

Sunstone Metals Ltd (STM)

Rating: Buy | Risk: High | Price Target: \$0.07

11 December 2025

\$8m to Underpin Bramaderos Development Path and Strategic Partner Engagement

Key Information

Current Price (\$ps)	0.02
12m Target Price (\$ps)	0.07
52 Week Range (\$ps)	0.01 - 0.03
Target Price Upside (%)	278.4%
TSR (%)	278.4%
Reporting Currency	AUD
Market Cap (\$m)	93
Sector	Materials
Avg Daily Volume (m)	12.4
ASX 200 Weight (%)	0%

Fundamentals

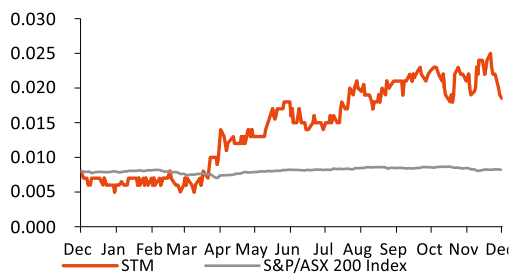
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales (\$m)	0	0	0	0
NPAT (\$m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(0.0)	(0.0)	(0.0)
EPS Growth (%)	15.7%	17.4%	9.1%	9.0%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	(28.3)	(42.2)	(46.5)	(51.1)
EV/EBITDA (x)	(34.8)	(34.8)	(34.8)	(34.8)
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 (%)	(9.2%)	(13.6%)	(9.3%)	128.6%
Absolute (%)	(11.9%)	(17.8%)	(11.9%)	131.3%
Benchmark (%)	(2.7%)	(4.2%)	(2.6%)	2.7%



Major Shareholders

Ilwella Pty Ltd	5.5%
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Peter Kormendy | Senior Research Analyst

+61 3 9268 1099

Peter.Kormendy@shawandpartners.com.au

Andrew Hines | Head of Research

+61 3 9268 1178

andrew.hines@shawandpartners.com.au

Dorab Postmaster | Analyst

+61 8 9263 5211

Dorab.Postmaster@shawandpartners.com.au

Event

Sunstone Metals has raised \$8m to advance the Bramaderos Scoping Study and fund ongoing drilling. Key work programs will continue alongside the previously announced strategic process. Sunstone recently released a substantial 33% jump in Mineral Resource at Bramaderos to 3.6moz AuEq, underlining the project's world-class scale.

Highlights

- Sunstone Metals is developing the Bramaderos and El Palmar gold and copper porphyry projects in Ecuador. Sunstone is situated in Elephant Country and has increased the global gold-equivalent resource to 4.8moz, with extremely strong indications of further growth to come.
- The company has raised \$8m at \$0.019 per share to fund key work programs such as a Scoping Study and ongoing drilling that will occur alongside the strategic process. Equity raised is in-line with our previous estimates for \$8m at \$0.02 per share and we make no changes to our forecasts or share price target.
- The updated Bramaderos Mineral Resource Estimate increased by 900koz AuEq to 3.6moz AuEq, including 600koz AuEq in the Indicated category. This provides a strong foundation on which to commence scoping studies for an open-pit mine development.
- The Resource is limited to the pit-constrained Brama-Alba-Melon al porphyry deposits, further demonstrating scope for growth. Bramaderos complements the existing mineral resource at El Palmar of 64mt at 0.60g/t AuEq for 1.2moz AuEq.
- Strategically located on Ecuador's highly prospective Andean Copper Belt, both projects benefit from their position within established mining and exploration districts. Bramaderos is in southern Ecuador, a region that hosts the world-class Fruta del Norte gold mine and the large-scale Mirador Copper mine. Similarly, El Palmar lies on the same geological trend as SolGold's 4bt Cascabel project and the 1bt Llurimagua deposit.
- Bramaderos and El Palmar will get much bigger as the vast majority of each project has yet to see a drill hole. Sunstone has released an updated conceptual, JORC-defined Exploration Target of between 5moz and 13moz AuEq comprising a new target at Copete-Porotillo of between 135-180mt at a grade between 0.4-0.6g/t AuEq and the existing Limon higher-grade epithermal target of between 30-40mt at a grade between 0.9-1.2g/t AuEq.
- Sunstone continues to actively engage in discussions with potential strategic partners for Bramaderos and El Palmar. A successful partnership could bring significant financial and technical resources to accelerate both project's development, rapidly unlocking their full value. This makes Sunstone Metals a "situation stock" with potential for significant corporate catalysts.
- Our valuation of Sunstone Metals is underpinned by two factors: a projected 50% growth in its resource base from here and a re-rating to \$52 EV/AuEq oz, up from \$31 EV/AuEq oz currently. Even if Sunstone re-rates to \$52 EV/AuEq oz, the company will still be trading at a 50% discount to its peer group.
- Sunstone has a quality management team with a strong mix of technical expertise, financial acumen, and significant experience in the global mining industry, particularly within the context of large-scale project development and corporate finance. CEO & MD Patrick Duffy was CFO of Red 5 when it brought on the King of the Hills mine and previously held senior roles in the development of Tampakan and Koniombo with Glencore. Chair Malcolm Norris and GM Geology Dr Bruce Rohrlach were responsible for the discovery and early development of Tujuh Bukit in Indonesia. From there they moved on to SolGold where they made the discovery of Cascabel in 2012.

