

## ASX ANNOUNCEMENT

28 JULY 2023

## JUNE 2023 QUARTERLY ACTIVITIES REPORT

## Operations Highlights

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

- Exceptional results from LMDD026 at Limon grading up to 31m at 12.9g/t AuEq\* outside current Resource and Exploration Target support strategy to establish higher-grade open pit opportunities within a targeted 10Moz project
- LMDD026 is between 15m and 230m from LMDD017 which intersected 177m at 1.1g/t AuEq\* from 6.8m (see ASX release dated March 29, 2023). Outstanding intersections from LMDD026 include:
  - 185m at 2.85g/t AuEq\* (2.67g/t gold and 15g/t silver) from 90m in LMDD026, including;
    - 101m at 4.87g/t AuEq\* (4.64g/t gold and 18.9g/t silver) from 106m, including
      - 31m at 12.93g/t AuEq\* (12.53g/t gold and 32.7g/t silver from 146m)
- Current interpretations suggest multiple mineralised structural orientations with higher-grade shoots at intersections, delivering multiple drill targets. Several more targets also prioritised for drilling within the broader Limon gold-in-soil anomaly, which measures 1.7km x 700m
- Reinforces the concept of multiple gold-copper porphyry and related gold-silver epithermal systems and highlights the potential for significant growth of Mineral Resources at higher grades, and an expanded Exploration Target (see ASX release dated December 13, 2022)

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

- Drill hole EPDD026, the first drillhole to test the large T3 target, intersected a strongly mineralised porphyry gold-copper system at depth that is open in all directions. Results from drill hole EPDD026 include:
  - Higher grade zone of 11.9m at 0.97g/t gold and 0.28% copper for 1.43g/t AuEq from 1,236m, within;
    - 190m at 0.4g/t gold and 0.11% copper for 0.58g/t AuEq from 1,171m down-hole
  - Discrete intervals of 2m of up to 0.35% copper and 1.3g/t gold, from 1,240m within the higher-grade zone of 11.9m
  - Lower grade mineralisation continues to end-of-hole and is open
- This well mineralised zone is interpreted to extend towards surface and follow-up drill hole EPDD028 is testing this up-dip potential and has intersected some chalcopyrite from 224m down-hole
- The T3 target is roughly circular and measures 1km in diameter and is part of a cluster of gold-copper porphyry systems which extends over 2.3km and geophysics has identified multiple highly ranked drill targets in the area
- Importantly, the T3 target sits within the broad Toachi fault zone which is a key control on mineralisation at SolGold's 3Bt Alpala copper-gold porphyry deposit just 65km away, and 15km away from Codelco's 1Bt Llorimagua copper-molybdenum deposit

Sunstone has modified its operations in Ecuador to move to a campaign drilling program with two drill rigs (compared with 3 rigs in June 2023 quarter). This will remove duplication in costs across 2 projects and make for more efficient use of funds. Reduced exploration expenditure is forecast. In addition to reducing the number of drill rigs, Sunstone has reduced the number of employees, and other related operating costs.

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### EXPLORATION AND DEVELOPMENT ACTIVITIES

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

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

As per ASX release dated July 3, 2023, Sunstone announced outstanding assays from LMDD026 at Limon which highlight the potential for a significant increase in the overall size and grade of the Mineral Resource estimate at its Bramaderos project in southern Ecuador.

Limon is a high-grade orebody with mineralisation extending from surface to at least 250m deep and is open to the east, west, at depth and potentially to the north if the system plunges in that direction. The initial discovery hole LMDD017 intersected 176.7m at 1.1g/t AuEq\* from 6.8m. Hole LMDD026 now eclipses that with 185m at 2.85g/t AuEq\*, including 31m at 12.93g/t AuEq\* and demonstrates the huge potential for the Limon epithermal system.

Drill hole LMDD026 was drilled to the SSE across the trend of LMDD017 and intersected several discrete intervals of high-grade gold and associated silver, lead, and zinc. Figure 4 shows LMDD026 gold, silver and zinc results down hole across the broad well mineralised 185m intersection, including intervals of higher-grade gold and silver, with clear zoning towards the margins with elevated zinc. Follow-up exploration at Limon will be guided by the multiple gold-in-soil and zinc-in-soil anomalies, and other datasets.

Mineralisation in LMDD026 comprises wide intervals of epithermal gold-silver-base metal mineralisation classified as 'Intermediate Sulphidation Epithermal (ISE)'. The mineralisation occurs in fault zones and is associated with silicification, sulphidation, and tensional fractures in wallrock in proximity to these mineralised faults. The highest gold-silver grades are associated with fault breccias, lesser hydrothermal breccias, abundant pyrite, clay alteration, and traces of electrum or telluride and tetrahedrite-tennantite±chalcopyrite. Sphalerite and galena are ubiquitous throughout the Limon epithermal system. Clear epithermal vein textures are observed in the deeper parts of the system, and include cockscomb quartz veins, rare adularia, and pale pink manganese-carbonate rhodochrosite.

Drilling is continuing at Limon with a second rig having arrived on site in late July. The planned drilling will follow-up on the outstanding results from holes LMDD017 and 026, and will test similar targets defined by gold-in-soil anomalies and structural interpretation in the broader Limon target area.

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The Limon target area is located 2.7km north-east of the Brama-Alba-Melonal gold-copper deposits, which host a porphyry Mineral Resource estimate of 156Mt at 0.53g/t AuEq for 2.7Moz gold-equivalent\*. In addition to this is the Bramaderos project Exploration Target of between 3.3Moz and 8.6Moz AuEq within 255 to 360Mt at a grade between 0.40 and 0.74g/t AuEq (see ASX release dated December 13, 2022).

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

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

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

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

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement for the Mineral Resource estimate and Exploration Target referred to above and, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource for the target area reported. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

\*The gold equivalent calculation formula for the MRE and the Exploration target is  $AuEq(g/t) = (Au \text{ grade} \times Au \text{ price} \times Au \text{ recov} / 31.1035) + (Ag \text{ grade} \times Ag \text{ price} \times Ag \text{ recov} / 31.1035) + (Cu \text{ grade} \times Cu \text{ price} \times Cu \text{ recov} / 100) / (Au \text{ price} \times Au \text{ recov} / 31.1035)$ . The prices used were US\$1,800/oz gold and US\$9,500/t copper and US\$22/oz silver. Recoveries are estimated at 89% for gold, 85% for copper, and 60% for silver based on metallurgical studies. In Sunstone's opinion all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold.

\*The gold equivalent calculation formula for the gold-silver epithermal mineralisation at Limon is  $AuEq(g/t) = Au(ppm) + (Ag(ppm)/82)$ . The prices used were US\$1,800/oz gold and US\$22/oz silver. Recoveries are estimated at 90% for gold and 90% for silver from metallurgical studies. In Sunstone's opinion all the elements included in the metal equivalents calculation have reasonable potential to be recovered and sold.

