

Sunstone Metals Ltd (STM)

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

26 February 2026

Drilling to Confirm High-Grade Porphyry Potential at Bramaderos

Key Information

Current Price (\$ps)	0.51
12m Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.01 - 0.51
Target Price Upside (%)	309.8%
TSR (%)	309.8%
Reporting Currency	AUD
Market Cap (\$m)	2,571
Sector	Materials
Avg Daily Volume (m)	6.4
ASX 200 Weight (%)	0%

Fundamentals

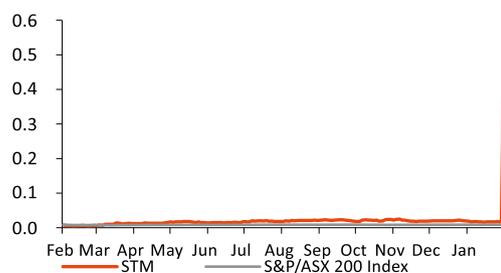
YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales (\$m)	0	0	0	0
NPAT (\$m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(1.2)	(0.9)	(0.9)
EPS Growth (%)	15.7%	nm	18.5%	9.1%
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY25A	FY26E	FY27E	FY28E
P/E (x)	(28.3)	(44.2)	(54.2)	(59.6)
EV/EBITDA (x)	nm	nm	nm	nm
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 (%)	#####	#####	#####	#####
Absolute (%)	#####	#####	#####	#####
Benchmark (%)	3.0%	4.2%	6.9%	10.6%



Major Shareholders

Ilwella Pty Ltd	4.9%
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Event

Sunstone Metals has commenced a drill program to grow the 3.6moz Bramaderos gold and copper Resource. We upgrade our price target to reflect the recent share consolidation however leave earnings estimates unchanged.

Highlights

- Sunstone Metals has commenced a drill program to grow the 3.6moz Bramaderos gold and copper Resource. The program will be informed by recent trenching results that underscore the high-grade potential of surface mineralisation. Notable hits include:
 - 78m at 0.57g/t AuEq (0.36g/t Au, 0.13% Cu) in trench PO_4, including
 - 54m at 0.62g/t AuEq (0.39g/t Au, 0.14% Cu), open on all sides.
- This zone is situated directly above historical drill holes that previously recorded 1.47g/t gold and confirm porphyry systems are eroded at surface. STM is still waiting on assays from Trench P5, a 461m long trench that could further expand the known mineralised footprint.
- These surface activities served as a cost-effective way to refine the diamond drilling program. By proving grade continuity at the surface, Sunstone has de-risked the early years of a potential mining operation where initial "pay dirt" is readily available with a near-zero strip ratio.
- Sunstone has achieved significant momentum at Bramaderos, recently upgrading the MRE by 33% to 3.6moz AuEq. Bramaderos is in elephant country, with a vast exploration target of an additional 5-13moz. The immediate strategy focuses on drilling to convert targets to formal resources, aiming to reach a 5moz by the end of the year. By integrating the high-grade Limon epithermal system into the broader mine plan, Sunstone aims to enhance early-year project economics through higher-grade feed, reinforcing Bramaderos as a globally significant asset with long-life, low-cost potential.
- While Bramaderos is the current focus of a Scoping Study due in June 2025, the El Palmar project in northern Ecuador represents Sunstone's blue-sky. Located on the same prolific Toachi fault system as the world-class Cascabel and Llorimagua deposits, El Palmar already hosts a maiden resource of 1.2moz AuEq and a massive exploration target of 15-45moz. Sunstone's strategy at El Palmar involves methodical drilling to test the vertical extent of known mineralization, which remains open at depth, mimicking the scale of the region's largest copper-gold porphyries.
- 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.
- The Gold price has experienced a frenetic start to 2026, touching \$5,600/oz in January before the recent consolidation. Despite this, gold remains up 19% year-to-date. The US Congressional Budget Office released its updated budget outlook last week noting that the projected US deficit over the next decade is expected to be 6% higher than its January 2025 forecast. Net interest expense is forecast to climb from US\$1tr (3.3% of GDP) to US\$2.1tr by 2036 (4.6% of GDP). Shaw and Partners recently lifted our gold price forecast to US\$6,000/oz in 2026.

Recommendation

We maintain our Buy recommendation on Sunstone Metals and raise our price target to \$2.10 as a result of the recent share consolidation.

Peter Kormendy | Senior Research Analyst

+61 3 9268 1099

Peter.Kormendy@shawandpartners.com.au

Andrew Hines | Head of Research

+61 3 9268 1178

andrew.hines@shawandpartners.com.au

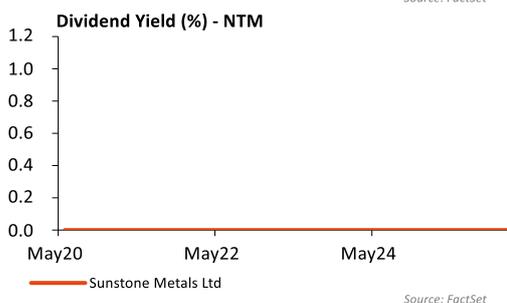
Sunstone Metals Ltd
Materials
Materials

FactSet: STM-AU / Bloomberg: STM AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.51
Target Price (\$ps)	2.10
52 Week Range (\$ps)	0.01 - 0.51
Shares on Issue (m)	5,017
Market Cap (\$m)	2,571
Enterprise Value (\$m)	2,561
TSR (%)	309.8%

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)	(14.3)	(28.3)	(44.2)	(54.2)	(59.6)
EV / EBIT (x)	(1,116.9)	(1,064.4)	(1,080.6)	(1,080.6)	(1,080.6)
EV / EBITDA (x)	nm	nm	nm	nm	nm
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 (%)	(6.9%)	(4.9%)	(2.3%)	(1.8%)	(1.7%)
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)	(3)	(3)	(3)
Investing Cashflow	(14)	(8)	(3)	(3)	(3)
Free Cashflow	(2)	(3)	(2)	(2)	(2)
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
Financing Cashflow	8	11	8	8	8
Exchange Rate Effect	0	(0)	0	0	0
Net Change in Cash	(8)	0	3	3	3
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
Total Assets	86	95	101	107	112
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	100	106	112
Ratios	FY24A	FY25A	FY26E	FY27E	FY28E
ROE (%)	(2.7%)	(2.7%)	(2.4%)	(2.2%)	(2.0%)
Price to Book (x)	0.4	0.8	1.2	1.2	1.2

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	71	87%
Hold	10	12%
Sell	1	1%

History of Investment Rating and Target Price - Sunstone Metals Ltd



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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