
Pinnacle Mines Ltd.

April 20th, 2008

President's Message to Shareholders

Dear Shareholder:

The Company advanced all of its projects and also went through some significant changes in 2007. The Company's main focus was its continuing program of drilling and exploring the Silver Coin project in the Stewart area of British Columbia, Canada as well as the start of a drill exploration program at La Calavera property in Oaxaca State, Mexico. Exploration programs were also performed on the Surprise Creek property near Stewart as well as the Rio Minas property in Oaxaca. A number of changes were made at the management level and the Board of Directors was reduced by two members. One financing was completed in October involving flow through shares. An option and joint venture agreement was signed with Chesapeake Gold Corp. whereby the Company can earn up to 70% in two properties in Oaxaca State in Mexico. Overall it was a very busy year. Subsequent to the year end the Company completed a private placement, hired Snowden Consultants to carry on the resource estimation at the Silver Coin and completed a deal with Tenajon Minerals Inc. to purchase its share of the Kansas property.

The Company carried out drilling activity at the Silver Coin property along with its partner Mountain Boy Minerals. The drilling started late in August and continued into early November. Fifteen holes were completed for a total of 2,764 meters. All assay results of merit have been issued in news releases and can be found on the Company's website www.pinnaclemines.com. Late in the year the Company hired the Snowden Group to work on a new resource calculation for the property. The resource will be updated on a regular basis to take into consideration new information which will become available through new work programs. Management believes that there is significant potential to increase resources at the Silver Coin. There is a great amount of prospective ground on the property to the north and east of the main resource area.

The Company was also active at the Surprise Creek property. Four holes were completed for a total of 1,995 meters. The drilling exploration work at Surprise Creek was intended to better define the rock types at various depths below surface. From this information it is planned to upgrade the geology model for the area so that the next drill program will be able to centre on potential mineralization. The property follows the contact zone between the Mt. Dilworth rhyolite and overlying Salmon River sedimentary formations, the same stratigraphic sequence that is host to numerous gold deposits including Eskay Creek, Snip and Premier-Big Missouri mines. The Company now has approximately 20,000 hectares just northeast of Stewart. The Surprise Creek is approximately 200 square kilometers in size.

On May 9, 2007 the Company signed an option and joint venture agreement with Chesapeake Gold Corp. which allows Pinnacle to acquire up to 70% interest in the Rio Minas and la Calavera properties in Oaxaca State of Mexico. The Company started work on both these properties in the summer of 2007. Over the last five months geological mapping, soil sampling, geophysics and a six hole drill program were performed at La Calavera property. Unfortunately the drilling did not produce many encouraging assays. Drilling was carried out in the areas where mineralization was most expected to be present. Management is considering whether to continue on with more drilling.

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In October the Company completed a financing of 4,000,000 flow-through units at a price of \$0.50 per unit to raise gross proceeds of \$2,000,000. These funds will be used mostly at the Silver Coin property in 2008 for a major drill program. As well, other properties are being investigated In Canada and the flow through will be used in these instances.

Late in the second quarter Andrew Bowering stepped down as President and CEO of the Company. At the same time two of the directors resigned from the Board. Paul Saxton has taken over as President and CEO.

We wish to thank the shareholders for their continued interest and support. I also wish to thank Andrew Bowering for his support and guidance during his time as President of the Company.

Respectfully submitted,

Paul Saxton
President and CEO

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FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) AS OF APRIL 20, 2008 TO ACCOMPANY THE AUDITED FINANCIAL STATEMENTS OF PINNACLE MINES LTD FOR THE YEAR ENDED DECEMBER 31, 2007.

This discussion and analysis should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2007 and the notes thereto.

This MD&A contains certain forward looking statements based on the best beliefs, and reasonable assumptions of the management of Pinnacle Mines Ltd. There are many risks and uncertainties attached to the mineral exploration business. Given these risks and uncertainties, the reader should not place undo reliance on these forward looking statements. See additional comments and discussion under Risks and Uncertainties in this MD&A.

Description of the Business

Pinnacle is an exploration stage company located at Suite 350-885 Dunsmuir Street, Vancouver, BC, engaged in the acquisition, exploration and development of mineral properties in British Columbia, Canada and Oaxaca, Mexico. The Company is a reporting issuer in BC and Alberta. On June 30, 2003 Broadlands Resources Ltd. consolidated its share capital and changed its name to Pinnacle Mines Ltd. The Company is now subject to the Business Corporations Act of BC. The Company is a Tier 2 issuer on the TSX Venture Exchange, trading with the symbol PNL.

The issued capital of the Company as of April 20, 2008 is 30,182,397 common shares. The authorized capital of the Company is an unlimited number of shares.

The Strategic Plan of the Company is to achieve cash flow from a mining operation or operations as quickly as possible and this cash flow will be used to carry on with resource exploration and project development. In this regard, the Company's Business Plan is to acquire properties of merit and take them through the exploration phase and hopefully through feasibility and on to construction and operations. The Company will also consider joint venturing its own properties so that some of the risk and cost associated with this work is carried by others.

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Operations and Performance for the Year ended December 31st, 2007

Overview

Pinnacle started 2007 with a positive working capital position of \$3,910,051 and by the end of the year this position had dropped to \$2,720,375. During the year there was a net decrease of \$1,189,676 in working capital. This decrease came about as a result of the issue of flow through shares for cash, and interest earned on capital and more than offsetting exploration programs in Canada and Mexico. The Company completed one private placement of flow-through share financing during the year. In general, the majority of costs increased in 2007 over 2006. General and Administrative expenditures increased marginally to \$1,596,819 in 2007 from \$1,489,221 in 2006. While the expenditures were similar in both years there were marked differences in where expenditures occurred. Expenditures in consulting services, investor relations, and travel were down significantly which reflected a drop in promotional expenditures, reduced use of consultants and more awareness of travel requirements including fewer trips to Asia. The value of stock based compensation was up from \$203,164 in 2006 to \$355,795 in 2007. This reflects an increase in stock options being issued and the issue of shares for services rendered.

Net mineral property and exploration expenditures totaled \$2,291,959 in 2007, up from \$1,955,140 in 2006. Significant exploration was performed and property payments were completed. Expenditures were lower at the Silver Coin in 2007 than in 2006 while expenditures were higher at Surprise Creek and expenditures in Mexico were close to \$1.5 million which was the first full year of exploration in that country.

In 2007 the Company had its most diversified exploration year ever. Exploration was carried out in a full time manner in both Canada and Mexico. Part of the reason for expanding into Mexico was to compliment the exploration season in northern BC which is limited by weather in the late fall and winter. Corporate activities during the third and fourth quarters of the year focused on continued exploration of the Surprise Creek and Silver Coin properties while exploration is able to be carried out during most parts of the year in Mexico although there are times during the rainy season when it is difficult to work. In addition a number of property submittals were investigated in North America although none was acquired. A 15 hole drill program was completed at the Silver Coin along with a helicopter supported drill program of 4 holes at Surprise Creek.

In 2006, the Company entered into an agreement with an unrelated third part to acquire 4 claims in the Stewart area. The claims were named the BA claims and 50% were sold to Mountain Boy. In 2007 the remaining 50% of the claims were sold to Mountain Boy. In 2006 the Company signed a JV agreement with Almaden Minerals Ltd on its Tuligtic property in Puebla state in Mexico. By August 9, 2007 the Company did not meet its obligation to spend \$300,000 US on the property and the property reverted back to Almaden. In May 2007 the Company signed a JV and Option agreement with Chesapeake Gold Corp. to earn up to a 70% interest in the La Calavera and Rio Minas properties in Oaxaca State, Mexico. To earn the full 70% interest the Company must spend US\$6,000,000, pay US\$1,300,000 and issue an aggregate of 500,000 shares over a period of 6 years. Exploration work was started at the La Calavera and Rio Minas properties early in May. Geological mapping has been ongoing throughout as well as geophysical work and the location of 14 holes to be drilled was determined because of this work. Drilling started subsequent to the end of the quarter and continued through the end of the year and into 2008. Permitting took longer than expected but all permits were finally obtained for all holes. An IP survey and a geochemical soil survey are underway at the Rio Minas. The Company's operating office in Oaxaca City has been particularly effective because of its close location to all projects. The Company continues to look for exploration opportunities in North America. See below for further details.

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In early 2005 the Company completed and filed a technical report pursuant to National Instrument 43-101 on the Silver Coin Project in north-western British Columbia. The independent study, written by Alojzy A. Walus, M.Sc., P. Geo., concluded that the Silver Coin property features a zone of faulting and shearing with accompanying polymetallic mineralization that is up to 300 meters wide and has been traced for a minimum of 1.6 kilometers. Numerous gold-silver-base metal bearing breccias, stockworks and veins have been identified through trenching, drilling and underground development. The report further concludes that the Silver Coin property shares many characteristics with the nearby Silbak-Premier mine which produced 4.7 million tons that yielded approximately 1.8 million ounces gold, 41 million ounces silver, 4.2 million pounds copper, 62 million pounds lead and 20 million pounds zinc.

In May of 2005 a second year of exploration was started and continued until November of 2005. During 2005 a total of 8,041 meters of drilling was completed in 66 holes along the major zone of mineralization called the Perseverance zone. The zone has been traced for over 700 meters on the surface and drilling is confirming continuity of mineralization at depth. Two types of mineralization are prevalent. One type has high grade gold and silver with lower base metals while the second type has higher base metals and lower silver and gold. Over 395 meters of trenching was performed in 2005 and new maps were prepared. All of the drilling and trenching results have been disclosed in News Releases issued during the year. Please refer to the Company's website for all of these releases.

In December 2005 Minefill Services of Seattle ("Minefill") was retained to complete an initial independent resource estimate and a National Instrument 43-101 compliant Report including a resource calculation. In addition Minefill plotted sections, performed a polygonal resource and also developed a 3-D model of the geology and mineralization. All of this is required to better understand the property's geology and help in the planning of the 2006 exploration program. The Minefill generated inferred resource contains an estimated 500,000 ounces of gold, and 2.11 million ounces of silver. The inferred resource consists of 11.3 million tonnes grading 1.60 g/t Au, 6.64 g/t Ag, 0.06% Cu, 0.19% Pb, and 0.41% Zn and has been calculated in accordance with CIMM (2000) standards, at a geometric cutoff. Within this resource, a higher grade envelope containing 2.5 million tonnes at 2.69 g/t Au, 10.09 g/t Ag, 0.06% Cu, 0.33% Pb, and 0.58% Zn has been identified for a total of 170,543 ounces of gold and 660,504 ounces of silver. Mineralization is open along the strike and down dip. Of the total calculated inferred resource of 499,775 ounces gold and 2,110,693 ounces silver, the Kansas claim has 377,394 ounces of gold and 1,545,595 ounces of silver. Of the higher grade envelope the Kansas claim contains 146,418 ounces of gold and 490,048 ounces of silver.