### El Palmar Porphyry Copper-Gold Project

El Palmar is located in northern Ecuador, 60km north-west of Ecuador's capital Quito (Figures 1 and 11). The property sits in the vicinity of the regionally prospective Toachi Fault Zone - the same regional structural belt that hosts the 2.66Bt Alpala copper-gold deposit grading 0.25g/t gold and 0.37% copper, and the 0.53Bt Tandayama-America deposit grading 0.19g/t gold and 0.24% copper, within the Cascabel project (see [www.solgold.com.au](http://www.solgold.com.au) for details), and in the vicinity of the 1Bt Llorimagua copper-molybdenum porphyry deposit grading 0.89% copper and 0.04% molybdenum. Sunstone is acquiring 100% of the El Palmar project and currently holds 70% under the Staged Acquisition Agreement signed on 12<sup>th</sup> August 2020.

During the June Quarter Sunstone announced extremely promising assay results from EPDD026 showing significant gold and copper widths and grades including 190m at 0.4g/t gold and 0.11% copper for 0.58g/t

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AuEq from 1,171m down-hole in EPDD026. These grades are similar to other prominent porphyry deposits globally (see ASX announcement dated 20 June 2023). This is a very important development for the El Palmar project for several reasons:

- ✓ Strong gold-copper mineralisation in the first hole drilled into the very large T3 target (Figures 6 and 7)
- ✓ Geophysics and visual results from hole EPDD028 suggest a very extensive alteration system extends towards surface
- ✓ Mineralisation in EPDD026 is typical of many porphyry systems comprising chalcopyrite and some bornite, within transitional potassic alteration, and copper-sulphide-bearing A vein and B vein stockworks (Figure 10)
- ✓ Multiple geophysical anomalies to test within the broader T3 target area (Figures 6-9)
- ✓ The early T3 results, combined with drilling at T1, T2 and T5 which all intersected gold-copper mineralisation from surface, outline a 2.3km x 1km cluster of porphyry deposits. This is an extensive system of mineralised centres
- ✓ The Sunstone El Palmar targets bear many geological similarities with the nearby Alpala system (within the Cascabel project owned by SolGold) and are the same geological age (Figure 9)

This scenario of clustered deposits is very similar to the giant Cobre Panama porphyry copper system in Panama (Mineral Resources of ~4.4Bt at 0.35% copper and 0.06g/t gold at 0.15% copper COG; [www.firstquantum.com](http://www.firstquantum.com)) in the sense of multiple close-spaced porphyry centres (7 contributing to mineral resources).

Further drilling will obviously be aimed at testing the multiple discrete and shallower high amplitude magnetic anomalies within the T3 area, and ultimately the deeper magnetic and MT anomalies.

### **Verde Chico Project**

Sunstone is acquiring the Verde Chico Project through a Staged Acquisition Agreement (signed on 23 September 2022). Verde Chico is located to the west of Sunstone's El Palmar gold-copper porphyry discovery in northern Ecuador, and quadruples Sunstone's land position in this prospective belt in northern Ecuador to 3,672ha (Figures 1 and 11).

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

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### Corporate

#### Financial Commentary

The Company's unaudited cash position for 30 June 2023 was approximately A\$10.3 million. The Quarterly Cashflow Report (Appendix 5B) for the period ending 30 June 2023 provides an overview of the Company's financial activities.

Exploration expenditure for the reporting period was \$5.6 million (\$5.3 million previous quarter) with three drill rigs operating across both the Bramaderos and El Palmar Projects for a combined 6,250m (5,584m previous quarter).

Sunstone has recently modified its operations in Ecuador to move to a campaign drilling program. This will remove some duplication in costs across 2 projects and make for more efficient use of funds, with reduced exploration expenditure anticipated in Q3 2023.

Corporate and other expenditure (including property, plant, and equipment) amounted to \$0.5 million. The total amount paid to directors of the entity and their associates in the period (item 6.1 of the Appendix 5B) was \$130,410 and includes salary, superannuation, and directors' fees.

As at 30 June 2023, the 871,803 shares held in Canadian Securities Exchange-listed United Lithium Corp. (CSE: ULTH), were valued at approximately A\$197,685 (CAD 0.20 per share), while the 81,690,362 shares held in ASX listed NewPeak Metals Ltd were valued at approximately A\$81,690 (A\$0.001 per share).

As the Company is an exploration entity there is not yet any sales revenue being generated from sale of products. To date Sunstone has primarily funded its activities through issuance of equity securities and it is expected that the Company will be able to fund its future activities through further issuances of equity securities, in addition to the potential sale of Copperstone shares as referred to above.

#### Capital Raising and Shareholder Information

During the June quarter the Company announced the successful capital raising of \$12 million via an oversubscribed share placement at 2.6 cents (\$0.026) per share to existing institutional and sophisticated shareholders and new institutional investors.

Morgans Corporate Limited acted as Lead Manager and Bookrunner and amicaa was Co-Lead Manager to the Placement. The Placement comprised 461,538,461 new shares, issued within the Company's available capacity under ASX Listing Rule 7.1 (393,066,963 shares) and 7.1A (68,471,498 shares).

As at 30 June 2023, the Company had 3,081,984,879 fully paid ordinary shares on issue and 4,310 shareholders.

