# SUNSTONE METALS

# ANNUAL REPORT
SUNSTONE METALS LIMITED

2024

Sunstone Metals Limited
ABN 68 123 184 412

# Contents



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**Sunstone Metals** (ASX:STM) is an ASX-listed mineral exploration company with two world-class gold and copper assets in Ecuador.

The porphyry projects at Bramaderos and El Palmar have the potential to evolve into multi-decade gold-copper mining centres.

## Chairman's Review

# Pursuing resource growth and partnerships

On behalf of the Board of Directors, it is my pleasure to present the 2024 Annual Report for Sunstone Metals Limited ('**Sunstone**' or '**Company**'), and to thank all shareholders for your continued support of Sunstone.

Dear Fellow Shareholders,

The emergence of Limon as a potential high-grade initial open pit opportunity provides a pathway to unlocking the value of the potentially world-class Bramaderos Project.

The past year has been pivotal for Sunstone as we have sought to take advantage of our significant gold and copper projects in the rapidly emerging mining jurisdiction of Ecuador.

Solid progress has been made at both the Bramaderos and El Palmar Projects. As a result, we are looking to establish maiden Mineral Resources at both El Palmar and Limon (part of Bramaderos, complementing the Brama-Alba Resource of 2.7Moz).

There have also been important changes at Board and Management level, with Patrick Duffy appointed Managing Director and CEO in April 2024, Neal O'Connor appointed Non-Executive Director in April 2024, and more recently the announcement in September 2024 to transition the Chair of the Board to Malcolm Norris.

During the year, continued drilling at Limon revealed extensive gold and silver mineralisation across a very shallow epithermal system. Strategically, this is an important strategic step in unlocking the value both at Limon and the adjacent large-scale gold-copper-silver porphyry systems at Brama-Alba.

The proposed strategy would be to develop Limon first as a lower capital cost operation, and provide the revenues and balance sheet to subsequently develop the large gold-copper porphyries at Brama-Alba and Melonal.

Drilling at Limon during the period has further expanded the areas of known mineralisation. Although activities have been concentrated on the Central Shoot, encouraging trenching results at other areas within the broader Limon system suggest there may be a much larger mineralisation footprint at Limon.

With exploration activities planned for Melonal, a highly prospective exploration target next to the established Brama-Alba mineral resource, the Bramaderos region is emerging as a significant gold-copper opportunity with a practical strategy to develop the at-surface epithermals to support the longer-term development of the extensive gold-copper porphyries which also occur at surface and extend to depth.

Although activity at our El Palmar project in Northern Ecuador was limited to trenching and other surface sampling, it was pleasing to see the recent strong results from trenching. These have expanded the area of known shallow gold-copper mineralisation to an area of 600m by 600m. In particular, trenching at the T2 target, immediately to the east of the main T1 target, delivered epithermal gold mineralisation, which appears to sit above a large porphyry target, and correlates with results from hole EPDD024, which were announced in February 2023.

At the T5 target just to the south of T1, trenching revealed a robust stockworked veined gold-copper porphyry system, which returned 30m at 1.18g/t gold, including a 2m interval at 10g/t gold and 0.11% copper. This combination of results, together with drilling already done at T1, gives us encouragement that the El Palmar project will present a significant gold-copper development opportunity.

To the west of El Plamar, we believe the Verde Chico project contains the same level of prospectivity, particularly as it is contained in the same geological structure, the 'Toachi Fault Zone' as El Palmar, as well as the nearby giant Cascabel and Llurimagua copper-gold and copper-molybdenum deposits.

Senior management changes during the year saw the Company appoint Patrick Duffy to the role of Managing Director and CEO. With Patrick's experience with Xstrata and Glencore and more recently at Red 5 developing the King of the Hills mine from a development project into a successful mid-tier Australian gold producer, he provides incredible knowledge and experience to drive future growth and shareholder value.

I'd also like to welcome Neal O'Connor to the Board, a highly experienced former Xstrata Copper executive. Neal's legal background and experience in developing and operating mines and infrastructure across South America, as well as in mergers and acquisitions, provides critical complementary skills to the Board in maximising the future value of Sunstone's high-quality advanced exploration properties and opportunities in Ecuador.

Although it has been a difficult period for junior explorers in the broader market, with a noticeable reduction in market support for explorers, we have been able to progress Sunstone's projects in Ecuador and are on the cusp of delivering the incredible scale and quality of both the Bramaderos and El Palmar Projects.

Yours sincerely

**Graham Ascough**
**Non-executive Chair**
Sunstone Metals Limited

## Company Highlights

**Establishing Limon as an Exploration Target of 0.9 to 1.7Moz of gold equivalent (within 30 to 44M tonnes at a grade of between 0.9 to 1.2g/t gold equivalent).**

**Emerging strategy to establish Limon as a complimentary higher-grade open pit opportunity that is a stepping stone to developing the large gold-copper porphyries at Brama-Alba, Melonal and others**

**Expanding the known area of shallow gold-copper mineralisation at El Palmar through continued trenching**

**Board and management transition with appointing highly-regarded new MD and CEO Patrick Duffy in April 2024 and Malcolm Norris to become Chair in October 2024.**

# Operating Review

## Introduction

**Sunstone Metals Limited** ("Sunstone" or "Company") is an ASX-listed mineral exploration company with two world-class gold and copper projects in Ecuador:

- The Bramaderos Project is located in southern Ecuador and has a 10Moz+ Exploration Target for the gold-copper porphyry deposits (including a 2.7Moz-qu Mineral Resource at Brama-Alba) and 0.9-1.7Moz Exploration Target at the Limon gold-silver epithermal system. The current drilling activity is focused on progressing Limon to a Mineral Resource and represents a near-surface high-grade gold-silver development opportunity.
- The El Palmar Project is located in northern Ecuador, 60km north-west of Ecuador's capital Quito. The property sits on the regionally significant Toachi Fault Zone that hosts a number of world-class copper porphyry systems. The Project has both at-surface and deeper porphyry systems and drilling to date has demonstrated a pathway to a large starter open pit development opportunity. The Company anticipates releasing a maiden Mineral Resource estimate in late 2024.

### Strategy

The porphyry projects at Bramaderos and El Palmar have the potential to evolve into multi-decade gold-copper mining centres. At Bramaderos, the Limon epithermal deposit has been prioritised as a potential near-surface high-grade gold-silver development opportunity. This strategy allows for a scalable operation to be established first before developing the much larger porphyry gold-copper-silver opportunities at Bramaderos.

The Company continues to evaluate potential new opportunities to continue to grow our business in Ecuador where clear shareholder value can be demonstrated. It is also evaluating potential partnerships for its projects where this may maximise the value of the portfolio.

### Track Record

The team at Sunstone has been involved in significant discoveries of porphyry and epithermal copper-gold mineralisation at Tujuh Bukit in Indonesia and Cascabel in Ecuador, and the successful development of the King of the Hills Gold Mine in Western Australia and Koniambo Nickel Mine and Smelter in New Caledonia. The Company continues to attract specialist resources executives and is well-placed to repeat that success at Bramaderos and El Palmar.

### Excellent infrastructure

All projects are supported by established infrastructure close to power, road and rail infrastructure and ports.

### Community support

The Board and Management Team take their responsibilities to the host communities seriously and have endeavoured to implement the highest ESG standards from Day 1. Sunstone released its inaugural Sustainability Report in 2023, which details the level of support and engagement with local communities and project stakeholders.

# Project Overview

## Bramaderos Gold-Copper Porphyry Project (Sunstone 87.5%)

The Bramaderos Project is ideally located immediately adjacent to the Pan American highway in Loja province, southern Ecuador, some 90km (1.5-hour drive) from the city of Loja. It is within close proximity to 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. It is supported by nearby commercial airports and significant population centres including the regional city of Loja. The project employs members of the local communities and has ongoing community support.

### Brama-Alba target

In 2023 the Company released an initial Brama-Alba Mineral Resource Estimate ("MRE"), reported in accordance with the JORC Code 2012, of 156Mt at 0.53g/t AuEq (0.35g/t gold and 0.11% copper), for 2.7Mozs gold-equivalent. Preliminary pit optimisation was applied to the deposit to constrain the MRE and demonstrate its potential to be mined economically by open pit methods.

In addition, an initial Exploration Target, reported in accordance with the JORC Code 2012, 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 (see Mineral Resource Estimate information on page 14).

# Operating Review continued

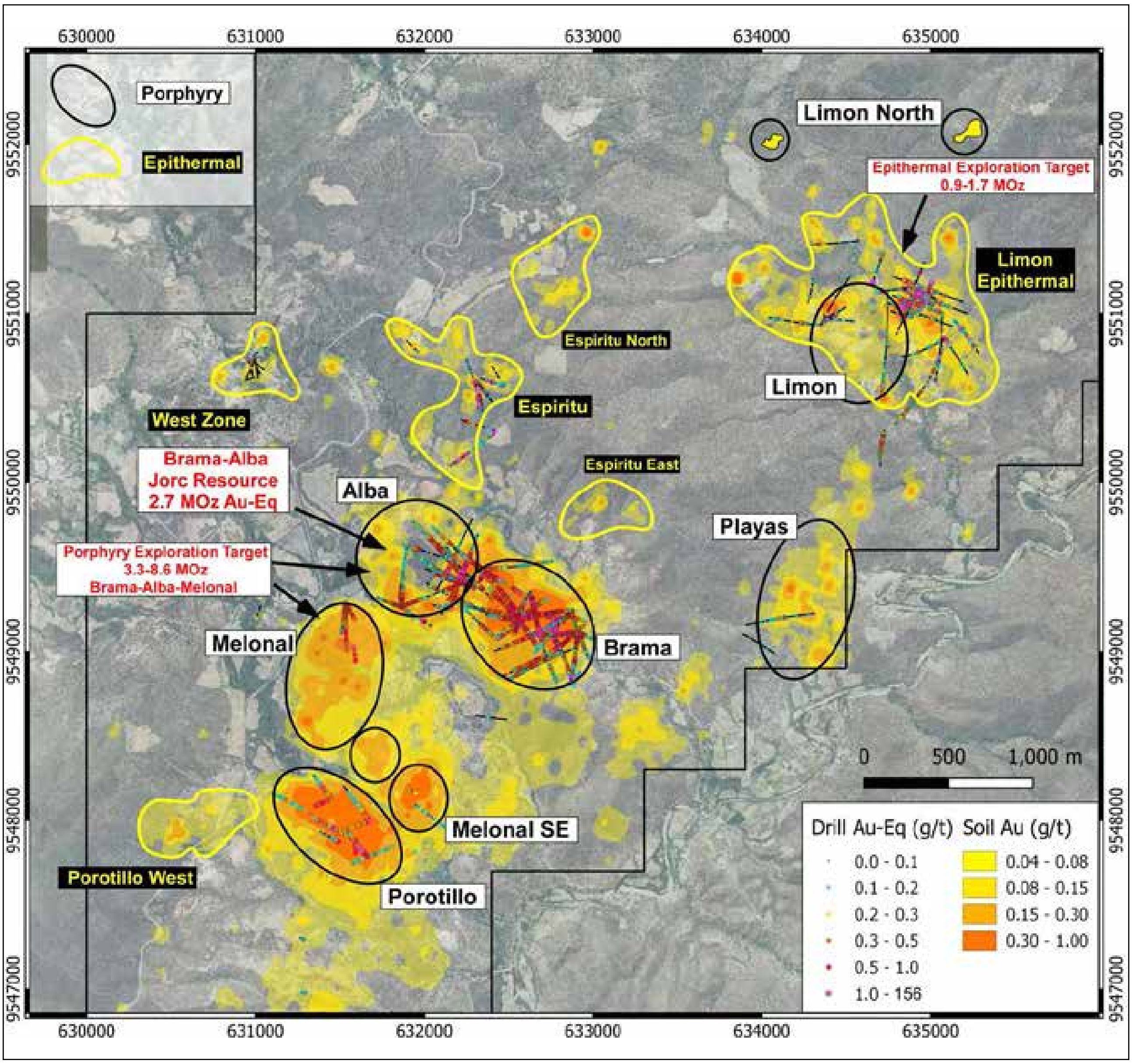



**Figure 1:** The Bramaderos concession showing the location of Limon and other gold-copper porphyry (black outlines) and gold-silver epithermal targets (yellow outlines). The background image is gold-in-soil, highlighting the potential scale increase to be delivered with more drilling at Bramaderos across multiple targets. Drilling activity during 2024 has been focussed on the Limon gold-silver epithermal opportunity.

# Operating Review continued

## Limon

The Limon Epithermal Target is a high-grade system covering 1.7km x 0.7km with mineralisation extending from surface to at least 250m deep.

During November 2023, successful drilling programs (see results discussed below) resulted in an initial Exploration Target for the at-surface Limon epithermal discovery, reported in accordance with the JORC Code, of between approximately 30 and 44Mt at a grade between 0.9 and 1.2g/t AuEq (gold + silver) for contained metal of between 0.9Mozs and 1.7Mozs AuEq.

Located 2.7km north-east of the Brama-Alba gold-copper deposit, the Limon opportunity is emerging as a potential strategy to deliver a lower capital cost standalone operation or a starter pit for the large-tonnage Bramaderos gold-copper-silver porphyry development.

Several holes drilled during 2023-24 highlighted the significant potential of the Limon Central Shoot. Hole LMDD026 was reported on 3 July 2023 and returned 185m at 2.85g/t AuEq[1] (2.67g/t gold and 15g/t silver) from 90m, including 31m at 12.93g/t AuEq[1] (12.53g/t gold and 32.7g/t silver from 146m). This mineralisation extends through to surface and is representative of the very compelling Central Shoot.

Current geological interpretations suggest that strong mineralisation occurs at Limon where structures of different orientation intersect one another, and where there is evidence of brecciation.

Other holes drilled during the year include;

- LMDD030 intersected 42m at 3.9g/t AuEq[1] (3.37g/t gold and 43.3g/t silver) from 152m within 243m at 1.32g/t AuEq[1] (1.11g/t gold and 16.9g/t silver) from 46m;
- LMDD038 intersected 180.1m at 0.96g/t AuEq (0.87g/t gold and 7.7g/t silver) from 6m, including 88.1m at 1.50g/t AuEq[1] (1.36g/t gold and 11.6g/t silver) from 98m, and including 5.0m at 6.27g/t AuEq[1] (5.29g/t gold and 80.6g/t silver) from 102m, and 5.3m at 5.74g/t AuEq[1] (5.41g/t gold and 27.4g/t silver) from 158m
- LMDD040 intersected 269m at 1.05g/t AuEq[1] (0.82g/t gold and 18.5g/t silver) from 74m, including 124m at 1.93g/t AuEq[1] (1.54g/t gold and 31.8g/t silver) from 190m, and including 11.0m at 14.15g/t AuEq[1] (12.33g/t gold and 149.3g/t silver) from 280m

Trenching programs followed to further define mineralisation at surface to guide future drilling programs and to feed into, at the appropriate time, a maiden Mineral Resource estimate. These trenching programs delivered some very promising results such as 7.1m @ 3.0 g/t gold, and 2.8 g/t silver in ENE trending epithermal veins in LM-04; 18.0m at 4.8g/t gold and 6.1g/t silver, including a peak result of 2.0m at 32.9g/t gold and 29.5g/t silver in LM-05; 7.9m at 3.2g/t gold and 8.9g/t silver, also in LM-05 and open at the end of trench; and 2.0m at 5.9g/t gold and 1.0g/t silver in LM-06; 3.9m at 8.4 g/t gold and 191.8 g/t silver in LM-07b, including 1.9m at 16.2g/t gold and 376g/t silver; and 2.2m at 6.2g/t gold and 19.9g/t silver in LM-07.

Interpretation of previous drilling, ongoing analysis of the process for moving from Exploration Target to an MRE, and the recent trenching results delivered into another round of drilling in mid-2024.

In August 2024, strong assay results from recent drilling in the Central Shoot reported 50.85m at 1.43g/t AuEq (1.01g/t gold and 34.0g/t silver) from 135.15m in hole LMDD051, and included 5m at 5.81g/t AuEq (3.38g/t gold and 199.4g/t silver). Hole LMDD051 also included high silver grade of 1,610g/t over 0.45m from 145m. Other high-grade results from the recent drilling program demonstrate that mineralisation extends into new areas and strengthens the geological model ahead of a resource estimate.

Outstanding assays received during the year from trenching in the Western Target, including 3.9m @ 8.4g/t gold and 191.8g/t silver in trench LM-07b, highlight the potential for a significant extension of the mineralisation outside of the Central Shoot. Several of these additional targets within the broader Limon epithermal area are being worked up to drill status.

1 The gold equivalent calculation formula for epithermal gold-silver mineralisation is AuEq(g/t) = Au(ppm) + (Ag (ppm)/82). The prices used were US$1,800/oz gold and US$22/oz silver. Recoveries are estimated at over 90% for gold and 90% for silver from metallurgical studies.