In January of 2006 the Company reported that over the last two exploration seasons, 2004 and 2005, it has spent approximately \$1,950,000 on the Silver Coin group of properties, completing the option and earning a 51% interest one year ahead of schedule. Under the terms of the option agreement with Mountain Boy Minerals Ltd., Pinnacle could earn a 51% interest in the project by spending \$1,750,000 over a 3 year period. An additional 9% interest can be earned on by bringing the project to production. This is now the fourth year of exploration for the Company in the Stewart area. Our activities in the area have focused on two main properties of interest, the Surprise Creek and the Silver Coin. In 2007 the Company expanded its activities at the Surprise Creek with a 4 hole drill program and continued the exploration of the Silver Coin property with a 15 hole drill program. See below for details.

In 2006 some follow-up work was also carried out on the Surprise Creek property which lies 32 kilometers to the northeast of Stewart also in the Skeena Mining division. The work program involved prospecting and drill site preparation of the property. In January 2006 the Company announced that 15 additional claims totaling 5,600 hectares were acquired by staking. The new claims join to the west and north the existing block of claims (15,000 hectares) already 100%

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owned by Pinnacle Mines. The new claims were staked in the wake of a prospecting and sampling program conducted in this area in 2005 by Pinnacle. The newly staked area is the source of large boulders (up to 2 meters across) of very strongly silicified rhyolite and/or rhyolite breccia containing sphalerite, galena and chalcopyrite. These boulders, discovered in the previous exploration seasons can be found in valleys joining the Surprise Creek, over a distance of several kilometers.

Early in 2007 a drilling contractor was identified and a contract signed to drill at Surprise Creek starting in July. This work started in late July and was completed in the latter part of August. Four holes were complete for just under 2000 meters of drilling. At this time assays have been received on all four holes. The results were encouraging in that the general geology is becoming better understood and future drilling, if any, will reflect this knowledge.

The Company looked at and investigated a number of projects in China through the spring of 2007. Subsequent to that property investigation and after a board meeting in May 2007 in China management decided that the Company should retreat from China and wait until investment conditions improved. Subsequent to that decision the Chinese government has put a moratorium on issuing exploration and development licenses for all mining projects through 2007 and for coal through 2008.

For further details refer to Mineral Property Activities.

Corporate Governance

All Policy and Procedure aspects of the Company have been under review and a new and revised system has been integrated into the Company's day to day workings.

Most importantly, the new controls will ensure that the proper due diligence and reporting is performed on every major transaction that occurs within the Company. It is our intention that full compliance and reliability of financial reporting is achieved as required.

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2007. Management's evaluation was that the disclosure controls were generally effective.

Company management believes that the financial statements and MD&A filed conformed in all other respects with the requirements of form 51-102F1. Management believes that the Company's accounting systems, staffing, policies and procedures are appropriate to the size and nature of the Company's operations, although the Company's auditors have noted a lack of appropriate segregation of duties in respect of accounting procedures caused by the modest scale of these operations. Management oversight and approval of transactions and disbursements, however, limits the scope for inappropriate transactions and an independent, qualified audit committee oversees the Company's reporting.

The Board of Directors has two standing committees that require full reporting. The audit committee reviews all quarterly and annuals reports and also randomly reviews the Company's financial reporting trail throughout the year. The Compensation Committee reviews and regulates the salaries, expenses and options that are being paid. The board has been meeting at least four times a year. A corporate governance committee is being established to keep up with disclosure and governance issues.

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Mineral Property Activities

Note: All of the property reviews and technical information located below can be viewed in more detail on SEDAR at www.sedar.com and on the Company's website at www.pinnaclemines.com.

Canada

Silver Coin:

The Silver Coin gold-silver-base metal property, optioned from Mountain Boy Minerals Ltd., is located about 24 kilometers north of Stewart, British Columbia in the Skeena Mining Division. The property covers an area of Lower Jurassic-age, intensely altered intermediate volcanic rocks. Detail regional mapping conducted by government geologists indicates that the area was a regional paleotopographic high with a stratovolcano centered on the nearby Mount Dilworth. The rocks are cut by a variety of intrusive rocks of both Early Jurassic and Eocene age.

The property contains approximately 1500 hectares in one Crown granted claim, nine Reverted Crown granted claims, ten – two post claims and six modified grid claims.

During the third quarter of 2004 the Company entered into an option agreement with Mountain Boy Minerals Ltd to acquire a 51% interest in its 100% owned Silver Coin and FR claims and its 55% owned Dauntless claims by spending \$1.75 million on exploration over a three year period. In addition the Company can earn another 9% in the properties by bringing one to commercial production.

During the fourth quarter of 2004, the Company entered into an agreement with Tenajon Resources Corp. to acquire a 60% interest in its Kansas property, by incurring exploration expenditures totaling \$1 million over a four year period, making a \$50,000 cash payment and issuing 77,000 common shares. The Company can increase its ownership in the Kansas property to 70% by completing a feasibility study within four years of earning its 60% interest. The letter agreement was signed on Oct. 23, 2004 and the companies agreed to complete a full option agreement within six months. A full JV Agreement between Tenajon and Pinnacle was completed in May of 2005. We are now satisfied that we have acquired the complete land package needed for exploration. In 2005 the Company incorporated the Kansas Claim JV between Pinnacle and Tenajon into the Mountain Boy/ Pinnacle JV.

The Kansas property is a crown grant and is 19.5 hectares in size. The property is surrounded by the Silver Coin property. A technical report by Westmin Resources Limited in 1995 calculated the uncut gold reserves on the Kansas at 1,774,000 tons grading 2.20 g/t (124,889 ounces of gold). This calculation was completed prior to National Instrument 43-101, is historic in nature and has not been reclassified to current categories; however management believes that the results and calculations were generated using accepted and proven geologic and engineering practices and are reliable and relevant.

The Silver Coin property features a zone up to 300 meters wide of faulting and shearing with accompanying alteration and mineralization that has been traced along the Big Missouri Ridge for 1.6 kilometers. The alteration zone associated with the faulting and shearing forms a prominent gossan extending from the Packers claim, south to the Idaho Fraction claim on the west side of Noname Lake. This major deformation zone hosts numerous parallel, generally north trending base and precious metal bearing zones which contain pyrite, sphalerite, galena and chalcopyrite with minor tetrahedrite and trace of gold and electrum. Mineralization is accompanied by large

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intense alteration zones composed of variable amounts of quartz, sericite, carbonate, K-feldspar, pyrite, chlorite, and clays. Mineralization is closely associated with trachyte intrusions.

The Silver Coin property shares many characteristics with the nearby Silbak Premier Mine, located just 5km to the south. In both locations mineralized zones are comprised of epithermal gold-silver-sulfide bearing siliceous breccias, stockworks and veins. The Silbak Premier Mine has been the most important in the district and between 1918 and 1979, 4.2 million tonnes of ore were mined at a recovered grade of 13.4 g/t Au, 301 g/t Ag, 2.3% Cu, 0.6% Pb and 0.2% Zn (BCEMPR production statistics).

To date, based on observations made in the field and during core logging, thin sections studies, as well as historical data, there are nine different types of potentially economic mineral associations present within a total of 20 zones in the project area. Starting from the northwest portion of the property they include: the Perseverance, 13/19, 21, 28, Facecut-35 and Storm zones. Immediately further south, along the Big Missouri ridge there are the West Kansas, Kansas, Snowball, Dan, Dauntless Vein, Dauntless Hill, Silver Coin and Idaho zones. In the central portion of the claim holdings, the previous work has identified the Anomaly Creek, Road, Root and West Noname zones while in the eastern part exploration has identified the Terminus and Noname zones.

The various types of mineralization in these zones are listed below:

1. Grey silicified breccia zones with visible gold but with assays generally less than 30 g/t.
2. White to grey quartz-carbonate veins and stringers with visible gold giving high assays that can be greater than 30 g/t.
3. Late grey calcite veins locally containing abundant visible gold.
4. Massive sulphide-silver mineralization with low gold values generally less than 1 g/t.
5. Massive sulphide-silver mineralization with high gold values from 1 to 60 g/t.
6. Black, carbonaceous-rich quartz with minor sphalerite and local coarse visible gold.
7. Narrow electrum veinlets that give spectacular gold values over narrow intervals.
8. Discontinuous en echelon zones of brecciated and silicified rocks with quartz-calcite veinlets carrying sparse galena and sphalerite.
9. Trachyte hosted, weakly silicified zones of disseminated pyrite with minor sphalerite and galena.

Previous exploration work has been mainly concentrated on the Facecut/35, the Kansas and West Kansas zones. Between 1982 and 1994 previous operators completed approximately 1220 meters of drifting on three levels, 103.2 meters of crosscutting on one level and 130 meters of alimak raising. Of this, 883 meters of drifting and 17 meters of sub-drifting on the Facecut zone were completed on the 810 level, 250 meters of drifting on the 895 level with the remaining 70 meters of drifting on the 917 level. The two crosscuts were from the 810 level to the Facecut and 35 zones.

In 1991, the Facecut-35 zone was mined, producing a tonnage of 102,539 tonnes at an average grade of 8.9 g/t Au and 55.50 g/t Ag. No base metals values were recovered as the ore was processed at the Premier Gold mill, which used a cyanide leach process. Sampling in 2004 by Mountain Boy Minerals Ltd and the Company indicated that the mine tails from this processed material of 102,539 tonnes averaged 0.72 g/t Au, 31.2 g/t Ag, 0.388 % Cu, 0.48 % Pb and 3.61 % Zn in 2 samples.

In 1993, 2 bulk samples were collected from and during development work on the 895 and 917 levels in the KWK zone. Muck from the upper part of the alimak raise, and initial rounds of the sublevels taken from the alimak deck, comprised the first bulk sample of 1,107 dry tonnes. The

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second bulk sample comprised 1,540 dry tonnes of development muck from the combined 895 and 917 sublevels. Head grade of the first 1,107 tonnes averaged 3.342 g/t Au and 9.7 g/t Ag while the second 1,540 tonnes averaged 3.190 g/t Au with silver assays unavailable.

Surface and underground diamond drilling programs conducted from 1982 to 2004 have resulted in a total of 22,642.68 meters of core drilling in 168 holes from surface and 11,727.6 meters of core drilling in 214 holes from underground.

