



Power Metallic (TSXV:PNPN)

FLASH NOTE

SUMMARY

While the drill results released yesterday didn't contain the second big polymetallic hit investors have been looking for, the company continues to methodically and successfully define a larger resource at the Lion Zone.

Exploration catalysts remain with 37 assays coming to market over the next three months and both an MRE and PEA to follow later in 2026.

News Release Highlights

- Hole PML-26-052 tested the eastern edge of the western high-grade shoot 4.35m @ 5.94% CuEqRec and confirmed the expected mineralization modeled from the wider spaced earlier drilling in this area.
- PML-25-021x confirmed continuity at depth across a vertical distance of more than 1,000 meters suggesting a large, though not yet well defined gold structure down dip of Lion.
- We have not changed our view on the long-term potential of the Nisk property to host a risked 48 million tonnes of resource among the Nisk, Nisk East, Lion and Tiger deposits. The next 9 months will be key to defining the long-term upside for Power Metallic with 37 assays over the next 2-3 months, an updated minerals resource estimate and a preliminary economic assessment to follow.

RATING: **BUY**
 TARGET: **\$2.75**
 POTENTIAL RETURN: **137%**

April 16th, 2026
 Metals & Mining

*Distributed on behalf of
 Power Metallic*

KEY STATISTICS

Market Cap (C\$M): 270M
 Enterprise Value (C\$M): 221M
 Common Shares (M): 233M
 Diluted Shares (M): 284M
 Inst. Ownership (%): 48%
 Avg Volume (30 Days): 1.04M shares

VALUATION

NPV/PS (Est): C\$1.40/sh
 P/NPV (Est): 0.83x
 EV/t (Resources US\$/t): \$12.70

KEY ASSETS

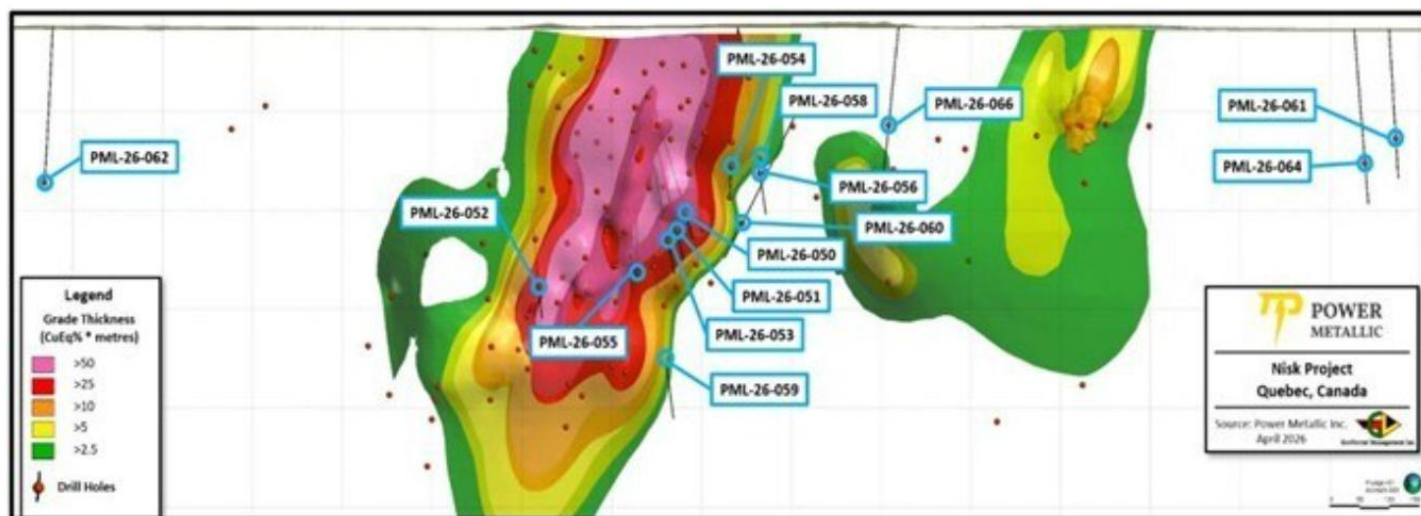


Our Thoughts

While the drill results released yesterday didn't contain the second big polymetallic hit investors have been looking for, the company continues to methodically and successfully define a larger resource at the Lion Zone and still has significant exploration optionality with 37 assays remaining from the winter drill program alone.

The company continues to explore the large anomaly they are calling elephant and the one drill intercept testing elephant simply collared the lowest potential mineralized area more than 1.4km downhole, it did not confirm the absence of additional polymetallic deposits above.

