

ASX ANNOUNCEMENT

25 JANUARY 2023

DECEMBER 2022 QUARTERLY ACTIVITIES REPORT

Operations Highlights

Bramaderos Gold-Copper Project, Ecuador (Sunstone 87.5%)

- Initial Mineral Resource estimate (MRE) of 156Mt at 0.53g/t AuEq for 2.7Moz gold-equivalent*
- The MRE is for the Brama-Alba porphyry deposit only and is pit constrained. It does not include mineralisation outlined at several other porphyry targets within the Bramaderos concession, or at El Palmar in northern Ecuador
- Large initial Exploration Target of between 3.3Mozs and 8.6Mozs AuEq within 255 to 360Mt at a grade between 0.40 and 0.74g/t AuEq* (gold + copper) in addition to the Resource
- Initial Exploration Target has been estimated from only three (Brama-Alba extensions plus Melonal plus Limon targets) of several targets and focused on near-surface mineralisation
- Mineralisation in the MRE and Exploration Target is from surface, delivering potential for open pit mining. High confidence in growing the Resource and the Exploration Target as well as making additional discoveries across the Project

El Palmar Copper-Gold Project, Ecuador (Sunstone 70%, to acquire 100%)

- Drilling commenced at a new porphyry gold-copper-molybdenum target (T2) identified east of the main El Palmar mineralisation. Results expected in February 2023.

Corporate Highlights

- A\$11.2 million in cash and saleable shares at 31 December 2022.

Sunstone Metals (ASX:STM) is an ASX listed mineral exploration company with high-quality gold and copper assets in Ecuador.

Sunstone's assets are the Bramaderos Gold-Copper Project and El Palmar Copper-Gold Project.

The Sunstone team has a track record of discovery and generating significant share price increase.

ASX Code:	STM
Issued Shares:	2.62bn
Share Price:	\$0.036 (31/12/22)
Market Cap:	\$94.3m
Cash Balance:	\$10.0m
COPP B & other shares:	\$1.2m
Total funding:	\$11.2m

Directors

Graham Ascough - Chairman
 Malcolm Norris – CEO & MD
 Stephen Stroud – NED

Key Management

Ray Robinson – GM Studies and Technical Services
 Dr Bruce Rohrlach – GM Geology
 Gavin Leicht – CFO & Company Secretary

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EXPLORATION AND DEVELOPMENT ACTIVITIES

Bramaderos Gold-Copper Project

The Bramaderos Project is ideally located immediately adjacent to the Pan American highway in southern Ecuador (Figures 1 and 2), and within reasonable distance of available hydroelectric power, supporting the economics of potential development opportunities. The project has gentle topography with an average elevation of around 1,100m above sea level and is also supported by nearby commercial airports and significant population centres such as the city of Loja, and the project has strong community support.

During the December quarter Sunstone announced an initial **Mineral Resource estimate** (MRE) and an initial **Exploration Target** for the Bramaderos gold-copper porphyry project in southern Ecuador (see Tables 1 and 2 below and ASX announcement dated 13th December 2022).

The initial MRE, from the Brama-Alba target only, reported in accordance with the JORC Code¹ is **156Mt at 0.53g/t AuEq (0.35g/t gold and 0.11% copper), for 2.7MoZs AuEq***. Preliminary pit optimisation was applied to the deposit to constrain the MRE and demonstrate the potential to be mined economically by open pit methods (Figure 5).

In addition, the initial Exploration Target, reported in accordance with the JORC Code consists of between approximately **255 and 360Mt at a grade between 0.40 and 0.74g/t AuEq* (gold + copper) for contained metal of between 3.3MoZs and 8.6MoZs AuEq. The Exploration Target range is in addition to the initial MRE.** The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource for the target area reported. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

The initial MRE for Brama-Alba, together with the Exploration Target, demonstrates that Bramaderos is a very significant project with huge potential for growth. Exploration is continuing across several porphyry targets within the Bramaderos concession with the goal of ultimately delivering a 5-10Moz AuEq inventory, with much of that material extending from surface.

A conservative approach to the Exploration Target estimate has been taken and has not considered porphyry gold-copper targets at several areas within the Bramaderos concession where Sunstone has not yet drilled.

Results of preliminary metallurgical studies to produce a clean gold-copper-silver concentrate were positive and recent preliminary leach tests suggested that an even larger opportunity may present itself with leaching of low-grade material.

¹ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

*The gold equivalent calculation formula is $AuEq(g/t) = (Au\ grade \times Au\ price \times Au\ recov / 31.1035) + (Ag\ grade \times Ag\ price \times Ag\ recov / 31.1035) + (Cu\ grade \times Cu\ price \times Cu\ recov / 100) / (Au\ price \times Au\ recov / 31.1035)$. The prices used were US\$1,800/oz gold and US\$9,500/t copper and US\$22/oz silver. Recoveries are estimated at 89% for gold, 85% for copper, and 60% for silver based on metallurgical studies. In Sunstone's opinion all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold.

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Sighter metallurgical test work indicate that recoveries in excess of 85% for copper and 88% for gold can be achieved with a combined flotation and leach circuit when targeting a saleable concentrate grade of above 20% copper (see ASX release dated 19 July 2022).

Further test work, including alternative reagent and grind size regimes, will focus on improving recovery responses in a flotation-only circuit configuration to determine whether that configuration is feasible. Additional optimisation testing of the current flotation-leach selection, to further improve recoveries, will also be conducted.

Brama-Alba Mineral Resource estimate and Exploration Target tables

The Resource is limited to the pit constrained Brama-Alba porphyry deposit, at Bramaderos. It does not include mineralisation outlined at several other targets within the Bramaderos concession, or at El Palmar in northern Ecuador.

Table 1 - Mineral Resource estimate classifications

JORC Classification	Tonnage (Mt)	Au (g/t)	Cu (%)	Ag (g/t)	AuEq (g/t)	AuEq (Mozs)
Indicated	9	0.38	0.09	1.1	0.53	0.2
Inferred	147	0.35	0.11	1.3	0.53	2.5
Total	156	0.35	0.11	1.3	0.53	2.7

- Due to the effect of rounding, the total may not represent the sum of all components

-- A reporting cut-off grade of 0.3 g/t AuEq was adopted.

--- Metal equivalent recovery assumptions are supported by metallurgical test work.

