28 August 2026 **Analyst: Mark Fichera**

Sunstone Metals (STM, $0.19, mkt cap $54M)

Strategic to ensure this is no sleeper

Highlights:

- **Sunstone Metals (STM**) is a gold-copper porphyry developer with two projects in Ecuador – Bramaderos and El Palmar, which are both potentially world class projects, collectively host 4.8Moz AuEq in JORC Resources and 20-58Moz AuEq in additional Exploration Targets (ET).

- **Bramaderos is the most advanced**, comprising a cluster of gold-copper porphyries and a gold-silver epithermal deposit, with 3.6Moz AuEq in Resource and additional ET of 5-13Moz. A 5,000m-plus program has been drilled to convert ETs to resources, a Resource update is due in 2H 2026.

- **Scoping study shows low cost.** While since retracted due to heavy reliance on Inferred Resources, the study showed impressive metrics if conversion to mostly Indicated is achieved. A 23-year mine life producing 120kozpa AuEq from a single pit with strip of 1.4x, with low labour and power costs. $NPV_{7.5}$ post-tax of US$0.9b and capex was US$511M. 75% of value is gold, 25% in copper.

- **El Palmar potential >40Moz.** El Palmar is a gold-copper porphyry project lying on the Toachi Fault, the same belt that hosting giants Cascabel-Alpala, Tandayam-America, and Llurimagua. El Palmar has 1.2Moz AuEq Resource and an extraordinary additional ET of 15-45Moz.

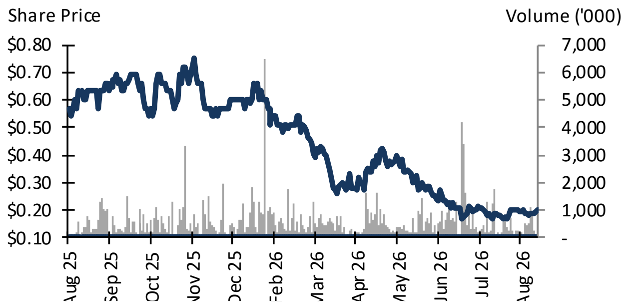
- **Strategic on register.** Bramaderos and El Palmar will progress in parallel, and STM has been in discussions concerning investment at the corporate and/or project level. DGR Global recently took 10% of STM and brings valuable Ecuador porphyry experience. M&A in-country includes Jiangxi Copper's A$1.7b acquisition of SolGold, also a 12.5% partner in Bramaderos (STM 87.5%).

- **STM has potential to be multiples of market cap.** STM's market cap is only 5% of Bramaderos' NPV, while for peers it ranges 17-122%, at average of 47%. Obviously, the retraction of the scoping study makes it on face value less robust than others' studies. Even so, the discount is extreme. Plus, most peers also only possess one project, while STM has two - just no study yet for El Palmar.

Foster Stockbroking, staff, and Cranport own 3.6% of STM's shares on issue. Foster Stockbroking was Joint Lead Manager to the $10M placement of STM shares at $0.175 in June 2026 for which it received fees.

Capital structure	
Share price ($)	$0.19
Shares (M)	284
Market cap (A$M)	54
Net cash (debt) (A$M)	11
Performance rights (M)	9
Options (M)	8
Diliuted EV (A$M)	-11
Ave daily volume ('000)	586

Share price graph



Source: Company, Foster Stockbroking estimates

Gold-copper porphyry developer in right country

Exploration Target of >50Moz AuEq

- **Sunstone Metals (STM**) is a gold-copper porphyry developer with two major projects in Ecuador – Bramaderos and El Palmar (and adjacent to the latter Verde Chico). Both are potentially world class projects, collectively hosting 4.8Moz AuEq in JORC Resources and 20-58Moz AuEq in additional Exploration Targets. Ecuador is already home to large-scale Tier 1 gold-copper porphyry deposits which have attracted majors. These include the mines Fruta del Norte (Lundin Gold) and Mirador, as well as the El Domo Curipamba (Silvercorp-Adventus), Cangrejos (CMOC), Llurimagua (Codelco-ENAMI), and Cascabel (Jianxi Copper) projects. Others present include BHP, Anglo, Barrick, and Hancock.

