

Sunstone Metals Ltd (STM)

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

3 September 2026

Metallurgy and Melonal Success Point to a Bigger, Better Bramaderos

Key Information

Current Price (\$ps)	0.20
12m Target Price (\$ps)	1.40
52 Week Range (\$ps)	0.17 - 0.75
Target Price Upside (%)	600.0%
TSR (%)	600.0%
Reporting Currency	AUD
Market Cap (\$m)	57
Sector	Materials
Avg Daily Volume (m)	0.3
ASX 200 Weight (%)	0%

Fundamentals

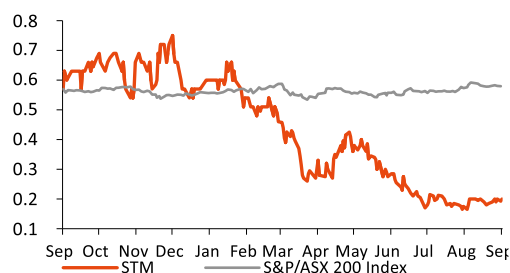
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales (\$m)	0	0	0	0
NPAT (\$m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.0)	(0.8)	(0.7)
EPS Growth (%)	15.7%	nm	22.3%	14.0%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(19.8)	(25.4)	(29.6)
EV/EBITDA (x)	(19.6)	(19.6)	(19.6)	(19.6)
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 (%)	13.2%	7.1%	(33.8%)	(66.6%)
Absolute (%)	14.3%	11.1%	(29.8%)	(64.9%)
Benchmark (%)	1.1%	4.0%	4.0%	1.7%



Price performance indexed to 100

Source: FactSet

Major Shareholders

DGR Global Ltd	10.0%
----------------	-------

Peter Kormendy | Senior Analyst

+61 3 9268 1099

Peter.Kormendy@shawandpartners.com.au

Andrew Hines | Head of Research

+61 3 9268 1178

andrew.hines@shawandpartners.com.au

Alex Barkley | Senior Analyst

+61 2 9238 1292

Alex.Barkley@shawandpartners.com.au

Event

Sunstone Metals has delivered two positive updates in the past few days. First, metallurgical testwork returned materially higher recoveries than previously assumed in the April 2026 Scoping Study: 80% for copper and 93% for gold, up from 75% and 85% respectively. Second, assays from the final two Melonal drill holes and a new Porotillo trench (PO-8) further extended mineralisation outside the existing 3.6moz AuEq Bramaderos Resource. These will inform the next Resource update due DecQ'26.

Highlights

Metallurgy

- Locked-cycle flotation testing, the most representative simulation of continuous plant operation, achieved up to 83% copper recovery from Brama Diorite into concentrates grading 18% copper, and 75% copper recovery from Brama Breccia into a 17% copper concentrate. Combined flotation, regrind and cyanidation of flotation tails lifted overall gold recovery to 94% for Diorite and 92% for Breccia.
- Low arsenic, antimony, mercury, lead and zinc points to clean, low-penalty-risk concentrates. Optimisation testwork also achieved concentrate grades above 24% Cu, indicating further upside through reagent and regrind refinement.
- Sunstone will now apply average recoveries of 80% Cu and 93% Au (at a 18% copper concentrate) in future AuEq calculations. This will have a materially positive impact on forecasts for payable metal, unit costs and NPV in the next study.
- Discussions with offtake providers have confirmed strong demand and favourable pricing terms for Bramaderos concentrate.

Melonal and Porotillo Drilling

- Key results at Melonal include 296.7m at 0.43g/t AuEq from surface (including 64.3m at 0.69g/t and 82.3m at 0.50g/t), drilled off the southern edge and confirming mineralisation extends below and to the south of the currently modelled pit wall.
- 102m at 0.52g/t AuEq from surface (including 48.5m at 0.62g/t) also further defined the southwestern extent of the system.
- All five assayed Melonal holes drilled since 2022 are mineralised, with two holes pending.
- Trench PO-8 at Porotillo returned 109.7m at 0.61g/t AuEq near the northeast margin of known mineralisation.
- With these results, 28 holes have now been drilled and mineralised outside the current Bramaderos Mineral Resource, building the for substantial resource growth ahead of the DecQ'26 update.
- Overall, the 500-1,000bp improvement in both copper and gold recovery vs April's Scoping Study is a meaningful positive read-through to NPV, unit costs and production profile ahead of the next study. Confirmation of low arsenic and other penalty elements is also relevant for permitting and offtake terms in the future.
- On drilling, five for five mineralised holes at Melonal extends the 100% hit-rate trend we flagged in our 18 August note on the Porotillo-Copete campaign, and the 296.7m intercept is among the longer, higher-grade holes drilled at Bramaderos to date.
- With only a handful of assays outstanding, we see limited scope for the DecQ'26 Resource update to disappoint on grade or continuity. The key swing factor remains how much of the 1.7-3.5moz Copete-Porotillo and Melonal-linked Exploration Targets convert to Resource in the next update.

