

Sunstone Metals Ltd (STM)

Rating: Buy | Risk: High | Price Target: \$0.07

20 January 2026

December Quarter 2025 – Significant 33% Growth in Bramaderos Mineral Resource

Key Information

Current Price (\$ps)	0.02
12m Target Price (\$ps)	0.07
52 Week Range (\$ps)	0.01 - 0.03
Target Price Upside (%)	250.0%
TSR (%)	250.0%
Reporting Currency	AUD
Market Cap (\$m)	100
Sector	Materials
Avg Daily Volume (m)	10.9
ASX 200 Weight (%)	0%

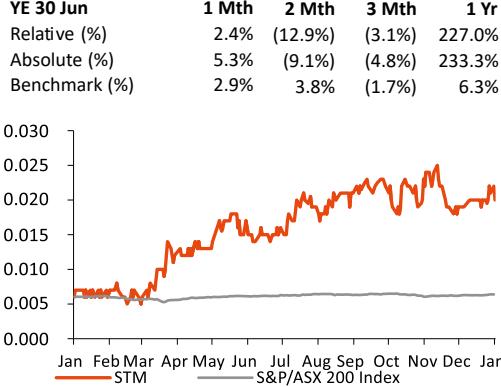
Fundamentals

YE 30 Jun (AUD)	FY25A	FY26E	FY27E	FY28E
Sales (\$m)	0	0	0	0
NPAT (\$m)	(2)	(2)	(2)	(2)
EPS (cps)	(0.1)	(0.0)	(0.0)	(0.0)
EPS Growth (%)	15.7%	17.4%	10.5%	10.2%
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)	(45.7)	(51.0)	(56.8)
EV/EBITDA (x)	(38.0)	(38.0)	(38.0)	(38.0)
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%

Price Performance



Major Shareholders

Ilwella Pty Ltd	4.9%
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Event

Sunstone Metals reported December quarter results. Sunstone reported a successful quarter, highlighted by a 33% increase in the Bramaderos MRE to 3.6Moz AuEq and the delivery of a maiden 1.2Moz AuEq resource at El Palmar. These results support ongoing scoping studies and upcoming drilling programs aimed at further expanding the company's world-class gold-copper assets in Ecuador.

Highlights

- The Bramaderos Mineral Resource Estimate grew by 33%, increasing by 900koz AuEq to a total of 3.6Moz AuEq. This growth was primarily driven by new Inferred material from drilling at Melonal and a greater contribution from the Brama-Alba area.
- Sunstone also announced an inaugural MRE for the T1 target at its El Palmar project, totalling 1.2Moz AuEq. This deposit is at surface and offers potential as a large open-pit opportunity.
- The company identified massive combined gold and copper Exploration Targets, ranging from 5M–13Moz AuEq at Bramaderos and 15M–45Moz AuEq at El Palmar. These targets demonstrate the potential for world-scale resource growth.
- Strategically located on Ecuador's highly prospective Andean Copper Belt, both projects benefit from their position within established mining and exploration districts. Bramaderos is in southern Ecuador, a region that hosts the world-class Fruta del Norte gold mine and the large-scale Mirador Copper mine. Similarly, El Palmar lies on the same geological trend as SolGold's 4bt Cascabel project and the 1bt Llurimagua deposit.
- Sunstone continues to actively engage in discussions with potential strategic partners for Bramaderos and El Palmar. A successful partnership could bring significant financial and technical resources to accelerate both project's development, rapidly unlocking their full value. This makes Sunstone Metals a "situation stock" with potential for significant corporate catalysts.
- Sunstone held \$8m cash at the end of December on a pro-forma basis to fund ongoing activities.
- Our valuation of Sunstone Metals is underpinned by two factors: a projected 50% growth in its resource base from here and a re-rating to \$52 EV/AuEq oz, up from \$31 EV/AuEq oz currently. Even if Sunstone re-rates to \$52 EV/AuEq oz, the company will still be trading at a 50% discount to its peer group.
- Sunstone has a quality management team with a strong mix of technical expertise, financial acumen, and significant experience in the global mining industry, particularly within the context of large-scale project development and corporate finance. CEO & MD Patrick Duffy was CFO of Red 5 when it brought on the King of the Hills mine and previously held senior roles in the development of Tampakan and Koniambo with Glencore. Chair Malcolm Norris and GM Geology Dr Bruce Rohrlach were responsible for the discovery and early development of Tujuh Bukut in Indonesia. From there they moved on to SolGold where they made the discovery of Cascabel in 2012.
- Upcoming operational milestones:
 - Drilling is scheduled to resume in the MarQ'26 at key targets including Melonal, Copete, and Porotillo.
 - A scoping study for an open-pit development at Bramaderos is set for completion in the JunQ'26.
 - Strategic partnership discussion outcomes.

