

TARGET MARKET DETERMINATION

Made by	Sunstone Metals Limited (ACN 123 184 412) of 9 Gardner Close, Milton, Queensland, 4064 (Company)
Product	<p>Unlisted free attaching options to specified participants in connection with a placement (announced on 9 September 2024) (Placement) and security purchase plan (SPP) under a prospectus dated 16 September 2024 (Options).</p> <p>For every 2 shares subscribed under the Placement, participants can apply for 1 Option (Placement Option).</p> <p>For every 2 shares subscribed under the SPP, eligible shareholders can apply for 1 Option (SPP Option).</p>
Effective date	16 September 2024

This target market determination (**TMD**) has been prepared by the Company in relation to an offer to grant the Options made by the Company under a prospectus dated 16 September 2024 (**Prospectus**). A copy of the Prospectus is available on the Company's website, www.sunstonemetals.com.au.

The offer will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire Options will need to:

- in respect of the Placement Options, follow the instructions with the Placement options application form that will be in, or will accompany, the Prospectus; and
- in respect of the SPP Options, follow the instructions with the SPP options application form that will be in, or will accompany, the Prospectus.

There is no cooling off period in respect of the grant of the Options.

This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth), and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**) nor does it contain a full summary of the terms and conditions of the Options.

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus in full before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the Options.

1. Product Information

Key attributes of the Options are as follows:

Offer	<p>For every 2 shares subscribed under the Placement, participants can subscribe for 1 Option (Placement Option).</p> <p>For every 2 shares subscribed under the SPP, eligible shareholders can subscribe for 1 Option (SPP Option).</p>
Eligibility	<p>In relation to the Placement Options, investors who participated in the Placement.</p> <p>In relation to the SPP Options, eligible shareholders who participated in the SPP.</p>
Exercise Price	\$0.0075 per Option
Exercise Date	2 years from the date of grant.
Exercise Period	The Options are exercisable at any time on or prior to the Expiry Date
Shares issued on exercise	Shares issued on exercise of the Options will rank equally in all respects with the Company's existing shares on the date of issue.
Transferability	The Company will not apply for official quotation of the Options on the ASX. The Options are transferrable subject to compliance with the Corporations Act and ASX Listing Rules.

2. Target Market

The below table summarises the overall class of consumers that fall within the target market for the Options, based on the Options' key attributes and the objectives, financial situation and needs that it has been designed to meet.

FACTOR	TARGET MARKET
Investment Objective	<p>The Company expects that an investment in Options will be suitable to investors who wish to gain exposure to equity in a small cap mining exploration company listed on the Australian Securities Exchange (ASX). Particularly, it will be:</p> <ul style="list-style-type: none"> investors who participated in the Placement; or existing Shareholders of the Company who are registered as holders of Shares at 5.00pm (WST) on 6 September 2024 and whose registered address is in Australia or New Zealand, being those Shareholders who are eligible to participate in the SPP.

FACTOR	TARGET MARKET
<p>Investment Timeframe</p>	<p>The target market of investors will take a short to medium term outlook on their investment. Investors with a short-term outlook for their investment will benefit from an ability to exercise Options and trade the underlying Shares issued on exercise should the exercise price of the Options be lower than the trading price of Shares. Investors with a medium-term outlook will benefit from an ability to exercise the Options within the two years term of the Options and increase their shareholding and exposure to the potential upside in the Company's Shares into the future.</p> <p>The Company will not apply for official quotation of the Options on the ASX. However, the Options will be transferrable subject to compliance with the Company's Constitution, the Corporations Act and the ASX Listing Rules.</p> <p>Given the need to pay the exercise price in order to acquire Shares, investors in the target market are in a financial position that is sufficient for them to invest their funds over the Exercise Period of the Options, should they wish to exercise their Options. Any decision to exercise the Options and sell the Shares issued on exercise of the Options may be limited by a lack of liquidity in the Shares and by the trading price of the underlying Shares.</p>
<p>Investment Metrics</p>	<p>While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment and who are accustomed to participating in speculative investments in the mining exploration sector.</p> <p>An exercise price is required to be paid to acquire shares on exercise of Options. As such, the capacity to realise the underlying value of the Options would require that they be exercised on or before the expiry date. Investors in the target market will need to be in a financial position to have sufficient available funds so as to facilitate an exercise of the Options prior to the expiry date. Prior to the expiry date, investors' ability to liquidate the Options may be limited by a lack of liquidity in the Options and the price of the underlying Shares.</p> <p>The Options offer no guaranteed income or capital protection.</p>
<p>Risk</p>	<p>Investors should consider that there is no guarantee that the Company's share price will exceed the Exercise Price of the Options.</p>

