

## ASX ANNOUNCEMENT

31 OCTOBER 2023

### SEPTEMBER 2023 QUARTERLY ACTIVITIES REPORT

#### Operations Highlights

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

- Exceptional results from Limon continued during and subsequent to the quarter. Significantly enhance the quality of the shallow, wide, high-grade gold-silver deposit and provides potential for early development options. To support this an Exploration Target will be released in November
- Intersections in the central shoot to date at Limon include:
  - 269m at 1.05g/t AuEq\* from 74m in LMDD040, including 124m at 1.93g/t AuEq\* from 190m
  - 180.1m at 0.96g/t AuEq from 6m in LMDD038
  - 243m at 1.32g/t AuEq\* from 46m in LMDD030
  - 185m at 2.85g/t AuEq\* from 90m in LMDD026, including 31m at 12.93g/t AuEq\* from 146m
  - 176.7m at 1.09g/t AuEq\* from 6.8m in LMDD017
- The above intersections are outside current Brama-Alba resource and Exploration Target estimates and support the strategy to establish higher-grade open pit opportunities within a targeted 10Moz project
- Central shoot at Limon measuring ~125m by >100m, by > 250m, surrounded by additional multiple mineralised structures, with significant grade, over an extent of 800m x 300m and open
- Reinforces the concept of multiple gold-copper porphyry and related gold-silver epithermal systems and highlights the potential for significant growth of Mineral Resources at higher grades, and an expanded Exploration Target (see ASX release dated December 13, 2022)

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

- Drill hole EPDD028, the second hole to test the large T3 target, has intersected a strongly mineralised porphyry gold-copper system at depth to the end of hole, including;
  - 294.7m at 0.51g/t AuEq (0.34g/t gold and 0.11% copper) from 918m down-hole, to end of hole and open, including higher grade zone of 26m at 0.96g/t AuEq (0.68g/t gold and 0.18% copper) from 1,014m
  - The ability of the system to deliver higher grades demonstrated by discrete intervals of high-grade including 3.2m at 0.38% copper and 1.65g/t gold, from 1,077m
- The mineralisation has now been outlined over at least 120m wide and remains open in all directions. Updated magnetic modelling suggests a significant magnetic body in this area of ~700m width, with holes EPDD026 and 028 being drilled on the edge
- The broader T3 target comprises several magnetic bodies and soil geochemical targets and measures up to ~1.5km in diameter. It is part of a cluster of gold-copper porphyry systems, T1 to T5, which extend over 2.5km. T3 is a large target and has only had 3 holes drilled into it, 2 of which are well mineralised and point to the very significant upside opportunity at El Palmar
- Importantly, the T3 target sits within the broad Toachi fault zone which is a key control on mineralisation at SolGold's 3Bt Alpala copper-gold porphyry deposit just 65km away and 15km away from Codelco's 1Bt Llurimagua copper-molybdenum deposit

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### Corporate Highlights

The Company's available cash position and tradeable equity investments for 30 September 2023 was ~A\$5.3 million (\$4.9m cash and \$0.4m equities).

**Sunstone has modified its operations in Ecuador to move to a campaign drilling program which will remove duplication in costs across its 2 main projects, reducing the number of employees, and other related operating costs, resulting in a more efficient use of funds. The latest drilling campaign has been completed and rigs are now on standby while all assays are received, compiled, and interpreted. Additional assays will be received during November. Significantly reduced exploration expenditure is forecast for Q4, 2023 and Q1 2024.**

### EXPLORATION AND DEVELOPMENT ACTIVITIES

#### **Bramaderos Gold-Copper Project**

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

During the September quarter, as well as subsequent to the end of the quarter, Sunstone continued to announce outstanding gold and silver assays from Limon which highlight the potential for a significant increase in the overall size and grade of the Mineral Resource estimate at its Bramaderos project in southern Ecuador.

Limon is a significant gold and silver discovery and it continues to grow with every round of drilling and assays. There is now abundant evidence to demonstrate that the orebody has every potential to deliver a significant standalone operation or a starter pit opportunity for the large-tonnage Bramaderos gold-copper-silver porphyry development.

The Limon epithermal gold and silver deposit is not included in the December 2022 2.7Moz AuEq Brama-Alba Mineral Resource estimate or the 3.3 – 8.6Moz AuEq Exploration Target at Bramaderos (see table and further details on following page and ASX release dated December 13, 2022).

Drill hole LMDD040 produced an outstanding 269m-long intersection of 1.05g/t AuEq\* (see ASX release dated October 18, 2023), including peak assays of 66g/t gold and 898g/t silver at 283-284m. The result increases the size of the Limon discovery significantly as it doubles the known true width of the central shoot to ~125m. Drill hole LMDD040 was drilled at right angles to many of the previous holes and therefore has a significant impact on the scale of the high-grade Limon gold-silver mineralisation. The lateral scale of the central shoot at Limon is currently more than 100m with a vertical extent of at least 250m (Figures 3-5). The central shoot is in turn, based on drilling to date, surrounded by additional multiple mineralised structures, with significant grade, over an extent of at least 800m x 300m (Figures 5 and 6; see ASX announcement dated 12 October 2023).

Assays from LMDD026, also produced outstanding results intersecting 185m at 2.85g/t AuEq\* (2.67g/t gold and 15g/t silver) from 90m, including 31m at 12.93g/t AuEq\* (12.53g/t gold and 32.7g/t silver) from 146m (see ASX release dated July 3, 2023).

Results from other holes continue to define and expand the central shoot (see ASX announcements dated 3 July, 15 August, 18 September, and 12 October 2023). Results included intersections of 243m at 1.32g/t AuEq\*

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in LMDD030 and 180.1m at 0.96g/t AuEq\* in LMDD038, with peak assays delivering 20.90 g/t gold and 307g/t silver at 233-234m in hole LMDD034.

Other results from holes drilled away from the central shoot are particularly important. Results from LMDD033 represent another breakthrough in our exploration, intersecting more high-grade gold in new structures 200m west of the central shoot, and significantly expanding the scale of the opportunity (see ASX announcement dated 18 September 2023), while results from LMDD039 define multiple mineralised structures well to the southeast of the main drilling area and open this domain for further drilling and discovery of extensions of mineralised structures.

The current drill program has been completed and the rigs are now on stand-by while all assays are received, compiled, and interpreted. Additional assays will be received during November.

The Limon target area is located 2.7km north-east of the Brama-Alba-Melonal gold-copper porphyry deposits, which host a Mineral Resource estimate of 156Mt at 0.53g/t AuEq for 2.7Moz gold-equivalent\*. In addition to this is the Bramaderos project 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 December 13, 2022). The Limon gold-silver deposit was discovered subsequent to the release of the MRE and Exploration Target and is therefore not included in those estimates.

