Pinnacle Silver and Gold Reports High-Grade Gold-Silver on Surface and in Underground Workings at El Potrero Project

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Pinnacle Silver and Gold Corp. ("Pinnacle" or the "Company") (TSXV: PINN, OTC: NRGOF, Frankfurt: P9J) is pleased to announce that systematic sampling of the historic underground workings at the Pinos Cuates Mine on the El Potrero property in Durango, Mexico (see Figure 1) has resulted in the definition of a lens of high-grade gold and silver mineralization, with individual samples returning up to 37.3 g/t gold (Au) and 346 g/t silver (Ag).

HIGHLIGHTS

- Systematic channel sampling of the underground workings at the historic Pinos Cuates Mine has returned composite channel assays of up to 19.4 g/t Au and 266 g/t Ag over 4.1 metres, including 37.3 g/t Au and 346 g/t Ag over 0.6 metres and 31.2 g/t Au and 395 g/t Ag over 0.5 metres.
- Underground mapping in the Pinos Cuates mine is outlining a wide, robust vein breccia system with exposed vein widths locally exceeding 10.46 metres and 8.5 metres on the upper and lower levels, respectively. Ultimate widths are not yet known as the outer contacts were not always exposed and will have to be determined by future diamond drilling.
- Surface mapping has traced the Dos de Mayo vein system for 1.6 kilometres along strike. Sampling of outcrop exposures was highlighted by a vein in an old pit between the Pinos Cuates and Dos de Mayo Mines, where there are no underground workings, that returned 13.2 g/t gold and 2,280 g/t silver and 5.2 g/t Au and 745 g/t Ag from grab samples. Visible gold and the more typical 'ginguro' mineralization were observed.

Of the two levels in the mine, the upper level returned the highest grades and most consistent mineralization. The entire 40-metre length of the upper level adit is variably mineralized, with three composite channels over a strike length of 6 metres returning 19.4 g/t Au and 266 g/t Ag over 4.1 metres, 13.15 g/t Au and 78 g/t Ag over 1.0 metre, and 11.4 g/t Au and 131 g/t Ag over 2.5 metres. This high-grade mineralization is 'shouldered' along strike to the northwest and southeast by 4.7 g/t Au and 80 g/t Ag over 4.0 metres and 3.9 g/t Au and 51 g/t Ag over 1.0 metre, respectively. Additional composite channels to the southeast yielded 7.8 g/t Au and 220 g/t Ag over 1.3 metres and 5.0 g/t Au and 272 g/t Ag over 2.0 metres. It should be noted that channel sampling of the full width of the vein exposure was locally restricted by accessibility.

Sampling on the lower level was highlighted by 3.3 g/t Au and 36 g/t Ag over 4.0 metres down-dip of the high-grade section on the upper level and 7.13 g/t Au and 130 g/t Ag over 0.5 metres along strike to the southeast.

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Figure 1: Regional location map of the Potrero Project, Durango, Mexico

Concurrent with the underground program, surface mapping and prospecting along the main Dos de Mayo vein system, resulted in the discovery of an old pit with vein material containing visible gold and ginguro (grey-black bands of electrum and silver sulphides) that assayed 13.2 g/t Au and 2,280 g/t Ag and 5.2 g/t Au and 745 g/t Ag in two grab samples. Investors are cautioned that grab samples, by their nature, provide only a preliminary indication of grades and are not considered representative. Follow up trenching and channel sampling will be conducted here. Situated roughly halfway between the Pinos Cuates and Dos de Mayo mines (Figure 2), this discovery underscores the potential to connect the mineralization between the historic

workings (200 metres).

"We are extremely pleased that we are seeing consistent high-grade gold-silver mineralization this early in the sampling program," stated Robert Archer, Pinnacle's President & CEO. "Furthermore, the discovery of high-grade gold and silver at surface between the historic mines exemplifies the potential to expand the mineralized zones beyond the historic mines. Mapping of the underground workings and surface exposures has been accompanying the sampling such that we are also getting a better understanding of the geological controls on the mineralization. The occurrence of high-grade pockets of mineralization is consistent with low-sulphidation epithermal vein deposits, where the highest grades tend to occur in 'clavos' or 'shoots'. These results are an important first step towards defining targets for a drill program later in the year."

Underground Program

Of the three historic mines on the Potrero Property, the Pinos Cuates mine lies roughly halfway between the larger Dos de Mayo mine to the southeast and the Dura mine to the northwest (Figures 2 and 3) and consists of two levels, approximately 25 metres apart, with a raise connecting the two (Figure 4).

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Figure 2: Preliminary geology of the Potrero Project showing vein projections and historic mines

The lower level of the Pinos Cuates mine has a measured length of 96.78 metres with an exposed true vein width ranging from 2.46 to 8.50 metres at its widest point. The vein is actually exposed for only about 45 metres of this length and the remainder follows a felsic porphyry dike. The Upper Level has a measured length of 40.35 metres with an exposed true vein width ranging from 1.42 to 10.46 metres at its widest point. On both levels the width of the vein could be wider as the outer contacts with the wall rock are not always exposed.