#### Notes Specific – June 2023 Quarter ASX Announcements

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

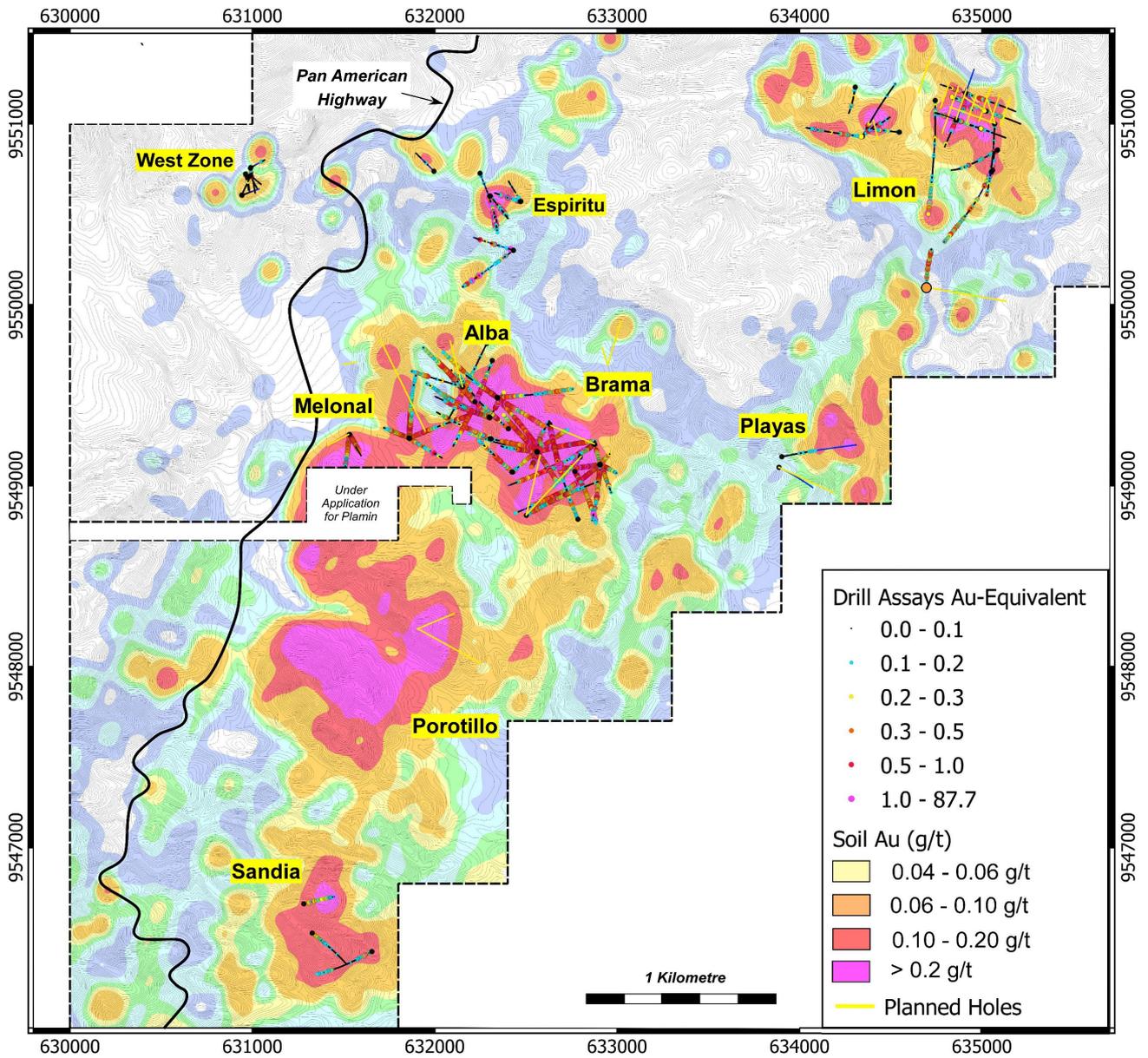
Limon emerging as major discovery with visible gold in hole	14 Apr 2023
El Palmar – Drilling intersects porphyry copper system	28 Apr 2023
STM raises \$12m to continue growing gold-copper discoveries	15 May 2023
Investor Presentation – Resource Rising Stars	17 May 2023
Limon drilling results	2 Jun 2023
El Palmar T3 gold-copper porphyry discovery	20 Jun 2023
High grade gold and silver at Limon, Bramaderos	3 Jul 2023

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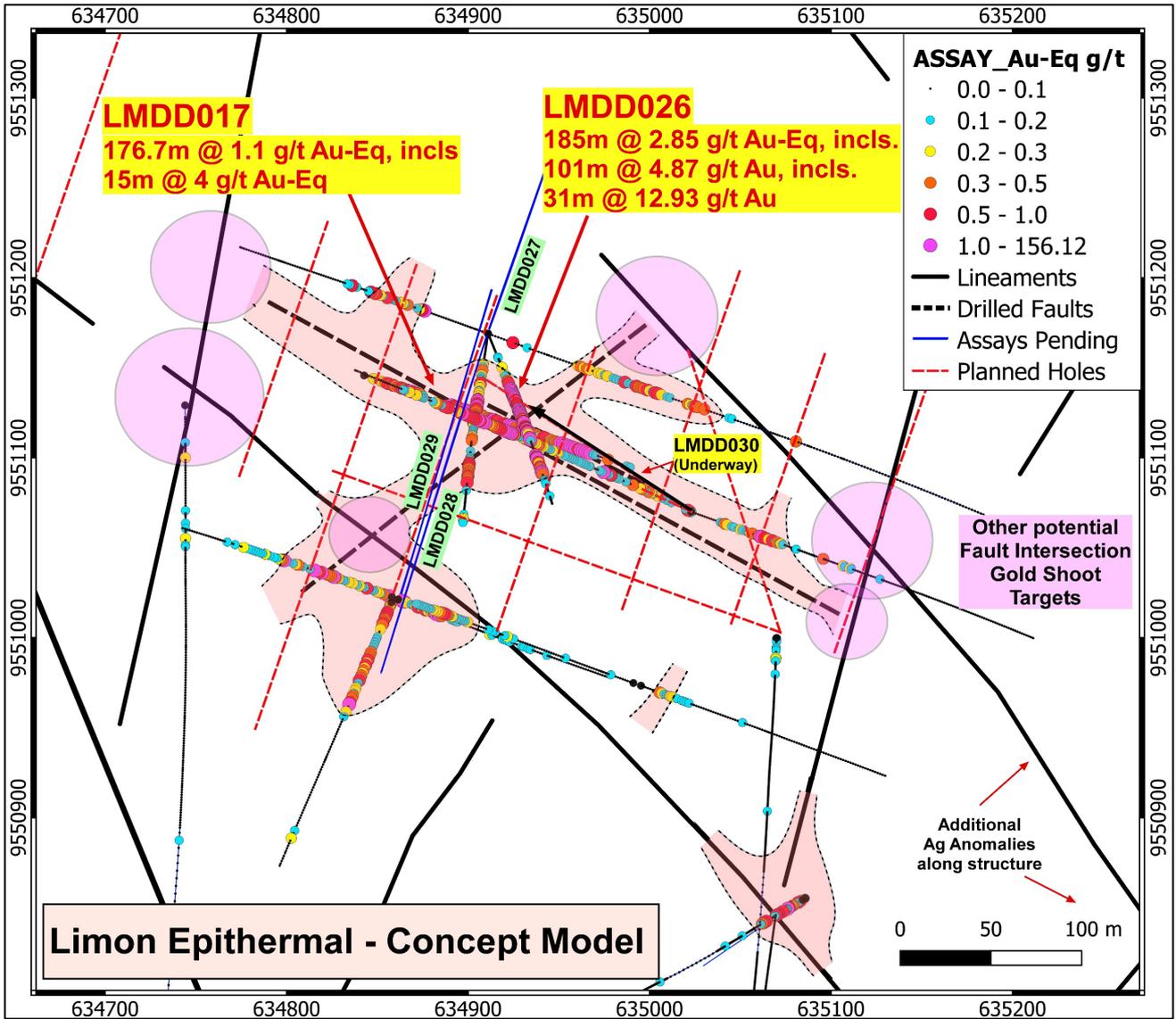
**Figure 1:** Location of the El Palmar project in northern Ecuador, the Verde Chico project nearby, and the Bramaderos Project in southern Ecuador.