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
<b>Total</b>	<b>156</b>	<b>0.35</b>	<b>0.11</b>	<b>1.3</b>	<b>0.53</b>	<b>2.7</b>

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

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

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

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

\*The gold equivalent calculation formula for the gold-silver epithermal mineralisation at Limon 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

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estimated at 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.

### **El Palmar Porphyry Copper-Gold Project**

El Palmar is located in northern Ecuador, 60km north-west of Ecuador's capital Quito (Figures 1 and 11) Sunstone is acquiring 100% of the El Palmar project and currently holds 70% under the Staged Acquisition Agreement signed on 12<sup>th</sup> August 2020.

During the September Quarter Sunstone announced extremely promising assay results from the second hole at the T3 porphyry target (EPDD028, see ASX announcement dated 11th September 2023) which intersected strong gold-copper porphyry mineralisation, and combined with those from the first hole, EPDD026 (see ASX announcement dated 20th June 2023) show T3 is emerging as a very large gold-copper porphyry system.

The hole EPDD028 was drilled steeply at -82 degrees into the same magnetic domain intersected by hole EPDD026 and extends mineralisation to the north-east and below that encountered by hole EPDD026, and remains open in all directions (Figures 7-9).

Both holes EPDD026 and 028 are mineralised at end of hole, suggesting a vertical extent of mineralisation, from magnetic modelling, in excess of 250m (Figures 7 & 8).

Remodelling of magnetics has delivered a more robust model over the T3 area. The model has identified several magnetic anomalies that could relate to mineralised bodies and these will be drill tested. Some of these extend closer to surface than the anomaly drilled in EPDD026 and 028 and these shallower targets will be prioritised for testing (Figures 7-9).

These latest results from T3, combined with the known porphyry mineralisation at T1, T2, T5 and the still to be tested T4 target, clearly demonstrate a district with multiple close-spaced and mineralised porphyry centres (Figure 10).

This scenario of clustered deposits is very similar to the giant Cobre Panama porphyry copper system in Panama where seven porphyry centres contribute to its overall mineral resources (~4.4Bt at 0.35% copper and 0.06g/t gold at 0.15% copper COG; [www.firstquantum.com](http://www.firstquantum.com)).

The T3 target is centred on the regionally-significant Toachi Fault zone and its intersection with orthogonal structures – a scenario strongly similar to the Alpala and Tandayama-America copper-gold porphyry deposits, within SolGold's Cascabel project, located 65km to the north-east (Figure 11). Age dating of the rocks associated with mineralisation at El Palmar T1 has confirmed that they are the same geological age as Alpala and are hosted within the northern section of the Eocene volcanic arc. At Cascabel, the 2.66 billion tonne Alpala copper-gold deposit grades 0.25g/t gold and 0.37% copper (0.53% CuEq), and the 0.53 billion tonne Tandayama-America deposit grades 0.19g/t gold and 0.24% copper (0.36% CuEq); see also [www.solgold.com.au](http://www.solgold.com.au) for details). Also in the vicinity is the 1 billion tonne Llorimagua copper-molybdenum porphyry deposit grading 0.89% copper and 0.04% molybdenum (1.0% CuEq).

The clustering of deposits that are being discovered on the El Palmar property within the Eocene belt gives us strong cause to believe that the El Palmar deposits will be regionally significant.

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### **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 in northern Ecuador, and quadruples Sunstone's land position in this prospective belt in northern Ecuador to 3,672ha (Figures 1 and 11).

Initial exploration at Verde Chico has included a program of rock chip sampling and stream sediment sampling, along with formal community agreements and environmental baseline surveys. Further soil sampling, geological mapping and rock chip sampling, and ground magnetics to establish drill targets are also planned.

### **Corporate**

The Company's unaudited cash position for 30 September 2023 was approximately A\$4.9 million, and the value of tradeable equity investments was approximately A\$0.4 million. The Quarterly Cashflow Report (Appendix 5B) for the period ending 30 September 2023 provides an overview of the Company's financial activities.

Exploration expenditure for the reporting period was \$4.7 million (\$5.6 million previous quarter) with two drill rigs operating across both the Bramaderos and El Palmar Projects for a combined 4,636m. Expenditure is forecast to continue to drop significantly over the next 2 quarters while drilling is reduced and assays are compiled, and Exploration Target estimates are prepared. Low cost surface sampling is underway at all projects to prepare for the next phase of drilling.

During the September quarter Sunstone modified its operations in Ecuador to move to a campaign drilling program. This has removed some duplication in costs across 2 projects, reducing the number of employees, and other related operating costs. Redundancy payments were incurred in September quarter. In addition, Sunstone has recently completed the current drill program and the rigs are now on stand-by while all assays are received, compiled, and interpreted.

Quarter to quarter overall costs in Ecuador were reduced by ~16%, but with the removal of one off redundancy costs expenditure was reduced by ~20%. Expenditure in Q4 2023 and Q1 2024 will be reduced even further.

Corporate and other expenditure (including property, plant, and equipment) amounted to \$0.55 million. The total amount paid to directors of the entity and their associates in the period (item 6.1 of the Appendix 5B) was \$130,825 and includes salary, superannuation, and directors' fees.

As at 30 September 2023, the 871,803 shares held in Canadian Securities Exchange-listed United Lithium Corp. (CSE: ULTH), were valued at approximately A\$319,344 (CAD 0.32 per share), while the 81,690,362 shares held in ASX listed NewPeak Metals Ltd were valued at approximately A\$81,690 (A\$0.001 per share).

As the Company is an exploration entity there is not yet any sales revenue being generated from sale of products. To date Sunstone has primarily funded its activities through issuance of equity securities and it is expected that the Company will be able to fund its future activities through further issuances of equity securities and consideration of project level partnerships.

### **Shareholder Information**

As at 30 September 2023, the Company had 3,081,984,879 fully paid ordinary shares on issue and 4,247 shareholders.