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Table 2 - Exploration Target

Exploration Target	Min. Tonnage (Mt)	Max. Tonnage (Mt)	Metal Content Min. AuEq (Mozs)	Metal Content Max. AuEq (Mozs)
Brama-Alba (excluding MRE areas)	70	100	0.79	2.57
Melonal	150	200	1.93	4.50
Limon	35	60	0.56	1.54
TOTAL	255	360	3.3	8.6

Exploration Target	Min. Tonnage (Mt)	Max. Tonnage (Mt)	Min. Grade Au (g/t)	Min. Grade Cu (%)	Min. Grade AuEq (g/t)
Brama-Alba (excluding MRE areas)	70	100	0.2	0.1	0.35
Melonal	150	200	0.25	0.1	0.4
Limon	35	60	0.33	0.1	0.5
TOTAL	255	360			0.40

Exploration Target	Min. Tonnage (Mt)	Max. Tonnage (Mt)	Max. Grade Au (g/t)	Max. Grade Cu (%)	Max. Grade AuEq (g/t)
Brama-Alba (excluding MRE areas)	70	100	0.6	0.12	0.8
Melonal	150	200	0.5	0.12	0.7
Limon	35	60	0.6	0.12	0.8
TOTAL	255	360			0.74

- Due to the effect of rounding, the total may not represent the sum of all components

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El Palmar Porphyry Copper-Gold Project

Sunstone has made a significant discovery at the highly prospective El Palmar gold-copper porphyry project, located in northern Ecuador, 60km north-west of Ecuador's capital Quito (Figures 1 and 11). The property sits on the regionally significant Toachi Fault Zone, in the vicinity of the 1Bt Llurimagua copper-molybdenum porphyry deposit, and in the same regional structural belt that hosts the 2.6Bt Alpala copper-gold porphyry deposit within the Cascabel project (Figure 11)(see ASX announcement dated 12th August 2020). Sunstone is acquiring 100% of the El Palmar project and currently holds 70% under the Staged Acquisition Agreement signed on 12th August 2020.

During the quarter drilling was undertaken at the new T2 porphyry target. A total of 1,930 metres was drilled across 3 holes. T2 is located east of the main El Palmar porphyry system (now referred to as T1, Figures 9 & 10). Assay results are expected in February 2023.

At T2, surface sampling has defined a 220m long zone of porphyry vein stockworks including an area of at least 70m x 50m with rock chip sampling averaging 0.4g/t gold and 0.1% copper underlying a silica-clay altered cap. The rock chip samples were consistently mineralised and included six samples which returned assays of greater than 1 g/t gold, which is encouragingly very high for porphyry systems. Soil sampling at T2 has defined a significant and coherent gold-copper-molybdenum anomaly coincident with an extensive alteration cap. Geophysical surveying has defined a conductive body coincident with the surface metal anomalism.

Several epithermal gold targets have also been defined within the El Palmar concession, with the highest priority at this stage being the Tituana target. The target is currently undergoing trenching and in-fill soil sampling in areas where rock chip sampling has yielded a >85m-long (and open) zone from which 101 surface samples averaged 1.2 g/t Au, 25 g/t Ag and 0.16% Cu, with peak values for these elements being 6.47 g/t Au, 225g/t Ag and 0.78% Cu.

The Tituana target, which is being prepared for drilling, is located on a NNE trending structure, which may link to the south to the main El Palmar T1 porphyry system – a common scenario in porphyry and epithermal systems. The interpreted geometry of the Tituana epithermal system is consistent with known epithermal mineralisation in the district such as at the nearby operating El Corazon gold mine and the historically defined Verde Chico gold system.

Verde Chico Project

As announced on 21st June 2022, Sunstone signed a Letter of Intent to acquire the Verde Chico Project, located to the west of Sunstone's El Palmar gold-copper porphyry discovery in northern Ecuador, through a Staged Acquisition Agreement from the Verde Chico Group. The Verde Chico project quadruples Sunstone's land position in this prospective belt in northern Ecuador to 3,672ha (Figures 1 and 11). A Staged Acquisition Agreement and associated documents were signed on 23 September 2022.

Initial exploration at Verde Chico includes a program of rock chip sampling and stream sediment sampling (completed in December), along with formal community agreements and environmental baseline surveys in January and February. Further soil sampling, geological mapping and rock chip sampling, and ground magnetics to establish drill targets are also planned in the coming months.

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Corporate

Financial Commentary

The Company's unaudited cash position for 31 December 2022 was A\$10 million. The Quarterly Cashflow Report (Appendix 5B) for the period ending 31 December 2022 provides an overview of the Company's financial activities.

Exploration expenditure for the reporting period was \$6.8 million with three drill rigs operating across both the Bramaderos and El Palmar Projects for a combined 5,603m.

Corporate and other expenditure (including property, plant, and equipment) amounted to \$0.5 million. The total amount paid to directors of the entity and their associates in the period (item 6.1 of the Appendix 5B) was \$130,410 and includes salary, superannuation, and directors' fees.

Sunstone sold 5,442,134 shares in Copperstone Resources during the December quarter at an average price of 1.2864 SEK, to raise ~A\$1 million, leaving 5,153,744 shares held at 31 December 2022, valued at ~A\$0.9 million (1.278 SEK per share).

As at 31 December 2022, the 871,803 shares held in Canadian Securities Exchange-listed United Lithium Corp. (CSE: ULTH), were valued at approximately A\$142,000 (CAD 0.15 per share), while the 81,690,362 shares held in ASX listed NewPeak Metals Ltd were valued at approximately A\$81,690 (A\$0.001 per share).

As the Company is an exploration entity there is not yet any sales revenue being generated from sale of products. To date Sunstone has primarily funded its activities through issuance of equity securities and it is expected that the Company will be able to fund its future activities through further issuances of equity securities, in addition to the potential sale of Copperstone shares as referred to above.

Shareholder Information

During the December quarter employee performance rights that were subject to a 12 month vesting condition, following achieving share price hurdles within the 12 months, vested with 23,999,999 shares being issued as a result. At the Company's Annual General Meeting held on 27 October 2022 all resolutions were approved by shareholders and 28,000,000 performance rights were issued to employees with the same terms as those approved to be issued to the Managing Director at the AGM.

As at 31 December 2022, the Company had 2,620,446,418 fully paid ordinary shares on issue and 3,922 shareholders.

Notes Specific – December 2022 Quarter ASX Announcements

The following announcements, which relate to information in this Quarterly Report, were lodged with the ASX. Further details (including JORC 2012 Code Reporting Tables, where applicable) for the results summarised above can be found in the announcements:

Investor Presentation - MRE	13/12/2022
Bramaderos Initial MRE and Exploration Target	13/12/2022
AGM Presentation, Chairman's Address to Shareholders and results of AGM	27/10/2022
More wide intersections at Brama-Alba to support initial MRE	20/10/2022

