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Sunrise Energy Metals Limited
(ABN 34 127 457 916)

Half-Year Financial Report
31 December 2024

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Directors' Report

For the financial half-year ended 31 December 2024

The Directors present their report, together with the financial statements, on the Consolidated Entity consisting of Sunrise Energy Metals Limited (referred to hereafter as the 'Parent Entity', 'the Company' or 'Sunrise Energy Metals') and the entities it controlled (referred to hereafter as the 'Consolidated Entity'), for the financial half-year ended 31 December 2024, referred to hereafter as the 'financial half-year', and the auditor's review report thereon.

DIRECTORS

The following persons were Directors of Sunrise Energy Metals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

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

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

Sam Riggall (Managing Director and Chief Executive Officer)

Stefanie Loader (Lead Independent Non-Executive Director)

Eric Finlayson (Non-Executive Director)

Trevor Eton (Non-Executive Director)

PRINCIPAL ACTIVITIES

During the financial half-year, the principal activities of the Consolidated Entity consisted of the commencement of a re-assessment of the 2016 Syerston Scandium Project Feasibility Study, the ongoing limited development of the Consolidated Entity's Sunrise Battery Materials Complex ('Sunrise Project') in New South Wales ('NSW') as well as and continuation of the exploration activities at the Consolidated Entity's other mineral tenements.

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

DIVIDENDS

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

REVIEW OF OPERATIONS

The Consolidated Entity reported a net loss after tax from continuing operations for the financial half-year of $2,726,000 (31 December 2023: loss of $3,762,000). During the financial half-year, the Consolidated Entity's other income from continuing operations decreased to $111,000 (31 December 2023: $199,000).

Workstreams associated with the re-assessment of the 2016 Syerston Scandium Project Feasibility Study, ongoing limited development of the Sunrise Project and exploration activities in NSW resulted in a $2,756,000 net cash outflow from operating activities during the financial half-year (31 December 2023: net outflow $4,186,000). This net cash outflow from operating activities was financed largely from existing cash reserves.

The Consolidated Entity's net assets decreased during the financial half-year by $2,538,000 to $6,172,000 (30 June 2024: $8,710,000). Working capital, being current assets less current liabilities, was a surplus of $5,793,000 (30 June 2024: $8,341,000 surplus), with cash reserves decreasing from $8,756,000 to $6,033,000 during the financial half-year.

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SYERSTON SCANDIUM PROJECT

During the financial half-year, the Consolidated Entity commenced a re-assessment of the 2016 Syerston Scandium Project Feasibility Study ('Study') in order to update and promote the stand-alone Project in response to positive developments in the global scandium market[1]. Market developments so-far in FY25 include the ramping up of Chinese restrictions on the export of rare minerals, including scandium, as a counter measure to restricting Chinese tech companies access to United States ('US') made high performance chips for AI applications and of the increasing threat of increased tariffs on Chinese imports by the new Trump led US Federal administration. In addition, an increasing adoption of scandium in specialty semiconductor applications, emerging 5G/6G communications and an increased focus on scandium-containing alloys in the military and automotive sectors are helping to increase the demand for scandium. Key work programs conducted during the financial half-year on this Study re-assessment include:

- Engagement of GR Engineering Services Pty Ltd ('GR') to provide updated capital and operating project cost estimates that were used in the Study;
- Completion of an internal Trade-Off and Optimisation Study which assessed the relative merits of locating a potential stand-alone scandium processing facility at the Parkes (NSW) Special Activation Precinct (SAP) versus processing at the Sunrise Project site at Fifield, New South Wales ('NSW');
- Engagement of Mining One Pty Ltd ('Mining One') to review and provide an update of the Scandium Mineral Resource Estimate ('MRE') used in the Study[2] [3];
- Engagement with end-users of scandium in the United States and Asia with the aim of securing offtake commitments for potential Syerston Scandium Project chemical grade scandium oxide (ScO3) and metal products; and
- Ongoing investment in scandium alloy development programmes and pilot scale extrusion trials on proprietary 6xxx-series alloys to service both the automotive and aerospace industries.

