



SUNSTONE
METALS



SUSTAINABILITY
REPORT 2023

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1 INTRODUCTION

ABOUT THIS REPORT

We are proud to publish our first sustainability report, which centres on our El Palmar and Bramaderos projects in Ecuador.

This document marks an important milestone in Sunstone's efforts to provide greater transparency regarding our environmental, social and governance (ESG) performance. More significantly, it serves as a benchmark against which we can identify opportunities for improvement and measure future progress.

This report was prepared with reference to the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (SDGs). The reporting period covers 1 June 2022 to 31 May 2023 for all disclosures unless stated otherwise, and the entities included in reporting include Sunstone Metals Ltd and its subsidiaries Sunstone-Metals Ecuador S.A. ("STE"), Bramaderos S.A. ("Bramaderos")

and Golden Exploration Ecuador Goex S.A. ("Goex").

In order to determine material topics of interest to Sunstone and our stakeholders, a materiality assessment led by a third-party consultant was carried out in November 2022. The Sunstone CEO and Managing Director, senior managers and site leaders participated in this workshop, providing insights from their combined years of engagement with stakeholders and drawing on previous community surveys.

Sunstone's board of directors has reviewed and approved this report. No external verification was considered in its development. However, information related to tax and employee payments as well as environmental compliance have been audited externally. A disclaimer and cautionary note regarding forward looking information and statements is included at the end of this report. All financial figures are in USD, unless otherwise stated.

MATERIAL TOPICS

1

GOVERNANCE

Ethics and transparency

2

ENVIRONMENT

Environmental compliance
Biodiversity
Waste management
Water management

3

OUR EMPLOYEES

Local employment and diversity
Health, safety and wellbeing
Training

4

COMMUNITIES

Community engagement
Community investment

5

ECONOMIC IMPACT

Local procurement
Tax and other payments



YEAR AT A GLANCE

99.6%

ECUADORIAN
PERSONNEL
IN ECUADOR

86%

LOCAL
PERSONNEL

39%

FEMALE
PROFESSIONAL
PERSONNEL

95%

PROCUREMENT
SPEND IN
ECUADOR

0

MAJOR
ENVIRONMENTAL
NON-COMPLIANCES

0

ENVIRONMENTAL
INCIDENTS



Sunstone's plant nursery

CHAIRMAN'S REVIEW

Dear reader

On behalf of the Board of Directors, it is my pleasure to present Sunstone's inaugural sustainability report. This report is an exciting step forward in our efforts to provide greater transparency regarding the Environmental, Social and Governance (ESG) performance of our projects in Ecuador.

This report details the activities which Sunstone is undertaking to build its ESG credentials and the results of our efforts so far. While this document includes performance indicators, it also seeks to contextualise these statistics in terms of what they mean for local communities. We firmly believe that responsible mining can be transformative for the development of communities in Ecuador, and we are committed to being a part of this positive change. The local economic and social contribution of our operations, thanks to our prioritisation of local employment and procurement, is one of the areas of Sunstone's work which we are most proud of. This local contribution, together with the professionalism and integrity of our community relations teams, is one of the key reasons for the strong support for our operations among local communities.

At the same time, we remain committed to our environmental performance, which is reflected in our consistently strong environmental compliance. The results of recent external audits and inspections speak for themselves and are a credit to Sunstone's team.

Sunstone has continued its efforts to provide a safe, healthy and diverse workplace. Our health and safety performance as well as the representation of women within our technical teams, are steps in the right direction within our ESG strategy.

I would like to take this opportunity to congratulate Sunstone's staff in Ecuador and Australia, who are crucial to our efforts to continue to improve our ESG performance and to our continued discoveries.



Mr Graham Ascough
Chairman



2 GOVERNANCE

ABOUT SUNSTONE METALS

Sunstone Metals Limited (“Sunstone” or the “company”) is an Australian exploration and mineral development company publicly listed on the Australian Securities Exchange Ltd (ASX) and headquartered in Brisbane, Australia.

Sunstone has gold-copper exploration projects in Ecuador through its majority owned operating subsidiaries Bramaderos S.A. (“Bramaderos”) and Golden Exploration Ecuador Goex S.A. (“Goex”) and wholly owned Sunstone-Metals Ecuador S.A. (“STE”). Our regional office is located in the Ecuadorian capital Quito, and we have community offices in the Bramaderos and El Paraíso villages, adjacent to the Bramaderos and El Palmar projects respectively.

Sunstone is in the business of maximising shareholder return through the discovery and development of safe, efficient, and environmentally and socially responsible mining projects that offer a clear path to production. By discovering new gold-copper systems, we aim to contribute to meeting global demand for metals essential for the energy transition, while enabling the sustainable development of the communities in which we operate.

Sunstone is committed to investing in Ecuador, an Andean country situated on the Pacific coast of South America with vast unexplored geological potential. Ecuador currently has two operating large-scale mines, Fruta Del Norte and Mirador, both of which began production in 2019.

OUR PROJECTS

BRAMADEROS

The Bramaderos project is located in Paltas canton, Loja province in the Southern region of Ecuador and is operated by our

subsidiary Bramaderos S.A. It is easily accessible by vehicle, being immediately adjacent to the Pan-American highway, and is close to a regional airport. The project is located at approximately 680 to 1880m above sea level. The climate in Bramaderos is arid with some rainfall in the winter months from January to April. The communities in the project’s direct area of influence primarily carry out agricultural and livestock activities and are majority mestizo (mixed indigenous and European descent).

Discovery highlights

- Inaugural Mineral Resource Estimate of 2.7Moz AuEq* for the Brama-Alba deposit which is located within the Bramaderos project (see ASX announcement dated December 13, 2022, and footnote to this section)

- A large Exploration Target was also reported which could potentially result in 3.3Mozs to 8.6Mozs AuEq* within 255 to 360Mt at a grade between 0.40 and 0.74g/t AuEq* (gold + copper) in addition to the Resource.
- Discovery success also includes high-grade gold-silver Limon epithermal target intersections (see ASX announcements dated March 29, April 14, and August 15, 2023).

*The gold equivalent calculation formula is $AuEq(g/t) = (Au\ grade \times Au\ price \times Au\ recov / 31.1035) + (Ag\ grade \times Ag\ price \times Ag\ recov / 31.1035) + (Cu\ grade \times Cu\ price \times Cu\ recov / 100) / (Au\ price \times Au\ recov / 31.1035)$. 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.



EL PALMAR

The El Palmar project is situated in García Moreno canton, Imbabura province which is located three hours north-west of the capital Quito by vehicle and operated by our subsidiary Goex. El Palmar experiences a tropical climate and is situated between 800 to 1500m above sea level. The inhabitants of the project's direct area of influence are a mix of mestizo (mixed indigenous and European descent) and Afro-Ecuadoreans. They mostly carry out agricultural and livestock activities.

Discovery highlights

- El Palmar sits on the regionally significant Toachi Fault Zone, the same regional structural belt that hosts the Alpala copper-gold porphyry deposit and the Tandayama-America deposit within the Cascabel project
- During the year Sunstone announced exceptional drill intersections showing substantial widths of gold and copper mineralisation with grades in line with other prominent porphyry deposits globally
- The early results, combined with drilling, outline a cluster of porphyry gold-copper deposits.

BOARD GOVERNANCE

As an ASX listed company, we are committed to complying with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles and Recommendations"), as far as practical. Sunstone regularly reviews its board governance against the Principles and Recommendations and produces an annual Corporate Governance Statement, which is incorporated into the Annual Report 2023. Sunstone provides further disclosure as to how we have followed the Principles and Recommendations in the Appendix 4G which is lodged with the ASX in conjunction with the Annual Report (5 September 2023).

The board is responsible for overseeing the strategic direction of the company, as well as its ethical conduct and ESG performance. The size of Sunstone's board of directors enables all matters to be addressed directly by the full board. At present, we have one

committee, the Audit and Financial Risk Committee, which includes all members of the board and a non-executive director as Chairman of the committee (who is not the Chairman of the board of directors).

DIVERSITY

Sunstone recognises the value of board diversity both in terms of gender and ethnicity, as well as professional experience. We are conscious that there is room to improve the diversity of our board. However, at present, we consider that the number of board members is cost-effective and appropriate for the size of the Company and the nature of its activities. Should the level of Company growth require the appointment of a new director, diversity will be one of the key candidate attributes prioritised by the company.

ETHICS AND COMPLIANCE

Sunstone considers that ethical conduct is crucial not only to our Company's strategic performance in the long term but is also a necessary condition for furthering our commitment to Ecuador and local communities' sustainable development.

Sunstone's board of directors is responsible for overseeing the Company's ethical conduct and compliance with best practices and legal requirements. Our annual Corporate Governance Statement for 2023 reports our governance performance against these principles and is available on the Company's website.

We also seek to comply with the intent and letter of Ecuadorean legislation and regulations. External environmental audits, which also include community relations management, are held every two years for the Bramaderos and El Palmar projects, while financial audits are annual. No observations were made by the Ministry of Environment, Water and Ecological Transition ("MAATE") following random inspections of both projects during this period.

ANTI-CORRUPTION

Sunstone has zero tolerance for bribery and corruption. We seek to prevent these practices through enforcing our Anti-

Bribery and Corruption policy and guaranteeing channels to report misconduct through our Whistleblower policy and community feedback mechanism. During the reporting period, the board was not notified of any alleged instances of corruption or bribery, nor were any legal actions taken against Sunstone.

HUMAN RIGHTS

We remain committed to respecting and protecting fundamental human rights, as defined by the United Nations Universal Declaration of Human Rights. This includes upholding employees' rights, as well as ensuring early, transparent, and inclusive consultation and engagement with landowners and communities related to our activities.

We operate in jurisdictions where human rights are respected and defended. Ecuador is a signatory of several international human rights conventions and is recognised around the world for its Constitution which grants collective rights to ethnic minority nations within the country.

To protect human rights, we:

- Regularly engage with communities and landowners about our ongoing activities and seek to resolve any queries or questions.
- Promote access and use of our confidential community feedback mechanism to understand any potential negative impacts of our operations.
- Protect cultural heritage through archaeological releases prior to installing drilling platforms or trenches.
- Train our employees about best practices when engaging with the community to respect their rights and reflect Sunstone's values.

INDIGENOUS RIGHTS

No indigenous communities or nationalities were identified as inhabitants of the areas of influence of either the Bramaderos or El Palmar projects according to the projects' environmental impact studies. These were undertaken in 2018 and 2011 respectively, prior to the commencement of advanced exploration and have been approved by MAATE.



ARTISANAL MINING

Neither of our projects have been impacted by artisanal mining, nor are we aware of artisanal mining activities close to the Bramaderos or El Palmar projects.

OUR COMMITMENT TO SUSTAINABILITY

Sunstone is committed to building its Environmental, Social, and Governance (ESG) credentials. Through our actions, we can make our operations safer, our decision-making more transparent, our communities increasingly resilient, and our environmental stewardship stronger. In short, how we can improve our business.

Metals and mining remain fundamental to the development of society. We are playing our part in meeting global demand for metals in a responsible and sustainable manner. Sustainability is firmly embedded in our business strategy, as it is not only the right thing to do but creates business value by

fostering innovative solutions to operational and global challenges while mitigating business risk. Recognising the unique role that we can play as an investor and employer in rural and remote areas, we seek to be agents of positive social and economic development wherever we operate and to be responsible stewards of the environment.

