Research Note

Lion One Metals – Drills 715 g/t Au over 4.2m Amongst other High-Grade Results

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Rating	Target Price
BUY	**$0.60**
Unchanged	*Unchanged*

August 20, 2026

Disseminated on Behalf of Lion One Metals Limited

All figures in CAD unless otherwise stated

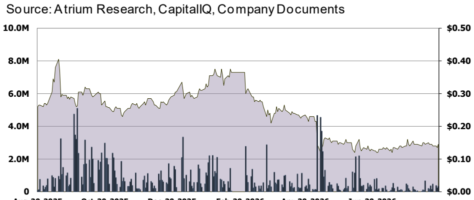
Lion One Metals Limited	**LIO:TSXV**
Rating	BUY
Target Price	$0.60
Return to Target	216%

Market Data	
Share Price	$0.19
Average Daily TSXV Volume (K)	288.2
FD ITM Shares (M)	424.3
Market Cap ($M)	$80.6
PF Cash & Marketable Securities ($M)	$23.5
PF Debt ($M)	$57.0
Enterprise Value ($M)	$114.2

FYE June 30	**FY25A**	**FY26E**	**FY27E**
Material Processed (Kt)	122.5	117.6	131.7
Gold Produced (Koz)	14.7	14.6	18.7
Revenue ($M)	$58.0	$76.9	$122.3
Adjusted EBITDA ($M)	$8.4	$26.0	$53.0
OCF (Before WC, $M)	$7.2	$22.0	$42.4

Valuation	
NAVPS	1.31
P/NAV	0.1x
EV/CF (FY26E)	5.2x
EV/CF (FY27E)	2.7x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Lion One Metals is an emerging Canadian gold producer headquartered in North Vancouver, BC, with new operations established in late 2023 at its 100% owned Tuvatu Alkaline Gold Project in Fiji. The Tuvatu project comprises the high-grade Tuvatu Alkaline Gold Deposit, the Underground Gold Mine, the Pilot Plant, and the Assay Lab. The Company also has an extensive exploration license covering the entire Navilawa Caldera, which is host to multiple mineralized zones and highly prospective exploration targets.

What you need to know:

- LIO announced drill results from 3,337m of underground infill and grade control drilling at its 100% owned Tuvatu Alkaline Gold Project in Fiji.
- The standout result was hole TGC-0650 which hit 715 g/t Au over 4.2m, at just 121m depth. Several other holes also intersected high-grade.
- On July 27th, LIO announced the purchase of a new Boart Longyear LM90 underground core drill for Tuvatu, a key initiative to increase drilling rates and ultimately expand production.

This morning, Lion One Metals Ltd. (LIO:TSXV, LOMLF:OTC) reported new high-grade gold results from 3,337m of underground infill and grade control drilling at its Tuvatu Gold Mine in Fiji. The program targeted the southern and down-dip extensions of the Ura and Murau lodes in Zone 2, below level 1061 (the lowest level of underground development in the zone) and intersected high-grade mineralization in 14 of 18 holes. While high-grade results are usually not a surprise at Tuvatu, today's headline result of 715.15 g/t Au over 4.2m, including 6,571.20 g/t Au over 0.45m, is the highest-grade over-width intercept in the mine's history. **We are maintaining our BUY rating and target price of $0.60/share on Lion One Metals.**

Highlights from today's results include:

- *TGC-0650*: **715.15 g/t Au over 4.2m**, including **6,571.20 g/t over 0.45m** (from 121.1m depth)
- *TGC-0633*: 35.24 g/t Au over 5.1m, including 325.75 g/t over 0.4m (from 131.5m depth)
- *TGC-0625*: 40.93 g/t Au over 3.6m, including 162.75 g/t over 0.5m (from 65.5m depth)
- *TUE-0004*: 237.58 g/t Au over 0.4m (from 113.45m depth)
- *TGC-0617*: 95.28 g/t Au over 0.5m (from 110.5m depth)

Encouragingly for near-term value, the bulk of the high-grade hits lie within 15m to 75m of existing underground development and within 50m vertically, about two mining levels below current workings in Zone 2. Management expects these areas to be incorporated into the mine plan over the next twelve months. Since the drilling was in areas that had seen little prior work and outside the current resource, and the Ura and Murau lodes remain open both down-dip and along strike, we see high potential for more strong drill results in this area.

