



SUNSTONE METALS



ASX
STM

October 2021

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FORWARD-LOOKING STATEMENTS

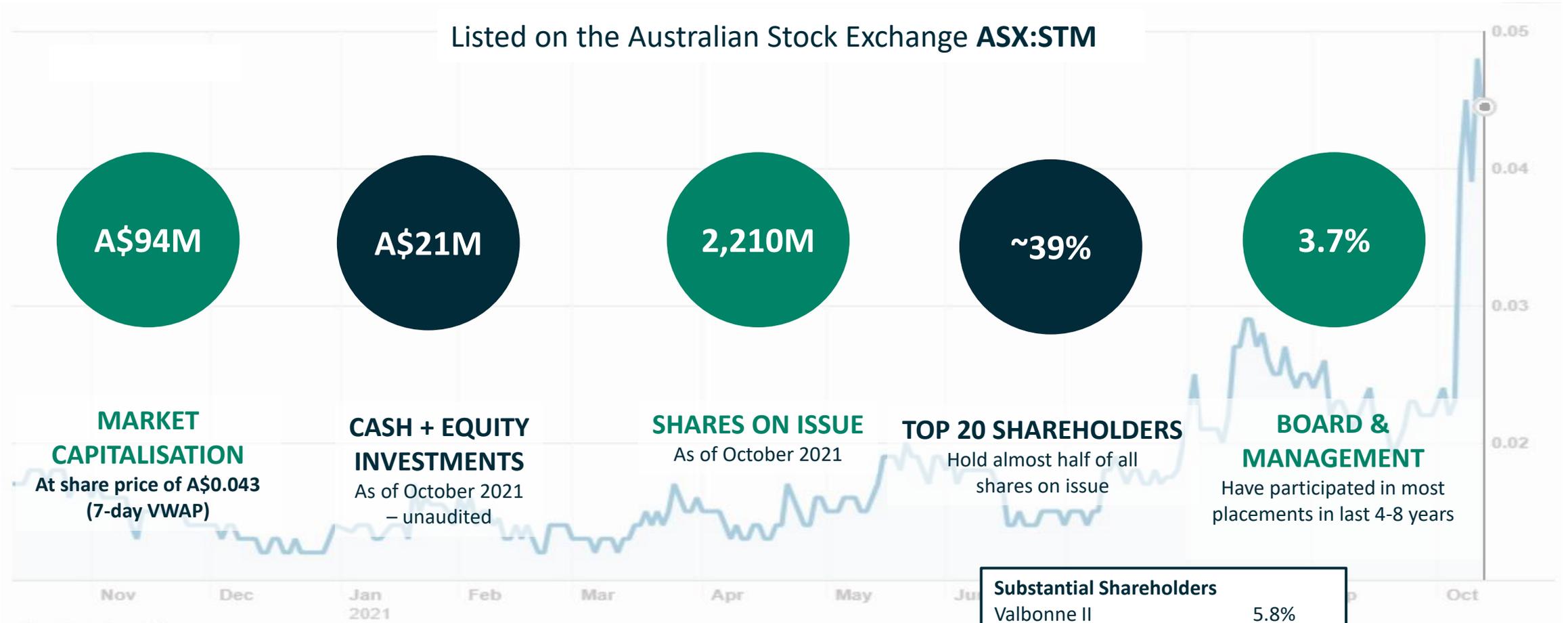
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Corporate

Listed on the Australian Stock Exchange **ASX:STM**



STM 2020-21 SHARE PRICE GRAPH

Investment Highlights

- **Sunstone is undervalued**
 - Market Capitalisation = ~A\$100 mill
 - Equity Investments + Cash = ~A\$21 mill
 - Delivering Enterprise Value of Ecuador exploration projects = ~A\$80 mill – we would argue, this is grossly undervalued for the early stages of what could be a significant discovery at the El Palmar project
- **Sunstone holds 51%, and is acquiring 100%, of the El Palmar gold-copper porphyry project in northern Ecuador**
 - Through a Staged Acquisition Agreement based on cash payments linked to milestones (US\$300,000 payment to move to 70%, US\$2mill to go from 70 to 100%)
 - The project is located in northern Ecuador, in the same regional belt as the giant Cascabel copper-gold porphyry deposit, and Llurimagua copper-moly porphyry deposit
 - Sunstone has drilled 4 holes so far, all mineralised
 - Assays for Holes EPDD001 and part of EPDD002 have delivered a significant gold-copper porphyry discovery with considerable upside
 - 3-D modelling of ground magnetic data is guiding exploration drilling. Gold and copper mineralisation correlate with magnetic rocks
 - Soil sampling in progress to help define additional targets
- **Sunstone owns 87.5% of the Bramaderos Gold-Copper Project in southern Ecuador**
 - The Bramaderos Project has delivered ore grade intercepts of gold and copper, from surface, in the Brama porphyry system. Phase 2 drilling in progress, leading to a mineral resource estimate in early 2022
 - There remains 5 additional highly ranked porphyry gold-copper systems – all of which are mineralised and only partially tested

Ecuador

Building an exploration and mining sector

New President Guillermo Lasso is supporter of responsible mining. New Minister for Energy and Non-Renewable Resources – Juan Carlos Bermeo, Vice-Minister Mines, Xavier Vera, appointed 2021

Ecuador is managing through the coronavirus pandemic, with 60% of the population fully vaccinated

Mining is now playing an important part in Ecuadorian economic growth; mineral resources now represent one of Ecuador's top five exports; US\$810 million in exports generated by the mining sector in 2020; yoy to April 2021 (4 months) 127% higher at US\$421 million. Mining products 5.4% of total exports*, and fourth behind oil, bananas and shrimp. Mining exports growing. *(by comparison, 61% of exports in Peru are from the mining sector)

Major global mining companies have a presence in Ecuador – BHP, Newcrest, Anglo American, Fortescue, Hancock, Codelco, Lundin

There will be several very significant gold and copper discoveries and developments in Ecuador over the next few years. Sunstone will be part of that industry growth

Ecuador

Exploration and development is active



Fruta del Norte

Lundin Gold (TSX:LUG)

High grade underground gold mine; Reserve of 20.8Mt at 8.1g/t gold + 11.8g/t silver; 5.4Moz gold In production; 2021 guidance 380,000 - 420,000 ounces gold; AISC US\$800/ounce; 10.4g/t head grade Ecuador's first modern underground gold mine

Mirador

Ecuacorriente

Open Pit producing and exporting concentrate; 62,000t copper and 34,000 ounces gold annual production 673Mt at 0.58% copper and 0.19g/t gold

Cascabel

SolGold 85%/ Cornerstone 15%

Alpala resource

2,663 Mt @ 0.37% copper and 0.25g/t gold in the Measured and Indicated categories, and 544 Mt @ 0.24% copper and 0.11g/t gold in the Inferred category.

Top of main orebody ~500m below surface

Cangrejos

Lumina Gold (TSX.V:LUM) 100%

568Mt at 0.55g/t gold and 0.11% copper in the Indicated category, and 476 Mt @ 0.41g/t gold and 0.08% copper in the Inferred category.

