

Fully underwritten Options exercise allows Sunstone to ramp up exploration with 2 drill rigs; one at the West Zone gold prospect and a second at the Limon gold-copper porphyry prospect

Key Points

- Listed options expiring on 31st August 2019 are fully underwritten to deliver \$4.6 mill (before costs)
- Second drill rig is mobilising to the Bramaderos Project, and will commence drilling at the high-grade West Zone gold target during August
- Existing drill rig moving from Bramaderos Main to Limon to drill hole LMDD003 targeting the Limon porphyry system
- Assay results for Bramaderos Main hole BMDD001, and the upper portion of hole BMDD002 expected in mid-August

Sunstone Metals Limited (ASX:STM) is pleased to provide a corporate financing update, and an update on operations at the Bramaderos project in southern Ecuador.

Underwriting of Sunstone Metals Listed Options: Sunstone has 154,837,500 listed options (ASX:STMO) with an exercise price of A\$0.03 expiring 31st August 2019. **These have now been fully underwritten by Morgans Corporate Ltd.** A Notice of Expiry of Options has been sent to option holders (refer to ASX Announcement dated 2nd August 2019). Option holders can exercise their options prior to the expiry date being 31st August 2019. Options that are not exercised by the option holder will be exercised by the Underwriter.

Board and Management of Sunstone have provided firm commitments to exercise their 2,237,500 listed options, plus an additional 4,500,000 unlisted options with an exercise price of \$0.032, to raise \$211,125.

The funds to be raised from the exercising of the Options (including the 4,500,000 unlisted options with an exercise price of \$0.032) totals \$4.6 million (after fees).

Second drill rig at Bramaderos: A second drilling rig has been engaged for the Bramaderos project and will be mobilised to commence drilling at the West Zone high grade gold target during August (Figure 1).

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The drilling program will comprise at least 5 drill holes for a minimum 1,000m and target interpreted hydrothermal breccia-hosted epithermal gold mineralisation that in surface trenching has delivered (see ASX Announcement 8th November 2017) –

- 28m at 3.9g/t gold in trench 8
 - Including 15.6m at 6.1g/t gold
- 30m at 0.9g/t gold in trench 10
 - Including 9.8m at 1.7g/t gold

Existing drill rig moving to Limon: The drill rig which completed holes BMDD001 and BMDD002 at Bramaderos Main is now being moved to Limon and is expected to commence drilling LMDD003 this week.

The priority of the Limon drilling ahead of Bramaderos Main was established after review of historical results from exploration at Limon and analysis of the results from holes LMDD001 and LMDD002.

LMDD002 drilled a 267m length of porphyry-related mineralisation consisting of stockwork veining and intensely altered and weakly mineralised rock (see ASX announcements 30th May 2019 and 2nd July 2019). Re-interpretation of existing datasets, and review of results from LMDD002 have identified a target zone to the east of this hole and related to minor surface outcrops of breccia bodies that contain clasts of porphyry stockwork veined material.

It is expected that LMDD003 will take 4-5 weeks to drill.

Anticipated assay results from Bramaderos Main during August: It is expected that complete assay results from Bramaderos Main hole BMDD001, and the top 200m from hole BMDD002 will be received by the middle of August.

Assays from the remainder of hole BMDD002 will be received by mid-September.

Sunstone Managing Director Malcolm Norris said:

“A fully underwritten options exercise allows Sunstone to accelerate the drilling program at the Bramaderos Project. We commenced the Phase 1 drilling program at the Bramaderos Project with the aim of completing 5,000m of drilling across three targets – Bramaderos Main, Limon and West Zone. We have drilled 2,900 m as at the end of July, and will now drill during August, approximately 1,000m at West Zone, 1,000m at Limon and continue to drill across the three target areas into September and October.”

