Sunrise Resources plc

Company No. 05363956

Annual Report and Accounts
For the year ended 30 September 2016

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Sunrise Resources plc

Sunrise Resources plc is a **diversified** mineral **exploration** and development **Company**.

Our Aim
is to develop profitable mining operations to sustain the Company's wider exploration efforts and create value for shareholders through the discovery of world-class mineral deposits.

Our Strategy
includes the targeting of advanced projects which have the potential to generate a sustaining cash flow as well as near-drill stage projects where there is a potential for significant mineral discovery.

The Company believes that industrial minerals projects offer a faster route to cash flow than conventional base metals projects, due to lower permitting thresholds.

We only operate in **stable, democratic and mining friendly jurisdictions** having low levels of corruption and political risk.

Our Performance

Our Responsibilities

Our Financials

Annual General Meeting

Chairman's Statement

I am pleased to present the Company's Annual Report and Financial Statements for the year ended 30 September 2016 and to report on the progress being made under our strategic plan; to seek cash flow from industrial minerals projects whilst continuing our more speculative exploration for precious metal deposits.

This past year has undoubtedly seen the beginning of a recovery in the commodity sector and in 2016 we have continued the development of our business in anticipation of this continuing recovery. Our priority has been to advance our Nevada projects, in particular the Bay State Silver Project, where we have achieved significant progress this year on a limited budget. We have initiated our drill testing of the Chihuahua and Lincoln vein systems where surface and underground sampling on the Chihuahua Vein has demonstrated high silver grades over a strike length of around 500m and has confirmed the occurrence of the bonanza grades that supported historical production of direct smelter feed grades in the past.

Of the five holes now drilled on the Chihuahua Vein, three have hit high-grade silver mineralisation and one has demonstrated continuity of the vein system at a depth of 300m below surface. Follow-up drilling is provisionally scheduled for next spring and our key objective remains to demonstrate continuity of mineralisation along strike and to justify a substantial resource definition drilling programme.

A major initiative this year has been the incorporation of a new Nevada subsidiary, Westgold Inc., focused exclusively on low-cost acquisition of precious metal projects in the western USA with the objective to sell, lease or joint venture these projects. This will increase our exposure to the resurgent gold and silver sectors in Nevada, one of the major precious metal producing areas of the world. Three projects have been staked so far. The Clayton and Stonewall Projects are epithermal silver-gold targets in the Walker Lane Mineral Belt and significant past drill results have been reported from Clayton. The Newark Project is a Carlin-style gold project in the famous Battle Mountain Gold Trend.

Our industrial minerals project portfolio is headed by the County Line Diatomite Project and we are pleased to see an active work programme being advanced by lessor EP Minerals, LLC at their cost. Should EP Minerals continue the lease, we have the potential to start earning from this project next year by way of advance royalty payments.

Climate change agreements and legislation are driving the substitution of ordinary (Portland) cement with alternative "green" cementitious materials (pozzolans) and there is increasing interest in natural pozzolans which have been used in concrete for millennia. Our Pozz Project is an initiative to search for and acquire, at low-cost, mineral deposits having potential for the production of natural pozzolan. As announced on 14 November 2016, the newly staked CS Deposit now sits within this "umbrella" project, together with the Company's original Pozz Ash Deposit where testwork is in progress. We have also staked claims over a deposit of high purity limestone in Nevada and look forward to evaluating these opportunities further in 2017.

Our activities have been funded through two share issues during the year raising a total of £420,000 before expenses and I am pleased to have supported this fundraising together with our newly appointed Non-Executive Director, Roger Murphy. Tertiary Minerals plc, our largest shareholder, continues to provide management services at cost and to take shares in lieu of payment from time to time. This allows us to reduce the cash impact of administration costs and the directors are also paid their modest fees in shares. I would like to take this opportunity to thank the Non-Executive Directors and our Company Secretary for their contributions.

We believe that company websites are taking over from the Annual Report as a company's main investor relations tool and so we will save costs this year by publishing our Annual Report in plain back and white text.

Our Annual General Meeting for the year ended 30 September 2016 will be held in London on Tuesday 31 January 2017 as set out on page 38 and I encourage shareholders to attend.

Patrick Cheetham
Executive Chairman

14 December 2016

Strategic Plan on Track

KEY POINTS from our **STRATEGY & BUSINESS PLAN** are summarised here and reviewed against our progress in the calendar year 2016 and our targets for 2017:

	PROGRESS IN 2016	TARGETS FOR 2017
• To acquire, explore and develop mineral projects in stable, democratic and mining friendly jurisdictions.	• Project activities restricted to Nevada, USA and Australia. • New subsidiary, **Westgold Inc.**, incorporated in Nevada, on project generator model. Three new projects in 2016: – Newark Gold Project – Clayton Silver-Gold Project – Stonewall Gold Project • **SR Minerals Inc.** – New projects: – Ridge Limestone Project – CS Pumiceous Rhyolite Project	• Continue the focus on Nevada, USA. • Additional industrial minerals projects under consideration.
• Target advanced projects which have the potential to generate a sustaining cash flow.	• Lease agreement continues with leading diatomite producer EP Minerals, LLC – future cash flow potential at no future cost or risk to Sunrise.	• Continue evaluation of industrial mineral deposits and seek industrial partners.
• Target near-drill stage projects where there is potential for significant mineral discovery.	• Phase 2 first drill testing of the Bay State Silver Project.	• Follow up drilling of Bay State Silver Project towards Mineral Resource definition.
• Acquire 100% of a project through research and by staking or licencing of “open ground” from the relevant authority. This allows the Company to acquire 100% ownership of valuable assets.	• New projects acquired 100% by prospecting and staking open ground e.g.: – Newark Gold Project – Clayton Silver-Gold Project – Stonewall Gold Project – Ridge Limestone Project – CS Pumiceous Rhyolite Project	• Consider further strategic acquisitions in Nevada, USA and Australia.
• To run the Company with low overheads and be a low cost explorer.	• Corporate overheads shared with Tertiary Minerals plc. • Directors’ fees continue to be taken in shares. • Tertiary Minerals plc has taken part payment of shares in lieu of cash for management charges.	• Continue cost sharing and strive for exploration cost efficiencies. • Seek partners for certain projects to reduce exploration costs.

Strategic Report

The Directors of the Company and its subsidiary undertakings (which together comprise "the Group") present their Strategic Report for the year ended 30 September 2016.

Principal Activities

The principal activity of the Group is the identification, acquisition, exploration and development of mineral projects. The main areas of activity are the USA and Australia. The Group also has a project in Ireland.

Organisation Overview

The Group's business is directed by the Board and is managed by the Executive Chairman. The Company has a Management Services Agreement with Tertiary Minerals plc ("Tertiary") which is a substantial shareholder in the Company (as defined under the AIM Rules). Under this cost sharing agreement Tertiary provides all of the Company's administration and technical services, including the services of the Executive Chairman, at cost. Day-to-day activities are managed from Tertiary's offices in Macclesfield in the United Kingdom, but the Group operates in three other countries. The corporate structure of the Group reflects the historical pattern of acquisition by the Group and the need, where appropriate, for fiscal and other reasons, to have incorporated entities in particular territories.

The Group's exploration activity in Finland is undertaken through a registered branch in Finland. In Australia the Company operates through an Australian subsidiary, Sunrise Minerals Australia Pty Ltd. In Nevada, USA, the Company operates through two local subsidiaries, SR Minerals Inc. and Westgold Inc.

The Board of Directors comprises two non-executive directors and the Executive Chairman. Their profiles are provided on page 16. The Executive Chairman of the Company is also Chairman of Tertiary Minerals plc, but otherwise the Board is independent of Tertiary.

Financial & Performance Review

The Group is not yet producing minerals and so has no income other than a small amount of bank interest. Consequently the Group is not expected to report profits until it disposes of or is able to profitably develop or otherwise turn to account its exploration and development projects.

The results for the Group are set out in detail on pages 19 to 23. The Group reports a loss of £369,587 for the year (2015: £301,271) after administration costs of £285,092 (2015: £256,957) and after crediting interest of £532 (2015: £1,348). The loss includes expensed pre-licence and reconnaissance exploration costs of £45,316 (2015: £35,276) and impairment of deferred costs of £39,711 (2015: £10,386). Administration costs include an amount of £4,323 (2015: £10,829) as non-cash costs for the value of certain share warrants held by employees, as required by IFRS 2. Cash administration costs are therefore £280,769 (2015: £246,128).

The Financial Statements show that, at 30 September 2016, the Group had net current assets of £94,748 (2015: £67,911). This represents the cash position after allowing for receivables and trade and other payables. These amounts are shown in the Consolidated and Company Statements of Financial Position on page 20 and are also components of the Net Assets of the Group. Net assets also include various "intangible" assets of the Company. As the name suggests, these intangible assets are not cash assets but include some of this year's and previous years' expenditure on mineral projects where that expenditure meets the criteria in Note 1(d) of the accounting policies. The intangible assets total £1,072,571 (2015: £753,738) and a breakdown by project is shown in Note 2 to the financial statements on page 27.

Details of intangible assets, property, plant and equipment and investments are also set out in Notes 8, 9 and 10 of the financial statements.

Expenditures which do not meet the criteria in Note 1(d), such as pre-licence and reconnaissance costs, are expensed and add to the Company's loss. The loss reported in any year can also include expenditure for specific projects carried forward in previous reporting periods as an intangible asset but which the Board determines is "impaired" in the reporting period.

It is a consequence of the Company's business model that there will be regular impairments of unsuccessful exploration projects. The extent to which expenditure is carried forward as intangible assets is a measure of the extent to which the value of the Company's expenditure is preserved.

In the current reporting period, an amount of £32,930 was impaired in respect of costs incurred in the year for the Corona Gold Project in Australia and £6,781 in respect of the Strike Copper-Gold Project in Nevada.

The intangible asset value of a project should not be confused with the realisable or market value of a particular project which will, in the Directors' opinion, be at least equal in value and often considerably higher. Hence the Company's market capitalisation on the AIM Market is usually in excess of the net asset value of the Group.

The Company finances its activities through periodic capital raisings, via share placings and through other innovative equity based financial instruments. As the Company's projects become more advanced there may be strategic opportunities to obtain funding for some projects from future customers, via production sharing, royalty and other marketing arrangements. The Company's agreement with EP Minerals, LLC is such an example.

Key Performance Indicators

The financial statements of a mineral exploration company can provide a moment in time snapshot of the financial health of

Strategic Report continued

the Company but do not provide a reliable guide to the performance of the Company or its Board.

