

07 October 2025

Valuing the exploration upside

NEED TO KNOW

- We now incorporate a value for the JORC compliant Exploration Targets at the STM projects into our base case valuation
- Increasing sector valuations support capturing value for the significant potential scale at Bramaderos and El Palmar
- Strategic process remains the key near-term catalyst

Exploration Targets highlight potential for material upside: Sunstone's El Palmar and Bramaderos Projects host a material 4Moz gold equivalent resource. However, the potential to grow beyond this is significant. El Palmar hosts a 15-45Moz Exploration Target, while Bramaderos hosts a 3.3-8.6Moz Exploration Target across its porphyries and a further 0.9-1.7Moz at the Limon epithermal. These are all supported by geochemistry, geophysics, and drilling, with Bramaderos constrained to a 400m depth and so excludes underground potential. The potential to grow beyond the existing Resource is very clear, we now think it is appropriate to capture this in our valuation.

Incorporating the Exploration Target in our valuation: With rising sector valuations, and increasing support for exploration stage projects evident, we feel it is an appropriate time to transition our Exploration Target valuation from our upside valuation scenario into our base case valuation. We have adopted a relatively conservative A\$10/oz valuation and applied this to the bottom end of the attributable JORC compliant Exploration Target total of 14.9Moz Au-equivalent across El Palmar, Bramaderos and the Limon epithermal.

Strategic process remains the key: Sunstone continues to advance its strategic process to bring on a partner for its El Palmar and Bramaderos projects in Ecuador. With its existing 4Moz Au equiv. total Resource and well supported JORC Exploration Targets including the near surface higher grade opportunity at Limon, the scale of the opportunity at the STM projects is attractive. With an uplift in global mining M&A activity, strong gold prices, and the April re-election of pro-mining President Noboa in Ecuador, the backdrop for STM continues to be supportive. We look for a positive resolution on this strategic partnership process as the key near-term catalyst for STM.

Investment Thesis

Building a Resource base that cannot be ignored: Sunstone has a proven management team that is developing a resource base of significant scale that we expect to be of interest to major miners. The current 4Moz Resource is all pit-constrained, so is literally just scratching the surface of the potential scale at Bramaderos and El Palmar. Limon adds material value as either a stand-alone operation or as potential higher-grade feed to a larger Bramaderos porphyry development. The 2025 strategic partnership process will be a key valuation marker in our view, with STM turning to accelerating its resource development once this is concluded.

Valuation & Risks: \$0.056 (was \$0.032)

We update our valuation to an EV/oz multiple of A\$70/oz (was A\$65/oz) reflecting the increased peer group multiple of our group of +1Moz explorers who are yet to conclude studies, we also now include a valuation for the Exploration Target. Risks for STM include exploration success, commodity prices, funding, currencies, environmental factors, and jurisdiction.

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Materials

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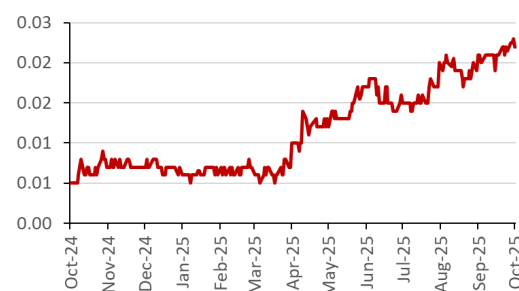
Sunstone Metals is advancing two major gold-copper projects in Ecuador - Bramaderos and El Palmar. It has already established a 4Moz Au-equivalent resource base, with clear potential to continue to grow well beyond that as reflected in the significant JORC compliant Exploration Targets Sunstone has established across the projects. It has a proven management team, responsible for major porphyry discoveries in Indonesia and Ecuador, as well as bringing mines in Australia and New Caledonia into production. The company has established a portfolio that is on track to deliver a large-scale gold-copper resource base that will be of interest to major miners globally.

Valuation	A\$0.056 (from A\$0.032)
Current price	A\$0.022
Market cap	A\$139m
Cash on hand	A\$3.9m

Upcoming Catalysts / Next News

Period	
Q4 2025	Strategic partnership process
Q4 2025	Bramaderos exploration updates
2026	Establish maiden resource at Limon
2026	Grow El Palmar resource
2026	Grow Bramaderos porphyry resource

Share Price (A\$)



Source: FactSet, MST Access

This report has been prepared and issued by the named analyst of MST Access in consideration of a fee payable by: Sunstone Metals Ltd (STM.AX)

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Figure 1: Sunstone Metals - Financial Summary

