

PINNACLE SIGNS LETTER OF INTENT FOR OPTION TO ACQUIRE HIGH-GRADE GOLD-SILVER PROJECT IN SIERRA MADRE TREND OF MEXICO

Highlights:

- **The Agreement** - Pinnacle Silver and Gold Corp. (“Pinnacle”) has signed a Letter of Intent (the “LOI”) with an arm’s length private individual and a company he controls whereby Pinnacle will have a staged option to acquire up to a 100% interest in the 1,074 hectare El Potrero high-grade gold-silver project in Durango, Mexico.
- **Prolific Area with Major Operating Mines Nearby** - El Potrero is located in the prolific Sierra Madre Occidental of western Mexico and lies within 35 kilometres of four operating mines, including the 4,000 tonnes per day (tpd) Ciénega Mine (Fresnillo), the 1,000 tpd Tahuehueto Mine (Luca Mining) and the 250 tpd Topia Mine (Guanajuato Silver).
- **High Grade & District-scale with Exploration Upside** - High-grade gold-silver mineralization occurs in a low sulphidation epithermal breccia vein system hosted within andesites of the Lower Volcanic Series and has at least six historic mines along the four-kilometre strike length. A historic resource based upon underground sampling is reported to consist of 45,561 tonnes at 8.0 g/t gold and 186 g/t silver (10.3 g/t gold equivalent or 845 g/t silver equivalent).^{1,2} The property has been in private hands for almost 40 years and has never been drilled or explored by modern methods, leaving significant exploration potential.
- **Near-term Production Possibility** - A 100 tpd plant on site can be refurbished / rebuilt and historic underground mine workings rehabilitated at relatively low cost in order to achieve near-term production once permits are in place.
- **Infrastructure Friendly** - Property is road accessible with a power line within four kilometres. Surface rights are privately owned (no community issues) and the acquisition includes approximately 200 hectares of land where the plant sits.
- **Staged Option and Earn-In Right** - Pinnacle will earn an initial 50% interest immediately upon commencing production. The goal would then be to

¹These resources are historical in nature and Pinnacle is not treating these estimates as current mineral resources as a qualified person on behalf of Pinnacle has not done sufficient work to classify them as current mineral resources. As a requirement of the acquisition, Pinnacle will be producing a NI 43-101 compliant technical report, but not a resource estimate at this stage, subject to the approval of the TSX Venture Exchange.

²Gold and silver equivalents calculated using a gold:silver price ratio of 82 (i.e. 82 g/t silver = 1 g/t gold). The metal prices used to determine the 82:1 ratio are the closing prices in New York on Oct. 25, 2024: gold US\$2,747.90 and silver US\$33.67.

generate sufficient cash flow with which to further develop the project and increase the Company's ownership to 100% subject to a 2% NSR. If successful, this approach would be less dilutive for shareholders than relying on the still challenging equity markets to finance the growth of the Company.

- **Proven Management Expertise in Operating Gold/Silver Mines in Mexico** - Pinnacle's Board and Management have considerable years of experience and success operating in the Sierra Madre gold-silver belt of Mexico. Pinnacle's President & CEO, Robert Archer was a co-founder of Great Panther Silver, that initially acquired and restarted the Topia Mine in 2004-06, and successfully transitioned the company from explorer and developer to mid-size silver miner reaching \$600 million market capitalization and listing on NYSE-American. Non-executive director David Salari is involved in the development of two mines in Mexico and Colin Jones, also a non-executive director, is a Technical Advisor to another explorer in the region.
- **The LOI** - The non-binding LOI is conditional upon a number of standard conditions, including completion of satisfactory due diligence by Pinnacle, completion of a financing, the filing of a NI 43-101 Technical Report, the execution of a formal Definitive Agreement and final approval of the TSX Venture Exchange. Pinnacle has exclusivity during the 3-month LOI period.