The usual financial key performance indicators ("KPIs") are neither applicable nor appropriate to measurement of the value creation of a company which is involved in mineral exploration and which currently has no turnover. The Directors consider that the detailed information in the Operating Review is the best guide to the Group's progress and performance during the year.

In addition the Directors highlight the following KPIs and expect that further KPIs will be reported as the Company progresses through development:

Health & Safety	The Group has not lost any man-days through injury and there have been no Health and Safety incidents or reportable accidents during the year.
Environment	No Group company has had or been notified of any instance of non-compliance with environmental legislation in any of the countries in which they work.
Fundraising	The Company raised £420,000 before expenses through the Placing and Subscription of shares in the reporting period and issued equity to the value of £19,720 in consideration of fees payable to Directors and to the value of £86,272 to Tertiary Minerals plc in consideration of at-cost management fees. In addition, shares to the value of £10,000 were issued to Beaufort Securities Limited in consideration of the joint broker fee.

In exploring for valuable mineral deposits, we accept that not all our exploration will be successful but also that the rewards for success can be high. We therefore expect that our shareholders will be invested for the potential for capital growth taking a long-term view of management's good track record in mineral discovery and development.

Operating Review

During 2016 our operations have continued to focus on the Company's projects in Nevada, USA, and we have maintained our project interests in Australia and Ireland.

The State of Nevada is one of the most attractive mining jurisdictions in the world. It is the fourth largest gold producing area in the world, a large silver producer, a re-emerging copper producer and a significant producer of industrial minerals.

Currently the Company's Nevada projects are held through two subsidiaries, SR Minerals Inc. and Westgold Inc. The Company's Australian projects are held through an Australian subsidiary Sunrise Minerals Australia Pty Ltd. The Company's Derryginagh Barite Project is held directly in the name of Sunrise Resources plc.

SR MINERALS INC., NEVADA, USA

Bay State Silver Project

- Historical production (1860s-1920s) focused on Chihuahua Vein – significant historical production including direct shipping ore up to 7,200 g/t (210 oz/t) silver.
- Surface samples of vein material left behind by old miners average 387 grammes/tonne silver (11.3 oz/t) silver along a 280 metre strike length of the Chihuahua Vein system.
- Underground sampling returned:
  - bonanza values up to 4kg/tonne silver (4,020 g/t or 0.4% or 117 oz/t) within replacement style mineralisation at end of adit over 61cm (2ft).
  - over 1kg/tonne silver (1,123 g/t or 33 oz/t) average for 18 samples along 230m strike length to end of adit.
- Surface and underground sampling together suggest c.500m minimum strike length for drill targeting.
- Five holes drilled to date on Chihuahua Vein system. Three holes north of Mining Canyon hit high-grade silver mineralisation:
  - 1,460 g/t silver (42.6 oz/ton) over 0.2m from 164.13m in Hole 15SRDD002.
  - 566 g/t silver (16.5 oz/ton) over 0.5m from 70.71m in Hole 15SRDD001.
  - 503 g/t silver (14.7 oz/ton) over 1.4m from 185.32m in Hole 15SRDD003.
- Fourth hole demonstrated continuity of Chihuahua Vein system at 300m below surface.
- Further drilling provisionally scheduled for spring 2017.

In 2016 the Company carried out a second phase of drilling at Bay State designed to follow up the positive results from Phase 1 drilling where high-grade silver mineralisation was intersected in all three holes drilled north of Mining Canyon.

Phase 2 drilling was completed using the reverse circulation drilling method. It included two holes to test the Chihuahua Vein system along strike and to the south of Mining Canyon, beneath the deepest levels of the historical mine workings. A third hole was designed as a relatively shallow test of the parallel Lincoln Vein system. It was preceded by a small programme of underground sampling south of Mining Canyon, in old mine workings developed on the Chihuahua Vein up-dip and on section of the first two drill holes.

Three chip samples of material taken across the exposed mineralisation at places along an accessible 30m long (approx.) section of the vein system returned:

- 0.33m grading 85 grammes/tonne silver (2.48 ounces/ton).
- 0.76m grading 399 grammes/tonne silver (11.64 ounces/ton).
- 0.91m grading 480 grammes/tonne silver (14.00 ounces/ton).

The first hole, 16SRRC004, targeted the Chihuahua Vein at a downhole depth of 175m. It was located in the footwall of the vein but deviated (steepened) significantly away from the vein. The Company's interpretation of the data is that the hole did not penetrate the vein system but skimmed the edge before dipping away from it towards the end of the hole. Narrow selvedges of vein material were recovered in the hole and the best analytical result was 0.76m grading 52 grammes/tonne silver (1.49 ounces/ton) from 333m down hole.

This grade cannot be considered as representative of the vein as a whole and typically the highest grades of silver are contained within sharply defined zones in the central parts of the vein which do not appear to have been cut in this hole. The hole was significant, however, in demonstrating that the vein is silver bearing in a much deeper intersection of the vein than was originally envisaged.

The second hole in the programme, 16SRRC005, was drilled from the same position as 16SRRC004 and on the same azimuth but at a shallower angle in order to get a complete intersection of the vein in between the shallow high-grade underground samples described above and the deeper occurrence demonstrated in hole 16SRRC004. No significant analytical results were obtained and the vein system does not appear to have been intersected. As the vein was projected to this position both from above and below it seems likely that the vein is displaced at this point by faulting and that the hole did not reach the vein.

The third hole, 16SRRC006, was drilled as a first test of the Lincoln Vein which runs semi-parallel to the Chihuahua Vein on its SW side, and which had been interpreted to dip at about 75 degrees toward the Chihuahua Vein. The Lincoln Vein system has only been worked from outcrop and in shallow workings. No significant analytical results were obtained. Further mapping and sampling of the Lincoln Vein system is required before further drilling on this target can be considered.

The Bay State Silver Project is permitted for sufficient drilling to define a maiden mineral resource. The Company's plan is to drill-demonstrate tonnage potential, carry out economic modelling and seek a JV partner for delineation drilling under existing permits.

County Line Diatomite Project

- Large area (>8sq. km.) of claims underlain by diatomite.
- Currently leased to diatomite producer EP Minerals, LLC.
- Exploration costs being met by lessor.
- Advanced royalty payments to commence June 2017 (subject to lease continuing).

Diatomite is an industrial raw material mainly used in the filtration of beer, wine, fats, biofuels and fruit juices, etc. It is also used as an industrial filler and in various agricultural and horticultural applications.

The County Line Diatomite Project is located some 200km south west of Reno, Nevada, USA. The 109 project claims are currently leased to existing diatomite producer EP Minerals, LLC. Should EP Minerals proceed to develop the leased claims, Sunrise is entitled to receive a significant revenue based royalty and by 2 June 2017 it must make an initial payment to the Company of US$450,000 as an advance royalty payment and further advanced royalty payments on a scheduled basis. EP Minerals has the right to withdraw from the Lease at any time.

Earlier this year EP Minerals, LLC applied for, and was granted, a permit for a programme of drilling and trenching and it has paid the advance claim fees for the year 1 September 2016-30 August 2017 in the amount of $16,895.

The Company benefits from the potential to receive royalty income at no further cost through its agreement with EP Minerals.

The Pozz Project

- Demand for natural pozzolan growing as a "green" cement replacement.
- Expansion of Pozz Project with staking of CS pumiceous rhyolite deposit in Nevada.
- Testwork in progress.

The Company's Pozz Project is an initiative to search for and acquire, at low-cost, deposits having potential for the production of natural pozzolan.

Natural pozzolan has been used in concrete for millennia and many of the Roman structures built with pozzolan concrete, such as the Pantheon and the Colosseum, are still standing. Today it is considered a "green" alternative to ordinary Portland cement which is responsible for 5% of the global man-made carbon dioxide emissions with nearly one tonne of CO_2 generated for each tonne of cement produced. In addition to reducing greenhouse gasses, the use of pozzolan can provide benefits in terms of long-term strength and stability in cement and concrete and can replace the use of fly-ash in cement which is diminishing in quantity and quality of supply.

Strategic Report continued

The Company's first acquisition under this initiative was the staking of the Pozz Ash Deposit in Nevada and most recently the Company has staked a set of claims over a separate deposit in Nevada called the CS Deposit. Samples from both deposits meet the ASTM chemical specifications for natural pozzolan.

Two bench tests have been carried out by an existing concrete producer using raw Pozz Ash as a replacement for ordinary Portland cement. Based on these results it is predicted that the Pozz Ash has good commercial potential if the clay content can be removed or, alternatively, if the raw material is calcined. Calcination is a heating process by which the crystal structure of the contained clay minerals is favourably altered.

A follow up programme of testwork is now in progress at SGS Lakefield in Canada to determine if the clay minerals can be separated from the glass particles within the volcanic ash or if calcination may be required.

The CS Deposit is a deposit of glassy pumiceous rhyolite. Similar materials are already being successfully marketed in the western USA as natural pozzolan but each deposit will require extensive testing to determine its physical characteristics. Natural pozzolans must demonstrate high pozzolanic activity. A significant factor in determining this activity is the mineralogical make-up of the material with amorphous or glassy material being preferred.

Samples from the CS Deposit are comprised of 97.1%-99.1% amorphous (glass), 0.9-2.9% quartz. This is a positive indication and shows a higher glass content than samples from the Company's Pozz Ash Deposit which average around 80% glass and 20% clay minerals.

Samples from the CS Deposit have been submitted for physical testing.

Other Nevada Projects

The **Garfield Gold, Silver & Copper Project** emerged from the Company's own internal prospecting programme. In 2016 a trench was dug to evaluate high-grade surface mineralisation. Sampling of this trench gave 22m grading 0.33% copper mineralisation, including:

- 2 metres grading 2.18% copper and 0.48 g/t gold from 16m-18m;
- 2 metres grading 1.2 g/t gold and 0.07% copper from 8m-10m.

The Company intends to continue low-cost trenching activities along strike from the initial discovery outcrop where the early trenching was undertaken. The Garfield Gold Project offers the potential for a new copper discovery and subject to continuing exploration success the Company will seek a strategic farm-out of the project.

No work was carried out in 2016 on the **Junction Gold Project**. This is another internally generated prospecting discovery with assays up to 16 g/t gold. The next phase of work includes soil sampling to define targets for trenching and drilling to determine the full potential of this new discovery, although the results to date are favourable.

