
ASX ANNOUNCEMENT

Dear Shareholder,

Share Purchase Plan (SPP)

On behalf of the Board, I am pleased to provide eligible shareholders with the opportunity to participate in Sunstone Metals Limited's (**Sunstone**) Share Purchase Plan (**SPP**) by subscribing for up to A\$30,000 of new fully paid ordinary shares in Sunstone (**New Shares**) without incurring brokerage and subject to the Terms and Conditions detailed in this booklet (**SPP Offer**).

As announced on 22 April 2020, Sunstone conducted a placement of Shares to sophisticated and professional investors, to raise approximately A\$1.73 million (**Placement**). The SPP gives you a chance to increase your Sunstone shareholding at the same price as the Placement being A\$0.005 per Share. This price represents a discount of 37.5% to the closing price of Sunstone Shares on Friday 17 April 2020 (last trading day for Sunstone shares before announcement of the Placement and the intention to conduct an SPP) and a 31.6% discount to the 5 day Volume Weighted Market Average Price ("VWAP") up to Friday 17 April 2020.

It is intended that funds raised by the SPP Offer will be used to advance Sunstone's exploration activities on the Bramaderos project in Ecuador, and for working capital requirements.

Participation in the SPP Offer is entirely voluntary and is subject to the eligibility criteria set out in the Terms and Conditions. The offer to acquire New Shares is not a recommendation and we encourage you to seek your own professional advice regarding your participation in the SPP.

Please note that the future market price of Shares is uncertain and may be below the Issue Price. If you are an Eligible Shareholder, you may apply to purchase a parcel of New Shares for one of the following amounts: A\$2,500 (500,000 Shares), A\$5,000 (1,000,000 Shares), A\$10,000 (2,000,000 Shares), A\$20,000 (4,000,000 Shares) or A\$30,000 (6,000,000 Shares). Full details of the SPP and how to participate are set out in the attached SPP Terms and Conditions.

The SPP Offer will open on Thursday 30 April 2020 and will remain open for subscription until 5.00pm (Brisbane time) on Thursday 14 May 2020.

Directors propose that the maximum New Shares to be issued under the SPP will be 430 million New Shares (representing approximately 25% of Shares on issue after completion of the Placement). If applications for New Shares under the SPP Offer exceed 430 million New Shares, Sunstone may, in its absolute discretion, allocate less than the number of New Shares you have applied for (**Scale Back**) and determine to apply the Scale Back on a pro-rata basis based on the size of the participating eligible shareholders' existing holdings or the number of securities the participating eligible shareholders have applied for.

Your personalised Application Form is enclosed and I encourage you to read and consider carefully the Terms and Conditions of the SPP that follow. If you do not wish to participate in the SPP Offer, you do not need to take any action.

Thank you for your continued support.

Yours Faithfully,
Graham Ascough
Chairman

30 April 2020

Share Purchase Plan (SPP) - Terms and Conditions

Important Notice: If you apply to participate in the SPP by completing and returning the Application Form or making a BPay® payment, you are accepting the risk that the market price of Shares may change between the date of this offer, the date on which you send in an Application Form or make a BPay® payment and the Allotment Date. This means that it is possible that, up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Issue Price.

We encourage you to seek your own professional advice regarding your participation in the SPP.

The following information sets out the terms and conditions of the SPP (Terms and Conditions).

1. SPP Offer

1.1. Under the SPP, Eligible Shareholders (defined below) have the opportunity to participate in the SPP Offer by subscribing for up to A\$30,000 of New Shares without incurring brokerage and subject to the following Terms and Conditions.

1.2. Please read these Terms and Conditions relating to the SPP Offer carefully, as you will be bound by them by participating in the SPP.

1.3. All New Shares issued under the SPP Offer will rank equally with existing Sunstone Shares from the date of issue, and carry the same voting rights, dividend rights and other entitlements as existing Shares.

1.4. All amounts referred to in these Terms and Conditions are in Australian dollars.

2. Key Dates

Event	Date
Record Date	Tuesday 21 April 2020 (7.00pm Brisbane time)
Offer Date	Thursday 30 April 2020
SPP Offer opens	Thursday 30 April 2020
SPP Offer closes (Closing Date)	Thursday 14 May 2020 (5:00pm Brisbane time)
Allotment of New Shares	Thursday 21 May 2020

Sunstone reserves the right to vary the timetable for the SPP Offer, including the Closing Date of the SPP Offer in its absolute discretion.

