

ASX Release

3 October 2023

Drilling Commenced at the Coronation Copper Gold Target

Drilling of 6 Strong Gravity Anomalies Underway

Highlights

- RC drilling targeting 6 strong gravity anomalies at the exciting Coronation copper-gold target has now commenced.
- Coronation is a geological analogue for the nearby, historic high-grade Highway-Reward Mine which produced **3.9Mt @ 5.4% Cu, 1.1 g/t Au (215Kt of Cu and 138Koz of Au)**.
- The initial program will consist of up to 9 holes (1,770m) to test six gravity anomalies, inferred to be massive sulphide pipes and where rock chips up to 13.8 g/t Au have been recorded.
- Drilling will then move to Lione town where the gold-copper rich Carrington Lode will be targeted.
- Drilling to then continue at the Lighthouse Farm-In tenements. Drilling will target the untested NE corner of the Plateau breccia pipe and shear zones at Cardigan Dam.

Sunshine Metals Limited (ASX:SHN, “Sunshine”) has commenced RC drilling at the exciting Coronation Cu-Au target. The drilling kicks off a larger program at the wider Ravenswood Consolidated Project (100%), North Queensland.

Sunshine Managing Director, Dr Damien Keys, commented *“Drilling has commenced at the Coronation Cu-Au target, a geological analogue to the 3.9Mt @ 5.4% Cu & 1.1 g/t Au Highway-Reward Cu-Au Mine (2.7km south). The program at Coronation will be the first test of 6 strong gravity anomalies, inferred to be massive sulphide pipes. Coronation drilling is anticipated to take ~10 days to complete.*

The rig will then move to Lione town, Cardigan Dam and Plateau, where drilling will continue into November 2023. The program represents an exciting period of activity for Sunshine, and we look forward to keeping the market abreast of all developments over the coming months.”

Multiple targets to be drilled

The Ravenswood Consolidated drilling program will test 4 prospect areas – Coronation Cu-Au (100% SHN), Liontown Zn-Ag-Pb/Au-Cu (100% SHN), Cardigan Dam Au (Lighthouse Farm-In), and Plateau Au (Lighthouse Farm-In). The drilling commences less than a month after the completion of the Greater Liontown acquisition. The program is anticipated to take ~ 6 weeks to complete.

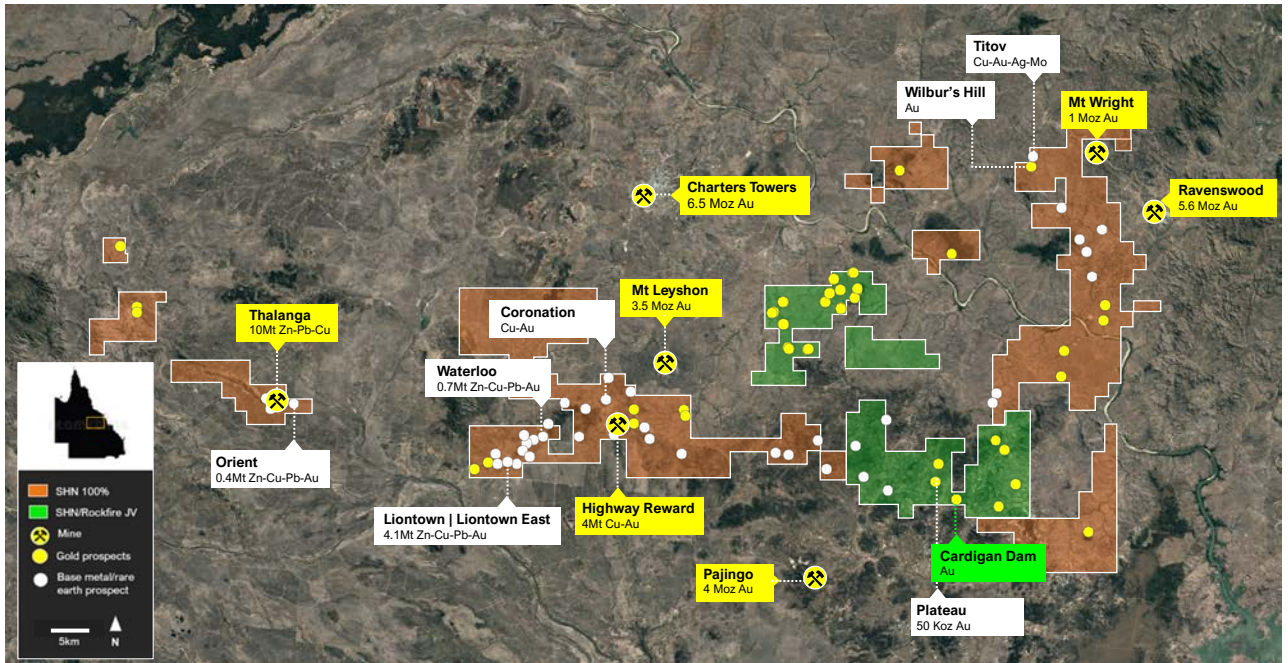


Figure 1: Ravenswood Consolidated Project with key prospects (white) and major nearby mines (yellow).