The Company has recently announced the staking of the **Ridge Limestone Deposit**. It is located adjacent to a sealed highway and 55 miles from sidings on the Union Pacific Railroad. There is no public record that this limestone occurrence has previously been targeted for industrial evaluation.

The limestone deposit forms a prominent ridge and lends itself to low-cost open-cast mining with potentially large tonnages evidenced by a large exposed surface area (5.4 sq. km).

High purity limestones may have a higher value than those used in construction aggregates and are used, for example, in the chemical industries, in glass manufacturing, flue gas desulphurisation and in various fillers and extenders in the rubber, sealants, plastic and paper industries. It is also used in the manufacture of lime (calcium oxide, CaO) which is used extensively in the mining industry.

Preliminary samples include limestone low in iron and silica suggesting that the limestone could meet the specifications of a wide range of higher value industrial applications if these surface samples prove to be representative of sufficiently large areas of the deposit.

The first stage in the evaluation of the Ridge Limestone Project will include more systematic mapping and surface sampling and brightness testing to evaluate the suitability of the limestone for higher value industrial applications. We will also evaluate the significance of the high zinc values found in reconnaissance samples.

The Company's interest in the **Strike Copper Project** was allowed to lapse in 2016.

WESTGOLD INC.

Westgold Inc. was incorporated in Nevada in 2016 as a wholly owned subsidiary of Sunrise Resources plc and as a project generator for gold and silver projects in the western USA. The incorporation of a separate subsidiary increases the Company's flexibility to valorise its projects as a package in future.

Westgold Inc. will capitalise on opportunities for staking projects that have lapsed in recent years and during the prolonged downturn in the mining industry. It is targeting projects where drilling or other sampling methods have confirmed the presence of gold and silver and indicate the potential to define a resource with further work or where there is geological potential for multi-million ounce discoveries. The

Company will seek to farm-out these projects or to complete limited drilling to substantiate historical results prior to farm-out. New projects are being acquired primarily through staking claims on open ground, although Westgold will also consider low-cost lease arrangements where appropriate.

The **Clayton Silver-Gold Project** is an epithermal gold project located in the Walker Lane Mineral Belt. It lies 30km southeast of the producing Mineral Ridge Gold Mine and 30km southwest of the major historic mining centre of Goldfield where a number of large gold-silver deposits are currently under development. The project was last explored in the 1980s and drilling has recorded a number of significant silver-gold intersections, for example Hole CL-15 which intersected 7.6m grading 4.8 ounces/ton (165 grammes/tonne) silver from 82.3m, ending in mineralisation.

The **Newark Gold Project** is targeting sediment hosted "Carlin-style" gold mineralisation. It is located at the south end of the famous Battle Mountain-Eureka gold trend at its intersection with the Alligator Ridge gold trend. Many of Nevada's largest gold mines, which include some of the largest gold mines in the world, are based on Carlin-style deposits. The Newark Project lies 40km south of and along the same structural zone as the past-producing Alligator Ridge Mine, 12km north of the Mt. Hamilton gold project and 20km east of the Pan Gold Mine. Limited drilling at Newark in the late 1980s identified gold anomalous jasperoids in a favourable structural and stratigraphic setting with a typical Carlin-style geochemical signature.

Westgold has staked 15 claims (SW1-15) at the **Stonewall Gold Project** in Nevada to cover a large vein structure showing epithermal vein textures commonly associated with gold and silver mineralisation. The next phase of exploration is expert mapping and analysis leading to additional on the ground exploration or potential farm-out.

SUNRISE MINERALS AUSTRALIA PTY LTD

Fieldwork planned at the **Cue Diamond Project** in Australia was deferred in 2016 but limited further work targeting the source of Target 5 diamondiferous kimberlite float and additional kimberlite geophysical anomalies is budgeted for 2017. The project licence was renewed in April 2016 for a further five year period.

Similarly drilling on the Company's **Baker's Gold Project** in Australia was rescheduled for 2017.

OTHER PROJECTS

Derryginagh Barite Project

The Company holds a prospecting licence for base metals, barite, silver, gold and platinum group elements near Bantry, County Cork, in the south west of the Irish Republic. The licence is current until November 2017 when it can be renewed subject to the Company meeting certain expenditure obligations.

The Company continues to monitor developments in the barite market and is seeking to secure value from this project at the earliest opportunity.

Risks & Uncertainties

The Board regularly reviews the risks to which the Group is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible.

The principal risks and uncertainties facing the Group at this stage in its development and in the foreseeable future are detailed below together with risk mitigation strategies employed by the Board.

RISK	MITIGATION STRATEGIES
Exploration Risk The Group's business is mineral exploration and evaluation which are speculative activities. There is no certainty that the Group will be successful in the definition of economic mineral deposits, or that it will proceed to the development of any of its projects or otherwise realise their value.	The directors bring many years of combined mining and exploration experience and an established track record in mineral discovery. The Company targets advanced and drill ready exploration projects in order to avoid higher risk grass roots exploration.
Resource Risk All mineral projects have risk associated with defined grade and continuity. Mineral Reserves are always subject to uncertainties in the underlying assumptions which include geological projection and metal price assumptions.	Resources and reserves are estimated by independent specialists on behalf of the Group in accordance with accepted industry standards and codes. The directors are realistic in the use of metal and mineral price forecasts and impose rigorous practices in the QA/QC programmes that support its independent estimates.
Development Risk Delays in permitting, financing and commissioning a project may result in delays to the Group meeting production targets. Changes in commodity prices can affect the economic viability of mining projects and affect decisions on continuing exploration activity.	The Company's permitting requirements are limited at this stage to its exploration activities but to reduce development risk in future the directors will ensure that its permit and financing applications are robust and thorough and will seek to position the Company as a low quartile cost producer.
Mining and Processing Technical Risk Notwithstanding the completion of metallurgical testwork, test mining and pilot studies indicating the technical viability of a mining operation, variations in mineralogy, mineral continuity, ground stability, groundwater conditions and other geological conditions may still render a mining and processing operation economically or technically non-viable.	From the earliest stages of exploration the directors look to use consultants and contractors who are leaders in their field and in future will seek to strengthen the executive and the Board with additional technical and financial skills as the Company transitions from exploration to production.
Environmental Risk Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production unforeseen events can give rise to environmental liabilities.	Mineral exploration carries a lower level of environmental liability than mining. The Company has adopted an Environmental Policy and the directors avoid the acquisition of projects where liability for legacy environmental issues might fall upon the Company.
Political Risk All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social permitting risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets.	The Company's strategy restricts its activities to stable, democratic and mining friendly jurisdictions. The Company has adopted a strong Anti-corruption Policy and Code of Conduct and this is strictly enforced.

RISK	MITIGATION STRATEGIES
Partner Risk Whilst there has been no past evidence of this, the Group can be adversely affected if joint venture partners are unable or unwilling to perform their obligations or fund their share of future developments.	The Board's policy is to maintain control of certain key projects so that it can control the pace of exploration and reduce partner risk. For projects where other parties are responsible for critical payments and expenditures the Company's agreements legislate that such payments and expenditures are met.
Financing & Liquidity Risk The Company has an ongoing requirement to fund its activities through the equity markets and in future to obtain finance for project development. There is no certainty such funds will be available when needed.	The Company maintains a good network of contacts in the capital markets that has historically met its financing requirements. The Company's low overheads and cost effective exploration strategies help reduce its funding requirements and currently the directors take their fees in shares. Nevertheless further equity issues will be required from time to time.
Financial Instruments Details of risks associated with the Group's Financial Instruments are given in Note 18 to the financial statements on page 36.	The directors are responsible for the Group's systems of internal financial control. Although no systems of internal financial control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In carrying out their responsibilities, the directors have put in place a framework of controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible, and they have reviewed the effectiveness of internal financial control. The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Forward Looking Statements

This Annual Report contains certain forward looking statements that have been made by the directors in good faith based on the information available at the time of the approval of the Annual Report. By their nature, such forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

This Strategic Report was approved by the Board of Directors on 14 December 2016 and signed on its behalf.

Patrick Cheetham
Executive Chairman

Corporate Responsibility

The Board takes regular account of the significance of social, environmental and ethical matters affecting the business of the Group. At this stage in the Group's development the Board has not adopted a specific policy on Corporate Social Responsibility as it has a limited pool of stakeholders other than its shareholders. Rather, the Board seeks to protect the interests of the Group's stakeholders through individual policies and through ethical and transparent actions.

Shareholders

The Board seeks to protect shareholders' interests by following, where appropriate, the guidelines in the UK Corporate Governance Code and the directors are always prepared, where practicable, to enter into a dialogue with shareholders to promote a mutual understanding of objectives. The Annual General Meeting provides the Board with an opportunity to informally meet and communicate directly with investors.

Environment

The Board recognises that its principal activity, mineral exploration, has potential to impact on the local environment and consequently has adopted an Environmental Policy to ensure that the Group's activities have minimal environmental impact. Where appropriate the Group's contracts with suppliers and contractors legally bind those suppliers and contractors to do the same.

The Group's activities carried out in accordance with the Environmental Policy have had only minimal environmental impact and this policy is regularly reviewed. Where appropriate, all work is carried out after advance consultation with affected parties.

Employees

The Group engages its employees to understand all aspects of the Group's business and seeks to remunerate its employees fairly, being flexible where practicable. The Group gives full and fair consideration to applications for employment received regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs, transgender status or sexual orientation. The Board takes account of employees' interests when making decisions and suggestions from employees aimed at improving the Group's performance are welcomed.

The Company has adopted an Anti-corruption Policy and Code of Conduct.

Suppliers and Contractors

The Group recognises that the goodwill of its contractors, consultants and suppliers is important to its business success and seeks to build and maintain this goodwill through fair dealings. The Group has a prompt payment policy and seeks to settle all agreed liabilities within the terms agreed with suppliers. The amount shown in the Consolidated and Company Statement of Financial Position in respect of trade payables at the end of the financial year represents 71 days of average daily purchases (2015: 8 days). This amount is calculated by dividing the creditor balance at year end by the average daily Group spend in the year. The figure of 71 days for the 2016 year end appears high because of an unusually large creditor balance at year end relating to the SR Minerals Inc. drilling programme which took place in September 2016. This balance was settled within the creditor's normal payment terms.

Health and Safety

The Board recognises it has a responsibility to provide strategic leadership and direction in the development of the Group's health and safety strategy in order to protect all of its stakeholders. The Company has developed a Health and Safety Policy to clearly define roles and responsibilities and in order to identify and manage risk.

Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the AIM Rules of the London Stock Exchange for companies trading securities on the AIM Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

Website Publication

The maintenance and integrity of the Sunrise Resources plc website is the responsibility of the directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Directors' Report

The directors are pleased to submit their Annual Report and audited accounts for the year ended 30 September 2016.

The Strategic Report starting on page 5 contains details of the principal activities of the Company and includes the Operating Review which provides detailed information on the development of the Group's business during the year and indications of likely future developments and events that have occurred after the Balance Sheet date.

Going Concern

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When any of the Group's projects move to the development stage, specific project financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising necessary within the next 12 months to meet the Company's and Group's overheads and planned discretionary project expenditures and to maintain the Company and Group as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the Group and Company's ability to continue as going concerns and, therefore, that they may be unable to realise their assets and discharge their liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

Dividend

The directors are currently unable to recommend the payment of any ordinary dividend.

Directors

The directors holding office in the period were:

Mr P L Cheetham
Mr F P H Johnstone (Retired May 2016)
Mr D J Swan
Mr R D Murphy (Appointed May 2016)

The directors' shareholdings are shown in Note 16 to the financial statements.

Financial Instruments and Other Risks

The business of mineral exploration and evaluation has inherent risks. Details of the Group's financial instruments and risk management objectives and of the Group's exposure to risk associated with its financial instruments are given in Note 18 to the financial statements.

Details of risks and uncertainties that affect the Group's business are given in the Strategic Report on page 10.

Disclosure of Audit Information

Each of the directors has confirmed that so far as he is aware, there is no relevant audit information of which the Company's Auditor is unaware, and that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

A resolution to reappoint Crowe Clark Whitehill LLP as Auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Charitable and Political Donations

During the year, the Group made no charitable or political donations.

Shareholders

As at the date of this report the following interests of 3% or more in the issued share capital of the Company appeared in the share register.

As at 14 December 2016	Number of shares	% of share capital
Tertiary Minerals plc	114,122,557	10.08
Pershing Nominees Limited MDCLT	105,189,545	9.29
Barclayshare Nominees Limited	87,388,945	7.72
TD Direct Investing Nominees (Europe) Limited SMKTNOMS	74,867,782	6.61
Share Nominees Limited	50,479,946	4.46
HSDL Nominees Limited	50,036,926	4.42
Beaufort Nominees Limited SSLNOMS	48,016,160	4.24
JIM Nominees Limited JARVIS	45,649,686	4.03
Hargreaves Lansdown (Nominees) Limited 15942	43,243,606	3.82
SVS (Nominees) Limited POOL	42,837,917	3.78
HSBC Client Holdings Nominee (UK) Limited 731504	41,618,359	3.68

Annual General Meeting

Notice of the Company's Annual General Meeting convened for Tuesday 31 January 2017 at 10.30 a.m. is set out on page 38 of this report. Explanatory Notes giving further information about the proposed resolutions are set out on page 39.

Approved by the Board of Directors on 14 December 2016 and signed on its behalf.

Patrick Cheetham
Executive Chairman

Board of Directors

The Directors and Officers of the Company are:

Patrick Cheetham
Executive Chairman

Key Strengths:
- Founding director
- Mining geologist with 35 years' experience in mineral exploration
- 30 years in public company management

Appointed: March 2005

Committee Memberships: Chairman of Nomination Committee

External Commitments: Executive Chairman of Tertiary Minerals plc

Colin Fitch LLM, FCIS
Company Secretary

Key Strengths:
- Barrister-at-Law
- Previously Corporate Finance Director of Kleinwort Benson
- Previously held a number of non-executive directorships of public and private companies, including Merrydown Plc, African Lakes plc and Manders plc

Appointed: October 2006

External Commitments: Company Secretary for Tertiary Minerals plc

David Swan
Non-Executive Director

Key Strengths:
- Chartered Accountant with career focus in natural resources industry
- Past executive director of several public listed mining companies including Oriel Resources plc

Appointed: May 2012

Committee Memberships: Chairman of the Audit Committee, Member of the Remuneration and Nomination Committees

External Commitments: Non-Executive Director of Central Asia Metals plc, Non-Executive Director of Oriel Resources) and CFO (part-time) Scotgold Resources Limited (AIM listed)

Roger Murphy
Non-Executive Director

Key Strengths:
- Career focus in capital raising for mining and oil & gas companies
- Former MD, Investment Banking, of Dundee Securities Europe Ltd
- Geologist

Appointed: May 2016

Committee Memberships: Chairman of the Remuneration Committee and Member of Audit and Nomination Committees

External Commitments: CEO of Sula Iron & Gold Plc

Corporate Governance

Although the rules of AIM do not require the Company to comply with the UK Corporate Governance Code ("the Code"), the Company fully supports the principles set out in the Code and will attempt to comply wherever possible, given both the size and resources available to the Company.

The Board of Directors currently comprises the combined role of chairman and chief executive and two non-executive directors. The Board considers that this structure is suitable for the Company having regard to the fact that it is not yet revenue-earning. However, it is the intention of the Board to separate these roles in future and to strengthen the executive Board as projects are developed and financial resources permit.

The Board is aware of the need to refresh its membership from time to time and will consider appointing additional independent non-executive directors in the future.

Role of the Board

The Board's role is to agree the Group's long-term direction and strategy and to monitor the achievement of its business objectives. The Board meets four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic and operational matters.

The non-executive directors are not considered under the terms of the Code to be independent directors by virtue of their holding of warrants to subscribe for shares in the Company. However, they are considered by the Board to be free from any other business or relationship which could materially interfere with the exercise of their independent judgement. Directors have the facility to take external independent advice in furtherance of their duties at the Group's expense and have access to the services of the Company Secretary.

The Board delegates certain of its responsibilities to the Audit, Remuneration and Nomination Committees of the Board. These Committees operate within clearly defined terms of reference.

Audit Committee

The Audit Committee, composed entirely of non-executive directors, assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the auditor taking account of any non-audit services provided by them. Mr Swan is Chairman of the Audit Committee.

Remuneration Committee

The Remuneration Committee also comprises the non-executive directors. Mr Murphy is Chairman of the Remuneration Committee. The Company does not currently remunerate any of the directors other than in a non-executive capacity. Whilst the Chairman of the Board, Patrick Cheetham, does have an executive role, his services are provided under a general service agreement with Tertiary Minerals plc.

The Company issues share warrants to directors and to the staff of Tertiary Minerals plc who are engaged in the management of the activities of the Company. The Company's policy on the issue of such warrants is that outstanding warrants should not in aggregate exceed 10% of the issued capital of the Company from time to time. Details of directors' warrants are disclosed in Note 16.

Nomination Committee

The Nomination Committee comprises the Chairman and the non-executive directors. Mr Cheetham is Chairman of the Nomination Committee. The Nomination Committee meets at least once per year to lead the formal process of rigorous and transparent procedures for Board appointments and to make recommendations to the Board in accordance with best practice and other applicable rules and regulations, insofar as they are appropriate to the Group at this stage in its development.

Conflicts of Interest

The Companies Act 2006 permits directors of public companies to authorise directors' conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Company's Articles contain such a provision. Procedures are in place in order to avoid any conflict of interest between the Company and Tertiary Minerals plc, which held 9.13% of the Company's issued share capital at 30 September 2016. Tertiary Minerals provides management services to Sunrise Resources in the search, evaluation and acquisition of new projects.

Independent Auditor's Report

to the Members of Sunrise Resources plc for the year ended 30 September 2016

We have audited the financial statements of Sunrise Resources plc for the year ended 30 September 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at:
www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1(b) to the financial statements concerning the group's and the company's ability to continue as going concerns. As explained in Note 1(b) to the financial statements, the group's projections include the proceeds of future fundraising necessary within the next 12 months in order to cover the company's and group's overheads and carry out the company's and group's planned discretionary project expenditure. As there is no assurance that adequate funds will be obtained, these conditions, along with the other matters explained in Note 1(b) to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as going concerns. The financial statements do not include the adjustments that would result if the group and company were unable to continue as going concerns.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Jayson
(Senior Statutory Auditor)
For and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor
Manchester, United Kingdom
14 December 2016

Crowe Clark Whitehill LLP is a limited liability partnership registered in England and Wales (with registered number OC307043).

Consolidated Income Statement

for the year ended 30 September 2016

	Notes	**2016** **£**	2015 £
Pre-licence exploration costs		**45,316**	35,276
Impairment of deferred exploration cost	9	**39,711**	10,386
Administrative expenses		**285,092**	256,957
Operating loss		**(370,119)**	(302,619)
Interest receivable		**532**	1,348
Loss before income tax	3	**(369,587)**	(301,271)
Income tax	7	**–**	–
Loss on ordinary activities after tax		**(369,587)**	(301,271)
Loss for the year attributable to equity holders of the parent		**(369,587)**	(301,271)
Loss per share – basic and diluted (pence)	6	**(0.04)**	(0.05)

All amounts relate to continuing activities.

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2016

	2016 **£**	2015 £
Loss for the year	**(369,587)**	(301,271)
Items that could be reclassified subsequently to the income statement:		
Foreign exchange translation differences on foreign currency net investments in subsidiaries	**193,942**	(65,272)
Fair value movement on available for sale investment	**(1,676)**	–
Total comprehensive loss for the year attributable to equity holders of the parent	**(177,321)**	(366,543)

Consolidated and Company Statements of Financial Position

at 30 September 2016
Company Registration Number: 05363956

	Notes	**Group 2016 £**	**Company 2016 £**	Group 2015 £	Company 2015 £
Non-current assets					
Intangible assets	9	**1,072,571**	**–**	753,738	–
Investment in subsidiaries	8	**–**	**1,311,874**	–	1,055,406
Available for sale investment	8	**23,324**	**23,324**	25,000	25,000
		1,095,895	**1,335,198**	778,738	1,080,406
Current assets					
Receivables	11	**43,606**	**27,081**	34,483	21,379
Cash and cash equivalents	12	**223,268**	**102,865**	142,079	105,349
		266,874	**129,946**	176,562	126,728
Current liabilities					
Trade and other payables	13	**(172,126)**	**(98,468)**	(108,651)	(84,122)
Net current assets		**94,748**	**31,478**	67,911	42,606
Net assets		**1,190,643**	**1,366,676**	846,649	1,123,012
Equity					
Called up share capital	14	**1,119,910**	**1,119,910**	691,149	691,149
Share premium account		**4,818,998**	**4,818,998**	4,761,776	4,761,776
Share warrant reserve	14	**119,899**	**119,899**	322,820	322,820
Available for sale investment reserve		**(1,676)**	**(1,676)**	–	–
Foreign currency reserve	14	**54,918**	**1,176**	(139,024)	–
Accumulated losses		**(4,921,406)**	**(4,691,631)**	(4,790,072)	(4,652,733)
Equity attributable to owners of the parent		**1,190,643**	**1,366,676**	846,649	1,123,012

These financial statements were approved and authorised for issue by the Board of Directors on 14 December 2016 and were signed on its behalf.