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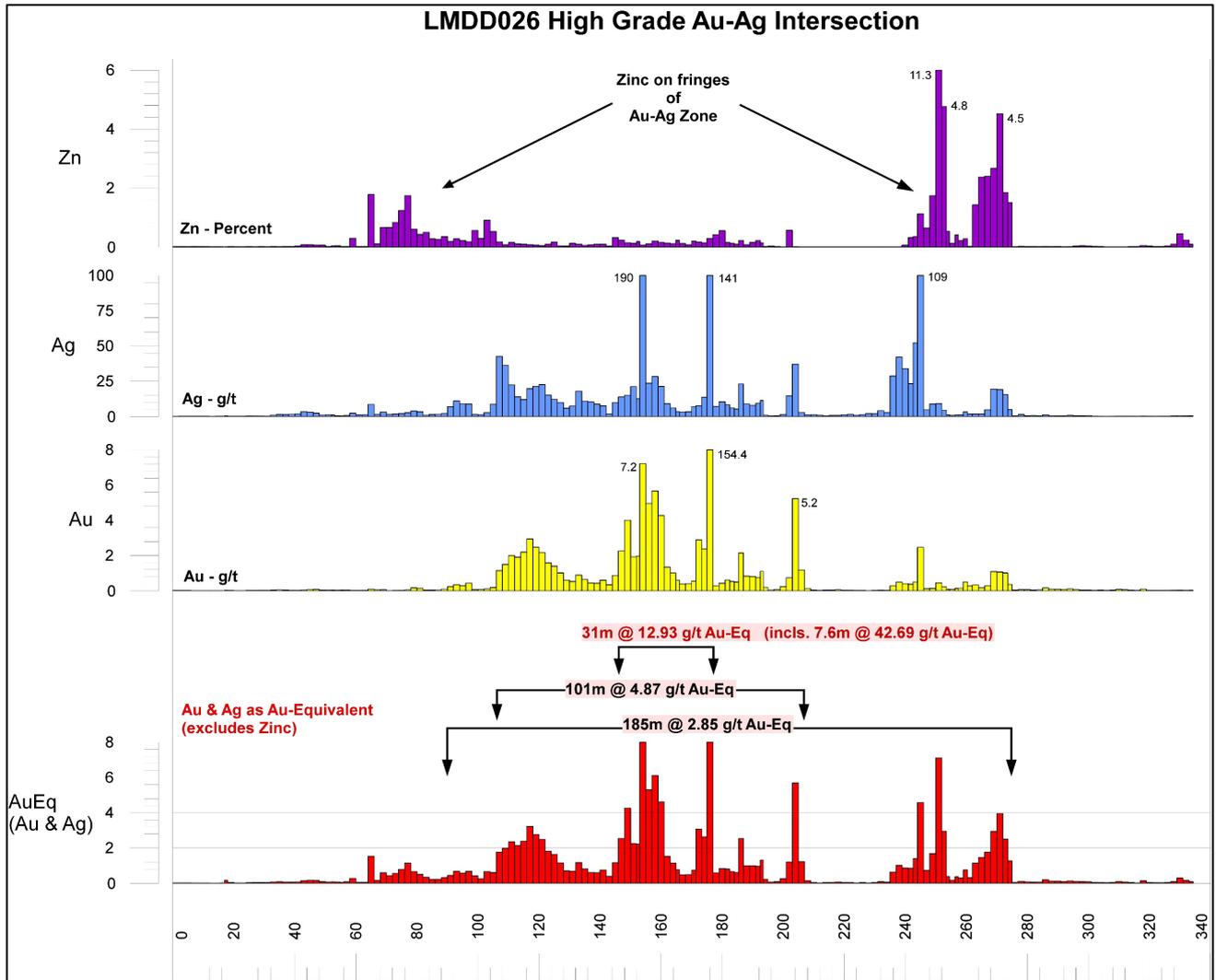
**Figure 2:** Bramaderos concession showing the location of Limon and other gold-copper porphyry targets in yellow. The background image is gold-in-soil highlighting the potential scale increase to be delivered with more drilling at Bramaderos across multiple targets. Drilling is now underway at Limon.

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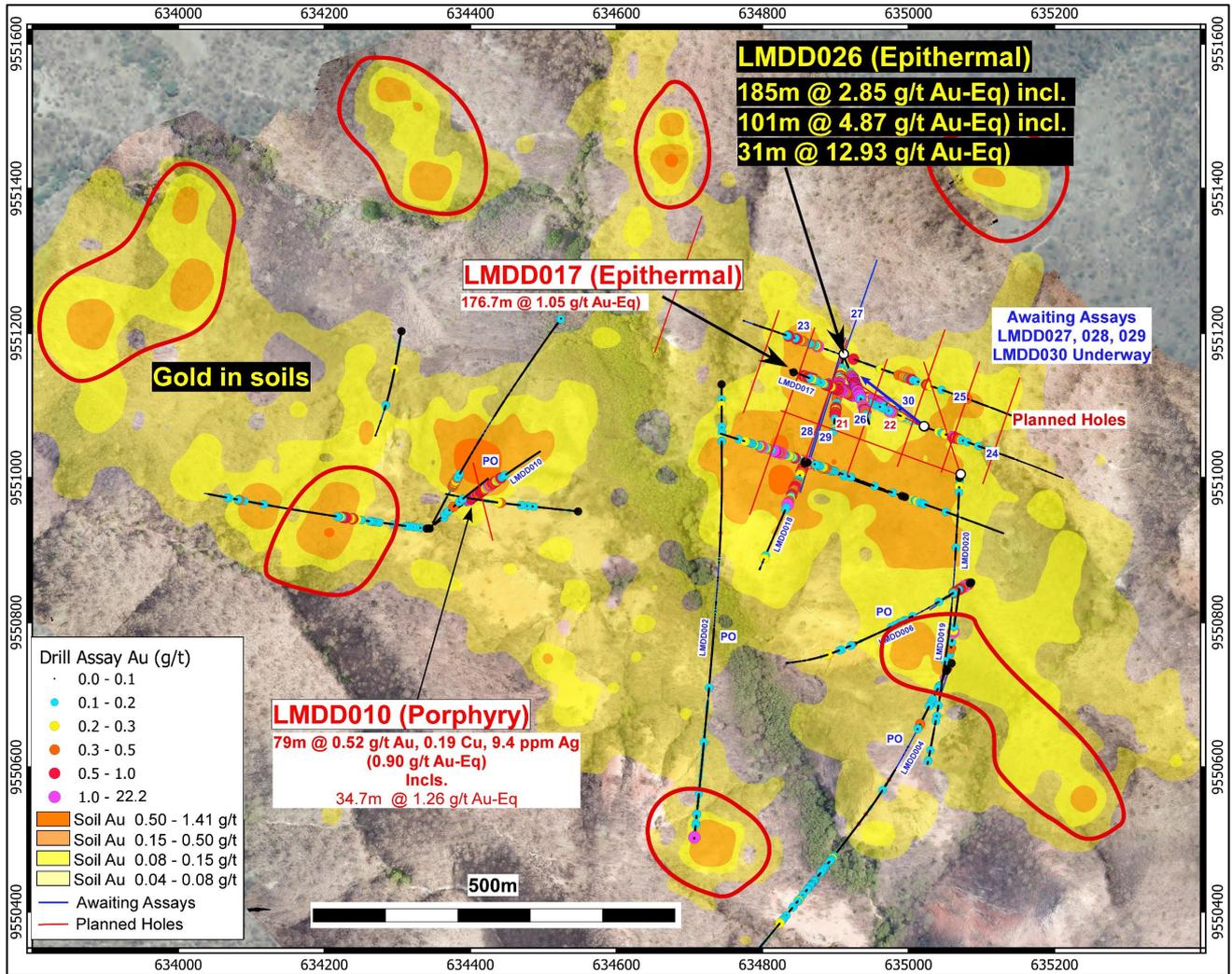
**Figure 3:** Limon drilling plan – light pink areas are immediate targets surrounding the area of drilled mineralisation to date, and darker pink are additional potential targets at intersections of structures.