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### Notes Specific – September 2023 Quarter ASX Announcements

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

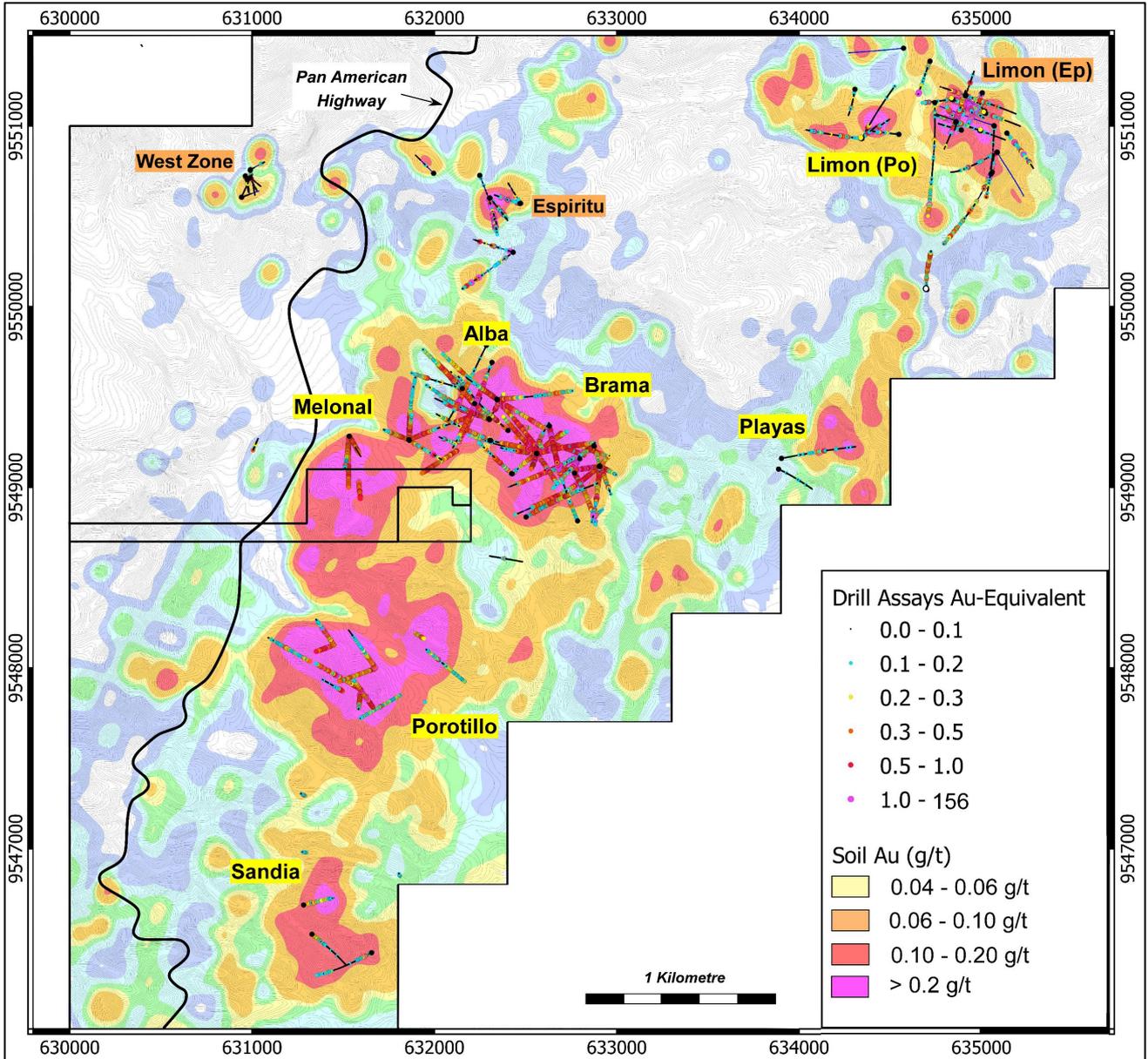
High grade gold and silver at Limon, Bramaderos	3 Jul 2023
Investor Presentation – Noosa Mining Conference	20 Jul 2023
Limon gold discovery continues to grow	15 Aug 2023
Annual Report to shareholders/App 4G	5 Sept 2023
El Palmar 2 <sup>nd</sup> hole confirms T3 strongly mineralised porphyry	11 Sept 2023
Notice of AGM	15 Sept 2023
High grade, near surface gold at Limon	18 Sept 2023
Investor Presentation –MiningNews Select	19 Sept 2023
Change of Director’s Interest Notice	3 Oct 2023
Change of Director’s Interest Notice	3 Oct 2023
Limon drilling growing scale	12 Oct 2023
Limon – Bumper results, greatly expands scale	18 Oct 2023

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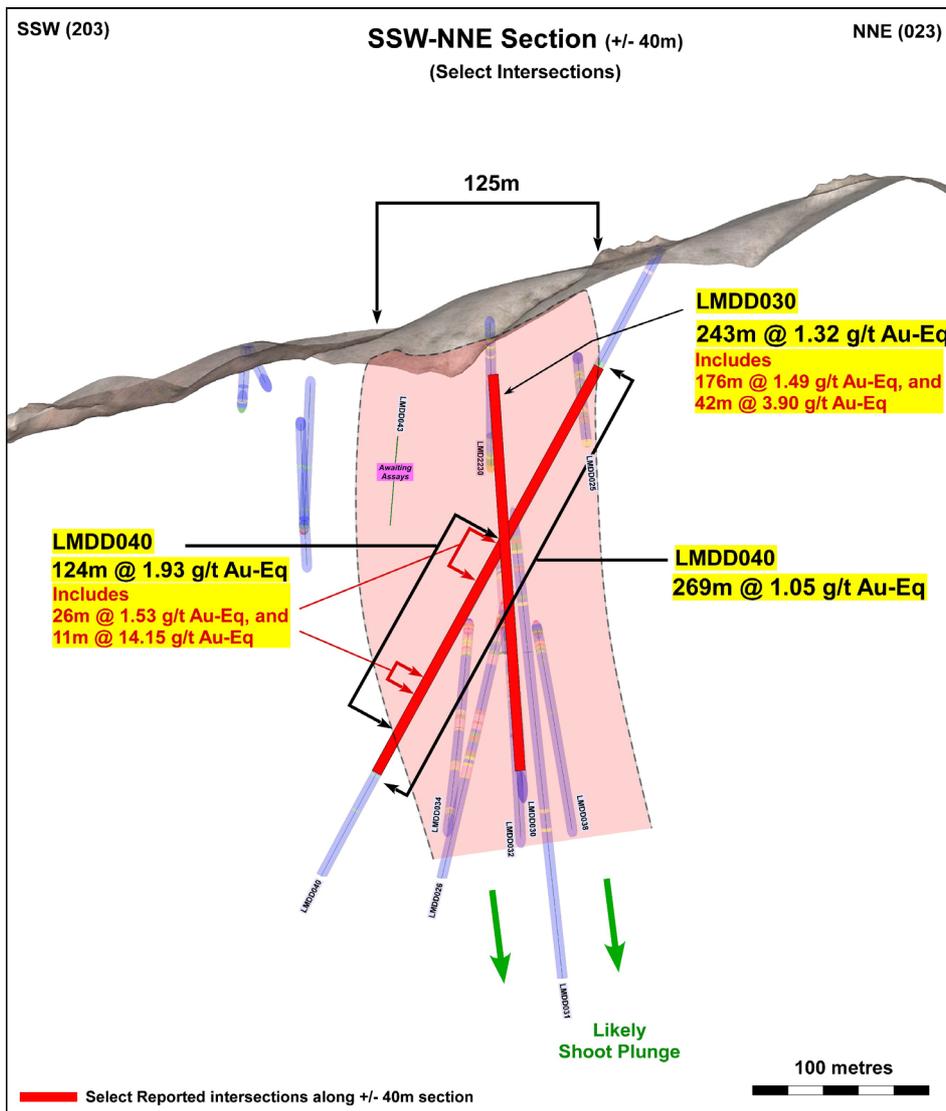
**Figure 1:** Location of the El Palmar project in northern Ecuador, the Verde Chico project nearby, and the Bramaderos Project in southern Ecuador.