Recommendation

We maintain our Buy rating and \$1.40 price target on Sunstone Metals.

Sunstone Metals Ltd

Materials

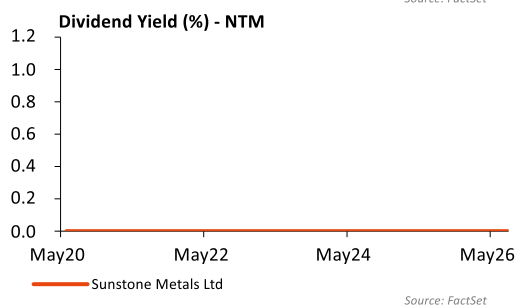
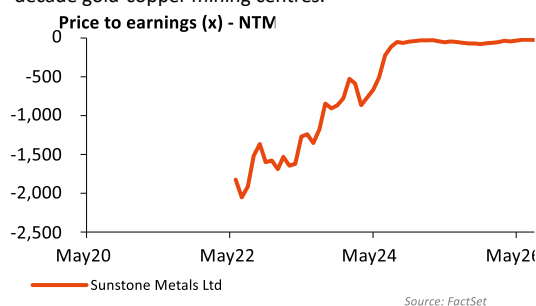
Materials

FactSet: STM-AU / Bloomberg: STM AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.20
Target Price (\$ps)	1.40
52 Week Range (\$ps)	0.17 - 0.75
Shares on Issue (m)	284
Market Cap (\$m)	57
Enterprise Value (\$m)	46
TSR (%)	600.0%

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)	(1.0)	(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	(19.8)	(25.4)	(29.6)
EV / EBIT (x)	(20.3)	(19.3)	(19.6)	(19.6)	(19.6)
EV / EBITDA (x)	(21.0)	(19.6)	(19.6)	(19.6)	(19.6)
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%)	(5.2%)	(3.9%)	(3.3%)
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	0.5	0.5	0.5

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

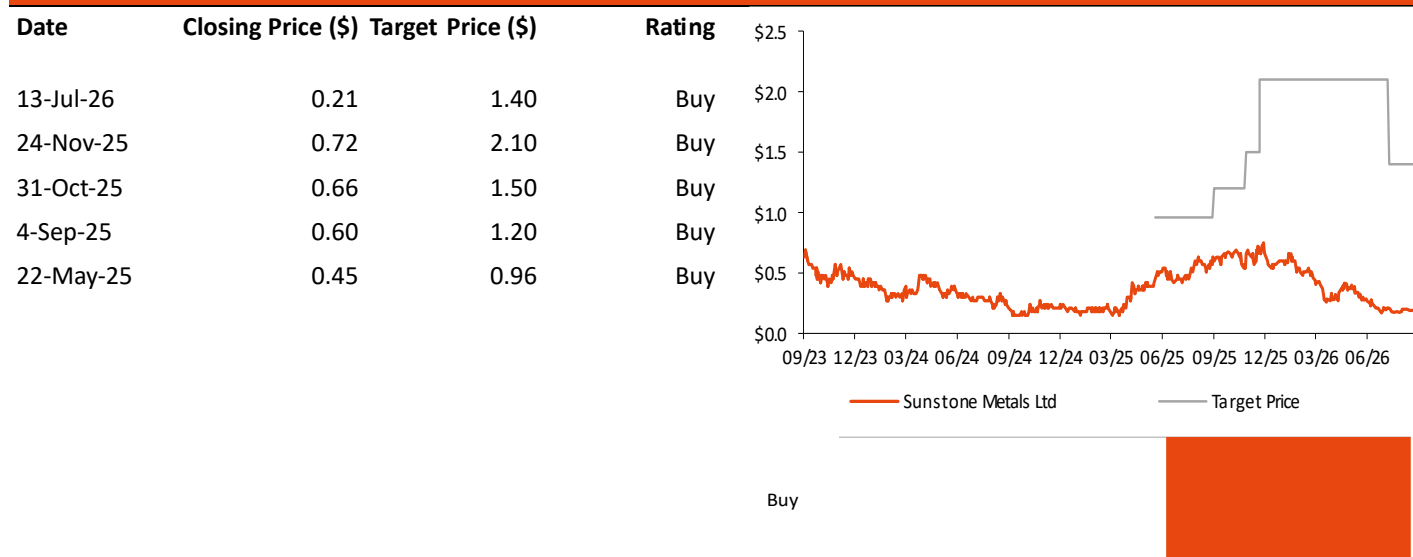
High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

