



sunrise
energy metals

Annual Report 2023

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Forward Looking Statements

Certain statements in this report 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 Sunrise Energy Metals Limited 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 Sunrise Energy Metals Limited’s current expectations regarding future events, performance and results, and speak only as of the date of this report. 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 Sunrise Energy Metals Limited believes are reasonable assumptions, Sunrise Energy Metals Limited 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 report and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, Sunrise Energy Metals Limited 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 report.





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Message from the Co-Chairmen

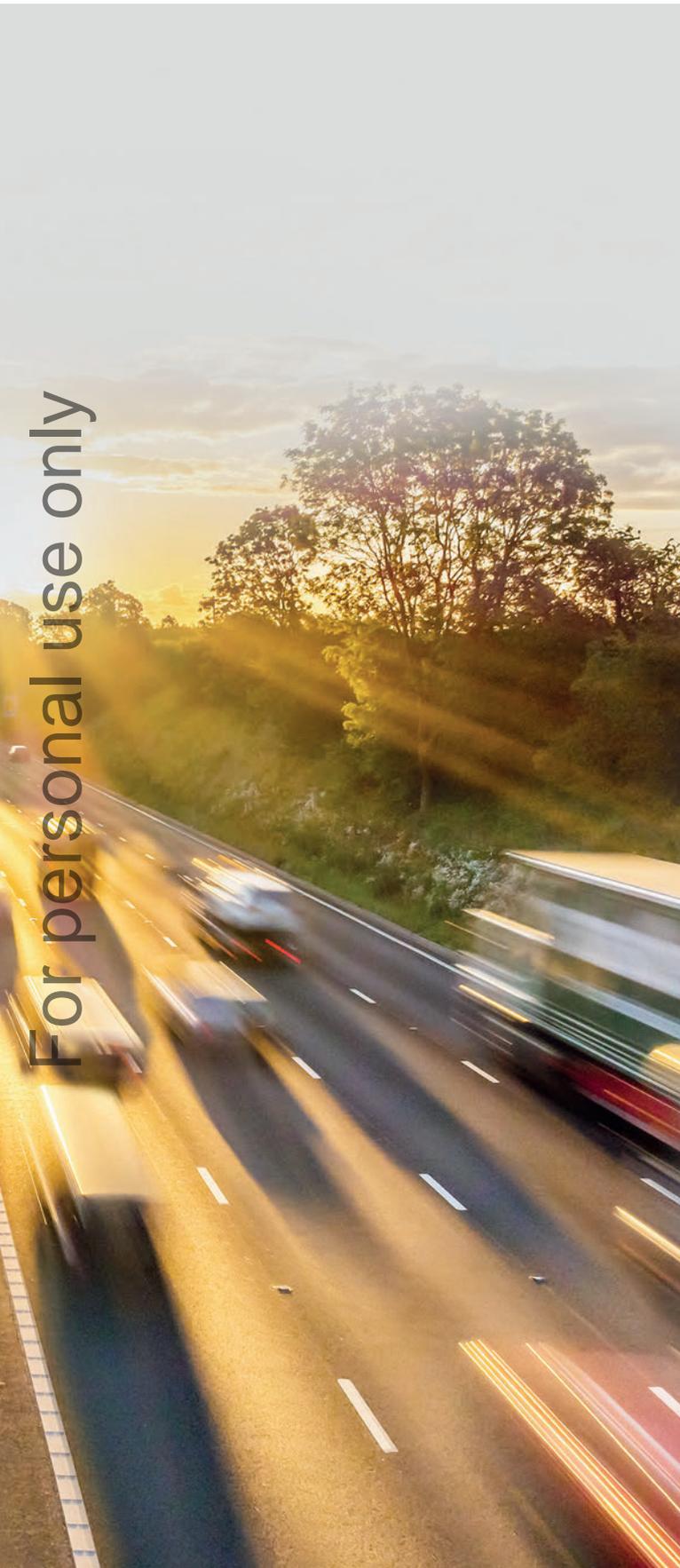
Dear Shareholders

We are in the very early stages of the global transition to a decarbonised economy. Like previous periods of significant structural change in global economies, the electrification of our transportation systems will be revolutionary for a range of industries, including mining and mineral processing. The demand for energy storage technologies, and the metals they require, is experiencing growth at a remarkable pace. This will drive enormous growth in demand for our core commodities – nickel and cobalt.





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With a mine life of over 50 years, low operating costs and industry leading environmental, social and governance standards¹, the Sunrise Project is ideally placed to benefit from the global decarbonisation revolution.

Regarding financing of the Sunrise Project, we have seen strong expressions of interest from both commercial lenders and government agencies to provide debt financing for the Project. We also continue to see very strong demand for offtake of Sunrise's products: nickel and cobalt sulphate.

Although we are focused primarily on delivering a conventional debt and equity financing solution for Sunrise, as you would expect, we are also open to, and continue to actively consider, alternate corporate transactions and financing structures to deliver value for shareholders.

On behalf of the Board we would like to thank you for your support as we continue to progress the financing and development of the Sunrise Project. It is disappointing that project financing, and the transition towards construction of the Project, has not progressed as rapidly as we would have liked. However, the Board remains firmly engaged and fully supportive of our management team and their activities.

Sunrise is one of the world's most exciting, development ready integrated battery materials projects. As the world coordinates global action to tackle carbon emissions and air pollution, the Board and management team remain confident in your company's capacity to deliver an important contribution to our shared future.



Robert Friedland
Co-Chairman



Jiang Zhaobai
Co-Chairman

1. For full details including JORC 2012 disclosures see ASX announcement dated 28 September 2020.

Message from the Managing Director and Chief Executive Officer



Dear Shareholders

Thank you for your support as we continue to progress one of the world's largest and most advanced battery materials projects towards production.

The Sunrise Project's scale coupled with its development readiness, low operating cost, long mine life and strong sustainability credentials mean that it is uniquely positioned to satisfy the growing global demand for critical battery materials.

We continue to engage with the electric vehicle supply chain with a view to securing an equity investment from an offtake partner, or partners, to underpin a comprehensive project financing solution. We recognise that the pace of these discussions has been slower than we would have liked and is a point of frustration for some. However, these discussions remain ongoing and they remain constructive. As such, the Board and management team remain committed to securing an investment and offtake deal that maximises long-term shareholder returns from the Sunrise Project. However, the targeted timing for completion of any transaction is not possible to forecast.



The Sunrise Battery Materials Project

Sunrise has been designed to deliver low-cost battery cathode materials with industry-leading sustainability credentials. Once constructed Sunrise will²:

- ✓ Deliver annual average annual production of **approximately 21,300 tonnes of nickel as nickel sulphate and 4,400 tonnes of cobalt as cobalt sulphate.**
- ✓ Operate in the lowest quartile of the industry cost curve in an attractive jurisdiction, while **offering strong economics and a rapid payback period.**
- ✓ Have a mineral inventory sufficient to sustain a **50-year operation.**
- ✓ Use a **direct-to-sulphate processing route to produce high-purity battery chemicals** 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.**
- ✓ Enable production of **substantial volumes of scandium** for use in lighter and stronger aluminium-alloy components for the automotive and aerospace sectors.

2. For full details including JORC 2012 disclosures see ASX announcement dated 28 September 2020.



During FY23 we made considerable progress in a range of activities which are aimed at de-risking and fast-tracking the development of Sunrise once a final investment decision is made:

- Progressing the Oversize Transportation Corridor Study, a scope of work being coordinated to survey, engineer and produce detailed 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. A \$500,000 grant was awarded to the Company towards the cost of this study pursuant to Stream 1 (Project Activation Studies) of the NSW Government's Critical Minerals and High-Tech Metals Activation Fund, which aims to support activities which will activate the critical minerals and high-tech metals sector in New South Wales.
- Progress continues on the long-lead electrical transmission line (ETL) work scope including an application to connect to the NSW electrical grid.



21,300 tons
of nickel

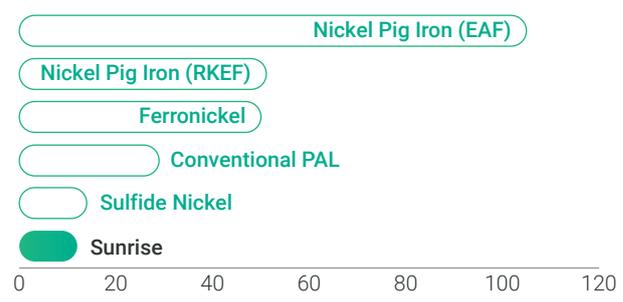
4,300 tons
of cobalt

- The Company was advised in December 2022 by the Department of Regional NSW that its application for a \$10 million grant in support of the ongoing development of the ETL had been conditionally approved. Subject to satisfying the conditions of the offer, the Company 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 Company continued to progress commercial discussions with landowners, Aboriginal Land Councils, local councils, the NSW State Government and other impacted parties required for land access agreements for key infrastructure including the Sunrise Project water pipeline and ETL. During the year the Company 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 was an important milestone for the Project.
- In June 2023 drilling of three water bores was completed at the Company’s borefield, 60km south of the Sunrise Project. The bores are a critical component of Project infrastructure, supplying the vast majority of the Sunrise Project’s processing water utilising the Company’s existing ground water extraction licences. The three 2023 bores are in addition to one existing bore which was previously drilled. The four bores together now satisfy the NSW government licence conditions for the Project’s bore water infrastructure works approval. Although pump testing of the bores is yet to be completed, conditions experienced during drilling indicated that the water flow rates of the bores will be sufficient for Project operations. The Company has existing agreements in place with Forbes and Lachlan shire councils for the placement of a water pipeline from the borefield to the Project.

Research and Development

During FY23 the Company completed programs of test work and process development assessing opportunities for potential recycling of spent battery materials (black mass) and further downstream processing of sulphates into precursor cathode active material. Those programs successfully demonstrated the ability of the Sunrise Project to readily recycle black mass as well as being able to produce functional precursor cathode active material on-site. The demonstration of this capability was undertaken to promote the opportunity of further downstream vertical integration as a potential value-add for the Project.