Following the receiving of GR's preliminary updated capital and operating project cost estimates in September 2024 and the results of the internal Trade-Off and Optimisation Study (which highlighted the current Sunrise Project site as the preferred processing facility location), the Consolidated Entity expanded the re-assessment scope of the Study to include (1) a revised mine plan using the update of the Syerston Scandium Project MRE and (2) for the latest market intelligence and input offtake pricing and terms as a result of the entity's ongoing engagement with end-users seeking to secure alternative (outside China) and reliable sources of scandium oxide and metal.

The Directors firmly believe that the proactive engagement and update of the Syerston Scandium Project Feasibility Study is warranted in the face of a changing global market for critical minerals which could eventually lead to the development at the Sunrise Battery Materials Complex of a relatively low capital and operating cost, high-grade and long-life, stand-alone scandium mining and processing facility.

[1] Refer to the Company's ASX announcement of 9 July 2024

[2] Refer to the Company's ASX announcement of 17 March 2016 for details of the previously reported MRE, including JORC 2012 disclosures

[3] Refer to the Company's ASX announcement of 5 February 2025

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SUNRISE BATTERY MATERIALS COMPLEX

During the financial half-year, the Consolidated Entity continued to progress the development of the Sunrise Nickel-Cobalt-Scandium Project ('Sunrise Project') and its portfolio of exploration tenements. The Sunrise Project stands out globally as one of the few development-ready new sources of critical battery materials supply. Despite nickel and cobalt market conditions remaining at depressed levels due to the oversupply of nickel and cobalt from Indonesia and the Democratic Republic of the Congo (DRC) respectively, the Directors continue to believe that Sunrise represents an attractive investment and development opportunity given its large scale, low operating cost of production and its adherence to the highest standards of environmental and occupational health and safety management. As such, a limited range of workstreams remain ongoing to progress several value-adding deliverables aimed at minimising Project start time once a financing package is secured and a final investment decision ('FID') is made. Key work programs conducted during the financial half-year include:

- Advancement of the long-lead electrical transmission line ('ETL') work scope, including securing and renewing easement agreements from rural landholders for land access over the planned route of the ETL.
- Completion of work by technical consultant, GHD, on the Power Systems Studies that are required as part of securing an ETL network connection agreement.
- Ongoing activities related to the Oversize-Overmass ('OSOM') transport route from Port Pirie to the Sunrise Project site.
- Continued engagement with a range of participants in the electric vehicle ('EV') industry with a view to securing an offtake and investment partner for the Sunrise Project.

Sunrise Project Work

The Sunrise Project development plan includes a requirement to connect to the electrical grid at Parkes, NSW. Connection to the NSW electrical grid is a key enabler of the Consolidated Entity's commitment to procure renewable solar energy to supply 100% of the Project's external power requirements. To this end, progress continued on the long-lead electrical transmission line ('ETL') work scope to secure a network connection agreement.

As part of the ETL work scope, the Consolidated Entity continued to progress commercial discussions with private landowners, local aboriginal land councils, the NSW State Government and other impacted parties required for land access agreements for the ETL. The Consolidated Entity either owns or has land access arrangements in place for most of the land it needs to build and operate the Sunrise Project and its supporting infrastructure. In some cases, existing land access agreements with rural landholders have now expired and are required to be renegotiated and extended.

As a prerequisite to securing a connection to the electrical grid, power capacity studies were undertaken and a final proposal was completed and submitted to the NSW state-owned network operator, Essential Energy, during the financial half-year by Sunrise's technical consultant, GHD. This proposal confirmed that the existing electrical network can support the Sunrise Project's forecast power load with minimal upstream network augmentation. The next and final step in the ETL work scope is for Essential Energy to develop a connection access standard and to issue the Sunrise Project with an Offer to Connect pursuant to a ETL Connection Agreement. These steps will be undertaken once a timeline for project development has been established.

