

Sunstone Metals Ltd (STM)

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

11 March 2026

Giant Surface Intersection Primes Bramaderos for Mid-Year Scoping Study

Key Information

Current Price (\$ps)	0.43
12m Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.15 - 0.75
Target Price Upside (%)	388.4%
TSR (%)	388.4%
Reporting Currency	AUD
Market Cap (\$m)	2,157
Sector	Materials
Avg Daily Volume (m)	0.5
ASX 200 Weight (%)	0%

Fundamentals

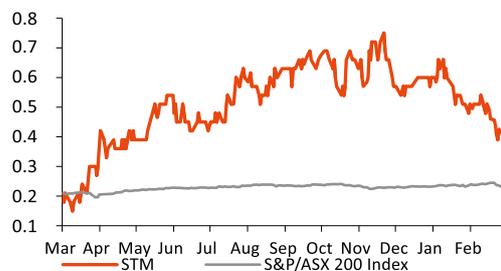
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales (\$m)	0	0	0	0
NPAT (\$m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.2)	(0.9)	(0.9)
EPS Growth (%)	15.7%	nm	18.5%	9.1%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(37.1)	(45.5)	(50.0)
EV/EBITDA (x)	(906.0)	(906.0)	(906.0)	(906.0)
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 (%)	(12.1%)	(28.0%)	(25.8%)	94.6%
Absolute (%)	(15.7%)	(28.3%)	(24.6%)	104.8%
Benchmark (%)	(3.6%)	(0.3%)	1.2%	10.2%



Price performance indexed to 100

Source: FactSet

Major Shareholders

Ilwella Pty Ltd	4.9%
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Event

Sunstone Metals has released a significant 462m trench intersection of gold-copper porphyry mineralisation at the Porotillo discovery within its Bramaderos Project in southern Ecuador, indicating substantial growth potential for the existing 3.6moz AuEq resource. A Scoping Study is due for completion by the middle of the year that will leverage record gold and copper prices and underscore the large-scale potential of STM's porphyry and epithermal assets.

Highlights

- Sunstone Metals has reported a significant 462m surface trench intersection grading 0.55g/t AuEq at the Porotillo discovery within its Bramaderos Project in southern Ecuador, effectively expanding the known mineralisation footprint of the project's gold-copper porphyry cluster.
- This large-scale intersection, which includes higher-grade intervals such as 195m at 0.67g/t AuEq, remains open in all directions and significantly enhances the scale of the Porotillo system ahead of upcoming diamond drilling results and a planned scoping study.
- By demonstrating continuity and growth at surface, these results provide further support for increasing the project's current 3.6moz gold-equivalent resource and confirm Bramaderos as a substantial, multi-centre porphyry province.
- Sunstone has achieved significant momentum at Bramaderos, recently upgrading the MRE by 33% to 3.6moz AuEq. Bramaderos is in elephant country, with a vast exploration target of an additional 5-13moz. The immediate strategy focuses on drilling to convert targets to formal resources, aiming to reach a 5moz by the end of the year. By integrating the high-grade Limon epithermal system into the broader mine plan, Sunstone aims to enhance early-year project economics through higher-grade feed, reinforcing Bramaderos as a globally significant asset with long-life, low-cost potential.
- While Bramaderos is the current focus of a Scoping Study due in June 2025, the El Palmar project in northern Ecuador represents Sunstone's blue-sky. Located on the same prolific Toachi fault system as the world-class Cascabel and Llurimagua deposits, El Palmar already hosts a maiden resource of 1.2moz AuEq and a massive exploration target of 15-45moz. Sunstone's strategy at El Palmar involves methodical drilling to test the vertical extent of known mineralization, which remains open at depth, mimicking the scale of the region's largest copper-gold porphyries.
- 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.
- The Gold price has experienced a frenetic start to 2026. USD Gold briefly touched \$5,600/oz in January before consolidating around current levels yet remains up 20% year-to-date. The fundamental drivers of the gold price rally, including interest rate cuts, unsustainable US debt and global central banks diversifying holdings away from US Treasuries, have been enhanced by the war in Iran. Shaw and Partners recently lifted our gold price forecasts by 53.8% to US\$6,000/oz in 2026.

Recommendation

We maintain our Buy recommendation and \$2.10 price target on Sunstone Metals.