P L Cheetham
Executive Chairman

D J Swan
Director

Consolidated Statement of Changes in Equity

Group	Share capital £	Share premium account £	Share warrant reserve £	Available for sale reserve £	Foreign currency reserve £	Accum-ulated losses £	Total £
At 30 September 2014	**503,326**	**4,520,686**	**404,979**	**–**	**(73,752)**	**(4,581,789)**	**773,450**
Loss for the year	–	–	–	–	–	(301,271)	(301,271)
Exchange differences	–	–	–	–	(65,272)	–	(65,272)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(65,272)**	**(301,271)**	**(366,543)**
Share issue	187,823	241,090	–	–	–	–	428,913
Share based payments expense	–	–	10,829	–	–	–	10,829
Transfer of expired warrants	–	–	(92,988)	–	–	92,988	–
At 30 September 2015	**691,149**	**4,761,776**	**322,820**	**–**	**(139,024)**	**(4,790,072)**	**846,649**
Loss for the year	–	–	–		–	(369,587)	(369,587)
Change in fair value				(1,676)			(1,676)
Exchange differences	–	–	–	–	193,942	–	193,942
Total comprehensive loss for the year	**–**	**–**	**–**	**(1,676)**	**193,942**	**(369,587)**	**(177,321)**
Share issue	428,761	57,222	31,009	–	–	–	516,992
Share based payments expense	–	–	4,323	–	–	–	4,323
Transfer of expired warrants	–	–	(238,253)	–	–	238,253	–
At 30 September 2016	**1,119,910**	**4,818,998**	**119,899**	**(1,676)**	**54,918**	**(4,921,406)**	**1,190,643**

Company Statement of Changes in Equity

Company	Share capital £	Share premium account £	Share warrant reserve £	Available for sale reserve £	Foreign currency reserve £	Accum-ulated losses £	Total £
At 30 September 2014	**503,326**	**4,520,686**	**404,979**	**–**	**–**	**(4,495,101)**	**933,890**
Loss for the year and total comprehensive loss for the year	–	–	–	–	–	(250,620)	(250,620)
Share issue	187,823	241,090	–	–	–	–	428,913
Share based payments expense	–	–	10,829	–	–	–	10,829
Transfer of expired warrants	–	–	(92,988)	–	–	92,988	–
At 30 September 2015	**691,149**	**4,761,776**	**322,820**	**–**	**–**	**(4,652,733)**	**1,123,012**
Loss for the year	–	–	–	–	–	(277,151)	(277,151)
Change in fair value	–	–	–	(1,676)	–	–	(1,676)
Exchange differences	–	–	–	–	1,176	–	1,176
Total comprehensive loss for the year	**–**	**–**	**–**	**(1,676)**	**1,176**	**(277,151)**	**(277,651)**
Share issue	428,761	57,222	31,009	–	–	–	516,992
Share based payments expense	–	–	4,323	–	–	–	4,323
Transfer of expired warrants	–	–	(238,253)	–	–	238,253	–
At 30 September 2016	**1,119,910**	**4,818,998**	**119,899**	**(1,676)**	**1,176**	**(4,691,631)**	**1,366,676**

Consolidated and Company Statements of Cash Flows

for the year ended 30 September 2016

	Notes	**Group 2016 £**	**Company 2016 £**	Group 2015 £	Company 2015 £
Operating activity					
Total loss after tax		**(370,119)**	**(279,805)**	(302,619)	(252,326)
Share based payment charge		**4,323**	**4,323**	10,829	10,829
Shares issued in lieu of net wages		**19,720**	**19,720**	19,215	19,215
Impairment charge – exploration		**39,711**	**–**	10,386	10,386
(Increase)/decrease in receivables	11	**(9,123)**	**(5,702)**	(10,800)	103
Increase/(decrease) in trade and other payables	13	**63,475**	**14,346**	(9,363)	(440)
Net cash outflow from operating activity		**(252,013)**	**(247,118)**	(282,352)	(212,233)
Investing activity					
Interest received		**532**	**2,654**	1,348	1,706
Purchase of available for sale investment		**–**	**–**	(25,000)	(25,000)
Development expenditures	9	**(183,767)**	**–**	(308,933)	(10,386)
Loans to subsidiaries		**–**	**(256,468)**	–	(350,359)
Net cash outflow from investing activity		**(183,235)**	**(253,814)**	(332,585)	(384,039)
Financing activity					
Issue of share capital (net of expenses)		**497,272**	**497,272**	409,698	409,698
Net cash inflow from financing activity		**497,272**	**497,272**	409,698	409,698
Net increase/(decrease) in cash and cash equivalents		**62,024**	**(3,660)**	(205,239)	(186,574)
Cash and cash equivalents at start of year		**142,079**	**105,349**	354,350	291,923
Exchange differences		**19,165**	**1,176**	(7,032)	–
Cash and cash equivalents at 30 September	12	**223,268**	**102,865**	142,079	105,349

Notes to the Financial Statements

for the year ended 30 September 2016

Background

Sunrise Resources plc is a public company incorporated and domiciled in England. It is traded on the AIM Market of the London Stock Exchange – EPIC: SRES.

The Company is a holding company (together, "the Group") for one company incorporated in Australia, and two companies incorporated in Nevada, in the United States of America. The Group's financial statements are presented in Pounds Sterling (£) which is also the functional currency of the Company.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

(b) Going concern

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When any of the Group's projects move to the development stage, specific project financing will be required.

The directors prepare annual budgets and cash flow projections that extend beyond 12 months from the date of this report. These projections include the proceeds of future fundraising necessary within the next 12 months to meet the Company's and Group's overheads and planned discretionary project expenditures and to maintain the Company and Group as going concerns. Although the Company has been successful in raising finance in the past, there is no assurance that it will obtain adequate finance in the future. This represents a material uncertainty related to events or conditions which may cast significant doubt on the Group's and Company's ability to continue as going concerns and, therefore, that they may be unable to realise their assets and discharge their liabilities in the normal course of business. However, the directors have a reasonable expectation that they will secure additional funding when required to continue meeting corporate overheads and exploration costs for the foreseeable future and therefore believe that the going concern basis is appropriate for the preparation of the financial statements.

(c) Basis of consolidation

Investments, including long-term loans, in the subsidiaries are valued at the lower of cost or recoverable amount, with an ongoing review for impairment.

The Group's financial statements consolidate the financial statements of Sunrise Resources plc and its subsidiary undertakings using the acquisition method and eliminate intercompany balances and transactions.

In accordance with section 408 of the Companies Act 2006, Sunrise Resources plc is exempt from the requirement to present its own statement of comprehensive income. The amount of the loss for the financial year recorded within the financial statements of Sunrise Resources plc is £277,151 (2015: £250,620).

(d) Intangible assets

Exploration and evaluation

Accumulated exploration and evaluation costs incurred in relation to separate areas of interest (which may comprise more than one exploration licence or exploration licence applications) are capitalised and carried forward where:

(1) such costs are expected to be recouped through successful exploration and development of the area, or alternatively by its sale; or

(2) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the areas are continuing.

A bi-annual review is carried out by the directors to consider whether any exploration and development costs have suffered impairment in value and, if necessary, provisions are made according to this criteria. The bi-annual impairment reviews were conducted in March 2016 and September 2016.

Accumulated costs, where the Group does not yet have an exclusive exploration licence and in respect of areas of interest which have been abandoned, are written off to the income statement in the year in which the pre-licence expense was incurred or in which the area was abandoned.

Development

Exploration, evaluation and development costs are carried at the lower of cost and expected net recoverable amount. On reaching a mining development decision, exploration and evaluation costs are reclassified as development costs and all development costs on a specific area of interest will be amortised over the useful economic life of the projects, once they become income generating and the costs can be recouped.

(e) Trade and other receivables and payables

Trade and other receivables and payables are measured at initial recognition at fair value and subsequently measured at amortised cost.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term bank deposits with a maturity of three months or less.

(g) Deferred taxation

Deferred taxation, if applicable, is provided in full in respect of taxation deferred by temporary differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable.

(h) Foreign currencies

The Group's consolidated financial statements are presented in Pounds Sterling (£), being the functional currency of the Company, and the currency of the primary economic environment in which the Company operates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

For consolidation purposes, the net investment in foreign operations and the assets and liabilities of overseas subsidiaries, associated undertakings and joint arrangements, that have a functional currency different from the Group's presentation currency, are translated at the closing exchange rates. Income statements of overseas subsidiaries, that have a functional currency different from the Group's presentation currency, are translated at exchange rates at the date of transaction. Exchange differences arising on opening reserves are taken to the foreign currency reserve.

(i) Share warrants and share based payments

The Company issues warrants to employees and third parties. For all warrants issued after 7 November 2002 the fair value of the warrants is recognised as a charge measured at fair value on the date of grant and determined in accordance with IFRS 2 or IAS 39, adopting the Black–Scholes–Merton model. The fair value is recognised on a straight-line basis over the vesting period, with a corresponding adjustment to equity, based on the management's estimate of shares that will eventually vest. The expected life of the warrants is adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. The details are shown in Note 15.

The Company also issues shares in order to settle certain liabilities, including payment of fees to directors. The fair value of shares issued is based on the closing mid-market price of the shares on the AIM Market on the day prior to the date of settlement and it is expensed on the date of settlement with a corresponding increase in equity.

(j) Judgements and estimations in applying accounting policies

In the process of applying the Group's accounting policies above, management has identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements:

Intangible assets – exploration and evaluation

Capitalisation of exploration and evaluation costs requires that costs be assessed against the likelihood that such costs will be recoverable against future exploitation or sale or alternatively, where activities have not reached a stage which permits a reasonable estimate of the existence of mineral reserves, a judgement that future exploration or evaluation should continue. This requires management to make estimates and judgements and to make certain assumptions, often of a geological nature, and most particularly in relation to whether or not an economically viable mining operation can be established in future. Such estimates, judgements and assumptions are likely to change as new information becomes available. When it becomes apparent that recovery of expenditure is unlikely the relevant capitalised amount is written off to the income statement.

