Pinnacle Silver and Gold (TSXV: PINN) - Drilling Underway & Production Financing Secured as El Potrero Advances Toward a Q4 2026 Production Decision

COULOIR CAPITAL

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Investment Highlights

- **Pinnacle Silver and Gold (TSXV: PINN)** (the "Company") is a precious metals developer advancing its flagship, past-producing El Potrero gold-silver project in Durango, Mexico.
- **Initial underground drilling validates grade and continuity at Pinos Cuates:** Pinnacle has completed 58 of a planned 108 underground holes, with assays received for the first 37. Hole EPUG26035 returned 13.18 meters grading 9.69 g/t Au and 143 g/t Ag, including 1.07 meters grading 59.2 g/t Au and 424 g/t Ag with visible gold, while step-outs have extended the interpreted upper-level strike length to at least 70 meters.
- **Broader system remains open for expansion:** Underground drilling, mapping and channel sampling indicate a 6.5- 7.0-meter-wide Dos de Mayo structure at the upper Pinos Cuates level. Surface drilling planned for September–October 2026 will test gaps and extensions along the roughly 500-meter Dos de Mayo trend and provide first drill tests of the La Estrella and El Capulin satellite veins.
- **Financing mandate de-risks the path to a production decision:** Pinnacle launched a non-brokered placement of up to 20.0 million units at C$0.11 (up to C$2.2 million gross), of which a first tranche of C$652,080 (5.93 million units) closed on August 7, 2026. In parallel, Auramet Capital Partners has been appointed Lead Project Financier to arrange up to US$5 million of non-equity project financing for the restart, materially reducing dilution risk. A formal production decision is targeted by late Q4 2026.
- **We reiterate our BUY rating and update our fair value per share target to C$0.28 per share.**

Key Financial Data (FYE - Apr 30) (C$)		FY2025		Q1-FY2026
Cash	$	149,570	$	1,352,231
Working Capital	$	(399,696)	$	(69,416)
Mineral Assets	$	695,205	$	1,569,094
Total Assets	$	1,238,342	$	3,846,424
Net Income (Loss)	$	(833,054)	$	(2,976,297)
EPS (C$)	$	(0.01)	$	(0.02)

Current Price (C$)*	$0.11
Fair Value	$0.28
Projected Upside	169%
Action Rating	BUY
Perceived Risk	VERY HIGH
Shares Outstanding	152,759,758
Market Cap	$15,669,000
YoY Return	46.7%
YoY TSXV Return	14.35%

* Note: all $ amounts are C$ unless otherwise stated

TSXV: PINN PRICE AND VOLUME HISTORY

Source: Comapny Website

Contents

Figures

Drilling continues to demonstrate near-surface scale and continuity at Halo

Initial underground drilling at El Potrero validates both grade and continuity within the Dos de Mayo vein system. Pinnacle has completed 58 of a planned 108 short, closely spaced underground holes, with assays received for the first 37. The early results support the view that Pinos Cuates could represent part of a larger, continuous mineralized system rather than an isolated high-grade occurrence.

The most significant result to date comes from hole EPUG26035 on the upper level of the historic Pinos Cuates mine. The hole was drilled horizontally from the end of the underground workings at a shallow angle to the vein strike specifically to test the northwestern extension of mineralization. The hole confirmed mineralization for at least a further 20 meters along strike, returning 13.18 meters grading 9.69 g/t Au and 143 g/t Ag, including 1.07 meters grading 59.2 g/t Au and 424 g/t Ag with visible gold. Step-out holes to the southeast (EPUG26025/26026) added up to a further 21 meters, including 9.54 g/t Au and 134 g/t Ag over 1.5 meters, lifting the interpreted strike length of the Pinos Cuates upper level zone to at least 70 meters. Upcoming surface drilling (planned for Sep-Oct 2026) will further delineate this mineralization at varying depths and farther along strike to the northwest and southeast.

