

# Sunstone Metals Ltd (STM)

Rating: Buy | Risk: High | Price Target: \$2.10

2 June 2026

## Bramaderos: In the Sweet Spot

### Key Information

Current Price (\$ps)	0.28
12m Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.26 - 0.75
Target Price Upside (%)	643.4%
TSR (%)	643.4%
Reporting Currency	AUD
Market Cap (\$m)	64
Sector	Materials
Avg Daily Volume (m)	0.4
ASX 200 Weight (%)	0%

### Fundamentals

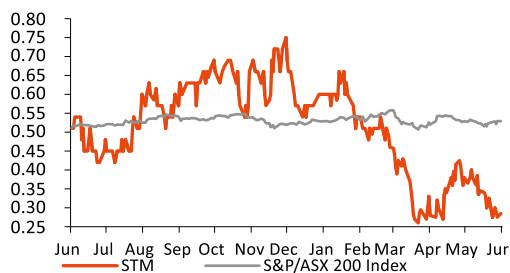
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales (\$m)	0	0	0	0
NPAT (\$m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.2)	(0.9)	(0.9)
EPS Growth (%)	15.7%	nm	18.5%	9.1%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

### Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	nm	(24.3)	(29.9)	(32.8)
EV/EBITDA (x)	(22.6)	(22.6)	(22.6)	(22.6)
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 (%)	(25.7%)	(0.8%)	(33.2%)	(48.3%)
Absolute (%)	(25.7%)	0.9%	(38.3%)	(44.6%)
Benchmark (%)	(0.0%)	1.7%	(5.1%)	3.7%



Price performance indexed to 100

Source: FactSet

### Major Shareholders

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### Event

All 12 holes assayed thus far in the Bramaderos drilling campaign have returned extremely wide intersections outside the 3.6moz Resource. This consistent discovery of gold-copper porphyry outside the current footprint points toward a substantial resource upgrade later this year.

### Highlights

- Drilling results from the latest two holes at Bramaderos have returned long and very robust intersections from surface.
- Hole 6 returned 200m at 0.62g/t AuEq (0.38g/t Au, 0.14% Cu), including
  - 19m at 1.01g/t AuEq (0.77g/t Au, 0.15% Cu) from surface.
- Hole 7 returned 151m at 0.054g/t AuEq (0.34g/t Au, 0.12% Cu), including
  - 26m at 0.84g/t AuEq (0.53g/t Au, 0.19% Cu) from surface.
- Drilling Extends Mineralisation Considerably. Holes 6 and 7 lie on the same long-section as the strongly mineralised hole previously reported and extend gold and copper mineralisation to the southeast for a further 380m. Mineralisation in this section now covers 480m in length!
- Bramaderos Drilling Shows Promise. All 12 holes assayed so far in the new drilling program at the Porotillo, Copete and Melonal prospects at Bramaderos have returned long mineralised intersections. Porotillo is adjacent to the pit-constrained Bramaderos Mineral Resource, indicating potential to grow the resource within this cluster of porphyry deposits.
- Targeting Large-Scale Resource Conversion. The primary objective of the current program is to upgrade a significant portion of the Copete-Porotillo Exploration Target into the formal Mineral Resource category. This target is currently estimated at 135-180mt at 0.40-0.60g/t AuEq, representing an additional 1.7 to 3.5moz AuEq of conceptual potential that Sunstone is now actively de-risking.
- Active Program, Pending Results. Sunstone is maintaining high operational momentum, having already reported 12 holes of the planned 27-hole program. With over half of the drilling still to be accounted for and numerous assays pending, there is a steady pipeline of news flow expected to further define the scale of the Bramaderos discovery over coming weeks.
- 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 \$2.10 price target on Sunstone Metals. Our price target is based on peer group multiples that highlight Sunstone is significantly undervalued vs ASX-listed base metal explorers.