3. Eligible Shareholders

3.1. You are eligible to participate in the SPP Offer (an **Eligible Shareholder**) if:

(a) you were registered on the Sunstone share register as a holder of Sunstone Shares at 7.00pm (Brisbane time) on 21 April 2020 (**Record Date**) with a registered address in Australia or New Zealand; and

(b) you are not a US Person, or are not acting for the account or benefit of, a US Person (as defined in Regulation S under the US Securities Act).

3.2. New Shares to be allotted under the SPP have not been and will not be registered under the US Securities Act and may not be offered, sold or delivered, directly or indirectly, in or to persons in, the United States.

3.3. Eligible Shareholders can apply for a maximum of A\$30,000 worth of New Shares in aggregate under the SPP (unless you are applying as a Custodian). This limitation applies even if Eligible Shareholders receive more than one Application Form due to multiple holdings, or if they hold Sunstone Shares in more than one capacity such as if they are a sole Eligible Shareholder and a joint Eligible Shareholder and/or an Eligible Shareholder with more than one holding under a separate account or designation.

3.4. Eligible Shareholders who hold Sunstone Shares as a custodian, trustee or nominee (**Custodian**) may participate on behalf of each Beneficiary (defined below) on whose behalf the Custodian is holding Sunstone Shares. An Eligible Shareholder is deemed to be a Custodian under ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 if it is a person that provides a custodial or depository service in relation to shares of a body or interests in a registered scheme and who:

(a) holds an Australian financial services licence that:

(i) covers the provision of a custodial or depository service; or

(ii) covers the operation of an IDPS or is a responsible entity of an IDPS-like scheme; or

(b) is exempt from the requirement to hold an Australian financial services licence covering the provision of a custodial or depository service:

(c) is a trustee of a self-managed superannuation fund or a superannuation master trust; or

(d) is the registered holder of Sunstone Shares and is noted on the Sunstone register of members as holding Sunstone Shares on account of another person.

A '**Beneficiary**' is a client of a Custodian or Downstream Custodian on whose behalf the Custodian or Downstream Custodian held Sunstone Shares on the Record Date. To the extent that a Custodian holds Sunstone Shares on behalf of a Beneficiary resident outside Australia and New Zealand, it is the responsibility of the Custodian to ensure that any acceptance complies with all applicable foreign laws.

If you wish to apply as a Custodian to receive the New Shares for one or more of Beneficiaries, you must complete and submit an additional Custodian Certificate before your Application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected.

By applying as a Custodian on behalf of Beneficiaries to purchase the New Shares, the Custodian must certify (among other things) that each Beneficiary has not applied for an amount exceeding \$30,000 across all of their holdings.

Sunstone is not required to determine, and will not determine, the identify or residence of any beneficial owners of Sunstone Shares.

Custodians should contact Sunstone's share registry to request a Custodian Certificate that contains these certifications and other details required to be provided by the Custodian.

3.5. If you hold Sunstone Shares as a custodian, trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

3.6. If you choose not to participate in the SPP Offer, your right to participate lapses on the Closing Date.

4. Joint holders/joint beneficiaries

If two or more persons are registered on the Sunstone share register as jointly holding Sunstone Shares, they are taken to be a single registered holder of Sunstone Shares and a certification given by any of them is taken to be a certification given by all of them.

5. Application procedure for New Shares

5.1. The SPP Offer opens on 30 April, 2020. The SPP Offer closes at 5.00pm Brisbane time on 14 May, 2020. This date is indicative only and subject to change. The Company may vary this date without notice, including whether to close the Share Purchase Plan early, extend the Share Purchase Plan, or accept late Applications, either generally or in particular cases.

5.2. Eligible Shareholders may apply for a maximum of A\$30,000 worth of New Shares under the SPP. The following options to acquire New Shares under the SPP are available:

- 1 A\$2,500 (500,000 Shares);
- 2 A\$5,000 (1,000,000 Shares);
- 3 A\$10,000 (2,000,000 Shares);
- 4 A\$20,000 (4,000,000 Shares); or
- 5 A\$30,000 (6,000,000 Shares)

5.3. If you do not wish to accept the SPP Offer, you do not need to take any action and the SPP Offer will lapse on the Closing Date.

