ShawandPartners
Financial Services

# Sunstone Metals Ltd (STM)

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

4 February 2026

## Surface Trenching Confirms High-Grade Porphyry Potential at Sunstone Metal's Bramaderos

### Key Information

| | |
|---|---|
| Current Price ($ps) | 0.02 |
| 12m Target Price ($ps) | 0.07 |
| 52 Week Range ($ps) | 0.01 - 0.03 |
| Target Price Upside (%) | 288.9% |
| TSR (%) | 288.9% |
| Reporting Currency | AUD |
| Market Cap ($m) | 90 |
| Sector | Materials |
| Avg Daily Volume (m) | 10.4 |
| ASX 200 Weight (%) | 0% |

### Fundamentals

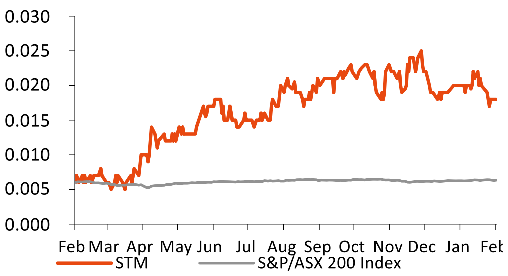
| YE 30 Jun (AUD) | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales ($m) | 0 | 0 | 0 | 0 |
| NPAT ($m) | (2) | (2) | (2) | (2) |
| EPS (cps) | (0.1) | (0.0) | (0.0) | (0.0) |
| EPS Growth (%) | 15.7% | 17.4% | 10.5% | 10.2% |
| DPS (cps) (AUD) | 0.0 | 0.0 | 0.0 | 0.0 |
| Franking (%) | 0% | 0% | 0% | 0% |

### Ratios

| YE 30 Jun | FY25A | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| P/E (x) | (28.3) | (41.1) | (45.9) | (51.1) |
| EV/EBITDA (x) | (33.8) | (33.8) | (33.8) | (33.8) |
| 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 (%) | (11.5%) | (21.0%) | (22.2%) | 194.2% |
| Absolute (%) | (10.0%) | (18.2%) | (21.7%) | 200.0% |
| Benchmark (%) | 1.5% | 2.8% | 0.5% | 5.8% |




*Price performance indexed to 100* *Source: FactSet*

### Major Shareholders

| | |
|---|---|
| Ilwella Pty Ltd | 4.9% |

**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

## Event

Sunstone Metals has released high-grade surface trenching results at Bramaderos that will refine an imminent drilling program aimed at expanding the current 3.6moz AuEq resource. A Scoping Study is due for completion by the middle of the year that will leverage record gold and copper prices and underscore the large-scale potential of STM's porphyry and epithermal assets.

## Highlights

- Sunstone Metals has released significant trenching results that underscore the high-grade potential of surface mineralisation at Bramaderos. Notable hits include:
    - 29.46m at 0.91g/t AuEq (0.65g/t Au, 0.16% Cu, 9.9g/t molybdenum) in trench PO_1 (open on all sides);
    - 21.59m at 1.19g/t AuEq (0.93g/t Au, 0.16% Cu, 7.9ppm molybdenum) in trench PO_2 (open on all sides); and
- These zones are situated directly above historical drill holes that previously recorded 1.47g/t gold and confirm porphyry systems are eroded at surface. STM is 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 method to refine the upcoming diamond drilling program, which is scheduled to begin in mid-February. By proving grade continuity at the surface, Sunstone is de-risking 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 Llurimagua 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. USD Gold briefly touched $5,600/oz before a sharp plunge on Friday. Despite this "melt-down," gold remains up 15% year-to-date, marking its best January performance since 1999. While the exact trigger for the volatility is unclear, we view the pullback as a technical correction following a massive "melt-up" through 2025. The fundamental drivers of the gold price rally, including interest rate cuts, geopolitical tensions, unsustainable US debt and global central banks diversifying holdings away from US Treasuries, remain firmly in place. Shaw and Partners recently lifted our gold price forecasts by 53.8% to US$6,000/oz in 2026.

## Recommendation

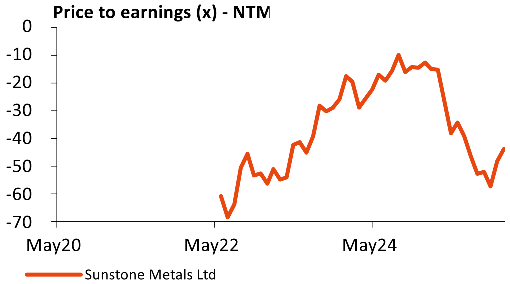
We maintain our Buy recommendation on Sunstone Metals and $0.07 price target.

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

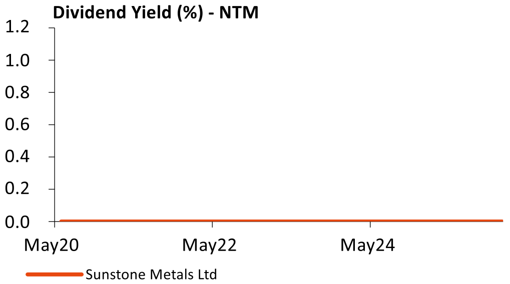
| Key Items | Data |
|---|---|
| Recommendation | BUY |
| Risk | HIGH |
| Price ($ps) | 0.02 |
| Target Price ($ps) | 0.07 |
| 52 Week Range ($ps) | 0.01 - 0.03 |
| Shares on Issue (m) | 5,017 |
| Market Cap ($m) | 90 |
| Enterprise Value ($m) | 80 |
| TSR (%) | 288.9% |