Figure 1: Highlights of drill hole intercepts from Pinos Cuates Upper Level

Hole_ID	Azimuth	Dip	Depth	Area	From	To	Core Length	Est. TW	Au g/t	Ag g/t
EPUG26019	50	-70	20.00	Pinos Cuates Upper Level	15.75	16.50	0.75	0.49	1.95	36
EPUG26021	230	+45	28.50	Pinos Cuates Upper Level	12.00	13.50	1.50	1.36	4.48	28
					27.00	28.50	1.50	1.36	3.26	5
EPUG26023	185	0	21.00	Pinos Cuates Upper Level	4.90	6.00	1.10	Along strike	3.01	9
					4.90	9.76	4.86	Along strike	1.27	9
EPUG26025	145	0	21.00	Pinos Cuates Upper Level	16.50	21.00	4.50	Along strike	0.97	16
EPUG26026	125	-60	25.50	Pinos Cuates Upper Level	1.50	3.00	1.5	Along strike	1.73	42
					9.00	10.50	1.5	Along strike	9.54	134
EPUG26029	50	-70	45.00	Pinos Cuates Upper Level	10.50	11.70	1.20	0.91	2.67	58
					24.97	28.94	3.97	3.01	1.05	29
					43.50	44.00	0.50	0.37	10.20	208
EPUG26030	230	0	10.50	Pinos Cuates Upper Level	0.00	0.82	0.82	0.70	1.88	27
					3.00	3.92	0.92	0.79	1.80	29
					0.00	3.92	3.92	3.40	1.07	31
EPUG26031	230	+40	18.00	Pinos Cuates Upper Level	6.98	8.48	1.50	1.46	1.64	11
EPUG26032	230	-45	10.50	Pinos Cuates Upper Level	0.00	4.50	4.50	4.30	0.93	51
					8.18	8.80	0.62	0.58	1.60	7
					8.18	8.80	0.62	0.58	1.60	7
EPUG26033	275	0	10.50	Pinos Cuates Upper Level	3.52	5.62	2.10	Along strike	6.93	94
					0.00	5.62	5.62	Along strike	3.16	52
EPUG26035	320	0	28.00	Pinos Cuates Upper Level	0.45	3.75	3.30	Along strike	1.41	69
					15.90	16.97	1.07	Along strike	59.20	424
					7.82	21.00	13.18	Along strike	9.69	143
EPUG26036	195	+45	10.50	Pinos Cuates Upper Level	1.50	7.50	6.00	Along strike	1.26	93
EPUG26037	175	-65	15.00	Pinos Cuates Upper Level	1.50	8.35	6.85	Along strike	3.03	72

Source: Company Filings

Importantly, the drilling is adding geological context to an already encouraging underground dataset. Earlier channel sampling across the Dos de Mayo workings demonstrated higher grade mineralization, with individual channels intersecting up to 26.1 g/t Au and 511 g/t Ag over 0.50 meters at Dos de Mayo Norte. Underground drilling, drift mapping, and channel sampling indicate that the Dos de Mayo structure is approximately 6.5-7.0 meters wide at the upper Pinos Cuates level, with higher-grade shoots occurring within a broader mineralized envelope. There remains substantial scope to expand the system.

Pinos Cuates is only the central of three historic mines developed along roughly 500 meters of the Dos de Mayo structure, and much of that trend remains inadequately tested by modern exploration. Surface drilling planned for September-October 2026 is expected to test the gaps between the historic mines, extend mineralization along strike and up and down dip, and drill the El Capulin and La Estrella veins for the first time.

La Estrella, located approximately 500 meters from and 500 meters higher in elevation than the main Dos de Mayo vein, is a priority target that has been traced for roughly 400 meters along strike and 200 meters vertically. Channel sampling has returned grades including 5.49 g/t Au and 48 g/t Ag over 0.72 meters, suggesting potential for a separate mineralized structure outside the principal Dos de Mayo corridor. El Capulin, approximately 200 meters southwest of the Dos de Mayo mines, is road accessible and has been traced for more than 375 meters. Pinnacle plans to combine the surface drilling results with the underground dataset to develop an internal resource estimate and preliminary mine plan.