Sunstone Metals Ltd							STM.ASX
Year end 30 June							
MARKET DATA							
Share Price	A\$/sh					0.022	
52 week high/low	A\$/sh					0.005 - 0.023	
Valuation	A\$/sh					0.056	
Market Cap (A\$m)	A\$m					139	
Current Net Cash / (Debt) (A\$m)	A\$m					3.9	
Enterprise Value (A\$m)	A\$m					135	
Shares on Issue	m					6,254	
Options/Performance shares	m					532	
Other Equity	m					0	
Fully Diluted Shares on Issue	m					6,786	
INVESTMENT FUNDAMENTALS (June Y/E)							
EPS Reported (undiluted)	cps	(0.1)	0.0	(0.0)	(0.0)	(0.1)	
EPS Underlying (undiluted)	cps	(0.1)	0.0	(0.0)	(0.0)	(0.1)	
DPS	cps	0.0	0.0	0.0	0.0	0.0	
FCF/Share	A\$	(0.00)	(0.00)	0.00	(0.00)	(0.00)	
Book Value / Share	A\$	0.01	0.02	0.02	0.02	0.02	
Price / Book	x	1.64	1.46	1.27	1.30	1.34	
Year End Shares	m	3,838	6,084	6,254	6,254	6,254	
Market Capitalisation (current)	A\$m	139	139	139	139	139	
Net Cash / (Debt)	A\$m	3	3	11	3	(5)	
Enterprise Value	A\$m	136	136	128	136	144	
EV/EBITDA	x	nm	nm	nm	nm	nm	
Net Debt / Enterprise Value	x	(0.0)	(0.0)	(0.1)	(0.0)	0.0	
Net Debt / Equity	%	-3%	-3%	-10%	-3%	5%	
Resource							
	Tonnes	Au	Cu	Ag	Au-eq	Au-eq	
	Mt	g/t	%	g/t	g/t	Moz	
Bramaderos (STM 87.5%)							
Indicated	9	0.38	0.09%	1.1	0.53	0.2	
Inferred	147	0.35	0.11%	1.3	0.53	2.5	
Total (100% basis)	156	0.35	0.11%	1.3	0.53	2.7	
El Palmar (STM 75%)							
Indicated	5	0.42	0.15%	0.81	0.63	0.1	
Inferred	59	0.40	0.13%	0.65	0.59	1.2	
Total (100% basis)	64	0.41	0.13%	0.66	0.60	1.3	
Total Combined	220				0.55	4.0	
Exploration Target							
	Tonnes	Gold	Cu	Au-eq			
	Mt	g/t	%	Moz			
Bramaderos	255 - 360	0.25 - 0.38	0.10 - 0.12	3.3 - 8.6			
El Palmar	1035 - 1228	0.3 - 0.7	0.1 - 0.3	15 - 45			
Limon (Epithermal)	30 - 44	0.9 - 1.2		0.9 - 1.7			
Total Combined	1320 - 1632			19.2 - 55.3			
Management & Board ownership							
	Shares	Perf Rights	Options				
	m	m	m				
Malcolm Norris (Chair)	51.1	11.6	1.0				
Patrick Duffy (MD & CEO)	30.1	19.4	11.0				
Stephen Stroud (NED)	14.3		8.0				
Neal O'Conner (NED)	11.4		2.5				
Lucas Welsh (CFO)	11.0	16.4	3.0				
Bruce Rohrlach (GM Geology)	23.7	25.7					
Ray Robinson (GM Studies)	24.7	26.2					
12-Month Relative Performance vs S&P/ASX Metals & Mining							
Profit & Loss (A\$m)							
	FY24A	FY25A	FY26E	FY27E	FY28E		
Revenue	-	0.0	-	-	-		
Expenses	(2.3)	(2.5)	(2.7)	(2.7)	(3.2)		
EBITDA	(2.3)	(2.4)	(2.7)	(2.7)	(3.2)		
D&A	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)		
EBIT	(2.4)	(2.5)	(2.7)	(2.7)	(3.2)		
Interest	0.1	0.1	0.2	0.2	(0.0)		
Tax	-	-	-	-	-		
Underlying NPAT	(2.3)	(2.4)	(2.6)	(2.6)	(3.3)		
Exceptionals	-	-	-	-	-		
Reported Profit	(2.3)	(2.4)	(2.6)	(2.6)	(3.3)		
Profit before tax	(2.3)	(2.4)	(2.6)	(2.6)	(3.3)		
Balance Sheet (A\$m)							
	FY24A	FY25A	FY26E	FY27E	FY28E		
Cash	2.7	2.7	11.1	3.3	(5.3)		
Receivables	0.3	0.4	0.4	0.4	0.4		
Inventory	-	-	-	-	-		
PP&E	1.6	1.6	2.0	2.4	2.8		
Exploration	81.2	90.3	95.3	100.3	105.3		
Other	0.1	0.1	0.1	0.1	0.1		
Assets	86.0	95.1	108.9	106.5	103.4		
Creditors	0.5	0.3	0.3	0.3	0.3		
Debt	-	-	-	-	-		
Leases	1.4	0.5	0.5	0.5	0.5		
Provisions	0.2	0.1	0.1	0.1	0.1		
Other	-	-	-	-	-		
Liabilities	2.1	0.9	0.9	0.9	0.9		
Net Assets	83.9	94.1	108.0	105.6	102.5		
Cashflow (A\$m)							
	FY24A	FY25A	FY26E	FY27E	FY28E		
Net Cash From Operations	(1.5)	(3.1)	(2.5)	(2.5)	(3.0)		
Interest	0.1	0.1	0.2	0.2	(0.0)		
Tax	-	-	-	-	-		
Other	(0.0)	0.0	(0.0)	(0.0)	(0.0)		
Net Cash From Operations	(1.4)	(3.0)	(2.3)	(2.3)	(3.0)		
Capex	(0.7)	(0.3)	(0.5)	(0.5)	(0.5)		
Capitalised Exploration	(13.7)	(7.8)	(5.0)	(5.0)	(5.0)		
Other	-	-	15.0	-	-		
Free Cash Flow	(15.9)	(11.0)	7.2	(7.8)	(8.5)		
Equity	8.7	11.7	1.3	-	-		
Borrowings drawn/(repaid)	-	-	-	-	-		
Other	(0.5)	(0.6)	-	-	-		
Net Increase / (Decrease) in Cash	(7.6)	0.1	8.4	(7.8)	(8.5)		