Based on the 1982 to 1994 surface and underground drilling, underground and bulk sampling, an inferred resource has been calculated for the Kansas/West Kansas zone. Total inferred resource for these zones are 1,774,000 tonnes at 2.24 grams per tonne gold and 5.3 grams per tonne silver. This does not include the unmined sulphide rich portions of the Facecut/35 zone as well as any mineralization to the north, south and below the 810 level on this zone.

Based on work to date, namely six drill hole intersections, the Storm zone has an indicated mineral resource of 4,999 tonnes averaging 10.78 g/t Au and 17.2 g/t Ag. The Snowball zone has an indicated resource of 1070 tonnes grading 8.81 g/t Au and 11.7 g/t Ag on one drill section. Exploration potential of the property is excellent with numerous zones remaining to be tested. Due to the high concentration of mineralized zones, exploration has focused on not only an underground mining situation but also on the possibility of mining by a large open pit. In addition, exploration in the past has been solely focused on the precious metal values rather than both the precious and base metal values of the property. Previous exploration programs tested only the central portion of the mineralized area that is a minimum 300 meters wide.

Evaluation of drill results has been solely focused on an underground high-grade gold-silver deposit rather than a lower grade open pit situation. Many holes drilled in the past intersected wide zones of 1-2 g/t Au, which were not considered significant in view of an underground mining situation.

The presence of roads going through the property as well as a nearby mill and the year-round seaport in Stewart with associated infrastructure makes the property an attractive exploration project.

The property is now better understood because of two years of intense exploration the property. Excavator trenching of the 13/19 zone, the south end of the Perseverance zone, north of the no. 2 portal, 21 and Dauntless Hill zones has all been completed. Soil geochemistry in the southern portion of the property area, particularly areas along the projected strike of Kansas and West Kansas zones was completed. Drilling of over 10,000 meters in approximately 90 holes was performed during 2004 and 2005.

The 2006 Program at Silver Coin

Initially 3500 meters of drilling, as well as several kilometers of trenching, and over 1000 soil samples were planned for the 2005 exploration season. However part way through the summer the Company completed a private placement of \$1,950,000. As a result of the new funding the drilling program was expanded and over 8,000 meters of drilling was completed. Mr. Alex Walus, P. Geol., Pinnacle's senior geologist, supervised the exploration program on behalf of the Company. Pinnacle was still in an earn-in mode in 2005 and Mountain Boy Minerals was in charge of the exploration program. Mr. Ed Kruchkowski, of Mountain Boy, was the project manager. The 2005 drilling was designed to extend and better define the known mineralization in an area that contains the Perseverance zone, the Snowball zone, the Kansas and Kansas West

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zones and the 35 zone. Enough drilling was completed in 2005 to start constructing a mineral resource estimate according to 43-101 standards.

Results of some of the holes drilled in 2006 are as follows:

DDH	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	CLAIM TESTED
2006-92	109.45	110.98	1.52	1.12	8.70	0.001	0.09	0.17	Kansas
and	162.35	164.33	1.98	1.51	2.60	0.005	0.06	0.31	Kansas
2006-93	4.27	5.79	1.52	1.17	3.90	0.014	0.05	0.16	Indi
2006-94	88.11	91.77	3.65	2.53	10.51	0.02	0.26	0.45	Kansas
and	119.82	130.79	10.95	7.10	12.38	0.013	0.28	0.49	Kansas
including	126.22	127.74	1.52	30.64	39.6	0.029	0.77	1.02	Kansas
and	162.80	167.38	4.56	2.27	1.73	0.001	0.27	0.18	Kansas
and	182.62	184.83	2.21	2.85	4.60	0.01	0.05	0.11	Kansas
and	194.82	202.44	7.60	3.69	10.02	0.04	0.33	0.69	Kansas
2006-95	85.06	86.59	1.52	6.44	3.10	0.004	0.03	0.08	Kansas
and	142.99	148.32	5.33	2.67	7.01	0.026	0.15	0.55	Kansas
and	158.23	159.76	1.52	1.14	3.00	0.048	0.22	0.49	Kansas
and	176.52	178.66	2.13	2.22	8.10	0.006	0.02	0.02	Kansas
2006-96	36.28	37.80	1.52	2.83	2.80	0.002	0.01	0.02	Indi
and	46.95	50.00	3.05	1.41	2.00	0.0045	0.055	0.23	Indi
and	74.39	75.91	1.52	3.53	2.90	0.011	6.03	0.04	Indi
and	83.54	85.06	1.52	1.70	3.20	0.008	0.14	0.40	Indi
and	112.13	112.96	0.82	8.92	104.50	0.34	4.70	5.70	Kansas
and	130.79	142.99	12.16	1.21	2.60	0.006	0.055	0.16	Kansas
and	164.33	184.91	20.54	1.60	3.49	0.122	0.08	0.19	Kansas
2006-97	42.84	44.97	2.13	1.48	10.10	0.026	0.32	0.84	Indi
and	120.12	121.65	1.52	6.10	7.40	0.003	0.03	0.07	Indi
and	144.51	146.04	1.52	5.48	10.20	0.001	0.01	0.02	Indi
2006-98	59.15	60.67	12.17	8.30	14.80	0.019	0.21	0.86	Dan
including	69.82	71.34	1.52	49.27	39.8	0.012	0.09	1.66	Dan
and	136.89	138.41	1.52	1.00	3.30	0.004	0.06	0.42	Kansas
and	161.05	161.97	0.91	12.42	53.40	0.059	0.83	1.80	Kansas
2006-150	41.77	44.82	3.05	1.51	0.4	0.001	<0.01	0.06	Indi
and	72.26	84.45	12.16	4.5	2.35	0.002	0.02	0.21	Indi
including	72.26	73.78	1.521	32.55	7.8	0.002	0.01	0.19	Indi

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DDH	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	CLAIM TESTED
2006-99	59.15	62.04	2.89	1.20	8.66	0.044	0.048	1.12	Dan
and	74.70	78.43	3.73	2.47	19.1	0.061	0.42	2.16	Dan
and	82.01	83.54	1.53	1.52	0.9	0.001	0.01	0.02	Dan
and	121.65	123.17	1.52	1.37	4.7	0.009	0.10	0.31	Kansas
2006-100	42.38	43.90	1.52	4.05	15.1	0.016	0.18	0.44	Dan
2006-103	27.13	34.76	7.63	1.42	2.8	0.002	0.02	0.044	Dan
2006-104	45.43	48.48	3.05	1.55	2.3	0.005	0.04	0.15	Dan
2006-105	48.48	51.52	3.04	1.51	3.5	0.003	0.02	0.26	Dan
2006-106	30.18	33.23	3.05	2.84	5.3	0.002	0.01	0.02	Kansas
and	54.57	57.62	3.05	2.58	3.4	0.002	0.09	0.17	Kansas
and	100.3	126.22	25.92	1.32	5.57	0.006	1.071	0.13	Kansas
and	158.23	164.33	6.1	1.61	3.05	0.006	0.055	0.19	Kansas
and	184.3	185.37	1.07	2.54	33.9	0.159	1.29	0.38	Kansas
and	203.96	213.11	9.15	1.15	2.46	0.01	0.17	0.05	Kansas
2006-107	210.06	213.11	3.05	2.54	1.5	0.004	0.01	0.01	Kansas
2006-109	104.88	106.4	1.52	1.1	2.7	0.003	0.03	0.1	Kansas
and	129.27	159.15	29.88	1.36	2.92	0.005	0.045	0.11	Kansas
and	179.27	180.79	1.52	3.18	3.4	0.007	0.05	0.08	Kansas
2006-110	174.09	178.05	3.96	1.76	5.6	0.003	0.039	0.116	Kansas
and	190.70	203.96	13.26	1.2	1.29	0.003	0.03	0.14	Kansas
2006-111	42.38	45.27	2.89	1.23	38.58	0.48	0.17	3.15	Kansas
and	81.71	84.45	2.74	1.93	10.09	0.03	0.26	0.92	Kansas
2006-112	140.00	142.99	2.99	2.66	6.49	0.004	0.02	0.05	Kansas
2006-125	51.52	56.10	4.56	1.91	3.97	0.002	0.04	0.08	Kansas
and	179.57	185.67	6.1	2.56	2.65	0.01	0.015	0.055	Kansas
2006-126	118.60	144.51	25.91	1.32	6.18	0.015	0.17	0.165	Kansas
2006-127	78.35	81.40	3.05	2.37	50.3	0.014	0.05	0.1	Kansas
and	102.74	105.79	3.05	3.1	7.3	0.013	0.02	0.16	Kansas
and	141.77	169.82	28.05	1.28	8.33	0.005	0.06	0.20	Kansas

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2006-128	105.79	113.11	7.32	1.1	4.87	0.003	0.017	0.03	Kansas
and	130.18	135.37	5.19	1.44	4.00	0.003	0.01	0.01	Kansas
and	173.38	200.30	26.92	2.05	7.50	0.009	0.14	0.37	Kansas
2006-129	49.39	50.76	1.37	3.06	10.9	0.005	0.10	0.17	Kansas
and	90.55	122.56	32.01	1.74	11.40	0.01	0.14	0.27	Kansas
2006-130	34.76	80.49	45.73	3.64	9.22	0.007	0.038	0.086	Kansas
including	40.85	43.09	2.24	14.87	29.5	0.022	0.14	0.34	Kansas
including	46.95	50.00	3.05	11.27	15.6	0.015	0.08	0.19	Kansas
including	71.34	74.39	3.05	20.63	29.4	0.002	0.07	0.01	Kansas
and	95.73	119.36	23.63	1.14	8.8	0.01	0.19	0.22	Kansas
and	145.88	147.26	1.38	1.13	6.1	0.005	0.06	0.26	Kansas

DDH	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	CLAIM TESTED
2006-124	39.33	48.48	9.14	2.64	424.45	0.01	0.09	0.40	Kansas
and	115.55	118.60	3.05	1.12	4.5	0.006	0.04	0.07	Kansas
and	118.72	197.87	9.15	1.37	2.45	0.01	0.05	0.25	Kansas
2006-139	232.93	235.98	3.05	2.16	10.14	0.038	0.125	0.48	Kansas
2006-140	19.21	21.03	1.82	1.07	6.1	0.006	0.015	0.55	Big Missouri
and	52.44	90.70	38.26	1.44	8.06	0.01	0.30	0.67	Big Missouri
and	106.40	109.45	3.05	2.82	5.3	0.009	0.03	0.14	Big Missouri
and	201.07	212.80	13.72	1.09	4.61	0.006	0.07	0.22	Big Missouri
2006-141	65.24	66.77	1.52	1.02	7.9	0.017	0.37	0.92	Big Missouri
and	85.06	88.11	3.05	1.40	2.50	0.005	0.034	0.13	Big Missouri
2006-142	72.87	80.34	7.46	1.37	10.38	0.002	0.01	0.019	Big Missouri
and	88.11	100.30	12.18	1.32	9.53	0.004	0.048	0.26	Big Missouri
and	124.70	126.07	1.37	1.02	3.3	0.002	0.04	0.32	Big Missouri
and	194.82	197.87	3.05	2.66	3.8	0.014	0.07	0.15	Big Missouri
2006-143	91.16	94.21	3.05	1.43	3.5	0.006	0.01	0.08	Big Missouri
and	124.70	127.74	3.04	2.84	5.6	0.019	0.09	0.11	Big Missouri
and	156.10	159.76	3.66	1.76	3.72	0.001	0.01	0.21	Big Missouri
and	197.87	200.91	3.04	2.28	9.1	0.042	0.11	0.26	Big Missouri
and	219.21	222.26	3.05	1.65	2.2	<0.001	<0.01	0.01	Big Missouri