FACTOR	TARGET MARKET
	<p>The Company considers that an investment in the Options is highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment. Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in Options as an asset class generally and the more specific risks of investing in an Australian listed mining exploration company.</p> <p>Specific risks relating to the Company and an investment in Options are set out in the Prospectus and investors should review those risks carefully before deciding whether to invest.</p>

3. Distribution Conditions

The offer of the Options is made under the Prospectus to investors who are eligible to participate in:

- the SPP (being shareholders with an address in Australia or New Zealand in the register of members of the Company as at 7.00pm (Brisbane time) on 5 September 2024); or
- the Placement (being those sophisticated or professional investors who have already subscribed for shares under the Placement).

The Prospectus includes jurisdictional conditions on eligibility. The Company will also include on its web landing page for the offer of Options a copy of this TMD and require that retail investors confirm that they meet the eligibility criteria of the expected target market outlined in this TMD before they apply for Options.

The Company considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

4. Review Triggers

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment by way of grant. It follows that the TMD will only apply in the period between the commencement of the offer of the Options and the grant of the Options shortly after the close of the Offer (**Offer Period**) after which the TMD will be withdrawn.

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the offer of the Options and should be reviewed, the following review triggers apply for the Offer Period:

- (a) there is a material change to the Options' key attributes that make it no longer consistent with the likely objectives, financial situation and needs of investors in the target market;
- (b) the Company lodges with the Australian Securities and Investments Commission (**ASIC**) a supplementary or replacement prospectus in relation to the Prospectus;
- (c) any event or circumstance that would materially change a factor taken into account in making this TMD;
- (d) the existence of a significant dealing of the Options that is not consistent with this TMD. The Company does not consider that an on-sale of the Options on market is a significant dealing;

- (e) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the Options or this TMD; and
- (f) material changes to the regulatory environment that applies to an investment in the Options.

5. Review Period

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger (as applicable) as soon as reasonably practicable and, in any case, within 10 business days of the review trigger occurring.

The Company will otherwise complete a review of the TMD immediately prior to the grant of Options under the Offer.

6. Information Reporting

The reporting requirements of all distributors is set out in the table below.

REPORTING REQUIREMENT	PERIOD FOR REPORTING TO THE COMPANY BY THE DISTRIBUTOR	INFORMATION TO BE PROVIDED
Whether the distributor received complaints about the Options.	<ul style="list-style-type: none"> • For such time as the Offer Period remains open, within 10 business days after the end of each quarter. • Within 10 business days after the end of the Offer Period. 	<ul style="list-style-type: none"> • The number of complaints received. • A summary of the nature of each complaint or a copy of each complaint.
A significant dealing of the Options that is not consistent with this TMD	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 10 business days after the significant dealing occurs.	<ul style="list-style-type: none"> • Details of the significant dealing. • Reasons why the distributor considers that the significant dealing is not consistent with this TMD.
A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within 10 business days after the end of the close of the offer of Options in accordance with the Prospectus.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

7. Contact Details

Contact details in respect of this TMD for the Company are:

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 Company Secretary
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 Email: info@sunstonemetals.com.au