

SUNSTONE METALS

ASX
STM



8 December 2021

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FORWARD-LOOKING STATEMENTS

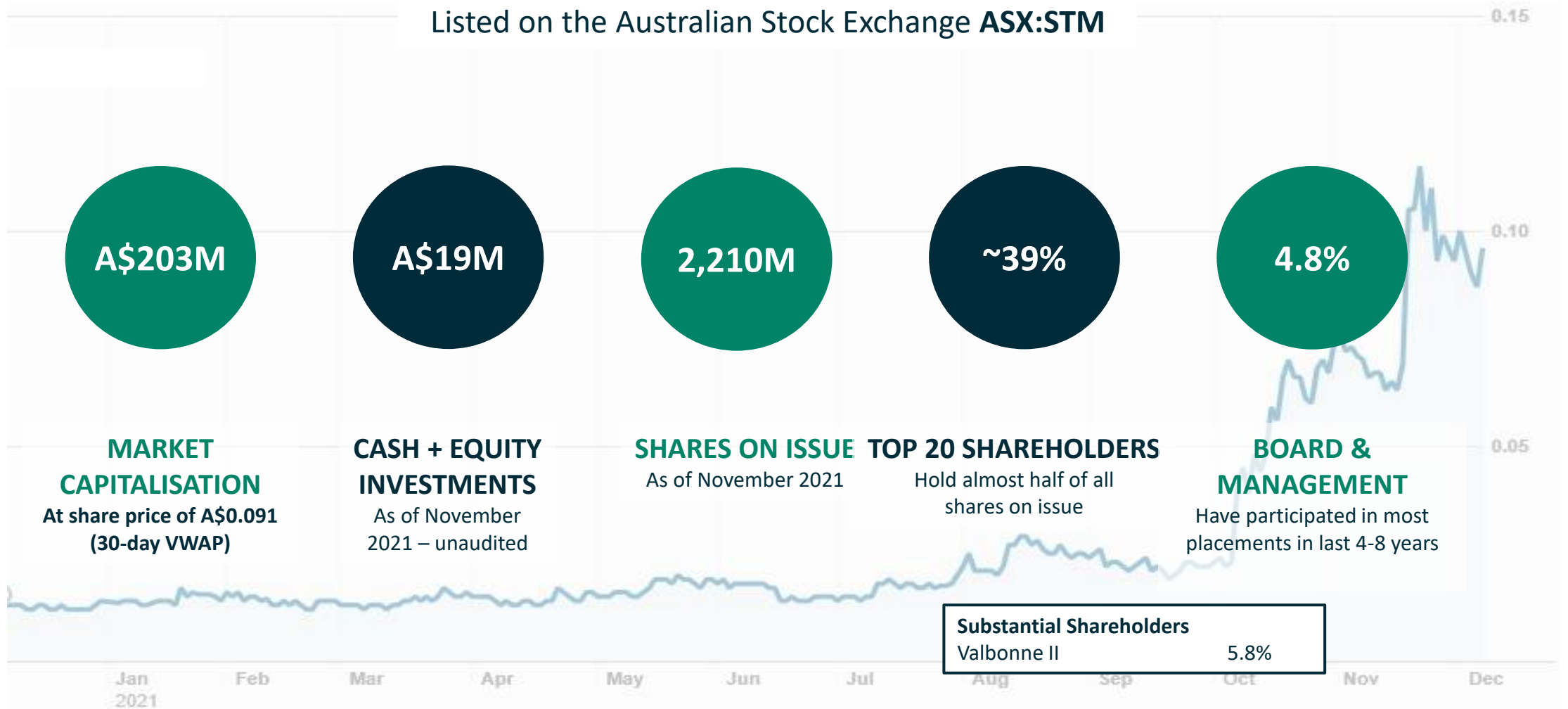
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Corporate

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



STM 2020-21 SHARE PRICE GRAPH

Investment Highlights

- **Well funded junior, has a track record of discovery, has delivered recent discovery success across 2 projects**
- **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 7 holes so far, all mineralised to varying degrees
 - 2 drill rigs now on site
 - Assays for Holes EPDD001, 002, and 003 have delivered a significant gold-copper porphyry discovery
 - Very significant upside yet to be delivered from more drilling and ongoing exploration defining new exciting targets
- **Sunstone owns 87.5% of the Bramaderos Gold-Copper porphyry project in southern Ecuador**
 - Recent high grade gold discovery at the Alba target; visible gold, on margin of porphyry system
 - Follow-up drilling at Alba in progress, we are encouraged by visuals so far
 - Ore grade intercepts of gold and copper, from surface, in the Brama porphyry system and mineral resource estimate planned for 2022
 - Several additional highly ranked porphyry gold-copper, and gold only systems which are only partially tested

The Team

A high-quality team in Ecuador and Australia

- A well qualified and focussed team in Ecuador, comprising 100% Ecuadorians, working across the El Palmar and Bramaderos Projects
- The team in Ecuador is expanding and covering all aspects of corporate, social, environmental, safety, technical exploration, logistics, and administration
- A small corporate team in Australia
- Consultant support in specialised areas as needed, including geology, geophysics, ESG, legal, and development



Ecuador

Building an exploration and mining sector

New President, Guillermo Lasso, is a supporter of responsible mining

Ecuador is managing through the coronavirus pandemic, with over 70% of the population fully vaccinated

Mining is now playing an important part in Ecuadorian economic growth (*source Bloomberg*);

- mineral resources now represent one of Ecuador's top five exports;
- US\$810 million in exports generated by the mining sector in 2020
- US\$430 million in taxes paid in 2020 by mining companies in Ecuador
- US\$374 million direct foreign investment for Ecuador during 2020
- thousands of direct jobs generated across the industry in Ecuador
- significant expenditure for goods and services in local communities and at the provincial level
- mining products ~6% of total exports, and fourth behind oil, bananas and shrimp. Mining exports growing.
- Exploration Investment Protection Agreements being signed over key exploration properties (Cascabel, Cangrejos)

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

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Community, Safety and Environment