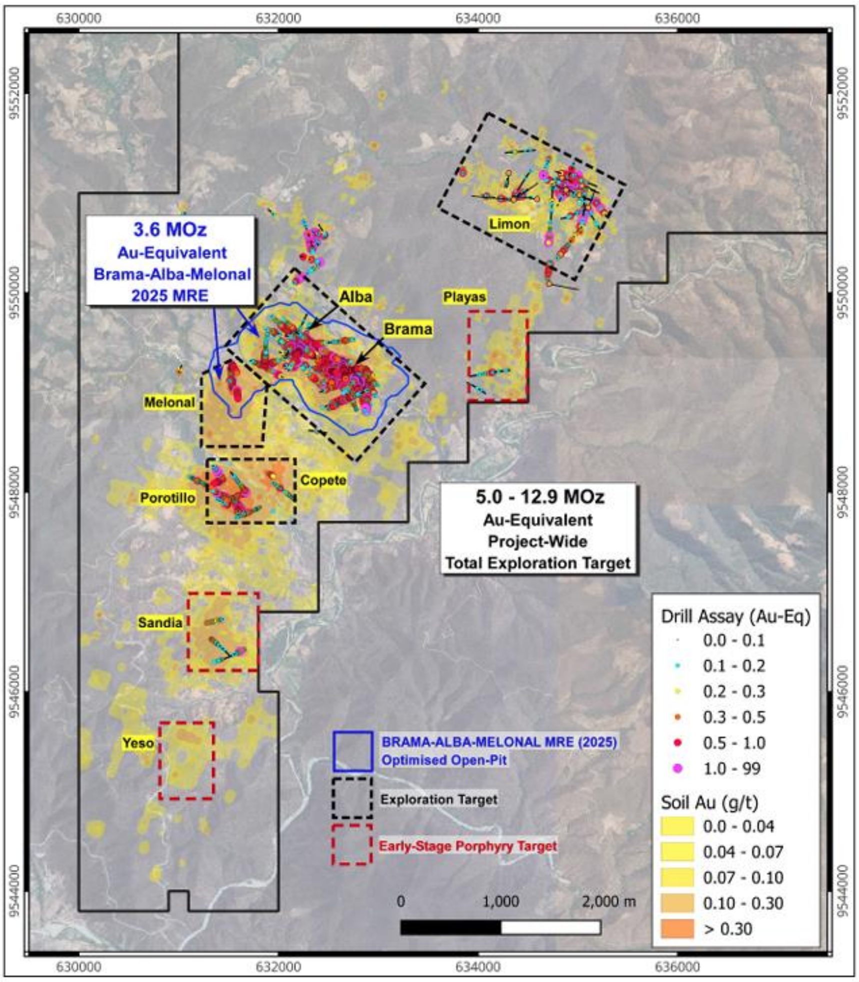
Figure 1: STM Project Locations

Source: Company.

Bramaderos - 3.6Moz AuEq Resource

- **STM's Bramaderos project is its most advanced**, located in gentle topography in the western foothills of the Andes, Loja province, southern Ecuador. Bramaderos comprises a cluster of gold porphyry systems at surface within 2x2km of the broader 50km^2 concession. The major ones comprise Brama-Alba, Melonal, Copete-Portorillo, and Limon. Additionally, Limon has a gold-silver epithermal deposit. The clusters' porphyry mineralisation protrudes to the surface in the form of hills. STM owns 87.5% with partner Jiangxi-SolGold 12.5%, loan carried through to start of commercial production.

Figure 2: Bramaderos Gold-Copper Porphyry Deposits



Source: Company. Note: Limon also contains gold-silver epithermal.

- Bramaderos has a **JORC Resource** of

220Mt at 0.50g/t AuEq (0.33g/t Au, 0.10% Cu, 1.16g/t Ag) for 3.6Moz AuEq.

- It is comprised wholly of the Brama-Alba deposit, which has the largest footprint of the cluster. It strikes 1.6km, is up to 550m wide and a depth of 500m, and constrained for open pit mining, while remaining open at depth. The company estimates the resource value is split approximately gold 75%: Cu 25%.

Targeting >10Moz AuEq

- In addition to the Resource, Bramaderos has a porphyry **Exploration Target (ET)** of

315-505Mt at 0.41-0.69g/t AuEq for 4-11Moz AuEq,

- It covers the Brama-Alba and the directly adjacent Melonal, Copete-Portorillo, and Limon clusters. Success in converting the upper end of the ET to Resources would push total Bramaderos Resources to over 10Moz AuEq. While the ET is down to 500m depth, there are magnetic anomalies down to 1,000m.

