

December 16, 2025

## EMERGING COMPANY

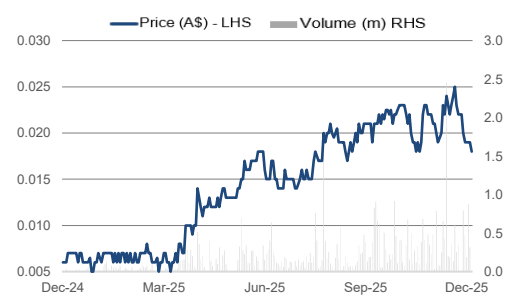
### SPECULATIVE BUY (no change)

Stock code:	STM AU
Price:	A\$0.018
12-month target price:	A\$0.053
Previous target price:	A\$0.035
Up/downside to target price:	177.8%
Dividend yield:	0.0%
12-month TSR*:	177.8%
Market cap:	A\$115m
Average daily turnover:	0.29m
Index inclusion:	N/A

\* Total stock return – Up/downside to target price + 12-month forward dividend yield.

#### Price performance

(%)	1M	3M	12M	3Y
Absolute	-5.3	-5.3	157.1	-55.0
Rel ASX/S&P200	-2.7	-2.6	154.3	-74.7



Source: IRESS

#### Related research

[STM \(SPEC BUY - TP A\\$0.035\) - 07 Oct 2025](#)
[Sector report - 02 Jun 2025](#)

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Analyst(s) own shares in the following stocks mentioned in this report:

– Sunstone Metals

## Sunstone Metals

### Gold, Copper and Size

- Sunstone Metals (ASX:STM) reports 3.6Moz gold equivalent (AuEq) in Resource to JORC Code (2012) standards at Bramaderos (STM 87.5%), southern Ecuador, a 33% increase. This contains 2.2Moz Au and 490Mlb Cu. A larger 5-13Moz AuEq Exploration Target to JORC Code (2012) standards includes the Limon epithermals, and deeper gold-copper finger porphyries including Copete-Porotillo.
- El Palmar, northern Ecuador, is 70km along the Toachi Fault Zone from SolGold Plc's (LSE:SOLG) Cascabel project, containing the Alpala deposit of 2.7 billion tonnes at 0.53g/t AuEq. There are five porphyry copper-gold targets at El Palmar extending from surface with an initial resource to JORC Code (2012) standards of 1.2Moz AuEq (800koz gold, 1.3Moz silver, 176Mlb copper) in one of these.
- Gold is now trading above US\$4,300/oz and copper above US\$5.28/lb. Chinese miner Jiangxi Copper Co Ltd has increased its offer for SolGold to £0.28 per share (US\$1.13 billion) to acquire the Cascabel copper-gold project. The Hancock Mining-ENAMI joint venture surrounds Cascabel and El Palmar.

#### Bramaderos – 3.6Moz in resource, and a much larger Exploration Target

- The initial resource to JORC Code (2012) standards for the Brama-Alba deposit of 156Mt @ 0.53g/t AuEq is now increased by 33% to 220Mt @ 0.50g/t AuEq ((0.33g/t gold and 0.10% copper), for 3.6Moz AuEq with drilling of the Melonal deposit. An increased Exploration Target to JORC Code (2012) standards of approximately 345 to 569Mt at a grade between 0.45-0.73g/t AuEq (gold + copper) for contained metal of between 5.0Moz and 12.9Moz AuEq is now reported.
- The regional Limon gold-silver epithermal domain, 2.7km north-east of Brama-Alba-Melonal has an exploration target of between 0.9 and 1.7Moz AuEq in 30 to 44Mt at a grade between 0.9 and 1.2g/t AuEq. This higher-grade offers potential for a scalable, lower capital cost start-up operation, before developing the much larger porphyry opportunities at Bramaderos. These include Copete-Porotillo, but excluded Sandia, Playas and Yeso.