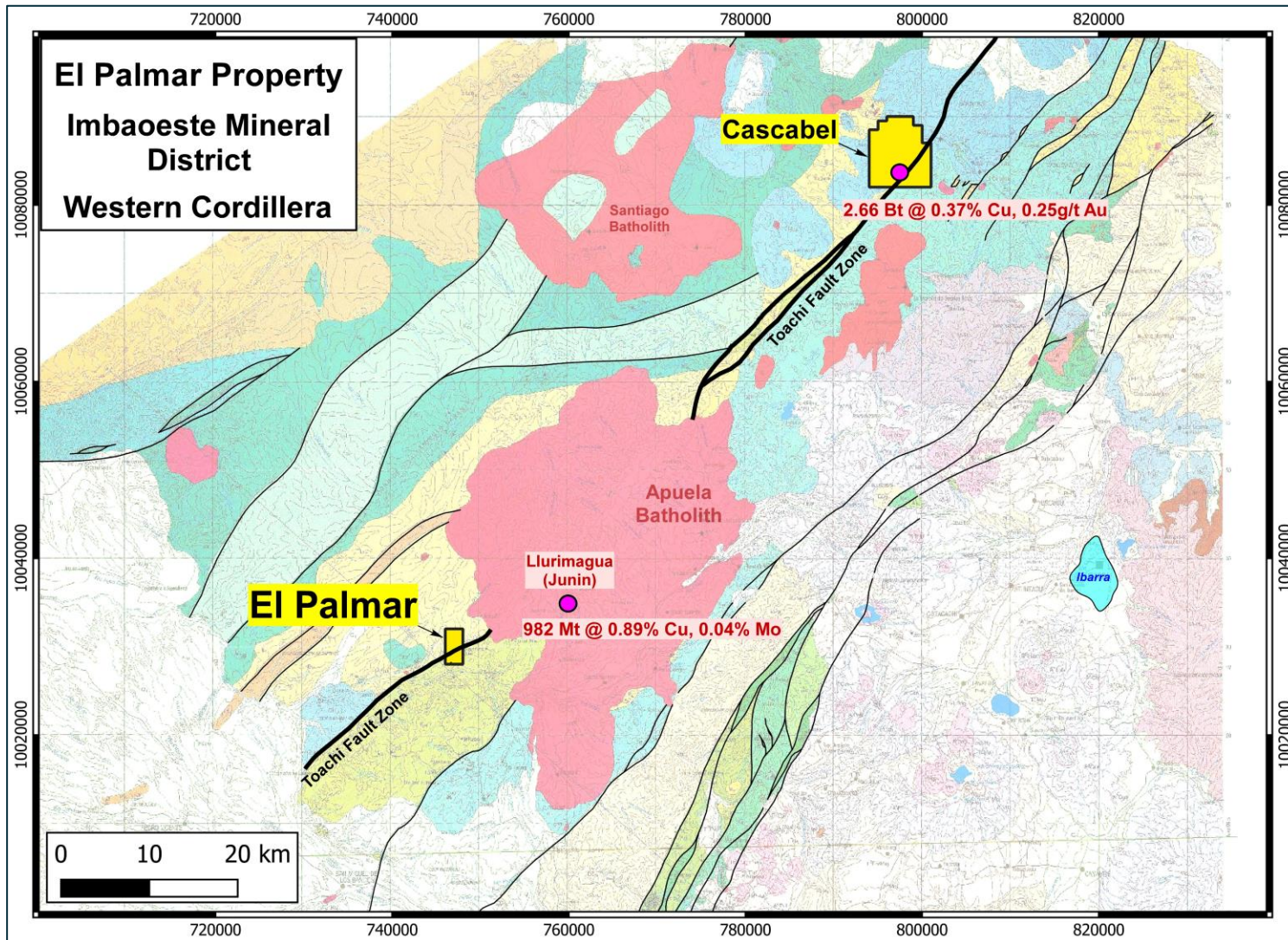
Sunstone takes its **environmental, social and governance** issues very seriously and is committed to improving the quality of life in the areas where we work

Sunstone

- has significant **environmental monitoring programs** across its projects
- is involved in various **community programs** at Bramaderos and El Palmar
- undertakes considerable **training programs** across a large range of skills for workers and the communities in which we operate
- **works with the local communities** to assist where possible, for example, during the coronavirus pandemic
- Offers employment and skills development
- has implemented strict coronavirus operating plans while not compromising local health and safety
- appreciates the strong community support that it has at its projects

El Palmar Project

Within a mineralised belt in northern Ecuador



- Highly prospective belt of rocks related to the Toachi Fault Zone
- Together with orthogonal structural control delivers target zones for porphyry mineralisation
- To date includes the 2.7Bt Alpala copper-gold porphyry deposit at Cascabel and the 1Bt Llurimagua copper-moly porphyry deposit

El Palmar Project

Active, and expanding, exploration program

Upgraded road access; soil sampling in progress; ground magnetics completed; drilling with 2 rigs in progress