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	89%
Hold	9	10%
Sell	1	1%

History of Investment Rating and Target Price - Sunstone Metals Ltd



Disclaimer

Shaw and Partners Limited ABN 24 003 221 583 ("Shaw") is a Participant of ASX Limited, Cboe Australia Pty Limited and holder of Australian Financial Services Licence number 236048.

ANALYST CERTIFICATION: The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst's personal views about the Company and its financial products. Neither Shaw nor its Research Analysts received any direct financial or non-financial benefits from the company for the production of this document. However, Shaw Research Analysts may receive assistance from the company in preparing their research which can include attending site visits and/or meetings hosted by the company. In some instances the costs of such site visits or meetings may be met in part or in whole by the company if Shaw considers it is reasonable given the specific circumstances relating to the site visit or meeting. As at the date of this report, the Research Analyst does not hold, either directly or through a controlled entity, securities in the Company that is the subject of this report, or where they do hold securities those interests are not material. Shaw restricts Research Analysts from trading in securities outside of the ASX/S&P100 for which they write research. Other Shaw employees may hold interests in the company, but none of those interests are material.

DISCLAIMER: This report is published by Shaw to its clients by way of general, as opposed to personal, advice. This means it has been prepared for multiple distribution without consideration of your investment objectives, financial situation and needs ("Personal Circumstances"). Accordingly, the advice given is not a recommendation that a particular course of action is suitable for you and the advice is therefore not to be acted on as investment advice. You must assess whether or not the advice is appropriate for your Personal Circumstances before making any investment decisions. You can either make this assessment yourself, or if you require a personal recommendation, you can seek the assistance of your Shaw client adviser. This report is provided to you on the condition that it not be copied, either in whole or in part, distributed to or disclosed to any other person. If you are not the intended recipient, you should destroy the report and advise Shaw that you have done so. This report is published by Shaw in good faith based on the facts known to it at the time of its preparation and does not purport to contain all relevant information with respect to the financial products to which it relates. The research report is current as at the date of publication until it is replaced, updated or withdrawn. Although the report is based on information obtained from sources believed to be reliable, Shaw does not make any representation or warranty that it is accurate, complete or up to date and Shaw accepts no obligation to correct or update the information or opinions in it. If you rely on this report, you do so at your own risk. Any projections are indicative estimates only and may not be realised in the future. Such projections are contingent on matters outside the control of Shaw (including but not limited to market volatility, economic conditions and company-specific fundamentals) and therefore may not be realised in the future. Past performance is not a reliable indicator of future performance. Except to the extent that liability under any law cannot be excluded, Shaw disclaims liability for all loss or damage arising as a result of any opinion, advice, recommendation, representation or information expressly or impliedly published in or in relation to this report notwithstanding any error or omission including negligence.

Depending on the timing and size of your investment, your portfolio composition may differ to the model. Performance figures are derived from the inception date of the model and its investment transactions from that date, therefore the performance for your portfolio may be different. If you have any questions in connection with differences between your portfolio and the model, you should speak with your adviser.

For U.S. persons only: This research report is a product of Shaw and Partners Limited under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Shaw and Partners Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

DISCLOSURE: Shaw will charge commission in relation to client transactions in financial products and Shaw client advisers will receive a share of that commission. Shaw, its authorised representatives, its associates and their respective officers and employees may have earned previously or may in the future earn fees and commission from dealing in the Company's financial products. Shaw and Partners acted as Joint Lead Manager in the December 2025 and July 2026 capital raising of Sunstone Metals (STM) securities for which it received fees or will receive fees for acting in this capacity. Accordingly, Shaw and Partners may have a conflict of interest which investors should consider before making an investment decision.

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