Mr Riggall's performance against his individual objectives is summarised below:

Category	KPI
Team	Manage the executive team to support long term Company success
Markets	Manage investor relations and communications to effectively promote the Company to a broad range of stakeholders

The Board, based on the recommendation of the PGSC, assessed Mr Riggall's performance against his individual objectives as 95% of target, resulting in the STI outcome tabled below.

STI	Weighting	Result	Weighted Result
Consolidated Entity KPI's	70%	20%	14.0%
Individual KPI's	30%	95%	28.5%
Total			42.5%
STI outcome as a percentage of TFR			8.5%
STI award as a percentage of maximum STI			0%

Notwithstanding Mr Riggall's STI outcome for the financial year, the Company determined that no payments would be made in respect of FY21 pursuant to the STI Plan. As such, the actual amount of STI awarded pursuant to the STI Plan is 0% of the theoretical maximum, with 100% forfeited. However, the Directors awarded Mr Riggall a once-off discretionary bonus of $50,000 in recognition of his role in the successful implementation of the demerger of Clean TeQ Water.

With a view to maximising the cash reserves of the Consolidated Entity, effective 1 July 2020, Mr Riggall volunteered to reduce his TFR by 20% to $381,060. Effective 1 July 2021 the Board approved an increase in total fixed remuneration to all employees, including Mr Riggall, of 2.5% inclusive of the 0.5% increase to the statutory superannuation guarantee rate.

During the financial year Mr Riggall was granted 67,151 Performance Rights which vest on 1 January 2023, 217,319 Performance Rights which vest on 1 July 2023 and 134,701 Performance Rights which vest on 1 January 2024. All Performance Rights vest subject to defined performance criteria (see below for further details of the performance criteria).

Ben Stockdale – Chief Financial Officer

Mr Stockdale's performance against his individual objectives is summarised below:

Category	KPI
Finance	Manage the group finance function including financial reporting, tax, insurance, compliance, administration and IT within budget parameters
Funding	Formulate and implement funding strategy including debt finance facility for Sunrise
Risk Management	Oversee group risk management framework
Commercial	Oversee group commercial and marketing functions
Investor Relations	Enhance communication with markets and investors

The PGSC, based on the recommendation of the CEO, assessed Mr Stockdale's performance against his individual objectives as 80% of target, resulting in the STI outcome tabled below.

STI	Weighting	Result	Weighted Result
Consolidated Entity KPI's	50%	20%	10%
Individual KPI's	50%	80%	40%
Total			50%
STI outcome as a percentage of TFR			10%
STI award as a percentage of maximum STI			0%

Notwithstanding Mr Stockdale's STI outcome for the financial year, the Company determined that no payments would be made in respect of FY21 pursuant to the STI Plan. As such, the actual amount of STI awarded pursuant to the STI Plan is 0% of the theoretical maximum, with 100% forfeited. However, the Directors awarded Mr Stockdale a once-off discretionary bonus of $125,000 in recognition of his role in the successful implementation of the demerger of Clean TeQ Water.

With a view to maximising the cash reserves of the Consolidated Entity, effective 1 July 2020, Mr Stockdale volunteered to reduce his TFR by 20% to $315,360. Effective 1 July 2021 the Board approved an increase in total fixed remuneration to all employees, including Mr Stockdale, of 2.5% inclusive of the 0.5% increase to the statutory superannuation guarantee rate.

During the financial year Mr Stockdale was granted 119,900 Performance Rights which vest on 1 July 2023 and 75,807 Performance Rights which vest on 1 January 2024. All Performance Rights vest subject to defined performance criteria (see below for further details of the performance criteria).

Performance Criteria for Performance Rights

The performance criteria for the performance rights granted to KMP during the financial year are detailed below:

Performance Criteria 1: 50% Performance Rights vesting conditional on Sunrise Energy Metals' absolute total shareholder return ('TSR') performance

Absolute TSR	Performance Rights vesting
12.5% pa compounding annually or greater	100%
7.5% pa compounding annually	50%^
Less than 7.5% pa compounding	0%

^ Straight line pro-rata vesting between 7.5% and 12.5%

Performance Criteria 2: 50% vesting conditional on Sunrise Energy Metals' TSR performance compared to the Comparator Peer Group

Comparative TSR	Performance Rights vesting
At or above 75th Percentile	100%
At median	50%^^
Below median	0%

^^ Straight line pro-rata vesting between the median and 75th percentile performance.

The Comparator Peer Groups for Performance Rights is listed below. This group is selected on the basis that it presents the best fit for Sunrise Energy Metals over the coming years and is an established and 'live' index. The comparator Peer Group will be reviewed for each tranche of LTI grant to ensure the group is tested for relevance and to determine the applicable price. The Board reserves the right to amend the Comparator Peer Group as appropriate.

Comparator Peer Group for Performance Rights vesting 1 January 2023

Altura Mining Limited (ASX: AJM)	New Century Resources (ASX: NCZ)
Galaxy Resources Limited (ASX: GXY)	Nickel Mines (ASX: NIC)
Ioneer (ASX: INR)	Orocobre Limited (ASX: ORE)
Lynas Corporation Limited (ASX: LYC)	Pilbara Minerals Limited (ASX: PLS)
Magnis Resources Limited (ASX: MNS)	Sandfire Resources Limited (ASX: SFR)
Metals X Limited (ASX: MLX)	Syrah Resources Limited (ASX: SYR)
Mineral Resources Limited (ASX: MIN)	Western Areas Ltd (ASX: WSA)

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Comparator Peer Group for Performance Rights vesting 1 July 2023

Altura Mining Limited (ASX: AJM)	New Century Resources (ASX: NCZ)
Australian Mines Limited (ASX: AUZ)	Niocorp Developments Ltd (TSX: NB)
Fluence Corporation (ASX: FLC)	Phoslock Environmental Technologies Ltd (ASX: PET)
Ioneer (ASX: INR)	Pilbara Minerals Limited (ASX: PLS)
Jervois Mining Limited (ASX: JRV)	Purifloh Limited (ASX: PO3)
Metals X Limited (ASX: MLX)	Scandium International Mining Corp (TSX: SCY)
Mincor Resources NL (ASX: MCR)	Syrah Resources Limited (ASX: SYR)

Comparator Peer Group for Performance Rights vesting 1 January 2024

Arafura Resources Limited (ASX: ARU)	Jervois Mining Limited (ASX: JRV)
Ardea Resources Limited (ASX: ARL)	Magnis Energy Technologies Ltd (ASX: MNS)
Australian Mines Limited (ASX: AUZ)	Metals X Limited (ASX: MLX)
Calix Limited (ASX: CXL)	Niocorp Developments Ltd (TSX: NB)
Cobalt Blue Holdings Limited (ASX: COB)	Poseidon Nickel Limited (ASX: POS)
Fluence Corporation (ASX: FLC)	Purifloh Limited (ASX: PO3)
Greenland Minerals Limited (ASX: GGG)	Scandium International Mining Corp (TSX: SCY)
Hastings Technology Metals (ASX: HAS)	SciDev Ltd (ASX: SDV)
Highfield Resources Limited (ASX: HFR)	

LTI Performance and Outcomes

During the financial year the grants of Performance Rights vesting 1 July 2020 and 1 January 2021 completed their three-year performance periods. Neither of those tranches of Performance Rights met any of the performance hurdles so all of those instruments lapsed.

After the end of the financial year the grant of Performance Rights vesting 1 July 2021 completed their three-year performance periods. Those Performance Rights did not meet any of the performance hurdles so all of those instruments lapsed.

KMP Employment Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	**Mr Sam Riggall**
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	1 July 2015
Term of agreement:	No fixed term
Termination:	The Company may terminate the agreement upon three months' notice or payment in lieu of notice. Mr Riggall can terminate the agreement upon three months' notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement.

Name:	**Mr Ben Stockdale**
Title:	Chief Financial Officer
Agreement commenced:	2 February 2015
Term of agreement:	No fixed term
Termination:	The Company may terminate the agreement upon six months' notice or payment in lieu of notice. Mr Stockdale can terminate the agreement upon three months' notice. The Company may terminate the agreement immediately where the executive commits any act of serious misconduct, persistent breach or non-observance of a term of this agreement.

The service contracts outline the components of compensation paid to the key management personnel. The service contracts of the key management personnel prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

SECTION 3: NON-EXECUTIVE DIRECTOR REMUNERATION

The Company Constitution provides for Non-Executive Directors to be paid or provided remuneration for their services, the total amount or value of which must not exceed an aggregate maximum of $1,000,000 per annum (as approved by shareholders on 19 July 2017) or such other maximum amount determined from time to time by the Company in a general meeting.

The aggregate maximum sum will be apportioned among them in such manner as the Directors in their absolute discretion determine. Non-Executive Directors fees are set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Non-Executive Directors do not receive performance related remuneration. Directors' fees include base fees for Board participation and fees for subcommittee roles and responsibilities. The structure of Non-Executive Director fees is tabled below.

Non-Executive Director Base Fees	
Board Co-Chairman	70,000
Lead Independent Non-Executive Director	60,000
Board Member	50,000
Board Subcommittee Fees	
Audit, Finance and Risk Committee Chair	12,500
Audit, Finance and Risk Committee Member	5,000
People, Governance and Sustainability Committee Chair	12,500
People, Governance and Sustainability Committee Member	5,000

Non-Executive Directors are entitled to be paid travelling and other expenses properly incurred by them in attending Directors' or general meetings of the Company or otherwise in connection with the business of the Consolidated Entity. No retirement benefits are to be paid to Non-Executive Directors, however, Director remuneration figures quoted herein are inclusive of superannuation where applicable. The Company determines the maximum amount for remuneration, including thresholds for share-based remuneration, for Directors by resolution.

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SECTION 4: STATUTORY REMUNERATION DISCLOSURES

Details of the remuneration and holdings in the securities of the Company of the KMP and Non-Executive Directors, prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards, are set out in the following tables.

2021	Cash Salary[1] and Fees $	Cash Bonus[2] $	Non-monetary $	Termination Benefits[3] $	Share Based Payments[4] $	Total
Non-Executive Directors						
Robert Friedland	70,000	–	–	–	–	70,000
Jiang Zhaobai	70,000	–	–	–	–	70,000
Judith Downes[5]	67,922	–	–	–	–	67,922
Eric Finlayson	59,772	–	–	–	–	59,772
Ian Knight[5]	60,000	–	–	–	–	60,000
Stefanie Loader	77,500	–	–	–	–	77,500
Executive Director:						
Sam Riggall	381,060	50,000	–	–	472,183	903,243
KMP:						
Tim Kindred[6]	229,144	–	–	112,151	137,010	478,305
Ben Stockdale	315,360	125,000	–	–	165,619	605,979
Total	1,330,758	175,000	–	112,151	774,812	2,392,721

1. Includes director fees and salary inclusive of superannuation
2. Bonus payments are presented on an accruals basis and do not reflect the actual timing of payments.
3. Includes cessation of employment entitlements relating to redundancy, payment in lieu of notice and accrued leave entitlements
4. Amounts relate to the fair value of grants options and performance rights made pursuant to the LTI Plan attributable to the financial year measured in accordance with AASB 2 *Share based Payments*.
5. Judith Downes and Ian Knight resigned as a Non-Executive Directors effective 30 June 2021.
6. Tim Kindred ceased employment effective 19 February 2021.

