

Sunstone Metals Ltd (STM)

Rating: Buy | Risk: High | Price Target: \$2.10

14 May 2026

Bramaderos: Big and Getting Bigger

Key Information

Current Price (\$ps)	0.35
12m Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.26 - 0.75
Target Price Upside (%)	500.0%
TSR (%)	500.0%
Reporting Currency	AUD
Market Cap (\$m)	79
Sector	Materials
Avg Daily Volume (m)	0.2
ASX 200 Weight (%)	0%

Fundamentals

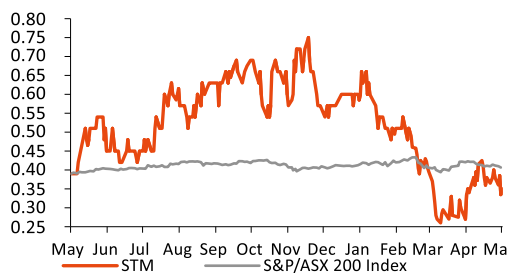
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales (\$m)	0	0	0	0
NPAT (\$m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.2)	(0.9)	(0.9)
EPS Growth (%)	15.7%	nm	18.5%	9.1%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(30.2)	(37.0)	(40.7)
EV/EBITDA (x)	(29.1)	(29.1)	(29.1)	(29.1)
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 (%)	8.3%	(11.6%)	(28.2%)	(14.5%)
Absolute (%)	4.5%	(11.4%)	(31.4%)	(10.3%)
Benchmark (%)	(3.8%)	0.2%	(3.2%)	4.2%



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Event

New assay results from Sunstone Metals' Bramaderos Project confirm extensive mineralisation, with intersections of up to 250m at the Porotillo and Melonal prospects. This consistent discovery of gold-copper porphyry systems outside the current footprint points toward a substantial resource upgrade to the existing 3.6moz AuEq base.

Highlights

- Extensive Mineralised Intersections** Latest drill results at Bramaderos have confirmed substantial gold-copper zones, with intersections reaching up to 250.4m. These wide intervals of mineralisation support Sunstone's overarching strategy to scale the project significantly by proving the continuity of the ore body across new prospects.
- Proven Expansion Beyond Current Resource** Each one of the eight holes assayed and reported so far in this drilling campaign has successfully returned large, mineralised intersections outside the current 3.6moz AuEq Resource. This 100% success rate in the initial assay batch highlights the high predictability of the system and the immediate potential for significant resource growth.
- Strategic Proximity of Porotillo and Melonal** Three of the latest holes were drilled at the Porotillo prospect, while the fourth targeted Melonal. Importantly, both areas are adjacent to the existing pit-constrained Bramaderos resource. This proximity suggests Sunstone may be able to integrate these zones into a future, unified mining cluster, to improve project economics.
- Strong Grades, Near-Surface Continuity** Assay data is consistent across the sites;
 - At Melonal, mineralisation was intersected from surface, returning 250.4m at 0.43g/t AuEq, including a higher-grade interval of 44.0m at 0.73g/t AuEq.
 - At Porotillo, 150.1m at 0.53g/t AuEq including 19.8m at 0.69g/t confirmed extensive mineralisation in the first two holes: 200.5m at 0.42g/t AuEq and 140.4m at 0.45g/t AuEq.
- Targeting Large-Scale Resource Conversion** The primary objective of the current program is to upgrade a significant portion of the Copete-Porotillo Exploration Target into the formal Mineral Resource category. This target is currently estimated at 135-180mt at 0.40-0.60g/t AuEq, representing an additional 1.7 to 3.5moz AuEq of conceptual potential that Sunstone is now actively de-risking.
- Active Program, Pending Results** Sunstone is maintaining high operational momentum, having already completed 14 holes of the planned 27-hole program. With half of the drilling still to be accounted for and numerous assays pending, there is a steady pipeline of news flow expected to further define the scale of the Bramaderos discovery over coming weeks.
- Partnership Discussion Ongoing** Sunstone continues to engage with potential strategic partners to accelerate its projects. A corporate advisor has been appointed which has refreshed and expanded these conversations. The current environment, characterised by high levels of M&A in Ecuador and record gold prices, is surely the perfect backdrop to conclude a transaction that reflects the true value of Sunstone's current and potential resource base.

Recommendation

Sunstone Metal's Ecuadorian assets have potential to be a world class, tier 1 production hub. We maintain our Buy recommendation and \$2.10 price target on Sunstone Metals. Our price target is based on peer group multiples that highlight Sunstone is significantly undervalued vs ASX-listed base metal explorers.

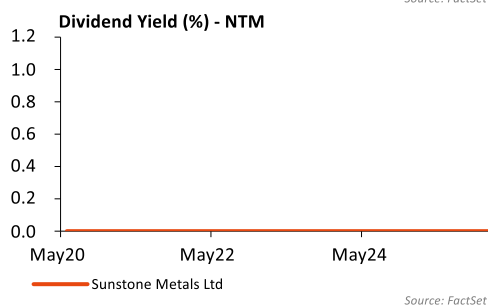
Sunstone Metals Ltd
Materials
Materials

FactSet: STM-AU / Bloomberg: STM AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.35
Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.26 - 0.75
Shares on Issue (m)	226
Market Cap (\$m)	79
Enterprise Value (\$m)	69
TSR (%)	500.0%

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.



