



SUNSTONE METALS

Sunstone Metals Limited

ACN 123 184 412

PROSPECTUS

For the offers of:

- (a) up to 200,000,000 SPP Options on the basis of one SPP Option to participants under the SPP for every two Shares subscribed for under the SPP (**SPP Options Offer**)
- (b) up to 250,000,000 Placement Options to the participants under the Placement on the basis of 1 Placement Option for every 2 Shares subscribed for under the Placement (**Placement Options Offer**)

(together, the **Offers**)

Important Notice

This Prospectus is important and should be read in its entirety. If you do not understand the contents of this Prospectus you should obtain professional investment advice before deciding whether to apply for securities being offered under this Prospectus.

Any investment in the Company should be considered as speculative.

**THE OFFERS UNDER THIS PROSPECTUS OPENS ON 16 SEPTEMBER 2024 AND
CLOSES AT 5:00PM (SYDNEY TIME) ON 7 OCTOBER 2024.**

Details of how to apply for securities are set out in the Application Form accompanying this Prospectus

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IMPORTANT INFORMATION

This Prospectus is dated 16 September 2024, and lodged with ASIC on that date.

Capitalised terms in this Prospectus are defined in section 9 (**Definitions**).

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosures as an initial public offering prospectus. In making representations in this Prospectus, consideration has been had to the fact that the Company is a disclosing entity for the purposes of the Corporation Act and certain matters may reasonably be expected to be known to investors and professional advisors whom potential investors may consult.

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

No Options will be granted on the basis of this Prospectus after the expiry date, which is 13 months after the date of this Prospectus.

No exposure period applies to this Prospectus by operation of *ASIC Corporations (Exposure Period) Instrument 2016/74*.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offers described in this Prospectus, which is not contained in this Prospectus.

Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offers. You should rely only on the information in this Prospectus.

The ASX and ASIC do not take any responsibility for the contents of this Prospectus.

Entire Agreement

The terms contained in this Prospectus and the accompanying Application Form constitute the entire agreement between the Company and you as to the Offers and your participation in the Offers to the exclusion of all prior representations, understandings and agreements between the Company and you.

ASIC Instrument and ASX Listing Rule 7.2, Exception 5

In certain circumstances, a listed company may undertake a share purchase plan in accordance with *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (ASIC Instrument)*. The ASIC Instrument allows a share purchase plan to be conducted without the use of a prospectus once in any consecutive 12-month period.

The Company is unable to rely on the relief granted by the ASIC Instrument for the SPP Options Offer. The relief granted by the ASIC Instrument does not cover the grant of the SPP Options, because they are a class of securities that are not quoted on the ASX. Accordingly, while the Company satisfies the conditions of the ASIC Instrument for the offer of Shares under the SPP (and as a result will offer the Shares under an SPP offer booklet in accordance with the ASIC Instrument), the Company is undertaking the SPP Options Offer under this Prospectus.

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Shareholder Approval

Under ASX Listing Rule 7.1, the Company may not issue equity securities, in any 12-month period which exceeds 15% of the number of issued securities of the Company on issue at the beginning of the 12-month period, except with the prior approval of shareholders unless an exception in Listing Rule 7.2 applies.

The Company presently does not have the placement capacity under Listing rule 7.1 to grant all of the SPP Options and the Placement Options.

Accordingly, to the extent that the Company does not have placement capacity, the grant of the Options is subject to shareholder approval for the purposes of Listing Rule 7.1, to be sought at a general meeting expected to be held on or around 24 October 2024.

No Options will be granted under the Offers unless the Board is satisfied, in its absolute discretion, that the grant will occur in accordance with the Corporations Act and ASX Listing Rules.

Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 6 of this Prospectus. These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

Financial and taxation implications

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues).

Shareholders should be aware that there may be taxation implications in participating in the Offers. The taxation consequences of participating in the Offer may vary depending on the individual circumstances of each Shareholder.

It is important that you read and consider the information in this Prospectus in full before deciding to invest in SPP Options or Placement Options and consider the risks that could affect the performance of the Company.

Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue under this Prospectus.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Person**)). The SPP Options and Placement Options may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

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These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the Offers.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 6.

Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.sunstonemetals.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be a shareholder of the Company who is a resident of Australia and New Zealand and must only access this Prospectus from within those countries.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of Options under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (www.sunstonemetals.com.au). By making an application under the Offers, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Privacy

If you complete an Application for any Offer, you will be providing personal information to the Company (directly or via the Share Registry). The Company will collect, hold and will use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

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You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules and Procedures.