VANCOUVER, BRITISH COLUMBIA, October 28, 2024 (TSXV:PINN; OTC:NRGOF; Frankfurt:P9J) – Pinnacle Silver and Gold Corp. ("Pinnacle" or the "Company") is pleased to announce that it has signed a Letter of Intent (the "Transaction") to acquire up to a 100% interest, subject to a 2% NSR, in a reportedly high-grade gold-silver project in Durango, Mexico.

Located in the prolific Sierra Madre Trend of Mexico, which hosts several world class gold-silver mines and resources, the 1,074 hectare El Potrero Project lies within a 35-kilometre radius of four producing mines, including La Ciénega, one of Mexico's largest underground gold-silver mines. Under a single owner for about 40 years, the Potrero property has been subject to small scale production in 1989-90 and contains a 100 tonne per day plant that can be refurbished / rebuilt at relatively low cost. Similarly, the underground mines are accessible via adits (no shafts) and can be rehabilitated fairly quickly and inexpensively. At that point, the vendor and the Company will share equally in all proceeds of production, allowing the Company to further develop the property without undue shareholder dilution.

"We are extremely pleased to have the opportunity to develop and explore the El Potrero Property," stated Robert Archer, Pinnacle President & CEO. "It is centered in a well-mineralized district and has had high-grade historic production of its own, yet the four-kilometre strike length of the vein system has not been drilled or systematically explored by modern methods. Average gold and silver grades are reported to be in the range of 10.3 g/t gold equivalent or 845 g/t silver equivalent.

In the current environment of high metal prices, this presents an exciting opportunity to develop the property from the proceeds of production and continue to advance the project and build the company through additional acquisitions in a non-dilutive manner. This is a business model that I am very familiar with, having successfully implemented it in the past with Great Panther."

The property hosts a four-kilometre strike length of a northwest-southeast trending epithermal vein

system containing high grade gold and silver mineralization. The veins are brecciated and hosted in andesitic volcanics of the Tertiary Lower Volcanic Series near the contact with the overlying Upper Volcanic Series. Multiple small mines, accessible by adits into the side of the hill, exist along the system and some have been exploited in the 1980's and possibly before. Vein widths are reported to be in the 0.5 to 10 metre range. Vein textures indicate that the mines may be sitting fairly high in the epithermal system implying good potential to extend the mineralization to depth.

There has been no drilling on the property and no detailed production records have been provided to date, but longitudinal sections of the mine workings indicate mineralized blocks totalling a historic resource of 45,561 tonnes at 8.0 g/t gold and 186 g/t silver (10.3 g/t gold equivalent or 845 g/t silver equivalent^{1, 2}). First-pass sampling has been conducted as part of Pinnacle's due diligence and samples are in the lab at SGS Durango. It is the Company's intention to conduct extensive underground sampling, commencing as soon as possible after signing the Definitive Agreement. A diamond drill program will also be planned to initially test the continuity of mineralization in and around the old workings, followed by step out drilling along strike and down-dip.

A 100 tonne per day processing plant with a vat-leach cyanidation and Merrill Crowe circuit was in operation in 1989-1990. The basic infrastructure is sound, but some equipment will need replacement. The main power grid is only four kilometres away and the property is road accessible, being approximately 9 hours from Durango City and two hours from Topia. Operating permits will need to be re-established. A geotechnical evaluation of the mine workings will be conducted in order to design and implement a rehabilitation plan.