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**Figure 2:** Bramaderos concession showing the location of Limon and other gold-copper porphyry (yellow) and gold-silver epithermal targets (orange). 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 2023 has been focussed on the Limon gold-silver epithermal opportunity.

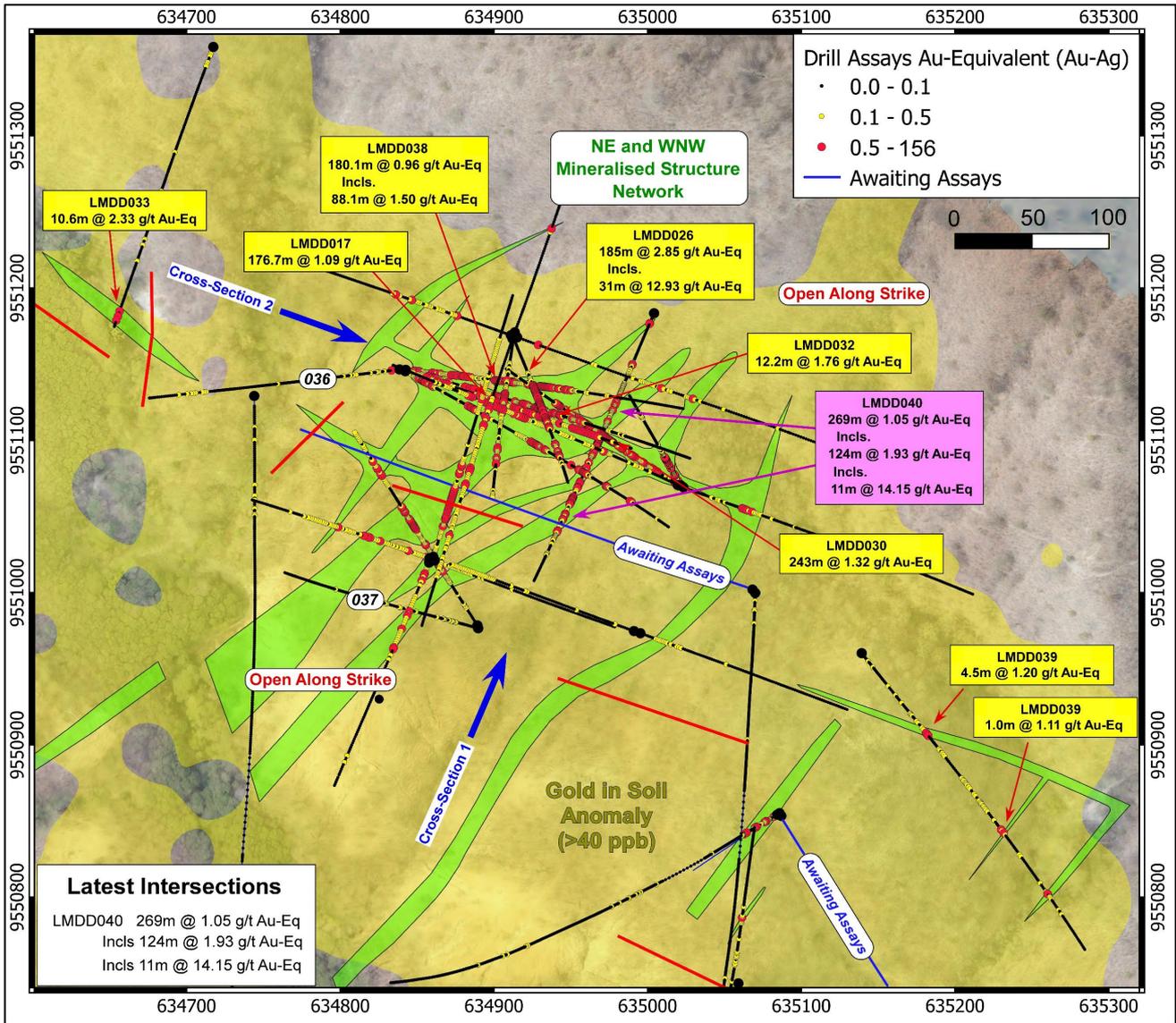
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**Figure 3:** Cross-section 1 - SSW-NNE cross-section through the Limon epithermal system, showing the main central shoot is around 125m wide in true width, with mineralisation extending to surface and open to depth down plunge. See Figure 5 for location of sections.