2020	Cash Salary[1] and Fees $	Cash Bonus[2] $	Non-monetary $	Termination Benefits[3] $	Share Based Payments[4] $	Total
Non-Executive Directors						
Robert Friedland	113,125	–	–	–	–	113,125
Jiang Zhaobai	113,125	–	–	–	–	113,125
Judith Downes	87,734	–	–	–	–	87,734
Eric Finlayson	81,250	–	–	–	–	81,250
Ian Knight	89,998	–	–	–	–	89,998
Stefanie Loader	107,500	–	–	–	–	107,500
Mike Spreadborough[5]	65,000	–	–	–	–	65,000
Shawn Wang[6]	30,000	–	–	–	–	30,000
Executive Director:						
Sam Riggall	476,325	–	–	–	287,056	763,381
KMP:						
Tim Kindred	446,322	–	–	–	207,727	654,049
Ben Stockdale	394,200	–	–	–	202,223	596,423
Total	2,004,579	–	–	–	697,006	2,701,585

1. Includes director fees and salary inclusive of superannuation
2. Bonus payments are presented on an accruals basis and do not reflect the actual timing of payments.
3. Includes cessation of employment entitlements relating to redundancy, payment in lieu of notice and accrued leave entitlements
4. Amounts relate to the fair value of grants options and performance rights made pursuant to the LTI Plan attributable to the financial year measured in accordance with AASB 2 *Share based Payments*.
5. Mike Spreadborough resigned as a Non-Executive Director effective 2 March 2020.
6. Shawn Wang resigned as a Non-Executive Director effective 30 October 2019.

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The following tables sets out the proportion of fixed and 'at risk' performance based remuneration for Directors and Key Management Personnel for the current and previous financial period:

2021	Proportion of remuneration that is fixed	Proportion of remuneration at risk as cash settled STI	Proportion of remuneration at risk as equity settled LTI
Non-Executive Directors:			
Robert Friedland	100%	–	–
Jiang Zhaobai	100%	–	–
Eric Finlayson	100%	–	–
Judith Downes[1]	100%	–	–
Ian Knight[1]	100%	–	–
Stefanie Loader	100%	–	–
Executive Director:			
Sam Riggall	42%	6%	52%
KMP:			
Tim Kindred[2]	71%	–	29%
Ben Stockdale	52%	21%	27%

1. Judith Downes and Ian Knight resigned as a Non-Executive Directors effective 30 June 2021.
2. Tim Kindred ceased employment effective 19 February 2021.

2020	Proportion of remuneration that is fixed	Proportion of remuneration at risk as cash settled STI	Proportion of remuneration at risk as equity settled LTI
Non-Executive Directors:			
Robert Friedland	100%	–	–
Jiang Zhaobai	100%	–	–
Eric Finlayson	100%	–	–
Judith Downes	100%	–	–
Ian Knight	100%	–	–
Stefanie Loader	100%	–	–
Mike Spreadborough[1]	100%	–	–
Shawn Wang[2]	100%	–	–
Executive Director:			
Sam Riggall	62%	–	38%
KMP:			
Tim Kindred	68%	–	31%
Ben Stockdale	66%	–	34%

1. Mike Spreadborough resigned as a Non-Executive Director effective 2 March 2020.
2. Shawn Wang resigned as a Non-Executive Director effective 30 October 2019.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of KMP in the financial year ended 30 June 2021 are as follows:

Grantee	Options Granted	Vesting and exercisable date	Expiry date	Exercise Price	Fair value per option at grant date
Sam Riggall	50,000	12-Aug-20	9-Aug-23	$5.30	$1.969
	50,000	12-Aug-21	9-Aug-23	$5.30	$1.969
Ben Stockdale	50,000	12-Aug-20	9-Aug-23	$5.30	$1.969
	50,000	12-Aug-21	9-Aug-23	$5.30	$1.969
Tim Kindred	50,000	19-Feb-19	19-Feb-21	$18.80	$2.231
	50,000	19-Feb-20	19-Feb-21	$18.80	$2.231
	50,000	12-Aug-20	9-Aug-23	$5.30	$1.969
	50,000*	12-Aug-21	9-Aug-23	$5.30	$1.969

* Tim Kindred ceased employment effective 19 February 2021. Of the 50,000 options granted 11,902 lapsed upon cessation of employment.

Options carry no dividend or voting rights.

The number of options over ordinary shares granted to KMP as part of compensation is set out below:

	Number of options granted during the year	Number of options granted during the year	Number of options vested during the year	Number of options vested during the year
	2021	2020	2021	2020
Executive Director:				
Sam Riggall	–	100,000	50,000	–
KMP:				
Ben Stockdale	–	100,000	50,000	–
Tim Kindred	–	100,000	50,000	50,000

Values of options (as at date of grant) over ordinary shares granted, exercised and lapsed for Directors and KMP as part of compensation during the year ended 30 June 2021 are set out below:

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year
	$	$	$
Executive Director:			
Sam Riggall	–	–	–
KMP:			
Ben Stockdale	–	–	–
Tim Kindred	–	–	228,650

Options granted in prior years which expired or were exercised in the current year are disclosed in note 35 of the financial statements.

Performance Rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of KMP in the financial year ended 30 June 2021 are as follows:

Grantee	Performance Rights Granted	Grant Date	Vesting and expiry date	Exercise Price	Fair value per performance right at grant
Sam Riggall	10,075	22-Nov-18	01-Jan-21	Nil	$10.104
	14,234	22-Nov-18	01-Jul-21	Nil	$2.995
	34,874	01-Nov-19	01-Jan-22	Nil	$1.390
	40,811	01-Nov-19	01-Jul-22	Nil	$1.640
	67,151	15-Oct-20	01-Jan-23	Nil	$2.779
	217,319	15-Oct-20	01-Jul-23	Nil	$3.009
	134,701	24-Mar-21	01-Jan-24	Nil	$1.997
Ben Stockdale	4,599	06-Feb-18	01-Jan-21	Nil	$4.060
	8,132	06-Sep-18	01-Jul-21	Nil	$1.500
	19,923	06-Feb-19	01-Jan-22	Nil	$1.468
	22,516	16-Aug-19	01-Jul-22	Nil	$1.410
	37,048	12-Mar-20	01-Jan-23	Nil	$0.530
	119,900	17-Jul-20	01-Jul-23	Nil	$1.504
	75,807	03-Feb-21	01-Jan-24	Nil	$1.097
Tim Kindred*	9,207	06-Sep-18	01-Jul-21	Nil	$1.500
	22,558	06-Feb-19	01-Jan-22	Nil	$1.468
	25,494	16-Aug-19	01-Jul-22	Nil	$1.410
	41,947	12-Mar-20	01-Jan-23	Nil	$0.530
	135,753	17-Jul-20	01-Jul-23	Nil	$1.504

* Tim Kindred ceased employment effective 19 February 2021. The following Performance Rights lapsed upon cessation of employment:

Grantee	Performance Rights Granted	Grant Date	Vesting and expiry date	Lapsed	Remaining
Tim Kindred	9,207	06-Sep-18	01-Jul-21	1,181	8,026
	22,558	06-Feb-19	01-Jan-22	6,725	15,833
	25,494	16-Aug-19	01-Jul-22	12,068	13,426
	41,947	12-Mar-20	01-Jan-23	27,869	14,078
	135,753	17-Jul-20	01-Jul-23	108,452	27,301

Performance rights carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to each KMP as part of remuneration is set out below:

	Number of rights granted during the year	Number of rights granted during the year	Number of rights vested during the year	Number of rights vested during the year
	2021	2020	2021	2020
Sam Riggall	419,171	75,685	–	–
Ben Stockdale	195,707	59,564	–	–
Tim Kindred	135,753	67,441	–	–

Values of performance rights over ordinary shares (as at date of grant) granted, exercised and lapsed to key management personnel as part of compensation are set out below:

	$ Value of rights granted during the year	$ Value of rights granted during the year	$ Value of rights vesting during the year	$ Value of rights vesting during the year
Name	2021	2020	2021	2020
Sam Riggall	922,803	115,386	–	–
Tim Kindred	204,174	58,065	–	–
Ben Stockdale	263,470	51,284	–	–

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Director and KMP interests in equity instruments of the Company

Movement in shares held

The number of ordinary shares in the Company held during the financial year ended 30 June 2021 by each Director and KMP of the Consolidated Entity, including their related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at end of the year
Non-Executive Directors:					
Robert Friedland	9,660,089	–	2,317,712	–	11,977,801
Jiang Zhaobai	9,251,888	–	1,200,000	–	10,451,888
Stefanie Loader	10,000	–	12,000	–	22,000
Judith Downes*	35,729	–	12,000	–	47,729
Eric Finlayson	75,000	–	–	–	75,000
Ian Knight*	111,843	–	–	–	111,843
Executive Director:					
Sam Riggall	2,644,024	–	146,683	(97,560)	2,693,147
KMP:					
Tim Kindred**	–	–	–	–	–
Ben Stockdale	170,000	–	–	–	170,000
	21,958,573	–	3,688,395	(97,560)	25,549,408

* Resigned as Director effective 30 June 2021. Final balance as per date of resignation.

** Ceased employment 19 February 2021. Final balance as per cessation date.

Movement in options held

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as part of remuneration	Exercised	Expired/ forfeited/ other	Balance at end of the year
Executive Director:					
Sam Riggall	100,000	–	–	–	100,000
KMP:					
Ben Stockdale	100,000	–	–	–	100,000
Tim Kindred*	200,000	–	–	(111,902)	88,098
	400,000	–	–	(111,902)	288,098

* Ceased employment 19 February 2021. Final balance as per cessation date.

Movement in performance rights held

The number of performance rights over ordinary shares in the Company held during the financial year by each KMP of the Consolidated Entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as part of remuneration	Vested	Expired/ forfeited/ other	Balance at end of the year
Sam Riggall	141,148	419,171	–	(51,229)	509,090
Ben Stockdale	111,006	195,707	–	(23,387)	283,326
Tim Kindred	99,206	135,753	–	(156,295)	78,664
	351,360	750,631	–	(230,911)	871,080

Shares under option

Unissued ordinary shares of the Company under option as at 30 June 2021 are as follows:

Grant Date	Expiry Date	Exercise Price	Number under Option
12-Aug-19	09-Aug-23	$5.30	574,656
01-Nov-19	09-Aug-23	$5.30	100,000
			674,656

No option holder has any right by virtue of the option to participate in any share issue of the Company or of any other of its related bodies corporate.

Remuneration Report (Audited)

Continued

Shares subject to performance rights

Unissued ordinary shares of the Company subject to performance rights as at 30 June 2021 are as follows:

Grant Date	Vest Date	Exercise Price	Number
6-Sep-18	1-Jul-21	Nil	57,157
22-Nov-18	1-Jul-21	Nil	14,234
6-Feb-19	1-Jan-22	Nil	140,103
1-Nov-19	1-Jan-22	Nil	34,874
16-Aug-19	1-Jul-22	Nil	164,073
1-Nov-19	1-Jul-22	Nil	40,811
12-Mar-20	1-Jan-23	Nil	67,151
15-Oct-20	1-Jan-23	Nil	240,752
17-Jul-20	1-Jul-23	Nil	217,319
15-Oct-20	1-Jul-23	Nil	493,539
3-Feb-21	1-Jan-24	Nil	295,223
24-Mar-21	1-Jan-24	Nil	134,701
			1,899,937

Shares issued on the exercise of options or performance rights

During the year, the Company did not issue any shares as a result of option holders exercising their options or vesting of performance rights.

