

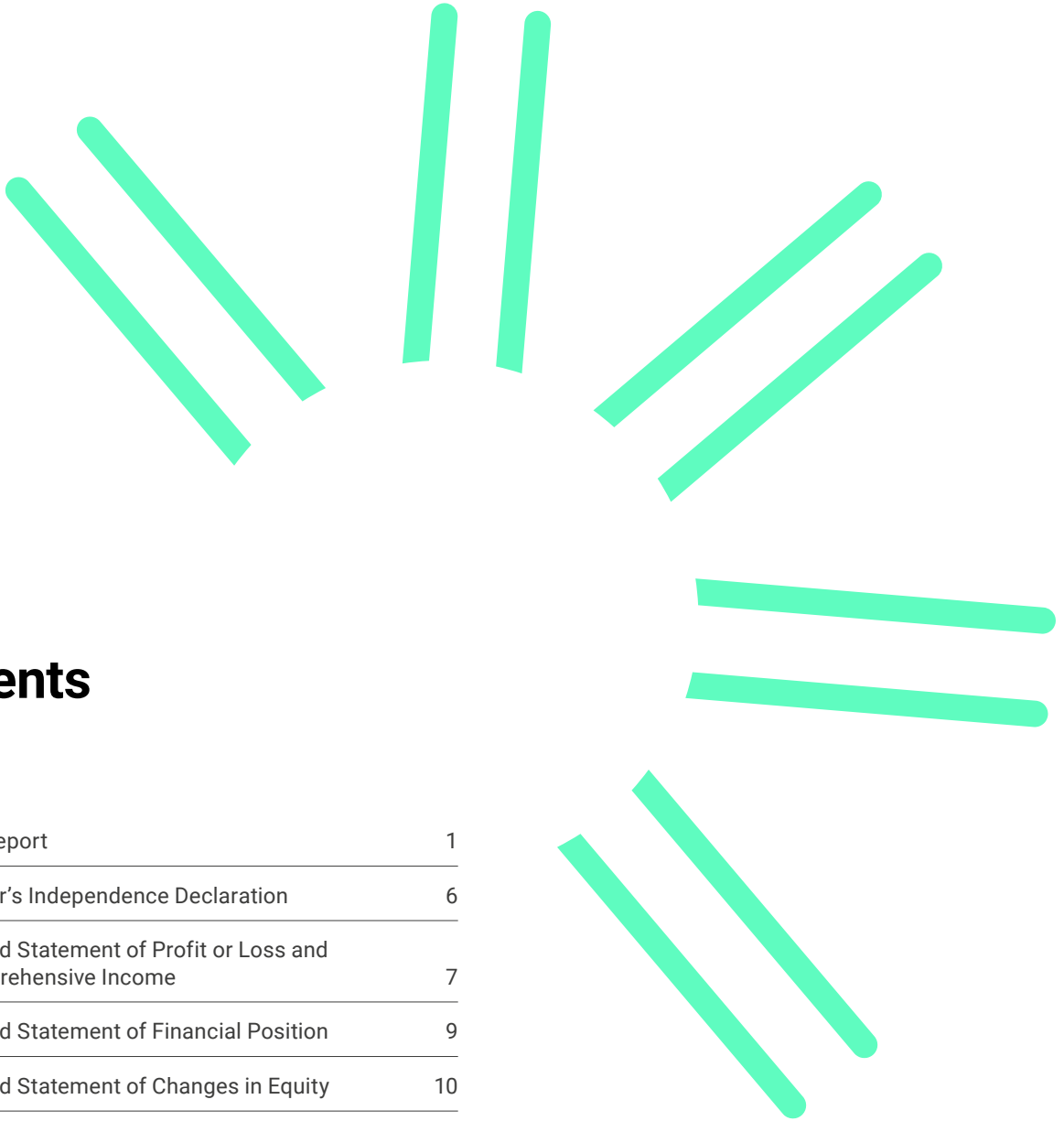


**sunrise**  
energy metals

# 2022

Half-year Financial Report  
31 December 2022





# Contents

Directors' Report	1
Lead Auditor's Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to Financial Statements	12
Directors' Declaration	18
Independent Auditor's Review Report	19
Corporate Directory	21

# Directors' Report

For the financial half-year ended 31 December 2022

The Directors present their report, together with the financial statements, on 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 half-year ended 31 December 2022, referred to hereafter as the 'financial half-year', and the auditor's review report thereon.

