

Sunstone raises \$2.5 million to pursue resource growth and partnerships at its gold and copper projects

- **Placement of \$2.5 million (before costs); Proceeds will be used for:**
 - **Preparing a maiden Mineral Resource Estimate at the El Palmar copper-gold project in northern Ecuador**
 - **Exploration at the high-grade Limon gold-silver discovery within the Bramaderos gold-copper project in southern Ecuador; Limon maiden Mineral Resource Estimate scheduled for next year**
 - **Advance partnership opportunities at both El Palmar and Bramaderos**
- **Any partnership transactions would be designed to accelerate exploration and resource growth with the aim of unlocking the full value of the projects in a timely manner**
- **In addition to the Placement, Sunstone will offer all eligible shareholders an opportunity to participate in a Share Purchase Plan (SPP) to raise up to \$2 million at the same price as the Placement**

Sunstone Metals Limited (ASX:STM) ('Sunstone' or the 'Company') is pleased to announce that it has successfully completed a \$2.5 million Placement (the 'Placement') of 500 million new fully paid ordinary shares ('New Shares') at 0.5 cents (\$0.005) per New Share to institutional, professional and sophisticated investors.

Directors are also participating in the Placement, subject to shareholder approval, for a total of \$130,000.

Participants in the Placement will receive one free attaching option for every two shares allocated under the Placement, subject to shareholder approval. The option exercise price is 0.75 cents (\$0.0075).

The proceeds of the Placement will be used to fund the preparation of the maiden El Palmar Mineral Resource estimate and continue exploration activities at the high-grade Limon deposit (located at Bramaderos) to enable a maiden Limon mineral resource in 2025. The Company will also advance discussions with potential partners at El Palmar and Bramaderos in order to accelerate future exploration and resource growth.

In addition to the Placement, Sunstone will also undertake a Share Purchase Plan (SPP) at the same price as the Placement to raise up to \$2,000,000. Subject to shareholder approval, participants in the SPP will also receive one free attaching option for every two shares allocated under the SPP.

Sunstone Managing Director, Patrick Duffy, said:

"We are determined to unlock the true value of our major discoveries at El Palmar and Bramaderos. The proceeds of this raising will help us do this by preparing for resource estimates in parallel with partnership discussions. We believe this twin-pronged approach will maximise value for shareholders in a highly effective and efficient manner".

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PLACEMENT DETAILS

The Placement will result in the issue of 500 million New Shares; comprising 26 million New Shares issued to Directors subject to shareholder approval in October 2024; and 474 million New Shares issued within the Company's available capacity under ASX Listing Rule 7.1.

New shares issued under the Placement will rank equally with existing shares on issue in the Company. The offer price of 0.5 cents (\$0.005) represents a discount of 28.6% to the last closing of 0.7 cents (\$0.007) on 4 September 2024.

250 million options exercisable at a 50% premium to the Placement price of 0.5 cents (\$0.005) and expiring two years from the date of issue will be issued to Participants on a 1 option for every 2 shares issued basis, subject to shareholder approval.

New Shares offered under the Placement are expected to settle on Friday, 13 September 2024 and allotment, quotation and trading on Monday, 16 September 2024.

Morgans Corporate Limited and Canaccord Genuity acted as Joint Lead Managers to the Placement.

SHARE PURCHASE PLAN

In addition to the Placement, Sunstone will be conducting a share purchase plan ('SPP') to existing eligible shareholders with the opportunity to apply for New Shares in Sunstone at the same issue price and same terms and conditions as the Placement.

Sunstone intends to raise up to \$2 million and retains discretion over the allocation of shares per investor. The SPP will provide eligible shareholders the opportunity to increase their holding by the maximum allowed value of \$30,000 without incurring any brokerage or transaction costs. Subject to shareholder approval, those who participate in the SPP will also receive one free attaching option for every two shares allocated under the SPP, on the same pricing and terms as the options to be issued under the Placement (subject to shareholder approval).

The SPP will not be underwritten. The Company reserves the right to determine the aggregate amount it raises through the SPP. Sunstone may (in its absolute discretion) in a situation where total demand exceeds \$2 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back; and/or undertake a scale back of applications to the extent and in the manner it sees fit. Funds raised from the SPP are intended to be used for the same purposes as those funds raised under the Placement.

Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer prospectus that is expected to be issued and sent to eligible shareholders on or around 16 September 2024.

Sunstone intends to apply for a waiver under ASX Listing Rule 7.1 as a consequence of the price of shares under the SPP being less than 80% of the 5-day VWAP prior to the date of this announcement. If the ASX does not grant this waiver, the SPP will not be exempt from the Company's placement capacity calculation, and therefore, the SPP may require shareholder approval at an EGM. If so, the indicative timetable below will be affected accordingly.

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SPP indicative timetable

Event	Date
Record date for the SPP	Friday, 6 September 2024
Trading halt lifted and announcement of the completion of Placement	Monday, 9 September 2024
Settlement of New Shares issued under the Placement	Friday, 13 September 2024
Allotment, quotation and trading of New Shares under the Placement	Monday, 16 September 2024
SPP Offer open date and issue of offer documents	Monday, 16 September 2024
SPP closing date*	Monday, 30 September 2024
Announcement of SPP participation results	Monday, 7 October 2024
Allotment of new shares under the SPP	Monday, 7 October 2024
Normal trading of SPP shares and dispatch of holding statements	Tuesday, 8 October 2024
General Meeting for shareholders to consider and approve the Placement options and SPP options	Tuesday, 22 October 2024

The above timetable is indicative only and subject to change. Sunstone reserves the right to amend any or all of these dates at its absolute discretion, subject to the Corporations Act 2001, the ASX Listing Rules and other applicable laws.

** The Company intends to apply for a waiver under ASX Listing Rule 7.1 from the requirement that the issue price of shares under the SPP be no lower than 80% of the 5-day VWAP. If the ASX does not grant this waiver, the SPP may require shareholder approval at an EGM and the above timeline will be affected accordingly.*

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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ABOUT SUNSTONE METALS

Sunstone has an advanced portfolio of exploration projects in Ecuador. The portfolio comprises:

The Bramaderos Gold-Copper Project where Sunstone owns an 87.5% interest, and SolGold Canada, Inc. (formerly Cornerstone Capital Resources) a subsidiary of SolGold, holding 12.5% (loan carried through to start of commercial production) (see ASX announcement dated 10 April 2017, 28 August 2019, and 7 January 2020). The Bramaderos gold-copper project is located in Loja province, southern Ecuador, and is highly prospective for the discovery of large porphyry gold-copper systems, as well as high-grade epithermal gold systems. The Bramaderos concession is host to multiple fertile mineralised systems with significant discovery potential.

The Brama-Alba deposit, within the Bramaderos concession, contains an initial Mineral Resource estimate of 156Mt at 0.53g/t AuEq for 2.7Moz gold-equivalent*. In addition to this is the Bramaderos project porphyry Exploration Target of between 3.3Moz and 8.6Moz AuEq within 255 to 360Mt at a grade between 0.40 and 0.74g/t AuEq (see ASX release dated 13 December 2022), and the Limon epithermal gold-silver exploration target of between 0.9 and 1.7Moz AuEq within 30 to 44Mt at a grade between 0.9 and 1.2g/t AuEq (see ASX release dated 5 February 2024).

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

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. There has been insufficient exploration to estimate a Mineral Resource for the target area reported. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

*The gold equivalent calculation formula for porphyry gold-copper-silver mineralisation is $AuEq(g/t) = (Au \text{ grade} \times Au \text{ price} \times Au \text{ recov} / 31.1035) + (Ag \text{ grade} \times Ag \text{ price} \times Ag \text{ recov} / 31.1035) + (Cu \text{ grade} \times Cu \text{ price} \times Cu \text{ recov} / 100) / (Au \text{ price} \times Au \text{ recov} / 31.1035)$. 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.

*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.

In Sunstone's opinion, all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold.

The El Palmar Copper-Gold Project where Sunstone holds 74.5% of the highly prospective 800ha El Palmar gold-copper porphyry project in Ecuador. Sunstone can acquire 100% through a Staged Acquisition Agreement. A Staged Acquisition Agreement to acquire the nearby Verde Chico Project has also been signed. The El Palmar and Verde Chico gold-copper projects are located in Imbabura province, northern Ecuador, within the same geological belt that includes the giant Alpala, Tandayama-America and Llurimagua porphyry copper-gold and copper-molybdenum deposits.

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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 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.