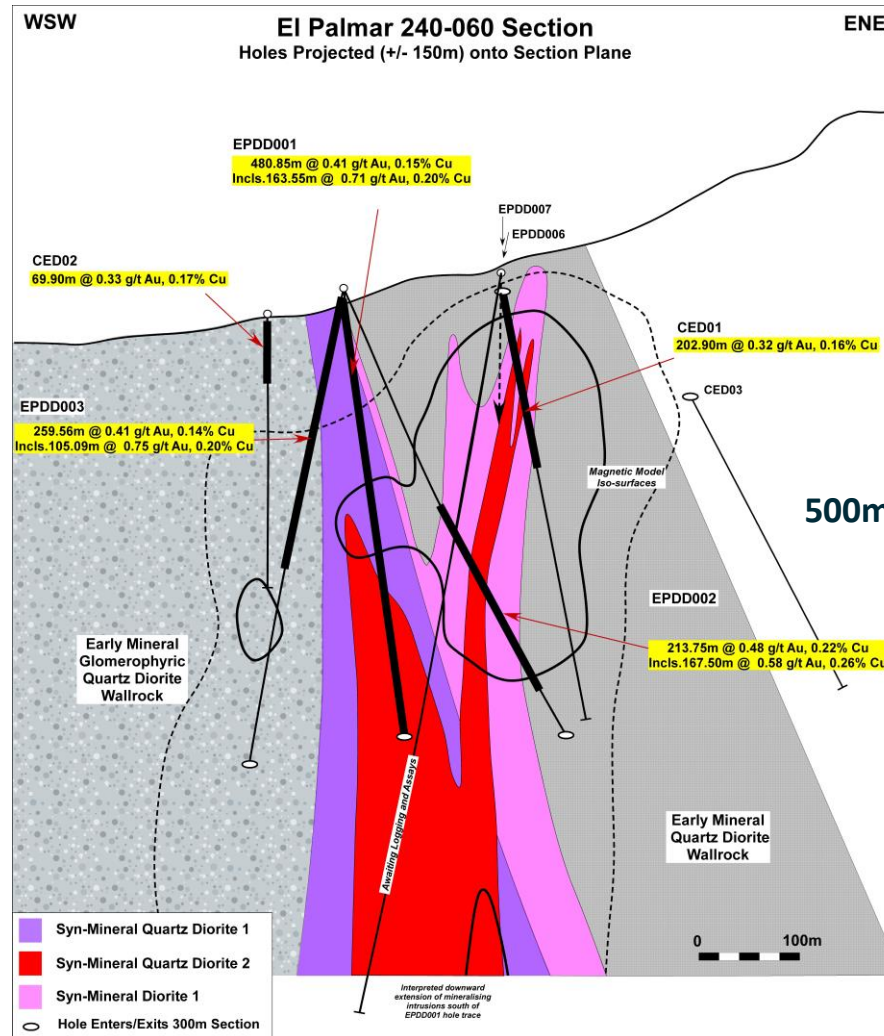
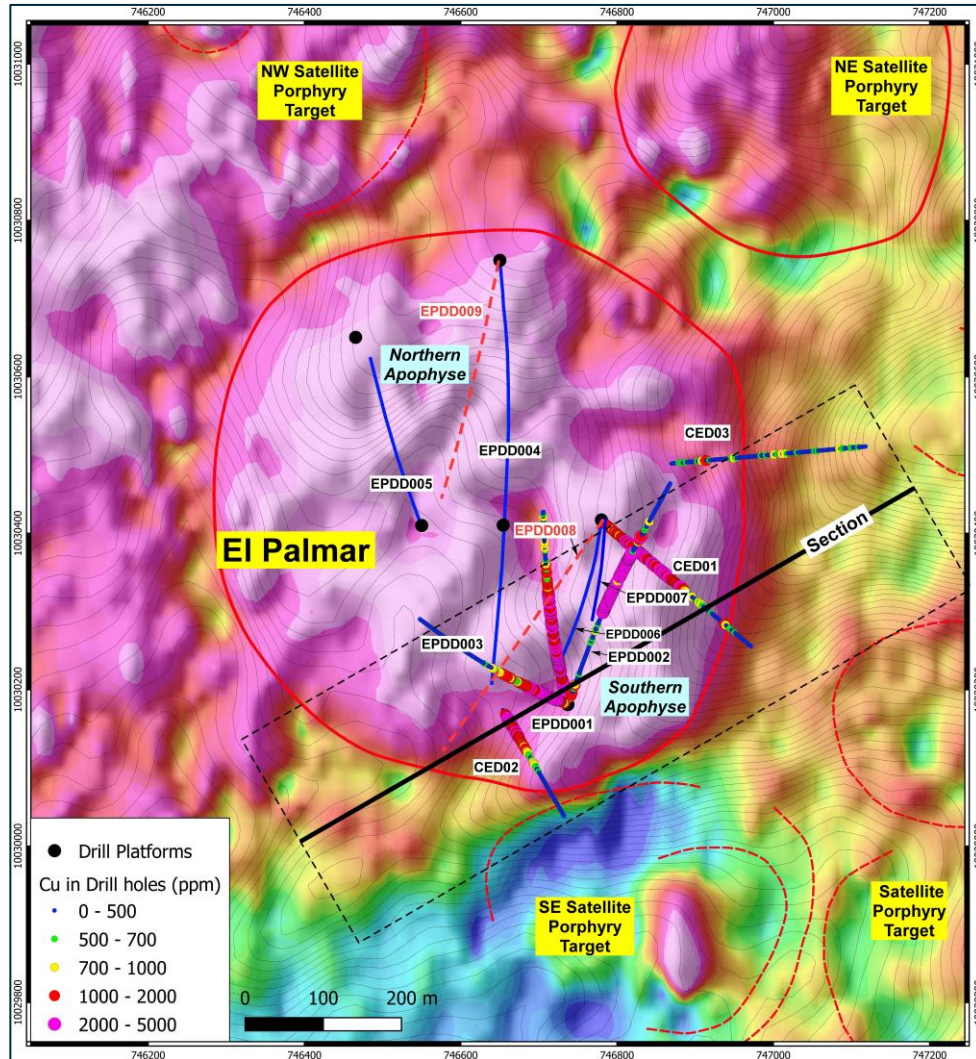
El Palmar Project

Initial drill hole assays deliver a significant discovery

Drill Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)	Mo (ppm)	Ag (g/t)
EPDD001	11.30	492.15	480.85	0.41	0.15	3.40	0.74
<i>incl</i>	52.35	215.90	163.55	0.71	0.20	1.39	1.14
<i>incl</i>	66.90	96.80	29.90	0.73	0.20	0.70	1.06
<i>incl</i>	147.25	163.30	16.05	0.80	0.20	1.36	2.69
EPDD002	4.7	34	29.30	0.18	0.06	1.3	0.57
	250.00	463.75	213.75	0.48	0.22	3.84	1.58
<i>incl</i>	250.00	417.50	167.50	0.58	0.26	3.54	1.81
<i>incl</i>	252.00	274.00	22.00	1.06	0.33	3.87	1.49
<i>and</i>	388.75	398.00	9.25	1.22	0.19	4.38	6.92
EPDD003	10.44	270.00	259.56	0.41	0.14	1.77	0.80
<i>incl</i>	31.91	137.00	105.09	0.75	0.20	1.14	0.89
<i>incl</i>	46.10	106.10	60.00	0.89	0.21	0.97	0.91

El Palmar Project

What do the discovery results mean?