Llurimagua

Codelco/Enami (Ecuador) JV; 982Mt at 0.89% copper and 0.04% molybdenum (1.55Bt at 0.51% copper)

Warintza

Solaris (TSX.V:SLS); small initial resource, huge new drill intersections, 7km x 5km area containing cluster of porphyry systems

Sunstone Metals

Community, Safety and Environment



Sunstone appreciates the strong community support that it has at its projects

Sunstone has active environmental monitoring programs and is involved in various community programs at Bramaderos and El Palmar

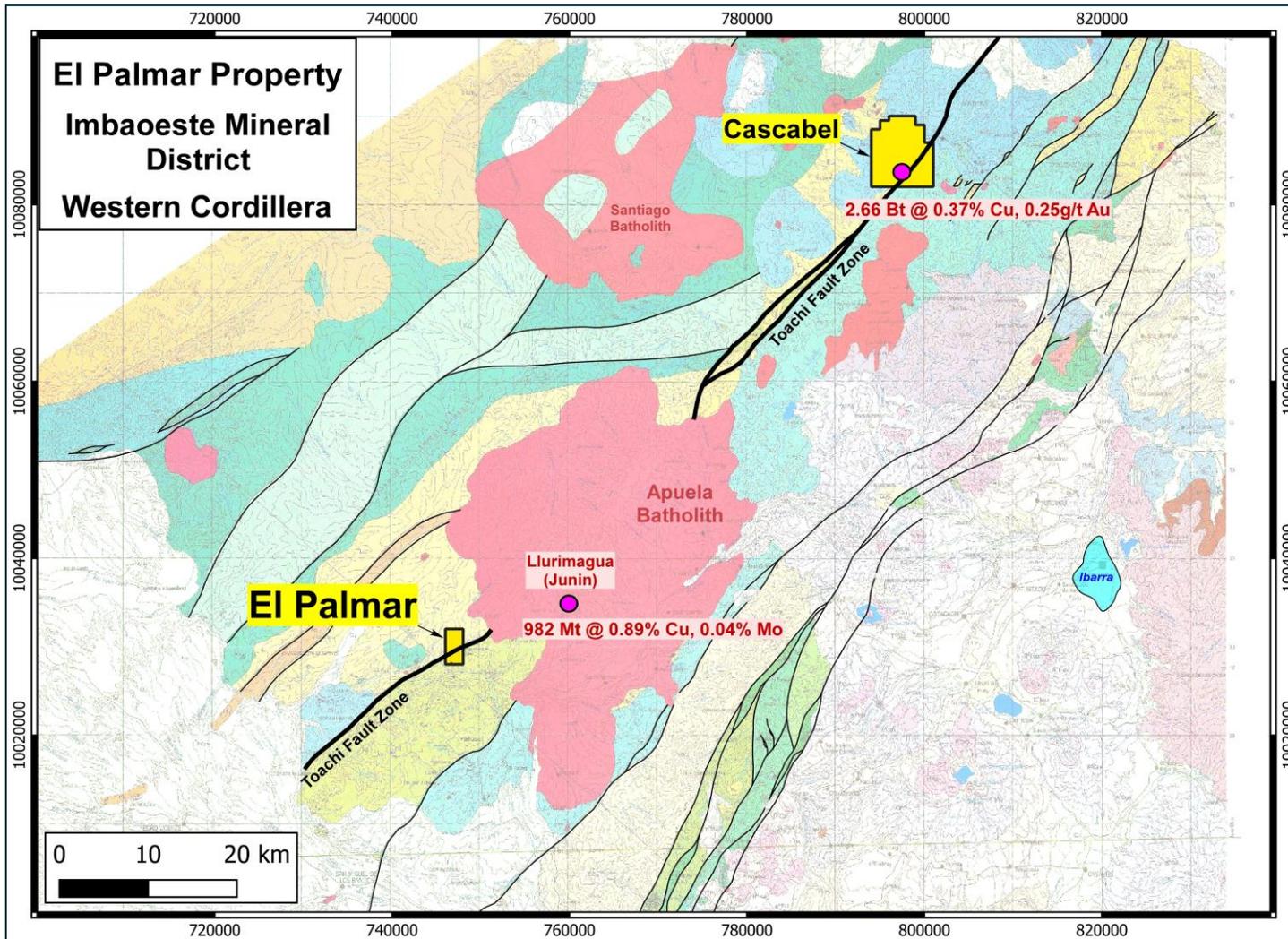
At Bramaderos and El Palmar we have been working with the local communities to assist where possible during the coronavirus pandemic

We have implemented a strict coronavirus operating plan to allow our exploration programs to continue across 2 projects while not compromising local health and safety



El Palmar

Northern Ecuador



Prospective for porphyry copper-gold similar to the 2.7Bt Alpala deposit at Cascabel and the 1Bt Llurimagua deposit

Recent discovery holes drilled by Sunstone

EPDD001:

- 163.55m at 0.71g/t gold and 0.20% copper (1.05g/t gold equivalent*) from 52.35m
- Within 480.85m at 0.41g/t gold and 0.15% copper (0.66g/t gold equivalent*) from 11.3m

Partial assays from hole EPDD002 for the interval 250 – 417.5m are:

- 167.50m at 0.58g/t gold and 0.26% copper (1.02g/t gold equivalent*) from 250m

See ASX announcement dated 7th October 2021

*AuEq is calculated on a gold and copper basis only, using metals prices at 28th September 2021, being US\$1,750/oz gold, US\$4.29/lb copper using the formula: (gold grade in g/t) + 1.68 * (Cu grade in %).

No metallurgical recoveries have been applied to exploration results.

