ShawandPartners
Financial Services

Sunstone Metals Ltd (STM)

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

13 October 2026

Resource up 72% to 6.2moz AuEq, Indicated up 450%

Key Information	
Current Price ($ps)	0.21
12m Target Price ($ps)	1.40
52 Week Range ($ps)	0.17 - 0.75
Target Price Upside (%)	582.9%
TSR (%)	582.9%
Reporting Currency	AUD
Market Cap ($m)	58
Sector	Materials
Avg Daily Volume (m)	0.3
ASX 200 Weight (%)	0%

Fundamentals

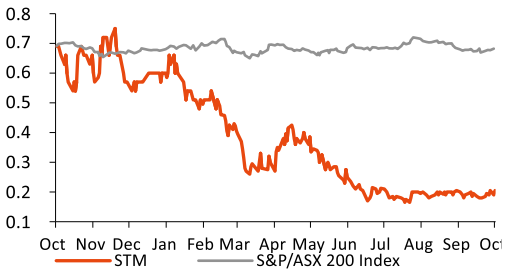
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales ($m)	0	0	0	0
NPAT ($m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.0)	(0.8)	(0.7)
EPS Growth (%)	15.7%	nm	22.3%	14.0%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(20.3)	(26.1)	(30.3)
EV/EBITDA (x)	(20.2)	(20.2)	(20.2)	(20.2)
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 (%)	(0.5%)	9.5%	(2.1%)	(69.2%)
Absolute (%)	0.0%	5.1%	(2.4%)	(70.3%)
Benchmark (%)	0.5%	(4.4%)	(0.3%)	(1.1%)



Price performance indexed to 100 *Source: FactSet*

Major Shareholders

DGR Global Ltd	10.9%

Event

Sunstone Metals has updated the Bramaderos Mineral Resource Estimate to 464mt at 0.42g/t AuEq for 6.2moz AuEq (0.3g/t cut-off, within an optimised pit shell), up from 3.6moz in Nov'25. Indicated Resources now total 229mt for 3.3moz AuEq. An updated Exploration Target of 4.4-11.2moz AuEq (300-474mt at 0.46-0.74g/t) sits on top of the MRE. Today's update firmly cements Bramaderos as a world-class, growing copper-gold asset with immense scale potential.

Highlights

			Grades				Contained Metal		
Deposit	Classification	Tonnes (Mt)	AuEq[1] (g/t)	Au (g/t)	Ag (g/t)	Cu %	AuEq[1] (koz)	Cu (Mlbs)	Cu (kt)
Bramaderos	Indicated	229	0.45	0.32	1.23	0.11	3,300	530	240
Bramaderos	Inferred	236	0.38	0.26	0.52	0.10	2,900	500	230
Bramaderos	**Total**	**464**	**0.42**	**0.29**	**0.87**	**0.10**	**6,200**	**1,030**	**470**

Bramaderos October 2026 MRE at a 0.30g/t AuEq cut-off grade. Source: STM ASX Release

- Classification the real story. Indicated is now 229mt at 0.45g/t for 3.3moz, 53% of the total versus 17% previously. This is the basis of a maiden Ore Reserve and potentially a revised Scoping Study, which STM is evaluating currently.
- 60% of Resource growth from drilling, 40% from price. Melonal and Copete-Porotillo added 1.6moz, just below the bottom of the 1.7-3.5moz Exploration Targets we previously flagged as the swing factor for the update. Incremental ounces are lower grade: Melonal 0.37g/t and Copete-Porotillo 0.39g/t, versus 0.45g/t at Brama-Alba. We are comfortable with that given the step-change in Indicated and 80% Copper/ 93% Gold recoveries now supporting the study work. Refer our previous note: "*Metallurgy and Melonial Success…*".
- Changed price assumptions added 1.0moz to today's update: US$3,000/oz Au, US$6.0/lb Cu, US$40/oz Ag, up from US$1,800, US$4.50 and US$22 in Nov'25. While not all growth is like-for-like, a higher-grade core remains: 3.2moz at 0.52g/t at a 0.4g/t cut-off, and 1.7moz at 0.61g/t at 0.5g/t.
- Metallurgy is in the numbers. The Sept'26 testwork (93% Au, 80% Cu) is applied to Brama-Alba, Melonal and Copete. Porotillo transition material uses more conservative 76% Au and 65% Cu while testing continues. According to the release adding sulphidising agents to the flotation circuit shows encouraging potential to enhance recovery of both copper and gold, so this is potential upside.
- The next share price catalysts are the potential revised Scoping Study updating Apr'26 economics for higher recoveries, a larger Indicated base and a larger pit, further Porotillo metallurgy, and the corporate process.
- Exploration drilling has also commenced at El Palmar with two drill rigs and a planned four-hole, 3,650m program. This campaign features two deep diamond holes to 1,400m depth targeting the southwestern and northern extents of the high-priority, T3 porphyry anomaly as part of testing the broader 15-45moz AuEq Exploration Target over coming months.