Today's results also come off the back of two other developments since our last note (detailed below). LIO reached a forbearance agreement with senior lender Nebari, curing its defaults and extending the Tranche 1 maturity to the end of the year and at the end of July LIO purchased a new underground drill to target the Zone 500 and West Zone at depth for the first time.

Our Take

Today's 3,337m of drill results highly impress us as results like these are rarely seen across the globe. Specifically, hole-0650 intersecting 715.15 g/t over 4.2m is the highest-grade over-width drill result in the history of Tuvatu, and that is saying a lot for a high-grade system like this. Notably, that result is in close proximity to the underground workings and in an area that has seen limited drilling (leaving lots of potential for future drilling and potential resource growth).

Catalysts

- Production and Financial Results – Ongoing
- Exploration Results and Mine Development Progress – Ongoing

Zone 2 Ura and Murau Drilling

Continued highlights from today's results include:

- *TGC-0633*: 26.32 g/t Au over 1.8m, including 72.83 g/t over 0.6m (from 116.1m depth)
- *TGC-0633*: 13.23 g/t Au over 2.7m, including 37.38 g/t over 0.4m (from 123.4m depth)
- *TGC-0611*: 22.91 g/t Au over 1.3m, including 28.9 g/t over 0.7m (from 111.6m depth)
- *TGC-0630*: 15.34 g/t Au over 1.5m, including 52.75 g/t over 0.4m (from 61.85m depth)

As a reminder, Zone 2 is located on the western flank of the deposit and is comprised of three lode systems, including the steeply dipping Ura and AV structures and, between them, the flat-lying Murau veins, which are the same style of mineralization as at the neighbouring Vatukoula mine. This program went after the Murau veins below the 1061 level as its primary objective, with the down-dip continuation of the Ura lodes as a secondary target.