During the financial half-year, work continued to secure approvals for an Oversize-Overmass ('OSOM') road transportation route from Port Pirie, South Australia (SA) to the Sunrise Project site at Fifield, NSW. Review and final approvals are being sought from key road and power authorities of surveyed plans and designs of civil and overhead services modifications that are required to be made to existing road transport infrastructure (roads, bridges, power lines and rail crossings) to establish the OSOM transportation route. The Consolidated

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Entity's two autoclaves (very large pressure vessels required for the operation of the Project) are currently located at Port Pirie, and Port Pirie will also be used by the Consolidated Entity to bring in additional oversize loads during the construction stage of the Project.

In July 2024, feedback on the SA route modification designs completed in FY24 was received from Essential Energy and the SA Department of Infrastructure and Transport. This feedback is being reviewed with design submissions to be updated as required.

In FY24, the Consolidated Entity received $425,000 of a $500,000 grant from the Department of Regional NSW which was used to fund work in completing the Oversize Transport Route Study for route modifications required in NSW. The grant was awarded pursuant to Stream 1 (Project Activation Studies) of the NSW Government's Critical Minerals and High-Tech Metals Activation Fund, which aims to support activities which will activate the critical minerals and high-tech metals sector in NSW. During the financial half-year, the Consolidated Entity received the remaining $75,000 following the final review and approval of the Study.

The Consolidated Entity continues to engage with a range of participants in the electric vehicle ('EV') industry with a view to securing project-level equity funding, in conjunction with offtake, to underpin a complete financing package for the Sunrise Project. The Consolidated Entity also continues to engage with a range of Australian and foreign government agencies who may assist with funding the development of the Sunrise Project. The private and public partnering process remains ongoing, however the targeted timing for completion of any transaction is not possible to forecast.

EXPLORATION

During the financial half-year, the Consolidated Entity continued to advance activities across its range of exploration assets in Queensland ('QLD') and New South Wales ('NSW').

Queensland

Clonagh Trend Farm-In and Joint Venture

In April 2024, the Consolidated Entity signed the Clonagh Trend Farm-In and Joint Venture Agreement to establish an unincorporated joint venture ('Clonagh Trend JV') with Continental Copper Pty Ltd ('Continental') to explore for base and precious metals on Continental's exploration tenements north of Cloncurry, Qld in one of Australia's most productive mineral provinces. Exploration targets within the JV tenements have been determined with reference to anomalous groundwater geochemistry which in a number of instances exhibit higher polymetallic contents than the groundwater within nearby mine areas. The Consolidated Entity may earn an initial 51% interest in the Clonagh Trend JV tenements by sole funding $2.8 million of exploration activities within 24 months[4]. Activities conducted on the exploration targets by Continental during the financial half year include:

- Integration of multiple geophysical datasets to gain a greater understanding of subsurface geology, alteration and structure, including magnetotelluric (MT) data, airborne magnetic surveys, ground gravity surveys, ground electromagnetic (EM) data and a re-processed lithospheric seismic line;
- Preparatory work on two gravity surveys to evaluate the magnetic-conductive targets within the exploration area;
- Negotiations to secure land access agreements with landholders, required prior to a planned reverse circulation (RC) and air-core (AC) drilling programme at Dianne (EPM 27559 and 27829) and Maureen-Lola (EPM 28004 and 27760) during the June 2025 quarter; and

[4] Refer to the Company's March 2024 Quarterly Activities Report for further details on the tenements and terms of the Clonagh Trend JV

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- Collection of data for additional geophysics, which is planned to include seismic, magnetics and gravity exploration activities.

New South Wales

The Consolidated Entity continued to conduct limited activities across its range of NSW exploration assets, being situated in close proximity to the Sunrise Project. The FY25 exploration strategy in NSW is focussed primarily on the delineation of limestone resources, a key reagent used in the Sunrise Project's process plant, which would supplement external commercial limestone arrangements.