## Directors

The following persons were Directors of Sunrise Energy Metals Limited during the whole of the financial half-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 Chief Executive Officer)

Stefanie Loader (Lead Independent Non-Executive Director)

Eric Finlayson (Non-Executive Director)

Trevor Eton (Non-Executive Director)

## Principal Activities

During the financial half-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 Consolidated Entity's Clean-iX<sup>®</sup> resin technology for extraction and purification of a range of metals as well as progressing exploration activities at the Consolidated Entity's other mineral tenements.

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

## Dividends

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

## Review of Operations

The Consolidated Entity reported a net loss after tax from continuing operations for the financial half-year of \$4,117,000 (31 December 2021: loss of \$10,200,000). During the financial half-year, the Consolidated Entity's revenue and other income from continuing operations increased to \$319,000 (31 December 2021: \$317,000).

The continuing development of the Sunrise Project resulted in an \$4,208,000 net cash outflow from operating activities during the financial half-year (31 December 2021: net outflow \$9,400,000). This net cash outflow from operating activities was financed largely from existing cash reserves.

The Consolidated Entity's net assets decreased during the financial half-year by \$3,694,000 to \$20,703,000 (30 June 2022: \$24,397,000). Working capital, being current assets less current liabilities, was a surplus of \$20,366,000 (30 June 2022: \$24,123,000 surplus), with cash reserves decreasing from \$24,908,000 to \$20,585,000 during the financial half-year.

## Directors' Report continued

### Sunrise Battery Materials Complex

During the financial half-year the Consolidated Entity continued to progress the development of the Sunrise Project and its portfolio of exploration tenements. A range of workstreams remain ongoing to progress several value-adding deliverables aimed at minimising Project start time once a financing package is secured and a final investment decision ('FID') is made. Key work programs conducted during the financial half-year include:

- Advancement of the long-lead electrical transmission line ('ETL') work scope. The ETL application to connect to the NSW electrical grid is currently in progress and will continue through FY23.
- Commencement of work with GHD on the necessary power systems studies that are required as part of the ETL connection agreement.
- Test work and process development assessing opportunities for potential recycling of spent battery materials and further downstream processing of sulphates into precursor cathode active material.
- A range of scandium alloy development programs continue to be progressed, consistent with Sunrise Energy Metals' long-term strategy to work with, and assist, industry players to investigate and develop new applications for scandium-aluminium alloys.

### Sunrise Project Financing

The Consolidated Entity continues to engage proactively with a range of participants in the electric vehicle ('EV') industry with a view to securing project-level equity funding, in conjunction with offtake, to underpin a complete financing package for the Sunrise Project. The engagement with potential equity partners continues to be positive. The Consolidated Entity remains optimistic on the outlook for demand growth in the EV and lithium-ion battery sectors, and in particular the strategic importance of Sunrise as one of the largest suppliers of battery-grade nickel and cobalt into the global EV supply chain. The partnering process will continue, however the targeted timing for completion of any transaction is not possible to forecast.

### NSW Critical Minerals and High-Tech Metals Activation Fund

The Consolidated Entity was advised by the Department of Regional NSW in December 2022 that its application for a \$10 million grant in support of the ongoing development of the Sunrise Project had been conditionally approved.

The \$10 million grant is being made pursuant to Stream 2 (Enabling Project Infrastructure) of the NSW Government's Critical Minerals and High-Tech Metals Activation Fund, which supports key infrastructure projects needed to accelerate the critical minerals and high-tech metals sector in NSW.

Subject to satisfying the conditions of the offer, the Consolidated Entity will apply the grant proceeds towards the engineering, procurement, construction and connection to the NSW electricity grid at Parkes of the 77km 132kV ETL from the Sunrise Project site at Fifield. The ETL is required to connect the Project to the NSW electrical grid and Central West Orana Renewable Energy Zone, which is a critical enabler of the Consolidated Entity's pledge to procure 100% renewable electricity for the Project. The total construction cost of the ETL, which is included in the full capital development cost estimate for the Project<sup>1</sup>, is approximately \$34 million.

Receipt of the grant proceeds is subject to satisfaction within agreed timeframes of a number of conditions including demonstrating funding is available for the Consolidated Entity's share of the ETL construction cost (i.e. upon the Consolidated Entity securing a comprehensive funding package and making a final investment decision for the Project) and entering into a funding deed with the Department of Regional NSW. The funding deed will outline progress payments to be made against mutually agreed performance milestones.