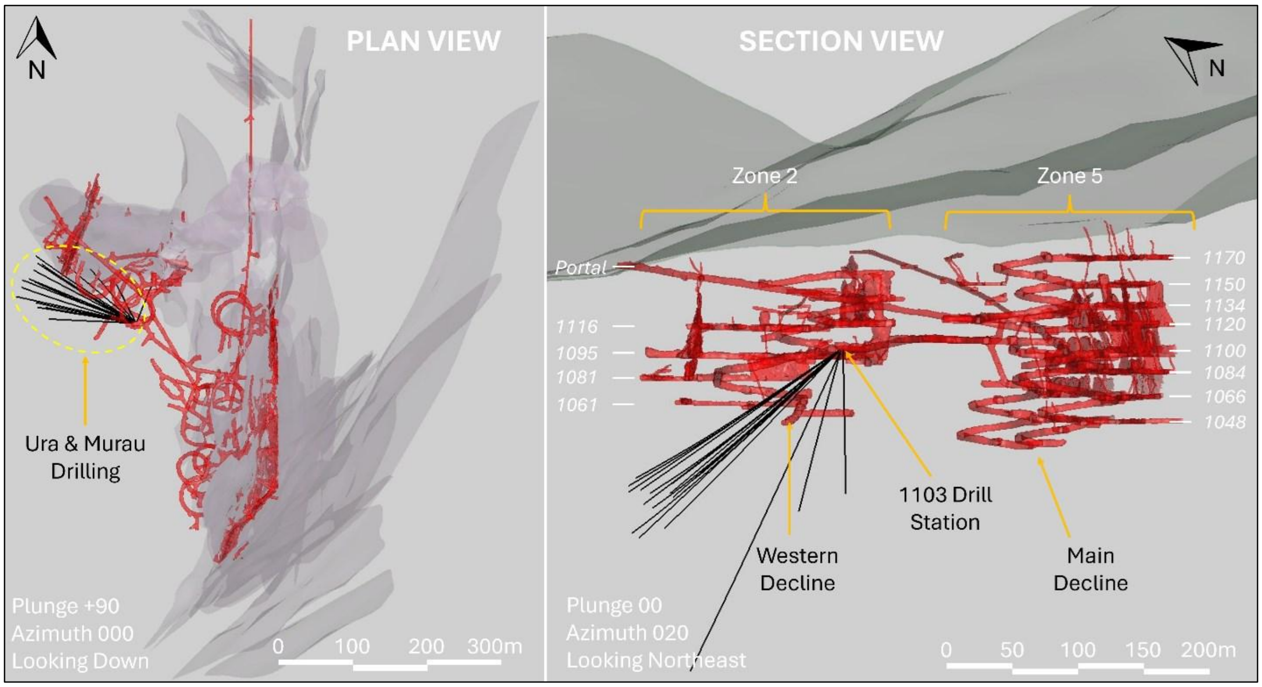


Figure 1: Location of Zone 2 Drilling (Source: Company Documents)

The holes were collared from the 1103 station on a tight 12.5m by 12.5m pattern in the Murau lodes and a wider 25m by 25m pattern in the Ura lodes, with 14 of 18 returning high grades. The Murau veins dip gently to the north and have a vuggy, or cavity-rich, texture, carrying quartz, pyrite, roscoelite and visible gold. The vanadium mica marks the richest parts of alkaline gold systems and is the same assemblage that hosts bonanza grades at analog deposits such as Vatukoula and Porgera. For scale, Porgera's roscoelite-rich Zone VII produced roughly 5.1Moz at 27 g/t, with individual veins running into the hundreds and thousands of grams per tonne, the kind of grades now turning up in the Tuvatu core.

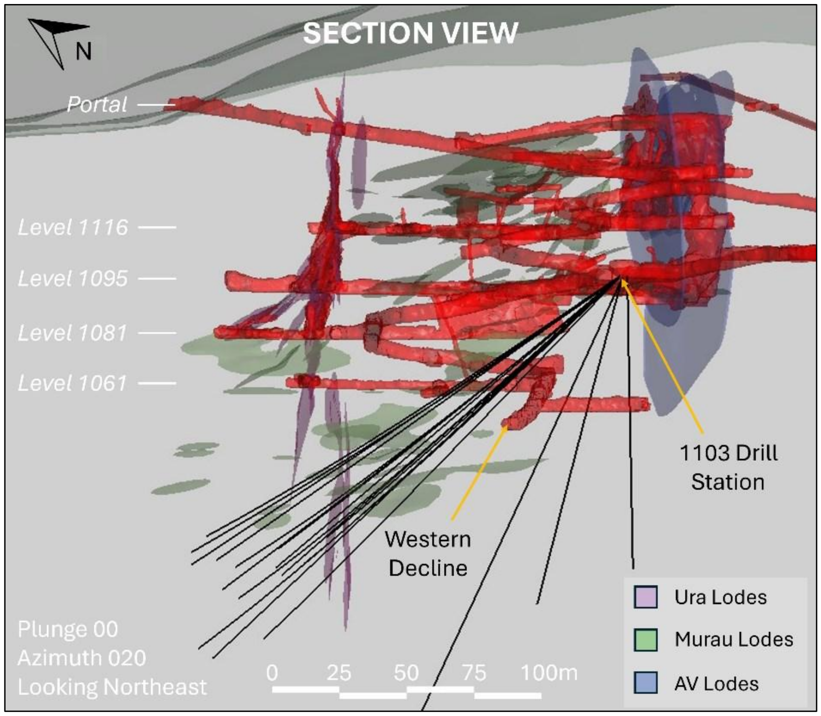


Figure 2: Ura, Murau and AV Lodes in Zone 2 (Source: Company Documents)

Five of the fourteen mineralized holes carried assays above 100 g/t gold, topped by the 6,571 g/t sample that now ranks as the highest ever returned at Tuvatu. The grades line up with what the area has already delivered in production. The Ura shrinkage stope on Level 1116 ~100m above these drill results mined 5,704t at 10.6 g/t. In our view, the Ura and Murau lodes rank among the more compelling near-mine growth targets on the property.

