

30 OCTOBER 2017

Sunstone to raise up to \$4.8m to fund exploration at Bramaderos gold-copper project in Ecuador

Sunstone fully-funded for maiden drilling programs at its gold and gold-copper prospects at the Bramaderos Project

Sunstone Metals Limited (ASX:STM) is pleased to advise that it has received firm commitments to raise approximately \$4.8 million via an over-subscribed share placement at a price of 1.9c cents per share (Placement).

The proceeds of the Placement will be used primarily to fund exploration at the Bramaderos gold-copper project in southern Ecuador, where Sunstone has identified a number of targets which are considered highly prospective for epithermal and porphyry gold-copper mineralisation.

Hartleys Limited acted as Lead Manager to the Placement.

Sunstone's Managing Director, Malcolm Norris said:

"We are pleased to have received strong demand for the placement from our long-term shareholders, and a number of new institutional and sophisticated investors who are strongly supportive of our focus on high impact exploration for gold-copper in Ecuador, and our ongoing evaluation of the PFS stage Viscaria copper project.

"There is a spotlight on Ecuador as a tier-1 jurisdiction for exploration for world class gold and gold-copper ore bodies as a result of recent discoveries in the country, changes to the mining legislation and fiscal regime, and the entry of a number of global mining businesses which are proposing multi-million dollar exploration budgets.

"The Sunstone team has been involved in previous discoveries in Ecuador and moved quickly in early 2017 to negotiate a joint venture with Cornerstone Capital Resources (TSXV:CGP) where Sunstone can earn a majority interest in the highly attractive Bramaderos concession. This placement ensures we are now well funded to advance the highly prospective targets we have already identified through our soil sampling, trenching and mapping program in recent months and we look forward to our first drilling commencing once we receive our drill permit."

The placement has resulted in a high proportion of institutional interest compared with previous capital raisings and has attracted new sophisticated investors.

The Placement consists of two tranches. In tranche 1 approximately 221.4 million new shares will be issued of which 132,882,147 utilise the Company's ASX Listing Rules 7.1 capacity and 88,517,853 utilise the Company's ASX Listing Rule 7.1A capacity, and accordingly, no shareholder approval is required for tranche 1 of the Placement. In tranche 2 up to 34.5 million new shares will be issued subject to shareholder approval at a general meeting expected to be held in early January 2018. Several directors and the Company's largest shareholder have subscribed to Tranche 2.

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 signed an earn-in agreement with TSXV listed Cornerstone Capital Resources (see ASX announcement dated 10th April 2017). The Bramaderos gold-copper project is located in Loja province, southern Ecuador, and is considered to be highly prospective for the discovery of large copper-gold systems. Historical results from drilling at Bramaderos include wide intervals such as 260m at 0.6g/t Au and 0.14% Cu. Trenching results at the West Zone breccia include intersections at surface of up to 42m at 3.7g/t Au. These results, together with the distribution of alteration, and large coincident gold-copper-molybdenum surface anomalies indicate a fertile mineralised system with significant discovery potential.
2. **The Viscaria Copper Project** in northern Sweden has a completed Scoping Study (see ASX announcements dated 16th December 2015 and 5th April 2016) and is moving towards PFS and permitting to allow for mine development. Considerable exploration upside exists and low technical risk drill targets continue to be tested.
3. **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 Avalon Minerals 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 Avalon 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 Avalon can earn up to an 80% interest (see ASX announcement dated 19th May 2016). Avalon has already earned a 51% interest, and has also acquired a significant land position, in its own right, in the district.

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

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

Email: mnorris@sunstonemetals.com.au