

October 7, 2025

## EMERGING COMPANY

### SPECULATIVE BUY (no change)

Stock code:	STM AU
Price:	A\$0.021
12-month target price:	A\$0.035
Previous target price:	A\$0.12
Up/downside to target price:	90.5%
Dividend yield:	0.0%
12-month TSR*:	90.5%
Market cap:	A\$132m
Average daily turnover:	0.21m
Index inclusion:	N/A

\* Total stock return – Up/downside to target price + 12-month forward dividend yield.

#### Price performance

(%)	1M	3M	12M	3Y
Absolute	5.0	40.0	320.0	-36.4
Rel ASX/S&P200	4.8	35.9	310.9	-74.9



Source: IRESS

#### Related research

[Sector report - 02 Jun 2025](#)
[STM \(SPEC BUY - TP A\\$0.12\) - 16 Mar 2023](#)

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Analyst(s) own shares in the following stocks mentioned in this report:

– Sunstone Metals

## Sunstone Metals

### Gold-copper asset rich

- Sunstone Metals (ASX:STM) reports a resource to JORC Code (2012) standards of 2.7Moz gold equivalent (AuEq - 1.8Moz Au and 378Mlb Cu) at Bramaderos, southern Ecuador (STM 87.5%), part of a much larger Exploration Target including the Limon epithermals and deeper gold-copper finger porphyries.
- At El Palmar, 60km north-west of the Ecuadorian capital Quito, Sunstone has identified five porphyry copper-gold targets extending from surface with an initial resource to JORC Code (2012) standards of 1.2Moz AuEq (800koz gold, 1.3Moz silver, 176Mlb copper) in one of these.
- Gold is trading above US\$3,800/oz, up 90% over the past year. The share prices of ASX-listed gold producers have lifted, with the World's largest gold miner, Newmont (ASX:NEM) up over 60% over the year. Our assessment is that share price appreciation for juniors with gold resources but no cashflow has yet to reflect this gold price strength across the board.

#### Bramaderos - Brama-Alba is one of a number of prospects

- The initial resource to JORC Code (2012) standards for the Brama-Alba deposit was 156Mt @ 0.53g/t AuEq (0.35g/t gold and 0.11% copper), for 2.7Moz gold-equivalent. An initial Exploration Target was also reported in accordance with the JORC Code (2012) of between approximately 255 and 360Mt at a grade between 0.40 and 0.74g/t AuEq (gold + copper) for contained metal of between 3.3Moz and 8.6Moz AuEq.
- The regional Limon gold-silver epithermal domain, 2.7km north-east of Brama-Alba has an exploration target of between 0.9 and 1.7Moz AuEq within 30 to 44Mt at a grade between 0.9 and 1.2g/t AuEq. This higher-grade offers potential for a scalable, lower capital cost start-up operation, before developing the much larger porphyry opportunities at Bramaderos.

#### El Palmar – in elephant country

- Sunstone holds a 74.5% interest in El Palmar, and is moving to 100% by 30 June 2026 under a staged agreement. The property sits on the regionally significant Toachi Fault Zone. Based on 17,699m of drilling to date at the T1 target at El Palmar, STM released the inaugural Mineral Resource estimate (MRE) to JORC Code (2012) standards for T1 of 64Mt at 0.60g/t AuEq (0.41g/t gold, 0.13% copper and 0.7g/t silver) for 1.2Mozs AuEq.
- The T1, T2 and T5 targets extend to depth from surface, and with the deep T3 target are yet to be fully evaluated, offering substantial resource upside with an Exploration Target to JORC Code (2012) standards of 15-45Moz AuEq.

#### Valuation – increased issued capital

- We value Brama-Alba on the basis of US\$60/oz of gold only (1.8Moz) in the 2.7Moz AuEq resource, and attribute US\$10/oz for gold at the mid-point (5.9Moz) of the broader Exploration Target. We value the El Palmar resource on the same basis, but use US\$5/oz gold in the exploration target, given the likely higher cost of evaluating the target, for a Valuation of A\$0.07per share (previously A\$0.12), largely a function of increased issued capital.
- The Target Price of A3.5cps (50% of our Valuation) is largely based on the CMOC Group acquisition of the Cangrejos copper-gold porphyry in Ecuador initiated late 2024, with the gold price US\$1,000/oz lower than now.