Mineralisation from surface

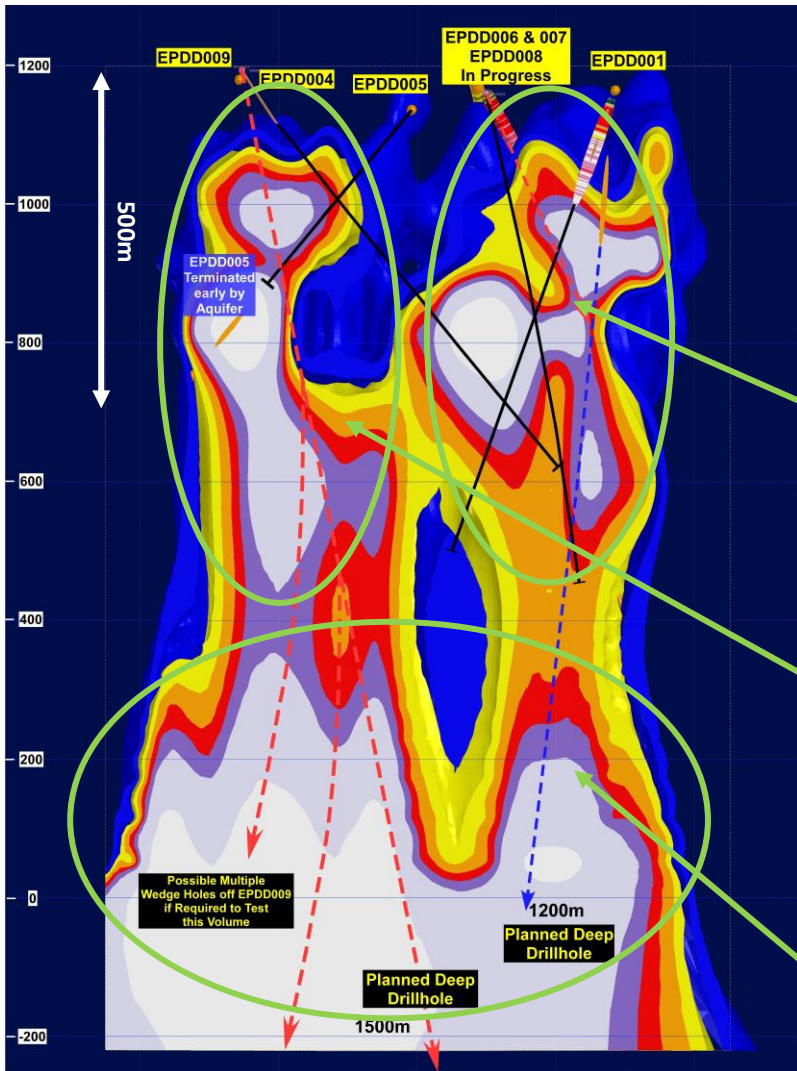
Very significant vertical extent from magnetic modelling

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

Hints to expect higher copper values elsewhere in system

El Palmar

Drilling progressing very well, scale and potential will become evident

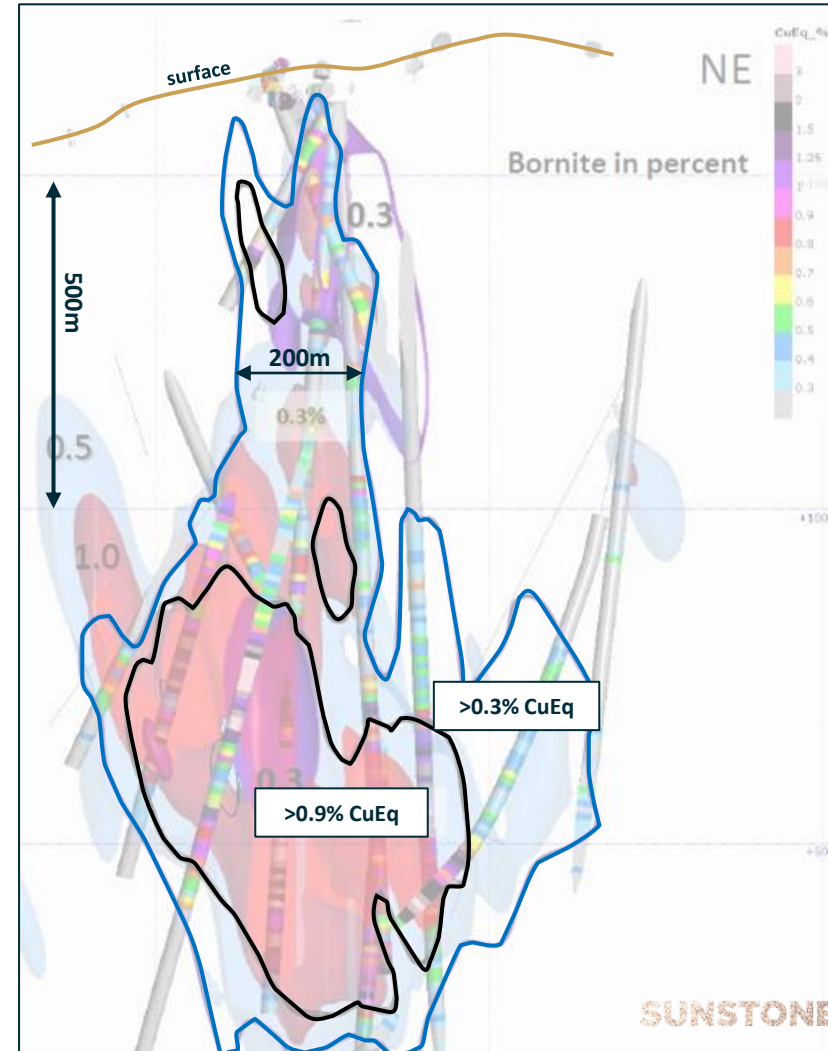


El Palmar – main target; drill holes and vertical slice through magnetic model

Upper 500m of sub-vertical SE magnetic body shown to be mineralised from assays from holes EPDD001, 2, and 3 EPDD006 & 7 tested a bit deeper

Holes EPDD004 and EPDD005 initial test of sub-vertical NW magnetic body - mineralised