Resource update in 2H 2026

- **Drilling to convert ET to Resources.** The company recently embarked on a 5,000m-plus 30-hole program this year to convert the Copete-Porotillo and Melonal ETs to resources. Highlights include 250.3m at 0.43g/t AuEq (0.25 g/t Au, 0.11% Cu) at Melonal, which provides potential for a contiguous Brama-Alba-Melonal open pit. Copete-Portorillo's intercepts ranged from 79 to 298m at grades of 0.30 to 0.62g/t AuEq, including 200m at 0.45 g/t AuEq (0.33g/t Au and 0.07% Cu). A Resource update is due in 2H 2026.

- **Limon – epithermal target.** Besides the porphyry systems, Bramaderos' Limon hosts an epithermal gold-silver deposit which has an ET of

30-44Mt at 0.9 and 1.2g/t AuEq for 0.9-1.7Moz AuEq

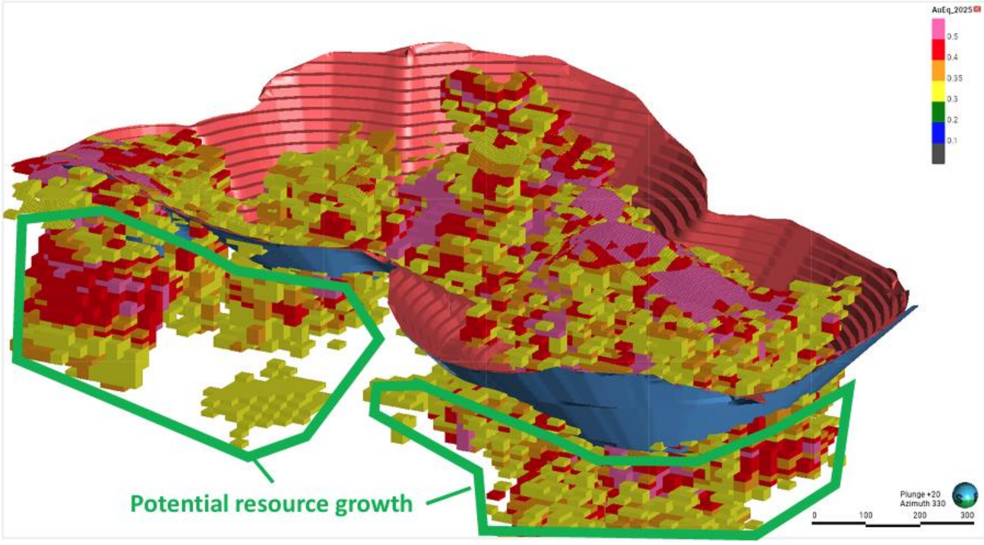
- It covers 1.7km x 700m, and extends from surface to 250m depth, with potential for open-pit mining. Drill highlights include 185m @ 2.85g/t Au Eq (2.67g/t Au and 15g/t Ag) from 90m, including 31m @ 12.93g/t AuEq (12.53 g/t Au and 32.7g/t Ag) from 146m**.** It is located only 2.7km north-east of the Brama-Alba-Melonal.

Scoping study shows value

- **STM released a Bramaderos scoping study** in April 2026, since retracting the financial and production figures due to using significant Inferred Resources (responsible for 93% of gold produced). However, it is worth quoting to highlight the economic potential should substantial Inferred Resources convert to Indicated. This conversion is needed to underpin the quoted figures that follow, including mine life, production, costs, and NPV.

- **Long-mine life from single bulk pit.** Key parameters include a 23-year mine average production of 120kozpa AuEq from a single pit being bulk mined with average strip of 1.4x and minimal dilution, feeding a 10Mtpa plant. Average gold and copper recoveries of 85% and 75% produce a gold-copper concentrate and a gold-silver dore. Copper would be recovered by flotation producing a concentrate with some gold and no deleterious elements, while the balance of gold is recovered from flotation tailings by cyanide leaching and CIL.

Figure 3: Bramaderos open pit and potential extensions



Source: Company

- **Nearby infrastructure** comprises existing access to the nearby Pan American Highway, airport, being 90km from the town of Loja's 200k-plus population, and ports that are within 250km, already utilised for concentrate shipping.