This sustainability report is a step change in our efforts to increase transparency around our ESG polices and performance which are of material interest to our stakeholders. We look forward to updating our stakeholders on our progress in environmental, social, and governance performance going forward.

POLICIES

These policies are publicly available on our website and are socialised with our employees regularly and other stakeholders, such as contractors, when necessary.

- Anti-Bribery and Corruption policy
- Whistleblower policy
- Corporate Governance Statement
- Code of Conduct (within board charter)

ENGAGEMENT WITH KEY STAKEHOLDERS

We are confident that our operations can be a force for good, benefiting shareholders, employees, suppliers, local communities and governments. Engaging key stakeholders helps us to understand how we can maximise our positive impact, by furthering mutual interests, and how we can best mitigate potential negative impacts, which may concern some stakeholders. Our objective is to maintain cooperative relationships with our stakeholders based on transparency, trust and respect.

STAKEHOLDER	ENGAGEMENT METHOD	ISSUES AND OPPORTUNITIES	INITIATIVES
Shareholders	<ul style="list-style-type: none"> - Continuous disclosure with regular updates on performance and strategy - Annual general meetings - Visits to our projects 	<ul style="list-style-type: none"> - ESG compliance - Ethical business conduct 	<ul style="list-style-type: none"> - First sustainability report - Compliance with ASX - Corporate Governance - Council's Corporate Governance Principles and Recommendations when possible
Community & landowners	<ul style="list-style-type: none"> - Regular community forums - Community feedback mechanism - Community relations office - One-on-one meetings with landowners 	<ul style="list-style-type: none"> - Access to employment and business opportunities - Community investment (health, education, infrastructure, business development) - Care for water and the environment - Land use permission 	<ul style="list-style-type: none"> - Prioritisation of local employment and procurement - Collaboration on investment initiatives - Identification and training of community environmental monitors - Land entry permission process
Authorities	<ul style="list-style-type: none"> - Meetings with authorities and providing project updates - Tax, labour and environmental compliance process 	<ul style="list-style-type: none"> - Economic benefit footprint - ESG compliance 	<ul style="list-style-type: none"> - Collaboration with local governments and public entities on joint initiatives e.g. healthcare, road maintenance - Zero major environmental non-compliances in all environmental audits to date - Payment of taxes and other obligations
Employees	<ul style="list-style-type: none"> - Representation on joint health and safety committee - Employee feedback mechanisms and whistleblower policy 	<ul style="list-style-type: none"> - Health & safety - Labour rights - Diversity and inclusion 	<ul style="list-style-type: none"> - Adequate health and safety training and equipment - Health campaigns led by the joint health and safety committee - Compliance with labour legislation - Non-discrimination in hiring - Fostering an inclusive workplace culture
Suppliers and contractors	<ul style="list-style-type: none"> - Socialization of procurement opportunities with local providers - Regular meetings and coordination with onsite contractors on operational and health and safety issues - Quarterly health and safety meetings which contractors at the corporate level 	<ul style="list-style-type: none"> - Business opportunities and training for local suppliers and contractors - Onsite health and safety - Alignment with our "way of doing business" 	<ul style="list-style-type: none"> - Prioritisation of local procurement - Training for contractors (e.g. hygiene and best practices training for local catering contractors) - Contractor participation in emergency mock drills

SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability is present at every level of Sunstone's governance structure. Our board of directors is ultimately responsible for setting the company's ESG strategy and commitments, and for approving our sustainability reporting. At a corporate level, oversight of policy implementation is led at the executive level by our general managers. Managers for Health, Safety and Environment, Community Relations, Operations and Human Resources, as well as our Country Manager in Ecuador are directly responsible for operational implementation.

MINERAL RESOURCE ESTIMATE FOOTNOTE

The Brama-Alba deposit, within the Bramaderos concession contains an initial Mineral Resource estimate of 156Mt at 0.53g/t AuEq for 2.7Moz gold-equivalent*. In addition to this is the Bramaderos project 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
Total	156	0.35	0.11	1.3	0.53	2.7

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.





3 ENVIRONMENT

ENVIRONMENTAL COMPLIANCE

Sunstone's environmental compliance is regulated by Ecuadorean legislation and our Environmental Management Plans for the Bramaderos and El Palmar projects, which are approved by the MAATE. We internally review our compliance every six months and report our results to the MAATE. External audits for both projects are carried out every two years after the first audit and submitted for approval to the MAATE. In total, three external environmental audits have been held since Sunstone has operated the Bramaderos and El Palmar projects, of which one has been approved. The other two are still being reviewed by the MAATE and to-date the company has not received any observations or requests for clarification.

EXTERNAL AUDIT RESULTS

Project	External audit period	Number of minor non-compliances	Number of major non-compliances	Non-compliances resolved	Status
Bramaderos	April 2019 - April 2020	7	0	100%	Approved by MAATE
Bramaderos	April 2020 - April 2022	3	0	100%	In the process of revision by MAATE
El Palmar	December 2020 - December 2022	1	0	100%	In the process of revision by MAATE

In addition to these regular compliance audits, the MAATE carries out random project inspections.

MAATE INSPECTION RESULTS

Project	Motive	Date of last inspection	Number of non-compliances
Bramaderos	Water capture points inspection	March 2023	0
El Palmar	General inspection	April 2023	0

No environmental incidents have occurred in either the Bramaderos or El Palmar project within the reporting period or years in which Sunstone has operated both projects.

COMMUNITY PARTICIPATORY MONITORING

Members of the community from our projects' direct area of influence participate in our internal environmental compliance reviews as monitors. Community participatory monitoring helps increase transparency around our environmental management and address any concern that the community may have about the impacts of our exploration activities. Community monitors receive training from our HSE team and from external experts to maximise their understanding of the process and their role.

Participation of community monitors in biannual internal monitoring:

Project	Date	Number of Community monitors
Bramaderos	September 2022	8
El Palmar	November 2022	4
Bramaderos	February 2023	8
El Palmar	March 2023	4

BIODIVERSITY

Ecuador is rightfully renowned for being one of the most biodiverse countries of the world, despite its relatively small size. Neither the Bramaderos project nor the El Palmar project intersect with areas included in Ecuador’s National System of Protected Areas. The El Palmar project is situated in the buffer zone of the Cotacachi-Cayapas ecological reserve while the Bramaderos project has no connection to the National System of Protected Areas. The Bramaderos project is, however, located in a buffer zone of the UNESCO Forests of Peace transboundary biosphere reserve, which encompasses the dry forest region of Northern Peru and part of Southern Ecuador.

Our activities are focused in previously disturbed areas where agricultural and livestock activities have been carried out. Our baseline studies, which were assessed using the IUCN Red List of Threatened Species, did not identify the presence of critically endangered species in the area in which the Bramaderos and El Palmar concessions are located.

Sunstone is conscious of our responsibility to safeguard Ecuador’s natural heritage. We recognise that an increased human presence and exploration activities, alike other human activities, can impact flora and fauna in the area. For this reason, we carry out biotic monitoring every six months to ensure that our activities are as low-impact as possible and mitigate where required. At the same time, we strive to maximise our positive impact on biodiversity through reforestation activities (see case study “Reforestation in the Bramaderos project”) and through contributing to research and data collection about local species through our biotic release activities (see following section).

UN SUSTAINABILITY DEVELOPMENT GOALS (SDG)

Sunstone recognises that ‘the UN Sustainable Development Goals are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere.’ With this intent in mind Sunstone has mapped where their initiatives

align to the outcomes of the relevant goal.Reducing the environmental footprint of our exploration activities

SDG 15: Life on land

We seek to mitigate the environmental impact of our drilling activities on biodiversity by carrying out comprehensive monitoring of sites prior to drilling, as well as using low impact technology and executing rehabilitation activities post-drilling activities.

Prior to opening drilling platforms and trenches, external biologists and archaeologists carry out biotic and archaeological releases of sites. In the case that notable flora or fauna are present in the area, we rescue and relocate species or delay our activities until they have moved on.

While installing platforms and trenches, we use low-impact machinery such as Iron Horses to transport drilling equipment, complying with the 1.5m width limit on new access paths mandated by Ecuadorean regulations. The size of the platforms is also minimised where possible. Finally, once platforms and trenches are closed, rehabilitation work is carried out to replace rescued plants, using native species grown in our nurseries.

During the reporting period, we rehabilitated six trenches in the El Palmar project, covering a surface area of 457m². No former platforms were rehabilitated in either project as all continue to be of exploration interest.

Rehabilitation of trenches – El Palmar project

Trench number	Month of rehabilitation	Number of species planted	Number of species survived (as of May 2023)	Success rate
1	Oct 2022	165	147	89%
2	Oct 2022	145	133	92%
3	Oct 2022	349	335	96%
4	Nov 2022	205	195	95%
5	Nov 2022	89	79	89%
6	Jan 2023	35	18	51%
Total		988	907	92%

NB: No trenches were dug in the Bramaderos project during the reporting period.

The high success rate demonstrated in the tables can be attributed to the dedicated nursery team and nurseries established at both sites.



CASE STUDY

Sunstone’s plant nurseries have now been in production for several years and produce hundreds of shrubs and trees annually for both company and community use. Members of the community can request the donation of specific plants from company stock, according to their productive or personal requirements. During the reporting period, we donated 415 plants from the Bramaderos nursery and 322 plants from the El Palmar nursery. Other plants are utilised for the rehabilitation of disturbed areas such as drilling platforms. However, the majority of trees and shrubs are directed towards reforestation programmes which align with government initiatives to assist Ecuador to reverse the effects of generations of degenerative man-made processes.

In accordance with our Environmental Management Plan, Sunstone carries out reforestation activities in riverbanks surrounding our authorised water capture points in the Bramaderos project. Our objectives are to reverse deforestation and soil and riverbank erosion as well as preventing waterbody loss - ensuring the longevity of the local habitat and water sources for future generations. Our plant nursery teams cultivate and plant native tree species, such as the Palo Santo, Strangler Fig and Shortleaf Fig, which are selected due to their ability to help to reduce soil erosion.

In February and March 2022, we planted a total of 301 native forest species in the riverbeds of three of our authorised water capture points. The other four points were judged to be unsuitable for reforestation activities, principally due to the presence of grazing animals. Our team carries out quarterly monitoring of the success of these reforestation efforts and replants some species if necessary. In January 2023, the number of original planted seedlings lost was 57, which occurred principally due to livestock grazing, resulting in a success rate of approximately 86%.

Water capture point	Plants sowed (March 2022)	Number of plants survived (January 2023)	Success rate
P4	201	180	90%
P5	100	86	86%
P7	100	78	78%
Total	401	344	86%

SDG 6: Clean water and sanitation





Riverbank reforestation activities

Water is a necessary resource not only for our activities but also for the health and livelihoods of the communities close to the Bramaderos and El Palmar projects. We recognise our responsibility to minimise our water use, protect water sources from the potential impacts of our operations and collaborate with communities to ensure access to water.

ZERO DISCHARGE

Sunstone ensures that its drilling activities produce zero liquid discharge of recoverable water, in line with Ecuadorean regulations. This is achieved through a recirculation system which retrieves residual drilling water, filters it through sedimentation tanks and redirects it for further drilling use. Leftover sediments are tested for safe levels of chemicals and metals and are either rehabilitated or classified as hazardous waste and safely disposed of. This process helps us to prevent possible affectations to the environment surrounding the drilling site, as well as reducing our water consumption.