#### El Palmar – an initial 1.2Moz AuEq resource and much larger ET

- Sunstone holds a 74.5% interest in El Palmar, and is moving to 100% by 30 June 2026 under a staged agreement. The property sits on the regionally significant Toachi Fault Zone. The inaugural Mineral Resource estimate (MRE) for the T1 deposit (one of five porphyry targets) to JORC Code (2012) standards was 64Mt at 0.60g/t AuEq (0.41g/t gold, 0.13% copper and 0.7g/t silver) for 1.2Moz AuEq.
- The T1, T2 and T5 targets extend to depth from surface, and with the deep T3 target are yet to be fully evaluated, offering substantial resource upside with an Exploration Target to JORC Code (2012) standards of 15-45Moz AuEq.

#### Forecast and valuation update:

- As STM drills to convert its Exploration Targets to the resource base we would anticipate increasing the value per ounce of gold from the discounted value in the Targets to the nominal US\$60/oz in Resource.

#### Investment view:

- Sunstone Metals' (STM) Valuation of A\$0.053 per share is derived by incorporating the 3.6Moz gold equivalent (AuEq) resource at Brama-Alba-Melonal with the risked Bramaderos Exploration Target value, and also for its El Palmar project resource and Exploration Target. Despite these dependencies and the inherent risks associated with exploration, we rate STM a SPECULATIVE BUY with a Target Price of A\$0.053ps (previously A\$0.035ps).

#### Price catalysts:

- Further increases in resources, and continued strength in gold and copper prices.

#### Risks:

- Sunstone is a junior resource company with no cashflow from operations. It is reliant on equity markets for funds to advance its very successful exploration program, or may sell down direct interest in its projects, with the ultimate value dependent on the outcome of ongoing exploration and evaluation.
- As with all resource companies, potential revenue and market sentiment to investment is driven by commodity price moves, exchange rate moves, and jurisdictional risk.

# Sunstone Metals

## SPECULATIVE BUY

as at December 16, 2025

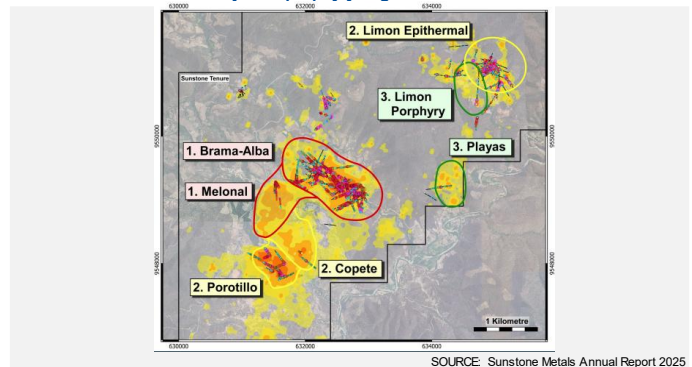
Price (A\$):	0.018	12-month target price (A\$):	0.053
Market cap (A\$m):	115	Up/downside to target price (%):	177.8
Free float (%):	51	Dividend yield (%):	0.0
Index inclusion:	N/A	12-month TSR (%):	177.8

Sunstone Metals Limited engages in the exploration, evaluation and potentially the development of gold-copper mineral properties in Ecuador. It holds an 87.5% interest in the Bramaderos gold-copper porphyry concession covering 4,959 hectares located in Loja Province, southern Ecuador with a resource to JORC Code (2012) standards containing 3.6Moz gold equivalent (gold + copper); and a 74.5% interest (with the option to acquire 100%) the El Palmar gold-copper porphyry project comprising 790 hectares situated in the Imbabura Province, northern Ecuador, with a resource to JORC Code (2012) standards of 1.2Moz gold equivalent (gold + copper + silver). Substantially larger Exploration Targets to JORC Code (2012) standards are defined to JORC Code (2012) standards at both.