Financial Year End: 30 June

Investment Summary (AUD)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS (Reported) (cps)	(0.1)	(0.1)	(1.2)	(0.9)	(0.9)
EPS (Underlying) (cps)	(0.1)	(0.1)	(1.2)	(0.9)	(0.9)
EPS (Underlying) Growth (%)	15.0%	15.7%	nm	18.5%	9.1%
PE (Underlying) (x)	nm	nm	(30.2)	(37.0)	(40.7)
EV / EBIT (x)	(30.1)	(28.6)	(29.1)	(29.1)	(29.1)
EV / EBITDA (x)	(31.1)	(29.1)	(29.1)	(29.1)	(29.1)
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%)	(3.4%)	(2.7%)	(2.4%)
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)	(3)	(3)	(3)
Investing Cashflow	(14)	(8)	(3)	(3)	(3)
Free Cashflow	(2)	(3)	(2)	(2)	(2)
Equity Raised / Bought Back	8	11	8	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	8	8	8
Exchange Rate Effect	0	(0)	0	0	0
Net Change in Cash	(8)	0	3	3	3
Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	3	3	5	8	11
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	101	107	112
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	100	106	112
Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	(2.7%)	(2.7%)	(2.4%)	(2.2%)	(2.0%)
Price to Book (x)	12.3	24.0	0.8	0.8	0.8

Sunstone Metals Financial Summary

Profit & Loss (\$m)	FY24	FY25	FY26F	FY27F	FY28F	Company Information					
Revenue	0.0	0.0	0.0	0.0	0.0	Financial Year End Date	30-Jun				
Expenses	-2.2	-2.4	-2.4	-2.4	-2.4	Share Price (\$)	\$0.34				
Underlying EBITDA	-2.2	-2.4	-2.4	-2.4	-2.4	Market Capitalisation (\$m)	76				
Depreciation & Amort	-0.1	0.0	0.0	0.0	0.0	Valuation (\$)	\$2.10				
Underlying EBIT	-2.3	-2.4	-2.4	-2.4	-2.4	Recommendation	Buy				
Net Interest	0.1	0.1	0.1	0.2	0.3						
Profit Before Tax	-2.2	-2.3	-2.3	-2.2	-2.1	Per Share Data (c)					
Tax	0.0	0.0	0.0	0.0	0.0	Shares (m)	FY24	FY25	FY26F	FY27F	FY28F
NPAT (Underlying)	-2.2	-2.3	-2.3	-2.2	-2.1	Normalised EPS	-0.1	-0.1	-1.2	-0.9	-0.9
Exceptional items	0.0	0.0	0.0	0.0	0.0	Dividends	0.0	0.0	0.0	0.0	0.0
NPAT (reported)	-2.2	-2.3	-2.3	-2.2	-2.1	Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	Book Value	0.0	0.0	0.4	0.4	0.4
Attributable NPAT	-2.2	-2.3	-2.3	-2.2	-2.1	P/E (x)	-15.9	-37.8	-1.7	-2.1	-2.3
						EV/EBITDA (x)	-4.7	-4.3	-4.3	-4.3	-4.3
Balance Sheet (\$m)	FY24	FY25	FY26F	FY27F	FY28F	Target price calculation					
Cash	2.7	2.7	5.3	8.2	11.1	AuEq Resource (moz)	4.8				
Net Receivables	0.0	0.0	0.0	0.0	0.0	Resource target (moz)	7.2				
Other	0.5	0.5	0.5	0.5	0.5	Target EV (\$m)	630				
Current Assets	3.1	3.2	5.8	8.6	11.5	Target mkt cap (\$m)	632				
Property, Plant & Equipment	1.6	1.6	1.6	1.6	1.6	Target share price	\$2.10				
Other	81.2	90.3	93.4	96.3	99.3						
Non Current Assets	82.9	91.9	94.9	97.9	100.9	Assumptions					
Total Assets	86.0	95.1	100.7	106.5	112.4	FY24	FY25	FY26F	FY27F	FY28F	
						Exchange Rate					
Trade Creditors	0.5	0.3	0.3	0.3	0.3	AUD/USD	0.66	0.65	0.68	0.73	0.78
Other	1.4	0.5	0.5	0.5	0.5	Prices					
Current Liabilities	1.9	0.8	0.8	0.8	0.8	Copper (USD/lb)	3.98	4.23	5.45	6.38	6.65
Borrowings	0.0	0.0	0.0	0.0	0.0	Gold (USD/oz)	2,078	2,843	4,709	6,250	6,750
Other	0.2	0.1	0.1	0.1	0.1	Operating Metrics					
Non Current Liabilities	0.2	0.1	0.1	0.1	0.1	FY24	FY25	FY26F	FY27F	FY28F	
Net Assets	83.9	94.1	99.8	105.6	111.5	Ore processed (ktpa)	0.00	0.00	0.00	0.00	0.00
						Grade of mill feed					
Shareholder Capital	131.3	142.4	150.4	158.4	166.4	- Gold (g/t)	0.00	0.00	0.00	0.00	0.00
Retained earnings	-55.1	-57.5	-59.8	-62.0	-64.1	- Copper (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Minorities/others	7.7	9.3	9.3	9.3	9.3	Average price (\$/t)	0.00	0.00	0.00	0.00	0.00
Total Equity	83.9	94.1	99.8	105.6	111.5	Average cost (\$/t)	0.00	0.00	0.00	0.00	0.00
						Average margin (\$/t)	0.00	0.00	0.00	0.00	0.00
Cash Flow (\$m)	FY24	FY25	FY26F	FY27F	FY28F	Financial metrics (%)					
Receipts	0.0	0.0	0.0	0.0	0.0	FY24	FY25	FY26F	FY27F	FY28F	
Payments	-1.5	-3.1	-2.4	-2.4	-2.4	EBITDA margin	0.00%	0.00%	0.00%	0.00%	0.00%
Other Operating Cash Flow	0.1	0.1	0.0	0.2	0.3	EBIT margin	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Cash Flow	-1.4	-3.0	-2.3	-2.2	-2.1	ROIC	0.00%	0.00%	0.00%	0.00%	0.00%
Capex	-0.7	-0.3	0.0	0.0	0.0	Return on Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Other Investing Cash Flow	-13.7	-7.8	-3.0	-3.0	-3.0	Return on Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Investing Cash Flow	-14.5	-8.0	-3.0	-3.0	-3.0	Balance sheet metrics					
Net Equity raised	8.3	11.1	8.0	8.0	8.0	FY24	FY25	FY26F	FY27F	FY28F	
Dividends Paid	0.0	0.0	0.0	0.0	0.0	Net Debt (m)	-2.7	-2.7	-5.3	-8.2	-11.1
Net Borrowings	0.0	0.0	0.0	0.0	0.0	ND / ND+E	0.0%	0.0%	0.0%	0.0%	0.0%
Financing Cash flow	8.2	11.1	8.0	8.0	8.0						
Total Cash Change	-7.6	0.0	2.7	2.8	2.9						