You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

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SECTION 1 – KEY INFORMATION

1.1. Summary of the Offers

Company Securities (before completion of Offers)	
Current Shares on issue (not including Shares issued under the Placement) ¹	3,851,903,636
Current Options on issue	30,000,000
Current performance rights on issue	73,100,000
Placement Shares	
Shares subscribed for under the Placement	500,000,000
SPP Shares	
SPP	Each eligible shareholder of Sunstone under the SPP may subscribe for up to \$30,000 of Shares without brokerage or other transaction costs
Issue Price per SPP Share	\$0.005
Maximum amount to be raised (before the offer costs) [^]	\$2,000,000
Maximum number of Shares to be issued under the SPP [^]	400,000,000
SPP Options Offer	
SPP Options Offer	Each SPP Participant can subscribe for one free attaching option for every two Shares subscribed for under the SPP. The options will have an exercise price of \$0.0075, and will expire 2 years from date of grant.
Maximum number of SPP Options to be granted under the SPP Option Offer [^]	200,000,000
Approximate total number of options on issue immediately after completion of the SPP Option Offer (not including Options granted under the Placement) [^]	230,000,000

¹ Sunstone expects shares under the Placement to be issued on Monday, 16 September 2024.

Placement Options Offer

Eligibility to participate in Placement Option Offer	Each participant in the Placement can subscribe for 1 Placement Option for every 2 Shares subscribed for under the Placement
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Maximum number of Placement Options which can be granted under the Placement Options Offer (assuming shareholder approval obtained)	250,000,000
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Approximate total number of options on issue immediately after completion of the Placement Option Offer (not including SPP Options granted under the SPP Option Offer)	280,000,000
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Company Securities (after the Placement, SPP and Offers)

Approximate total number of Shares on issue after the SPP (if \$2 million raised) and Placement	4,751,903,636
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Approximate total number of Options on issue after the SPP Option Offer (assuming \$2 million raised under SPP and SPP Option Offer fully subscribed) and Placement Option Offer (assuming fully subscribed)	480,000,000
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Total number of performance rights after the Offers	73,100,000
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^Assuming the SPP is fully subscribed. Please note that Sunstone may also, in its absolute discretion, decide to increase the amount raised under the SPP and accept applications (in whole or in part) in excess of \$2 million, provided that the exercise of this discretion does not result in any eligible shareholder being issued more than \$30,000 of SPP Shares and the additional SPP Shares and SPP Options can be granted in accordance with Chapter 7 of the ASX Listing Rules.

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1.2. Indicative Timetable

The following are key dates relating to the Offer that you need to be aware of.

Event	Date
Record date for the SPP	Friday, 6 September 2024
*Application for ASX Waiver	Wednesday, 10 September 2024
Trading halt lifted and announcement of Placement	Monday, 9 September 2024
Settlement of new Shares issued under the Placement	Friday, 13 September 2024
Allotment of new Shares under the Placement	Monday, 16 September 2024
Open date and issue documents for SPP and Offers	Monday, 16 September 2024
ASX Waiver decision	By Monday, 7 October 2024
Closing date for SPP and Offers	Monday, 7 October 2024
Announcement of SPP participation results	Monday, 14 October 2024
Allotment of new Shares under the SPP	Monday, 14 October 2024
Normal trading of SPP Shares and dispatch of holding statements	Tuesday, 15 October 2024
General Meeting for approve of the Placement Options and SPP Options	Thursday, 24 October 2024
Grant of Placement Options and SPP Options	Monday, 28 October 2024

The above timetable is indicative only and subject to change. Sunstone reserves the right to amend any or all of these dates (including extending the closing date of the Offers or to close the Offers early) at its absolute discretion and without prior notice, subject to the Corporations Act 2001, the ASX Listing Rules and other applicable laws.

**Sunstone has applied for a waiver under ASX Listing Rule 7.1 to issue the Shares under the SPP without shareholder approval. If the ASX does not grant this waiver, the SPP may require shareholder approval at a General Meeting and the timetable will change accordingly.*

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SECTION 2 – DETAILS OF THE OFFERS

2.1 Placement Options Offer

On 9 September 2024, the Company announced that it had secured firm commitments from institutional, professional and sophisticated investors to raise \$2.5 million by the issue of 500,000,000 shares at an issue price of \$0.005 (0.5 cents) per share (**Placement**).