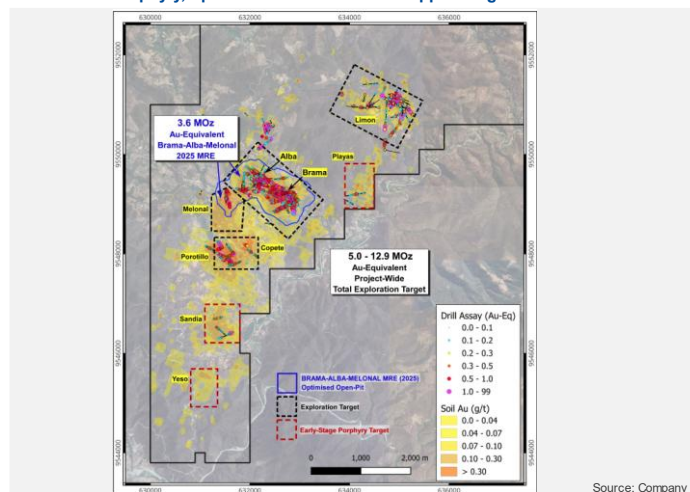
### Investment highlights

- Owns 87.5% of the Bramaderos gold copper-porphyry project in southern Ecuador.
  - Brama-Alba has a 3.6Moz gold equivalent resource to JORC Code (2012) standards.
  - The Limon epithermal project has a resource of 1.2Moz AuEq to JORC Code (2012) standards.
  - The Exploration Target to JORC Code (2012) standards on other targets in Bramaderos lies between 345Mt and 569Mt at grade between 0.45g/t and 0.73g/t AuEq (gold + copper) for contained metal of between 5.0Moz and 12.9Moz AuEq.
  - Several additional highly ranked porphyry gold-copper and gold only systems that are partially tested.
- Holds 74.5%, and can acquire 100% of the El Palmar gold copper porphyry project in northern Ecuador, through a Staged Acquisition Agreement with cash payments linked to milestones (US\$2.3m to 100%).
  - The project is located in northern Ecuador, in the same regional belt as the Cascabel copper-gold porphyry project, and Llurimagua copper-moly porphyry deposit.
  - A resource to JORC Code (2012) standards of 64Mt at 0.60g/t AuEq (0.41g/t gold, 0.13% copper and 0.7g/t silver) for 1.2Moz gold equivalent is reported.
  - The Exploration Target for El Palmar is between 15Moz and 45Moz AuEq within 1.0Bt and 1.2Bt at a grade between approximately 0.3g/t to 0.7g/t gold and approximately 0.1% to 0.3% copper for contained metal of between 10Moz to 27Moz gold and 1.0Mt to 3.7Mt copper.

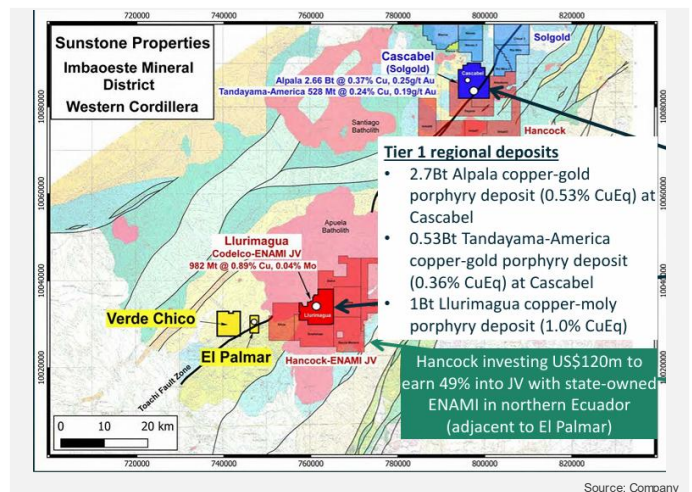
### Brama-Alba resource and adjacent porphyry targets



### Bramaderos Porphyry, Epithermal Gold and Gold-Copper Targets



### El Palmar Mineralisation



### Bull points

#### A robust Preliminary Feasibility Study

The PFS evaluated an 11-year mining operation producing at an All-in Sustaining Cost of A\$1,481 over the life of the mine on the smaller (2.7Moz AuEq) previous resource base. .

#### A larger resource base

Our expectation is that continued drilling will result in an increased Resource and Reserve base, to support a longer mine life and potentially increased annual gold production, reducing the non-cash charges per ounce of gold produced.

#### Gold price strength

The gold price may increase.



### Bear points

#### A Feasibility Study has yet to be delivered

No financial metrics are available, although the delivery of a Resource to JORC Code (2012) standards indicates that the Competent Person anticipates commercial development.

#### Funding options

Sunstone has no cashflow from operations, and is likely to be reliant on further equity funding or the sale of direct equity in one of its projects to continue to fund drilling to evaluate the projects.

#### Gold price weakness

The gold price may weaken, and market sentiment to junior gold explorers may weaken.



