



SUNSTONE
METALS

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Investment Highlights

Sunstone is undervalued

- Market Capitalisation = ~A\$32 mill (@1.45cps; 30 day VWAP)
- Equity Investments + Cash = ~A\$20 mill
- Delivering Enterprise Value of Ecuador exploration projects = ~A\$12 mill – we would argue, this is grossly undervalued

Sunstone owns 87.5% of the Bramaderos Gold-Copper-Silver Project in southern Ecuador

- The Bramaderos Project has delivered ore grade intercepts of gold and copper in the Brama porphyry system. More drilling to come
- The Bramaderos Project has also delivered ore grade intercepts of silver-gold-lead-zinc in the Espiritu epithermal system. Ongoing drilling
- Both targets have the potential to expand
- And there remains 5 additional highly ranked porphyry gold-copper systems – all of which are mineralised and only partially tested
- And a belt of epithermal gold-silver opportunities

Sunstone is acquiring 100% of the El Palmar copper-gold porphyry project in northern Ecuador

- Through a Staged Acquisition Agreement based on cash payments linked to milestones
- Sunstone is targeting the discovery of a giant copper-gold porphyry deposit
- The project is located in northern Ecuador, in the same regional belt as the giant Cascabel copper-gold deposit, and Llurimagua copper deposit
- 3 historical diamond drill holes intersected porphyry copper-gold mineralisation

Sunstone owns ~154 million shares in NASDAQ First North Stockholm listed Copperstone Resources AB

- Sunstone's interest is valued at ~A\$16 million (at 0.67 SEK per Copperstone share); fully tradeable
- In addition, Sunstone will receive ~A\$3.3 million cash in early February 2021 as a brought-forward Tranche 2 payment

We are optimistic because ...

- Sunstone has a vision to build a gold-copper discovery business in Ecuador. The leverage from Sunstone's equity investment in Copperstone can help deliver the vision
- Opportunity for investors to participate in the discovery of multiple gold-copper and gold-silver deposits within at least 2 projects. **Discovery adds significant value – investment return proposition is very compelling**
- At Bramaderos, Phase 1 exploration has delivered extremely encouraging results and solved some technical questions. **We are entering Phase 2 of the exploration process.** We are optimistic about delivering a porphyry gold-copper discovery
- At Bramaderos, exploration of silver-gold-polymetallic epithermal targets is delivering success
- The El Palmar copper-gold porphyry project has great discovery potential
- **Ecuador is building a significant mining sector**; Lundin Gold commissioned Fruta del Norte; Mirador exporting copper-gold concentrate; BHP-Newcrest-Anglo American-Fortescue-Codelco all in country with long term commitment
- The Sunstone team has a **track record of discovery and generating significant share price increase**

Corporate

A\$32M

**MARKET
CAPITALISATION**
Tightly held
At share price of A\$0.0145
(30-day VWAP)

A\$4.3M

CASH + cash due
As at Jan 2021 – unaudited
Plus A\$3.3 mill due Feb 2021

A\$16M

EQUITY INVESTMENTS
In Nasdaq Stockholm listed
Copperstone Resources AB

2,210M

SHARES ON ISSUE
As at Sep 2020

~39%

TOP 20 SHAREHOLDERS
Hold almost half of all
shares on issue

3.7%

**BOARD &
MANAGEMENT**
Have participated in most
placements in last 4 years

Substantial Shareholders

Valbonne II

5.8%

Listed on the Australian Stock Exchange **ASX:STM**

Ecuador

Building an exploration and mining sector

Ecuador is managing through the coronavirus pandemic.

The mining and exploration industry is deemed to be an 'essential industry' during the pandemic and is encouraged to continue operating if it is safe to do so

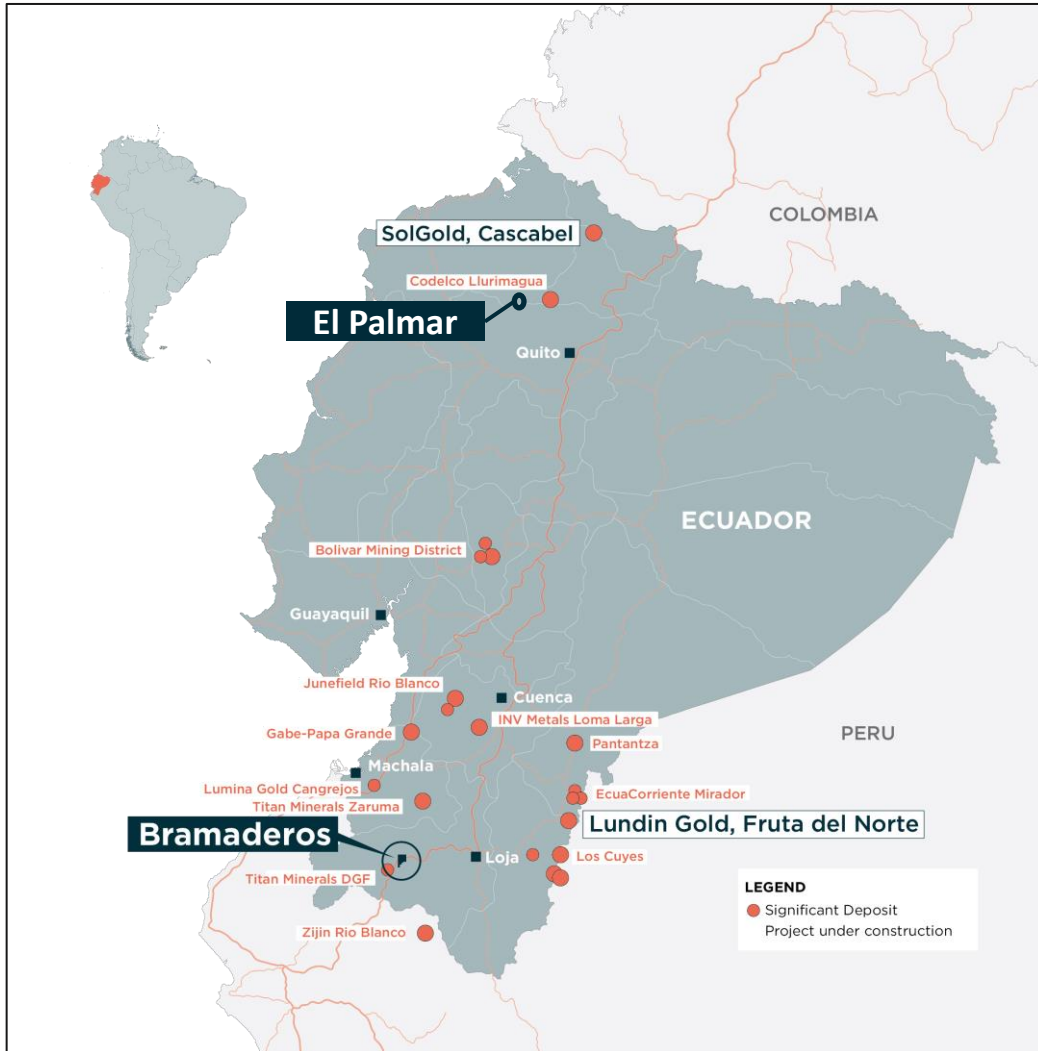
First round Presidential elections are to be held on Feb 7th 2021. Both leading candidates support responsible mining

Major resource companies have committed to Ecuador for the long term

There will be several very significant gold and copper discoveries and developments in Ecuador over the next few years. Sunstone will be part of that industry growth

Ecuador

Exploration and development is active



Fruta del Norte

Lundin Gold (TSX:LUG)

High grade underground gold mine; 25.4Mt at 8.21g/t gold

In production; building to 325,000 ounces gold per year; AISC US\$621/ounce

Ecuador's first modern underground gold mine

Mirador

EcuaCorriente

Open Pit producing and exporting concentrate; 62,000t copper and 34,000 ounces gold annual production

673Mt at 0.58% copper and 0.19g/t gold

Cascabel

Solgold 85%/ Cornerstone 15%

Alpala resource

2,050 Mt @ 0.41% copper and 0.29g/t gold in the Indicated category, and 900 Mt @ 0.27% copper and 0.13g/t gold in the Inferred category.

Top of main orebody ~500m below surface

Cangrejos

Lumina Gold (TSX.V:LUM) 100%

568Mt at 0.55g/t gold and 0.11% copper in the Indicated category, and 476 Mt @ 0.41g/t gold and 0.08% copper in the Inferred category.

Llurimagua

Codeco/Enami (Ecuador) JV; 982Mt at 0.89% copper and 0.04% molybdenum

Previously referred to as Junin

Sunstone Metals

Community, Safety and Environment



Sunstone appreciates the strong community support it has at its projects

Sunstone has active environmental monitoring programs and is involved in various community programs at Bramaderos.