Recommendation

We maintain our Buy rating on Sunstone with a \$0.07 price target.

Sunstone Metals Ltd

Materials

Materials

FactSet: STM-AU / Bloomberg: STM AU

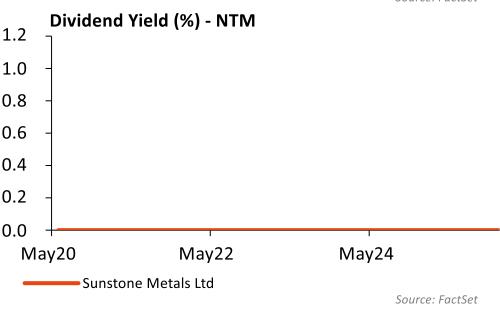
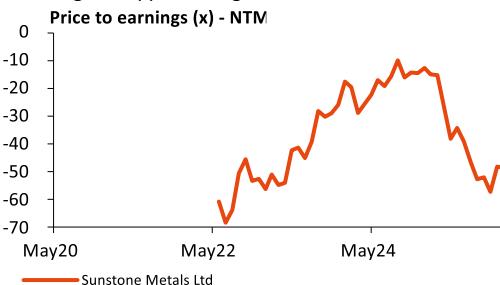
Key Items

Data

Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.02
Target Price (\$ps)	0.07
52 Week Range (\$ps)	0.01 - 0.03
Shares on Issue (m)	5,017
Market Cap (\$m)	100
Enterprise Value (\$m)	90
TSR (%)	250.0%

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)	(0.0)	(0.0)	(0.0)
EPS (Underlying) (cps)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)
EPS (Underlying) Growth (%)	15.0%	15.7%	17.4%	10.5%	10.2%
PE (Underlying) (x)	(14.3)	(28.3)	(45.7)	(51.0)	(56.8)
EV / EBIT (x)	(39.3)	(37.4)	(38.0)	(38.0)	(38.0)
EV / EBITDA (x)	(40.6)	(38.0)	(38.0)	(38.0)	(38.0)
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%)	(1.9%)	(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)
<i>EBITDA Margin (%)</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>
Depreciation & Amortisation	(0)	0	0	0	0
EBIT	(2.3)	(2.4)	(2.4)	(2.4)	(2.4)
<i>EBIT Margin (%)</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>	<i>nm</i>
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	1.1	1.1	1.1