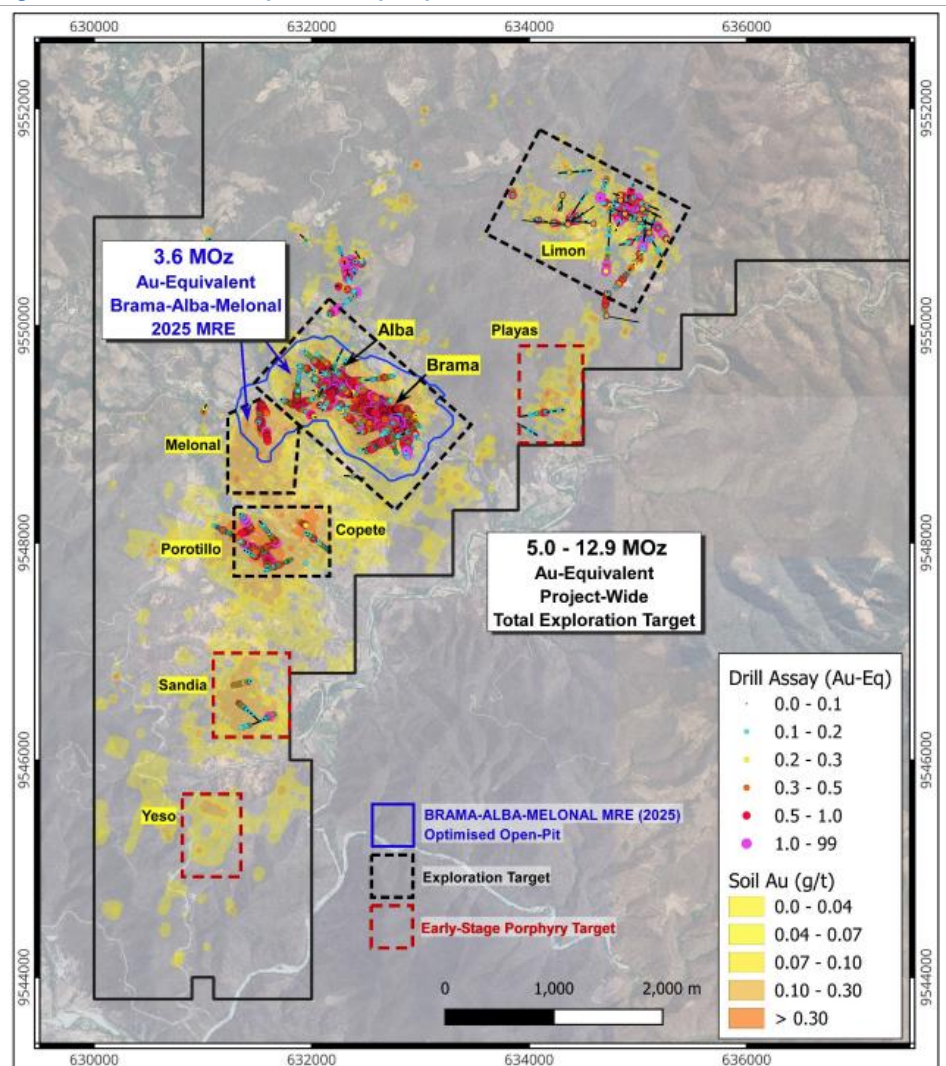
## Major gold-copper projects in Ecuador

### Bramaderos, (STM 87.5%) southern Ecuador

Sunstone Metals (ASX:STM) is an ASX-listed company successfully exploring for large scale gold-copper porphyries and epithermal gold-silver systems in Ecuador. Sunstone has an 87.5% interest in the **Bramaderos concession** in southern Ecuador with SolGold Plc (LSE:SOLG) holding 12.5%. Solgold, the holder of the Cascabel project in northern Ecuador, is now under takeover offer from Jiangxi Copper Co Ltd at £0.29 per share, valuing SOLG at US\$1.13 billion.

At the shallow Brama-Alba-Melonai deposit an increased resource to JORC Code (2012) standards of 220Mt @ 0.50g/t AuEq (0.33g/t gold and 0.10% copper), for 3.6Moz AuEq is now reported. Other porphyry prospects were tested by preliminary drilling with an upgraded Exploration Target reported in accordance with the JORC Code (2012), of approximately 345 to 569Mt at a grade between 0.45-0.73g/t AuEq (gold + copper) for contained metal of between 5.0Moz and 12.9Moz AuEq.