Coronation Cu-Au RC Drill Program

Coronation is an outstanding target located 2.7km north of the Highway-Reward Cu-Au Mine (3.9Mt @ 5.4% Cu & 1.1 g/t Au mined) and ~32km, by sealed road, south of the mining centre of Charters Towers. The RC program will test 6 strong gravity anomalies (CorG1 to CorG6) with up to 9 holes averaging ~200m depth. The gravity anomalies are potentially related to sulphide-rich pipes and analogous to Highway-Reward.



Figure 2: Barite, quartz and remnant sulphides in veining from Coronation Cu-Au (CO23_002, 1.91 g/t Au & 27 g/t Ag).

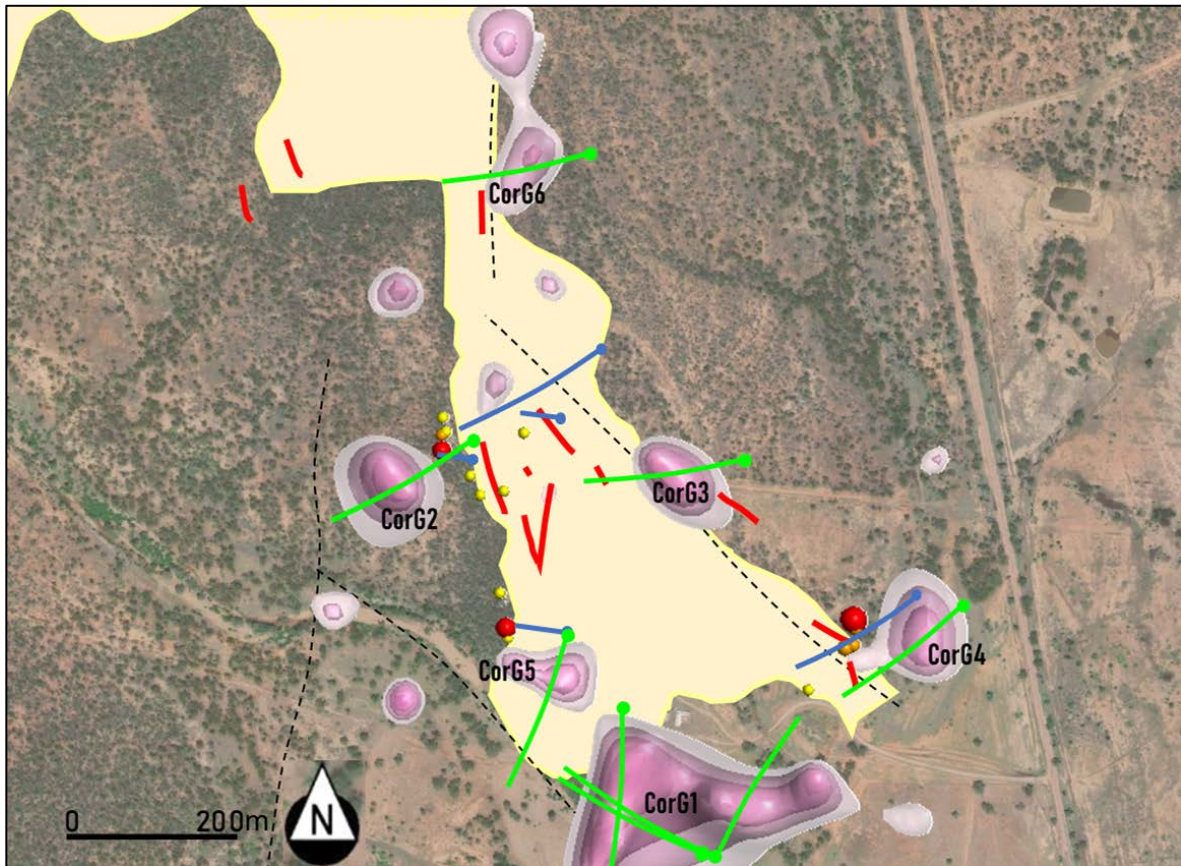


Figure 3: Mapped silica-sericite-pyrite alteration system, planned drilling (green), previous drilling (blue), barite veins (red), rock chip sampling (dots) and 6 dense gravity anomalies (CorG1 to CorG6).

