

17 July 2024

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 June 2024.

Key Developments:

- **Post quarter end Sunrise appointed GR Engineering Services to commence an update to the 2016 Syerston Scandium Project Feasibility Study;**
 - The study will update capital and operating cost estimates for the Feasibility Study, which highlighted the potential for annual production of 49.2 tonnes per annum of scandium oxide over a 20 year mine life.
 - Offtake discussions have recommenced with several counterparties across the speciality alloy, semiconductor and aerospace markets.
- **Discussions with potential equity funding and offtake partners for the Sunrise Battery Materials Complex ('Sunrise Project') continue.**
- **Ongoing work streams to advance the fully integrated Sunrise Project continued with activities focussed on:**
 - Completion of the power systems studies, including the harmonic studies that are required as part of the electrical transmission line ('ETL') connection agreement.
 - Finalisation of the designs required for route modifications to allow the transportation of oversized loads between Port Pirie and the Sunrise project site.
- **Field exploration activities continued to advance during the quarter. The exploration strategy is focused on the following:**
 - Define limestone resources in close proximity to the Sunrise Project; and,
 - Progress work on the Cloncurry project in Queensland, focused on base metals and copper-gold potential.

OCCUPATIONAL HEALTH AND SAFETY & ENVIRONMENTAL PERFORMANCE

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

SUNRISE BATTERY MATERIALS COMPLEX

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

- Advancement of the long-lead electrical transmission line (ETL) work scope:
 - The Company continues to make good progress in securing easement agreements from rural landholders for land access over the planned route of the ETL.
 - SRL's technical consultants, GHD have completed the power systems studies, including the harmonic studies that are required as part of the ETL connection agreement. Initial outcomes from the studies are that the existing electrical network can support the Sunrise forecast load and minimal upstream network augmentation will be required. Feedback on the power systems studies has been received from Essential Energy and the studies have been updated accordingly and resubmitted to Essential Energy for its review and approval.
- The designs for the required route modifications to allow the transportation of Oversize-Over mass (OSOM) loads for the Sunrise project between Port Pirie and the Sunrise project site were completed by GHD during June. This included designs for civil, electrical, structural (Darling River Bridge) and rail crossing modifications and construction schedules for these activities.
- The Company was awarded a \$500,000 grant towards completion of the OSOM study by Regional NSW - Mining, Exploration and Geoscience pursuant to Stream 1 of the NSW Critical Minerals Activation Fund. The Company has now filed a claim for the final \$75,000 of that grant.

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.

US Refinery Evaluation

Sunrise previously announced that feedback from both the auto sector and US Government agencies indicated the potential to locate Sunrise's nickel and cobalt sulphate refinery in the United States (refer to ASX release 28 September 2023). The Company, in conjunction with its advisors, continues to evaluate the possibility of the relocation of the refinery to the United States, with a focus on eligibility criteria under US Government funding initiatives which are aimed at supporting the development of new critical minerals supply.

SYERSTON SCANDIUM PROJECT

Post quarter end, the Company announced the commencement of an update to the 2016 Feasibility Study for the Company's wholly owned Syerston Scandium Project at Fifield, NSW.

GR Engineering Services has been appointed to conduct an update of the key economic and project parameters of the 2016 Syerston Scandium Project Feasibility Study, which assessed the potential for a processing plant with designed throughput capacity of 64,000tpa of ore feed from near-surface, high-grade scandium resources over an initial 20-year mine life. The processing plant consisted of a small high-pressure acid leach (HPAL) circuit, a resin-in-pulp plant and a hydrometallurgical refinery to purify the product. The construction timeframe was estimated to be 18 months.

The Company has received expressions of interest from a range of parties for scandium offtake. While the update to the Feasibility Study is underway, discussions with these parties remain ongoing with view to converting expressions of interest into firm offtake commitments.

The Company has continued to invest in scandium alloy development programs to service both aerospace and automotive industries. The Company has been particularly encouraged by results of product development work at Michigan Tech, which has demonstrated a range of unique 6xxx-series alloys that deliver yield strength improvements of circa 90 MPa (c. 33%) over standard alloys. This opens up the possibility of using aluminum-scandium alloys in automotive applications where high-strength steels currently dominate.