Source: STM, MST

Valuing the Exploration Target

Our valuation for Sunstone Metals had conservatively excluded any recognition of the material JORC compliant Exploration Targets at El Palmar and Bramaderos. With market sentiment now turning materially more positive for gold and copper exploration assets, we move to explicitly incorporate this into our valuation.

The Bramaderos resource already stands at 2.7Moz (Au-eq), this resource has been constrained within a pit shell so represents near-surface material only. Alongside the Bramaderos resource, Sunstone has established a JORC compliant Exploration Target for Bramaderos that stands at 3.3 - 8.6Moz (Au-eq), with all targets included in this estimate having been drilled to some degree. As with the Resource, the Exploration Target is constrained to open pit material only, which we believe is conservative, given we would expect mineralisation to continue at depth as is typical of porphyry systems. Furthermore, several additional less advanced targets at Bramaderos have been excluded from this Exploration Target. In addition to the porphyry targets, the Limon epithermal target at Bramaderos does not yet have a Resource, but 31 drill holes and extensive surface trenching underpin its Exploration Target of 0.9-1.7Moz.

El Palmar has a 1.2Moz Resource, again representing open pit material only, and thus very likely to grow as drilling goes deeper. The JORC compliant Exploration Target at El Palmar is significant at 15 - 45Moz Au-eq from over 1Bt of ore. The Resource at SolGold's nearby Cascabel stands at 4Bt, Llurimagua, adjacent to El Palmar has a 1Bt Resource in place. These deposits give further validation to the potential scale on offer in this region.

Figure 2: JORC Exploration Target summary (100% basis)

Exploration Target	Tonnes		Gold		Cu		Contained Gold		Contained Au -equiv	
	Min Mt	Max Mt	Min g/t	Max g/t	Min %	Max %	Min Moz	Max Moz	Min Moz	Max Moz
El Palmar	1035	1228	0.3	0.7	0.1	0.3	10.0	27.6	15	45
Bramaderos										
Brama-Alba	70	100	0.2	0.6	0.1	0.12	0.5	1.9	0.8	2.6
Melonal	150	200	0.25	0.5	0.1	0.12	1.2	3.2	1.9	4.5
Limon (Porphyry)	35	60	0.33	0.6	0.1	0.12	0.4	1.2	0.6	1.5
Bramaderos Total	255	360	0.25	0.54	0.1	0.12	2.0	6.3	3.3	8.6
Limon (Epithermal)	30	44	0.9	1.2					0.9	1.7
Total (Moz Gold Equivalent)									19.2	55.3

Source: STM

In aggregate across its three separate Exploration Targets, Sunstone has a total of 19.2 - 55.3Moz on a gold-equivalent, 100% basis. The prospects estimated within the Exploration Targets have been tested by soil geochemistry, drilling, and geophysics. The total also excludes a number of targets, and at Bramaderos and Limon is based on open pit material only (typically max depth 400m). On this basis we consider the Exploration Target to be relatively conservatively estimated.

Limon epithermal prospect clearly undervalued

In 2023, Sunstone discovered the Limon epithermal gold-silver deposit within its Bramaderos project footprint with a discovery hole of 177m at 1.1g/t Au from 6.8m. Subsequent drilling has delivered excellent results. We believe the market has failed to ascribe appropriate value to this discovery. Drilling to date has delivered a number of +100m and +200m holes at grades well above 1g/t, with several closer to 2g/t. Best holes to date include:

- 243m at 1.32g/t Au-eq from 46m including 42m at 3.9g/t Au-eq
- 185m at 2.85g/t Au-eq from 90m including 31m at 12.93g/t Au-eq

These are excellent results that we expect will ultimately underpin a stand-alone open-pit operation. Given development of this epithermal deposit would be at a smaller scale relative to the larger Bramaderos porphyries, stand-alone capital costs would be less of a hurdle, likely below US\$250m to deliver +100koz Au per annum. Alternatively, Limon would be an ideal source of higher-grade ore for use in the early years of a larger-scale development incorporating the Bramaderos porphyries.