^{1, 2} See footnotes above

Terms of the Transaction

The Transaction has been structured as a staged earn-in, allowing the Company to acquire a direct interest in the property and infrastructure according to the following schedule, cash payments and share issuances (all dollar amounts are in United States Dollars):

- On signing a Definitive Agreement (the "DA") - \$50,000 cash and 500,000 shares of Pinnacle. Pinnacle will pay the back taxes for the property (estimated at \$160,000).
- 8 months from signing the DA - \$200,000 cash and 1,000,000 shares of Pinnacle.
- 1 year from signing the DA - \$750,000 cash and 1,000,000 shares of Pinnacle.
- When the Company has established a Mineral Resource Estimate, as defined by NI 43-101, of at least 350,000 gold equivalent ounces in the Inferred category, or 2.5 years from signing the DA, whatever happens first - \$1,000,000 cash and 1,000,000 shares of Pinnacle.
- When the plant is sufficiently upgraded and all permits received in order to commence production, or 4 years from signing the DA, whatever happens first - \$1,000,000 cash. Pinnacle receives a 50% interest in the property (including the mining concessions, machinery, equipment and land) and, going forward, all proceeds of production will be split according to the respective interest levels.
- 1 year after commencing production or 5 years from signing the DA, whatever happens first - \$1,500,000 cash. Pinnacle receives a further 20% interest in the property.

- 2 years after commencing production or 7 years from signing the DA, whatever happens first - \$3,000,000 cash. Pinnacle receives a further 20% interest in the property, totaling 90%. At this point, both parties will decide whether to continue with a participating interest or the vendor will have the option to convert the remaining 10% interest to a 2% NSR royalty.

Totals of \$7,500,000 cash (plus approximately \$160,000 in back-taxes) and 3,500,000 shares of Pinnacle for a 100% interest subject to a 2% NSR royalty.

Pinnacle will be the operator throughout the term of the agreement, oversee permitting, and make the semi-annual payment of mining taxes, etc. If, at any time, Pinnacle decides not to proceed, the Company could either continue to operate at its level of interest at that time or sell its interest, in which case the vendor would have a Right Of First Refusal (ROFR).

Part and Parcel Financing (All dollar figures in CAD):

Pinnacle will be arranging a private placement to raise gross proceeds of up to \$800,000 (the "Financing"), to close concurrently with the closing of the Transaction. The placement will consist of up to 20,000,000 units (the "Units") at a price of \$0.04 per Unit, with each Unit comprising one common share ("Share") in the capital of the Company and one-half share purchase warrant ("Warrant"), whereby each whole Warrant shall be convertible into an additional Share at an exercise price of \$0.06 for a period of 24 months from the date of issuance. Finder's fees may also be paid.

The net proceeds raised from the Financing will be used for exploration and development of the Potrero Project and for working capital.

All securities to be issued will be subject to a four-month hold period from the date of issuance and subject to TSX Venture Exchange approval. The securities offered have not been registered under the *United States Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

Due Diligence and Indicative Timeline:

Under the terms of the non-binding LOI, the parties have agreed to a period of up to 3 months to finalize due diligence investigations, file a NI 43-101 Technical Report, complete the aforementioned financing, execute a Definitive Agreement and obtain final TSXV approval.

Other Information:

The Transaction is not a non-arm's-length transaction within the meaning of the policies of the TSXV. A Finder's Fee of 4% of the cash and shares will be payable to an arm's length individual.

The Transaction is considered to be a Fundamental Acquisition by the TSXV. Trading in the shares of the Company on the TSXV has been halted and will remain halted pending formal approval of the Transaction by the TSXV.

Qualified Person

Mr. Robert A. Archer, P. Geo, a Qualified Person as defined by National Instrument 43-101, and the

President and CEO of the Company, has reviewed, verified and approved for disclosure the technical information contained in this news release.

ABOUT PINNACLE SILVER AND GOLD CORP.

Pinnacle is currently focused on district-scale exploration for precious metals in the prolific Red Lake District of northwestern Ontario. The past-producing high-grade Argosy Gold Mine is open to depth, while the adjacent North Birch Project offers additional district-scale potential. Pinnacle is also actively looking for other district-scale opportunities in the Americas, with a particular focus on silver and gold. With a seasoned, highly successful management team and quality projects, Pinnacle Silver and Gold is committed to building long-term, sustainable value for shareholders.

Signed: "Robert Archer"
President & CEO

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Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.