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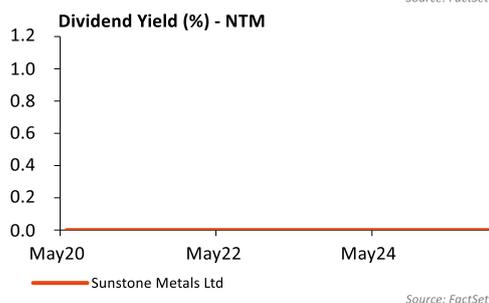
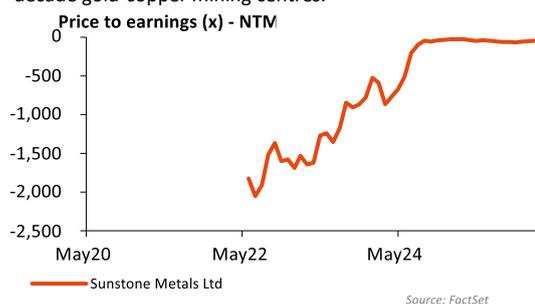
Sunstone Metals Ltd
Materials
Materials

FactSet: STM-AU / Bloomberg: STM AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.43
Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.15 - 0.75
Shares on Issue (m)	5,017
Market Cap (\$m)	2,157
Enterprise Value (\$m)	2,147
TSR (%)	388.4%

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	(37.1)	(45.5)	(50.0)
EV / EBIT (x)	(936.4)	(892.4)	(906.0)	(906.0)	(906.0)
EV / EBITDA (x)	(969.3)	(906.0)	(906.0)	(906.0)	(906.0)
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%)	(2.8%)	(2.2%)	(2.0%)
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	1.0	1.0	1.0

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

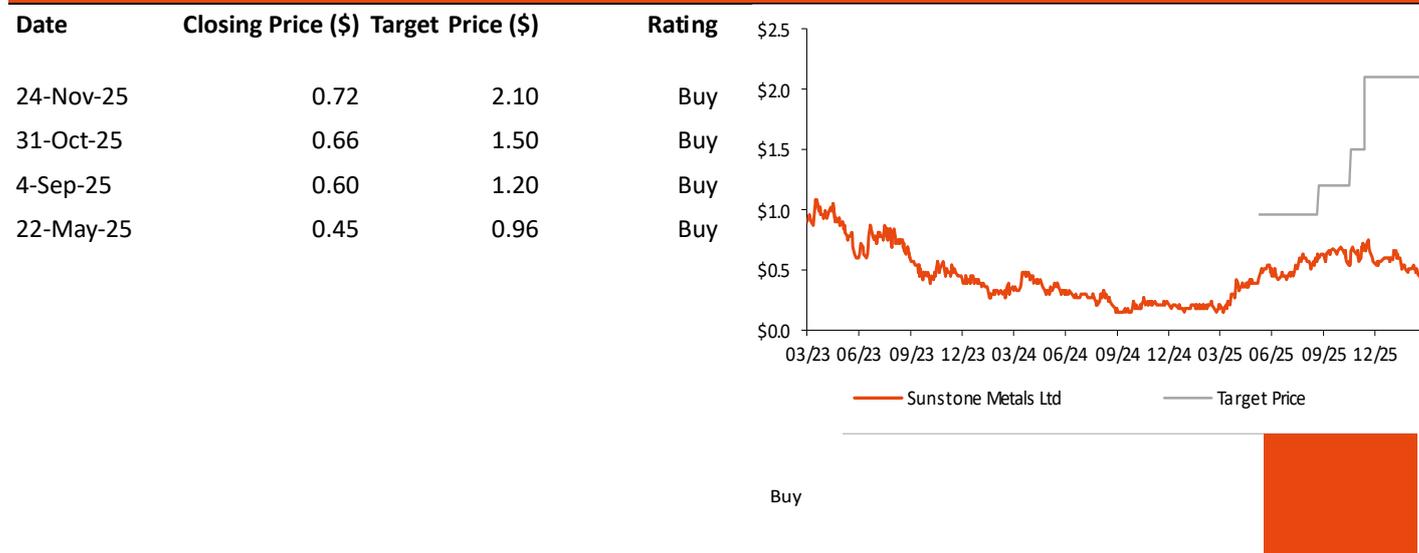
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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	71	87%
Hold	10	12%
Sell	1	1%

History of Investment Rating and Target Price - Sunstone Metals Ltd



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