# Operating Review continued

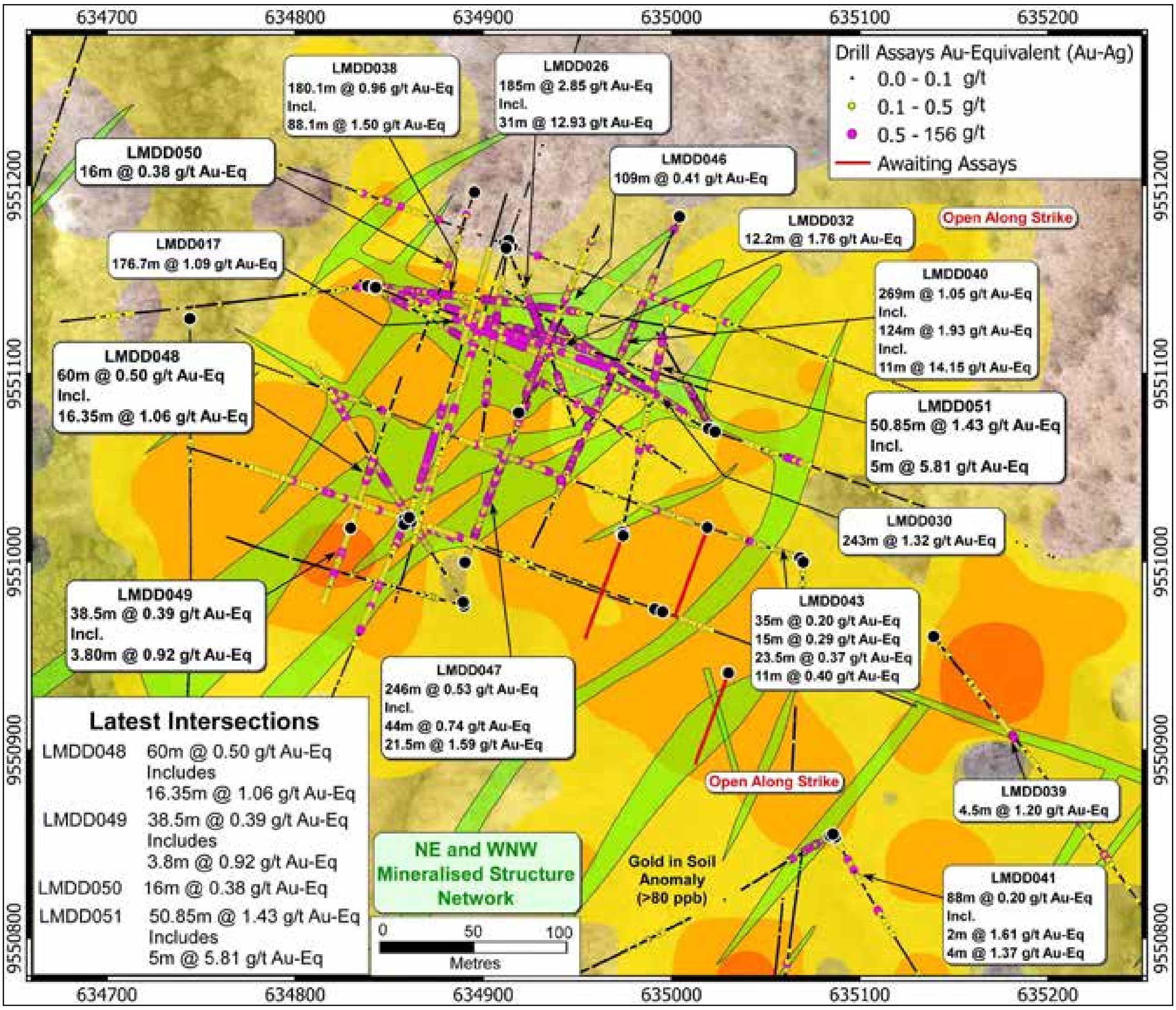



**Figure 2:** The Limon epithermal gold-silver system in plan view, showing multiple mineralised structures in green. High-grade domains are at intersections of NE and WNW trending structures. New intersections in holes LMDD048-051 extend mineralisation on the western and eastern sides of the Limon epithermal system. Several additional targets have been defined based on gold-in soil and zinc-in-soil anomalies, and structural interpretation. See Figure 5 for a broader context within the very large Limon target area.

In addition to the Limon Epithermal Target, trenching undertaken in 2018, followed by drilling during 2019 to 2022 discovered a well-mineralised gold-copper porphyry system at the Limon target, with 79m at 0.90g/t AuEq (0.52g/t gold, 0.19% copper, 9.4g/t silver) from 90m in LMDD010, including 34.7m at 1.26g/t AuEq (0.77g/t gold, 0.24% copper, 14.1g/t silver) from 94m.

This discovery reinforces the concept of multiple gold-copper porphyry systems and gold-silver epithermal systems within the 50km$^2$ Bramaderos concession. It highlights the potential for significant growth of mineral resources at higher grades.

## Operating Review continued

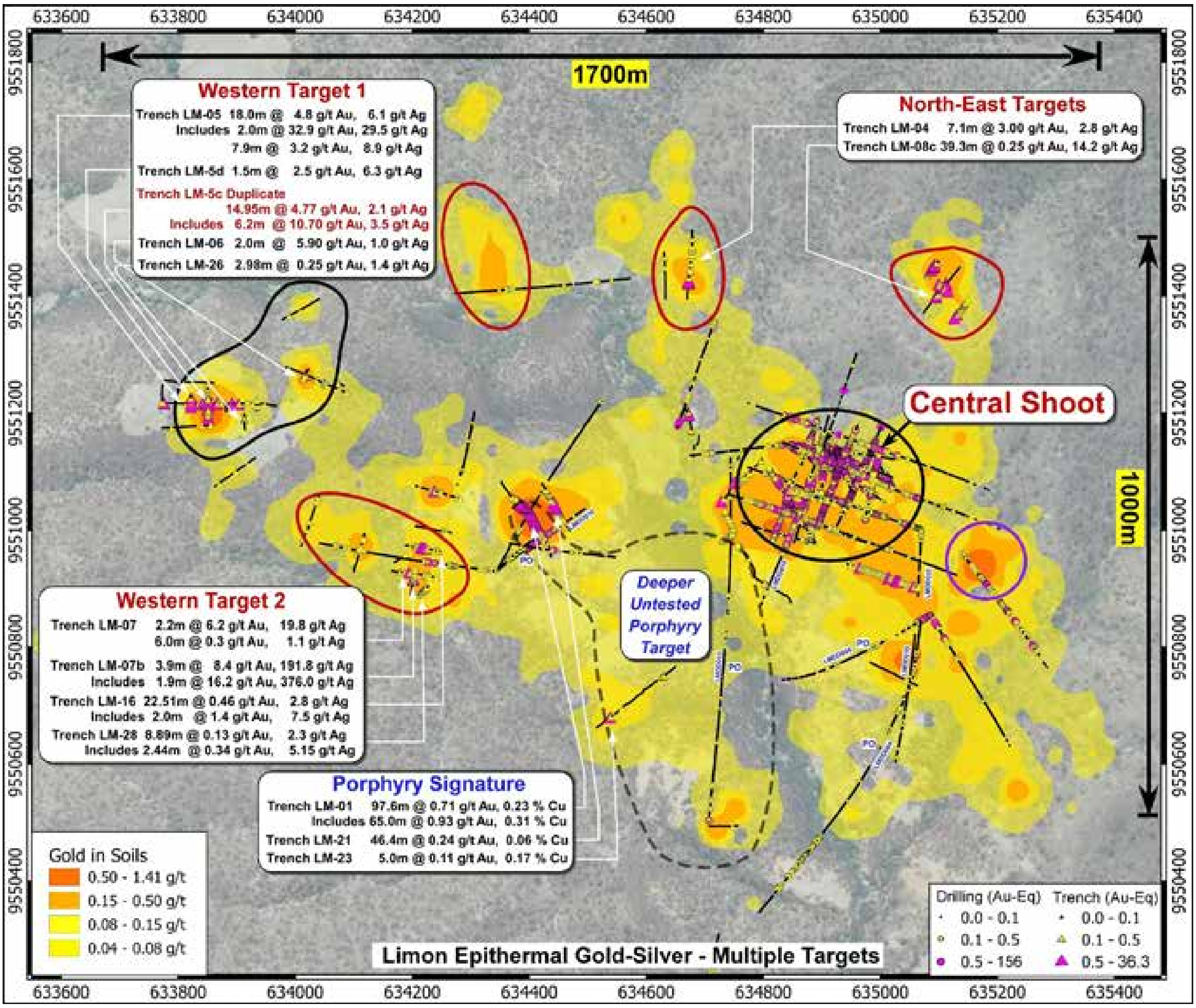



**Figure 3:** Limon gold in soils map showing extensive anomalous gold over an area of up to 1.7km x 700m. The black-circled areas have seen partial drill testing. Red circled areas show the multiple epithermal gold-silver targets that remain to be drill tested. The area of recent soil sampling in the east, which returned a 3.18 g/t Au result, is circled in purple. The black dashed line shows the underlying Limon porphyry target outline.

# Operating Review continued

## El Palmar Copper-Gold Porphyry Project – Northern Ecuador (Sunstone 74.5% - acquiring up to 100%)

El Palmar is located in northern Ecuador, 60km north-west of Ecuador's capital Quito. Sunstone is acquiring 100% of the El Palmar project and currently holds 74.5% under the Staged Acquisition Agreement (following a payment of USD$300,000 in July 2024). The agreement was originally signed on 12th August 2020, with an Amendment signed in June 2024 to enable Sunstone to acquire the outstanding percentage by 30 June 2026

The property sits on the regionally significant Toachi Fault Zone, the same regional structural belt that hosts the 2.66Bt Alpala copper-gold porphyry deposit grading 0.25g/t gold and 0.37% copper, and the 0.53Bt Tandayama-America deposit grading 0.19g/t gold and 0.24% copper within the Cascabel project (see www.solgold.com.au for details), and is in close vicinity of the 1Bt Llurimagua copper-molybdenum porphyry deposit grading 0.89% copper and 0.04% molybdenum (Figure 4).

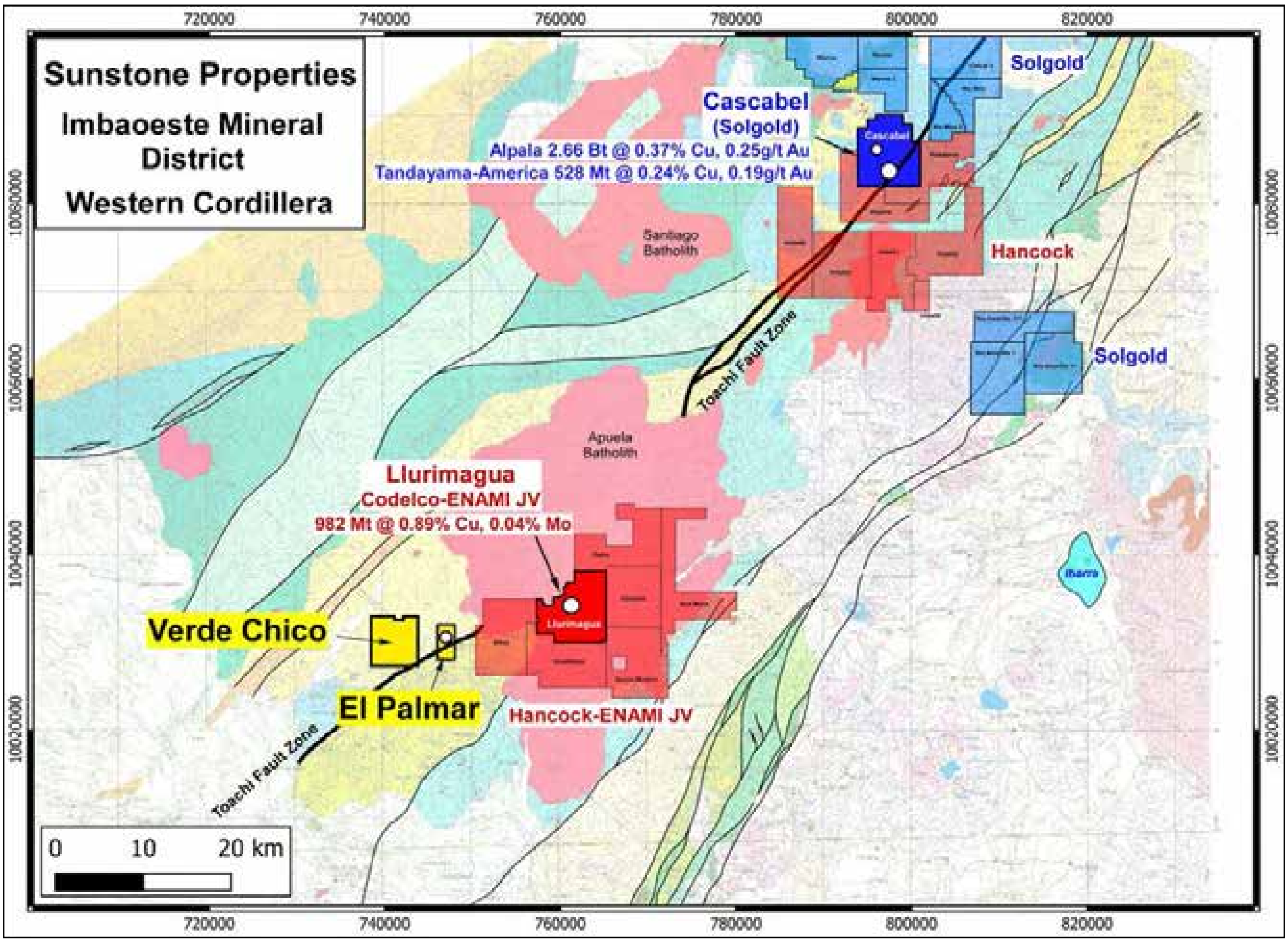



**Figure 4:** Location of the El Palmar project (and Verde Chico property) relative to the Llurimagua and Cascabel Alpala and Tandayama-America deposits, and the Toachi fault system which is considered important for the localisation of porphyry copper-gold-molybdenum mineralisation in northern Ecuador.

# Operating Review continued

Sunstone has identified five porphyry gold-copper targets, with mineralisation extending from surface at the T1, T2 and T5 targets covering an area of 600m by 600m, and mineralisation at depth for the T3 and T4 targets.

Trenching results returned in July 2024 continue to enhance the potential for a significant Mineral Resource. Assays expanded the shallow mineralisation adjacent to the T1 target while providing further evidence for deeper, larger porphyry deposits.

Strong stockwork-hosted porphyry gold-copper mineralisation has been uncovered by trench P7-3e at the T5 target immediately south of the large T1 target (sampling intersected 30m at 1.18g/t gold, including a 2m interval of 9.99g/t gold and 0.11% copper). At the same time, porphyry-related epithermal mineralisation was also identified in trench P7-1 at the T2 target, located immediately east of the large T1 target (trench sampling intersected 13.0m at 0.47g/t gold in trench P7-1e and 8.0m at 0.82g/t gold in trench P7-1f, which correlated well with drill hole EPDD024).

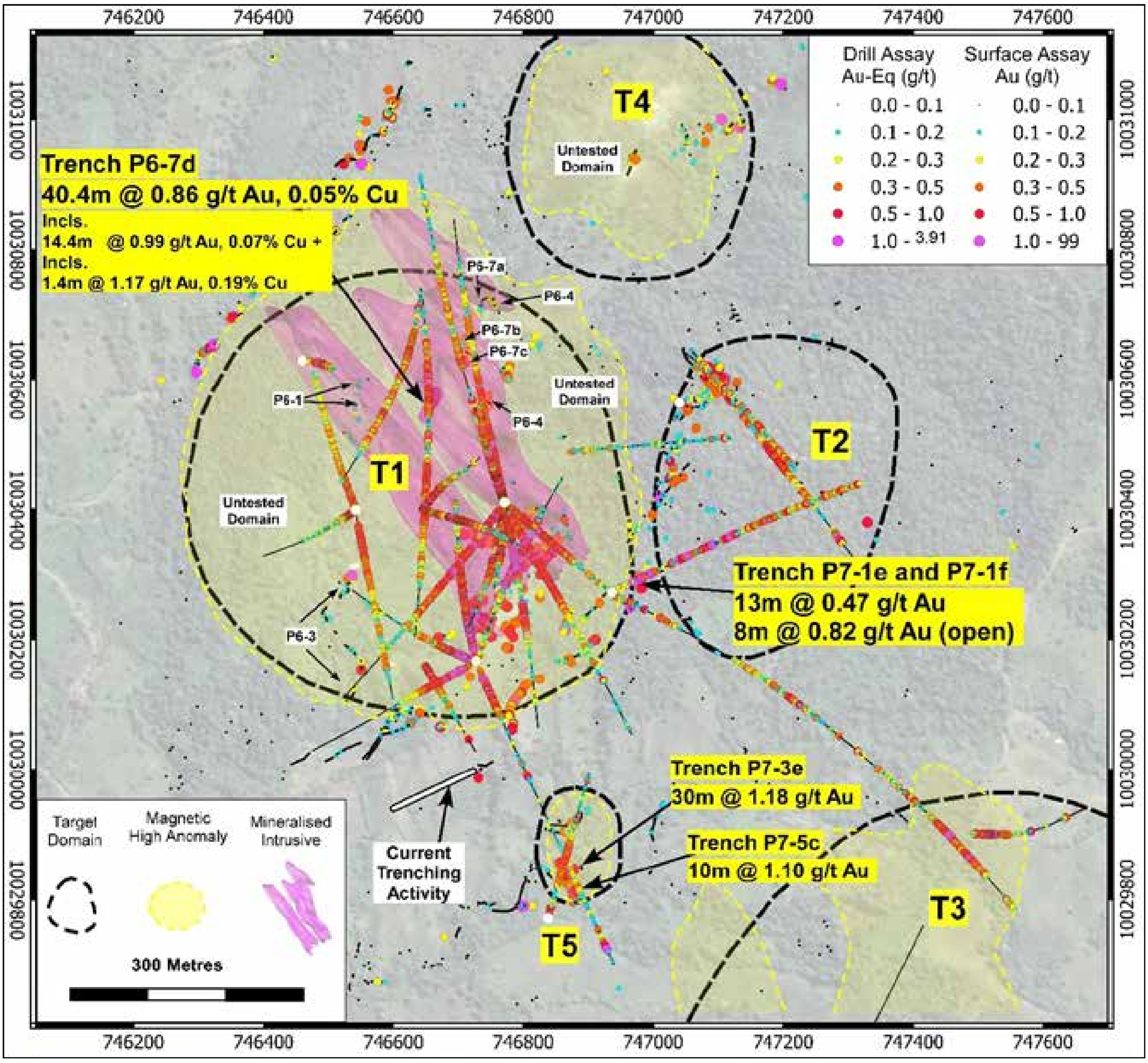



**Figure 5:** Plan map showing the drilling to date at the T1 target at El Palmar, the location of recent trench results, and the relative locations of the T1-T2-T5 porphyry-epithermal cluster.

## Verde Chico Project

Sunstone is acquiring the Verde Chico Project through a Staged Acquisition Agreement signed on 23 September 2022. Verde Chico is located to the west of Sunstone's El Palmar gold-copper porphyry discovery and quadruples Sunstone's land position to 3,672ha in this highly prospective copper-gold belt.

The Verde Chico project was explored by the Rio Tinto group (then called RTZ) in 1992-1995, and by Canadian junior Balaclava Mines in 1998. No exploration has been undertaken on the land since 1998. The historical exploration identified a 1.1km-long gold-in-soil anomaly that is open to the north and south, and which includes several high-grade gold-bearing veins at surface and wide lower-grade zones of gold mineralisation in some drill holes. A total of 12 trenches for 683m were opened and sampled following mineralised structures. A total of 28 drill holes for 4,436m were drilled by RTZ and Balaclava.