El Palmar

Active exploration program



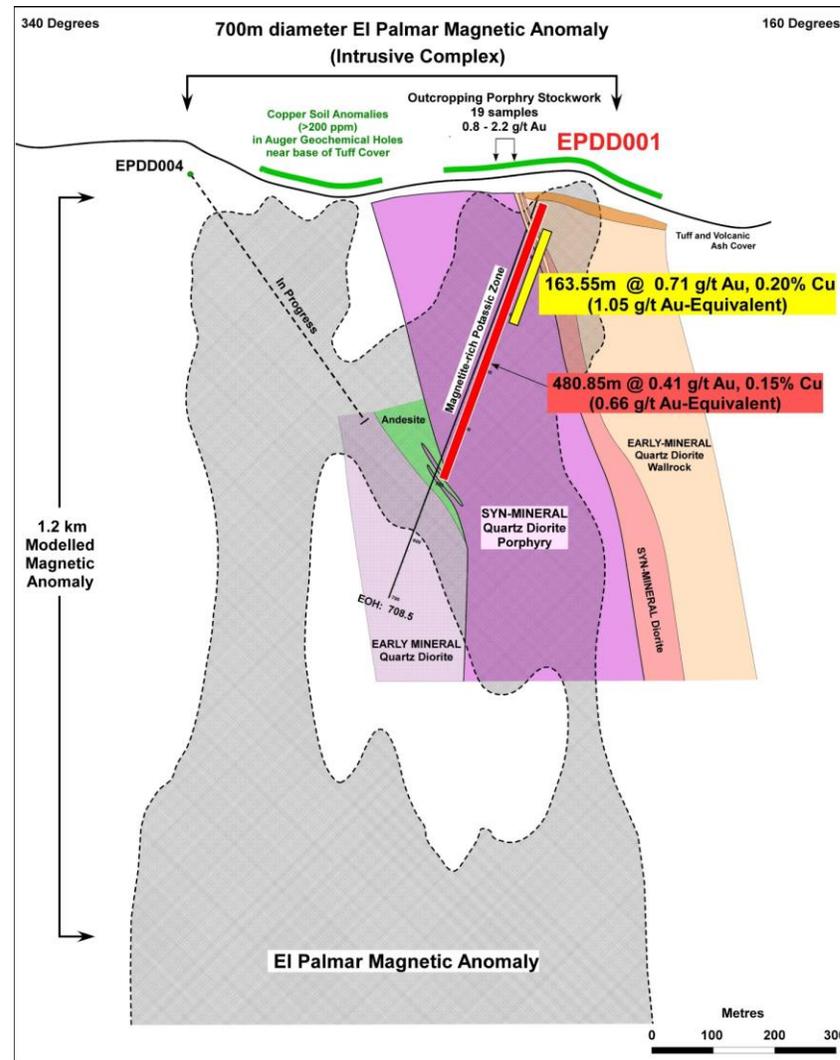
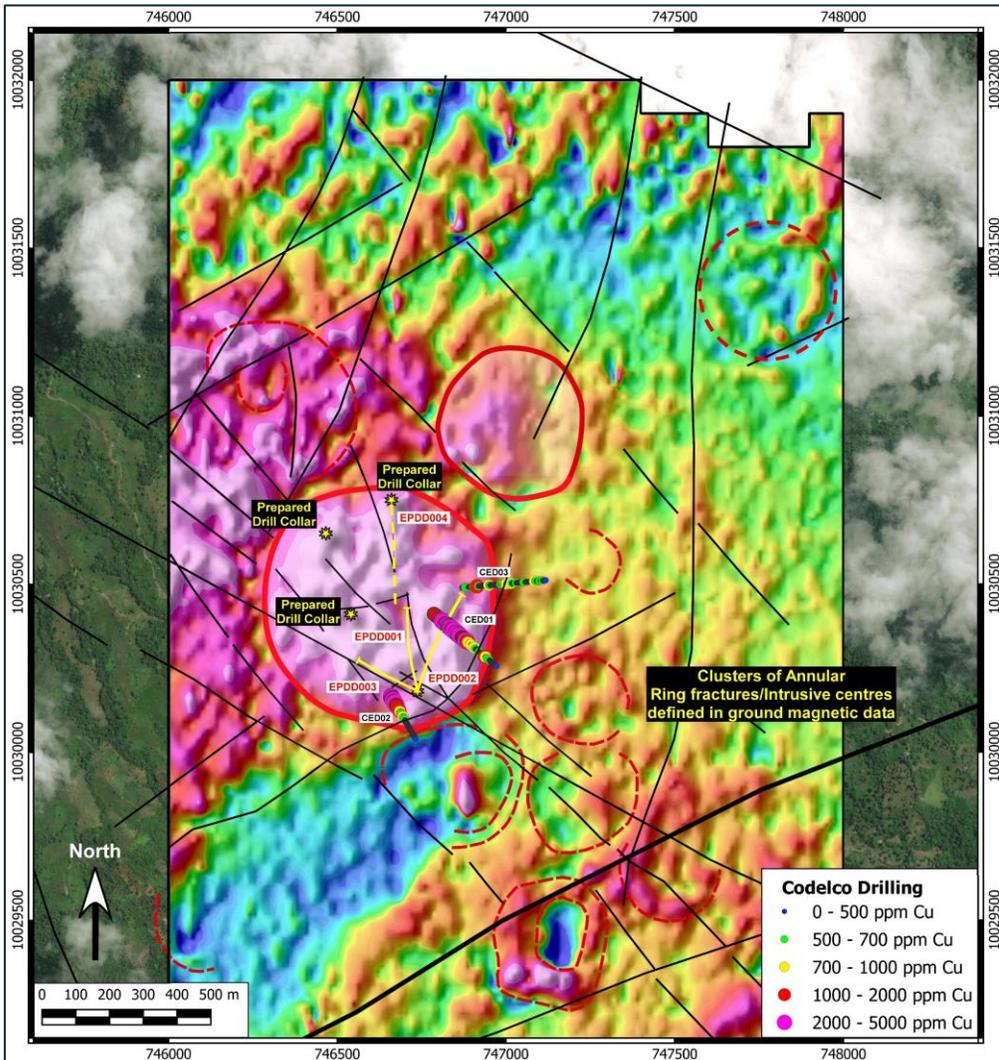
Good access

Drilling in progress
One rig at this stage
Soil sampling in progress



El Palmar

What do the discovery results mean?