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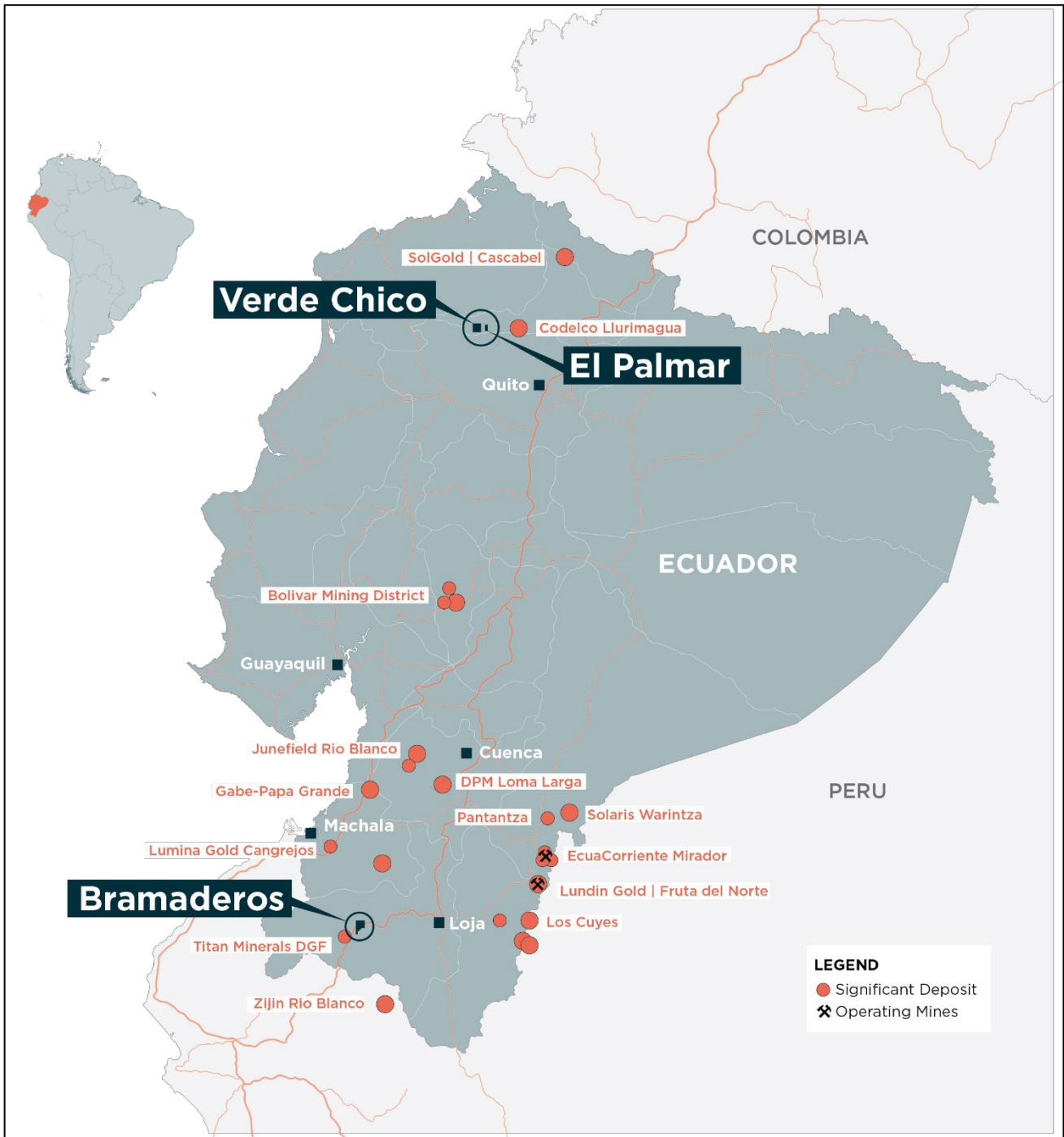


Figure 1: Location of the El Palmar project in northern Ecuador, the Verde Chico project nearby, and the Bramaderos Project in southern Ecuador.

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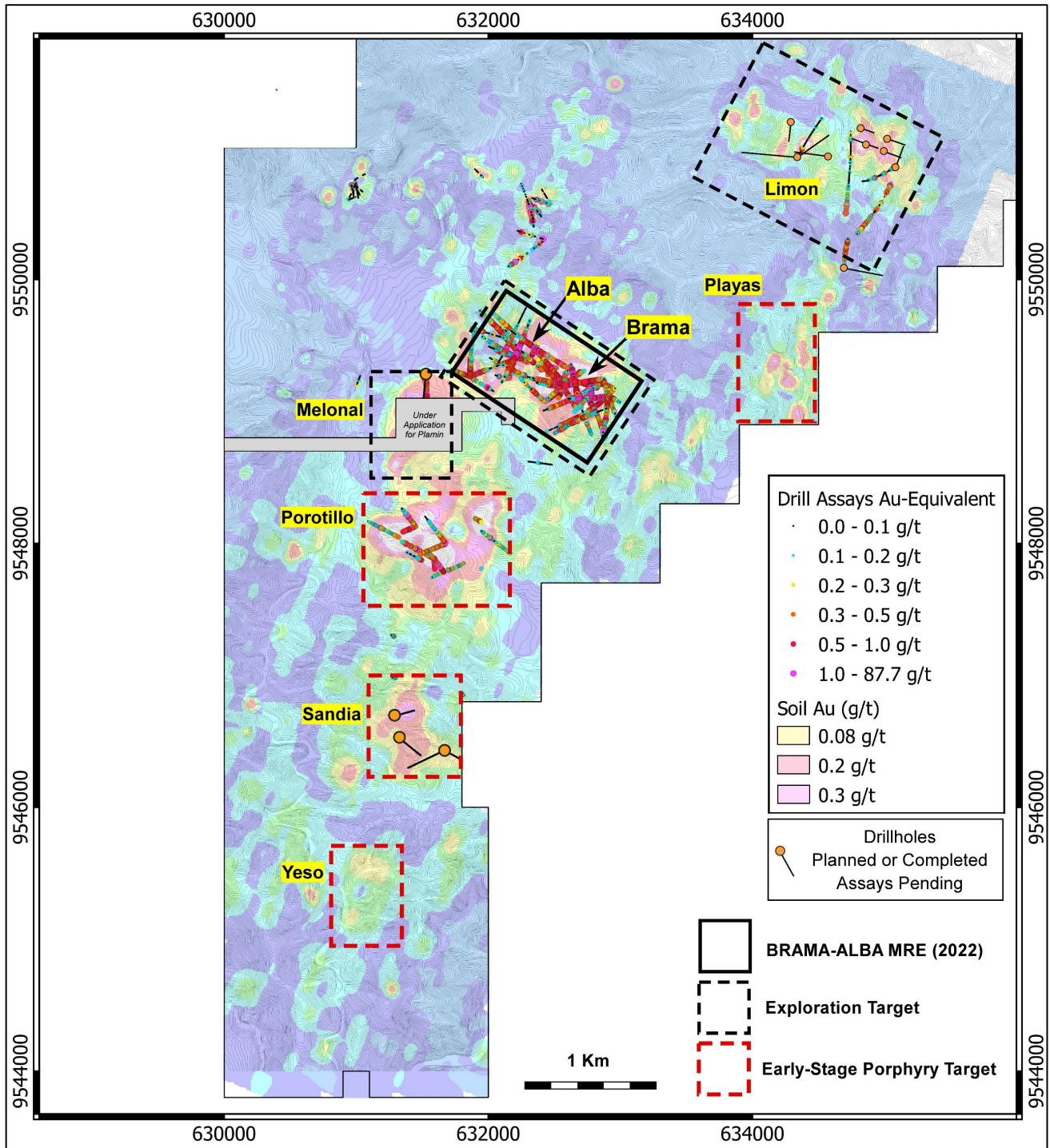


Figure 2: Bramaderos concession showing the area of the MRE at Brama-Alba, and the 3 areas that make up the Exploration Target at Melonal, Alba-Brama, and Limon, and the 4 additional targets that are at an early stage comprising Yeso, Sandia, Porotillo, and Playas.

The background image is gold-in-soil and highlights the potential scale increase to be delivered with more drilling at Bramaderos across several porphyry centres.