Figure 3: Limon Epithermal Exploration Target

	Tonnes		Gold equiv		Contained Au -equiv	
	Min Mt	Max Mt	Min g/t	Max g/t	Min Mt	Max Mt
Limon Epithermal	30	44	0.90	1.20	0.88	1.70

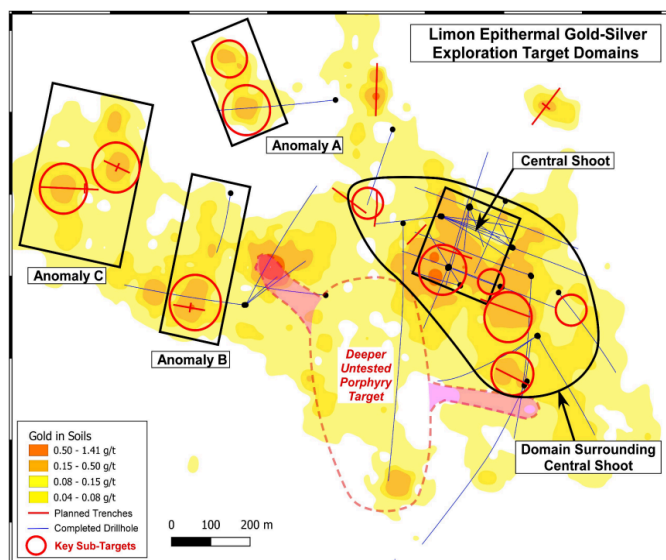
Source: STM

In total, 31 holes for 9,530m were drilled into the epithermal target at Limon. This drilling along with trenching and geophysics supported the estimation of the Exploration Target in Nov 2023 containing 880 to 1700koz gold.

The epithermal Exploration Target includes an estimate of the Limon "Central Shoot", its surrounding mineralisation, and three of six additional satellite targets identified. It is limited to a depth of 400m. It sits adjacent to and above the Limon porphyry target. Approximately 70% of the contained gold in the Limon epithermal Exploration Target is contained within the Central Shoot.

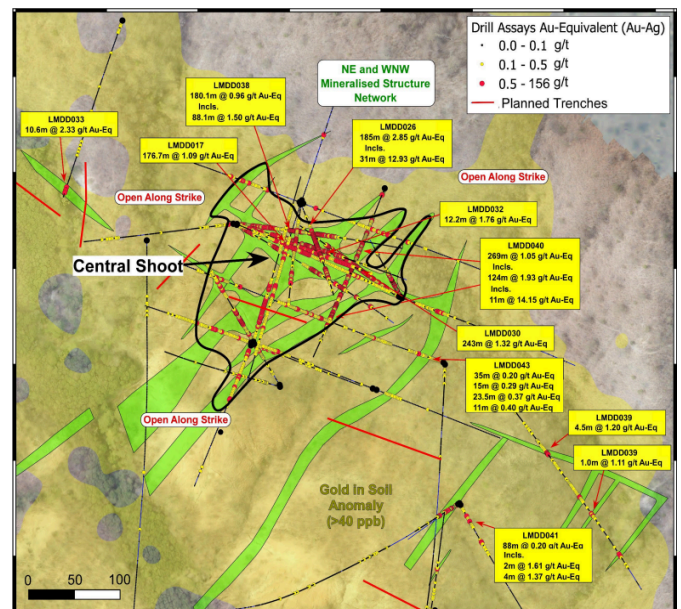
The Central Shoot has been estimated based on the geological interpretation of the gold and silver bearing mineralised fault and vein networks, and dissemination of gold and silver into various host rocks. The Central Zone hosts sub-domains of very high grade (5 holes contain grade over 16g/t Au, with a maximum assay of 72g/t Au). These grades are interpreted to be associated with hydrothermal breccias at fault intersections. These sections of high grade are captured in the Exploration Target and it has been assumed at least one more similar zone will be identified through additional drilling.