Planned deep drill holes to test deep magnetic targets, rig setting up now



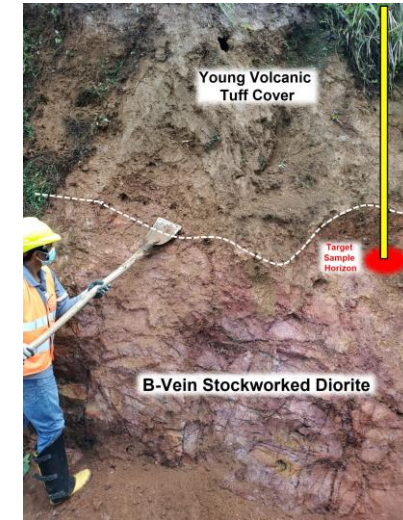
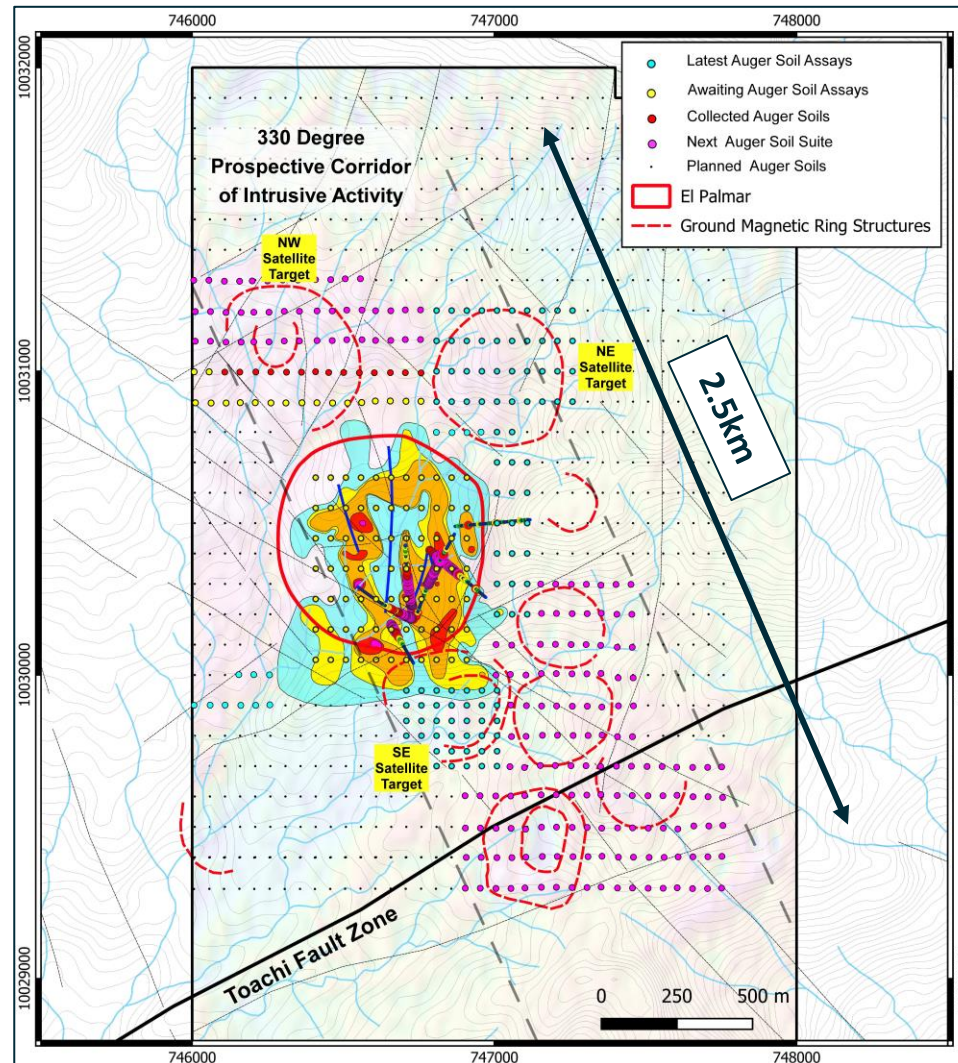
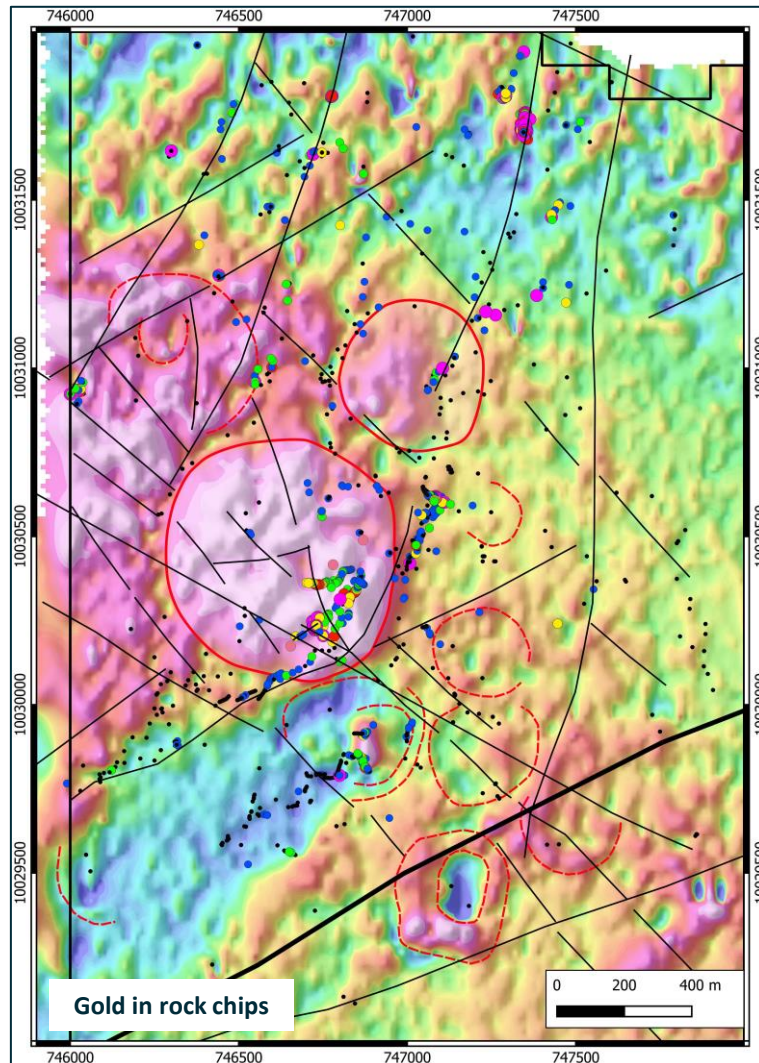
Alcala, Cascabel (SolGold) – x-section of bornite and chalcopyrite ratio; and showing CuEq grade domains

(see Garwin, 23 July 2021 GeoHug presentation)