Recommendation

We maintain our Buy rating on Sunstone and \$0.07 price target.

Sunstone Metals Ltd

Materials

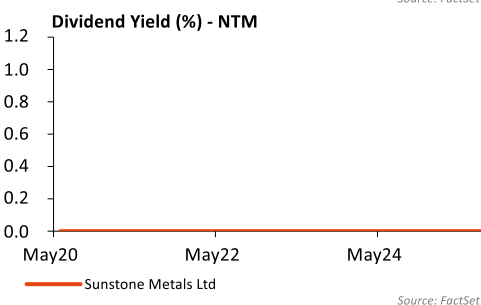
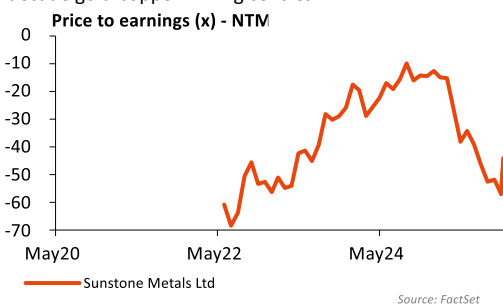
Materials

FactSet: STM-AU / Bloomberg: STM AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.02
Target Price (\$ps)	0.07
52 Week Range (\$ps)	0.01 - 0.03
Shares on Issue (m)	5,017
Market Cap (\$m)	93
Enterprise Value (\$m)	83
TSR (%)	278.4%

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)	(0.0)	(0.0)	(0.0)
EPS (Underlying) (cps)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)
EPS (Underlying) Growth (%)	15.0%	15.7%	17.4%	9.1%	9.0%
PE (Underlying) (x)	(14.3)	(28.3)	(42.2)	(46.5)	(51.1)
EV / EBIT (x)	(36.0)	(34.3)	(34.8)	(34.8)	(34.8)
EV / EBITDA (x)	(37.3)	(34.8)	(34.8)	(34.8)	(34.8)
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 (%)	(6.9%)	(4.9%)	(2.4%)	(2.1%)	(1.9%)
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)	(4)	(4)	(4)
Investing Cashflow	(14)	(8)	(4)	(4)	(4)
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	2	2	2
Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	3	3	4	6	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	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	111
Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	(2.7%)	(2.7%)	(2.4%)	(2.2%)	(2.0%)
Price to Book (x)	0.4	0.8	1.0	1.0	1.0