Carbon intensity of nickel production
(kg CO₂/Kg Nickel in sulphate)



Source: Energetics, Life Cycle Assessment Report: greenhouse gas emission comparison for nickel production routes (Feb 2020). The GHG emission intensities of alternative processing routes are based on literature data that cannot be effectively harmonized. For comparison purposes the only harmonization that has occurred has been on end product (NiSO₄) and using economic allocation to end products. Comparisons against Sunrise should be considered indicative. See also Nickel Institute, Life Cycle Data Assessment. Energy consumption for conventional PAL, ferronickel and NPI products assumes Indonesian development utilizing coal as primary power source. Sulfide nickel data varies between 9 and 19 kg CO₂e depending on power source.



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Scandium

We continue to progress a range of aluminium-scandium alloy development programs in conjunction with participants in the global aluminium industry. During the year, we signed agreements with UACJ Corporation, Kurt J. Lesker Company, and Metalysis Ltd, to assess technology and product development opportunities. The aim of these programs is to support the development of new aluminium-scandium alloy products so as to help build the scandium market for when Sunrise is ultimately in production.

Exploration

During the year, our field exploration activities continued to expand our understanding of the geological potential of our large tenement package in the Macquarie Arc, New South Wales.

Drilling at the Hylea prospect intersected encouraging results for nickel and cobalt mineralisation³, indicating the potential for opportunities to add satellite ore sources to Sunrise once mineral processing capacity is constructed.

Drilling programs for limestone during the year have had mixed results. Limestone is an important processing reagent at the Sunrise Project. The Company has a commercial agreement in place with an existing local quarry to secure the limestone required for Sunrise project operations. Limestone exploration activities will continue in FY24 with a view to securing a limestone deposit which may augment the existing commercial supply arrangement.

Our other FY24 exploration work programs are targeted at developing a further understanding of the untested targets within our large tenement holdings within the Macquarie Arc.

Our People

I am pleased to report that we kept all our employees and contractors safe during the year with no reportable injuries. We also recorded no environmental issues and received zero community complaints.

I would like to thank our staff and contractors for their hard work over the year. I would also like to pay special thanks to our partner communities affected by the Sunrise Project, especially members of those communities who serve on the Sunrise Community Consultative Committee, as well as the local government bodies we work with – Lachlan, Forbes and Parkes Shire Councils.

Finally, I want to thank our shareholders for your ongoing support, as well as the dedicated members of the Sunrise Energy Metals team. It's a privilege to work for this Company with the incredible people we have, who are devoted to being part of an innovative and important solution to drive the green economy transition.



Sam Riggall
Managing Director and Chief Executive Officer

3. For full details including JORC 2012 disclosures see ASX announcement dated 31 October 2022.

Financial Report

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Directors' Report

For the year ended 30 June 2023

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 2023 ('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 Chief Executive Officer)
- Stefanie Loader (Lead Independent Non-Executive Director)
- Eric Finlayson (Non-Executive Director)
- Trevor Eton (Independent Non-Executive Director)

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 30 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 was also 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. Rio Tinto completed its acquisition of Turquoise Hill in December 2022. 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 is also 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 and the American Mining Hall of Fame in 2021.

Directors' Report continued

Other current directorships:	<p>Founder and Executive Co-Chairman, Ivanhoe Mines Ltd</p> <p>Founder and Executive Chairman, Ivanhoe Electric Inc.</p> <p>Chairman & President, Ivanhoe Capital Corporation (private)</p> <p>Chairman, Co-Founder and Interim CEO, I-Pulse Inc. (private)</p> <p>Director, High Power Exploration Inc. (private)</p> <p>Chairman, VRB Energy (private)</p>
Former directorships (last 3 years):	<p>Director, SES AI Corporation (NYSE) (resigned March 2023)</p> <p>Chairman, GoldX Mining Corp (TSXV) (resigned June 2021)</p>
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:	<p>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.</p>
Other current directorships:	<p>Chairman of Shanghai Pengxin Group</p> <p>Executive Chairman of Shanghai Entrepreneurs Association (private)</p> <p>Vice President of the China-Latin America and the Caribbean Friendship Association (private)</p>
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:	<p>Mr Riggall has spent his career in the mining industry 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.</p> <p>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.</p> <p>Mr Riggall holds law and economics degrees from the University of Melbourne, and an 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 is a Steering Committee member of the World Materials Forum based in Europe. In 2009 Mr Riggall 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.</p>
Other current directorships:	Clean TeQ Water Limited (ASX:CNQ)
Former directorships (last 3 years):	Nil
Special responsibilities:	Nil
Interests in shares:	2,613,147 fully paid ordinary shares
Interests in options:	100,000 expiring 9 August 2023 with a strike of \$4.97
Interests in rights:	980,155

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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 the 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
Former directorships (last 3 years):	Clean TeQ Water Limited (resigned 10 March 2022)
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 forty 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 Interim Chairman, President and CEO of TSX-V listed Kaizen Discovery. Mr Finlayson was appointed a Director of Sunrise Energy Metals on 16 September 2015.
Other current directorships:	Kaizen Discovery Inc. Sama Resources Inc.
Former directorships (last 3 years):	Cordoba Minerals Corp. (resigned 10 October 2021)
Special responsibilities:	Member of the People, Governance and Sustainability Committee and 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 (VUW), 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:	Future Battery Minerals Limited (ASX:FBM)
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:	12,000 fully paid ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Other current directorships quoted above are current directorships for listed entities only and exclude 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 exclude 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. Melanie holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and from February 2000 to October 2021 was the principal of Leydin Freyer. In November 2021 Vistra acquired Leydin Freyer and Melanie is now Vistra Australia's Managing Director. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Melanie has over 30 years' experience in the accounting profession and over 20 years' experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies, initial public offerings, secondary raisings and shareholder relations.

Directors' Report continued

Meetings of Directors

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

Director	Board		Audit, Finance and Risk Committee		People, Governance and Sustainability Committee	
	Held	Attended	Held	Attended	Held	Attended
Total meetings	4		4		4	
Robert Friedland	4	2	-	-	-	-
Jiang Zhaobai	4	2	-	-	-	-
Stef Loader	4	4	4	4	4	4
Sam Riggall	4	4	-	-	-	-
Trevor Eton	4	4	4	4	4	4
Eric Finlayson	4	4	4	1	4	2

■ 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 Non-Executive 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 Sunrise Battery Materials Complex ('Sunrise Project') in New South Wales ('NSW') utilising the Consolidated Entity'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.

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

Review of Operations

During the financial year ended 30 June 2023, the loss after tax for the Consolidated Entity's continuing operations amounted to \$9,120,000 (2022: loss after tax of \$15,306,000).

The Consolidated Entity's revenue and other income from continuing operations increased to \$1,478,000 (2022: \$948,000) due primarily to increased interest income.

Mineral exploration activities and the ongoing development of the Sunrise Project resulted in \$3,768,000 of exploration and evaluation expenditure during the financial year. This expenditure was financed by existing cash reserves.

The Consolidated Entity's net assets decreased during the financial year by \$8,259,000 to \$16,138,000 (2022: \$24,397,000). Working capital, being current assets less current liabilities, amounted to a surplus of \$15,937,000 (2022: \$24,123,000), with cash and cash equivalents reducing from \$24,908,000 to \$16,827,000 during the financial year.



Sunrise Battery Materials Complex

The Consolidated Entity continued to advance the development of its wholly owned Sunrise Battery Materials Complex ('Sunrise Project') during the financial year ended 30 June 2023. A range of workstreams remain ongoing to progress a number of value-adding deliverables aimed at de-risking the Project and minimising project start time once a final investment decision is made.

Sunrise Project Works

During the financial year ended 30 June 2023 the Consolidated Entity commenced an Oversize Transportation Corridor Study. The study comprises a scope of work to survey, engineer and produce detailed 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.

A \$500,000 grant towards the cost of the Oversize Transportation Corridor Study was awarded to the Consolidated Entity pursuant to Stream 1 (Project Activation Studies) of the NSW Government's Critical Minerals and High-Tech Metals Activation Fund, which aims to support activities which will activate the critical minerals and high-tech metals sector in New South Wales.

The long-lead electrical transmission line ('ETL') work scope remained ongoing, including the application to connect the ETL to the NSW electrical grid. Connection to the 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.

The Consolidated Entity continued to progress commercial discussions with landowners, Aboriginal Land Councils, local councils, the NSW State Government and other impacted parties required for land access agreements for key infrastructure including the Sunrise Project water pipeline and ETL.

During the financial year the drilling of a number of water bores was completed at the Consolidated Entity's borefield, 60km south of the Sunrise Project. The bores are a critical component of Project infrastructure, supplying the vast majority of the Sunrise Project's processing water utilising the Consolidated Entity's existing ground water extraction licences.

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 an offtake and investment partner for the Project in order to underpin a comprehensive financing solution which will enable the Board to progress to a final investment decision. 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 the Sunrise Project as one of the largest potential new suppliers of battery-grade nickel and cobalt into the global EV supply chain.

Development ready, with all key permits in place, Sunrise stands out for its low operating cost and best-in-class environmental, social and governance credentials, including its very low carbon footprint relative to other sources of nickel supply.

The Consolidated Entity also continues to engage proactively with a range of Australian and foreign government agencies who may assist with funding the development of the Sunrise Project. During the 2022 financial year a letter of conditional finance support was received from Export Finance Australia for up to A\$400 million of debt funding for the Sunrise Project.

While demand fundamentals continue to strengthen, the supply outlook for nickel and cobalt battery materials remains particularly challenging. Given the strong outlook for nickel and cobalt demand, the Consolidated Entity 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.

Test Work Programs

During the financial year the Consolidated Entity completed a number of research and development ('R&D') workstreams aimed at demonstrating the capability of the Sunrise Project to diversify further downstream into production of precursor cathode active material as well as processing of the lithium-ion battery recycling intermediate product, 'black mass'.