DIAGRAMS AT SAME SCALE

El Palmar Project

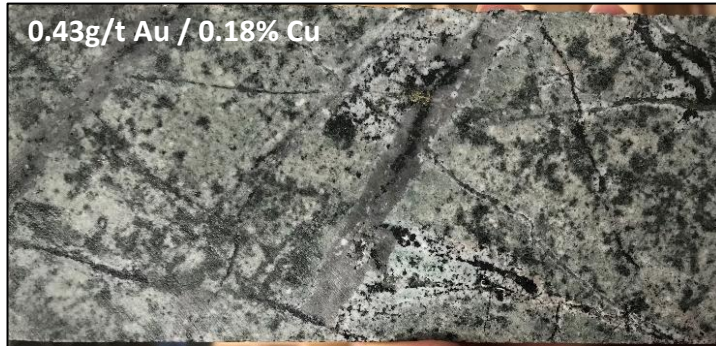
Additional targets being defined and prepared for drilling in 2022



- 2.5km long cluster of porphyry targets identified to date
- First results in the coming days
- Several Epithermal Targets
- Reconnaissance underway

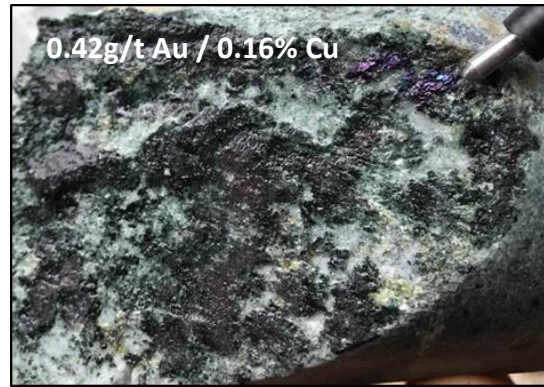
El Palmar Project

still early days, building an understanding of the geology, petrography samples in the laboratory, multiple intrusive phases identified