We are optimistic that El Palmar could be a large gold copper porphyry deposit

Mineralisation from surface

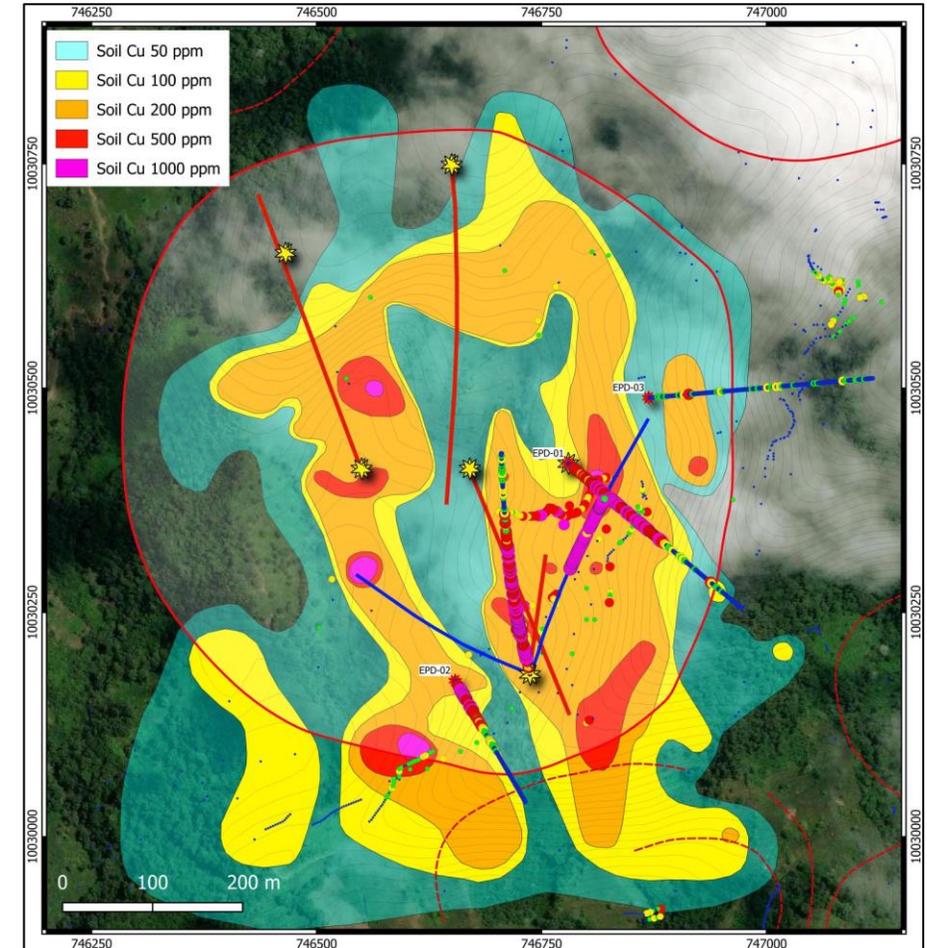
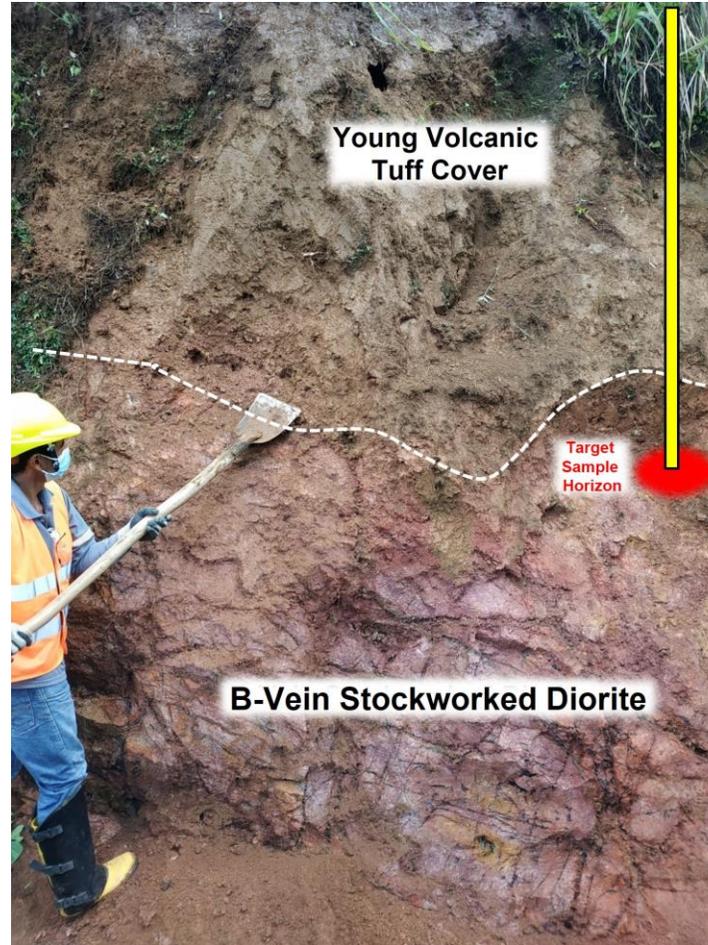
Very significant vertical extent from magnetic modelling

Copper-gold-silver-magnetic susceptibility all correlate – guides initial exploration