Directors' Report continued

The Company has been undertaking test-work programs focused on the conversion of its nickel and cobalt sulphate to precursor and cathode active material ('pCAM' and 'CAM'). The Sunrise sulphates used in the test work were produced as part of pilot plant operations undertaken during the most recent feasibility study for the Project (the Project Execution Plan¹), which provided both flow-sheet validation and customer samples.

The Sunrise nickel and cobalt sulphate eluate (being a high concentration metal liquor) was further refined using a lab-scale process to produce a feedstock with a targeted elemental composition for incorporation into cells for electrochemical testing. These cells could then be tested against control cells, manufactured in an identical fashion, using industry standard nickel and cobalt salts.

The first phase of the test work program was undertaken by Queensland University of Technology ('QUT'). QUT used the refined Sunrise sulphate to produce a number of cells with an NCM 6-2-2 cathode and a lithium metal anode². QUT also manufactured a number of 'control' NCM 6-2-2 cells via application of an identical manufacturing process and using industry standard battery-grade nickel and cobalt sulphate sourced from third parties.

The results of the QUT NCM 6-2-2 study indicated that the specific elemental composition of the Sunrise sulphate had a highly beneficial impact on the durability of the Sunrise cells relative to the 'control' cells. The results showed that the cells manufactured with the modified Sunrise sulphate retained 90% capacity after 200 cycles, whereas the capacity of the control cells dropped below 80% after 150 cycles.

Based on the initial QUT results, the Company then initiated a second phase of independent test work undertaken by New Jersey based NEI Corporation ('NEI'). NEI provides advanced materials development services including a range of high-tech battery materials development, characterisation and electrochemical testing services. NEI undertook the same program as the QUT work, except that NEI manufactured NCM 8-1-1 cathode for the Sunrise and control cells. NEI also developed full-cells, which use a graphitic anode as typically used in EV batteries.

The test work program has, to date, provided support to the Company's belief that significant improvements in cathode material performance can be achieved further upstream by a more targeted approach to feedstock characterisation and elemental composition. It appears that the incorporation of low levels of specific elements (less than typical doping levels), potentially on the surfaces of the precursor particles, may be driving enhancements in cycle life. While downstream processes typically used in cathode manufacturing to improve the durability of the electrode – coating, drying and screening – will continue to play an important role, more work needs to be undertaken to better understand the opportunities upstream by adjusting feedstock compositions to optimise cathode morphology and processing conditions. Further test work is also required to assess if there are any other impacts (positive or negative) on cell performance and characteristics.

The Company notes that neither the Sunrise cells, nor the control cells, had performance characteristics comparable to commercially available NCM811 cells. Nor were these tests conducted over large sample sizes, as it was not the purpose of this work to produce a commercially comparable cell. Rather, it was to demonstrate the performance uplift that could be generated by a targeted approach to feedstock characterisation, holding other factors constant. Additional work is required to determine whether the results generated to date can be applied to the commercial production of cells.

The Company has filed a patent application to protect the intellectual property relating to the Sunrise sulphate formulation and is currently assessing next steps in terms of progressing this initial breakthrough, potentially in partnership with one or more existing participants in the EV battery supply chain.

Scandium Development

The Sunrise Project hosts one of the world's largest and highest-grade deposits of scandium. As such, the Consolidated Entity is well positioned to provide large volumes of low-cost scandium into a rapidly growing global market. The utilisation of scandium in aluminium and other alloys will create lighter, stronger and more thermally resistant alloys that are potentially suitable for use in a range of temperature-sensitive applications. Located in Australia, the Sunrise Project will ultimately provide a safe and dependable supply chain of scandium to sensitive industries such as defence and telecommunications across North America and Europe.

1. For details, including applicable JORC disclosures, see ASX announcement of 28 September 2020.

2. The Sunrise NCM 6-2-2 cells utilised lithium metal anodes as opposed to the graphite anodes typically used for EV batteries.



The Consolidated Entity continues to advance its scandium research, development and marketing activities. The Consolidated Entity has developed a portfolio of world-class research and development partners focussing on the advancement of scandium across a range of alloys and applications. These collaboration programs are consistent with the Consolidated Entity's long-term strategy to assist industry players to investigate and develop new applications for scandium-aluminium alloys. The Consolidated Entity's aim is to stimulate growth in demand for the material which will be converted into sales of scandium from the Sunrise Project once it is in operation.

Exploration

The Consolidated Entity continues to advance activities across its range of exploration assets in NSW.

Hylea Project (EL8641, EL8520 and EL8801)

The Hylea Project is located approximately 50km 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.

A 58-hole reverse circulation ('RC') drill program was completed over the Hylea Project during the financial year. This 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 holes. Assay results received for the drilling completed at the Hylea Project included significant cobalt and scandium intervals, as well as encouraging nickel and platinum results³.

The encouraging results from the drilling program provide a basis from which future exploration and drilling programs (infill or extension) can be designed. Of note also, is the opportunity for the Consolidated Entity to explore for both Group 1 and Group 2 minerals with vermiculite and nickel/cobalt/scandium laterite in the shallower depths, and ultramafic to intermediate (copper-gold) intrusives at deeper levels within the profile.

Burra Creek (EL9317)

The Burra Creek EL9317 licence is located to the north of the Sunrise Project and is prospective for tin, precious and battery metals. The tenement contains the Burra Creek alluvial tin workings, the Tresylva ultramafic intrusive complex and some of the largest historic hard rock gold workings in the area. A detailed data review and target generation report was completed by an independent expert consultant geologist during the financial year which outlined a number of potential tin targets as well as ultramafic and gold targets for future follow-up.

Minore Project (EL8961 and EL9031)

Field work at Minore included mapping and spot pXRF (portable hand-held x-ray fluorescence) sampling of the identified uranium/thorium radiometric anomalies which returned a number of elevated rare earth elements ('REE') readings. Rock chip sampling was undertaken from the trachytes over the coincident radiometric/pXRF readings and sent for laboratory analysis. Anomalous REE assays were returned which confirms the targeting work done to date and the potential for the Minore Project to host REE mineralisation.

An application was submitted to the NSW Department of Mining, Exploration and Geoscience for additional electro-magnetic ('EM') survey lines to be flown over the Minore tenement. It is intended that the surveys target both the REE trachyte plugs in the south of the tenement (Toongi-style), as well as intrusion related copper-gold potential to the north (demagnetisation).

Land access agreements are currently being negotiated with a view to undertaking a follow-up program of drilling in the 2024 financial year targeting REE mineralisation.

Limestone Exploration: Boona Gap (EL8833), Ezy Lime (EL8928) and Gleninga (EL8882)

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 in order to supplement the supply from the third-party quarry, as well as reducing trucking distances for this important bulk reagent.

3. For full details, including JORC 2012 disclosures, see ASX announcement of 22 July 2022.

Directors' Report continued

A 25-hole RC drilling program totalling 1086m was undertaken in January 2023 at the Ezy Lime tenement (EL8928). The majority of the drilling (18 holes) was undertaken around the existing limestone quarrying operation's mining lease. Seven holes were drilled in the south of EL8928 targeting a separate limestone target. Limestone results (calcium carbonate values) were lower than expected around the existing quarry, and it is postulated that the limestone lenses surrounding the quarry have been offset by smaller local scale faults. More encouraging values were reported from the southern area within EL8928, with the target remaining open to the west and north, however, the calcium carbonate values returned were generally lower than required for utilisation by the Sunrise Project.

During the financial year a 10-hole RC drill program totalling 408m was drilled at the Boona Gap tenement. Drilling targeted a prospect that was identified by results from historical hand sampling and mapping of areas with abundant limestone float at the surface as well as elevated calcium carbonate pXRF readings. Good quality limestone intercepts were observed in a number of holes down to a depth of 15m however this was not laterally continuous across the target drilling area.

During the 2024 financial year a review of the tenement limestone data and site visits will be undertaken in anticipation of a small scout-style RC drilling program to test the as yet undrilled targets at the Meloola prospect.

Risk

The Consolidated Entity is exposed to the risk of global competition and environmental (including climate change), social and governance ('ESG') risks which may affect the Consolidated Entity's ability to achieve the financial performance or outcomes disclosed herein.

Global Competition

The Consolidated Entity must compete for capital and sales in a global market. There is a risk that the Consolidated Entity may not be able to achieve the financial performance or outcomes disclosed herein if it is unable to compete, or compete on acceptable terms, with competitors who may have superior resources or products or lower costs of production.

Environmental Risks (including climate change)

The Consolidated Entity must comply with a range of environmental (including climate change) performance and reporting requirements, many of which are conditions of its mineral exploration and mining activities. There is a risk that the Consolidated Entity may not be able to achieve the financial performance or outcomes disclosed herein if it fails to comply with those environmental (including climate change) performance and reporting requirements or if the requirements change in the future and the Consolidated Entity is no longer able to comply with the requirements or must incur material unplanned expenditure in order to remain compliant. There is also a risk that future business partners and customers may seek to have the Consolidated Entity comply with additional environmental (including climate change) performance and reporting requirements which the Consolidated Entity may not be able to comply with or must incur material unplanned expenditure in order to be compliant. The Consolidated Entity seeks to manage and minimise this risk through its existing risk management framework and through detailed environmental management plans and systems.

Social Risks

The Consolidated Entity is exposed to social risks as a result of the many stakeholders who are involved in its operations including but not limited to employees, contractors, local community members residing in areas where the Consolidated Entity operates, governments and government agencies (local, state and federal) as well as customers and suppliers. The Consolidated Entity is subject to reputational damage as well as potential claims for damages as a result of any harm or loss sustained by any stakeholder as a result of the operations of the Consolidated Entity and its representatives. There is a risk that the Consolidated Entity may not be able to achieve the financial performance or outcomes disclosed herein if it incurs reputational damage or claims for damages. The Consolidated Entity seeks to manage and minimise this risk through its existing risk management framework, including Board approved policies on stakeholder management and through established stakeholder consultation processes.