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2006-144	83.54	85.06	1.52	1.74	2.4	<0.001	0.01	0.01	Kansas
and	94.97	95.88	0.91	4.8	32	<0.001	0.06	0.06	Kansas
and	114.02	114.94	0.91	1.27	64.9	0.005	0.31	1.01	Kansas
2006-145	63.72	72.56	8.82	1.60	9.78	0.01	0.16	0.34	Kansas
and	106.40	126.37	19.92	1.65	3.96	0.007	0.06	0.10	Kansas
and	135.37	138.41	3.04	3.57	23.0	0.03	0.16	0.28	Kansas
2006-146	54.48	62.20	7.70	3.87	11.14	0.02	0.24	0.58	Kansas
including	56.10	57.62	1.52	11.14	21.6	0.028	0.57	1.04	Kansas
and	97.26	120.73	23.43	2.373	4.65	0.003	0.11	0.24	Kansas
including	103.25	104.88	1.52	9.29	10.3	0.005	0.04	0.24	Kansas
and	120.73	142.99	22.21	2.92	5.08	0.01	0.06	0.22	Kansas
including	126.22	127.74	3.04	11.84	12.8	0.048	0.05	0.09	Kansas
and	152.13	163.11	10.66	1.42	11.4	0.005	0.031	0.06	Kansas
2006-147	86.59	88.11	2.13	1.37	14.4	0.01	0.03	0.04	Kansas
and	106.40	117.84	11.44	1.64	4.60	0.011	0.07	0.14	Kansas
2006-148	86.59	89.63	3.05	4.48	7.65	0.03	0.13	0.22	Kansas
and	100.30	103.35	3.05	1.12	3.1	0.006	0.04	0.14	Kansas
and	110.98	114.02	3.05	2.92	6.1	0.01	0.05	0.19	Kansas
and	127.84	129.27	1.52	3.36	7.4	0.004	0.06	0.08	Kansas
2006-149	63.72	64.94	1.22	2.01	1.6	0.001	0.01	0.03	Kansas
and	78.05	88.41	10.36	1.60	34.12	0.15	0.95	1.78	Kansas
2006-179	102.74	108.84	6.1	2.30	4.52	0.006	0.050	0.08	Kansas
and	143.90	145.43	1.53	1.24	14.2	0.005	0.03	0.04	Kansas
and	150.15	160.67	10.52	1.86	18.33	0.03	0.39	0.58	Kansas
and	164.94	166.77	1.83	1.04	11.2	0.006	0.08	0.12	Kansas
2006-180	81.90	84.45	3.05	1.55	6.2	0.03	0.05	0.08	Kansas
and	99.70	145.73	46.03	1.46	2.77	0.005	0.03	0.07	Kansas
and	154.57	174.87	20.3	1.55	4.55	0.003	0.06	0.13	Kansas
and	182.01	185.06	3.05	1.4	5.0	0.001	0.03	0.06	Kansas

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2006-181	84.45	90.55	6.1	1.98	4.38	0.001	0.09	0.13	Kansas
and	99.70	102.74	3.04	1.91	2.8	0.003	0.01	0.01	Kansas
2006-182	44.82	53.96	9.15	2.08	3.40	0.002	0.01	0.03	Kansas
and	75.30	76.83	1.53	1.33	5.90	0.024	0.11	0.30	Kansas
and	92.99	94.66	1.67	2.07	6.0	0.009	0.30	0.68	Kansas
and	107.32	108.84	1.52	1.41	1.60	0.004	0.01	0.02	Kansas
and	124.09	148.48	24.39	3.43	13.16	0.009	0.17	0.25	Kansas
Including	134.76	136.28	1.52	15.98	78.0	0.005	0.10	0.13	Kansas
including	139.33	140.85	1.52	10.99	13.0	0.002	0.09	0.18	Kansas
2006-183	53.96	57.01	3.05	1.05	2.1	0.001	0.01	0.01	Kansas
and	75.30	81.1	5.8	1.55	12.7	0.07	0.27	0.64	Kansas
and	99.7	103.96	4.26	3.06	12.2	0.03	0.45	1.24	Kansas
and	121.04	141.77	20.73	1.21	5.02	0.01	0.11	0.13	Kansas
2006-184	128.66	130.18	1.52	1.39	10	0.005	0.06	0.36	Big Missouri
and	155.79	178.96	23.17	4.87	4.06	0.003	0.02	0.10	Big Missouri
including	155.79	157.62	1.83	36.14	11.7	0.003	0.05	0.11	Big Missouri
2006-185	54.27	56.09	1.82	11.63	8.2	0.009	0.06	0.25	Big Missouri
and	80.72	98.93	10.21	2.28	17.87	0.05	0.84	1.21	Big Missouri
and	129.42	130.95	1.53	1.16	5.1	0.002	0.05	0.05	Big Missouri
and	194.21	197.26	2.75	1.41	2.8	0.004	0.03	0.07	Big Missouri
2006-186	21.95	23.48	1.53	1.06	1.60	0.003	0.05	0.11	Big Missouri
and	29.42	30.79	1.37	1.68	1.90	0.008	0.01	0.01	Big Missouri
and	41.77	43.29	1.52	1.01	4.30	0.004	0.04	0.09	Big Missouri
and	78.96	80.49	1.52	1.34	3.1	0.001	0.07	0.43	Big Missouri
and	85.37	87.50	2.13	2.17	4.30	0.001	0.02	0.07	Big Missouri
and	114.94	116.46	1.52	1.93	0.70	0.002	0.02	0.08	Big Missouri
and	167.38	169.31	1.83	2.75	1.90	0.012	0.06	0.18	Big Missouri
2006-200	108.84	110.37	1.52	1.95	6.1	0.004	0.02	0.21	Big Missouri
and	116.46	117.99	1.52	1.25	29.5	0.007	0.03	0.16	Big Missouri
2006-201	24.70	32.62	7.93	1.54	2.72	0.002	0.012	0.02	Big Missouri
and	43.29	44.82	1.52	1.15	4.5	0.002	0.01	0.10	Big Missouri

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and	46.34	47.87	1.52	1.04	2.10	0.002	<0.01	0.02	Big Missouri
and	70.43	71.80	1.37	1.12	6.80	0.007	0.13	0.81	Big Missouri
and	75.30	76.83	1.52	1.48	7.0	0.004	0.01	0.01	Big Missouri
and	96.55	99.70	3.04	10.17	37.95	0.066	0.26	1.00	Big Missouri
2006-202	17.58	37.20	19.82	4.37	5.46	0.005	0.016	0.044	Big Missouri
including	20.43	23.48	3.05	21.55	13.6	0.007	0.02	0.04	Big Missouri
and	107.32	108.84	1.52	2.71	10.7	0.006	0.05	0.22	Big Missouri
2006-203	95.12	108.84	23.78	1.49	7.99	0.02	0.20	0.50	Big Missouri
including	95.12	96.65	1.52	9.67	20.3	0.062	0.59	1.44	Big Missouri
and	130.18	133.23	3.05	1.09	2.60	0.003	0.02	0.09	Big Missouri
and	145.43	146.95	1.52	3.29	6.20	0.004	0.02	0.04	Big Missouri
and	178.96	195.73	16.77	7.40	16.21	0.016	0.12	0.32	Big Missouri
including	182.01	188.11	6.1	17.90	36.8	0.04	0.27	0.75	Big Missouri
2006-204	105.79	113.41	7.62	2.61	2.72	0.005	0.022	0.26	Big Missouri
and	150	151.52	1.52	1.03	4.2	0.003	0.07	0.15	Big Missouri
and	154.57	156.10	1.53	1.15	3.6	0.011	0.10	0.15	Big Missouri
and	183.08	186.13	3.05	3.00	5.20	0.007	0.14	0.12	Big Missouri
2006-205	25.46	46.19	20.73	1.07	25.17	0.06	0.71	1.50	Dan Fr.
2006-206	19.51	43.9	24.39	2.20	5.31	0.014	0.105	0.45	Dan Fr.
and	72.79	74.24	1.45	1.55	1.30	0.002	0.02	0.22	Dan Fr.
and	88.41	91.31	4.11	1.89	2.39	0.022	0.04	0.42	Dan Fr.