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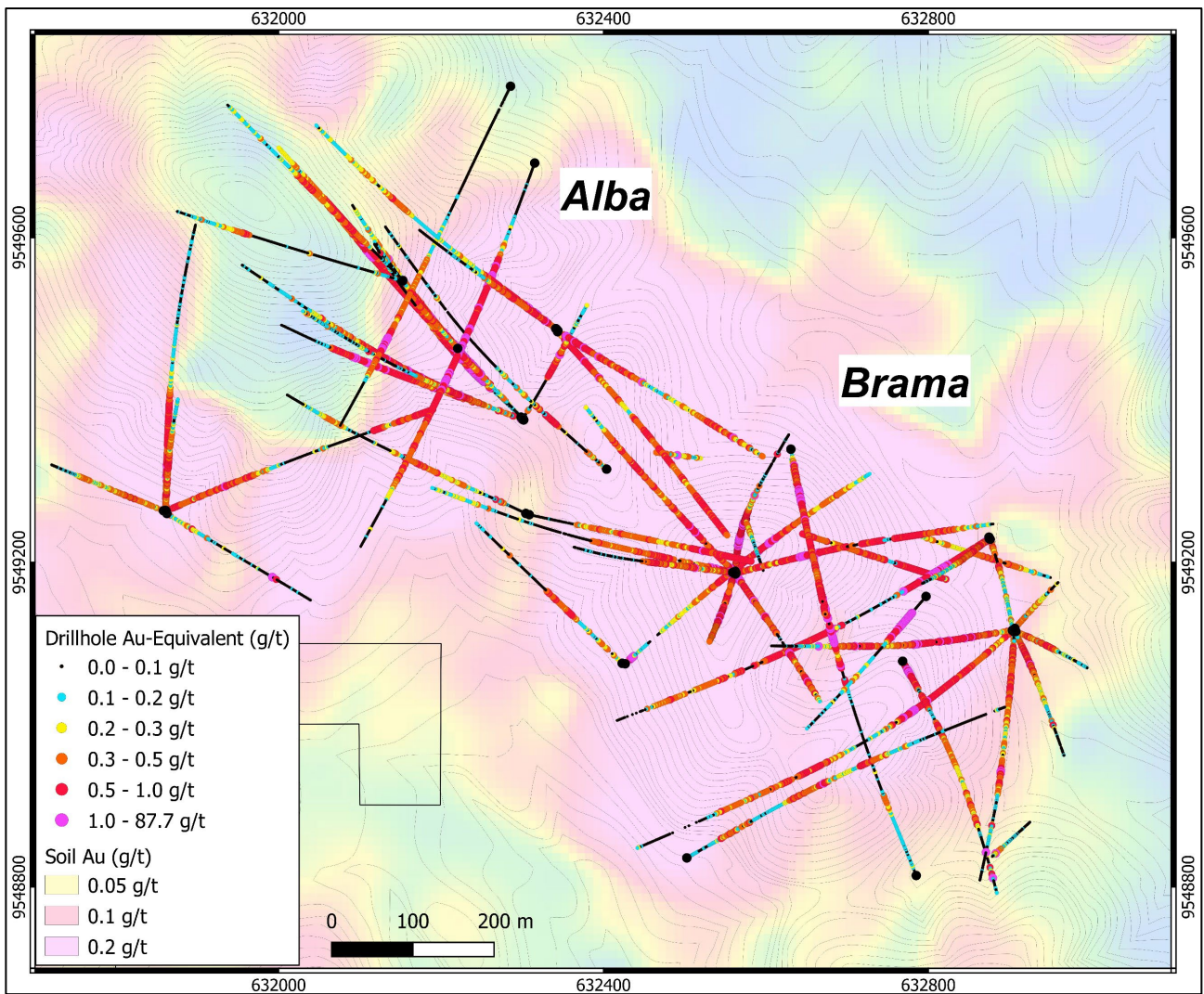


Figure 3: Brama-Alba drill status plan showing the status of Sunstone drilling for the MRE on a backdrop of gold-in-soil results.

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Bramaderos Project – Building a very large gold-copper inventory

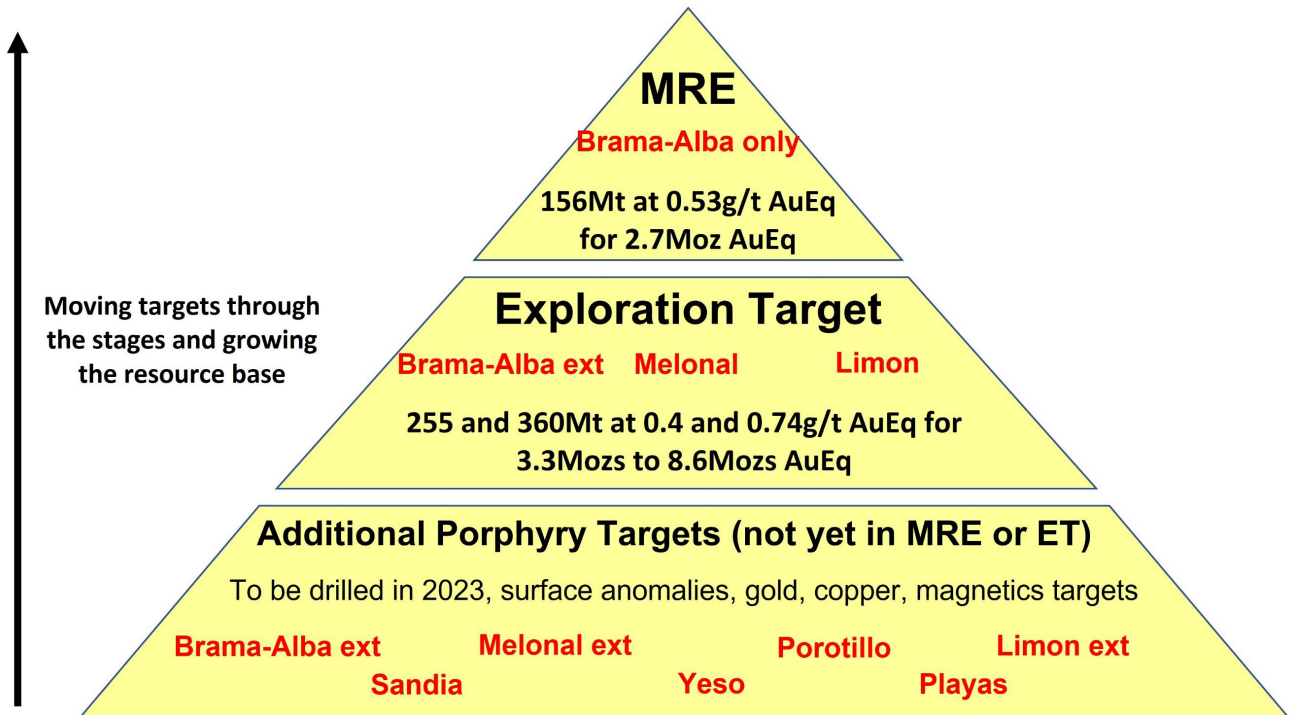


Figure 4: Summary of potential growth options for the Bramaderos project. Further drilling on multiple opportunities is expected to significantly grow the gold and copper inventory.