---

1. For details see the 'Sunrise Project Execution Plan' ASX Announcement dated 28 September 2020.

## Permitting and Approvals

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

The Consolidated Entity continues to progress commercial discussions with landowners, local councils, the NSW State Government and other impacted parties required for land access agreements for key infrastructure including the water pipeline and the ETL. During the financial half-year the Consolidated Entity secured long-term lease agreements with the Forbes Shire Council and the Lachlan Shire Council over the council administered crown land which comprises almost all the planned water pipeline route. This is an important milestone for the Project.

An Oversize Transportation Corridor Study commenced during the financial half year. The study comprises a detailed scope of work being coordinated by GHD to survey, engineer and produce detailed plans/designs of the modifications that are required to be made to existing road transport infrastructure (roads, bridges, power lines and rail crossings) to establish an oversize transportation corridor from Port Pirie, SA to the Sunrise Project site at Fifield, NSW. The Consolidated Entity's two autoclaves (very large pressure vessels required for the operation of the Project) are currently located at Port Pirie, and Port Pirie will also be used by the Consolidated Entity to bring in approximately 100 additional oversize loads during the construction stage of the Project. This study will continue through FY23.

An oversized over-mass permit application has been lodged with the National Heavy Vehicle Regulator to progress the applications for the required permits and stakeholder approvals for the proposed oversize transport route.

## Test Work Programs

The Consolidated Entity continued to progress research and development workstreams aimed at demonstrating the capability of the Sunrise Project to diversify further downstream into the production of precursor cathode active material as well as processing of the lithium-ion battery recycling intermediate product, 'black mass'.

Part of this work scope is being undertaken through the Future Battery Industries Co-operative Research Centres Program, of which Sunrise Energy Metals is an associate member of the independently managed government-industry partnership to build an Australian battery industry.

## Exploration

The Consolidated Entity continued to advance activities across its range of exploration assets in NSW. Field exploration activities were restricted during the financial half-year due to the ongoing wet weather experienced.

### Sunrise Project (ML1770)

Exploration activity was limited during the financial half-year with work focussing on preparing for future grade control drilling, inhouse sample preparation, and preparing reference standard material suitable to Sunrise Project ore types. A number of split samples have been prepared for submission to the laboratory to produce inhouse certified reference material. It is important that site-specific reference material be used as certified standards for future resource infill and grade control drilling.

Work across the remainder of FY23 will include setting up the sample shed for all on site preparation allowing full and effective use of equipment including the PXRf and spectral analyser.

## Directors' Report continued

### Sunrise East (EL4573)

Exploration licence EL4573 is located to the east and west of the Sunrise Project mining lease ML1770. A previous exploration campaign confirmed the discovery of a new composite intrusion, called Tout East, located to the east of the Consolidated Entity's flagship Sunrise Project. The ultramafic rocks intersected during drilling contain cobalt, scandium and nickel. While no further exploration is planned at this stage, the previous wide-spaced scout drilling program provides a solid basis for potential opportunities for future infill and extension drilling.

### Burra Creek (EL9317)

A detailed data review and target generation report was completed during the financial half year which highlighted potential ultramafic and gold targets at the Burra Creek prospect.

Initial field sampling commenced during the financial half-year, however, access was limited to roadside sampling of bedrock outcrops. Samples will be submitted to the laboratory for analysis pending internal review by the exploration team.

### Hylea Project (EL8641/EL8520/EL8801)

A reverse circulation ('RC') exploration program at the Hylea Project was completed during the financial half-year with assays returning several encouraging cobalt, nickel and scandium intervals<sup>2</sup>. The program was designed to test for potential economic nickel-cobalt-scandium laterite mineralisation, as well as hard rock platinum and copper potential over the Hylea Intrusive Complex using 500m spaced drill collars. A number of drillholes within and proximal to the Tigers Creek resource area returned platinum results similar to the Sunrise laterite resource. Platinum was also detected in bedrock along with base metals and sulphur indicating that platinum is potentially upgraded by a hydrothermal system. Additional platinum values were also found in some holes distal to the Tiger Creek resource area.

### Minore Project (EL8961 and EL9031)

Rock chip sampling undertaken during the financial half-year returned anomalous results for rare earth elements ('REE')<sup>2</sup> which confirms the targeting work done to date and the potential for the Minore Project to host REE mineralisation.