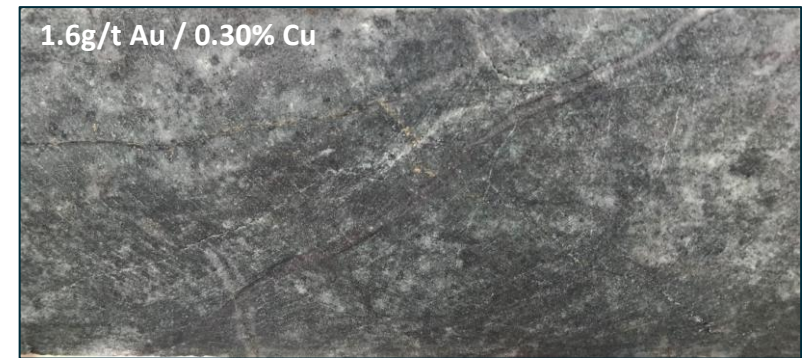
0.43g/t Au / 0.18% Cu

EPDD001: 304m



0.42g/t Au / 0.16% Cu

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



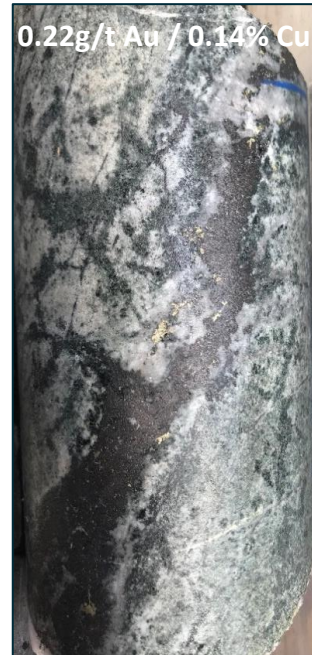
1.6g/t Au / 0.30% Cu

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



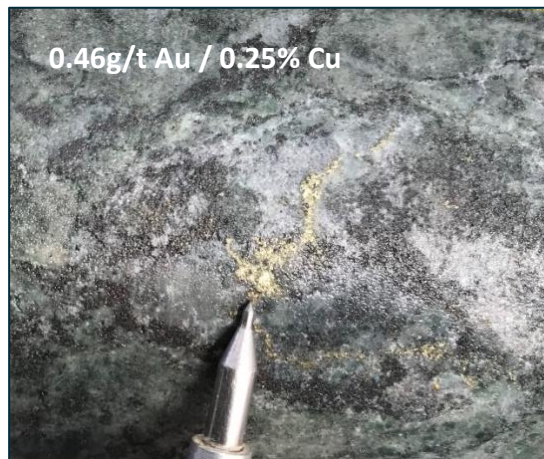
1.03g/t Au / 0.33% Cu

EPDD001 173m



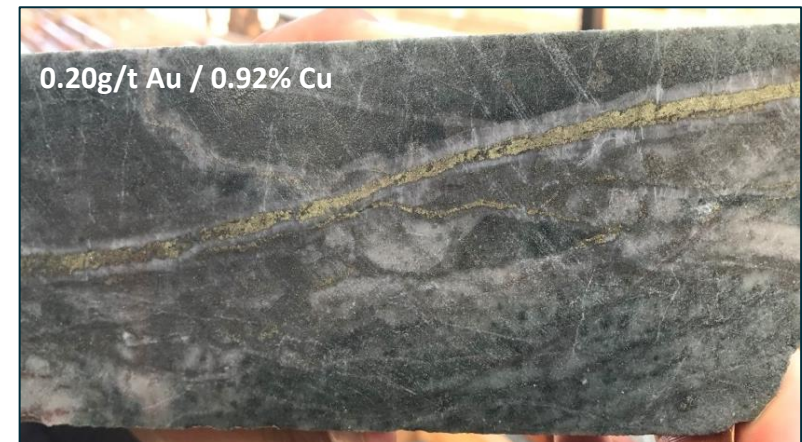
0.22g/t Au / 0.14% Cu

EPDD001 354.3m



0.46g/t Au / 0.25% Cu

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

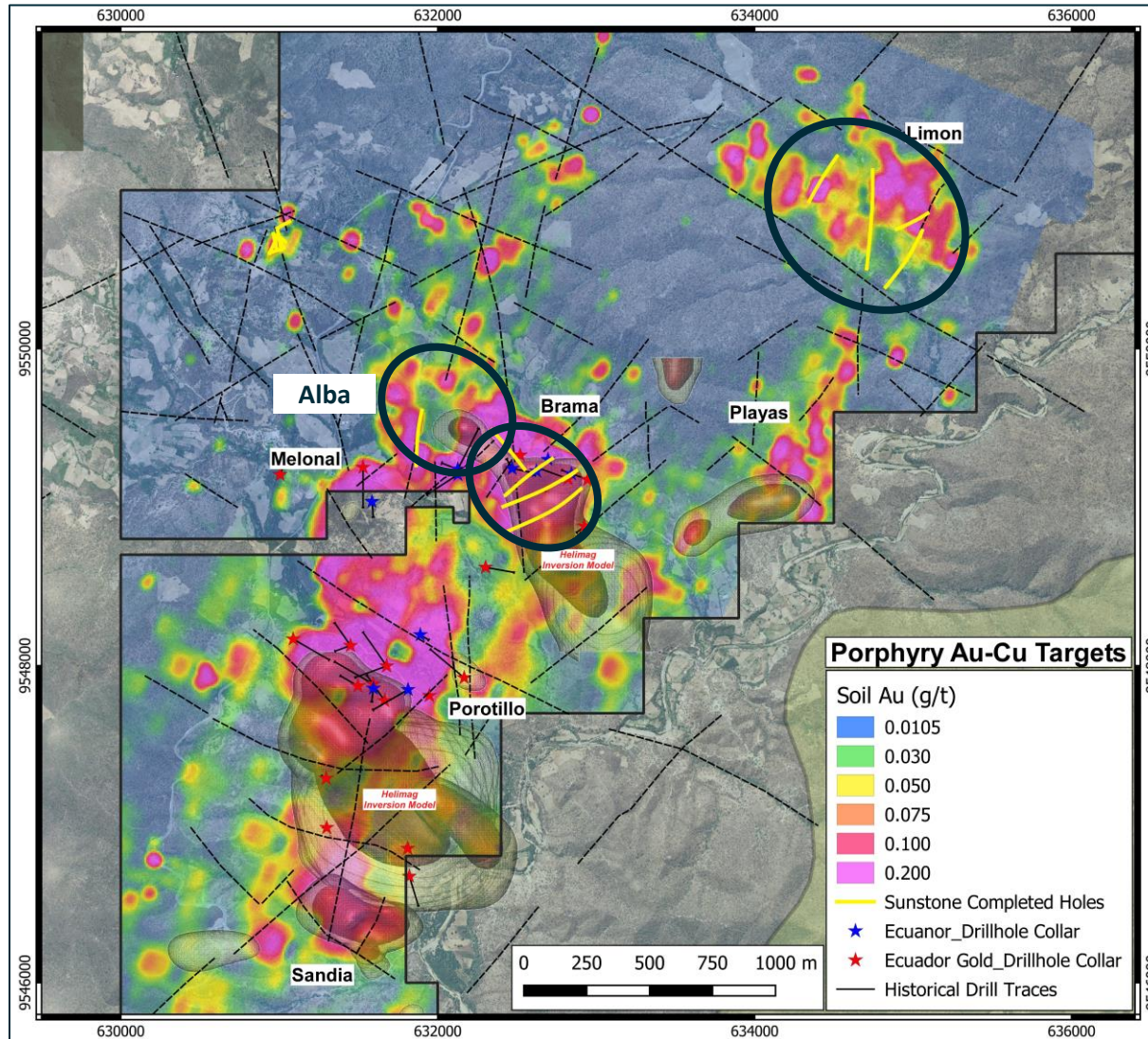


0.20g/t Au / 0.92% Cu

EPDD002 332.15m.
Sulphide veins in quartz diorite

Bramaderos Project

Multiple Targets – Porphyry and epithermal gold and gold-copper



- Alba** – high-grade gold discovery; drilling now
- Brama** – Sunstone drilling; ore grade porphyry intercepts
- Limon** – Sunstone drilling; drilled the margins of a porphyry, and drilled a mineralised high sulphidation epithermal system, potential for ‘Alba’ style targets
- Playas** – no drilling
- Melonal** – very minor historical drilling found copper and gold
- Porotillo** – historical drilling, some good grades
- Sandia** – no drilling