WATER CAPTURE

We are authorised to capture water for industrial use in the Bramaderos

project from six collection points. We comply with maximum collection limits and carry out monthly monitoring of streams in collection points. This allows us to measure potential water stress and, therefore, determine whether to capture water from these points, considering the needs of neighbouring communities.



Water capture at one of the Bramaderos project's authorised capture points

In March 2023, the MAATE inspected our water collection points and found no non-compliances.

Project	Collection point	Permitted flow
Bramaderos	Quebrada Linuma	0.2 l/s
Bramaderos	Quebrada Almendral	0.2 l/s
Bramaderos	Quebrada Melonal	0.2 l/s
Bramaderos	Rio Catamayo – La Bocana	3 l/s
Bramaderos	Rio Catamayo – Lucarqui	3 l/s
Bramaderos	Rio Playas	0.3 l/s

NB: During the reporting period, we did not capture water in or around the El Palmar concession

Water consumption: Drilling activities:

Project	Annual water consumption for drilling activities (m3)	Total consumption as a % of authorised amount of water captured
Bramaderos	6239	3%
El Palmar	6380	N/A

NB: We do not currently capture water in or around the El Palmar concession

COMMUNITY ACCESS TO WATER

Access to clean water is a priority issue for local communities close to our projects, as is the case for most rural communities in Ecuador, and therefore it is an important part of our water management strategy. The Lucarquí community, which is close to our Bramaderos project, does not have a drinking water system and therefore relies on municipal tankers to deliver water for consumption. This means that when the tanker service is unavailable, the community is left without access to potable water. Starting in November 2022, in response to requests from the Lucarquí community, we have provided a water tanker service for the community as a temporary stop-gap measure for when the municipal tanker is not available.

WASTE MANAGEMENT

SDG 12: Responsible consumption and production

Sunstone’s approach to waste management distinguishes between hazardous, non-hazardous and recyclable waste. Waste products are characterised and stored in our refuse area according to these categories and more specific sub-categories. Hazardous waste is collected by a licensed waste collector and either incinerated or treated for reuse, while general waste is collected by municipal services for landfill. Recyclables are collected by either municipal services, in the case of the Bramaderos project, or licensed waste collectors, in the case of the El Palmar project.

Sunstone is committed to minimising our waste generation through reduction from the source and recycling. We take the following steps to achieve this:

- Donate organic waste to communities surrounding the Bramaderos and El Palmar projects for agricultural and livestock activities.
- Discourage the printing of reports, approximately 80% of our reports are solely digitised.
- Recycle cutting discs to create worktables and cable reels to be used in our projects.
- Replace alkaline batteries with rechargeable batteries when possible.
- Base and vegetable oils are recycled by a licensed waste collector and used by cement producers as an alternative fuel.





Sunstone's El Palmar waste management facility

WASTE GENERATION

Project	Quantity (metric tonnes)			
	General waste (Landfill)	Hazardous waste	Recycled waste	Compost
El Palmar	1.23	6.52	0.24	0.55
Bramaderos	6.44	77.04	25.23	0.46

MOST COMMON TYPES OF HAZARDOUS WASTE AND THEIR DESTINATION

Type of hazardous waste (by order of most common)	Treatment / Destination
Residual sediments from drilling activities which have been tested for maximum levels of hazardous materials	Physical-chemical treatment by licensed waste company
Packaging contaminated with oils and lubricants	Thermal treatment and encapsulation by licensed waste company
Used base oils	Recycled by a licensed waste company and used by cement producers as an alternative fuel
Containers contaminated with oils and lubricants	Thermal treatment by licensed waste company
Used greases, oils and waxes	Thermal treatment by licensed waste company



General waste separation in the El Palmar project

CLIMATE CHANGE

SDG 13 Climate action

Sunstone recognises the gravity of the risks posed by climate change and we are committed to integrating climate considerations into our operations. We seek to be a part of the solution to climate change by discovering the minerals necessary to facilitate the energy transition.

As a partner to agricultural communities, some of which carry out their activities in areas which receive low levels of rainfall, we are conscious of the threats that climate change poses for their ways of life. For this reason, we seek to advance technical solutions, such as irrigation systems (see case study: Sustainable agriculture: Irrigation systems) to help contribute to their climate resilience.

We estimate that most of our emissions relate to scope three emissions, related to the transportation of personnel and materials both nationally and internationally. Our scope 1 emissions primarily correspond to fuel consumption for drilling and transportation activities. Our scope 2 emissions related to electricity use have lowered in recent years after the Bramaderos project joined the national electricity grid in 2022. Ecuador's national grid is extremely green, considering that in 2021 renewable sources represented over 93% of electricity generated¹. The El Palmar project is also connected to this grid.

We look forward to working towards quantifying our emissions and working on an emissions reduction plan.

1. Ministry of Energy and Mines (2022). En 2021 el sector eléctrico dinamizó la economía nacional con un 93.2 % de generación renovable y la exportación de más de 500 GWh. Available here: <https://www.recursosyenergia.gob.ec/en-2021-el-sector-electrico-dinamizo-la-economia-nacional-con-un-93-2-de-generacion-renovable-y-la-exportacion-de-mas-de-500-gwh/>

CASE STUDY

EL PARAÍSO ENVIRONMENTAL EDUCATION CLUB

In August 2022, Sunstone's environmental and community relations teams launched a voluntary environmental club for children and adolescents in the El Paraíso village. The community in El Paraíso is dedicated primarily to agricultural and livestock activities, making sustainable management of farmlands a priority to ensure that future generations can also inherit productive and fertile land. The club's objective is to spread awareness of the ways in which agricultural development can go hand in hand with sustainability, and to empower the youth of El Paraíso to become agents of this change.

The monthly meetups have focused on issues from reforestation to waste management and Ecuador's biodiversity. An average of 35 children and adolescents divided between the 7-12 and 12-16 age brackets participated in the seven classes held between August 2022 and May 2023.



In December 2022, participants of the club from the 12-16 age bracket gave a presentation on recycling to Sunstone employees.



4 OUR EMPLOYEES

LOCAL EMPLOYMENT AND DIVERSITY

Sunstone has a reputation within Ecuador for our professional, experienced and committed team. We constantly strive to guarantee that our work environment is healthy, inclusive and collaborative so that we can continue to attract and retain local talent, as well as enable our employees to reach their potential.

LOCAL EMPLOYMENT POLICY

SDG 8: Decent work and economic growth

SDG 1: No poverty

Our community relations policy mandates that we, and our contractors, prioritise local employment with the objective of contributing to the economic development of the local communities in which we operate. 86% of our personnel employed in the Bramaderos and El Palmar projects and 60% of our contractors live in ring one of our concentric ring system (See Defining “local” section below).

Beyond being an important statistic, in practice this translates into stable incomes, social security and the opportunity for self-development for our local employees, the majority of whom worked in the informal sector prior to the development of our projects (see our case study “Contributing to the formal economy”). Local jobs also have significant positive flow-on effects, such as more money in circulation in the local economy, powering businesses and other economic activity.

DEFINING “LOCAL”

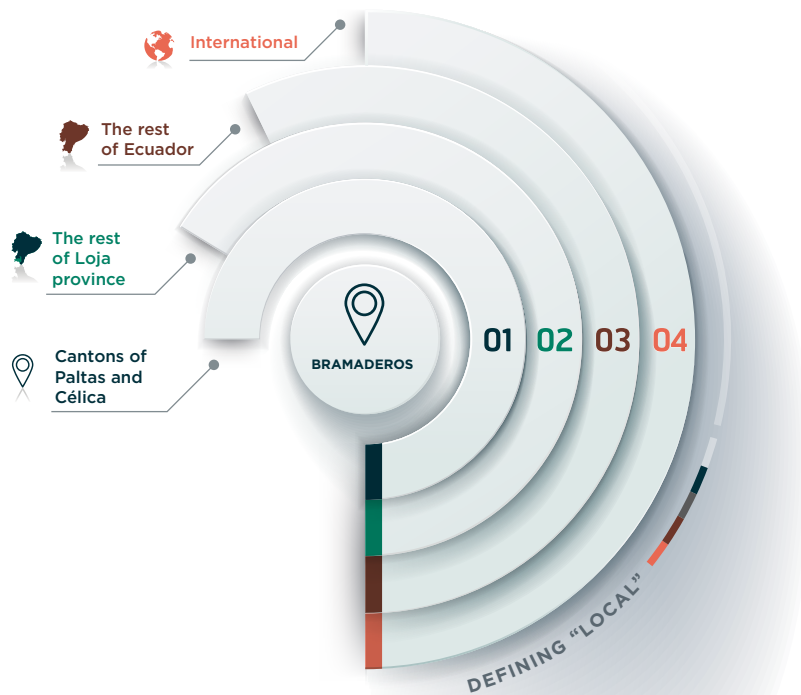
To measure our local economic impact, we use a geographical ring system which categorises our procurement spend and direct employment. The rings, which are referenced throughout this report, are defined by their proximity to the projects and are aligned with Ecuador’s administrative structure.

Bramaderos

- Ring 1 (“local”): Cantons of Paltas and Cécica
- Ring 2: The rest of Loja province
- Ring 3: The rest of Ecuador
- Ring 4: International

El Palmar

- Ring 1 (“local”): Cantons of Cotacachi, Pedro Vicente Maldonado and Nanegal
- Ring 2: The rest of Imbabura and Pichincha provinces
- Ring 3: The rest of Ecuador
- Ring 4: International



HIGHLIGHTS

99.6%

ECUADORIAN
PERSONNEL

86%

LOCAL
PERSONNEL

60%

LOCAL
CONTRACTORS

39%

FEMALE
PROFESSIONAL
PERSONNEL



DIVERSITY & INCLUSION

Sunstone strives to ensure that we can attract and retain employees from the largest pool of talent possible. By hiring from a broad selection of candidates and cultivating a healthy and inclusive workplace, we are best able to harness this talent. At a basic level, this underlies our rationale for prioritising diversity and inclusion within Sunstone: it enables us to be a better and more competitive company.

FEMALE EMPLOYMENT

SDG 5: Gender equality

Labour demand generated by exploration projects is for non-professional field workers, favouring the local male population. At a community level, this can have the negative effect of replicating and even exacerbating existing socio-economic gender inequalities in areas where exploration companies are present.

At the same time, limited female representation within companies

can lead to marginalisation of female employees and their needs, as well as reducing businesses' ability to attract and retain women.

At Sunstone, we are proud that women represent approximately 39% of our professional staff and we take the following steps to provide a working environment that our female employees feel comfortable and valued within:

- Provide internal sexual harassment and discrimination training
- Ensure appropriate infrastructure facilities to accommodate female employees
- Endeavour to guarantee non-discrimination in hiring
- Measure women's representation across our company

Currently our overall female representation is approximately 11% of Sunstone's workforce, due to low numbers of women in non-professional roles. This is a figure we endeavour to continuously improve and build greater participation of women in our business.

EMPLOYMENT TABLES

Contractors	Bramaderos	El Palmar	Total	%
Total number	40	53	93	100%
Female contractors	2	27	29	31%
Male contractors	38	26	64	69%
Contractors from ring 1 ("local")	16	40	56	60%

NB: Sunstone's contractors work in drilling, catering, driver and security services.