Drill Holes Reported in the News Release



Source: Power Metallic

Definition drilling continues to return consistently high grades, which should bode well for the size and economics of a starter pit. The planned PEA report will go a long way to quantifying the base case upside potential of Nisk to the markets.

We have not changed our view on the long-term potential of the Nisk property to host 48 million tonnes of resource among the Nisk, Nisk East, Lion and Tiger deposits.

What the Holes from This Release Were Testing

The release covered two distinct programs running simultaneously: a tightly-focused MRE infill campaign on the Lion Zone, and a broader set of exploratory holes testing targets outside of Lion's known footprint.

The infill holes — PML-26-050, 051, 052, 053, and 055 — were drilled to define the eastern side of the Lion Zone in preparation for a formal Mineral Resource Estimate (MRE) planned for 2026.

The specific goal is to reach Indicated Resource classification, which requires drill spacing tight enough that the geological model carries a higher degree of confidence. Near-surface holes visible in core photos from PML-26-095 and PML-26-101, which are still awaiting assay results, are explicitly targeting the shallow portion of the Lion deposit to evaluate open-pit extraction potential in any future mining scenario.

Beyond Lion's boundary, the release covers four distinct exploratory objectives. Holes PML-26-056, 058, 059, and 060 were drilled on the eastern edge of Lion to determine whether mineralization extended further east, or whether the zone was fault-controlled and bounded.

Holes PML-26-060 and 064 tested ground 400 to 450 meters west of the Tiger Zone, looking for the ultramafic host rock unit that has been the stratigraphic key to mineralization at Lion. Hole PML-26-066 was drilled above an interpreted arm of the Tiger Zone itself, testing whether a BHEM-defined conductor connected to Tiger mineralization at depth. Finally, PML-25-021x — an extension of an existing hole to approximately 1,425 meters depth — was drilled to test a large borehole electromagnetic (BHEM) anomaly identified from the previously drilled PN-24-064 extension, a target the company has referred to internally as the "Elephant."

What we Liked from the Release

The Lion MRE infill results are the clear standout. PML-26-050 returned 27.1 meters at 2.17% CuEqRec, including a high-grade core of 4.76 meters at 10.43% CuEqRec, with the narrow high-grade interval driven notably by a platinum reading of 15.46 g/t — an unusually high platinum value that reinforces the polymetallic potential of the deposit.

PML-26-052 returned 10.35 meters at 2.88% CuEqRec, including 4.35 meters at 5.94%, and PML-26-053 added 21.25 meters at 2.13% CuEqRec. These results are consistent with the modeled Lion Zone geometry from wider-spaced earlier drilling, which is analytically important: repeatability of the model increases confidence that the MRE will reflect economic reality.

The confirmation of the east-plunging structural trend, with PML-26-054 intersecting 4.35 meters at 2.37% CuEq along that trend east of Lion's main zone, is also meaningful. It validates the March 3rd structural reinterpretation and keeps open the possibility of additional mineralized lenses beyond Lion's current footprint.

Elephant Target Remains Elusive, for Now

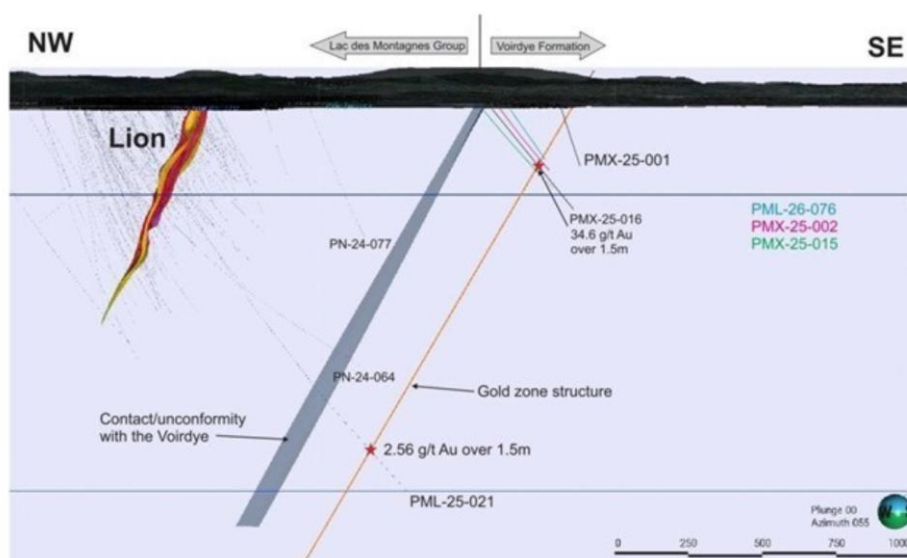
The gold result from PML-25-021x deserves mention, though it requires context.