Further rock chip sampling, multi element geochemistry and petrography are planned to be undertaken at the Minore tenements in future to assess if the belt of magnetic rocks that extends north through the Minore Project is prospective for copper systems. Much of this belt of magnetic rocks is covered by younger sediments and has not been tested by drilling.

### Boona Gap (EL8833)

During the financial half-year, work identified additional limestone targets across EL8833. Investigation and surface sampling across several limestone target areas are scheduled to be undertaken during the remainder of FY2023.

Limestone is a key reagent used in the Sunrise Project's process plant. The Consolidated Entity has a contract in place to secure limestone from a quarry near Parkes which is sufficient for the operations of the mine. The purpose of the current limestone exploration programs is to determine if an additional source of limestone can be delineated which is closer to the mine site to supplement the supply from the third-party quarry, as well as reducing trucking distances for this important bulk reagent.

---

2. For details see the ASX Announcement dated 31 October 2022.

## Ezy Lime (EL8928)

Field work was completed on the Consolidated Entity's Ezy Lime exploration licence around the existing operational limestone quarry (Mining Lease ML1568) which highlighted the potential for limestone extensions to dip at a shallow to moderate angle under cover sequences to the west of the existing limestone deposit. An initial scout RC drilling program of approximately 30 x 50m-deep RC holes is planned to commence in January 2023. Additional limestone targets were also investigated to the south of ML1568 with some high-quality limestone observed.

## 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 half-year.

## Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 31 December 2022 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.

## 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 6 and forms part of the Directors' report for the financial half-year ended 31 December 2022.

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 and Chief Executive Officer

24 February 2023  
Melbourne

# Lead Auditor's Independence Declaration

For the financial half-year ended 31 December 2022



## 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 review of Sunrise Energy Metals Limited for the half-year ended 31 December 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Tony Romeo'.

Tony Romeo

*Partner*

Melbourne

24 February 2023

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial half-year ended 31 December 2022

	Note	Consolidated	
		31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue and other income	3	319	317
Interest Income		279	42
<b>Expenses</b>			
Employee benefits expenses	4	(1,857)	(1,645)
Exploration and evaluation		(1,129)	(3,567)
Acquisition of exploration and evaluation licences		–	(2,500)
Research and development test work		(210)	(153)
Depreciation and amortisation expenses		(158)	(201)
Legal and professional expenses		(653)	(1,073)
Occupancy expenses		(245)	(738)
Travel expenses		(139)	–
Other expenses		(319)	(673)
Finance costs		(5)	(9)
<b>Loss before income tax benefit from continuing operations</b>		<b>(4,117)</b>	<b>(10,200)</b>
Income tax benefit		–	–
<b>Loss after income tax benefit from continuing operations</b>		<b>(4,117)</b>	<b>(10,200)</b>
Profit after income tax upon disposal of discontinued operation		–	15,378
<b>Profit/(loss) after income tax benefit attributable to the owners of Sunrise Energy Metals Limited</b>		<b>(4,117)</b>	<b>5,178</b>
<i>Profit/(loss) after income tax benefit for the half-year is attributable to:</i>			
Owners of the Company		(4,117)	5,178
Other comprehensive income for the half-year		–	–
<b>Total comprehensive income for the half-year</b>		<b>(4,117)</b>	<b>5,178</b>
Total comprehensive income for the half-year is attributable to:			
Owners of the Company		(4,117)	5,178
		<b>(4,117)</b>	<b>5,178</b>

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

## Consolidated Statement of Profit or Loss and Other Comprehensive Income continued

	Consolidated	
	31 Dec 2022 Cents	31 Dec 2021 Cents
<b>Earnings/(loss) per share – continued operations</b>		
Basic earnings per share	(4.57)	(11.35)
Diluted earnings per share	(4.57)	(11.35)
<b>Earnings/(loss) per share – discontinued operations</b>		
Basic earnings per share	–	17.11
Diluted earnings per share	–	17.11
<b>Earnings/(loss) per share</b>		
Basic earnings per share	(4.57)	5.76
Diluted earnings per share	(4.57)	5.76