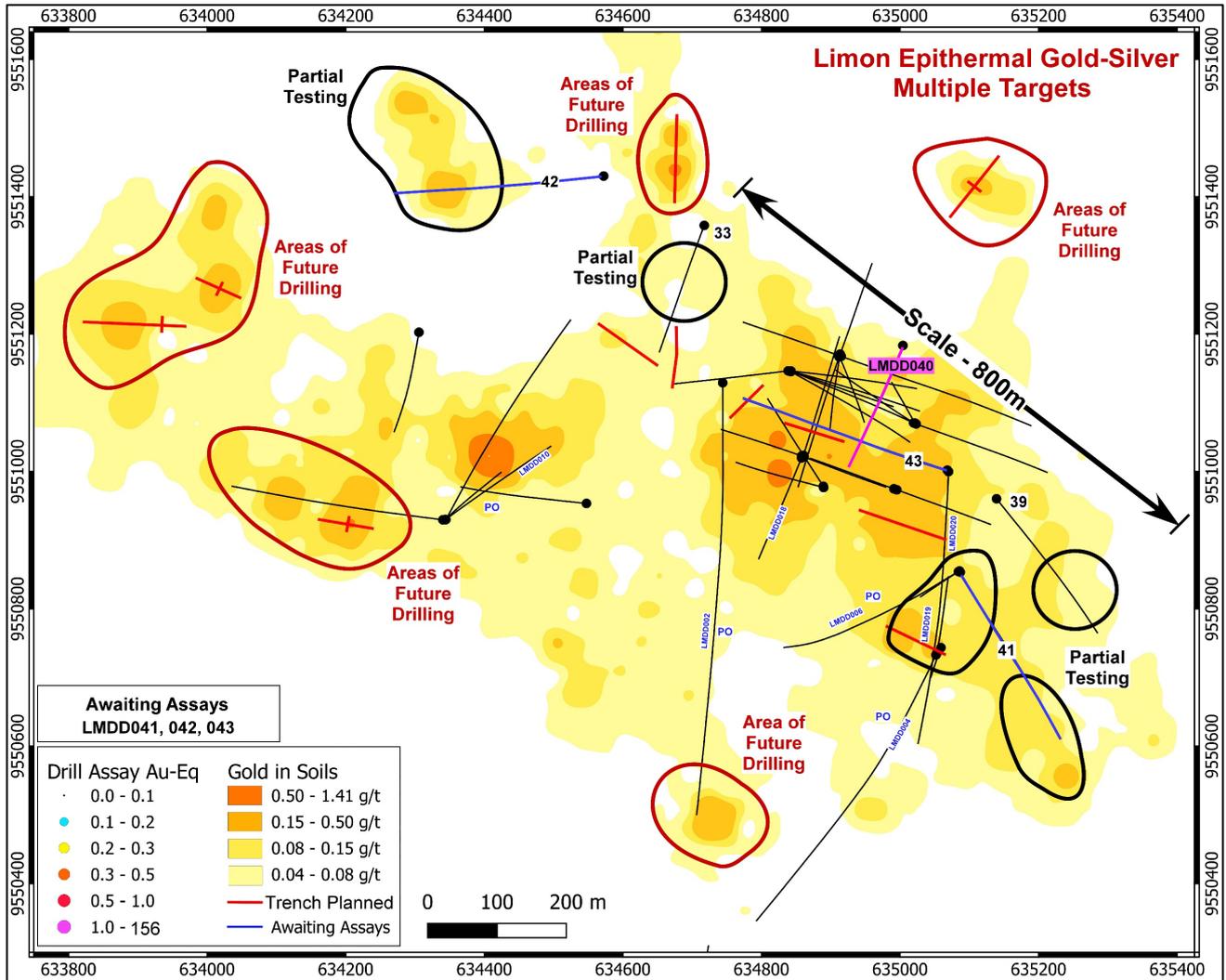


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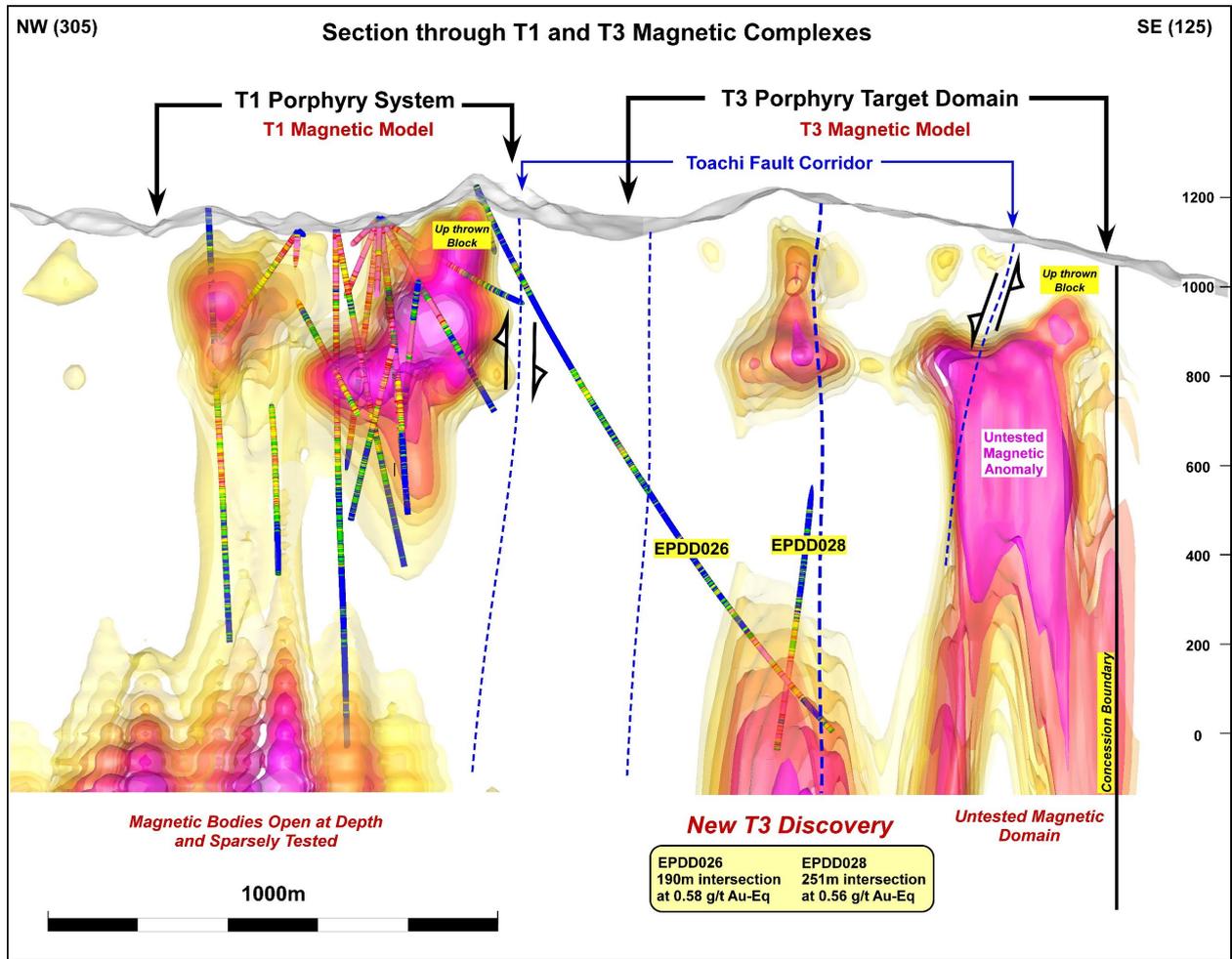
**Figure 5:** Limon epithermal gold-silver system in plan view, showing multiple mineralised structures in green. High-grade domains are at intersections of NE and WNW trending structures. Several additional targets have been defined based on gold-in soil and zinc-in-soil anomalies, and structural interpretation. See Figure 6 for a broader context within the very large Limon target area.