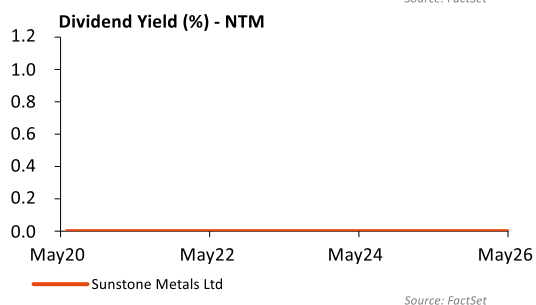
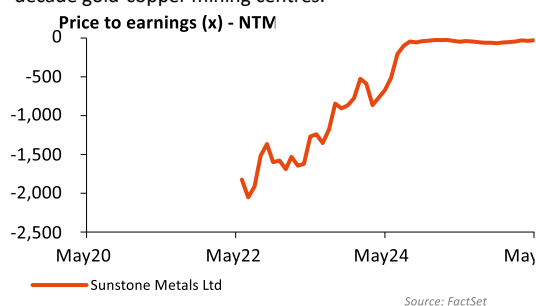
**Sunstone Metals Ltd**  
**Materials**  
**Materials**

FactSet: STM-AU / Bloomberg: STM AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.28
Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.26 - 0.75
Shares on Issue (m)	226
Market Cap (\$m)	64
Enterprise Value (\$m)	54
TSR (%)	643.4%

**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)	(1.2)	(0.9)	(0.9)
EPS (Underlying) (cps)	(0.1)	(0.1)	(1.2)	(0.9)	(0.9)
EPS (Underlying) Growth (%)	15.0%	15.7%	nm	18.5%	9.1%
PE (Underlying) (x)	nm	nm	(24.3)	(29.9)	(32.8)
EV / EBIT (x)	(23.4)	(22.3)	(22.6)	(22.6)	(22.6)
EV / EBITDA (x)	(24.2)	(22.6)	(22.6)	(22.6)	(22.6)
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%)	(4.2%)	(3.3%)	(3.0%)
Profit and Loss (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	0	0	0	0	0
Other Operating Income	0	0	0	0	0
<b>EBITDA</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
EBITDA Margin (%)	nm	nm	nm	nm	nm
Depreciation & Amortisation	(0)	0	0	0	0
<b>EBIT</b>	<b>(2.3)</b>	<b>(2.4)</b>	<b>(2.4)</b>	<b>(2.4)</b>	<b>(2.4)</b>
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
<b>NPAT Underlying</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
Significant Items	0	0	0	0	0
<b>NPAT Reported</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
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
<b>Operating Cashflow</b>	<b>(1)</b>	<b>(3)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
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)	(3)	(3)	(3)
<b>Investing Cashflow</b>	<b>(14)</b>	<b>(8)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>
<b>Free Cashflow</b>	<b>(2)</b>	<b>(3)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>
Equity Raised / Bought Back	8	11	8	8	8
Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0
Other	0	0	0	0	0
<b>Financing Cashflow</b>	<b>8</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>8</b>
Exchange Rate Effect	0	(0)	0	0	0
<b>Net Change in Cash</b>	<b>(8)</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>
Balance Sheet (AUD) (m)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	3	3	5	8	11
Accounts Receivable	0	0	0	0	0
Other Current Assets	0	0	0	0	0
PPE	2	2	2	2	2
<b>Total Assets</b>	<b>86</b>	<b>95</b>	<b>101</b>	<b>107</b>	<b>112</b>
Accounts Payable	1	0	0	0	0
Long Term Debt	0	0	0	0	0
<b>Total Liabilities</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Total Shareholder Equity</b>	<b>84</b>	<b>94</b>	<b>100</b>	<b>106</b>	<b>112</b>
Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	(2.7%)	(2.7%)	(2.4%)	(2.2%)	(2.0%)
Price to Book (x)	12.3	24.0	0.6	0.6	0.6

### 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 50km<sup>2</sup> Bramaderos concession and significant future resource growth.

## Rating Classification

<b>Buy</b>	Expected to outperform the overall market
<b>Hold</b>	Expected to perform in line with the overall market
<b>Sell</b>	Expected to underperform the overall market
<b>Not Rated</b>	Shaw has issued a factual note on the company but does not have a recommendation

## Risk Rating

<b>High</b>	Higher risk than the overall market – investors should be aware this stock may be speculative
<b>Medium</b>	Risk broadly in line with the overall market
<b>Low</b>	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	77	91%
Hold	7	8%
Sell	1	1%

### History of Investment Rating and Target Price - Sunstone Metals Ltd



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