
ASX ANNOUNCEMENT

22 NOVEMBER 2017

CHAIRMAN'S ADDRESS

On behalf of the Board of Directors, it is my pleasure to welcome you to the 2017 Annual General Meeting for Sunstone Metals Limited ('Sunstone' or 'Company').

2017 was a transformative year for the Company that saw a name change from Avalon Minerals Limited to Sunstone Metals Limited to reflect a new focus on gold and copper exploration on the Company's Bramaderos project in Southern Ecuador. With this move into Ecuador, Sunstone has strengthened its portfolio and now manages several high-quality assets being Bramaderos, Viscaria in Sweden and the Southern Finland Gold Project.

As a result of recent discoveries in Ecuador, changes to the mining legislation and fiscal regime, and the entry of a number of global mining businesses who are proposing multi-million dollar exploration budgets, Ecuador is a tier-1 jurisdiction for exploration for world class gold and gold-copper ore bodies. We believe that Sunstone is still the only junior mining company listed on the ASX to provide direct exposure to this exciting region. The Company has built a team in the junior resource sector that we believe is second to none, and having worked previously with Cornerstone (our JV partner at Bramaderos) on other projects in Ecuador which have led to significant discoveries and shareholder value growth, the Sunstone team will work towards repeating that success at Bramaderos.

Historical results from drilling at Bramaderos include wide intervals such as 260m at 0.6g/t Au and 0.14% Cu. Recent Trenching results at the West Zone breccia include intersections at surface of up to 28m at 3.8g/t Au. These results, together with the distribution of alteration, and large coincident gold-copper-molybdenum surface anomalies indicate a fertile mineralised system is present with significant potential for economic discoveries.

Our soil sampling, trenching and mapping programs over the last few months have identified highly prospective targets and we look forward to our first drilling commencing in 2018 once we receive our drill permit.

At Viscaria in Sweden, exploration success was achieved during the year with high grade copper results outside of the current D Zone mineral resource and the opening up of other highly prospective horizons for similar styles of mineralisation. These results are being delivered in an environment of an increasing copper price, with consensus forecasts that the copper price will continue to strengthen. We are seeing renewed interest in Viscaria in this greater than \$3/lb copper price environment.

The Southern Finland Gold Project delivered high-grade gold intersections and an Induced Polarisation survey has extended the strike length and depth potential of the Satulinmäki gold prospect.

The Company continues to receive strong support from its shareholders, and in October, announced a capital raising of approximately \$4.8 million via an over-subscribed share placement. This placement ensures we are now well funded to advance the highly prospective targets we have already identified at Bramaderos through an initial phase of drilling. It was pleasing to see a number of new institutional funds participating in this raising alongside existing shareholders.

Subsequent to the end of the year, Mr Stephen Stroud joined the board, following advice from current Non-Executive Director, Mr Crispin Henderson, of his intention to retire from the Board at the conclusion of today's meeting. On behalf of the board and management of Sunstone, I welcome Stephen and would like to thank Crispin for his outstanding contribution and dedication to the Company over the last 5 years. We wish him well in his future endeavours.

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.

In closing I wish to thank all shareholders for your continued support. Sunstone is committed to delivering strong shareholder returns and progressing the Company through discovery in Ecuador, and realising the value of the Viscaria Copper project in Sweden, and the Southern Finland Gold Project.

Graham Ascough – Chairman, Sunstone Metals Ltd