Under this Prospectus, investors who participated in the Placement are being offered 1 free attaching option for every 2 Shares subscribed for under the Placement. The grant of the Placement Options is subject to shareholder approval under ASX Listing Rule 7.1.

The Placement Options will be granted with an exercise price of \$0.0075 (0.75 cents), expiring on the date that is 2 years from the date of grant and otherwise on the terms and conditions set out in section 5.

2.2 SPP Options Offer

In addition to the Placement, the Company is conducting an SPP to provide eligible shareholders, irrespective of the size of their shareholding, the opportunity to purchase up to \$30,000 worth of Shares at an issue price of \$0.005 (0.5 cents) per Share to raise up to an aggregate of \$2,000,000 before offer costs.

Under this Prospectus, SPP Participants are being offered 1 free attaching option for every 2 shares subscribed for under the SPP. The grant of the SPP Options is subject to shareholder approval under ASX Listing Rule 7.1, to the extent necessary or required to comply with Chapter 7 of the Listing Rules.

The SPP Options will be granted on the same terms as the Placement Options, with an exercise price of \$0.0075 (0.75 cents), expiring on the date that is 2 years from the date of grant and otherwise on the terms and conditions set out in section 5.

The SPP Options cannot be offered without a prospectus under the same disclosure relief that applies to the offer of Shares under the SPP (i.e. *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (ASIC Instrument)*).

Accordingly, the SPP Options Offer is being made under this Prospectus.

2.3 Restrictions on the distribution of the Prospectus

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offers. No action has been taken by the Company to register or qualify this Prospectus or otherwise to permit an offering of securities to any jurisdiction outside Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law. Persons who come into possession of this Prospectus in those jurisdictions should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia or New Zealand.

2.4 New Zealand securities law requirements

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

The Options are being granted for no consideration to Shareholders who participated in the Placement or who participate in the SPP.

2.5 United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States.

The Options and the underlying shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, a US person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

This Prospectus is neither an offer to sell nor a solicitation of an offer to buy securities, as those terms are defined under the US Securities Act. The Offers are not being made to US persons or persons in the United States.

2.6 Withdrawal

The Company reserves its right to withdraw the Offers at any time, subject to applicable laws.

2.7 Enquiries

Any questions concerning the Offers should be directed to the Company on +61 (7) 3368 9888.

General enquiries in relation to the Company or the Offer can be made to the Company Secretary by:

Telephone on +61 (7) 3368 9888; or

Facsimile on +61 (7) 3368 9899; or

Email to info@sunstonemetals.com.au.

Information may also be obtained by visiting the Company's website at www.sunstonemetals.com.au.

If you are beneficially entitled to Shares and those Shares are held on your behalf by a nominee or custodian you should direct any enquiries to your nominee or custodian.

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SECTION 3 – HOW TO PARTICIPATE IN THE OFFERS

3.1 General

Before taking any action, investors should carefully read this Prospectus and the other publicly available information about the Company on our website and consider the risk factors set out in section 6.

Investors' choices in relation to the Offers are set out in sections 3.2 to 3.4 below.

3.2 Apply for SPP Options

Applications for SPP Options under the SPP Options Offer may only be submitted by SPP Participants, and can only be made online at www.computersharecas.com.au/stmspp in accordance with the instructions set out in this Prospectus and the Application Form accompanying this Prospectus.

3.3 Apply for Placement Options

Applications for Placement Options under the Placement Options Offer may only be submitted by Placement Participants.

To apply for Placement Options, Placement Participants must complete an Application Form that will be provided to the Placement Participant by the Joint Lead Managers and accompanying this Prospectus, in accordance with the instructions set out in that Application Form and this Prospectus.

Completed Application Forms must be sent via email to the Company (info@sunstonemetals.com.au) by no later than the closing date, currently 5.00pm (Sydney time) on 7 October 2024.

3.4 Allow Offers to lapse

If you do not wish to apply for any Options under the SPP Option Offer and Placement Options Offer, you do not have to do anything in respect of the Offers.

3.5 Application Form is binding

A completed Application Form constitutes a binding acceptance of the Company's offer of Options under the Offers on the terms and conditions set out in this Prospectus and an acknowledgement by you that you have received and read this Prospectus, you have acted in accordance with the terms of this Prospectus, and that you agree to all of the terms and conditions as detailed in this Prospectus.

An Application Form, once lodged, cannot be withdrawn.

An Application Form does not need to be signed to be binding. If the Application Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Application Form or how to interpret an incorrectly completed Application Form is final.

SECTION 4 – PURPOSE AND EFFECT OF THE OFFERS

4.1. Purpose of the Offers

The Offers are being made so that Placement Participants and SPP Participants have the opportunity to subscribe for the Placement Options and the SPP Options.

The offer of the Options under this Prospectus will also permit the Shares issued upon the exercise of any of the Options to be on-sold within 12 months of their issue, without further disclosure in relation to the on-sale.

4.2. Use of funds

No funds will be raised under the Offer (other than funds raised if the Options are subsequently exercised). The use of proceeds from the Placement and SPP will be used in the manner previously announced by the Company to ASX.

4.3. Options holders

Option holders will not be entitled to participate in the Offers unless they are Placement Participants or SPP Participants.

As at the date of this Prospectus, the Company has the following unlisted options on issue:

Exercise Price	Expiry Date	Number
\$0.10	2 November 2024	12,000,000
\$0.042	17 October 2026	12,000,000
\$0.042	5 February 2027	6,000,000
Total		30,000,000

As at the date of this Prospectus, the Company has the following unlisted performance rights on issue:

Grant Date	Rights outstanding	Expiry date	Vesting condition
31 Oct 2022: Tranche 1	7,733,335	31 October 2025	\$0.090
31 Oct 2022: Tranche 2	7,733,333	31 October 2025	TSR ¹
31 Oct 2022: Tranche 3	7,733,332	31 October 2025	\$0.135
17 Oct 2023: Tranche 1	8,300,000	17 October 2026	\$0.067
17 Oct 2023: Tranche 2	8,300,000	17 October 2026	TSR ¹
17 Oct 2023: Tranche 3	8,300,000	17 October 2026	\$0.085
2 July 2024: Tranche 1	5,000,000	30 June 2025	\$0.0232
2 July 2024: Tranche 1	5,000,000	30 June 2025	TSR ¹
2 July 2024: Tranche 1	5,000,000	30 June 2025	\$0.0310
2 July 2024: Tranche 1	4,000,000	30 June 2025	\$0.0177
2 July 2024: Tranche 1	3,000,000	30 June 2025	TSR ¹
2 July 2024: Tranche 1	3,000,000	30 June 2025	\$0.0236
Total	73,100,000		

Notes:

1. Vesting conditions are based on a Total Shareholder Return (TSR) measurement against the ASX Small Resources Index.

4.4. Effect of the SPP and Options Offer

The principal effect of the SPP Option Offer and Placement Options Offer, assuming the Company raises \$2,000,000 under the SPP, shareholder approval is obtained for the grant of the SPP Options and Placement Options and the Offers are fully subscribed, will be to increase the number of options on issue from 30,000,000 (as at the date of this Prospectus) to 480,000,000 options.

4.5. Effect of the Offers on capital structure

The effect of the Offers on the Company's capital structure and fully diluted capital structure is set out below, which assumes that the Company raises a total of \$2,000,000 under the SPP, shareholder approval is obtained and the Offers are fully subscribed.

Shares ¹	Number (undiluted)	%
Shares currently on issue ²	3,851,903,636	81%
Shares to be issued under the Placement	500,000,000	11%
Shares to be issued under the SPP	400,000,000	8%
Shares to be issued under the Placement Options Offer	Nil	0%
Shares to be issued under the SPP Options Offer	Nil	0%
Total issued share capital on completion of Offers	4,751,903,636	100%

Notes:

1. The rights and liabilities attaching to the Shares are summarised in section 5.1.
2. Does not include Shares issued under the Placement.

Shares ¹	Number (fully diluted)	%
Shares currently on issue ²	3,851,903,636	72%
Shares to be issued under the Placement	500,000,000	9%
Shares to be issued under the SPP	400,000,000	8%
Existing options	30,000,000	1%
Existing performance rights	73,100,000	1%
Placement Options	250,000,000	5%
SPP Options	200,000,000	4%
Total issued share capital on completion of Offers	5,305,003,636	100%

Notes:

1. The rights and liabilities attaching to the Shares are summarised in section 5.1.
2. Does not include Shares issued under the Placement.

4.6. Impact on balance sheet

As mentioned above, no funds will be raised under the Offer (other than funds raised if the Options are subsequently exercised). If all the SPP Options and Placement Options are exercised, the Company will receive \$3,375,000.

4.7. Effect on shareholding

(a) Full subscription

The tables in section 4.5 sets out the potential effect of the Offers on the shareholdings of the Company immediately following the successful completion of the Offers assuming:

- (i) a total of \$2 million is raised under the SPP;
- (ii) shareholder approval is obtained; and
- (iii) the Offers are fully subscribed are granted.

(b) Partial subscription (50%)

The table below sets out the potential effect of the Offers on the shareholdings in the Company after completion of the Offers (on a fully diluted basis) assuming:

- (i) a total of \$1 million is raised under the SPP;
- (ii) shareholder approval is obtained;
- (iii) 50% of SPP Options are granted; and
- (iv) the Placement Options Offer is fully subscribed.

Shares ¹	Number (fully diluted)	%
Shares currently on issue ²	3,851,903,636	77%
Shares to be issued under the Placement	500,000,000	10%
Shares to be issued under the SPP	200,000,000	4%
Existing options	30,000,000	1%
Existing performance rights	73,100,000	1%
Placement Options	250,000,000	5%
SPP Options	100,000,000	2%
Total issued share capital on completion of Offers	5,005,003,636	100%

1. The rights and liabilities attaching to the Shares are summarised in section 5.1.

2. Does not include Shares issued under the Placement.

SECTION 5 – RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

5.1. Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus and the underlying Shares of the Options. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available on the Company's website (<https://www.sunstonemetals.com.au/site/about-us/corporate-governance>).

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may, from time to time, pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) Shareholder liability

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of 75% of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2. Options

The following is a summary of the rights and liabilities attaching to the Options being offered pursuant to this Prospectus.

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to section 5.2(j), the amount payable upon exercise of each Option will be \$0.0075 (0.75 cents) (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (Sydney time) on the date that is two years from the date of issue (**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

Each Option is exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Manner of exercise of Options

Each Option may be exercised by notice in writing addressed to the Company's registered office. The minimum number of Options that may be exercised at any one time is the lower of 1,000,000 or if the remaining balance is less than 1,000,000 Options, then that remaining balance. Payment of the Exercise Price for each Option must accompany each notice of exercise of Options. All cheques must be payable to the Company and be crossed 'not negotiable'.

(f) Notice of Exercise

Each Option may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(i) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of the holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Quotation

The Company does not intend to apply for quotation of the Options on ASX.

(n) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SECTION 6 – RISK FACTORS

6.1. Risks

An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

The risks included in this section are key risks identified by the Board as being specific to the Company and its operations as at the date of this Prospectus and reasonably anticipated by the Board. It is important to note that the risks listed in this section are not an exhaustive list of the risks relevant to the Company.

In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

Announcements made by the Company to ASX are available from the ASX website asx.com.au or from the Company's website www.sunstonemetals.com.au.

6.2. Specific Risk Factors

The Directors believe that there are a number of specific factors that should be considered.

Each of these factors could have a materially adverse impact on the Company, its expansion plans, operating and product strategies and its financial performance and position. These include:

(a) Speculative investment

The Company is involved in mineral exploration which is highly speculative in nature. Accordingly, there are significant risks that SPP Participants and Placement Participants should consider before deciding whether or not to subscribe for securities under either Offer. You should regard an investment in the Options offered under this Prospectus as a highly speculative investment.

(b) Cash position

Sunstone's unaudited cash position at 30 June 2024 was approximately \$2.7M. Since then, Sunstone has incurred normal operational expenditures relating to the progression of exploration activities in Ecuador and corporate running costs. The Company executed a placement of shares with new and existing investors, raising \$2.5M with funds (net of fees and before amounts relating to Director participation) received on 13 September 2024. If fully subscribed, the SPP will provide the Company with additional funds of approximately \$2.0M (before the costs of the issue), for a total of approximately \$4.5M from both the Placement and SPP (before costs).

However, given the Company is an exploration entity, it will need to raise substantial additional funds in the future to continue progressing and developing its projects. There is a risk that the Company will be unable to raise such funds when needed or on reasonable terms. It is important for potential investors in the Company to note and understand that unless the Company is able to continue to raise funds as required, that failure could delay or suspend the Company's business strategy and the Company's anticipated activities, which could adversely affect its ability to execute its strategic and business plan, its business, prospects, financial condition and operating results.

(c) SPP Offer not underwritten

There is a risk that the Company will be unable to raise the full amount of \$2,000,000 (before the costs of the issue) it is seeking to raise under the SPP, as that offer is not underwritten.

(d) Exploration

The business of the Group is exploration, with a vision to be a discovery business in the porphyry copper-gold space. Exploration activities involve various inherent risks, including the risk that exploration may be unsuccessful or the risk that laws may change in various jurisdictions in which we operate, that could have a negative impact, resulting in potential impairment in the value of the tenements, limiting access to capital, diminishing the cash reserves of the Group and possible relinquishment of the tenements. The Group undertakes regular detailed risk assessments to identify risks to the business and develop mitigation strategies.

The success of the Group depends on the delineation of economically mineable reserves and resources, access to required development capital, the price of commodities, securing and maintaining title to the Group's exploration tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Group's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminishing the cash reserves of the Group and possible relinquishment of the tenements.

(e) Environmental Risks

The Group's environmental compliance is regulated by Ecuadorean legislation and our Environmental Management Plans for the Bramaderos and El Palmar projects, which are approved by the Ministry of Environment, Water and Ecological Transition. The Group remains committed to our environmental performance, which is reflected in our consistently strong environmental compliance.

Failure to comply with applicable environmental laws and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory authorities causing operations to cease, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

The Group is unable to predict the effect of additional, or changes to, environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations in any area.

(f) Resource estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate.

Furthermore, resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formation different from those predicated by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(g) Political and Regulatory Risks

The Group's projects are located in Ecuador and receive strong support from the local communities, however, mineral exploration and mining activities may be affected in varying degrees by political instability, economic conditions, and changes in government regulations such as foreign investment laws, tax laws, business laws, environmental laws and mining laws, affecting the Group's business in that country.

There can be no assurance that laws protecting foreign investments will not be amended or abolished or that existing laws will be enforced or interpreted to provide adequate protection against any or all of the risks described above.

(h) Operating risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors not limited to but including:

- (i) adverse geological conditions;
- (ii) limitations on activities due to seasonal weather patterns; and
- (iii) inability or delay in obtaining necessary consents or approvals.

(i) Grant of future permits to explore and mine

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

(j) Social unrest

While the Company currently receive strong support from local communities, there can be no assurance that this support will continue into the future due to activism, change in local government, or other unlawful actions to prevent the Company from accessing its exploration concessions. If social unrest results in the Company being unable to access its exploration concessions, this will hamper the ability to conduct further exploration activity.

6.3. General Risk Factors**(a) Share market and liquidity risk**

No assurances can be given of the price at which the Shares issued upon exercise of the Options offered under the Offer will trade or that they will trade at all. The Company's Shares may trade on the ASX at higher or lower prices than the exercise price at which shares are issued. Investors who decide to exercise the Options and sell newly acquired Shares after the capital raising may not receive the amount paid to exercise the Options.

The price at which newly acquired shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

(b) Dependence on general economic conditions

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a materially adverse impact on the Company's business or financial condition.

Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact the Company's earnings and financial performance.

There are also other changes in the domestic and global macroeconomic environment that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to: (i) high inflation and rising interest rates; (ii) changes in foreign currency exchange rates; (iii) changes in employment levels and labour costs; (iv) changes in aggregate investment and economic output; and (v) other changes in economic condition which may affect the revenue or costs of the Company.

(c) Ukraine and Gaza Conflicts

The war between Ukraine and Russia (**Ukraine Conflict**) and Israel and Palestine (**Gaza Conflict**) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict and Gaza Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict and Gaza Conflict.

The Ukraine Conflict and Gaza Conflict each have potential secondary and tertiary macroeconomic impacts, including the changes in pricing of commodity and energy markets, effects on global supply-chain and freight movements which would impact the supply of raw materials and delivery of finished goods and the potential of cyber activity impacting governmental or industry measures taken in response to the Ukraine Conflict and Gaza Conflict.

(d) Tax risk

Any change to the company income tax rate in jurisdictions in which the Company operates will impact on shareholder returns, as will any change to the income tax rates applying to individuals or trusts. Any change to the tax arrangements between Australia and other jurisdictions could have an adverse impact on future earnings and the level of dividend franking.

(e) Legislative and regulatory changes

Legislative or regulatory changes in jurisdictions in which the Company operates, including property or environmental regulations or regulatory changes in relation to products sold by the Company, could have an adverse impact on the Company.

6.4. Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the Options offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus (and any Shares issued by exercise of those Options) carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

SECTION 7 – ADDITIONAL INFORMATION

7.1. Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2. Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms, a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the relevant Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

The Company lodged the annual financial report for the year ended 30 June 2024 with the ASX on 13 September 2024. There have been no other documents or announcements lodged with the ASX since that

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date. ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available on the Company's website (www.sunstonemetals.com.au).

7.3. Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

Date	Price	Date
Highest	\$0.011	19 August 2024
Lowest	\$0.005	13 September 2024
Last	\$0.005	13 September 2024

7.4. Details of substantial holders

Based on publicly available information as at the date of this Prospectus, the following persons (together with their associates) have a relevant interest in 5% or more of the Shares on issue in the Company:

Shareholder ¹	Shares	%
Mason Stevens Limited ²	261,883,528	7.48%
Ilwella Pty Ltd ³	179,505,609	5.33%

Notes:

1. These parties may participate in the SPP up to an amount of \$30,000.
2. Refer to Form 604 (Notice of change of interests of substantial holder) announced to the ASX on 6 March 2024 for further information with respect to this holding.
3. Refer to Form 603 (Notice of initial substantial holder) announced to the ASX on 4 March 2024 for further information with respect to this holding.

7.5. Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers pursuant to this Prospectus; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offers.

Participation in Placement

The following Directors participated in the Placement and will be offered Placement Options under this Prospectus, both subject to shareholder approval:

Name	Placement Shares	Placement Options
Malcolm Norris	2,000,000	1,000,000
Patrick Duffy	10,000,000	5,000,000
Neal O'Connor	5,000,000	2,500,000
Stephen Stroud	4,000,000	2,000,000

The issue of any Shares under the Placement and the grant of the Placement Options offered under this Prospectus to Directors is subject to the Company obtaining shareholder approval under Chapter 10 of the ASX Listing Rules.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Shareholder	Shares	Options	Performance Rights
Malcolm Norris ¹	49,107,110	-	11,600,000
Patrick Duffy ²	16,843,306	6,000,000	15,000,000
Neal O'Connor ³	6,383,788	-	-
Stephen Stroud ⁴	14,871,208	12,000,000	-

Notes:

- Direct ownership: 14,026,114 Shares. 35,080,996 Shares held indirectly through MN Investment Fund P/L <MN Investment Super Fund> and Eclipse Investments Fund Pty Ltd as trustee for Norris Investment Fund (both of which Mr Norris is a beneficiary), and Wendy Anne Collins (related party).
Subject to Shareholder approval, Mr Norris will be issued 2,000,000 Shares and 1,000,000 Options pursuant to the Placement.
- Direct ownership: 7,283,606 Shares. 9,559,700 Shares held indirectly through Thoona Investments Ltd of which Mr Duffy is a Director).
Subject to Shareholder approval, Mr Duffy will be issued 10,000,000 Shares and 5,000,000 Options pursuant to the Placement.
- Held indirectly through Ronnoco (QLD) Pty Ltd <O'Connor Family S/F A/C> (of which Mr O'Connor is a beneficiary).
Subject to Shareholder approval, Mr O'Connor will be issued 5,000,000 Shares and 2,500,000 Options pursuant to the Placement.
- Direct ownership: 3,552,632 Shares. 11,318,576 Shares held indirectly through Accretion Capital Pty Ltd <Accretion S/F A/C> (of which Mr Stroud is a beneficiary), and Mrs Pamela Lynn Stroud (related party).
Subject to Shareholder approval, Mr Stroud will be issued 4,000,000 Shares and 2,000,000 Options pursuant to the Placement.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

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In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Financial Year Ended 30 June 2025 (Proposed)	Financial Year Ended 30 June 2024 (Actual)	Previous Financial Year Ended 30 June 2023
Malcolm Norris ²	379,347	368,298	366,639
Patrick Duffy ³	379,347	103,843	-
Neal O'Connor ⁴	12,308	60,000	-
Stephen Stroud ⁵	60,000	60,000	60,000

Notes:

1. Mr Norris was CEO & Managing Director until 14 April 2024 and appointed Executive Director – Exploration on 15 April 2024. Remuneration is inclusive of superannuation. Mr Norris was appointed Non-executive Chair on 16 September 2024, whereby his future remuneration will reflect that of Graham Ascough, the previous Non-executive Chair.
2. Mr Duffy was appointed Non-Executive Director on 8 November 2023 and ceased on 14 April 2024. Mr Duffy was appointed Managing Director and CEO on 15 April 2024. Remuneration is inclusive of superannuation.
3. Mr O'Connor was appointed Non-Executive Director on 16 April 2024. Remuneration is inclusive of superannuation.
4. Paid a total fee of \$60,000 which excludes superannuation.

7.6. Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue, holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:
 - (i) the formation or promotion of the Company;
 - (ii) any property acquired or proposed to be acquired by the Company in connection with:
 - (A) its formation or promotion; or
 - (B) the Offers; or
 - (iii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offers.

