



Power Metallic (TSXV:PNPN)

FLASH NOTE

SUMMARY

Additional results from the winter drill campaign continue to tighten up the Lion model, add tonnes for the upcoming resource, and prove that the best part of the system has meaningful width and grade close enough to surface to matter for pit economics.

Exploration catalysts remain with over 30 assays coming to market over the next three months and both an MRE and PEA to follow later in 2026.

News Release Highlights

- The winter 2026 drill results continue to look strong. Hole PML-26-094 returned 17.45 m of 9.47% CuEqRec, while PML-26-101 returned 39.0 m of 5.66% CuEqRec, including 9.20 m of 15.18% CuEqRec. 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.
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- In September 2025, Power Metallic said infill drilling had confirmed continuity but also highlighted variability in grade and thickness. These new holes help narrow that uncertainty. PML-26-094 hits the interpreted core, PML-26-101 supports strong mineralization 100 metres farther east, and PML-26-104 confirms the western edge of the modeled zone.
- **Valuation:** The current valuation only implies 2.5Mt of CuEq resource is discovered above the 7.1Mt already found at the Nisk deposit. With the stock trading at a 40% discount to our unrisks NPV of Nisk, should Power Metallic define even 20% of the resource potential we see from the current land package, the stock has significant upside to C\$2.75/sh, 117% higher than the current share price.

RATING: **BUY**
 TARGET: **\$2.75**
 POTENTIAL RETURN: **117%**

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 Metals & Mining

*Distributed on behalf of
 Power Metallic*

KEY STATISTICS

Market Cap (C\$M): 294M
 Enterprise Value (C\$M): 241M
 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

These are positive results because they do exactly what Terry Lynch and the technical team said the 2025–2026 program was supposed to do: tighten up the Lion model with infill drilling, add tonnes for the upcoming resource, and prove that the best part of the system has meaningful width and grade close enough to surface to matter for pit economics.

Last year, Power Metallic said Lion drilling would focus on both extending the zone down plunge to the southwest and infilling gaps in the known deposit, with infill holes specifically designed to add tonnes to a future resource estimate. The company also laid out a very large drilling plan, including 10,000–12,500 metres at Lion, and emphasized that BHEM had already been highly successful in finding follow-up mineralization.

Against that backdrop, the new winter 2026 results look strong. Hole PML-26-094 returned 17.45 m of 9.47% CuEqRec, including 6.30 m of 17.91% CuEqRec, while PML-26-101 returned 39.0 m of 5.66% CuEqRec, including 9.20 m of 15.18% CuEqRec.

Table 1: Lion Results - Winter 2026

Hole	From	To	Length	Au	Ag	Cu	Pd	Pt	Ni	CuEq Rec*
	(m)	(m)	(m)	(g/t)	(g/t)	(%)	(g/t)	(g/t)	(%)	(%)
LION MRE										
PML-26-094	134.60	152.05	17.45	0.53	23.76	4.43	7.07	3.11	0.23	9.47
Including	134.60	140.90	6.30	0.74	36.22	8.11	12.83	8.19	0.41	17.91
PML-26-101	120.00	159.00	39.00	1.04	16.27	1.89	3.51	3.34	0.13	5.66
Including	146.50	155.70	9.20	2.96	31.99	6.91	6.33	6.90	0.43	15.18
PML-26-104	115.60	123.00	7.40	0.20	4.20	0.53	0.50	0.23	0.04	1.07

Note: Reported length is downhole distance; true width based on model projections is estimated as 85% of downhole length

Those are not just good grades, they are impressive widths at a shallow vertical depth of roughly 100 metres below surface. Compared with earlier Lion highlights, these holes clearly sit near the top end of the deposit.

In June 2025, PML-25-012a delivered 12.54 m of 10.99% CuEqRec and showed that the western plunge could host very high-grade material. In September 2025, PML-25-015 returned 28.0 m of 4.28% CuEqRec

including 3.4 m of 15.45%, while PML-25-020 returned 22.66 m of 4.57% CuEqRec including 6.05 m of 9.70%.

The new holes compare very favorably with those earlier standouts because they combine both width and grade in the middle core of Lion, exactly where continuity matters most for a resource model.