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

# Consolidated Statement of Financial Position

As at 31 December 2022

	Note	Consolidated	
		31 Dec 2022 \$'000	30 June 2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		20,585	24,908
Trade and other receivables		427	263
Research and development incentive receivable		385	132
<b>Total current assets</b>		<b>21,397</b>	<b>25,303</b>
<b>Non-current assets</b>			
Other financial assets		108	107
Right of use assets		213	346
Property, plant and equipment		197	195
<b>Total non-current assets</b>		<b>518</b>	<b>648</b>
<b>Total assets</b>		<b>21,915</b>	<b>25,951</b>
<b>Current liabilities</b>			
Trade and other payables		451	690
Employee benefits		242	291
Lease liabilities		182	199
Provisions		156	–
<b>Total current liabilities</b>		<b>1,031</b>	<b>1,180</b>
<b>Non-current liabilities</b>			
Employee benefits		147	123
Lease liabilities		34	95
Provisions		–	156
<b>Total non-current liabilities</b>		<b>181</b>	<b>374</b>
<b>Total liabilities</b>		<b>1,212</b>	<b>1,554</b>
<b>Net assets</b>		<b>20,703</b>	<b>24,397</b>
<b>Equity</b>			
Issued capital	5	298,091	298,091
Reserves	6	17,001	16,578
Accumulated losses		(294,389)	(290,272)
<b>Total equity</b>		<b>20,703</b>	<b>24,397</b>

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

# Consolidated Statement of Changes in Equity

For the financial half-year ended 31 December 2022

	Contributed Equity	Accumulated Losses	Reserves	Non- Controlling Interests	Total Equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	326,428	(285,167)	(18,773)	–	22,488
Profit after income tax benefit for the financial half-year	–	5,178	–	–	5,178
Total comprehensive income for the financial half-year	–	5,178	–	–	5,178
<i>Transactions with owners in their capacity as owners:</i>					
Equity contributions, net of transaction costs	1,500	–	–	–	1,500
Demerger of Clean TeQ Water	(29,837)	(5,177)	35,014	–	–
Share-based payments	–	–	(43)	–	(43)
Total contribution and distribution:	(28,337)	(5,177)	34,970	–	1,456
Total transactions with owners of the Company	(28,337)	1	34,970	–	6,634
Balance at 31 December 2021	298,091	(285,166)	16,198	–	29,122
Balance at 1 July 2022	298,091	(290,272)	16,578	–	24,397
Profit after income tax benefit for the financial half-year	–	(4,117)	–	–	(4,117)
Total comprehensive income for the financial half-year	–	(4,117)	–	–	(4,117)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	–	–	423	–	423
Total contribution and distribution:	–	–	423	–	423
Total transactions with owners of the Company	–	(4,117)	423	–	(3,694)
Balance at 31 December 2022	298,091	(294,389)	17,001	–	20,703

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

# Consolidated Statement of Cash Flows

For the financial half-year ended 31 December 2022

	Consolidated	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of GST)	(4,444)	(9,442)
Cash used in operating activities	(4,444)	(9,442)
Interest received	236	42
Net cash used in operating activities	(4,208)	(9,400)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(44)	(142)
Rental Income	61	72
Proceeds from sale of property, plant and equipment	–	5
Demerger of Clean TeQ Water	–	(16,005)
Net cash from/(used in) investing activities	17	(16,070)
<b>Cash flows from financing activities</b>		
Payments of principal for rental leases	(122)	(139)
Receipts from/(payments to) cash on deposit for bank guarantee security	(10)	256
Net cash from/(used in) financing activities	(132)	117
Net increase/(decrease) in cash and cash equivalents	(4,323)	(25,353)
Cash and cash equivalents at the beginning of the period	24,908	54,657
Cash and cash equivalents at the end of the period	20,585	29,305

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

# Notes to Financial Statements

For the financial half-year ended 31 December 2022

## Note 1. General information

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

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

Level 6, 350 Collins Street  
Melbourne VIC 3000  
Australia

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 February 2023.

## Note 2. Going concern, basis of preparation and significant accounting policies

These general-purpose financial statements for the financial half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### (a) 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.

### (b) New standards and interpretations adopted

A number of new standards are effective from 1 July 2022 but the Consolidated Entity has no transactions that are materially affected by the newly effective standards or its accounting policies are already consistent with the new requirements.

### (c) 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 half-year of \$4,117,000 (31 December 2021: loss of \$10,200,000).

Net cash outflows from operating activities were \$4,208,000 for the financial half-year (31 December 2021: net outflow \$9,400,000), with cash reserves decreasing from \$24,908,000 to \$20,585,000 during the financial half-year.