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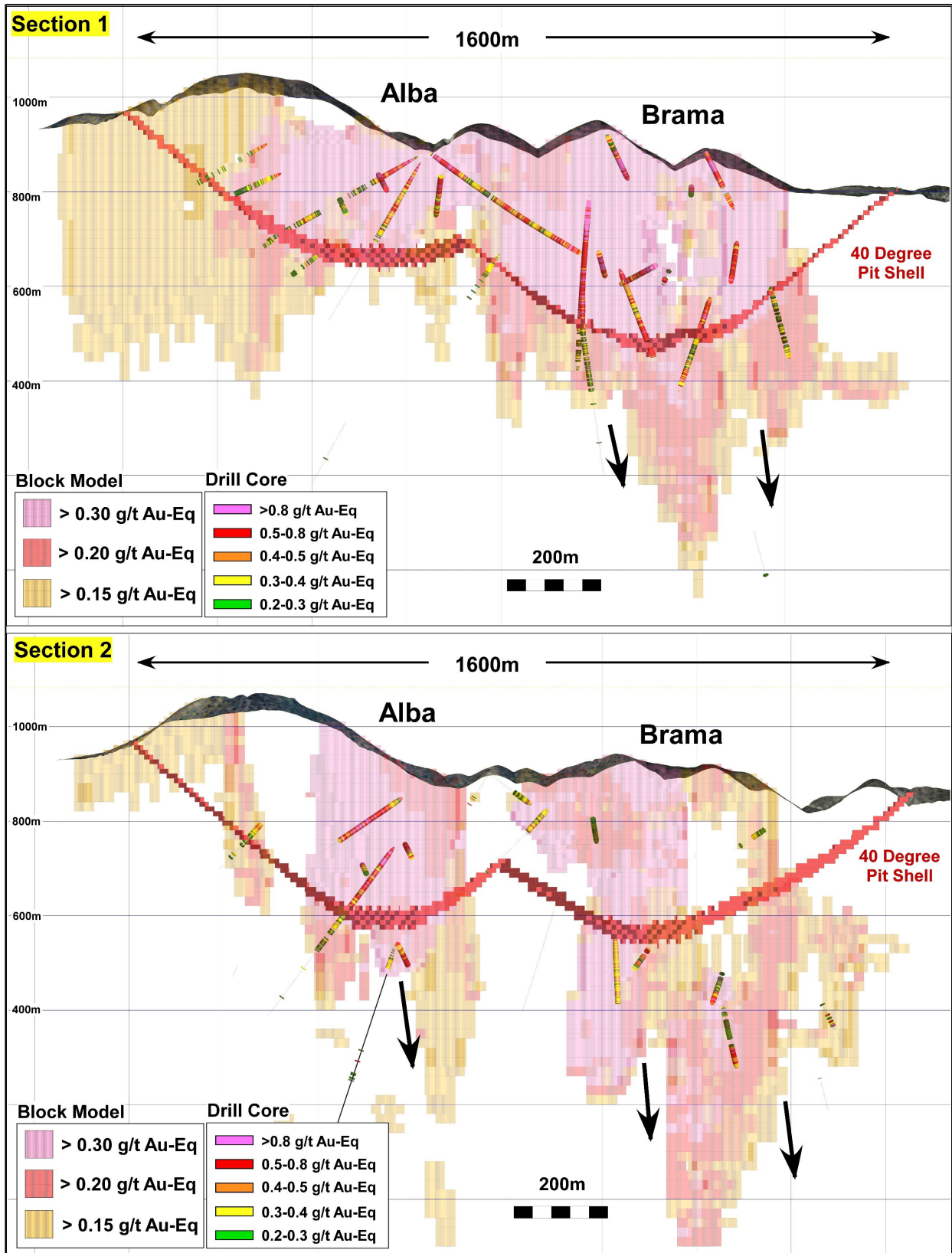


Figure 5: Cross sections from locations shown in Figure 4. The MRE is pit constrained. Material outside the MRE has been captured in the Exploration Target. Note higher grade domains as shown on drill hole plots cluster in the upper pit area.

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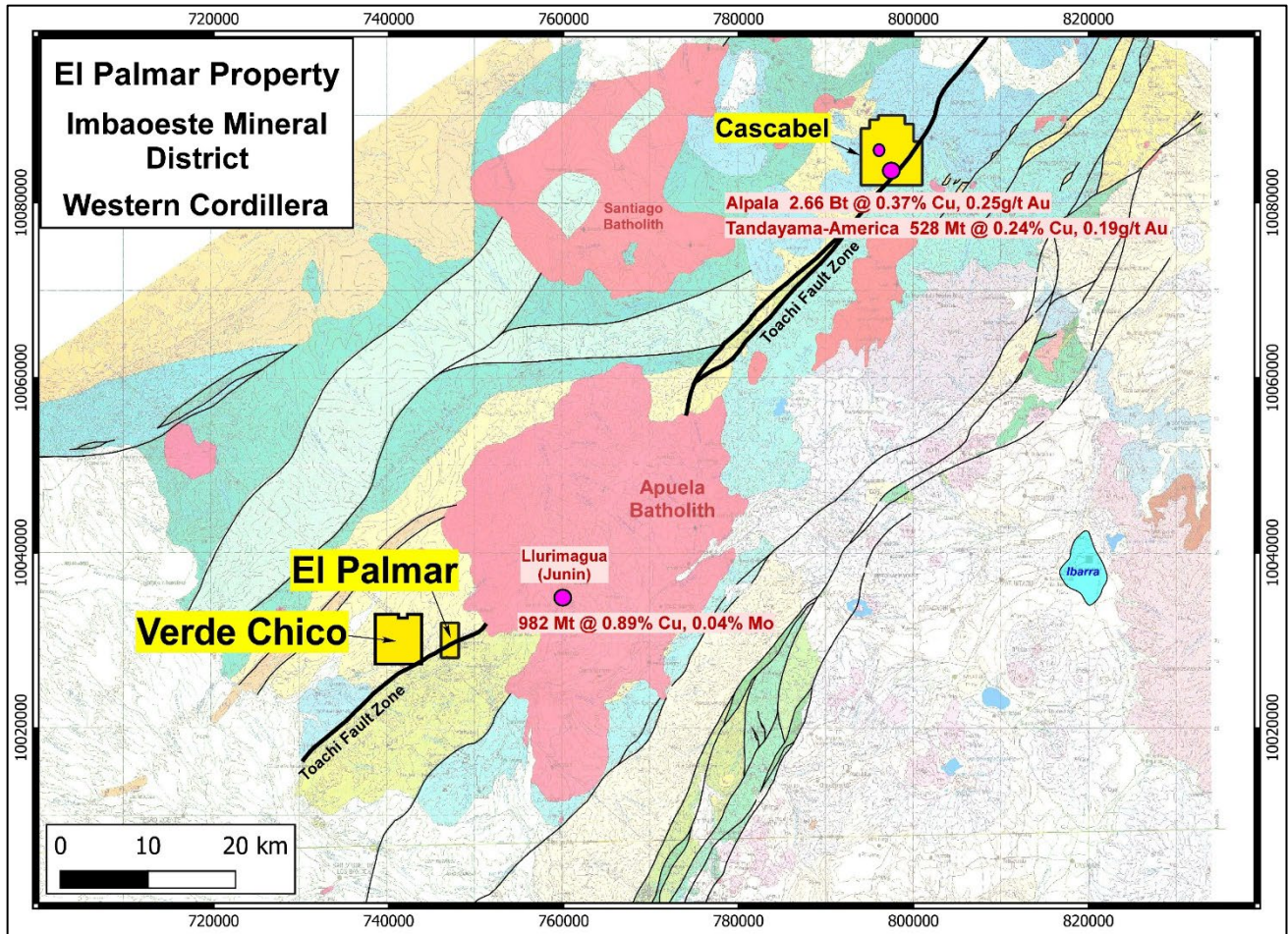


Figure 6: Location of the El Palmar and Verde Chico properties with respect to the Toachi fault zone which is considered important for the localisation of porphyry copper-gold-molybdenum mineralisation in northern Ecuador.

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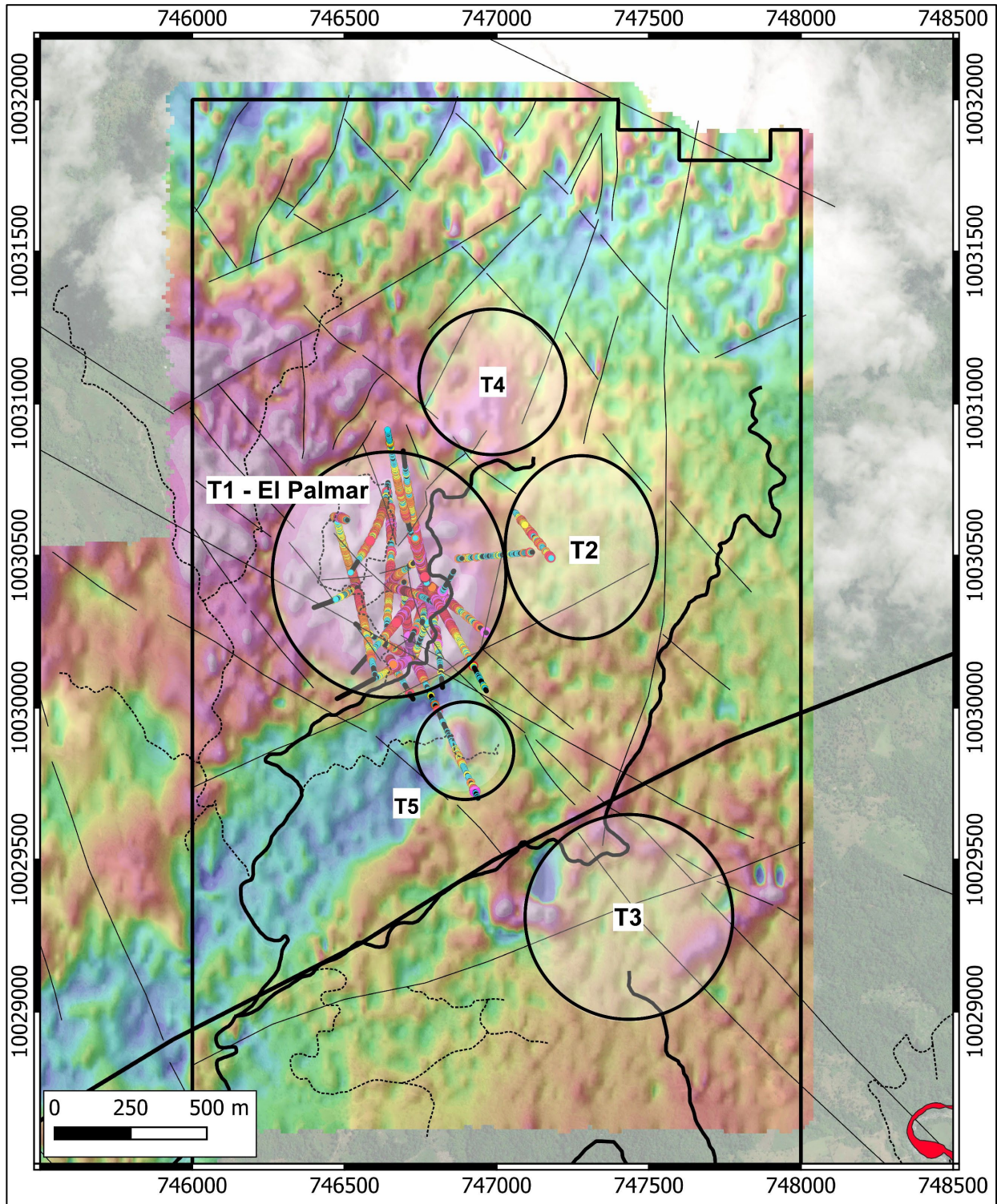


Figure 7: Location of the exploration targets at El Palmar

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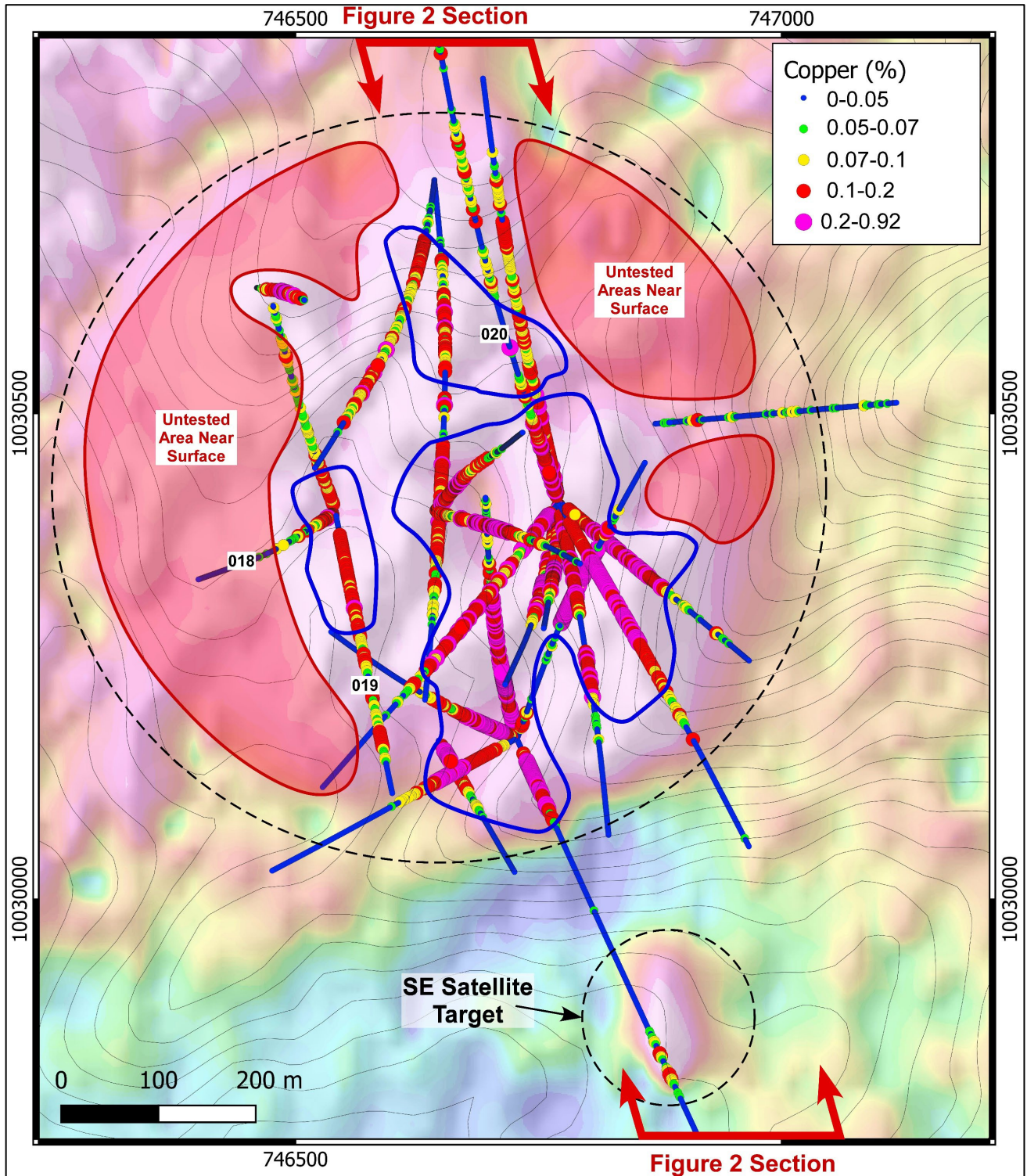


