

18 MARCH 2021

Sunstone's first hole of the Phase 2 program at Brama hits mineralised porphyry over shallow 300m intersection

Stockwork veining and some copper visible to the bottom of the first magnetic target at downhole depth of ~450m; Drilling about to hit second target directly below

Key Points

- Visual inspection reveals copper as chalcopyrite is present in Sunstone's first hole (BMDD008) at the Brama porphyry target within its Bramaderos project in Ecuador
- The hole was designed to test the core of the two 3-D magnetic targets; The hole is about to reach the second target at a downhole depth of ~800m
- An historic hole at Brama (BMDD005) intersected 127m at 0.57g/t gold and 0.1% copper, including 39m at 0.72g/t gold and 0.13% copper; The new magnetic model suggests this hole was on the fringe of the target
- At the El Palmar prospect in Ecuador, a ground magnetic survey is 80% complete, with drill rig to mobilise to site in Q2
- Sunstone remains well capitalised with ~A\$3.3m cash and 154m Copperstone shares valued at A\$18.9m

Sunstone Metals Ltd (ASX: STM) is pleased to announce highly encouraging visual results from its first hole at the Brama porphyry prospect within its Bramaderos project in Ecuador.

Drilling resumed at the Brama gold-copper porphyry target in February. The hole (BMDD008), which is now at ~735m, is targeting a vertically extensive porphyry system interpreted from 3-D processing of detailed magnetics. The upper part of the targeted porphyry comprises a mineralised intrusive breccia previously drilled in holes BMDD005 and historical hole CURI-13.

BMDD005 intersected 127m at 0.57g/t gold and 0.1% copper, including 39m at 0.72g/t gold and 0.13% copper (see ASX announcement dated 21 January 2020), and drilled the margins of the upper magnetic body based on the recent higher resolution 3-D magnetic model.

The core of the upper magnetic anomaly is now being targeted in BMDD008.

Visual inspection of the BMDD008 drill core is highly encouraging, with the intersection of copper mineralised diorite and a mineralised intrusive breccia in the interval from 150 – 450m. The interpreted 3-D magnetic model shows a sub-vertical elongated magnetic high anomaly below this intrusive breccia which broadens at depth and is also being targeted by this drill hole (Figure 2). Drilling is expected to continue through March and assay results should be available in May.

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The pipe-like porphyry target being tested at Brama by hole BMDD008 is the first of a significant number of similar vertically extensive pipe-like targets that can be seen in 3-D magnetic data across the Brama, Playas and Melonal porphyry targets on the Bramaderos property.

El Palmar Copper Gold Porphyry Project, northern Ecuador

A ground magnetics survey is well advanced at El Palmar and is being undertaken to assist in the definition of a magnetite-rich potassic-altered core to the porphyry system. A gold-copper mineralised porphyry system has been identified from 3 historical drill holes (see ASX announcement dated 21 January 2021), and the magnetic survey will help to further define drill targets for testing in 2021.

The El Palmar project is located in northern Ecuador in the vicinity of the 1.5Bt Llurimagua copper-molybdenum porphyry deposit, and in the same regional structural belt that hosts the 2.6Bt Alpala copper-gold deposit within the Cascabel project (see ASX announcement dated 12 August 2020, figure 3).

The ground magnetic survey at El Palmar will be completed during March and 3-D inversion modelling is expected to be completed in early April. This will enable initial drill hole targeting. It is expected that a drill rig will be mobilised to site in Q2.

Sunstone Managing Director Malcolm Norris said: “This is a strong start to our porphyry copper-gold search. The results to date from BMDD008 at Bramaderos are very encouraging. We know from previous drill holes that the intrusive breccia cap is well mineralised, and we can see evidence of mineralisation in BMDD008 in this position.

“At El Palmar, ground magnetic data collection is just about complete, and modelling will commence very soon. We are very excited about the potential of El Palmar to host a significant porphyry copper gold system.”