Categories of employees	Bramaderos	El Palmar	STE (shared)*	Total	%
Total personnel	141	96	10	247	100%
Professional personnel**	24	17	10	51	21%
Non-professional personnel	117	79	0	196	79%
Male personnel	123	90	6	219	89%
Male professional personnel	13	12	6	31	61%
Male non-professional personnel	110	78	0	188	96%
Female personnel	18	6	4	28	11%
Female professional personnel	11	5	4	20	39%
Female non-professional personnel	7	1	0	8	4%
Afro-Ecuadorian personnel***	0	22	0	22	9%
Permanent personnel with disabilities****	3	2	0	5	8%
Permanent personnel	52	12	10	74	30%
Non-permanent personnel	89	84	0	173	70%
Full-time personnel	25	13	10	48	19%
Rotative personnel	116	83	0	199	81%
Personnel Ring 1 ("local") *****	122	82	0	204	86%
Personnel Ring 2	5	8	0	13	5%
Personnel Ring 3	14	6	0	20	8%
Ecuadorian personnel	141	96	9	246	99.6%
Personnel <30 years	54	38	3	95	38%
Personnel 30- 50 years	67	41	6	114	46%
Personnel >50 years	20	17	1	38	15%
Total turnover rate					10.2%

NB: These statistics include Sunstone's three subsidiaries in Ecuador. Numbers of contractors and employees are calculated using a headcount and correspond to the month of May 2023 (end of the reporting period).

*STE employees are shared between the Bramaderos and El Palmar projects.

**Sunstone considers professional personnel to be those employees who possess or are studying a third-level degree. These are employees who work in the technical area of our operations.

*** See "Other minority groups" in our Communities section for more information

**** This figure includes permanent employees for our subsidiaries Bramaderos S.A. and Golden Exploration Ecuador Goex S.A. The requisite to hire personnel with disabilities does not apply to Sunstone Metals Ecuador S.A. (STE) as it does not reach the 25-employee threshold.

*****Only employees of Bramaderos S.A. and Golden Exploration Ecuador Goex S.A. are classified by geographical rings. This is because Sunstone Metals Ecuador S.A. (STE) employees rotate between both projects.

DID YOU KNOW?

SDG 10: Reduced inequalities

Ecuador's labour laws require that companies of a certain size ensure that a minimum of 4% of their permanent employees are people with disabilities, an obligation which complements our belief in inclusive hiring. 8% of our permanent workforce in our Bramaderos and El Palmar projects were certified to have a mental or physical disability, all of whom are from local communities surrounding the projects.



CASE STUDY

LOCAL PROFESSIONALS IN THE BRAMADEROS PROJECT

SDG 8: Decent work and economic growth

The demand for professional workers in the local communities close to the Bramaderos project is low, with most families working in small-scale agriculture and livestock activities. The lack of opportunities for individuals with university degrees gives rise to migration to cities across the country. While some have a positive experience, migration also implies a higher cost of living and separation from families. Sunstone is proud to employ several skilled workers between the ages of 22 and 33 from the direct area of influence of our Bramaderos project. These employees currently work in distinct areas of our operations, including our administration, plant nursery, community relations and logistics departments, and some of whom work flexibly while also studying. In addition to being an asset to our company, they also have an invaluable impact on their communities, serving as examples for younger generations and contributing to the local economy.



María - Community relations assistant and future lawyer

MARÍA | AGE 22

POSITION

Community Relations assistant

YEARS WORKING IN STM

4 years

STUDIES

María is currently studying a law degree while flexibly working

MARÍA

Community relations assistant and future lawyer

María began working in our community relations department in the Bramaderos project in 2019 aged just 18 years old, shortly after having been accepted into university to study law remotely. For her whole life, she has lived in the Bramaderos village, and her family is dedicated mainly to agriculture and livestock activities.

“When this position was made available, I didn’t think that the company would hire me because I was the youngest applicant and had no experience, given that I had just graduated from high school. Like any job, it was challenging in the beginning to understand how the company and community relations department worked. My first major obstacle was stigma from community members due to my age, and from landowners who didn’t want to engage with me on land permits because I was also from the community. During these 4 years of working in Sunstone, through lots of effort and hard work I have been able to gain the community and landowners’ trust. Thanks to the company’s flexibility in being supportive of my studies, I have been able to apply my academic knowledge of, for example, conflict resolution and mediation and road and land laws, in my work.”

JHON | AGE 27

POSITION

Plant Nursery Technician

YEARS WORKING IN STM

4 years

STUDIES

Bachelor’s degree in Agronomy

HOLGUER | AGE 33

POSITION

Logistics assistant

YEARS WORKING IN STM

2 years

STUDIES

Holguer is currently studying a law degree while flexibly working

LILIANA | AGE 32

POSITION

Administrative assistant

YEARS WORKING IN STM

2 years

STUDIES

Bachelor’s degree in Public Administration

KARELY | AGE 28

POSITION

Geologist

YEARS WORKING IN STM

1.5 years

STUDIES

Bachelor’s degree in Geology

HEALTH, SAFETY & WELL-BEING

At Sunstone, our objective is to achieve zero-harm and ensure that the health and safety of our employees and contractors are first and foremost in everything we do. To ensure this, we:

- Carry out risk assessments at three different levels: Take 5, Job Safety Analysis (JSA) and high-level risk assessments
- Provide health and safety instruction and training to our employees
- Ensure that our personnel have access to medical care and life and accident insurance
- Equip employees with appropriate tools and personal protective equipment
- Closely coordinate with contractors on health and safety issues and ensure their compliance
- Instil a health and safety culture throughout our operations through co-responsibility
- Promote employee well-being through educational campaigns
- Design and implement appropriate emergency response plans and ensure preparedness among employees.

OCCUPATIONAL RISK ASSESSMENT

Sunstone's occupational risk assessment process works on three levels which increase in complexity: Take 5, JSA and high-level risk assessment. The first two levels are task based and used by employees and coordinators to determine potential hazards prior to working activities to ensure that they can be conducted safely. The latter is conducted at the managerial level and by the HSE team to identify, analyse, evaluate, manage, and monitor risks at a high level across the company and in numerous areas, including health and safety.

Level of risk assessment	Project	Number of employees trained
Take 5	El Palmar	95
Take 5	Bramaderos	120
Job Safety Analysis (JSA)	El Palmar	12
Job Safety Analysis (JSA)	Bramaderos	14
Job Safety Analysis (JSA)	Sunstone Metals Ecuador (STE)*	9

*Our STE employees are shared between both the Bramaderos and El Palmar projects

HIGH LEVEL OCCUPATIONAL RISK ASSESSMENT

Our high-level risk assessment for occupational risks uses a risk matrix to identify, evaluate and track workplace hazards which employees may be exposed to, depending on their specific activities, and is submitted to, and approved by, the Ministry of Labour. We revise and update this matrix annually, however in the case that new activities are initiated, new risks emerge, or existing risks increase in likelihood or gravity, the matrix is modified on an ad-hoc basis.

To mitigate occupational risks identified in our matrix, Sunstone provides personnel with the appropriate training, tools and personal protective equipment. Our contractors are also bound by Sunstone's health and safety policies and practices. Inspections of infrastructure and drilling sites, either by our HSE team or our joint health and safety committee, are another means we use to monitor and mitigate hygiene and safety hazards.

At present, the top risks for our personnel include the manual transportation of drilling equipment by employees. In January 2023 we began a new initiative to promote personnel from our operations department to the role of Health and Safety Promoters. These promoters have received intensive health and safety training to champion good practices among their colleagues during the transportation of equipment and other activities.

SAFETY PERFORMANCE

Safety statistic	El Palmar	Bramaderos	Total
Fatalities	0	0	0
Occupational illness	0	0	0
Employee Total Recordable Injury Frequency Rate per 1,000,000 hours worked (TRIFR)*		14.7	

*Currently excludes contractors. We are integrating contractors into our health and safety statistics so that they will be included in future reporting.

DID YOU KNOW?

Both of our projects have joint occupational health and safety committees which are equally balanced between management and employees, with the presidency rotating between the two. These committees meet monthly and have the following duties:

- Carry out health, safety and hygiene inspections
- Promote employee health and safety campaigns and talks
- Revise company practices and procedures and suggest improvements where relevant

EMERGENCY RESPONSE AND PREPAREDNESS

Emergency preparedness is a crucial component of Sunstone’s health and safety programme. We aim to ensure that our employees can respond quickly and efficiently to all types of emergencies by providing appropriate resources and training.

Our Bramaderos and El Palmar projects have individual emergency response plans which address a variety of undesired outcomes and events. Sunstone has four specific key emergency response brigades in each project (first aiders, rescue and evacuation, fires and spills) which are trained by external experts and our HSE team. A minimum of two multipurpose mock emergency drills are held every six months to evaluate the effectiveness of our teams’ response.

HEALTH & WELL-BEING

SDG 3: Good health and well-being

All of Sunstone’s personnel are affiliated to Ecuador’s social security scheme which includes the maternity, paternity and retirement benefits mandated by national legislation. All employees also are guaranteed private accident and life insurance.

Prior to joining Sunstone, applicants receive a medical check-up to ensure that they are fit to work in certain activities. Once working in the company, check-ups are annual, to ensure adequate monitoring of their health status. Our onsite medics are also available for consultations from personnel.

Health statistics	Bramaderos	El Palmar	Total
Non-routine health examinations	1,273	445	1,718
Routine health examinations	153	79	232
% of personnel with at least 4 Covid-19 vaccines	100%	100%	100%

Health campaigns are led by our project-specific medical teams in coordination with different areas of the company, as well as government entities, with the objective of covering an extensive range of physical and mental health issues. During the reporting period, specific campaigns carried out included prevention of cigarette consumption, sexually transmitted infections and skeletomuscular disorders, as well as nutrition and breast cancer awareness, among others.

COVID 19

During 2020 and 2021, like many other companies, our business was significantly hit by the Covid-19 pandemic. During this time, we endeavoured to limit the impact of reduced operations on our personnel and prioritise their welfare, as well as that of local communities by providing hygiene supplies and coordinating with local health authorities to promote local vaccination campaigns.

Thankfully, as of 2022, the coronavirus has caused less disruption in Ecuador, owing to the country’s successful vaccination rollout. Nonetheless, at Sunstone we have remained vigilant of the health and operational risks

posed by Covid-19. We continue to ensure that our personnel are up to date with their vaccine doses. At present, 100% of employees in the Bramaderos and El Palmar projects have received at least four Covid-19 vaccine doses. Our projects maintain strict hygiene standards and in the case of suspected and confirmed cases of Covid-19 we enforce mandatory quarantines on employees and visitors.

DRUGS AND ALCOHOL

Sunstone has a strict prohibition on alcohol and drugs within the workplace and carries out frequent alcohol checks among personnel onsite. We have rigorous disciplinary measures in place to address situations in which employees register positive for alcohol consumption which, in some cases can escalate to dismissals. Nonetheless, we also seek to take a more comprehensive approach to alcohol and drugs, in the context of their impact within some rural communities.

In addition to regular campaigns and talks addressing the risks of alcohol and substance abuse led by our HSE team, in February 2023, a psychologist and a recovering patient from the Corazón de Dios rehabilitation clinic gave a



Mock emergency drills held in the Bramaderos and El Palmar projects

virtual presentation to personnel in our Bramaderos project. The presentation, which was organised by our joint occupational health and safety committee, focused on the prevention of alcohol and drug abuse.

TRAINING

At Sunstone, we view training as an essential means of ensuring that our personnel can work effectively and safely, which is reflected by our emphasis on health and safety training. We also implement training which focuses on guaranteeing that our employees behave in a way which reflects our values, by respecting the environment or recognising the importance of diversity in the workplace, for example.