Working capital, being current assets less current liabilities, was a surplus of \$20,366,000 (30 June 2022: \$24,123,000 surplus).

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

- The Consolidated Entity has available cash on hand as at 31 December 2022 of \$20,585,000;
- The Consolidated Entity is able to defer major development expenditure at the Sunrise Project until a funding package is secured;
- The Consolidated Entity expects to receive cash rebates from the Australian Tax Office for eligible research and development expenditure incurred in FY2022 and FY2023. The Consolidated Entity has recognised a \$385,000 receivable for the estimated refund due to it for expenditure incurred during FY2022 and the financial half-year; and
- Forecast cash flows indicate the Consolidated Entity has the ability to maintain a positive cash position for at least the period of 12 months to February 2024.

The Consolidated Entity will continue working towards securing a financing package to support the development of the Sunrise Project and anticipates the Consolidated Entity to 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 to support their confidence.

The Directors note that there are a number of prevailing global factors which are beyond the control of the Consolidated Entity including the ongoing measures implemented to mitigate the impacts of COVID-19, the general inflationary environment, rising interest rates, war in Ukraine, political and trade disputes and disruption to supply chains. None of these factors has materially impacted on the ability of the Consolidated Entity to undertake its activities. Although there is a risk that these factors, or other new unforeseeable factors, may impact on the Consolidated Entity's performance and ability to operate in the future, the Directors are not currently aware of any factor that they believe will materially impact on the Consolidated Entity's performance and ability to operate in the future.

On the basis of cash and cash equivalents available as at 31 December 2022, cashflow forecasts to February 2024 and beyond, the ability of the Consolidated Entity to scale back planned activities if required to preserve cash 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.

### Note 3. Revenue and other income

	Consolidated	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<i>Revenue and other income</i>		
Government grants	253	277
Proceeds from sale of non-current asset	–	5
Rental income	66	35
Revenue and other income	319	317

## Notes to Financial Statements continued

### Note 4. Employee benefits expenses

	Consolidated	
	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Wages and salaries	(1,088)	(1,253)
Employee entitlements expense including movements in provisions for employee entitlements	(120)	(111)
Superannuation	(100)	(112)
Equity settled share-based payments*	(423)	43
Other costs	(126)	(212)
	(1,857)	(1,645)

\* The positive balance in the comparative period resulted from performance rights forfeited as they did not meet the vesting conditions prior to the expiry date or due to the employee ceasing employment, including where employees ceased employment with the Consolidated Entity as a result of the demerger of Clean TeQ Water.

### Note 5. Equity – issued capital

	Consolidated			
	31 Dec 2022 Shares	30 Jun 2022 Shares	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Ordinary shares – fully paid	90,057,879	90,057,879	298,091	298,091

### Movements in ordinary share capital

Details	Date	Shares	Issue Price	\$'000
Balance	1 Jul 2022	90,057,879		298,091
Movement	–	–	–	–
Balance	31 Dec 2022	90,057,879	–	298,091



## Note 6. Equity – reserves

	Consolidated	
	31 Dec 2022 \$'000	30 June 2022 \$'000
Share based payments reserve	19,036	18,613
Other reserves	(2,035)	(2,035)
	17,001	16,578

### Movements in reserves

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

Consolidated	Share based payments \$'000	Other \$'000	Total \$'000
Balance as at 1 July 2022	18,613	(2,035)	16,578
Share based payments	423	–	423
Balance as at 31 December 2022	19,036	(2,035)	17,001

## Note 7. Equity – dividends

### Dividends

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

## Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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.

## Notes to Financial Statements continued

### Note 9. Share-based payments

Sunrise Energy Metal's approach to remuneration is to ensure that employee remuneration 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 granted 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. 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 a comparator peer group of companies or the S&P/ASX 300 Metals and Mining Index.

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.

Set out below are summaries of options granted as at 31 December 2022:

Grant date	Expiry date	Exercise price	Balance at the start of the financial half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the financial half-year
12-Aug-19	09-Aug-23	\$4.966	574,656	-	-	-	574,656
01-Nov-19	09-Aug-23	\$4.966	100,000	-	-	-	100,000
			674,656	-	-	-	674,656
Weighted average exercise price:			\$4.966	-	-	-	\$4.966

The weighted average number of years to expiry for share options issued under the Plan is 0.61 years (30 June 2022: 1.11 years).