#### Investment view - gold

- Sunstone Metals' (STM) Valuation of A\$0.07 per share is derived by incorporating the 2.7Moz gold equivalent (AuEq) resource at Bramaderos with the risked Bramaderos Exploration Target value, and also for its El Palmar project. The future share price performance is notably dependent on broader investor sentiment towards ASX-listed companies, particularly within the resource sector, and specifically for junior gold and copper explorers like STM. Despite these dependencies and the inherent risks associated with exploration, we rate STM a SPECULATIVE BUY with a Target Price of A\$0.035 based on recent copper-gold porphyry resource transactions in Ecuador.

#### Risks– financing, market, gold price, and exploration/evaluation:

- Sunstone is a junior resource company with no cashflow from operations. It is reliant on equity markets for funds to advance its very successful exploration program, or may sell down direct interest in its projects, with the ultimate value dependent on the outcome of ongoing exploration and evaluation.

## Sunstone Metals

### SPECULATIVE BUY

as at October 7, 2025

Price (A\$):	0.021	12-month target price (A\$):	0.035
Market cap (A\$m):	132	Up/downside to target price (%):	90.5
Free float (%):	51	Dividend yield (%):	0.0
Index inclusion:	N/A	12-month TSR (%):	90.5

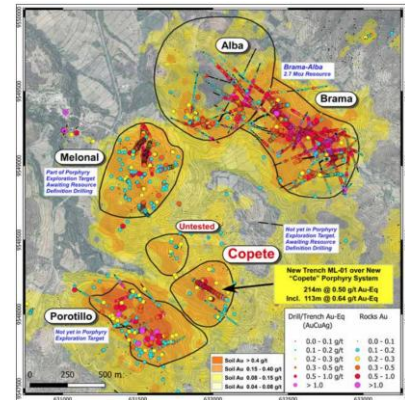
Sunstone Metals Limited engages in the exploration, evaluation and potentially the development of gold-copper mineral properties in Ecuador. It holds an 87.5% interest in the Bramaderos gold-copper porphyry concession covering 4,959 hectares located in Loja Province, southern Ecuador with a resource to JORC Code (2012) standards containing 2.7Moz gold equivalent (gold + copper); and a 74.5% interest (with the option to acquire 100%) the El Palmar gold-copper porphyry project comprising 790 hectares situated in the Imbabura Province, northern Ecuador, with a resource to JORC Code (2012) standards of 1.2Moz gold equivalent (gold + copper + silver), and substantially larger Exploration Targets to JORC Code (2012) standards at both.

### Investment Highlights

- Owns 87.5% of the Bramaderos gold copper-porphyry project in southern Ecuador.
  - Brama-Alba has a 2.7Moz gold equivalent resource to JORC Code (2012) standards.
  - The Limon epithermal project has a resource of 1.2Moz AuEq to JORC Code (2012) standards.
  - The Exploration Target to JORC Code (2012) standards on other targets in Bramaderos lies between 255Mt and 360Mt at grade between 0.40g/t and 0.74g/t AuEq (gold + copper) for contained metal of **between 3.3Mozs and 8.6Mozs AuEq**.
  - Several additional highly ranked porphyry gold-copper and gold only systems that are partially tested.
- Holds 74.5%, and can acquire 100% of the El Palmar gold copper porphyry project in northern Ecuador.
  - through a Staged Acquisition Agreement with cash payments linked to milestones (US\$2.3m to 100%).
  - The project is located in northern Ecuador, in the same regional belt as the Cascabel copper-gold porphyry project, and Llurimagua copper-moly porphyry deposit.
  - A resource to JORC Code (2012) standards of 64Mt at 0.60g/t AuEq (0.41g/t gold, 0.13% copper and 0.7g/t silver) for 1.2Moz gold equivalent is reported.
  - The Exploration Target for El Palmar is between 15Moz and 45Moz AuEq within 1.0Bt and 1.2Bt at a grade between approximately 0.3g/t to 0.7g/t gold and approximately 0.1% to 0.3% copper for contained metal of **between 10Moz to 27Moz gold and 1.0Mt to 3.7Mt copper**.

