

26 October 2023

Quarterly Activities Report

MELBOURNE, Australia – Sunrise Energy Metals Limited (**Sunrise Energy Metals** or **Company**) (ASX:SRL and OTC:SREMF) is pleased to provide an update on its activities for the quarter ended 30 September 2023.

Key Developments:

- **The Company continues to progress discussions with potential equity funding and offtake partners for the Sunrise Battery Materials Complex ('Sunrise Project')**
- **As part of recent and ongoing engagement with US auto manufacturers and various US government agencies, the Company is evaluating the option of locating the Sunrise Project's nickel and cobalt refinery in the United States:**
 - **A US-based refinery will potentially open up opportunities for grant funding pursuant to a number of US Government programs, as well as possible involvement by US-based strategic investors**
 - **The Company plans to undertake the evaluation in concert with US counterparties, and to that end has engaged a US-based advisor to assist with financing options**
- **Ongoing work streams to advance the fully integrated Sunrise Project continued with activities focussed on:**
 - **Advancing work on the electrical transmission line (ETL) work scope**
 - **Power systems studies that are required as part of the ETL connection agreement have commenced**
 - **Work continues to advance on the design and planning of civil and overhead services modifications required along the oversized transport route**
- **Field exploration activities continued to advance during the quarter with a focus on expanding our understanding of the geological potential of our large tenement package in the Macquarie Arc, New South Wales**

OCCUPATIONAL HEALTH AND SAFETY & ENVIRONMENTAL PERFORMANCE

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

SUNRISE BATTERY MATERIALS COMPLEX

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

- Advancement of the long-lead electrical transmission line (**ETL**) work scope.
- A land access licence application over Crown Land lots for the ETL has been submitted.
- Work is continuing with Essential Energy on the electrical network connection agreement process. The planned network connection point is a new substation located 2km north of the existing Transgrid Parkes 132kV substation. The new substation is planned to be constructed to support a new solar farm project (Quorn Park) and other future large connections such as the Parkes Special Activation Precinct. Connecting to this new substation shortens the transmission line by 1.5 km and results in a simplified connection process, involving only one network service provider.
- SRL's technical consultants, GHD, are undertaking the necessary power systems studies that are required as part of the electrical network connection agreement. This work commenced in September and will take approximately 3 months to complete.
- Work is progressing on the design and planning of civil and overhead services modifications required along the oversized transport route from Port Pirie to the Project site, with engagement with key road and power authorities throughout the month. GHD have been engaged to undertake this work, which will extend through to December 2023.
- Planned pump testing of the three newly drilled water bores has been awarded to Watson Drilling and will take place after the summer harvest.

Project Financing

- The Company continues to proactively engage with a range of participants in the electric vehicle (**EV**) industry with a view to securing project-level equity funding, in conjunction with offtake, to underpin a complete financing package for Sunrise. The partnering process remains ongoing, however the targeted timing for completion of any transaction is not possible to forecast.

Sunrise to evaluate US location for nickel-cobalt refinery

Recent feedback from both the auto sector and US Government agencies has focussed on the potential of locating Sunrise's nickel and cobalt refinery in the United States.

The relocation of the refinery to the United States could be undertaken to satisfy eligibility criteria under several US Government funding initiatives focused on critical minerals supply.

The estimated cost of the refinery as forecast in the Sunrise Project Execution Plan, including contingency allowance, is more than US\$200m¹. With a design capacity of up to 25ktpa of nickel (contained in nickel sulphate) and 7ktpa of cobalt (contained in cobalt sulphate), refined production could support the manufacturing of up to approximately 1 million electric vehicles per annum. The refinery has been designed with flexibility to use primary, intermediate (mixed hydroxide precipitate (MHP) or mixed sulphide precipitate (MSP)) and secondary/recycled (black mass) material as feedstock.

EXPLORATION ACTIVITIES

The Company continues to advance activities across its range of exploration assets in New South Wales.

