

15 MAY 2023

Sunstone raises \$12m to continue growing gold-copper discoveries

Assays pending on follow up holes to 177m at 1.1g/t AuEq from surface

Sunstone Metals Limited (ASX:STM) is pleased to advise that it has received firm commitments for \$12 million via a share placement at 2.6 cents (\$0.026) per share (Placement) to existing institutional and sophisticated shareholders and new institutional investors.

The proceeds of the Placement will be used to fund exploration at the Bramaderos gold-copper project in southern Ecuador, the El Palmar gold-copper project in Northern Ecuador and for working capital.

At Bramaderos, drilling will focus on the Limon target where hole LMDD017 returned 177m at 1.1g/t AuEq from surface (see ASX announcement dated 14 April 2023). Follow-up holes LMDD021, 22, 23, and 24 have been completed and assays are expected to be returned over the next 4 weeks. Drilling is ongoing.

At El Palmar, drilling is continuing at the T2/T3 target where drilling has intersected a porphyry copper system with chalcopyrite, transitional potassic alteration, copper-sulphide-bearing A vein and B vein stockworks, and anomalous copper readings in pXRF results (see ASX announcement 28 April 2023). The presence of magnetite veins at depth also give confidence that this system correlates with a large cluster of magnetic bodies at the T3 target. Assays are expected to be returned from EPDD026 in batches over the next 4 weeks. Follow-up drilling is ongoing.

Sunstone Managing Director Malcolm Norris said: “The funds from this raising will be used to advance our highly prospective Limon gold-silver target at Bramaderos towards our stated goal of identifying a 10Moz gold district. Additional drilling will allow us to build on our existing mineral resources and exploration target.

“At El Palmar, further drilling will allow us to define the extent of mineralisation at the promising T3 target, with the ultimate aim of making a significant copper-gold porphyry discovery to add to the discovery already delivered at the T1 target.

“Our goal here is to deliver substantial value growth to shareholders as quickly as possible”.

Morgans Corporate Limited acted as Lead Manager and Bookrunner and amicaa was Co-Lead Manager to the Placement.

The Placement comprises 461,538,461 new shares and will be issued within the Company’s available capacity under ASX Listing Rule 7.1 (393,066,963 shares) and 7.1A (68,471,498 shares).

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About Sunstone Metals

Sunstone has an advanced portfolio of exploration and development projects in Ecuador and Scandinavia. The portfolio comprises:

1. **The Bramaderos Gold-Copper Project** where Sunstone owns an 87.5% interest, and SolGold Canada, Inc. (formerly Cornerstone Capital Resources) a subsidiary of SolGold, holding 12.5% (loan carried through to start of commercial production) (see ASX announcement dated 10th April 2017, 28th August 2019, and 7 January 2020). The Bramaderos gold-copper project is located in Loja province, southern Ecuador, and is highly prospective for the discovery of large porphyry gold-copper systems, and high-grade epithermal gold systems. The Bramaderos concession is host to multiple fertile mineralised systems with significant discovery potential.

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.

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

2. **The El Palmar Copper-Gold Project** where Sunstone holds 70% of the highly prospective 800ha El Palmar gold-copper porphyry project in Ecuador. Sunstone can acquire 100% through a Staged Acquisition Agreement. A Staged Acquisition Agreement to acquire the nearby Verde Chico Project has also been signed. The El Palmar and Verde Chico gold-copper projects are located in Imbabura province, northern Ecuador, within the same geological belt that includes the giant Alpala, Tandayama-America and Llurimagua porphyry copper-gold and copper-molybdenum deposits.

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Competent Persons Statement

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

Mr Malcolm Norris, Managing Director of Sunstone Metals Ltd., has authorised this announcement to be lodged with the ASX.

For further information, please visit www.sunstonemetals.com.au

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