Hints to expect higher copper values elsewhere in system

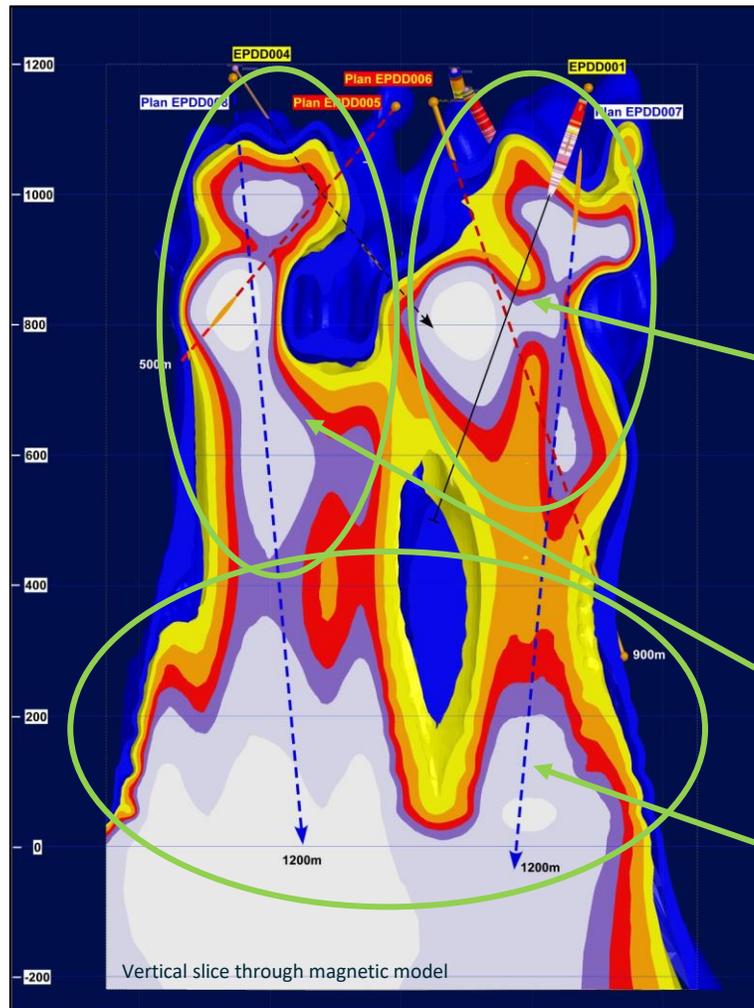
El Palmar

Locally outcropping Porphyry but with cover; Auger soil sampling effective



El Palmar

Drill targets defined, scale and potential will become evident

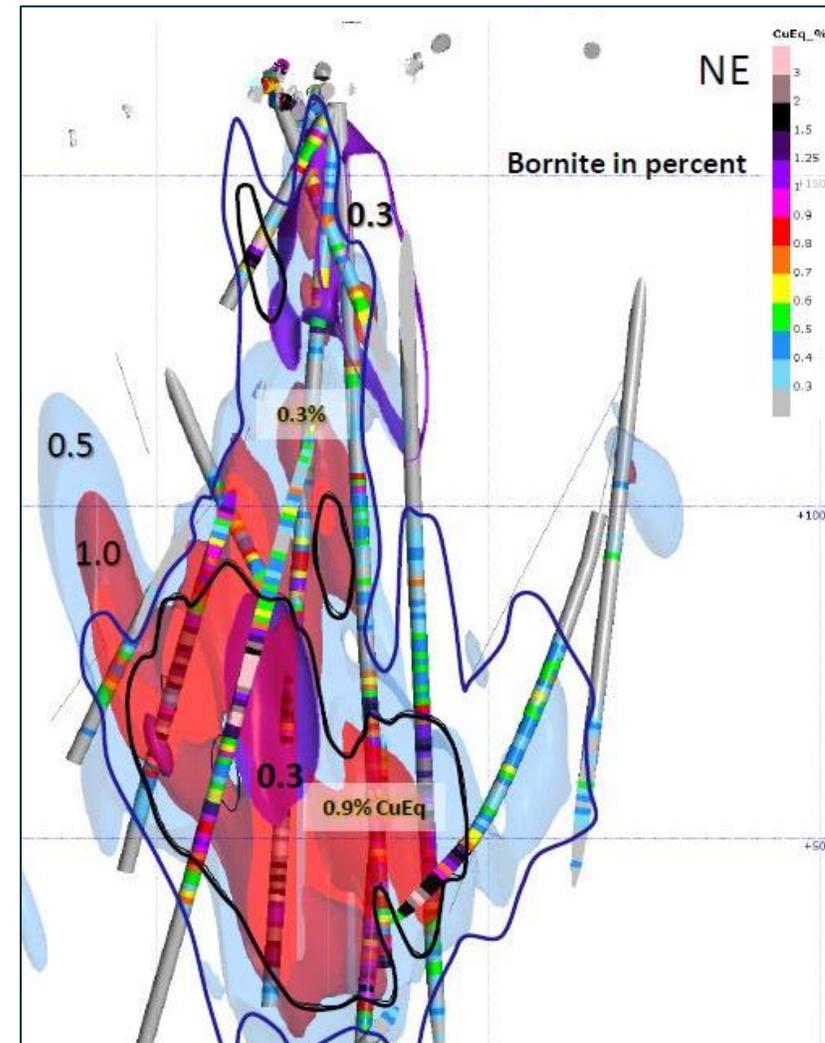


El Palmar – main target; drill holes and vertical slice through magnetic model

Upper 400m of sub-vertical SE magnetic body shown to be mineralised from assays from holes EPDD001 and 2

Holes EPDD004 and planned EPDD005 testing sub-vertical NW magnetic body

Planned holes EPDD007 and 8 to test deeper targets



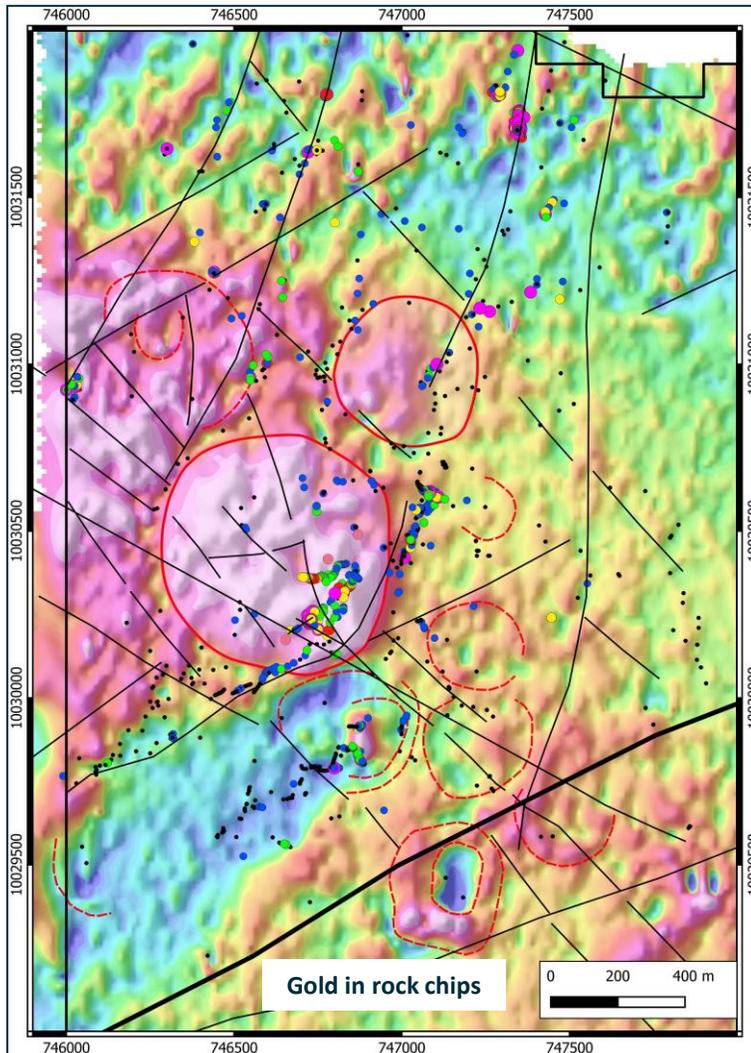
Alpala, Cascabel (SolGold) – x-section of bornite and chalcopyrite ratio; and showing CuEq grade domains

(see Garwin, 23 July 2021 GeoHug presentation)