Figure 1: Bramaderos – deposits and prospects



Source: Sunstone Metals – ASX Release, November 2025

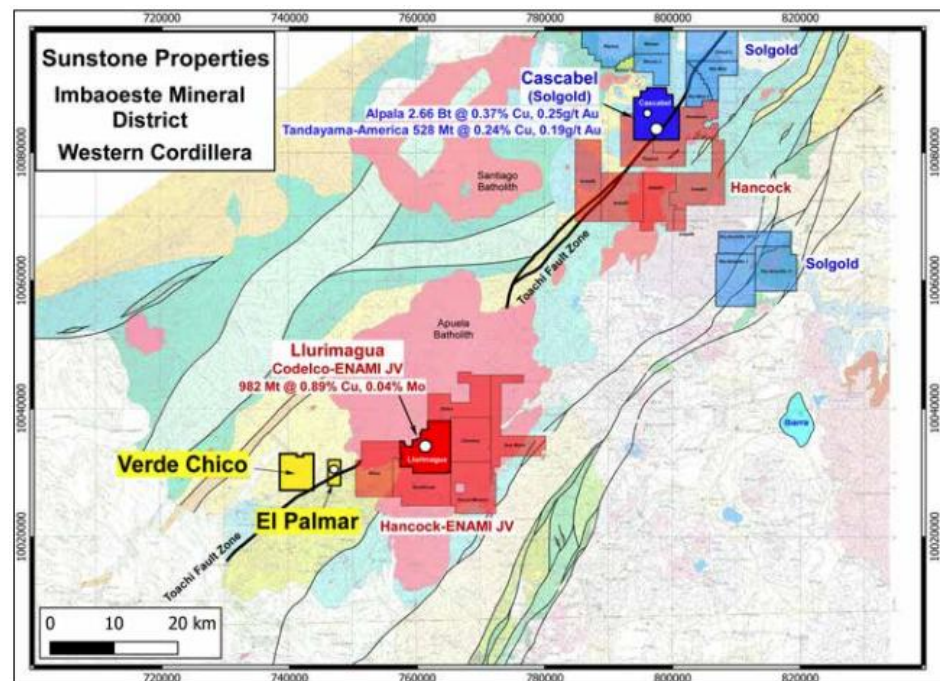
### El Palmar, (to 100%) northern Ecuador

In northern Ecuador, Sunstone holds a 74.5% interest in the **El Palmar** tenement, moving to a 100% interest. The final amount of US\$1.7M of a series of staged cash payments is to be paid by 1 July 2026. The tenement sits on the regionally



significant Toachi Fault Zone that hosts a number of world-class copper porphyry systems. Drilling to date has identified 5 targets on El Palmar, with the shallow T1 reporting an initial resource to JORC Code (2012) standards of 64Mt @ 0.60g/t AuEq (0.41g/t gold, 0.13% copper, 0.66g/t silver) containing 1.2Moz AuEq. An Exploration Target to JORC Code (2012) standards is also reported, containing 10-27Moz gold and 1.0-3.7Mt copper. STM has a 100% interest in the **Verde Chico** tenement, in northern Ecuador, where exploration and limited drilling by previous tenement holders reported several high-grade gold-bearing veins at surface and wide lower-grade zones of gold mineralisation in drill holes.