Historical exploration comprised regional stream sediment sampling, soil sampling, limited geophysics (CSAMT), trench sampling, and diamond drilling. The soil sampling by Rio Tinto, which defined the >1.1km long gold-in-soil anomaly, is coincident with a CSAMT resistivity anomaly. This area was drilled at several locations and returned significant intervals of gold mineralisation including 68.5m at 1.05g/t gold from surface in hole RVC-08, including 1m at 11.3g/t gold from 40.5m.

# Operating Review continued

## Sustainability Activities

Sunstone is committed to building its Environmental, Social, and Governance (ESG) credentials. Through our actions, we can make our operations safer, our decision-making more transparent, our communities increasingly resilient and our environmental stewardship stronger. In short, how we can improve our business.

In November 2023 we published our first sustainability report which marks an important milestone in our efforts to provide greater transparency regarding our ESG performance. More significantly, it serves as a benchmark against which we can identify opportunities for improvement and measure future progress.

We firmly believe that responsible mining can be transformative for the development of communities in Ecuador, and we are committed to being a part of this positive change. Our prioritisation of local employment and procurement is one element of change that has significant indirect benefits, such as supporting the growth of the formal economic sector in rural areas, and the greater participation in the local economy, benefitting local businesses. We have also continued to invest in communities' infrastructure, health, education, and business development through joint initiatives with local organisations and authorities to address local needs.

Sunstone remains committed to respecting and protecting human rights and ensuring early, transparent, and inclusive consultation and engagement with landowners and communities related to our activities. This includes incorporating their views into our decision-making and developing long-term partnerships.

We are conscious of our responsibility to safeguard Ecuador's natural heritage. We are committed to maintaining high standards of environmental management, which is reflected in our consistently strong environmental compliance. We also strive to maximise our positive impact on the environment through reforestation activities and by contributing to research and data collection about local species.

Sunstone has continued its efforts to provide a safe, healthy and diverse workplace, which is essential to being able to attract and retain employees of the highest calibre. Our health and safety performance, as well as the representation of women within our technical teams, are steps in the right direction within our ESG strategy.

**Sustainability highlights:**

- 99.6% Ecuadorean personnel in Ecuador
- 86% Local personnel
- 33% Female professional personnel
- 95% Procurement spend in Ecuador
- 0 Major environmental non-compliances
- 0 Environmental incidents

To read more about our commitment to sustainability, our ESG performance and case studies, refer to Sunstone's inaugural Sustainability Report which was published in November 2023.

## Material Business Risks

The business of the Group is a mineral exploration company in the porphyry copper-gold space. Exploration activities involve various inherent risks, including the risk that exploration may be unsuccessful or the risk that laws may change in various jurisdictions in which we operate, that could have a negative impact, resulting in potential impairment in the value of the tenements, limiting access to capital, diminishing the cash reserves of the Group and possible relinquishment of the tenements. The Group undertakes regular detailed risk assessments to identify risks to the business and develop mitigation strategies.

# Operating Review continued

## Bramaderos Mineral Resource

The initial Mineral Resource estimate (MRE), from the Brama-Alba target, reported in accordance with the JORC Code[2] is 156Mt at 0.53g/t AuEq (0.35g/t gold and 0.11% copper), for 2.7Mozs AuEq[3] (see Table 1 below for more detail). Preliminary pit optimisation was applied to the deposit to constrain the MRE and demonstrate the potential to be mined economically by open pit methods.

In addition to this MRE, the Bramaderos project has a porphyry Exploration Target reported in accordance with the JORC Code. It consists of between approximately 255 and 360Mt at a grade between 0.40 and 0.74g/t AuEq[3] (gold + copper) for contained metal of between 3.3Mozs and 8.6Mozs AuEq[3] (see Table 2).

Further, an initial Exploration Target for the Limon epithermal gold-exploration target was developed during the year in accordance with the JORC code consists of 0.9Moz to 1.7Moz AuEq within 30 to 40Mt at a grade of 0.9 to 1.2g/t AuEq[4] (see Table 3).

**Table 1 - Mineral Resource estimate at various cut-off grades**

| Cut Off AuEq (g/t) | Tonnage (Mt) | AuEq (g/t) | AuEq (Moz) | Au (g/t) | Au (Moz) | Cu (%) | Cu Metal (Kt) | Ag (g/t) | Ag Metal (Moz) |
|---|---|---|---|---|---|---|---|---|---|
| 0.2 | 176 | 0.50 | 2.8 | 0.33 | 1.9 | 0.10 | 180 | 1.2 | 7.0 |
| **0.3** | **156** | **0.53** | **2.7** | **0.35** | **1.8** | **0.11** | **169** | **1.3** | **6.5** |
| 0.4 | 117 | 0.59 | 2.2 | 0.40 | 1.5 | 0.12 | 138 | 1.4 | 5.1 |
| 0.5 | 75 | 0.68 | 1.6 | 0.46 | 1.1 | 0.13 | 97 | 1.4 | 3.5 |

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement for the Mineral Resource estimate and Exploration Target referred to above and, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The potential quantity and grade of the Exploration Target is conceptual in nature as 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 for an Exploration Target.

2 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).

3 The gold equivalent calculation formula for porphyry gold-copper-silver mineralisation is AuEq(g/t) = (Au grade x Au price x Au recov / 31.1035) + (Ag grade x Ag price x Ag recov / 31.1035) + (Cu grade x Cu price x Cu recov / 100)) / (Au price x 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.

4 The gold equivalent calculation formula for epithermal gold-silver mineralisation is AuEq(g/t) = Au(ppm) + (Ag (ppm)/82). The prices used were US$1,800/oz gold and US$22/oz silver. Recoveries are estimated at over 90% for gold and 90% for silver from metallurgical studies.

# Operating Review continued

**Table 2 - Bramaderos porphyry exploration target**

| | Tonnage (Mt) | | Minimum Grade | | | Maximum Grade | | | Metal Content (AuEq Mozs) | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Exploration Target** | **Min** | **Max** | **Au (g/t)** | **Cu (%)** | **Au Eq (g/t)** | **Au (g/t)** | **Cu (%)** | **Au Eq (g/t)** | **Min** | **Max** |
| Brama-Alba (excluding MRE areas) | 70 | 100 | 0.2 | 0.1 | 0.35 | 0.6 | 0.12 | 0.8 | 0.79 | 2.57 |
| Melonal | 150 | 200 | 0.25 | 0.1 | 0.4 | 0.5 | 0.12 | 0.7 | 1.93 | 4.50 |
| Limon | 35 | 60 | 0.33 | 0.1 | 0.5 | 0.6 | 0.12 | 0.8 | 0.56 | 1.54 |
| **TOTAL** | **255** | **360** | | | **0.40** | | | **0.74** | **3.3** | **8.6** |

**Table 3 - Limon epithermal gold exploration target**

| | Tonnage (Mt) | | Minimum Grade | | | Maximum Grade | | | Metal Content (AuEq Mozs) | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Exploration Target** | **Min** | **Max** | **Au (g/t)** | **Cu (%)** | **Au Eq (g/t)** | **Au (g/t)** | **Cu (%)** | **Au Eq (g/t)** | **Min** | **Max** |
| Central Shoot | 20 | 31 | 0.8 | 12.0 | 0.9 | 1.1 | 15.8 | 1.2 | 580 | 1,200 |
| Domain surrounding Central Shoot | 5 | 7 | 0.8 | 12.0 | 0.9 | 1.1 | 15.8 | 1.2 | 145 | 270 |
| Anomaly A | 1.7 | 2 | 0.8 | 12.0 | 0.9 | 1.1 | 15.8 | 1.2 | 50 | 75 |
| Anomaly B | 1.7 | 2 | 0.8 | 12.0 | 0.9 | 1.1 | 15.8 | 1.2 | 50 | 75 |
| Anomaly C | 1.7 | 2 | 0.8 | 12.0 | 0.9 | 1.1 | 15.8 | 1.2 | 50 | 75 |
| **TOTAL** | **30** | **44** | | | **0.9** | | | **1.2** | **875** | **1,700** |

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

# Operating Review continued

## Mineral Resource Estimation Governance Statement

All Mineral Resource estimates reported by Sunstone Metals Limited are prepared by independent, qualified mining industry professionals and in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition. Competent Persons named by the Company are Members of the Australasian Institute of Mining and Metallurgy and qualify as Competent Persons as defined in the JORC Code.

The Competent Persons have reviewed Sunstone's sampling and Quality Control and Quality Assurance (QA/QC) practices to ensure samples are representative and unbiased; and that assay results are obtained with the appropriate level of confidence. Sunstone also produces internal Mineral Resource estimates synchronously with, but independent of, the Mineral Resource estimates calculated by the qualified mining industry professionals as an audit of the external result.

The tables above set out Mineral Resources for 2024, with no change to the overall tonnes and grade or Mineral Resource classification from the Initial Mineral Resource reported 13 December 2022.

The potential tonnage, grade and quantity of an Exploration Target is conceptual in nature. There has been insufficient exploration to estimated a Mineral Resource for the target area reported. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

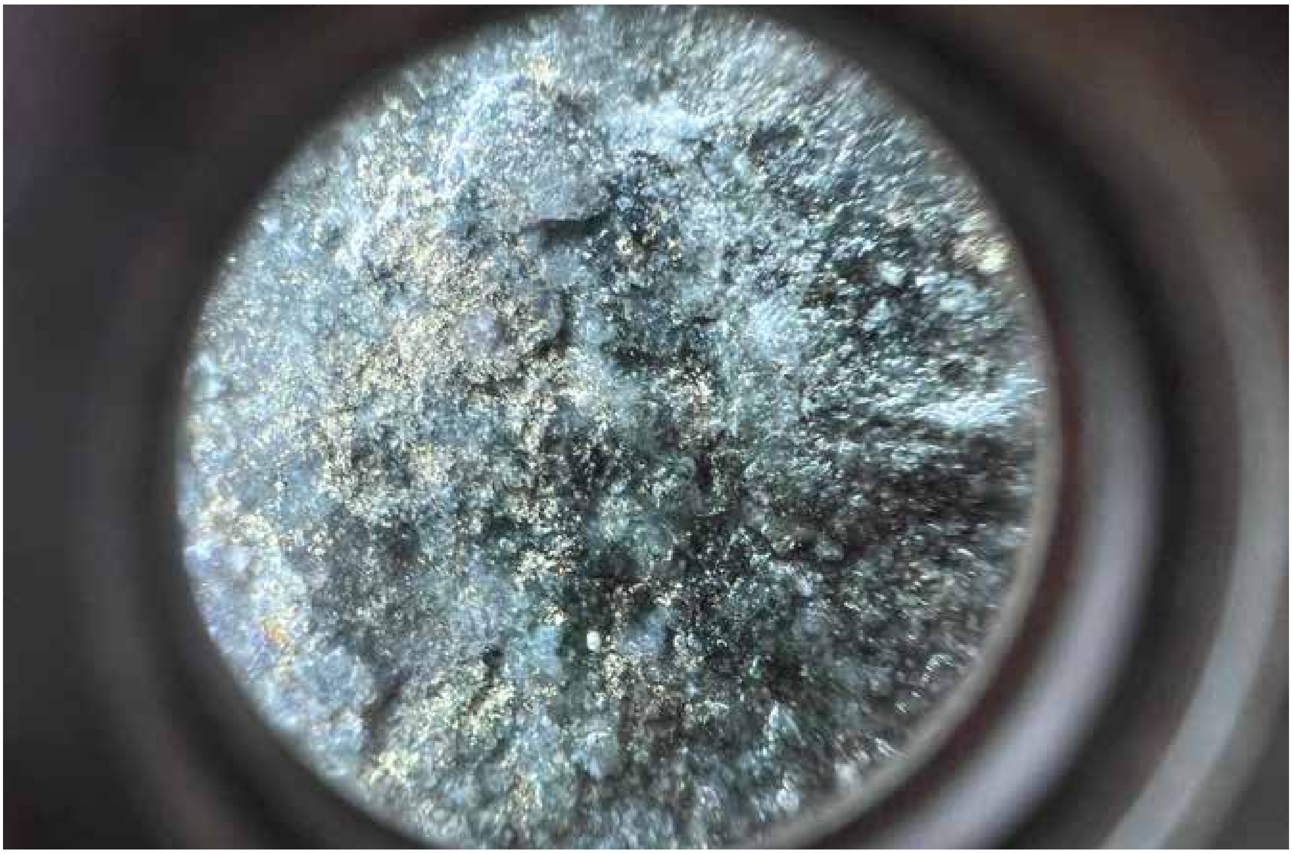
## Competent Persons Statement

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.

The information in this report that relates to Mineral Resources are based on the information compiled by Mr Aaron Meakin. Mr Aaron Meakin is a full-time employee of ERM Australia Consultants Pty Ltd and is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Aaron Meakin has sufficient experience 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 the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Aaron Meakin consents to the disclosure of the information in this report in the form and context in which it appears.

The information in this report that relates to Exploration Targets is based upon information reviewed by Mr Malcolm Norris who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Norris 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". Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

# Operating Review continued



## TENEMENT SCHEDULE

### Gold-Copper Tenements – Ecuador

| Tenement Holder | Tenement Name | Location | Status | Sunstone Ownership |
|---|---|---|---|---|
| Bramaderos S.A. | Bramaderos[A] | Loja, Ecuador | Granted | 87.5% |
| Bramaderos S.A. | Bramaderos 02 | Loja, Ecuador | Granted | 87.5% |
| Bramaderos S.A. | Cueva de Leon | Loja, Ecuador | Granted | 87.5% |
| Golden Exploration Ecuador S.A. | Los Mandariyacus (El Palmar)[B] | Imbabura, Ecuador | Granted | 74.5%[B] |
| Compania Minera Verde Chico CIA Ltda | Verde Chico[C] | Imbabura, Ecuador | Granted | 0% |

Notes

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

B: Sunstone announcement 12 August 2020 regarding a Staged Acquisition Agreement for 100% of the El Palmar project. Sunstone acquired a further 4.5% of El Palmar following an instalment payment in July 2024. Sunstone can acquire the remaining 25.5% by 30 June 2026.

C: 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, signed 23 September 2022, from the Verde Chico Group.

# Directors' Report

Your Directors present their report on Sunstone Metals Ltd ("Sunstone" or "Company") and the entities it controlled ("Consolidated Entity" or "Group") for the financial year ended 30 June 2024.

## Directors

The following persons were Directors of Sunstone Metals Ltd any time during the financial year and up to the of this report:

| | |
|---|---|
| Mr Graham Ascough | Non-executive Chair |
| Mr Patrick Duffy | CEO & Managing Director (appointed 15 April 2024)<br>Non-Executive Director (appointed 8 November 2023 until 14 April 2024) |
| Mr Malcolm Norris | Executive Director – Exploration (appointed 15 April 2024)<br>CEO & Managing Director (until 14 April 2024) |
| Mr Stephen Stroud | Non-Executive Director |
| Mr Neal O'Connor | Non-Executive Director (appointed 16 April 2024) |

## Principal activities

During the period, the principal activities of the Group consisted of mineral exploration and evaluation.

## Dividends

No dividends were paid or recommended to be paid to members during the financial period.

## Review of operations

Refer to the Operating Review contained in the Annual Report for further discussion regarding the Group's operations.

A summary of consolidated other income and results is set out below:

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Interest and other income | **125,798** | 238,186 |
| Profit/(loss) before income tax | **(2,293,242)** | (1,880,048) |
| Income tax expense | **-** | - |
| Profit/(loss) attributable to members of Sunstone Metals Limited | **(2,293,242)** | (1,882,932) |
| Profit/(loss) attributable to non-controlling interests | **-** | 2,884 |

| Earnings per share | 2024<br>cents | 2023<br>cents |
|---|---|---|
| Basic earnings per share | **(0.1)** | (0.1) |

### Financial Performance

During the year ended 30 June 2024 the Group incurred a loss of $2,293,242 (2023: loss of $1,880,048). The increase in the loss compared with prior year is largely due to a loss of $167,916 on the revaluation of shares in NewPeak Metals Ltd and United Lithium Corp (2023: gain of 487,967). Interest income also declined, with $125,798 earned in the current year (2023: $238,186), with the reduction attributable to lower cash balances held during the year compared with prior year. Employee benefits expense reduced to $1,380.280 (2023: $1,852,515) largely due to a reduction in the non-cash share based payments expense for employee performance rights to $169,160 (2023: $359,359).

### Financial Position

The Group's non-current assets increased from $69,375,409 at 30 June 2023 to $82,866,040 at 30 June 2024, and the Group's current assets decreased from $10,675,454 at 30 June 2023 to $3,121,402 at 30 June 2024 primarily due to the reduction in cash and cash equivalents associated with expenditure incurred on the Bramaderos and El Palmar Projects in Ecuador.

At the end of the financial period, the Group had cash balances of $2,669,044 (2023: $10,306,546) and net assets of $83,915,712 (2023: $78,143,644). Total liabilities amounted to $2,071,730 (2023: $1,907,219) and included trade, other payables, lease liabilities and provisions.

During the year, the Group had an increase in contributed equity of $8,281,677, after fees, for the placements in December 2023 and May 2024.

## Events occurring after reporting date

Except as noted below, no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

- On 9 September 2024, the Group announced a capital raise of $2,500,000 via a Placement. The Group received $2,232,500 (net of broker fees) on 13 September 2024. $130,000 relating to Director participation will be received following the AGM in October 2024 (subject to shareholder approval). On 9 September 2024, the Group also announced a Share Purchase Plan to raise approximately $2,000,000.
- On 1 July 2024, the Group paid US$300,000 to increase ownership in Gold Exploration Ecuador S.A. (the company which holds the El Palmar project) to 74.5%.

## Significant changes in the state of affairs

Other than those matters discussed in this report, no significant changes in the state of affairs of the Group occurred during the financial period.

## Likely developments and expected results

The Group will continue exploration and development activities. The Group assesses commercial opportunities for corporate growth, including the acquisition of interests in projects, as they arise. Due to the unpredictable nature of these opportunities, developments could occur at short notice.

## Environmental regulations

The Group is subject to the environmental laws and regulations imposed under the Environmental Codes in the jurisdictions in which it operates. The Group is currently engaged in exploration activities which are governed by conditions or recommendations imposed through the granting of a licence or permit to explore. Compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve. There were no known breaches of any environmental laws or regulations during the year.