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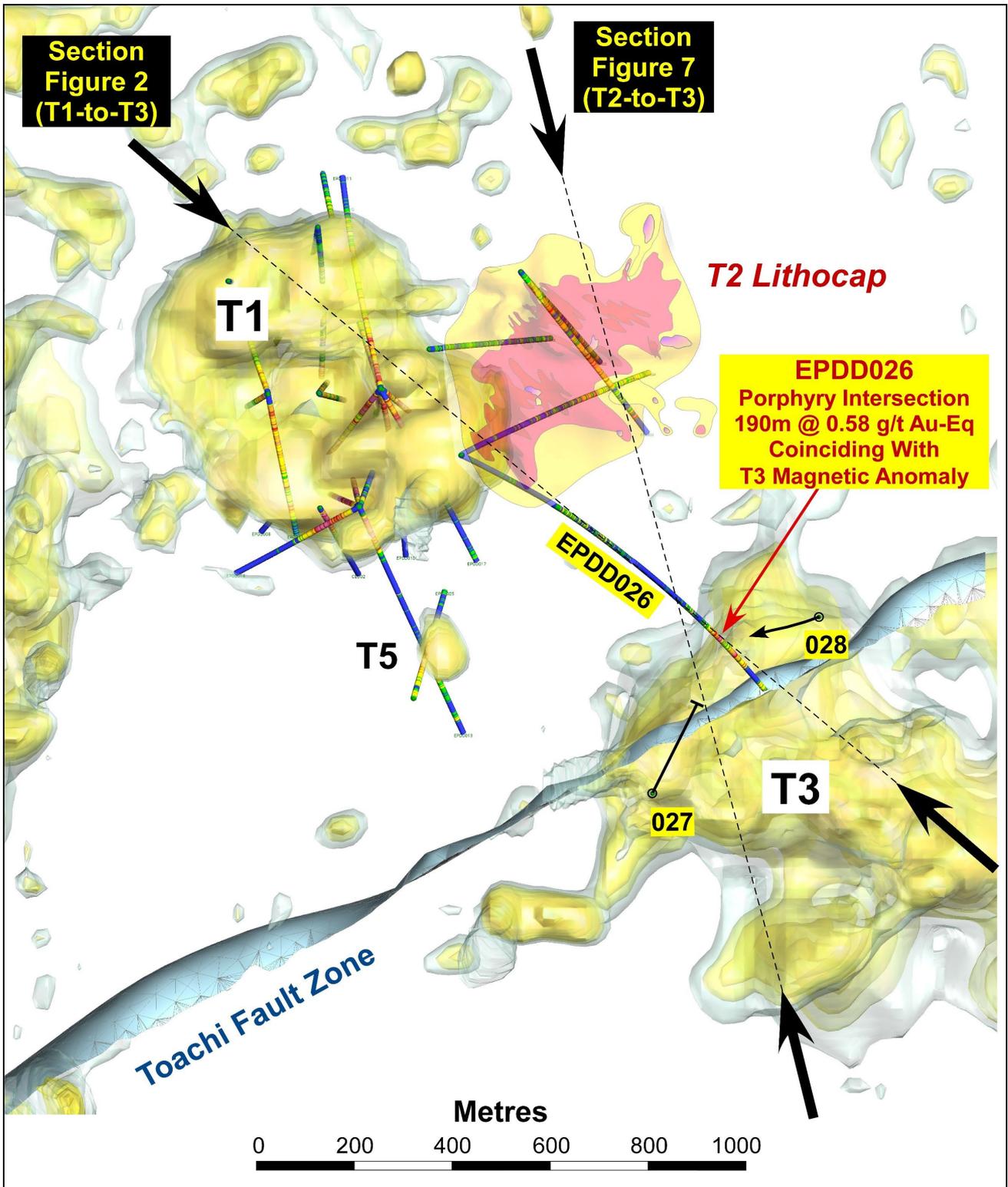
**Figure 4:** LMDD026 results showing the broad well mineralised 185m gold-silver intersection, including intervals of higher-grade gold and silver, with clear zoning towards the margins with elevated zinc. Follow-up exploration will be guided by gold-in-soil and zinc-in-soil anomalies, and other datasets.

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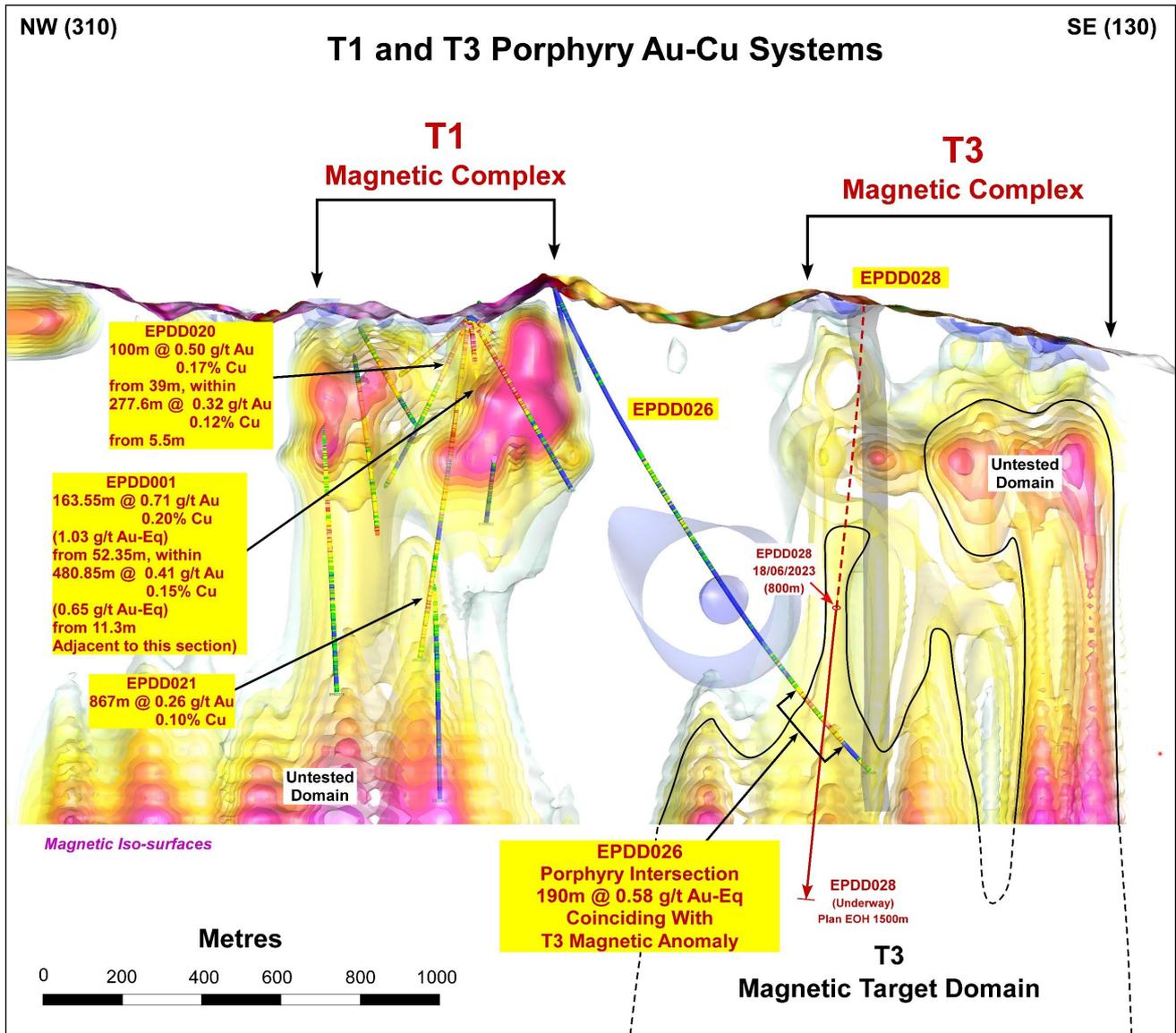
**Figure 5:** Limon gold in soils map showing extensive anomalous gold over an area of 1.7km x 700m. Red lines show planned follow-up drilling to extend the multiple high-grade zones in LMDD017 - 026. Several other areas of gold (+/- zinc) anomalism (circled in red) represent robust targets and will be drill tested over the coming months.