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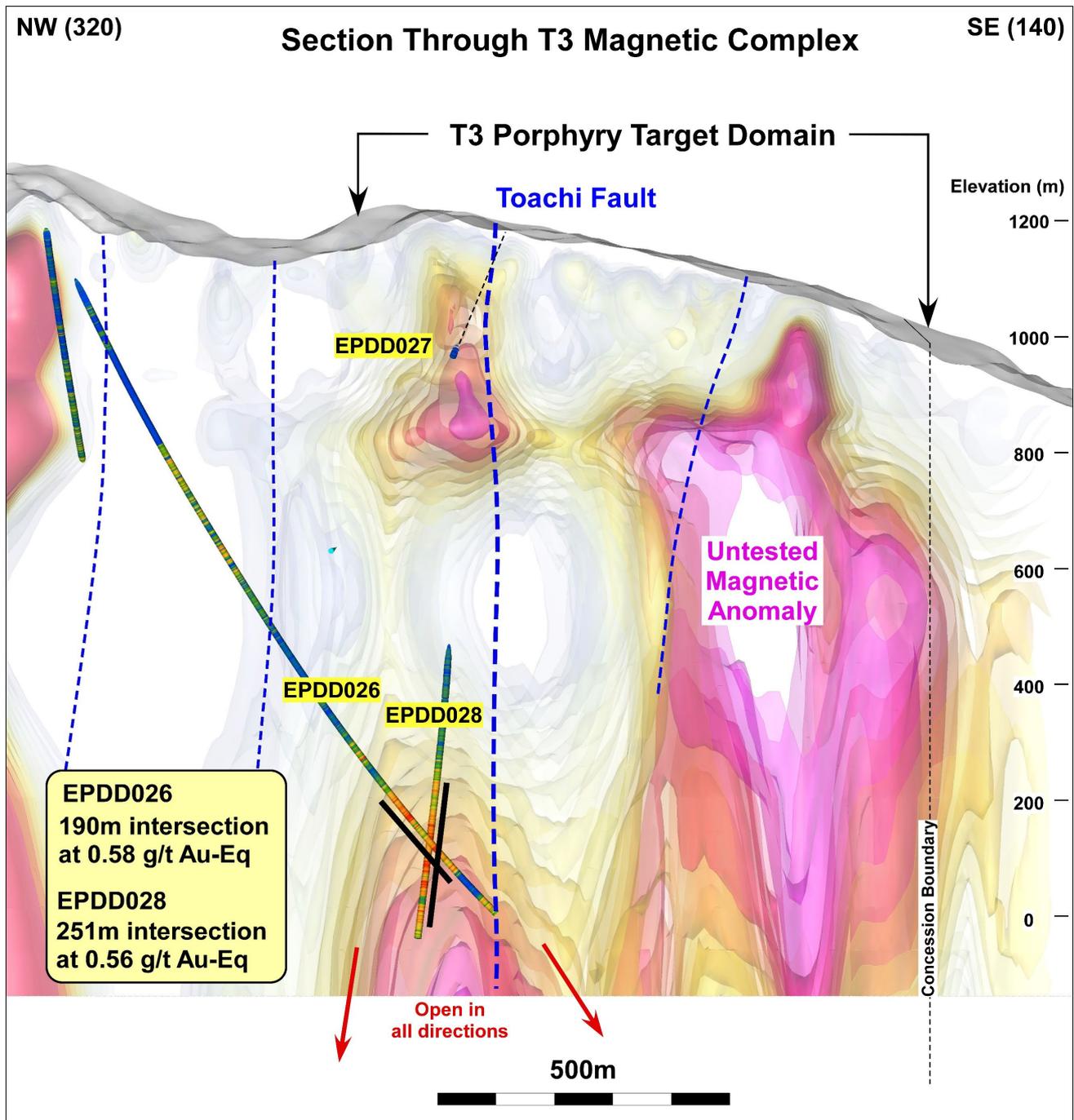
**Figure 6:** Limon gold in soils map showing extensive anomalous gold over an area of 1.7km x 700m. The black circled areas have seen partial testing. Red circled areas show the multiple epithermal gold-silver targets, and most are scheduled for trenching during 2023.

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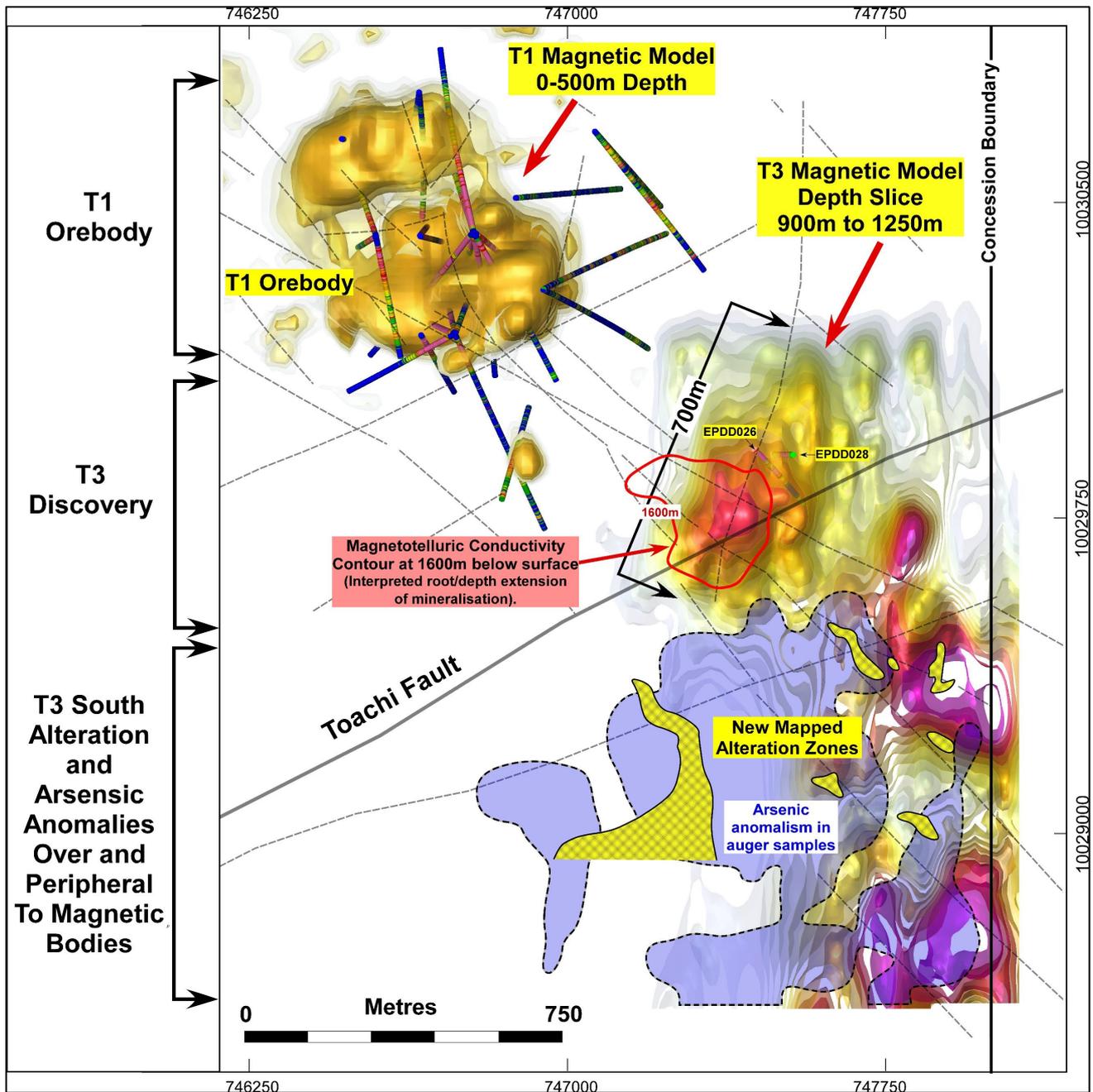
**Figure 7:** Northwest-Southeast section through the T1 and T3 targets showing the near surface mineralisation at T1, the deeper mineralisation at T3, and the untested magnetic anomalies at depth at T1, and in the SE portion of T3.