At approximately 1,425 meters depth, this hole intersected 6 meters at 0.78 g/t Au, including 1.5 meters at 2.56 g/t Au. This is the same geological unit that returned 1.5 meters at 34.6 g/t Au at surface in PMX-25-016 earlier in the program.

The shallow high-grade intersection and its now-confirmed continuity at depth across a vertical distance of more than 1,000 meters suggests a large, if not yet well-defined, gold structure.

Whether it has economic relevance at this depth is unknown; the company notes it will conduct surface mapping and geophysics over the summer to assess whether the unit can be located at a more accessible depth elsewhere on the property.

Lion Drill hole PML-25-021x intersecting the gold zone discovered in PMX-25-016



Source: Power Metallic

Exploration Continues to Define the Boundaries of Lion

The four eastern boundary holes (PML-26-056, 058, 059, 060) returned only low-grade copper, gold, and palladium values — up to 0.22% Cu, 0.20 g/t Au, and 0.60 g/t Pd — and are being interpreted as defining the fault-controlled eastern edge of Lion rather than as missed exploration holes.

The practical implication is that Lion does not extend significantly further east, which is useful information for the MRE.

PML-26-060 and 064 found no sulphide mineralization and no ultramafic unit west of Tiger. PML-26-062, drilled 800 meters west of Lion, intersected the favorable ultramafic stratigraphy over a wide interval but returned no significant mineralization. PML-26-066, the hole testing above the Tiger arm, collared in minor copper and palladium at surface, intersected two ultramafic units of the type found at Lion, and returned an isolated 1.31 meters at 32.9 g/t silver between those units.

Positively PML-26-052 returned 4.35m @ 5.93 CuEq, confirming previous drill results that found better high-grade uniformity of the core Lion deposit. This should ultimately improve the economics of early open pit extraction.

Upcoming Catalysts

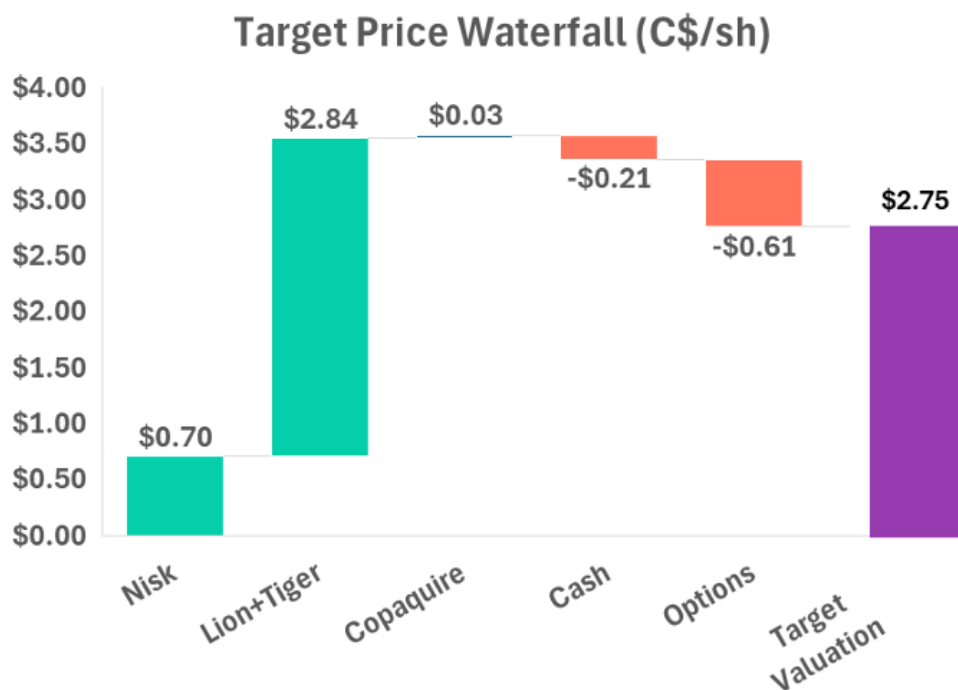
The most concrete near-term catalyst is the company's stated plan to complete an MRE and PEA in 2026. These will go a long way to defining the upside for the stock just from developing the current resource, let alone a large exploration drill program still ongoing.

Management noted 37 drill hole results still to come from the winter campaign, before drilling transitions to the summer program.

Given the high repeatability of Lion zone results demonstrated through this campaign, the working assumption is that the MRE will confirm and likely grow the resource.

Summer 2026 fieldwork on the gold zone (surface mapping, geophysics, prospecting) will determine whether the structurally-hosted gold target warrants drill follow-up. This is an early-stage secondary target, not a near-term resource driver.

Finally, a second refined Tiger Deep BHEM target remains to be tested though no timeline was given in this release.



Source: Capital10x Estimates, Company Reports

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