Impairment

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. The Group will look to evidence produced by its exploration activities to indicate whether the carrying value is impaired. Assessment of the impairment of assets is a judgement based on analysis of the future likely cash flows from the relevant project, including consideration of:

(a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

(d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Impairment reviews for investments are carried out on an individual basis. The Group will look to performance indicators of the investment, such as market share price, to indicate whether the carrying value is impaired.

Going concern

The preparation of financial statements requires an assessment of the validity of the going concern assumption. The validity of the going concern assumption is dependent on finance being available for the continuing working capital requirements of the Group. Based on the assumption that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts.

Share warrants

The estimates of costs recognised in connection with the fair value of share warrants requires that management selects an appropriate valuation model and make decisions on various inputs into the model including the volatility of its own share price, the probable life of the warrants before exercise, and behavioural consideration of warrant holders.

(k) Available for sale investments

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. Available for sale investments are initially measured at cost and subsequently at fair value, being the equivalent of market value, with changes in value recognised in equity. Gains and losses arising from available for sale investments are recognised in the income statement when they are sold or impaired.

(l) Standards, amendments and interpretations not yet effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods. Specifically, the adoption of IFRS 9 will have minimal impact for both the measurement and disclosures of existing financial instruments. As the Group does not have any turnover, IFRS 15 will not have any significant impact on revenue recognition and related disclosures. Finally, the adoption of IFRS 16 will not have any impact on the financial statements of the Group as all lease contracts are for periods of less than one year.

2. Segmental analysis

The Chief Operating Decision Maker is the Board of Directors. The Board considers the business has one reportable segment, the management of exploration projects, which is supported by a Head Office function. For the purpose of measuring segmental profits and losses the exploration segment bears only those direct costs incurred by or on behalf of those projects, no Head Office cost allocations are made to this segment. The Head Office function recognises all other costs.

2016	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs:			
Corona Gold Project, Australia	**(32,930)**	**–**	**(32,930)**
Strike Copper-Gold Project, USA	**(6,781)**	**–**	**(6,781)**
	(39,711)	**–**	**(39,711)**
Pre-licence exploration costs	**(45,316)**	**–**	**(45,316)**
Share based payments	**–**	**(4,323)**	**(4,323)**
Other expenses	**–**	**(280,769)**	**(280,769)**
Operating loss	**(85,027)**	**(285,092)**	**(370,119)**
Bank interest received	**–**	**532**	**532**
Loss before income tax	**(85,027)**	**(284,560)**	**(369,587)**
Income tax	**–**	**–**	**–**
Loss for the year attributable to equity holders	**(85,027)**	**(284,560)**	**(369,587)**
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Cue Diamond Project, Australia	**478,348**	**–**	**478,348**
Baker's Gold Project, Australia	**49,040**	**–**	**49,040**
County Line Diatomite Project, USA	**102,888**	**–**	**102,888**
Garfield Silver-Gold-Copper Project, USA	**24,691**	**–**	**24,691**
Bay State Silver Project, USA	**362,961**	**–**	**362,961**
Junction Gold Project, USA	**14,189**	**–**	**14,189**
Pozz Ash Project, USA	**12,113**	**–**	**12,113**
Clayton Gold Project, USA	**8,645**	**–**	**8,645**
Newark Silver-Gold Project, USA	**13,427**	**–**	**13,427**
Stonewall Gold Project, USA	**6,269**	**–**	**6,269**
	1,072,571	**–**	**1,072,571**
Available for sale investment	**–**	**23,324**	**23,324**
	1,072,571	**23,324**	**1,095,895**
Current assets			
Receivables	**15,122**	**28,484**	**43,606**
Cash and cash equivalents	**–**	**223,268**	**223,268**
	15,122	**251,752**	**266,874**
Current liabilities			
Trade and other payables	**(82,062)**	**(90,064)**	**(172,126)**
Net current assets/(liabilities)	**(66,940)**	**161,688**	**94,748**
Net assets	**1,005,631**	**185,012**	**1,190,643**
Other data			
Deferred exploration additions	**183,767**	**–**	**183,767**
Exchange rate adjustments to deferred exploration costs	**–**	**174,777**	**174,777**

2015	Exploration projects £	Head office £	Total £
Consolidated Income Statement			
Impairment of deferred exploration costs:			
Derryginagh Barite Project, Ireland	(279)	–	(279)
Kuusamo Diamond Project, Finland	(9,589)	–	(9,589)
Other Diamond Projects, Finland	(518)	–	(518)
	(10,386)	–	(10,386)
Pre-licence exploration costs	(35,276)	–	(35,276)
Share based payments	–	(10,829)	(10,829)
Other expenses	–	(246,128)	(246,128)
Operating loss	(45,662)	(256,957)	(302,619)
Bank interest received	–	1,348	1,348
Loss before income tax	(45,662)	(255,609)	(301,271)
Income tax	–	–	–
Loss for the year attributable to equity holders	(45,662)	(255,609)	(301,271)
Non-current assets			
Intangible assets:			
Deferred exploration costs:			
Cue Diamond Project, Australia	367,330	–	367,330
Corona Gold Project, Australia	25,085	–	25,085
Baker's Gold Project, Australia	35,791	–	35,791
County Line Diatomite Project, USA	78,741	–	78,741
Strike Copper-Gold Project, USA	5,606	–	5,606
Garfield Silver-Gold-Copper Project, USA	17,053	–	17,053
Bay State Silver Project, USA	213,943	–	213,943
Junction Gold Project, USA	10,189	–	10,189
	753,738	–	753,738
Available for sale investment	–	25,000	25,000
	753,738	25,000	778,738
Current assets			
Receivables	12,893	21,590	34,483
Cash and cash equivalents	–	142,079	142,079
	12,893	163,669	176,562
Current liabilities			
Trade and other payables	(37,619)	(71,032)	(108,651)
Net current assets/(liabilities)	(24,726)	92,637	67,911
Net assets	729,012	117,637	846,649
Other data			
Deferred exploration additions	308,933	–	308,933
Exchange rate adjustments to deferred exploration costs	–	(58,240)	(58,240)

3. Loss before income tax

The operating loss is stated after charging:	**2016** **£**	2015 £
Fees payable to the Company's auditor for:		
The audit of the Company's annual accounts	**6,000**	6,000
Other services	**1,000**	1,000

4. Directors' emoluments

Remuneration in respect of directors was as follows:	**2016** **£**	2015 £
P L Cheetham (salary)	**12,000**	12,000
F P H Johnstone (salary)	**7,295**	12,000
D J Swan (salary)	**12,000**	12,000
R D Murphy (salary)	**4,710**	–
	36,005	36,000

The above remuneration amounts do not include non-cash share based payments charged in these financial statements in respect of share warrants issued to the directors amounting to £2,223 (2015: £7,213) or Employer's National Insurance Contributions of £Nil (2015: £Nil).

Patrick Cheetham is also a director of Tertiary Minerals plc and under the terms of the Management Services Agreement (see Note 5) a total of £99,775 was charged to the Company for his services during the year (2015: £96,971). These services are provided at cost.

The directors are also the key management personnel. If all benefits are taken into account, the total key management personnel compensation would be £38,228 (2015: £43,213).

5. Staff costs

Staff costs for the Group and Company, including directors, were as follows:	**2016** **£**	2015 £
Wages and salaries	**39,078**	36,000
Social security costs	**–**	–
Share based payments	**2,756**	7,213
	41,834	43,213

The average monthly number of employees employed by the Group and Company during the year was as follows:	**Number 2016**	Number 2015
Directors	**3**	3
Other Officers	**1**	–
	4	3

The increase in the number of employees for 2016 is due to the inclusion of the Company Secretary onto the payroll which was not included in prior years.

The Company does not employ any staff directly apart from the directors and a company secretary. The services of technical and administrative staff are provided by Tertiary Minerals plc as part of the Management Services Agreement between the two companies (see Note 16). The Company issues share warrants to Tertiary Minerals plc staff from time to time and these non-cash share based payments resulted in a charge within the financial statements of £1,567 (2015: £2,714).

6. Loss per share

Loss per share has been calculated using the loss for the year attributable to equity holders of the Parent and the weighted average number of shares in issue during the year.

	2016	2015
Loss (£)	**(369,587)**	(301,271)
Weighted average shares in issue (No.)	**869,068,238**	606,342,995
Basic and diluted loss per share (pence)	**(0.04)**	(0.05)

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per ordinary share are identical to those used for the basic earnings per ordinary share. This is because the exercise of share warrants would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

7. Income tax

No liability to corporation tax arises for the year due to the Group recording a taxable loss (2015: £Nil).

The tax credit for the period is lower than the credit resulting from the loss before tax at the standard rate of corporation tax in the UK – 20% (2015: 20%). The differences are explained below.

Tax reconciliation	**2016** **£**	2015 £
Loss before income tax	**(369,587)**	(301,271)
Tax at hybrid rate 20% (2015: 20.5%)	**(73,917)**	(61,761)
Pre-trading expenditure no longer deductible for tax purposes	**214,830**	227,564
Tax effect at 20% (2015: 20.5%)	**42,966**	46,651
Unrelieved tax losses carried forward	**30,951**	15,110
Tax recognised on loss	**–**	–
Total losses carried forward for tax purposes	**(3,722,605)**	(3,567,848)

Factors that may affect future tax charges

The Group has total losses carried forward of £3,722,605 (2015: £3,567,848). This amount would be charged to tax, thereby reducing tax liability, if sufficient profits were made in the future. The deferred tax asset has not been recognised as the future recovery is uncertain given the exploration status of the Group. The carried tax loss is adjusted each year for amounts that can no longer be carried forward.

8. Investments

Subsidiary undertakings

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2016	Principal activity
Sunrise Minerals Australia Pty Ltd	Australia	100% of ordinary shares	Mineral exploration
SR Minerals Inc.	USA	100% of ordinary shares	Mineral exploration
Westgold Inc.	USA	100% of ordinary shares	Mineral exploration

Investment in subsidiary undertakings	**Company 2016 £**	Company 2015 £
Ordinary Shares – Sunrise Minerals Australia Pty Ltd	**61**	61
Loan – Sunrise Minerals Australia Pty Ltd	**705,676**	698,380
Ordinary Shares – SR Minerals Inc.	**1**	1
Loan – SR Minerals Inc.	**558,392**	356,964
Ordinary Shares – Westgold Inc.	**1**	–
Loan – Westgold Inc.	**47,743**	–
At 30 September	**1,311,874**	1,055,406

Sunrise Minerals Australia Pty Ltd was incorporated in Australia on 7 October 2009 to facilitate the application for exploration licences in Western Australia.