5.4. If you wish to apply for New Shares under the SPP Offer, Eligible Shareholders must either:

(a) pay by BPay® the equivalent to the dollar amount of the parcel you wish to apply for, using an Australian bank account, in accordance with the instructions on the Application Form to ensure cleared funds are received by the Closing Date. If paying by BPay® you do not need to return the Application Form but you must use the Biller Code and unique reference number shown on your personalised Application Form. You are taken to make the certifications and representations described in this booklet if you make payment by BPay®; or

(b) complete the enclosed Application Form and forward it with a cheque, bank draft or money order to Computershare Investor Services Pty Limited, GPO Box 505 Melbourne Vic 3001, drawn on an Australian bank account and in Australian dollars for the correct amount so that it is received

prior to the close of the offer on the Closing Date. Do not forward cash. Cheques, bank drafts and money orders should be made payable to "Sunstone Metals Limited". Receipts for payment will not be issued.

5.5. In applying for the New Shares, you represent to Sunstone that the total of the application price for the following does not exceed A\$30,000:

- a) The New Shares the subject of the application;
- b) Any other shares in the class applied for under the SPP or any shares in the class issued under a similar arrangement in the 12 months before the application;
- c) Any other shares in the class which you have instructed a Custodian to acquire on your behalf under the SPP; and
- d) Any other shares in the class issued to a Custodian under an arrangement similar to the SPP in the 12 months before the application as a result of an instruction given by you to a Custodian and which resulted in you holding beneficial interests in the shares.

5.6. Any application money received in excess of the amount required for the number of New Shares you successfully apply for will be refunded to you without interest.

5.7. Sunstone reserves the right to reject any application for New Shares under the SPP Offer that it believes does not comply with these Terms and Conditions and the money received from you will be refunded without interest.

6. Issue price

The issue price for New Shares will be A\$0.005 per New Share which is a 37.5% discount to the closing price of Sunstone Shares on Friday 17 April 2020 (last trading day for Sunstone Shares before announcement of the Placement and intention to conduct an SPP) and a 31.6% discount to the 5 day VWAP up to Friday 17 April 2020.

You should note that Sunstone's share price may rise or fall between the date of this offer and the date when New Shares are allotted and issued to you under the SPP Offer. This means that the price you pay per New Share pursuant to this offer may be either higher or lower than the Sunstone share price at the time of the offer or at the time the New Shares are issued and allotted to you under the SPP Offer.

Please refer to the below information under "Participation is optional" about how to monitor current trading prices of Sunstone Shares.

7. Participation is optional

Participation in the SPP Offer is entirely optional (subject to the eligibility criteria set out in these Terms and Conditions). The offer to acquire New Shares is not a recommendation.

If you are in any doubt about the SPP Offer, whether you should participate in the SPP Offer or how participation will affect you, you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this offer.

Sunstone also recommends that you monitor the Sunstone share price which can be found on Sunstone's website at www.Sunstonemetals.com.au, in the financial pages of major Australian metropolitan newspapers, or on the Australian Securities Exchange (ASX) website at www.asx.com.au (ASX code: STM). Sunstone also recommends that you monitor via the abovementioned websites any Sunstone announcements made to the ASX.

8. Issue date

8.1. The New Shares will be issued on or around 21 May 2020 or as soon as possible after that date.

8.2. Allotment confirmations will be despatched on or around 31 May 2020. You should confirm your holding before trading in any New Shares you believe have been allotted to you under the SPP Offer. In advance of receiving your allotment confirmation notice, you can check the number of New Shares issued under the SPP Offer by visiting Computershare's website at www.investorcentre.com and following the security access instructions.

9. No transfer

The SPP Offer is non-renounceable and non-transferable and, therefore, Eligible Shareholders cannot transfer their right to purchase New Shares under the SPP Offer to a third party.

10. Brokerage and transaction costs

You must pay the issue price per New Share and any fees or charges incurred by you in completing the Application Form, for example bank fees or fees of professional advisers. No brokerage or other transaction costs will apply to the acquisition of New Shares under the SPP.

11. Quotation

Sunstone will apply for New Shares issued under the SPP to be quoted on the ASX. If the New Shares are not to be quoted on ASX, the New Shares will not be issued and application funds will be refunded without interest.

12. Compliance with ASIC requirements

The SPP Offer of New Shares is made in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547, which grants relief from the requirement to prepare a prospectus for the SPP Offer of New Shares.

13. New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to Eligible Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

This SPP Offer booklet has not been registered, filed with or approved by any New Zealand regulatory authority. This SPP Offer booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain. Application payments must be made in Australian dollars.