DDH	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	CLAIM TESTED
2006-190	103.96	105.03	1.07	1.0	144.5	0.055	1.03	13.4	Big Missouri
2006-191	59.15	60.82	1.67	4.88	71.0	0.406	2.39	12.3	Big Missouri
and	190.55	192.23	1.68	1.11	0.8	0.001	0.01	0.1	Big Missouri
and	230.18	231.15	1.07	4.09	8.2	0.014	0.03	0.17	Big Missouri
and	236.89	239.94	3.05	2.46	1.8	0.004	0.01	0.01	Big Missouri
2006-192	61.59	73.78	12.19	1.59	5.67	0.002	0.019	0.03	Big Missouri
and	81.40	82.92	1.52	1.78	5.3	0.004	0.01	0.07	Big Missouri
and	106.55	108.08	1.53	1.56	8.6	0.003	0.05	0.44	Big Missouri

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2006-193	17.38	20.43	3.05	1.06	5.2	0.005	0.02	0.07	Big Missouri
and	29.57	32.62	3.05	2.35	8.2	0.008	0.06	0.06	Big Missouri
and	98.17	108.84	10.67	3.82	51.23	0.006	0.035	0.084	Big Missouri
2006-194	60.06	73.78	13.72	1.47	2.40	0.002	0.013	0.042	Big Missouri
and	79.88	81.40	1.52	2.15	5.5	0.006	0.03	0.32	Big Missouri
and	87.50	89.02	1.52	3.0	5.6	0.007	0.06	0.15	Big Missouri
2006-195	29.57	38.72	9.15	1.24	6.0	0.01	0.04	0.42	Big Missouri
and	46.34	47.87	1.53	1.23	4.3	0.005	0.01	0.03	Big Missouri
and	92.53	94.05	1.52	1.15	6.8	0.008	0.08	0.23	Big Missouri
and	101.72	102.74	1.52	1.62	7.6	0.008	0.12	0.29	Big Missouri
2006-196	85.98	97.50	1.52	1.0	10.9	1.011	0.03	0.09	Big Missouri
and	93.60	96.65	3.05	1.52	2.5	0.004	0.04	0.05	Big Missouri
2006-197	68.45	78.35	9.9	1.83	7.03	0.004	0.06	0.14	Big Missouri
and	88.41	90.24	1.83	1.66	8.0	0.04	0.10	0.40	Big Missouri
2006-198	15.85	18.90	3.05	2.26	10.05	0.006	0.15	0.30	Big Missouri
and	32.62	34.015	1.52	1.36	3.5	0.002	0.08	0.11	Big Missouri
and	38.72	41.77	3.05	1.46	19.4	0.011	0.06	0.22	Big Missouri
and	87.80	88.72	0.91	1.02	6.70	0.005	0.01	0.02	Big Missouri
and	90.55	93.60	3.05	1.16	7.50	0.005	0.03	0.11	Big Missouri
and	105.03	106.86	1.83	1.22	7.90	0.006	0.08	0.16	Big Missouri
2006-199	96.55	110.37	13.7	1.92	3.43	0.002	0.04	0.03	Big Missouri
and	124.09	127.13	3.05	1.15	0.4	0.005	0.01	0.03	Big Missouri

The 2007 Program at Silver Coin

A great deal was accomplished in 2007 on the Silver Coin project. An updated resource calculation was completed by MineFill Services Inc. and the new estimate was released. It has since been filed on SEDAR.

This latest mineral resource significantly increased and improved on the last resource estimate published in March 2006, which only referred to inferred resources. MineFill was able to upgrade roughly 40 percent of the resources from Inferred to Measured and Indicated. The new resource estimate includes 947,988 ounces of gold in the inferred category and 423,002 ounces of gold in the measured and indicated category.

This updated resource includes 182 surface diamond drill holes completed in 2005 and 2006 under the supervision of the Company's geologists and 417 historical drill holes of which 288 were drilled from underground. The resource is based on drilling along 700 meters of strike length within a mineralized zone that has been identified over a distance of at least 2500 meters that remains open to the south, east and north. Trenching to the north along the mineralized structure has returned values up to 22 g/t gold.

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In the latter part of the first quarter of 2007 intensive negotiations were started among the three major owners of the property, Tenajon Resources Corp., Mountain Boy Minerals Ltd. and the Company. It was generally agreed that it would be best to have all the ownership of Silver Coin in one company. This way the resource might be better developed and the investing public would not have to choose among the various companies. It was decided that a new company would best be suited for this purpose. Each of the three companies would put its ownership position in the new company for shares in the company. However no agreement could be reached on the number of shares to be distributed to each company. Mountain Boy has taken the view that the resources outside the Kansas claim must be better defined before a final deal can be struck. It was generally agreed that more drilling needed to be done before a deal for shares is struck. Subsequent to the year end the Company took it upon itself to contact Tenajon itself and try to work out an arrangement that would allow Pinnacle to acquire the 40% that Tenajon owns in the Kansas Claims. At the time of writing this report the two companies have reached an agreement whereby Pinnacle not only acquires the Tenajon interest in the Kansas but also acquires the nearby Summit Lake property for shares of Pinnacle and certain cash payments to be made to Tenajon.

The 2007 Exploration Program

A program of 29 holes was proposed by Pinnacle to better define and expand the in-pit resource estimate outside the Kansas claim, specifically to the north of that claim. None of the drilling was to be carried out on the Kansas claim. The program was agreed to by Mountain Boy and the drill program started in mid September. The drilling continued until late in October when snow falls stopped the program. A total of 16 holes of the 29 hole program were completed. Only a few assays have been received at the time of the writing of this report. Assay results were not particularly exciting however the resource will increase somewhat because of the drilling.

The tables below list the results of the important assays from the 2007 program.

DDH	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	CLAIM TESTED
2007-207	50.94	57.04	6.10	1.08	12.15	0.03	0.02	0.06	Big Missouri
2007-208	157.58	159.11	1.52	0.88	3.30	0.005	0.06	0.48	Big Missouri
2007-208	160.63	166.73	6.10	1.16	7.45	0.003	0.02	0.05	Big Missouri
2007-208	175.87	194.16	18.25	2.29	4.48	.006	0.04	0.60	Big Missouri
including	178.92	180.44	1.52	16.31	12.4	0.01	0.08	1.22	Big Missouri
2007-208	195.68	198.73	3.04	0.82	3.35	0.003	0.03	0.17	Big Missouri
2007-208	206.35	209.40	3.05	1.04	9.90	0.004	0.09	0.71	Big Missouri
2007-208	215.49	218.54	3.05	1.55	8.00	0.005	0.01	0.02	Big Missouri

DDH	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Claim Tested
2007-209	17.37	23.47	6.10	1.16	5.35	0.026	0.05	0.64	Big Missouri
including	21.95	23.47	1.52	2.64	2.80	0.004	0.03	0.15	Big Missouri
2007-209	89.92	93.57	3.66	2.99	7.80	0.007	0.05	0.38	Big Missouri
2007-211	64.62	104.24	39.62	1.00	5.83	0.022	0.18	0.41	Big Missouri
including	92.35	93.57	1.22	3.54	1.3	0.009	0.01	0.03	Big Missouri
and	102.72	104.24	1.52	2.93	5.2	0.016	0.07	0.33	Big Missouri
2007-212	51.21	117.96	66.75	1.74	4.31	0.007	0.03	0.13	Big Missouri

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including	54.56	56.08	1.52	4.19	14.1	0.002	0.15	0.06	Big Missouri
and	93.57	96.62	3.05	26.63	20.1	0.012	0.04	0.12	Big Missouri
2007-213	38.71	63.09	24.38	0.97	5.64	0.023	0.13	0.20	Big Missouri
including	41.76	44.81	3.05	2.17	2.60	0.006	0.04	0.19	Big Missouri

Due to large snowfall, the 2007 drill program on Silver Coin was shut down after completing 16 of 29 planned holes. The remaining 13 holes are scheduled to be completed next year. Holes 210, 214 and 215 did not record any significant gold values.

2008 Exploration Program

Pinnacle has designed a program of drilling for the 2008 season and has submitted it in April to Mountain Boy for its consideration. The program will consist of **75** holes **totaling 12,000** meters and is intended to increase resources and upgrade the resources already defined. Mountain Boy has not responded to Pinnacle at the time of writing this report.

Other Work

In addition to the drill program, environmental base line studies have been suggested and a limited program of metallurgical testing is also underway. Both Mountain Boy Minerals Ltd. and the Company must agree on the proposals before extensive metallurgical work can begin. The Company has, on its own, hired an environmental consulting firm to prepare a plan for remediation work at the site. The Company has received notice from the Ministry of Mines that cleanup work must begin on the site and that the reclamation bond has been increased by \$20,000. The Company takes this notice very seriously and intends to begin a program of remediation.

The Company has also carried out at its own cost the basic metallurgical analysis. Pinnacle believes that this limited work has to be completed now so that all future exploration and development programs can be better designed. Our partner Mountain Boy is not participating in this program.

In December 2005 Minefill Services of Seattle was retained to complete an initial independent resource estimate and a National Instrument 43-101 Compliant Report including a resource calculation. In addition Minefill plotted sections, performed a polygonal resource and also developed a 3-D model of the geology and mineralization. The Minefill inferred resource contains an estimated 500,000 ounces of gold, and 2.11 million ounces of silver. The inferred resource consists of 11.3 million tonnes grading 1.60 g/t Au, 6.64 g/t Ag, 0.06% Cu, 0.19% Pb, and 0.41% Zn and has been calculated in accordance with CIMM (2000) standards, at a geometric cutoff. Within this resource, a higher grade envelope containing 2.5 million tonnes at 2.69 g/t Au, 10.09 g/t Ag, 0.06% Cu, 0.33% Pb, and 0.58% Zn has been identified for a total of 170,543 ounces of gold and 660,504 ounces of silver. Mineralization is open along the strike and down dip. Of the total calculated inferred resource of 499,775 ounces gold and 2,110,693 ounces silver, the Kansas claim has 377,394 ounces of gold and 1,545,595 ounces of silver. Of the higher grade envelope the Kansas claim contains 146,418 ounces of gold and 490,048 ounces of silver.

This updated resource includes an additional 182 surface diamond drill holes completed in 2005 and 2006 under the supervision of Pinnacle geologists and 417 historical drill holes of which 288 were drilled from underground. The resource is based on drilling along 700 meters of strike length within a mineralized zone that has been identified over a distance of at least 2500 meters

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that remains open to the south, east and north. Trenching to the north along the mineralized structure has returned values up to 22 g/t gold.

The current resource estimate is located primarily within the Kansas claim and the immediate surrounding area including the Big Missouri claim (51% Pinnacle-49% Mountain Boy), as drilling was concentrated in these areas. In 1991 the Facecut zone, located on the Big Missouri, produced 102,539 tonnes at an average grade of 8.9 g/t Au and 55.50 g/t Ag. Work during 2005 and 2006 has extended this high grade mineralization (Facecut Zone) at least 200 meters north of the stoped area. DDH-2005-89 intersected 11.59 meters of 9.89 g/t gold approximately 100 meters north of the mined area. Future drilling will concentrate on this area to the north.

Updated Mineral Resource Estimate for Silver Coin

(Above a Cutoff Grade of 0.75 g/t Au-eq.)

Class	Tonnes	Au	Ag	Zn	Au	Au-Eq (oz)
		g/t	g/t	%	(oz)	(Au, Ag only)
Measured	1,073,891	3.481	14.191	0.432	120,181	129,513
Indicated	8,633,606	1.091	10.567	0.288	302,822	358,689
M+I	9,707,497	1.355	10.968	0.304	423,002	488,202
Inferred	15,947,629	1.849	5.377	0.273	947,988	1,000,499

* Au-eq values calculated from \$525/oz for Au, \$10/oz for Ag.

* Metallurgical recoveries and net smelter returns are assumed to be 100%.

The inferred total has been almost doubled plus we have added an additional 423,002 to the measured and indicated categories.