- **Multiple factors contribute to low cost.** The study estimated AISC of US$1,499/oz Au, including credits. The country's low power (mostly hydro) costs relative to Chile, Canada, USA and Australia; low labour costs; Bramaderos' gentle hill topography engendering low pre-strip, and a bulk operation providing economies of scale, all contribute to the potential for the projects to be a low-cost gold producer.

- **NPV dwarfs company market cap**. The study yielded $NPV_{7.5}$ post-tax of US$0.9b and IRR 28% at US$3,5000/oz gold price and US$5.00/lb copper, or US$1.2b and 34% IRR at US$4,000/oz gold. Pre-production capex US$511M, delivering an NPV/capex ratio of 1.8-2.3x at the prices quoted.

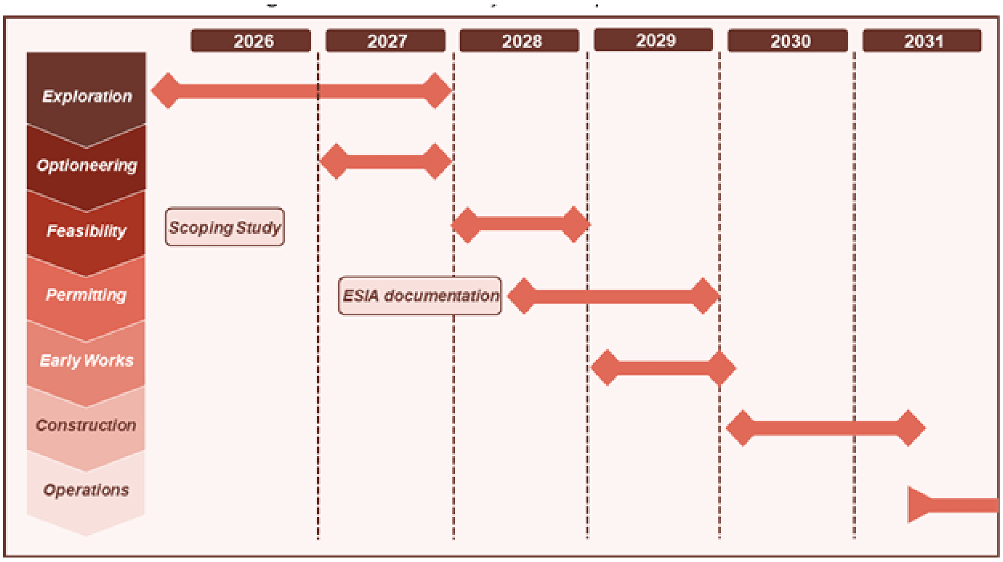
- **Consistency provides confidence in converting to Indicated**. Given continuity and uniformity of porphyry mineralisation systems, and absence of any faults, STM expects drill spacing won't be as stringent as, say, for epithermal, and expects high conversion of Inferred to Indicated. Additionally, conversion of ET to Resources can underpin a Stage 2 expansion to 20-30Mtpa, with scale benefits.

- **Permitting should be straightforward**. There are no national parks within the project area, or any native title interests. The project has an existing water permit and no major downstream population centres.

Pathway to production

- STM sees the next steps for Bramaderos as completion of PFS and FS by 2028; submission of and approval of environment permit application in 2029; FID end 2029/beginning 2030, and first production mid-2031 (Figure 3).