SR Minerals Inc. was incorporated in Nevada, USA on 12 January 2014 to facilitate the application for mining claims in the USA.

Westgold Inc. was incorporated in Nevada, USA on 13 April 2016 to facilitate the application for mining claims in the USA with an emphasis on gold and silver projects.

Available for sale investment

Company	Country of incorporation/ registration	Type and percentage of shares held at 30 September 2016	Principal activity
Goldcrest Resources Plc	England & Wales	5.57% of ordinary shares	Mineral exploration

On 3 March 2016 Taoudeni Resources Limited was acquired by Goldcrest Resources Plc in a share for share exchange.

Available for sale investment	**Group 2016 £**	**Company 2016 £**	Group 2015 £	Company 2015 £
Value at start of year	**25,000**	**25,000**	–	–
Additions to available for sale investment	**–**	**–**	25,000	25,000
Movement in valuation of available for sale investment	**(1,676)**	**(1,676)**	–	–
At 30 September	**23,324**	**23,324**	25,000	25,000

The fair value of the available for sale investment is equal to the market value of the shares in Goldcrest Resources plc at 30 September 2016, based on the closing mid-market price of shares on the ISDX market. These are level one inputs for the purpose of the IFRS 13 fair value hierarchy.

Notes to the Financial Statements continued

for the year ended 30 September 2016

9. Intangible assets

Deferred exploration expenditure	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Cost				
At start of year	**3,056,115**	**2,203,594**	2,747,182	2,193,208
Additions	**183,767**	**–**	308,933	10,386
At 30 September	**3,239,882**	**2,203,594**	3,056,115	2,203,594
Impairment losses				
At start of year	**(2,302,377)**	**(2,203,594)**	(2,233,751)	(2,193,208)
Change during year	**(39,711)**	**–**	(10,386)	(10,386)
Foreign exchange difference	**174,777**	**–**	(58,240)	–
At 30 September	**(2,167,311)**	**(2,203,594)**	(2,302,377)	2,203,594
Carrying amounts				
At 30 September	**1,072,571**	**–**	753,738	–
At start of year	**753,738**	**–**	513,431	–

During the year the Group carried out an impairment review which resulted in an impairment charge being recognised in the Consolidated Income Statement as part of operating expenses. Refer to accounting policy 1(j) for a description of the assumptions used in the impairment review.

10. Property, plant and equipment

The Group has the use of tangible assets held by Tertiary Minerals plc as part of the Management Services Agreement between the two companies.

11. Receivables

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Other receivables	**27,762**	**12,915**	23,129	10,937
Prepayments	**15,844**	**14,166**	11,354	10,442
	43,606	**27,081**	34,483	21,379

12. Cash and cash equivalents

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Cash at bank and in hand	**223,268**	**102,865**	142,079	105,349
	223,268	**102,865**	142,079	105,349

13. Trade and other payables

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Amounts owed to Tertiary Minerals plc	**64,724**	**64,724**	53,888	53,888
Trade creditors	**63,045**	**8,227**	10,816	7,349
Accruals	**44,357**	**25,517**	43,947	22,885
	172,126	**98,468**	108,651	84,122

14. Issued capital and reserves

	2016 Number	2016 £	2015 Number	2015 £
Allotted, called up and fully paid				
Ordinary shares of 0.1p each				
Balance at start of year	**691,148,682**	**691,149**	503,325,932	503,326
Shares issued in the year	**428,761,697**	**428,761**	187,822,750	187,823
Balance at 30 September	**1,119,910,379**	**1,119,910**	691,148,682	691,149

During the year to 30 September 2016 the following share issues took place:

An issue of 5,734,754 0.1p ordinary shares at 0.160p per share to three directors, for a total consideration of £9,176, in satisfaction of directors' fees (18 February 2016).

An issue of 49,298,406 0.1p ordinary shares at 0.175p per share to Tertiary Minerals plc, for a total consideration of £86,272, by way of settlement of an invoice issued to Sunrise Resources plc for management fees (7 March 2016).

An issue of 109,090,908 0.1p ordinary shares at 0.110p per share, by way of placing and subscription, for a total consideration of £115,000 net of expenses (4 April 2016).

An issue of 9,090,909 0.1p ordinary shares at 0.110p per share to Beaufort Securities, for a total consideration of £10,000, by way of settlement of an invoice issued to Sunrise Resources plc for Joint Broker fees (4 April 2016).

An issue of 1,840,771 0.1p ordinary shares at 0.140p per share to a director, for a total consideration of £2,577, in satisfaction of directors' fees (11 May 2016).

An issue of 250,000,000 0.1p ordinary shares at 0.120p per share, by way of placing and subscription, for a total consideration of £286,000 net of expenses (25 May 2016).

An issue of 3,705,949 0.1p ordinary shares at 0.215p per share to three directors, for a total consideration of £7,968, in satisfaction of directors' fees (5 August 2016).

During the year to 30 September 2015 a total of 187,822,750 0.1p ordinary shares were issued, at an average price of 0.23p per share, for a total consideration of £428,913 net of expenses.

Nature and purpose of reserves

Foreign currency reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Parent's functional currency, being Sterling, are recognised directly in the foreign currency reserve.

Share warrant reserve

The share warrant reserve is used to recognise the value of equity-settled share warrants provided to employees, including key management personnel, as part of their remuneration, and to third parties in connection with fundraising. Refer to Note 15 for further details.

15. Share warrants granted

Warrants not exercised at 30 September 2016

Issue date	Exercise price	Number	Exercisable	Expiry dates
24/02/12	1.25p	5,500,000	Any time before expiry	24/02/17
19/12/12	0.85p	5,750,000	Any time before expiry	19/03/18
14/01/14	0.55p	5,750,000	Any time before expiry	14/01/19
05/02/15	0.275p	6,750,000	Any time before expiry	05/02/20
05/02/15	0.275p	2,625,000	Any time before expiry	05/02/20
18/02/16	0.16p	750,000	Any time from 18/02/17	18/02/21
18/02/16	0.16p	2,500,000	Any time from 18/02/17	18/02/21
10/06/16	0.24p	16,666,667	Any time before expiry	10/12/18
10/06/16	0.24p	233,333,333	Any time before expiry	10/12/18

Share warrants are issued for nil consideration and are exercisable as disclosed above. They are exchangeable on a one for one basis for each ordinary share of 0.1p at the exercise price on the date of conversion.

On 10 June 2016 the Company issued 250,000,000 share warrants in connection with a placing and subscription of shares. The estimated fair value of these warrants was £31,009, which has been credited to equity.

Share warrant transactions

The Company issues share warrants on varying terms and conditions.

Details of the share warrants outstanding during the year are as follows:

	2016		2015	
	Number of share warrants	**Weighted average exercise price (Pence)**	Number of share warrants	Weighted average exercise price (Pence)
Outstanding at start of year	**98,708,332**	**0.79**	103,833,332	0.83
Granted during the year	**253,250,000**	**0.239**	9,375,000	0.275
Forfeited during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Expired during the year	**(72,333,332)**	**0.84**	(14,500,000)	0.71
Outstanding at end of year	**279,625,000**	**0.28**	98,708,332	0.79
Exercisable at end of year	**276,375,000**	**0.28**	89,333,332	0.85

The share warrants outstanding at 30 September 2016 had a weighted average exercise price of 0.28p (2015: 0.79p), a weighted average fair value of 0.05p (2015: 0.36p) and a weighted average remaining contractual life of 2.21 years.

In the year ended 30 September 2016 warrants were granted on 18 February 2016 to an officer of the Company and employees of Tertiary Minerals plc with an aggregate estimated fair value of £1,599.

On 10 June 2016 warrants were granted to a director of the Company in connection with a placing and subscription of shares with an estimated fair value of £2,067.

In the year ended 30 September 2015 warrants were granted on 5 February 2015 to directors and officer of the Company and employees of Tertiary Minerals plc with an aggregate estimated fair value of £9,515.

In the year to 30 September 2016 the Company recognised expenses of £4,323 (2015: £10,829) related to issuing of share warrants in connection with equity-settled share based payment transactions. The fair value is charged to administrative expenses on a straight-line basis over the vesting period, together with a corresponding increase in equity, based on the management's estimate of shares that will eventually vest.

In the year ended 30 September 2016 no share warrants were exercised.

The inputs into the Black-Scholes-Merton Pricing Model were as follows:

	2016	2015
Weighted average share price	**0.12p**	0.275p
Weighted average exercise price	**0.24p**	0.275p
Expected volatility	**70.0%**	77.5%
Expected life	**2 years**	4 years
Risk-free rate	**0.36%**	1.09%
Expected dividend yield	**0%**	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

16. Related party transactions

Key management personnel

The directors holding office at the year end and their warrants held in the share capital of the Company are:

	At 30 September 2016				At 30 September 2015	
	Shares number	**Share Warrants number**	**Warrant exercise price**	**Warrant expiry date**	Shares number	Share Warrants number
P L Cheetham*	**75,776,599**	**2,000,000**	**1.250p**	**24/02/17**	22,725,951	13,222,222
		2,000,000	**0.85p**	**19/03/18**		
		2,000,000	**0.55p**	**14/01/19**		
		3,000,000	**0.275p**	**05/02/20**		
D J Swan	**8,710,863**	**1,000,000**	**0.85p**	**19/03/18**	5,081,944	3,500,000
		1,000,000	**0.55p**	**14/01/19**		
		1,500,000	**0.275p**	**05/02/20**		
R D Murphy	**17,302,848**	**16,666,667**	**0.24p**	**10/12/18**	–	–

*Includes 5,500,000 shares held by K E Cheetham, wife of P L Cheetham.

Tertiary Minerals plc

Sunrise Resources plc is treated as an investment in the consolidated accounts of Tertiary Minerals plc, which held 9.13% of the issued share capital on 30 September 2016 (2015: 7.66%).

Tertiary Minerals plc provides management services to Sunrise Resources plc and consequently during the year the Group incurred costs of £190,124 (2015: £181,598) recharged at cost from Tertiary Minerals being overheads of £23,488 (2015: £22,809), costs paid on behalf of the Group of £4,288 (2015: £6,312), Tertiary staff salary costs of £61,866 (2015: £55,454) and Tertiary directors' salary costs of £100,482 (2015: £97,023).

At the balance sheet date an amount of £64,724 (2015: £53,888) was due to Tertiary Minerals plc.