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

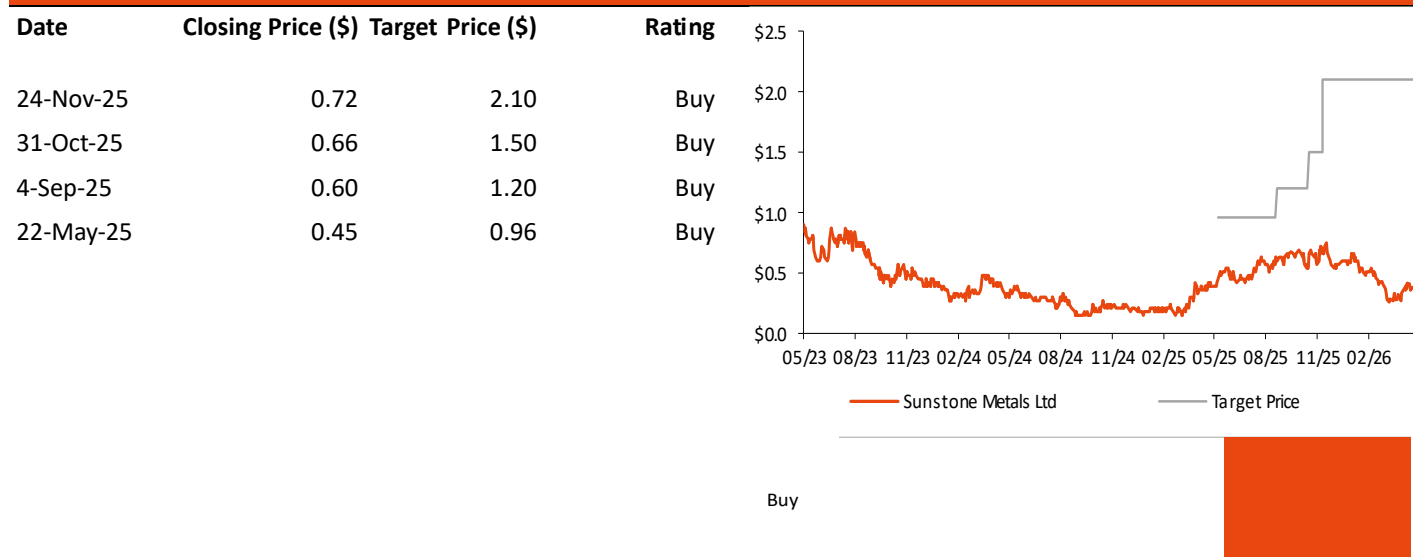
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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	76	90%
Hold	7	8%
Sell	1	1%

History of Investment Rating and Target Price - Sunstone Metals Ltd



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