**Figure 2: El Palmar, Verde Chico, Solgold's Cascabel & the Toachi Fault zone**



Source: Company

## Ecuador

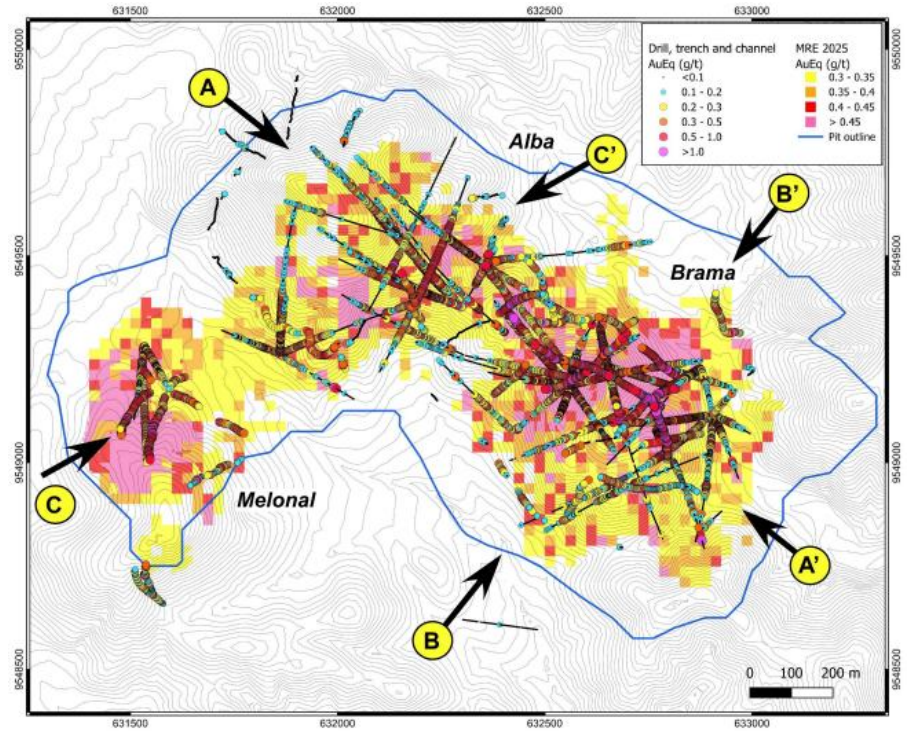
Ecuador is highly prospective for porphyry gold copper and epithermal gold-silver deposits. In Ecuador the Fruta del Norte mine (Lundin Gold - TSX:LUG) is in production, and Mirador (Ecuacorriente) is exporting concentrate, with both mines in southern Ecuador. Major resource companies including BHP (ASX:BHP), Anglo American (LSE:AAL) and Newmont (ASX:NEM) are funding exploration and resource development programs in Ecuador. SolGold Plc (LSE:SOLG) is evaluating the Cascabel/Alpala project, with both BHP and Newmont as major shareholders, and is now subject to a takeover bid by Jiangxi Copper. Hancock Prospecting is in joint venture with the Chilean state-owned mining company Empresa Nacional de Minería (ENAMI) with exploration tenements surrounding STM's El Palmar project, and SolGold's Cascabel, as shown above.

## Brama-Alba-Melonai – 3.6Moz AuEq

Sunstone has an 87.5% interest in Bramaderos, with SolGold plc (LSE:SOLG) holding 12.5%. Drilling at **Brama-Alba** tested a shallow gold-copper porphyry, with indications of a deeper mineralised porphyry. A resource estimate was reported to JORC Code (2012) standards of 156Mt at 0.53g/t gold equivalent (AuEq - 0.35g/t gold and 0.11% copper), for 2.7Mozs AuEq.. Preliminary pit optimisation was applied to this initial deposit resource to constrain the MRE and demonstrate its potential to be mined economically by open pit methods. At that size and grade, our expectation was that Brama-Alba will support an open pit development given its depth, geometry, logistics and metallurgical testwork results.

The increased resource – 220Mt containing 3.6Moz AuEq – would enhance the economics. Our expectation is that further drilling will better define the Brama-Alba-Melonai mineralisation, which remains open, leading to further increases in the resource.