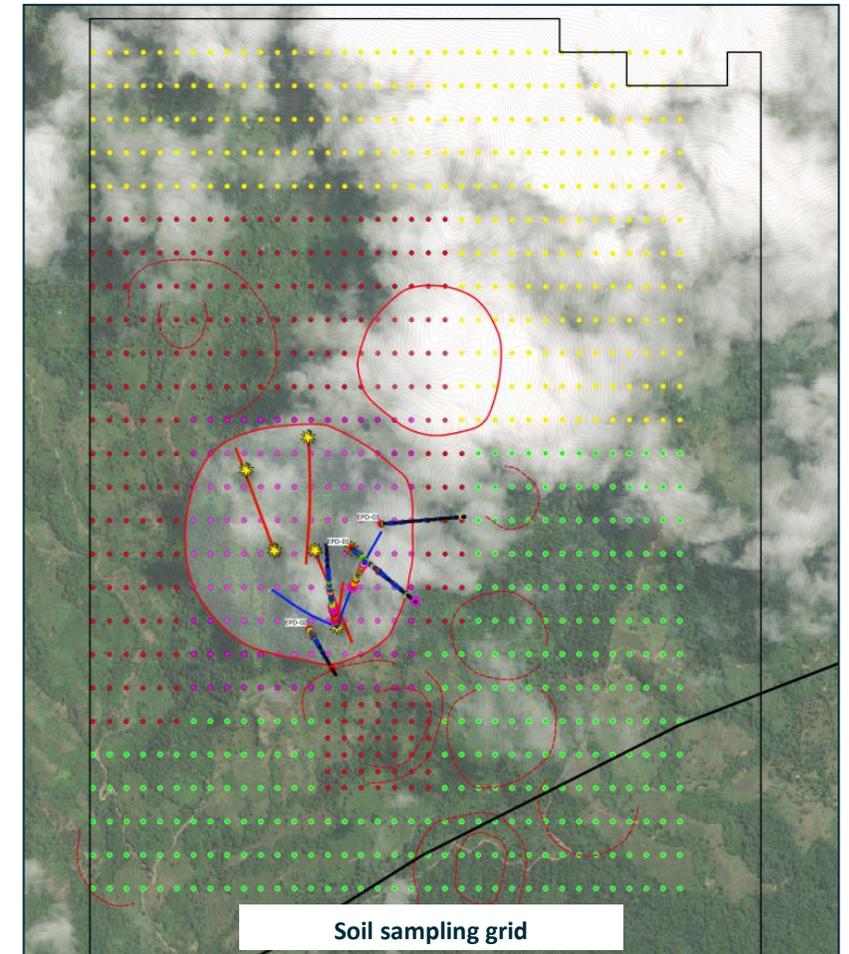
DIAGRAMS AT SAME SCALE

El Palmar

More than just the main target

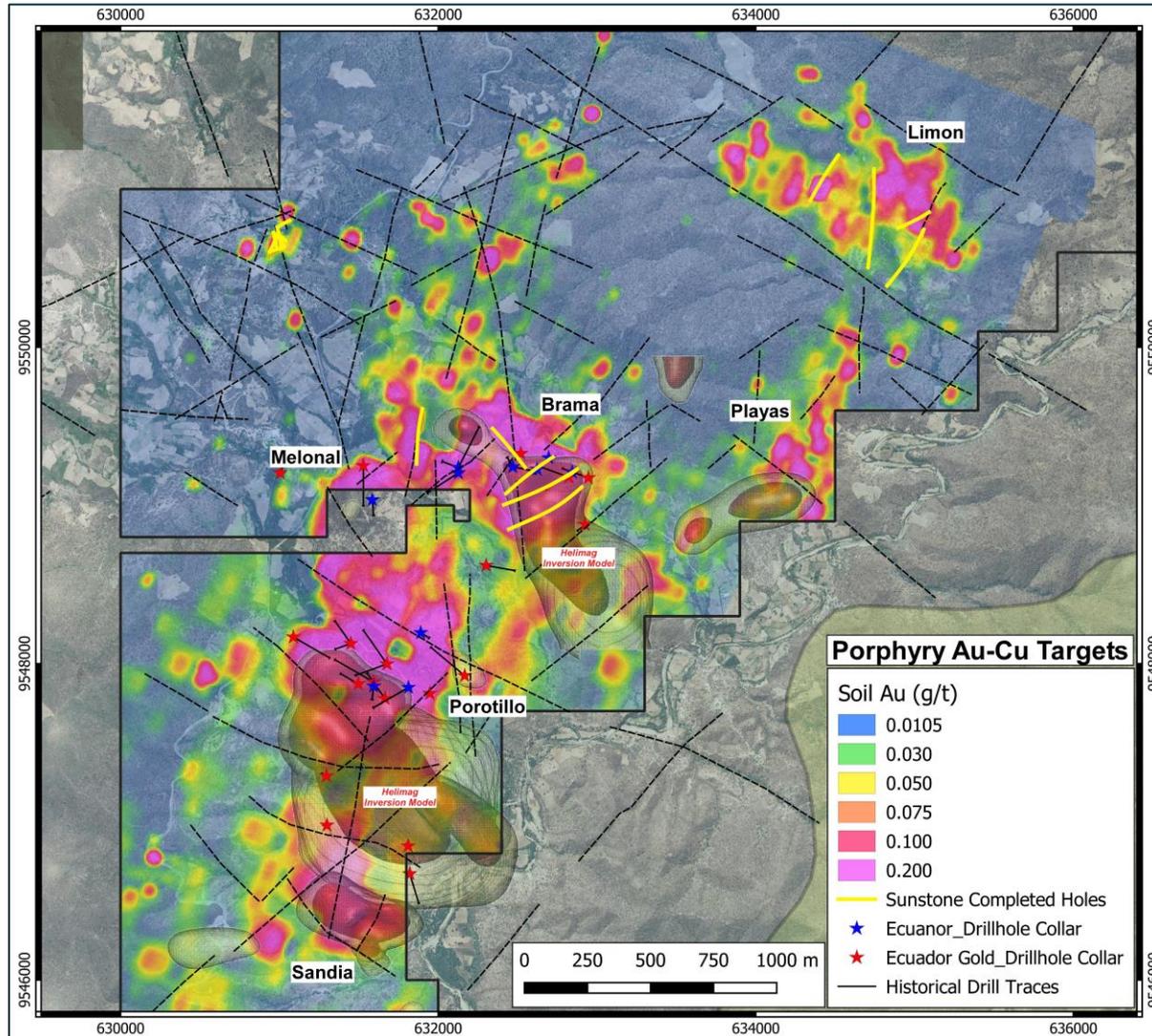


- Magnetics and historical rock chip results identify areas of interest
- 2km long cluster of targets identified to date
- Soil sampling program underway over entire concession
- 4 Additional Porphyry Targets
- 6 Epithermal Targets



Bramaderos Project

Multiple Targets – Porphyry gold-copper and epithermal silver-gold



6 porphyry gold-copper systems have been identified and all are mineralized

Currently drilling the Brama target

Brama – existing drilling; ore grade intercepts

Limon – existing drilling; drilled outside edge of porphyry

Playas – no drilling

Melonal – very minor drilling found copper and gold

Porotillo – historical drilling, some good grades

Sandia – no drilling

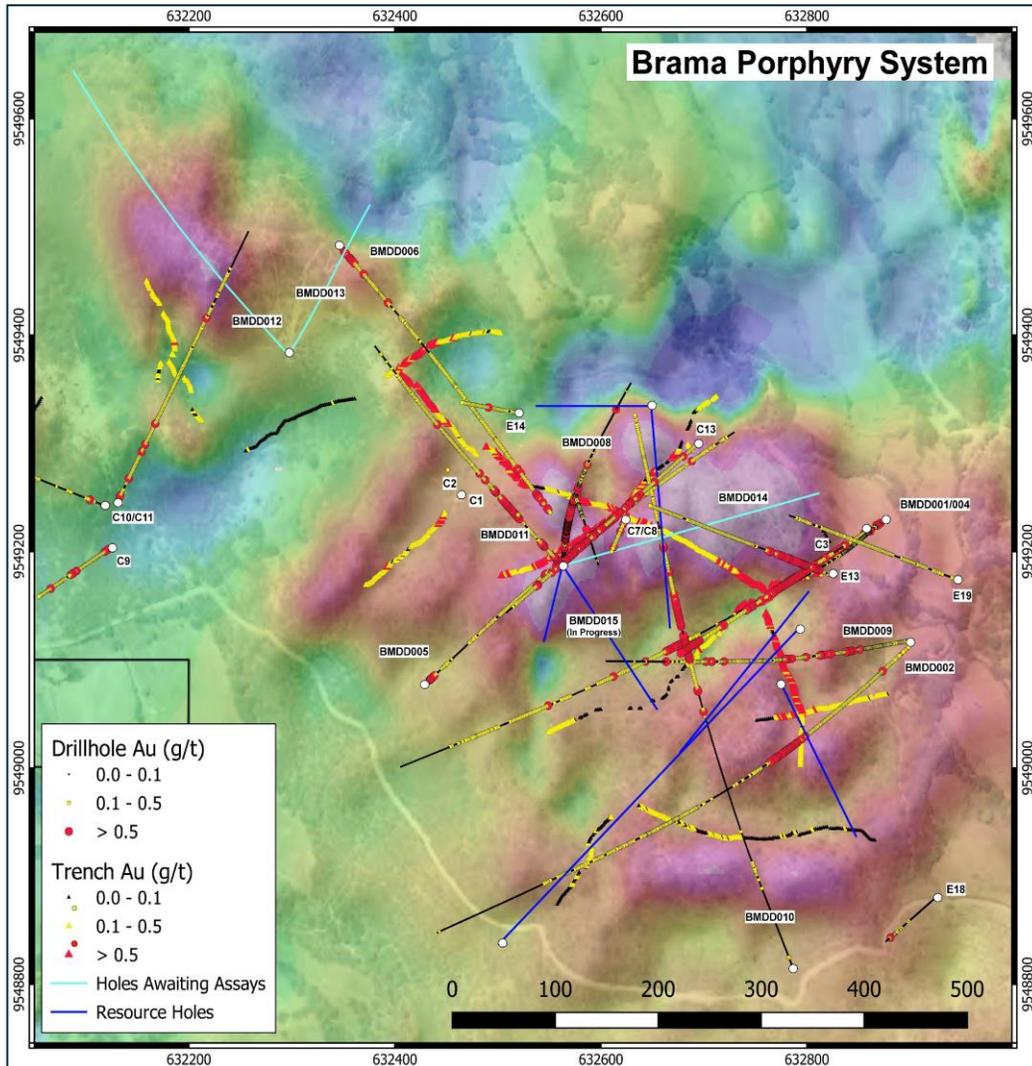
At least 2 known mineralised epithermal gold-silver systems (NE geological extension of Dynasty goldfield)