INTERNAL TRAINING

The topics, frequency and duration of our HSE training is included in our Environmental Management Plan and, therefore, is subject to internal and external audits. Types of training include:

- Daily five-minute talks on occupational health and security and the environment.
- Weekly two-hour HSE training sessions.
- Ad hoc additional HSE training.

EXTERNAL TRAINING

As a complement to our internal training programmes, Sunstone conducts external training with accredited entities to strengthen the knowledge of our personnel. External training is carried out for specific labour activities, such as welding and construction, and health and safety.

One of our paramedics attending to an employee in the Bramaderos project



Typical weekly training schedule at the Bramaderos project

Day	Duration	Department	Topic
Monday	5 minutes	Environment	Care for local Flora and Fauna
Tuesday	5 minutes	Occupational health	Muscular fatigue: why does it occur and how to avoid it
Wednesday	5 minutes	Occupational Safety	Occupational safety: basic rules
Thursday	5 minutes	Occupational health	Prevention of sexually transmitted infections: HPV
Friday	2 hours	HSE	Non- discrimination and inclusive language in the workplace & Emergency Response Plan
Saturday	5 minutes	Environment	Prohibition of liquid discharges in areas where animals drink and breeding sites
Sunday	5 minutes	Occupational Safety	Appropriate use of PPE: Cleaning, disinfection and care for your PPE

Training for all employees held in the Bramaderos project for the week beginning 13th March 2023



TRAINING STATISTICS

Due to differences in how training statistics are reported in Ecuador, we only started to record average annual HSE training hours per employee at the beginning of 2023 and therefore, the following figures represent the first five months of 2023.

Average HSE training hours per employee in (January 2023 - May 2023)

Project	Health	Safety	Environment	Total
Bramaderos	17.5	7.1	4.3	28.9
El Palmar	11.5	6.4	5	22.9

These statistics cover the three types of internal HSE training mentioned above. This statistic was calculated using total man-hours of training divided by the full time equivalent (FTE) of personnel in each project.



5 COMMUNITIES

COMMUNITY ENGAGEMENT

Sunstone is committed to working with local communities in a spirit of reciprocity and transparency, developing sustainable agreements and partnerships that are mutually beneficial. Our objective is to be a partner in the socio-economic development of communities, through local employment, procurement and business development opportunities generated by our El Palmar and Bramaderos projects, as well as community investment.

Our community relations activities are governed by our Environmental Management Plans, which are specific to each project and approved by the Ministry of Environment. During the reporting period, zero non-compliances regarding community relations management obligations were identified (see Environmental compliance section for more information about the compliance verification process).

SOCIALISATION ACTIVITIES

We ensure that communities are kept informed about our operational, community and environmental activities. In our Bramaderos project, biannual community forums are led by our onsite personnel who give project updates and listen to feedback or answer questions from community members. In our El Palmar project, meetings are held every six months with the community-elected board, which brings feedback and questions from the community to our staff. Our community relations teams have a permanent presence within communities through our community offices and are easily accessible for members of the community to stop by for a conversation.

LOCAL WOMEN

SDG 5 Gender equality

Sunstone is conscious that the presence of mining companies in rural areas can have disproportionate negative impacts on local women, aggravating existing gender inequalities. For this reason, it is important for companies to engage with the local female population, both by ensuring that women also can participate in the economic benefits of company activity and listening to their concerns and suggestions. We seek to incorporate women from local communities into our workforce (see Local Employment and Diversity section) and support female businesses by not discriminating in our procurement process (see the case study: The El Paraíso Womens' Association).

Our community relations teams in the Bramaderos and El Palmar projects include female employees, to help guarantee that local women feel comfortable engaging with the company.

OTHER MINORITY GROUPS

SDG 10: Reduced inequalities

Our El Palmar project is adjacent to the El Paraíso community, which has a significant population of Ecuadoreans of African descent. According to a 2020 report by the United Nations Working Group of Experts on People of African Descent, "*Afro-Ecuadorians continue to suffer racial discrimination, particularly with regard to their access to justice, security, land, clean water, education, health care, housing and employment*". As a company, we are pleased to contribute to the socio-economic development of the El Paraíso community

through local employment (see our employment table) and procurement opportunities, as well as community investment.

COMMUNITY FEEDBACK MECHANISM

In addition to our formal grievances register, we systematically collect feedback from members of the communities close to our projects through our community feedback mechanism. Members of the community can access this mechanism through speaking to, emailing or leaving a letter with our community relations teams, who have community offices within the direct area of influence of both projects. These issues, suggestions and requests are treated confidentially by our community relations teams. This allows us to ensure that we have a more comprehensive picture of community priorities and issues, which we can then factor into our decision-making processes.

During the reporting period, the principal issue which featured in our community feedback mechanism results were inquiries about company support, investment in community initiatives requests (larger formal requests are collected annually within our community investment programme), and employment or business opportunities requests. This is consistent with our perception that economic and development opportunities are the most important issues for local communities close to the Bramaderos and El Palmar projects.

1. Working Group of Experts on People of African Descent (2020). Visit to Ecuador - Report of the Working Group of Experts on People of African Descent. Available here: [A/HRC/45/44/Add.1: Visit to Ecuador - Report of the Working Group of Experts on People of African Descent | OHCHR](#)



Our community relations offices for the Bramaderos and El Palmar projects



One of the 5 biannual community assemblies held in March 2023 for the Bramaderos project

COMMUNITY FEEDBACK MECHANISM RESULTS

Category	Bramaderos project	El Palmar project	Total
Employment or business opportunities	49	28	77
Community support and investment	33	100	133
Environment	4	9	13
Land use and payments for use	9	20	29
Health and Safety	2	0	2
Other*	27	0	27
Total	124	157	281

No complaints were registered in our grievances register during the reporting period.

*Our community relations team in Bramaderos is frequently informed about community issues unrelated to company operations, which make up the majority of this “other” category and include topics such as lack of potable water supply from government institutions

COMMUNITY INVESTMENT

Sunstone partners with local authorities and community organizations to implement sustainable development initiatives which invest in the present and future prosperity of communities. Our community investment programme prioritises health, infrastructure, education and business development in line with identified material issues.

To ensure transparency and avoid misuse of financial aid, we carry out our community investments through annual and one-off agreements between the company and formal entities. In the case that agreements include funds destined towards materials and services procurement, Sunstone executes these acquisitions directly.

JOINT COMMUNITY DEVELOPMENT INITIATIVES - EL PALMAR PROJECT

Partner	Initiative	Date agreement was signed	Status
García Moreno Parish Government	Road improvement Cultural events Repairs of institutional vehicles	August 2022	Completed
García Moreno Political Lieutenancy*	Support for institutional transportation Repairs of institutional vehicles Cultural events	October 2022	In development
El Paraíso community	The El Paraíso school bus Road improvement including the paving of the main road Landscaping of public areas	December 2022	In development
The communities of El Paraíso and San José de Magdalena, Santa Isabel Island School Parents Committee	Financing of materials for the construction of a perimeter around the San José de Magdalena primary and secondary school for security	March 2023	In development
Magdalena Infant Development Centre Parents Committee	Purchase of uniforms for children and teachers	May 2023	In development

*Parish political lieutenancies are appointed by the central government as its representative at a parish-level.

JOINT COMMUNITY DEVELOPMENT INITIATIVES - BRAMADEROS PROJECT

Partner	Initiative	Date agreement was signed	Status
Ministry of Education District 11, Zone 7	Infrastructure maintenance and school equipment for 10 schools in the Guachanamá and Casanga parishes (see Case Study: Reactivating education in rural areas post-pandemic)	June 2022	Completed
Langunche Community	Purchase of materials for roof repairs and fencing around the Langunche church	July 2022	Completed
Huertas community	Purchase of materials for the construction of a bathroom for the Huertas Church	July 2022	Completed
Ministry of Public Health (MSP)	Logistical support for the transportation of medical personnel from the Guachanamá parish MSP practice to the lower part of the Parish twice a month.	August 2022	In development
Guachanamá Parish Government	Contracting of machinery for road improvements (see Case Study: Improving accessibility in rural areas).	August 2022	Completed
San José de Bramaderos cemetery improvements Committee	Purchase of materials for the construction of a Church in the cemetery	October 2022	Completed
La Playita de Bramaderos Agricultural Association	Purchase of materials for the construction of a meeting room	October 2022	In development
Zapotepamba Binational technical training centre	Purchase of machinery and equipment for a chicken processing plant initiative led by the National University of Loja, which aims to modernise and add value to local poultry farmers' labour.	October 2022	In development
Ecuadorean Social Security Institute (IESS)	Purchasing of chemical reagents and equipment needed to carry out medical exams. Support for medical equipment maintenance (See Case Study: Supporting rural healthcare facilities)	May 2023	In development



Environmental education presentation

CASE STUDY

REACTIVATING EDUCATION IN RURAL AREAS POST-PANDEMIC

SDG 4: Quality education

“According to surveys conducted by the Ministry of Education and UNICEF, 70% of households in Ecuador that remained in virtual education said that they were learning less than before” - UNICEF²

Between March 2020 and January 2022, the majority of schools were forced to move their classes online, in line with government restrictions due to the Covid-19 health emergency. According to surveys carried out by UNICEF and the Ministry of Education, virtual learning has hindered children’s development across Ecuador. In the rural communities where Sunstone operates, connectivity is poor and, in many cases, families do not have adequate technological devices for children to use to access classes. As a result, according to teachers from local schools, absenteeism increased during this period.

Since the lifting of restrictions nationally in January 2022, Sunstone has prioritised facilitating access to education in communities surrounding the Bramaderos and El Palmar projects with the aim of preventing children from falling further behind in their learning.

INFRASTRUCTURE MAINTENANCE AND EDUCATION AND HYGIENE SUPPLIES FOR SCHOOLS IN THE GUACHANAMÁ AND CASANGA PARISHES

Sunstone maintains annual community investment agreements with ten schools in the Guachanamá and Casanga parishes, the Bramaderos project’s area of direct and indirect influence. Of these ten schools, which in total serve approximately 500 students, two offer secondary education while the majority offer mixed-age classes for primary schoolchildren. During the Covid-19 health emergency, school budgets provided by the Education Ministry were reduced at a time when new investments were needed to make schools safer from infections and restore facilities which had been empty for over two years. Last year, Sunstone’s school investment programme financed hygiene materials, educational equipment and infrastructure maintenance in these ten schools. This support helped ensure that these schools met the local education district office’s requirements to restart in-person schooling in May 2022, and continues to facilitate safe and effective learning.

THE EL PARAÍSO SCHOOL BUS

The El Paraiso community, composed of around 80 families, does not currently have its own primary or secondary school, requiring school children to journey to the nearby town of Magdalena, which is approximately 8km away. Prior to the pandemic, in the absence of a regular bus, students would often travel by foot, or by motorbike. However, weather conditions and distance were deterrents to attendance, especially in the less accessible areas of the community. After restrictions on in-person education were lifted, Sunstone decided to finance the contracting of a regular bus to transport students to and from school to avoid further absenteeism. According to the school’s records, since the bus started operating in April 2022, the number of children attending the school has doubled from approximately 30 to 60 students between the ages of six and 17, in contrast with pre-pandemic attendance in 2019.