Voting and comments made at the Company's 2019 and 2020 Annual General Meetings

The Company received 171,441,130 votes 'for' (87.5% of votes cast) and 24,406,599 votes 'against' (12.5% of votes cast) the remuneration report for the year ended 30 June 2019.

The Company received 273,395,348 votes 'for' (97.77% of votes cast) and 6,236,797 votes 'against' (2.23% of votes cast) the remuneration report for the year ended 30 June 2020.

This concludes the Remuneration Report which has been audited.

Auditor's Independence Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Sunrise Energy Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Sunrise Energy Metals Limited for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Tony Romeo

Partner

Melbourne

30 August 2021

Statement of Profit or Loss & Other Comprehensive Income

For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Continuing Operations			
Revenue and other income	5	877	44
Interest income		181	949
Expenses			
Inventory write downs		–	(96)
Employee benefits expenses	6	(7,149)	(7,093)
Depreciation and amortisation expenses	6	(763)	(866)
Exploration and evaluation expenses		(4,097)	–
Legal and professional expenses		(2,406)	(917)
Occupancy expenses		(1,361)	(107)
Marketing expenses		(125)	(335)
Impairment expense	7	–	(179,221)
Other expenses		(2,204)	(2,024)
Finance costs		(37)	(49)
Loss before income tax benefit from continuing operations		**(17,084)**	**(189,715)**
Income tax benefit	8	–	–
Loss after income tax benefit for the year from continuing operations attributable to the owners of Sunrise Energy Metals Limited		**(17,084)**	**(189,715)**
Loss after income tax benefit for the year from discontinued operations	9	(4,070)	(7,961)
Loss after income tax benefit for the year attributable to the owners of Sunrise Energy Metals Limited		**(21,154)**	**(197,676)**
Loss after income tax benefit for the year is attributable to:			
Owners of the company		(21,065)	(197,482)
Non-controlling interests		(89)	(194)
		(21,154)	(197,676)
Total comprehensive loss for the year		**(21,154)**	**(197,676)**
Total comprehensive loss for the year is attributable to:			
Continuing operations		(17,084)	(189,715)
Discontinued operations		(3,981)	(7,767)
Non-controlling interests		(89)	(194)
		(21,154)	(197,676)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	Consolidated 2021 $	Consolidated 2020 $
Earnings per share of loss from continuing operations attributable to the owners of Sunrise Energy Metals Limited			
Basic earnings per share	34	(0.21)	(2.54)
Diluted earnings per share	34	(0.21)	(2.54)
Earnings per share of loss from discontinued operations attributable to the owners of Sunrise Energy Metals Limited			
Basic earnings per share	34	(0.05)	(0.11)
Diluted earnings per share	34	(0.05)	(0.11)
Earnings per share of loss attributable to the owners of Sunrise Energy Metals Limited			
Basic earnings per share	34	(0.26)	(2.65)
Diluted earnings per share	34	(0.26)	(2.65)

The Company undertook a one for ten share consolidation on 29 March 2021. All share and share price figures, including comparative years, are quoted herein on a post consolidation basis.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	2020 $'000
Current assets			
Cash and cash equivalents	10	38,652	40,083
Trade and other receivables		429	1,847
Research and development incentive receivable	11	201	1,155
Other financial assets		–	235
Assets of disposal group classified as held for distribution to owners	9	21,250	–
Total current assets		60,531	43,320
Non-current assets			
Other financial assets		146	146
Investment in equity accounted investee		–	310
Lease assets		420	1,005
Property, plant and equipment	12	177	917
Intangibles	13	–	3,535
Exploration and evaluation assets	14	–	–
Total non-current assets		743	5,913
Total assets		61,275	49,233
Current liabilities			
Trade and other payables	15	924	2,767
Employee benefits		198	665
Provisions	16	35,121	667
Lease liabilities		277	360
Deferred revenue		47	967
Liabilities associated with assets of disposal group classified as held for distribution to owners	9	1,506	–
Total current liabilities		38,073	5,426
Non-current liabilities			
Deferred revenue		355	402
Employee benefits		63	123
Provisions		152	207
Lease liabilities		144	651
Shareholder Loans		–	340
Total non-current liabilities		714	1,723
Total liabilities		38,787	7,149
Net assets		22,488	42,084
Equity			
Issued capital	18	326,428	289,637
Reserves	19	(18,773)	16,835
Accumulated losses	20	(285,167)	(264,102)
Non-Controlling Interest	21	–	(286)
Total equity		22,488	42,084

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes In Equity

For the year ended 30 June 2021

Consolidated	Contributed Equity $'000	Accumulated Losses $'000	Reserves $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance at 1 July 2019	289,637	(66,550)	14,481	(92)	237,476
Adjustment on adoption of AASB 16	–	(70)	–	–	(70)
Loss after income tax benefit for the financial year	–	(197,482)	–	(194)	(197,676)
Total comprehensive income for the financial year	–	(197,482)	–	(194)	(197,676)
Transactions with owners in their capacity as owners:					
Equity contributions, net of transaction costs	–	–	–	–	–
Share-based payments (note 35)	–	–	2,354	–	2,354
Total contribution and distribution:	–	–	2,354	–	2,354
Balance at 30 June 2020	289,637	(264,102)	16,835	(286)	42,084
Balance at 1 July 2020	289,637	(264,102)	16,835	(286)	42,084
Loss after income tax benefit for the financial year	–	(21,065)	–	(89)	(21,154)
Total comprehensive income for the financial year	–	(21,065)	–	(89)	(21,154)
Transactions with owners in their capacity as owners:					
Equity contributions, net of transaction costs	36,791	–	–	–	36,791
Demerger of Clean TeQ Water	–	–	(35,121)	–	(35,121)
Acquisition of non-controlling interest	–	–	(1,928)	375	(1,553)
Share-based payments (note 35)	–	–	1,441	–	1,441
Total contribution and distribution:	36,791	(21,065)	(35,608)	286	(19,596)
Balance at 30 June 2021	326,428	(285,167)	(18,773)	–	22,488

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,012	1,652
Payments to suppliers and employees (inclusive of GST)		(22,661)	(18,239)
Cash used in operating activities		(20,649)	(16,587)
Interest received		201	1,069
Payments of interest on leases		(41)	(49)
Research and development tax incentive received		2,006	19,020
Net cash from/(used in) operating activities		(18,483)	3,453
Cash flows from investing activities			
Payments for property, plant and equipment		–	(440)
Payments for exploration and evaluation assets		–	(41,880)
Proceeds from wind up of joint venture		92	692
Payments of principal for rental leases		(984)	(517)
Payments for investment in associated company		–	(164)
Proceeds from sale of plant & equipment		7	–
Demerger Costs		(1,084)	–
Net cash used in investing activities		(1,969)	(42,309)
Cash flows from financing activities			
Proceeds from issue of shares, net of issuance costs		34,791	–
Proceeds from shareholder loans		–	203
Cash on deposit for security over bank guarantees		235	(135)
Repayment of borrowings		–	–
Net cash from financing activities		35,026	68
Net increase/(decrease) in cash and cash equivalents		14,574	(38,788)
Cash and cash equivalents at the beginning of the financial year		40,083	78,871
Cash and cash equivalents at the end of the financial year	10	54,657	40,083

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2021

Note 1. General information

The financial statements cover the Sunrise Energy Metals Limited group as a Consolidated Entity consisting of Sunrise Energy Metals Limited ('the Company') and its subsidiaries ('Consolidated Entity'). The financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

During the financial year shareholders approved a resolution to change the Company's name from Clean TeQ Holdings Limited to Sunrise Energy Metals Limited. Sunrise Energy Metals commenced trading on the ASX with the new ticker SRL on 24 March 2021.

Sunrise Energy Metals Limited is a for-profit ASX listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

L6, 350 Collins St
Melbourne VIC 3000
Australia

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2021. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Going concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity reported a net loss after tax from continuing operations for the financial year of $17,084,000 (30 June 2020: loss of $189,715,000). The entity earned some revenues from its Water Business during the financial year, however, these revenues were more than offset by research and development, business development and corporate overhead and administration costs. Working capital, being current assets less current liabilities, amounts to a $22,458,000 surplus (30 June 2020: $37,894,000 surplus), with cash reserves decreasing from $40,083,000 to $38,652,000 during the financial year. Net cash outflow from operating activities was $18,742,000 for the financial year (30 June 2020: $3,453,000 inflow).

During the financial year the following events have taken place to support the going concern basis of preparation for the Consolidated Entity:

- The Consolidated Entity has attributable available cash on hand as at 30 June 2021 of $38,652,000;
- The Consolidated Entity received a cash rebate totalling $1,955,000 from the Australian Tax Office for eligible research and development expenditure relating to the 2020 financial year. The Consolidated Entity anticipates that a proportion of the 2021 financial year's research and development expenditure, will also be eligible for the refundable tax offset. The Consolidated Entity has booked a $201,000 receivable for the estimated refund due to it for expenditure incurred during the 2021 financial year;
- The Consolidated Entity is able to defer major development expenditure at the Sunrise Project until a funding package is secured; and
- The forecast cash flows for the Consolidated Entity indicate that, based on current cash on hand, the Consolidated Entity is able to maintain a positive cash position for at least the period of 12 months to August 2022.

The Consolidated Entity expects that relationships with its major investors will also assist in widening the Consolidated Entity's opportunities for profitable commercialisation of its technologies in addition to assisting in securing further funding required.

Notes to the Financial Statements

Continued

As set out in the financial report, during the financial year the Consolidated Entity made good progress in respect of the ongoing development of the Sunrise Project. The Consolidated Entity will continue working towards securing a financing package to enable commencement of construction of the Sunrise Project and anticipates that it will, once in production, produce substantial revenues in the future.

The Directors are confident that the Consolidated Entity can continue to access debt and equity funding to meet medium term working capital requirements and has a history of securing such funding as required in the past to support their confidence.

On the basis of cash and cash equivalents available as at 30 June 2021, cashflow forecasts to 31 August 2022, and that sufficient funding is expected to be raised to meet the Consolidated Entity's medium to long term expenditure forecasts, the Directors consider that the Consolidated Entity remains a going concern and these financial statements have been prepared on this basis.

(b) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASBs") and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention unless otherwise described in the accounting policies.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(c) Parent Entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in note 29.

(d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sunrise Energy Metals Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended. Sunrise Energy Metals Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date.

The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Transactions eliminated on consolidation

Intercompany transactions, balances and any unrealised gains and losses on transactions between entities in the Consolidated Entity are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Consolidated Entity's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the Parent.

Loss of control

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Associates

Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

Notes to the Financial Statements

Continued

The consolidated financial statements include the Consolidated Entity's share of profit or loss and other comprehensive income of equity accounted interests, after adjustments to align the accounting policies with those of the Consolidated Entity, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Consolidated Entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Consolidated Entity has an obligation or has made payments on behalf of the investee.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment.

(e) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods and services

The Consolidated Entity adopts the following approach to recognising revenue in relation to the sale of goods and services under contract:

- Establish performance obligations or milestones in each contract for goods and services. When a milestone is reached, that is the catalyst to recognise revenue from the customer;
- Establish the transaction price in the contract, and allocate that transaction price to each milestone in the contract; and
- Recognise revenue when the milestone is satisfied.

This process is in accordance with the 5-step approach to revenue recognition that is prescribed by AASB 15.