In addition to the above results, MineFill report the following resources at a range of cutoff value

Updated Mineral Resource Estimate for Silver Coin

Cutoff Grade	Tonnes	Au	Ag	Zn	Au	Au-Eq (oz)
		g/t	g/t	%	(oz)	(Au, Ag only)
0.25	76,599,380	0.717	3.781	0.155	1,765,689	1,943,044
0.5	41,636,771	1.161	5.54	0.217	1,554,100	1,695,353
0.75	25,655,126	1.662	7.492	0.285	1,370,803	1,488,505
1	16,760,494	2.259	9.629	0.363	1,217,231	1,316,059
1.25	11,426,111	2.982	12.059	0.451	1,095,408	1,179,784
1.5	8,245,680	3.809	14.919	0.535	1,009,735	1,085,067

The new resource was classified in accordance with CIMM (2000) standards.

The updated resource includes a high grade core of 8.25 million tonnes grading over 5.0 g/t Au-equivalent (3.8 g/t Au, 14.9 g/t Ag, 0.04% Cu and 0.54% Zn) containing just over 1 million ounces of gold.

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Resources on the Kansas claim, at a 0.75 g/t Au-equivalent cutoff include 7.225 million tonnes measured and indicated grading 1.532 g/t Au, 9.998 g/t Ag, 0.013% Cu and 0.329% Zn, and 10.256 million tonnes inferred grading 2.146 g/t Au, 5.572 g/t Ag, 0.009% Cu and 0.26% Zn. Contained metal on the Kansas claims include 355,924 ounces of measured and indicated gold and 2.322 million ounces of silver, and 707,605 ounces of inferred gold and 1.837 million ounces of silver.

A comprehensive program of data verification was undertaken by MineFill Services prior to the building of a block model in SURPAC. The mineral resource estimate was then generated by ordinary kriging using uncapped gold, silver and zinc values.

MineFill Services is currently preparing a 43-101 compliant Technical Report for filing on SEDAR. MineFill has also been engaged to prepare a Preliminary Economic Assessment to evaluate the economics of an open pit at Silver Coin. The results of this study will be released as soon as they are available, and a report will be filed on SEDAR.

The Qualified Person for this release is Dr David Stone, P.Eng., P.E. of MineFill Services, Inc., Vancouver, B.C.

Surprise Creek Property

The Company acquired 40 claims units in 2003 in the Stewart area by staking an area covering several old reverted crown grants in the Bear River pass near Surprise Creek. Renamed the El Dorado, this property has had very little exploration in the last 30 years and sporadic work efforts since the early 1900s. A 1946 report indicates several silver rich boulders assaying up to 10.3 g/t gold and 5,136 g/t silver were located but their source was not found. With the additional staking at Surprise Creek the El Dorado claims are now part of the Surprise Creek claim block.

The property is now roughly 25,000 hectares in size within one claim block. The property follows the contact zone between the Mt. Dilworth rhyolite and overlying Salmon River sedimentary formations, the same stratigraphic sequence that is host to numerous gold deposits including Eskay Creek, Snip and Premier-Big Missouri mines. The rhyolite horizon was traced along the entire north-south length of the Surprise Creek claim group.

Initially the property was only 15,000 hectares in size but as a result of a program of exploration on the property during August and September 2005 the Company staked additional 10,000 hectares to bring the total to the above noted number. Mapping and rock sampling work already completed in 2006 suggests that some of these hectares will be dropped later this year.

The 2005 exploration at Surprise Creek consisted of prospecting and reconnaissance geological mapping. Altogether 279 rock samples and 8 silt samples were collected during the program. As a result of this work the Company planned an expanded program for 2006.

In July of 2006 some surface reconnaissance was carried out on the property by corporate geologists. As well it was planned to drill two long holes from two locations to confirm the rock types at depth. In August one drill pad site was prepared and the second was to be constructed. Unfortunately the weather turned very bad and further work at the site was not possible and as a consequence the second pad never got constructed and the drill program was cancelled for 2006. It was planned to carry out this work in 2007.

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The Surprise Creek property is located about 32 kilometers northeast of Stewart, British Columbia in the Skeena Mining Division. The property covers an area of Hazelton pyroclastic volcanic rocks and Bowser Lake sediments in contact with a variety of intrusive plutons associated with the main Coast Range Batholith.

The property lies within a belt of Jurassic volcanic rocks extending from the Kitsault area, south of Stewart, to north of the Stikine River. This belt is host to numerous gold deposits, in a variety of geological settings, including the producing Eskay Creek and formerly producing Snip and, Premier-Big Missouri mines. Reserves have been reported from a number of other properties including Red Mountain, the Brucejack Lake area and Georgia River. In addition, exploration companies, have reported numerous gold-silver showings along this belt of rocks. At least three porphyry type deposits with either Cu-Mo, Cu-Mo-Au or Cu-Au mineralization are also present.

During the 2003 and 2004 field seasons, the Company conducted an exploration program on the northern portion of the Surprise property consisting of reconnaissance mapping for the above Salmon River/Mt. Dilworth geological contact, prospecting and geochemical sampling along the above volcanic – sediment contact within various valleys tributary to Surprise Creek.

1. Based on the 2003 and 2004 work by the Company, there is a thick sequence of rhyolites (Mt. Dilworth Formation) in contact with Salmon River sediments to the east. This is the same lithological contact that hosts the Teuton discovery as well as the Eskay Creek gold – silver mine 50 kilometers northwest of the Surprise property

During 2003, a total of 78 rock samples, both outcrop and float, as well as 23 silt samples were collected during the exploration program. Results of the samples indicate highly anomalous values for gold, silver, lead, zinc, arsenic and copper. Sample values for gold ranged from <1 ppb to a high of 13.02 ppm, for silver from 0.2 to 3076.8 ppm, for lead from 5.7 to >9999 ppm, for zinc from 12 to 56,866 ppm, for arsenic from 1.9 to 9999 ppm and copper from 4.4 to 28,026 ppm.

During 2004, a total of 220 rock samples, both outcrop and float, as well as 19 silt samples were collected during the exploration program. Results of the samples indicate highly anomalous values for gold, silver, lead, zinc, arsenic and copper. Sample values for gold ranged from <0.5 ppb to a high of 3.9 ppm, for silver from <0.1 to >100 ppm, for lead from 0.2 ppm to >10,000 ppm for zinc from 6 ppm to > 10,000 ppm, for arsenic from <0.5 to >10,000 ppm and copper from 0.7 ppm to 1975.6 ppm

Petrographic studies on 4 rocks collected during the 2003 program were completed. The study was carried out in order to determine the origin of the mineralizing events associated with these rocks. One of the samples studied indicated that the lack of any tectonically induced foliation or shearing implied that the formation of parallel bands and streaks of sulphides could have occurred during syngenetic rather than tectonic process. This fact, as well as the presence of chalcedony indicated the formation in a VMS environment.

There is a strong indication that the property may host Kuroko type VMS deposit, possibly with a high precious metals content. This conclusion is based on the following facts:

1. Presence of syngenetic zinc, lead and silver mineralization hosted in black chert, limestone and mudstone. Values up to 7.61% Zn, 1.1% Pb and 106 g/t Ag were obtained from these rocks. High mercury values, typically in the range of 40 to 100 times above the background level (with the high of 33,800 ppb) are closely associated with this type of mineralization.

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2. This syngenetic mineralization is spatially associated with the felsic volcanic rocks of Mt. Dilworth Formation, the same stratigraphic horizon which hosts Eskay Creek deposit. On the property, felsic volcanic rocks of this formation form a relatively thin horizon 70 to 200 meters wide within prevailing volcanic rocks of intermediate to mafic composition.
3. Presence of an eruption center located in the Surprise Creek area as indicated by outcrops of rhyolite (?) flow with distinct flow banding, as well as rhyolite (?) breccia.
4. Presence of banded iron formation.
5. Nearby presence (Todd Creek) of a big copper-gold epithermal system comprised of numerous pyrite-chalcopyrite dominated veins and stringers. This system very likely represents the footwall-stringer zone of Kuroko type VMS system.

Numerous boulders of sedimentary rocks with syngenetic zinc, lead and silver mineralization occur in several glacial valleys which join the main Surprise Creek valley over a distance of ten kilometers. They derive from an extensive horizon(s) hosting this type of mineralization, situated in the headwaters of these valleys. A portion of this horizon (at least 30-40 m wide) is exposed at the head of one of the glaciers. This horizon(s) most likely represents a distal facies (halo) of Kuroko type VMS system as indicated by the lack of volcanic material and alteration, and also by the fact that zinc is by far the most abundant metal with much less lead and no copper.

Continued exploration has indicated the presence of favorable geology, high geochemical and assay results for a variety of elements along a geological contact that hosts deposits and mineral discoveries. It is underlain by the same stratigraphic sequence hosting the Del Norte Au-Ag discovery as well as the producing Eskay mine (reserves at the end of 2002 were 1.433 million tons of 0.998 opt Au and 44.9 opt Ag in the proven and probable reserve and 480,000 tons of 0.442 opt Au in the mineral reserve category).

The gold bearing pyrite-chalcopyrite dominated veins and stringers of Todd Creek area and the black chert, limestone and mudstone with syngenetic zinc, lead and silver mineralization of Surprise Creek area probably represents two different parts of the same Kuroko type VMS system. The former represents the foot-wall stringer zone and the latter represents the distal zone (halo) of the system. This in turn implies that a massive sulphide body of Kuroko type may be present.

In July of 2006 some surface reconnaissance was carried out on the property by corporate geologists. As well it was planned to drill two long holes from two locations to confirm the rock types at depth. In August one drill pad site was prepared and the second was to be constructed. Unfortunately the weather became very bad and further work at the site was not possible. As a consequence the second pad never got constructed and the drill program was cancelled for 2006.

Early in 2007 a drilling contractor was identified and a contract signed to drill at Surprise Creek starting in July. This work started in late July and was completed in the latter part of August. Four holes were complete for just under 2000 meters of drilling. At this time assays have been received on all four holes. The results were encouraging in that the general geology is becoming better understood and future drilling, if any, will reflect this knowledge. A report is being written which will include a recommendation for the specific exploration program to follow. The Company is still gathering geological information on the area and the drilling program is part of that process.

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A 2008 Exploration Program

It has not been decided whether a 2008 program of drilling will be carried out or not. The limitation of funding is of prime consideration in any program to be carried out here. The property is in good standing for a number of years because of the work that was performed in the past.

China

No work has been carried out in China since the latter part of 2006. The Company has decided not to carry out any further work in China at this time. The Company will focus its efforts on North American properties.