The El Paraiso School bus

CASE STUDY



SUSTAINABLE AGRICULTURE: IRRIGATION SYSTEMS

SDG 2: Zero hunger

For Sunstone, sustainable development means improving the socio-economic conditions of communities in a way which is viable in the long term for both inhabitants and the environment. For this reason, we consider that it is important to conserve and bolster traditional livelihoods in the area, so that communities are not overly dependent on mining activities. Our support for the implementation of irrigation systems is one example of our initiatives in this field.

The climate in the lowlands of the Guachachamá parish, where the Bramaderos project is located, is extremely arid, due to limited

rainfall and high temperatures. Annual precipitation in these areas can reach as low as 500mm, according to parish government figures³, and is concentrated during the winter months of January to April. In the absence of modern irrigation systems, the communities surrounding the Bramaderos project have traditionally only been able to produce crops during these months. This agricultural cycle generates seasonal migration, with men between 18 and 45 years old leaving local communities during summer months in search of employment opportunities.

On the request of the Bramaderos Workers Association, in 2021 Sunstone agreed to finance a phased process to modernise

the association's irrigation system. Prior to the initiative, its 22 members used flood or gravity irrigation methods to water their crops. However, today, 100% of the land currently used by the association for crop production benefits from spray irrigation methods. Thus, instead of depending on rainfall, the association obtains water from a nearby authorised source, which is distributed to crops through sprinklers, allowing for the planting and harvesting of crops year-round, rather than solely during the winter months.

3. GAD Parroquial de Guachanamá. Development and Territorial Land Use Plan 2015-2019.

CASE STUDY

SUPPORTING RURAL HEALTHCARE FACILITIES

SDG 3: Good health and well-being

The Limón healthcare centre is located in El Limón village, Guachanamá parish, and belongs to the Farmers' Social Security program, which forms part of the public health system. The scheme aims to protect Ecuador's rural population through comprehensive healthcare for illness and maternity. While the Limón medical practice is small, consisting of a doctor, nurse, laboratory technician and a dentist, it provides an essential service for the rural population in Paltas canton. Sunstone supports the centre through annual agreements to purchase equipment for medical exams, such as the chemical reagents, necessary for carrying out cholesterol, glucose and uric acid testing. Thanks to these agreements, this facility performed 906 sets of medical exams during the reporting period.

Providing this service locally prevents patients from having to travel further afield to Catacocha, the closest city, or to Loja, the provincial capital. This is particularly important in the case of the elderly population, who represented 30% of the sets of exams executed in this period.

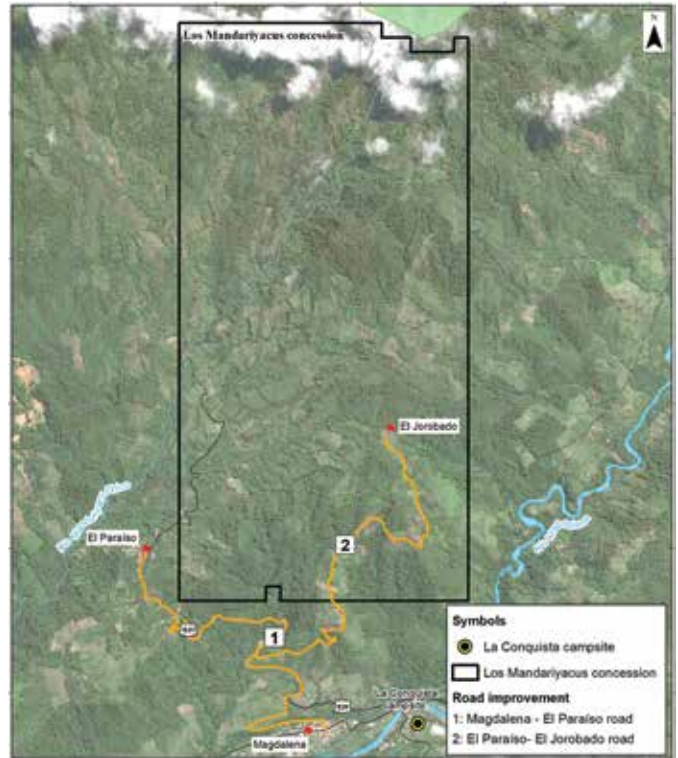
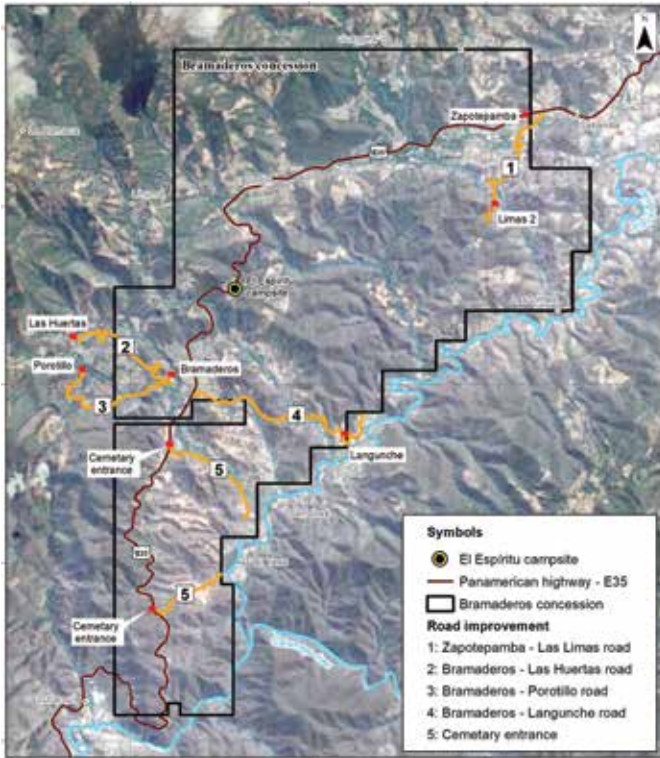


Community relations coordinator for the Bramaderos project with a member of staff from the Limón healthcare centre

CASE STUDY

IMPROVING ACCESSIBILITY IN RURAL AREAS

SDG 9: Industry, innovation and infrastructure



Roads improved by Sunstone surrounding the Bramaderos and El Palmar projects are outlined in orange. Communities are included in black text with a white background.

Viviana, community leader from the El Naranjo community: “Passenger cars and trucks used to pass extremely fast through the community, and it was dangerous for children and elderly people to cross the road to get to school or local businesses. The speed bumps have made a difference as most cars now slow down before passing through”

As well as being an essential issue for the company, road improvement is a key material topic for communities and local governments in Sunstone’s areas of influence. As is common in many rural areas, limited local government resources and high rainfall during winter months means that road infrastructure upkeep on quieter routes is often

suboptimal. The consequences of this for local communities include limited accessibility, complicating their daily activities, including transporting their agricultural products to local markets, and an increased risk of accidents.

Sunstone partners with parish governments and local authorities in the communities surrounding the Bramaderos and El Palmar projects to carry out road improvement interventions. During the reporting period, Sunstone financed the restoration of an estimated 24km of road infrastructure of use to local communities. In addition to improvements of secondary roads, we also collaborated with the community, National Police and Transport Ministry to finance the installation of speed bumps on

the stretch of the E41 Loja Macara highway where the El Naranjo community is located, within the area of indirect influence for the Bramaderos project.

According to the Catacocha police district “*In the El Naranjo neighbourhood, transit accidents, traffic congestion and speeding were occurring... which was a concern for inhabitants*”.

Between November and December of 2022, the speed bumps were put in place in the entrance and exit of the village to help prevent further accidents and close calls.

6 ECONOMIC IMPACT

LOCAL PROCUREMENT

SDG 8: Decent work and economic growth

SDG 1: No poverty

Through local procurement, mining companies generate important indirect economic benefits, such as job creation, increased liquidity in the local economy and, as projects progress, productive linkages with regional industries. Our approach to procurement prioritises local suppliers within ring one of our concentric ring system (see Defining “local” section) described below. In the case that goods and services cannot be viably sourced from within ring one, we source from rings two, three and four, prioritised in this order.

DEFINING “LOCAL”

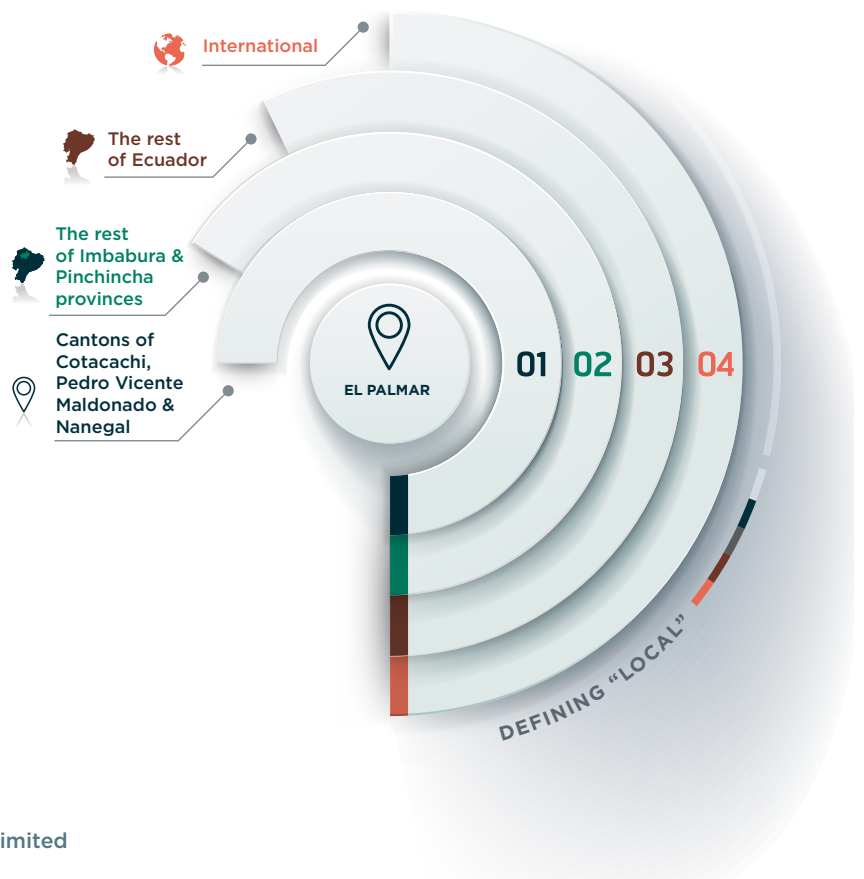
To measure our local economic impact, we use a geographical ring system which categorises our procurement spend and direct employment. The rings, which are referenced throughout this report, are defined by their proximity to the projects and are aligned with Ecuador’s administrative structure. Suppliers are categorised by ring depending on their tax domicile.

BRAMADEROS

- Ring 1 (“local”): Cantons of Paltas and Céllica
- Ring 2: The rest of Loja province
- Ring 3: The rest of Ecuador
- Ring 4: International

EL PALMAR

- Ring 1 (“local”): Cantons of Cotacachi, Pedro Vicente Maldonado and Nanegal
- Ring 2: The rest of the Imbabura and Pichincha provinces
- Ring 3: The rest of Ecuador
- Ring 4: International



PROCUREMENT PROCESS

To facilitate procurement in ring one, Sunstone’s logistics team works closely with its community relations (CR) department. The CR team circulates a request for tenders among local communities and, if necessary, helps potential suppliers comply with administrative and legal requirements such as registering themselves into the national tax system.