13. Dispute resolution

13.1. Sunstone may settle, in any manner it deems, any difficulties, anomalies, or disputes which may arise in connection with the operation of this SPP whether generally or in relation to any participant or any application for New Shares, and its decision shall be conclusive and binding on all participants and other persons to whom the determination relates.

13.2. Sunstone reserves the right to waive strict compliance with any provision of these Terms and Conditions.

13.3. The powers of Sunstone under these Terms and Conditions may be exercised by its Directors or any delegate or representative of the Directors.

14. Scale Back of offer

14.1. Directors propose that the maximum New Shares to be issued under the SPP will be 430 million New Shares (representing approximately 25% of Shares on issue after completion of the Placement). If applications for New Shares under the SPP Offer exceed 430 million Shares, Sunstone may, in its absolute discretion, allocate less than the number of New Shares you have applied for (**Scale Back**) and determine to apply the Scale Back on a pro-rata basis based on the size of the participating eligible shareholders' existing holdings or the number of securities the participating eligible shareholders have applied for.

14.2. If the Scale Back produces a fractional number of New Shares when applied to your issue of New Shares, the number of New Shares issued will be rounded up to the nearest whole New Share.

14.3. If there is a Scale Back, your application money may be greater than the value of the New Shares you will be issued. Any application monies refunded by Sunstone will be paid by cheque or direct credit (the payment method will be determined by Sunstone in its absolute discretion) in Australian currency without interest. By applying for New Shares, each shareholder authorises Sunstone to pay any monies to be refunded by using the payment instructions of the shareholder recorded in Sunstone's share registry if Sunstone should elect to pay in this manner.

15. Variation and termination

15.1. Sunstone reserves the right to amend or vary these Terms and Conditions and to suspend or terminate the SPP at any time.

15.2. Failure to notify shareholders of a change to or termination of the SPP Offer or the non-receipt of notice will not invalidate the change or termination.

15.3. Sunstone reserves the right not to issue New Shares or to issue fewer New Shares than that applied for under the SPP by an Eligible Shareholder (including a Custodian applying on behalf of its Beneficiaries) if Sunstone believes that the issue of those New Shares would contravene any law or the ASX Listing Rules.

15.4. In the event that the SPP is terminated prior to the issue of New Shares, all application monies will be refunded. No interest will be paid on any monies returned to you.

16. Acknowledgements

By making payment (including through BPay®) or returning an Application Form or Custodian Certificate and Schedule, you certify, acknowledge, warrant and represent as true, correct and not misleading to Sunstone that:

- (a) you have read and accepted the Terms and Conditions in full;
- (b) you declare that all details and statements in your application are true and complete and not misleading;
- (c) your application, under the Terms and Conditions of the SPP set out in this booklet (including the Application Form and Custodian Certificate and Schedule), will be irrevocable and unconditional (i.e. it cannot be withdrawn);
- (d) as at the Record Date, you were recorded on Sunstone's share register as being a registered holder of Sunstone shares;
- (e) if you have a registered address in a country other than Australia, you continued to hold Sunstone Shares as at the opening of the SPP Offer on 30 April 2020;
- (f) you and each person for whose account or benefit you are acting is not in the United States and is not a US Person, or acting for the account or benefit of a US Person;
- (g) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and the New Shares may not be offered, sold or otherwise transferred unless an exemption from the registration requirements of the US Securities Act is available;
- (h) you represent that you have not, and you agree that you will not, send any materials relating to the SPP to any person in the United States or to any person who is, or is acting for the account or benefit of, a US Person;
- (i) if you are applying on your own behalf (and not as a Custodian) you are not applying for New Shares with an aggregate application value, when aggregated with the application value of any Sunstone Shares issued to you or a Custodian on your behalf under the SPP Offer or similar arrangement in the previous 12 months, of more than A\$30,000 under the SPP Offer (including by instructing a Custodian to acquire New Shares on your behalf under the SPP Offer), and you are complying with the limitations detailed in clause 3.3 of the SPP Terms and Conditions;
- (j) if you are a Custodian and are applying on behalf of a Beneficiary on whose behalf you hold Sunstone Shares:
 - (i) you are a Custodian (as that term is defined in ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547);
 - (ii) either or both of the following apply (as applicable):
 - (A) that on the Record Date you held Sunstone Shares on behalf of one or more other persons (each a **Beneficiary**) that are not Custodians;
 - (B) that on the Record Date another Custodian (**Downstream Custodian**) held beneficial interests in Sunstone Shares on behalf of one or more other persons (each a **Beneficiary**), and you hold the shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian;