Community engagement at El Palmar is developing well

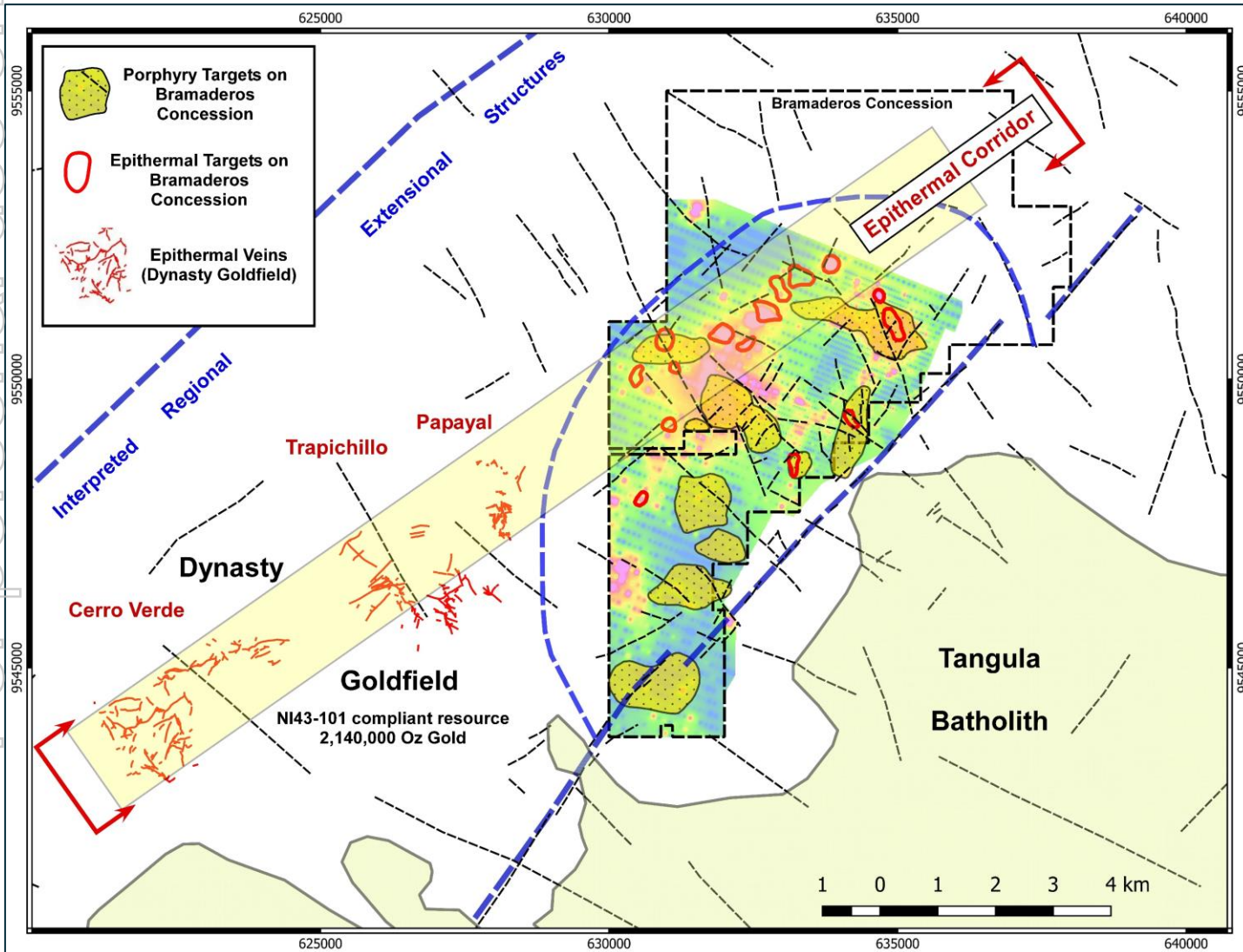
At Bramaderos we have been working with the local communities to assist where possible during the coronavirus pandemic

We have implemented a strict coronavirus operating plan to allow our exploration programs to continue across 2 projects while not compromising local health and safety



Bramaderos Project

Within regional mineralised belt



Bramaderos Project – 4,948ha exploration concession in the 'Advanced Stage' category

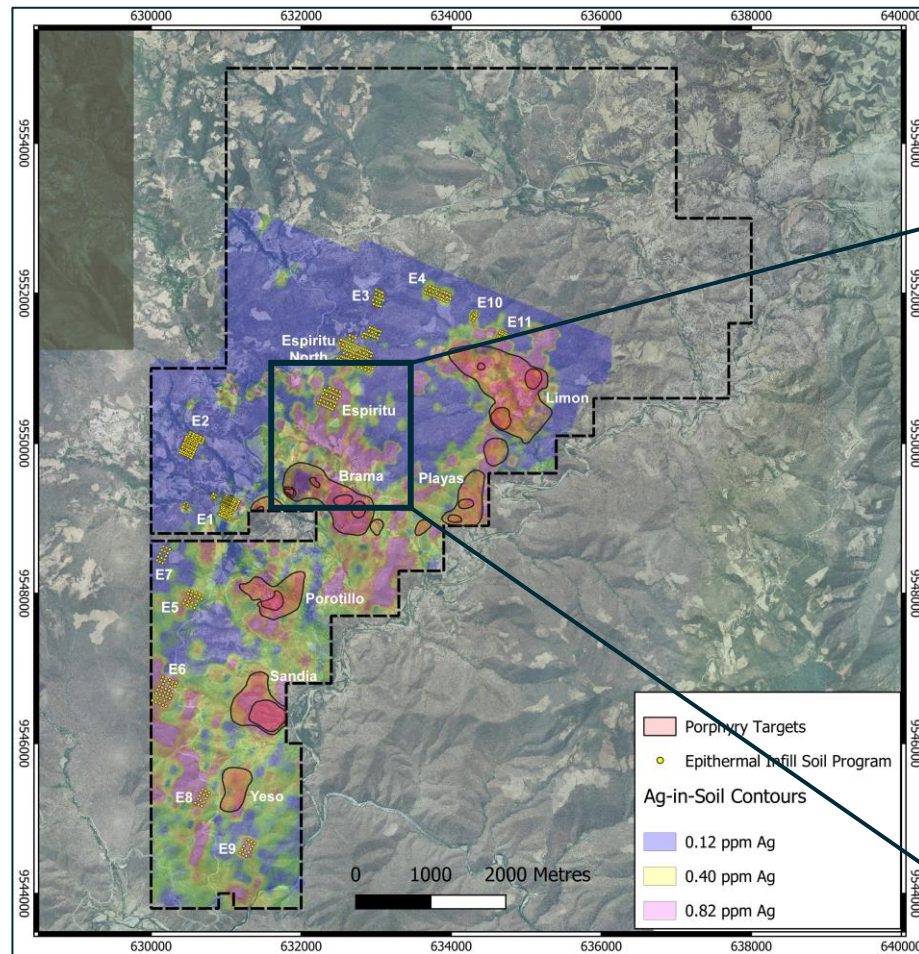
Strategically located along strike from the Dynasty Goldfield (epithermal gold), and within a region of other significant porphyry gold-copper opportunities

At Bramaderos 6 porphyry gold-copper systems have been identified and all are mineralised

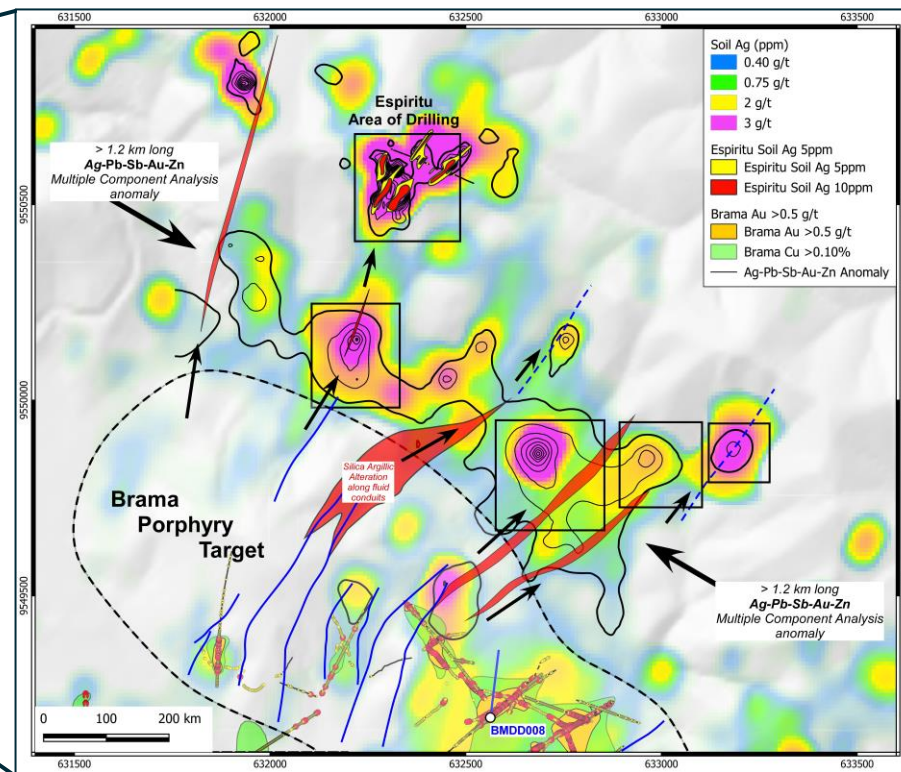
At least 2 known mineralised epithermal gold-silver systems; plus many additional targets