Figure 4: Limon Epithermal Exploration Target



Source: STM

Figure 5: Limon Central Shoot - Drilling results



Source: STM

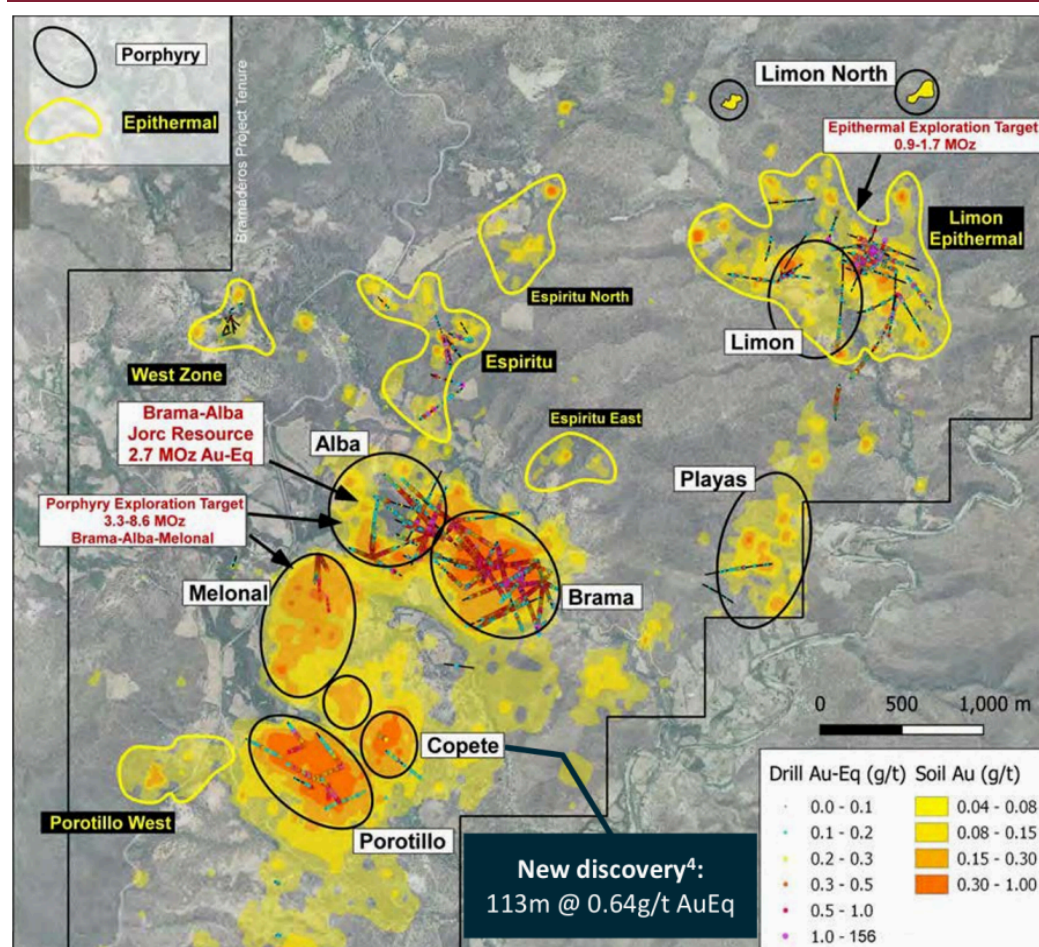
Separate to the Limon epithermal system, the Limon porphyry has eight holes drilled into it showing mineralisation, while surface trenching also shows mineralisation. This work formed the basis for the Dec 2022 Exploration Target for the Limon porphyry (included in the Bramaderos Exploration Target).

Notably, given there is yet to be a Mineral Resource estimated for either the Limon epithermal target or the Limon porphyry our initial STM valuation carried no valuation for Limon. Through incorporating the Exploration Targets we now better capture this potential upside.

Bramaderos Exploration Target

The initial Bramaderos Exploration Target was reported alongside the maiden resource in Dec 2022. It captured extensions at Brama-Alba as well as two further porphyry targets at Melonal and Limon, both of which have had limited drilling. It excludes the recent Copete discovery, and the Porotillo and Playas targets. More recently, an Exploration Target for the Limon epithermal was also established in Nov 2023 following its discovery in Feb 2023.

Figure 6: Bramaderos Resource and Exploration Target with drilling and soil sampling results



Source: STM

The Bramaderos porphyry Exploration Target stands at 255 - 360Mt at 0.40 - 0.72g/t Au-eq for 3.3 - 8.6Moz. The subsequently added Limon epithermal target is 30 - 44Mt at 0.9 - 1.2 g/t Au-eq for 0.9- 1.7Moz Au-eq. All of this material is estimated on a pit constrained basis. It is likely that the porphyry systems would continue at depth to ultimately support an underground operation. In our view, this means that even if one of the deposits does not come to the scale included in the Exploration Targets, there would be upside to those deposits that are proven up.

Figure 7: Bramaderos Exploration Target

	Tonnes		Gold		Cu		Gold equiv		Contained Au -equiv	
	Min Mt	Max Mt	Min g/t	Max g/t	Min %	Max %	Min g/t	Max g/t	Min Moz	Max Moz
Brama-Alba	70	100	0.20	0.6	0.10	0.12	0.35	0.80	0.79	2.57
Melonal	150	200	0.25	0.5	0.10	0.12	0.40	0.70	1.93	4.50
Limon (Porphyry)	35	60	0.33	0.6	0.10	0.12	0.50	0.80	0.56	1.54
Total	255	360	0.25	0.38	0.10	0.12	0.40	0.74	3.30	8.60

Source: STM

The Bramaderos porphyry Exploration Target is constrained to open-pittable material, so is thus not yet comparable in scale to El Palmar and the global projects shown above in Figure 9, however, the Bramaderos Exploration Target grade midpoint at 0.51g/t Au eq (unadjusted for recoveries) does lie within the range of these projects.

The porphyry Exploration Target includes several areas of identified mineralisation at Brama-Alba that are not captured in the current resource typically due to insufficient drilling to establish sufficient continuity for inclusion in a resource. It also includes Melonal, an extension of the Brama-Alba system, lying on the same geological structures. Limited drilling by Sunstone as well as previous owners has proven the Melonal target is mineralised and that the rock systems are the same as those at Brama-Alba. In addition, the mineralisation shown in the drilling aligns with a magnetic anomaly that measures up to 400m in diameter and 1000m vertically. The Melonal Exploration Target has, however, only been estimated down to a depth of 500m, suggesting further upside upon deeper drilling.

Overall, we believe the Bramaderos Exploration Targets have been relatively conservatively estimated. Targets have all been drilled, and there is additional information from trenching and geophysics supporting the Exploration Target estimation. Depths are constrained to open-pittable limits. Several highly prospective targets have been excluded entirely. Adding to this, the successful track record of the exploration team at Sunstone increases our confidence that these targets will be proven up into resource.