The vein strikes 320-330° and dips at 60-72° NE, and the adits have been surveyed such that true vein widths are considered to be approximately 90% of composite channel lengths. A metal ladder has recently been anchored to the inside of the raise, making it safe to sample the walls to give some idea of the vertical continuity of the mineralization.

The underground sampling at Pinos Cuates was conducted as a series of channel samples roughly perpendicular to the Dos de Mayo vein, across the back (ceiling) and the walls of the adits (tunnels) where the vein is exposed. Spacing between channels varies from approximately 2 to 5 metres on the upper level and 2 to 10 metres on the lower level. Individual channel samples do not exceed 1.3 metres in length and composites comprise up to eight individual channels end-to-end. As such, the sampling is considered to be representative of the grades within a particular zone.

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Figure 3: Longitudinal section, looking southwest, of underground workings at the Potrero Project.

On the upper level of the mine, a total of 94 channel samples were taken in 16 composite channels along the length of the adit. On the lower level, 79 samples were taken, forming 16 composite channels over the full length of the level. All samples were assayed for gold, silver and a suite of 32 other elements, including copper, lead and zinc. However, the base metal assays were consistently low, confirming that this is a precious metal dominant system.

On the upper level, gold and silver mineralization extends from one end of the adit to the other (40.35 metres). However, the ginguro bands that carry the highest grades are not always exposed in the underground workings and there has been no historic underground drilling to test the horizontal continuity of the vein or the mineralization. Consequently, the high grades such as 37.3 g/t Au and 346 g/t Ag over 0.6

metres and 31.2 g/t Au and 395 g/t Ag over 0.5 metres are a direct function of the amount of ginguro bands, which is, in turn, related to exposure and accessibility in the historic workings. Future drilling will provide a better sense of the widths of the vein and the continuity of gold-silver mineralization within it.

On the lower level, gold and silver assays were highlighted by 7.13 g/t Au and 130 g/t Ag over 0.5 metres and 3.3 g/t Au and 36 g/t Ag over 4.0 metres, while almost all samples were gold and silver bearing to some degree. This latter channel is down-dip from the high grades in the upper level, suggesting that they are probably connected. However, diamond drilling and/or mine development would be needed to confirm this.

In the better mineralized samples, the silver to gold ratio averages 14 on the lower level vs 28 on the upper level and up to 172 on surface, perhaps indicating a slight metal zonation, with silver content increasing upwards relative to gold.

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Figure 4: Plan map of underground workings at the Pinos Cuates mine showing geology and sample results.

Following this program at Pinos Cuates, underground mapping and sampling has commenced at the Dos de Mayo Mine and is well underway, with 113 samples taken to date.

Surface Program

Surface mapping has now extended the vein system along strike to the northwest and southeast for approximately 1,600 metres (see Figure 2). Samples were taken from any veins that were found, with a total of 85 being assayed to date. This was highlighted by the discovery of an old pit with vein material containing visible gold and ginguro that returned assays of 13.2 g/t Au and 2,280 g/t Ag and 5.2 g/t Au and 745 g/t Ag in two grab samples. The pit is located roughly halfway between the Pinos Cuates and Dos de Mayo mines where there are no underground workings and provides evidence of the presence of mineralization within the 200 metre gap between the historic workings.

To the southwest of the Pinos Cuates mine, two other veins, La Estrella and El Capulín, have been mapped and sampled on surface and in small underground workings. At El Capulín, there are structural elements that trend NW-SE parallel to the main trend, but also NE-SW, projecting into the Dos de Mayo vein, approximately 200 metres away. The intersection of the two systems could result in a widening of the veins. In the underground workings, veinlets of crystalline and crustiform quartz and calcite less than 5 cm wide are observed, with very strong interstitial and fracture oxidation. Seven samples have been taken at El Capulín and assays are pending.

At La Estrella, approximately 500 metres southwest of Pinos Cuates, the vein has been mapped on surface over a strike length of 100 metres and varies from 0.95 to 6.0 metres in width. Its general strike is north-south with an inclination of 70° to 80° to the east, but in the north it bends to a northeast strike, much like El Capulín. It can exhibit brecciated, lattice-bladed, and banded textures, and contains clay minerals such as kaolin, and red, orange, and lemon-yellow oxides. Seven samples were taken, of which 4 were inside a 40 metre adit and 3 on the surface. Vein material returned assays of 0.151 to 1.180 g/t Au and 16 to 40 g/t Ag.