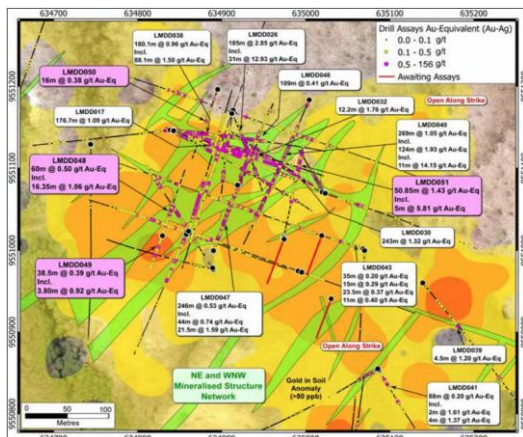
SOURCE: COMPANY

### Brama-Alba resource and adjacent porphyry targets



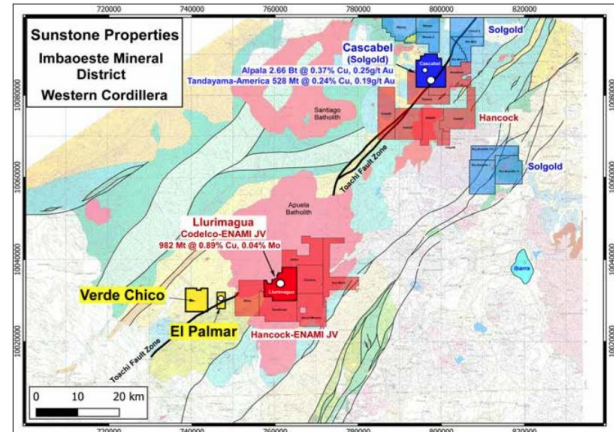
SOURCE: Sunstone Metals Annual Report 2025

### Limon Epithermal Exploration target - 30-44Mt @ 0.9-1.2g/t AuEq



SOURCE: Sunstone Metals Annual Report 2025

### El Palmar, Verde Chico and the Toachi fault



SOURCE: Sunstone Metals Annual Report 2025

### Exploration and Development Projects in Ecuador

#### Fruta del Norte

- Lundin Gold (TSX:LUG) - Ecuador's first modern underground gold mine.
- 2024 production 502,029 oz gold at 10.5g/t.

#### Mirador

- EcuaCorriente - producing copper gold concentrate from open pit for export to smelters in China.
- 673Mt at 0.58% copper and 0.19g/t gold.

#### Cascabel

- SolGold shareholders - JIANGZI Copper (12.2%), BHP (10.4%), Newmont (10.3%)
- Alpala resource - 3,013Mt @ 0.267% copper and 0.19g/t gold in the Measured and Indicated categories.
- Top of main orebody ~500m below surface.

#### Cangrejos

- 659Mt @ 0.55g/t gold, 0.10% copper, 0.69g/t silver
- China's CMOG group has paid US\$419M (A\$600M) to acquire Cangrejos

SOURCE: MORGANS, COMPANY

### Key Risks & Value Drivers

#### Key risks

- Investor sentiment to gold (and copper) may strengthen or weaken.
- Investor sentiment to Ecuador may change, although the recently elected government has a 4-Year term.
- As a junior resource company with no cashflow, STM is initially reliant on equity markets to fund ongoing work.
- Investor interest and value will likely be determined by the results from financial evaluation of Brama-Alba, and from drilling on Bramaderos, and at El Palmar.

#### Industry drivers

- Global demand for copper increasing above base demand due to EV, renewable energy and electrification thematics.
- Constrained supply-side growth due to underinvestment in new projects and the extraction of current global reserves.
- Supply-side disruption from deeper, more technically complex operations, and with the complex approvals processes for financing, building, commissioning and ramp-up of new projects.