Espiritu Epithermal Discovery

High grade gold-silver-lead-zinc – new discovery

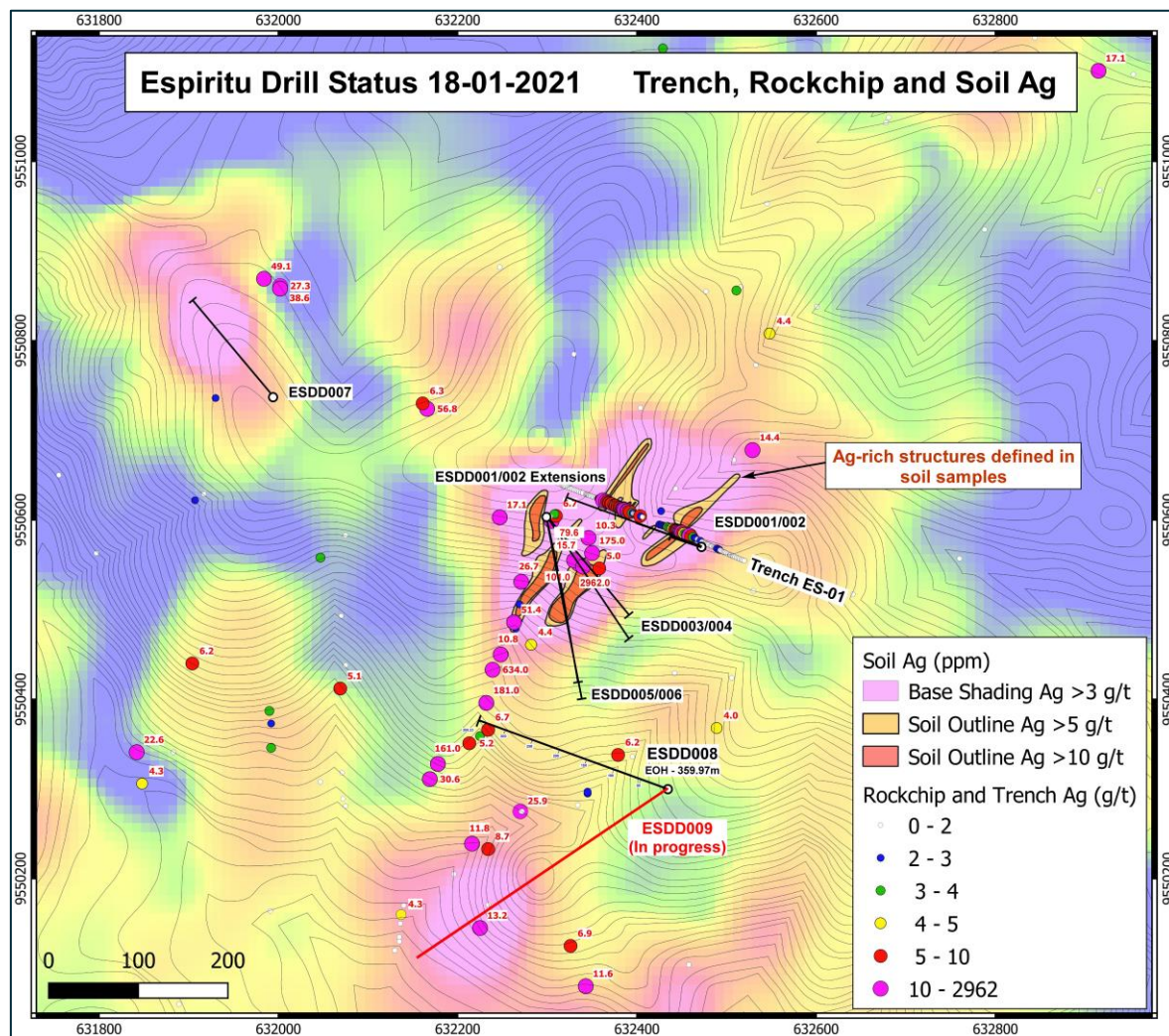


- Espiritu discovery is growing with further exploration
- Compelling anomalies defined to the south of the area of drilling
- 1.2km long belt still to be drilled



Espiritu Epithermal Discovery

Drilling continuing; scale growing; bonanza silver grades



- Trenching has returned 4m at 415 g/t silver, 0.9g/t gold, 12.9% zinc+lead, within a broader zone of 21m at 82g/t silver, 0.3g/t gold and 2.5% zinc+lead
- Rock chip sampling has delivered up to 11.9g/t gold, 2962g/t silver, 7% zinc for individual samples
- Drilling has delivered up to;
 - 2.4m at 104g/t silver, 0.7g/t gold, 3.4% zinc, 1.6% lead from 145.8m
 - 1.1m at 1069g/t silver, 0.2g/t gold, 5.5% zinc, 1.3% lead from 225.5m
 - 11.6m at 167g/t silver, 0.2g/t gold, 2.1% zinc, 0.8% lead from 259.1m
 - 0.4m at 355g/t silver, 0.36g/t gold, 3.55% zinc from 173m
 - 0.5m at 187g/t silver, 1.44g/t gold from 206m
 - 0.5m at 550g/t silver, 0.26g/t gold from 278m
- Drilling is continuing with hole ESDD009 in progress
- Strike extent of mineralisation 400m so far and growing

Espiritu Epithermal Discovery

Drilling in Progress – justification to be optimistic



ESDD004, 224.5m, sp in vein; 7g/t silver + 0.11g/t gold



ESDD005, 266m, sp in vein breccia; 225g/t silver + 0.22g/t gold + 6.4% zinc + 1.9% lead



ESDD005, 147m, coarse grained sp in vein breccias; 53g/t silver + 0.76g/t gold + 3.6% zinc + 1.4% lead

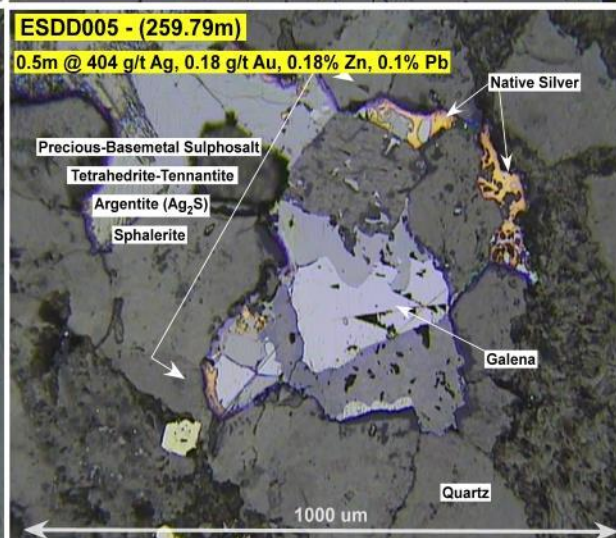
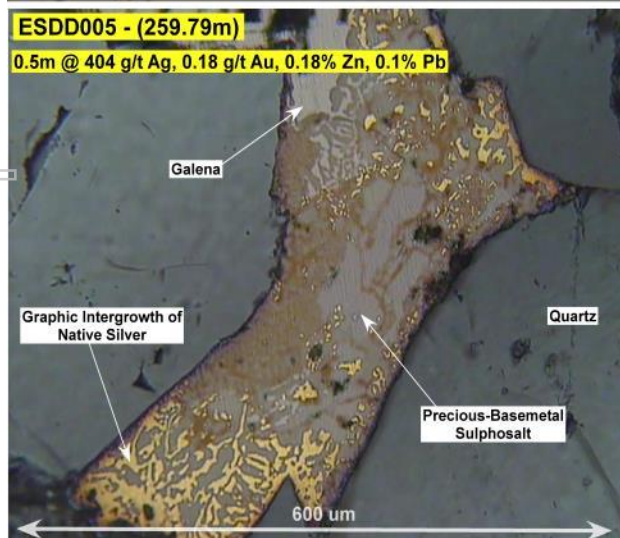
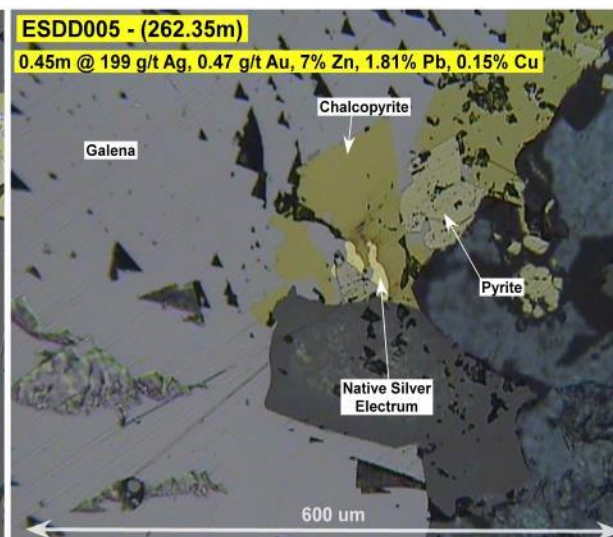
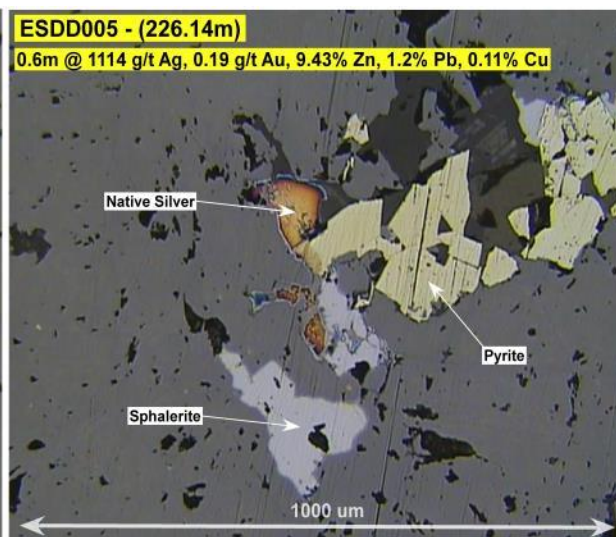
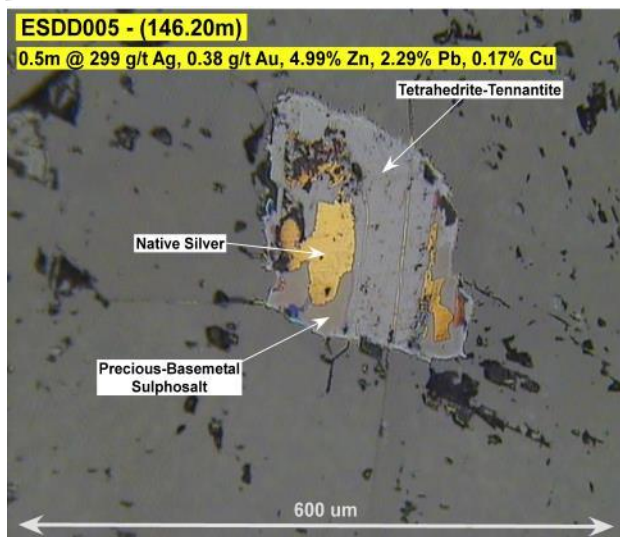