Results improve Lion’s potential economics

High-grade, near-surface mineralization can support a lower-strip, earlier-stage open pit scenario, which tends to improve payback, reduce upfront risk, and raise the value of the first mining phases. The company explicitly said these holes are important for an indicated classification and potentially for open-pit exploitation. That matters because indicated material carries much more weight in mine planning than loosely spaced inferred tonnes. Infill drilling is not glamorous, but economically it is often the most valuable drilling a company can do when it converts a discovery into something banks, engineers, and investors can model.

There is also an important geological de-risking element here. In September 2025, Power Metallic said infill drilling had confirmed continuity but also highlighted variability in grade and thickness. These new holes help narrow that uncertainty. PML-26-094 hits the interpreted core, PML-26-101 supports strong mineralization 100 metres farther east, and PML-26-104 confirms the western edge of the modeled zone. That is exactly what a resource geologist wants to see: the model working across roughly 200 metres of strike rather than relying on isolated bonanza hits.

Terry Lynch’s comment that these two new holes would rank among Lion’s top six is credible in that context. They reinforce the idea that the “heart of Lion” is not pinching out or becoming erratic as spacing tightens. The core appears to be holding together as a thick, high-grade, shallow body.

What comes next is more of the same, but with growing strategic importance. Power Metallic says more MRE drilling assays are coming, along with regional exploration results. Between Lion and Tiger, recent holes did not hit mineable widths, but they did intersect narrow mineralized structures, which suggests the plumbing remains active.

BHEM remains the key follow-up tool. The company has repeatedly said BHEM has become essential for new discoveries and expansion drilling, and that it has had strong success following off-hole conductors with sulphide intersections. The next phase is likely two-track: finish de-risking Lion for the Q3 2026 MRE, while continuing to use BHEM to search for additional Lion-style material between Lion and Tiger and around the broader trend.

Overall, these are positive results because they upgrade confidence, support potential open-pit starter economics, and show that Lion’s best grades are consistent even as the company drills it more tightly.

Upcoming Catalysts

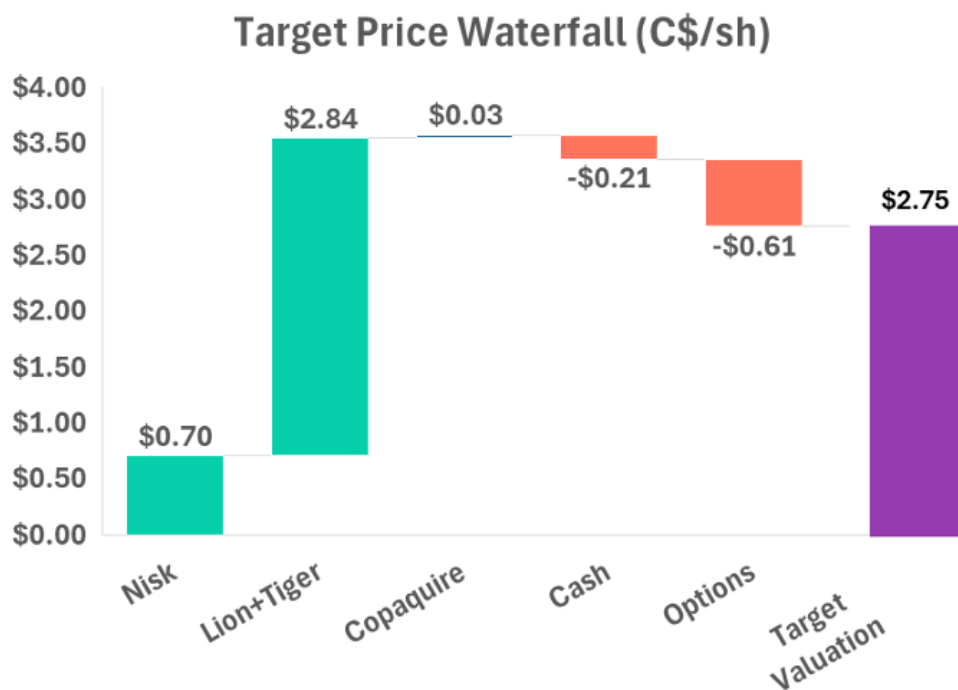
The most concrete near-term catalyst is the company's stated plan to complete an MRE and PEA in 2026. These will go a long way to defining the upside for the stock just from developing the current resource, let alone a large exploration drill program still ongoing.

Management noted over 30 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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