Governance Risks

The Consolidated Entity must comply with a range of governance requirements which are conditions of its listing on the ASX and of its mineral exploration and mining activities. There is a risk that the Consolidated Entity may not be able to achieve the financial performance or outcomes disclosed herein if it fails to comply with those governance requirements or if the requirements change in the future and the Consolidated Entity is no longer able to comply with the requirements or must incur material unplanned expenditure in order to remain compliant. The Consolidated Entity seeks to manage and minimise this risk through its existing risk management framework including Board-approved governance policies which are subject to regular review.

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

The Company signed after the end of the reporting period an operating lease contract for a new corporate office which has a term of 5 years commencing on 1 August 2023. The right of use asset value and the present value of lease liability calculated in accordance with AASB16 is estimated at \$365,000. The current portion of the lease liability is estimated to be \$57,000 and the non-current portion of the lease liability is estimated to be \$308,000.

No other matter or circumstance has arisen since 30 June 2023 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 Consolidated Entity's other mineral tenements.

The Consolidated Entity intends to fund Sunrise Project 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 12. 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.

Directors' Report continued

Dividends

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

Corporate Governance Statement

The Company's 2023 Corporate Governance Statement was released to the ASX on 22 August 2023 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 23 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 23 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.

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 38 and forms part of the Directors' Report for the financial year ended 30 June 2023.

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 and Chief Executive Officer

22 August 2023

Melbourne

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Remuneration Report (Audited)

The Directors of Sunrise Energy Metals present this Remuneration Report, which has been audited, for the financial year ended 30 June 2023.

The Remuneration Report provides information about the remuneration of Sunrise Energy Metals' non-executive directors and its key management personnel ('KMP'), being those executives with authority and responsibility for planning, directing, and controlling the activities of the Consolidated Entity. 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 the 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)

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

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.

Remuneration Report (Audited) continued

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 employee's 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%	72%	77%	80%
STI – bonus	7%	9%	14%	15%	16%
LTI – performance rights	56%	46%	14%	8%	4%
Total at risk	63%	55%	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 2023 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 by the Board each year. KPI's for the Consolidated Entity are designed to focus employees on the key goals and objectives of the business as a whole, such as the financing and development of the Sunrise Project.

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 employee's 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 (as represented by the Company's share price) of the annual grant at grant date representing a percentage of the employee's TFR. Vesting is assessed at a performance test date (typically three years after the grant date) contingent on the Company's share price meeting or exceeding defined performance criteria over the performance period. The performance criteria consist of benchmarks relating to the Company's total shareholder return ('TSR') in absolute terms and relative to the S&P/ASX 300 Metals & Mining Index. The S&P/ASX 300 Metals & Mining Index 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. For each Performance Right that meets the applicable performance criteria and vests, employees receive one ordinary share in the Company. Any performance rights that fail to meet the performance criteria at the performance test date will lapse as at that date.

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.

Remuneration Report (Audited) continued

Section 2: Performance and Executive Remuneration Outcomes

During the financial year ended 30 June 2023 the Consolidated Entity made good progress towards achieving some of its operational targets, however, the key Consolidated Entity's KPI (delivery of a financing package for the Sunrise Project) was not achieved and financial results remained loss-making due to the fact that the Sunrise Project remains at the pre-production development phase.

STI Performance and Outcomes

The Consolidated Entity's KPI for the financial year ended 30 June 2023 is 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 FY23 key strategic objectives and progress made against those objectives is set out below.

Measure	KPI	Weight	Result	Score
Sunrise Project	Delivery of a financing package for the Sunrise Project	100%	0%	0%

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 2023, as well as the rationale for inclusion of the particular metric.

Financing and development of the Sunrise Project (100% 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 the target of delivering a financing solution for the Sunrise Project was not achieved. Accordingly, the KPI is assessed as zero.

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 2023 are summarised below:

	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000
Profit/(Loss) after income tax	(18,013)	(197,676)	(21,154)	72	(9,120)

The factors that affect TSR are summarised below:

	2019	2020	2021	2022	2023
Share price at financial year end (\$)	3.80	1.40	1.79	2.25	1.06
Movement in share price (\$)	(4.30)	(2.40)	0.39	0.46	(1.19)
Dividends or capital returns paid (\$)	–	–	–	0.39	–
Market Capitalisation Undiluted (\$M)	284	105	160	203	95

Dividends and changes in share price are included in the TSR calculation, which is the key performance criterion assessed for the long-term incentives.

KMP Individual STI Outcomes for FY23

Sam Riggall – Managing Director and Chief Executive Officer

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

Category	KPI
Exploration	Increase Company value through mineral exploration
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 100% of target, resulting in the STI outcome tabled below.

STI	Weighting	Result	Weighted Result
Consolidated Entity KPI's	70%	0%	0%
Individual KPI's	30%	100%	30%
Total			30%
STI outcome as a percentage of TFR			6%
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 the 2023 financial year pursuant to the STI Plan. As such, the actual amount of STI awarded pursuant to the STI Plan is 0% of the theoretical maximum.

During the financial year Mr Riggall was granted 204,780 performance rights which expire on 1 January 2025 and 146,444 performance rights which expire on 1 July 2025. Performance rights vest subject to defined performance criteria (see below for further details of the performance criteria).

Remuneration Report (Audited) continued

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 86% of target, resulting in the STI outcome tabled below.

STI	Weighting	Result	Weighted Result
Consolidated Entity KPI's	50%	0%	0%
Individual KPI's	50%	86%	43%
Total			43%
STI outcome as a percentage of TFR			9%
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 the 2023 financial year pursuant to the STI Plan. As such, the actual amount of STI awarded pursuant to the STI Plan is 0% of the theoretical maximum.

During the financial year Mr Stockdale was granted 80,797 performance rights which vest on 1 July 2025 and 106,860 performance rights which vest on 1 January 2026.

LTI Performance and Outcomes

During the financial year the grants of performance rights with a test date of 1 July 2022 and 1 January 2023 completed their three-year performance periods. Neither of those tranches of performance rights met any of the performance criteria and so all those instruments lapsed.



Performance Criteria for performance rights

The performance criteria are based on the TSR applicable to the ordinary shares of the Company ('SRL') over the vesting period. The performance criteria for the tranches of new performance rights granted to KMP during the financial year are detailed below. The performance criteria for the tranches of new performance rights granted to KMP during the financial year are consistent with the performance criteria for performance rights granted to KMP in the comparative year.

Performance Criteria 1 – 50% vesting conditional on SRL's absolute TSR performance

SRL TSR over measurement period:	Percentage of 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 SRL's TSR performance compared to the S&P/ASX 300 Metals & Mining Index (ASX:XMM) ('Index')

Performance Level	SRL performance relative to Index over measurement period	Percentage of performance rights vesting^^
Stretch	≥ Index movement +15%	100%
Between Target & Stretch	> Index movement + 5% & <15%	Pro-rata
Target	Index movement +5%	50%
Between Threshold & Target	> Index movement & <5%	Pro-rata
Threshold	= Index movement	25%
Below Threshold	< Index movement	0%

^^ Provided that zero performance rights will vest if the SRL TSR is negative over the measurement period.

Remuneration Report (Audited) continued

KMP Employment Agreements

Remuneration and other terms of employment for KMP 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 KMP. The service contracts of the KMP 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 Board Committee roles and responsibilities. The structure of Non-Executive Director fees during the financial year 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 Committee 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

Effective 1 July 2023, the Board of Directors increased Board Committee Chair fees to \$15,000 per annum and Board Committee member fees to \$8,000 per annum. All other director fees remain unchanged. The increase to Board Committee fees was approved in recognition of the fact that substantive work is undertaken on behalf of the Consolidated Entity by the Board Committees and to ensure that Director remuneration is sufficient to attract and retain suitably qualified and experienced non-executive directors, particularly in light of the high inflationary environment and the fact that director remuneration had remained unchanged for a number of years.

Non-executive directors are entitled to be reimbursed for 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 for Directors, including thresholds for share-based remuneration, by resolution.

Remuneration Report (Audited) continued

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.

2023	Cash Salary and Fees ¹	Cash Bonus ²	Non-Monetary	Termination Benefits ³	Post-Employment Benefits	Long-Term Benefits ³	Share Based Payments ⁴	Total
Non-Executive Directors								
Robert Friedland	70,000	–	–	–	–	–	–	70,000
Jiang Zhaobai	70,000	–	–	–	–	–	–	70,000
Trevor Eton	61,086	–	–	–	6,414	–	–	67,500
Eric Finlayson	54,299	–	–	–	5,701	–	–	60,000
Stefanie Loader	77,500	–	–	–	–	–	–	77,500
Executive Director:								
Sam Riggall	485,633	–	–	–	27,500	12,249	620,011	1,145,393
KMP:								
Ben Stockdale	397,162	–	–	–	27,500	10,288	165,972	600,922
Total	1,215,680	–	–	–	67,115	22,537	785,983	2,091,315

1. Includes director fees and salary.
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*.

2022	Cash Salary and Fees ¹	Cash Bonus ²	Non-Monetary	Termination Benefits ³	Post-Employment Benefits	Long-Term Benefits ³	Share Based Payments ⁴	Total
Non-Executive Directors								
Robert Friedland	70,000	–	–	–	–	–	–	70,000
Jiang Zhaobai	70,000	–	–	–	–	–	–	70,000
Trevor Eton	61,364	–	–	–	6,136	–	–	67,500
Eric Finlayson	54,545	–	–	–	5,455	–	–	60,000
Stefanie Loader	77,500	–	–	–	–	–	–	77,500
Executive Director:								
Sam Riggall	411,910	–	–	–	27,500	32,266	536,578	1,008,254
KMP:								
Ben Stockdale	336,150	–	–	–	27,500	27,996	144,073	535,719
Total	1,081,469	–	–	–	66,591	60,262	680,651	1,888,973

1. Includes director fees and salary.
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*.



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

2023	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%	–	–
Stefanie Loader	100%	–	–
Trevor Eton	100%	–	–
Executive Director:			
Sam Riggall	46%	0%	54%
KMP:			
Ben Stockdale	72%	0%	28%

2022	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%	–	–
Stefanie Loader	100%	–	–
Trevor Eton	100%	–	–
Executive Director:			
Sam Riggall	47%	0%	53%
KMP:			
Ben Stockdale	72%	0%	28%

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Remuneration Report (Audited) continued

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of KMP in the financial year ended 30 June 2023 are as follows:

Grantee	Options Granted	Grant Date	Exercisable Date	Expiry Date	Exercise Price	Fair Value Per Option at Grant Date
Sam Riggall	50,000	1-Nov-19	12-Aug-20	9-Aug-23	\$4.97	\$1.969
Sam Riggall	50,000	1-Nov-19	12-Aug-21	9-Aug-23	\$4.97	\$1.969
Ben Stockdale	50,000	12-Aug-19	12-Aug-20	9-Aug-23	\$4.97	\$1.969
Ben Stockdale	50,000	12-Aug-19	12-Aug-21	9-Aug-23	\$4.97	\$1.969

Options carry no dividend or voting rights.

