

Pinnacle Silver and Gold Signs Definitive Agreement For Option To Acquire High-Grade Gold-Silver Project

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Highlights:

- *The Agreement - Pinnacle Silver and Gold Corp. ("Pinnacle") has signed a Definitive Agreement (the "DA") with an arm's length private individual and a company he controls whereby Pinnacle has 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 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 (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 three kilometres. Surface rights over the plant and mine area are privately owned (no community issues).*
- *Staged Option and Earn-In Right - 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 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 nearby 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 Transaction and Completion of Other Conditions - The Transaction is deemed to be a Fundamental Acquisition by the TSXV. The requisite Part-and-Parcel financing, announced on October 28, 2024 has been fully subscribed at \$800,000 and is expected to close on Feb 25, 2025; A NI 43-101 Technical Report has been filed on SEDAR+.*
- *Appointment of Director of Investor Relations – Karen Davies has been appointed as Director of Investor Relations for the Company.*

[Pinnacle Silver and Gold Corp.](#) ("Pinnacle" or the "Company") (TSXV:PINN; OTC:NRGOF; Frankfurt:P9J) is pleased to announce that, further to the Letter of Intent announced on October 28, 2024, the Company has signed a Definitive Agreement (the "Transaction") with José Martínez Gómez and a company he controls to acquire up to a 100% interest, subject to a 2% NSR, in a high-grade gold-silver project in Durango, Mexico. The Transaction is an arm's-length transaction within the meaning of the policies of the TSXV.

The Potrero Property consists of 1,074 hectares in 8 concessions, 7 of which are contiguous. Located in the prolific Sierra Madre Trend of Mexico, which hosts several world class gold-silver mines and resources, it 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 extensive 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 and our preliminary sampling has confirmed those grades.

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 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 totaling 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 results confirm the tenor of the gold-silver mineralization. It is the Company's intention to conduct extensive underground sampling, commencing as soon as possible. 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 three 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.

Most of the five northernmost concessions, that will be the main focus of exploration and development, are situated on private property to which the Company will have full access during the term of the agreement so there should be no community issues. Specifically, the land upon which the plant and historic mines are located are in the process of being acquired by the principal vendor and will become part of the agreement, thereby streamlining the permitting process. Once the Company has acquired a 90% interest, it will enter into a lease agreement with respect to the private property for an initial period of 20 (twenty) years, the rent of which will be determined taking into consideration the application of the market value in the area where the property is located, subject to prior TSXV approval, if required.

1, 2 See footnotes below

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 the Definitive Agreement (the "DA") - \$50,000 cash and 500,000 shares of Pinnacle. As the mining taxes are not up to date, Pinnacle has committed to paying the back taxes for the property (total estimated at \$183,000) by entering into a payment plan with the Mexican fiscal authorities whereby 20% will be paid up-front followed by 36 monthly instalments.
- 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 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.
- As a Contingent Bonus, should the Company establish a Mineral Resource Estimate, as defined by NI 43-101, of at least 350,000 gold equivalent ounces in the Inferred category - \$1,000,000 cash and 1,000,000 shares of Pinnacle.

If all amounts are paid, the totals would be \$7,500,000 cash (plus approximately \$183,000 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 after acquiring a 50% interest, 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), subject to TSXV approval, if required.

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

The Part-and-Parcel private placement to raise gross proceeds of up to \$800,000 (the "Financing"), as announced on October 28, 2024, is fully subscribed and the Company anticipates closing on Tuesday, February 25, 2025, subject to final TSXV approval. The Company will issue a News Release when the financing has closed. The placement consists of 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. No finder's fees were paid.

The net proceeds raised from the Financing will be used for exploration and development of the Potrero Project, payment of the back-taxes, 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.

Insiders subscribed for an aggregate of 648,500 Units for a total of \$25,940. As insiders of Pinnacle participated in the financing, it is deemed to be a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61- 101"). Pinnacle is relying on the exemptions from the formal valuation and minority approval requirements contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101, on the basis that the fair market value of the transaction does not exceed 25% of the Company's market capitalization. The Company will be filing a material change report in respect of the related party transaction on SEDAR.

Finder's Fee

A Finder's Fee of 4% of the measurable benefit of each installment will be paid to an arm's length party, corresponding to the payment schedule outlined above, with this first installment Finder's Fee being 71,580 shares. Any future Finder's Fee cash payments and/or share issuances will be subject to TSXV approval.

Closing

The closing of the acquisition and the private placement are subject to TSXV final approval. It is anticipated that trading in the shares of the Company on the TSXV will resume within a few days. The Company will provide an update in the next news release.

Director of Investor Relations

The Company is also pleased to announce the appointment of Karen Davies to the role of Director of Investor Relations, effective February 3, 2025.

Ms. Davies brings a wealth of experience in the mining industry where, over her extensive career, she has led various marketing initiatives with public company management teams to assist with equity financings, securing coverage from all sectors of the investing community, and implementing internal procedures to ensure clear and effective communication.

Early in her career Karen was part of the Investor Relations team at Fortuna Silver Mines Ltd. through the acquisition of the Caylloma Silver Mine in 2005 which came online as the company's first operating mine. She was Manager, Investor Relations for Rye Patch Gold Corp., and Head of Investor Relations for [Mariana Resources Ltd.](#) where she played a key role in shareholder communications through the takeover by Sandstorm Ltd. in 2017. Karen has continued in similar roles with her current position for [Capella Minerals Ltd.](#)

"I am very happy to be working with Karen as Pinnacle moves forward in a new chapter of our growth as an Americas-focused silver-gold company," stated Robert Archer, Pinnacle's President & CEO. "We have known each other for many years, and I have a great deal of respect for her accomplishments and work ethic. In these challenging times for junior miners, I look forward to working with Karen to develop and implement a successful communications strategy for the Company."

Ms. Davies is at arm's length to Pinnacle, has no interest, directly or indirectly, in the Company or its securities, or any right or intent to acquire such an interest; and has no other relationship with the Company, except pursuant to her Employment Agreement.

Technical Report

A new Technical Report entitled "NI 43-101 Report on the Potrero Project, Durango State, Mexico" prepared for Pinnacle Silver and Gold Corp., dated February 21, 2025, with an effective date of February 1, 2025 has been filed on SEDAR+.

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

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 will complement the Company's project portfolio and provide 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 Archer" President & CEO

FOR FURTHER INFORMATION CONTACT:

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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.

11 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. 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.

2 Gold 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.

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