Hunters (EL9627)

The Hunters limestone prospect is approximately 50km by road from the Sunrise Project and is located along the approved transport route for the project.

During the financial half-year, field mapping and rock sampling of untested surface expressions of limestone on the eastern part of the prospect was undertaken. Rock samples showed high calcium (Ca) content with low impurities and assays taken on selected samples confirmed the presence of high-grade limestone. Planning is underway to conduct follow-up targeted RC drilling in 2025 to test the grade and extent of limestone in both the western and eastern areas of the prospect where the cover is shallow enough to potentially support economic mining of the limestone.

CORPORATE

In August 2024, the Consolidated Entity undertook a reorganisation of management and the Board, in which Non-Executive Director, Mr Trevor Eton, agreed to provide a limited scope of financial advisory services to the Consolidated Entity via a consultancy services contract commencing 1 September 2024 following the departure of Mr Benjamin Stockdale, the entity's long serving Chief Financial Officer[5].

As a result of this management change, Mr Eric Finlayson was appointed Chair of the Company's Audit, Finance & Risk Committee.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

[5] Refer to the Company's ASX announcement of 2 September 2024

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 and forms part of the Directors' report for the financial half-year ended 31 December 2024.

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Directors' Report

For the financial half-year ended 31 December 2024

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Sam Riggall
Managing Director and Chief Executive Officer

4 March 2025
Melbourne

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Sunrise Energy Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Sunrise Energy Metals Limited for the half-year ended 31 December 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

James Dent

Partner

Melbourne

4 March 2025

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Consolidated statement of profit or loss and other comprehensive income

For the financial half-year ended 31 December 2024

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Other income	3	111	199
Interest income		171	347
Expenses			
Employee benefits expenses	4	(1,262)	(1,630)
Exploration and evaluation		(568)	(1,599)
Research and development test work		(8)	(38)
Depreciation and amortisation expenses		(80)	(120)
Legal and professional expenses		(583)	(487)
Occupancy expenses		(128)	(153)
Travel expenses		(107)	(87)
Other expenses		(266)	(188)
Finance costs		(6)	(6)
Loss before income tax benefit		(2,726)	(3,762)
Income tax benefit		-	-
Loss after income tax benefit		(2,726)	(3,762)
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		**(2,726)**	**(3,762)**
Total comprehensive income for the half-year is attributable to:			
Owners of the Company		(2,726)	(3,762)
		(2,726)	(3,762)

	Consolidated 31 Dec 2024 Cents	Consolidated 31 Dec 2023 Cents
Earnings/(loss) per share attributable to Owners of the Company		
Basic earnings per share	(3.02)	(4.17)
Diluted earnings per share	(3.02)	(4.17)

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

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Consolidated statement of financial position

As at 31 December 2024

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 30 June 2024 $'000
Current assets			
Cash and cash equivalents		6,033	8,756
Trade and other receivables		557	537
Total current assets		6,590	9,293
Non-current assets			
Property, plant and equipment		130	146
Investments		200	200
Right of use assets		275	281
Other financial assets		75	75
Other non-current assets		19	19
Total non-current assets		699	721
Total assets		7,289	10,014
Current liabilities			
Trade and other payables		469	548
Employee benefits		231	336
Provisions		-	-
Lease liabilities		97	68
Total current liabilities		797	952
Non-current liabilities			
Employee benefits		127	127
Provisions		10	10
Lease liabilities		183	215
Total non-current liabilities		320	352
Total liabilities		1,117	1,304
Net assets		6,172	8,710
Equity			
Issued capital	5	298,091	298,091
Reserves	6	18,056	17,868
Accumulated losses		(309,975)	(307,249)
Total equity		6,172	8,710

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

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Consolidated statement of changes in equity