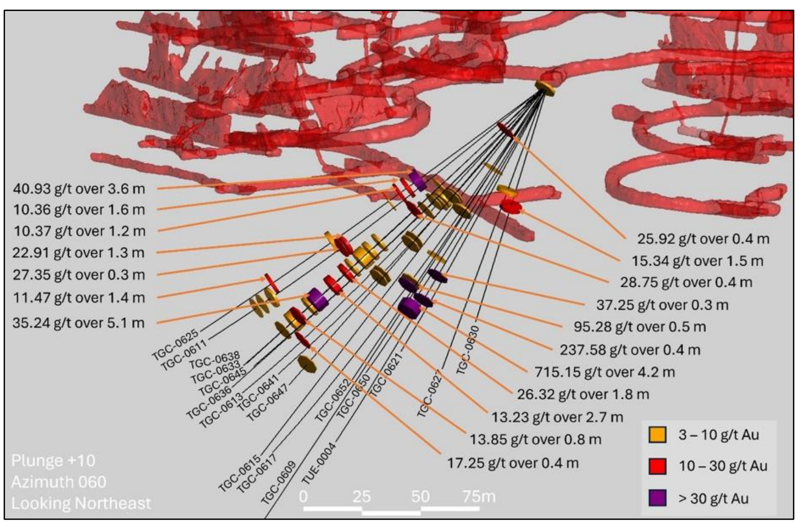


Figure 3: Ura & Murau Drilling with Intercepts (Source: Company Documents)

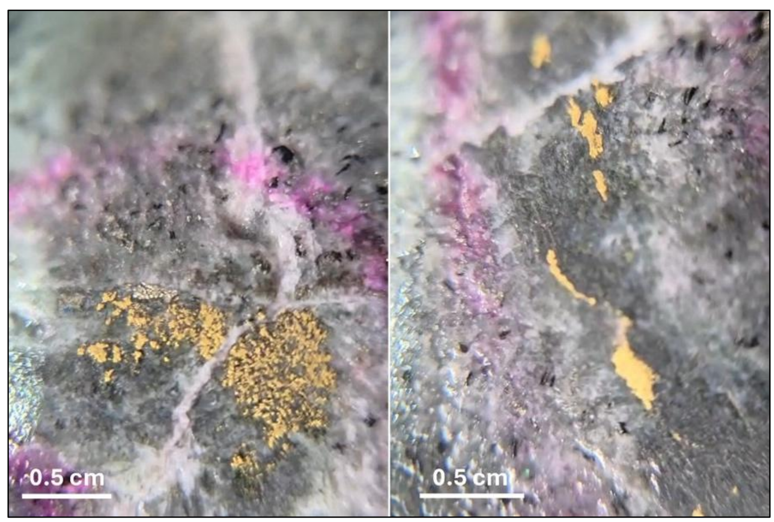


Figure 4: Visible Gold From TGC-0650 at 124m Depth (Source: Company Documents)

New LM90 Underground Drill to Target Zone 500 and West Zone at Depth

On July 27th, Lion One announced the purchase of a new Boart Longyear LM90 underground core drill for the Tuvatu gold mine, as part of a renewed strategy to significantly expand production. The purpose-built rig can drill to a maximum depth of 990m across a full dip range from vertically up (+90) to vertically down (-90) and accommodates rod sizes from AQ to NQ, enabling both deep and fully inclined drillholes from stations far underground. Its primary purpose is to target the high-grade Zone 500 and West Zone at depth in order to expand and upgrade the resource in those areas. Delivery is anticipated by mid-October, and a dedicated drill station is already under development.

Importantly, the LM90 will allow Lion One to drill both Zone 500 and the West Zone laterally from depth underground for the first time, as all previous holes into these zones were drilled from at or near surface. Management notes that drilling from underground should produce shorter, quicker, and cheaper holes with better angles of drilling into the steeply dipping high-grade veins, and the LM90's smaller footprint allows it to move through smaller development drifts that require less time and capital to establish. The addition brings Lion One's fleet to six operating drills, four underground and two active at surface.