## Information on Directors

The Directors of the Company at any time during or since the end of the financial year were:

**Mr Graham Ascough**
BSc, PGeo, MAusIMM

*Independent Non-Executive Chair: Appointed 29 November 2013*

*Special responsibilities*
Member of the Audit and Financial Risk Committee

*Experience and expertise*
Mr Ascough is a senior resources executive with more than 30 years of industry experience evaluating mineral projects and resources in Australia and overseas. He is also currently non-executive Chairman of ASX listed companies: Geopacific ResourcesMetals Limited and Black Canyon Limited, and non-executive director of Patronus Resources Limited.

Mr Ascough, a geophysicist, has had broad industry involvement playing a leading role in setting the strategic direction for companies, completing financing and in implementing successful exploration programmes. He is a member of the Australasian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada.

Mr Ascough has served as a director of several companies listed on the Australian Securities Exchange in recent years, including Musgrave Minerals Limited. Previously, he was the Australasian Manager of Nickel and PGM Exploration at the major Canadian resources house, Falconbridge Limited, which was acquired by Xstrata Plc in 2006.

*Other directorships of listed companies in the past three years*
Patronus Resources Limited (appointed 11 September 2024)
PNX Metals Limited (formerly Phoenix Copper Limited) (appointed December 2012; PNX Metals Limited was delisted from the ASX on 12 September 2024);
Black Canyon Limited (appointed 25 August 2013; Company listed on ASX 5 May 2021)
Geopacific Resources Limited (appointed 7 November 2023)
Musgrave Minerals Limited (appointed 26 May 2010 until 29 September 2023)

**Mr Patrick Duffy**
B.Com, CA

*CEO and Managing Director: Appointed 15 April 2024*
*Independent Non-Executive Director: Appointed 8 November 2023, ceased 14 April 2024*

*Experience and expertise*
Mr Duffy was appointed Managing Director and CEO of Sunstone Metals in April 2024 and brings extensive international leadership, mine development, financial and governance expertise. Most recently Mr Duffy held the roles of both Chief Corporate Development Officer and Chief Financial Officer for Red 5 Limited (ASX: RED) and was a key member of the Company's leadership team that has established Red 5 as a successful multi-billion dollar Australian gold producer through the development, construction and production ramp up of the 5.5Mtpa King of the Hills (KOTH) Gold Mine in Western Australia.

Mr Duffy began his career with Ernst & Young and has since had broad leadership and executive roles in the international resource sector. He was CFO for the development of Xstrata's US$6 billion Tampakan Copper and Gold Project in the Philippines and was Director - Strategy & Performance for the construction and production ramp up of Glencore Xstrata's US$7 billion Koniambo Nickel Project in New Caledonia. He has worked extensively across Asia and the Pacific with mining and steel companies and established a successful Hong Kong-based management consulting company.

*Other directorships of listed companies in the past three years*
Nil

**Mr Malcolm Norris**
MSc, MAppFin, FAusIMM

*Executive Director – Exploration: Appointed 15 April 2024*
*CEO and Managing Director: Appointed 1 April 2014, ceased 14 April 2024*

*Special responsibilities*
Member of the Audit and Financial Risk Committee

*Experience and expertise*
Mr Norris is a senior mining industry professional with extensive experience in business management, mineral exploration, development of new business opportunities and asset transactions. His roles have covered a wide range of commodities, geographic locations and management of global portfolios of projects in both large and small organisations.

Mr Norris holds an MSc in Geology and a Masters in Applied Finance. He has more than 35 years of industry experience including 23 years with WMC Resources, followed by executive roles with Intrepid Mines and SolGold.

*Other directorships of listed companies in the past three years*
Nil

**Mr Stephen Stroud**
BBus.Acc, GDip.AppFin, CPA

*Independent Non-Executive Director: Appointed 6 September 2017*

*Special responsibilities*
Chair of the Audit and Financial Risk Committee

*Experience and expertise*
Mr Stroud is an experienced CPA qualified corporate finance executive with over 20 years experience advising across all aspects of corporate finance. He advises boards and management teams across a broad range of transactions including public and private equity raisings, debt/hybrid debt, Initial Public Offerings, mergers & acquisitions, sell-downs and restructures both in Australia and overseas.

Mr Stroud is Co-Head, Melbourne - Corporate Advisory with Morgans Financial Limited, with a key focus on the small-mid cap market listed space on the ASX working across a broad range of sectors including IT, retail, FMCG, healthcare, metals and mining, energy, property and general industrials. Mr Stroud possesses strong relationships across buy and sell side clients across Australia, Asia, UK and North America.

*Other directorships of listed companies in the past three years:*
Nil

**Mr Neal O'Connor**
LLB, GAICD

*Independent Non-Executive Director: Appointed 16 April 2024*

*Experience and expertise*
Mr O'Connor is a lawyer with global leadership experience of a top four global mining company, with extensive experience in the development and operation of mines and related infrastructure, including across South America. He has extensive experience in the resource industry and brings an added focus on Corporate Transactions, Corporate Governance and Risk Management to the Board.

Mr O'Connor was formerly General Counsel and Company Secretary and an Executive Committee member of Xstrata Copper (2003 – 2013), the largest business unit of global mining company Xstrata Plc. Mr O'Connor is currently a Non-Executive Director of Mitchell Services Limited (ASX: MSV) and a Director of Wesley Medical Research Institute Foundation. He was previously a Non-Executive Director of Stanmore Coal Limited. (ASX: SMR) and Non-Executive Director of Maas Group Holdings Limited (ASX: MGH). His prior legal roles include General Manager Legal M.I.M. Holdings Limited and in private practice with Pinsent & Co Solicitors, London (now Pinsent Masons LLP) and Mallesons Stephen Jacques, Brisbane (now King Wood Mallesons).

*Other directorships of listed companies in the past three years:*
Mitchell Services Limited (appointed October 2015)
Maas Group Holdings Limited (ceased August 2022)

## Company Secretary

**Mr Gavin Leicht** *(appointed 28 April 2015, ceased 30 June 2024)*
B.Com, FGIA

Mr Leicht has over 25 years experience in various financial roles, including 20 years in senior financial positions in the resources sector in Australia and overseas with Rio Tinto Limited and PanAust Limited. Mr Leicht holds a Bachelor of Commerce degree from the University of Newcastle. He is a Fellow of the Governance Institute of Australia and has also been a Member of the Australian Society of Certified Practising Accountants, and the Finance & Treasury Association.

**Mr Lucas Welsh** *(appointed 1 July 2024)*
B.Com, CA, MBA, GAICD

Mr Welsh is a Chartered Accountant with over 25 years experience in senior finance roles in the resources sector with operations in Australia and overseas with WMC Resources and St Barbara Limited. Mr Welsh previously worked in the Transaction Services department at PwC. Mr Welsh's experience includes capital and debt raisings, treasury, taxation, financial reporting, procurement, risk management, governance and transformation.

## Meetings of Directors

The number of meetings of Directors (including meetings of Committees of Directros), and the number of meetings attended by each of the Directors of the Company during the financial year was:

| | Meeting of Directors | | Audit and Financial Risk Committee | |
|---|---|---|---|---|
| | **Eligible to attend** | **Attended** | **Eligible to attend** | **Attended** |
| Mr Graham Ascough | 10 | 10 | 2 | 2 |
| Mr Patrick Duffy | 6 | 6 | 1 | 1 |
| Mr Malcolm Norris | 10 | 10 | 2 | 2 |
| Mr Stephen Stroud | 10 | 10 | 2 | 2 |
| Mr Neal O'Connor | 3 | 1 | – | – |

Further details of the operation of all Committees are contained in the Corporate Governance Statement.

## Remuneration Report (Audited)

### Key management personnel

The remuneration report outlines the Director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For the purposes of this report, the term "executive" encompasses the Chief Executive Officer, General Managers and the Chief Financial Officer & Company Secretary of the Group.

*Key management personnel during the year and at the date of this report (unless otherwise stated) are:*

*Non-Executive Directors*

| | |
|---|---|
| Mr Graham Ascough | Non-Executive Chair |
| Mr Stephen Stroud | Non-Executive Director |
| Mr Neal O'Connor | Non-Executive Director (appointed 16 April 2024) |
| Mr Patrick Duffy | Non-Executive Director (appointed 8 November 2023, ceased 14 April 2024; appointed CEO and Managing Director 15 April 2024) |

*Executives*

| | |
|---|---|
| Mr Patrick Duffy | CEO & Managing Director (appointed 15 April 2024) |
| Mr Malcolm Norris | CEO & Managing Director (until 14 April 2024)<br>Executive Director – Exploration (appointed 15 April 2024) |
| Mr Gavin Leicht | Chief Financial Officer & Company Secretary (ceased 30 June 2024) |
| Mr Lucas Welsh | Chief Financial Officer & Company Secretary (appointed 1 July 2024) |
| Mr Ray Robinson | General Manager Studies & Technical Services |
| Dr Bruce Rohrlach | General Manager Geology |

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration

B Details of remuneration

C Executive contractual arrangements

D Share-based compensation

### A Principles used to determine the nature and amount of remuneration

The Group's executive reward framework is designed to reward performance for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and seeks to conform to market best practice for delivery of rewards. The Board considers the following key criteria for good reward governance practices in determining executive rewards:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency
- capital management.

The Group has structured an executive remuneration framework that aims to be market competitive and complimentary to the reward strategy of the Group.

Alignment to shareholders' interests:

- focuses on exploration success and project development as the creation of shareholder value and returns
- attracts and retains high calibre executives.

## **Remuneration Report (Audited)** continued

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The overall level of executive reward takes into account the performance of the Group. The Group is involved in mineral exploration and does not generate any revenue from product sales and therefore growth in earnings is not considered relevant. Shareholder wealth is dependent upon exploration success and has fluctuated accordingly.

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| *Impact on shareholder wealth* | | | | | | |
| Gain/(loss) per share (cents) | (0.1) | (0.1) | (0.1) | 0.1 | 0.3 | (1.9) |
| Share price (cents) | 0.9 | 2.6 | 4.5 | 1.5 | 0.7 | 4.1 |

The Group's performance rights plan links employees' remuneration to the share price of the Company as the performance conditions include ASX trading price hurdles.

### Executive pay

The executive pay and reward framework has two components:

- Fixed remuneration (base salary, superannuation & other non-monetary benefits)
- Variable remuneration (short-term incentives through cash bonuses, and long-term incentives through participation in the performance rights plan)

The combination of these components comprises the executive's total remuneration.

*Fixed Remuneration*

- *Base salary*

  Base salary is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to assess if the executive's pay is competitive with the market.

  There are no guaranteed base pay increases included in any senior executives' contracts.

- *Non-monetary benefits*

  Executives may receive benefits including car allowances, car parking and reasonable entertainment expenses.

- *Post-employment benefits*

  Executives are permitted to nominate a superannuation fund of their choice to receive contributions.

- *Long-term benefits*

  Long-term benefits include long service leave entitlements.

## **Remuneration Report (Audited)** continued

*Variable Remuneration*

– *Long Term Incentive (Employee Performance Rights Plan)*

  At the discretion of the Board, employees can be invited to participate in the Group's Employee Performance Rights Plan. The issue of performance rights is designed to reward key employees for performance and align their performance with the Group growth and strategic objectives. Any options and performance rights issued to Directors are subject to shareholder approval. The Board feels that the expiry date, exercise price and, where applicable, vesting performance conditions of options and performance rights issued to executives is appropriate to align the goals of the executives with those of the shareholders to maximise shareholder wealth.

– *Short Term Incentive (Cash bonuses)*

  The Board reviews the Group's Short Term Incentive (STI) program annually and sets the Key Performance Indicators (KPIs) required to be achieved to receive any STI payment. The total potential STI available to individual executives is set at a level so as to provide sufficient incentive to executives to achieve their targets while ensuring that the cost to the Group is reasonable in the circumstances.

  The STI for the 2023/24 year included four KPIs, each one equating to a cash bonus of 25% of base salary if achieved. At the Board's discretion a payment under the STI may be increased to a maximum of double in recognition of exceptional performance, therefore the maximum potential STI payment is 200% of base salary. The measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

  A cash bonus of 25% of base salary was awarded to the Executive Director – Exploration and the three other Key Management Personnel for the financial year ended 30 June 2024, relating to the establishment of the Limon deposit at Bramaderos as a new significant additional discovery. The Limon gold-silver epithermal deposit is an at-surface discovery which may provide an opportunity for an initial development to generate cash flows to support the larger multi-decade porphyry development at Bramaderos. No other cash bonuses were awarded during the year ended 30 June 2024.

As part of the terms and conditions of employment, the Group prohibits executives from entering into arrangements to protect the value of unvested long term incentive awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

### Non-executive Directors

Fees and payments to non-executive Directors are structured to reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

*Directors' fees*

The base remuneration was reviewed and increased by the Board from 1 July 2022. There has been no change in fees since this time. Fees for the Chairman are $95,000 p.a. and fees for other Non-executive Directors $60,000 p.a.. Directors' remuneration is inclusive of committee fees.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at $300,000.

*Retirement allowances for Directors*

Directors are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

## Remuneration Report (Audited) continued

### B Details of remuneration

Details of the remuneration of the Directors and the key management personnel of Sunstone Metals Ltd are set out in the following tables.

| 2024 | Short-term benefits | | Post-employment benefits | Long-term benefits | | Share-based payments | | |
|---|---|---|---|---|---|---|---|---|
| **Name** | **Cash salary and fees $** | **Bonus $** | **Super-annuation $** | **Long service leave $** | **Termination benefits $** | **Options and Rights $** | **Total $** | **Performance related %** |
| ***Directors of Sunstone Metals Ltd:*** | | | | | | | | |
| Mr G Ascough | 95,000 | – | – | – | – | 18,588 | 113,588 | 16.4 |
| Mr P Duffy[1] | 93,552 | – | 10,291 | – | – | 10,488 | 114,331 | 9.2 |
| Mr M Norris | 331,800 | 82,950 | 36,498 | 19,352 | – | 65,477 | 536,077 | 27.7 |
| Mr S Stroud | 60,000 | – | – | – | – | 18,588 | 78,588 | 23.7 |
| Mr N O'Connor[2] | 11,088 | – | 1,220 | – | – | – | 12,308 | – |
| ***Other key management personnel:*** | | | | | | | | |
| Mr R Robinson | 279,000 | 69,750 | 30,690 | 14,307 | – | 56,018 | 449,765 | 28.0 |
| Mr G Leicht | 269,000 | 67,250 | 29,590 | 11,292 | 292,552[3] | 56,018 | 725,702 | 17.0 |
| Dr B Rohrlach | 269,000 | 67,250 | 29,590 | 13,352 | – | 56,018 | 435,210 | 28.3 |
| **Total** | **1,408,440** | **287,200** | **137,879** | **58,303** | **292,552** | **281,195** | **2,465,569** | |

(1) Mr Duffy was appointed Non-Executive Director on 8 November 2023 and ceased on 14 April 2024. Mr Duffy was appointed Managing Director and CEO on 15 April 2024.
(2) Mr O'Connor was appointed Non-Executive Director on 16 April 2024.
(3) Mr Leicht's termination benefit has been accrued in accordance with section 200F of the *Corporations Act 2001 (Cth).*

Performance Rights issued are dependent on the satisfaction of performance conditions, and the amounts included in the above table represent the accounting expense recognised during the financial year.

| 2023 | Short-term benefits | | Post-employment benefits | Long-term benefits | Share-based payments | | |
|---|---|---|---|---|---|---|---|
| **Name** | **Cash salary and fees $** | **Bonus[1] $** | **Super-annuation $** | **Long service leave $** | **Options and Rights $** | **Total $** | **Performance related %** |
| ***Directors of Sunstone Metals Ltd:*** | | | | | | | |
| Mr G Ascough | 95,000 | – | – | – | 62,000 | 157,000 | 39.5 |
| Mr M Norris | 331,800 | 82,950 | 34,839 | (7,144) | 126,795 | 569,240 | 36.8 |
| Mr S Stroud | 60,000 | – | – | – | 62,000 | 122,000 | 50.8 |
| ***Other key management personnel:*** | | | | | | | |
| Mr R Robinson | 279,000 | 69,750 | 29,295 | 8,412 | 108,564 | 495,021 | 36.0 |
| Mr G Leicht | 269,000 | 67,250 | 28,245 | 10,054 | 108,564 | 483,113 | 36.4 |
| Dr B Rohrlach | 269,000 | 67,250 | 28,245 | 10,140 | 108,564 | 483,199 | 36.4 |
| **Total** | **1,303,800** | **287,200** | **120,624** | **21,462** | **576,487** | **2,309,573** | |

(1) Bonus amounts in the FY2023 table have been restated to reflect bonuses actually paid in relation to services performed in the year ended 30 June 2023. The table previously disclosed total bonuses paid of $656,640 which was the amount paid during the year ended 30 June 2023, but related to performance for the year ended 30 June 2022. This restatement is disclosure only, and does not impact the amounts recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2023 or 30 June 2024.

## Remuneration Report (Audited) continued

### Loans to key management personnel

There were no loans or other transactions with Directors or other key management personnel and their related parties during the financial year (2023: nil).

### C Executive Contractual Arrangements

Remuneration for the CEO & Managing Director and Key Management Personnel are formalised in service agreements. These agreements provide, where applicable, for the provision of performance related cash payments, other benefits including allowances, and participation in the Long Term Incentive Plan.

All service agreements with executives comply with the provisions of Part 2 D.2, Division 2 of the *Corporations Act*.

These service agreements may be terminated early by either party giving the required notice and subject to termination payments detailed in the agreement.

Base salary for executives are reviewed each on 1 July of each year, with an increase of 3% being applied on 1 July 2024 (1 July 2023: nil). Four weeks annual leave and long service leave is provided.

Other major provisions of agreements relating to remuneration are set out below:

| | | Notice Period | | |
|---|---|---|---|---|
| **Executive** | **TFR[1]** | **By Executive** | **By the Company** | **Termination payment** |
| P Duffy – Managing Director & CEO[2] | 368,298 | 6 months | 6 months | 6 months |
| M Norris – Executive Director – Exploration[3] | 368,298 | 6 months | 6 months | 6 months |
| G Leicht – CFO & Company Secretary[4] | 298,590 | 3 months | 3 months | 6 months |
| L Welsh – CFO & Company Secretary[5] | 310,800 | 6 months | 6 months | 6 months |
| R Robinson – GM Studies & Technical Services | 309,690 | 3 months | 3 months | 6 months |
| B Rohrlach – GM Geology | 298,590 | 3 months | 3 months | 6 months |

1 TFR is Total Fixed Remuneration which includes base salary and superannuation.
2 Mr Duffy was appointed Managing Director and CEO on 15 April 2024.
3 Mr Norris was Managing Director and CEO until 14 April 2024, and appointed Executive Director – Exploration on 15 April 2024. As announced on 11 September 2024, Mr Norris will transition to the role of Non-executive Chair, at which time his remuneration will reflect that of the current Chair.
4 Mr Leicht was CFO & Company Secretary until 30 June 2024.
5 Mr Welsh was appointed CFO & Company Secretary on 1 July 2024.

