ShawandPartners Financial Services

Sunstone Metals Ltd (STM)

Rating: Buy | Risk: High | Price Target: $1.40

9 September 2026

Drilling Hits Exceptional Grades Between Melonal and Alba

Key Information

Current Price ($ps)	0.19
12m Target Price ($ps)	1.40
52 Week Range ($ps)	0.17 - 0.75
Target Price Upside (%)	636.8%
TSR (%)	636.8%
Reporting Currency	AUD
Market Cap ($m)	54
Sector	Materials
Avg Daily Volume (m)	0.6
ASX 200 Weight (%)	0%

Fundamentals

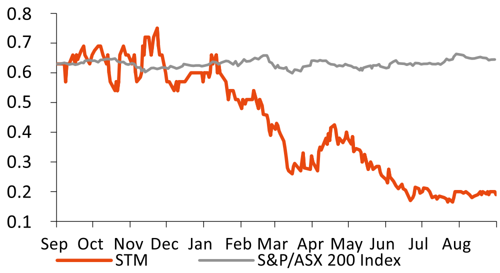
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales ($m)	0	0	0	0
NPAT ($m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.0)	(0.8)	(0.7)
EPS Growth (%)	15.7%	nm	22.3%	14.0%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(18.8)	(24.2)	(28.1)
EV/EBITDA (x)	(18.4)	(18.4)	(18.4)	(18.4)
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(1.3%)	(6.5%)	(28.9%)	(70.6%)
Absolute (%)	(5.0%)	(5.0%)	(25.5%)	(69.8%)
Benchmark (%)	(3.7%)	1.5%	3.4%	0.8%



Price performance indexed to 100 *Source: FactSet*

Major Shareholders

DGR Global Ltd	10.0%

Event

Sunstone Metals has reported the final two holes from its 30-hole resource growth drilling programme at Bramaderos. The results are among the best the company has produced from the campaign. One hole intersected a high-grade zone, located midway between the Alba and Melonal systems, **returning 9.35m at 17.23 g/t AuEq, including a standout 5.95m at 26.61 g/t AuEq, with a peak two-metre assay of 55.9 g/t Au**. Visible gold was logged in this interval, refer picture below.

Highlights

Source: STM ASX Release 9 Sept'26

- The second hole was drilled into the Melonal diorite intrusion and delivered a very large low-grade intersection of **368m at 0.45 g/t AuEq**, confirming mineralisation into the base of the current pit shell and reinforcing the interpreted south-east plunge shared with Brama-Alba.
- Sunstone has now completed all 30 planned resource-growth holes at Bramaderos and every hole has intersected mineralisation outside the existing 3.6moz AuEq resource. These results, together with the earlier 29 holes across Melonal, Porotillo and Copete, will underpin an updated Mineral Resource estimate in DecQ'26. The combination of high-grade skarn-style mineralisation at depth and a very wide, continuous lower-grade halo supports both grade and tonnage upside in the coming update.
- Separately, trenching at the Porotillo porphyry is nearing completion, with assays for a further eight trenches expected shortly. This is an additional catalyst ahead of the resource update.
- At El Palmar, Sunstone's second Ecuadorian project, drilling is expected to recommence this month testing deeper porphyry targets. This could be the real game changer and it will be an interesting next six weeks for Sunstone Metals.

Recommendation

We maintain our Buy rating and $1.40 price target on Sunstone Metals.

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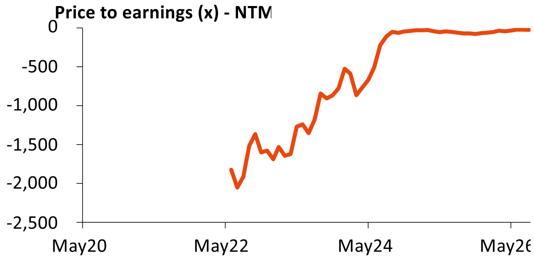
Sunstone Metals Ltd
Materials
Materials
FactSet: STM-AU / Bloomberg: STM AU

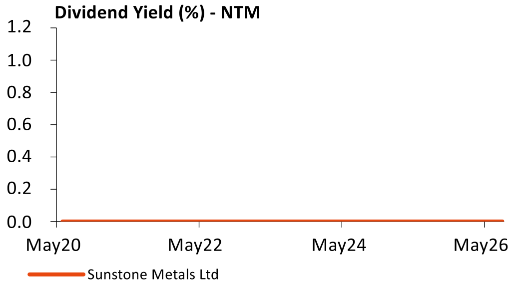
Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	0.19
Target Price ($ps)	1.40
52 Week Range ($ps)	0.17 - 0.75
Shares on Issue (m)	284
Market Cap ($m)	54
Enterprise Value ($m)	44
TSR (%)	636.8%

Company Description

Sunstone Metals is developing two major gold-copper projects in Ecuador: Bramaderos and El Palmar. Both porphyry projects have the potential to evolve into multi-decade gold-copper mining centres.