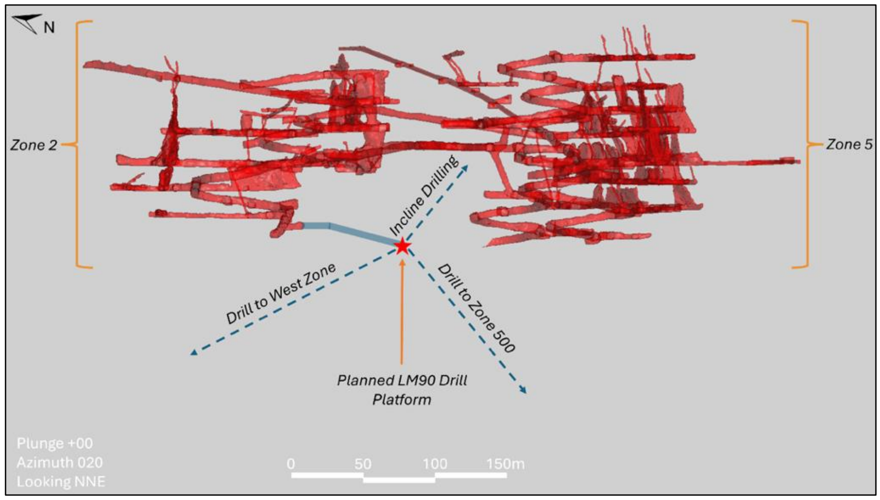


Figure 5: Planned LM90 Drill Location and Targets (Source: Company Documents)

Nebari Forbearance Agreement and Refinancing Plan

On July 23rd, Lion One announced a forbearance agreement with its senior secured lender, Nebari, under which Nebari agreed to extend the final repayment date on Tranche 1 of the loan facility to December 31st, 2026. Importantly, the Company has cured both the non-financial covenant default (first noticed January 31, 2026) and the subsequent financial default tied to a breach of the $7.0M working capital covenant (March 31st, 2026), and the interest rate on the facility has reverted from the elevated default rate back to its original level (Tranche 1 at 8% plus three-month SOFR). A portion of the net proceeds from the recent $17.5M non-brokered private placement of convertible debenture and equity units was used to satisfy payment obligations under the facility and cure the working capital default. Going forward, the forbearance requires the Company to remain in compliance with its facility obligations.

As consideration for the extension, Lion One agreed to pay Nebari a restructuring fee of US$2.0M, which is reduced to US$1.0M if the Company fully repays the facility on or before September 30th, 2026. The facility was originally entered into in January 2023 and comprises three tranches: Tranche 1 (~US$25.8M outstanding, including capitalized interest), Tranche 2 (~US$5.4M), and Tranche 3 (fully repaid), for total outstanding principal of ~US$31.2M. In connection with the forbearance, the Company has launched a refinancing strategy to repay the facility, which may include a new senior debt facility, equity offerings, and/or the deployment of cash from operations, with completion targeted by the end of the year.

Why We Like LIO

- High-Grade Underground Gold Mine in Production – The Tuvatu Gold Mine, having commenced production in late 2023, produced 14.6Koz in FY26 and is leveraged to a strong gold price environment.
- Demonstrated Operating Rebound – Following the return of the prior operating team, production improved 21% QoQ with record 84.9%mill recovery, reinforcing the mine’s capability when run by experienced operators.
- High-Grade Resource – Tuvatu hosts a high-grade gold resource of 514Koz at 7.89 g/t (3.0 g/t cut-off), of which 175Koz is in the Indicated category at 8.48 g/t Au, and the remaining is in the Inferred category at 7.62 g/t Au. At a 4.0 g/t Au cut-off, the average grade rises to just below 10 g/t Au.
- Resource Growth Potential – A meaningful share of recent mine production has come from outside the defined resource, highlighting upside for further resource growth across the land package.

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