Once bids have been received, they are analysed against the following criteria, which is established in our Local Acquisitions and Services Procedure:

- Geographic location
- Competitive pricing
- Quality
- Timeframe for delivery
- Environmental considerations
- Provision of legal documents
- Issuance of tax-compliant receipts with the purchase

PROMOTING FAIRNESS

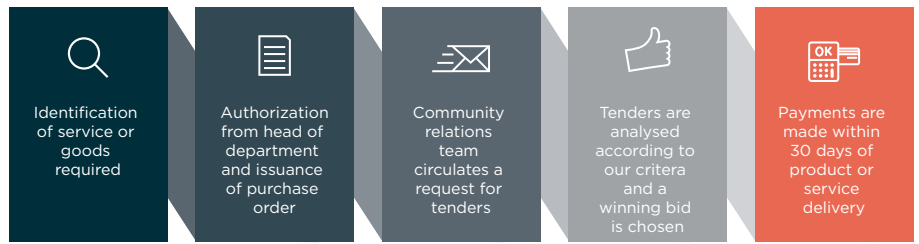
Sunstone’s Anti-bribery and Corruption policy outlines the steps we take to promote fairness within our procurement process.

SMALLER SUPPLIES

During our reporting period, Sunstone acquired goods and services from 142 suppliers from ring one of the Bramaderos and El Palmar projects combined (refer to graphs), the majority of which are small local businesses. To ensure that smaller suppliers can take advantage of procurement opportunities, we strive to shorten payment terms for businesses with more limited resources such as local bakers.

SUSTAINABLE PROCUREMENT

We endeavour to ensure that our procurement policy contributes to the sustainable development of communities by leveraging and bolstering skills and trades which are already present within local communities, through prioritising existing businesses as suppliers. This is important as it means that local suppliers are less likely to be solely dependent on our projects for business, but rather have a pool of existing clients which we can complement. We



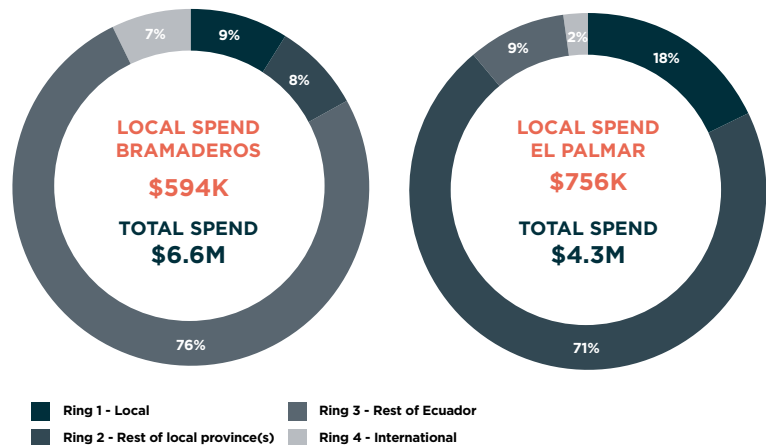
also seek to increase the pool of local businesses who benefit from demand generated by our projects by dividing up orders across similar suppliers where possible. For example, we do this by sourcing construction and engineering materials from five local hardware stores close to the Bramaderos project, rather than one.

BREAKDOWN OF PROCUREMENT SPEND

During the reporting period, we spent a total of approximately \$10.3 million on goods and services within Ecuador. In the Bramaderos

project, 9% of procurement spend corresponded to local businesses within ring one, and 18% in ring one of the El Palmar project. Ring two spending represented 8% of total spending for the Bramaderos project and 71% in El Palmar, the difference being that the Ecuadorean capital, Quito, is included in ring two for El Palmar, whereas it forms part of ring three for Bramaderos. The office of our drilling contractor, which accounted for 48% of total procurement spending across both projects, is located in Quito, which is a significant contributing factor in explaining these percentages.

PROCUREMENT SPEND BY LOCATION



*Ring four includes international service providers paid by our parent company Sunstone Metals Limited on behalf of our projects in Ecuador. It does not include Ecuadorean subsidiaries owned by foreign companies.

NUMBER OF SUPPLIERS CATEGORISED BY LOCATION



CASE STUDY

THE EL PARAÍSO WOMEN'S ASSOCIATION

SDG 5: Gender equality

"The association was created in order to carve out a space for women, specially in the social and economic spheres. Prior to the existence of the association, the only role that women had in our community was to perform household chores and raise children, without any source of income of their own. Thanks to the association, the women of our community have been empowered to contribute financially to their households, allowing them to provide a better quality of life for their families. They have also been able to develop themselves as women, achieving goals which were previously seen as unachievable" - Doña Carmen, President of the Association

The El Paraíso Women's Association was legally incorporated in 2016 with the objective of organising women in the community to improve economic conditions for their families. It is currently made up

of approximately 26 women and has two main activities: producing artisanal products made from woven plant materials and providing catering services for Sunstone employees in the El Palmar project.

FOSTERING WOMEN'S PARTICIPATION IN LOCAL ECONOMY

Prior to the association's existence, women in El Paraíso mainly performed unpaid domestic and agricultural activities, with no income of their own. Through organising and pooling their skills, the organisation has been able to integrate women into the local economy, taking advantage of the opportunities offered by the El Palmar project. Sunstone is proud to contribute to the enhanced economic wellbeing of the women of El Paraíso and their families.

LOCAL VALUE CHAIN

Sunstone's catering contract with the women's association

exemplifies our commitment to value-added local procurement. The association is owned by the women in the community which it employs while the majority of the ingredients it sources are of local origin. This ensures that the benefits of the contract remain local, providing income to farmers in El Paraíso and neighbouring villages. Over the next year, the association hopes to increasingly utilise products grown in the community plant nursery, which is currently in development.

TRAINING

Sunstone provides both internally and externally run workshops on food hygiene, waste management and other good practices for the women's association. This training has the objectives of improving the quality of service provided, as well as contributing to the professionalisation of the association and the transferable skills of its members.





Some members of the association after a training course with Hanaska Catering in February 2023. All association members participated in this course.

TAX AND OTHER PAYMENTS

Tax & other payments to government entities

Tax and other payments to the central and local governments are an important part of Sunstone's contribution to Ecuador's economy. From January 2022 to December 2022, in line with Ecuador's financial year, across our three subsidiaries we paid a total of approximately \$1.7 million in various tax payments and other obligations which are detailed below.

Taxes and other obligations	Total (USD)
Taxes on mining activity	111,945
Local government taxes	17,168
Value-added tax	1,274,335
Social security payments	302,776
Other taxes and government fees	55,316
Total	1,761,540

These amounts represent the sum of taxes paid by Sunstone Metals Ecuador (STE), Bramaderos S.A. (Bramaderos) and Golden Exploration Ecuador Goex S.A. (Goex) in Ecuador for the 2022 calendar year. The values paid by Bramaderos and Goex have been audited by Xperto, an Ecuadorian auditor, while STE did not reach the threshold for which a statutory audit must be held.

Taxes on mining activity currently only includes mining patents due to our projects being in an exploration phase, while local government taxes consist of municipal patents and taxes. Other taxes and government fees include contributions to the Superintendency of Companies and the temporary Covid-19 tax.

Salaries and employee benefits

In 2022, we spent a total of just under \$2.8 million on employee salaries and benefits. It is important to highlight that this income does not only benefit employees, but also the local economy, due to spending on goods and services by our local workforce.

Employee salaries and benefits	Total (USD)
Salaries	345,035
Benefits	2,452,932
Total	2,797,967

These amounts represent the social benefits paid by Sunstone Metals Ecuador (STE) and its subsidiaries, Bramaderos S.A. (Bramaderos) and Golden Exploration Ecuador Goex S.A. (Goex) in Ecuador for the 2022 calendar year. The values paid by Bramaderos and Goex have been audited by Xperto, an Ecuadorian auditor, while STE did not reach the threshold for which a statutory audit must be held.

CASE STUDY

CONTRIBUTING TO THE FORMAL ECONOMY

SDG 8: Decent work and economic growth

In rural Ecuador, the bulk of the local economy is “informal”, consisting of undeclared and unregulated activities. This reality owes principally to the lack of formal employment opportunities and has consequences for the national and local governments, which cannot tax these activities, and for informal workers, who do not enjoy the protection of labour laws or social security benefits. Informal economies are also characterised by the use of cash payments, posing a security risk to individuals who carry cash and increasing the potential of money-laundering activities.

In the provinces of Loja and Imbabura, respectively only 14% and 17% of the population has a job which includes social security benefits².

The growth of the formal economy in areas where responsible mining companies operate is an often-overlooked benefit of the industry. This is particularly relevant given that mining companies operate in rural Ecuador, where an estimated 76% of the working population works informally in sometimes precarious conditions. By generating formal jobs in communities, prioritising electronic payments and requiring contractors and providers to issue tax-registered invoices, Sunstone brings workers and assets into the formal economy. This means that workers enjoy labour benefits provided by law, while payment transactions are safer for employees and suppliers. At the same time, central and local governments can register and tax these workers, as well as supplier and contractors’ sales and assets.

76% of the working population in rural areas in Ecuador work informally¹



1. National Institute of Statistics and Census (INEC), “National Survey of Employment, Unemployment and Subemployment”, statistics from the month of May 2023. Available here: Sistema de Estadísticas Laborales y Empresariales | (ecuadorencifras.gob.ec)

2. National Institute of Statistics and Census (INEC), “Statistical Register of Employment in Social Security- REESE). Statistics from the month of March 2023. Available here: Registro de Empleo en la Seguridad Social | (ecuadorencifras.gob.ec)

7 GRI CONTENT INDEX

Sunstone Metals Limited has reported the information cited in this GRI content index for the period 01 June 2022 – 31 May 2023 with reference to the GRI Standards.

GRI Disclosure	Cross reference / commentary
GRI 2: General disclosures	
2-1 Organisational details	About Sunstone Metals: page 4
2-2 Entities included in the organisation's sustainability reporting	About this report: pages 4, 8, 9
2-3 Reporting period, frequency and contact point	About this report: page 4 Contact details: page 50
2-4 Restatements of information	Sunstone Metals has not made any restatements of information in this report.
2-5 External assurance	About this report: page 4
2-6 Activities, value chain and other business relationships	About Sunstone Metals: page 4 Engagement with key stakeholders: pages 10, 11
2-7 Employees	Local employment and diversity: pages 22-25
2-8 Workers who are not employees	Engagement with key stakeholders: pages 10, 11 Local employment and diversity: pages 22-25
2-9 Governance structure and composition	Board governance: page 9 Sunstone Metals Board of Directors: https://www.sunstonemetals.com.au/site/about-us/board-and-management
2-10 Nomination and selection of the highest governance body	Sunstone Metals Annual Report 2023
2-11 Chair of the highest governance body	Chairman's review: page 6 Sunstone Metals Board of Directors: https://www.sunstonemetals.com.au/site/about-us/board-and-management
2-12 Role of the highest governance body in overseeing the management of impacts	Engagement with key stakeholders: pages 10, 11 Sustainability governance structure: page 11
2-13 Delegation of responsibility for managing impact	Sustainability governance structure: page 11
2-14 Role of the highest governance body in sustainability reporting	About this report: page 4 Sustainability governance structure: page 11
2-15 Conflicts of interest	Sunstone Metals Annual Report 2023
2-16 Communication of critical concerns	Engagement with key stakeholders: pages 10, 11
2-17 Collective knowledge of the highest governance body	Sustainability governance structure: page 11
2-18 Evaluation of the performance of the highest governance body	Sunstone Metals Annual Report 2023
2-19 Remuneration policies	Sunstone Metals Annual Report 2023
2-20 Process to determine remuneration	Sunstone Metals Annual Report 2023
2-21 Annual total compensation ratio	Sunstone Metals Annual Report 2023

