

Sunstone announces \$6.3m Capital Raising - \$2.0m institutional placement completed, up to \$4.3m entitlement offer to shareholders to continue growing gold-copper-silver discoveries

- Capital Raising targeting \$6.3M (before costs) will comprise;
 - Over-subscribed Placement of shares at \$0.011/share to raise ~\$2 million; and
 - A 1-for-9 non-renounceable pro-rata rights issue to raise up to \$4.3 million at an offer price of \$0.011/share
- Funds to advance exploration at Bramaderos and El Palmar with a focus on the Limon epithermal gold-silver discovery where there is already a substantial Exploration Target demonstrating it is a significant discovery with multiple high-grade epithermal gold-silver centres
- Sunstone believes Limon has significant upside based on the extent of the known mineralisation, the strong potential to continue extending it and the shallow nature of the system

Sunstone Metals Limited (ASX:STM) (**Sunstone** or the **Company**) is pleased to advise that it has received firm commitments to raise \$2.0 million via an oversubscribed share placement at 1.1 cents (\$0.011) per share (**Placement**) to new and existing institutional, professional and sophisticated investors.

The Board of Directors intend to participate in the Placement for \$150,000, subject to shareholder approval, which is to be sought at an upcoming Extraordinary General Meeting (**EGM**).

In addition to the Placement, Sunstone will undertake a non-renounceable pro-rata rights issue to raise up to \$4.3 million (before costs of the issue) from its existing shareholders (**Rights Issue**) and together with the Placement the (**Offer**). The Offer is not underwritten.

Proceeds from the Offer will be used to recommence drilling at the Limon gold-silver epithermal discovery within the Company's Bramaderos concession, in addition to further ongoing exploration activities at El Palmar and Verde Chico to further demonstrate the potential value of the discoveries as well as corporate and administrative costs in Australia and Ecuador.

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Sunstone Managing Director, Patrick Duffy, commented on the Capital Raising;

“The outstanding drilling and trenching results have already established that Limon is an exceptional discovery with huge potential upside.

“To have this amount of known gold and silver mineralisation from surface, which remains open, and with numerous new areas of mineralisation outlined through trenching, puts us in a very strong position in the lead up to a maiden resource.

“We have an exceptional opportunity to create shareholder value here as we drill it out and demonstrate the size of what we have found.”

PLACEMENT DETAILS

The Placement comprises the issue of approximately 183.8 million new fully paid ordinary shares (**New Shares**), with 13.6 million New Shares being issued to the Board of Directors, subject to shareholder approval, and 168.2 million New Shares to be 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 Placement and Rights Issue are being undertaken at the same offer price of 1.1 cents (\$0.011) (**Offer Price**), which represents a discount of:

- 21.4% to the last closing of 1.4 cents (\$0.014) on 30 April 2024; and
- 19.9% to the 10-day volume weighted average price of 1.37 cents (\$0.0137) as at 30 April 2024.

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

RIGHTS ISSUE DETAILS

The Rights Issue will be an offer of one (1) New Share for every nine (9) shares held (**Entitlement**) by Eligible Shareholders (defined below) on the Record Date, at the Offer Price of 1.1 cents (\$0.011) per New Share, being the same price as the Placement.

Based on the current shares on issue, a total of up to approximately 389.0 million New Shares will be issued under the Rights Issue to raise up to A\$4.3 million (before the costs of the issue).

New Shares issued under the Rights Issue will rank equally with existing shares on issue in the Company.

Holders of shares in the Company on 5pm (Sydney time) on Thursday, 9 May 2024 (**Record Date**) with a registered address in Australia or New Zealand will be eligible to participate in the Rights Issue (**Eligible Shareholders**). The Company will also make available a shortfall facility to enable Eligible Shareholders to subscribe for additional shares from any shortfall under the Rights Issue if they wish to do so (**Additional Shares**). Eligible Shareholders are not assured of being allocated New Shares in excess of their entitlement and Additional Shares will be allocated in accordance with the allocation policy outlined in the Offer Document (defined below).

The Rights Issue is non-renounceable meaning that Eligible Shareholders who do not take up their Entitlement will not be able to transfer or receive any value for those Entitlements, and their equity interest in the Company will be diluted.

Eligible Shareholders may choose to accept all or part of their Entitlement or none at all. Entitlements of Eligible Shareholders which are not taken up will lapse upon the close of the Rights Issue. The Rights Issue is not underwritten.

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The Rights Issue is being conducted in accordance with section 708AA of the Corporations Act (Cth) 2001 (**Act**) which means the Company is not required to lodge a prospectus with ASX or ASIC or provide one to shareholders. The Company has prepared a document explaining the Rights Issue in more detail (**Offer Document**).

The Offer Document will be lodged with the ASX on or before 13 May 2024 and will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form on that date. A copy of the Offer Document will also be available for review on ASX's website (www.asx.com.au) and on the Company's website (www.sunstonemetals.com.au) after it is lodged with ASX.

Sunstone encourages shareholders to ensure their email addresses are registered with our share registry Computershare <https://www.computershare.com.au/easyupdate/STM> to enable efficient receipt of documentation.

TIMETABLE

The current proposed timetable for the Rights Issue is set out below.

Activity	Business Day	Date
Announcement of Offer, Lodge Appendix 3B and Section 708AA Cleansing Notice	0	Fri, 3 May 2024
Shares trade on an "ex" Entitlement basis*	3	Wed, 8 May 2024
Record Date for Entitlement to participate in the Rights Issue (5.00pm AEDT)	4	Thu, 9 May 2024
Rights Issue Offer Document and Entitlement and Acceptance Form dispatched to Shareholders and lodged with ASX	6	Mon, 13 May 2024
Closing Date for the Rights Issue (5.00pm AEDT)	16	Mon, 27 May 2024
Securities quoted on deferred settlement basis	17	Tue, 28 May 2024
ASX notified of under subscriptions	19	Thu, 30 May 2024
Issue of New Shares under the Rights Issue	20	Fri, 31 May 2024
Holding statements are dispatched to Shareholders	21	Mon, 3 Jun 2024

The above dates are indicative only and may change without notice. The Directors reserve the right to amend this indicative timetable at any time (subject to the Corporations Act and the Listing Rules), to extend the Closing Date to accept late Entitlement and Acceptance Forms either generally or in particular cases, to close the Offer early or to cancel the Rights Issue without prior notice in its absolute discretion. The commencement of quotation of new securities is subject to confirmation from the ASX.

**Shareholders should consult their professional advisors in regards to the definition of 'Ex' Date and Record Date to ensure that their entitlement to participate in the Rights Issue is assured. Where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number.*

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

Mr Patrick Duffy
Managing Director
Sunstone Metals Ltd

Tel: 07 3368 9888

Email: pduffy@sunstonemetals.com.au

Media:
Paul Armstrong
Read Corporate
+61 8 9388 1474

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About Sunstone Metals

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

1. **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, and high-grade epithermal gold systems. The Bramaderos concession is host to multiple fertile mineralised systems with significant discovery potential.

The Brama-Alba porphyry gold-copper-silver 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 gold-copper-silver 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).

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

An Exploration Target for the Limon epithermal gold-silver deposit was released on 9 November 2023 (also refer to ASX announcement 5 February 2024) consisting of between approximately 30 and 44 million tonnes at a grade of between 0.9 and 1.2g/t AuEq*, for between 0.9 and 1.7mill oz AuEq*

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.

2. **The El Palmar Copper-Gold Project** where Sunstone holds 70% 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.