
ASX ANNOUNCEMENT

27 NOVEMBER 2018

CHAIRMAN'S ADDRESS

On behalf of the Board of Directors, it is my pleasure to welcome you to the 2018 Annual General Meeting for Sunstone Metals Limited ('Sunstone' or 'Company').

2018 saw another phase in the development of the Company. The proposed sale of the Viscaria Copper Project in Sweden, that is the subject of Resolution 2 for shareholders to vote on at this meeting, will allow management to focus on the discovery of large porphyry deposits in Ecuador that they are well renowned for.

Ecuador is a tier-1 jurisdiction for exploration for world class gold and gold-copper ore bodies. Major mining companies such as BHP, Codelco, Newcrest and FMG are now active in Ecuador and many companies are expanding their presence. 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 in Southern Ecuador.

Sunstone made significant steps during the year towards a major discovery at the Bramaderos gold-copper project, with exciting results generated from trenching, rock chip and soil sampling, as well as 3-D modelling of heli-magnetic data. The work undertaken has defined 10 gold-copper porphyry targets and 10 gold-silver epithermal targets.

The initial drilling program will focus on Bramaderos Main, Limon and the West Zone targets. Drilling is ready to commence as soon as permits are received, and there are two potential avenues, the scout drilling initiative and the environmental impact assessment (EIA), that we are pursuing to facilitate the drilling. Approval to commence drilling is expected to be received soon, but predicting the time frame is difficult based on our experience of 2018. Our feedback from multiple sources at various times during the year has been that we should expect our drilling permits to be issued within weeks. This has clearly not happened and so we are more cautious now about forecasting outcomes of the EIA and scout drilling processes. We are very confident that we will be issued drilling permits, and we do expect them in the short term.

Today shareholders will vote on the proposed sale of the Viscaria Copper Project to Swedish listed exploration company, Copperstone Resources AB (publ). The terms of the transaction values Viscaria at around A\$45 million at the current Copperstone share price, while the current market capitalisation of Sunstone is A\$36.5 million. Assuming that the transaction is completed, Sunstone will become the largest shareholder of Copperstone hence retaining exposure to the Viscaria Copper Project as well as to Copperstone's existing copper exploration projects in Sweden.

The Company continues to receive strong support from its shareholders, and earlier this month, announced a capital raising of approximately \$2 million via an over-subscribed share placement. It was pleasing to see a number of new investors participating in this raising alongside existing shareholders. This placement, combined with the potential cash from the Viscaria sale transaction, ensures we are now well funded to advance the highly prospective targets we have already identified at Bramaderos through an initial phase of drilling.

In closing I wish to thank all staff and 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