Rendering of services

Revenue from contracted services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the completion of key milestones in the contracts.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. Contract expenses are recognised as they are incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

Sales of non-current assets

Gains or losses on sale of non-current assets are included as income or expenses at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

Gains or losses on disposal are calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Government grants

Government grants are recognised initially as deferred income at fair value and when there is reasonable assurance that they will be received and that the Consolidated Entity will comply with the conditions associated with the grant, they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Consolidated Entity for expenses incurred are recognised in profit or loss or other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Consolidated Entity for expenditure capitalised are recognised as a reduction in the carrying value of the asset and grants that compensate the Consolidated Entity for expenditure recognised in profit or loss is recognised as government grant income.

(g) Exploration and evaluation assets

Exploration, evaluation and feasibility expenditure

Exploration and evaluation expenditure is capitalised and carried forward in the financial statements, in respect of areas of interest for which the rights of tenure are current and where such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. Capitalised costs are deferred until commercial production commences from the relevant area of interest, at which time they are amortised on a unit of production basis. Exploration and evaluation expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment policy, note 2(p)). For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. An impairment expense totalling $179,221,000 was recognised during the financial year ended 30 June 2020 in relation to the Metals cash generating unit comprised primarily of the Sunrise Nickel-Cobalt-Scandium Project. Of that total impairment charge, $153,343,000 related to capitalised exploration and evaluation expenditure.

From 1 July 2020, Sunrise Project exploration and evaluation expenditure was expensed in the statement of profit or loss and other comprehensive income until such time as a final investment decision is made. Subsequent to this decision being made, project engineering and construction expenditure will be capitalised.

When an area of interest is abandoned, or the Directors determine it is not commercially viable to pursue, accumulated costs in respect of that area are written off in the period the decision is made.

Notes to the Financial Statements

Continued

(h) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to business combinations, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Consolidated Entity is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Consolidated Entity makes this assessment at each reporting date. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Sunrise Energy Metals Limited (the 'Head Entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Head Entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Head Entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the Head Entity to the subsidiaries nor a distribution by the subsidiaries to the Head Entity.

(i) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. The expected credit loss model requires the Consolidated Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, AASB 9 requires the Consolidated Entity to recognise a loss allowance for expected credit losses on:

- Debt investments measured subsequently at amortised cost;
- Lease receivables;
- Trade receivables and contract assets; and
- Financial guarantee contracts to which the impairment requirements of AASB 9 apply.

In particular, AASB 9 requires the Consolidated Entity to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The Consolidated Entity has recognised no credit losses in this financial year, or the previous financial year.

Other receivables are recognised at amortised cost, less any provision for impairment.

(l) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first-in first-out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Work in progress is measured, for each project in progress, as the excess of revenue recognised for the project, based on the project's percentage of completion, over the revenue invoiced to date for that project. For projects where the revenue recognised for a project is less than the revenue invoiced to date for that project, the excess of revenue invoiced over revenue recognised is recorded as a current liability, presented as deferred revenue.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Entity. Ongoing repairs and maintenance are expensed as incurred. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Consolidated Entity will obtain ownership by the end of the lease term. The estimated useful lives of property, plant and equipment are as follows for the current and preceding financial year:

Mining equipment	2.5 to 20 years (straight line and diminishing value)
Office furniture and equipment	2.5 to 20 years (straight line and diminishing value)
Leasehold improvements	3-7 years (diminishing value)
Motor vehicles	5-6 years (diminishing value)
Land	Indefinite

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(n) Other financial assets

Cash on deposit used as security for bank guarantees maturing within twelve months of each reporting period is disclosed as a current other financial asset. Those deposits that mature in excess of twelve months are disclosed as non-current other financial assets.

(o) Intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method of determining useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Capitalised development costs

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be an economic success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the Consolidated Entity has sufficient resources and intent to complete the development and its costs can be measured reliably. Otherwise they are recognised in the profit or loss as incurred. Capitalised development costs are amortised on a straight-line basis over the period of their expected economic benefit, being between 4 and 20 years dependent on the project.

Mineral Licence Rights

Licence rights relating to mining tenements are amortised in the consolidated statement of profit or loss and comprehensive income over the life of the relevant area of interest from the commencement of commercial production. The mineral licence rights intangible asset is subject to impairment testing in accordance with the Consolidated Entity's accounting policy for impairment of non-financial assets as set out in note 2(p).

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being between 4 and 20 years.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(p) Impairment of non-financial assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill (including mining rights acquired via business combination) is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Leases

The Consolidated Entity adopted AASB 16 *Leases* from 1 July 2019. The standard replaced AASB 117 and for lessees eliminates the classification of operating and finance leases. Except for short term and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. The right-of-use asset is depreciated over the short of the asset's useful life and the lease term on a straight-line basis, while the lease liability is reduced by an allocation of each lease payment. Refer to note 2(aa) for the impact of the accounting policies adopted from 1 July 2019 under AASB 16.

(r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition. The Consolidated Entity derecognises the liability when its contractual obligations are discharged, cancelled or expired.

(s) Borrowings

Loans and borrowings, including promissory notes, are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Interest related to the financial liability component is recognised in profit or loss. On conversion, the equity component of the financial liability is reclassified to equity and no gain or loss is recognised.

(t) Finance income and costs

The Consolidated Entity's finance income and finance costs include, as applicable:

- interest expense;
- dividend income;
- the net gain or loss on the disposal of available-for-sale financial assets;
- the net gain or loss on financial assets at fair value through profit or loss;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the fair value loss on contingent consideration classified as a financial liability;
- impairment losses recognised on financial assets (other than trade receivables);
- the net gain or loss on hedging instruments that are recognised in profit or loss; and
- the reclassification of net gains previously recognised in other comprehensive income.

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Interest expense is recognised using the effective interest method. Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings; and
- interest on hire purchases.

(u) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian Corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees. There were no cash settled share-based payments during the financial year.

Equity-settled transactions are awards of shares, or options and performance rights over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date.

Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the strike price of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that are not dependant on whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of equity-settled transactions (performance rights or options) is determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The costs of transactions settled by shares in lieu of cash, is determined by applying the fair value of the shares on the issue date.

Market conditions are taken into consideration in determining grant date fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

(v) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(w) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Consolidated Entity by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(z) Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(aa) New standards and interpretations not yet adopted

The Consolidated Entity adopted AASB 16 *Leases* for the first time in the financial year ended 30 June 2020. In accordance with the transition provisions in AASB 16 the new rules were adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 July 2019. Comparative figures for the 2019 financial year were not restated.

Below is a summary of the change in accounting measurements from AASB 117 to AASB 16:

	Consolidated
	30 June 2020 $'000
Right of Use Assets	1,005
Right of Use Liabilities	1,011
Discount Rate (Incremental Borrowing Rate)	4.96%
Operating Lease Commitments as disclosed in the 30 June 2019 Financial Statements	1,352
Less: lease commitments for low value and short-term leases	(180)
Finance Charge over the lease period	(70)
Lease liabilities recognised at 1 July 2019	1,102

	Consolidated
Right of Use Assets	30 June 2020 $'000
Carrying amount as at 1 July 2019	1,007
Additions to Right of Use Assets	461
Depreciation Charge for the Year	(463)
Carrying amount as at 30 June 2020	1,005

	Consolidated
Amounts recognised in the statement of cash flows	30 June 2020 $'000
Payments of principal for rental leases	(517)

Lease liabilities	Consolidated 30 June 2020 $'000
One year or less	374
More than one year but less than five years	686
Interest Charge for the Year	(49)
Carrying amount as at 30 June 2020	1,011

The Consolidated Entity leases a number of rental properties. Rental contracts are typically made for fixed periods of one to five years but may have extension options as described in below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Consolidated Entity. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable if applicable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees if applicable;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise information technology equipment and small items of office furniture.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration & Evaluation Assets

As set out in note 2(g) exploration and evaluation expenditure is capitalised for an area of interest for which it is considered likely to be recoverable from future exploitation or sale.

The accounting policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available.

If, after having capitalised the expenditure under the accounting policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the profit or loss.

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Intangible assets

The recoverable value of patents and trademarks acquired is based on the cost of registering the patents and trademarks, less any diminution in value through amortisation and impairment.

The recoverable value of development intangible assets is based on discounted cash flows expected to be derived from the use or eventual sale of the assets.

Estimation of reserves

Reserves are estimates of the amount of product that can be economically and legally extracted from the properties owned by the Consolidated Group. In order to calculate reserves, estimates and assumptions are required abut a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity, and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Note 4. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into two operating segments: Water and Metals. These operating segments offer different products and services and are managed separately because they require different technology and marketing strategies. For each segment internal reports are produced for review and use by the Managing Director who is the Consolidated Entity's chief operating decision maker ('CODM') in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The information reported to the CODM is on at least a monthly basis.

The CODM reviews gross profit for each operating division. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Information regarding the results of each reportable segment is included below. Performance is measured based on the net result before interest, depreciation, amortisation and tax, as included in the internal management reports that are reviewed by the Consolidated Entity's Managing Director. Each segment's net result before interest, depreciation, amortisation and tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Inter-segment pricing is determined on an arm's length basis. The information relating to the performance of the identified segments includes revenues and directly attributable costs and materials. The assets attributed to each division relates to revenue generating assets. All other assets and liabilities are not allocated to specific segments.

As a result of the demerger of the Water Business on 1 July 2021, the business that was previously reported in the Water segment has been accounted for as Discontinued Operations. Information about this discontinued segment is contained in note 9.

Geographical segments

Geographically, the Consolidated Entity operates predominately in Australia.

Major customers

Revenue from continuing operations for the year ended 30 June 2021 is derived chiefly from interest income and government grants.

Operating segment information

Consolidated – 2021	Metals $'000	Water $'000	Intersegment eliminations/ unallocated* $'000	Total $'000
Revenue and other income				
Sales to external customers	–	2,174	–	2,174
Rental income	10	–	–	10
Interest income	181	1	–	182
Other revenue	867	421	–	1,288
Total revenue and other income	1,058	2,596	–	3,654
Share of profit/(loss) from Joint Venture	–	–	–	–
Reportable segment (loss)/profit before interest, depreciation and tax	(16,284)	(3,395)	–	(19,679)
Depreciation and amortisation	(763)	(672)	–	(1,435)
Impairment of assets	–	–	–	–
Finance costs	(37)	(3)	–	(40)
Profit/(loss) before income tax benefit	(17,084)	(4,070)	–	(21,154)
Income tax benefit	–	–	–	–
Loss after income tax benefit	–	–	–	–

Consolidated – 2021	Metals $'000	Water $'000	Intersegment eliminations/ unallocated* $'000	Total $'000
Assets				
Segment assets	40,025	21,250		61,275
Total assets	40,025	21,250	–	61,275
Total assets includes:				
Additions of non-current assets (including those acquired in a business combination)	–	–	–	–
Liabilities				
Segment liabilities	37,281	1,506	–	37,787
Total liabilities	37,281	1,506	–	37,787

Consolidated – 2020	Metals $'000	Water $'000	Intersegment eliminations/ unallocated* $'000	Total $'000
Revenue and other income				
Sales to external customers	–	(24)	–	(24)
Rental income	–	–	–	–
Interest income	1	–	948	949
Other revenue	10	–	1,182	1,192
Total revenue and other income	11	(24)	2,130	2,117
Share of profit/(loss) from Joint Venture	–	–	–	–
Reportable segment (loss)/profit before interest, depreciation and tax	(800)	(4,675)	(11,522)	(16,997)
Depreciation and amortisation	(484)	(499)	(421)	(1,404)
Impairment of assets	(179,221)	–	–	(179,221)
Finance costs	(10)	–	(44)	(54)
Profit/(loss) before income tax benefit	(180,515)	(5,174)	(11,987)	(197,676)
Income tax benefit	–	–	–	–
Loss after income tax benefit				(197,676)

Consolidated – 2020	Metals $'000	Water $'000	Intersegment eliminations/ unallocated* $'000	Total $'000
Assets				
Segment assets	–	5,603	43,630	49,233
Total assets	–	5,603	43,630	49,233
Total assets includes:				
Additions of non-current assets (including those acquired in a business combination)	–	430	–	430
Liabilities				
Segment liabilities	1,579	2,292	3,278	7,149
Total liabilities	1,579	2,292	3,278	7,149

* The magnitude of the unallocated portion of the segment results is a result of the Consolidated Entity incurring a significant amount of expenses that cannot be directly attributable on a reasonable basis to any one segment.