### D Share-based compensation

### Options and performance rights provided as remuneration and shares issued on exercise

*Performance Rights movements during the financial year:*

| | | | | | | Vested | | Lapsed | |
|---|---|---|---|---|---|---|---|---|---|
| **2024** | **Beginning balance** | **Granted as remuneration** | **Vested during year** | **Lapsed** | **Balance at end of year** | **$** | **%** | **$** | **%** |
| ***Directors of Sunston Metals Ltd*** | | | | | | | | | |
| M Norris | 5,600,000 | 6,000,000 | – | – | 11,600,000 | – | – | – | – |
| ***Other key management personnel*** | | | | | | | | | |
| R Robinson | 4,800,000 | 5,100,000 | – | – | 9,900,000 | – | – | – | – |
| G Leicht | 4,800,000 | 5,100,000 | – | – | 9,900,000 | – | – | – | – |
| B Rohrlach | 4,800,000 | 5,100,000 | – | – | 9,900,000 | – | – | – | – |
| | **20,000,000** | **21,300,000** | **–** | **–** | **41,300,000** | **–** | **–** | **–** | **–** |

## **Remuneration Report (Audited)** continued

Shareholder approval was obtained at the Annual General Meeting on 17 October 2023, for the issue of 6,000,000 Performance Rights with an exercise period of 3 years to Mr M Norris on the following terms (grant to other key management personnel as per above table on the same terms and same allocation between tranches):

- Tranche 1 – 33.33% to vest upon the later of both the following vesting conditions occurring:
  - Closing Price of Sunstone Shares being $0.067 or more for 10 trading days out of any 20 consecutive trading days; and
  - 12 months after issue;
- Tranche 2 – 33.33% to vest upon TSR performance as measured against the ASX Small Resources Index, as follows:
  - Performance below the index no shares will vest.
  - Performance equal to the index will see 50% vest, increasing linearly with outperformance of the index by up to 25%, such that 100% of shares will vest should Sunstone's performance be greater than 25% above the index performance. Testing will be annually on 30th June; and
- Tranche 3 – 33.33% to vest upon the later of both the following vesting conditions occurring:
  - Closing Price of Sunstone Shares being $0.085 or more for 10 trading days out of any 20 consecutive trading days; and
  - 12 months after issue.

| Grant Date | Rights Outstanding | Expiry Date | Value per Right $/share | Total Value $ | Vesting Condition | Share price at Grant Date $/share | Share Volatility % | Risk Free rate of return % |
|---|---|---|---|---|---|---|---|---|
| 17 Oct 2023: Tranche 1 | 7,100,000 | 17/10/26 | 0.0072 | 51,120 | $0.067 | 0.014 | 85.0 | 4.095 |
| 17 Oct 2023: Tranche 2 | 7,100,000 | 17/10/26 | 0.0121 | 85,910 | TSR | 0.014 | 85.0 | 4.095 |
| 17 Oct 2023: Tranche 3 | 7,100,000 | 17/10/26 | 0.0062 | 44,020 | $0.085 | 0.014 | 85.0 | 4.095 |
| 31 Oct 2022: Tranche 1 | 6,666,667 | 31/10/25 | 0.0183 | 122,000 | $0.090 | 0.031 | 131.4 | 3.37 |
| 31 Oct 2022: Tranche 2 | 6,666,667 | 31/10/25 | 0.0249 | 165,667 | TSR | 0.031 | 131.4 | 3.37 |
| 31 Oct 2022: Tranche 3 | 6,666,667 | 31/10/25 | 0.0154 | 102,667 | $0.135 | 0.031 | 131.4 | 3.37 |
| **Total** | **41,300,000** | | | **571,384** | | | | |
| Weighted average | | | 0.0138 | | | 0.022 | | |
| Weighted average remaining life | | 1.8 years | | | | | | |

*Option movements during the financial year:*

| 2024 | Beginning balance | Granted as remuneration | Lapsed | Exercised during the year | Balance at end of the year | Vested and exercisable at end of year |
|---|---|---|---|---|---|---|
| G Ascough | 6,000,000 | 6,000,000 | – | – | 12,000,000 | 6,000,000 |
| S Stroud | 6,000,000 | 6,000,000 | – | – | 12,000,000 | 6,000,000 |
| P Duffy | – | 6,000,000 | – | – | 6,000,000 | – |
| **Total** | **12,000,000** | **18,000,000** | **–** | **–** | **30,000,000** | **12,000,000** |

## Remuneration Report (Audited) continued

### Shareholdings of key management personnel

The numbers of shares in the Company held during the financial year by each Director and the other key management personnel of the Group, including their personally related entities, are set out below.

| 2024 | Beginning Balance | Vesting of Performance Rights | Exercise of Options | Purchases | Disposals | Balance at end of year |
|---|---|---|---|---|---|---|
| ***Directors of Sunstone Metals Ltd:*** | | | | | | |
| G Ascough | 19,865,143 | – | – | 6,836,868 | – | 26,702,011 |
| P Duffy | – | – | – | 12,297,851 | – | 12,297,851 |
| M Norris | 43,362,312 | – | – | 5,744,798 | – | 49,107,110 |
| S Stroud | 10,553,026 | – | – | 2,500,000 | – | 13,053,026 |
| N O'Connor | – | – | – | 1,838,333 | – | 1,838,333 |
| ***Other key management personnel:*** | | | | | | |
| R Robinson | 24,651,776 | – | – | – | – | 24,651,776 |
| G Leicht | 31,214,107 | – | – | 3,068,180 | – | 34,282,287 |
| B Rohrlach | 23,665,516 | – | – | – | – | 23,665,516 |
| **Total** | **153,311,880** | **–** | **–** | **32,286,030** | **–** | **185,597,910** |

**End of Remuneration Report (Audited)**

### Shares under option

At the date of this report, there were 30 million unquoted options over ordinary shares of the Company outstanding, per the table below

| Grant Date | Options outstanding | Expiry date | Value per option $/share | Total value $ | Vesting condition | Share price at grant date $/share | Share volatility % | Risk free rate of return % |
|---|---|---|---|---|---|---|---|---|
| 3 November 2021 | 12,000,000 | 2/11/2024 | $0.0310 | 372,000 | $0.100 | $0.068 | 131% | 0.69% |
| 17 October 2023 | 12,000,000 | 17/10/2026 | $0.0044 | 52,800 | $0.042 | $0.014 | 85% | 4.095% |
| 6 February 2024 | 6,000,000 | 5/2/2027 | $0.0044 | 26,400 | $0.042 | $0.011 | 102% | 4.095% |
| | **30,000,000** | | | **451,200** | | | | |
| Weighted average remaining life | | 1.6 years | | | | | | |

Post 30 June 2024 and up to the date of this report, there were no shares issued as a result of the exercise of options.

### Insurance of officers

During the period the Company paid a premium to insure the Directors and officers of the Company. Under the terms of the policy the Company cannot publish amounts paid for premiums or the extent of the liabilities insured.

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

### Audit and Non-Audit Services

At the Annual General Meeting held in October 2023, shareholders approved the appointment of HLB Mann Judd to perform the external audit of Sunstone Metals Limited. The external auditor prior to this appointment was BDO Audit Pty Ltd.

As there were no non-audit services provided by HLB Mann Judd during the year, the Board has determined that the auditor independence requirements of the *Corporations Act 2001* were not compromised. This is on the basis that as no non-audit were services provided, the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants were not undermined, as the auditor did not review or audit the auditor's own work, act in a management or decision making capacity for the Group, act as an advocate for the Group or jointly share risks and rewards.

Details of the amounts paid to the auditor of the Group, currently HLB Mann Judd (2023: BDO Audit Pty Ltd), and their related practices for audit and non-audit services provided during the year are set in Note 22 to the consolidated financial statements.

This report is made in accordance with a resolution of the Directors.

**Mr Graham Ascough**
**Chair**

Brisbane, Queensland
13 September 2024

# Auditor’s Independence Declaration

**AUDITOR’S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Sunstone Metals Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sunstone Metals Limited and the entities it controlled during the period.

Adrian

**A B Narayanan**
**Partner**

Brisbane, Queensland
13 September 2024

**hlb.com.au**

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HLB Mann Judd (SE QLD Partnership) is a member of HLB International, the global advisory and accounting network.

# Corporate Governance Statement

## Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Sunstone Metals Limited ("Company") have adhered to the principles of corporate governance and this statement outlines the main corporate governance practices in place throughout the financial year. The ASX Corporate Governance Council released revised Corporate Governance Principles and Recommendations (fourth edition) in February 2019. Having regard to the size of the Company and the nature of its enterprise, it is considered that the Company complies as far as practical with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The current Directors of the Company at the date of this report are:

| | | |
|---|---|---|
| Mr Graham Ascough | Non-Executive Chair | Independent |
| Mr Patrick Duffy | CEO & Managing Director | |
| Mr Malcolm Norris | Executive Director - Exploration | |
| Mr Stephen Stroud | Non-Executive Director | Independent |
| Mr Neal O'Connor | Non-Executive Director | Independent |

For information on each Director, refer to the Directors' Report.

The following policies or obligations have been established by the Board:

- Continuous disclosure
- Code of conduct
- Share trading
- Audit & Financial Risk
- Board Charter
- Risk Management
- Anti-Bribery and Corruption
- Whistleblower

## Independent Directors

When determining whether or not a Non-Executive Director is independent, the Director must not fail any of the following materiality thresholds:

- the Director is, or has not been, employed in an executive capacity by the entity within three years of serving on the Board
- more than 5% of Company shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- no sales are made to, or purchases made from, any entity or individual directly or indirectly associated with the Director; and
- none of the Directors' income or the income of an individual or entity directly or indirectly associated with the Director, is derived from a contract with any member of the Group other than income as derived as a Director of the entity.

At the date of this report, the board consists of one Non-Executive Chair, two Executive Directors and two independent, Non-Executive Directors. Independent Directors have shareholdings less than 5% of the total shares on issue. The board and mix of independent and non-independent Directors is considered to be appropriate for the size of the Company and the nature of its activities. It is a cost-effective structure for managing the Company and there is no justification for appointing additional independent directors.

## Board Composition

When the need for a new director is identified, selection is based on the skills and experience of prospective directors, having regard to the present and future needs of the Company. Any director so appointed must then stand for election at the next meeting of shareholders of the Company.

## Director and Executive Education

All new Directors are educated about the nature of the business, current issues, the corporate strategy, the culture and values of the Group, and the expectations of the Group concerning performance of Directors. In addition, Directors are also educated regarding meeting arrangements and Director interaction with each other, senior executives and stakeholders. Directors have the opportunity to visit Group facilities and meet with management to gain a better understanding of operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge upon joining the Group. Directors will be educated on the Group's structure, strategy, operations, financial position and risk management policies. It also familiarises the individual with respective rights, duties, responsibilities and roles of the individual and the Board.

## Term of Appointment as a Director

The constitution of the Company provides that a director, other than the Managing Director, may not retain office for more than three calendar years or beyond the third annual general meeting following his or her election, whichever is longer, without submitting for re-election. One third of the directors must retire each year and are eligible for re-election. The directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

## Risk Management and internal compliance and controls

## Audit and Financial Risk Committee

The board has established an Audit and Financial Risk Committee.

All directors are eligible to be members of the Committee, with a Non-Executive Director that is not the Chairman of the Board being the Chairman of the Committee. Given the size of the Company and the nature of its activities, it is considered important that all directors are able to participate in matters relating to audit and financial risk.

The Committee has a majority of independent directors, and members at the date of this report are:

Mr Stephen Stroud (Chair), Mr Malcolm Norris and Mr Neal O'Connor.

The Committee's responsibilities include:

- providing the Board with advice and recommendations regarding the ongoing development of financial risk oversight and management policies (covering oversight, risk profile, risk management, compliance and control) that set out the roles and respective accountabilities of the Board, the Audit Committee and management;
- receiving and reviewing management's recommendations and providing the Board with advice and recommendations regarding the establishment of a financial risk management system and financial risk profile;
- regularly reviewing the Company's financial risk profile (provided by management) having regard to key financial risk, legal and regulatory risk and disclosure reporting;
- reviewing internal controls and their effectiveness, in the absence of a formal internal audit function;
- reviewing financial statements provided by management for accuracy, adequacy and clarity to ensure they give a true and fair view of the Company's financial position and adhere to accounting standards and policies and legislative requirements;
- with respect to the external auditor, approving and recommending policies and procedures for appointing or removing an external auditor and terms of engagement;
- regularly reviewing and assessing the compliance of the external auditor with policies and procedures, the effectiveness, and independence of the external auditor; and
- monitoring the relationship between management and the auditor.

The Audit and Financial Risk Committee has met twice during the financial year. The CEO & Managing Director and the Chief Financial Officer & Company Secretary are invited to attend the Committee meetings.

Where appropriate, the Board and the Audit and Financial Risk Committee engage independent experts or professional advisors to assist with the identification and/or management of any key risk areas identified.

To ensure that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified, the Board has also adopted a Risk Management Policy to:

- ensure the Company's risk management policies and procedures are adequate;
- monitor compliance with the Company's risk management policies and procedures;
- keep itself appraised of the latest developments, policies, trends in relation to financial matters, rules, regulations, to the extent that they may affect the Company or the markets in which the Company operates;
- review the Company's internal financial control mechanisms and risk management policies;
- compile a risk profile of the material risks facing the Company;

- review major non-financial regulatory matters covering areas of exposure including the environment, safety and health, asset protection (including insurance), discrimination and harassment, conflict of interest and ethical standards.

The Company does not believe it has any material exposure to economic, environmental or social sustainability risks due to its size and nature of activities.

This financial year the CEO & Managing Director and the Chief Financial Officer & Company Secretary provided a statement to the Board in writing in respect to the integrity of the financial statements, that they are founded on a sound system of risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

## Remuneration/Nomination and Performance

Given the size of the Company and the nature of its activities, it is considered that all directors participate in matters relating to remuneration and director nomination. It is a cost effective structure and there is no justification for appointing a separate Remuneration Committee.

The Board deals with matters of remuneration and nomination. The nomination of new Directors and the setting, or review, of remuneration levels of Directors and senior executives, is performed by the Board and recommendations made to the Board as a whole for approval by resolution (with abstentions from relevant directors where there is a conflict of interest). Where the Board considers that particular expertise or information is required, which is not available from within the Board, appropriate external advice may be taken prior to a final decision.

The Board also deals with the remuneration of Directors and key executives of the Company. The Company's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought where required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders.

The Company does not currently have a documented formal process for periodically evaluating the performance of the board, its committees and individual directors, however, does undertake informal evaluations. The Board undertakes an annual review of key executives, evaluating their performance and remuneration levels. This annual review was last undertaken in August 2024.

## Code of Conduct

The board has adopted a Code of Conduct to guide Directors, officers, employees and contractors in carrying out their duties and responsibilities. This Code of Conduct set out the principles and standards which the Board, management, employees and contractors of the Company are encouraged to strive towards when dealing with each other, shareholders and the community as a whole.

## Conflict of interest

Each Director must keep the Company informed on an ongoing basis, of any interest that could potentially conflict with those of the Company. In the event the Board believes a significant conflict may exist, after due enquiry, if established, the director concerned would not receive the relevant Board papers and would not be present at the meeting whilst the relevant item was considered.

## Independent Professional Advice

Each Director has the right of access to all relevant Company information and to the Company's executives. Directors have the right, in connection to their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. For independent legal advice in excess of a cost of $15,000, prior approval of the Chairman is required, which will not be unreasonably withheld, before any expense is incurred on behalf of the Company.

## Share Trading Policy

Directors and employees are not permitted to trade shares while in the possession of price sensitive information. Directors and employees are prohibited from trading in securities whilst in possession of any inside information in accordance with the *Corporations Act 2001*. The Company's Securities Trading Policy can be found on the Company's website.

## Communication to market and shareholders

The Board Charter, Code of Conduct and Securities Trading Policy all recognise legal and other obligations and support the legitimate interests of all stakeholders. Directors aim to ensure that the shareholders, on behalf of whom they act are informed of all information necessary to assess the performance of the Directors and the Company. Information is communicated to shareholders and the market through:

- the Annual Report, which is available to all shareholders:
- other periodic reports, such as Quarterly Reports, which are lodged with ASX and available for shareholder scrutiny;
- other announcements made in accordance with ASX Listing Rules;
- special purpose information memoranda issued to shareholders as appropriate;
- the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate;
- electronic reporting to shareholders from the Company's share registry; and
- the Company's website.

The Continuous Disclosure Policy adopted by the Board ensures procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which securities are traded.

## Diversity Policy

The Company does not at present have a Diversity Policy in place due to the size and stage of development of the Company. The Company currently has five fulltime employees and two non-executive directors in Australia and currently has no female employees or directors. In Ecuador the Company's subsidiaries have 33 full-time permanent employees, of which eleven (33%) are female (2023: 35%).

## Our commitment to sustainability

Sunstone is committed to building Environmental, Social, and Governance (ESG) credentials.

Sunstone believes that responsible mining can be transformative for the development of communities in Ecuador, and we are committed to being a part of this positive change. Our objective is to develop mutually beneficial and respectful relationships with local communities, landowners and government. We seek to collaborate with these stakeholders to provide sustainable solutions to local issues, recognising the positive impact that we can help generate through local employment, business opportunities and environmental initiatives, as well as investing in community infrastructure, health, education and business development alongside local partners.

## External Auditors

At Annual General Meeting held in October 2023, shareholders approved the appointment of HLB Mann Judd to perform the external audit of Sunstone Metals Limited. The external auditor prior to this appointment was BDO Audit Pty Ltd.

The external auditor attends the Annual General Meeting and part of the agenda is the tabling of the financial statements and inviting shareholders to ask the Directors or the auditor any questions with regard to the financial statements and the audit report.

## Other Information

The Corporate Governance Policies of the Company will be continually reviewed in accordance with the standards required of the Company by the Directors, ASX, ASIC and other stakeholders to ensure that appropriate governance standards are maintained.

