ShawandPartners
Financial Services

Sunstone Metals Ltd (STM)

Rating: Buy | Risk: High | Price Target: $1.40

3 August 2026

Wide Intersections and Deep Targets Bolster Scale at Bramaderos and El Palmar

Key Information

Current Price ($ps)	0.17
12m Target Price ($ps)	1.40
52 Week Range ($ps)	0.17 - 0.75
Target Price Upside (%)	723.5%
TSR (%)	723.5%
Reporting Currency	AUD
Market Cap ($m)	48
Sector	Materials
Avg Daily Volume (m)	0.2
ASX 200 Weight (%)	0%

Fundamentals

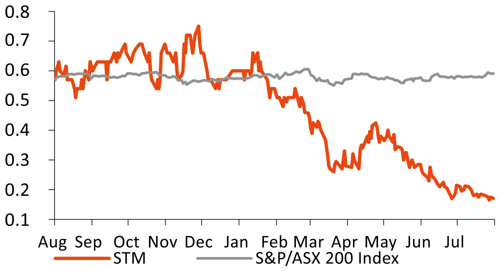
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales ($m)	0	0	0	0
NPAT ($m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.0)	(0.8)	(0.7)
EPS Growth (%)	15.7%	nm	22.3%	14.0%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(16.8)	(21.6)	(25.1)
EV/EBITDA (x)	(16.0)	(16.0)	(16.0)	(16.0)
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 (%)	(22.4%)	(42.6%)	(58.1%)	(75.3%)
Absolute (%)	(20.9%)	(40.4%)	(55.3%)	(71.7%)
Benchmark (%)	1.5%	2.2%	2.8%	3.6%



Price performance indexed to 100 *Source: FactSet*

Major Shareholders

DGR Global Ltd	10.0%

Event

Sunstone Metals is advancing exploration across its key gold-copper porphyry targets at Bramaderos in Ecuador, returning extensive mineralised intersections at the Copete-Porotillo complex to drive an upcoming Mineral Resource update in late 2026. **The standout drill hole in today's release returned 196m at 0.62g/t AuEq.** Concurrently, the company is directing proceeds to expand drilling at its large-scale El Palmar asset.

Highlights

- Sunstone Metals has identified a large gold-copper mineralised system outside the current 3.6moz Bramaderos Resource in Ecuador. Assay results from 24 drill holes across the Porotillo, Copete, and Melonal prospects returned wide mineralised intersections. Surface trenching and drilling at Porotillo outlined a mineralised footprint measuring 520m x 230m, highlighted by **hole PTDD017 returning 196m at 0.62g/t AuEq.**
- Combined results from contiguous surface trenches PO-5 and PO-6 established an extensive 607.71m continuous intersection grading 0.52g/t AuEq at Porotillo, which remains open to the northwest. Near-surface grade contours reveal coherent, strong mineralisation associated with an oxide-sulphide transition zone. These higher-grade domains appear to plunge steeply toward a deeper, undrilled magnetic target.
- The newly defined mineralisation at Porotillo, Copete, and Melonal will be incorporated into the upcoming Bramaderos Mineral Resource update in the DecQ26. Pending assays from additional drill holes and surface trenches are expected during August. Additionally, Sunstone is commencing a 1,200m deep exploration drill hole targeting a large underlying porphyry system at Limon.
- Bramaderos, in Loja Province in southern Ecuador, is a cluster of five outcropping gold-copper porphyry systems: Brama, Alba, Melonal, Copete and Porotillo, hosting an existing JORC Mineral Resource of 3.6moz Au-Eq. A drill program at the adjacent Copete-Porotillo complex earlier this year returned mineralised intercepts in every assayed hole including 200m at 0.62g/t AuEq and 151m at 0.54g/t AuEq from surface. Management are targeting conversion of a meaningful portion of the 1.7-3.5moz AuEq exploration target in a resource update later in 2026.
- El Palmar sits on the Toachi Fault trend in northern Ecuador, with a substantially larger but earlier-stage Exploration Target of 15-45moz Au-Eq. Proceeds will fund drilling with the express intent of increasing the copper weighting of that target. This is relevant given the read-through to broader porphyry copper sentiment and the scale needed to attract a major or mid-tier partner.
- 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 $1.40 price target based on peer group multiples.