Hunters (ELA6670)

During the quarter the Company applied for a new group 2 (limestone) tenement (ELA6670) located to the south of Trundle. An abundance of what appears to be surface limestone was observed on a first pass field reconnaissance site visit. This tenement is located closer to the Sunrise Project site than the existing third-party limestone source and is located along the approved transport route for the project. Limestone will be a critical processing reagent for the Sunrise Project.

Gleninga South (EL9598)

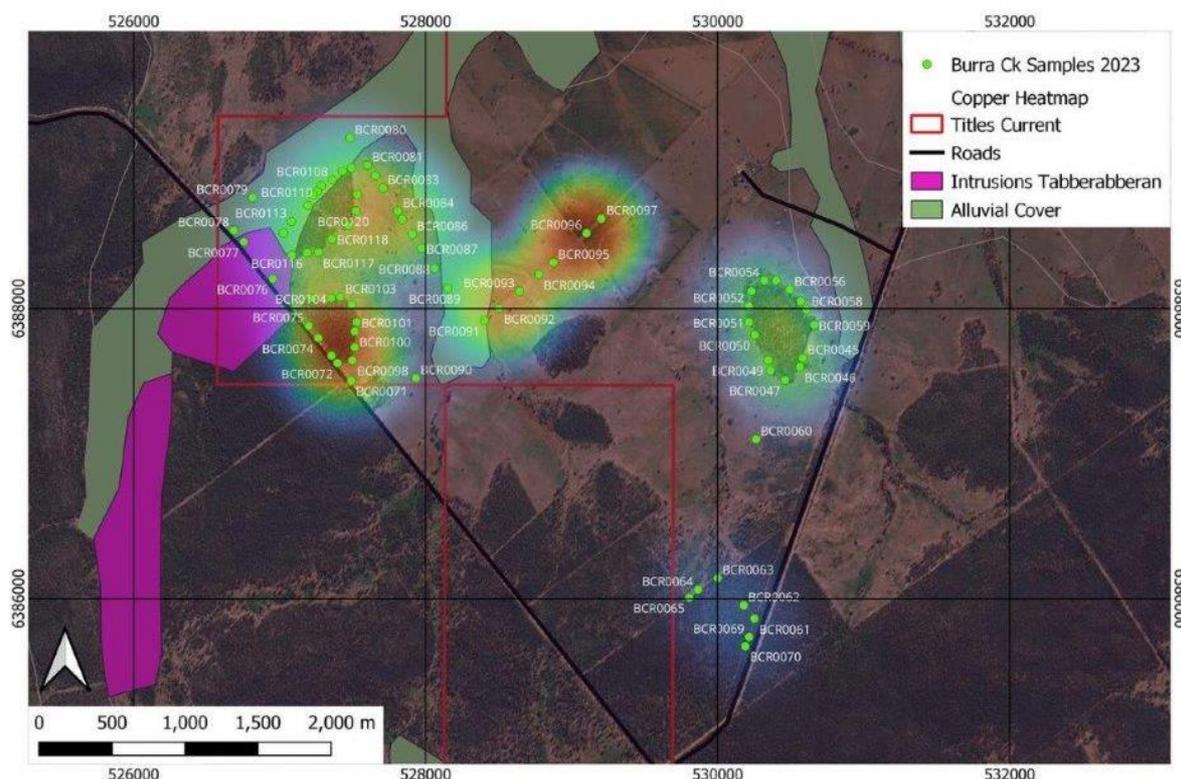
The Company was granted a new group 2 (limestone) tenement (EL9598) during the quarter. The tenement is located to the west of the Sunrise Project Mining Lease 1770 and is prospective for limestone.