Key feature	Highway-Reward	Coronation
Au-bearing quartz-barite veining	First identified in road cutting 1953 Barite routinely intersected in "halo" drilling eg. 21m @ 16.06% Ba (HM045, from 95m)	Mapped in outcrop to 4m wide Barite intersected in RC drilling incl. 6m @ 9.14% Ba (MC142, from 78m) Max rock chip sample of 13.8 g/t Au from quartz-barite vein
Large silica-sericite-pyrite alteration system	Forms halo to mineralised system at Highway-Reward	Large, central mapped silica-sericite-pyrite alteration Au-bearing barite veins & geophysical anomalism on margins of alteration system
IP geophysical anomalism	Expected chargeable anomaly over massive sulphide pipes given the dominance of pyrite and chalcopyrite in the ore zone	Small 1982 survey shows IP chargeable anomaly on south-west alteration margin IP anomaly coincides with gravity anomaly adjacent to mapped fault zone
EM geophysical anomalism	Reward is a strong EM conductor. Down-hole EM used to target at depth	Airborne EM anomalies on margins of alteration system (1982)
Gravity geophysical anomalism	Massive sulphide lodes formed significant gravity anomalies (very dense)	Four discrete, large, gravity anomalies. "Pipe-like" geometries modelled.
Cu/Pb soil/stream anomalism	Coherent Cu >250ppm, Pb >500ppm soil anomalism	Coherent Cu >100ppm, Pb >180ppm, Zn >150ppm soil anomalism Strong Cu stream sediment anomaly in creek on SW alteration margin
Rhyolite, dacite, andesite volcanics	Mineralisation in volcanoclastics around margins of rhyolite bodies	Geochemical, geophysical anomalism on margins of mapped rhyolite
Halo Pb/Zn mineralisation in drilling	3m @ 0.45% Zn, 0.1% Pb from 129m (HM036), 100m south of 30m @ 3.5% Cu, 0.72 g/t Au from 200m (HM034)	1m @ 0.5% Zn, 0.3% Pb from 75m (MC141), 100m WNW of gravity anomaly

Table 1: Key geological features observed at both Highway-Reward and Coronation.

As demonstrated in Table 1, Coronation is a clear analogue for Highway-Reward which produced 3.9Mt @ 5.4% Cu, 1.1 g/t Au. Outlined below are some of the key features at Coronation.

Gold bearing, quartz-barite-sulphide veins: Detailed field mapping has identified a broad silica-sericite alteration zone and several gold bearing, quartz-barite-sulphide veins at Coronation (Jododex Australia 1972, Esso Australia 1974-82, Aberfoyle 1986, Red River Resources 2019). Importantly, barite is observed in the halo to the massive sulphide mineralisation at Highway-Reward. The outcropping barite veins at Coronation have reported up to 13.8 g/t Au in rock chips. Furthermore, of 49 samples of barite veining, 16 samples graded >0.5 g/t Au¹. SHN has field validated these barite veins with rock chips that have returned up to 1.91 g/t Au and 27 g/t Ag (CO23_002). Further assays are pending. These barite veins occur around the margin of a broad silica-sericite alteration zone within dominantly rhyolitic host rocks (Figure 2).

Induced polarisation (“IP”) anomaly: Three IP survey lines were completed at Coronation in 1982. One line displayed a strong IP chargeable response on the SW margin of the broad silica-sericite alteration zone. This IP anomaly coincides with a discrete gravity anomaly (CorG5) and mapped NW oriented fault.

Large, 400m x 200m, soil anomaly: Soil sampling has delineated a 400m x 200m, 100 ppm Cu anomaly on the NE margin of the silica-sericite alteration zone. A 500 ppm Pb soil anomaly coincides with barite veining and the 13.8 g/t Au rock chip result.

Electromagnetic (“EM”) anomalies: Two discrete EM anomalies are denoted on 1982 maps. The EM anomalies occur on the margins of the mapped silica-sericite alteration zone. One of the EM anomalies coincides with gravity anomaly (CorG2) and a mapped NW oriented fault.

Six dense gravity features: A detailed gravity survey completed at Coronation in 2020 aimed to delineate zones of high gravity response which would indicate dense host rocks e.g. massive sulphide bodies. The survey identified 6 (CorG1 to CorG6) main dense features requiring further evaluation and drill testing (Figure 4). A combination of geophysical techniques including gravity, IP and EM surveys were used to successfully delineate the nearby Highway-Reward mineralisation. Gravity is considered to be the most important of these techniques.

Ineffective historic RC drilling: 5 historic RC holes (849m) have been drilled at Coronation. The holes were drilled in 1984 and 2002 and targeted beneath outcropping quartz-barite veins. No drilling has tested any of the geophysical (IP, EM, gravity) anomalies. Hole MC142 intersected 6m @ 9.14% Ba, ~80m north of the CorG5 gravity anomaly.