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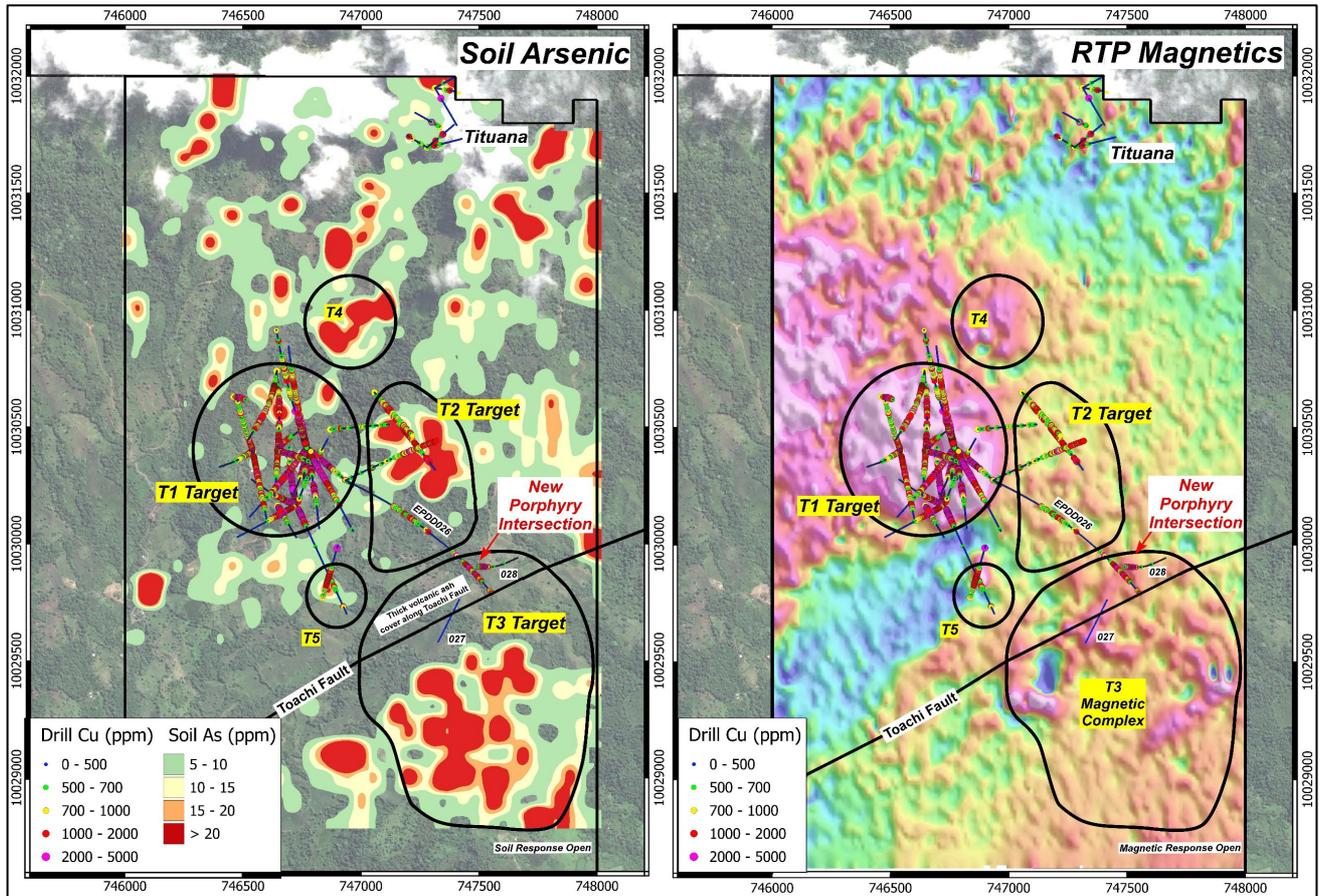
**Figure 8:** Northwest-Southeast section through the T3 target showing results from holes EPDD026 and 028 relative to the upper portions of a significant modelled magnetic body. The yellow to pink contours show a slice through the magnetic model with pink being more magnetic.