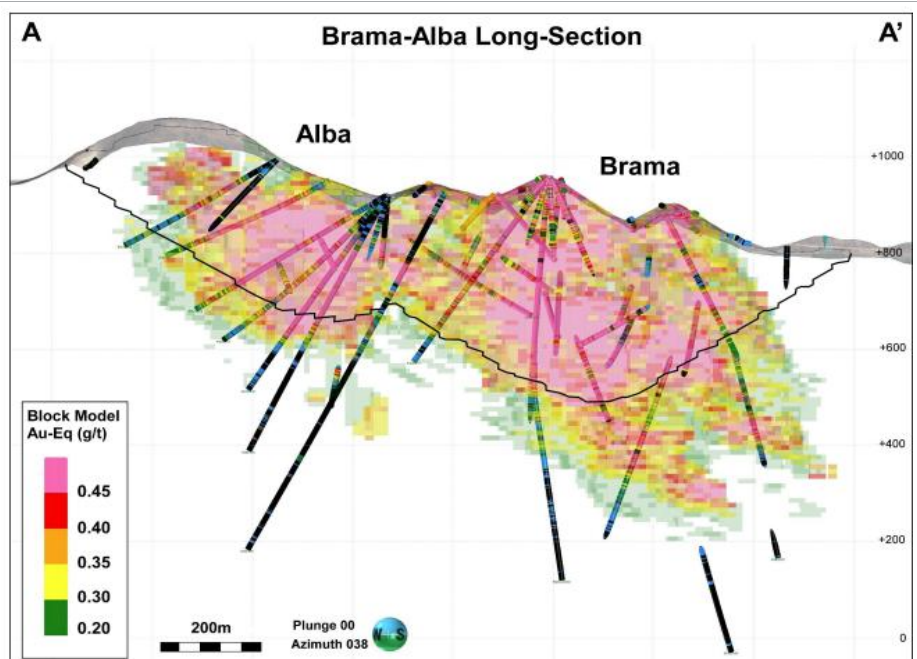
**Figure 3: Brama-Alba-Melonai – 3.6Moz AuEq at surface**



Source: Sunstone Metals – ASX Release November 2025

As the long section below shows, the Brama-Alba-Melonai mineralisation extends from grass, with the potential strip ratio benefitted by the topography and geometry of the mineralisation.

**Figure 4: Brama-Alba long section (A-A')**



Source: Sunstone Metals – ASX Release November 2025

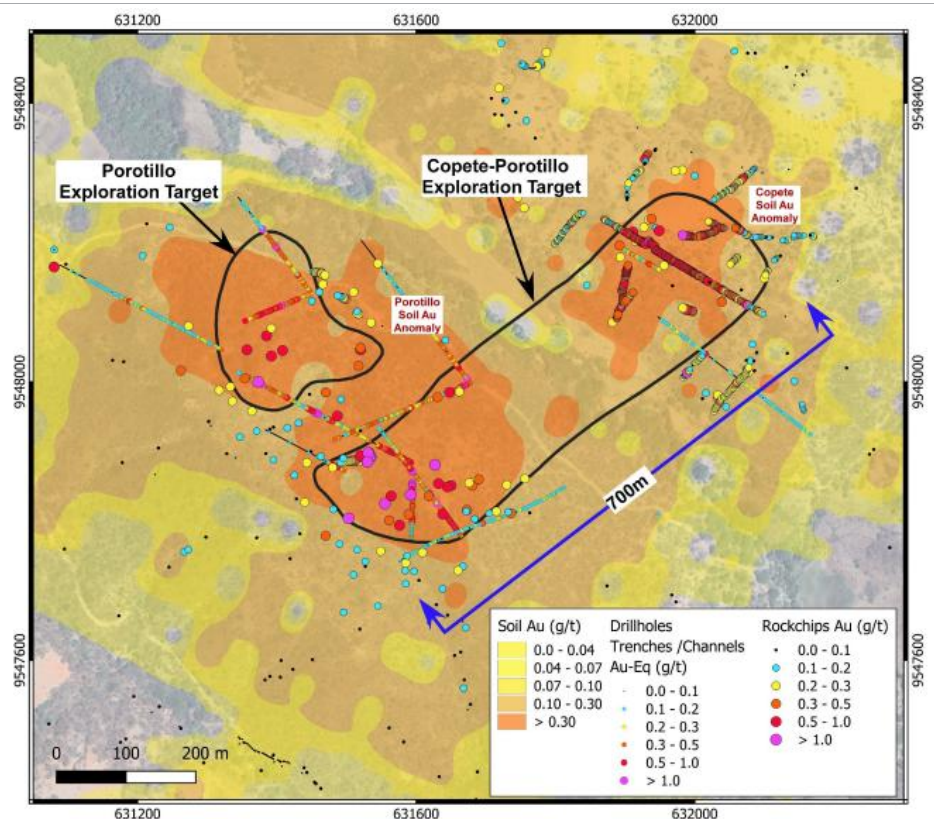


### Bramaderos Exploration Target

Located 2.7km northeast of Brama-Alba, surface trenching and drilling at the Limon gold-silver epithermal project has delivered higher-grade intersections, with an Exploration Target to JORC Code (2012) standards of 0.9-1.7Moz AuEq. Exploration to date at Copete-Porotillo supports an Exploration Target of 135-180Mt @ 0.40-0.60g/t AuEq containing 1.7-3.5Moz AuEq (0.25-0.40g/t Au & 0.10-0.12% Cu).