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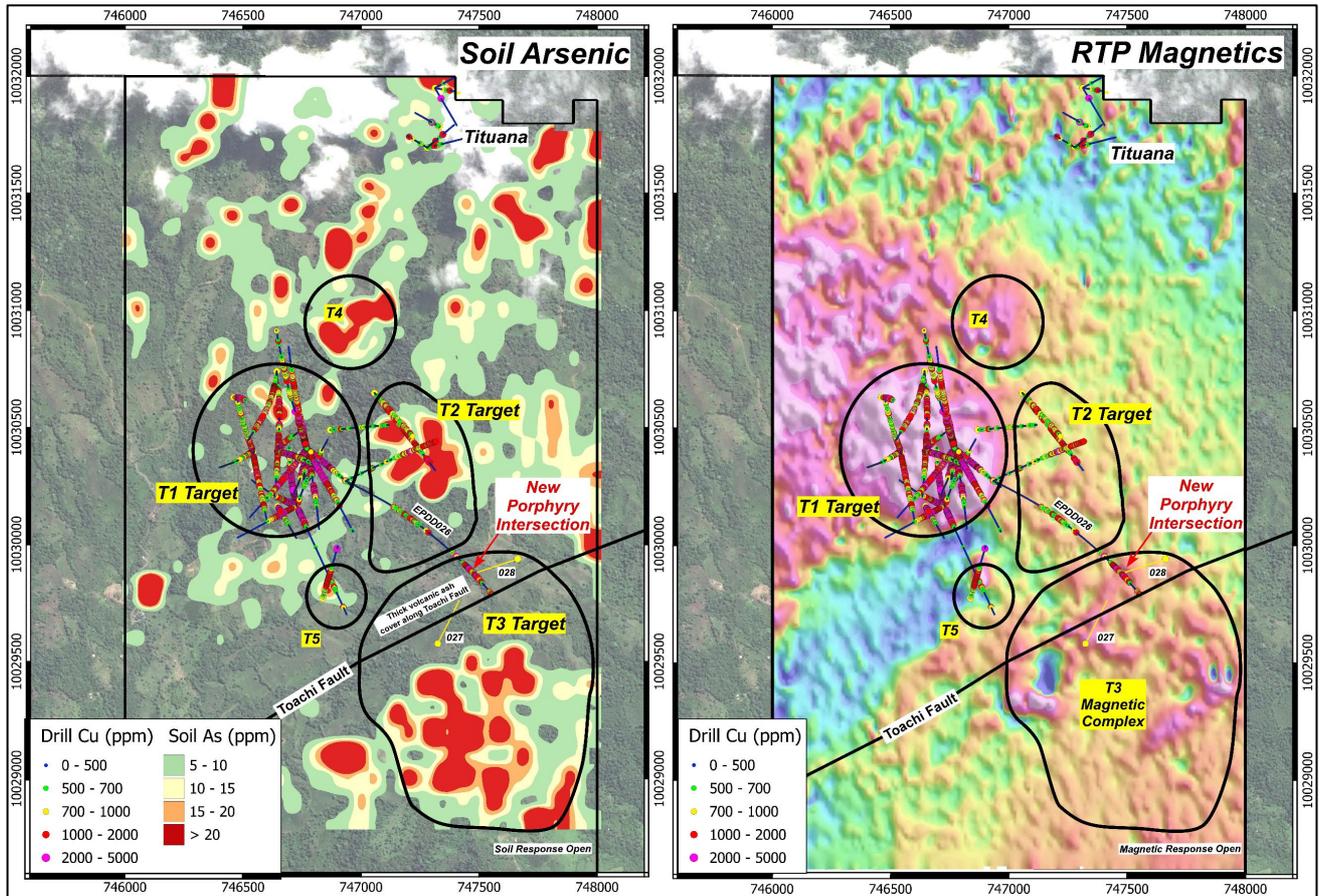
**Figure 6:** El Palmar project - location of the T3 anomaly relative to other targets T1, T2 and T5. Background image is RTP magnetics. Drill hole EPDD026 is shown with significant gold and copper assays corresponding to the main magnetic body at T3.