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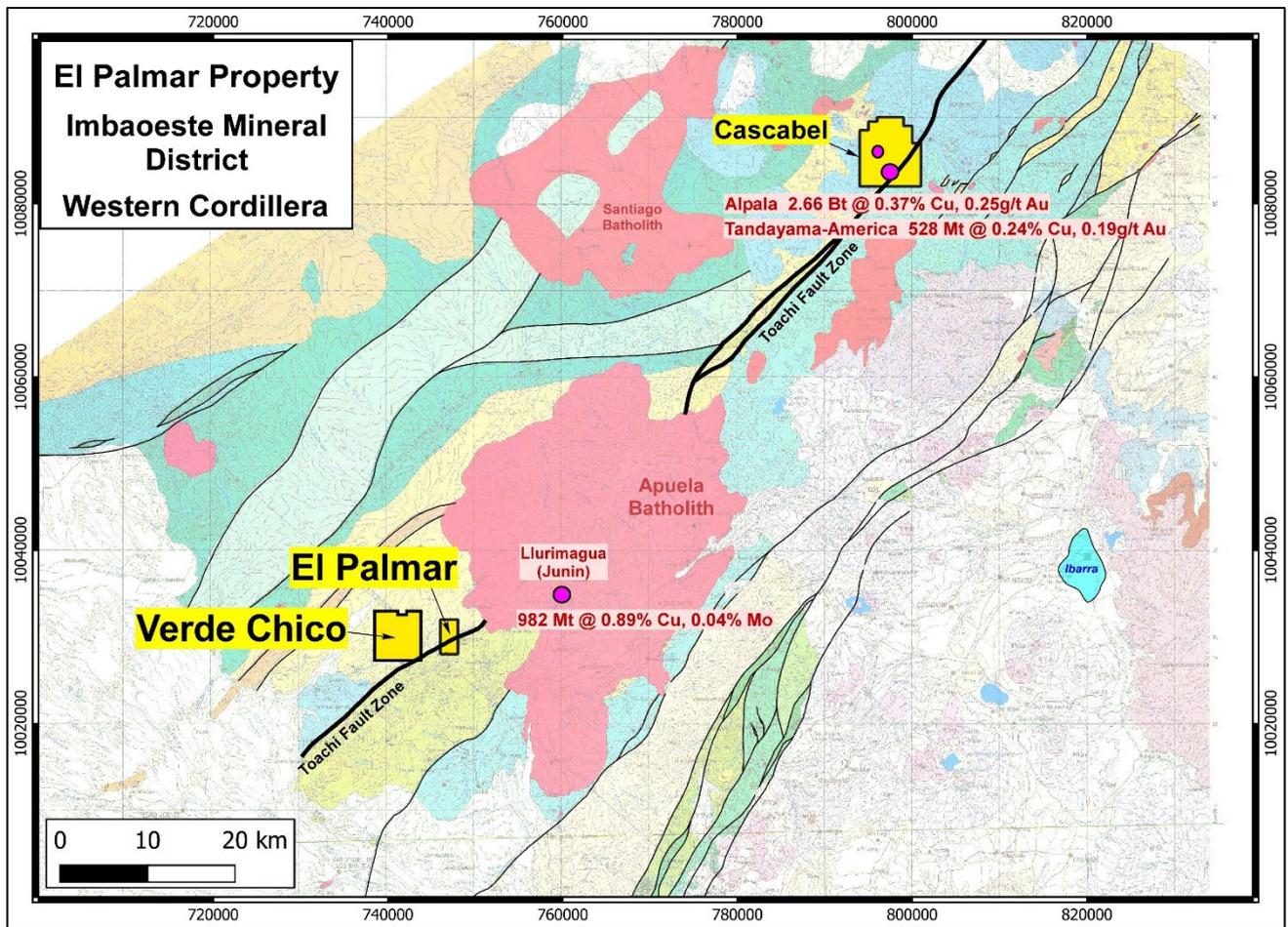
**Figure 9:** Plan of the T3 target at ~800m below surface. The broader T3 magnetic complex is approximately 1.5km in extent N-S, and has a 1km width based on magnetics and soil geochemical anomalies. The target has only 3 drill holes drilled to date of which 2 have intersected significant gold-copper mineralisation.

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**Figure 10:** Location of the T3 anomaly relative to other targets T1, T2 and T5. Background image is RTP magnetics. Drill holes EPDD026 and EPDD028 are shown in the NE portion of the broader T3 target.

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**Figure 11:** Location of the El Palmar and Verde Chico projects relative to the giant Lurimagua, Alpa and Tandayama-America (Cascabel project) porphyry deposits, and the Toachi fault system.

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### TENEMENT SCHEDULE

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

#### Gold-Copper Tenements – Ecuador

Tenement Holder	Tenement Name	Location	Status	Sunstone Ownership
Bramaderos S.A.	Bramaderos <sup>^</sup>	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) <sup>@</sup>	Imbabura, Ecuador	Granted	70%
Compania Minera Verde Chico CIA Ltda	Verde Chico <sup>#</sup>	Imbabura, Ecuador	Granted	0%

<sup>^</sup>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.

<sup>@</sup> Sunstone announcement 12 August 2020 regarding a Staged Acquisition Agreement for 100% of the El Palmar project.

<sup>#</sup> 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.

#### Competent Persons Statement

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

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**DIRECTORY**

**SUNSTONE METALS LIMITED**  
**ABN 68 123 184 412**

**Web site:** [www.sunstonemetals.com.au](http://www.sunstonemetals.com.au)  
**Email:** [info@sunstonemetals.com.au](mailto:info@sunstonemetals.com.au)

**Stock Exchange Listing**

Australian Stock Exchange ASX Code: STM

**Investor Information Contacts:**

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

**Shareholder Enquiries:**

Share registry matters should be directed to:  
  
Computershare Investor Services  
Phone: 1300 850 505  
Website: [www.computershare.com.au](http://www.computershare.com.au)

**Registered Office:**

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

**Issued capital:**

Ordinary shares: 3,081,984,879 (STM)  
Unlisted Performance Rights 28,000,000 (STMAS)  
Unlisted Options 12,000,000 (STMAL)  
(at 30 September 2023)

**Directors:**

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

**Company Secretary:**

Gavin Leicht

For further information please visit [www.sunstonemetals.com.au](http://www.sunstonemetals.com.au) or contact:

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T: 07 3368 9888  
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[www.sunstonemetals.com.au](http://www.sunstonemetals.com.au)

## Appendix 5B

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

Name of entity

SUNSTONE METALS LIMITED

ABN

68 123 184 412

Quarter ended ("current quarter")

30 SEPTEMBER 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(377)	(377)
(e) administration and corporate costs	(238)	(238)
1.3 Dividends received (see note 3)		
1.4 Interest received	65	65
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(550)</b>	<b>(550)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	0	0
(c) property, plant and equipment	0	0
(d) exploration & evaluation	(4,730)	(4,730)
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements	0	0
	(c) property, plant and equipment		
	(d) investments	0	0
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4,730)</b>	<b>(4,730)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	0	0
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	0	0
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>0</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,307	10,307
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(550)	(550)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,730)	(4,730)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	0

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(86)	(86)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>4,941</b>	<b>4,941</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	765	2,177
5.2	Call deposits	4,176	8,130
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,941</b>	<b>10,307</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	131
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(550)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,730)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(5,280)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,941
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	4,941
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.94
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer: No - The latest drilling campaign has been completed and rigs are now on standby while all assays are received, compiled, and interpreted. Sunstone has reduced its expenditure in Ecuador by restructuring its operations removing duplication in costs across 2 projects and making for more efficient use of funds. Expenditure is forecast to continue to drop significantly over the next 2 quarters while drilling is reduced and assays are compiled, and Exploration Target estimates are prepared. Low cost surface sampling is underway at all projects to prepare for the next phase of drilling.</p>	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: As a junior explorer the Company is at all times considering opportunities for funding its business. The Company has a track record of successfully raising funds to deliver discoveries and expects to be able to fund the planned activities outlined in this Quarterly Report.</p>	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<p>Answer: Yes – it is expected that the exploration expenditure will be significantly reduced with the completion of the latest drilling campaign as per 8.8.1</p>	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

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

Date: 31 October 2023

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Authorised by: Gavin Leicht – Company Secretary

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

**Notes**

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