



Danderyd 8TH August 2018

ACQUISITION OF THE VISCARIA COPPER PROJECT; SUNSTONE METALS LTD NEW MAIN OWNER

Copperstone Resources AB has signed a non-binding Letter Of Intent to acquire Avalon Minerals Viscaria AB from Sunstone Metals Ltd Australia. If completed, the acquisition would make Sunstone the largest shareholder of Copperstone.

The purchase price amounts to 160 million B-shares of Copperstone and SEK 40m in cash upon closing. In addition, 46 million B-shares of Copperstone and SEK 20m in cash upon the receipt of Environmental Permit.

The Viscaria project is located in Kiruna, northern Sweden and the project has nearly 345 km of historic drill cores and estimated mineral resources of 52.4m tonnes at 1.2% copper of different classes; potentially 608,900 tons of copper. During 1983-1997 LKAB and Outokumpu produced 12.5m tonnes at 2.3% copper; approximately 287,500 tonnes of copper. The acquisition includes the Viscaria deposit, all permissions, drill cores, data, IP and core shed facility etc.

“Copperstone and Viscaria constitute an excellent strategic fit; Copperstone being the local partner, well placed to bring the project forward and providing the Copperstone large scale potential and its Granliden, Svartliden and Eva assets to be combined with a potential significant copper producer, providing further employment opportunities to Norrbotten, our own region. In addition, Sunstone brings to the combined entity competence and track record of international copper porphyry discoveries”, comments Copperstone Chairman Michael Mattsson.

“Sunstone is pleased to be partnering with Copperstone with the vision of building a significant copper company in Scandinavia. We are excited about the future opportunities generated from this transaction”, comments Sunstone CEO Malcolm Norris.

The transaction is subject to finalized due diligence and approval by Extraordinary General Meetings in Copperstone and Sunstone, respectively. Closing is expected around November 2018.

Stockholm Corporate Finance AB acts as Copperstone’s sole financial advisor in the transaction. Hamilton Advokatbyrå KB acts as Copperstone’s legal advisor in the transaction.

Evli Bank AB acts as Sunstone’s sole financial advisor in the transaction. Foyen Advokatfirma KB acts as Sunstone’s legal advisor in the transaction.

Additional information can be found in the attached document.

For further information, please contact Chairman Michael Mattsson, +46 705 739 777, michael.mattsson@copperstone.se, info@copperstone.se or visit the Copperstone website at www.copperstone.se

This information is information that Copperstone Resources AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the above contact person’s agency, 12:20 CEST on 8 August 2018.



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LETTER OF INTENT REGARDING THE ACQUISITION OF 100% OF VISCARIA SIGNED; SUNSTONE METALS LTD TO BE THE NEW MAIN OWNER

The Board of Copperstone Resources AB (below “Copperstone” or the “Company”) is pleased to announce that the Company has entered into a Letter of Intent (below “LOI”) with Sunstone Metals Ltd, Australia ASX listed under ticker STM (below “Sunstone”) to acquire 100% of Avalon Minerals Viscaria AB, a 100% owned subsidiary of Sunstone, including the Viscaria deposit, all permissions, drill cores, data, IP and core shed facility etc., in Norrbotten, Sweden, on a net debt/cash neutral basis. The Viscaria deposit potentially contain 608,900 tons of copper of different classes. The initial purchase price will be 160 million Copperstone B-shares and SEK 40m in cash. In addition, 46 million B-shares of Copperstone and SEK 20m in cash will be payable upon receipt of Environmental Permit. Copperstone intends to finance the initial purchase price and the project development of both projects with existing funds as well as a planned rights issue and/or a directed issue to institutional and qualified investors. The transaction is expected to close in November 2018.

Overview of Viscaria

Viscaria consists of a portfolio of exploitation concessions and exploration permissions in the municipality of Kiruna, and nearly 345 km of historic drill cores (primarily in mine production phase), currently providing estimated mineral resources indicatively at 52.4m tonnes at 1.2% copper of different classes; potentially 608,900 tons of copper. During 1983-1997 LKAB and Outokumpu produced 12.5m tonnes at 2.3% copper; approx. 287,500 tonnes of copper.