Source: Company Website

Financing Mandate De-Risks the Path to Production Decision

Pinnacle launched a non-brokered placement of up to 20.0 million units at C$0.11 per unit, implying potential gross proceeds of up to C$2.2 million. The first tranche closed on August 7, 2026, raising C$652,080 through the issuance of 5.93 million units. The fund raised will provide capital for drilling, engineering, permitting and other pre-development work at El Potrero. In parallel, Auramet has been appointed Lead Project Financier to arrange up to US$5 million of non-equity project financing.

In our view, this materially improves the funding pathway. Rather than relying on repeated equity issuance to fund both exploration and construction, Pinnacle is using relatively modest equity raises to advance El Potrero through drilling, permitting and engineering, while targeting non-equity capital for the heavier restart spend. The combination should reduce dilution risk and provide a clearer path from technical de-risking to construction and first production.

The other work and permits needed for a production decision have also advanced. Pinnacle has completed the feasibility study for a 3.3 km powerline extension, while baseline work for water licensing and other permits is underway. Community engagement has progressed as well, with an agreement signed with the local Ejido El Carmen covering work being undertaken to advance the project. Metallurgical testing has further reduced technical risk, with the second round of work indicating gold recoveries above 97% and silver recoveries of roughly 70%.

On the strength of these workstreams, the company now targets a formal production decision by late Q4 2026.

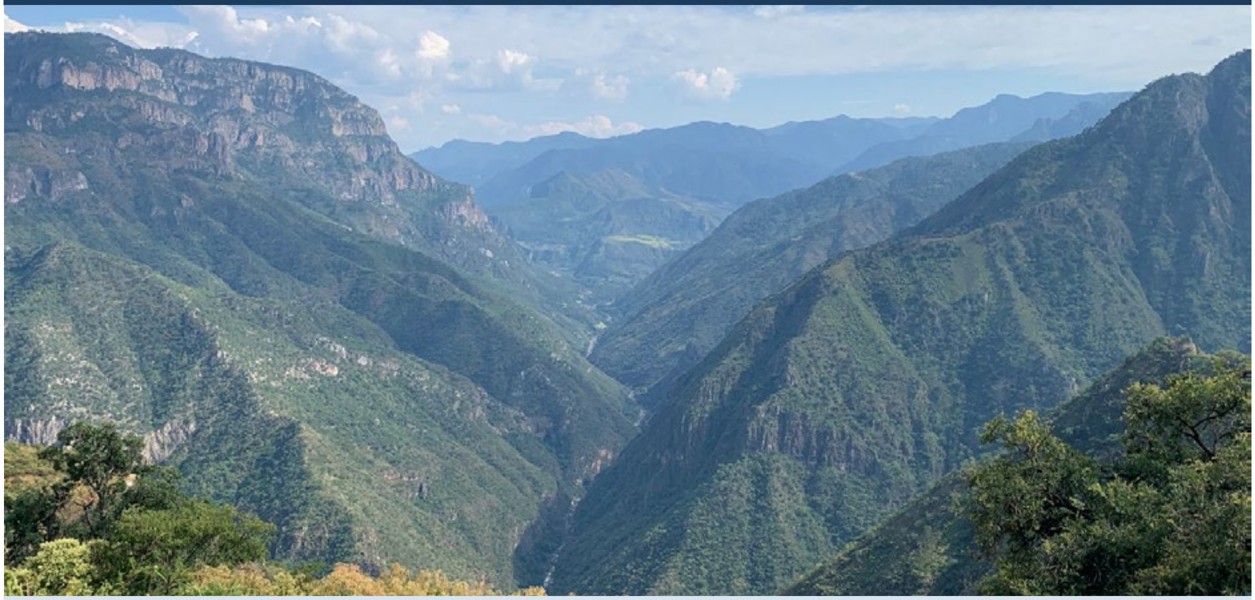
Source: Company Website

Capital Structure

We estimate that the Company currently has 6.4 million options (weighted average exercise price of C$0.11 per share), and 33.6 million warrants (weighted average exercise price of C$0.12 per share) outstanding. At this time, nearly 4 million options and 21.1 million warrants are in-the-money. Exercising in-the-money options and warrants will provide additional liquidity of C$2.0 million, which can partially fund development of El Potrero.