(iii) each Beneficiary has subsequently instructed either you or the Downstream Custodian (as applicable) to apply for New Shares on their behalf under the SPP;

(iv) the details of the number of Beneficiaries instructing you to participate, the name and address of each Beneficiary and in respect of each such Beneficiary:

(A) the number of Sunstone Shares that you hold on behalf of that Beneficiary; and

(B) the dollar amount of New Shares that the Beneficiary, or its agent, has instructed you (or the Downstream Custodian) to accept on behalf of the Beneficiary (as set out in the Application Form or the Custodian Certificate),

is true and correct;

(v) there are no Beneficiaries in respect of whom the total of the application value for the following exceeds A\$30,000:

(A) the New Shares applied for by you under the SPP on their behalf; and

(B) any Sunstone Shares issued to you in the previous 12 months as a result of an instruction given by the Beneficiary to you or a Downstream Custodian to apply for Sunstone Shares on their behalf under an arrangement similar to the SPP;

(vi) a copy of this offer document was given to each Beneficiary; and

(vii) the name and address of any Downstream Custodian who holds beneficial interests in the Sunstone Shares held by you in relation to each participating Beneficiary is true and correct;

(k) you may be offered New Shares pursuant to the SPP in accordance with all applicable laws, and any acceptance by you on your own behalf or in respect of any person for which you are acting complies with all applicable laws;

(l) you accept the risk associated with any refund that may be despatched to you by direct credit or cheque to your address shown on Sunstone's share register;

(m) you are over 18 years of age (if you are an individual) and have full legal capacity and power to exercise and perform all of your rights and obligations under the SPP Offer;

(n) you are responsible for any dishonour fees or other costs Sunstone may incur in presenting a cheque for payment which is dishonoured;

(o) you agree to be bound by the provisions of the Constitution of Sunstone (as amended and as it may be amended from time to time in the future);

(p) you authorise Sunstone and its affiliates, officers and representatives to do anything on your behalf necessary for New Shares to be issued to you in accordance with these Terms and Conditions;

(q) you authorise Sunstone (and its officers and agents) to correct minor or easily rectified errors in, or omissions from, your application and to complete the application by the insertion of any missing minor detail;

(r) Sunstone may at any time irrevocably determine that your application is valid in accordance with these Terms and Conditions, even if the application is incomplete, contains errors or is otherwise defective;

(s) neither Sunstone nor Computershare Investor Services Pty Limited has provided you with investment advice or financial product advice, and neither has any obligation to provide this advice, concerning your decision to apply for New Shares;

(t) Sunstone is not liable for any exercise of its discretion referred to in these Terms and Conditions; and

(u) your acceptance of an offer under these Terms and Conditions will not result in any person breaching the 20% limit imposed by section 606 of the Corporations Act.

17. Privacy

By receiving completed Application Forms, Sunstone collects personal information about shareholders. Sunstone will use this information for the purposes of processing the Application Form and updating its records. Unless required by law, Sunstone will not disclose the personal information of a shareholder to a third party or use the personal information for another purpose without the consent of the shareholder. Except as stated by the law, the shareholders are able to access, upon request, their personal information or if you wish to obtain a copy of Sunstone's privacy policy, please contact us.

18. Governing law

These Terms and Conditions are governed by the laws in force in Queensland, Australia. By accepting an offer under these Terms and Conditions you submit to the non-exclusive jurisdiction of the Courts of Queensland, Australia.

This document has been prepared for publication in Australia and New Zealand and any other jurisdictions where it complies with relevant laws. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any jurisdiction where it may be illegal to do so. In particular, the securities referred to in this document have not been, and will not be, registered under the United States Securities Act of 1993 as amended (**US Securities Act**), and may not be offered or sold in the United States or to or for the account or benefit of '**US Persons**' (as defined in Regulation S under the US Securities Act) in the absence of registration or an available exemption from registration.

Corporate Directory

Directors

Mr Graham Ascough – Chairman
Mr Malcolm Norris – Managing Director and Chief Executive Officer
Mr Stephen Stroud – Non Executive Director

Company Secretary

Mr Gavin Leicht

Website

www.sunstonemetals.com.au

Registered office

9 Gardner Close
Milton QLD 4064
AUSTRALIA

Share Registry

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Brisbane QLD 4000
Phone: 1300 850 505
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