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's web site at www.sunstonemetals.com.au.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2024

| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| Interest income | | **125,798** | 238,186 |
| Employee benefits expense | 4 | **(1,380,280)** | (1,852,515) |
| Corporate and administration expenses | | **(772,678)** | (668,558) |
| Net fair value gain/(loss) on financial assets at fair value through profit or loss | 8 | **(167,916)** | 487,967 |
| Depreciation and amortisation expense | 9 | **(78,526)** | (76,064) |
| Impairment expense | | **(11,446)** | – |
| Interest paid | | **(8,194)** | (9,064) |
| **Net profit/(loss) before income tax** | | **(2,293,242)** | (1,880,048) |
| Income tax expense | 5 | **–** | – |
| **Net profit/(loss) for the period** | | **(2,293,242)** | (1,880,048) |
| **Other comprehensive income/(loss)** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences – foreign operations | | **(591,419)** | 1,615,923 |
| **Total comprehensive profit/(loss) for the period** | | **(2,884,661)** | (264,125) |
| **Net profit/(loss) for the period is attributable to:** | | | |
| Members of Sunstone Metals Limited | | **(2,293,242)** | (1,882,932) |
| Non-controlling interests | | **–** | 2,884 |
| **Net profit/(loss) for the period** | | **(2,293,242)** | (1,880,048) |
| **Total comprehensive profit/(loss) for the period is attributable to:** | | | |
| Members of Sunstone Metals Limited | | **(2,884,661)** | (267,009) |
| Non-controlling interests | | **–** | 2,884 |
| **Total comprehensive profit/(loss) for the period** | | **(2,884,661)** | (264,125) |

| **Earnings per share for profit/(loss) attributable to ordinary equity holders of the Company:** | | Cents | Cents |
|---|---|---|---|
| Basic earnings per share | 3 | **(0.1)** | (0.1) |
| Diluted earnings per share | 3 | **(0.1)** | (0.1) |

*The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Financial Position

as at 30 June 2024

| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 6 | **2,669,044** | 10,306,546 |
| Trade and other receivables | 7 | **340,898** | 89,532 |
| Financial assets at fair value through profit or loss | 8 | **111,460** | 279,376 |
| Total current assets | | **3,121,402** | 10,675,454 |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | **1,641,122** | 1,090,916 |
| Exploration and evaluation | 10 | **81,224,918** | 68,284,493 |
| Total non-current assets | | **82,866,040** | 69,375,409 |
| **Total assets** | | **85,987,442** | 80,050,863 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | **505,246** | 956,136 |
| Lease liabilities | | **43,159** | 32,581 |
| Provisions | 12 | **1,356,471** | 579,728 |
| Total current liabilities | | **1,904,876** | 1,568,445 |
| **Non-current liabilities** | | | |
| Lease liabilities | | **35,240** | - |
| Provisions | 12 | **131,614** | 338,774 |
| Total non-current liabilities | | **166,854** | 338,774 |
| **Total liabilities** | | **2,071,730** | 1,907,219 |
| **Net assets** | | **83,915,712** | 78,143,644 |
| **Equity** | | | |
| Contributed equity | 13 | **131,310,143** | 123,028,466 |
| Reserves | 14 | **6,827,639** | 7,044,006 |
| Accumulated losses | | **(55,095,738)** | (52,802,496) |
| Equity attributable to owners of Sunstone Metals Limited | | **83,042,044** | 77,269,976 |
| Non-controlling interests | 15 | **873,668** | 873,668 |
| **Total equity** | | **83,915,712** | 78,143,644 |

*The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Changes in Equity

for the year ended 30 June 2024

| | Contributed Equity $ | Share Based Payments Reserve $ | Foreign Currency Translation Reserve $ | Accumulated Losses $ | Total $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|
| Balance at 1 July 2022 | 109,827,200 | 5,438,254 | 1,152,640 | (50,919,564) | 65,498,530 | 870,784 | 66,369,314 |
| Profit/(loss) for the year | – | – | – | (1,882,932) | (1,882,932) | 2,884 | (1,880,048) |
| Other comprehensive income | – | – | 1,615,923 | – | 1,615,923 | – | 1,615,923 |
| Shares issued | 13,854,478 | (1,854,478) | – | – | 12,000,000 | – | 12,000,000 |
| Share issue costs | (653,212) | – | – | – | (653,212) | – | (653,212) |
| Share based payments transactions | – | 691,667 | – | – | 691,667 | – | 691,667 |
| Balance at 30 June 2023 | 123,028,466 | 4,275,443 | 2,768,563 | (52,802,496) | 77,269,976 | 873,668 | 78,143,644 |
| Profit/(loss) for the year | **-** | **-** | **-** | **(2,293,242)** | **(2,293,242)** | **-** | **(2,293,242)** |
| Other comprehensive income | **-** | **-** | **(591,419)** | **-** | **(591,419)** | **-** | **(591,419)** |
| Shares issued | **8,737,776** | **-** | **-** | **-** | **8,737,776** | **-** | **8,737,776** |
| Share issue costs | **(456,099)** | **-** | **-** | **-** | **(456,099)** | **-** | **(456,099)** |
| Share based payments transactions | **-** | **375,052** | **-** | **-** | **375,052** | **-** | **375,052** |
| Balance at 30 June 2024 | **131,310,143** | **4,650,495** | **2,177,144** | **(55,095,738)** | **83,042,044** | **873,668** | **83,915,712** |

*The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Cash Flows

for the year ended 30 June 2024

| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| Payments to suppliers and employees | | **(1,531,998)** | (1,982,480) |
| Interest paid | | **(8,194)** | (9,064) |
| Interest received | | **125,798** | 238,186 |
| **Net cash outflow from operating activities** | 16 | **(1,414,394)** | (1,753,358) |
| **Cash flows from Investing Activities** | | | |
| Payments for property, plant and equipment | | **(728,836)** | (44,844) |
| Exploration and evaluation expenditure | | **(13,725,723)** | (25,056,126) |
| Proceeds from sale of shares | 8 | **-** | 1,913,889 |
| **Net cash outflow from investing activities** | | **(14,454,559)** | (23,187,081) |
| **Cash flows from Financing Activities** | | | |
| Proceeds from issue of securities | 13(a) | **8,737,776** | 12,000,000 |
| Cost of share issues | 13(a) | **(456,099)** | (653,212) |
| Principal paid on lease liabilities | | **(42,848)** | (39,901) |
| **Net cash inflow from financing activities** | | **8,238,829** | 11,306,887 |
| **Net increase/(decrease) in cash** | | **(7,630,124)** | (13,633,552) |
| Effect of exchange rate fluctuations on cash held | | **(7,378)** | (57,124) |
| Cash and cash equivalents at the beginning of the financial year | | **10,306,546** | 23,997,222 |
| **Cash and cash equivalents at the end of the financial year** | 6 | **2,669,044** | 10,306,546 |

*The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Notes to the Financial Statements

for the year ended 30 June 2024

## Note 1. Summary of Material Accounting Policies

The material accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied for the financial year to 30 June 2024, unless otherwise stated.

### Corporate information

The consolidated financial report of Sunstone Metals Limited and its controlled entities for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 13 September 2024.

Sunstone Metals Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Its registered office and principal place of business is 9 Gardner Close, Milton QLD 4064.

The Group is a for-profit entity. A description of the nature of the Group's operations and its principal activities is included in the Directors' report.

### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The presentation currency is Australian dollars.

The report has been prepared on the basis of the going concern and historical cost conventions.

*Going concern*

The Group incurred a loss of $2,293,242 for the year ended 30 June 2024. As at 30 June 2024 the Group had net cash reserves of $2,669,044 and a net current asset surplus of $1,216,526.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the company to raise additional capital in the future; and
- the successful exploration and subsequent exploitation of the Group's tenements.

While the Group has a moderate cash position at 30 June 2024, a drilling program at the Limon deposit commenced in June 2024 and completed in July 2024. Continuing exploration and drilling programs are planned for Limon and the broader porphyry opportunities at Bramaderos, as well as the El Palmar and Verde Chico projects throughout the 2025 financial year. These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- The cash balance of the Group as at 30 June 2024 was $2,669,044;
- To date the Group has funded its activities through issuance of equity securities and during the financial year ended 30 June 2024 successfully raised $8,737,776 before fees through a placements to sophisticated investors and a non-renounceable rights issue. It is expected that the Group will be able to fund its future activities through further issuances of equity securities;
- On 9 September 2024, the Group announced a capital raise of $2,500,000 before fees through a placement of shares to sophisticated investors. The Group received $2,232,500 (net of broker fees) on 13 September 2024. $130,000 relating to Director participation will be received following the AGM in October 2024 (subject to shareholder approval). On 9 September 2024, the Group also announced a share purchase plan to raise a further $2,000,000;
- The directors believe there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

### (b) Statement of compliance

The financial report complies with Australian Accounting Standards and consequently with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### (c) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sunstone Metals Limited ("Company", "Sunstone" or "Parent Entity") as at 30 June 2024 and the results of all the subsidiaries for the financial period then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

## Note 1. Summary of Material Accounting Policies continued

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its controlling power to affect those returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (d) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the Board of Directors.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and production process;
- Type or class of customer for the products; and
- Methods used to distribute the products

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for 'all other segments'.

### (e) Revenue and other income recognition

*Interest income*

Interest income is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### (f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

## Note 1. Summary of Material Accounting Policies continued

### (g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

### (h) Trade and other receivables

Trade and other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### (i) Financial assets at fair value through profit or loss

Financial assets where the contractual cash flows are not solely payments of principal and interest are classified as financial assets at fair value through profit or loss.

The shares held in listed companies United Lithium Corp and NewPeak Metals Ltd (refer to Note 8), do not satisfy the solely payment of principal and interest test and are therefore classified as financial assets and recorded in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income.

### (j) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate on commencement of the lease.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

### (k) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific focus with a particular area of interest.

## Note 1. Summary of Material Accounting Policies continued

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that the rights to tenure of the area of interest are current and one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off. Furthermore, the Directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. All capitalised exploration assets are not being depreciated.

### (l) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in profit or loss.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### (m) Trade and other payables

Trade payables are carried at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

### (n) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

### (o) Employee benefits

*(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled in full within 12 months after the end of the reporting date are recognised for employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

## Note 1. Summary of Material Accounting Policies continued

*(ii) Other long-term employee benefits*

Provision is made for employees' long service leave not expected to be settled in full within 12 months after the end of the reporting period in which the employees' render the services. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

*(iii) Retirement benefit obligations*

The Group contributes to various defined contribution superannuation funds for its employees.

Contributions to the funds are recognised as an expense as they become payable.

*(iv) Share-based payments*

Share-based compensation benefits are provided to employees via the employee performance rights plan, and options approved by the Board from time to time.

The fair value of options and performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the Directors or employees become unconditionally entitled to the options or performance rights. The fair value at grant date is independently valued using a Trinomial or Monte Carlo pricing model.

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of options or performance rights that will ultimately vest because of internal conditions of the options or performance rights, such as the employee having to remain with the Company until vesting date, or such that employees are required to meet internal targets. No expense is recognised for options/performance rights that do not ultimately vest because internal conditions are not met. An expense is still recognised for options/performance rights that do not ultimately vest because a market condition was not met.

### (p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (q) Goods and services tax (GST) / Value added Tax (VAT)

GST is applicable to Australia and reported through the Australian Taxation Office whilst VAT is applicable in Ecuador and Sweden. GST and VAT are similar tax instruments.

Revenues, expenses and assets are recognised net of the amount of associated GST/VAT, unless the GST/VAT incurred is not recoverable from the respective taxation offices. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the respective taxation offices is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the respective taxation offices, are presented as operating cash flows.

### (r) Foreign currency transactions and balances

*(i) Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The functional currency of the Group's foreign operations is primarily US Dollars.

*(ii) Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period end exchange rate. Exchange differences arising on the translation of foreign currency transactions are recognised in profit or loss.

## Note 1. Summary of Material Accounting Policies continued

*(iii) Group companies*

The results and the financial position of all the Group entities (none of which has a currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at period-end exchange rates prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on the translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the Statement of Financial Position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

### (s) Application of new and revised Accounting Standards

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2023.

The amendments did not have a significant impact on the Group's financial statements.

### (t) New Accounting Standards issued but not yet effective

There are no accounting standards that are not yet effective and that are expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

## Note 2. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. Below are key estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of certain assets and liabilities within the next annual reporting period.

Exploration and evaluation assets have been capitalised on the basis that the Group will commence commercial production in the future from which the costs will be amortised in proportion to the depletion of the mineral resources. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. The carrying value of exploration and evaluation assets at 30 June 2024 was $81,224,918 (2023: $68,284,493).

The financial assets at fair value through profit or loss fall under level 1 of the fair value hierarchy referred to in AASB 13 Fair Value measurement i.e. their fair value has been determined using quoted market prices. Refer to Notes 8 and 21 for further detail regarding the key estimates applied to determine the fair value of these financial assets. Investments in shares in listed companies (Note 8) has been classified as a current asset as it is management's intention, subject to favourable market conditions, that these will be sold within 12 months.

## Note 3. Earnings per share

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Basic earnings per share | **(0.1)** | (0.1) |
| Diluted earnings per share | **(0.1)** | (0.1) |
| **Weighted average number of shares** | **Number** | Number |
| Used in calculating basic earnings per share | **3,341,257,905** | 2,659,209,327 |
| Used in calculating diluted earnings per share | **3,341,257,905** | 2,659,209,327 |
| | $ | $ |
| **Profit/(loss) used in calculating basic and diluted loss per share** | **(2,293,242)** | (1,882,932) |

Due to the loss incurred in the current year, no share options or performance rights have been included in the calculation as they have an anti-dilutive effect on the loss.

## Note 4. Expenses

Profit/(loss) before income tax includes the following:

| | 2024 $ | 2023 $ |
|---|---|---|
| **Employee benefits expense*** | | |
| Salaries & wages | **874,815** | 1,150,338 |
| Directors' fees | **189,795** | 155,000 |
| Defined contribution superannuation expense | **38,954** | 52,374 |
| Share based payments (refer Note 18(b)) | **169,160** | 359,359 |
| Movement in leave provisions | **31,834** | 23,993 |
| Other | **75,722** | 111,451 |
| Total employee benefits expense | **1,380,280** | 1,852,515 |

* Excludes employee costs capitalised to exploration and evaluation expenditure

## Note 5. Income tax

| | 2024 $ | 2023 $ |
|---|---|---|
| **(a) Numerical reconciliation between aggregate tax expense recognised in the consolidated statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate** | | |
| | | |
| Accounting profit/(loss) before income tax | **(2,293,242)** | (1,880,048) |
| | | |
| At the Group's statutory income tax rate of 30% | **(687,973)** | (564,014) |
| Non-deductible expenses/(non-assessable income) | **107,281** | (42,484) |
| Deferred tax assets not brough to account[1] | **580,692** | 606,499 |
| Income tax expense | **-** | - |

| | 2024 $ | 2023 $ |
|---|---|---|
| **(b) Deferred tax balances** | | |
| **Deferred tax assets** | | |
| Employee provisions | **324,730** | 141,254 |
| Share issue costs charged to equity | **61,252** | 54,431 |
| Unused income tax losses | **6,050,904** | 5,764,307 |
| Lease liability | **23,520** | 10,789 |
| Deferred tax assets offset by deferred tax liabilities | **(23,275)** | (10,683) |
| Total deferred tax assets | **6,437,131** | 5,960,098 |
| Total unrecognised deferred tax assets[1] | **(6,437,131)** | (5,960,098) |
| Net deferred tax assets | **-** | - |

Note 1: The Group has not recognised the deferred tax assets in the consolidated statement of financial position as it is not considered probable that sufficient taxable amounts will be generated in future periods to offset the deferred tax assets.

## Note 6. Cash and cash equivalents

| | 2024 $ | 2023 $ |
|---|---|---|
| **Cash on hand and at bank** | **2,669,044** | 10,306,546 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. The cash at bank is bearing floating interest rates between 3.81% and 5.21% (2023: 1.12% and 4.13%). The carrying amounts of cash and cash equivalents represent fair value. Restricted cash balances totalling $287,465 (2023: $15,225) representing term deposits securing various performance guarantees have been disclosed under trade and other receivables (refer Note 7).

## Note 7. Trade and other receivables

| | 2024 $ | 2023 $ |
|---|---|---|
| Other debtors | **41,158** | 65,622 |
| Deposits | **287,465** | 15,225 |
| Prepayments | **12,275** | 8,685 |
| Total trade and other receivables | **340,898** | 89,532 |

Other debtors consist of invoices for recovery of costs as per contract terms, GST and VAT receivables from the taxation authorities and other minor amounts. All receivables are carried at amortised cost which approximates their fair value. All receivables excluding deposits are non-interest bearing and balances are current.

## Note 8. Financial assets at fair value through profit or loss

| | 2024 $ | 2023 $ |
|---|---|---|
| **Current** | | |
| Shares in NewPeak Metals Ltd | **16,338** | 81,690 |
| Shares in United Lithium Corp | **95,122** | 197,686 |
| Total financial assets at fair value through profit or loss | **111,460** | 279,376 |

Reconciliation of the written down values at the beginning and end of the financial year:

| | 2024 $ | 2023 $ |
|---|---|---|
| *Opening fair value* | **279,376** | 1,705,298 |
| Copperstone shares sold during the financial year | **-** | (1,913,889) |
| Fair value increments / (decrements) | **(167,916)** | 487,967 |
| Closing fair value | **111,460** | 279,376 |

Shares held in listed companies are recognised at the market value on the reporting date of $111,460 (2023: $279,376) under level 1 of the fair value hierarchy referred to in AASB 13 Fair Value measurement.

The value of Sunstone's 290,601 shares (following a 3:1 share consolidation from 871,803 shares) held in United Lithium Corp (CSE:ULTH) decreased in value with the share price closing at CAD 0.30 (2023: CAD 0.20 pre-consolidation) resulting in a fair value decrement of $102,564.

The value of Sunstone's 816,904 shares (following a 1:100 share consolidation from 81,690,362 shares) held in NewPeak Metals Ltd (ASX:NPM) decreased in value with the share price closing at $0.02 (2023: $0.001 pre consolidation) resulting in a fair value decrement of $65,352.

It is noted that this value may fluctuate from period to period due to share price movements and changes in the exchange rate between the Australian Dollar and the Canadian Dollar.