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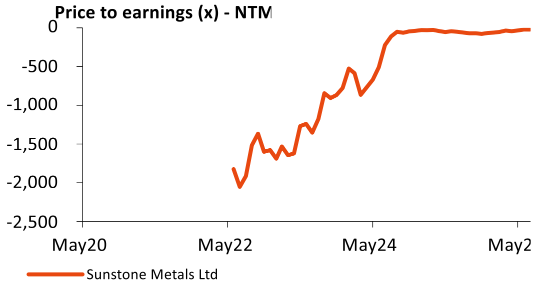
Sunstone Metals Ltd
Materials
Materials
FactSet: STM-AU / Bloomberg: STM AU

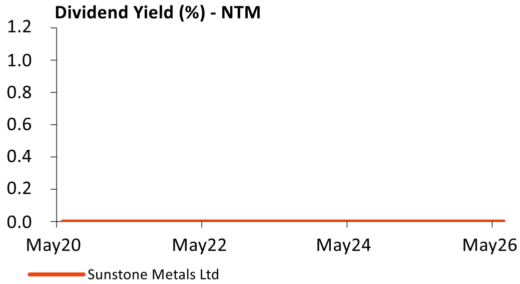
Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	0.17
Target Price ($ps)	1.40
52 Week Range ($ps)	0.17 - 0.75
Shares on Issue (m)	284
Market Cap ($m)	48
Enterprise Value ($m)	38
TSR (%)	723.5%

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.



Source: FactSet



Source: FactSet

Financial Year End: 30 June

Investment Summary (AUD)	FY24A	FY25A	FY26E	FY27E	FY28E
EPS (Reported) (cps)	**(0.1)**	**(0.1)**	**(1.0)**	**(0.8)**	**(0.7)**
EPS (Underlying) (cps)	**(0.1)**	**(0.1)**	**(1.0)**	**(0.8)**	**(0.7)**
EPS (Underlying) Growth (%)	15.0%	15.7%	nm	22.3%	14.0%
PE (Underlying) (x)	**nm**	**nm**	**(16.8)**	**(21.6)**	**(25.1)**
EV / EBIT (x)	**(16.6)**	**(15.8)**	**(16.0)**	**(16.0)**	**(16.0)**
EV / EBITDA (x)	**(17.1)**	**(16.0)**	**(16.0)**	**(16.0)**	**(16.0)**
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%)	(6.1%)	(4.6%)	(3.9%)

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)	(8)	(8)	(8)
Investing Cashflow	**(14)**	**(8)**	**(8)**	**(8)**	**(8)**
Free Cashflow	**(2)**	**(3)**	**(2)**	**(2)**	**(2)**
Equity Raised / Bought Back	8	11	18	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**	**18**	**8**	**8**
Exchange Rate Effect	0	(0)	0	0	0
Net Change in Cash	**(8)**	**0**	**8**	**(2)**	**(2)**

Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	3	3	3	10	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**	**111**	**116**	**122**
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**	**110**	**116**	**122**

Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	(2.7%)	(2.7%)	(2.3%)	(2.0%)	(1.7%)
Price to Book (x)	12.3	24.0	0.4	0.4	0.4

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

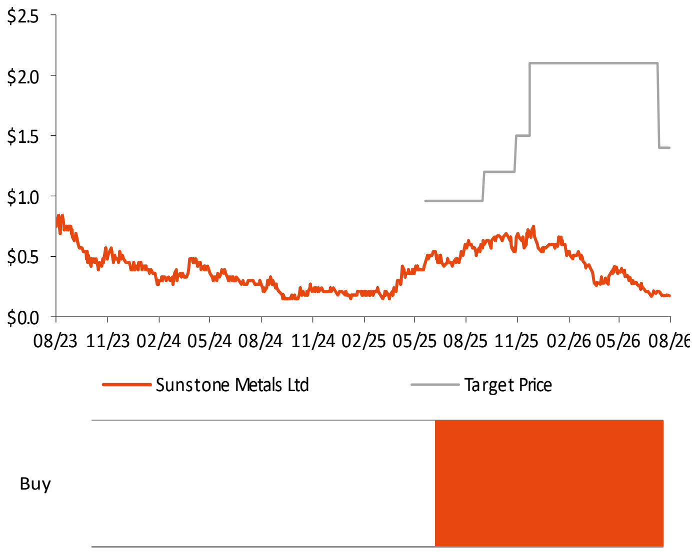
RISK STATEMENT: Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its 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	79	90%
Hold	8	9%
Sell	1	1%

History of Investment Rating and Target Price - Sunstone Metals Ltd

Date	Closing Price ($)	Target Price ($)	Rating
13-Jul-26	0.21	1.40	Buy
24-Nov-25	0.72	2.10	Buy
31-Oct-25	0.66	1.50	Buy
4-Sep-25	0.60	1.20	Buy
22-May-25	0.45	0.96	Buy



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