MEXICO

Tuligtic Property, Puebla State

On July 24, 2006, the Company entered into an option agreement with Almaden Minerals Ltd. on the Tuligtic property in Puebla State, Mexico. The option agreement allowed the Company to earn a 60% interest in the Tuligtic project by making property expenditures of US\$6 Million and issuing 1,000,000 shares of The Company to Almaden within six years. The Company commenced work in late 2006 on the Tuligtic property in the southern portion of the Sierra Madre Oriental Province, approximately 150 km east of Mexico City. The large concession consists of 5,515 hectares located 50 air kilometers northeast of the town of Apizaco in the State of Puebla. Two target types are present on the property, a large copper porphyry target and an epithermal gold-silver target.

In 2007 the Company conducted geologic work and selected 14 prospective drill sites from the geophysical-geological data base. Acquisition of surface rights and permitting was completed by mid 2007. A reverse-circulation drill program was planned immediately provided a drill rig could be contracted.

A drill rig was found and a contract to drill was available however the drilling would not have been completed quickly enough for the Company to have spent the first \$300,000 by August 9th. The Company asked Almaden for an extension in time but this was refused and the property reverted back to Almaden. While Pinnacle was disappointed in this decision, the property was not high priority and the geology crews were assigned to the Oaxaca projects.

Oaxaca State Properties

In September 2006, the Company Ltd. announced that it had reached an agreement with Chesapeake Gold Corp. (TSX.V-CKG) to purchase up to a 70% interest in its wholly-owned La Calavera and Rio Minas copper-silver-gold properties in Oaxaca, Mexico. Both the La Calavera and Rio Minas properties occur within a hundred kilometer long NW trending structural belt which host several skarn prospects and other advanced exploration projects. Regional reconnaissance has delineated an extensive zone of intrusions along this belt that have affected the limestone rocks generating numerous skarn occurrences over an area of more than 100 square kilometers around Rio Minas. At Rio Minas, the skarn zones are associated with a large circular feature about 5 kilometers in diameter and are believed to represent the surface expression of a major intrusive stock underlying the calcareous rocks.

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Under the terms of the agreement, which has been approved by the Exchange, the Company can earn a 51% interest in the properties by issuing 100,000 common shares (issued) and a US\$50,000 cash payment (paid) upon signing the agreement and a further 150,000 shares (issued) on June 1, 2007. On or within the first anniversary of the agreement, the Company will pay an additional US\$50,000 cash and issue 250,000 shares and commit US\$500,000 for work expenditures on the properties. On the second, third, and fourth anniversaries, the Company will pay Chesapeake US\$400,000 per year by way of cash or shares and commit to work expenditures in years 2-5 of US\$1,250,000; \$1,250,000; \$1,500,000 and \$1,500,000 respectively. The Company has an option to earn an additional 19% by completing a bankable feasibility study by year 8, providing Chesapeake with a US\$3 million payment (cash and/or shares) and providing production financing for the properties.

The Company commenced work on the La Calavera property in the Sierra Madre Sur, 52 kilometers southeast of Oaxaca City in the community of San Baltazar Guelavila. The large property consists of two concessions totaling 8,267 hectares adjacent to the Cobre Grande property controlled by Linear Metals Corporation. The target at La Calavera is a copper-zinc skarn that lies on the flank of a granodiorite stock. The Company recently completed the cutting of lines and the IP survey which covered the "El Manguito" showing. Permitting for drilling was completed for 15 core holes. The drilling contractor Cabo Drilling moved its drills on site early in November and drilling is now underway subsequent to the end of the quarter.

Linear recently announced that one of its core holes in skarn encountered 270.2 meters from surface averaging 1.0% copper, 23.2 gpt silver, and 0.4% zinc.

By the end of February 2008 the Company had completed five holes before the program was halted. The Company's initial drill program on the property was slated for 14 holes, each 300-400 meters in depth. Targets for all holes had been identified based on geophysical and geochemical data compiled in September. Assays have been received on all holes, none of which are exciting. On February 21, 2008, a US\$430,000 option payment was due to be paid by Chesapeake to the original concession (claim) holders located at the town of San Baltazar. Unfortunately there appears to be a problem between the claim holders who are part of the town and the town itself. As a consequence the Chesapeake payment has been refused and the situation is uncertain at this time. The Company has decided that because of the poor drill results and the problems within the community it will quit the project and focus on Rio Minas. The Company has the option to return to the property at any time.

The Company commenced work on the Rio Minas property in late 2007 which is located approximately 37 km southeast of the La Calavera property. The property is controlled by a different town and we do not expect to have the same problems as we are have at La Calavera. The property consists of two concessions totaling 19,510 hectares in steep terrain. The target is silver-rich, polymetallic skarn adjacent to a granodiorite intrusive. Five skarn zones have been identified. Past sampling of road cuts and outcrops have revealed one zone that contains 63 meters of 0.90% copper with significant silver credits.

At Rio Minas, the skarn zones are associated with a large circular feature about 5 kilometers in diameter and are believed to represent the surface expression of a major intrusive stock underlying the calcareous rocks. A geochemical survey is underway at this time. An area that measures approximately 4 kilometers by 2.5 kilometers is being soil sampled. An Ip program is planned. Once this work is done and mapping is completed a drill program is planned. Soil sampling to date has revealed a number of "highs" in silver and copper. In addition rock sampling of a road that crosses the property has picked up some very high values including one 27 meter long cut that grades 25.9 gpt Silver and 0.54% copper, another 63 meter section grading 75.1 gpt

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of silver and 0.90% copper as well as another cut 57 meters long grading 35 gpt silver and 0.54% copper.

Subsequent Events

Private Placement

Subsequent to the end of the year the Company completed a private placement. The Agent placed 3,500,000 units ("Units") priced at \$0.20 per Unit. Each Unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable for one additional common share on or before April 3, 2009 at a price of \$0.30.

Pinnacle paid the Agent a cash commission of 7.5% of the gross proceeds of the Offering. In addition, the Agent received compensation options equal to 10% of the Units sold, with each compensation option exercisable for one Unit at a price of \$0.20 on or before April 3, 2009.

In addition, Pinnacle has also closed a portion of the non-brokered offering (the "Non-Brokered Offering") previously disclosed pursuant to which the Company placed 1,215,000 Units, on a non-brokered basis concurrently with the Offering. The Company has paid aggregate finders' fees in the amount of \$17,100 in cash and 80,250 compensation options, with each compensation option exercisable for one Unit at a price of \$0.20 on or before April 3, 2009, to Ascenta Finance Corp. and Canaccord Capital Corporation in respect of Units which they arranged.

The Units and compensation options are subject to a four-month hold period that expires on August 4, 2008.

Pinnacle has contracted Snowden Mining Group in Vancouver to take over from MineFill Services to compile and evaluate all drill data on the Company's Silver Coin property in the Skeena Mining Division in northern British Columbia. As noted above measured and indicated *in-pit resources* at a 0.75 gpt gold cutoff grade are presently estimated at 8.9 million tonnes grading 1.46 gpt gold (416,700 ozs) plus an inferred resource of 13.2 million tonnes grading 2.15 gpt gold (913,000 ozs) with a 3:1 stripping ratio. These resource estimates are NI 43-101 compliant.

*In-pit mineral resource by category above 0.75 g/t Au-Equivalent
Silver Coin 43-101 Technical Report – Minefill Services Inc. – April 27, 2007*

Class	Tonnes	Au-Eq (all metals) g/t	Au g/t	Ag g/t	Zn %	Au (oz)	Au-Eq (oz) (Au,Ag only)
Measured	1,010,474	4.754	3.721	14.487	0.448	120,880	129,844
Indicated	7,884,484	1.922	1.167	10.367	0.298	295,811	345,865
M+I	8,894,958	2.244	1.457	10.835	0.315	416,691	475,709
Inferred	13,214,809	2.737	2.149	5.927	0.276	912,992	960,955

Snowden will evaluate data from nearly 600 core holes and recommend deposit infill and edge drilling to upgrade the resource confidence categories. Also during this process, Snowden will identify and recommend drilling in areas of potential underground mining. Additional drilling will be conducted during 2008 as noted above and core drilling from 2007 and 2008 will be incorporated into an updated data base and a new NI 43-101 technical report will be compiled by Snowden.

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Also subsequent to the year end the Company has entered into a binding letter agreement to purchase Tenajon Resources Corp.'s wholly owned subsidiary, 0781639 B.C. Ltd., which holds an undivided 40% ownership interest in and to the Kansas Claim and a 100% ownership interest in and to the Summit Lake property. Pinnacle has agreed to purchase the Corporation for an aggregate deemed purchase price of approximately \$3,015,000, subject to an adjustment as a result of certain events occurring before December 31, 2008. The Kansas Claim and the Summit Lake property are both located near Stewart, British Columbia. Upon completion of the Acquisition, Pinnacle will own an undivided [70.6%] interest in and to the Kansas Claim and 100% of the Summit Lake Property. The remaining [29.4%] undivided interest in the Kansas Claim is owned by Mountain Boy Minerals Ltd.

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Financial and General

The Company has changed its focus from being engaged in mineral exploration in China and Canada to exploration in Canada and Mexico and while it is the Company's intent to become a mineral producer, it currently has no producing properties and no operating income. In addition, it does not expect to have operating income in the near future and consequently the Company only reports minor revenues from interest earned on money invested. The Company depends on share issuances to fund its exploration.

Annual Results

Selected annual Information for the fiscal year ended	December 31, 2007	December 31, 2006	December 31, 2005
Total revenue	60,108	86,039	16,213
Loss before Mineral Property Write Downs Per Share Basis*	(1,354,649) (0.06)	(1,444,369) (0.08)	(1,237,082) (0.10)
Loss after Mineral Property Write Downs Per Share Basis*	(1,613,687) (0.07)	(1,463,311) (0.08)	(1,237,082) (0.10)
Total assets	9,415,124	8,441,755	5,416,160
Total long-term liabilities	nil	nil	nil
Cash dividends declared	nil	nil	nil

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Quarterly Results

2005 Quarterly Results:	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Revenue	nil	6,423	5,967	2,460
Loss before Mineral Property Write Downs Per Share Basis*	(40,062) (0.00)	(414,594) (0.04)	(260,101) (0.02)	(522,325) (0.04)
Loss after Mineral Property Write Downs Per Share Basis*	(40,062) (0.00)	(414,594) (0.04)	(260,101) (0.02)	(522,325) (0.04)
Weighted Ave # of shares	10,849,533	10,820,434	11,281,884	12,322,743
2006 Quarterly Results:				
Revenue	1,542	9,035	43,974	31,488
Loss before Mineral Property Write Downs Per Share Basis*	(242,119) (0.00)	(304,882) (0.02)	(471,406) (0.02)	(425,962) (0.02)
Loss after Mineral Property Write Downs Per Share Basis*	(242,119) (0.01)	(304,882) (0.02)	(471,406) (0.02)	(444,904) (0.02)
Weighted Ave # of shares	16,330,478	16,700,271	19,425,673	18,140,136
2007 Quarterly Results:				
Revenue	-	-	-	-
Loss before Mineral Property Write Downs Per Share Basis*	(317,954) (0.02)	(453,116) (0.02)	(313,189) (0.02)	(270,390) (0.02)
Loss after Mineral Property Write Downs Per Share Basis*	(328,679) (0.02)	(431,176) (0.02)	(355,928) (0.02)	(497,904) (0.02)
Weighted Ave # of shares	20,671,980	20,840,570	20,964,190	21,809,620

No exercise or conversion is assumed during the years in which a net loss is incurred, as the effect is anti-dilutive.