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Figure 1: Location of Bramaderos and El Palmar projects, Ecuador

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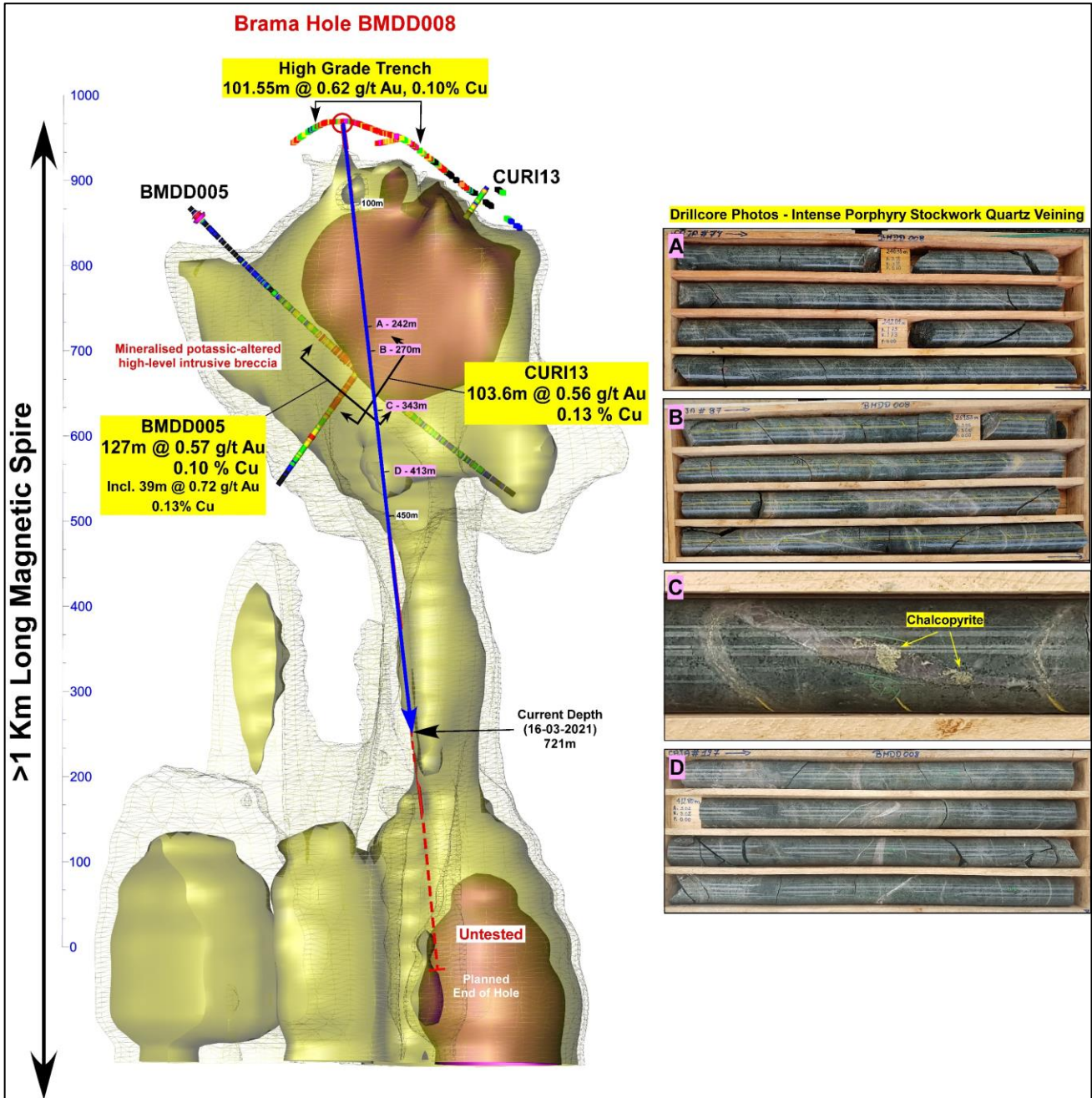


Figure 2: Brama 3-D magnetic model showing drill hole BMDD008, and progress to date. The interval from 100m – 450m is mineralised, and the drill hole is also targeting the broadening magnetic anomaly at a depth of >800m.