ESDD005, 228m, sp in vein breccia; 169g/t silver + 0.35% zinc

- Drilling in the sulphide zone has intersected veined and brecciated intervals across several holes with significant lead (galena - gn) and zinc (sphalerite - sp)
- See ASX releases 11 Nov 2020; 1 Dec 2020; 21 Jan 2021

Espiritu Ag-Au-Zn-Pb-Cu Mineralisation

Petrography

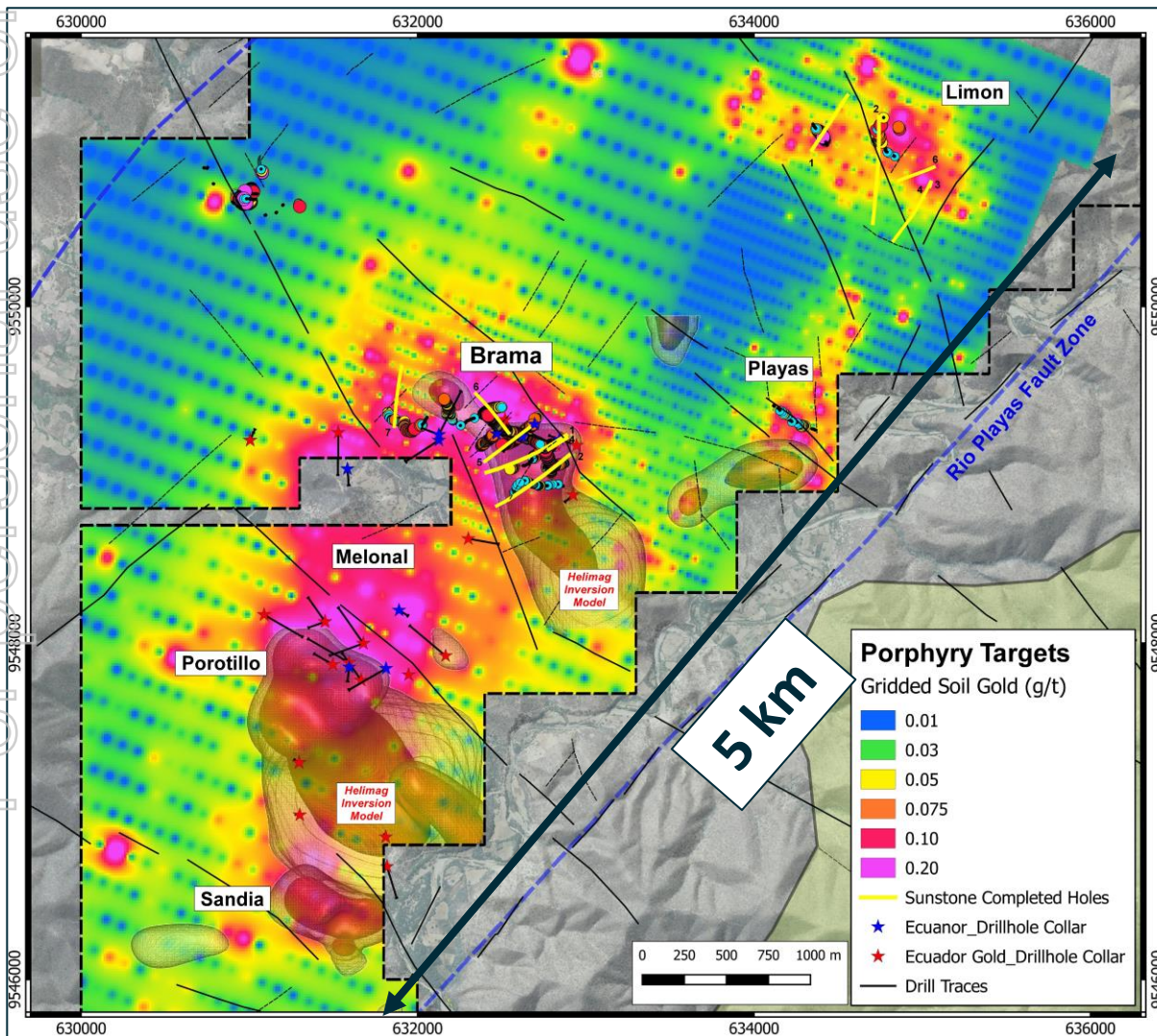


Petrography on drill core samples indicates that Espiritu is a polymetallic (Ag-Au-Zn-Pb-Cu) epithermal system.

- Gas and Liquid rich fluid inclusions in quartz and baryte suggest strong phase separation (fluid boiling), a process that can be conducive to bonanza grade
- Silver occurs as native silver and as electrum, argentite, and in precious-metal-bearing sulphosalt minerals
- Silver-bearing minerals and base metal sulphides (sphalerite, galena, chalcopyrite, TT-TN) occupy the same paragenesis as quartz and Fe-Mg-Ca-(Mn)-carbonate.

Bramaderos Project

Cluster of 6 mineralised porphyry gold-copper systems



Still early days

5 km long district, 6 large targets

1. **Brama** – existing drilling; ore grade intercepts
2. **Limon** – existing drilling; drilled outside edge of porphyry
3. **Playas** – no drilling
4. **Melonal** – very minor drilling found copper and gold
5. **Porotillo** – historical drilling, some good grades
6. **Sandia** – no drilling

Sunstone has a significantly better understanding of mineralisation from drilling at Brama and from 3-D modelling of detailed ground magnetics