Figure 8: Drill status plan for El Palmar target T1. Blue outline areas represent surface projection of a cluster of gold-copper mineralised porphyry domains, within a broader less well mineralised system. Areas in red outline and shading are still to be drilled.

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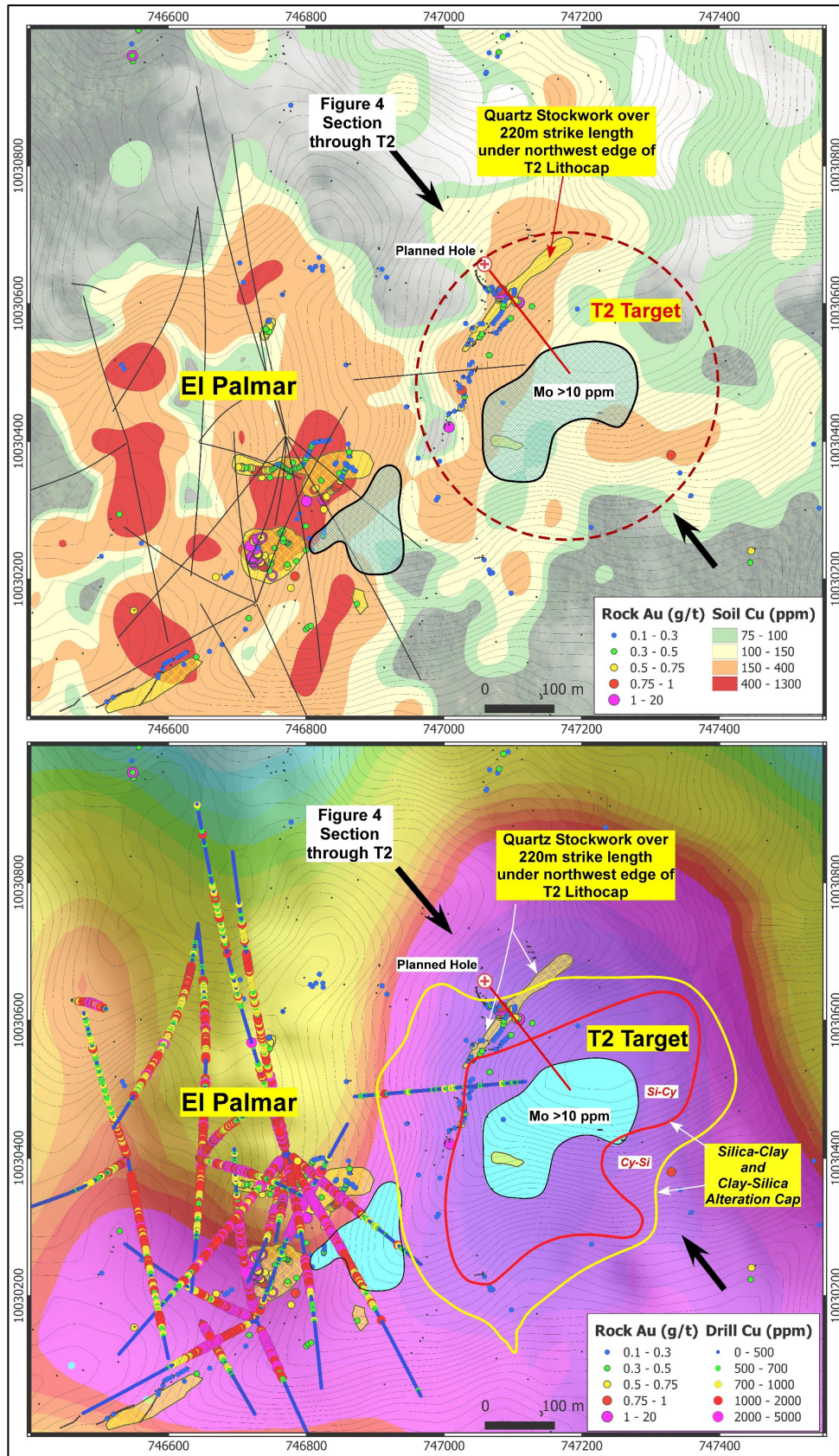


Figure 9: Plan view of the T2 target located immediately east of the area of drilling to date at El Palmar. The upper panel shows Copper-in soils with the main molybdenum anomalies, rock chip results and area of quartz stockwork mapped at T2. The lower panel background image is MT conductivity at 400m below surface.