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Details of Revenue and Expenses

Expenses

General and Administrative expenses of \$1,596,819 for 2007 were marginally higher than the 2006 expenses of \$1,489,221. While the numbers were similar there was a marked change in the expenditure categories. Three categories were down from the previous year and especially the expenses associated with property investigation including travel and consultants and investor relations. There were increases in foreign exchange loss, management services, as well as stock based compensation and office expenses reflect the yearly increases due to inflation. Please refer to the Consolidated Statements of Operations and Deficit in the consolidated financial statement for 2006 and 2007 years ended December 31 for details.

Revenue and Net Loss

Net decreases in cash in 2007 over 2006 totaled \$1,362,640 as compared to an increase of \$1,705,303 for 2006 over 2005. This decrease is mainly due to exploration expenditures and only one financing of flow through shares during the year. Proceeds from the issue of shares and the exercise of warrants totaled in excess of \$2 million, exploration and administration costs were slightly higher in 2007 than other years. A small amount of revenue \$60,108 was derived from interest earned on investments. Write-downs on properties in 2007 totaled \$259,038 which relates to properties in the Stewart area that we dropped. The net loss can be attributed to costs of running an exploration business. The net loss per share reached \$0.07 for 2007 compared to \$0.08 for 2006. This reflects an increase in issued shares from 20,573,647 at the beginning of the year to 25,123,647 at the end of the year.

Fourth Quarter Review

In addition to the regular operating costs of running the Company which increased by the ratio of 25% to 30% which corresponds to the quarter time frame the Company's financials were up in stock based compensation and exploration. In stock based compensation the amount increased by approximately \$255,000 which relates to the issue of stock options to consultants, directors and employees. Exploration expenditures were up by \$1,170,000 approximately. These expenditures relate equally to ongoing exploration at the Silver Coin, Surprise Creek and La Calavera.

Liquidity and Solvency

The Company began the year 2007 with a working capital surplus of \$3,910,051 and throughout the year decreased this amount to \$2,720,375. See the Consolidated Balance Sheets. This decrease in funds is reflects increased exploration efforts and decreased financing.

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in 2008 to continue its operations. The Company is encouraged by the positive market conditions and expects that it will be able to raise sufficient funds to carry out its operations.

The Company had no loans payable at the end of the year.

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Capital Resources

The Company's capital resources are sufficient to continue its pace of mineral exploration and development. However as noted above the Company will need to raise additional funds during 2008 either by way of a private placement or a brokered financing. The Company has a commitment to explore the Silver Coin, Surprise Creek and Mexican properties. All properties have sufficient time associated with spending commitments that the Company can reduce its expenditures and still meet its obligations for a period of time.

During 2007 no warrants and 90,000 options were exercised. At the end of the year there remained 2,206,559 full share warrants to be exercised at prices from \$1.00 to \$1.20 per warrant.

Management will continue to explore alternative ways to raise funds so as to minimize dilution to shareholders where possible. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Related Party Transactions

During 2007, the Company incurred fees of \$205,294 with directors for management consulting services. The Company makes use of the expertise and knowledge of the Directors and pays directors fees that are commensurate with industry standards. The Company shares office space with Lincoln Gold Corp. and during the year was reimbursed a total of \$36,030 for rent and office expenses. The two of the companies have two directors in common.

Investor Relations

Investor Relations are very important to the Company as it competes with many hundreds of other companies for the same investor interest and investment capital. Consequently the Company uses outside consultants as well as internal means to promote itself. The Company has a formal agreement with one outside group.

In June, 2004, the Company entered into a one year investor relations contract with Thast Projects Inc. ("Thast") of White Rock, BC to help it in promoting the Company. Thast is paid \$6,500 per month plus phone expenses to perform its duties defined in the contract. Thast was also issued an incentive stock option on 50,000 common shares of the Company. This contract was renewed until 2007 when it was cancelled.

In addition the Company attends at least two mining finance shows each year, including the Prospectors and Developers Association of Canada annual conference in Toronto every March. Occasionally the Company will expand its attendance to three or four shows a year.

Financing Activities

On October 9, 2007 the company closed a funding of 4,000,000 flow through units at a price of \$0.50 per unit to raise gross proceeds of \$2,000,000 through a non-brokered private placement and a brokered private placement. Each flow through unit consists of one flow through share and

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one half of one transferable common share purchase warrant. Each whole warrant is exercisable to acquire one additional share for a period of 18 months from closing at a price of \$1.00. The company paid an agent fee of 7% of the gross proceeds payable a \$110,000 and 60,000 units with the same terms of the offering except the units are non flow through. In addition the agent received compensation options exercisable into 320,000 common shares at a price of \$0.60 for a period of eighteen months. The fair value of these compensation options using the Black Sholes model is \$26,121.

See Note 8 of the financials for complete details of shares issuance.

Share Capital

The Company has an authorized share capital of an unlimited number of common shares of which 25,123,647 shares were issued and outstanding at the end of 2007.

The Company has outstanding a total of 2,206,559 full share equivalent warrants outstanding as of December 31, 2007 ranging in price from \$1.00 to \$1.20 per share.

The Company has no shares remaining in escrow at year end.

The Company has a stock option plan in place and at the end of the year a total of 1,750,000 options, of which 1,581,250 were exercisable, were outstanding at prices ranging from \$0.40 to \$0.75 per share. The average price is \$0.49 per share. The maximum number of shares subject to the plan, in the aggregate may not exceed 10% of the Company's issued shares. The Company uses the Black-Sholes option pricing model to estimate the fair value of the options.

See Note 8 in the audited consolidated financial statement for details.

Risks and Uncertainties

Junior companies involved in mineral exploration are exposed to a business that is inherently speculative in nature, immensely competitive and is generally risky in nature for many and varied reasons. Time and money invested in exploration and development will not necessarily mean a discovery of significant value.

Metals prices are completely independent of the efforts of any one junior mining company and are very volatile which can lead to funding uncertainties and mineral discovery irregularities. In addition, the cost of doing business varies from place to place and regulations imposed by different governments can lead to exploration uncertainties.

The Company explores in Canada and Mexico. In Mexico, the Company has to deal with government policies that are different than in Canada. However laws and regulations in Mexico are well defined. Like Canada the inherent difficulties associated with acquiring land and exploring on it will continue.

The Company has limited financial resources and only has limited means to raise funds through the issue of stock. If the Company is able to find, explore and develop a mineral resource there is still no certainty that additional funds will be available to advance the project even further. Failure to obtain more financing could lead to a loss of prospective properties.

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Internal Controls and Procedures and Controls

The CEO and CFO of Pinnacle have evaluated the effectiveness of the Company's internal controls and procedures and assessed the design of the Company's internal control over financial reporting as of December 31, 2007, pursuant to the requirements of Multilateral Instrument 52-109.

Management has concluded, based on this evaluation, that as of the time of this report a weakness exists in the design of internal control over financial reporting caused by a lack of adequate segregation of duties in many cases. This weakness has the potential to result in material misstatements in the Company's financial statements, and should also be considered a weakness in its disclosure and procedures.

Due to limited resources and the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this weakness at this time. To help mitigate the impact of this weakness and to ensure quality financial reporting, the Company is highly reliant on the performance of compensating procedures and senior management's review and approval to ensure that the controls are as effective as possible.

Critical Accounting Estimates

Generally the most significant accounting entry in a junior exploration company's Balance Sheet is the amount listed for mineral property interests. Mineral properties consist of claims, options and or contracts. Acquisition and exploration costs are capitalized and deferred until such time as a property is put into production or the properties are sold or disposed of. The values of the properties held by a company are continually being assessed by management and if the carried values start to exceed the estimated recoverable values then these carried values are written down to more estimated reasonable values. If a mineral property is placed into production, the cost of acquisition and exploration and development will be written off over the life of the property, based on the economic reserves. Proceeds received from the sale of parts or all of a property will be credited against the carrying value of the property with any excess included in the operation of the property. If a property is abandoned, the property and deferred exploration costs will be written off against operations.

Another significant accounting estimate relates to accounting for stock-based compensation. The Company uses the Black-Sholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. The fair value estimate can be affected by subjective input and hence there can be problems with getting a fair value of the Company's stock options granted/vested during the year.

Trends

Trends in the industry can materially affect how well any junior exploration company is performing. Metal prices recently have sustained a significant upswing and as a result world wide exploration has taken a positive turn upward. The demand for metal in Asia, Europe and North America has increased the interest in finding new metals and it appears that this trend should continue for some time.

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Outlook

The outlook for metals continues to be positive due to the upward trends in the metal markets. This is reflected in our Company's relative financial strength. Metal requirements are continuing to increase around the world and commodity prices are rising dramatically for nearly all metals. This is a far different from the conditions that occurred in the late 1990's and early 2000's. The prospect for financing of all our projects is fairly positive and this should enable the Company to continue its exploration programs in Canada and Mexico. The Company will be continue its exploration activities at the Silver Coin project with the aim of improving the quality of resources and moving toward a feasibility study. In addition we will expand our exploration in the Stewart area at Surprise Creek. The Company has begun to explore its other JV properties in Mexico including the Rio Minas and La Calavera properties in Oaxaca state, Mexico. As well we continue to look at and evaluate exploration opportunities in other parts of North America. Additional funding will be required to carry out this work.

Subsequent to the year end the Company purchased Tenajon's 40% interest in the Kansas claim for shares and cash. The Company considers this to be an important step in the consolidation of the Silver Coin into one company which will advance the property towards production.

The Company continues to have many opportunities to do well and it plans to capitalize on these opportunities.

Cautionary Statement

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration plans and our other future plans and objectives are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, (i) estimates of exploration investment and scope of exploration programs, and (ii) estimates of stock-based compensation expense. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statement. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date of statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. Forward-looking statements are subject to risks, uncertainties and other actors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks.