
ASX ANNOUNCEMENT

20 SEPTEMBER 2024

Annual General Meeting

Sunstone Metal Ltd (ASX: STM; “Sunstone”) advises that the attached Notice of Annual General Meeting and Explanatory Memorandum will today be dispatched to shareholders.

The meeting is scheduled for Thursday 24 October 2024, commencing at 10.00am (Brisbane time) at the offices of HLB Mann Judd, Level 15, Central Plaza Two, 66 Eagle St, Brisbane QLD.

Electronic copies of the Annual General Meeting material and the 2024 Annual Report are available on the Company’s website.

A personalised Proxy form will also be provided with the meeting materials.

Lucas Welsh
Company Secretary
Sunstone Metals Limited

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

For personal use only



**SUNSTONE METALS LTD
ACN 123 184 412**

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM**

Date of Meeting

Thursday 24 October 2024

Time of Meeting

10.00am
(Brisbane time)

Place of Meeting

HLB Mann Judd Offices
Level 15
Central Plaza Two
66 Eagle St
Brisbane Qld 4000

For personal use only

NOTICE OF ANNUAL GENERAL MEETING
SUNSTONE METALS LTD
ACN 123 184 412

Notice is hereby given that the Annual General Meeting of Shareholders (**Meeting or AGM**) of Sunstone Metals Ltd ACN 123 184 412 (**Company**) will be held at **10.00am (Brisbane time) on Thursday 24 October 2024** at the offices of HLB Mann Judd, Level 15, 66 Eagle St, Brisbane, Queensland.

AGENDA

The business of the Meeting will be to consider the Resolutions set out below. Full details on the nature of the Resolutions are set out in the Explanatory Memorandum accompanying this Notice of Meeting.

Capitalised terms are defined in the Glossary to this Notice of Meeting and Explanatory Memorandum.

This Notice of Meeting should be read in its entirety together with the Explanatory Memorandum and Proxy Form.

ORDINARY BUSINESS

Financial Statements and Reports

To receive the financial report of the Company and its controlled entities for the year ending 30 June 2024, together with the declaration of the directors, the directors' report, the Remuneration Report, and the auditor's report.

RESOLUTION 1: Adoption of Remuneration Report

To consider and, if thought fit, pass, with or without amendment, the following resolution as a non-binding ordinary resolution:

'That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2024.'

RESOLUTION 2: Ratification of prior issue of placement Shares under Listing Rule 7.4

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

'That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue and allotment of 474,000,000 Shares at an issue price of \$0.005 (0.5 cents) to the allottees as set out in the Explanatory Memorandum.'

RESOLUTION 3: Approval to issue Placement Options under Listing Rule 7.1

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

'That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 237,000,000 Placement Options on the terms and conditions set out in the Explanatory Memorandum.'

RESOLUTION 4: Approval to issue SPP Shares under Listing Rule 7.1

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

'That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 400,000,000 SPP Shares on the terms and conditions set out in the Explanatory Memorandum.'

RESOLUTION 5: Approval to issue SPP Options under Listing Rule 7.1

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

'That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 200,000,000 SPP Options on the terms and conditions set out in the Explanatory Memorandum.'

RESOLUTION 6: Election of Director, Mr Malcolm Norris

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

'That in accordance with the Constitution of the Company, Mr Malcolm Norris who retires by rotation and being eligible, be re-elected as a Director of the Company.'

RESOLUTION 7: Election of Director, Mr Neal O'Connor

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

'That in accordance with the Constitution of the Company, Mr Neal O'Connor who was appointed to the Board of the Company since the last annual general meeting, and being eligible, be elected as a director of the Company.'

RESOLUTION 8: Approval for issue of Placement securities to Director - Mr Patrick Duffy

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of up to 10,000,000 Shares at the Placement issue price of \$0.005 (0.5 cents), and 5,000,000 Placement Options to Mr Patrick Duffy (or his nominee), a director of the Company, on the terms and conditions set out in the Explanatory Memorandum."

RESOLUTION 9: Approval for issue of Placement securities to Director - Mr Malcolm Norris

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"Subject to the passing of Resolution 6, that, for the purpose of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of up to 2,000,000 Shares at the Placement issue price of \$0.005 (0.5 cents), and 1,000,000 Placement Options to Mr Malcolm Norris (or his nominee), a director of the Company, on the terms and conditions set out in the Explanatory Memorandum."

RESOLUTION 10: Approval for issue of Placement securities to Director - Mr Neal O'Connor

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"Subject to the passing of Resolution 7, that, for the purpose of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of up to 5,000,000 Shares at the Placement issue price of \$0.005 (0.5 cents), and 2,500,000 Placement Options to Mr Neal O'Connor (or his nominee), a director of the Company, on the terms and conditions set out in the Explanatory Memorandum."

RESOLUTION 11: Approval for issue of Placement securities to Director - Mr Stephen Stroud

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of up to 4,000,000 Shares at the Placement issue price of \$0.005 (0.5 cents), and 2,000,000 Placement Options to Mr Stephen Stroud (or his nominee), a director of the Company, on the terms and conditions set out in the Explanatory Memorandum."

RESOLUTION 12: Approval for issue of Placement securities to Related Party - Mr Graham Ascough

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 10.11 and for all other purposes, approval is given to the issue by the Company of up to 5,000,000 Shares at the Placement issue price of \$0.005 (0.5 cents), and 2,500,000 Placement Options to Mr Graham Ascough (or his nominee), a related party of the Company, on the terms and conditions set out in the Explanatory Memorandum."

RESOLUTION 13: Issue of Performance Rights to Mr Patrick Duffy

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

'That, for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act, and for all other purposes, approval is given to the issue by the Company of a total of 19,435,251 Performance Rights under the Employee Performance Rights Plan to Mr Patrick Duffy (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.'

RESOLUTION 14: Approval of Employee Performance Rights Plan

To consider and, if thought fit, pass, with or without amendment, the following resolution as an ordinary resolution:

'That, for the purposes of being approved as an exemption from Listing Rule 7.1 pursuant to Listing Rule 7.2, exception 13 and for all other purposes, approval is given for the issue of securities and the implementation of the Employee Performance Rights Plan (EPRP) on the terms set out in the Explanatory Memorandum.'

SPECIAL BUSINESS

RESOLUTION 15: Approval of 10% Placement Facility

To consider and, if thought fit, pass, with or without amendment, the following resolution as a **special** resolution:

'That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued Shares (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.'

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative. Registration will commence just prior to the Meeting. To vote in person, attend the Meeting on the date and at the place set out above.

Voting entitlement

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Board has determined that the Shareholders who are on the Company's share register at 7.00 pm (Sydney time) on 22 October 2024 (being not more than 48 hours before the Meeting on 24 October 2024) will be taken, for the purposes of the Meeting, to be entitled to attend and vote at the Meeting. If you are not the registered holder of a Share at that time, you will not be entitled to vote at the Meeting.

Voting at the Meeting

Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast. All the Resolutions at this Meeting, other than Resolution 15, are ordinary resolutions. Resolution 15 is a special resolution.

All resolutions at the Meeting will be voted on by poll and Shareholders who are entitled to vote may vote either prior to the Meeting by appointing a proxy or by poll during the Meeting.

Shareholders are strongly urged to **appoint the Chair of the Meeting as their proxy**. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be exercised on each item of business, and the Chair of the Meeting **must follow your instructions**. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice of Meeting.

Voting Exclusion Statements

(a) Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (ii) the person is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

(b) Resolution 2

The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of:

- (i) an Allottee; and
- (ii) an associate of an Allottee.

However, the Company will not disregard a vote cast in favour of Resolution 2 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(c) **Resolution 3**

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (iii) an Allottee; and
- (iv) an associate of an Allottee.

However, the Company will not disregard a vote cast in favour of Resolution 3 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(d) **Resolution 4**

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (v) an SPP Share Allottee; and
- (vi) an associate of an SPP Share Allottee.

However, the Company will not disregard a vote cast in favour of Resolution 4 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(e)

Resolution 5

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (vii) an SPP Option Allottee; and
- (viii) an associate of an SPP Option Allottee.

However, the Company will not disregard a vote cast in favour of Resolution 5 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(f)

Resolution 8

For the purposes of Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Patrick Duffy, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any associate of those persons. However, the Company will not disregard a vote cast in favour of Resolution 8 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(g)

Resolution 9

For the purposes of Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Malcolm Norris, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of

being a holder of ordinary securities in the entity) and any associate of those persons. However, the Company will not disregard a vote cast in favour of Resolution 9 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(h)

Resolution 10

For the purposes of Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Neal O'Connor, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any associate of those persons. However, the Company will not disregard a vote cast in favour of Resolution 10 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(i)

Resolution 11

For the purposes of Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Stephen Stroud, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any associate of those persons. However, the Company will not disregard a vote cast in favour of Resolution 11 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(j) **Resolution 12**

For the purposes of Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Graham Ascough, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity) and any associate of those persons. However, the Company will not disregard a vote cast in favour of Resolution 12 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

(k) **Resolution 13**

For the purposes of Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 13 by or on behalf of:

- the Managing Director of the Company, Mr Patrick Duffy (Non-executive directors are ineligible to participate in the Employee Performance Rights Plan), any Associates of the Managing Director of the Company or a person whose relationship with the Managing Director or Associate is such that, in ASX's opinion, the acquisition should be approved by shareholders, who is eligible to participate in the EPRP; and
- any Associate of such a member.

However, the Company will not disregard a vote cast in favour of Resolution 13 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

For the purposes of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, on Resolution 13 if:

- the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member, and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
- the appointment expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

(l) **Resolution 14**

For the purposes of the Listing Rules, the Company will disregard any votes cast in favour of Resolution 14 by or on behalf of any person who is eligible to participate in the EPRP or their Associates.

However, the Company will not disregard a vote if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person charging the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

For the purposes of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, on Resolution 14 if:

- the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member, and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
- the appointment expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

(m) **Resolution 15**

The Company will disregard any votes cast in favour of Resolution 15 by or on behalf of, if at the time the approval is sought the Company is proposing to make an issue of equity securities under listing rule 7.1A.2, any person (and any Associates of such a person) who is expected to participate in the 10% Placement Facility, or any person (and any Associates of such a person) who will obtain a material benefit as a result of, the proposed issue, except a benefit solely by being a holder of ordinary shares in the Company.

However, the Company will not disregard a vote cast in favour of Resolution 15 if:

- it is cast by the person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote as the chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Proxies

A Shareholder who is entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

To be valid, the appointment of a proxy (made using a properly completed and executed Proxy Form) must be received by the Company no later than 10.00am (Brisbane time) on 22 October 2024.

Proxy Forms can be submitted by the below methods:

- (a) Online by visiting www.investorvote.com.au and entering the 6-digit control number found on the front of the Proxy Form. Intermediary Online subscribers (Custodians) may lodge proxy instructions at www.intermediaryonline.com;
- (b) by mail to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001; and
- (c) by facsimile 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Please note that if the Chairman of the Meeting is your proxy (or becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on Resolutions 1, 13 and 14 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the Chair as your proxy you can direct the Chair to vote for or against or abstain from voting on any of Resolutions 1, 13, and 14 by marking the appropriate box on the Proxy Form.

The Chair intends to vote undirected proxies in favour of each item of business.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting.

NOTE: Please refer to the Explanatory Memorandum accompanying this Notice of Meeting for further information regarding all of the above Resolutions.

By order of the Board



Lucas Welsh
Company Secretary
20 September 2024

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EXPLANATORY MEMORANDUM GENERAL INFORMATION

This Explanatory Memorandum contains an explanation of, and information about, the Resolutions to be considered at the Annual General Meeting of Shareholders of Sunstone Metals Ltd, to be held on **Thursday 24 October 2024**.

The Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice of Meeting and the reasons for the Resolutions proposed. Shareholders should read the Explanatory Memorandum in full.

The Explanatory Memorandum forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

The Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Capitalised words used in the Notice of Meeting and in the Explanatory Memorandum are defined in the Glossary at the end of the Explanatory Memorandum.

The information contained in this Explanatory Memorandum has been prepared by the Company and is the responsibility of the Company. Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1 to 15 (inclusive).

A copy of this Notice of Meeting and Explanatory Memorandum was lodged with ASX pursuant to the Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of this Notice of Meeting and Explanatory Memorandum.

ORDINARY BUSINESS

Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Report together with the declaration of the directors, the directors' report, the Remuneration Report, and the auditor's report.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report can be found on its website at www.sunstonemetals.com.au.

Resolution 1 – Adoption of Remuneration Report

Remuneration Report

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the directors' report contained in the Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

“Two Strikes”

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report of the company be adopted must be put to the Shareholders. However, such a resolution is advisory only and will not bind the Directors or the Company.

The Corporations Act gives shareholders the opportunity to remove the whole Board except the Managing Director if the Remuneration Report receives votes against of 25% or more (**Strike**) at two

consecutive annual general meetings.

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution (**Spill Resolution**) on whether another meeting should be held (within 90 Days) (**Spill Meeting**), at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report, must cease to hold office immediately before the end of the Spill Meeting and must stand for re-election, unless the Company put to Shareholders a Spill Resolution at the first annual general meeting.

The Company did not receive a Strike at its 2023 annual general meeting and as a result, if the Remuneration Report receives a Strike at this Meeting, the Company will not be required to put a Spill Resolution. However, if the Remuneration Report receives a Strike at this Meeting and a second Strike at the 2025 annual general meeting, the Company will then be required to put a Spill Resolution.

Proxies

Resolution 1 is an ordinary resolution.

The Corporations Act places certain restrictions on the ability of "Key Management Personnel" (including the Chairman of the Meeting) and their "Closely Related Parties" to vote on Resolution 1 and also places restrictions on "Key Management Personnel" and their "Closely Related Parties" where they are voting as proxy for another shareholder on resolutions connected with the remuneration of Key Management Personnel.

To ensure that your vote is counted on Resolution 1, you are encouraged to direct your proxy how to vote on that item by indicating your preference by completing the "For", "Against" or "Abstain" boxes on the Proxy Form. If you provide an undirected proxy in relation to Resolution 1 to a director (other than the Chairman of the Meeting) or other Key Management Personnel or their Closely Related Parties, such a proxy will not vote on Resolution 1. To allow such a proxy to vote on Resolution 1, you must direct the proxy how to vote by completing the "For", "Against" or "Abstain" boxes on the Proxy Form.

If you appoint the Chairman of the Meeting as your proxy in relation to Resolution 1, but do not complete the "For", "Against" or "Abstain" boxes on the Proxy Form for Resolution 1, the Chairman will exercise your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel. The Chairman intends to vote all available proxies in favour of Resolution 1. If you wish to appoint the Chairman as proxy with a direction to vote against, or to abstain from voting on, Resolution 1, you must specify this by completing the "Against" or "Abstain" box on the Proxy Form.

RESOLUTION 2 – Ratification of the prior issue of placement Shares under Listing Rule 7.4

Background

Resolution 2 seeks ratification by Shareholders of the issue of 474,000,000 Shares to the Allottees set out below on 16 September 2024.

The placement was undertaken under the Company's annual 15% capacity under Listing Rule 7.1

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12-month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12-month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

The issue of Placement shares does not fit within any of these exceptions and, as it has not yet been approved by shareholders, it effectively uses up part of the Company's 15% placement capacity and reduces the Company's ability to issue further equity securities without shareholder approval for the 12 month period following the Placement.

However, Listing Rule 7.4 provides that an issue of equity securities made without shareholder approval under Listing Rule 7.1 is treated as having been made with shareholder approval for the

purpose of Listing Rule 7.1 if:

- the issue did not breach Listing Rule 7.1; and
- holders of ordinary securities subsequently approve it.

The issue of the Shares did not result in the Company breaching the 15% limit referred to in Listing Rule 7.1. The issue of the Shares does not therefore depend upon shareholders passing Resolution 2. The purpose of Resolution 2 is to obtain shareholder approval for the purpose of Listing Rule 7.4 and for all other purposes. If shareholders approve the issue of the Shares for the purpose of Listing Rule 7.4, the issue of the Shares will not count towards determining the number of equity securities which the Company can issue in any 12-month period.

However, if shareholders do not approve the issue of the Shares for the purpose of Listing Rule 7.4, the issue of the Shares will count towards the number of equity securities which the Company can issue in any 12-month period.

Accordingly, under Listing Rule 7.4, Resolution 2 seeks Shareholder approval for and ratification of the issue of 474,000,000 Shares issued under the Company's annual 15% placement capacity under Listing Rule 7.1. This will provide flexibility for the Company to issue equity securities under the 15% placement capacity under Listing Rule 7.1 in the next 12 months without the requirement to obtain Shareholder approval.

Listing Rule disclosure

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of Shares, the subject of Resolutions 2:

Required disclosure	
<i>Number of securities allotted</i>	Total of 474,000,000 Shares were issued under the Company's 15% placement capacity under Listing Rule 7.1
<i>Issue price</i>	\$0.005 (0.5 cents) per Share
<i>Terms of the securities</i>	The Shares were issued as fully paid ordinary shares ranking equally with existing Shares, for which the Company sought quotation on the official list of the ASX on 16 September 2024 for 474,000,000 Shares
<i>Names of Allottees or the basis on which those persons were identified or selected</i>	The Shares were issued to professional and sophisticated investors on the basis of advice from Joint Lead Managers Morgans Corporate Limited and Canaccord Genuity. None of the investors fall within the categories specified in section 7.4 of Guidance Note 21 and are not required to be specifically named.
<i>Use of funds</i>	The funds raised pursuant to the placement will be applied to (i) preparing an inaugural Mineral Resource Estimate at the El Palmar copper-gold project in northern Ecuador; (ii) exploration at the high-grade Limon gold-silver discovery within the Bramaderos gold-copper porphyry project in southern Ecuador; and (iii) advancing partnership opportunities at both El Palmar and Bramaderos.

A voting exclusion applies to these resolutions – please see the notes.

Recommendation: The Board unanimously recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3 – Approval to issue Placement Options under Listing Rule 7.1

Background

Resolutions 3 seeks approval by Shareholders for the issue of 237,000,000 Placement Options to the Allottees set out below.

Placement Options are to be issued to Allottees who participated in the placement for which shares were issued on 16 September 2024. Allottees will be issued 1 option for every 2 shares they were issued.

The Placement Options have an expiry date two years from the date from the date of issue, and will be exercisable at \$0.0075 (0.75 cents) each.

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12-month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12-month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

The proposed issue of the Placement Options does not fall within any of the exceptions in Listing Rule 7.2, and would therefore exceed the 15% limit in Listing Rule 7.1. It therefore requires the approval of shareholders under Listing Rule 7.1.

If shareholders approve the issue of the Placement Options for the purpose of Listing Rule 7.1, the issue of the Placement Options will not count towards determining the number of equity securities which the Company can issue in any 12-month period under Listing Rule 7.1.

However, if shareholders do not approve the issue of the Placement Options for the purpose of Listing Rule 7.1, the Company will not be able to issue the Placement Options to the Allottees, and will therefore be unable to receive funds to finance exploration activities in Ecuador if Allottees were to exercise any or all of the Placement Options in the future.

Accordingly, Resolution 3 seeks Shareholder approval for the issue of 237,000,000 Placement Options to the Allottees.

Corporations Act and Listing Rule disclosure

Details of the proposed issue under Resolution 4 required by Listing Rule 7.3 are as follows:

Required disclosure	
<i>Number of securities allotted</i>	Total of 237,000,000 Placement Options are to be issued. The Placement Options will be issued no later than 3 months after the date of this Annual General Meeting.
<i>Issue price</i>	Nil. One Placement Option is to be issued for every two Shares issued to Allottees who participated in the placement on 16 September 2024 for 474,000,000 Shares.
<i>Exercise price and expiry date</i>	All Placement Options have an exercise price of \$0.0075 (0.75 cents) and have an expiry date of 2 years from the date of issue.
<i>Terms of the securities</i>	The terms and conditions of the Placement Options to be issued are set out in Annexure A to this Explanatory Memorandum. The Shares issued on exercise of the Placement Options will rank equally in all respects with the existing fully paid ordinary shares in the Company.

Required disclosure	
<i>Names of Allottees or the basis on which those persons were identified or selected</i>	<p>The Placement Options are to be issued to professional and sophisticated investors who participated in the placement on 16 September 2024 on the basis of advice from Joint Lead Managers Morgans Corporate Limited and Canaccord Genuity.</p> <p>None of the investors fall within the categories specified in section 7.2 of Guidance Note 21 and are not required to be specifically named.</p>
<i>Use of funds</i>	<p>No funds will be raised on the initial issue of the Placement Options to Allottees.</p> <p>If Allottees exercise any or all of their Placement Options, funds will be raised based on the exercise price set out above. These funds raised will be applied to (i) preparing an inaugural Mineral Resource Estimate at the El Palmar copper-gold project in northern Ecuador; (ii) exploration at the high-grade Limon gold-silver discovery within the Bramaderos gold-copper porphyry project in southern Ecuador; and (iii) advancing partnership opportunities at both El Palmar and Bramaderos.</p>
<i>Summary of material terms of agreement</i>	<p>Not issued under an agreement.</p> <p>Placement Options are granted on the terms and conditions set out in the Prospectus dated 16 September 2024.</p>
<i>No reverse takeover</i>	<p>The Placement Options are not being issued under, or to fund, a reverse takeover.</p>
<i>Voting exclusion</i>	<p>Voting exclusions apply to Resolution 3 – please see the notes.</p>

Recommendation: The Board unanimously recommend that Shareholders vote in favour of Resolution 3.

RESOLUTION 4 – Approval to issue SPP Shares under Listing Rule 7.1

Background

On 9 September 2024, the Company announced a Share Purchase Plan (**SPP**) to raise up to \$2,000,000 (before costs). All eligible shareholders are able to participate in the SPP, and can apply for:

- SPP Shares under an SPP offer booklet dated 16 September 2024 (shareholders who apply for SPP Shares are **SPP Share Allottees**); and
- One (1) SPP Option for every two (2) SPP Shares subscribed for under the SPP under a separate offer made under a prospectus dated 16 September 2024 (SPP Share Allottees who also apply for SPP Options are **SPP Option Allottees**).

Up to 400,000,000 SPP Shares are being offered at the same issue price as the Placement, being \$0.005 (0.5 cents per share).

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12-month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12-month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

Exception 5 of Listing Rule 7.2 provides that a security under a security purchase plan that satisfies the conditions in ASIC Corporation (Share and Interest Purchase Plans) Instrument 2019/547 will meet the requirements of Exception 5 if the issue price of the securities is at least 80% of the volume weighted average market price (**VWAP**) calculated over the last 5 days on which sales in the securities were recorded either before the day on which the issue was announced or before the day on which the issue was made.

The offer price of the SPP Shares represents a 34.1% discount to the 5-day VWAP prior to the announcement of the SPP on 9 September 2024 of \$0.0076 (0.76 cents per share), and therefore exceeds the 20% discount per Exception 5 of Listing Rule 7.2.

The Company does not have available capacity under Listing Rule 7.1 to issue the SPP Shares and has sought a waiver from the ASX from Listing Rule 7.1 to permit the Company, without shareholder approval, to issue shares under the SPP.

Should the ASX grant the waiver prior to the date of this Annual General Meeting, Resolution 4 will not be put to the meeting.

If ASX does not grant the Waiver, the SPP Shares will not be able to be issued without shareholder approval. Accordingly, Resolution 4 seeks approval by Shareholders for the issue of up to 400,000,000 SPP Shares to the SPP Share Allottees.

If resolution 4 is passed, the Company can issue the SPP Shares and the issue of the SPP Shares will not count towards determining the number of equity securities which the Company can issue in any 12-month period under Listing Rule 7.1.

If the ASX does not grant the waiver, and both Resolution 2 and this Resolution 4 are not passed, the Company will not be able to issue the SPP Shares to the SPP Share Allottees and the Company will need to consider further funding options.

Listing Rule disclosure

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Shares, the subject of Resolution 4:

Required disclosure	
<i>Number of securities to be issued</i>	Up to a total of 400,000,000 Shares to be issued to SPP Share Allottees
<i>Issue price</i>	\$0.005 (0.5 cents) per Share
<i>Terms of the securities</i>	The Shares will be issued as fully paid ordinary shares ranking equally with existing Shares.
<i>Names of Allottees or the basis on which those persons were identified or selected</i>	The Shares will be issued to SPP Share Allottees who are eligible shareholders in accordance with the offer document dated 16 September 2024 (subject to scale back as applicable). Directors and their associates are not participating in the SPP, as they have applied to participate in the Placement, subject to Shareholder approval in Resolutions 8, 9, 10, 11 and 12.
<i>Date on which the Company will issue the SPP Shares</i>	The SPP Shares will be issued to SPP Share Allottees no later than 3 months after the date of this meeting.
<i>Use of funds</i>	The funds raised will be applied to (i) preparing an inaugural Mineral Resource Estimate at the El Palmar copper-gold project in northern Ecuador; (ii) exploration at the high-grade Limon gold-silver discovery within the Bramaderos gold-copper porphyry project in southern Ecuador; and (iii) advancing partnership opportunities at both El Palmar and Bramaderos.
<i>Summary of material terms of agreement</i>	Not issued under an agreement. SPP Shares are issued on the terms and conditions set out in the SPP Offer Booklet dated 16 September 2024.
<i>No reverse takeover</i>	The SPP Shares are not being issued under, or to fund, a reverse takeover.

A voting exclusion applies to these resolutions – please see the notes.

Recommendation: The Board unanimously recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5 – Approval to issue SPP Options under Listing Rule 7.1

Background

On 9 September 2024, the Company announced a Share Purchase Plan (**SPP**) to raise up to \$2,000,000 (before costs). All eligible shareholders are able to participate in the SPP, and can apply for:

- SPP Shares under an SPP offer booklet dated 16 September 2024 (shareholders who apply for SPP Shares are **SPP Share Allottees**); and
- One (1) SPP Option for every two (2) SPP Shares subscribed for under the SPP under a separate offer made under a prospectus dated 16 September 2024 (SPP Share Allottees who also apply for SPP Options are **SPP Option Allottees**).

Resolutions 5 seeks approval by Shareholders for the issue of up to 200,000,000 SPP Options to the SPP Options Allottees.

The SPP Options have an expiry date two years from the date from the date of grant, and will be exercisable at \$0.0075 (0.75 cents) per option.

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12-month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12-month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

The Company does not have available capacity under Listing Rule 7.1 to grant the SPP Options. Accordingly, Resolution 5 seeks Shareholder approval for the grant of up to 200,000,000 SPP Options to the SPP Option Allottees.

If shareholders approve Resolution 5, the Company can grant the SPP Options and the grant of the SPP Options will not count towards determining the number of equity securities which the Company can issue in any 12-month period under Listing Rule 7.1.

However, if shareholders do not pass Resolution 5, the Company will not be able to grant the SPP Options to the SPP Option Allottees unless the Company has otherwise sufficient placement capacity.

Corporations Act and Listing Rule disclosure

Details of the proposed issue under Resolution 5 required by Listing Rule 7.3 are as follows:

Required disclosure	
<i>Number of securities to be granted</i>	Total of up to 200,000,000 SPP Options are to be granted. The SPP Options will be issued no later than 3 months after the date of this Annual General Meeting.
<i>Issue price</i>	The SPP Options will be granted for nil consideration.
<i>Exercise price and expiry date</i>	All SPP Options have an exercise price of \$0.0075 (0.75 cents), and have an expiry date of 2 years from the date of grant.
<i>Terms of the securities</i>	The terms and conditions of the SPP Options to be issued are set out in Annexure A to this Explanatory Memorandum. The Shares issued on exercise of the SPP Options will rank equally in all respects with the existing fully paid ordinary shares in the Company.

Required disclosure	
<i>Names of SPP Allottees or the basis on which those persons were identified or selected</i>	<p>The SPP Options are offered to SPP Share Allottees (under a prospectus dated 16 September 2024) on the basis of 1 SPP Option for every 2 SPP Shares subscribed for under the SPP Offer Booklet dated 16 September 2024 (subject to scale back as applicable).</p> <p>Directors and their associates are not participating in the SPP Options, as they have applied to participate via the Placement, subject to Shareholder approval in Resolutions 8, 9, 10, 11 and 12.</p>
<i>The date on which the Company will issue the SPP Options</i>	The SPP Options will be granted to SPP Option Allottees no later than 3 months after the date of this meeting.
<i>Use of funds</i>	<p>No funds will be raised on the initial issue of the SPP Options to SPP Option Allottees.</p> <p>If SPP Option Allottees exercise any or all of their SPP Options, funds will be raised based on the exercise price set out above. These funds raised will be applied to (i) preparing an inaugural Mineral Resource Estimate at the El Palmar copper-gold project in northern Ecuador; (ii) exploration at the high-grade Limon gold-silver discovery within the Bramaderos gold-copper porphyry project in southern Ecuador; and (iii) advancing partnership opportunities at both El Palmar and Bramaderos.</p>
<i>Summary of material terms of agreement</i>	<p>Not issued under an agreement.</p> <p>SPP Options are granted on the terms and conditions set out in the Prospectus dated 16 September 2024.</p>
<i>No reverse takeover</i>	The SPP Options are not being issued under, or to fund, a reverse takeover.
<i>Voting exclusion</i>	Voting exclusions apply to Resolution 5 – please see the notes.

Recommendation: The Board unanimously recommend that Shareholders vote in favour of Resolution 5.

RESOLUTION 6 – Election of Director – Mr Malcolm Norris

In accordance with the Company's Constitution, Mr Malcolm Norris retires by rotation and, being eligible, offers himself for re-election as a Director of the Company. Mr Norris was appointed as Executive Director – Exploration on 15 April 2024. Mr Norris previously held the position of Managing Director and CEO from 1 April 2014 to 14 April 2024. Mr Norris was appointed as Executive Director – Exploration on 15 April 2024, and appointed Non-executive Chair on 16 September 2024.

Mr Norris is a member of the Company's Audit and Financial Risk Committee.

Mr Norris is a senior mining industry professional with extensive experience in business management, mineral exploration, development of new business opportunities and asset transactions. His roles have covered a wide range of commodities, geographic locations and management of global portfolios of projects in both large and small organisations.

Mr Norris holds an MSc in Geology and a Masters in Applied Finance. He has more than 35 years of industry experience including 23 years with WMC Resources, followed by executive roles with Intrepid Mines and SolGold.

Recommendation: The Board (excluding Mr Norris) recommends that Shareholders vote in favour of Resolution 6.

RESOLUTION 7 – Election of Director – Mr Neal O'Connor

In accordance with the Company's Constitution, Mr Neal O'Connor who was appointed to the Board of the Company since the last annual general meeting, and being eligible, offers himself for election as a Director of the Company. Mr O'Connor was appointed as a Non-executive Director on 16 April 2024.

Mr O'Connor is a member of the Company's Audit and Financial Risk Committee.

Mr O'Connor is a lawyer with global leadership experience of a top four global mining company, with extensive experience in the development and operation of mines and related infrastructure, including across South America. He has extensive experience in the resource industry and brings an added focus on Corporate Transactions, Corporate Governance and Risk Management to the Board.

Mr O'Connor was formerly General Counsel, Company Secretary, and an Executive Committee member of Xstrata Copper (2003 – 2013), the largest business unit of global mining company Xstrata Plc. Mr O'Connor is currently a Non-Executive Director of Mitchell Services Limited (ASX: MSV) and a Director of Wesley Medical Research Institute Foundation. He was previously a Non-Executive Director of Stanmore Coal Limited. (ASX: SMR) and Non-Executive Director of Maas Group Holdings Limited (ASX: MGH). His prior legal roles include General Manager Legal M.I.M. Holdings Limited and in private practice with Pinsent & Co Solicitors, London (now Pinsent Masons LLP) and Mallesons Stephen Jacques, Brisbane (now King Wood Mallesons).

Mr O'Connor holds a Bachelor of Law and is a Graduate of the Australian Institute of Company Directors.

Recommendation: The Board (excluding Mr O'Connor) recommends that Shareholders vote in favour of Resolution 7.

RESOLUTIONS 8, 9, 10, 11 and 12 – Approval for issue of securities to four Directors and one Related Party at the Placement price

Background

The Directors, including Graham Ascough who was a Director within the past six months, wish to participate in the Placement for which the Company sought quotation on the official list of the ASX on 16 September 2024.

Resolutions 8, 9, 10, 11 and 12 seek to obtain shareholder approval pursuant to Listing Rule 10.11 for the issue to four (4) Directors and one (1) related party of the Company a total of 26,000,000 fully paid ordinary shares (collectively the **Director Shares**) (raising \$130,000 before costs), plus a total of 13,000,000 options (collectively the **Director Options**) on the same terms and conditions as the Placement Options, as described in the table below:

Director	Director Shares	Issue Price (per share)	Director Options
Mr Patrick Duffy	10,000,000	\$0.005 (0.5 cents)	5,000,000
Mr Malcolm Norris	2,000,000	\$0.005 (0.5 cents)	1,000,000
Mr Neal O'Connor	5,000,000	\$0.005 (0.5 cents)	2,500,000
Mr Stephen Stroud	4,000,000	\$0.005 (0.5 cents)	2,000,000
Mr Graham Ascough	5,000,000	\$0.005 (0.5 cents)	2,500,000

Listing Rules

Listing Rule 10.11 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities to specific persons including a related party, which includes a Director, or a person who has been a Director within the past six months, without shareholder approval. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The issue of the Director Shares and Director Options fall within Listing Rule 10.11.1 and do not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of shareholders under Listing Rule 10.11.

If Resolutions 8 to 12 are passed, the Company will be able to proceed with the issue of the Director Shares and will raise \$130,000 before costs. Additionally, as approval is being sought under Listing Rule 10.11 and not Listing Rule 7.1, if Resolutions 8 to 12 are passed, the issue of the Director Shares and Director Options will not use up any of the Company's annual placement capacity.

If Resolutions 8 to 12 are not passed, the Company will not be able to proceed with the issue of the Director Shares and will need to seek alternative funding. Additionally, the Company will be unable to receive funds Directors were to exercise any or all of the Director Options in the future.

Corporations Act 2001 (Cth)

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give "a financial benefit" to a "related party", which includes a director, unless one of the exceptions to the section apply or shareholders, at a general meeting, approve the giving of that financial benefit to the related party.

Section 210 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given at arm's length, that is on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arms' length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

The Directors (other than Mr Duffy) consider that the proposed issue of securities the subject of Resolution 8 is on reasonable arm's length terms because it is occurring on the same terms including price as the issue of the Placement Shares and the Placement Options to Mr Duffy was determined

on an arm's length basis, within the exception set out in section 210 of the Corporations Act.

The Directors (other than Mr Norris) consider that the proposed issue of securities the subject of Resolution 9 is on reasonable arm's length terms because it is occurring on the same terms including price as the issue of the Placement Shares and the Placement Options to Mr Norris was determined on an arm's length basis, within the exception set out in section 210 of the Corporations Act.

The Directors (other than Mr O'Connor) consider that the proposed issue of securities the subject of Resolution 10 is on reasonable arm's length terms because it is occurring on the same terms including price as the issue of the Placement Shares and the Placement Options to Mr O'Connor was determined on an arm's length basis, within the exception set out in section 210 of the Corporations Act.

The Directors (other than Mr Stroud) consider that the proposed issue of securities the subject of Resolution 11 is on reasonable arm's length terms because it is occurring on the same terms including price as the issue of the Placement Shares and the Placement Options to Mr Stroud was determined on an arm's length basis, within the exception set out in section 210 of the Corporations Act.

The Directors consider that the proposed issue of securities the subject of Resolution 12 is on reasonable arm's length terms because it is occurring on the same terms including price as the issue of the Placement Shares and the Placement Options to Mr Ascough was determined on an arm's length basis, within the exception set out in section 210 of the Corporations Act.

RESOLUTION 8 – Approval for issue of shares to Director – Mr Patrick Duffy

The following information is provided in accordance with the requirements of Listing Rule 10.13:

- a) The securities the subject of Resolution 8 are to be issued to Mr Duffy (or his nominee/s), who falls within category 10.11.1 under Listing Rule 10 as he is a related party as a director of the Company;
- b) The maximum number of shares to be issued is 10,000,000 fully paid ordinary shares;
- c) The issue price of the shares will be \$0.005 (0.5 cents) per share;
- d) The shares will rank equally with the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares issued for quotation on ASX;
- e) The maximum number of Director Options to be issued is 5,000,000 unlisted options per the terms and conditions set out in Annexure A to this Explanatory Memorandum
- f) The Director Options will be issued at a nil price as each Director Option is free-attaching to the Director Shares issued under the Placement on a one (1) for two (2) basis. The Company will not receive any other consideration for the issue of the Director Options (other than in respect of funds received on exercise of the Director Options)
- g) The securities will be issued no later than one (1) month after the date of the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules);
- h) The issue of securities to Mr Duffy will raise approximately \$50,000 before costs. Funds raised by the issue of securities to Mr Duffy will be used, together with the other funds raised under the Placement, to fund the Company's Exploration at the Bramaderos gold-copper project in southern Ecuador, the El Palmar gold-copper project in Northern Ecuador and provide working capital for the Company as described above.

Mr Duffy declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 8, recommend that Shareholders vote in favour of Resolution 8. The Board, other than Mr Duffy, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 8.

Recommendation: The Board, with Mr Duffy abstaining, unanimously recommends that Shareholders vote in favour of Resolution 8.

RESOLUTION 9 – Approval for issue of shares to Director – Mr Malcolm Norris

The following information is provided in accordance with the requirements of Listing Rule 10.13:

- a) The securities the subject of Resolution 9 are to be issued to Mr Norris (or his nominee/s), who falls within category 10.11.1 under Listing Rule 10 as he is a related party as a director of the Company;
- b) The maximum number of shares to be issued is 2,000,000 fully paid ordinary shares;
- c) The issue price of the shares will be \$0.005 (0.5 cents) per share;
- d) The shares will rank equally with the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares issued for quotation on ASX;
- e) The maximum number of Director Options to be issued is 1,000,000 unlisted options per the terms and conditions set out in Annexure A to this Explanatory Memorandum
- f) The Director Options will be issued at a nil price as each Director Option is free-attaching to the Director Shares issued under the Placement on a one (1) for two (2) basis. The Company will not receive any other consideration for the issue of the Director Options (other than in respect of funds received on exercise of the Director Options)
- g) The securities will be issued no later than one (1) month after the date of the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules);
- h) The issue of securities to Mr Norris will raise approximately \$ 10,000 before costs. Funds raised by the issue of securities to Mr Norris will be used, together with the other funds raised under the Placement, to fund the Company's Exploration at the Bramaderos gold-copper project in southern Ecuador, the El Palmar gold-copper project in Northern Ecuador and provide working capital for the Company as described above.

Mr Norris declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 9, recommend that Shareholders vote in favour of Resolution 9. The Board, other than Mr Norris, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 9.

Recommendation: The Board, with Mr Norris abstaining, unanimously recommends that Shareholders vote in favour of Resolution 9.

RESOLUTION 10 – Approval for issue of shares to Director – Mr Neal O'Connor

The following information is provided in accordance with the requirements of Listing Rule 10.13:

- a) The securities the subject of Resolution 10 are to be issued to Mr O'Connor (or his nominee/s), who falls within category 10.11.1 under Listing Rule 10 as he is a related party as a director of the Company;
- b) The maximum number of shares to be issued is 5,000,000 fully paid ordinary shares;
- c) The issue price of the shares will be \$0.005 (0.5 cents) per share;
- d) The shares will rank equally with the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares issued for quotation on ASX;
- e) The maximum number of Director Options to be issued is 2,500,000 unlisted options per the terms and conditions set out in Annexure A to this Explanatory Memorandum
- f) The Director Options will be issued at a nil price as each Director Option is free-attaching to the Director Shares issued under the Placement on a one (1) for two (2) basis. The Company will not receive any other consideration for the issue of the Director Options (other than in respect of funds received on exercise of the Director Options)
- g) The securities will be issued no later than one (1) month after the date of the Meeting

- h) The issue of securities to Mr O'Connor will raise approximately \$25,000 before costs. Funds raised by the issue of securities to Mr O'Connor will be used, together with the other funds raised under the Placement, to fund the Company's Exploration at the Bramaderos gold-copper project in southern Ecuador, the El Palmar gold-copper project in Northern Ecuador and provide working capital for the Company as described above.

Mr O'Connor declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 10, recommend that Shareholders vote in favour of Resolution 10. The Board, other than Mr O'Connor, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 10.

Recommendation: The Board, with Mr O'Connor abstaining, unanimously recommends that Shareholders vote in favour of Resolution 10.

RESOLUTION 11 – Approval for issue of shares to Director – Mr Stephen Stroud

The following information is provided in accordance with the requirements of Listing Rule 10.13:

- a) The securities the subject of Resolution 11 are to be issued to Mr Stroud (or his nominee/s), who falls within category 10.11.1 under Listing Rule 10 as he is a related party as a director of the Company;
- b) The maximum number of shares to be issued is 4,000,000 fully paid ordinary shares;
- c) The issue price of the shares will be \$0.005 (0.5 cents) per share;
- d) The shares will rank equally with the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares issued for quotation on ASX;
- e) The maximum number of Director Options to be issued is 2,000,000 unlisted options per the terms and conditions set out in Annexure A to this Explanatory Memorandum
- f) The Director Options will be issued at a nil price as each Director Option is free-attaching to the Director Shares issued under the Placement on a one (1) for two (2) basis. The Company will not receive any other consideration for the issue of the Director Options (other than in respect of funds received on exercise of the Director Options)
- g) The securities will be issued no later than one (1) month after the date of the
- h) The issue of securities to Mr Stroud will raise \$20,000 before costs. Funds raised by the issue of securities to Mr Stroud will be used, together with the other funds raised under the Placement, to fund the Company's Exploration at the Bramaderos gold-copper project in southern Ecuador, the El Palmar gold-copper project in Northern Ecuador and provide working capital for the Company as described above.

Mr Stroud declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 11, recommend that Shareholders vote in favour of Resolution 11. The Board, other than Mr Stroud, are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 11.

Recommendation: The Board, with Mr Stroud abstaining, unanimously recommends that Shareholders vote in favour of Resolution 11.

RESOLUTION 12 – Approval for issue of shares to Related Party – Mr Graham Ascough

The following information is provided in accordance with the requirements of Listing Rule 10.13:

- a) The securities the subject of Resolution 12 are to be issued to Mr Ascough (or his nominee/s), who falls within category 10.11.1 under Listing Rule 10 as he is a related party as he was a director of the Company within the past six months;
- b) The maximum number of shares to be issued is 5,000,000 fully paid ordinary shares;
- c) The issue price of the shares will be \$0.005 (0.5 cents) per share;
- d) The shares will rank equally with the Company's existing listed fully paid ordinary shares. The Company will apply to ASX for admission of the shares issued for quotation on ASX;
- e) The maximum number of Director Options to be issued is 2,500,000 unlisted options per the terms and conditions set out in Annexure A to this Explanatory Memorandum
- f) The Director Options will be issued at a nil price as each Director Option is free-attaching to the Director Shares issued under the Placement on a one (1) for two (2) basis. The Company will not receive any other consideration for the issue of the Director Options (other than in respect of funds received on exercise of the Director Options)
- g) The securities will be issued no later than one (1) month after the date of the Meeting
- h) The issue of securities to Mr Ascough will raise approximately \$25,000 before costs. Funds raised by the issue of securities to Mr Ascough will be used, together with the other funds raised under the Placement, to fund the Company's Exploration at the Bramaderos gold-copper project in southern Ecuador, the El Palmar gold-copper project in Northern Ecuador and provide working capital for the Company as described above.

The Directors, who do not have a material interest in the outcome of Resolution 12, recommend that Shareholders vote in favour of Resolution 12. The Board are not aware of any other information which would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 12.

Recommendation: The Board unanimously recommends that Shareholders vote in favour of Resolution 12.

RESOLUTION 13 – Approval to issue up to 19,435,251 Performance Rights to CEO/Managing Director, Patrick Duffy or his nominee.

Background

The Board is seeking Shareholder approval for Resolution 13 referred to in the accompanying Notice of Meeting for the purposes of Listing Rule 10.14 and all other purposes.

Corporations Act

Shareholder approval under Chapter 2E of the Corporations Act (related party benefits) is not required because the issue of Performance Rights is considered to be reasonable remuneration and falls within the exception to the requirement for shareholder approval.

Listing Rules

Listing Rule 10.14 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities under an employee incentive scheme to a director of the company. The Company proposes to grant the performance rights to Mr Duffy under the Employee Performance Rights Plan and the Plan Rules will apply to the grant. The definition of 'equity securities' under the Listing Rules includes a 'right to a share or unit or option'. Further, as noted above, Mr Duffy is a director of the Company, hence Shareholder approval under Listing Rule 10.14 is being sought.

If Resolution 13 is passed, the Company will be able to issue the 19,435,000 Performance Rights to Mr Duffy and, subject to the performance conditions being met, issue the shares on the vesting of the Performance Rights. If Resolution 13 is not passed, the Company will not be able to issue the Performance Rights to Mr Duffy and will need to reconsider the remuneration arrangements for Mr Duffy.

In accordance with Listing Rule 7.2, Exception 14, the general prohibition under Listing Rule 7.1 in relation to the 15% threshold will not apply to the Performance Rights issued under Resolution 13 provided Shareholder approval is obtained under Listing Rule 10.14. If Shareholder approval is given under Listing Rule 10.14, the issue would be not be counted towards the 15% placement capacity of the entity and approval is not required under Listing Rule 7.1.

Listing Rule disclosure

Details of the proposed issues under Resolution 13 as required by Listing Rule 10.15 are as follows:

Required disclosure	
Proposed allottees	Mr Patrick Duffy, or his nominee
Nature of relationship with Sunstone	Mr Patrick Duffy is a related party of the Company because of his role as Managing Director and CEO.
Maximum number of securities to be issued	Subject to Shareholder approval, it is proposed that Mr Duffy will be issued up to 19,435,000 Performance Rights to subscribe for new ordinary shares in the Company.
Issue Price/ Use of funds	Nil. No funds will be raised on the initial issue of the Performance Rights to Mr Duffy as they are being granted for no consideration.

Required disclosure

<p>The number of securities that have previously been issued to the Allottee under the scheme (since 2015) and the average acquisition price (if any) paid by the allottee for those securities</p>	<p>The number of securities previously issued Mr Duffy is set out below:</p> <table border="1" data-bbox="411 282 1177 613"> <thead> <tr> <th></th> <th align="center">Mr Duffy</th> </tr> </thead> <tbody> <tr> <td>Performance rights previously issued</td> <td align="right">15,000,000</td> </tr> <tr> <td>Performance Rights vested</td> <td align="right">-</td> </tr> <tr> <td>Performance Rights lapsed</td> <td align="right">-</td> </tr> <tr> <td>Performance Rights outstanding</td> <td align="right">15,000,000</td> </tr> </tbody> </table> <p>No acquisition price has been paid by Mr Duffy on any of the Performance Rights.</p>		Mr Duffy	Performance rights previously issued	15,000,000	Performance Rights vested	-	Performance Rights lapsed	-	Performance Rights outstanding	15,000,000
	Mr Duffy										
Performance rights previously issued	15,000,000										
Performance Rights vested	-										
Performance Rights lapsed	-										
Performance Rights outstanding	15,000,000										
<p>Terms of issue and material terms of the Employee Performance Rights Plan</p>	<p>The terms and conditions of the Performance Rights to be issued to Mr Duffy under Resolution 13 and the material terms of the Employee Performance Rights Plan are set out in Annexure B to this Explanatory Memorandum.</p> <p>Each Performance Right proposed to be granted entitles the holder to subscribe for one new ordinary share in the Company, upon satisfying the performance conditions. Shares issued on vesting of the Performance Rights will rank equally in all respects with the existing fully paid ordinary shares in the Company.</p> <p>There are no Loans associated with the issue.</p>										
<p>Performance Conditions, and expiry date</p>	<p>In relation to Mr Duffy, the Performance Rights to be issued and the performance conditions required for vesting are as follows:</p> <p>19,435,251 Performance Rights with the following Performance Conditions for Vesting:</p> <ol style="list-style-type: none"> a) Tranche 1 – 50% or 9,717,625 Performance Rights to vest if the 60-day Volume Weighted Average Price (VWAP) of Sunstone Shares at 30 June 2027 is at or above 2.274 cents per share b) Tranche 2 – 50% or 9,717,626 Performance Rights to vest if the 60-day VWAP of Sunstone Shares at 30 June 2027 is at or above 3.411 cents per share c) Performance Rights under Tranche 1 and 2 cannot vest prior to 30 June 2027 <p>A pre-requisite for Vesting is continuous employment from 1 July 2024 to 30 June 2027.</p> <p>Any Performance Rights which do not vest will lapse.</p>										
<p>Why the Performance Rights are being issued to the Allottee</p>	<p>The primary purpose of the issue of the Performance Rights is to provide cost effective remuneration and incentives for Mr Duffy in his role as Managing Director and reflects what the Board considers to be appropriate in the circumstances.</p> <p>It is considered appropriate to grant the Performance Rights to Mr Duffy as a means of:</p> <ul style="list-style-type: none"> • retaining his services by providing a competitive remuneration package; • providing incentives linked to the performance of the Company, thereby aligning his interests more closely with that of the Company; 										

For personal use only

Required disclosure	
	<p>and</p> <ul style="list-style-type: none"> • providing him with an opportunity to acquire equity in the Company. <p>It is further considered that the performance of Mr Duffy and the performance and value of the Company will be closely related.</p> <p>Mr Duffy brings a wealth of experience to the Company and valuable fundraising experience, mine development and mining exploration contacts.</p> <p>The Directors (other than Mr Duffy) believe that the proposed issue of Performance Rights are in the best interests of the Company and promote the interests of the Company on the basis that the Managing Director will be increasingly committed to improving the performance of the Company for the benefit of Shareholders.</p>
Why the three performance related vesting conditions were chosen	<p>The two performance related vesting conditions were chosen in order to closely align rewards for performance of key employees with the achievement of the Company's growth and strategic objectives for the 2025 financial year and beyond, to deliver superior performance that creates shareholder value.</p> <p><i>30 June 2027 60-day VWAP being equal to or higher than 2.274 cents?</i></p> <p>This vesting condition was chosen as it is a 100% premium on the 60-day VWAP at 30 June 2024 of 1.137 cents per share, a 107% premium to the placement and rights issue in May 2024 of 1.1 cents, and a 355% premium to the placement price of 0.5 cents per share in September 2024. The testing date at 30 June 2027 is to ensure a sustained increase in share price is achieved over the 3 year continuous employment requirement from 1 July 2024 to 30 June 2027.</p> <p><i>30 June 2027 60-day VWAP being equal to or higher than 3.411 cents?</i></p> <p>This vesting condition was chosen as it is a 200% premium on the 60-day VWAP at 30 June 2024 of 1.137 cents per share, a 210% premium to the placement and rights issue in May 2024 of 1.1 cents, and a 582% premium to the placement price of 0.5 cents per share in September 2024. The testing date at 30 June 2027 is to ensure a sustained increase in share price is achieved over the 3 year continuous employment requirement from 1 July 2024 to 30 June 2027.</p>
Why the number of Performance Rights and value of the Performance Rights was chosen	<p><i>Why the number of Performance Rights?</i></p> <p>The number of Performance Rights was chosen following a review of similar organisations to be market competitive. The Performance Rights will be granted as a key component of the Managing Director's and Executive Chair's remuneration in order to retain services and provide incentives linked to the performance of the Company. It is further considered that the performance of the Managing Director and Executive Chair and the performance and value of the Company will be closely related.</p> <p><i>What is the value of the Performance Rights?</i></p> <p>22 Corporate Advisory Pty Ltd, as independent valuers, has determined that the total value of the Performance Rights to be issued to Mr Duffy (as at the date of the Performance Rights Valuations) is \$57,334</p> <p>Attaining all the exercising conditions will also mean a significant increase in the share price. If such a share price increase is attained the Board (excluding Mr Duffy) determined that the financial reward to Mr Duffy was appropriate and aligned his interests with that of all Shareholders.</p>

Required disclosure	
Valuation of the financial benefit	<p>The Company engaged 22 Corporate Advisory Pty Ltd to undertake valuations of the Performance Rights proposed to be issued to Messrs Duffy and Norris (Performance Rights Valuations). 22 Corporate Advisory Pty Ltd valued the Performance Rights using the Monte Carlo simulation, which utilises the Binomial Option Pricing Model, for the valuation to simultaneously simulate the performance of the Company's share price.</p> <p>The valuation models use the following variables to determine the value of the Performance Rights:</p> <ul style="list-style-type: none"> a) value of the underlying asset – share price of \$0.007 being the closing share price on ASX as at 6 September 2024; b) vesting conditions – as referred to above, with Tranche 1 share price hurdle being 2.274 cents and Tranche 2 being 3.411 cents, as these are higher than 100% and 200% above the share price referred to in a) above; c) expected volatility of the share price – 85% based on 3 year historical volatility; d) risk free rate – the Australian Government 3-year bond rate as at 6 September 2024 of 3.503%; e) time to maturity – the vesting date of 30 June 2027; and f) expected dividend yield – Nil, given the Company is a mineral exploration company with no history of paying dividends. <p>Based on the assumptions outlined above, 22 Corporate Advisory Pty Ltd calculated the value of the Performance Rights to be \$57,334, with a total value for each Tranche as follows:</p> <ul style="list-style-type: none"> • Tranche 1 – \$0.0033 per Performance Right = \$32,068 • Tranche 2 – \$0.0026 per Performance Right = \$25,266 <p>However, it is important for Shareholders to note that this stated value of the Performance Rights may go up or down at any time despite the Performance Rights Valuations. This is because the value of the Performance Rights will depend on the valuation methodology used in any future valuation, together with the relevant assumptions made under the Performance Rights Valuations compared to any future valuations.</p> <p>The Board (other than Mr Duffy) believes, having taken appropriate expert advice on the matter, that the valuation and use of the Monte Carlo simulation model was appropriate in the circumstances. The Board has not used any other valuation model in proposing the terms or number of Performance Rights.</p>
Directors' interest in the outcome	Other than the interests that Mr Duffy has in the resolution, none of the Directors have an interest in the outcome of Resolution 13.
Date of issue of the Performance Rights	If Resolution 13 is passed, the Performance Rights to be issued to Mr Duffy (or his nominees) are expected to be issued no later than one month after the date of the Meeting but in any event the Performance Rights will be issued no later than the date that is 3 years after the date of the meeting.
Disclosure of total remuneration package	As noted above, the Performance Rights are proposed to be issued to Mr Duffy as a means of providing cost effective remuneration and incentives for him in his role as Managing Director. These Performance Rights are proposed to be part of the annual remuneration of Mr Duffy, under the approved Employee

Required disclosure																	
	<p>Performance Rights Plan, with the annual value being subject to the discretion of the Board and also subject to shareholder approval.</p> <p>The remuneration and emoluments from the Company for Messrs Mr Duffy for current financial year are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Related party</th> <th style="text-align: center;">Current financial year remuneration</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Mr Patrick Duffy</td> <td> \$368,298 per annum inclusive of superannuation* 19,435,251 Performance Rights per Resolution 13 (subject to shareholder approval) </td> </tr> </tbody> </table> <p><i>*Paid pursuant to service contracts with the Company.</i></p>	Related party	Current financial year remuneration	Mr Patrick Duffy	\$368,298 per annum inclusive of superannuation* 19,435,251 Performance Rights per Resolution 13 (subject to shareholder approval)												
Related party	Current financial year remuneration																
Mr Patrick Duffy	\$368,298 per annum inclusive of superannuation* 19,435,251 Performance Rights per Resolution 13 (subject to shareholder approval)																
Securities held in the Company	<p>The current relevant interests (i.e. before Resolutions 8 and 13 are approved) of Messrs Duffy and Norris in the securities of the Company are set out below*:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%; text-align: center;">Related party</th> <th style="width: 20%; text-align: center;">Shares</th> <th style="width: 20%; text-align: center;">Options</th> <th style="width: 30%; text-align: center;">Performance Rights</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Mr Patrick Duffy</td> <td style="text-align: center;">16,843,306</td> <td style="text-align: center;">6,000,000</td> <td style="text-align: center;">15,000,000</td> </tr> </tbody> </table> <p>If Resolution 13 is approved by shareholders, the relevant interests (i.e. after the Resolutions are approved) of Mr Duffy in the securities of the Company will be as set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%; text-align: center;">Related party</th> <th style="width: 20%; text-align: center;">Shares</th> <th style="width: 20%; text-align: center;">Options</th> <th style="width: 30%; text-align: center;">Performance Rights</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Mr Patrick Duffy</td> <td style="text-align: center;">16,843,306</td> <td style="text-align: center;">6,000,000</td> <td style="text-align: center;">34,435,251</td> </tr> </tbody> </table> <p><i>* Includes direct and Indirect holdings</i></p>	Related party	Shares	Options	Performance Rights	Mr Patrick Duffy	16,843,306	6,000,000	15,000,000	Related party	Shares	Options	Performance Rights	Mr Patrick Duffy	16,843,306	6,000,000	34,435,251
Related party	Shares	Options	Performance Rights														
Mr Patrick Duffy	16,843,306	6,000,000	15,000,000														
Related party	Shares	Options	Performance Rights														
Mr Patrick Duffy	16,843,306	6,000,000	34,435,251														
Statement required Listing Rule 10.15.11	<p>Details of any securities issued under the scheme will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that the approval for issue was obtained under listing rule 10.14.</p> <p>Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.</p>																
Dilution effect the issue of the Performance Rights will have on existing Shareholders	<p>If all the Performance Rights currently held by Mr Duffy and to be granted to Mr Duffy pursuant to Resolution 13 vest, a total of 19,435,251 Shares would be allotted and issued. This would increase the total number of Shares on issue from 4,325,903,636 to 4,345,338,887 (assuming no other Performance Rights or Shares are issued or Options exercised), with the effect that the shareholding of existing Shareholders would be diluted by 0.45%.</p>																
Voting exclusion	A voting exclusion applies to this resolution – please see the notes.																

The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of all existing Options and Performance Rights, and exercise of the Performance Rights issued to Mr Duffy, assuming that Shareholders pass Resolution 13:

Current shares issued ¹	4,325,903,636	Dilution effect
Shares issued assuming all existing Options and Performance Rights are exercised	103,100,000	0.49%
Shares issued assuming exercise of the Performance Rights to be granted to Mr Duffy pursuant to Resolution 13	19,435,251	2.38%
Total shares	4,448,438,887	2.83%

Note 1: Includes 474,000,000 shares issued on 16 September 2024 from the Placement announced on 9 September 2024.

Section 200E of the Corporations Act – retirement benefits

Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the provisions of section 200E of the Corporations Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

The Employee Performance Rights Plan allows the Board, in its discretion, to determine that some or all of the Performance Rights are deemed to have vested in the event a participant's employment ceases (**Accelerated Vesting**).

In the circumstance of Accelerated Vesting, the value of the termination benefits that the Board may give under the Employee Performance Rights Plan cannot be determined in advance, as many of the factors that will or are likely to affect that value will not be known until the benefit is decided to be given (if at all). The Board has not determined whether it will exercise discretion to grant any Accelerated Vesting or, in what circumstances, it will exercise its discretion.

Specifically, the value of an Accelerated Vesting will depend on a number of factors, including the Company's share price at the time of vesting of the Performance Rights and the number of Performance Rights that the Board determines to vest early (if any).

Additional information and Directors' recommendation

Resolution 13 - Approval to issue up to 19,435,251 Performance Rights to Managing Director, Mr Patrick Duffy or his nominee

Mr Duffy declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 13, recommend that Shareholders vote in favour of Resolution 13.

Recommendation: The Board, with Mr Duffy abstaining, unanimously recommend that Shareholders vote in favour of Resolution 13.

RESOLUTION 14 – Approval of Employee Performance Rights Plan

Background

The resolution seeks Shareholder approval for the Company's updated Employee Performance Rights Plan (**EPRP**). The EPRP was last approved by shareholders at the 2021 AGM.

The Board recognises the need to adequately incentivise and remunerate staff, but is keen to ensure that the Company's cash reserves are invested in the development of Sunstone's Bramaderos and El Palmar Projects in Ecuador. As such, predominantly equity based incentives continue to provide the best and most viable means for the Company to recognise and reward performance. The Board has undertaken a review of peer companies to ensure that the type of plan and the nominal dollar value of grants under the plan are consistent with these peer companies.

The EPRP is designed to:

- a) Align employee incentives with members' interests;
- b) Encourage broad-based share ownership by employees; and
- c) Assist employee attraction and retention.

The *Treasury Laws Amendment (Costs of Living Support and Other Measures) Act 2022 (ESS Act)* introduced a new Division 1A into Part 7.12 of the Corporations Act in relation to employee share schemes. The ESS Act, which took effect from 1 October 2022, effectively replaced and expanded the ASIC Class Order [ASIC CO 14/1000] *Employee incentive scheme: listed bodies*.

Accordingly, the Company has prepared an updated EPRP to reflect the changes to employee shares schemes under the Corporations Act, as introduced by the ESS Act.

The key change to the EPRP is that the issue limit previously stated in the EPRP for offers of securities made for no monetary consideration is removed. These offers can be made without the need for a disclosure statement under the Corporations Act to be given to the participant.

Regulatory requirements

Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12 month period without requiring Shareholder approval. Pursuant to Listing Rule 7.2, exception 13(b), an issue under an employee incentive plan will not count toward a company's 15% limit provided the plan and the maximum number of securities to be issued under the plan was approved by Shareholders within three years before the date of the securities being issued. Listing Rule 7.2, exception 13(b), will only be available to the extent that the maximum number of securities proposed to be issued by the Company (as set out in the notice of meeting at which the shareholder approval was obtained) has not been reached. Once the maximum number of securities is reached, the Company will need to seek fresh Shareholder approval under Listing Rule 7.2, exception 13(b) or use its 15% limit.

This resolution proposes the Shareholders consider and approve the EPRP in accordance with Listing Rule 7.2, exception 13, which will enable securities issued under the EPRP in the course of the next three years to be excluded from the Company's 15% limit for the purpose of Listing Rule 7.1.

Approval for the issue of Performance Rights under the EPRP is sought by way of ordinary resolution to satisfy the requirements of the Listing Rules.

No issues of Performance Rights to non-executive directors can be made under the EPRP. No issues of Performance Rights to executive directors can be made under the EPRP without separate Shareholder approval under the Listing Rules.

The Company proposes to issue up to a maximum of 432,590,364 securities under the EPRP over the next three years, representing 10% of current shares on issue. The maximum number is not intended to be a prediction of the actual number of securities to be issued under the EPRP, nor is it envisaged that the maximum number of securities for which approval is sought will be issued immediately, it is simply a ceiling for the purposes of Listing Rule 7.2, exception 13(b).

If Resolution 14 is passed, the Company will be able to issue a maximum of 432,590,364 securities under the EPRP without using its 15% limit for the following three years subject to the other applicable Listing Rules. If Resolution 14 is not passed, the Company will not be able to issue securities under the

EPRP without using its 15% capacity.

The following summary of EPRP Rules is included for compliance with Listing Rule 7.2, exception 13.

Summary of EPRP Rules

Required disclosure	
Eligibility	<p>Any person, including an Executive Director, who is engaged in full time or part time employment (including contractors) of the Company or an associated body corporate of the Company or any person acquiring and holding any EPRP share or option for the benefit of any such person.</p> <p>If an Executive Director is to participate in the EPRP, the issues of Performance Rights to the Executive Director will be subject to first obtaining shareholder approval.</p> <p>Non-Executive Directors are not eligible to participate in the EPRP.</p>
Performance Conditions	<p>Vesting conditions may be imposed by Directors for each grant under the EPRP. These vesting conditions may differ for each grant of Performance Rights under the EPRP, as they consider appropriate.</p>
Grant of Performance Rights	<p>Unless the Board otherwise determines, all Performance Rights are to be offered to participants for no consideration. The offer must be in writing and specify, amongst other things, the number of Performance Rights for which the participant may apply, any conditions to be satisfied before vesting, and the expiry date (if any) (as determined by the Board).</p>
Performance Right Limit	<p>The Company will not make an invitation under the EPRP which involves monetary consideration if the number of shares that may be issued, or acquired upon exercise of Performance Rights issued under an invitation, when aggregated with the number of shares issued, or that may be issued, as a result of all invitations under the EPRP during the 3 year period ending on the day of the invitation, will exceed 5% of the total number of issued shares at the date of the invitation.</p>
Vesting	<p>Unless stated otherwise for a particular tranche of Performance Rights, the Performance Rights may vest, subject to the performance related vesting conditions imposed by the Board, prior to the expiry date. The Company will apply for official quotation of any Shares issued on vesting of any Performance Rights.</p>
Lapse	<p>Unless the Board otherwise determines, the Performance Rights shall lapse in accordance with specific offer terms or events contained in the EPRP rules, including termination of employment or resignation, redundancy, death or disablement (subject to the Directors' discretion to extend the term of exercise in restricted cases).</p>
Rights of participants	<p>Once Shares are allotted upon exercise of the Performance Rights the participant will hold the Shares free of restrictions. The Shares will rank equally in all respects with all other ordinary shares on issue except as regards any rights attaching to ordinary shares by reference to a record date before the date of their allotment.</p> <p>Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the Performance Rights will be reorganised in the manner provided for by the Listing Rules.</p>

Required disclosure	
	<p>Subject to the terms and conditions of a grant of Performance Rights and Applicable Laws, in the event of a change of control, all Performance Rights will automatically vest and convert to ordinary shares.</p> <p>A holder of Performance Rights is not entitled to participate in dividends, a new issue of Shares or other securities made by the Company to Shareholders merely because he or she holds Performance Rights.</p> <p>If there is a bonus share issue of securities, the number of shares over which Performance Rights are exercisable will be increased by the number of shares which the participant would have received if the Performance Rights had been exercised before the record date for the bonus issue.</p>
Assignment	The Performance Rights are not transferable or assignable without the prior written approval of the Board.
Administration	The EPRP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the EPRP.
Termination and amendment	The Board has, subject to certain restrictions contained in the EPRP, the Corporations Act, the Listing Rules or the Company's Constitution, the discretion or power to alter, modify or add to the EPRP.

Recommendation: The Board (excluding Messrs Duffy and Norris) recommends that Shareholders vote in favour of Resolution 14.

SPECIAL BUSINESS

RESOLUTION 15 – Approval of 10% Placement Facility

Purpose of resolution

The purpose of Resolution 15 is to enable the directors to issue Equity Securities up to 10% of the Company's fully paid ordinary issued share capital under Listing Rule 7.1A during the 12-month period following this Meeting (**10% Placement Period**), without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1 (**Placement Facility**).

Resolution 15 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 15 for it to be passed.

Recommendation: The Board recommends that Shareholders vote in favour of Resolution 15.

General information

Listing Rule 7.1A enables "eligible entities" to issue Equity Securities up to 10% of its fully paid ordinary issued share capital through placements over a 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity for the purposes of Listing Rule 7.1A as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$21.6 million (on the basis of the Company's closing share price of \$0.005 on 16 September 2024, and shares on issue of 4,325,903,636 at that time (which includes 474,000,000 shares issued on 16 September 2024 under the Placement announced on 9 September 2024)).

If Shareholders approve Resolution 15, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval. If Resolution 15 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in Listing Rule 7.1.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to the formula for calculating 10% Placement Facility set out in (iii) below).

Description of Listing Rule 7.1A

(i) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(ii) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice of Meeting, has on issue one class of quoted Equity Securities, namely Shares.

(iii) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid ordinary securities on issue at the commencement of the relevant period,

- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17,
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or 7.4,
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or 7.4,
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or 7.4,
- plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

Note that **A** has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4; and

"relevant period" has the same meaning as in rule 7.1. In the case of the Company the relevant period is the 12 month period immediately preceding the date of the issue or agreement.

(iv) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A, subject to Shareholder approval being obtained under Resolution 15, will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to the formula for calculating 10% Placement Facility set out in (iii) above).

(v) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- a) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- b) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(vi) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- b) the time and date of the Company's next annual general meeting; or
- c) the time and date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(10% Placement Period).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to the approval of the 10% Placement Facility:

7.3A.1 Date of issue

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 15 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

7.3A.2 Minimum Price

The Equity Securities will be issued at an issue price in accordance with paragraph (v) above.

7.3A.3 Purpose of issue under 10% Placement Facility

The Company can only issue Equity Securities under the 10% Placement Facility for cash consideration. The Company intends to use the funds raised towards an acquisition of new assets or other investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 upon issue of any Equity Securities.

7.3A.4 Risk of voting dilution

If Resolution 15 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table in Appendix 1 to this Explanatory Memorandum. There is a risk that:

- a) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Meeting.

The table also shows:

- (i) an example where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of fully paid ordinary securities the Company has on issue. The number of fully paid ordinary securities on issue may increase as a result of issues of fully paid ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) an example of the result of the issue price of fully paid ordinary securities decreasing by 50% and increasing by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.003 50% decrease in Issue Price	\$0.005 Issue Price	\$0.010 100% Increase in Issue Price
Current Variable A 4,325,903,636 Shares	10% Voting Dilution	432,590,364 Shares	432,590,364 Shares	432,590,364 Shares
	Funds raised	\$1,297,771	\$2,162,952	\$4,325,904
50% increase in current Variable A 6,488,855,454 Shares	10% Voting Dilution	648,885,545 Shares	648,885,545 Shares	648,885,545 Shares
	Funds raised	\$1,946,657	\$3,244,428	\$6,488,855
100% increase in current Variable A 8,561,807,272 Shares	10% Voting Dilution	865,180,727 Shares	865,180,727 Shares	865,180,727 Shares
	Funds Raised	\$2,595,542	\$4,325,904	\$8,651,807

The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- (i) The current Shares on issue are the Shares on issue as at 16 September 2024.
- (ii) The current issue price is \$0.005, being the closing price of the Company's Shares on ASX on 16 September 2024.
- (iii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (iv) No Options or Performance Rights are exercised into Shares before the date of the issue of the Equity Securities.
- (v) The 10% voting dilution reflects the aggregate percentage dilution against the fully paid ordinary issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (vi) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

7.3A.5 Allocation under 10% Placement Facility

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- a) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- b) the effect of the issue of the Equity Securities on the control of the Company;
- c) the financial situation and solvency of the Company; and
- d) advice from corporate, financial, and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

7.3A.6 Equity Securities issued or agreed to issue under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting

The Company previously obtained shareholder approval under Listing Rule 7.1A at its 2023 AGM.

In the previous 12 months, the Company did not make any issues utilising Listing Rule 7.1A.2.

7.3A.7 Voting Exclusion

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities which would be issued under Listing Rule 7.1A. No existing shareholder's votes will, therefore, be excluded under the voting exclusion in the Notice of Meeting.

Recommendation: The Board believes that the resolution under Resolution 15 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

\$ means Australian dollars.

10% Placement Facility has the meaning given in the Explanatory Memorandum for Resolution 9.

10% Placement Period has the meaning given in the Explanatory Memorandum for Resolution 9.

Allottee means a person who participated in the Placement for which the Company sought official quotation on the ASX on 16 September 2024.

Annual General Meeting, AGM or Meeting means the meeting convened by the Notice.

Applicable Law means each of:

- (a) the Corporations Act;
- (b) the Corporations Regulations;
- (c) the Listing Rules;
- (d) any other applicable securities laws;
- (e) the Constitution of the Company;
- (f) applicable taxation laws; and
- (g) any practice note, policy statement, class order, declaration or guideline relating to any of the items in paragraphs (a) to (f) of this definition.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to it in the Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.

Board means the current board of directors of the Company.

Chairman or Chair means the Chairman of the Board.

Closely Related Party of a member of Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or

(f) a person prescribed as such by the *Corporations Regulations 2001* (Cth).

Company or **Sunstone** means Sunstone Metals Limited ACN 123 184 412.

Constitution means the constitution of the Company currently in force.

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

Director means a director of the Company as at the date of the Explanatory Memorandum.

Employee Performance Rights Plan or **EPRP** means the employee performance rights plan implemented with Shareholder approval at the Company's Annual General Meeting held on 28 October 2021, and updated for shareholder approval at this Annual General Meeting.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum that accompanies and forms part of the Notice of Meeting.

Group Company means the Company, its subsidiaries and any other entity declared by the Board to be a member of the group for the purposes of the Employee Performance Rights Plan.

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company).

Listing Rules means the official listing rules of the ASX.

Notice or **Notice of Meeting** means the notice of Annual General Meeting including the Explanatory Memorandum and the Proxy Form.

Option means an option to acquire a fully paid ordinary share in the Company.

Performance Right means a right to be issued, for no consideration, a fully paid ordinary share in the capital of the Company upon the satisfaction of specified performance conditions.

Performance Rights Valuations means the valuation undertaken by 22 Corporate Advisory Pty Ltd in relation to the value of the Performance Rights proposed to be issued to Mr Norris as described in the Explanatory Memorandum for Resolution 6.

Placement means the issue of shares for which the Company sought official quotation on the ASX on 16 September 2024.

Placement Option means an option to acquire a fully paid ordinary share in the Company with the terms and conditions set out in Annexure A.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution as set out in the Notice.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share in the Company.

Shareholding means the aggregate of shares held by a Shareholder.

SPP means share purchase plan for SPP Shares made under an SPP offer booklet dated 16 September 2024 in accordance with *ASIC Corporation (Share and Interest Purchase Plans) Instrument 2019/547*.

SPP Option Allottee means an SPP Share Allottee who applied for SPP Options under an offer made under a prospectus dated 16 September 2024.

SPP Share Allottee means a person who subscribed for shares in the SPP.

SPP Share means a Share proposed to be issued by the Company under the SPP.

SPP Option means an option to acquire a fully paid ordinary share in the Company with the terms and conditions set out in Annexure A.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average market price.

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**ANNEXURE A – TERMS AND CONDITIONS OF PLACEMENT OPTIONS, SPP OPTIONS
and DIRECTOR OPTIONS**

1. Each Placement Option, SPP Option, and Director Option (collectively "New Option") entitles the holder to one ordinary share in the Company.
2. Each of the New Options will be exercisable at \$0.0075.
3. Each New Option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring 2 years following Shareholder approval (New Option Exercise Period). New Options not exercised before the expiry of the New Option Exercise Period will lapse.
4. New Options are exercisable by notice in writing to the Company delivered to the registered office of the Company and payment of the exercise price per New Option in cleared funds.
5. The Company will not apply to ASX for official quotation of the New Options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the New Options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the New Options will qualify for dividends declared after the date of their allotment.
7. A New Option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the New Option has been exercised and shares allotted in respect of the New Option before the record date for determining entitlements to the issue. The Company must give prior notice to the New Option holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
8. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the New Option is exercisable will be increased by the number of ordinary shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
9. If the Company makes a rights issue (other than a bonus issue), the exercise price of New Options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the New Option;

O = the old exercise price of the New Option;

E = the number of underlying ordinary shares into which one New Option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex-rights date or ex-traded New Option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

10. If, during the currency of the New Options the issued capital of the Company is reorganised, those New Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

**ANNEXURE B – MATERIAL TERMS AND CONDITIONS OF
CEO/MANAGING DIRECTOR PERFORMANCE RIGHTS AND EMPLOYEE PERFORMANCE RIGHTS PLAN**

CEO/Managing Director Performance Rights

1. Each Performance Right entitles the holder to one ordinary share in the Company on the vesting of the Performance Right.
2. A Performance Right will only vest if:
 - a) the Vesting Conditions applicable to that Performance Right are satisfied;
 - b) the Vesting Conditions applicable to that Performance Right are waived by the Board; or
 - c) a Change of Control event occurs.
3. 19,435,251 Performance Rights issued to the CEO/Managing Director (**Performance Rights Holder**) are subject to the following performance-related vesting conditions (**Vesting Conditions**):
 - a) Tranche 1 – 50% or 9,717,625 Performance Rights to vest if the 60-day VWAP of Sunstone Shares at 30 June 2027 is at or above 2.274 cents per share
 - b) Tranche 2 – 50% or 9,717,626 Performance Rights to vest if the 60-day VWAP of Sunstone Shares at 30 June 2027 is at or above 3.411 cents per share
 - c) Performance Rights under Tranche 1 and 2 cannot vest prior to 30 June 2027
 - d) Continuous employment from 1 July 2024 to 30 June 2027 is a requirement for vesting.
4. Unless the Board determines otherwise in its absolute discretion, a Performance Right will lapse upon the earliest to occur of:
 - a) a Performance Rights Holder purporting to transfer or grant a security interest over that Performance Right;
 - b) cessation of employment;
 - c) fraudulent or dishonest actions;
 - d) winding up of the Company;
 - e) the Vesting Conditions in respect of a Performance Right not being met within any applicable period;
 - f) any date specified in the relevant Invitation by which the Performance Rights will automatically lapse; or
 - g) the 3 year anniversary of the date when the Performance Rights were granted (subject to testing of the Vesting Conditions).
5. Unless otherwise determined by the Board, if a Performance Rights Holder ceases to be an Eligible Employee, any Performance Rights of that Performance Rights Holder that have not as at that time already vested to Shares automatically lapse. In the case of cessation of employment due to death or ill health, the Board may determine that any of that Performance Rights Holder's Performance Rights vest, and the terms on which those Performance Rights vest. If the Board does not make such a determination within 3 months of the Performance Rights Holder ceasing to be an Eligible Employee, the Performance Rights of that Performance Rights Holder will be deemed to have lapsed on the date the Performance Rights Holder ceased to be an Eligible Employee.
6. Any shares that vest will be subject to Sunstone's Security Trading Policy which states

certain closed periods where trading in shares is prohibited. The Policy also requires all employees to seek approval from the Company Secretary and/or Chairman to trade in the Company's shares.

7. The Company will not apply to ASX for official quotation of the Performance Rights.
8. The Company will make application for official quotation on ASX of new shares allotted on vesting of the Performance Rights. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted pursuant to Performance Rights will qualify for dividends declared after the date of their allotment.
9. Performance Rights cannot be transferred, except that if at any time before the Performance Rights lapse the Performance Rights Holder dies, the legal personal representative of the deceased Performance Rights Holder may:
 - a) elect to be registered as the new holder of the Performance Rights; and
 - b) whether or not he becomes so registered, exercise those Performance Rights in accordance with the terms and conditions on which they were granted; and
 - c) if the deceased has already exercised Performance Rights, pay the exercise price (if any) in respect of those Performance Rights.
10. Performance Rights do not confer to the Performance Rights Holder any of the following with respect to Performance Rights held:
 - a) Any right to vote;
 - b) Any entitlement to a dividend;
 - c) Any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise;
 - d) Any right to participate in the surplus profit or assets of the entity upon a winding up;
 - e) Any right to participate in new issues of securities such as bonus issues or entitlement issues
11. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Performance Rights are exercisable will be increased by the number of ordinary shares which the holder of the Performance Rights would have received if the Performance Rights had vested before the record date for the bonus issue.
12. If, during the currency of the Performance Rights the issued capital of the Company is reorganised, those Performance Rights will be reorganised to the extent necessary to comply with ASX Listing Rules.
13. Subject to the terms and conditions of a grant of a Performance Right and the Applicable Laws, if a Change of Control (as defined in the Employee Performance Rights Plan) occurs, all Performance Rights will immediately vest.

Material terms of Employee Performance Rights Plan

Eligibility	<p>Any person, including an Executive Director, who is engaged in full time or part time employment (including contractors) of the Company or an associated body corporate of the Company or any person acquiring and holding any EPRP share or option for the benefit of any such person.</p> <p>If an Executive Director is to participate in the EPRP, the issues of Performance Rights to the Executive Director will be subject to first obtaining shareholder approval.</p> <p>Non-Executive Directors are not eligible to participate in the EPRP.</p>
Performance Conditions	<p>Vesting conditions may be imposed by Directors for each grant under the EPRP. These vesting conditions may differ for each grant of Performance Rights under the EPRP, as they consider appropriate.</p>
Grant of Performance Rights	<p>Unless the Board otherwise determines, all Performance Rights are to be offered to participants for no consideration. The offer must be in writing and specify, amongst other things, the number of Performance Rights for which the participant may apply, any conditions to be satisfied before vesting, and the expiry date (if any) (as determined by the Board).</p>
Performance Right Limit	<p>The Company will not make an invitation under the EPRP which involves monetary consideration if the number of shares that may be issued, or acquired upon exercise of Performance Rights issued under an invitation, when aggregated with the number of shares issued, or that may be issued, as a result of all invitations under the EPRP during the 3 year period ending on the day of the invitation, will exceed 5% of the total number of issued shares at the date of the invitation.</p>
Vesting	<p>Unless stated otherwise for a particular tranche of Performance Rights, the Performance Rights may vest, subject to the performance related vesting conditions imposed by the Board, prior to the expiry date. The Company will apply for official quotation of any Shares issued on vesting of any Performance Rights.</p>
Lapse	<p>Unless the Board otherwise determines, the Performance Rights shall lapse in accordance with specific offer terms or events contained in the EPRP rules, including termination of employment or resignation, redundancy, death or disablement (subject to the Directors' discretion to extend the term of exercise in restricted cases).</p>
Rights of participants	<p>Once Shares are allotted upon exercise of the Performance Rights the participant will hold the Shares free of restrictions. The Shares will rank equally in all respects with all other ordinary shares on issue except as regards any rights attaching to ordinary shares by reference to a record date before the date of their allotment.</p> <p>Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the Performance Rights will be reorganised in the manner provided for by the Listing Rules.</p> <p>Subject to the terms and conditions of a grant of Performance Rights and Applicable Laws, in the event of a change of control, all Performance Rights will automatically vest and convert to ordinary shares.</p> <p>A holder of Performance Rights is not entitled to participate in dividends, a new issue of Shares or other securities made by the Company to Shareholders merely because he or she holds Performance Rights.</p> <p>If there is a bonus share issue of securities, the number of shares over which Performance Rights are exercisable will be increased by the number of shares which the participant would have received if the Performance Rights had been exercised before the record date for the bonus issue.</p>

Assignment	The Performance Rights are not transferable or assignable without the prior written approval of the Board.
Administration	The EPRP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the EPRP.
Termination and amendment	The Board has, subject to certain restrictions contained in the EPRP, the Corporations Act, the Listing Rules or the Company's Constitution, the discretion or power to alter, modify or add to the EPRP.