

21 OCTOBER 2024

Inadvertent breach of ASX Listing Rule 10.11

Sunstone Metals Ltd (ASX: STM) (**Sunstone** or the **Company**) advises that during the issuing of shares under the Share Purchase Plan (**SPP**), it has inadvertently breached ASX Listing Rule 10.11.

On 14 October 2024, shares were inadvertently issued to Malcolm Norris, a director of the Company, who applied to participate in the SPP for 6 million shares at 0.5 cents per share. The breach arises as the issue of shares did not satisfy the conditions of an issue of shares under an SPP per Exception 4 of Listing Rule 10.12, namely that the offer price of the shares under the SPP of 0.5 cents per share was not above 80% of the 5-day volume weighted average market price (**VWAP**) at either the close of trading on the day prior to the announcement of the SPP or the day the shares were issued.

Per Listing Rule 10.11 an entity must not issue equity securities to a related party (which includes directors) unless an exception in Listing Rule 10.12 exists. As noted above, the criteria in Exception 4 was not met.

The Company notes that on the date of the announcement of the Share Purchase Plan on 9 September 2024, the offer price of 0.5 cents per share was 66% of the 5-day VWAP at the end of the prior trading day. It was on this basis that the Company sought, and the ASX granted, a waiver in relation to Listing Rule 7.1 to enable the SPP shares to be issued without utilising the Company's available placement capacity under Listing Rule 7.1 and not require shareholder approval. This waiver did not extend to issues of shares to related parties under Listing Rule 10.11 without requiring shareholder approval.

At the close of trade on 11 October 2024 (being the day prior to the date of issue), the SPP offer price of 0.5 cents per share was 78% of the 5-day VWAP of 0.64 cents per share. As a result, the conditions of Exception 4 of Listing Rule 10.12 was not met, and the shares should not have been issued without shareholder approval.

The Company notes that Mr Norris wished to support the Company, as he has done in many previous placements, SPPs and Rights Issues, along with other shareholders who participated in the SPP. The Company also notes that the offer price of 0.5 cents per share was above the 80% threshold of the 5-day VWAP from the day after the announcement up to the end of trading on 10 October 2024 – the value of the SPP offer price fell below the 80% threshold on 11 October 2024 (being the last trading day prior to the shares being issued).

The Company notified the ASX of the inadvertent breach of Listing Rule 10.11 as soon as practicable after becoming aware of the issue. Following consultation with the ASX, it has been agreed that within 30 days, Mr Norris will sell the shares on market, and any profit will be donated to a charity registered with the Australian Charities and Not-for-profits Commission.

The Company advises that Mr Norris is in the process of selling the shares and will select an appropriate charity to donate any profits.

Mr Patrick Duffy, Managing Director of Sunstone Metals Ltd., has authorised this announcement to be lodged with the ASX.

For further information, please visit www.sunstonemetals.com.au

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