

NEWS RELEASE 19-17

October 30, 2019

SUN METALS CLOSES FINAL TRANCHE OF \$6.15 MILLION PREVIOUSLY ANNOUNCED BOUGHT DEAL FINANCING

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Vancouver, B.C. – **Sun Metals Corp. (TSX-V: SUNM)** (the “**Company**” or “**Sun Metals**”) announces the successful closing of the second and final tranche of its bought deal financing initially announced on October 7, 2019 and later on October 9, 2019 with respect to an upsize (the “**Offering**”). The closing of the final tranche of the Offering was led by Sprott Capital Partners LP, on behalf of a syndicate of underwriters including Cormark Securities Inc., Haywood Securities Inc. and PI Financial Corp. (the “**Underwriters**”).

Pursuant to the closing of the final tranche of the Offering, the Company issued a total of 4,520,000 common shares of the Company issued on a flow-through basis (the “**FT Shares**”) at a price of \$0.25 per FT Share and 8,100,000 common shares of the Company issued on a flow-through basis (the “**Premium FT Shares**”) at a price of \$0.315 per Premium FT Share for aggregate gross final tranche proceeds of \$3,681,500. The Company has agreed to pay the Underwriters a cash commission of \$214,015 in connection with the closing of the final tranche of the Offering.

Aggregate gross proceeds from the Offering total \$6,151,500 from the issuance of 22,500,000 common shares.

Steve Robertson, President and CEO of Sun Metals stated, “We are pleased to close this equity financing which will provide Sun Metals with the opportunity to continue the successful exploration momentum at our Stardust project. In 2019, the summer exploration program revealed that the 421 zone extends both to the north and south of the original discovery hole. This funding will allow us the opportunity to advance the 421 zone even further as we continue to achieve exploration milestones along the way.”

An amount equal to the gross proceeds from the issuance of the FT Shares and the Premium FT Shares will be used for Canadian exploration expenses that will qualify as “flow-through mining expenditures”, as defined in subsection 127(9) of the *Income Tax Act* (Canada) and as “BC flow-through mining expenditures”, as defined in the *Income Tax Act* (B.C.) (the “**Qualifying Expenditures**”), which will be renounced with an effective date no later than December 31, 2019 to the initial purchasers of the FT Shares and the Premium FT Shares (other than the Underwriters) in an aggregate amount not less than

the aggregate gross proceeds raised from the issue of the FT Shares and the Premium FT Shares, and, if the Qualifying Expenditures are reduced by the Canada Revenue Agency, the Company will indemnify each initial purchaser (other than the Underwriters) for any additional taxes payable by such subscriber as a result of the Company's failure to renounce the Qualifying Expenditures as agreed.

The FT Shares and the Premium FT Shares to be issued in connection with the closing of the final tranche of the Offering will be subject to a hold period of four months and one day from the date of issue in accordance with applicable Canadian securities laws.

Certain directors and senior officers of the Company participated in the final tranche of the Offering and acquired an aggregate of 310,000 FT Shares for \$77,500. The participation of directors and senior officers constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 ("MI 61-101"). The Company has determined that the transaction is exempt from the formal valuation and minority shareholder approval requirements under MI 61-101 by virtue of the exemptions contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 as neither the fair market value of securities issued to directors and senior officers nor the consideration paid by directors and senior officers exceed 25% of the Company's market capitalization. The Company did not file a material change report in respect of the transaction 21 days in advance of the closing of the final tranche of the Offering because director and senior officer participation had not been confirmed. The shorter period was necessary in order to permit the Company to close the final tranche of the Offering in a timeframe consistent with usual market practice for transactions of this nature.

For more information, please contact Susie Bell, Investor Relations for Sun Metals at sbell@sunmetals.ca, 604-697-4953, or Steve Robertson, President and CEO of Sun Metals, at srobertson@sunmetals.ca, 604-697-4952.

On behalf of the Board of Directors,

SUN METALS CORP.

Steve Robertson
Chief Executive Officer

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1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

All statements in this news release, other than statements of historical fact, are "forward-looking information" with respect to Sun Metals within the meaning of applicable securities laws, including, but not limited to statements with respect to those that address the expected use of proceeds of the Offering; and closing of the Offering. Forward-looking information is often, but not always, identified by the use of words such as "seeks", "anticipates", "plans", "continues", "expects", "projects", "predicts", "potential", "targets", "intends", "believes", "potential", "budgets", "schedules", "estimates", "forecasts" and similar expressions (including the negative of such expressions), or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "should", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made including, among others, assumptions regarding the closing of the Offering; the future tax treatment of the FT Shares and the Premium FT Shares; future prices of gold and other metal process; currency exchange rates and interest rates; favourable operating conditions; political stability; obtaining governmental approvals and financing on time; obtaining renewals of existing licences and permits and obtaining required licences and permits; labour stability; stability in market conditions; availability of equipment; accuracy of mineral resources; successful resolution of disputes and anticipated costs and expenditures. Management believes these estimates and assumptions are reasonable. In addition, many assumptions are based on factors and events that are not within the control of Sun Metals and there is no assurance they will prove to be correct.

Such forward-looking information, involves known and unknown risks, which may cause the actual results to be materially different from any future results expressed or implied by such forward-looking information, including, risks related to the Offering; the ability of the Company to obtain required approvals; the future tax treatment of the FT Shares and the Premium FT Shares; the speculative nature of the Company's business; the Company's formative stage of development; the Company's financial position; possible variations in mineralization; conclusions of future economic evaluations; business integration risks; changes in project parameters as plans continue to be refined; current economic conditions; future prices of commodities; fluctuations in the securities market; fluctuations in currency markets; change in national and local government, legislation, taxation, controls, regulation and political or economic development; inability to obtain adequate insurance to cover risks and hazards; possible variations in grade or recovery rates; the costs and timing of the development of new deposits; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; the timing and success of exploration activities generally; delays in permitting; possible claims against the Company; the timing of future economic studies; labour and employee disputes and other risks of the mining industry; delays in obtaining governmental approvals, financing or the completion of exploration; relationships with and claims by local communities and First Nations; and title to properties as well as those factors discussed in the Annual Information Form of the Company dated May 28, 2019 in the section entitled "Risk Factors", under Sun Metals' SEDAR profile at www.sedar.com.

Although Sun Metals has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Sun Metals disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law. Accordingly, readers should not place undue reliance on forward-looking information.