For the financial half-year ended 31 December 2024

Consolidated	Contributed Equity $'000	Accumulated Losses $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2023	298,091	(299,392)	17,439	16,138
Total comprehensive income for the financial half-year	-	(3,762)	-	(3,762)
Transactions with owners in their capacity as owners:				
Share-based payments	-	-	301	301
Total contribution and distribution:	-	-	301	301
Total transactions with owners of the Company	-	(3,762)	301	(3,461)
Balance at 31 December 2023	298,091	(303,154)	17,740	12,677
Balance at 1 July 2024	298,091	(307,249)	17,868	8,710
Total comprehensive income for the financial half-year	-	(2,726)	-	(2,726)
Transactions with owners in their capacity as owners:				
Share-based payments	-	-	188	188
Total contribution and distribution:	-	-	188	188
Total transactions with owners of the Company	-	(2,726)	188	(2,538)
Balance at 31 December 2024	298,091	(309,976)	18,056	6,172

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

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Consolidated statement of cash flows

For the financial half-year ended 31 December 2024

	Consolidated	
	31 Dec 2024 $'000	31 Dec 2023 $'000
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(3,018)	(4,721)
Cash used in operating activities	(3,018)	(4,721)
Interest received	185	366
Payments of interest on leases	(6)	(6)
Research and development tax incentive/government grants received	83	175
Net cash used in operating activities	(2,756)	(4,186)
Cash flows from investing activities		
Payments for property, plant and equipment	(4)	(1)
Rental income	79	60
Other receipts	43	45
Net cash from investing activities	118	104
Cash flows from financing activities		
Payments of principal for rental leases	(55)	(81)
Receipts from/(payments to) cash on deposit for bank guarantee security	(30)	47
Net cash used in financing activities	(85)	(34)
Net decrease in cash and cash equivalents	(2,723)	(4,116)
Cash and cash equivalents at the beginning of the period	8,756	16,827
Cash and cash equivalents at the end of the period	6,033	12,711

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

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Notes to financial statements

For the financial half-year ended 31 December 2024

Note 1. General information

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

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

Level 6, 10 Queen St
Melbourne VIC 3000
Australia

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 4 March 2025.

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

These general-purpose financial statements for the financial half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024.

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

(a) Rounding of amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(b) New accounting standards and interpretations adopted

A number of new accounting standards are effective from 1 July 2024 but the Consolidated Entity has no transactions that are materially affected by the newly effective standards or its accounting policies are already consistent with the new requirements.

(c) Going concern and material uncertainty

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Consolidated Entity reported a net loss after tax from continuing operations for the financial half-year of $2,726,000 (31 December 2023: loss of $3,762,000).

Net cash outflows from operating activities were $2,756,000 for the financial half-year (31 December 2023: net outflow $4,186,000), with cash reserves decreasing from $8,756,000 to $6,033,000 during the financial half-year.

Current assets less current liabilities, was a surplus of $5,793,000 (30 June 2024: $8,341,000 surplus).

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

- The Consolidated Entity has available cash on hand as at 31 December 2024 of $6,033,000;
- The forecast cash flows for the Consolidated Entity indicate that, based on current cash on hand, the Consolidated Entity is able to maintain a positive cash position to February 2026;
- The Consolidated Entity has reduced net cash outflows from operating activities during the financial half-year and has further scaled back on development and exploration expenditure at the Sunrise Project until market conditions for battery metals improve and a suitable external funding package is secured; and
- The Consolidated Entity is confident it can continue to access equity funding to meet medium term working capital requirements and has a history of securing such funding from its major shareholders as required, however, at the current time, has not initiated any capital raising activities.