Security Type	Number	Exercise Price	Expiry
Options	3,500,000	0.05	23 Sep 2029
	500,000	0.05	17 Apr 2029
	2,470,000	0.20	4 Feb 2029
Total Options	**6,470,000**		
Security Type	**Number**	**Exercise Price**	**Expiry**
Regular Warrants	13,131,368	0.10	7 Aug 2027
	7,632,500	0.06	25 Feb 2027
	2,964,000	0.16	7 Aug 2028
	3,812,586	0.20	18 Dec 2027
	5,457,746	0.20	2 Feb 2028
Finder Warrants	343,700	0.10	7 Aug 2027
	207,728	0.20	2 Feb 2028
	68,400	0.16	7 Aug 2028
	21,000	0.20	18 Dec 2027
Total Warrants	**33,639,028**		

Source: Company, Couloir Capital



Source: Company Website

Valuation

The peer group was selected based on several key criteria. Comparable companies are primarily focused on silver and/or gold exploration projects, with flagship assets predominantly located in Mexico, and are not yet generating cash flow from operating mines.

Pinnacle Silver and Gold's flagship asset, El Potrero, is a gold-silver project in Durango, Mexico that remains at an exploration and development stage. As such, it is appropriate to benchmark the company against peers with similarly staged assets in comparable jurisdictions. We excluded companies that have reached production and are generating cash flow, as comparing producing companies with exploration-stage or developing firms provides limited analytical value.

The final peer group comprises a diversified set of silver-focused exploration companies, all of which are at the exploration or development stage and have similar geographic exposure.

As Pinnacle Silver and Gold does not yet have a published mineral resource estimate (MRE), the primary valuation metric used for comparison is enterprise value per hectare of exploration land (EV/hectare). Enterprise value is calculated as market capitalization plus total debt minus cash and cash equivalents, based on the most recent financial disclosures and adjusted for any subsequent capital raises.

To improve comparability across projects at different stages of advancement, we adjusted land areas accordingly. For projects with an MRE, the total number of hectares was left unchanged. For pre-MRE projects, the project area was multiplied by 1.5 to effectively increase the land base and reduce the EV/hectare multiple, reflecting higher geological uncertainty. For projects that have reached the preliminary economic assessment (PEA) stage, their land areas were multiplied by 0.9, reducing the effective land base and increasing the EV/hectare multiple to reflect greater technical confidence. For projects with an existing FS, the area was multiplied by 0.7.

Ticker	Asset	State	Stage	Area (Ha)	MCAP (C$M)	EV (C$M)	EV Adj Area
TSXV:VIPR	La Virginia	Sonora	MRE	6,882	53.24	51.19	4,959
TSXV:CAPT	Cruz de Plata (Jesus Maria / Capitan Hill)	Durango	MRE	4,700	258.84	237.05	33,624
TSXV:GRSL	Plomosas / San Juan / San Marcial	Sinaloa	MRE	44,250	194.62	168.62	2,540
TSXV:RSMX	Dios Padre	Sonora	MRE	728	14.49	12.85	11,768
TSXV:DEF	Zacatecas Projects, Tepal	Zacatecas, Michoacán	MRE	7,571	77.18	67.33	5,929
TSXV:KTN	Promontorio, La Cigarra, Columba	Sonora, Chihuahua	MRE	11,329	134.69	99.46	5,853
OTCQB:SVBL	Sierra Mojada	Coahuila	MRE	6,496	7.49	6.22	639
TSX:VZLA	Copala, Panuco*	Sinaloa	FS	6,754	1,967.02	1,727.73	365,440
TSXV:MASS	Cerro Colorado & Valle del Cobre	Sonora	Pre-MRE	2,184	4.65	4.02	1,226
TSXV:ZAC	Panuco South	Sinaloa	Pre-MRE	7,826	16.55	16.15	1,376
TSXV:SSV	Cerro Las Minitas / Nazas Project	Durango / Jalisco	PEA / Pre-MRE	29,737	262.3	257.79	7,224
CNSX:PSIL	Claudia	Durango	Pre-MRE	11,876	94.27	67.33	3,780
TSXV:KNG	Las Coloradas & Almoloya	Chihuahua	Pre-MRE	1,711	43.50	29.59	11,528
CNSX:TOC	Gran Pilar	Sonora	Pre-MRE	2,278	68.51	60.27	17,637
TSXV:MGG	Alamos Silver	Sonora	MRE	37,928	188.59	168.73	4,449
TSXV:APGO	Cinco de Mayo	Chihuahua	Pre-MRE	25,000	200.92	144.70	3,859
TSXV:CKG	Metates	Durango	MRE	14,727	278.33	257.75	17,502
ASX:MTH	Copalqin District + La Dura	Durango	MRE	9,052	50.61	39.70	4,386
TSXV:SWLF	Ana Maria	Durango	Pre-MRE	2,549	6.53	5.40	1,413
Average							**26,586**
TSXV:PINN	**El Potrero**	**Durango**	**Pre-MRE**	**1,074**	**14.96**	**13.60**	**8,445**