As a result of this successful development program, the Company is now engaged with US partners to undertake commercial pilot scale extrusion trials to test these proprietary 6xxx-series alloys in a range of automotive components.

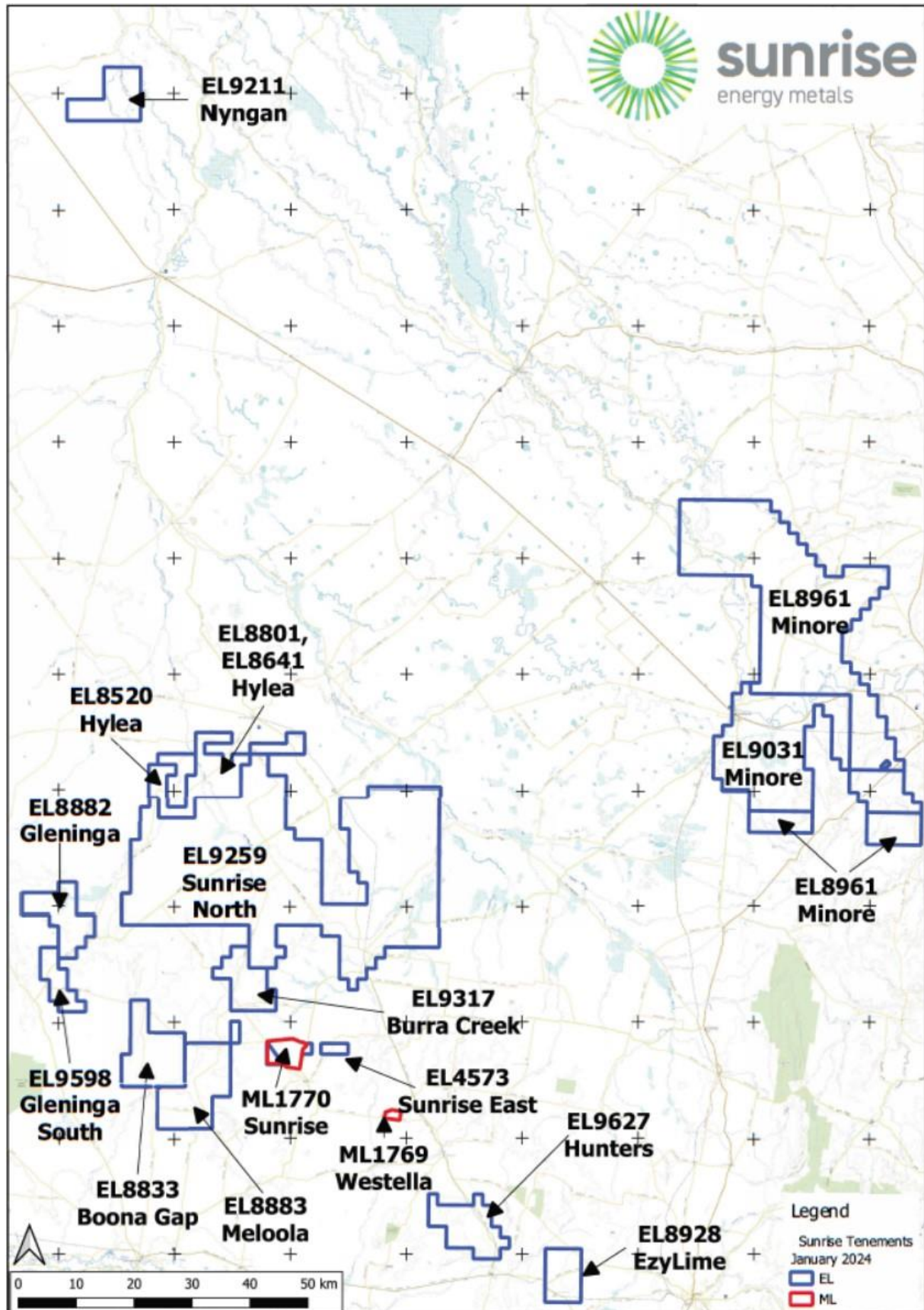


Figure 1: Sunrise Energy Metals' Tenement Holdings in New South Wales

New South Wales

The Company continues to advance activities across its range of exploration assets in New South Wales (see Figure 1). The exploration strategy for CY2024 is to:

- Define limestone resources in close proximity to the Sunrise Project; and,
- Explore regional tenements for rare earth elements, base metals and copper-gold potential to add material value with a view towards potential farm-outs to generate future funding.