2021-22

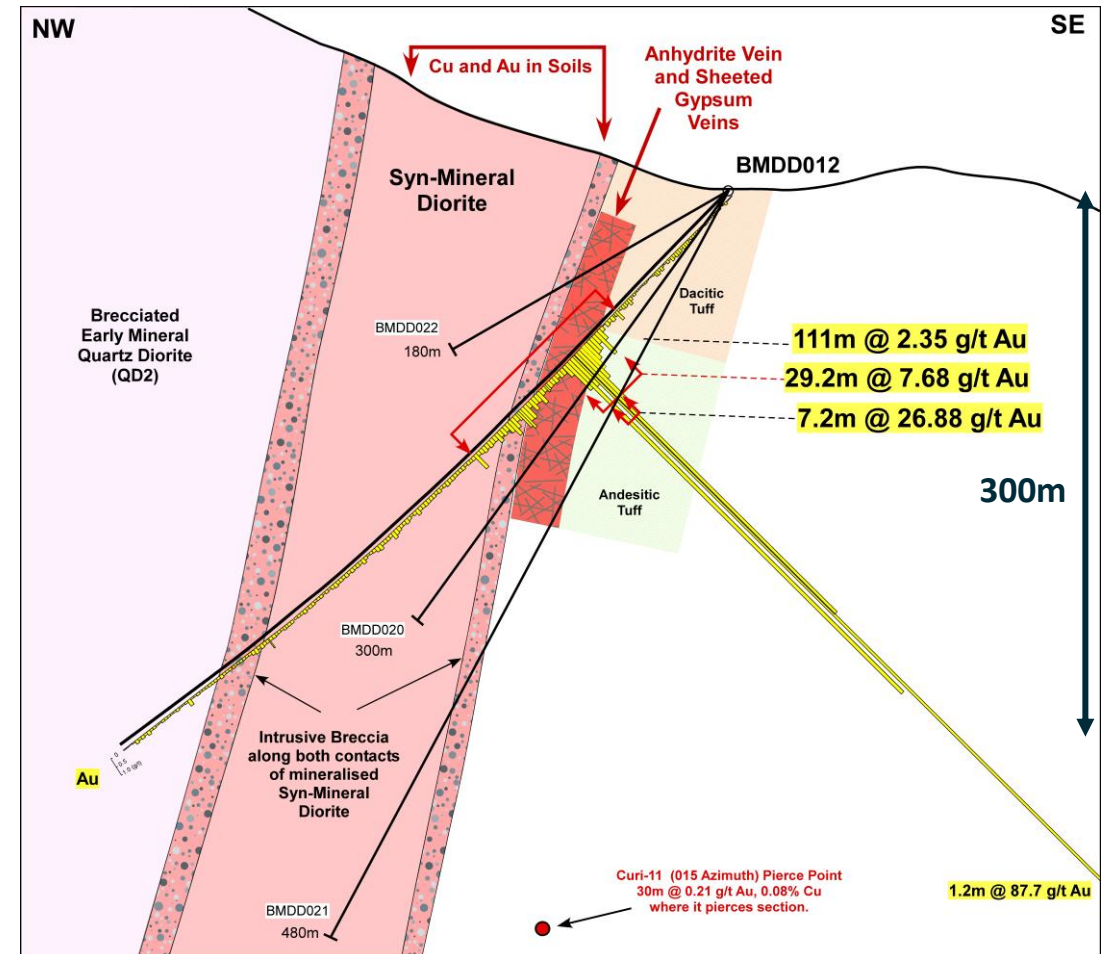
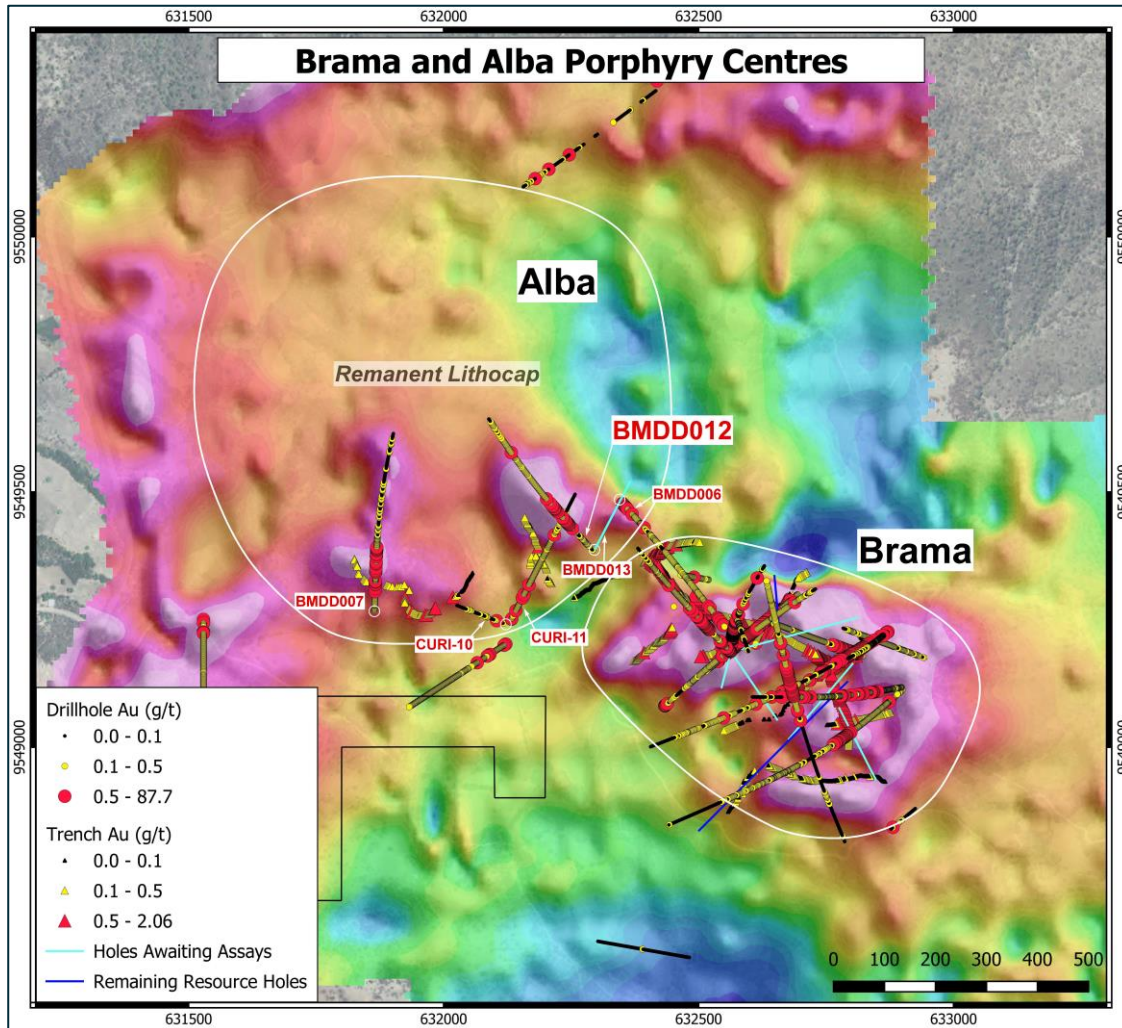
Alba high grade gold target – Drilling in progress, and geophysics in January

Brama porphyry gold-copper target – preparing for Inaugural Mineral Resource estimate

Limon porphyry gold-copper and epithermal gold target – preparing for electrical geophysical survey to generate drilling targets

Bramaderos Project

Alba Target – High-grade gold – drilling now



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What's ahead in 2021 and into 2022

- ✓ **2021-22 – Demonstrate significant upside to El Palmar discovery, no near-term plans for raising capital**
- ✓ **El Palmar**
 - 2021 – Q1 2022**
 - drilling - 2nd rig on site
 - assays from holes EPDD004, 005, 006 in early February
 - drill holes EPDD007 & 008 continue to drill the upper 600m of southern mineralised area
 - EPDD009 first of the deep holes, starting in next few days; 1500m @ 30m/day = early Feb completion
 - wedge holes likely off EPDD009
 - expanded soil sampling coverage ongoing – next set of results very soon
 - concession wide geological mapping and sampling
 - drilling on both main anomaly and on satellite targets
- ✓ **Bramaderos**
 - 2021 – Q1 2022**
 - drilling at Alba – next drill assays early February
 - deep penetrating electrical geophysics at Alba and Limon
 - Initial Mineral Resource Estimate over Brama target

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