Figure 4: Bramaderos timeline



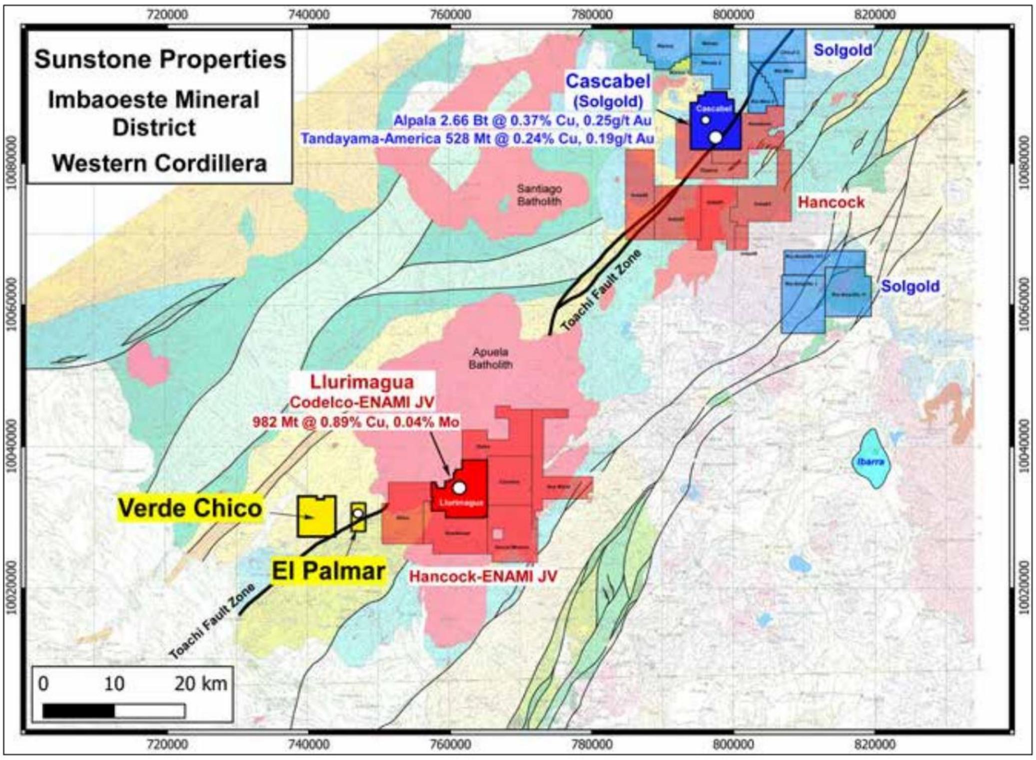
Source: Company.

El Palmar – another large porphyry

In same setting as tier 1 deposits

- **El Palmar (STM 82.5%) is a copper-gold porphyry project** in the north of the country covering 800ha, located in the Imbabura province. It lies on the Toachi Fault, the same geological belt that hosts the copper-gold porphyries Cascabel-Alpala (2.66bt at 0.53% CuEq), Cascabel-Tandayam-America (0.53bt at 0.36% CuEq), Llurimagua 1bt at 1.0% CuEq, and an exploration JV between Hancock and ENAMI. El Palmar is located 60km north west of the city of Quito. There are oo wilderness areas, national parks, or other areas of environmental significance within or adjoining the concession, and there is nearby access to water and power. It also near STM's Verde Chico project.

Figure 5: El Palmar and Verde Chico Projects



Source: Company.

1.2Moz AuEq Resource

- El Palmar has both surface outcropping and deep porphyry systems, identified over five Cu-Au targets with similar geology (T1 to T5) with mineralisation extending from surface at the T1, T2, and T5 over an area of 600m x600m, and at depth for T3 and T4. El Palmar has a JORC Resource based only on a small amount of drilling to date of

64Mt at 0.60g/t AuEq (0.41g/t Au, 0.66g/t Ag, 0.13% Cu) for 1.2MozAuEq,

- which is pit constrained and based solely on T1.

- **Low strip ratio implied.** Due to broad and continuous mineralisation, El Palmar has the potential for low dilution and ore loss. The porphyry sits above, and is adjacent to, other porphyry systems. While the resource is to a depth of 450m, drilling has identified an orebody extending to over 1,750m depth.