Patrick Cheetham, the Executive Chairman of the Company, is also a director of Tertiary Minerals plc. At 30 September 2016 and at the date of this report, Donald McAlister, a director of Tertiary Minerals plc, holds 550,000 shares in the Company, and David Whitehead, a director of Tertiary Minerals plc, holds 250,000 shares in the Company.

17. Capital management

The Group's capital requirements are dictated by its project and overhead funding requirements from time to time. Capital requirements are reviewed by the Board on a regular basis.

The Group manages its capital to ensure that entities within the Group will be able to continue as going concerns, to increase the value of the assets of the business and to provide an adequate return to shareholders in the future when exploration assets are taken into production.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its assets. In order to maintain or adjust the capital structure the possibilities open to the Group in future include issuing new shares, consolidating shares, returning capital to shareholders, taking on debt, selling assets and adjusting the amount of dividends paid to the shareholders.

18. Financial instruments

At 30 September 2016, the Group's and Company's financial assets consisted of receivables due within one year, available for sale investments and cash and cash equivalents. At the same date, the Group and Company had no financial liabilities other than trade and other payables due within one year and had no agreed borrowing facilities as at this date. There is no material difference between the carrying and fair values of the Group's and Company's financial assets and liabilities.

The carrying amounts for each category of financial instrument held at 30 September 2016, as defined in IAS 39, are as follows:

	Group 2016 £	**Company 2016 £**	Group 2015 £	Company 2015 £
Loans & receivables	**251,030**	**115,780**	165,208	116,286
Available for sale investments	**23,324**	**23,324**	25,000	25,000
Financial Liabilities at amortised cost	**162,990**	**89,331**	98,681	74,151

Risk management

The principal risks faced by the Group and Company resulting from financial instruments are liquidity risk, foreign currency risk and, to a lesser extent, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks as summarised below. The policies have remained unchanged from previous periods as the risks are assessed not to have changed.

Liquidity risk

The Group holds cash balances in Sterling, US Dollars, Australian Dollars, Canadian Dollars and the Euro to provide funding for exploration and evaluation activity, whilst the Company holds cash balances in Sterling, US Dollars, Canadian Dollars and Euros.

The Company is dependent on equity fundraising through private placings which the directors regard as the most cost-effective method of fundraising. The directors monitor cash flow in the context of their expectations for the business to ensure sufficient liquidity is available to meet foreseeable needs.

Currency risk

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks. The Group is exposed to transactional foreign exchange risk and takes profits and losses as they arise as, in the opinion of the directors, the cost of hedging against fluctuations would be greater than the related benefit from doing so. Fluctuations in the exchange rate are not expected to have a material effect on reported loss or equity.

Bank balances were held in the following denominations:	**Group 2016 £**	**Company 2016 £**	Group 2015 £	Company 2015 £
United Kingdom Sterling	**93,749**	**93,749**	78,747	78,747
Australian Dollar	**25,871**	**–**	33,646	–
Canadian Dollar	**5,874**	**5,874**	4,928	4,928
United States Dollar	**96,448**	**1,916**	23,083	19,999
Euro	**1,326**	**1,326**	1,675	1,675

Interest rate risk

The Company finances operations through equity fundraising and therefore does not carry borrowings.

Fluctuating interest rates have the potential to affect the loss and equity of the Group and the Company insofar as they affect the interest paid on financial instruments held for the benefit of the Group. The directors do not consider the effects to be material to the reported loss or equity of the Group or the Company presented in the financial statements.

Credit risk

The Company has exposure to credit risk through receivables such as VAT refunds, invoices issued to related parties and its joint arrangements for management charges. The amounts outstanding from time to time are not material other than for VAT refunds which are considered by the directors to be low risk.

The Company has exposure to credit risk in respect of its cash deposits with NatWest bank and this exposure is considered by the directors to be low risk.

Notice of Annual General Meeting

Sunrise Resources plc
Company No. 05363956

Notice is hereby given that the Annual General Meeting of Sunrise Resources plc will be held in the Fourth Floor Council Room at Arundel House, 13 – 15 Arundel Street, Temple Place, London WC2R 3DX on Tuesday 31 January 2017 at 10.30 a.m. for the following purposes:

Ordinary Business

1. To receive the Accounts and Reports of the Directors and of the Auditor for the year ended 30 September 2016.
2. To elect Mr R D Murphy, who has been appointed to the Board since the last Annual General Meeting and is retiring under the Articles of Association as a director of the Company.
3. To reappoint Crowe Clark Whitehill LLP as Auditor of the Company and to authorise the directors to fix their remuneration.

Special Business

Ordinary Resolution

4. That, in accordance with section 551 of the Companies Act 2006, the directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,000,000 (consisting of 1,000,000,000 ordinary shares of 0.1p each) provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the end of the next Annual General Meeting of the Company to be held after the date on which this resolution is passed, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This authority is in substitution for all previous authorities conferred on the directors in accordance with section 551 of the 2006 Act.

Special Resolution

5. That subject to the passing of resolution 4, the directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by resolution 4 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
   (a) the allotment of equity securities in connection with an offer by way of a rights issue to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
   (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £1,000,000 (consisting of 1,000,000,000 ordinary shares of 0.1 pence each).

The power granted by this resolution will expire on the conclusion of the Company's next Annual General Meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. Please refer to Notes on page 42.

By order of the Board

CDT Fitch
Company Secretary
14 December 2016

Registered Office:
Sunrise House
Hulley Road
Macclesfield
Cheshire
SK10 2LP
United Kingdom

Annual General Meeting – Explanatory Notes

The Annual General Meeting of Sunrise Resources plc will be held on Tuesday 31 January 2017 in the Fourth Floor Council Room at Arundel House, 13 – 15 Arundel Street, Temple Place, London, WC2R 3DX at 10.30 a.m. The business of the meeting is as follows:

Ordinary Business

Resolution 1

The Board is required to present to the meeting for approval the Accounts and the Reports of Directors and the Auditor for the year ended 30 September 2016 which can be found on pages 5 to 23.

Resolution 2

Mr R D Murphy was appointed to the Board in May 2016 and under the Articles of Association he is now offered for election by the shareholders, by way of Resolution 2.

Biographical details of the directors can be found on page 16.

Resolution 3

The Company's Auditor Crowe Clark Whitehill LLP, is offering itself for reappointment and if elected will hold office until the conclusion of the next Annual General Meeting at which accounts are laid before shareholders. This resolution will also allow the directors to fix the remuneration of the Auditor.

Special Business

Resolution 4

This resolution is to give the directors authority to issue shares. The last such authority was put in place by a meeting of shareholders held on 18 February 2016 but it will expire at the coming Annual General Meeting.

Section 551 of the Companies Act 2006 requires that directors be authorised by shareholders before any share capital can be issued.

At this stage in its development the Company relies on raising funds through the issue of shares from the equity markets from time to time and unless this resolution is put in place the Company will not be in a position to continue to raise funds to continue its activities.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2018.

Resolution 5

This resolution will be proposed as a Special Resolution in the event that Resolution 4 is passed by shareholders. Resolution 5 is proposed to give the directors authority to exclude certain categories of shareholders in a rights issue where their inclusion would be impractical or illegal and also to issue shares other than by way of rights issues which are, for regulatory reasons, complex, expensive, time consuming and impractical for a company the size of Sunrise Resources plc.

A similar authority granted at last year's Annual General Meeting is due to expire at the coming Annual General Meeting. The resolution will, if passed, authorise directors to allot shares or grant rights over shares of the Company where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings – for example through a placement of shares.

If given, this authority will expire at the conclusion of the Annual General Meeting in 2018.

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Form of Proxy

Sunrise Resources plc
Company No. 05363956

I/We (Block capitals please)

....

being a member/members of **Sunrise Resources plc** hereby appoint the Chairman of the Meeting (see Note 3 on page 42) or the proxy named below as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 31 January 2017 in the Fourth Floor Council Room at Arundel House, 13 – 15 Arundel Street, Temple Place, London, WC2R 3DX at 10.30 a.m. and at any adjournment thereof.

I/We wish this proxy to be used in connection with those of the Resolutions to be proposed at the Annual General Meeting which are listed below, in the manner set out below, and in connection with any other ordinary business transacted at the meeting.

Name of proxy	**Number of shares appointed over**	**I wish to appoint multiple proxies (see Note 4 *overleaf*) Please tick**

Signed or sealed (see Notes) .... Dated ....

Please indicate with an "X" in the spaces below how you wish the proxy to vote. Unless otherwise instructed the proxy will at his discretion vote as he thinks fit or abstain from voting in relation to all business of the meeting.

Ordinary Business	**For**	**Against**	**Vote Withheld**
1. Ordinary Resolution to receive the Accounts and Reports of the directors and of the Auditor for the year ended 30 September 2016.			
2. Ordinary Resolution to elect Mr R D Murphy who is retiring under the Articles of Association as a director of the Company.			
3. Ordinary Resolution to reappoint Crowe Clark Whitehill LLP as Auditor of the Company and authorise the directors to fix their remuneration.			
Special Business			
4. Ordinary Resolution to authorise the directors to allot shares.			
5. Special Resolution to empower the directors to disapply the pre-emption rights for certain allotments of shares.			

Please see Notes on page 42.

Please return this Proxy Form in accordance with Note 6 *overleaf*

Proxy Form Notes and Instructions

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.

2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant box on the Proxy Form. If you sign and return the Proxy Form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as the proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the Proxy Form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy, which in aggregate should not exceed the number of shares held by you. Please also tick the box to indicate that there are multiple proxies. All forms must be signed and should be returned as set out in Note 6.

5. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote Withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. To appoint a proxy, the Proxy Form must be:

   - completed and signed; and
   - sent or delivered to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and received by Capita Registrars no later than 10.30 a.m. on Friday 27 January 2017.

7. In the case of a member which is a company, the Proxy Form or any notice of revocation of a proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

8. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.

9. In the case of joint holders, where more than one of the joint holders purports to appoint or revoke a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. If you wish to change your proxy instructions simply submit a new proxy appointment according to these instructions. If you need another hard-copy Proxy Form please contact the Company. The last date for receipt of a new proxy instruction is set out in Note 6 above.

12. To revoke a proxy instruction you will need to send notice clearly stating your intention to revoke your proxy appointment to: Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

13. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on Friday 27 January 2017. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Company Information

Sunrise Resources plc (AIM – EPIC: SRES)
Company No. 05363956

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Joint Broker
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