Source: FactSet



Source: FactSet

Financial Year End: 30 June

Investment Summary (AUD)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS (Reported) (cps)	**(0.1)**	**(0.1)**	**(1.0)**	**(0.8)**	**(0.7)**
EPS (Underlying) (cps)	**(0.1)**	**(0.1)**	**(1.0)**	**(0.8)**	**(0.7)**
EPS (Underlying) Growth (%)	15.0%	15.7%	nm	22.3%	14.0%
PE (Underlying) (x)	**nm**	**nm**	**(18.8)**	**(24.2)**	**(28.1)**
EV / EBIT (x)	**(19.0)**	**(18.1)**	**(18.4)**	**(18.4)**	**(18.4)**
EV / EBITDA (x)	**(19.7)**	**(18.4)**	**(18.4)**	**(18.4)**	**(18.4)**
DPS (cps) (AUD)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow Yield (%)	(0.2%)	(0.2%)	(5.5%)	(4.1%)	(3.5%)

Profit and Loss (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	0	0	0	0	0
Other Operating Income	0	0	0	0	0
EBITDA	**(2)**	**(2)**	**(2)**	**(2)**	**(2)**
EBITDA Margin (%)	*nm*	*nm*	*nm*	*nm*	*nm*
Depreciation & Amortisation	(0)	0	0	0	0
EBIT	**(2.3)**	**(2.4)**	**(2.4)**	**(2.4)**	**(2.4)**
EBIT Margin (%)	*nm*	*nm*	*nm*	*nm*	*nm*
Net Interest	0	0	0	0	0
Pretax Profit	(2)	(2)	(2)	(2)	(2)
Minorities	0	0	0	0	0
NPAT Underlying	**(2)**	**(2)**	**(2)**	**(2)**	**(2)**
Significant Items	0	0	0	0	0
NPAT Reported	**(2)**	**(2)**	**(2)**	**(2)**	**(2)**

Cashflow (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
EBIT	(2)	(2)	(2)	(2)	(2)
Tax Paid	0	0	0	0	0
Net Interest	0	0	0	0	0
Change in Working Capital	0	0	(0)	0	0
Depreciation & Amortisation	0	0	0	0	0
Other	1	(1)	0	0	0
Operating Cashflow	**(1)**	**(3)**	**(2)**	**(2)**	**(2)**
Capex	(1)	(0)	0	0	0
Acquisitions and Investments	0	0	0	0	0
Disposal of Fixed Assets/Investments	0	0	0	0	0
Other	(14)	(8)	(8)	(8)	(8)
Investing Cashflow	**(14)**	**(8)**	**(8)**	**(8)**	**(8)**
Free Cashflow	**(2)**	**(3)**	**(2)**	**(2)**	**(2)**
Equity Raised / Bought Back	8	11	18	8	8
Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0
Other	0	0	0	0	0
Financing Cashflow	**8**	**11**	**18**	**8**	**8**
Exchange Rate Effect	0	(0)	0	0	0
Net Change in Cash	**(8)**	**0**	**8**	**(2)**	**(2)**

Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	3	3	3	10	8
Accounts Receivable	0	0	0	0	0
Other Current Assets	0	0	0	0	0
PPE	2	2	2	2	2
Total Assets	**86**	**95**	**111**	**116**	**122**
Accounts Payable	1	0	0	0	0
Long Term Debt	0	0	0	0	0
Total Liabilities	**2**	**1**	**1**	**1**	**1**
Total Shareholder Equity	**84**	**94**	**110**	**116**	**122**

Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	(2.7%)	(2.7%)	(2.3%)	(2.0%)	(1.7%)
Price to Book (x)	12.3	24.0	0.5	0.5	0.5

Key risks

- Commodity price and exchange rate fluctuations. Future earnings of Sunstone Metals are subject to fluctuations in commodity prices and foreign currency exchange rates.
- Operating and capital cost fluctuations. Markets for exploration, project development and processing inputs can fluctuate and cause significant differences in actual costs vs expected costs.
- Resource growth and project life extensions. Future earnings forecasts may rely on uncertain Resource and Reserve growth to extend mine lives.
- Environmental risks. Resource companies are subject to risks associated with environmental degradation as a result of their exploration, development and production activities.

Core drivers and catalyst

- Sunstone revealed in recent quarterly reports that several parties are in the data room and several structures are being explored such as corporate-level transactions, project-level earn ins, and combinations with nearer-term development assets.
- The Gold price has risen substantially over the past 12mths and share prices of the largest listed gold miners have risen strongly. These share price gains are yet to be reflected in the junior end of the mining complex.
- The Limon deposit within Bramaderos presents as a high-grade gold-silver opportunity.
- The Limon Porphyry discovery reinforces the concept of multiple high grade gold-copper porphyry systems and gold-silver epithermal systems within the 50km2 Bramaderos concession and significant future resource growth.

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

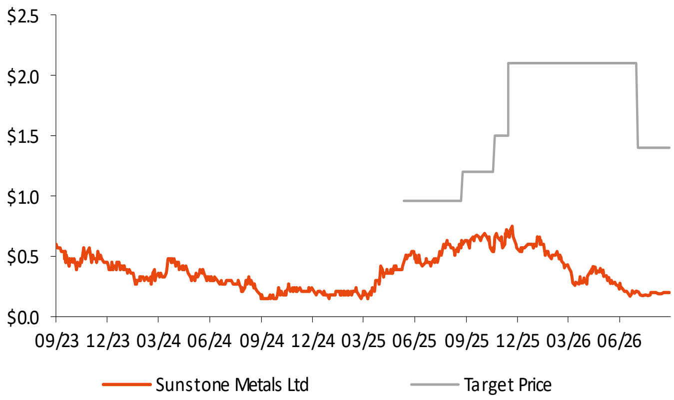
RISK STATEMENT: Where a company is designated as 'High' risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	81	89%
Hold	9	10%
Sell	1	1%

History of Investment Rating and Target Price - Sunstone Metals Ltd

Date	Closing Price ($)	Target Price ($)	Rating
13-Jul-26	0.21	1.40	Buy
24-Nov-25	0.72	2.10	Buy
31-Oct-25	0.66	1.50	Buy
4-Sep-25	0.60	1.20	Buy
22-May-25	0.45	0.96	Buy



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