

Sunstone to receive A\$4.1 mill as early payment of tranche 2 consideration for Viscaria

Sunstone Metals Ltd (ASX: STM) is pleased to advise that an agreement has been made regarding an addendum to the Share Sale and Purchase Agreement (SPA) (refer to ASX announcement dated 3 October 2018) with Swedish listed Copperstone Resources AB (“Copperstone”) (Nasdaq First North (Stockholm) COPP B) for the sale of the Viscaria Copper Project in northern Sweden.

The SPA included a tranche 2 payment of 20 million SEK (MSEK) cash and 46 million Copperstone B-shares, subject to receipt of the Environmental Permit for Viscaria, with the 20 MSEK cash component to be forfeited if Copperstone has not received the final and binding permit to allow mining activities to commence in respect of the Viscaria Project, as approved by the Land and Environment Court within eight years following the Completion Date of the transaction (9 March 2019).

Sunstone and Copperstone have agreed to bring this payment forward with Copperstone to pay Sunstone 26 MSEK in cash in full and final settlement of this contingent future tranche 2 consideration. Sunstone will receive 4.8 MSEK (~A\$764,500) within 15 days and the balance of 21.2 MSEK (~A\$3.37 mill) following the completion of a Rights Issue being undertaken by Copperstone, expected to be completed in late January/early February 2021.

Sunstone believes that bringing this payment forward is an appropriate risk mitigation strategy and provides additional funding now to focus on our activities in Ecuador.

Sunstone continues to hold 154,020,781 shares in Copperstone Resources, currently valued at ~A\$17 million.

ASX ANNOUNCEMENT

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 ~24% in Stockholm listed Copperstone Resources (COPP-B.ST) following the sale of the Viscaria Copper project to Copperstone in 2019.
4. **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 ~83% interest.
5. **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 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.

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

Mr Malcolm Norris
Managing Director
Sunstone Metals Ltd
Tel: 07 3368 9888

Email: mnorris@sunstonemetals.com.au