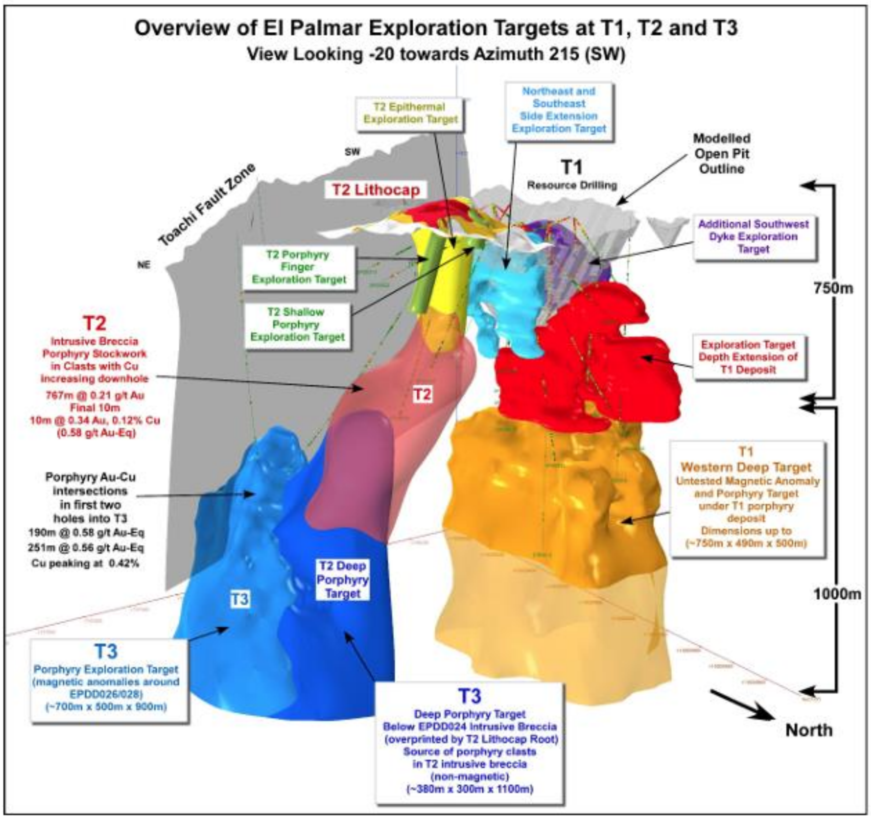
Extraordinary ET of 15-45Moz AuE shows mega potential

- Additional to the Resource, El Palmar has an ET of

1.0-1.2bt at 0.3-0.7g/t Au and 0.1-0.3% Cu for contained 10-27Moz Au and 1.0-3.7Mt copper, or 15-45Moz AuEq.

- The ET is comprised only from T1, T2, and T3 and we would expect the targets adjacent to and directly below the pit shell will expand pit size. There also appears to be epithermal mineralisation at T2, east of main T1 target, appearing to sit above a larger porphyry target. Preliminary metallurgy on T1 indicates a combined flotation and leach circuit for 90% gold recovery and 78% for copper.

Figure 6: El Palmar Exploration Targets



Source: Company.

- **Verde Chico**. The nearby project southwest of El Palmar also lies on the Tauchi Fault zone, is less advanced than El Palmar, although STM believes it contains the same level of prospectivity. Historic exploration identified a 1.1km long gold in soil anomaly open to the north and south, several high-grade gold bearing veins at surface, and wider lower grade zones in some drill holes, including 68.5m at 1.05g/t Au from surface, including 1m at 11.3g/t from 40.5m.

Development strategy options

Parallel progress of both projects

- We expect both Bramaderos and El Palmar to advance in parallel. At Bramaderos, the gold-silver epithermal Limon deposit is a lower capex, shallower, and nearer-term production operation versus the porphyry projects, which will require more extensive drilling to prove up Indicated Resources for economic studies, and will be larger scale and higher capex operations. Of the porphyrys, Brama-Alba-Melonal would be a stage one operation, with Copete-Porotillo to follow as they convert from ETs to Resource for an expanded operation in a stage two mine. Meanwhile we expect El Palmar could develop in parallel in the north, with drilling to prove up more Indicated Resources and economic studies to follow.

Strategic alliance options

- **Strategic options.** STM can accelerate, and technically and financially derisk, the development of both Bramaderos and El Palmar by bringing in strategic partners. STM has been in discussions with parties for opportunities at its projects concerning partnering or investment at the corporate and/or project level. This has already begun with DGR Global coming on the register.

DGR Global bring Ecuador porphyry experience

- **DGR Global (DGR) acquired 10% of STM** via the latter's recent $10M placement. DGR has 14 years' experience in Ecuador across geology, copper-gold porphyry, as well as development and capital markets, and involved the identification, exploration, and development of Cascabel's porphyry, where DGR MD Nick Mather was previously CEO of SolGold. DGR has the right to appoint a Director on STM's Board. Also, Jiangxi-SolGold's 12.5% partnership in Bramaderos represents another potential springboard for future M&A.

M&A activity

- M&A activity has been quite frequent over the past two years for porphyrys in Ecuador, and includes Jiangxi Copper's A$1.7b acquisition of SolGold; Hancock's US$120M 49% JV earn-in with ENAMI; Silvercorp US$200M merger with Adventus; and CMOC's C$581M acquisition of Lumina Gold. We can easily see STM take advantage of this environment.