Burra Creek (EL 9317)

A review of historic data for the Burra Creek exploration licence was conducted during the quarter with a subsequent mapping and sampling program taking place within the south-western portion of the tenement targeting geochemical anomalies. Initial geochemistry results (XRF measurements and data analysis) are pending. Initial observations have identified a north to north-east (NNE) trending fault zone (approx. 50m wide) adjacent to the mapped igneous intrusion. It is unclear at

¹ See Sunrise Project Execution Plan (PEP) (ref ASX release 28 September 2020).

this stage if these features are related, however the fault appears to continue beyond the extremities of the EL9317 tenement boundaries. Given the historical workings in the area, it is possible that this structure may be prospective for tin-silver-gold mineralisation, and further sampling and mapping will be undertaken if geochemical analysis of the samples yields anomalous results.



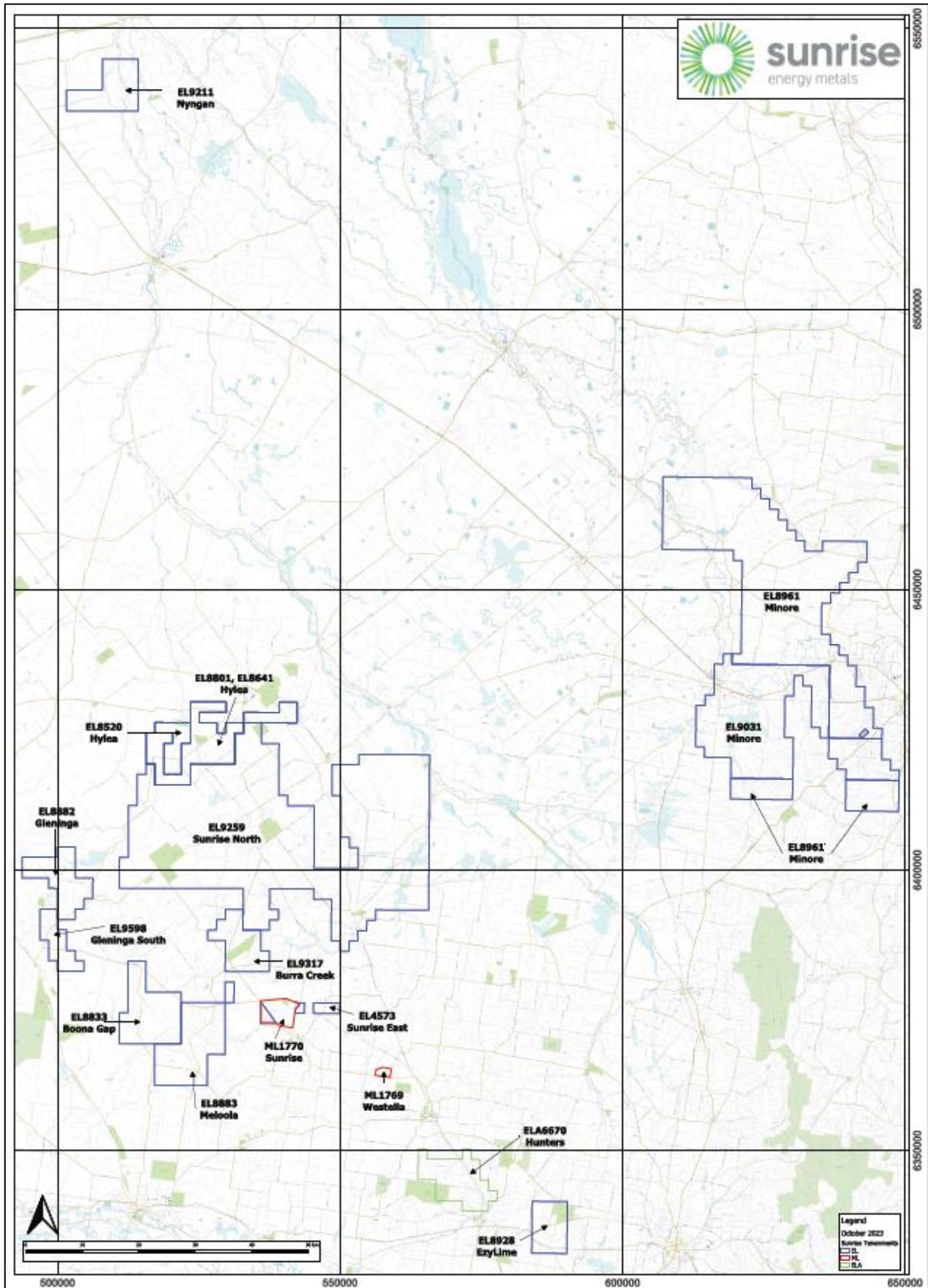
Sampling of mapped intrusions within the southern part of EL 9317 (Burra Creek)