SOURCE: MORGANS, COMPANY

## Growing a gold resource base

### Overview

Sunstone Metals (ASX:STM) is an ASX-listed company successfully exploring for large scale gold-copper porphyries and epithermal gold-silver systems in Ecuador. Sunstone has an 87.5% interest in the **Bramaderos concession**, in southern Ecuador. An initial resource to JORC Code (2012) standards of 156Mt at 0.53g/t gold equivalent (AuEq) for 2.7Moz AuEq was reported at the shallow Brama-Alba deposit. Other porphyry prospects were tested by preliminary drilling with an initial Exploration Target reported in accordance with the JORC Code (2012), of approximately 255-360Mt at a grade of 0.40-0.74g/t AuEq (gold + copper) for contained metal of between 3.3Moz and 8.6Moz AuEq. Located 2.7km northeast of Brama-Alba, surface trenching and drilling at the Limon gold-silver epithermal project has delivered higher-grade intersections, with an Exploration Target to JORC Code (2012) standards of 0.9-1.7Moz AuEq.

Figure 1: Mining development and advanced exploration projects in Ecuador



Source: Sunstone Metals – ASX Release December 2024

In northern Ecuador, Sunstone holds a 74.5% interest in the **El Palmar** tenement, moving to a 100% interest. The final amount of US\$1.7M of a series of staged cash payments is to be paid by 1 July 2026. The tenement sits on the regionally significant Toachi Fault Zone that hosts a number of world-class copper porphyry systems. Drilling to date has identified 5 targets on El Palmar, with the shallow T1 reporting an initial resource to JORC Code (2012) standards of 64Mt @ 0.60g/t AuEq (0.41g/t gold, 0.13% copper, 0.66g/t silver) containing 1.2Moz AuEq. An Exploration Target to JORC Code (2012) standards is also reported, containing 10-27Moz gold and 1.0-3.7Mt copper. STM has a 100% interest in the **Verde Chico** tenement, in northern Ecuador, where exploration and limited drilling by previous tenement holders reported several high-grade gold-bearing veins at surface and wide lower-grade zones of gold mineralisation in drill holes.

Ecuador is highly prospective for porphyry gold copper and epithermal gold-silver deposits. In Ecuador the Fruta del Norte mine (Lundin Gold - TSX:LUG) is in production, and Mirador (Ecuacorriente) is exporting concentrate, with both mines in southern Ecuador. Major resource companies including BHP (ASX:BHP), Anglo American (LSE:AAL) and Newmont (ASX:NEM) are funding exploration and resource development programs. Solgold Plc (LSE:SOLG) is evaluating the Cascabel/Alpala project, with both BHP and Newmont as major shareholders.

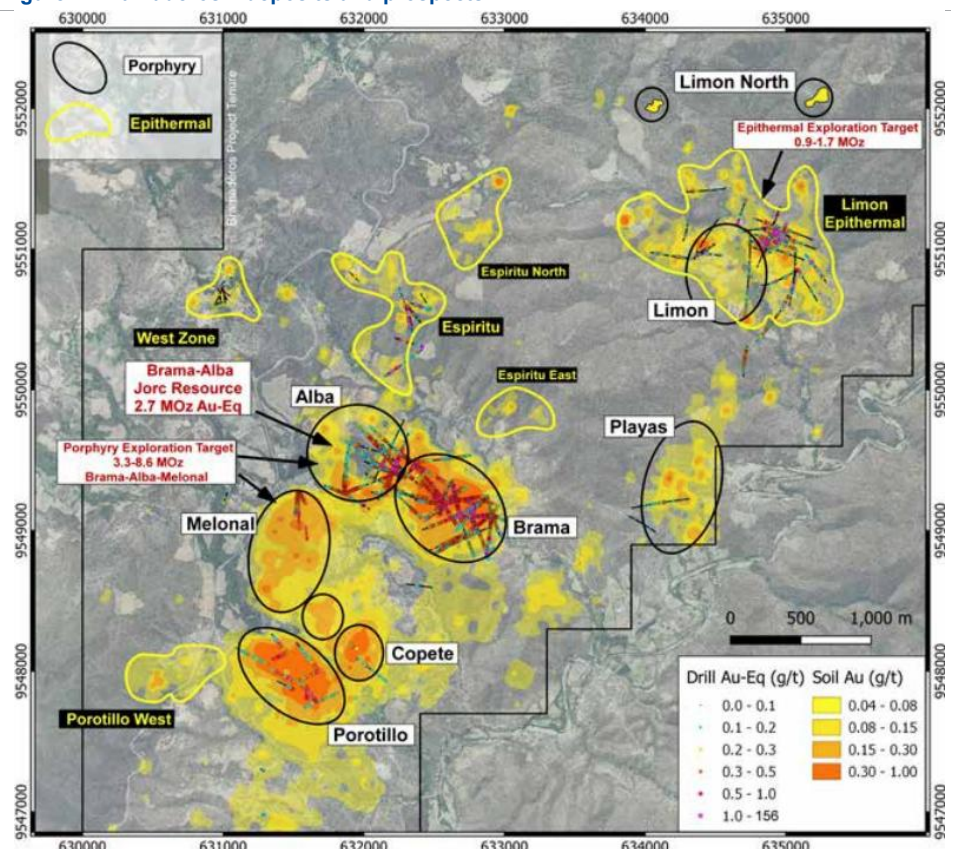
**Link to the Sunstone 2025 Annual Report:**