Delineation of limestone resources, a key reagent required for the Sunrise processing flow sheet, is the priority for the Company to supplement existing commercial limestone supply arrangements.

Limestone Exploration

EL8883 Meloola and EL8833 Boona Gap

A small scout-style reverse circulation (RC) drilling program was completed during the quarter, comprising 6 x RC drillholes totalling 242m. Initial pXRF results indicated the presence of a number of potentially high-quality lenses of limestone. Confirmatory sample analysis is pending.

Queensland

During the quarter the Company signed agreements to establish an exploration joint venture (**Clonagh Trend JV**) with Continental Copper Pty Ltd (**Continental**) to explore for base and precious metals on Continental's exploration tenements around Cloncurry, Queensland, one of Australia's most productive mineral provinces. Continental is an Australian copper-focused company with projects in the Loei-Khvav copper-gold volcanic arc in Cambodia and in the Cloncurry district in eastern Australia.

Clonagh Trend Joint Venture

Continental acquired the Cloncurry tenements (see Figure 2) based upon geological interpretation of a multi-million dollar 11,000km² water bore survey and 4,000 km² geophysical survey undertaken by the Queensland government. Exploration targets within the tenements have been determined with reference to anomalous groundwater geochemistry which, in a number of instances, exhibits higher polymetallic content than the groundwater within nearby mining areas.

The principal terms of the earn-in arrangements for the Clonagh Trend JV are:

1. The Company subscribed for approximately 2.1 million shares in Continental (representing approximately 3% of the Continental shares on issue post-settlement) for a once-off up-front payment of \$200,000. Proceeds of the subscription are to be used exclusively for an initial exploration program to test for near-surface mineralisation of the Maureen-Lola and Dianne tenements.

2. The Company may earn a 51% interest in each of the Clonagh Trend JV tenements as an unincorporated joint venture by sole funding a further \$2.8 million of exploration within 24 months.
3. The Company may then earn an additional 24% interest in each of the tenements by sole funding a further \$5.0 million of exploration within a subsequent 24-month period.