GRI Disclosure	Cross reference / commentary
2-22 Statement on sustainable development strategy	Our commitment to sustainability: pages 10
2-23 Policy commitments	Ethics and compliance: pages 9, 10 Sustainability governance structure policy: page 10, 11
2-24 Embedding policy commitments	Sustainability governance structure: pages 11
2-25 Processes to remediate negative impacts	Engagement with key stakeholders: page 10, 11 Community engagement: pages 30-32
2-26 Mechanisms for seeking advice and raising concerns	Sustainability governance structure policy: pages 10, 11 Engagement with key stakeholders: pages 10, 11 Community engagement: pages 30-32
2-27 Compliance with laws and regulations	Ethics and compliance: pages 9, 10 Environmental compliance: pages 14-20
2-28 Membership associations	Sunstone Metals Ecuador (STE) is a member of the Ecuadorean Chamber of Mines (Cámara de Minería Ecuador)
2-29 Approach to stakeholder engagement	Engagement with key stakeholders: pages 10, 11
2-30 Collective bargaining agreements	We respect our employees right to collective bargaining. At present our employees are not covered by collective bargaining agreements
GRI 3: Material topics	
3-1 Process to determine material topics	About this report: page 4
3-2 List of material topics	About this report- Material topics: page 4
3-3 Management of material topics	About this report: page 4 Throughout report
GRI 201: Economic performance	
201-1 Direct economic value generated and distributed	Economic benefit footprint: pages 38-41 Sunstone Metals Annual Report 2023
201-2 Financial implications and other risks and opportunities due to climate change	Not stated
201-3 Defined benefit plan obligations and other retirement plans	All employees are affiliated to the Ecuadorean Social Security Institute (IESS), which includes associated benefit, entitlements and retirement plans provided by this organisation which Sunstone and its employees jointly contribute to (see Salary and employee benefits: pages 33, 41
201-4 Financial assistance received from government	Sunstone did not receive any financial assistance from any government during the reporting period.
GRI 202: Market presence	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Our standard entry level wage was 127% of the minimum wage for the mining sector during the reporting period for male and female employees.
202-2 Proportion of senior management hired from the local community	All of our operational managers (Country Manager, Health, Safety and Environment, Operations, Human Resources and Community relations) are Ecuadorean.
GRI 203: Indirect Economic Impacts	
203-1 Infrastructure investments and services supported	Community investment: pages 30-37

GRI Disclosure	Cross reference / commentary
203-2 Significant indirect economic impacts	Local employment and diversity: pages 22-25 Local procurement: pages 38-42 Case study: El Paraíso Women's Association: page 40 Case study: Contributing to the formal economy: pages 22-25, 42
GRI 204: Procurement Practices	
204-1 Proportion of spending on local suppliers	Local Procurement: page 38-41
GRI 207: Tax	
207-1 Approach to tax	Economic benefit footprint: pages 41 Sunstone Metals Annual Report 2023
207-2 Tax governance, control, and risk management	Sunstone Metals Annual Report 2023
207-3 Stakeholder engagement and management of concerns related to tax	Not stated
207-4 Country-by-country reporting	Economic benefit footprint: pages 38-39 Sunstone Metals Limited Annual Report 2023
GRI 205: Anti-corruption	
205-1 Operations assessed for risks related to corruption	At this stage, Sunstone's corruption risk assessment is exercised through our tax audit process (see Tax and other payments: page 41)
205-2 Communication and training about anti-corruption policies and procedures	Anti-Bribery and Corruption policy Ethics and compliance: page 9
205-3 Confirmed incidents of corruption and actions taken	During the reporting period, the board was not notified of any alleged instances of corruption or bribery, nor were any legal actions taken against Sunstone. Ethics and compliance: page 9
GRI 206: Anti-competitive behaviour	
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No legal actions for anti-competitive behaviour, anti-trust, or monopoly practices were taken against Sunstone during the reporting period
GRI 303: Water and effluents	
303-1 Interactions with water as a shared resource	Water management: pages 17-18
303-2 Management of water discharge-related impacts	Water management: pages 17-18
303-3 Water withdrawal	Water management: pages 17-18
303-4 Water discharge	Water management: pages 17-18
303-5 Water consumption	Water management: pages 17-18
GRI 304: Biodiversity	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity: pages 15-16
304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity: pages 15-16
304-3 Habitats protected or restored	Biodiversity: pages 15-16
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity: pages 15-16

GRI Disclosure	Cross reference / commentary
GRI 306: Waste	
306-1 Waste generation and significant waste-related impacts	Waste management: pages 18-19
306-2 Management of significant waste-related impacts	Waste management: pages 18-19
306-3 Waste generated	Waste management: pages 18-19
306-4 Waste diverted from disposal	Waste management: pages 18-19
306-5 Waste directed to disposal	Waste management: pages 18-19
GRI 401: Employment	
401-1 New employee hires and employee turnover	Local employment and diversity: pages 22-25
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not stated
401-3 Parental leave	Local employment and diversity: pages 22-25 All our employees enjoy the right to parental leave, in accordance with Ecuadorean labour laws. During the reporting period two male employees took parental leave and returned to their activities after this leave ended.
GRI 402: Labour/Management relations	
402-1 Minimum notice periods regarding operational changes	Not stated
GRI 403: Occupational health and safety	
403-1 Occupational health and safety management system	Health, safety and wellbeing: pages 26-28
403-2 Hazard identification, risk assessment, and incident investigation	Health, safety and wellbeing: pages 26-28
403-3 Occupational health services	Health, safety and wellbeing: pages 26-28
403-4 Worker participation, consultation, and communication on occupational health and safety	Health, safety and wellbeing: pages 26-28
403-5 Worker training on occupational health and safety	Training: pages 26-28
403-6 Promotion of worker health	Health, safety and wellbeing: pages 26-28
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health, safety and wellbeing: pages 26-28
403-8 Workers covered by an occupational health and safety management system	All employees and workers receive basic health and safety training and are included in our emergency mock drills. We are currently integrating our contractors into our injury reporting.
403-9 Work-related injuries	Health, safety and wellbeing: pages 26-28
403-10 Work-related ill health	Health, safety and wellbeing: pages 26-28
GRI 404: Training and education	
404-1 Average hours of training per year per employee	Training: pages 28-29
404-2 Programmes for upgrading employee skills and transition assistance programmes	Training: pages 28-29
404-3 Percentage of employees receiving regular performance and career development reviews	Not stated

GRI Disclosure	Cross reference / commentary
GRI 405: Diversity and equal opportunity	
405-1 Diversity of governance bodies and employees	Local employment and diversity: pages 22-25 Sunstone Metals Board of Directors https://www.sunstonemetals.com.au/site/about-us/board-and-management
405-2 Ratio of basic salary and remuneration of women to men	Not stated. As our workforce increases over time, we hope to have comparable data to be able to publish this statistic.
GRI 406: Non-discrimination	
406-1 Incidents of discrimination and corrective actions taken	0 incidents of discrimination were reported during the reporting period
GRI 407: Freedom of association and collective bargaining	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	All of our contractors and suppliers are legally constituted companies, and therefore are bound by Ecuadorean legislation which establishes their employees' rights to freedom of association and collective bargaining.
GRI 408: Child labour	
408-1 Operations and suppliers at significant risk for incidents of child labour	In Ecuador, the legal age to work is 18, unless special authorisation is given for part-time work, which is uncommon. All of our employees must provide legal documents to prove their age prior to entering the company. All of our contractors and suppliers are legally constituted companies, and therefore, are bound by Ecuadorean legislation which prohibits the employment of minors.
GRI 409: Forced or compulsory labour	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	All of our contractors and suppliers are legally constituted companies, and therefore, are bound by Ecuadorean legislation which prohibits the use of forced or compulsory labour.
GRI 410: Security practices	
410-1 Security personnel trained in human rights policies or procedures	Not stated
GRI 411: Rights of indigenous peoples	
411-1 Incidents of violations involving rights of indigenous peoples	No human rights incidents involving indigenous peoples have been identified. No indigenous communities have been identified in the areas of influence of either the Bramaderos or El Palmar projects.
GRI 413: Local communities	
413-1 Operations with local community engagement, impact assessments, and development programmes	Engagement with key stakeholders: pages 10, 11 Community engagement: pages 30-32 Community investment: page 37
413-2 Operations with significant actual and potential negative impacts on local communities	Community engagement: pages 30-32 Engagement with key stakeholders: pages 10, 11
GRI 414: Supplier social assessment	
414-1 New suppliers that were screened using social criteria	Not stated

GRI Disclosure	Cross reference / commentary
414-2 Negative social impacts in the supply chain and actions taken	Our approach to local procurement takes into account the sustainable development of communities and seeks to not discriminate against minority groups such as women. We also enforce our Anti-Bribery and Corruption policy with regards to local procurement. Local procurement- procurement process: pages 38-39 Case study: The El Paraíso Womens' Association: page 40
GRI 415: Public policy	
415-1 Political contributions	No political contributions were made during the reporting period. Sunstone Metals does not make political contributions.

8 DISCLAIMER AND FORWARD-LOOKING STATEMENTS

DISCLAIMER

To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and, to the maximum extent permitted by law, no responsibility or liability is accepted by Sunstone or any of its officers, employees, agents or consultants or any other person as to the adequacy, accuracy, completeness or reasonableness of this Report. To the maximum extent permitted by law, no responsibility for any errors or omissions from this Report whether arising out of negligence or otherwise is accepted.

This Report contains general information about Sunstone Metals Limited (Sunstone) which is in the business of exploring for minerals which is a speculative and risky venture. It does not purport to contain all the information that a prospective investor may require. The Report should not be considered as an offer or invitation to subscribe for or purchase of any securities in Sunstone and no agreement to subscribe for securities will be entered into on the basis of this Report. Potential investors should conduct their own investigation and analysis and should check the accuracy, reliability, and completeness of the information provided and obtain independent and specific advice from appropriate professional advisors.

This Report was prepared in English and translated into Spanish. The English document should be considered as the primary version of the Report.

FORWARD-LOOKING STATEMENTS

This Report includes certain statements that may be deemed “forward-looking statements”. All statements in this Report, other than statements of historical facts, that address future activities and events or developments that Sunstone expects, are forward looking statements. Forward looking statements can generally be identified by the use of words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “targets”, “outlook” and “guidance”, or other similar words and may include, without limitation, statements regarding certain plans, strategies, aspirations and objectives of management.

Although Sunstone believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, and general economic, market or business conditions.

Readers are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in forward-looking statements. Furthermore, Sunstone does not undertake any obligation to publicly update or revise any of the forward-looking statements made within this document.

9 CONTACT DETAILS

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t 07 3368 9888

f 07 3368 9899

w sunstonemetals.com.au

e info@sunstonemetals.com.au

COMMUNITY OFFICE BRAMADEROS PROJECT

Bramaderos, junto a la iglesia principal, Cantón Paltas, Provincia de Loja, Ecuador

COMMUNITY OFFICE EL PALMAR PROJECT

Vía al Paraíso, a 100 metros del centro poblado El Paraíso, Cantón García Moreno, Provincia de Imbabura, Ecuador

SUNSTONE  **METALS**

sunstonemetals.com.au