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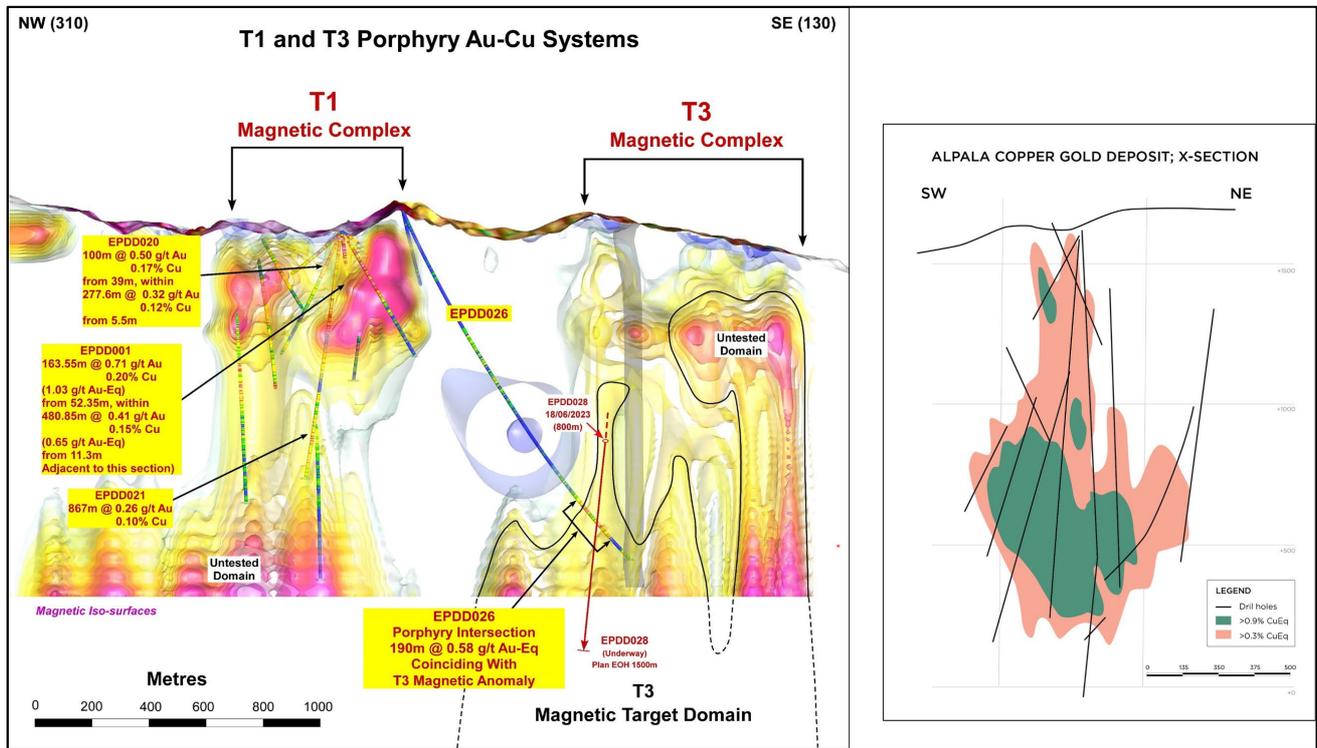
**Figure 7:** Northwest-Southeast section through the T1, T2 and T3 targets, showing the T1 system which is mineralised from surface on the left of the diagram, and the trend of EPDD026, through the T2 MT geophysical anomaly, and into the T3 magnetic anomalies. Current hole EPDD028 is shown here. EPDD027, drilled but assays not yet received, tested a shallow magnetic body off section. The yellow to pink contours show a slice through the magnetic model with pink being more magnetic.

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**Figure 8:** Plan maps of the El Palmar porphyry gold-copper targets. The T3 magnetic complex is approximately 1km diameter and has 3 drill holes (including current hole EPDD028) all on its northern margin. Assays have only been received for hole EPDD026 within T3 (this announcement).

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**Figure 9:** Same scale comparison of the El Palmar T1 and T3 complex with a cross section through the Cascabel Alcala copper gold deposit (reproduced from Garwin, 2022; Geohug presentation). The Alcala cross section shows >0.9% CuEq in green, surrounded by >0.3%CuEq in pink. The top of the largest >0.9%CuEq domain is 680m below surface.

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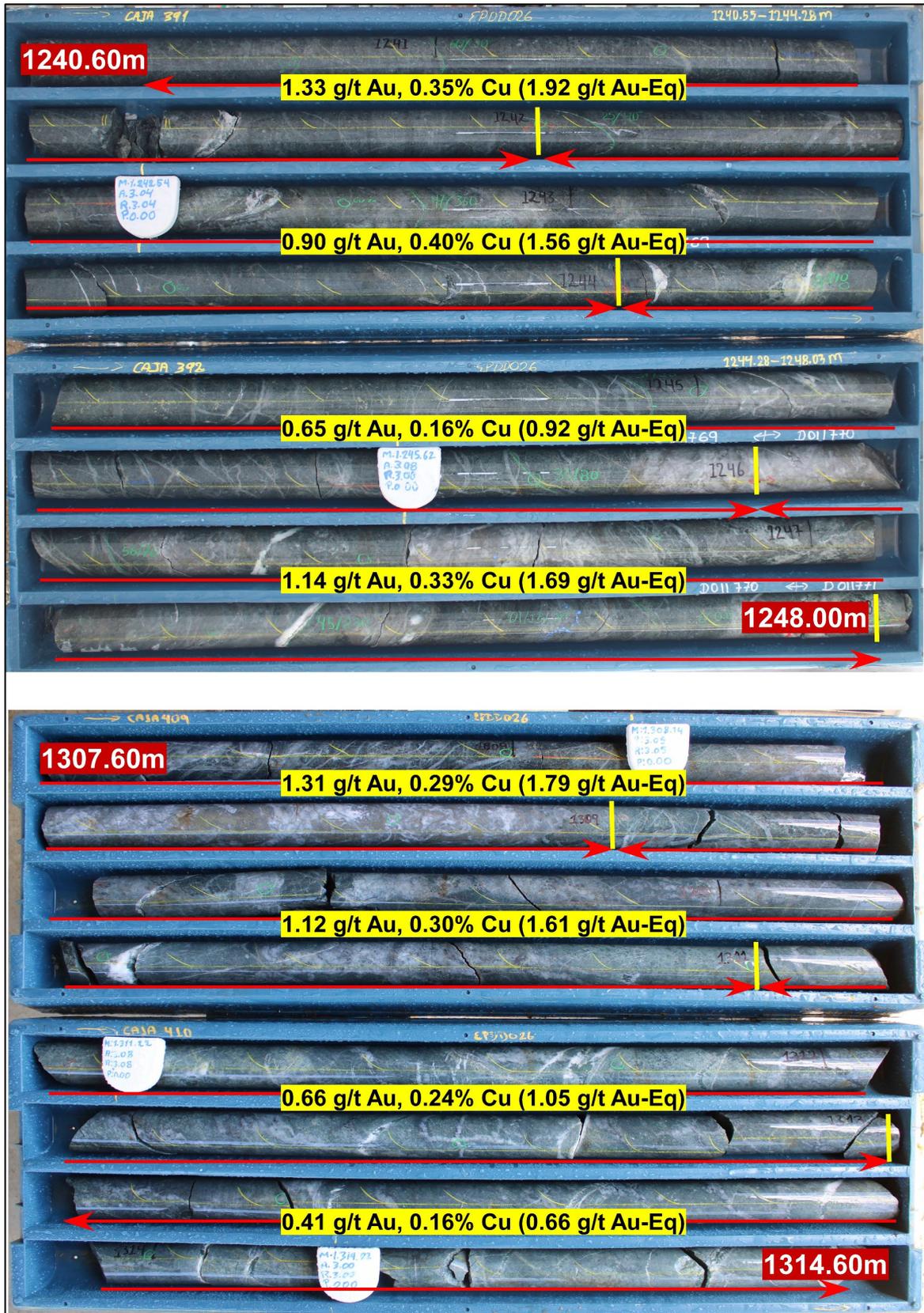
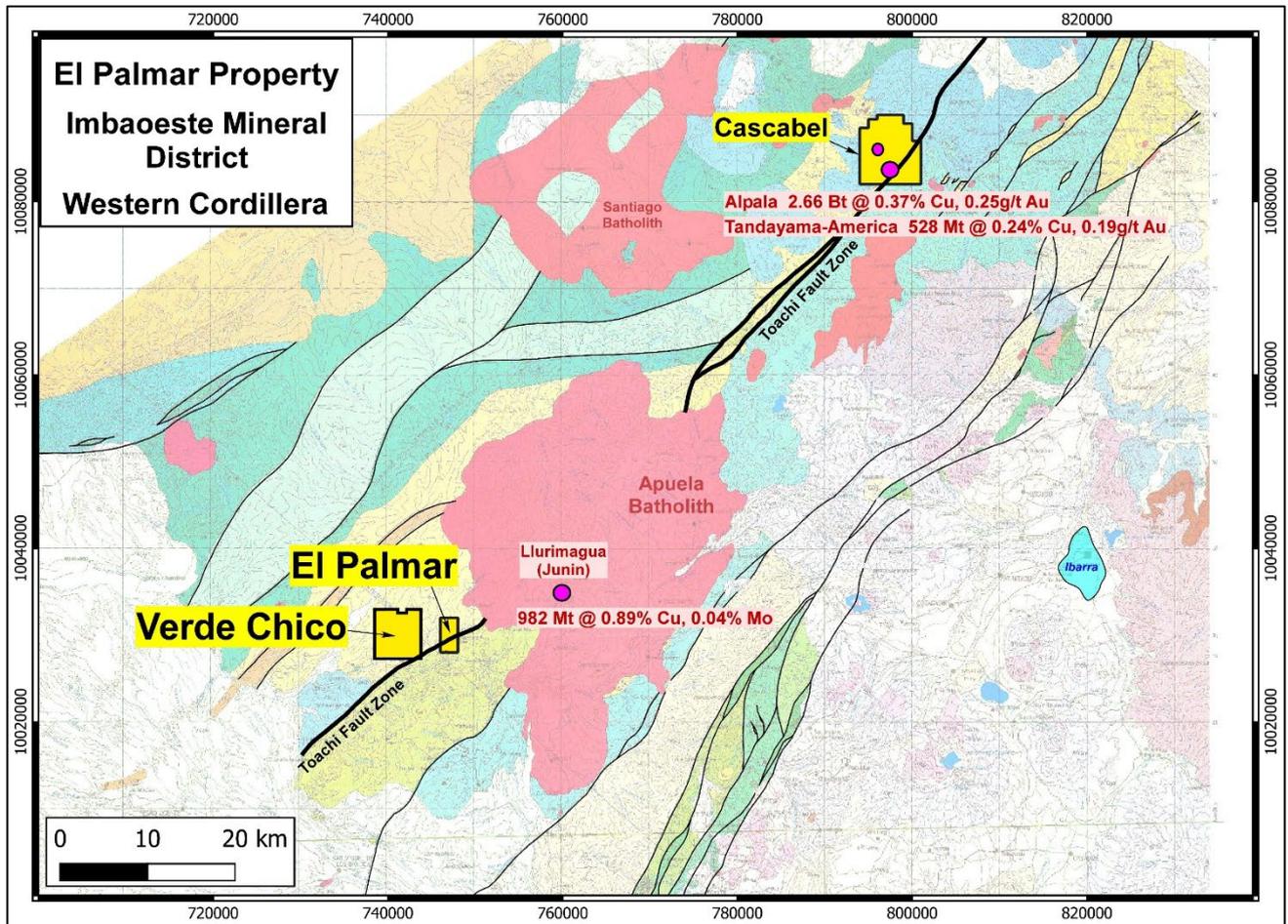