<https://www.sunstonemetals.com.au/site/pdf/36a9cf1a-d7c5-4fda-ab63-05d3bc8a28e0/Annual-Report-to-shareholders.pdf?Platform=ListPage>

## Bramaderos

Sunstone has an 87.5% interest in Bramaderos, with SolGold plc (LSE:SOLG) holding a 12.5% interest. Drilling at **Brama-Alba** tested a shallow gold-copper porphyry, with indications of a deeper mineralised porphyry. A resource estimate was reported to JORC Code (2012) standards of 156Mt at 0.53g/t gold equivalent (AuEq - 0.35g/t gold and 0.11% copper), for 2.7Mozs AuEq. Preliminary pit optimisation was applied to the deposit to constrain the MRE and demonstrate its potential to be mined economically by open pit methods. At this size and grade, our expectation is that Brama-Alba will support an open pit development given its depth, geometry, logistics and metallurgical testwork to date. Further drilling will better define the Brama-Alba deposit, which remains open.

**Figure 2: Bramaderos – deposits and prospects**



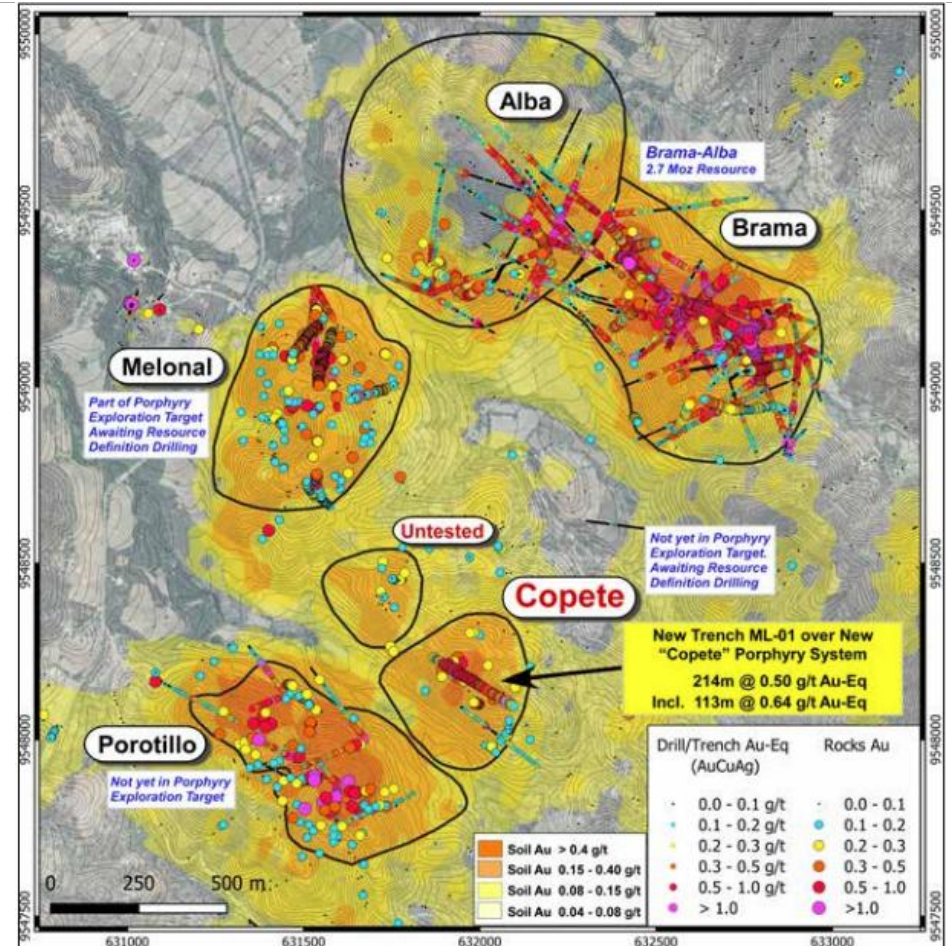
Source: Sunstone Metals – Annual Report 2025