## Note 9. Property, plant and equipment

| | Office equipment $ | Computer equipment $ | Exploration equipment $ | Right of use assets $ | Mine infrastructure $ | Total $ |
|---|---|---|---|---|---|---|
| **Carrying amount at 30 June 2022** | 21,546 | 188,128 | 406,464 | 62,253 | – | 678,391 |
| Additions | 4,356 | 40,488 | 168,558 | – | 386,291 | 599,693 |
| Disposals | – | – | – | – | – | – |
| Depreciation expensed | – | (14,371) | (26,119) | (35,574) | – | (76,064) |
| Depreciation capitalised as exploration | (3,335) | (46,280) | (80,852) | – | – | (130,467) |
| Effect of movement in foreign exchange | 810 | 5,657 | 12,896 | – | – | 19,363 |
| Carrying amount at 30 June 2023 | 23,377 | 173,622 | 480,947 | 26,679 | 386,291 | 1,090,916 |
| Additions | **–** | **7,159** | **5,680** | **88,666** | **738,126** | **839,631** |
| Disposals | **–** | **(1,481)** | **(12,443)** | **–** | **–** | **(13,924)** |
| Depreciation expensed | **–** | **(14,645)** | **(26,119)** | **(37,762)** | **–** | **(78,526)** |
| Depreciation capitalised as exploration | **(3,567)** | **(88,692)** | **(100,400)** | **–** | **–** | **(192,659)** |
| Effect of movement in foreign exchange | **(100)** | **(647)** | **(1,908)** | **–** | **(1,661)** | **(4,316)** |
| Balance at 30 June 2024 | **19,710** | **75,316** | **345,757** | **77,583** | **1,122,756** | **1,641,122** |
| | | | | | | |
| **As at 30 June 2023** | | | | | | |
| At cost | 54,280 | 330,711 | 717,134 | 173,735 | 386,291 | 1,662,151 |
| Accumulated depreciation | (30,903) | (157,089) | (236,187) | (147,056) | – | (571,235) |
| | 23,377 | 173,622 | 480,947 | 26,679 | 386,291 | 1,090,916 |
| | | | | | | |
| **As at 30 June 2024** | | | | | | |
| At cost | **54,150** | **335,395** | **707,849** | **88,666** | **1,122,756** | **2,308,816** |
| Accumulated depreciation | **(34,440)** | **(260,079)** | **(362,092)** | **(11,083)** | **–** | **(667,694)** |
| | **19,710** | **75,316** | **345,757** | **77,583** | **1,122,756** | **1,641,122** |

Right of use assets relates to office lease.

## Note 10. Exploration and evaluation assets

| | 2024 $ | 2023 $ |
|---|---|---|
| Opening balance | **68,284,493** | 42,304,313 |
| Exploration and evaluation expenditure | **13,210,485** | 24,763,456 |
| Impairment expensed | **(11,446)** | – |
| Effect of movement in foreign exchange | **(258,614)** | 1,216,724 |
| Closing balance | **81,224,918** | 68,284,493 |

The recovery of the Group's interest in exploration assets is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

## Note 11. Trade and other payables

| | 2024 $ | 2023 $ |
|---|---|---|
| Trade payables | **452,316** | 910,161 |
| Sundry payables and accrued expenses | **52,930** | 45,975 |
| Total trade and other payables | **505,246** | 956,136 |

## Note 12. Provisions

| | 2024 $ | 2023 $ |
|---|---|---|
| **Current** | | |
| Employee provisions | **776,719** | 579,728 |
| Other provisions | **579,752** | – |
| | **1,356,471** | 579,728 |
| **Non-current** | | |
| Employee provisions | **131,614** | 338,774 |

## Note 13. Contributed equity

### (a) Movements in ordinary share capital

| | | Number of shares | Issue price $ | $ |
|---|---|---|---|---|
| | **Balance at 1 July 2022** | **2,574,446,418** | | **109,827,200** |
| Jul 22 | Vesting of employee performance rights | 22,000,001 | 0.032 | 695,541 |
| Nov 22 | Vesting of employee performance rights | 20,000,000 | 0.048 | 965,781 |
| Nov 22 | Vesting of employee performance rights | 3,999,999 | 0.048 | 193,156 |
| May 23 | Share placement | 461,538,461 | 0.026 | 12,000,000 |
| | Share issue costs | | | (653,212) |
| | **Balance at 30 June 2023** | **3,081,984,879** | | **123,028,466** |

| | | Number of shares | Issue price $ | $ |
|---|---|---|---|---|
| Dec 23 | Share placement | 405,750,000 | 0.012 | 4,869,000 |
| Feb 24 | Share placement – Director allocation | 12,916,667 | 0.012 | 155,000 |
| May 24 | Share placement | 170,181,818 | 0.011 | 1,872,000 |
| May 24 | Non-renounceable rights issue | 167,433,908 | 0.011 | 1,841,776 |
| | Share issue costs | | | (456,099) |
| | **Balance at 30 June 2024** | **3,838,267,272** | | **131,310,143** |

The issue price for vested employee performance rights is deemed to be the accumulated amount recorded in the share based payment reserve at the vesting period. No cash is received when the rights are exercised.

### (b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

## Note 13. Contributed equity continued

### (c) Employee and Director's Option Plan/Performance Right's Plan

Information relating to the Employee Performance Right's Plan, including details of instruments issued, exercised and lapsed during the financial year are set out in Note 18.

### (d) Options/Performance Rights

As at 30 June 2024, there were 30,000,000 unlisted options, and 58,000,000 performance rights over ordinary shares on issue (see Note 18).

### (e) Capital management

The objective is to ensure the Group continues as a going concern as well as to maintain an optimal structure to reduce the cost of capital. Sunstone is a junior exploration company and it is dependent from time to time on its ability to raise capital from the issue of new shares and its ability to realise value from its exploration and evaluation assets. The Board is responsible for capital management. This involves the use of cash flow forecasts to determine future capital requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements. The Group does not have any debt facilities and is not subject to any external capital requirements. Surplus funds are invested in a cash management account and are available as required. Financial liabilities of the Group at balance date are trade and other payables. Trade and other payables are unsecured and usually paid within 30 days of recognition.

The ability to raise equity in the future to fund the Group's operations, investigations and exploration activities is a risk that could influence the activities of the Group. The Group has historically raised sufficient capital to fund its operations, however, it recognises that it is at risk of financial markets which dictate its ability to fund operations beyond exhaustion of the current cash funds and monetisation of investments held such as shares in listed entities.

| | 2024 $ | 2023 $ |
|---|---|---|
| Current assets | **3,121,402** | 10,675,454 |
| Current liabilities | **1,904,876** | 1,568,445 |
| Liquidity ratio | **1.6 : 1** | 6.8 : 1 |

The Group intends to raise funds in the short to medium term to fund its exploration, investigating and evaluation activities.

## Note 14. Reserves

| | 2024 $ | 2023 $ |
|---|---|---|
| Share based payments reserve | **4,650,495** | 4,275,443 |
| Foreign currency translation reserve | **2,177,144** | 2,768,563 |
| Total reserves | **6,827,639** | 7,044,006 |
| **Share based payments reserve** | | |
| Opening balance | **4,275,443** | 5,438,254 |
| Share based payments - employees | **375,052** | 691,667 |
| Shares issued on vesting | **-** | (1,854,478) |
| Closing balance | **4,650,495** | 4,275,443 |
| **Foreign currency translation reserve** | | |
| Opening balance | **2,768,563** | 1,152,640 |
| Foreign exchange gains/(losses) on translation | **(591,419)** | 1,615,923 |
| Closing balance | **2,177,144** | 2,768,563 |

## Note 14. Reserves continued

***Nature and purpose of reserves***

*Share-based payments reserve*

The share based payments reserve is used to record the fair value of share based payments provided to Directors, employees, including key management personnel, and contractors as payment for services.

*Foreign currency translation reserve*

The foreign currency translation reserve is used to recognise foreign exchange gains or losses arising on the translation of the financial report of foreign subsidiary companies. The functional currency of Sunstone is the Australian Dollar and that of its foreign operations is primarily the US Dollar.

## Note 15. Non-controlling interests

| | 2024 $ | 2023 $ |
|---|---|---|
| Interest In: | | |
| Share capital | **935,783** | 935,783 |
| Recognition on acquisition/disposal | **4,420** | 4,420 |
| Retained earnings | **(66,535)** | (66,535) |
| Total non-controlling interests | **873,668** | 873,668 |

## Note 16. Cash Flow Information

Reconciliation of net loss after tax to net cash flow from operating activities:

| | 2024 $ | 2023 $ |
|---|---|---|
| Operating profit/(loss) after income tax | **(2,293,242)** | (1,880,048) |
| *Non-cash items in operating profit/(loss)* | | |
| Depreciation and amortisation | **78,526** | 76,064 |
| Net fair value (gain)/loss on financial assets at fair value through profit or loss | **167,916** | (487,967) |
| Impairment expense | **11,446** | – |
| Share based payments – performance rights/options | **169,160** | 359,359 |
| *Changes in operating assets and liabilities* | | |
| Decrease/(increase) in trade and other receivables* | **24,758** | 146,836 |
| (Decrease)/increase in trade and other payables* | **102,655** | 8,405 |
| (Decrease)/increase in provisions* | **324,387** | 23,993 |
| Net cash flows from operating activities | **(1,414,394)** | (1,753,358) |

* Movements do not include balances which relate to capitalised exploration and evaluation expenditure.

### Non-cash financing and investing activities:

Non-cash investing and financing activities are disclosed in Note 8 relating to shares received as consideration on sale of subsidiaries in prior years.

### Cash and non-cash movements in liabilities arising from financing activities

| Lease liabilities | 2024 $ | 2023 $ |
|---|---|---|
| Opening balance | **32,581** | 72,482 |
| Non-cash: additions | **88,666** | – |
| Cash: lease payments | **(42,848)** | (39,901) |
| Closing balance | **78,399** | 32,581 |

## Note 17. Segment reporting

The Group has determined its operating segment based upon reports reviewed by the Board (Chief Operating Decision Makers) for making strategic decisions. The Board has identified three operating segments being the two exploration projects in Ecuador, Bramaderos and El Palmar, as well as Corporate which includes investments held through the Australian Parent Company. Given its close geographic proximity to El Palmar, early stage activities at Verde Chico are included within El Palmar, as these locations will ultimately form a single cash generating unit.

The reportable segment is based on aggregated operating segments determined by the geographical similarity of the Group's areas of interest and the economic environments in which the Group operates.

The Group continues to review and assess other resource projects both within Australia and overseas as opportunities arise. The accounting policies used by the Group in reporting segments internally are the same as those used in preparing the annual report.

### Geographical areas

Summary financial information by geographical location is detailed below.

| | 2024 $ | 2023 $ |
|---|---|---|
| **Profit/(loss)** | | |
| Corporate | **(2,293,243)** | (1,900,382) |
| Bramaderos | **–** | 20,334 |
| El Palmar | **–** | – |
| | **(2,293,243)** | (1,880,048) |
| **Current assets** | | |
| Corporate | **2,204,068** | 8,964,791 |
| Bramaderos | **355,892** | 965,650 |
| El Palmar | **561,442** | 745,013 |
| | **3,121,402** | 10,675,454 |
| **Non-current assets** | | |
| Corporate | **103,124** | 126,806 |
| Bramaderos | **55,556,821** | 47,090,201 |
| El Palmar | **27,206,095** | 22,158,403 |
| | **82,866,040** | 69,375,409 |
| **Current liabilities** | | |
| Corporate | **1,422,052** | 434,626 |
| Bramaderos | **354,099** | 770,334 |
| El Palmar | **128,725** | 363,311 |
| | **1,904,876** | 1,568,445 |
| **Non-current liabilities** | | |
| Corporate | **35,240** | 272,187 |
| Bramaderos | **80,526** | 47,869 |
| El Palmar | **51,088** | 18,718 |
| | **166,854** | 338,774 |

## Note 18. Share-based payments

### (a) Issue of Options and Performance Rights

The fair values of the options and performance rights have been determined by an external party using a Trinomial Lattice model for options which defines the conditions under which employees are expected to exercise their options after vesting in terms of the share price reaching a specified multiple of the exercise price, and a Monte Carlo simulation for performance rights.

Share price volatility has a powerful influence on the estimation of the fair value of an option and performance right, much of the value of which is derived from its potential appreciation. The more volatile the share price, the more valuable the option. Volatility for the fair value of the options has been determined by the external party performing the valuation using the historical 3 year volatility.

The tables below outline the key details for all options and performance rights outstanding as at 30 June 2024:

**Options:**

| Grant Date | Options Outstanding | Expiry Date | Value per Option | Total Value $ | Exercise Price | Share price at Grant Date | Share Volatility | Risk Free rate of return |
|---|---|---|---|---|---|---|---|---|
| 3 November 2021 | 12,000,000 | 2 Nov 24 | $0.0310 | 372,000 | $0.100 | $0.068 | 131% | 0.69% |
| 17 October 2023 | 12,000,000 | 16 Oct 26 | $0.0044 | 52,800 | $0.042 | $0.014 | 85% | 4.095% |
| 6 February 2024 | 6,000,000 | 5 Feb 27 | $0.0044 | 26,400 | $0.042 | $0.011 | 102% | 4.095% |
| | **30,000,000** | | | **451,200** | | | | |

Weighted average remaining life: 1.6 years

**Performance Rights:**

| Grant Date | Rights Outstanding | Expiry Date | Value per Right | Total Value $ | Vesting Condition | Share price at Grant Date | Share Volatility | Risk Free rate of return |
|---|---|---|---|---|---|---|---|---|
| 31 Oct 2022: Tranche 1 | 9,333,335 | 31 Oct 25 | $0.0183 | 170,800 | $0.090 | $0.031 | 131% | 3.37% |
| 31 Oct 2022: Tranche 2 | 9,333,333 | 31 Oct 25 | $0.0249 | 231,933 | TSR | $0.031 | 131% | 3.37% |
| 31 Oct 2022: Tranche 3 | 9,333,332 | 31 Oct 25 | $0.0154 | 143,733 | $0.135 | $0.031 | 131% | 3.37% |
| 17 Oct 2023: Tranche 1 | 10,000,000 | 17 Oct 26 | $0.0072 | 72,000 | $0.067 | $0.014 | 85% | 4.095% |
| 17 Oct 2023: Tranche 2 | 10,000,000 | 17 Oct 26 | $0.0121 | 121,000 | TST | $0.014 | 85% | 4.095% |
| 17 Oct 2023: Tranche 3 | 10,000,000 | 17 Oct 26 | $0.0062 | 62,000 | $0.085 | $0.014 | 85% | 4.095% |
| | **58,000,000** | | | **801,466** | | | | |

The tables below outline the movements for share-based payments options and performance rights during 2024:

**Options:**

| Grant Date | Beginning Balance | Granted during year | Exercised during year | Lapsed | Balance at end of year | Vested and Exercisable |
|---|---|---|---|---|---|---|
| 3 November 2021 | 12,000,000 | – | – | – | 12,000,000 | 12,000,000 |
| 17 October 2023 | – | 12,000,000 | – | – | 12,000,000 | – |
| 6 February 2024 | – | 6,000,000 | – | – | 6,000,000 | – |
| | **12,000,000** | **18,000,000** | **–** | **–** | **30,000,000** | **12,000,000** |

## Note 18. Share-based payments continued

### (a) Issue of Options and Performance Rights (continued)

**Performance Rights:**

| Grant Date | Beginning Balance | Granted as remuneration | Exercised during year | Lapsed | Balance at end of year | Vested and Exercisable |
|---|---|---|---|---|---|---|
| 31 Oct 2022: Tranche 1 | 9,333,335 | – | – | – | 9,333,335 | – |
| 31 Oct 2022: Tranche 2 | 9,333,333 | – | – | – | 9,333,333 | – |
| 31 Oct 2022: Tranche 3 | 9,333,332 | – | – | – | 9,333,332 | – |
| 17 Oct 2023: Tranche 1 | – | 10,000,000 | – | – | 10,000,000 | – |
| 17 Oct 2023: Tranche 2 | – | 10,000,000 | – | – | 10,000,000 | – |
| 17 Oct 2023: Tranche 3 | – | 10,000,000 | – | – | 10,000,000 | – |
| **Total** | **28,000,000** | **30,000,000** | **–** | **–** | **58,000,000** | **–** |

During the 2024 financial year 30 million performance rights were granted with the following performance conditions attached:

Tranche 1 – to vest upon the later of both the following conditions occurring:

- The Closing Price of Sunstone Shares being $0.067 or more for 10 trading days out of any 20 consecutive trading days; and
- 12 months after issue.

Tranche 2 – TSR performance as measured against the ASX Small Resources Index, as follows:

- Performance below the index no shares will vest.
- Performance equal to the index will see 50% vest, increasing linearly with outperformance of the index by up to 25%, such that 100% of shares will vest should Sunstone's performance be greater than 25% above the index performance; and
- Testing will be annually on 30th June.

Tranche 3 – to vest upon the later of both the following conditions occurring:

- The Closing Price of Sunstone Shares being $0.085 or more for 10 trading days out of any 20 consecutive trading days; and
- 12 months after issue.

Each tranche of Shares will not be able to be released from the Employee Performance Rights Plan until the performance based Vesting Conditions for that tranche have been achieved.

During the 2024 financial year no performance rights vested as performance criteria were not met (2023: 46 million performance rights vested).

### (b) Amortisation expense of Options and Performance Rights

The amortised expense for performance rights in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024 was $121,495 (2023: $235,359). A further $205,892 (2023: $332,308) was capitalised as it related to employees working exclusively on the exploration projects including Ecuadorian staff. Expense for options was $47,665 (2023: $124,000).

## Note 19. Related party transactions and Key Management Personnel

**Controlling entities**

The ultimate parent entity in the wholly-owned Group is Sunstone Metals Limited.

Interests in subsidiaries are disclosed in Note 23.

**Key Management Personnel compensation**

| | 2024 $ | 2023 $ |
|---|---|---|
| Short-term employee benefits | **1,408,440** | 1,303,800 |
| Cash bonus | **287,200** | 287,200* |
| Post employment benefits | **137,879** | 120,624 |
| Long-term benefits | **58,303** | 21,462 |
| Termination benefits | **292,552** | – |
| Share based payments | **281,195** | 576,487 |
| **Total Key Management Personnel compensation** | **2,465,569** | 2,309,573 |

* Bonus amount for FY2023 has been restated to reflect bonuses actually paid in relation to services performed in the year ended 30 June 2023. The table previously disclosed total bonuses paid of $656,640 which was the amount paid during the year ended 30 June 2023, but related to performance for the year ended 30 June 2022. This restatement is disclosure only, and does not impact the amounts recorded in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2023 or 30 June 2024.