Thomson Geer has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Thomson Geer \$15,000 (excluding GST and disbursements) for these services. The Company has also paid Thomson Geer for the provision of legal services at their usual charge out rates and time cost basis.

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7.7. Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Thomson Geer has given its written consent to being named as the solicitors to the Company in this Prospectus. Thomson Geer has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare has given its written consent, and has not withdrawn its consent, to be named as Share Registry in the form and context in which it is named in this Prospectus.

7.8. Estimated expenses of Offers

The total expenses of the Offers (including advisory and legal fees, as well as printing, advertising and other expenses) is currently estimated to be approximately \$130,000 comprising ASIC lodgement fees, advisory and legal fees, printing and despatch fees.

7.9. Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 (7) 3368 9888, or email info@sunstonemetals.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

7.10. Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

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SECTION 8 – DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Malcolm Norris

Chairman

For and on behalf of Sunstone Metals Limited

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SECTION 9 – CORPORATE DIRECTORY

Directors

Malcolm Norris – Non-Executive Chair
Patrick Duffy – CEO/Managing Director
Neal O’Connor – Non-Executive Director
Stephen Stroud – Non-Executive Director

Company Secretary

Lucas Welsh

Securities Exchange Listing

Sunstone Metals Limited shares are listed on the Australian Securities Exchange
Ordinary fully paid shares
ASX Code: STM

Auditor

HLB Mann Judd
Level 15 Central Plaza
66 Eagle St
Brisbane QLD 4000

Share Registry

Computershare Investor Services Pty Ltd
200 Mary Street
Brisbane Qld 4000
Investor Enquiries: 1300 850 505
Website: www.computershare.com.au

Bank

National Australia Bank Limited
Level 23, 100 Creek Street
Brisbane QLD 4000

Registered Office and principal place of business

Australia

9 Gardner Close
Milton Qld 4064
Telephone: 07 3368 9888
Facsimile: 07 3368 9899

Web site: www.sunstonemetals.com.au

Email: info@sunstonemetals.com.au

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SECTION 10– DEFINITIONS

Applicant means a person who submits an Application.

Application means a validly completed Application Form.

Application Form means an application form for the SPP Options Offer or the Placement Options Offer.

ASIC means the Australian Securities and Investments Commission.

ASX Instrument means *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547*.

ASX means the Australian Securities Exchange or ASX Limited ACN 008 624 691.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

CHESS means Clearing House Electronic Subregister System.

Closing Date means the date on which the Offer closes, being 5:00pm (Sydney time) on 7 October 2024, which may be extended by the Directors in accordance with the Listing Rules.

Company or Sunstone means Sunstone Metals Ltd ACN 123 184 412.

Corporations Act means the *Corporations Act 2001* (Cth) of Australia.

Directors means the directors of the Company from time to time.

Dollars or \$ means Australian dollars unless otherwise stated.

Issue Price means \$0.005 (0.5 cents) per SPP Share.

Joint Lead Managers means Morgans Corporate Limited and Canaccord Genuity.

Listing Rules or ASX Listing Rules means the official Listing Rules of ASX.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the Official List of ASX.

Opening Date means the date on which the Offer opens, being 16 September 2024.

Option means an SPP Option or a Placement Option.

Performance Right means a performance right to acquire a Share.

Placement means the placement of 500,000,000 shares at 0.5 cents per Placement Share to new and existing institutional, professional and sophisticated investors as announced by the Company on 9 September 2024.

Placement Options Offer means the offer of Placement Options described in section 2.1.

Placement Options means the options the subject of the Placement Options Offer.

Placement Participants means the investors that participated in the Placement.

Placement Shares means the 500,000,000 shares to be issued under the Placement.

Prospectus means this document.

Quotation and Official Quotation means official quotation on ASX.

Record Date means 5:00pm (Sydney time) on 6 September 2024.

Share means a fully paid ordinary share in the Company.

Share Register means the register of Shareholders maintained by Computershare Investor Services Pty Limited ABN 48 078 279 277.

Share Registry or Computershare means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Shareholder means a holder of Shares in the Company.

SPP means the share purchase plan offer made by the Company on or about 16 September 2024.

SPP Options means the options the subject of the SPP Options Offer.

SPP Options Offer means the offer of SPP Options described in section 2.2

SPP Participants means shareholders who participate in the SPP.

SPP Shares means Shares to be issued under the SPP.

US Person has the meaning given in Regulation S under the US Securities Act.

US Securities Act means the United States Securities Act of 1933, as amended.

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