*ON PAGE 15 - AuEq is calculated on a gold and copper basis only, using metals prices at 28th September 2021, being US\$1,750/oz gold, US\$4.29/lb copper using the formula: (gold grade in g/t) + 1.68 * (Cu grade in %).*

No metallurgical recoveries have been applied to exploration results.

Brama Porphyry

Large gold-copper system at surface

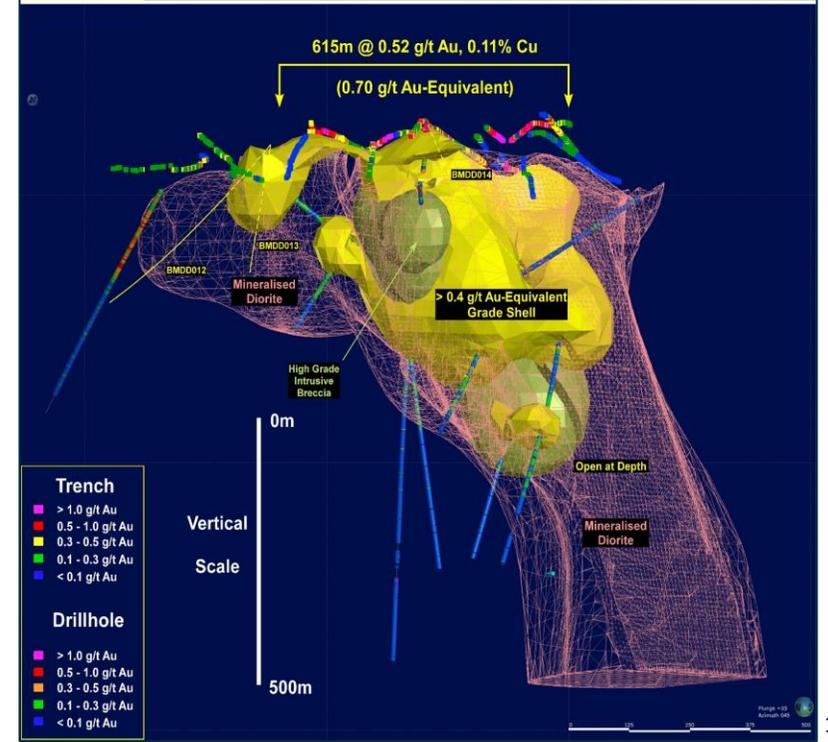
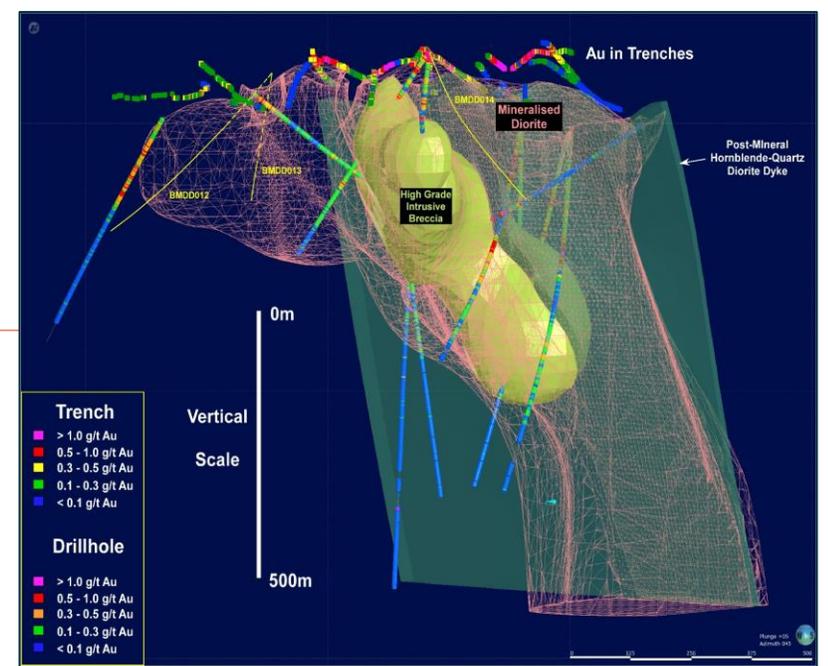
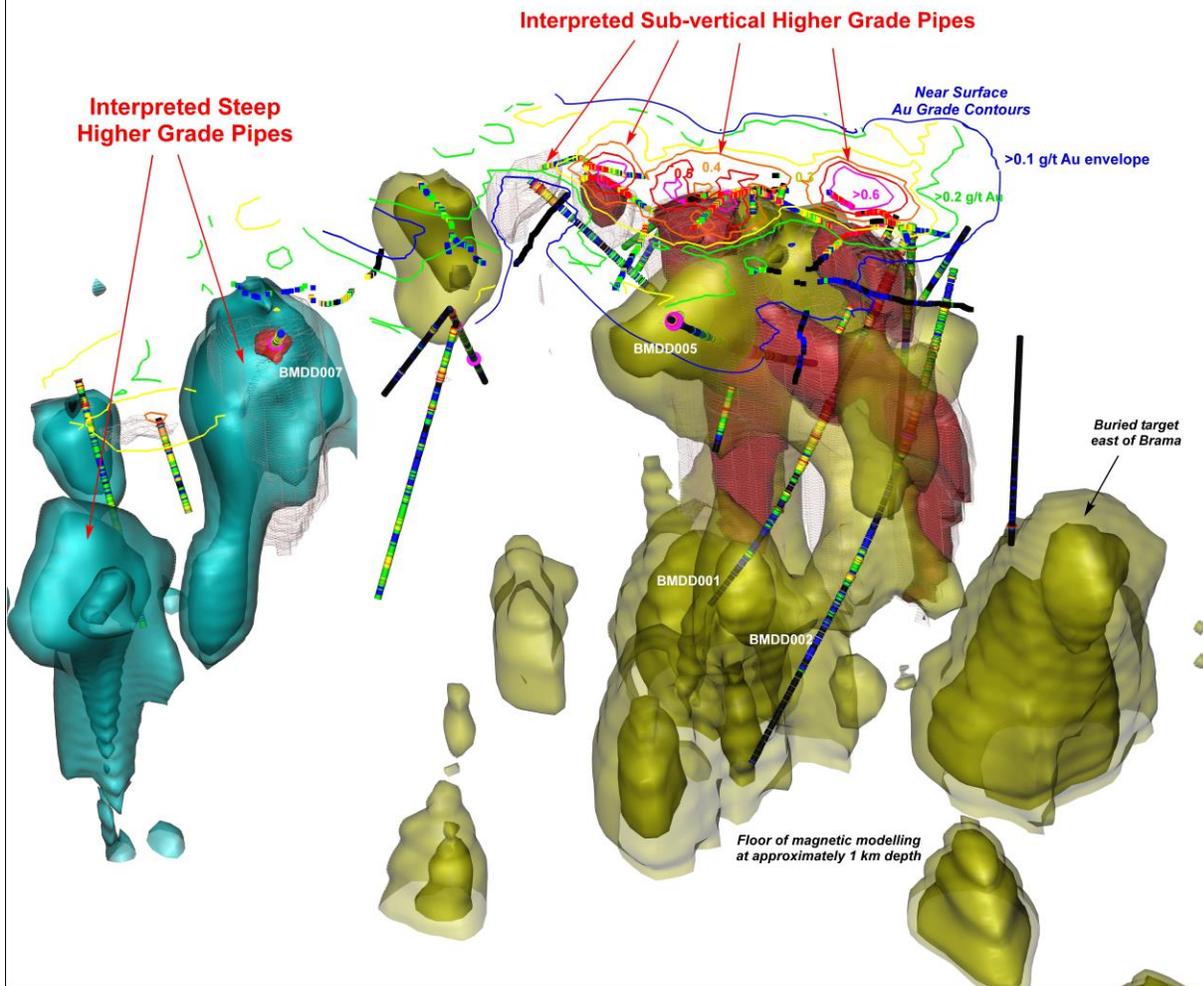