This is a major porphyry gold-copper district that has very significant upside

Bramaderos Project

What are we looking for – What is the prize

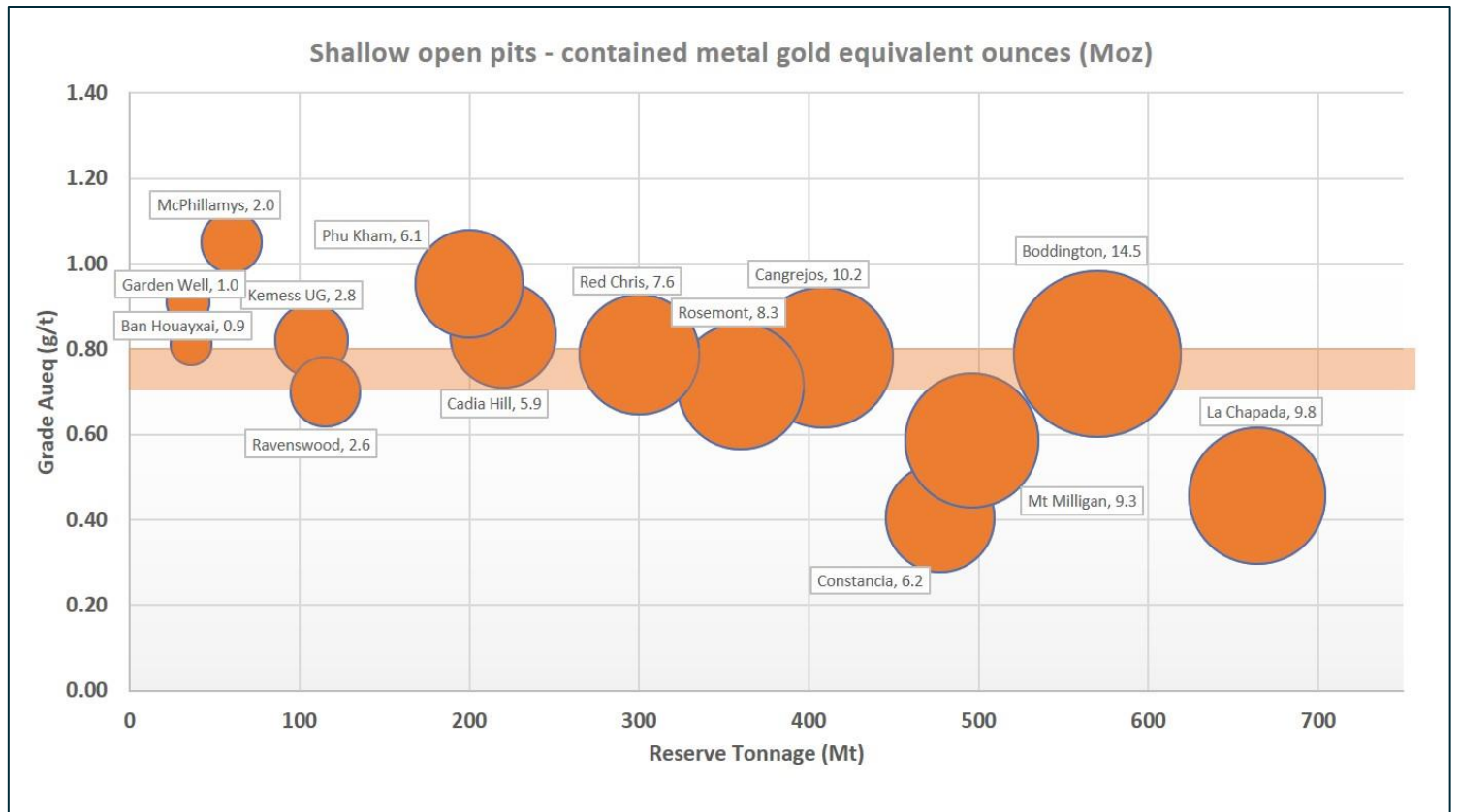
At Bramaderos

- Multiple gold-copper porphyry deposits within a 5km long belt
- Complemented by higher grade epithermal gold-silver deposits
- Large vertical extent to mineralised systems; >1,000m
- Target grades of >0.7 – 0.8g/t gold equivalent (gold + copper*) in open pittable positions,
- Higher grade at depth in underground positions

Compares with Mt Milligan, Cangrejos, Red Chris, Cadia district, Northparkes and others

Cluster of deposits exists within the Bramaderos Project so able to 'accumulate' tonnes across multiple targets

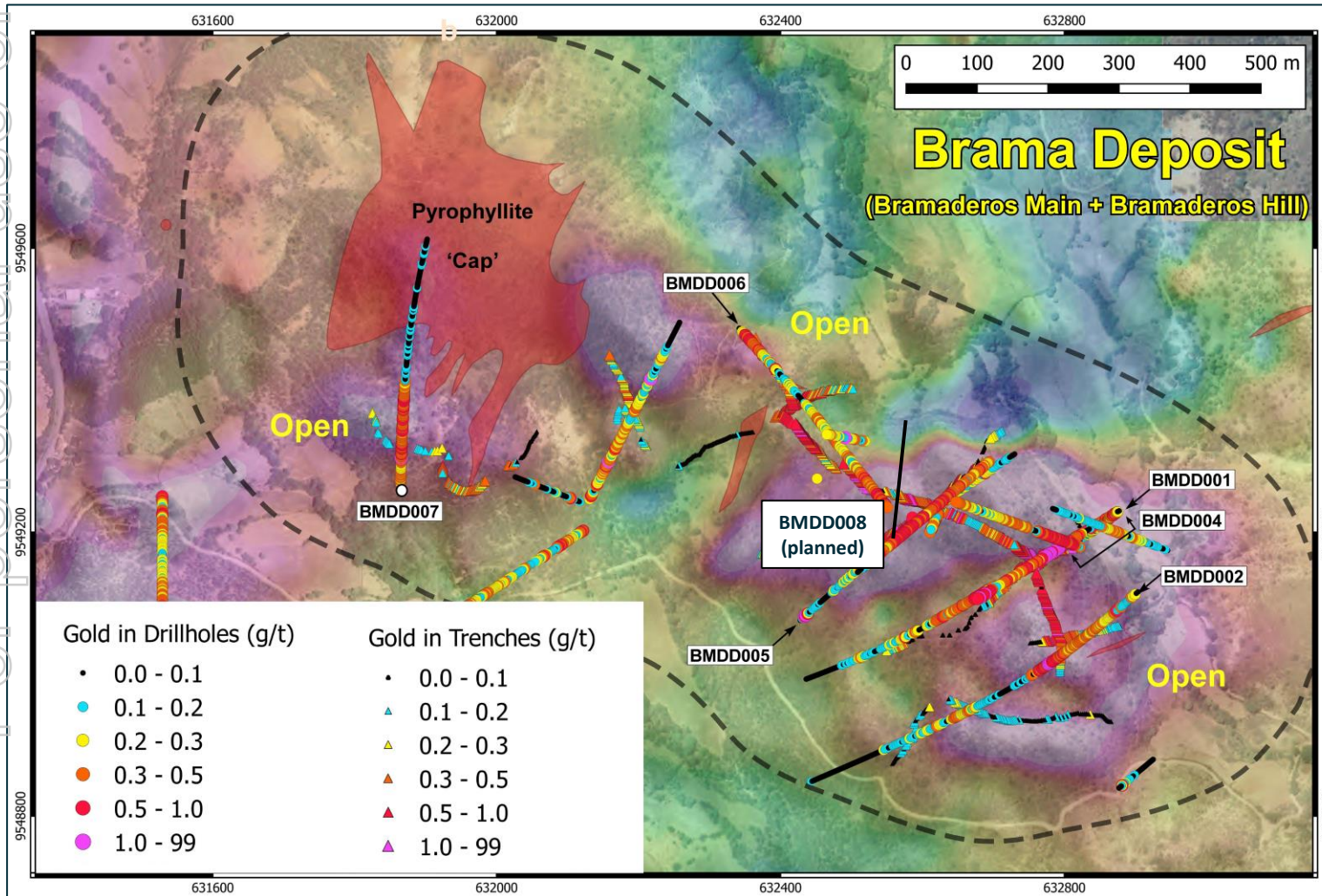
Low cost power and good infrastructure enhances value – both exist at Bramaderos



**Sunstone does not release gold equivalent grades at this stage. Metallurgical test work for Bramaderos is underway to determine gold and copper recoveries which will allow for quoting of gold equivalents. The gold equivalent, Reserve and grade numbers presented in the graph are based on individual company reports for comparative purposes*