Reconciliation of information on reportable segments to the amounts reported in the financial statements

		Consolidated	
		2021 $'000	2020 $'000
Revenues			
Total revenue for reportable segments		3,654	2,117
Elimination of discontinued operation	9	(2,596)	(1,124)
Revenue from continuing operations		**1,058**	**993**
Profit/(Loss) before income tax benefit			
Total profit/(Loss) before income tax benefit for reportable segments		(21,154)	(197,676)
Elimination of discontinued operation	9	(4,070)	(7,961)
Profit/(Loss) before income tax for continuing operations		**(17,084)**	**(189,715)**

Note 5. Revenue and other income from continuing operations

	Consolidated	
	2021 $'000	2020 $'000
Other income		
Government grants	845	–
Other revenue	32	44
	877	44
Revenue and other income	877	44

Notes to the Financial Statements

Continued

Note 6. Expenses

	Consolidated	
	2021 $'000	2020 $'000
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Lease assets	562	419
Office equipment and furniture	167	184
Total depreciation	729	603
Amortisation		
Capitalised development costs	–	246
Patents and trademarks	35	17
Total amortisation	35	263
Total depreciation and amortisation	763	866
Employee benefit expenses		
Wages and salaries	(3,990)	(4,071)
Employee entitlements expense including movements in provisions for employee entitlements	(376)	(52)
Superannuation	(287)	(246)
Equity settled share-based payments	(1,441)	(2,354)
Other costs	(1,055)	(370)
Total employee benefit expenses	(7,149)	(7,093)

Note 7. Write down of Assets

In the financial year ended 30 June 2020 the Consolidated Entity completed a Project Execution Plan ('PEP') for the Sunrise Project in conjunction with Fluor Australia Pty Ltd, part of the Fluor global engineering group headquartered in Irving, Texas. The PEP deliverables included an update to the 2018 Definitive Feasibility Study ('DFS') outputs including the production forecast, resources, reserves and operating cost estimates for the Project as well as a revised master schedule. In preparing the 30 June 2020 full-year financial results, the Company undertook a review of the carrying value of the Sunrise Project assets based on a best estimate of what the probable PEP outcomes will be as well as macroeconomic assumptions including forecast metal prices.

As a result of the impairment assessment for its Metals CGU the Consolidated Entity recognised an impairment expense against assets totalling $179,221,000 during the financial year. The breakdown of the assets to which the impairment expense was applied is detailed below.

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Mining equipment	–	13,141
Land	–	7,550
Capitalised research and development costs	–	3,329
Licence rights	–	421
Patents	–	137
Mineral Rights	–	1,300
Exploration and evaluation asset	–	153,343
	–	179,221

The final outcomes of the PEP, completed in September 2020, were generally consistent with the estimates used for the review of the carrying value of the Sunrise Project at the time and no subsequent reversal of the impairment charge was recognised for the year ended 30 June 2021.

An impairment charge is recognised when the carrying amount exceeds the recoverable amount of the assets. The recoverable amount is determined as the greater of the fair value of the asset less costs of disposal or the value in use. The fair value less costs of disposal method was applied for determination of the recoverable amount of the Metal's CGU, based on an internal valuation model incorporating Level 3 fair value inputs as described below that estimates the future cash flows of the Sunrise Project, discounted to their present value using a 15% nominal post-tax discount rate. In generating the forecast cash flows, the Consolidated Entity used forecast prices of US$8.30/lb for nickel (including US$1.00/lb sulphate premium), US$21.60/lb for cobalt, US$1,500/Kg for Scandium oxide and AUD/USD 0.70 for the Metals CGU.

Notes to the Financial Statements

Continued

Note 8. Income tax benefit

	Consolidated	
	2021 $'000	2020 $'000
Income tax benefit:		
Current tax	–	–
Deferred tax – origination and reversal of temporary differences	–	–
Aggregate income tax benefit	**–**	**–**
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities (note 17)	–	–
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit from continuing operations	(17,083)	(189,715)
Loss before income tax (expense)/benefit from discontinued operations	(4,070)	(7,961)
Loss before income tax (expense)/benefit attributable to the owners of Sunrise Energy Metals Limited	**(21,154)**	**(197,676)**
Tax at the statutory tax rate of 27.5% (2020: 27.5%)	(5,817)	(54,361)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment expenses	–	49,286
Share-based payments	396	648
Tax losses (reinstated)/not brought to account	5,421	4,464
Non-assessable government grant income	(100)	(205)
Non-deductible amortisation expense	100	168
Income tax benefit	**–**	**–**

	Consolidated	
	2021 $'000	2020 $'000
Tax losses not recognised:		
Unused tax losses for which no deferred tax asset has been recognised, including tax losses arising from a business combination	92,434	72,358
Potential tax benefit @ 27.5% (2020: 27.5%)	25,419	19,898
Plus: Unrecognised benefit of carry forward non-refundable R&D tax offset for which no deferred tax asset has been recognised, arising from a business combination	589	589
Total potential tax benefit of carry forward tax losses and R&D tax offset for which no deferred tax asset has been recognised	26,008	20,487
Temporary differences not brought to account	903	903

The above potential tax benefits for tax losses and R&D tax offset have not been recognised in the statement of financial position. The tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. The R&D tax offset can only be utilised in the future if sufficient tax liabilities can be generated against which the carry forward R&D tax offset can be credited.

Note 9. Discontinued Operations

On 18 June 2021 the shareholders of the Company approved a resolution to demerge the Consolidated Entity's Water Business into a new ASX listed company – Clean TeQ Water Limited ('Clean TeQ Water'). The demerger was undertaken as a capital return by way of an in-specie distribution on a one for two basis of Clean TeQ Water shares to the Company's shareholders on 1 July 2021. Clean TeQ Water was listed on ASX on 2 July 2021 and will operate the Water Business and Sunrise Energy Metals will continue to operate the Metals Business including the Sunrise Project.

Clean TeQ Water was demerged with $16,005,000 in cash reserves and no bank debt, as well as all the assets of the Consolidated Entity which are required for the operation of the Water Business.

The net assets of Clean TeQ Water were measured at the lower of carrying amount and fair value.

Accounting policy for discontinued operations

A discontinued operation is a component of the Consolidated Entity that has been disposed of or is held for distribution to the owners and that represents a separate major line of business or a separate geographical area of operations, is part of a single co-ordinate plan to dispose of such a line of business or area of operations or is a subsidiary acquired exclusively with a view to resale. The results of the discontinued operations are presented separately on the face of the statement of profit or loss.

Financial Performance Information

	2021 $'000	2020 $'000
Discontinued operation sales revenue*	2,174	(24)
Discontinued operation other income	422	745
Raw materials and other direct costs	(1,081)	(1,226)
Employee benefits expense	(3,032)	(3,760)
Depreciation and amortisation	(672)	(538)
Legal and professional	(715)	(808)
Occupancy expenses	(1,170)	(838)
Net interest and finance charges	(3)	(1,507)
Other expenses (incl WIP movement)	7	(5)
Loss before income tax	(4,070)	(7,961)
Income tax expense	–	–
Loss after income tax from discontinued operations	**(4,070)**	**(7,961)**

* The negative balance in 2020 arose as a result of a credit note being issued to customers which exceeded the value of sales receipts during the period.

Notes to the Financial Statements

Continued

Carrying amounts of asset and liabilities held for distribution to the owners

	2021 $'000	2020 $'000
Cash and cash equivalents	16,005	–
Trade and other receivables	1,155	–
Research and development incentive receivable	162	–
Lease assets	229	–
Property, plant and equipment	563	–
Intangibles	3,136	–
Total assets	21,250	–
Trade and other payables	732	–
Employee benefits	481	–
Provisions	60	–
Lease liabilities	233	–
Total liabilities	1,506	–
Net assets	**19,744**	**–**

Cashflow of Water Business

	2021 $'000	2020 $'000
Operating	(1,703)	(6,704)
Investing	(516)	(430)
Financing	17,412	7,064
Net cash movement	15,193	(69)
Cash at beginning of period	812	881
Net cash at end of period	**16,005**	**812**

Note 10. Current assets – cash and cash equivalents

	Consolidated	
	2021 $'000	**2020 $'000**
Cash at bank	38,652	40,083
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	38,652	40,083
Cash and cash equivalents – classified as held for distribution for owners	16,005	–
Balance as per statement of cash flows	54,657	40,083

The average interest rate on short-term bank deposits at 30 June 2021 was 0.27% (2020: 0.90%). These deposits have a maximum maturity of three months from year end. Any balances with maturities exceeding this have been disclosed as other financial assets.

Note 11. Current assets – Research and development incentive receivable

	Consolidated	
	2021 $'000	**2020 $'000**
Research and development incentive receivable	201	1,155

The research and development incentive receivable represents the estimated refund due to the Consolidated Entity on expenditure incurred during the current or previous financial years which is eligible for research and development tax concessions.