The Directors note that there remains a number of prevailing global factors which are beyond the control of the Consolidated Entity, including the general inflationary environment, high interest rates, the ongoing war in Ukraine, political and trade disputes and disruption to supply chains. Although these factors have not impacted so far on the ability of the Consolidated Entity to undertake its activities, there is material uncertainty and an increased risk that these factors, or other new unforeseeable factors along with the Consolidated Entity's ability to raise capital as required, may impact on the Consolidated Entity's performance and ability to operate as a going concern, and therefore there is significant doubt that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Despite the material uncertainty highlighted above, the Directors expect that the Consolidated Entity will be able to secure the necessary ongoing funding support and, to this end, continues working towards securing a financing package to support, firstly, the evaluation and development of the stand-alone Syerston Scandium Project and, when ready, the development of the Sunrise Project.

On the basis of cash and cash equivalents available as at 31 December 2024 and the ability of the Consolidated Entity to further scale back planned activities if required to preserve cash and that sufficient funding is expected to be raised to meet the Consolidated Entity's medium to long term expenditure forecasts, the Directors consider that the Consolidated Entity remains a going concern and these financial statements have been prepared on this basis.

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Note 3. Other income

	Consolidated	
	31 Dec 2024 $'000	**31 Dec 2023 $'000**
Other income		
Government grants	-	89
Sundry income	43	45
Rental income	68	65
Other income	111	199

Note 4. Employee benefits expenses

	Consolidated	
	31 Dec 2024 $'000	**31 Dec 2023 $'000**
Wages and salaries	(888)	(1,087)
Employee entitlements expense including movements in provisions for employee entitlements	(55)	(99)
Superannuation	(83)	(99)
Equity settled share-based payments	(188)	(301)
Other costs	(48)	(44)
	(1,262)	(1,630)

Note 5. Equity – issued capital

			Consolidated	
	31 Dec 2024 Shares	**30 Jun 2024 Shares**	**31 Dec 2024 $'000**	**30 Jun 2024 $'000**
Ordinary shares – fully paid	90,227,498	90,227,498	298,091	298,091

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue Price**	**$'000**
Balance	1 Jul 2024	90,227,498	**-**	298,091
Movement	-	-	-	-
Balance	31 Dec 2024	90,227,498	-	298,091

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Note 6. Equity – reserves

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Share based payments reserve	20,091	19,903
Other reserves	(2,035)	(2,035)
	18,056	17,868

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

Consolidated	Share based payments $'000	Other $'000	Total $'000
Balance as at 1 July 2024	19,903	(2,035)	17,868
Share based payments	188	-	188
Balance as at 31 December 2024	20,091	(2,035)	18,056

Note 7. Equity – dividends

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

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Note 9. Share-based payments

Sunrise Energy Metal's approach to remuneration is to ensure that employee remuneration is closely linked to the Consolidated Entity's performance and the returns generated for shareholders. Performance-linked compensation, as outlined in the Consolidated Entity's Employee Incentive Plan ('EIP'), includes both short-term and long-term incentives, and is designed to incentivise and reward employees for meeting or exceeding Company-wide and individual objectives. The short-term incentive ('STI') is an "at risk" bonus provided in the form of cash and/or shares, while the long-term incentive ('LTI') is provided as performance rights and options over ordinary shares of the Company granted pursuant to the Company's EIP Rules which were approved by shareholders on 27 October 2023.

Performance rights are granted at the discretion of the Board to employees by way of issue at nil cost both at the time of grant and vesting. Vesting is contingent on the Company meeting or exceeding performance hurdles over the performance period. The performance hurdles involve an assessment of the Company's total shareholder returns in absolute terms and relative to the S&P/ASX 300 Metals and Mining Index (XMM).

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The EIP also provides for certain key executives to receive, for no consideration, options over ordinary shares of the Company at specified exercise prices as determined by the Board. The grant of options is intended to align the interests of senior executives with other owners of the Company over the medium to longer term and to increase those senior executives' proportion of 'at risk' remuneration. The ability to exercise the options is conditional upon each key executive's ongoing employment by the Company and other applicable vesting hurdles determined by the Board from time to time. There are no options currently on issue.