Brama Porphyry

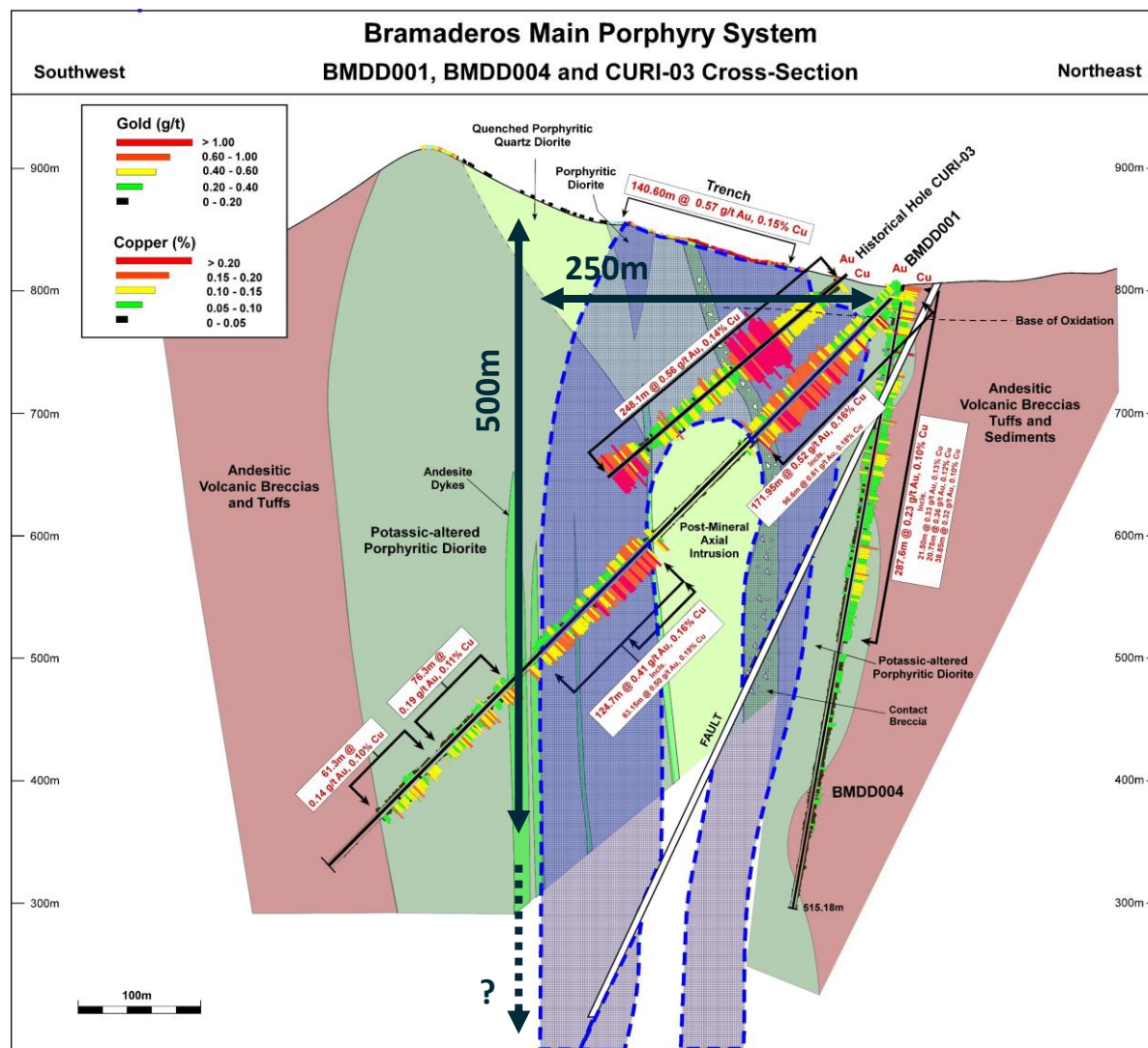
6 effective drill holes - all mineralized, some ore grade



- Longitudinal trench **BM14** – **615.14m** at **0.52g/t Au** and **0.11% Cu**, includes
 - 122.6m** at **0.55g/t gold**, **0.17% copper**, and
 - 97m** at **0.61g/t gold**, **0.16% copper**, and
 - 179.7m** at **0.6g/t gold**, **0.09% copper**
- Cluster of higher grade porphyry systems within large lower grade system
- Original exploration focussed on large bulk tonnage lower grade system
- Results to date now allow us to focus on clusters of smaller, sub-vertical, higher grade systems
- Ground magnetics delivered a breakthrough
- Integrated data – trenching, drilling, magnetics, geology telling us the same story = high confidence**

Brama Porphyry

Brama – Curi-03, BMDD001 and BMDD002 drilling



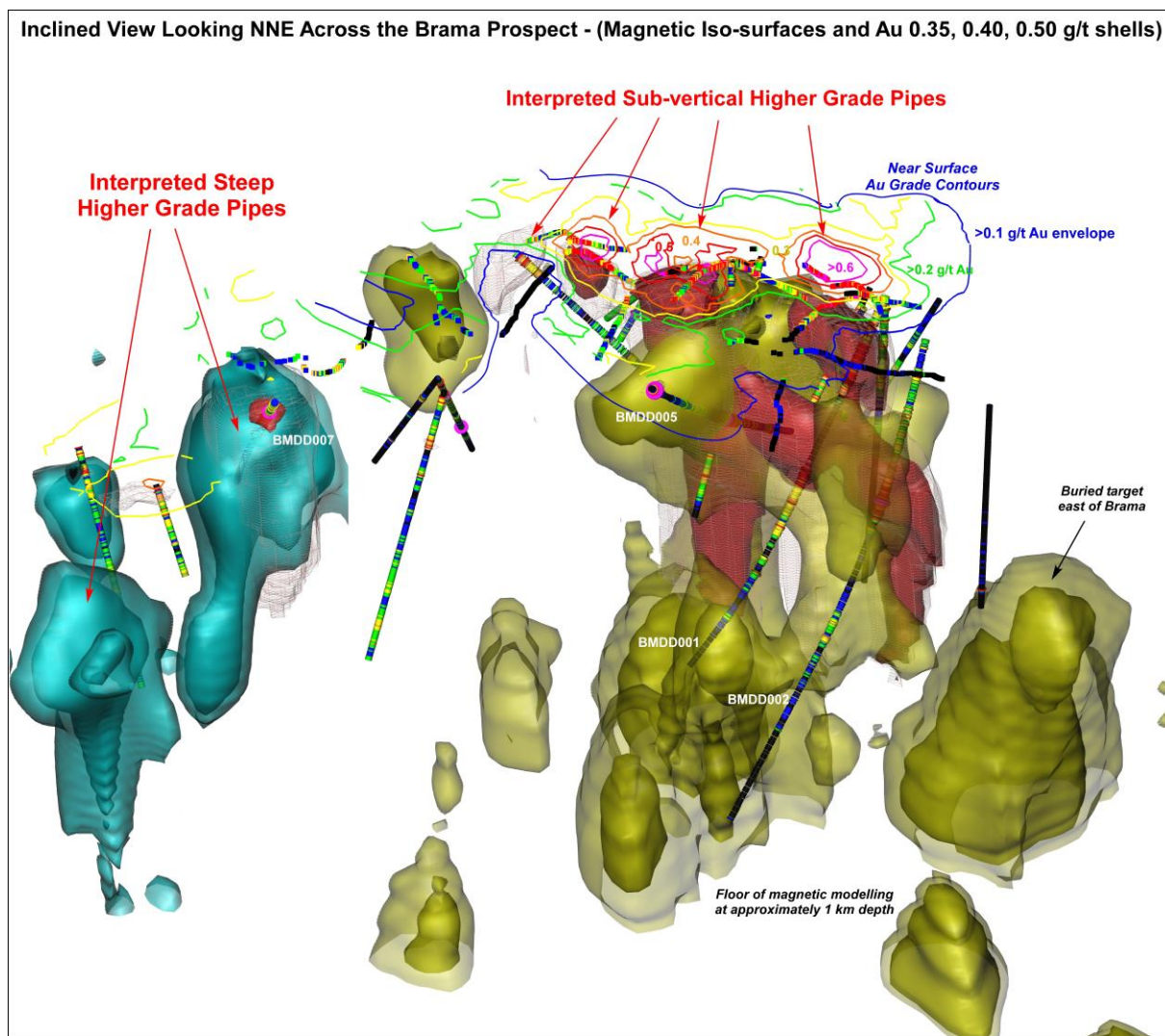
200m diameter outcropping 'pencil porphyry' system on this section

We have at least 4 of these within the Brama porphyry

- In BMDD001 –
 - ✓ 172m at 0.52g/t gold and 0.16% copper downhole, *including*
 - ✓ **96.6m at 0.61g/t gold and 0.18% copper**, and
- In BMDD002 –
 - ✓ 55m at 0.74g/t gold and 0.15% copper, *including*
 - ✓ **18m at 1.0g/t gold and 0.19% copper**
- Historical hole CURI-03:
 - ✓ 248.1m at 0.56g/t gold and 0.14% copper, *including*
 - ✓ **62m at 1.0g/t gold and 0.22% copper**, and
 - ✓ 30.2m at 0.8g/t gold and 0.2% copper at EOH
- Trench above CURI-03 returned
 - 140.6m at 0.57g/t gold and 0.15% copper, *including*
 - ✓ **68.2m at 0.8g/t gold and 0.18% copper**