- 13 effective diamond drill holes to date - all mineralized, some ore grade
- Longitudinal trench BM14 – 615.14m at 0.52g/t gold and 0.11% copper (0.7g/t AuEq), including
 - 122.6m at 0.55g/t gold, 0.17% copper (0.84g/t AuEq), and
 - 97m at 0.61g/t gold, 0.16% copper (0.82g/t AuEq), and
 - 179.7m at 0.6g/t gold, 0.09% copper (0.75g/t AuEq)
- BMDD001; 172m at 0.52g/t gold and 0.16% copper (0.79g/t AuEq) downhole, including
 - 96.6m at 0.61g/t gold and 0.18% copper (0.91g/t AuEq), and
- Trench above CURI-03 returned; 140.6m at 0.57g/t gold and 0.15% copper (0.82g/t AuEq), including
 - 68.2m at 0.8g/t gold and 0.18% copper (0.98g/t AuEq)
- BMDD008; drilled a mineralised intrusive breccia intersecting
 - 450m at 0.47g/t gold and 0.1% copper (0.64g/t AuEq), including
 - 84.3m at 0.8g/t gold and 0.11% copper (0.64g/t AuEq)
- BMDD009; 185.3m at 0.4g/t gold, 0.15% copper, (0.64g/t AuEq) from 116.8m
- BMDD010; 170.65m at 0.46g/t gold and 0.15% copper. (0.7g/t AuEq) from 311.75m, including
 - 69.6m at 0.65g/t gold, 0.2% copper, (0.97g/t AuEq) from 347m
- BMDD011; 404.8m at 0.32g/t gold, 0.09% copper, (0.46g/t AuEq) from surface, including
 - 51.3m at 0.54g/t gold, 0.07% copper (0.65g/t AuEq) from surface
- BMDD012-016 drilled
- Four remaining holes in this drill program
- See ASX announcements dated 16 September 2021, 22 April 2021, 20 August 2019

Brama Porphyry

Building tonnes, and testing other targets

Inclined View Looking NNE Across the Brama Prospect - (Magnetic Iso-surfaces and Au 0.35, 0.40, 0.50 g/t shells)

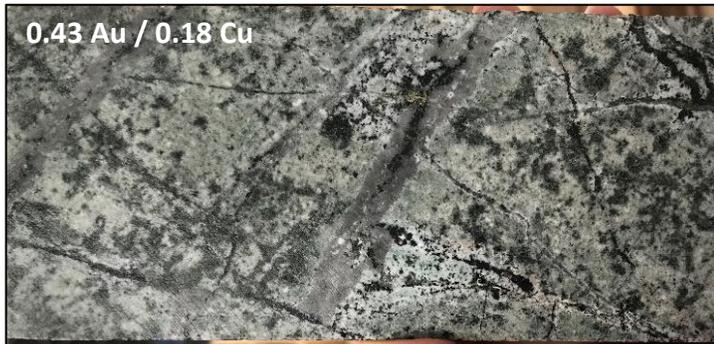


What's Ahead

- ✓ **2021-22 – Demonstrate significant upside to El Palmar discovery, no near-term plans for raising capital**
- ✓ **El Palmar**
 - Q4, 2021
 - drilling (2nd rig to be added late November),
 - assays from holes 2 - 6,
 - expanded soil sampling coverage,
 - additional targets defined
- ✓ **Bramaderos**
 - Q4, 2021
 - Drilling, 1 rig, 4 holes to drill to prepare for inaugural mineral resource estimate in early 2022
 - Q1, 2022 – deep penetrating electrical geophysics
- ✓ **Marketing**
 - Regular news flow from El Palmar
 - Proactive Investors coverage and video interviews
 - Increased social media presence
 - Boom in a Room, Oct 15
 - Mines and Money Connect Online, Oct 19-20
 - Noosa Festival of Mining, Nov 10-12

El Palmar

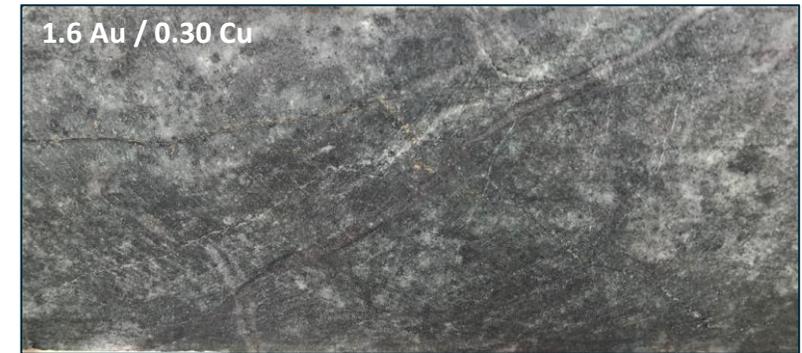
we will leave you with this



EPDD001: 304m



EPDD001 320m.
Coarse-grained bornite along shear zone + actinolite.



EPDD002 256m.
fine-grained diorite with quartz-magnetite veining



EPDD001 173m



EPDD001 354.3m



EPDD001 225.8m.
Quartz-magnetite-chalcopyrite vein in quartz-chlorite-magnetite-actinolite-epidote-calcite altered porphyry



EPDD002 332.15m.
Sulphide veins in quartz diorite

Competent Persons Statement

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