No options over ordinary shares were granted to KMP as part of compensation during the financial year ended 30 June 2023 or the comparative year.

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 2023 are as follows:

Grantee	Rights Granted	Grant Date	Vesting and Expiry Date	Exercise Price	Fair value per Performance Right at Grant	% Rights Vested	% Rights Lapsed
Sam Riggall	40,811	01-Nov-19	01-Jul-22	Nil	\$1.64	–	100
Sam Riggall	67,151	15-Oct-20	01-Jan-23	Nil	\$2.78	–	100
Sam Riggall	217,319	15-Oct-20	01-Jul-23	Nil	\$3.01	N/A	N/A
Sam Riggall	134,701	24-Mar-21	01-Jan-24	Nil	\$2.00	N/A	N/A
Sam Riggall	198,694	22-Oct-21	01-Jul-24	Nil	\$1.42	N/A	N/A
Sam Riggall	204,780	21-Oct-22	01-Jan-25	Nil	\$1.39	N/A	N/A
Sam Riggall	146,444	21-Oct-22	01-Jul-25	Nil	\$1.21	N/A	N/A
Ben Stockdale	22,516	16-Aug-19	01-Jul-22	Nil	\$1.41	–	100
Ben Stockdale	37,048	12-Mar-20	01-Jan-23	Nil	\$0.53	–	100
Ben Stockdale	119,900	17-Jul-20	01-Jul-23	Nil	\$1.50	N/A	N/A
Ben Stockdale	75,807	03-Feb-21	01-Jan-24	Nil	\$1.10	N/A	N/A
Ben Stockdale	108,134	09-Sep-21	01-Jul-24	Nil	\$1.17	N/A	N/A
Ben Stockdale	112,982	08-Mar-22	01-Jan-25	Nil	\$1.17	N/A	N/A
Ben Stockdale	80,797	24-Aug-22	01-Jul-25	Nil	\$0.94	N/A	N/A
Ben Stockdale	106,860	14-Mar-23	01-Jan-26	Nil	\$0.35	N/A	N/A

Performance rights carry no dividend or voting rights.



The number of performance rights over ordinary shares granted to each KMP as part of remuneration, exclusive of Gross-Up Rights, is set out below:

	Number of rights granted during the financial year	Number of rights granted during the financial year	Number of rights vested during the financial year	Number of rights vested during the financial year
	2023	2022	2023	2022
Sam Riggall	351,224	198,694	–	–
Ben Stockdale	187,657	221,116	–	–

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 financial year	\$ Value of rights granted during the financial year	\$ Value of rights vesting during the financial year	\$ Value of rights vesting during the financial year
Name	2023	2022	2023	2022
Sam Riggall	461,761	281,717	–	–
Ben Stockdale	113,234	130,720	–	–

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 2023 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 the end of the year
Non-Executive Directors:					
Robert Friedland	11,977,801	–	–	–	11,977,801
Jiang Zhaobai	10,451,888	–	–	–	10,451,888
Stefanie Loader	22,000	–	–	–	22,000
Trevor Eton	12,000	–	–	–	12,000
Eric Finlayson	75,000	–	–	–	75,000
Executive Director:					
Sam Riggall	2,613,147	–	–	–	2,613,147
KMP:					
Ben Stockdale	170,000	–	–	–	170,000
	25,321,836	–	–	–	25,321,836

Remuneration Report (Audited) continued

Movement in options held

The number of options over ordinary shares in the Company held during the financial year by each Director and 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	Exercised	Expired/forfeited/other	Balance at the end of the year
Executive Director:					
Sam Riggall	100,000	–	–	–	100,000
KMP:					
Ben Stockdale	100,000	–	–	–	100,000
	200,000	–	–	–	200,000

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 the end of the year
Sam Riggall	760,882	351,224	–	131,951	980,155
Ben Stockdale	533,107	187,657	–	72,799	647,965
	1,293,989	538,881	–	204,750	1,628,120

Shares under option

Unissued ordinary shares of the Company under option as at 30 June 2023 are as follows:

Grant Date	Expiry Date	Exercise Price	Number under Option
12-Aug-19	09-Aug-23	\$4.97	574,656
01-Nov-19	09-Aug-23	\$4.97	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.



Shares subject to performance rights

Unissued ordinary shares of the Company subject to performance rights as at 30 June 2023 are as follows:

Grant Date	Vest Date	Exercise Price	Number
17-Jul-20	1-Jul-23	Nil	219,025
15-Oct-20	1-Jul-23	Nil	265,606
3-Feb-21	1-Jan-24	Nil	117,382
24-Mar-21	1-Jan-24	Nil	164,631
09-Sep-21	01-Jul-24	Nil	156,778
22-Oct-21	01-Jul-24	Nil	198,694
08-Mar-22	01-Jan-25	Nil	164,477
21-Oct-22	01-Jan-25	Nil	204,780
22-Aug-22	01-Jul-25	Nil	118,063
21-Oct-22	01-Jul-25	Nil	146,444
14-Mar-23	01-Jan-26	Nil	156,148
			1,912,028

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.

On 6 July 2023 the Company issued 169,619 shares to employees upon the vesting of performance rights with a vest date of 1 July 2023.

Voting and comments made at the Company's 2021 and 2022 Annual General Meetings

The Company received 20,907,973 votes 'for' (97.73% of votes cast) and 484,763 votes 'against' (2.27% of votes cast) the Remuneration Report for the year ended 30 June 2021.

The Company received 27,354,167 votes 'for' (95.45% of votes cast) and 1,303,324 votes 'against' (4.55% of votes cast) the Remuneration Report for the year ended 30 June 2022.

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 2023 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

James Dent

Partner

Melbourne

22 August 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
Continuing Operations			
Revenue and other income	5	830	835
Interest income		649	113
Expenses			
Employee benefits expenses	6	(3,692)	(3,544)
Depreciation expense	6	(318)	(393)
Exploration and evaluation expenses		(3,768)	(8,111)
Research and development test work		(323)	(494)
Legal and professional expenses		(1,171)	(1,599)
Occupancy expenses		(415)	(1,045)
Marketing expenses		(20)	(45)
Travel expenses		(286)	(176)
Other expenses		(598)	(831)
Finance costs		(8)	(16)
Loss before income tax benefit from continuing operations		(9,120)	(15,306)
Income tax benefit	7	-	-
Loss after income tax benefit for the year from continuing operations attributable to the owners of Sunrise Energy Metals Limited		(9,120)	(15,306)
Profit/(Loss) after income tax benefit for the year from discontinued operations	8	-	15,378
Profit/(Loss) after income tax benefit for the year attributable to the owners of Sunrise Energy Metals Limited		(9,120)	72
<i>Profit/(Loss) after income tax benefit for the year is attributable to:</i>			
Owners of the company		(9,120)	72
		(9,120)	72
Total comprehensive income/(loss) for the year		(9,120)	72
<i>Total comprehensive income/(loss) for the year is attributable to:</i>			
Owners of the Company		(9,120)	72
		(9,120)	72

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

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Consolidated Statement of Profit or Loss and Other Comprehensive Income continued

	Note	Consolidated	
		2023 \$	2022 \$
Earnings/(loss) per share – continued operations			
Basic earnings per share	30	(0.10)	(0.17)
Diluted earnings per share	30	(0.10)	(0.17)
Earnings/(loss) per share – discontinued operations			
Basic earnings per share	30	–	0.17
Diluted earnings per share	30	–	0.17
Earnings/(loss) per share			
Basic earnings per share	30	(0.10)	0.00
Diluted earnings per share	30	(0.10)	0.00

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 30 June 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	9	16,827	24,908
Trade and other receivables		553	263
Research and development incentive receivable	10	57	132
Total current assets		17,437	25,303
Non-current assets			
Other financial assets		110	107
Right of use assets		89	346
Property, plant and equipment	11	161	195
Total non-current assets		360	648
Total assets		17,797	25,951
Current liabilities			
Trade and other payables	13	979	690
Employee benefits		281	291
Provisions	14	156	–
Lease liabilities		84	199
Total current liabilities		1,500	1,180
Non-current liabilities			
Employee benefits		150	123
Provisions		–	156
Lease liabilities		9	95
Total non-current liabilities		159	374
Total liabilities		1,659	1,554
Net assets		16,138	24,397
Equity			
Issued capital	16	298,091	298,091
Reserves	17	17,439	16,578
Accumulated losses	18	(299,392)	(290,272)
Total equity		16,138	24,397

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

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	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 year	–	72	–	–	72
Total comprehensive income for the financial year	–	72	–	–	72
<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 (note 17)	–	–	337	–	337
Total contribution and distribution:	(28,337)	(5,105)	35,351	–	1,909
Balance at 30 June 2022	298,091	(290,272)	16,578	–	24,397
Balance at 1 July 2022	298,091	(290,272)	16,578	–	24,397
Loss after income tax benefit for the financial year	–	(9,120)	–	–	(9,120)
Total comprehensive income/(loss) for the financial year	–	(9,120)	–	–	(9,120)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 17)	–	–	861	–	861
Total contribution and distribution:	–	(9,120)	861	–	(8,259)
Balance at 30 June 2023	298,091	(299,392)	17,439	–	16,138