El Palmar Exploration Target - Comparable to global peers

The upside potential at El Palmar is reflected in the significant JORC compliant Exploration Target that Sunstone has reported alongside the maiden resource. The Exploration Target is reported as 1.0 to 1.2Bt at 0.3-0.7g/t Au and 0.1-0.3% Cu. This delivers 10 to 28Moz of contained gold and 1.0 to 3.7Mt of contained copper. On a gold equivalent basis this comes to 15 - 45Mozs. Even at the bottom end of this range El Palmar would be a very significant deposit.

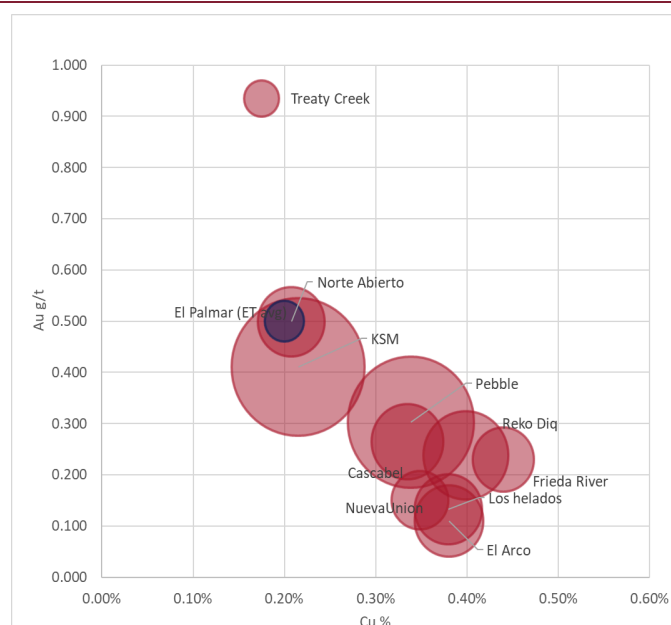
Figure 8: El Palmar Exploration Target

	Tonnes		Gold		Cu		Contained Gold		Contained Cu		Contained Au-equiv	
	Min Mt	Max Mt	Min g/t	Max g/t	Min %	Max %	Min Moz	Max Moz	Min Mt	Max Mt	Min Moz	Max Moz
Exploration Target	1035	1228	0.3	0.7	0.1	0.3	10	27.6	1	3.7	15	45

Source: STM

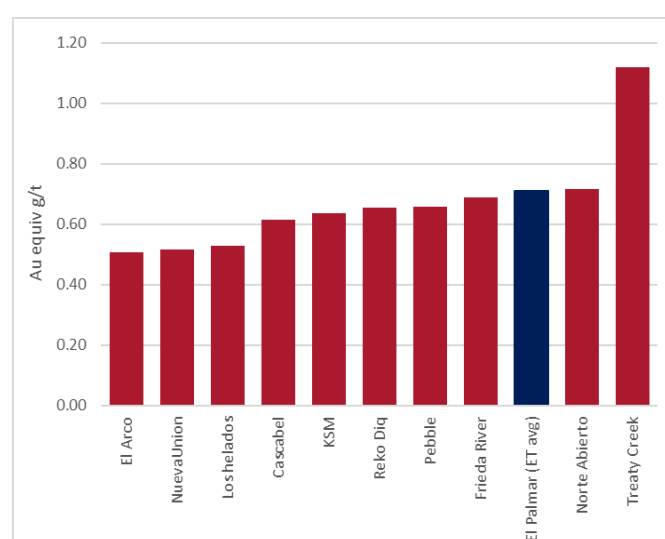
The charts below compare the El Palmar Exploration Target mid-points to a selection of leading global gold-copper porphyry projects. These projects are naturally far more advanced, with extensive drilling having fully defined what are often global scale deposits. The charts show that the El Palmar grade, while more gold-dominant, is certainly comparable to such deposits. In terms of scale, at this relatively early stage of Resource definition and with the constraints around reporting an Exploration Target, it is expected that El Palmar would be at a more limited scale than the fully defined deposits we are comparing to here. Note that we are comparing to gold-copper porphyries, and as such, we have excluded a number of world class copper dominant projects such as Los Bronces, Resolution, Udokan, and La Granja from this group.