Brama Porphyry

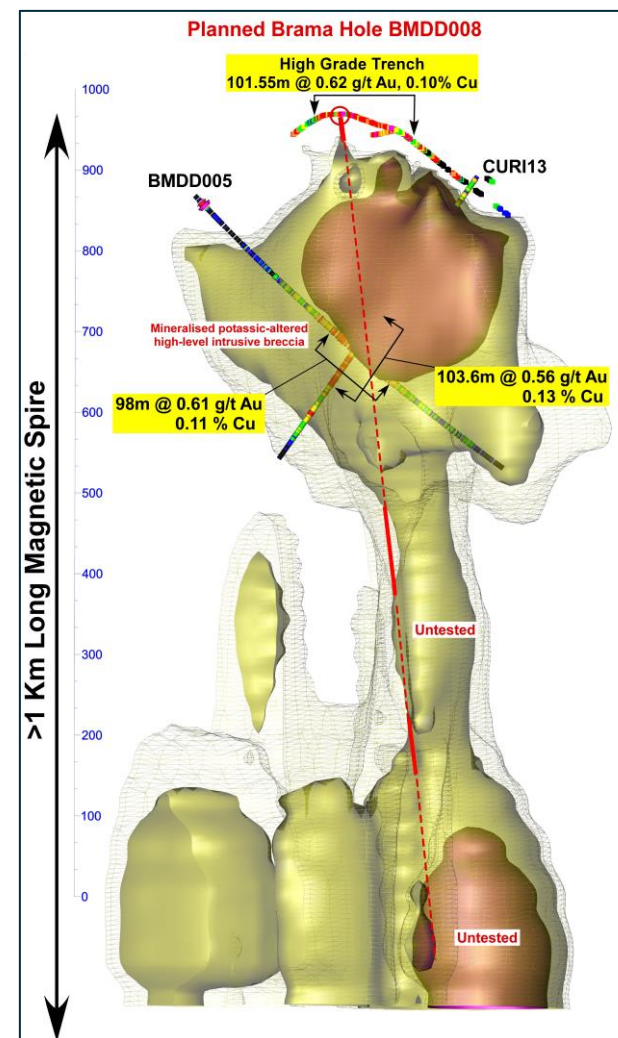
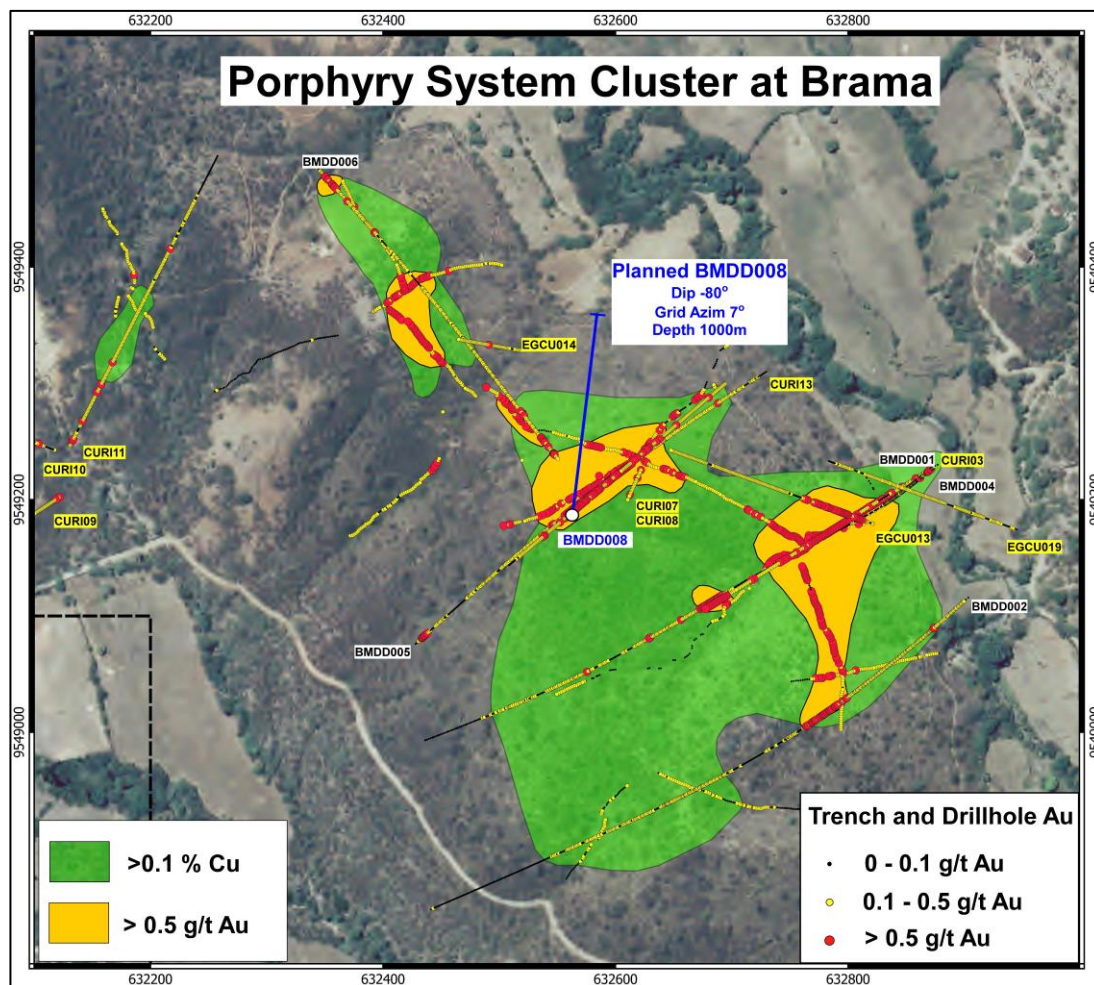
Brama – Cluster of porphyry systems



- Compelling interpretation built from new detailed ground magnetic data, 3-D modelling, and new drilling results
- Exploration data is telling us we have a cluster of smaller higher grade gold-copper porphyry systems
- Exploration strategy is to drill and define the higher grade gold-copper porphyry domains within the larger lower grade systems
- The exploration model is transferable to all other porphyry systems at Bramaderos – i.e. Limon, Playas, Melonal, Porotillo, Sandia

Brama Porphyry

Planned drill hole BMDD008 – to be drilled in Feb-Mar 2021



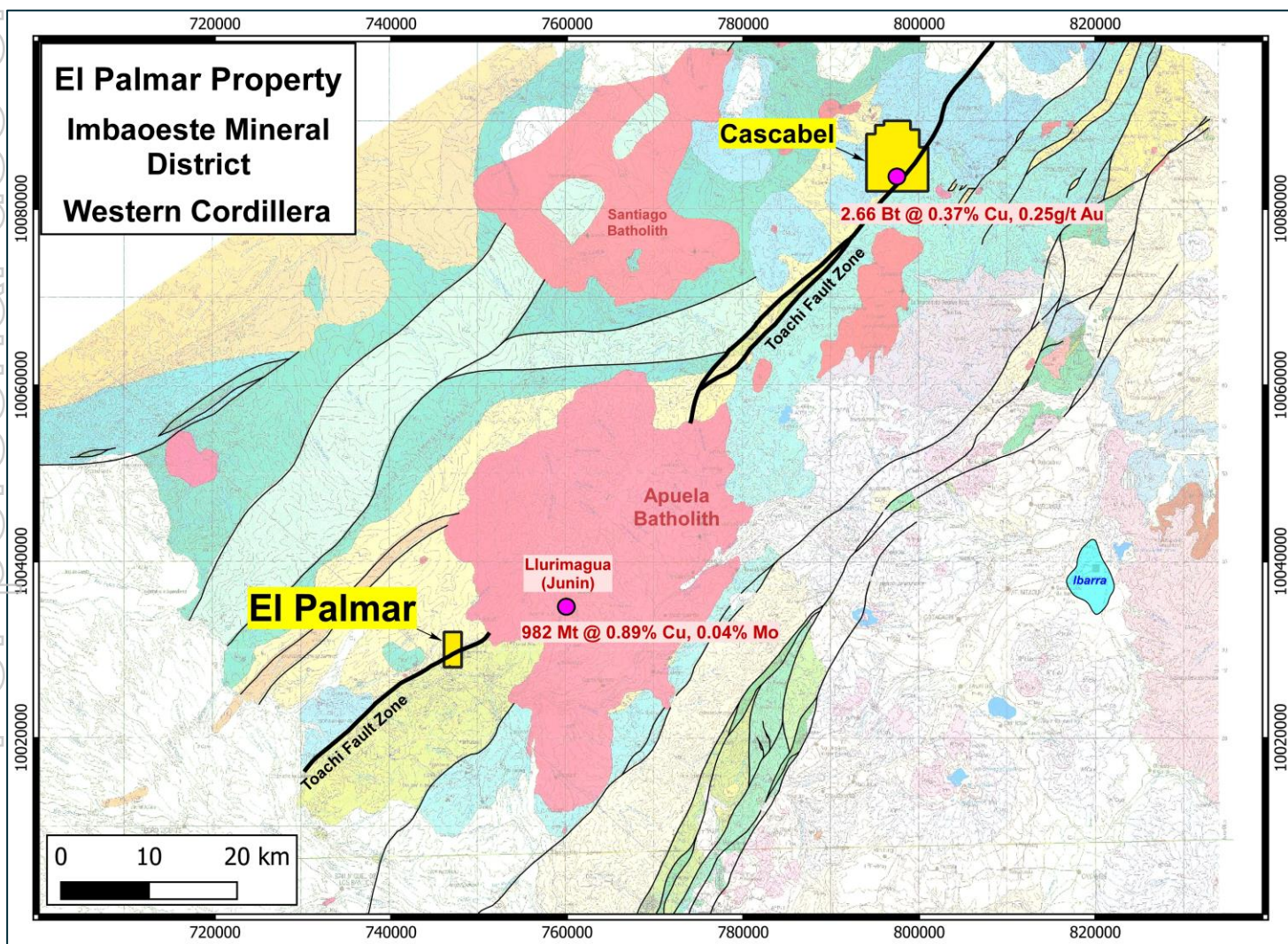
BMDD008 will test the 'pencil porphyry' model as defined by 3-D modelling of magnetics