Notes to the Financial Statements

Continued

Note 12. Non-current assets – property, plant and equipment

	Consolidated	
	2021 $'000	2020 $'000
Office furniture and equipment – at cost	476	870
Less: Accumulated depreciation	(392)	(320)
	84	550
Motor vehicles – at cost	116	169
Less: Accumulated depreciation	(86)	(84)
	30	85
Factory equipment – at cost	187	737
Less: Accumulated depreciation	(187)	(737)
	–	–
Leasehold improvements – at cost	177	454
Less: Accumulated depreciation	(114)	(172
	63	282
Mining Equipment – at cost	13,141	13,141
Less: Accumulated impairment losses	(13,141)	(13,141)
	–	–
Land – at cost	7,550	7,550
Less: Accumulated impairment losses	(7,550)	(7,550)
	–	–
	177	917

Reconciliations of carrying amount

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Mining Equipment $'000	Land $'000	Office Furniture & Equipment $'000	Leasehold Improve-ments $'000	Motor Vehicles $'000	Total $'000
Balance as at 30 June 2019	13,131	7,550	492	275	105	21,553
Additions	10	–	226	211	–	447
Transfer	–	–	–	(87)	–	(87)
Impairment of asset	(13,141)	(7,550)	–	–	–	(20,691)
Depreciation expense	–	–	(168)	(117)	(20)	(305)
Balance as at 30 June 2020	–	–	550	282	85	917
Balance as at 1 July 2020	–	–	550	282	85	917
Additions	–	–	–	–	–	–
Transfer to held for distribution to owners	–	–	(427)	(109)	(27)	(563)
Depreciation expense	–	–	(40)	(110)	(28)	(177)
Balance as at 30 June 2021	–	–	84	63	30	177

Note 13. Non-current assets – intangibles

	Consolidated	
	2021 $'000	2020 $'000
Capitalised development costs – at cost	10,576	18,424
Less: Accumulated amortisation and impairments	(10,576)	(15,045)
	–	3,379
Patents and trademarks – at cost	–	713
Less: Accumulated amortisation and impairments	–	(577)
	–	136
Licence rights – at cost	421	4,792
Less: Accumulated amortisation and impairments	(421)	(4,772)
	–	20
	–	3,535

Reconciliation of carrying amount

Reconciliations of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Consolidated	Capitalised Development Costs $'000	Licence Rights $'000	Patents and Trademarks $'000	Total $'000
Balance as at 30 June 2019	7,318	1,742	307	9,367
Impairment	(3,329)	(1,722)	(136)	(5,187)
Amortisation expense	(610)	–	(35)	(645)
Balance as at 30 June 2020	3,379	20	136	3,535
Additions	–	–	–	–
Transfer to held for distribution to owners	(3,014)	(20)	(102)	(3,136)
Amortisation expense	(364)	–	(34)	(399)
Balance as at 30 June 2021	–	–	–	–

Allocation of Intangible Assets to Cash Generating Units (CGUs)	Capitalised Development Costs $'000	Licence Rights $'000	Patents and Trademarks $'000	Total $'000
As at 30 June 2020:				
Water	3,379	20	136	3,535
Metals	–	–	–	–
	3,379	20	136	3,535
As at 30 June 2021:				
Water	3,014	20	102	3,136
Metals	–	–	–	–
	3,014	20	102	3,136

Amortisation

The amortisation of patents and trademarks, licence rights and development costs are allocated to expenses within the statement of profit or loss and other comprehensive income.

Note 14. Non-current assets – Exploration & evaluation assets

	Consolidated	
	2021 $'000	2020 $'000
At the beginning of the financial year	–	121,060
Additions:		
Feasibility Study	–	–
Met Testwork & Piloting	–	332
Engineering	–	20,693
Construction & Infrastructure	–	726
Environment, planning & community	–	601
Drilling and resource determination	–	–
Mining & Geology	–	4,476
Software Licences	–	865
Geotechnical assessments	–	685
Other	–	7,449
R&D tax incentive on exploration asset off-set	–	(4,596)
Accrual of expenditure at period end	–	1,052
Impairment charge	–	(153,343)
Asset balance at end of the financial year	–	–

Mineral tenement summary

Licence Number	Project Name	Location	Equity Interest 2021	Equity Interest 2020
EL8961	Minore	NSW	100%	100%
EL9031	Minore	NSW	100%	–
EL8520*	Hylea	NSW	100%	–
EL8641*	Hylea	NSW	100%	–
EL8801*	Hylea	NSW	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%
ML1770	Sunrise	NSW	100%	100%
ML1769	Sunrise	NSW	100%	100%

* Acquired August 2021.

Note 15. Current liabilities – trade and other payables

	Consolidated	
	2021 $'000	2020 $'000
Trade payables	426	533
Other payables	498	2,234
	924	2,767

Note 16. Provisions

	Consolidated	
	2021 $'000	2020 $'000
Provision for capital return (demerger of Clean TeQ Water)	35,121	–
Provision for rectification – water projects	–	667
	35,121	667

On 18 June 2021 the shareholders of the Company approved a resolution to demerge the Consolidated Entity's Water Business into a new ASX listed company – Clean TeQ Water. The demerger was undertaken as a capital return by way of an in-specie distribution on a one for two basis of Clean TeQ Water shares to the Company's shareholders on 1 July 2021. A provision for the capital return is recorded in the financial statements at the fair value of the net assets to be distributed, which is represented by the market capitalisation of Clean TeQ Water based on its volume weighted average price during the first five days of trading on ASX.

Note 17. Non-current liabilities/assets – deferred tax

				Consolidated Balance as at 30 June 2021	
	Net Balance 1 July 2020 $'000	Recognised in profit or loss $'000	Recognised directly in equity $'000	Deferred tax assets $'000	Deferred tax liabilities $'000
Deferred tax asset (liability) comprises temporary differences attributable to:					
Amounts recognised in:					
› Intangible assets	(1,702)	100	–	–	(1,602)
› Unearned interest	297	(266)	–	31	
› Accrued expenses	(389)	(24)	–	–	(413)
› Employee benefits	255	(13)	–	242	–
› Transaction costs on share issues	(583)	–	(334)	–	(916)
› Legal and consulting fees	15	–	–	15	–
› Plant & equipment	(193)	171	–	–	(22)
› Unused tax losses	2,300	365	–	2,665	–
				2,953	(2,953)
Tax liabilities (assets) before set-off	–			(2,953)	2,953
Set off deferred tax assets/liabilities	–			–	–
Net tax liabilities (assets)	–			–	–
Movements 2020					
Opening balance	–				
Charges to profit or loss	–				
Closing balance	–				

Notes to the Financial Statements

Continued

Note 18. Equity – issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares – fully paid	89,333,793	74,646,020	326,428	289,637

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$'000
Balance	1 Jul 2020	74,646,020		289,637
Share issue	30 Nov 2020	190,000	$2.50	475
Share issue	1 Dec 2020	3,000,000	$2.50	7,500
Share issue	2 Dec 2020	3,200,000	$2.50	8,000
Share issue	13 Jan 2021	2,400,000	$2.50	6,000
Share issue	19 Jan 2021	5,158,125	$2.50	12,895
Share issue to Ionic to acquire residual interest in NematiQ	12 May 2021	740,741	$2.70	2,000
Capital raising costs		–		(79)
Balance	30 Jun 2021	89,334,868		326,428

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. All ordinary shares rank equally with regard to the Consolidated Entity's residual assets. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Consolidated Entity defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends likely to be proposed and paid to ordinary shareholders.

The Board ultimately seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings, new share issues and the issuing of convertible notes and the advantages and security afforded by a sound capital position. The Consolidated Entity may increase its debt levels if and when required in order to achieve increased returns for shareholders.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 19. Equity – reserves

	Consolidated 2021 $'000	Consolidated 2020 $'000
Demerger reserve	(35,121)	–
Acquisition of NCI* reserve	(1,928)	–
Share based payments reserve	18,276	16,835
	(18,773)	16,835

* Non-controlling Interest

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share Based Payments $'000	Acquisition of NCI $'000	Demerger $'000	Total $'000
Balance as at 1 July 2019	14,481	–	–	14,481
Lapsed options	–	–	–	–
Share based payments	2,354	–	–	2,354
Balance as at 30 June 2020	16,835	–	–	16,835
Demerger of Clean TeQ Water	–	–	(35,121)	(35,121)
Acquisition of NCI	–	(1,928)	–	(1,928)
Share based payments	1,441	–	–	1,441
Balance as at 30 June 2021	18,276	(1,928)	(35,121)	(18,773)

Note 20. Equity – accumulated losses

	Consolidated	
	2021 $'000	2020 $'000
Accumulated losses at the beginning of the financial year	(264,102)	(66,550)
Loss after income tax benefit for the year	(21,065)	(197,482)
Adjustment on adoption of AASB 16	–	(70)
	(285,167)	(264,102)

Note 21. Equity – non-controlling interest (NCI)

	Consolidated	
	2021 $'000	2020 $'000
Balance as start of financial year	(286)	(92)
Profit/(loss) after income tax benefit for the year attributable to non-controlling interest	(89)	(19)
Acquisition of non-controlling interest	375	–
	–	(286)

Note 22. Equity – dividends

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

	Consolidated	
	2021 $'000	2020 $'000
Franking credits available for future years based on a tax rate of 27.5%	–	–

Note 23. Financial instruments

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out by senior finance executives under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the Consolidated Entity's operating units. The Company's finance department reports to the Board on a monthly basis.

The Consolidated Entity has exposure to the following risks from their use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk.

This note presents information about the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. There is no current material exposure to foreign exchange risk.

Interest rate risk

The Consolidated Entity has term deposits for surplus cash holdings and as security for bank guarantees and credit card debts as well as at call deposit facilities with variable interest rates. The Consolidated Entity currently has no debt. Accordingly, the Consolidated Entity has limited exposure to interest rate movements.

Fair value sensitivity analysis for fixed-rate instruments

The Consolidated Entity does not account for any fixed-rate financial assets or liabilities at fair value through profit or loss, and the Consolidated Entity does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements

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Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Consolidated Entity's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Consolidated Entity's exposure to credit risk relating to trade and other receivables of $429,000 (2020: $1,847,000) is influenced mainly by the individual characteristics of each customer. The demographics of the Consolidated Entity's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Consolidated Entity is exposed to credit risk in relation to project revenue. The Board has established a credit policy under which each new significant customer is analysed individually for creditworthiness before the Consolidated Entity's standard payment and delivery terms and conditions are offered. Each new contract of works to be undertaken by the Consolidated Entity must be approved by the Board prior to the contract being signed.

Many of the Consolidated Entity's customers are typically large corporations. Losses relating to recovery of amounts owing to the Consolidated Entity have occurred very infrequently since the inception of the business. The majority of sales transactions undertaken by the Consolidated Entity require the customer to make payments as contract milestones are achieved. Failure of the customer to make payment by the due date will result in the further supply of goods and services being put on hold until such time as payment is received by the Consolidated Entity.

Guarantees

The Consolidated Entity's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at the reporting date, there are no outstanding guarantees.

Cash and cash equivalents

The Consolidated Entity held cash and cash equivalents of $54,657,000 as at 30 June 2021 (2020: $40,083,000). The cash and cash equivalents are held with top tier banks in accordance with a board approved credit risk management policy.

Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its obligations associated with its financial liabilities as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity adopts milestone and progress invoicing, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of not less than 90 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

Consolidated – 2021	Carrying amount $'000	Contractual cash flows 1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Non–derivatives						
Non-interest bearing						
Trade payables	426	426	–	–	–	426
Other payables	498	498	–	–	–	498
Shareholder loans	–	–	–	–	–	–
Total non-derivatives	924	924	–	–	–	924

Consolidated – 2020	Carrying amount $'000	Contractual cash flows 1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total $'000
Non–derivatives						
Non-interest bearing						
Trade payables	533	533	–	–	–	533
Other payables	2,234	2,234	–	–	–	2,234
Shareholder loans	340	–	–	340	–	340
Total non-derivatives	3,107	2,767	–	340	–	3,107

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Trade and other payables are measured at fair value on recognition and at amortised cost using the effective interest rate method subsequently. Due to their short-term nature neither trade and other receivables nor trade and other payables are discounted.

Borrowings are recognised at fair value of consideration received, net of transaction costs, and subsequently measured at amortised cost using the effective interest rate method. In estimating amortised cost, the Consolidated Entity takes into account its borrowing capacity and the source of its borrowings. The categorisation of the borrowings based on the fair value hierarchy is detailed in note 24.