Figure 9: Global porphyry projects - grade and scale



Source: MST

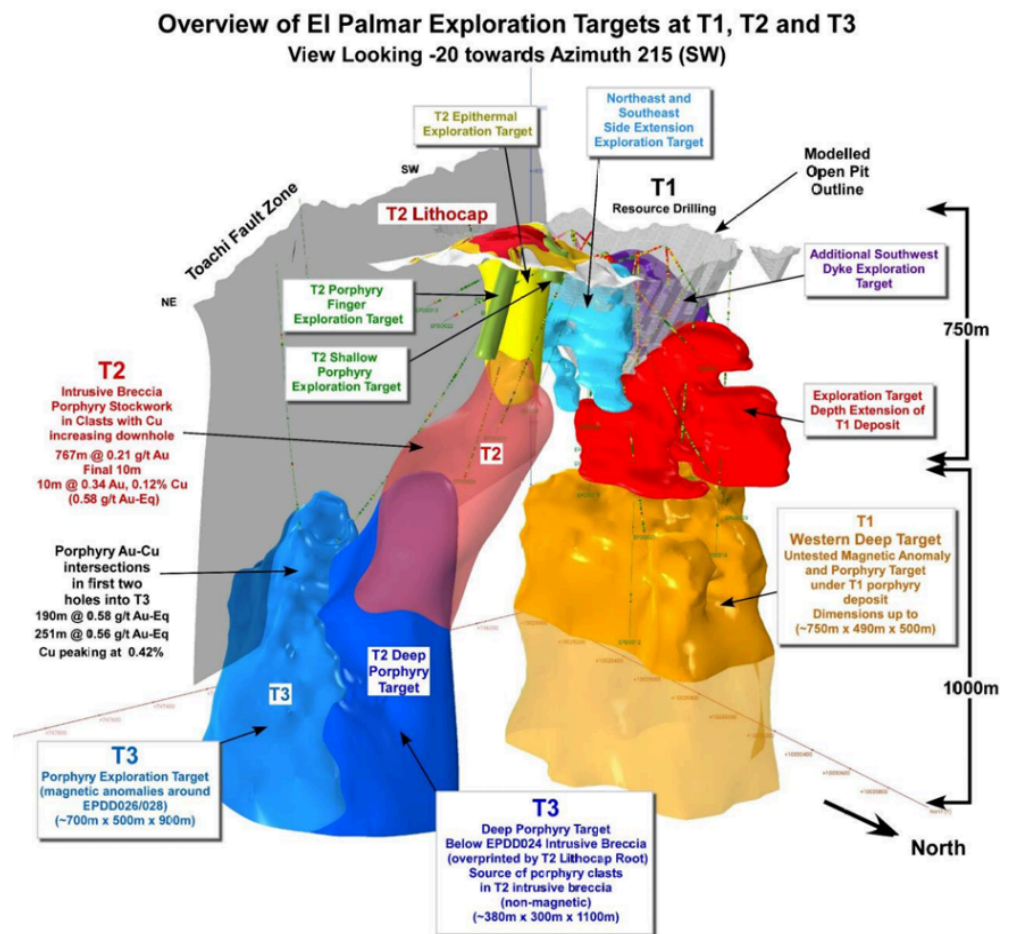
Figure 10: Global porphyry projects - Au-eq grades



Source: MST

The Exploration Target extends to capture additional zones within T1, as well as incorporating T2 and T3. It covers an area of 1.6km x 1.1km including near surface mineralisation and deeper mineralisation down to depths of 1,500m. The zones are visually summarised in the Figure below. It excludes the T4 and T5 zones due to lack of drilling to date. Once drilled further, it is likely these zones will add to the Exploration Target.

Figure 11: T1 Resource and additional targets included in Exploration Target



Source: STM

The estimation of the El Palmar Exploration Target is also relatively conservative in our view, requiring at least one hole through each zone, some drilling at surface and evidence that the geological structures continue, typically through geophysics

Valuation Update: Increased to \$0.056

We have valued Sunstone on an EV/oz base, now using a A\$70 EV/oz multiple (was A\$65/oz) based on a peer group of companies. We have selected the peer group on the basis of companies that have a +1Moz resource but are yet to conclude studies, essentially identifying early-stage explorers with a large-scale resource, in line with Sunstone's current position.

In addition, we now ascribe a A\$10/oz multiple to the low end of the Exploration Target range. We use A\$10/oz as it reflects the very bottom end of the peer group multiples. We consider this approach reflects the early stage and uncertain nature of the Exploration Target, while still capturing value for the material potential scale on offer here.

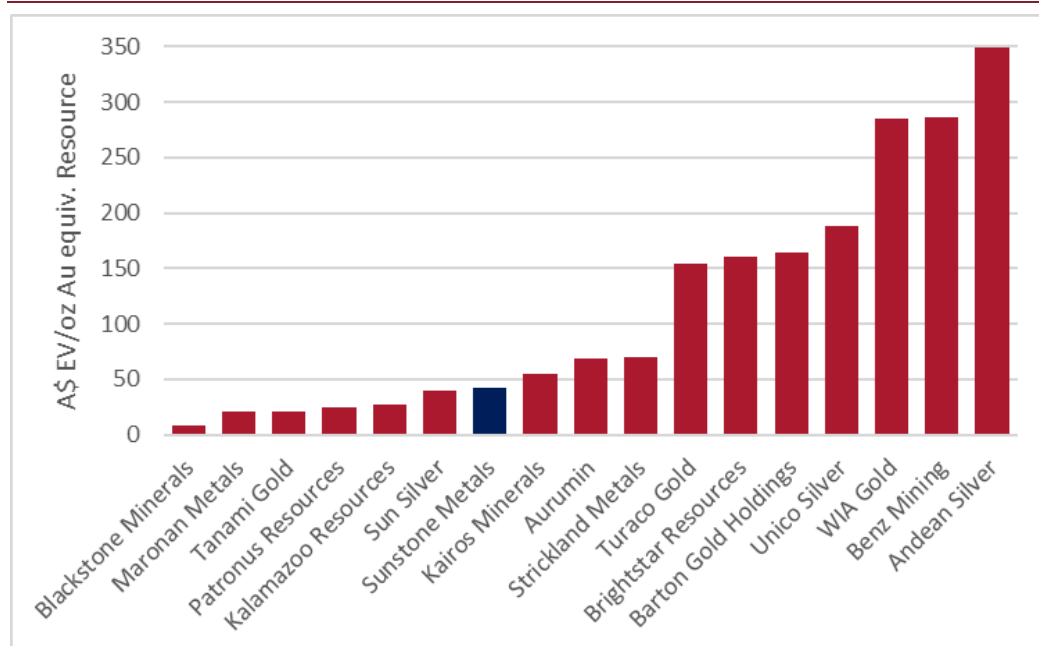
On this basis we increase our STM valuation from \$0.034 to \$0.056. As the Exploration Target is firmed up and transitions to Resource we would expect to ascribe higher values to this component of our valuation, supporting longer term upside.