It is important to note that the elevation at La Estrella is 1,880 masl, while at Dos de Mayo it is 1,500 masl, representing a difference of 380 metres. This, along with the presence of clays (kaolin) at La Estrella, could indicate that the mapped exposures at La Estrella are high in the epithermal system and that the complete mineralized horizon lies below. This theory will be drill-tested in due course.

Access roads to the project and up to the mine portals have been cleared, the plant has been completely cleaned up, and an inspection has been scheduled for mid-June to assess the approximate cost and schedule to get it ready for production again.

Geology

The Potrero Project lies within the well-known and prolific Topia District of the Sierra Madre gold-silver belt. The Dos de Mayo low-sulphidation epithermal gold-silver system demonstrates a strong northwest-southeast strike that parallels the regional trend of the Sierra Madre and is on strike with the 4,000 tonne per day Ciénega Mine, 35 kilometres to the southeast. The host rock consists of a series of andesitic flows and tuffs of the Lower Volcanic Series and is variably chloritized (propylitic alteration).

Geological mapping on surface and underground has identified a quartz-feldspar-biotite porphyry dike along one or both contacts of the vein. It appears to occupy the same structure as the vein system and is pre-mineral, being locally mineralized with gold and silver. Felsic intrusives such as this are common and important in epithermal systems as they are thought to provide structural preparation, competency contrasts, and a source of heat and mineralizing fluids.

The principal Dos de Mayo vein consists of vein breccia with angular clasts of variable composition, colloform quartz, chalcedonic quartz, bladed quartz and calcite, drusy quartz and bands of opaque, grey quartz. Gold-silver mineralization is associated with grey-black bands of ginguro (fine-grained electrum and silver sulphides). Fine pyrite and iron oxides occur in small quantities locally.

QA/QC

The technical results contained in this news release have been reported in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). Pinnacle has implemented industry standard practices for sample preparation, security and analysis given the stage of the Project. This has included common industry QA/QC procedures to monitor the quality of the assay database, including inserting certified reference material samples and blank samples into sample batches on a predetermined frequency basis.

The non-systematic chip channel sampling was completed across exposed mineralized structures using a hammer and maul. The protocol for sample lengths established that they were not longer than two metres or shorter than 0.3 metres. The veins tend to be steeply dipping to vertical, and so these samples are reasonably close to representing the true widths of the structures. Samples were collected along the structural strike or oblique to the main structural trend.

All samples were bagged in pre-numbered plastic bags; each bag had a numbered tag inside and were tied off with adhesive tape and then bulk bagged in rice bags in batches not to exceed 40 kg. They were then numbered, and batch bags were tied off with plastic ties and delivered directly to the SGS laboratory facility in Durango, Mexico for preparation and analysis. The lab is accredited to ISO/IEC 17025:2017. All Samples were delivered in person by the contract geologist who conducted the sampling under the supervision of the QP.

SGS sample preparation code G_PRP89 including weight determination, crushing, drying, splitting, and pulverizing was used following industry best practices where all samples were crushed to 75% less than 2 mm, riffle split off 250 g, pulverized split to >85% passing 75 microns (?m). All samples were analyzed for gold using code GA_FAA30V5 with a Fire Assay determination on 30g samples with an Atomic Absorption Spectography finish. An ICP-OES analysis package (Inductively Coupled Plasma - Optical Emission Spectrometry) including 33 elements and 4-acid digestion was performed (code GE_ICP40Q12) to determine Ag, Zn, Pb, Cu and other elements.

Qualified Person

Mr. Jorge Ortega, P. Geo, a Qualified Person, and independent from Pinnacle, as defined by National Instrument 43-101, and the author of the NI 43-101 Technical Report for the Potrero Project, has reviewed, verified and approved for disclosure the technical information contained in this news release.

About the Potrero Property

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 gold-silver mineralization occurs in a low sulphidation epithermal breccia vein system hosted within andesites of the Lower Volcanic Series and has three historic mines along a 500 metre strike length. A historic resource based upon underground sampling of those three mines is reported to consist of 45,561 tonnes at 8.0 g/t gold and 186 g/t silver. (These 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.) The property has been in private hands for almost 40 years and has never been systematically explored by modern methods, leaving significant exploration potential.

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. The property is road accessible with a power line within three kilometres. Surface rights covering the plant and mine area are privately owned (no community issues).

Pinnacle will earn an initial 50% interest immediately upon commencing production. The goal would then be to 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 equity markets to finance the growth of the Company.

About Pinnacle Silver and Gold Corp.

Pinnacle is focused on district-scale exploration for precious metals in the Americas. The addition of the high-grade Potrero gold-silver project in Mexico's Sierra Madre Belt complements the Company's project portfolio and provides the potential for near-term production. In the prolific Red Lake District of northwestern Ontario, the Company owns a 100% interest in the past-producing, high-grade Argosy Gold Mine and the adjacent North Birch Project with an eight-kilometre-long target horizon. 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 A. Archer"

President & CEO

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