BMDD008 is drilling below a potassic-altered high-level porphyry related intrusive breccia with intervals up to 98m at 0.61g/t gold and 0.11% copper

If this test is successful then it opens up Brama (and other porphyry targets in the concession) to testing of multiple similar targets

El Palmar

New project – northern Ecuador



Staged Acquisition Agreement to secure 100% of the El Palmar property

Prospective for porphyry copper-gold similar to the 2.7Bt Alpala deposit at Cascabel and the 1Bt Llurimagua deposit

Ground magnetics survey to start asap; this will define drill target

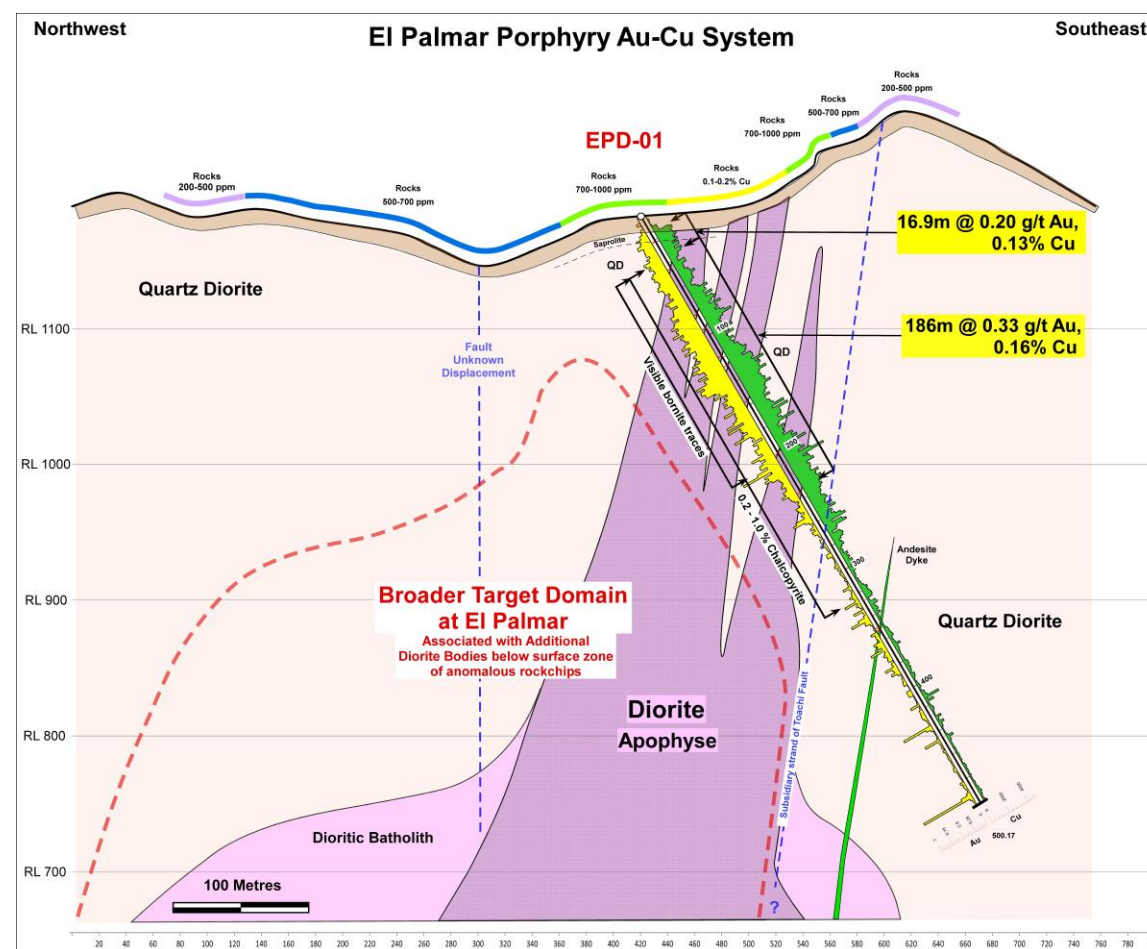
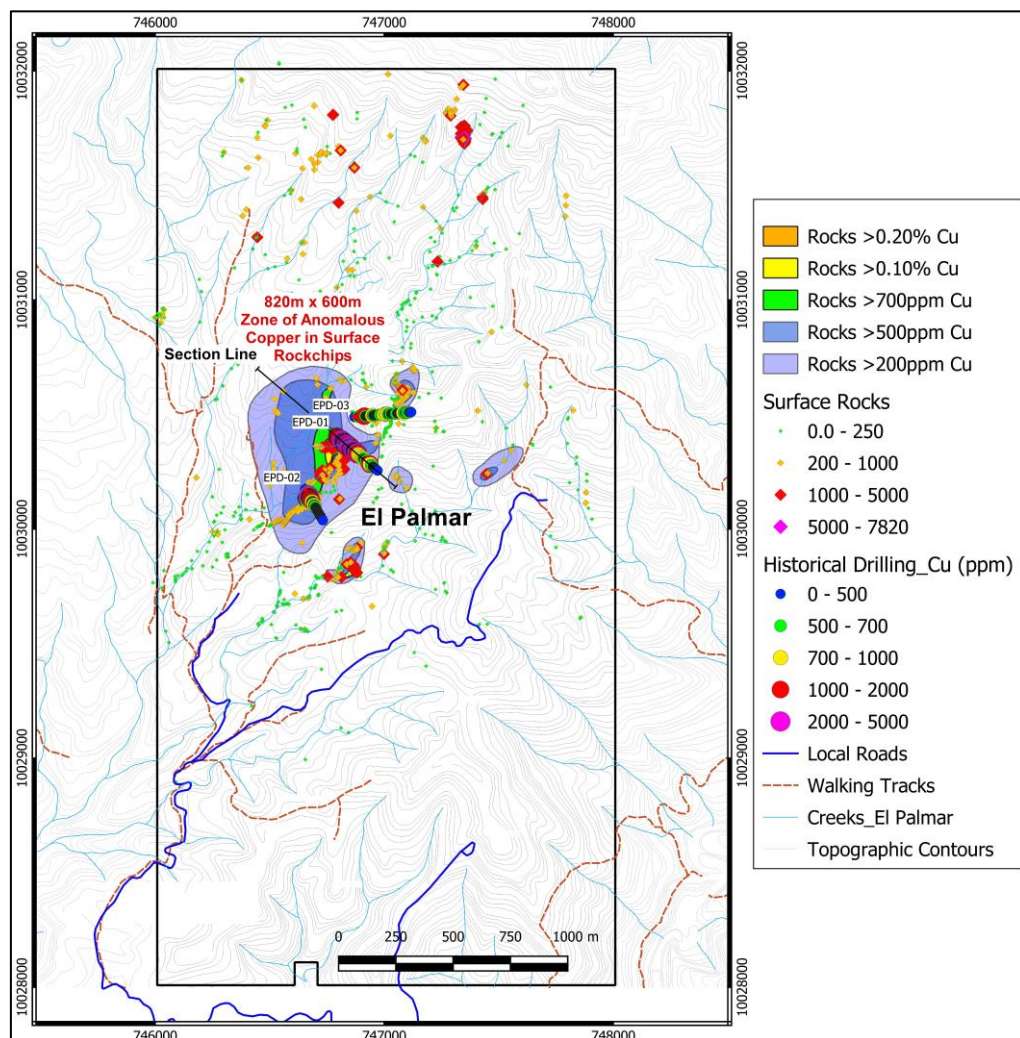
Drill Permit in place, drilling planned March-April

Trench No.	Interval (m)	Gold (g/t)	Copper (%)
1	174	0.41	0.11
including	42	0.72	0.05
2	126	0.39	0.05
including	57	0.61	0.13

Drill Hole No.	From (m)	To (m)	Interval (m)	Gold (g/t)	Copper (%)
EPD-01	33.0	500.2	467.2	0.18	0.10
including	33.0	219.0	186.0	0.33	0.16
EPD-02	51.0	124.4	73.5	0.22	0.12
including	51.0	85.5	34.5	0.31	0.16
EPD-03	400.5	500.2	99.7	0.09	0.05

El Palmar

Historical drilling confirms porphyry; magnetics to define new drill targets



What's Ahead

- ✓ **Exciting 2021 - Discovery focused, multiple targets, drilling across all targets, strong funding position**
- ✓ Espiritu silver-gold-polymetallic drilling to continue; define a large system
- ✓ Brama porphyry gold-copper drill hole to be commenced Feb 2021, rig on site; confirm 'pencil porphyry' model and drill considerable vertical extent
- ✓ El Palmar exploration ramping up, ground magnetic survey to start early February, drilling in March-April. Target is a giant copper-gold porphyry
- ✓ Ecuador team performing strongly and can be managed remotely while coronavirus travel restrictions apply
- ✓ Very strong funding position; cash and liquid shares in Copperstone (Sweden)

Competent Persons Statement

The information in this report that relates to exploration results and exploration targets and 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