Other porphyry prospects were tested by preliminary drilling with an initial Exploration Target reported in accordance with the JORC Code (2012), of between approximately 255-360Mt at a grade between 0.40 and 0.74g/t AuEq (gold + copper) for contained metal of between 3.3Mozs and 8.6Mozs AuEq.

Most recently the Copete gold-copper porphyry discovery is in addition to the Exploration Target mentioned above. and offers significant scope for the

Bramaderos Exploration Target to be increased. Capete is underexplored, and yet to be drilled by Sunstone. With a coherent and mineralised trench intersection – 214m @ 0.50g/t AuEq including 113m @ 0.64g/t AuEq – and a magnetic anomaly plunging to the southeast comparable to that seen at Brama, the mapped stockwork veining is interpreted to represent the upper levels of an intact porphyry system.

**Figure 3: Brama-alba resource and porphyry gold-copper targets**



Source: Sunstone Metals – Annual Report 2025

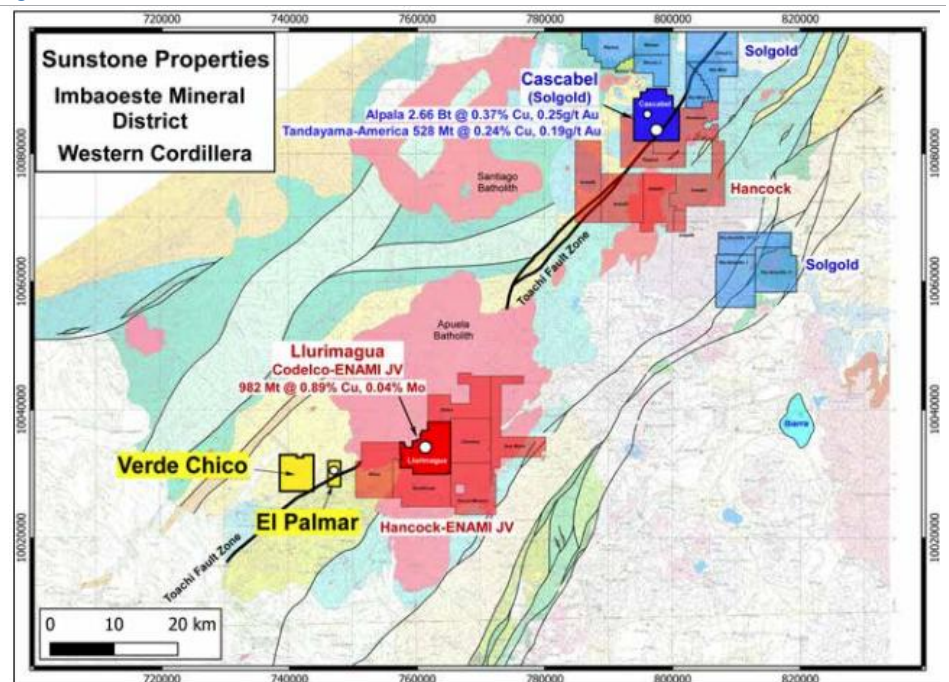
Located 2.7km northeast of Brama-Alba, surface trenching and drilling at the Limon gold-silver epithermal project has delivered higher-grade intersections, with an exploration target to JORC Code (2012) standards of between 0.9 and 1.7Moz AuEq10 within 30 to 44Mt at a grade between 0.9 and 1.2g/t AuEq reported.