Figure 12: STM Valuation

Attributable Resource	Moz	
Bramaderos	2.4	
El Palmar	0.9	
Total Attributable Resource (Moz Au-eq)	3.3	
Valuation Multiple (A\$ EV/oz)	70	
Resource Value	228	\$0.034
Attributable Exploration Target (low end)	Moz	
Bramaderos	2.9	
El Palmar	11.3	
Limon Epithermal	0.8	
Total Attributable Resource (Moz Au-eq)	14.9	
Valuation Multiple (A\$ EV/oz)	10.0	
Exploration Target - Value	149	\$0.022
Sunstone Metals Valuation	A\$m	A\$ps
Resource Value	228	\$0.034
Exploration Target - Value	149	\$0.022
Less: NPV Corporate Costs	-5.5	-\$0.001
Add: Cash from option exercise in FD shares	3.3	\$0.000
Add: Net Cash	3.9	\$0.001
Equity Valuation	379	\$0.056
Current shares outstanding (m)	6254	
Outstanding options/perf rights (m)	532	
Fully diluted shares on issue (m)	6786	

Source: MST

Figure 13: STM vs large-scale, early-stage gold/silver explorers and developers



Source: MST, Factset

Catalysts

- **Strategic partnership:** The next key catalyst for Sunstone will be securing a partner for its projects. This will be an important validation step for the company and likely provide a valuation benchmark that we would expect to be well above its current market capitalisation. There has been an uplift in M&A in Ecuador over the last two years with a number of global majors active in the country, including Barrick, Newcrest, Codelco, Fortescue and Hancock Prospecting as well as major Chinese gold companies. This gives us confidence that interest in the STM assets will be material. We expect a conclusion to the process during 2025.
- **Limon maiden resource:** Once the strategic partnership process is concluded, we expect the focus to return to project development. The most immediate value accretive opportunity we see would be to establish a maiden resource at the Limon epithermal deposit. This will require additional drilling which we would expect to commence later in the year, likely enabling a resource to be in place early 2026.
- **Grow El Palmar resource:** Alongside Limon, we see growing the surface resource at El Palmar as an additional strongly value accretive opportunity for Sunstone. This is likely to be advanced later in the year once the strategic process has concluded.

Risks

- **Development risk:** All exploration and development companies face timing and cost risks as they advance projects and ultimately look to transition into production. While Sunstone's focus remains exploration, this still brings cost and timing risks, delays with project advancement will likely impact market sentiment towards the stock.
- **Environmental risks:** Ecuador is home to extensive rainforest and associated biodiversity which makes it a relatively environmentally sensitive jurisdiction. We would expect some degree of opposition to any mining project in Ecuador, however, mining companies are used to such opposition and are very capable of working in environmentally sensitive areas. Development of the projects to strict global standards such as the Equator Principles and the IFC Standards will ensure environmental management is given an elevated focus.
- **Exploration Success:** Sunstone is still at an early stage of its overall development pathway. Adding scale to the existing resource base will require ongoing success with drilling. While results to date have been very encouraging, and there is evidence of broader mineralisation and potential scale across the prospects, there is no guarantee ongoing exploration will be successful.
- **Commodity prices:** As a junior explorer, Sunstone is subject to commodity price driven volatility in its share price. Material weakness in the gold or copper price would likely have an impact on the stock.
- **Financing and strategic partnership:** In the near term, Sunstone remains reliant on equity market funding for its exploration activities. This is likely going to be addressed through the strategic partnership process, however, if there are delays or no agreeable outcome is reached, the ability to raise funds remains a risk for Sunstone as it is for all non-cash generating exploration companies.
- **Currency:** Currency movements can impact Sunstone in a number of ways. Ecuador operates with the US\$ as its national currency. Significant swings in the value of the US dollar, particularly vs Sunstone's funding currency, the A\$, will impact cash burn. However, weakness in the A\$, if US\$ commodity prices hold, would imply increased A\$ asset valuations.

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Chris Drew received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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Sunstone Metals Ltd (STM.AX) | Price A\$0.022 | Valuation A\$0.056;

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