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 (\$)					\$0.020
Underlying EBITDA	-2.2	-2.4	-2.4	-2.4	-2.4	Market Capitalisation (\$m)					121
Depreciation & Amort	-0.1	0.0	0.0	0.0	0.0	Valuation (\$)					\$0.070
Underlying EBIT	-2.3	-2.4	-2.4	-2.4	-2.4	Recommendation					Buy
Net Interest	0.1	0.1	0.1	0.1	0.2	<div>Per Share Data (c)</div> <div><div>FY24FY25FY26FFY27FFY28F</div><div>Shares (m)3,8385,0175,4175,8176,217</div><div>Normalised EPS-0.1-0.10.00.00.0</div><div>Dividends0.00.00.00.00.0</div><div>Dividend Yield (%)0.00.00.00.00.0</div><div>Book Value0.00.00.00.00.0</div><div>P/E (x)-15.9-37.8-45.7-50.3-55.2</div><div>EV/EBITDA (x)-4.7-4.3-4.3-4.3-4.3</div></div>					
Profit Before Tax	-2.2	-2.3	-2.3	-2.2	-2.2						
Tax	0.0	0.0	0.0	0.0	0.0						
NPAT (Underlying)	-2.2	-2.3	-2.3	-2.2	-2.2						
Exceptional items	0.0	0.0	0.0	0.0	0.0						
NPAT (reported)	-2.2	-2.3	-2.3	-2.2	-2.2						
Minorities	0.0	0.0	0.0	0.0	0.0						
Attributable NPAT	-2.2	-2.3	-2.3	-2.2	-2.2						
Balance Sheet (\$m)	FY24	FY25	FY26F	FY27F	FY28F	Target price calculation					
Cash	2.7	2.7	4.3	6.1	8.0	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	4.8	6.6	8.5	Target mkt cap (\$m)					632
Property, Plant & Equipment	1.6	1.6	1.6	1.6	1.6	Target share price					\$0.070
Other	81.2	90.3	94.4	98.3	102.3	<div>Assumptions</div> <div><div>FY24FY25FY26FFY27FFY28F</div><div>Exchange Rate</div><div>AUD/USD0.660.650.660.680.71</div><div>Prices</div><div>Copper (USD/lb)3.984.234.745.155.28</div><div>Gold (USD/oz)2,0782,8433,8163,7503,400</div></div>					
Non Current Assets	82.9	91.9	95.9	99.9	103.9						
Total Assets	86.0	95.1	100.7	106.5	112.3						
Trade Creditors	0.5	0.3	0.3	0.3	0.3						
Other	1.4	0.5	0.5	0.5	0.5						
Current Liabilities	1.9	0.8	0.8	0.8	0.8						
Borrowings	0.0	0.0	0.0	0.0	0.0						
Other	0.2	0.1	0.1	0.1	0.1						
Non Current Liabilities	0.2	0.1	0.1	0.1	0.1						
Net Assets	83.9	94.1	99.8	105.6	111.4						
Shareholder Capital	131.3	142.4	150.4	158.4	166.4	- Gold (g/t)					0.00
Retained earnings	-55.1	-57.5	-59.8	-62.0	-64.2	- Copper (%)					0.00%
Minorities/others	7.7	9.3	9.3	9.3	9.3	Average price (\$/t)					0.00
Total Equity	83.9	94.1	99.8	105.6	111.4	Average cost (\$/t)					0.00
						Average margin (\$/t)					0.00
Cash Flow (\$m)	FY24	FY25	FY26F	FY27F	FY28F	Financial metrics (%)					
Receipts	0.0	0.0	0.0	0.0	0.0	EBITDA margin					0.00%
Payments	-1.5	-3.1	-2.4	-2.4	-2.4	EBIT margin					0.00%
Other Operating Cash Flow	0.1	0.1	0.0	0.2	0.2	ROIC					0.00%
Operating Cash Flow	-1.4	-3.0	-2.3	-2.2	-2.1	Return on Assets					0.00%
Capex	-0.7	-0.3	0.0	0.0	0.0	Return on Equity					0.00%
Other Investing Cash Flow	-13.7	-7.8	-4.0	-4.0	-4.0	<div>Balance sheet metrics</div> <div><div>FY24FY25FY26FFY27FFY28F</div><div>Net Debt (m)-2.7-2.7-4.3-6.1-8.0</div><div>ND / ND+E0.0%0.0%0.0%0.0%0.0%</div></div>					
Investing Cash Flow	-14.5	-8.0	-4.0	-4.0	-4.0						
Net Equity raised	8.3	11.1	8.0	8.0	8.0						
Dividends Paid	0.0	0.0	0.0	0.0	0.0						
Net Borrowings	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	1.7	1.8	1.9						

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	81	86%
Hold	11	12%
Sell	2	2%

History of Investment Rating and Target Price - Sunstone Metals Ltd



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Sydney Head Office	Melbourne	Brisbane	Adelaide	Canberra	Perth	Noosa
Level 7, Chifley Tower	Level 36	Level 28	Level 25	Level 9	Level 47	Suite 11a Q Place
2 Chifley Square	120 Collins Street	111 Eagle Street	91 King William Street	5 Constitution Avenue	108 St Georges Terrace	2 Quamby Place
Sydney NSW 2000	Melbourne VIC 3000	Brisbane QLD 4000	Adelaide SA 5000	Canberra ACT 2601	Perth WA 6000	Noosa Heads QLD 4567
Telephone: +61 2 9238 1238	Telephone: +61 3 9268 1000	Telephone: +61 7 3036 2500	Telephone: +61 8 7109 6000	Telephone: +61 2 6113 5300	Telephone: +61 8 9263 5200	Telephone: +61 7 3036 2570
Toll Free: 1800 636 625	Toll Free: 1800 150 009	Toll Free: 1800 463 972	Toll Free: 1800 636 625	Toll Free: 1800 636 625	Toll Free: 1800 198 003	Toll Free: 1800 271 201