Key management has experience

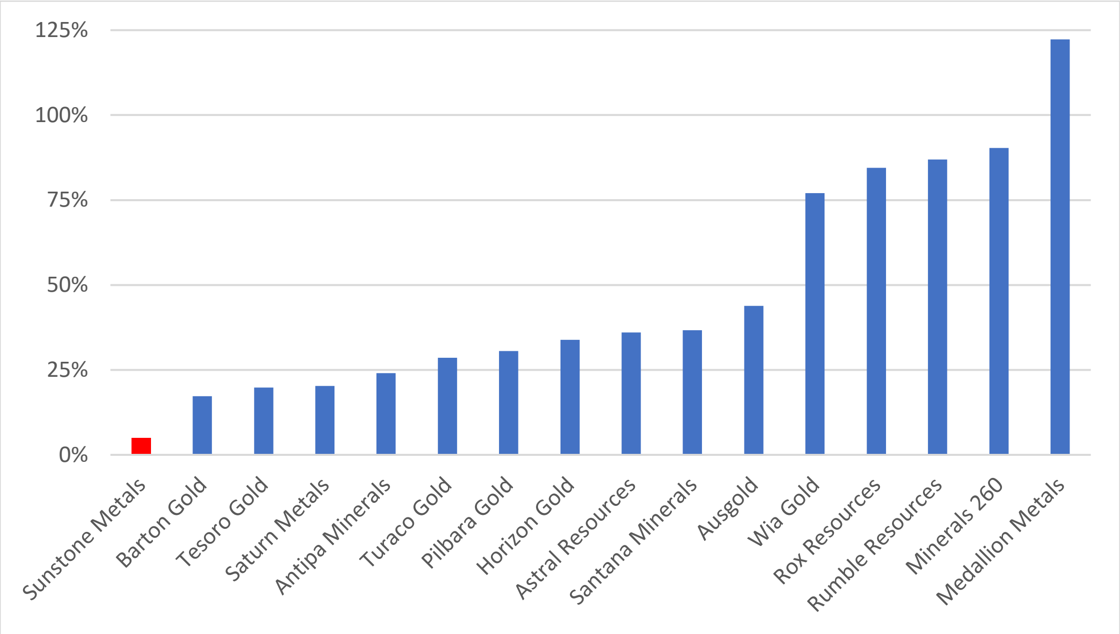
- **STM CEO and MD Patrick Duffy***,* was previously CFO and Chief Corporate Development Officer of Red 5 Ltd (now Vault Ltd) which established the King of the Hills gold mine in WA, and CFO for Xstrata's US$6b Tampakan Copper and Gold project in the Philippines.

- **Chair Malcolm Norris** has experience in business development and exploration across a wide range of commodities and geographies. It includes 23 years with Western Mining Resources, followed by extensive roles at Intrepid Mines (Tujuh-Bukit copper-gold) and SolGold (Cascabel).

Valuation - upside is compelling

- **Peer comparison of market cap/NPV.** We have compared STM with other gold developers on a market capitalisation as percentage of project NPVs. The NPVs were sourced from the companies' most recent study whether scoping, PFS, or DFS. Where a range of NPVs were disclosed, we chose those with assumptions closest to those used by STM in it scoping study: the peer's discount rates were in range of 5.0-8.0% vs STM's 7.5%, and gold price US$3,000-3,880/oz (with one exception) vs STM's US$3,500/oz.

Figure 7: Market Cap as % of Project NPV for ASX Gold Developers



Sources: Companies' scoping, pre-feasibility and feasibility studies; Foster Stockbroking estimates.

Note: Where a company disclosed multiple NPVs, those after-tax and at gold price and discount rate closest to STM's assumptions (US$3,500 and 7.5%) were used. Note STM scoping study later retracted for amount of Inferred Resources used.

- **STM has potential to be multiples of market cap.** The comparison shows STM is only 5% of its Bramaderos project NPV, while peers' range 17-122%, at an average of 47%. Obviously, the eventual retraction of the Bramaderos scoping study because of heavy reliance on Inferred tonnes (which we have high confidence on many converting to Indicated) makes it on face value less robust than others' studies. However, even so, the discount to peers seems extreme. Many of these also only possess one major project, whereas STM has two - with no study yet for El Palmar.

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Research review. The report has been reviewed and checked by Mark Fichera, Head of Research.

Disclosure review. All the disclosures in the report have been reviewed and checked by Keith Quinn, Compliance.