Source: Couloir Capital, Yahoo Finance

Based on the above calculations, Pinnacle Silver and Gold has an EV / Adj. Area of C$8,445/ha compared to the peer group average of C$26,586/ha. This implies that Pinnacle Silver and Gold remains relatively undervalued compared to its peer group and has significant upside. Based on the calculated ratio, net cash of C$2.0 million, and a diluted share count of 158.7 million, we arrive at a target share price of $0.28 per share, implying 169% upside to the current market price of C$0.11.

Conclusion

After accounting for our valuation methodology, we update our fair value per share estimate to C$0.28 per share. We reiterate our BUY rating, and expect the following catalysts to materially impact our valuation estimate:

- Pending assays from the remaining underground holes at Pinos Cuates, which could further define the geometry, grade and continuity of the Dos de Mayo vein system.
- Commencement of the planned surface drilling program in September-October 2026, including step-out drilling along the Dos de Mayo structure and first-ever drilling at the La Estrella and El Capulin satellite veins.
- Targeted production decision by late Q4 2026, supported by ongoing permitting, engineering, powerline and community-related workstreams.
- Completion of the remaining private placement, which would strengthen near-term liquidity and fund drilling and pre-development work ahead of a production decision.

Risks

The following outlines some of the key risk considerations that investors should keep in mind when evaluating PINN as an investment opportunity:

- **Exploration risk:** El Potrero does not yet have a published mineral resource estimate. While recent underground drilling and channel sampling have returned encouraging high grade results, there remains a risk that subsequent drilling does not demonstrate sufficient continuity, width or tonnage to support an economically viable resource or mine plan. The geometry of the higher-grade shoots also remains an important variable as the company continues to define the broader Dos de Mayo system.
- **Financing and dilution risk:** Pinnacle remains pre-revenue and continues to rely on external capital to fund exploration, engineering, permitting and development. The current private placement provides additional working capital, while Auramet has been mandated to arrange up to US$5 million of non-equity project financing. However, there is no assurance that the full private placement or project financing will be completed on acceptable terms. Any funding shortfall could delay development or require additional equity issuance, resulting in dilution to existing shareholders.
- **Development and execution risk:** Management is targeting a formal production decision by late Q4 2026, but this remains dependent on successful completion of several parallel workstreams. Delays in any of these areas could push out the development schedule.
- **Commodity price risk:** The rise and fall of natural resource stocks, including junior mining companies, is usually tied to some degree to the price of the underlying commodity. For Pinnacle Silver and Gold, the principal underlying commodity is gold, for which we have outlined a long-term price floor in this report. The reader is cautioned, however, that prices may fall well below that level in the short and medium term and that the company is highly levered to the price of gold and silver.
- **Wider market risk:** Like most other equities, Pinnacle Silver and Gold will be at the mercy of wider market fluctuations and will be affected by changes to the outlook for interest rates and inflation and any concerns in economic activity.

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