Sunstone Metals Financial Summary

Company Information					
Profit & Loss (\$m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	0.0	0.0	0.0	0.0	0.0
Expenses	-2.2	-2.4	-2.4	-2.4	-2.4
Underlying EBITDA	-2.2	-2.4	-2.4	-2.4	-2.4
Depreciation & Amort	-0.1	0.0	0.0	0.0	0.0
Underlying EBIT	-2.3	-2.4	-2.4	-2.4	-2.4
Net Interest	0.1	0.1	0.1	0.2	0.3
Profit Before Tax	-2.2	-2.3	-2.3	-2.2	-2.1
Tax	0.0	0.0	0.0	0.0	0.0
NPAT (Underlying)	-2.2	-2.3	-2.3	-2.2	-2.1
Exceptional items	0.0	0.0	0.0	0.0	0.0
NPAT (reported)	-2.2	-2.3	-2.3	-2.2	-2.1
Minorities	0.0	0.0	0.0	0.0	0.0
Attributable NPAT	-2.2	-2.3	-2.3	-2.2	-2.1
Per Share Data (c)					
	FY24	FY25	FY26F	FY27F	FY28F
Shares (m)	3,838	5,017	5,417	5,817	6,217
Normalised EPS	-0.1	-0.1	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Book Value	0.0	0.0	0.0	0.0	0.0
P/E (x)	-15.9	-37.8	-45.7	-51.0	-56.8
EV/EBITDA (x)	-4.7	-4.3	-4.3	-4.3	-4.3
Balance Sheet (\$m)					
	FY24	FY25	FY26F	FY27F	FY28F
Cash	2.7	2.7	5.3	8.2	11.1
Net Receivables	0.0	0.0	0.0	0.0	0.0
Other	0.5	0.5	0.5	0.5	0.5
Current Assets	3.1	3.2	5.8	8.6	11.5
Property, Plant & Equipment	1.6	1.6	1.6	1.6	1.6
Other	81.2	90.3	93.4	96.3	99.3
Non Current Assets	82.9	91.9	94.9	97.9	100.9
Total Assets	86.0	95.1	100.7	106.5	112.4
Target price calculation					
AuEq Resource (moz)					4.8
Resource target (moz)					7.2
Target EV (\$m)					630
Target mkt cap (\$m)					632
Target share price					\$0.070
Assumptions					
Exchange Rate					
Trade Creditors	0.5	0.3	0.3	0.3	0.3
Other	1.4	0.5	0.5	0.5	0.5
Current Liabilities	1.9	0.8	0.8	0.8	0.8
Borrowings	0.0	0.0	0.0	0.0	0.0
Other	0.2	0.1	0.1	0.1	0.1
Non Current Liabilities	0.2	0.1	0.1	0.1	0.1
Net Assets	83.9	94.1	99.8	105.6	111.5
Shareholder Capital	131.3	142.4	150.4	158.4	166.4
Retained earnings	-55.1	-57.5	-59.8	-62.0	-64.1
Minorities/others	7.7	9.3	9.3	9.3	9.3
Total Equity	83.9	94.1	99.8	105.6	111.5
Operating Metrics					
	FY24	FY25	FY26F	FY27F	FY28F
Ore processed (ktpa)	0.00	0.00	0.00	0.00	0.00
Grade of mill feed					
- Gold (g/t)	0.00	0.00	0.00	0.00	0.00
- Copper (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Average price (\$/t)	0.00	0.00	0.00	0.00	0.00
Average cost (\$/t)	0.00	0.00	0.00	0.00	0.00
Average margin (\$/t)	0.00	0.00	0.00	0.00	0.00
Financial metrics (%)					
	FY24	FY25	FY26F	FY27F	FY28F
EBITDA margin	0.00%	0.00%	0.00%	0.00%	0.00%
EBIT margin	0.00%	0.00%	0.00%	0.00%	0.00%
ROIC	0.00%	0.00%	0.00%	0.00%	0.00%
Return on Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Return on Equity	0.00%	0.00%	0.00%	0.00%	0.00%
Balance sheet metrics					
	FY24	FY25	FY26F	FY27F	FY28F
Net Debt (m)	-2.7	-2.7	-5.3	-8.2	-11.1
ND / ND+E	0.0%	0.0%	0.0%	0.0%	0.0%
Financing Cash flow	8.2	11.1	8.0	8.0	8.0
Total Cash Change	-7.6	0.0	2.7	2.8	2.9

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	82	86%
Hold	11	12%
Sell	2	2%

History of Investment Rating and Target Price - Sunstone Metals Ltd



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