Note 24. Fair value measurement

Fair value hierarchy

The following tables show the carrying amounts and fair values of the Consolidated Entity's financial assets and financial liabilities, measured or disclosed at fair value, using a three level hierarchy, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Financial assets and financial liabilities classified as held for distribution are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

		Fair value			
Consolidated – 2021	**Carrying amount $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets not measured at fair value					
Cash and cash equivalents	38,652	–	–	–	38,652
Trade and other receivables	429	–	–	–	429
Research and development incentive receivable	201	–	–	–	201
Other financial assets	–	–	–	–	–
	39,282	–	–	–	39,282
Financial liabilities not measured at fair value					
Trade and other payables	(924)	–	–	–	(924)
Shareholder loan	–	–	–	–	–
	(924)	–	–	–	(924)
Liability measured at fair value					
Provision for capital return – demerger	(35,121)	(35,121)	–	–	(35,121)
	(35,121)	(35,121)	–	–	(35,121)

Consolidated – 2020	Carrying amount $'000	Fair value Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets not measured at fair value					
Cash and cash equivalents	40,083	–	–	–	–
Trade and other receivables	1,847	–	–	–	–
Research and development incentive receivable	1,155	–	–	–	–
Other financial assets	235	–	–	–	–
	43,320	–	–	–	–
Financial liabilities not measured at fair value					
Trade and other payables	(2,767)	–	–	–	–
Shareholder loan	(340)	–	–	–	–
	(3,107)	–	–	–	–

There were no transfers between levels during the financial year.

Financial instruments measured at fair value – valuation technique

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of cash and cash equivalents, trade and other receivables and other financial assets and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 25. Key management personnel disclosures

Directors

The following persons were Directors of Sunrise Energy Metals Limited during the financial year:

- Robert Friedland (Co-Chairman and Non-Executive Director)
- Jiang Zhaobai (Co-Chairman and Non-Executive Director)
- Sam Riggall (Managing Director and CEO)
- Stefanie Loader (Lead Independent Non-Executive Director)
- Eric Finlayson (Non-Executive Director)
- Trevor Eton (Independent Non-Executive Director – appointed 1 July 2021)
- Ian Knight (Independent Non-Executive Director– resigned 30 June 2021)
- Judith Downes (Independent Non-Executive Director – resigned 30 June 2021)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

- Ben Stockdale (Chief Financial Officer)
- Tim Kindred (Sunrise Project and Start up Director – ceased employment 19 February 2021)

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2021 $	2020 $
Cash Director fees and salary inclusive of superannuation	1,330,758	2,004,579
Cash Bonus	175,000	–
Termination benefits	112,151	–
Share-based payments	774,812	697,006
	2,392,721	2,701,585

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

	Consolidated	
	2021 $	2020 $
Audit services – KPMG		
Audit or review of the financial statements	76,590	92,115
Audit-related services	–	–
	76,590	92,115
Other services – KPMG		
Advisory services	–	–
Assurance Services	129,375	–
Taxation services	145,851	160,498
	275,226	160,498
	351,816	252,613

Note 27. Contingent liabilities

The Consolidated Entity has a contingent liability, incurred in the financial year ended 30 June 2015, to pay a 2.5% gross revenue royalty on output mined from the Sunrise Project. This royalty is payable to Ivanhoe Mines Ltd and is payable by SRL Ops Pty Ltd, a company within the Consolidated Entity. This royalty was part of the consideration paid for the acquisition of the Sunrise Project from Ivanhoe Mines Ltd on 31 March 2015. The royalty is uncapped and has no expiry date.

The Consolidated Entity has a contingent liability to pay a 1.5% gross revenue royalty on output mined from EL8520 and EL8641 (Hylea Project). This royalty is payable to Providence Gold and Minerals Pty Ltd by Sunrise Energy Exploration Pty Ltd, a company within the Consolidated Entity. This royalty was attached to those exploration licences prior to their acquisition by the Consolidated Entity in August 2021. The royalty is uncapped and has no expiry date.

Note 28. Related party disclosures

Parent Entity

Sunrise Energy Metals Limited is the Parent Entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 25.

Transactions with related parties

No transactions occurred with related parties during the financial year ended 30 June 2021 or the previous financial year.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans outstanding at the reporting date owed to related parties.

Note 29. Parent entity information

Set out below is the supplementary information about the Parent Entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2021 $'000	2020 $'000
Profit(loss) after income tax	(1,442)	(2,329)
Total comprehensive income/(loss)	(1,442)	(2,329)

Notes to the Financial Statements

Continued

Statement of financial position

	Parent	
	2021 $'000	2020 $'000
Total current assets	–	–
Total assets	324,430	290,962
Total current liabilities	–	–
Total liabilities	(46,102)	(11,934)
Equity		
Issued capital	326,428	289,637
Reserves	(16,845)	16,835
Accumulated losses	(31,255)	(27,444)
Total equity	278,328	279,028

Guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries

The Parent Entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020, other than the cross guarantee referred to elsewhere in these financial statements.

Contingent liabilities

The Parent Entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments – Property, plant and equipment

The Parent Entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020, or since the end of the financial year.

Significant accounting policies

The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity;
- Investments in associates are accounted for at cost, less any impairment, in the Parent Entity; and
- Dividends received from subsidiaries are recognised as other income by the Parent Entity and its receipt may be an indicator of an impairment of the investment.

Note 30. Interests in subsidiaries

The Consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business/Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
SRL Holding Company Pty Ltd	Australia	100%	100%
SRL Metals Pty Ltd	Australia	100%	100%
Clean TeQ Water Limited	Australia	100%	–
Clean TeQ Water Operations Pty Ltd	Australia	100%	100%
Associated Water Pty Ltd	Australia	100%	100%
LiXiR Functional Foods Pty Ltd	Australia	100%	100%
Scandium Holding Company Pty Ltd	Australia	100%	100%
SRL Ops Pty Ltd	Australia	100%	100%
Sunrise Energy Exploration Pty Ltd	Australia	100%	100%
Syerston Scandium Pty Ltd	Australia	100%	100%
CLQW HK Limited	Hong Kong	100%	100%
Clean TeQ Environmental Protection Technology (Beijing) co., Ltd	China	100%	100%
Tianjin Clean TeQ Biology Co., Ltd	China	100%	100%
Shanyi Hoyo Sunrise Energy Metals Environmental Co Ltd*	China	50%	50%
NematiQ Pty Ltd	Australia	100%	81.5%

* Accounted for as investment in equity accounted trustee.

Note 31. Deed of cross guarantee

The following entities are or were party to a Deed of Cross Guarantee dated 21 February 2008 ('Deed of Cross Guarantee') under which each company guarantees the debts of the others:

- Sunrise Energy Metals Limited; and
- SRL Holding Company Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Sunrise Energy Metals Limited, they also represent the 'Extended Closed Group'.

A Revocation Deed was executed by Sunrise Energy Metals Limited (in its capacity as the Holding Entity, the Trustee and a Group Entity) and Group Entity, SRL Holding Company Pty Ltd on 23 June 2021 and lodged with the Australian Securities and Investments Commission on 24 June 2021 in accordance with clause 4.5 of the Deed of Cross Guarantee. Pursuant to the execution and lodgement of the Revocation Deed with ASIC, the Deed of Cross Guarantee will cease to apply to all of the Group Entitles which were previously party to the Deed of Cross Guarantee (noting that Resix Pty Ltd ACN 106 222 502 which was previously a Group Entity has been deregistered) from 24 January 2022.

Set out below is a Consolidated statement of profit or loss and other comprehensive income and statement of financial position of the Closed Group.

Statement of profit or loss and other comprehensive income	2021 $'000	2020 $'000
Revenue	873	1,831
Inventory write downs	–	(96)
Raw materials and other direct costs	(365)	(1,211)
Employee benefits expenses	(6,126)	(9,283)
Depreciation and amortisation expenses	(770)	(1,029)
Legal and professional expenses	(2,473)	(1,081)
Occupancy expenses	(229)	(245)
Marketing expenses	(167)	(369)
Other expenses	(1,457)	(2,330)
Impairment expense		(3,887)
Finance costs	(26)	(40)
Loss before income tax benefit	(10,740)	(17,740)
Income tax benefit		–
Loss after income tax benefit	(10,740)	(17,740)
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income for the year	(10,740)	(17,740)

Equity – accumulated losses	2021 $'000	2020 $'000
Accumulated losses) at the beginning of the financial year	(82,642)	(64,902)
Loss after income tax benefit	(10,740)	(17,740)
Accumulated losses at the end of the financial year	(93,382)	(82,642)

Statement of financial position	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	38,331	39,258
Trade and other receivables	226	953
Income tax receivable	201	1,155
	38,758	41,366
Non-current assets		
Receivables	211,805	179,926
Other financial assets	146	146
Plant and equipment	43	127
Lease assets	235	591
Intangible assets	–	3,766
Investment in subsidiary companies	–	386
	212,229	184,942
Total assets	250,987	226,308
Current liabilities		
Trade and other payables	780	634
Provisions	35,121	–
Employee benefits	164	490
Deferred revenue	47	47
	36,112	1,171
Non-current liabilities		
Deferred revenue	355	402
Employee benefits	61	116
Lease liabilities	35	582
Provisions	152	207
	603	1,307
Total liabilities	36,715	2,478
Net assets	214,273	223,830
Equity		
Issued capital	326,428	289,637
Reserves	(18,773)	16,835
Accumulated losses	(93,382)	(82,642)
Total equity	214,273	223,830

Note 32. Events after the reporting period

During the financial year the Consolidated Entity undertook a reorganisation of its Water Business which is focused on the engineering design, procurement and commissioning of water treatment plants for clients in the municipal, industrial and mining sectors as well as being actively engaged in research and development into complementary value adding new technologies including the development of a graphene oxide membrane for water filtration. During the financial year the assets and liabilities associated with carrying out the business of the Water Business were transferred into a new entity, Clean TeQ Water Limited. On 1 July 2021 the Company disposed of its interest in the Water Business when it undertook a capital reduction by way of an in-specie distribution to Sunrise Energy Metals shareholders of all of the shares in Clean TeQ Water.

On 13 August 2021 the Consolidated entity paid Lotus Resources Ltd $1,000,000 in cash and 724,086 fully paid ordinary shares of the Company (with a notional value of $1,500,000 or $2.07 per share) in settlement of the transaction to acquire Exploration Licences EL8520, EL8641 and EL8801 – the Hylea Project.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 33. Reconciliation of cash used in operating activities

		Consolidated	
	Note	2021 $'000	2020 $'000
Loss after income tax expense for the year		(21,154)	(197,676)
Adjustments for:			
Depreciation and amortisation		1,436	1,404
Impairment expense		–	179,221
Share-based payments	6	1,441	2,354
Write off of bad debts		–	38
Write off of debtor accounts		–	971
Inventory write downs		–	96
Non-cash finance costs		41	54
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(384)	1,995
Decrease/(increase) in R&D contra asset		–	21,412
(Increase)/decrease in accrued revenue		–	(135)
Increase/(decrease) in deferred revenue		48	920
Increase/(decrease) in shareholder loans		340	203
Increase/(decrease) in provisions		85	5
Increase/(decrease) in trade and other payables		(639)	(7,172)
Increase/(decrease) in employee benefits		44	(237)
Net cash used in operating activities		(18,742)	3,453

Note 34. Earnings per share

	Consolidated	
	2021 $'000	2020 $'000
Loss per share from continuing operations		
Loss after income tax attributable to the owners of Sunrise Energy Metals Limited	(17,084)	(189,715)

	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	81,825,031	74,646,020
Weighted average number of ordinary shares used in calculating diluted earnings per share	81,825,031	74,646,020

	2021 $	2020 $
Basic earnings per share	(0.21)	(2.54)
Diluted earnings per share	(0.21)	(2.54)

	Consolidated	
	2021 $'000	2019 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of Sunrise Energy Metals Limited	(21,065)	(197,482)

	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	81,825,031	74,646,020
Weighted average number of ordinary shares used in calculating diluted earnings per share	81,825,031	74,646,020

	2021 $	2020 $
Basic earnings per share	(0.26)	(2.65)
Diluted earnings per share	(0.26)	(2.65)

The options on issue throughout the current financial year are not dilutive in effect, as the Consolidated Entity recorded a net loss in the financial year.