Set out below are summaries of performance rights granted as at 31 December 2022:

Grant date	Expiry date	Exercise price	Balance at the start of the financial half-year	Granted	Vested	Expired/forfeited/other*	Balance at the end of the financial half-year
16-Aug-19	01-Jul-22	\$0.00	92,767	–	–	(92,767)	–
01-Nov-19	01-Jul-22	\$0.00	49,879	–	–	(49,879)	–
12-Mar-20	01-Jan-23	\$0.00	101,390	–	–	–	101,390
15-Oct-20	01-Jan-23	\$0.00	82,072	–	–	–	82,072
17-Jul-20	01-Jul-23	\$0.00	219,025	–	–	–	219,025
15-Oct-20	01-Jul-23	\$0.00	265,606	–	–	–	265,606
03-Feb-21	01-Jan-24	\$0.00	117,382	–	–	–	117,382
24-Mar-21	01-Jan-24	\$0.00	164,631	–	–	–	164,631
09-Sep-21	01-Jul-24	\$0.00	156,778	–	–	–	156,778
22-Oct-21	01-Jul-24	\$0.00	198,694	–	–	–	198,694
08-Mar-22	01-Jan-25	\$0.00	176,780	–	–	(12,303)	164,477
21-Oct-22	01-Jan-25	\$0.00	–	204,780	–	–	204,780
24-Aug-22	01-Jul-25	\$0.00	–	126,861	–	(8,798)	118,063
21-Oct-22	01-Jul-25	\$0.00	–	146,444	–	–	146,444
			1,625,004	478,085	–	(163,747)	1,939,342

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

Each performance right, once vested, entitles the performance right holder to receive one fully paid ordinary share in the Company for zero consideration. The fair value of performance rights is determined by an independent third party using a Geometric Brownian Motion Model and a Monte Carlo simulation that takes into account the term of the performance rights, the underlying share price and benchmark share price values at grant date, the expected volatility of the underlying share and benchmark shares, the expected dividend yield of the underlying share and benchmark shares and the risk free interest rate for the term of the performance right.

The valuation model inputs used to determine the fair value at grant date of the performance rights granted during the financial half-year are as follows:

Grant date	Expiry date	Share price at grant date	Volatility	Dividend Yield	Fair value at grant date
21-Oct-22	01-Jan-25	\$2.10	77.09%	–%	\$1.39
24-Aug-22	01-Jul-25	\$2.83	73.99%	–%	\$0.94
21-Oct-22	01-Jul-25	\$2.10	73.99%	–%	\$1.21

# Directors' Declaration

For the financial half-year ended 31 December 2022

In the opinion of the Directors of Sunrise Energy Metals Limited ('Company') and its controlled entities ('Consolidated Entity'):

- (a) the consolidated financial statements and notes set out on pages 7 to 17, are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance, for the six-month period ended on that date; and
  - ii. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors



**Sam Riggall**

Managing Director and Chief Executive Officer

24 February 2023

Melbourne

# Independent Auditor's Review Report

For the financial half-year ended 31 December 2022



## Independent Auditor's Review Report

To the shareholders of Sunrise Energy Metals limited

### Report on the Half-year Financial Report

#### Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Sunrise Energy Metals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Sunrise Energy Metals Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Consolidated Entity's** financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Consolidated Entity** comprises Sunrise Energy Metals Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

# Independent Auditor's Review Report continued



## Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Tony Romeo

*Partner*

Melbourne

24 February 2023

# Corporate Directory

31 December 2022

## Directors

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

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

Sam Riggall (Managing Director and Chief Executive Officer)

Stefanie Loader (Lead Independent Non-Executive Director)

Eric Finlayson (Non-Executive Director)

Trevor Eton (Non-Executive Director)

## Company Secretary

Melanie Leydin

## Principal Place of Business and Registered Office

Level 6, 350 Collins Street  
Melbourne VIC 3000

Telephone: +61 3 9797 6777

## Share Register

### Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnson Street  
Abbotsford Victoria 3067

Telephone: +61 3 9415 5000

## Auditors

### KPMG

Tower 2, Collins Place  
727 Collins Street  
Docklands Victoria 3008

## Legal Advisors

### Baker & McKenzie

Level 19, 181 William Street  
Melbourne Victoria 3000

## Stock Exchange Listing

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

## Website

[www.sunriseem.com](http://www.sunriseem.com)



**sunrise**  
energy metals