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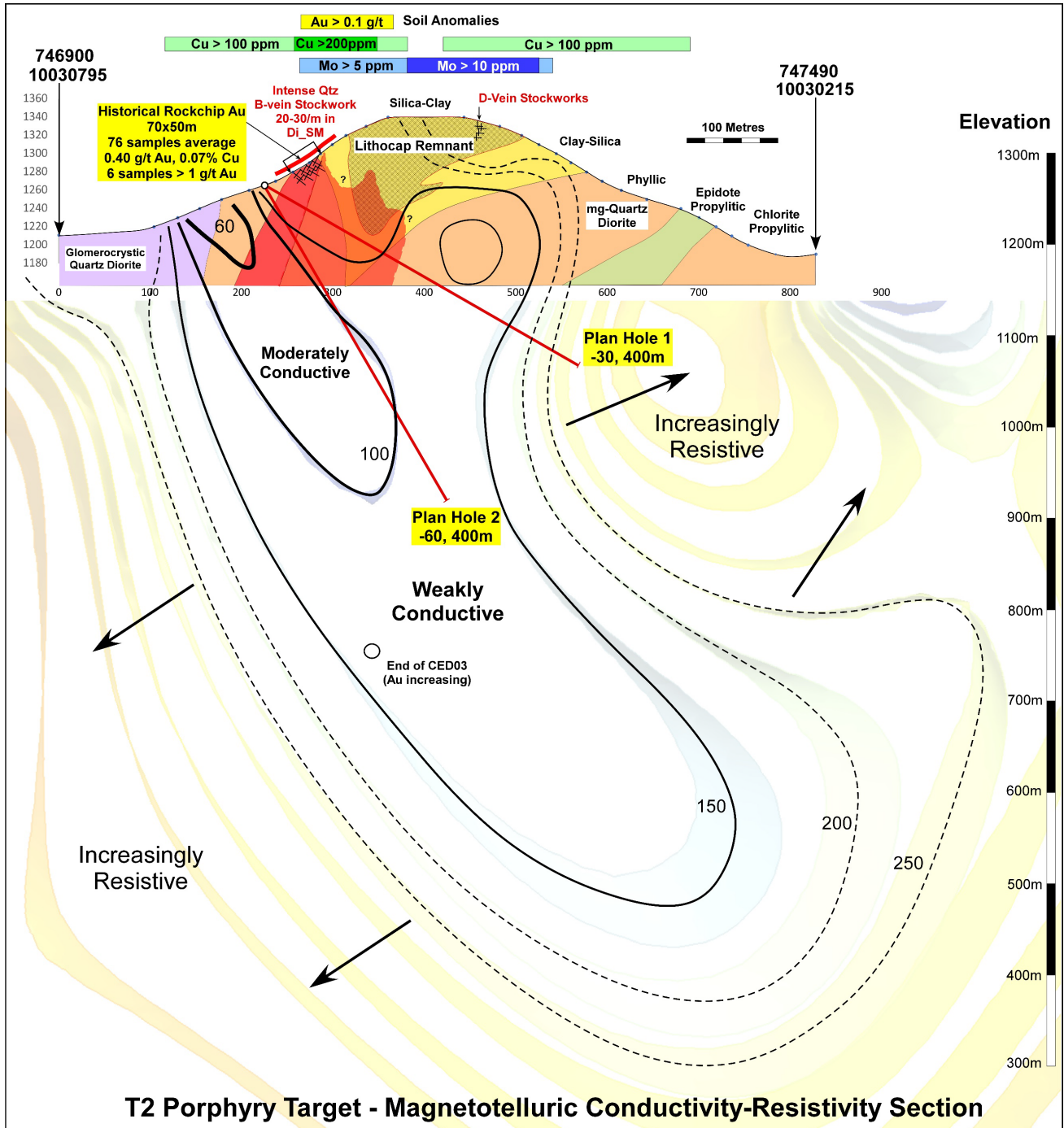


Figure 10: Cross section through the T2 target showing outcropping porphyry stockwork area with anomalous copper gold and molybdenum, coincident with a large area of weakly conductive material. Two drill holes are planned and shown on section. These will be drilled during October-November.

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TENEMENT SCHEDULE

At the end of the quarter, the Company holds the following tenements:

Gold-Copper Tenements – Ecuador

Tenement Holder	Tenement Name	Location	Status	Sunstone Ownership
La Plata Minerales S.A.	Bramaderos [^]	Loja, Ecuador	Granted	87.5%
Golden Exploration Ecuador S.A.	Los Mandariyacus (El Palmar) [@]	Imbabura, Ecuador	Granted	70%
Compania Minera Verde Chico CIA Ltda	Verde Chico [#]	Imbabura, Ecuador	Granted	0%

[^]Sunstone announced on 7 January 2020 that the terms of the Earn-in Joint Venture with TSX-V listed Cornerstone Capital Resources (TSXV:CGP) had been amended to provide Sunstone with an immediate 87.5% interest and Cornerstone with a loan carried 12.5% interest in La Plata Minerales S.A. (PLAMIN) the holder of the Bramaderos concession.

[@] Sunstone announcement 12 August 2020 regarding a Staged Acquisition Agreement for 100% of the El Palmar project.

[#] Sunstone announcement 21 June 2022 regarding a Letter of Intent to acquire 100% of the Verde Chico Project, located to the west of Sunstone's El Palmar gold-copper porphyry discovery in northern Ecuador, through a Staged Acquisition Agreement from the Verde Chico Group. The concession is currently being transferred to the Verde Chico Group and the final Staged Acquisition Agreement was signed 23 September 2022.

Competent Persons Statement

The information in this report that relates to exploration results is based upon information reviewed by Dr Bruce Rohrlach who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Rohrlach is a full-time employee of Sunstone Metals Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Rohrlach consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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DIRECTORY

SUNSTONE METALS LIMITED
ABN 68 123 184 412

Web site: www.sunstonemetals.com.au
Email: info@sunstonemetals.com.au

Stock Exchange Listing

Australian Stock Exchange ASX Code: STM

Investor Information Contacts:

Mr Gavin Leicht - Company Secretary
Sunstone Metals Limited
Tel: 07 3368 9888
Email: gleicht@sunstonemetals.com.au

Shareholder Enquiries:

Share registry matters should be directed to:

Computershare Investor Services
Phone: 1300 850 505
Website: www.computershare.com.au

Registered Office:

9 Gardner Close
Milton Queensland 4064
Phone: 07 3368 9888
Fax: 07 3368 9899

Issued capital:

Ordinary shares: 2,620,446,418 (STM)
Unlisted Performance Rights 28,000,000 (STMAS)
Unlisted Options 12,000,000 (STMAL)
(at 31 December 2022)

Directors:

Graham Ascough – Non-Executive Chairman
Malcolm Norris – CEO/Managing Director
Stephen Stroud - Non-Executive Director

Company Secretary:

Gavin Leicht

For further information please visit www.sunstonemetals.com.au or contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

SUNSTONE METALS LIMITED

ABN

68 123 184 412

Quarter ended ("current quarter")

31 DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(385)	(1,451)
(e) administration and corporate costs	(178)	(447)
1.3 Dividends received (see note 3)		
1.4 Interest received	75	159
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(489)	(1,739)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	0	0
(c) property, plant and equipment	0	0
(d) exploration & evaluation	(6,781)	(13,159)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements	0	0
	(c) property, plant and equipment		
	(d) investments	994	994
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(5,787)	(12,166)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6)	(11)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(6)	(11)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16,276	23,997
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(489)	(1,739)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,787)	(12,166)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	(11)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	48	(39)
4.6	Cash and cash equivalents at end of period	10,042	10,042

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,150	925
5.2	Call deposits	7,892	15,351
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,042	16,276

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	130
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(489)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(6,781)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(7,270)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,042
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	10,042
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No - Expenditure incurred in both Sept and Dec 2022 quarters was extraordinary with costs for the initial Mineral Resource Estimate including an additional drilling rig	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes – since the end of the December quarter Sunstone has been continuing to sell shares in Copperstone Resources AB to raise further cash.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes – As per 8.8.1 the cash outflows are expected to decrease and it is expected that the Company will be able to fund its future activities through the sale of Copperstone shares as referred to above, as well as issuances of equity securities as Sunstone has primarily funded its activities to date.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2023

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Authorised by: Gavin Leicht – Company Secretary

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(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.