## El Palmar

Sunstone currently holds a 74.5% interest in **El Palmar**. A series of staged payments will enable Sunstone to move to a 100% interest, with the final payment of US\$1.7M to be paid by 1 July 2026. The tenement sits on the regionally significant Toachi Fault Zone that hosts a number of world-class copper porphyry systems, including SolGold's Cascabel project, where the measured and indicated Alpala resource is reported as 3.0 Billion tonnes at 0.52% CuEq, a grade of 0.28g/t gold & 0.35% copper. As at Cascabel, the NE trending Toachi structure is cut by a series of west-northwest trending structures at El Palmar.

Exploration to date has identified 5 targets. An initial resource to JORC Code (2012) standards is reported for the shallow – outcropping - T1 target of 64Mt @ 0.60g/t AuEq (0.41g/t gold, 0.13% copper, 0.66g/t silver) containing 1.2Moz AuEq. It is based on 17,699m of drilling in 21 drill holes.

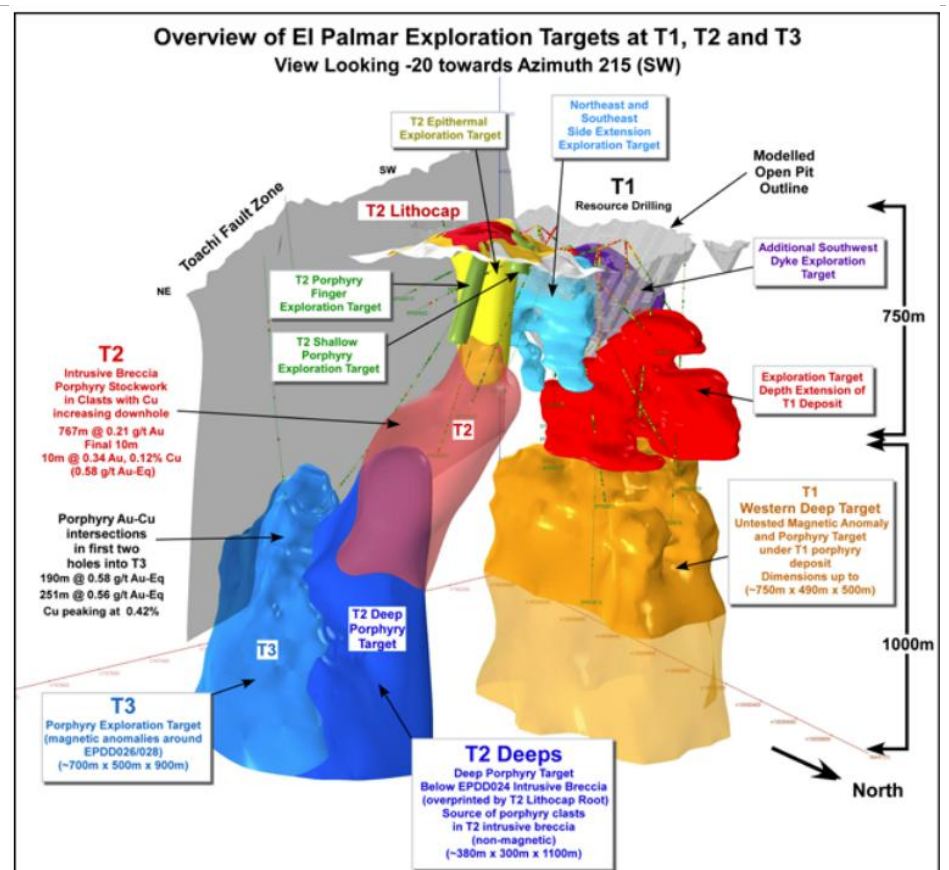
Figure 4: El Palmar and the Toachi Fault