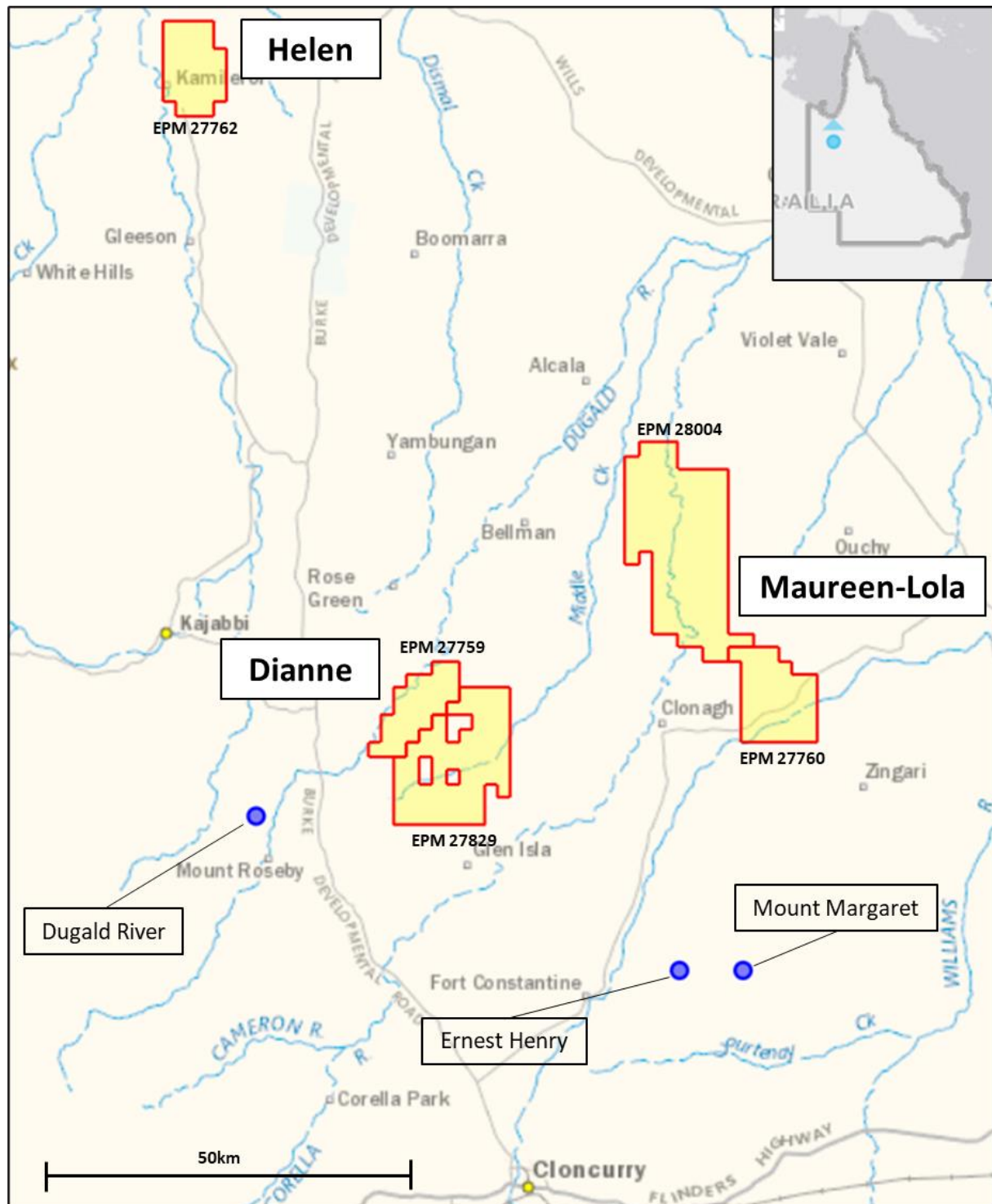


Figure 2: Clonagh Trend JV tenements (yellow highlight)

Activities during the quarter were focused on progressing permitting and land access arrangements for an initial exploration program and reprocessing geophysical data. An initial program of 23 wide-spaced air-core holes is anticipated to commence in H2 2024 and will target coincident hydrogeochemical, ground and airborne electromagnetic (EM) and magnetotelluric (MT) anomalies. A restricted subset of the 4,400 km² MT data package, consisting of 180 sites, will be reprocessed to better model existing anomalies with higher resolution.

The existing MT depth inversion model shows a strong conductor in the mid-crust, extending towards surface within the Maureen-Lola licences within the Clonagh Trend JV, as several near vertical, discrete pipelike bodies. Integrated airborne and ground magnetics and gravity data will be reprocessed with a focus on the low potential field strength regions east of the Mt Margaret Fault, which has received very little attention from previous explorers.

CORPORATE

Cash on hand was \$8.9 million as at 30 June 2024. 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 for salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter.

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%	100%
EL9627	Sunrise	NSW	100%	100%
ML1770	Sunrise	NSW	100%	100%
ML1769	Sunrise	NSW	100%	100%

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

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Corporate

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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 JUNE 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(234)	(784)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(619)	(2,541)
	(e) administration and corporate costs	(294)	(1,816)
	(f) research and development	(3)	(57)
	(g) Sunrise Project expenditure	(922)	(3,616)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	114	628
1.5	Interest and other costs of finance paid	(3)	(11)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	130	305
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,831)	(7,892)
2.	Cash flows from investing activities		
2.1	Rental Income	38	165
2.2	Payments to acquire or for:		
	(a) entities		
	(b) tenements	-	-
	(c) property, plant and equipment	-	(58)
	(d) exploration & evaluation	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) investments	(200)	(200)
	(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	(162)	(91)

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	(27)	(134)
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	-	47
3.10	Net cash from / (used in) financing activities	(27)	(87)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,775	16,827
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,831)	(7,892)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.7 above)	(162)	(91)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	(87)
4.5	Effect of movement in exchange rates on cash held	1	(1)
4.6	Cash and cash equivalents at end of period	8,756	8,756

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	8,756	10,775
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)	8,756	10,775

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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(1,831)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,831)
8.4	Cash and cash equivalents at quarter end (item 4.6)	8,756
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	8,756
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.8
<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: 17 July 2024

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.