¹ ASX: SHN, *Outstanding Coronation Cu-Au Target Update & Drill Plan, 15th August 2023*

Planned activities.

The Company has a busy period ahead including the following key activities and milestones:

- October 2023: Drilling commences Coronation Cu-Au, Lione town - Ravenswood Consolidated
- Oct - Nov 2023: Drilling commences Cardigan Dam Au, Plateau Au (Lighthouse Farm-In) - Ravenswood Consolidated
- October 2023: Quarterly Activities Report
- 31 Oct – 2 Nov 23: IMARC 2023, Sydney
- 14 Nov 2023: Melbourne Mining Club Presentation
- 15 – 17 Nov 23: Noosa Mining Conference
- 21 Nov 2023: Annual General Meeting

Sunshine’s Board has authorised the release of this announcement to the market.

For more information, please contact:

Dr Damien Keys
Managing Director
Phone: +61 428 717 466
dkeys@shngold.com.au

Mr Alec Pismiris
Director & Company Secretary
Phone +61 402 212 532
alec@lexconservices.com.au

Competent Person’s Statement

The information in this report that relates to Exploration Results is based on, and fairly represents, information compiled by Mr Matt Price, a Competent Person who is a Member of the Australian Institute of Geoscientists (AIG) and the Australian Institute of Mining and Metallurgy (AusIMM). Mr Price has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Sunshine Metals

Two projects. Big System Potential.

Triumph Project (Au): More than 85% of Triumph's Inferred Resource of 118,000oz @ 2.03 g/t Au² (100% Inferred) is <100m deep and largely located within 1.2km of strike within a 6km long trend. Recent drilling has confirmed Triumph's intrusion-related gold system is analogous to the large Ravenswood Mine (5.6Moz Au Resource).

Ravenswood Consolidated Project (Zn-Cu-Pb-Au-Ag-Mo): Located in the Charters Towers-Ravenswood district which has produced over 20Moz Au and 14mt of VMS Zn-Cu-Pb-Au ore. The project comprises:

- a Zn-Cu-Pb-Au VMS Resource of 4.94mt @ 12.0% ZnEq (32% Indicated, 68% Inferred);
- 26 drill ready VMS Zn-Cu-Pb-Au IP geophysical targets where testing of a similar target has already led to the Liantown East discovery which hosts a current Resource of 1.47mt @ 11.0% ZnEq (100% Inferred);
- the under-drilled Carrington Au Lode in the footwall of the Liantown VMS deposits with significant intersections including **3m @ 46.2 g/t Au from 20m** (LRC0018) and **2m @ 68.6 g/t Au from 24m** (LRC0043);
- advanced Au-Cu VMS targets at Coronation analogous to the nearby Highway-Reward Mine (4mt @ 6.2% Cu & 1.0 g/t Au mined);
- overlooked orogenic, epithermal and intrusion related Au potential with numerous historic gold workings and drill ready targets; and
- a Mo-Cu Exploration Target at Titov of 5-8mt @ 0.07-0.12% Mo & 0.28-0.44% Cu³.

**Investigator Project (Cu):* Located 100km north of the Mt Isa, home to rich copper-lead-zinc mines that have been worked for almost a century. Investigator is hosted in the same stratigraphy and similar fault architecture as the Capricorn Copper Mine, located 12km north.

**Hodgkinson Project (Au-W):* Located between the Palmer River alluvial gold field (1.35 Moz Au) and the historic Hodgkinson gold field (0.3 Moz Au) and incorporates the Elephant Creek Gold, Peninsula Gold-Copper and Campbell Creek Gold prospects.

**A number of parties have expressed interest in our other quality projects (Investigator Cu and Hodgkinson Au-W). These projects will be divested in an orderly manner in due course.*

² SHN ASX Release, 31 March 2022, "Robust Maiden Resource at Triumph Gold Project".

No new information has been collected and all material assumptions remain unchanged.

³ Cautionary statement: The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code. The potential quantity and grade of the Exploration target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. Exploration Target for Titov based on several factors discussed in the corresponding Table 1 which can be found with the original ASX release 21 March 2023 "Shallow High Grade Titov Cu-Mo Exploration Target".

Two projects. Big system potential.



- 01** Highly prospective projects in under explored Tier 1 jurisdiction.
- 02** Experienced, successful management team, North Queensland based.
- 03** Highly active explorer - 30km of drilling to date, delivered encouraging results
- 04** Leveraged to multiple high value metals with large-scale system potential
- 05** Transformational transaction to consolidate Ravenswood West and divest non-core assets

