
ASX ANNOUNCEMENT

31 OCTOBER 2019

CHAIRMAN'S ADDRESS

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to welcome you to the 2019 Annual General Meeting for Sunstone Metals Limited ('Sunstone' or 'Company').

Sunstone made significant steps during the year towards a major discovery at the Bramaderos gold-copper project in southern Ecuador, and we are currently in a very busy and exciting period for the Company.

The recently completed Phase 1 drilling program has delivered significant mineralised intersections from both the Bramaderos Main and Limon prospects and we are very encouraged by the results to date. The Phase 2 drilling program is now underway utilising two rigs on site.

The Phase 1 results from Bramaderos Main identified a gold-copper porphyry system that shows potential for significant scale with mineralisation extending from surface to at least 300m depth, and with a strike extent of at least 500m. Phase 2 drilling will focus on increasing the scale of this system.

At Limon, we have intersected a very large mineralised envelop that is characterised by alteration and mineralisation that you would expect to encounter in close proximity to a significant porphyry deposit. The most recent drill hole at Limon also encountered a shallow 'high sulphidation' copper-gold system. The planned follow-up drilling at Limon will aim to intersect and extend both the shallow copper-gold system and the deeper main porphyry gold-copper target.

We are awaiting assays from the 8 drill holes completed at the West Zone epithermal gold target and we will make a decision on follow-up programs once these results are received.

Our Phase 2 focus will be Limon and Bramaderos Main however the Bramaderos Project comprises multiple gold-copper porphyry targets and an epithermal gold 'corridor' that we plan to systematically test. With the strong results received to date and large number of targets in front of us, it's easy to see why remain optimistic on the discovery potential of the Project.

Ecuador is host to world-class copper and gold deposits and many majors and juniors have established a presence in Country. The Ecuador government remains supportive and have recognised the benefits of developing a modern and responsible mining sector in the Country. Although there have been some reports of anti-mining protests (and this is not unique to Ecuador), the protests have primarily taken place in the North and have not impacted our activities. We have regular meetings in the local communities to provide information on our activities and there has been strong local support for our drilling programs to date.

During the year, the Company also completed the sale of the Viscaria Copper Project to a Swedish listed exploration company, Copperstone Resources AB (listed on Nasdaq First North). In consideration, Sunstone received a combination of cash (~A\$5.25M) and shares (172.5M) and is currently the largest shareholder of Copperstone with around 33% of shares on issue. As the largest shareholder the Company has significant exposure to exploration success at Viscaria as well as to Copperstone's other copper exploration projects in Sweden. Copperstone is currently drilling at Viscaria and we look forward to reporting significant results as they become available.

I would like to take this opportunity to express my thanks to Sunstone's staff, management and my fellow directors for their dedication and work during the past 12 months. We would also like to thank all of our shareholders. We are committed to delivering strong shareholder returns and progressing the Company through its advancement into Ecuador, and realising the value of the Southern Finland Gold Project and the investment in shares held in Copperstone.

Graham Ascough
Chairman, Sunstone Metals Ltd