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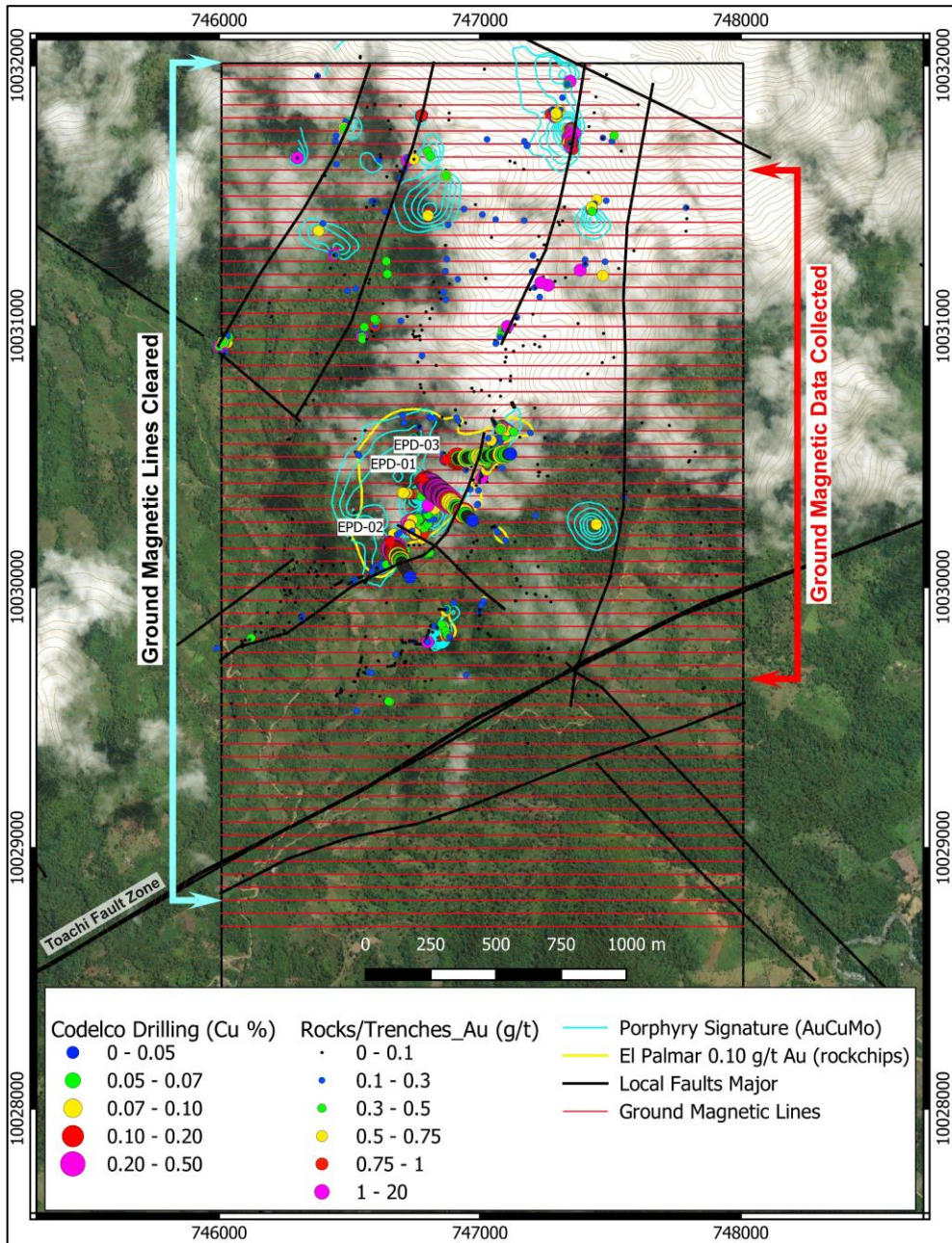


Figure 3: El Palmar project and ground magnetic coverage

Table 2: Brama drill hole (BMDD008)_location details

Hole ID	Easting_PSAD56	Northing_PSAD56	RL	Dip	Azimuth GRID	Plan EOH
BMDD008	632563	9549187	967	-80	7	1000

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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 with TSXV listed Cornerstone Capital Resources holding 12.5% (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. Historical exploration results from drilling at Bramaderos together with recent exploration by Sunstone and joint venture partner Cornerstone Capital Resources (TSXV:CGP) indicate multiple fertile mineralised systems with significant discovery potential.
2. **The El Palmar Copper-Gold Project** where the highly prospective 800ha El Palmar copper-gold porphyry project in Ecuador will be acquired through a Staged Acquisition Agreement, which will ultimately deliver 100 per cent ownership to Sunstone.
3. **Sunstone has a significant equity interest** of ~16% in Stockholm listed Copperstone Resources (COPP-B.ST) following the sale of the Viscaria Copper project to Copperstone in 2019.
4. **The Scandinavian Lithium Project** includes the Kietyönmäki lithium prospect. Drilling by Sunstone has delivered 24.2m at 1.4% Li₂O in a spodumene-bearing pegmatite. Kietyönmäki is also part of the JV with Nortec Minerals.

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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