

11 May 2021

Sunrise Energy Metals acquires full ownership of NematiQ Joint Venture

MELBOURNE, Australia – Sunrise Energy Metals Limited ('Sunrise Energy Metals' or 'Company') (ASX:SRL and OTC:SREMF) CEO, Mr Sam Riggall, is pleased to announce that Sunrise Energy Metals has reached agreement with Ionic Industries Limited ('Ionic') to move to full ownership of the Company's graphene oxide membrane development joint venture company NematiQ Pty Ltd ('NematiQ'). Under the terms of the agreement, Sunrise Energy Metals will acquire the remaining 16.8% (116,667 shares) of NematiQ that it does not currently own as well as the shareholder loan of \$340,000 owed by NematiQ to Ionic. As part of the asset swap, the Company will issue to Ionic 740,741 fully paid ordinary shares of Sunrise Energy Metals.

Ionic has agreed to a voluntary escrow of the Sunrise Energy Metals shares (and any shares in Clean TeQ Water Limited which it may receive pursuant to the proposed demerger of the Company's Water Business) until 30 September 2021.

Background

In late 2018, Sunrise Energy Metals and Ionic established NematiQ to pursue in partnership the development of graphene oxide ('GO') membranes for water treatment applications. NematiQ has developed a process to manufacture GO that can be applied to a membrane support to create a graphene oxide based nanofiltration membrane ('GO-Membrane'). Significantly, the GO-Membrane manufacturing process has been demonstrated on commercial scale industrial equipment.

NematiQ was initially established as an incorporated joint venture between Sunrise Energy Metals (75%) and Ionic Industries (25%). Throughout 2020 the Company's equity interest in NematiQ increased to 83.2% as a result of the Company making a number of funding contributions to NematiQ in addition to its existing obligations under the joint venture agreement.

The Company has now agreed to acquire Ionic's remaining 16.8% equity interest in NematiQ (and the shareholder loan of \$340,000 owed by NematiQ to Ionic) for approximately \$2 million worth

of shares in Sunrise Energy Metals. As such, NematIQ Pty Ltd will become a wholly owned subsidiary of Associated Water Pty Ltd, a Sunrise Energy Metals company.

Moving to full ownership of NematIQ will allow the Company to take full control of the GO-Membrane development work programs, budgets and testwork facilities while providing Ionic with ongoing exposure to the GO technology and the broader Sunrise Energy Metals portfolio.

Demerger

Sunrise Energy Metals is currently progressing a range of activities in anticipation of seeking shareholder approval for a demerger of the Company's Water Business at a meeting to be scheduled in Q2 CY2021 with a target demerger implementation date of Q3 CY2021.

The demerger is proposed to be undertaken via a spin out of the Water Business by way of a capital return comprising a pro-rata in-specie distribution of shares in Clean TeQ Water Limited to Sunrise Energy Metals shareholders.

A separate shareholder meeting will be held at a later date to seek approval for the proposed demerger, with an explanatory memorandum setting out detailed information on the proposed demerger to be provided to shareholders in advance of that meeting.

If the demerger proceeds, NematIQ will be part of the demerged Water Business within the Clean TeQ Water Limited group of companies.

For more information about Sunrise Energy Metals contact:

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

About Sunrise Energy Metals Limited (ASX:SRL) – Based in Melbourne, Australia, Sunrise Energy Metals is a global leader in metals recovery and industrial water treatment through the application of its proprietary Clean-iX® continuous ion exchange technology. For more information about Sunrise Energy Metals please visit the Company's website www.sunriseem.com

About the Sunrise Project – Sunrise Energy Metals is the 100% owner of the Sunrise Project, located in New South Wales. The Sunrise Project is one of the largest cobalt deposits outside of Africa, and one of the largest and highest-grade accumulations of scandium ever discovered.

About Clean TeQ Water – Through its wholly owned subsidiary, Clean TeQ Water, Sunrise Energy Metals provides innovative water treatment solutions for removing hardness, desalination, nutrient removal and zero liquid discharge. The sectors of focus include municipal wastewater, surface water, industrial waste water and mining waste water. For more information about Clean TeQ Water please visit www.cleanteqwater.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this announcement constitute “forward-looking statements” or “forward looking information” within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “scheduled”, “forecast”, “predict” and other similar terminology, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect the Company’s current expectations regarding future events, performance and results, and speak only as of the date of this announcement.

Statements in this announcement that constitute forward-looking statements or information include, but are not limited to, statements regarding: the potential demerger of the Company’s water business and outcomes related to research and development undertakings.

Readers are cautioned that actual results may vary from those presented.

All such forward-looking information and statements are based on certain assumptions and analyses made by Sunrise Energy Metals’ management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believe are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking information or statements including, but not limited to, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts to perform as agreed; changes in commodity prices; unexpected failure or inadequacy of infrastructure, or delays in the development of infrastructure, and the failure of exploration programs or other studies to deliver anticipated results or results that would justify and support continued studies, development or operations.

Other important factors that could cause actual results to differ from these forward-looking statements also include those described under the heading "Risk Factors" in the Company's most recently filed Annual Information Form available under its profile on SEDAR at www.sedar.com.

Readers are cautioned not to place undue reliance on forward-looking information or statements.

Although the forward-looking statements contained in this announcement are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this announcement and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, the Company does not assume any obligation to update or revise the forward-looking statements contained herein to reflect events or circumstances occurring after the date of this announcement.