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

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Consolidated Cash Flow Statement

For the year ended 30 June 2023

	Note	Consolidated	
		2023 \$'000	2022 \$'000
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(9,154)	(14,180)
Cash used in operating activities		(9,154)	(14,180)
Interest received		601	89
Payments of interest on leases		(8)	(16)
Research and development tax incentive/government grants received		624	357
Net cash used in operating activities	29	(7,937)	(13,750)
Cash flows from investing activities			
Rental income		144	152
Payments for property, plant and equipment		(44)	(142)
Proceeds from sale of plant & equipment		–	6
Demerger of Clean TeQ Water		–	(16,005)
Net cash from/(used in) investing activities		100	(15,989)
Cash flows from financing activities			
Payments of principal for rental leases		(246)	(276)
Cash on deposit for security over bank guarantees		2	266
Net cash used in financing activities		(244)	(10)
Net decrease in cash and cash equivalents		(8,081)	(29,749)
Cash and cash equivalents at the beginning of the financial year		24,908	54,657
Cash and cash equivalents at the end of the financial year	9	16,827	24,908

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

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Notes to the Financial Statements

For the year ended 30 June 2023

Note 1. General information

The financial statements cover the Sunrise Energy Metals Limited group as a Consolidated Entity consisting of Sunrise Energy Metals Limited ('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 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:

Level 6, 10 Queen Street
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 22 August 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Going Concern, Basis of Preparation and Significant accounting policies

(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 \$9,120,000 (30 June 2022: loss of \$15,306,000). Working capital, being current assets less current liabilities, amounts to a \$15,937,000 surplus (30 June 2022: \$24,123,000 surplus), with cash reserves decreasing from \$24,908,000 to \$16,827,000 during the financial year. Net cash outflow from operating activities was \$7,937,000 for the financial year (30 June 2022: \$13,750,000).

During the financial year the Directors have considered the following 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 2023 of \$16,827,000;
- the Consolidated Entity received a cash rebate totalling \$349,000 from the Australian Tax Office for eligible research and development ('R&D') expenditure relating to the financial year ended 30 June 2022. The Consolidated Entity anticipates that a proportion of the 2023 financial year's R&D expenditure will also be eligible for the refundable tax offset. The Consolidated Entity has booked a \$57,000 receivable for the estimated refund due to it for expenditure incurred during the 2023 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 2024.

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.

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.

The Directors note that there are a number of prevailing global factors which are beyond the control of the Consolidated Entity including the general inflationary environment, rising interest rates, the 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 30 June 2023, cashflow forecasts to 31 August 2024, 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.

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.

(c) Parent Entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only.

(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 2023 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.

Notes to the Financial Statements continued

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.

(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) Government grants

Grants that compensate the Consolidated Entity for expenses incurred (including research and development tax incentive rebates) are recognised in profit or loss as 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 (including research and development tax incentive rebates) 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 are 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(o)). For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates.

From 1 July 2020, the Sunrise Project exploration and evaluation expenditure has been 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.



(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.

Notes to the Financial Statements continued

(j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and 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.

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) 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 to 7 years (diminishing value)
Motor vehicles	5 to 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.

(m) 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.



(n) 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. Mineral licence rights intangible assets are 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(o).

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.

(o) 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 generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ('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.

Notes to the Financial Statements continued

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.

(p) Leases

Except for short term leases 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.

(q) 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.

(r) Finance income and costs

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

- *Interest income* 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.

(s) 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.

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

The fair values of options are determined using the 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.

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, together with an estimation of the number of performance rights expected to lapse due to failure of employees to remain in employment.

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.

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.

(t) 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.

Notes to the Financial Statements continued

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.

(u) 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.

(v) 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.

(w) 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.

(x) 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.

(y) New standards and interpretations not yet adopted

There are no new standards and interpretations that have been early adopted.



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.

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.

Note 4. Operating segments

Identification of reportable operating segments

Following the demerger of Clean TeQ Water from the Consolidated Entity on 1 July 2021 there is only one operating segment and the 'Metals' and 'Unallocated' segments from the comparative period have been combined.

Prior to the demerger of Clean TeQ Water the Consolidated Entity was organised into two operating segments: 'Water' and 'Metals'. These operating segments offered different products and services and were managed separately because they required different technology and marketing strategies. For each segment internal reports were 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 profit or loss before income tax, as included in the internal management reports that are reviewed by the Consolidated Entity's Managing Director. Each segment's profit or loss before income 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.

The information relating to the performance of the identified segments includes other income and directly attributable costs and materials. The assets attributed to each division relate 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 8.

Geographical segments

Geographically, the Consolidated Entity operates wholly in Australia.

Major customers

Revenue from continuing operations for the year ended 30 June 2023 is derived from interest income and government grants.

Notes to the Financial Statements continued

Note 5. Other income from continuing operations

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Other income</i>		
Government grants	698	691
Other income	132	144
	830	835

Note 6. Expenses

	Consolidated	
	2023 \$'000	2022 \$'000
Profit/(Loss) before income tax from continuing operations includes the following specific expenses:		
<i>Depreciation</i>		
Right of use assets	241	280
Office equipment and furniture	77	113
Total depreciation	318	393
<i>Employee benefit expenses</i>		
Wages and salaries	(2,213)	(2,479)
Employee entitlements expense including movements in provisions for employee entitlements	(215)	(290)
Superannuation	(195)	(215)
Equity settled share-based payments	(861)	(337)
Other costs	(208)	(223)
Total employee benefit expenses	(3,692)	(3,544)



Note 7. Income tax benefit

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Income tax benefit:</i>		
Current tax	-	-
Deferred tax – origination and reversal of temporary differences	-	-
Aggregate income tax benefit on continuing operations	-	-
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities (note 15)	-	-
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax (expense)/benefit from continuing operations	(9,120)	(15,306)
Tax at the statutory tax rate of 25.0% (2022: 25.0%)	(2,280)	(3,827)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	215	84
Tax losses (reinstated)/not brought to account	2,134	3,815
Non-assessable government grant income	(69)	(72)
Non-deductible amortisation expense	-	-
Income tax benefit	-	-

The gain on disposal of the discontinued operation is not taxable income for the Consolidated Entity, as such, there is no tax impact.

	Consolidated	
	2023 \$'000	2022 \$'000
<i>Tax losses not recognised:</i>		
Unused tax losses for which no deferred tax asset has been recognised, including tax losses arising from a business combination	98,305	90,992
Potential tax benefit @ 25.0% (2022: 25.0%)	24,576	22,748
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	25,165	23,337
Temporary differences not brought to account	3,314	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 Consolidated Entity generates taxable profits and 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.

Notes to the Financial Statements continued

Note 8. 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.

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

Upon completion of the demerger of Clean TeQ Water on 1 July 2021, the Consolidated Entity recorded a profit after income tax benefit from discontinued operations of \$15,378,000, which was the difference between the fair value of Clean TeQ Water represented by its market capitalisation upon its listing on the ASX (\$35,121,000) and the value of the Clean TeQ Water net assets held for distribution (\$19,743,000).

The gain on disposal of the discontinued operation is not taxable income for the Consolidated Entity, as such, there is no tax impact.

Note 9. Current assets – cash and cash equivalents

	Consolidated	
	2023 \$'000	2022 \$'000
Cash at bank	16,827	24,908

The average interest rate on short-term bank deposits at 30 June 2023 was 4.31% (2022: 0.53%). These deposits have a maximum tenure of three months. Any balances with maturities exceeding this have been disclosed as other financial assets.

Note 10. Current assets – research and development incentive receivable

	Consolidated	
	2023 \$'000	2022 \$'000
Research and development incentive receivable	57	132

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.



Note 11. Non-current assets – property, plant and equipment

	Consolidated	
	2023 \$'000	2022 \$'000
Office furniture and equipment – at cost	520	476
Less: Accumulated depreciation	(467)	(445)
	53	31
Motor vehicles – at cost	246	246
Less: Accumulated depreciation	(155)	(120)
	91	126
Leasehold improvements – at cost	177	177
Less: Accumulated depreciation	(160)	(139)
	17	38
	161	195

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	Office Furniture & Equipment \$'000	Leasehold Improve- ments \$'000	Motor Vehicles \$'000	Total \$'000
Balance as at 1 July 2021	84	63	30	177
Additions	–	–	130	130
Depreciation expense	(53)	(25)	(34)	(113)
Balance as at 30 June 2022	31	38	126	195
Balance as at 1 July 2022	31	38	126	195
Additions	44	–	–	44
Depreciation expense	(21)	(21)	(35)	(77)
Balance as at 30 June 2023	53	17	91	161

Notes to the Financial Statements continued

Note 12. Mineral tenement summary

Licence Number	Project Name	Location	Equity Interest	
			2023	2022
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%
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%
EL9211	Nyngan	NSW	100%	100%
EL9317	Burra Creek	NSW	100%	100%
ML1770	Sunrise	NSW	100%	100%
ML1769	Sunrise	NSW	100%	100%

Note 13. Current liabilities – trade and other payables

	Consolidated	
	2023 \$'000	2022 \$'000
Trade payables	196	498
Other payables	783	192
	979	690

Note 14. Current Provisions

	Consolidated	
	2023 \$'000	2022 \$'000
Provision for leased office make good	156	–
	156	–



Note 15. Non-current liabilities/assets – deferred tax

	Net Balance 1 July 2022 \$'000	Recognised in profit or loss \$'000	Recognised directly in equity \$'000	Consolidated Balance as at 30 June 2023	
				Deferred tax assets \$'000	Deferred tax liabilities \$'000
<i>Deferred tax asset (liability) comprises temporary differences attributable to:</i>					
Amounts recognised in:					
• Unearned interest	39	(59)	–	–	(20)
• Accrued expenses	(417)	618	–	201	–
• Employee benefits	280	(172)	–	108	–
• Transaction costs on share issues	(1,217)	–	1,350	133	–
• Legal and consulting fees	16	(16)	–	–	–
• Plant & equipment	76	331	–	407	–
• Unused tax losses	1,223	(702)	(1,350)	–	(829)
				849	(849)
Tax liabilities (assets) before set-off	–			(849)	849
Set off deferred tax assets/liabilities	–			–	–
Net tax liabilities (assets)	–			–	–
<i>Movements 2023</i>					
Opening balance	–				
Charges to profit or loss	–				
Closing balance	–				

Note 16. Equity – issued capital

	2023 Shares	2022 Shares	Consolidated	
			2023 \$'000	2022 \$'000
Ordinary shares – fully paid	90,057,879	90,057,879	298,091	298,091
<i>Movements in ordinary share capital</i>				
Details	Date	Shares	Issue Price	\$'000
Balance	1 Jul 2022	90,057,879	298,091	
Movement	–	–		
Balance	30 Jun 2023	90,057,879	298,091	

Notes to the Financial Statements continued

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 is focused primarily on raising capital (debt and equity) for the development of the Sunrise Project.