Recommendation

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

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

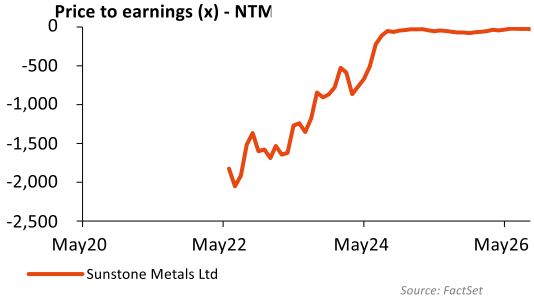
Alex Barkley | **Senior Analyst**
+61 2 9238 1292
Alex.Barkley@shawandpartners.com.au

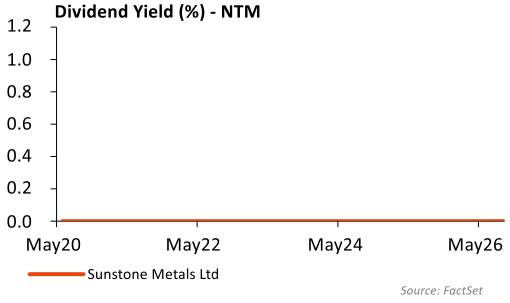
Sunstone Metals Ltd
Materials
Materials
FactSet: STM-AU / Bloomberg: STM AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price ($ps)	0.21
Target Price ($ps)	1.40
52 Week Range ($ps)	0.17 - 0.75
Shares on Issue (m)	284
Market Cap ($m)	58
Enterprise Value ($m)	48
TSR (%)	582.9%

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**	**(20.3)**	**(26.1)**	**(30.3)**
EV / EBIT (x)	**(20.9)**	**(19.9)**	**(20.2)**	**(20.2)**	**(20.2)**
EV / EBITDA (x)	**(21.6)**	**(20.2)**	**(20.2)**	**(20.2)**	**(20.2)**
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%)	(5.1%)	(3.8%)	(3.2%)

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

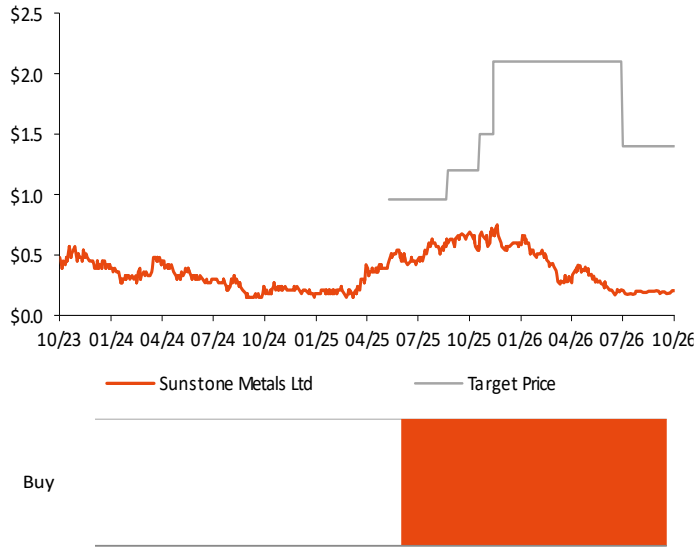
RISK STATEMENT: Where a company is designated as 'High' risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its 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

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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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

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