The town of Kiruna provides Viscaria with outstanding infrastructure the same way as Arvidsjaur, and its vicinity to the Skelleftefield, provide Copperstone; such as railroad, power grids, as well as tier one service providers, contractors and in Kiruna a +100 year mining culture. The base case scoping study at a copper price of US\$3/lb provides a tentative yearly operating free cash flow of some SEK 200m and an IRR of 15% per annum during life of mine. Despite the vast amount of historic core drillings, exploration potential still exists in the A, B and the D Zones - the latter zone has never been mined and provides several promising intersections of mineralisation, e g in a 2015 exploration drilling campaign VDD 193 yielded 26 meters at 2.6% Cu and down below VDD 195 encountered 21 meters of 1.5% Cu outside the resource boundary in the North Shoot.

The intended transaction

Subject to agreement on final terms for the transaction, the purchase price of Viscaria will amount to 160 million B-shares of Copperstone and SEK 40m in cash payable at Closing. In addition, 46 million B-shares of Copperstone and SEK 20m in cash will be payable upon receipt of the Environmental Permit (according to Sunstone estimated by 2021).

Subject to closing of the transaction, according to the LOI, Sunstone will be the new main owner of Copperstone, with a potential ownership at some point in time exceeding 30% and will, consequently, apply for an exemption to the Swedish Securities Council regarding a

mandatory public bid on Copperstone. As per today, Copperstone expects the final due diligence phase to continue in the great spirit as from 20 April 2018, when the discussions commenced and an exclusivity agreement soon after was provided to Copperstone. Site visits (in Kiruna and Malå/Arvidsjaur) took place in April and May 2018, and due diligence and negotiation have been pending up and until the signing of the LOI.

Terms and Conditions

The transaction is non-binding and, amongst others, conditional upon:

- satisfactory completion of due diligence of Copperstone and Sunstone, respectively;
- approvals at Extra General Meetings in Copperstone and Sunstone, respectively, planned to be held in November 2018;
- all necessary anti-trust, regulatory, and other consents, if any, being obtained in a form reasonably satisfactory to each party.

Sunstone is proposed to receive up to two Board seats in New Copperstone.

A technical committee will be established, reporting to the Board, whereby further cross pollination of competencies and experiences will be favourable for both projects.

For a period of 18 months from closing, the following parties have (subject to certain exceptions) agreed to lock up their initial holdings of Copperstone B-shares: Sunstone 100%; Chairman and largest owner of Copperstone Michael Mattsson 80%; Director Ann Zetterberg Littorin 80%, Director Petter Tiger 80%; Director Niclas Löwgren 50%; non-insider, former Director and second largest owner of Copperstone Björn Israelsson 50%.

The transaction is expected to close in November 2018.

Financing and Synergies

The total CapEx until planned mine-reopening 2021/22 is expected well below USD 150m, including DFS, Environmental permission and construction, of which the working capital need until Environmental Permission (if Viscaria stand alone) 2018-2021 by Sunstone is estimated at some USD +10m.

Copperstone has no immediate funding need, yet intends to launch a rights issue and/or a directed issue prior to or at closing of the transaction, which will suffice and exceed the initial purchase price and/or up to 24 months working capital including the next phase of project development at the Copperstone project. In addition, Foundation Norrlandsfonden, according to the existing convertible loan agreement, is entitled (not obliged) to participate. The full terms and conditions of the capital raise/s will be announced when available.

Copperstone and Sunstone see clear synergies in combining Copperstone and Viscaria, including the optimal future size of the, potentially joint, ore plant Kiruna/Arvidsjaur, additional international geological competence, within overhead, as well as Copperstone providing its excellent relations within the financing and local community, municipalities and stake holders, that will assist Viscaria during the project development phase.