There were no other related party transactions during the financial year (2023: Nil)

## Note 20. Capital and other commitments

| Commitments on Tenements | 2024 $ | 2023 $ |
|---|---|---|
| Not later than 12 months | **663,944** | 375,202 |
| Between 12 months and 5 years | **3,816,653** | 4,023,698 |
| **Total commitments** | **4,480,597** | 4,398,900 |

Exploration tenement fees are required to keep licenses in good standing. The Group is committed to this expenditure on the current tenements. In order to maintain current rights to tenure of its mineral tenement leases, the Group will be required to pay exploration tenement/claim fees to the government in Ecuador in addition to prove reasonable exploration activities have been undertaken. These obligations may be varied from time to time, or subject to approval, and are expected to be fulfilled in the normal course of operations of the Group.

At 30 June 2024, Sunstone held 70% of the highly prospective El Palmar copper-gold porphyry project in Ecuador. Under an Amended Staged Acquisition Agreement signed in June 2024, Sunstone increased ownership in El Palmar to 74.5% following a payment of US$300,000 in July 2024. Sunstone can increase ownership to 100% with a final payment of US$1,700,000 due by 1 July 2026.

## Note 21. Financial instruments and financial risk management

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Board of Directors under policies approved by the Board.

The Board identifies and evaluates financial risks and provides written principles for overall risk management.

## Note 21. Financial instruments and financial risk management continued

### (i) Credit risk

The Group's maximum exposures to credit risk at the reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables.

The Group trades only with recognised, credit worthy third parties. As the Group holds the majority of the Group's cash balances with one institution, the credit risk is concentrated in one area. Risk is considered minimal as the institution is Australian and AA rated.

The Group's primary banker is National Australia Bank Limited. At the reporting date all operating accounts are with this bank, except for funds transferred to Ecuador to meet the working capital needs of the subsidiary companies. The cash needs of the subsidiary operations are monitored by the Company and funds are advanced to the operations on an as needs basis. The Directors believe this is the most efficient method of balancing the monitoring and mitigation of potential credit risks arising out of holding cash assets in overseas jurisdictions, and the funding mechanisms required by the Group.

### (ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due.

It is the Group's policy to review the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The remaining contractual maturities of the Group's liquid financial assets and financial liabilities are:

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **Liquid financial assets** | | |
| Cash and cash equivalents | **2,669,044** | 10,306,546 |
| **Liquid financial liabilities** | | |
| Three months or less | **515,673** | 958,454 |
| Three to twelve months | **32,732** | 30,263 |
| Between twelve months and five years | **35,240** | – |
| | **583,645** | 988,717 |

### Fair values

All financial assets and liabilities recognised on the Consolidated Statement of Financial Position at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable Notes (refer Note 8).

### (iii) Interest rate risk

The Group's exposure to interest rates primarily relates to its cash and cash equivalents.

At reporting date, the Group had the following exposure to variable interest rate risk.

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | **2,669,044** | 10,306,546 |
| | **2,669,044** | 10,306,546 |

The following sensitivity analysis is based on the interest rate risk exposure in existence at the reporting date. The 1% sensitivity (2023: 1%) is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding five year period.

## Note 21. Financial instruments and financial risk management continued

### (iii) Interest rate risk (continued)

At 30 June 2024, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax loss would have been affected as follows:

| | 2024 $ | 2023 $ |
|---|---|---|
| Post tax gain/(loss) | | |
| +1.0% (100 basis points) | **26,690** | 103,065 |
| -1.0% (100 basis points) | **(26,690)** | (103,065) |

The average interest rate for the year ended 30 June 2024 was 4.20% (2023: 2.94%).

The Group deals with financial institutions that have an A rating or better.

### (iv) Market risk

As a result of significant investment in Ecuador, the Group's statement of financial position can be affected significantly by movements in the US Dollar/Australian Dollar exchange rates.

In addition, included in current assets is financial assets at fair value of $111,460 for the value of the shares held in CSE listed United Lithium Corp denominated in Canadian dollars, and shares in ASX listed NewPeak Metals Ltd. If either the market price of the shares or the Australian dollar / Canadian dollar rates move this will have an impact on post-tax profit or loss.

At 30 June 2024, if either the market price of the shares or the Australian dollar / Canadian dollar rates had moved, with all other variables held constant, post-tax loss would have been affected as follows:

| | 2024 $ | 2023 $ |
|---|---|---|
| **Financial assets** | | |
| Financial assets at fair value through profit or loss | **111,460** | 279,376 |

| | 2024 $ | 2023 $ |
|---|---|---|
| **Post tax gain/(loss)** | | |
| +10% change in market price or exchange rate | **11,146** | 27,938 |
| -10% change in market price or exchange rate | **(11,146)** | (27,938) |

## Note 22. Remuneration of auditors

| | 2024 $ | 2023 $ |
|---|---|---|
| During the period the following fees were paid or payable for services provided by the auditor of the Company and its related practices: | | |
| **Audit and review services** | | |
| HLB Mann Judd | **55,000** | – |
| BDO Audit Pty Ltd | **–** | 64,896 |
| **Other services** | | |
| BDO Services Pty Ltd: Taxation matters – Australia | **–** | 21,369 |
| | **55,000** | 86,265 |

## Note 23. Subsidiaries

| Name of entity | Country of incorporation | Class of shares | Ownership interest held by group[1] 2024 | 2023 |
|---|---|---|---|---|
| Scandian Metals Pty Ltd | Australia | Ordinary | 100% | 100% |
| Scandian Metals AB | Sweden | Ordinary | 100%[2] | 100%[2] |
| Sunstone Metals Canada Limited | Canada | Ordinary | 100% | 100% |
| Sunstone Metals Ecuador S.A. | Ecuador | Ordinary | 100%[3] | 100%[3] |
| Bramaderos S.A.[6] | Ecuador | Ordinary | 87.5% | 87.5% |
| Golden Exploration Ecuador S.A. | Ecuador | Ordinary | 70%[4] | 70%[4] |
| Compania Minera Verde Chico CIA LTDA | Ecuador | Ordinary | 0%[4] | 0%[4] |
| Verde Chico Exploraciones VCE SAS | Ecuador | Ordinary | 100%[5] | 100%[5] |

Notes:
1 The proportion of ownership interest is equal to the proportion of voting power held.
2 Scandian Metals AB is a 100% owned subsidiary of Scandian Metals Pty Ltd.
3 Sunstone Metals Ecuador is a 100% owned subsidiary of Sunstone Metals Canada.
4 Golden Exploration Ecuador S.A. and Compania Minera Verde Chico CIA LTDA are subject to Staged Acquisition Agreements for Sunstone to ultimately hold 100%. Ownership in Gold Exploration Ecuador S.A. increased to 74.5% during July 2024.
5 Verde Chico Exploraciones VCE SAS is a 100% owned subsidiary of Sunstone Metals Canada and is the company responsible for exploration on the Verde Chico project.
6 Bramaderos S.A. changed its name from La Plata Minerales SA in June 2023.

Sunstone holds the right under an Amended Staged Acquisition Agreement signed in June 2024 to acquire 100% of Gold Exploration Ecuador S.A. by making an additional payment to the vendors of US$300,000 on 1 July 2024, and US$1,700,000 on or before 1 July 2026.

## Note 24. Contingent assets and liabilities

Future consideration of $1.5 million is receivable from NewPeak Metals Limited contingent on delivery of at least 500,000 ounces of gold in Measured and Indicated Resources from the acquired permits in Finland. As the project is at an early stage of exploration it is not considered virtually certain that this milestone will be met, as required under AASB 137, and therefore the Group has not recognised a receivable for this further consideration contributing to the loss on sale of subsidiary in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The Group is not aware of any other material contingent assets or liabilities at 30 June 2024 not otherwise disclosed in the Financial Statements.

## Note 25. Dividends

No dividend was paid or declared by the Company in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial period ended 30 June 2024 (2023: nil).

The balance of the Company's franking account is nil (2023: nil).

## Note 26. Events occurring after reporting date

Except as noted below, no matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods:

- On 9 September 2024, the Group announced a capital raise of $2,500,000 via a Placement. The Group received $2,232,500 (net of broker fees) on 13 September 2024. $130,000 relating to Director participation and will be received following the AGM in October 2024 (subject to shareholder approval). On 9 September 2024, the Group also announced a Share Purchase Plan to raise approximately $2,000,000.
- On 1 July 2024, the Group paid US$300,000 to increase ownership in Gold Exploration Ecuador S.A. (the company which holds the El Palmar project) to 74.5%.

# Notes to the Financial Statements

for the year ended 30 June 2024

## Note 27. Parent Entity Information

Information relating to Sunstone Metals Limited:

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Current assets | **2,197,375** | 8,950,201 |
| Non-current assets | **48,338,225** | 34,449,345 |
| Total assets | **50,535,600** | 43,399,546 |
| Current liabilities | **1,422,052** | 424,873 |
| Non-current liabilities | **35,240** | 272,188 |
| Total liabilities | **1,457,292** | 697,061 |
| **Net assets** | **49,078,308** | 42,702,485 |
| Issued capital | **131,310,143** | 123,028,466 |
| Accumulated losses | **(86,882,330)** | (84,601,424) |
| Share based payments reserve | **4,650,495** | 4,275,443 |
| **Total shareholders' equity** | **49,078,308** | 42,702,485 |
| Net income/(loss) for the year | **(2,280,906)** | (22,798,590) |
| Total comprehensive income/(loss) | **(2,280,906)** | (22,798,590) |

There have been no guarantees entered into by the Parent Entity in relation to any debts of its subsidiaries.

The Parent Entity has restricted cash balances totalling $15,225 (2023: $15,225) representing term deposits securing performance guarantees over rental of the Company's office premises.

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1.

# Consolidated Entity Disclosure Statement

This Consolidated Entity Disclosure Statement as at 30 June 2024 has been prepared in accordance with s295(3A)(a) of the *Corporations Act 2001*.

| Name of entity | Entity type | Trustee, partner or participant in joint venture | Country of incorporation | % of share capital | Australian or foreign tax resident | Jurisdiction of foreign residents |
|---|---|---|---|---|---|---|
| Sunstone Metals Limited | Body Corporate | n/a | Australia | n/a | Australian | n/a |
| Scandian Metals Pty Ltd | Body Corporate | n/a | Australia | 100% | Australian | n/a |
| Scandian Metals AB | Body Corporate | n/a | Sweden | 100% | Foreign | Sweden |
| Sunstone Metals Canada Limited | Body Corporate | n/a | Canada | 100% | Australia | n/a |
| Sunstone Metals Ecuador S.A. | Body Corporate | n/a | Ecuador | 100% | Foreign | Ecuador |
| Bramaderos S.A. | Body Corporate | Joint Venture | Ecuador | 87.5% | Foreign | Ecuador |
| Golden Exploration Ecuador S.A. | Body Corporate | n/a | Ecuador | 70%[1] | Foreign | Ecuador |
| Compania Minera Verde Chico CIA LTDA | Body Corporate | n/a | Ecuador | 0%[1] | Foreign | Ecuador |
| Verde Chico Exploraciones VCE SAS | Body Corporate | n/a | Ecuador | 100% | Foreign | Ecuador |

Notes:

1 Golden Exploration Ecuador S.A. and Compania Minera Verde Chico CIA LTDA are subject to Staged Acquisition Agreements for Sunstone to ultimately hold 100%.

# Directors' Declaration

In accordance with a resolution of the Directors of Sunstone Metals Limited I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;*

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b)

(c) subject to the achievement of matters described in Note 1(a), there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(d) the Consolidated Entity Disclosure Statement on page 59 of the Financial Statements is true and correct; and

(e) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

On behalf of the Board

Mr Graham Ascough
**Chairman**

Brisbane, Queensland
13 September 2024

**Independent Auditor's Report to the Members of Sunstone Metals Limited**

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of Sunstone Metals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Regarding Going Concern**

We draw attention to Note 1 (a) in the financial report, which indicates that the Group incurred a net loss of \$2,293,242 during the year ended 30 June 2024 and, as of that date, the Group had net cash reserves of \$2,669,044 and a net current asset surplus of \$1,216,526. As stated in Note 1 (a), these events or conditions, along with other matters as set forth in Note 1 (a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, are of most significance in our audit of the financial report of the current period. We identified one key audit matter which has been addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

**hlb.com.au**

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Liability limited by a scheme approved under Professional Standards Legislation.

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| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **Capitalisation and impairment of Exploration and Evaluation Costs**<br>Refer to Note 1 (k) Summary of Material Accounting Policies: Exploration and evaluation expenditure; and<br>Note 10: Exploration and evaluation assets | |
| In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure. As at 30 June 2024, the Group had a capitalised exploration and evaluation balance of $81,475,930.<br><br>Capitalisation and impairment of Exploration and Evaluation Costs was determined to be key audit matter due to the following:<br>• The significance of the total balance; and<br>• The importance of this balance to the users' understanding of the financial statements as a whole; and<br>• The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*<br><br>We planned our audit work to address the audit risk that the valuation of, and accounting for, exploration and evaluation expenditure may not have been carried out in accordance with the relevant accounting standard. | Our procedures included but were not limited to the following:<br>• Reviewed management's accounting treatment of capitalised costs under AASB 6 Exploration for and Evaluation of Mineral Resources;<br>• Obtained evidence that the Group has current rights to tenure of its areas of interest;<br>• Tested a sample of expenditure by agreeing to supporting documentation;<br>• Reviewed management's assessment of impairment; and<br>• Reviewed the adequacy of the Group's disclosures in the financial statements. |

**Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, the consolidated entity disclosure statement that is true and correct and in accordance with the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT ON THE REMUNERATION REPORT**

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 22 to 28 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Sunstone Metals Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

Brisbane, Queensland
13 September 2024

Adrian

**A B Narayanan**
**Partner**

# ASX Additional Information

Additional information required by the Australian Securities Exchange Limited ("ASX") Listing Rules and not disclosed elsewhere in this report.

## SHAREHOLDINGS

### Substantial shareholders

The following are substantial shareholders within the Company as per announcements to ASX as at 31 August 2024:

| Holders (above 5%) | Ordinary shares held | Interest held |
|---|---|---|
| Mason Stevens Limited | 261,883,528 | 7.48% |
| Ilwella Pty Ltd | 179,505,609 | 5.33% |

### Class of shares and voting rights

At 31 August 2024, there were 4,071 holders of the ordinary shares of the Company. The voting rights attached to the ordinary shares, set out in clause 93 of the Company's Constitution, are:

Subject to any special rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a Shareholder has one vote; and
- on a poll every person present who is a Shareholder or a proxy, attorney, or Representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares, (excluding amounts credited).

At 31 August 2024, there were options and performance rights over unissued ordinary shares. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised or the performance rights have vested.

### Distribution of Share Holders (as at 31 August 2024)

| Category | Number of holders Ordinary shares |
|---|---|
| 1 – 1,000 | 120 |
| 1,001 – 5,000 | 68 |
| 5,001 – 10,000 | 211 |
| 10,001 – 100,000 | 1,381 |
| 100,001 – 1,000,000 | 1,722 |
| 1,000,001 and over | 569 |
| | 4,071 |

There were 1,338 holders holding less than a marketable parcel of ordinary shares as at 31 August 2024.

### On-market buy-back

There is no current on-market buy-back.

### Unquoted Securities

Options and performance rights on issue were allotted as part of an employee share option plan and performance rights plan and are unquoted.

# ASX Additional Information
continued

### Restricted Securities
There were no restricted securities as at 31 August 2024.

### Twenty Largest Security holders as at 31 August 2024

| | Ordinary Shares | |
|---|---|---|
| Holder name | Number | % |
| HSBC Custody Nominees (Australia) Limited | 371,227,910 | 9.64 |
| Citicorp Nominees Pty Limited | 208,036,508 | 5.40 |
| Mr Rohan William Halfpenny + Mrs Phitsamai Thongla Halfpenny | 88,108,956 | 2.29 |
| BNP Paribas Noms Pty Ltd | 85,235,269 | 2.21 |
| BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient> | 73,754,626 | 1.91 |
| Brendan Luxton Investments Pty Ltd | 65,101,010 | 1.69 |
| Hawksburn Capital Pte Ltd <Methuselah Strategic Fnd A/C> | 60,346,797 | 1.57 |
| Robert Claude Andre Leon | 57,566,320 | 1.49 |
| Mr Brian Gerard Sheahan <Sheahan Family Account> | 35,000,000 | 0.91 |
| Lotus Research Pty Ltd | 31,774,240 | 0.82 |
| Rezann Pty Ltd <Ripka Family A/C> | 29,000,000 | 0.75 |
| Mr Ian Austin James | 26,000,000 | 0.67 |
| Hancroft Pty Ltd <P D Evans Family A/C> | 25,911,843 | 0.67 |
| Mr John Jackson | 24,600,000 | 0.64 |
| Ninigo Investments Pty Ltd | 23,526,091 | 0.61 |
| Dr Bruce Rohrlach | 22,535,516 | 0.59 |
| Crommo Pty Ltd | 21,617,777 | 0.56 |
| Raymond Arthur Robinson | 21,051,776 | 0.55 |
| Blustery Conditions Pty Ltd <Glenn Crichton Pension A/C> | 20,000,000 | 0.52 |
| Mr Daniel James Sidoti | 20,000,000 | 0.52 |
| | **1,310,394,639** | **34.02** |

### Other information
Sunstone Metals Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

# Corporate Directory

## Directors

Graham Ascough – Non-Executive Chair
Patrick Duffy – CEO/Managing Director
Malcolm Norris – Executive Director - Exploration
Neal O'Connor – Non-Executive Director
Stephen Stroud – Non-Executive Director

## Company Secretary

Lucas Welsh

## Securities Exchange Listing

Sunstone Metals Limited shares are listed
on the Australian Securities Exchange
Ordinary fully paid shares
ASX Code: STM

## Auditor

HLB Mann Judd
Level 15 Central Plaza Two
66 Eagle St
Brisbane QLD 4000

## Share Registry

Computershare Investor Services Pty Ltd
200 Mary Street
Brisbane Qld 4000

**Investor Enquiries:** 1300 850 505
**Website:** www.computershare.com.au

## Bank

National Australia Bank Limited
Level 23, 100 Creek Street
Brisbane QLD 4000

## Registered Office and principal place of business

**Australia**

9 Gardner Close
Milton Qld 4064
Telephone: 07 3368 9888
Facsimile: 07 3368 9899

**Website:** www.sunstonemetals.com.au
**Email:** info@sunstonemetals.com.au


**SUNSTONE METALS LIMITED**

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