Set out below are summaries of performance rights granted as at 31 December 2024:

Grant date	Expiry date	Exercise price	Balance at the start of the financial half-year	Granted	Vested	Expired/ forfeited/ other*	Balance at the end of the financial half-year
09-Sep-21	01-Jul-24	$0.00	156,778	-	-	(156,778)	-
22-Oct-21	01-Jul-24	$0.00	198,694	-	-	(198,694)	-
08-Mar-22	01-Jan-25	$0.00	164,477	-	-	(112,982)	51,495
21-Oct-22	01-Jan-25	$0.00	204,780	-	-	-	204,780
24-Aug-22	01-Jul-25	$0.00	118,063	-	-	(80,797)	37,266
21-Oct-22	01-Jul-25	$0.00	146,444	-	-	-	146,444
14-Mar-23	01-Jan-26	$0.00	156,148	-	-	(106,860)	49,288
27-Oct-23	01-Jan-26	$0.00	193,683	-	-	-	193,683
11-Sep-23	01-Jul-26	$0.00	292,745	-	-	(197,699)	95,046
27-Oct-23	01-Jul-26	$0.00	358,329	-	-	-	358,329
07-Mar-24	01-Jan-27	$0.00	620,728	-	-	(442,197)	178,531
22-Oct-24	01-Jan-27	$0.00	-	801,482	-	-	801,482
26-Jul-24	01-Jul-27	$0.00	-	222,217	-	-	222,217
22-Oct-24	01-Jul-27	$0.00	-	968,542	-	-	968,542
			2,610,869	1,992,241	-	(1,296,007)	3,307,103

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

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

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

Grant date	Expiry date	Share price at grant date	Volatility	Dividend Yield	Fair value at grant date
22-Oct-24	01-Jan-27	$0.35	75.98 %	-%	$ 0.18
26-Jul-24	01-Jul-27	$0.41	75.26 %	-%	$ 0.14
22-Oct-24	01-Jul-27	$0.35	75.98 %	-%	$ 0.21

Directors' declaration

For the financial half-year ended 31 December 2024

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

a) the consolidated financial statements and notes set out on pages 11 to 19, are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and of its performance, for the six-month period ended on that date; and

   ii. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company and the Consolidated Entity will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

On behalf of the Directors



_____

Sam Riggall
Managing Director and Chief Executive Officer

4 March 2025
Melbourne

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Independent Auditor's Review Report

To the shareholders of Sunrise Energy Metals Limited,

Report on the Half-year Financial Report

Conclusion

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

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

- giving a true and fair view of the ***Consolidated Entity's*** financial position as at 31 December 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Consolidated statement of financial position as at 31 December 2024
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 9 including selected explanatory notes
- The Directors' Declaration.

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

Basis for Conclusion

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

We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 2(c), "Going concern and material uncertainty" in the Half-year Financial Report. The events or conditions disclosed in Note 2(c), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

James Dent

Partner

Melbourne

4 March 2025

Corporate Directory

31 December 2024

DIRECTORS

Robert Friedland (Co-Chairman and Non-Executive Director)
Jiang Zhaobai (Co-Chairman and Non-Executive Director)
Sam Riggall (Managing Director and Chief Executive Officer)
Stefanie Loader (Lead Independent Non-Executive Director)
Eric Finlayson (Non-Executive Director)
Trevor Eton (Non-Executive Director)

COMPANY SECRETARY

Melanie Leydin

PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE

Level 6, 10 Queen St
Melbourne VIC 3000
Telephone: +61 3 9797 6777

SHARE REGISTER

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnson Street
Abbottsford, Victoria, 3067
Telephone: +61 3 9415 5000

AUDITORS

KPMG
Tower 2, Collins Place
727 Collins Street
Docklands, Victoria 3008

LEGAL ADVISORS

Baker & McKenzie
Level 19, 181 William Street
Melbourne, Victoria 3000

STOCK EXCHANGE LISTING

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

WEBSITE

www.sunriseem.com

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