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/or the potential introduction of a Sunrise Project-level strategic equity investor 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 17. Equity – reserves

	Consolidated	
	2023 \$'000	2022 \$'000
Other reserves	(2,035)	(2,035)
Share based payments reserve	19,474	18,613
	17,439	16,578

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	Other \$'000	Demerger \$'000	Total \$'000
Balance as at 1 July 2021	18,276	(1,928)	(35,121)	(18,773)
Demerger of Clean TeQ Water	–	–	35,121	35,121
Acquisition of NCI	–	(107)	–	(107)
Share based payments	337	–	–	337
Balance as at 30 June 2022	18,613	(2,035)	–	16,578
Share based payments	861	–	–	861
Balance as at 30 June 2023	19,474	(2,035)	–	17,439



Note 18. Equity – accumulated losses

	Consolidated	
	2023 \$'000	2022 \$'000
Accumulated losses at the beginning of the financial year	(290,272)	(285,167)
Demerger of Clean TeQ Water	–	(5,177)
Profit/(loss) after income tax benefit for the year	(9,120)	72
	(299,392)	(290,272)

Note 19. Equity – dividends

Dividends

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

Franking credits

	Consolidated	
	2023 \$'000	2022 \$'000
Franking credits available for future years based on a tax rate of 25% (2022: 25.0%)	–	–

Note 20. 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 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, and 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. 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.

Notes to the Financial Statements continued

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 and as such, has no material exposure to interest rate risk.

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 \$553,000 (2022: \$263,000) is influenced mainly by the individual characteristics of each debtor. Debtors include government entities (grants and GST) and farm property lessees, all based in Australia.

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 \$16,827,000 as at 30 June 2023 (2022: \$24,908,000). 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.

Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational expenses for a period of not less than 12 months, 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.

	Contractual cash flows					Total \$'000
	Carrying amount \$'000	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	
Consolidated – 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	196	196	–	–	–	196
Other payables	783	783	–	–	–	783
Lease liabilities	93	84	9	–	–	93
Total non-derivatives	1,072	1,063	9	–	–	1,072

	Contractual cash flows					Total \$'000
	Carrying amount \$'000	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	
Consolidated – 2022						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	498	498	–	–	–	498
Other payables	192	192	–	–	–	192
Lease liabilities	294	199	86	9	–	294
Total non-derivatives	984	889	86	9	–	984

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.

Notes to the Financial Statements continued

Note 21. 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.

Consolidated – 2023	Fair value				Total \$'000
	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<i>Financial assets not measured at fair value</i>					
Cash and cash equivalents	16,827	–	–	–	16,827
Trade and other receivables	553	–	–	–	553
Research and development incentive receivable	57	–	–	–	57
	17,437	–	–	–	17,437
<i>Financial liabilities not measured at fair value</i>					
Trade and other payables	(979)	–	–	–	(979)
Lease liabilities	(93)	–	–	–	(93)
	(1,072)	–	–	–	(1,072)



Consolidated – 2022	Fair value				Total \$'000
	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<i>Financial assets not measured at fair value</i>					
Cash and cash equivalents	24,908	–	–	–	24,908
Trade and other receivables	263	–	–	–	263
Research and development incentive receivable	132	–	–	–	132
	25,303	–	–	–	25,303
<i>Financial liabilities not measured at fair value</i>					
Trade and other payables	(690)	–	–	–	(690)
Lease liabilities	(294)	–	–	–	(294)
	(984)	–	–	–	(984)

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 22. 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 Chief Executive Officer)
 Stefanie Loader (Lead Independent Non-Executive Director)
 Eric Finlayson (Non-Executive Director)
 Trevor Eton (Independent Non-Executive Director)

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)

Notes to the Financial Statements continued

Compensation

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

	Consolidated	
	2023 \$	2022 \$
Cash Director fees and salary inclusive of superannuation and accrued leave entitlements	1,305,332	1,208,322
Cash Bonus	–	–
Termination benefits	–	–
Share-based payments	785,983	680,651
	2,091,315	1,888,973

Note 23. Remuneration of auditor

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

	Consolidated	
	2023 \$	2022 \$
<i>Audit services – KPMG</i>		
Audit or review of the financial statements	75,763	70,380
	75,763	70,380
<i>Other services – KPMG</i>		
Taxation services	130,901	70,625
	130,901	70,625
	206,664	141,005

Note 24. Contingent liabilities

The Consolidated Entity has no material contingent liabilities as at 30 June 2023, however, the Consolidated Entity has a contractual obligation, 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 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 also has a contractual obligation 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 25. Related party disclosures

Parent Entity

Sunrise Energy Metals Limited is the Parent Entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to KMP are set out in note 22.

Transactions with related parties

No transactions occurred with related parties during the financial year ended 30 June 2023 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 26. Parent Entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023 \$'000	2022 \$'000
Loss after income tax	(312,953)	(339)
Total comprehensive loss	(312,953)	(339)

Notes to the Financial Statements continued

Statement of financial position

	Parent	
	2023 \$'000	2022 \$'000
Total assets	304	322,981
Total liabilities	–	(45,190)
Equity		
Issued capital	298,091	298,091
Other reserves	(2,035)	(2,035)
Share based payments reserve	19,474	18,613
Accumulated losses	(315,226)	(36,878)
Total equity	304	277,791

Note: A material proportion of the Parent Entity's net assets comprise intercompany loans from its wholly owned subsidiaries. For the financial year ended 30 June 2023, after considering the likely timing of repayments of those intercompany loans, the current capacity of the subsidiaries to repay those loans on demand and the likely subordination of those loans in connection with any commercial project financing arrangement for the Sunrise Project, the consolidated entity has determined it is appropriate to record an impairment provision against the intercompany loans for the full amount of the loans.

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 2023 and 30 June 2022.

Contingent liabilities

The Parent Entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments – property, plant and equipment

The Parent Entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022, 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 27. 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	
		2023 %	2022 %
SRL Holding Company Pty Ltd	Australia	100%	100%
SRL Metals 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	0%	100%

* Deregistered November 2022.

Note 28. Events after the reporting period

The Company signed after the end of the reporting period an operating lease contract for a new corporate office which has a term of 5 years commencing on 1 August 2023. The right of use asset value and the present value of lease liability calculated in accordance with AASB16 is estimated at \$365,000. The current portion of the lease liability is estimated to be \$57,000 and the non-current portion of the lease liability is estimated to be \$308,000.

No other matter or circumstance has arisen since 30 June 2023 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 the Financial Statements continued

Note 29. Reconciliation of cash used in operating activities

	Note	Consolidated	
		2023 \$'000	2022 \$'000
Profit/(Loss) after income tax expense for the year		(9,120)	72
Adjustments for:			
Depreciation and amortisation		318	393
Share-based payments	6	861	337
Profit upon demerger of discontinued operation	8	–	(15,378)
Non-cash exploration expense		–	1,500
Other non-cash transactions		(81)	16
Foreign exchange gain/(loss)		(5)	(33)
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(213)	218
Decrease/(increase) in other financial asset		(2)	(38)
Increase/(decrease) in deferred revenue		–	(402)
Increase/(decrease) in provisions		–	3
Increase/(decrease) in trade and other payables		289	(285)
Increase/(decrease) in employee benefits		16	(153)
Net cash used in operating activities		(7,937)	(13,750)



Note 30. Earnings per share

	Consolidated	
	2023 \$'000	2022 \$'000
Loss per share from continuing operations		
Loss after income tax attributable to the owners of Sunrise Energy Metals Limited	(9,120)	(15,306)

	2023 Number	2022 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	90,057,879	89,972,341
Weighted average number of ordinary shares used in calculating diluted earnings per share	90,057,879	89,972,341

	2023 \$	2022 \$
Basic loss per share	(0.10)	(0.17)
Diluted loss per share	(0.10)	(0.17)

	Consolidated	
	2023 \$'000	2022 \$'000
Earnings per share for loss attributable to ordinary shareholders		
Profit/(loss) after income tax attributable to the owners of Sunrise Energy Metals Limited	(9,120)	72

	2023 Number	2022 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	90,057,879	89,972,341
Weighted average number of ordinary shares used in calculating diluted earnings per share	90,057,879	89,972,341

	2023 \$	2022 \$
Basic earnings per share	(0.10)	0.00
Diluted earnings per share	(0.10)	0.00

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

Notes to the Financial Statements continued

Note 31. 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 KMP, 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 from date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Exercisable at the end of the year
12-Aug-19	09-Aug-23	12-Aug-20	\$4.97	324,316	–	–	–	324,316
12-Aug-19	09-Aug-23	12-Aug-21	\$4.97	250,340	–	–	–	250,340
01-Nov-19	09-Aug-23	12-Aug-20	\$4.97	50,000	–	–	–	100,000
01-Nov-19	09-Aug-23	12-Aug-21	\$4.97	50,000	–	–	–	50,000
				674,656	–	–	–	674,656
Weighted average exercise price:				\$4.97	–	–	–	\$4.97

The weighted average remaining duration of share options issued under the Plan is 0.11 years (30 June 2022: 1.11 years). The options had service conditions attached to them and are vested and exercisable at the end of the year.