“Copperstone and Viscaria constitute an excellent strategic fit; Copperstone being the local partner, well placed to bring the project forward and providing the Copperstone large scale potential and its Granliden, Svartliden and Eva assets to be combined with a potential significant copper producer, providing further employment opportunities to Norrbotten, our own region. In addition, Sunstone brings to the combined entity competence and track record of international copper porphyry discoveries”, comments Copperstone Chairman Michael Mattsson.

“Sunstone is pleased to be partnering with Copperstone with the vision of building a significant copper company in Scandinavia. We are excited about the future opportunities generated from this transaction “, comments Sunstone CEO Malcolm Norris.

For more information on Viscaria, please revert to www.sunstonemetals.com.au

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For further information, please contact Chairman Michael Mattsson, +46 705 739 777;
michael.mattsson@copperstone.se; or info@copperstone.se or Copperstone webpage:
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About Copperstone

Copperstone is a public company trading as COPP B on NASDAQ First North (Stockholm). The Certified Adviser is Augment Partners AB. The Company is focused on base and precious metal exploration in the vicinity of the internationally recognized mining region of the Skellefte-field in northern Sweden. The Copperstone project is situated on four contiguous exploration permits in Norrbotten County (Sandberget 100 (8074ha), Sandberget 200 (19ha), Sandberget 300 (19ha) and Svartliden 1001 (444ha). In addition the Company owns one exploitation concession within the same area, namely Svartliden K no. 1 (36ha) and an approved application for Eva k no. 1 (34ha) subject to an objection. The Company also owns the Tvistbogruvan K no. 1 (11ha) exploitation concession and the Såggården no. 1 (199ha) exploration permit in the Bergslagen mining region of central Sweden. Quoted surface areas are approximate to the nearest hectare. All exploration permits and exploitation concessions are 100% owned, either directly or through a subsidiary.

About Sunstone

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

- 1. 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.
- 2. 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.
- 3. The Southern Finland Gold Project**, includes the Satulinmäki gold prospect which is part of an earn-in JV with Canadian company Nortec Minerals, where Sunstone has fulfilled the requirements to earn an 80% interest, and has also acquired a significant land position, in its own right, in the district.
- 4. The Scandinavian Lithium Project**, includes the Kietyönmäki lithium prospect which is also part of the JV with Nortec Minerals.

Mineral Resource Statement

Resource Area	Classification	Tonnes (Mt)	Cu Grade (%)	Contained Cu (kt)
A Zone	Measured	14.44	1.7	240.0
	Indicated	4.69	1.2	57.2
	Inferred	2.48	1	25.5
	Subtotal	21.61	1.5	322.7
B Zone	Measured	0.12	1.3	1.6
	Indicated	4.12	0.7	29.7
	Inferred	15.41	0.8	118.7
	Subtotal	19.65	0.8	149.0
D Zone	Indicated	3.11	0.81	25.2
	Inferred	0.01	0.32	0.02
	Subtotal (open pit)	3.11	0.81	25.2
	Indicated	7.26	1.37	99.8
	Inferred	0.78	1.57	12.2
	Subtotal (underground)	8.03	1.39	111.9
Overall Cu	Total	52.4	1.2	608.9

Source: Viscaria August 2016.



För ytterligare information kontakta:

Otto Rydbeck, VD Stockholm Corporate Finance

Tel: +46 8 440 56 40

E-mail: otto.rydbeck@stockholmcorp.se

Om Stockholm Corporate Finance AB

Stockholm Corporate Finance är en oberoende privatägd finansiell rådgivare som erbjuder tjänster inom kvalificerad rådgivning avseende kapitalanskaffning, ägarförändringar, fusioner och förvärv (M&A) till börsnoterade och privata företag och dess ägare. Stockholm Corporate Finance är exklusiv svensk partner i det globala nätverket M&A Worldwide som består av 51 M&A-rådgivare och investmentbanker i 45 länder. Stockholm Corporate Finance är ett värdepappersföretag som står under Finansinspektionens tillsyn och är medlem i branschorganisationen SwedSec Licensiering AB. För mer information se: www.stockholmcorp.se