Capete-Porotillo remains underexplored. With a coherent and mineralised trench intersection – 214m @ 0.50g/t AuEq including 113m @ 0.64g/t AuEq – and a magnetic anomaly plunging to the southeast comparable to that seen at Brama, the mapped stockwork veining is interpreted to represent the upper levels of an intact porphyry system.

**Figure 5: Plan of Copete-Porotillo showing trenches, drill holes & rock chips**



Source: Sunstone Metals – ASX Release November 2025

Other porphyry prospects were tested by the preliminary drilling with an initial Exploration Target reported in accordance with the JORC Code (2012), of between 3.3Mozs and 8.6Mozs AuEq. More detailed drilling of the the Copete gold-copper porphyry discovery has resulted in another expansion of this Bramaderos Exploration Target to 5.0-12.9Moz AuEq.

### El Palmar Exploration Target

In addition to the maiden resource at El Palmar, Sunstone announced an initial Exploration Target to JORC Code (2012) standards between 15Moz and 45Moz AuEq within 1.0Bt to 1.2Bt at a grade of approximately 0.3-0.7g/t gold and approximately 0.1-0.3% copper for contained metal of between 10-27Moz gold and 1.0-3.7Mt copper. The potential quantity and grade of the Exploration Target is conceptual in nature, with further drilling required to define the size, grade and geometry of the deposit.



## Valuation

Results from Sunstone's drilling programs and technical studies at Bramaderos (STM 87.5%) and at El Palmar (STM 74.5% moving to 100%) are expected to determine the value for Sunstone's shareholders. The grades reported for the mineral resource estimates from Bramaderos and El Palmar, which are potentially amenable to open pit mining, are such that the Competent Person considers the grade to be mineable under the JORC Code (2012) standards.

The resource for the Brama-Alba-Melonat deposit on the Bramaderos tenement is reported as 3.6Moz gold equivalent. Our methodology values this at US\$60/oz for the gold-only component of the resource – 2.3Moz - at this stage of evaluation. Sunstone has an 87.5% interest - approximately 2.01Moz gold - rather than the approximately 3.15Moz gold equivalent interest. This translates to A\$188M, at AUD/USD exchange rate of 0.65. We value the mid-point of the gold-only Bramaderos exploration target at US\$10/oz, with drilling and further exploration to convert this to resource status, and the risk involved. The El Palmar resource is valued on the same basis, with the mid-point of the gold-only exploration target valued at US\$5/oz, given the anticipated geometry and depth, and the likely higher cost of evaluation. We believe this valuation to be conservative and reflect STM's position as a junior resource company with no cashflow from operations. This generates a pro-forma Valuation of A\$0.11 per share (previously A\$0.07) and Target Price of A\$0.05 per STM share (previously A\$0.35ps).

On the upside, realisation of the Exploration Targets at Bramaderos, and at El Palmar, could see a development of comparable size and scale at each site.

## Key risks

The continued funding of exploration in Ecuador is the biggest risk for Sunstone, which is a junior exploration company listed on the ASX, and has no income. Cash and liquids were reported as A\$2.7M at 30 June 2025. Continued drilling and technical studies are required to fully evaluate the Brama-Alba deposit, and the gold-copper porphyries and epithermals on the broader Bramaderos tenement. Exploration and evaluation at El Palmar is in a similar situation.

We understand that Sunstone is looking to fund its ongoing operations by joint-venturing or selling down direct equity in one or all of its projects. The gold price is at record levels, above US\$4,300/oz. The share prices of the gold producers has lifted significantly – the World's largest producer Newmont (ASX:NEM) has lifted from below A\$46/share in February 2024 to nudging A\$130/share today. Some of the juniors have also experienced share price strength, however this is yet to be experienced across the board.





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