Figure 10: Drill core from EPDD026 over the interval 1240 – 1314m showing strong stockwork veining and high grade gold and copper assays.

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

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### TENEMENT SCHEDULE

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

#### Gold-Copper Tenements – Ecuador

Tenement Holder	Tenement Name	Location	Status	Sunstone Ownership
La Plata Minerales S.A.	Bramaderos <sup>^</sup>	Loja, Ecuador	Granted	87.5%
Golden Exploration Ecuador S.A.	Los Mandariyacus (El Palmar) <sup>@</sup>	Imbabura, Ecuador	Granted	70%
Compania Minera Verde Chico CIA Ltda	Verde Chico <sup>#</sup>	Imbabura, Ecuador	Granted	0%

<sup>^</sup>Sunstone announced on 7 January 2020 that the terms of the Earn-in Joint Venture with TSX-V listed Cornerstone Capital Resources (TSXV:CGP) had been amended to provide Sunstone with an immediate 87.5% interest and Cornerstone with a loan carried 12.5% interest in La Plata Minerales S.A. (PLAMIN) the holder of the Bramaderos concession.

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

<sup>#</sup> Sunstone announcement 21 June 2022 regarding a Letter of Intent to acquire 100% of the Verde Chico Project, located to the west of Sunstone's El Palmar gold-copper porphyry discovery in northern Ecuador, through a Staged Acquisition Agreement from the Verde Chico Group. The concession is currently being transferred to the Verde Chico Group and the final Staged Acquisition Agreement was signed 23 September 2022.

#### Competent Persons Statement

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

**ASX ANNOUNCEMENT**

**DIRECTORY**

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

**Web site:**  
**Email:**

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[info@sunstonemetals.com.au](mailto:info@sunstonemetals.com.au)

**Stock Exchange Listing**

Australian Stock Exchange

ASX Code: STM

**Investor Information Contacts:**

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

**Shareholder Enquiries:**

Share registry matters should be directed to:

Computershare Investor Services  
Phone: 1300 850 505  
Website: [www.computershare.com.au](http://www.computershare.com.au)

**Registered Office:**

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

**Issued capital:**

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

**Directors:**

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

**Company Secretary:**

Gavin Leicht

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

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

## Appendix 5B

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

Name of entity

SUNSTONE METALS LIMITED

ABN

68 123 184 412

Quarter ended ("current quarter")

30 JUNE 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(398)	(2,331)
(e) administration and corporate costs	(132)	(758)
1.3 Dividends received (see note 3)		
1.4 Interest received	51	238
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(479)</b>	<b>(2,851)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	0	0
(c) property, plant and equipment	0	0
(d) exploration & evaluation	(5,605)	(24,043)
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements	0	0
	(c) property, plant and equipment		
	(d) investments	0	1,914
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(5,605)</b>	<b>(22,129)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,000	12,000
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(642)	(653)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>11,358</b>	<b>11,347</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,037	23,997
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(479)	(2,851)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,605)	(22,129)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,358	11,347

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(4)	(57)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,307</b>	<b>10,307</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,177	2,735
5.2	Call deposits	8,130	2,302
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,307</b>	<b>5,037</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	130
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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

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

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(479)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(5,605)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(6,084)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,307
8.5 Unused finance facilities available at quarter end (item 7.5)	0
8.6 Total available funding (item 8.4 + item 8.5)	10,307
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	1.69
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No - Sunstone has reduced its expenditure in Ecuador by reducing the number of drill rigs, reducing the number of employees, and reducing other related operating costs. Sunstone has modified its operations in Ecuador to move to a campaign drilling program with two drill rigs (compared with 3 rigs in June 2023 quarter). This will remove duplication in costs across 2 projects and make for more efficient use of funds. Reduced exploration expenditure is forecast.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: As a junior explorer the Company is at all times considering opportunities for funding its business. The Company has a track record of successfully raising funds to deliver discoveries and expects to be able to fund the planned activities outlined in this Quarterly Report	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes – it is expected that the exploration expenditure will be significantly reduced by moving to two drill rigs on a campaign basis.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

## Compliance statement

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

Date: 28 July 2023

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Authorised by: Gavin Leicht – Company Secretary

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

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

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**Notes**

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