## 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.




*Source: FactSet*




*Source: FactSet*

**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)** | **(41.1)** | **(45.9)** | **(51.1)** |
| **EV / EBIT (x)** | **(34.9)** | **(33.3)** | **(33.8)** | **(33.8)** | **(33.8)** |
| **EV / EBITDA (x)** | **(36.1)** | **(33.8)** | **(33.8)** | **(33.8)** | **(33.8)** |
| 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%) | (2.5%) | (2.1%) | (1.9%) |

| 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 | 1.0 | 1.0 | 1.0 |

## 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 |

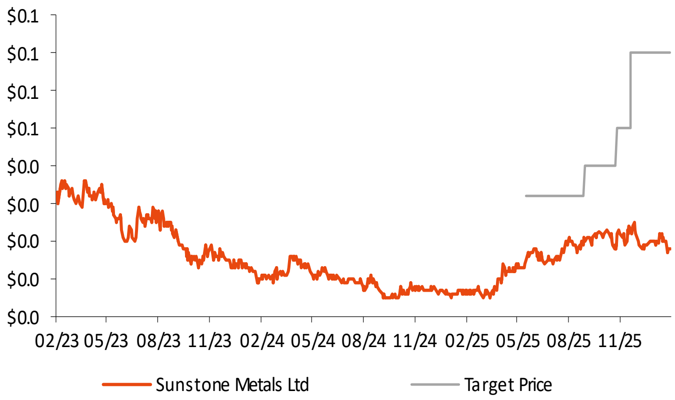
**RISK STATEMENT:** Where a company is designated as 'High' risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and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

| Date | Closing Price ($) | Target Price ($) | Rating |
|---|---|---|---|
| 24-Nov-25 | 0.02 | 0.07 | Buy |
| 31-Oct-25 | 0.02 | 0.05 | Buy |
| 4-Sep-25 | 0.02 | 0.04 | Buy |
| 22-May-25 | 0.02 | 0.03 | Buy |




# Disclaimer

Shaw and Partners Limited ABN 24 003 221 583 (“Shaw”) is a Participant of ASX Limited, Cboe Australia Pty Limited and holder of Australian Financial Services Licence number 236048.

**ANALYST CERTIFICATION**: The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst's personal views about the Company and its financial products. Neither Shaw nor its Research Analysts received any direct financial or non-financial benefits from the company for the production of this document. However, Shaw Research Analysts may receive assistance from the company in preparing their research which can include attending site visits and/or meetings hosted by the company. In some instances the costs of such site visits or meetings may be met in part or in whole by the company if Shaw considers it is reasonable given the specific circumstances relating to the site visit or meeting. As at the date of this report, the Research Analyst does not hold, either directly or through a controlled entity, securities in the Company that is the subject of this report, or where they do hold securities those interests are not material. Shaw restricts Research Analysts from trading in securities outside of the ASX/S&P100 for which they write research. Other Shaw employees may hold interests in the company, but none of those interests are material.

**DISCLAIMER:** This report is published by Shaw to its clients by way of general, as opposed to personal, advice. This means it has been prepared for multiple distribution without consideration of your investment objectives, financial situation and needs (“Personal Circumstances”). Accordingly, the advice given is not a recommendation that a particular course of action is suitable for you and the advice is therefore not to be acted on as investment advice. You must assess whether or not the advice is appropriate for your Personal Circumstances before making any investment decisions. You can either make this assessment yourself, or if you require a personal recommendation, you can seek the assistance of your Shaw client adviser. This report is provided to you on the condition that it not be copied, either in whole or in part, distributed to or disclosed to any other person. If you are not the intended recipient, you should destroy the report and advise Shaw that you have done so. This report is published by Shaw in good faith based on the facts known to it at the time of its preparation and does not purport to contain all relevant information with respect to the financial products to which it relates. The research report is current as at the date of publication until it is replaced, updated or withdrawn. Although the report is based on information obtained from sources believed to be reliable, Shaw does not make any representation or warranty that it is accurate, complete or up to date and Shaw accepts no obligation to correct or update the information or opinions in it. If you rely on this report, you do so at your own risk. Any projections are indicative estimates only and may not be realised in the future. Such projections are contingent on matters outside the control of Shaw (including but not limited to market volatility, economic conditions and company-specific fundamentals) and therefore may not be realised in the future. Past performance is not a reliable indicator of future performance. Except to the extent that liability under any law cannot be excluded, Shaw disclaims liability for all loss or damage arising as a result of any opinion, advice, recommendation, representation or information expressly or impliedly published in or in relation to this report notwithstanding any error or omission including negligence.

Depending on the timing and size of your investment, your portfolio composition may differ to the model. Performance figures are derived from the inception date of the model and its investment transactions from that date, therefore the performance for your portfolio may be different. If you have any questions in connection with differences between your portfolio and the model, you should speak with your adviser.

**For U.S. persons only:** This research report is a product of Shaw and Partners Limited **under Marco Polo Securities 15a-6 chaperone service,** which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Shaw and Partners Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

**DISCLOSURE**: Shaw will charge commission in relation to client transactions in financial products and Shaw client advisers will receive a share of that commission. Shaw, its authorised representatives, its associates and their respective officers and employees may have earned previously or may in the future earn fees and commission from dealing in the Company's financial products. Shaw and Partners acted as Joint Lead Manager in the December 2025 capital raising of Sunstone Metals (STM) securities for which it received fees or will receive fees for acting in this capacity. Accordingly, Shaw and Partners may have a conflict of interest which investors should consider before making an investment decision.


| **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 |


Holder of Australian Financial Services Licence Number 236048 | ABN 24 003 221 583 | Participant of ASX Limited, Cboe Australia Pty Limited | www.shawandpartners.com.au