Meloola (EL8883)

During the period an initial auger drilling plan was developed in anticipation of the acquisition of a suitable rig for future drilling of limestone targets.

Gleninga (EL 8882)

A site visit was undertaken to investigate limestone occurrences on the margins of known existing outcrops. During FY24, fieldwork is scheduled at the Gleninga prospect with the aim of extending the known boundaries of the surface limestone and providing a basis for future auger drilling.



Sunrise Energy Metals' Tenement Holdings in New South Wales

Sunrise Energy Metals – Interests in Mineral Tenements

Licence Number	Project Name	Location	Equity Interest Current Quarter	Equity Interest Prior Quarter
EL8961	Minore	NSW	100%	100%
EL9031	Minore	NSW	100%	100%
EL8520	Hylea	NSW	100%	100%
EL8641	Hylea	NSW	100%	100%
EL8801	Hylea	NSW	100%	100%
EL9211	Nyngan	NSW	100%	100%
EL4573	Sunrise	NSW	100%	100%
EL8928	Sunrise	NSW	100%	100%
EL8833	Sunrise	NSW	100%	100%
EL8882	Sunrise	NSW	100%	100%
EL8883	Sunrise	NSW	100%	100%
EL9259	Sunrise	NSW	100%	100%
EL9317	Sunrise	NSW	100%	100%
EL9598	Sunrise	NSW	100%	-
ML1770	Sunrise	NSW	100%	100%
ML1769	Sunrise	NSW	100%	100%

CORPORATE

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarter's activities report were \$219,000. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter.

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

For more information, please contact:

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About Sunrise Energy Metals Limited

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

Forward Looking Statements

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

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

Appendix 5B

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

Name of entity

SUNRISE ENERGY METALS LIMITED

ABN

34 127 457 916

Quarter ended ("current quarter")

30 SEPTEMBER 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(234)	(234)
(b) development	-	-
(c) production	-	-
(d) staff costs	(670)	(670)
(e) administration and corporate costs	(656)	(656)
(f) research and development	(28)	(28)
(g) Sunrise Project expenditure	(895)	(895)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	193	193
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	175	175
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,117)	(2,117)
2. Cash flows from investing activities		
2.1 Rental Income	36	36
2.2 Payments to acquire or for:		
(a) entities		
(b) tenements	-	-
(c) property, plant and equipment	(1)	(1)
(d) exploration & evaluation	-	-

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(e) investments	-	-
(f) other non-current assets	-	-
2.3 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.4 Cash flows from loans to other entities	-	-
2.5 Dividends received (see note 3)	-	-
2.6 Other (provide details if material)	-	-
2.7 Net cash from / (used in) investing activities	35	35

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings/payment of principal for rental leases	(55)	(55)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material):		
(a) Cash backing of security bonds	57	57
3.10 Net cash from / (used in) financing activities	2	2

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	16,827	16,827
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,117)	(2,117)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.7 above)	35	35
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2	2
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	14,747	14,747

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,747	14,747
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,747	14,747

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	219
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,117)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,117)
8.4 Cash and cash equivalents at quarter end (item 4.6)	14,747
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	14,747
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	7.0
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

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

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

Answer:

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

Compliance statement

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

Date: 26 October 2023

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

Notes

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