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Sunstone increases its stake in Bramaderos Gold-Copper Joint Venture to 87.5%

Drilling at Bramaderos Main and Limon has resumed following Christmas break

Sunstone Metals (ASX: STM) is pleased to provide an update on the Bramaderos Project in Ecuador.

The terms of the Earn-in Joint Venture with TSX-V listed Cornerstone Capital Resources (TSXV:CGP) have been amended to provide Sunstone with an immediate 87.5% interest and Cornerstone with a 12.5% interest. The modification of terms has removed the requirements of Sunstone to meet various milestones such as funding and completing a feasibility study within 5 years to achieve a greater than 51% interest. The 51% interest was achieved in August 2019 after meeting expenditure requirements of US\$3.4 million.

The amendment was agreed as a result of the Joint Venture Agreement Phase 2 decision whereby Sunstone could progress to a 70% interest by funding expenditures through to completion of a feasibility study, and making a cash payment based on resources defined, or Sunstone to remain at 51% (and Cornerstone at 49%) with both parties funding the ongoing exploration. Sunstone and Cornerstone agreed that the preferred approach would be to move the JV structure forward and allow Sunstone, as the majority owner, to focus on the delivery of discoveries across several targets and not be constrained by the path taken through feasibility studies.

Cornerstone's interest is to be loan-carried by Sunstone through to the start of commercial production and repayable, including interest at LIBOR (London Inter-bank Offered Rate) plus 2%, out of 90% of Cornerstone's share of future Bramaderos Project earnings or dividends.

Sunstone Managing Director Malcolm Norris said: "These changes to the Bramaderos Joint Venture structure allow us to focus on making a discovery at Bramaderos knowing that we have a significant 87.5% interest immediately.

"We remain very optimistic about the likelihood of discovery and our focus on porphyry gold-copper targets has delivered significant intervals of gold and copper mineralisation from Bramaderos Main and promising results from the Limon target. Drilling at Bramaderos Main and Limon has resumed following the break over Christmas and New Year. Other priority targets including Porotillo, Gangue, and Playas are still to be drill tested, and we are advancing our epithermal gold exploration targets in the western portion of the project to a drill stage.

"We have a strong working relationship with Cornerstone and these changes deliver benefits for both of us."

ASX ANNOUNCEMENT

About Sunstone Metals

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

1. **The Bramaderos Gold-Copper Project** where Sunstone has an 87.5% interest under an earn-in agreement with TSXV listed Cornerstone Capital Resources. The Bramaderos gold-copper project is located in Loja province, southern Ecuador, and is considered to be 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 ongoing exploration by Sunstone and joint venture partner Cornerstone Capital Resources (TSXV:CGP) indicate multiple fertile mineralised systems with significant discovery potential.
2. **The Southern Finland Gold Project** includes the Satulinmäki gold prospect. Shallow diamond drilling was completed by the Geological Survey of Finland (GTK) during the period 2000-2005 and this was followed by a 7-hole diamond drilling program by Sunstone Metals in 2016. Intersections from GTK include 18m @ 4.1g/t Au from 50m downhole, including 3m @ 9.3g/t Au, and 4m @ 10.3g/t Au in drill hole R391. Intersections by Sunstone include 23.5m at 3.3g/t in SMDD007 and 2m at 10.5g/t in SMDD005. The Satulinmäki gold prospect is part of an earn-in JV with Canadian company Nortec Minerals, where Sunstone holds an ~82% interest, is funding on-going work, and has also acquired a significant land position, in its own right, in the district.
3. **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.
4. **Sunstone has a significant equity** interest of ~30% in Stockholm listed Copperstone Resources (COPP-B.ST) following the 2019 sale of the Viscaria Copper project.

Competent Persons Statement

The information in this report that relates to exploration results is based upon information reviewed by Mr Malcolm Norris who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Norris 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". Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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