Note 35. Share-based payments

On 24 September 2007 the Company introduced a share option plan for employees, directors and service providers of the Consolidated Entity ('the Plan'). The Plan entitles key management personnel, service providers and employees to receive shares and options in the Company.

Set out below are summaries of options granted under the Plan:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
07-Sep-17	31-Aug-20	$9.50	35,000	–	–	(35,000)	–
06-Nov-17	06-Nov-20	$17.30	7,500	–	–	(7,500)	–
05-Feb-18	04-Dec-20	$18.00	500,000	–	–	(500,000)	–
02-Jul-18	12-Mar-21	$16.30	50,000	–	–	(50,000)	–
13-Jul-18	19-Feb-21	$18.80	100,000	–	–	(100,000)	–
12-Aug-19	09-Aug-23	$5.30	586,558	–	–	(11,902)	574,656
01-Nov-19	09-Aug-23	$5.30	100,000	–	–	–	100,000
			1,379,058	–	–	(704,402)	674,656
Weighted average exercise price:			$11.45	–	–	$17.35	$5.30

The weighted average number of years for share options issued under the Plan is 2.11 years (30 June 2020: 1.78 years).

Set out below are summaries of performance rights granted under the Plan:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other*	Balance at the end of the year
15-Aug-17	01-Jul-20	$0.00	125,686	–	–	(125,686)	–
06-Feb-18	01-Jan-21	$0.00	37,753	–	–	(37,753)	–
22-Nov-18	01-Jan-21	$0.00	10,075	–	–	(10,075)	–
06-Sep-18	01-Jul-21	$0.00	70,061	–	–	(12,904)	57,157
22-Nov-18	01-Jul-21	$0.00	14,234	–	–	–	14,234
06-Feb-19	01-Jan-22	$0.00	195,262	–	–	(55,159)	140,103
01-Nov-19	01-Jan-22	$0.00	34,874	–	–	–	34,874
16-Aug-19	01-Jul-22	$0.00	243,086	–	–	(79,013)	164,073
01-Nov-19	01-Jul-22	$0.00	40,811	–	–	–	40,811
12-Mar-20	01-Jan-23	$0.00	397,615	–	–	(156,863)	240,752
15-Oct-20	01-Jan-23	$0.00	–	67,151	–	–	67,151
17-Jul-20	01-Jul-23	$0.00	–	649,428	–	(155,889)	493,539
15-Oct-20	01-Jul-23	$0.00	–	217,319	–	–	217,319
03-Feb-21	01-Jan-24	$0.00	–	322,040	–	(26,817)	295,223
24-Mar-21	01-Jan-24	$0.00	–	134,701	–	–	134,701
			1,169,457	1,390,639	–	(660,159)	1,899,937

* Performance rights forfeited as they did not meet the vesting conditions prior to the expiry date or due to the employee ceasing employment.

For the performance rights granted during the current financial period, a Binomial Option Valuation model was used to value the performance rights. A probability adjustment for market vesting conditions is then attached to the value of the performance rights. Each performance right, once vested, entitles the performance right holder to receive one fully paid ordinary share in the Company for zero consideration. The valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Volatility	Dividend Yield	Vesting probability	Fair value at grant date
15-Oct-20	01-Jan-23	$3.40	74.89 %	-%	100 %	$ 2.779
17-Jul-20	01-Jul-23	$1.35	75.07 %	-%	50 %	$ 1.504
15-Oct-20	01-Jul-23	$3.40	75.07 %	-%	100 %	$ 3.009
03-Feb-21	01-Jan-24	$2.80	81.14 %	-%	50 %	$ 2.194
24-Mar-21	01-Jan-24	$2.60	81.14 %	-%	100 %	$ 0.999

Directors' Declaration

In the Directors' opinion:

- the attached Consolidated financial statements and notes thereto, and the Remuneration report in the Directors' report, comply with the *Corporations Act 2001*, the Australian Accounting Standards, and the Corporations Regulations 2001;
- the attached Consolidated financial statements and notes thereto, comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2(b) to the financial statements;
- the attached Consolidated financial statements and notes thereto and the Remuneration report in the Directors' reports, give a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 31 of the financial statements.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Sam Riggall
Managing Director

30 August 2021
Melbourne

Independent Auditor's Report

To the members of Sunrise Energy Metals Limited

KPMG

Independent Auditor's Report

To the shareholders of Sunrise Energy Metals Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Sunrise Energy Metals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss, Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of Sunrise Energy Metals Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code)* that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Auditor's Report

Continued

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Classification and presentation of Clean TeQ Water (Assets of disposal group classified as held for distribution to owners - $21.3m, Liabilities of disposal group classified as held for distribution to owners - $1.5m, Loss after income tax benefit for the year from discontinued operations - $4.1m)

Refer to Note 9 Discontinued Operations

The key audit matter	How the matter was addressed in our audit
As at 30 June 2021, the Group was in the process of demerging its Clean TeQ Water business. The classification and presentation of the Clean TeQ Water business is a key audit matter due to: • the demerger being significant to the understanding of the financial performance and financial position of the Group; and • the level of audit effort to evaluate judgements applied by the Group in considering the treatment of specific items as discontinued or not, using the criteria in accounting standards.	Our procedures included: • Reading the terms of the demerger booklet to understand the terms and conditions of the demerger. • Evaluating the treatment of a sample of specific items as discontinued. Using the terms and conditions of the demerger, in particular the descriptions of the entities being demerged, we compared these to the Group's sub-listing of asset and liability items presented in the financial report as discontinued. For a sample, we also checked underlying Group records for how the item was historically used, by reference to the activities of the Clean TeQ Water business. We did this to assess the appropriateness of their classification as discontinued against the criteria for discontinued operations in the accounting standards. • Checking the Group's comparative disclosures for restating amounts as discontinued against the requirements of accounting standards, and knowledge obtained from the testing of specific items attributed as discontinued described above. • Evaluating the disclosures including the classification of the assets and liabilities as 'held for distribution' and its presentation as a 'discontinued operation' against the criteria in accounting standards. We challenged the inclusion or not of amounts using their features and their role in the continuing business.

Other Information

Other Information is financial and non-financial information in Sunrise Energy Metals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report

Continued

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Sunrise Energy Metals Limited for the year ended 30 June 2021, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in sections 1 to 4 of the Directors' report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Tony Romeo

Partner

Melbourne

30 August 2021

Shareholder Information

The information below is current as at 1 August 2021.

Distribution of equity securities

The number of shareholders by size of holding of ordinary shares is:

Range	Total Holders	Units	% Units
1 to 1,000	3,684	1,535,369	1.72
1,001 to 5,000	2,112	5,309,356	5.94
5,001 to 10,000	567	4,373,366	4.90
10,001 to 100,000	571	13,962,354	15.63
100,001 and over	53	64,153,348	71.81
Rounding			0.00
Total	**6,987**	**89,333,793**	**100.00**
The number of shareholders holding less than a marketable parcel of shares	1,464	192,545	

The number of holders by size of holding of unquoted options over ordinary shares is:

Range	Total Holders	Units	% Units
1 to 1,000	0	0	0.00
1,001 to 5,000	0	0	0.00
5,001 to 10,000	0	0	0.00
10,001 to 100,000	8	674,656	100.00
100,001 and over	0	0	0
Rounding			0.00
Total	**8**	**674,656**	**100.00**

The number of holders by size of holding of unquoted performance rights is:

Range	Total Holders	Units	% Units
1 to 1,000	24	9,751	0.91
1,001 to 5,000	8	23,286	2.16
5,001 to 10,000	8	59,956	5.57
10,001 to 100,000	9	234,004	21.72
100,001 and over	2	750,127	69.64
Rounding			0.00
Total	**51**	**1,077,124**	**100.00**

Shareholder Information

Continued

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of fully paid ordinary shares as at 1 August 2021 are listed below:

Rank	Name of Share Holder	Number of Shares Held	% of Total Shares Issued
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,261,200	18.20
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,708,057	13.11
3	PENGXIN INTERNATIONAL GROUP LIMITED	10,451,888	11.70
4	CITICORP NOMINEES PTY LIMITED	6,921,378	7.75
5	PETER VOIGT	2,060,891	2.31
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,413,507	1.58
7	SALITTER PTY LTD <SALITTER A/C>	1,408,446	1.58
8	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	1,115,868	1.25
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,052,372	1.18
10	XUE INVESTMENTS PTY LIMITED <XUE FAMILY A/C>	1,035,670	1.16
11	MR GREGORY LEONARD TOLL + MRS MARGARET ESTELLE TOLL <TOLL S/F A/C>	900,000	1.01
12	BNP PARIBAS NOMS PTY LTD <DRP>	703,746	0.79
13	APRICITY PTY LTD <THE JTM FOUNDATION A/C>	627,015	0.70
14	IONIC INDUSTRIES LIMITED	614,815	0.69
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	548,323	0.61
16	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	500,641	0.56
17	SAM RIGGALL	487,993	0.55
18	JEREMY'S HAVEN PTY LTD	469,031	0.53
19	UBS NOMINEES PTY LTD	345,429	0.39
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	337,773	0.38
Total Top 20 holders of Ordinary Fully Paid Shares		**58,964,043**	**66.00**
Total Remaining holders		**30,369,750**	**34.00**
Total Shares Issued		**89,333,793**	**100.00**

Substantial holders

Substantial holders in the Company as detailed in the most recent public filings of Form 604 Notice of Change of Interests of Substantial Holder or Appendix 3Y Change of Director's Interest Notice are set out below. Percentage of total shares issued is based on the total shares on issue as at 1 August 2021 of 89,333,793.

Name of Share Holder	Ordinary Shares Number held	% of total shares issued
Robert Martin Friedland	11,977,801	13.41%
Pengxin International Group Limited	10,451,888	11.70%
FMR LLC	5,848,911	6.55%

Voting rights

The voting rights attached to ordinary shares are set out below. Other classes of equity securities do not have voting rights.

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Corporate Directory

DIRECTORS

Robert Friedland (Co-Chairman and Non-Executive Director)
Jiang Zhaobai (Co-Chairman and Non-Executive Director)
Sam Riggall (Managing Director and CEO)
Stefanie Loader (Lead Independent Non-Executive Director)
Eric Finlayson (Non-Executive Director)
Trevor Eton (Independent Non-Executive Director)

COMPANY SECRETARY

Melanie Leydin
Leydin Freyer
Level 9, 96-100 Albert Road
South Melbourne, Victoria 3205

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

Level 6, 350 Collins Street
Melbourne VIC 3000

Telephone: +61 (03) 9797 6777

SHARE REGISTER

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Yarra Falls, 452 Johnson Street
Abbottsford, Victoria 3067

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Facsimile: +61 (03) 9473 2500

AUDITORS

KPMG
Tower Two, Collins Place
727 Collins Street
Melbourne, Victoria 3008

LEGAL ADVISORS

Baker & McKenzie
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Melbourne, Victoria 3000

STOCK EXCHANGE LISTING

Sunrise Energy Metals Limited shares are listed on the Australian Securities Exchange (ASX: CLQ) and the OTCQX Market in the United States (OTCQX: SREMF)

WEBSITE

www.sunriseem.com

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