Source: Sunstone Metals – Annual Report 2025

In addition to the maiden resource Sunstone announced an initial Exploration Target to JORC Code (2012) standards for El Palmar of between 15Moz and 45Moz AuEq within 1.0Bt and 1.2Bt at a grade of approximately 0.3-0.7g/t gold and approximately 0.1-0.3% copper for contained metal of between 10-27Moz gold and 1.0-3.7Mt copper. The potential quantity and grade of the Exploration Target is conceptual in nature.

Figure 5: Conceptual section through El Palmar



Source: Morgans estimates, company data

## Verde Chico

**Verde Chico** is located west of El Palmar, and Sunstone is earning 100% through a staged acquisition. This will quadruple Sunstone's land position to 3,672ha in this copper-gold belt. Exploration by previous tenement holders identified a 1.1km long gold-in-soil anomaly, open to the north and south. The anomaly includes several high-grade gold-bearing veins at surface, and wide lower-grade zones of gold mineralisation in some drill holes. A total of 12 trenches for 683m were opened and sampled following mineralised structures. A total of 28 drill holes for 4,436m were drilled by previous tenement holders.

## Valuation

Results from Sunstone's drilling programs and technical studies at Bramaderos (STM 87.5%) and at El Palmar (STM 74.5% moving to 100%) are expected to determine the value for Sunstone's shareholders. The grades reported for the mineral resource estimates from Bramaderos and El Palmar, which are potentially amenable to open pit mining, are such that the Competent Person considers the grade to be mineable under the JORC Code (2012) standards.

The initial resource for the Brama-Alba deposit on the Bramaderos tenement is reported as 2.7Moz gold equivalent. Our methodology values this at US\$60/oz for the gold-only component of the resource at this stage of evaluation. Sunstone has an 87.5% interest - approximately 1.57Moz gold - rather than the approximately 2.35Moz gold equivalent interest. This translates to A\$162M, at AUD/USD exchange rate of 0.7. We value the mid-point of the gold-only Bramaderos exploration target at US\$10/oz, with drilling and further exploration to convert this to resource status, and the risk involved. The El Palmar resource is valued on the same basis, with the mid-point of the gold-only exploration target valued at US\$5/oz, given the anticipated geometry and depth, and the likely higher cost of evaluation. We believe this valuation to be conservative and reflect STM's position as a junior resource company with no cashflow from operations. This generates a pro-forma Valuation and Target Price of A\$0.07 per STM share.

We note that China's CMOC Group paid US\$419M (A\$600M) to acquire the Cangrejos porphyry, containing 11.6Moz gold, 1,420 Mlb copper and 14.4Moz silver. Based on the gold-only figures for the Brma-Alba and El Palmar resources, and the mid-point for the Limon Exploration Target, coupled with an exploration premium generate A\$3.5cps as an immediate Target for Sunstone. On the upside, realisation of the Exploration Target at Bramaderos, and at El Palmar, could see a development of comparable size and scale at each site.

## Key risks

The continued funding of exploration in Ecuador is the biggest risk for Sunstone, which is a junior exploration company listed on the ASX, and has no income. Cash and liquids were reported as A\$2.7M at 30 June 2025. Continued drilling and technical studies are required to fully evaluate the Brama-Alba deposit, and the gold-copper porphyries and epithermals on the broader Bramaderos tenement. Exploration and evaluation at El Palmar is in a similar situation.

We understand that Sunstone is looking to fund its ongoing operations by joint-venturing or selling down direct equity in one or all of its projects. While the gold price is at record levels, above US\$3,800/oz. The share prices of the gold producers has lifted significantly – the World's largest producer Newmont (ASX:NEM) has lifted from below A\$46/share in February 2024 to nudging A\$130/share today. Some of the juniors have also experienced share price strength, however this is yet to be experienced across the board.



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