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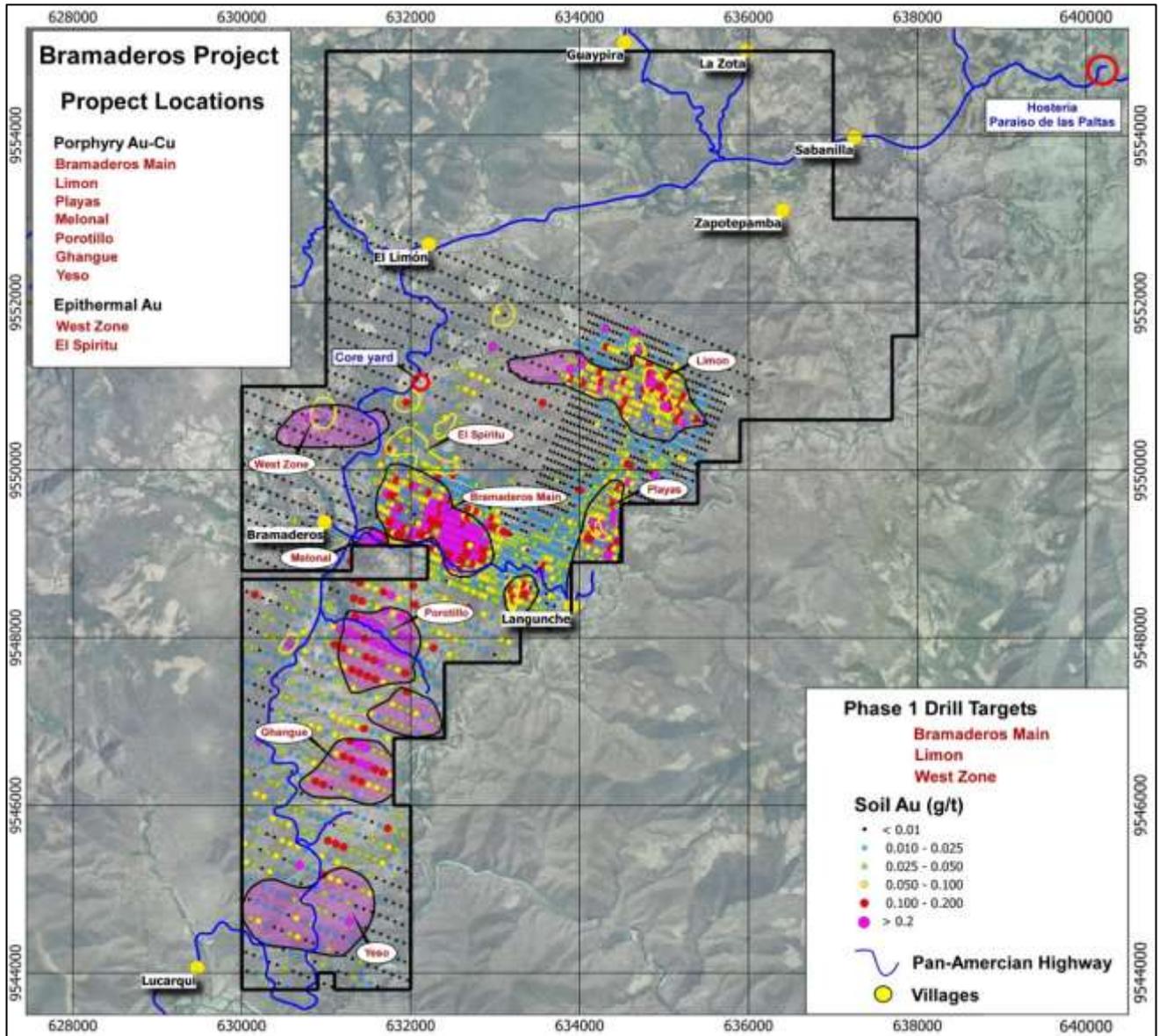


Figure 1: Location of prospects within the Bramaderos concession.

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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 gold-copper 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 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 ~37.6% in Stockholm listed Copperstone Resources (COPP-B.ST) following the recent 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 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.

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

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