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
16-Aug-19	01-Jul-22	\$0.00	92,767	0	0	(92,767)	0
01-Nov-19	01-Jul-22	\$0.00	49,879	0	0	(49,879)	0
12-Mar-20	01-Jan-23	\$0.00	101,390	0	0	(101,390)	0
15-Oct-20	01-Jan-23	\$0.00	82,072	0	0	(82,072)	0
17-Jul-20	01-Jul-23	\$0.00	219,025	0	0	0	219,025
15-Oct-20	01-Jul-23	\$0.00	265,606	0	0	0	265,606
03-Feb-21	01-Jan-24	\$0.00	117,382	0	0	0	117,382
24-Mar-21	01-Jan-24	\$0.00	164,631	0	0	0	164,631
09-Sep-21	01-Jul-24	\$0.00	156,778	0	0	0	156,778
22-Oct-21	01-Jul-24	\$0.00	198,694	0	0	0	198,694
08-Mar-22	01-Jan-25	\$0.00	176,780	0	0	(12,303)	164,477
21-Oct-22	01-Jan-25	\$0.00	0	204,780	0	0	204,780
22-Aug-22	01-Jul-25	\$0.00	0	126,861	0	(8,798)	118,063
21-Oct-22	01-Jul-25	\$0.00	0	146,444	0	0	146,444
14-Mar-23	01-Jan-26	\$0.00	0	156,148	0	0	156,148
			1,625,004	634,233	0	(347,209)	1,912,028

[^] Additional performance rights were granted to holders during the financial year as compensation for the diminution in value of existing classes of performance rights resulting from the demerger of Clean TeQ Water Limited.

^{*} 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.

Vesting of performance rights is contingent on the performance of the Company's total shareholder return ('TSR') over a three-year performance period relative to pre-determined performance hurdles, as assessed at the vesting date.



The performance hurdles for the performance rights granted during the current financial period and the comparative period are as follows:

Performance Hurdle 1 – 50% vesting conditional on SRL's absolute TSR performance

SRL TSR over measurement period:	Percentage of 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 Hurdle 2: 50% vesting conditional on SRL's TSR performance compared to the S&P/ASX 300 Metals & Mining Index (ASX:XMM) ('Index')

Performance Level	SRL performance relative to Index over measurement period	Percentage of performance rights vesting ^{^^}
Stretch	≥ Index movement +15%	100%
Between Target & Stretch	> Index movement + 5% & <15%	Pro-rata
Target	Index movement +5%	50%
Between Threshold & Target	> Index movement & <5%	Pro-rata
Threshold	= Index movement	25%
Below Threshold	< Index movement	0%

^{^^} Provided that zero performance rights will vest if the SRL TSR is negative over the measurement period.

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 probability of the performance rights continuous service condition being met, 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 of the performance rights granted during the current financial period and the comparative period at the grant date are as follows:

Grant date	Expiry date	Share price at grant date	Volatility	Dividend Yield	Fair value at grant date
09-Sep-21	01-Jul-24	\$1.70	80.39 %	–%	\$ 1.17
22-Oct-21	01-Jul-24	\$1.97	80.39 %	–%	\$ 1.42
08-Mar-22	01-Jan-25	\$1.84	77.09 %	–%	\$ 1.19
24-Aug-22	01-Jul-25	\$2.83	73.99 %	–%	\$ 0.94
21-Oct-22	01-Jan-25	\$2.10	77.09 %	–%	\$1.39
21-Oct-22	01-Jul-25	\$2.10	73.99 %	–%	\$1.21
14-Mar-23	01-Jan-26	\$1.35	72.76 %	–%	\$0.35

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 2023 and of its performance for the financial year ended on that date; and
- 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.

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 and Chief Executive Officer

22 August 2023
Melbourne



Independent Auditor's Report

To the members of Sunrise Energy Metals Limited



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 2023 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 2023
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Cash flow statement for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of 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 these requirements.

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Independent Auditor’s Report continued



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.

Going concern basis of accounting

Refer to Note 2 (a) to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>The Group’s use of the going concern basis of accounting is a key audit matter due to the high level of judgement required by us in evaluating the Group’s assessment of going concern and any events or conditions that may cast significant doubt on its ability to continue as a going concern. These are outlined in Note 2 (a).</p> <p>The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this determination does not give rise to a material uncertainty casting significant doubt on the Group’s ability to continue as a going concern.</p> <p>We critically assessed the cash flow projections focusing on the following:</p> <ul style="list-style-type: none"> • the Group’s planned levels of operational expenditures, the extent to which they are discretionary, and the ability of the Group to manage cash outflows within available funding; and • the sufficiency of existing cash reserves to cover the planned levels of expenditure for at least the next twelve months. <p>In assessing this key audit matter, we involved senior audit team members who understand the Group’s business, industry and the economic environment it operates in.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We analysed the cash flow projections by: <ul style="list-style-type: none"> • Evaluating the underlying data used to generate the projections. We specifically looked for their consistency with the Group’s intentions, as outlined in Directors’ minutes, the Board approved budget and strategy documents; • Assessing the planned levels of operating expenditures for consistency with our understanding of the nature of expenditure that would be required given the status of the Sunrise Project; • Analysing the impact of reasonably possible changes on projected cash flows and their timing, and the projected periodic cash positions. Assessing the resultant impact on the ability of the Group to pay its debts as and when they fall due and continue as a going concern; • We evaluated the Group’s going concern disclosures in the financial report by comparing them to our understanding of the relevant circumstances, and accounting standard requirements.



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.augasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Independent Auditor's Report continued



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Sunrise Energy Metals Limited for the year ended 30 June 2023, 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 2023.

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



KPMG

James Dent

Partner

Melbourne

22 August 2023



Shareholder Information

The information below is current as at 1 August 2023.

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	3,066	1,240,985	1.38
1,001 to 5,000	1,792	4,574,958	5.07
5,001 to 10,000	487	3,738,698	4.14
10,001 to 100,000	511	13,106,365	14.53
100,001 and over	55	67,566,492	74.88
Rounding			0.00
Total	5,911	90,277,498	100.00

Unmarketable Parcels

	Minimum Parcel Size	Holdings	Units
The number of shareholders holding less than a marketable (\$500.00) parcel of shares at \$1.24 per unit	404	1,787	338,077

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	0	0	0.00
1,001 to 5,000	2	8,151	0.57
5,001 to 10,000	0	0	0.00
10,001 to 100,000	5	203,273	14.24
100,001 and over	2	1,215,973	85.19
Rounding			0.00
Total	9	1,427,397	100.00

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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 2023 are listed below:

Rank	Name of Share Holder	Number of shares held	% of total shares Issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,768,331	15.26
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,959,851	14.36
3	PENGXIN INTERNATIONAL GROUP LIMITED	10,451,888	11.58
4	CITICORP NOMINEES PTY LIMITED	9,960,964	11.04
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,201,636	2.44
6	THIERVILLE PTY LTD <THE STAR SUPER FUND A/C>	1,861,046	2.06
7	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,801,059	2.00
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,622,519	1.80
9	SALITTER PTY LTD <SALITTER A/C>	1,408,446	1.56
10	BNP PARIBAS NOMS PTY LTD <DRP>	1,401,840	1.55
11	MR GREGORY LEONARD TOLL + MRS MARGARET ESTELLE TOLL <TOLL S/F A/C>	900,000	1.00
12	MAL CLARKE & ASSOCIATES PTY LTD <MAL CLARK FAMILY A/C>	615,244	0.68
13	MR SAM RIGGALL	580,955	0.64
14	MR PETER PALAN + MRS CLARE PALAN <NAPLA PROVIDENT FUND A/C>	548,943	0.61
15	APRICITY PTY LTD <THE JTM FOUNDATION A/C>	547,015	0.61
16	JEREMY'S HAVEN PTY LTD	469,031	0.52
17	XUE INVESTMENTS PTY LIMITED <XUE FAMILY A/C>	373,487	0.41
18	JAMPLAT PTY LTD	325,000	0.36
19	MRS SHUYIN XIAO	312,438	0.35
20	MR MAL CLARKE <MAL CLARKE & ASSOCIATES A/C>	240,195	0.27
Total Top 20 holders of Ordinary Fully Paid Shares		62,349,888	69.10
Total Remaining holders		27,877,610	30.90
Total Shares Issued		90,227,498	100.00

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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 2023 of 90,227,498.

Name of Share Holder	Ordinary Shares	
	Number held	% of total shares issued
Robert Martin Friedland	11,977,801	13.28%
Pengxin International Group Limited	10,451,888	11.58%
Grantham, Mayo, Van Otterloo & Co. LLC	6,955,351	7.71%

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.

Annual General Meeting

The 2023 Annual General Meeting will be held on 27 October 2023 at 1.00pm (Melbourne time).

In accordance with clause 19.6 of the Company's constitution, the closing date for nomination of a director is 8 September 2023.

Corporate Directory

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
(Independent Non-Executive Director)

Company Secretary

Melanie Leydin
Visra
Level 4, 100 Albert Road
South Melbourne, Victoria 3205

Principal Place of Business & Registered Office

Level 6, 10 Queen Street
Melbourne VIC 3000
Telephone: +61 (03) 9797 6777

Share Register

Computershare Investor Services Pty Ltd

Yarra Falls, 452 Johnson Street
Abbotsford, Victoria 3067
Telephone: +61 (03) 9415 5000
Facsimile: +61 (03) 9473 2500

Auditors

KPMG

Tower Two, Collins Place
727 Collins Street
Melbourne, 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:CLQ) and the OTCQX Market in the United States (OTCQX:SREMF)

Website

www.sunriseem.com

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