

# Sierra Madre Announces Closing of First Tranche of \$10 Million Best Efforts Private Placement

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VANCOUVER, September 8, 2022 - [Sierra Madre Gold and Silver Ltd.](#) (TSXV:SM) (OTCQB:SMDRF) ("Sierra Madre" or the "Company") is pleased to announce that it has closed the first tranche (the "First Tranche") of its previously announced "best efforts" brokered private placement financing (the "Offering") pursuant to an agency agreement dated September 8, 2022 (the "Agency Agreement") with Beacon Securities Limited and Canaccord Genuity Corp. (together, the "Co-Lead Agents") on behalf of a syndicate of agents including Haywood Securities Inc. (together with the Co-Lead Agents, the "Agents").

Pursuant to the Agency Agreement, the Offering is comprised of up to (i) 9,385,000 subscription receipts of the Company (the "Subscription Receipts") at a price of \$0.65 per Subscription Receipt (the "Subscription Receipt Offering"), and (ii) 6,000,000 common shares of the Company (the "Common Shares") at a price per \$0.65 per Common Share (the "Common Share Offering"), for aggregate gross proceeds of up to \$10,000,250. The Company also granted the Agents an option to sell up to an additional 2,307,750 Subscription Receipts at a price of \$0.65 per Subscription Receipt for additional gross proceeds of up to \$1,500,038, exercisable in whole or in part at any time up to 48 hours prior to the applicable closing date of any tranche of the Subscription Receipt Offering.

As previously indicated, the Offering is being conducted in conjunction with the Company's proposed acquisition (the "Proposed Acquisition") of all of the issued and outstanding shares of La Guitarra Compania Minera S.A. de C.V., an indirect wholly-owned subsidiary of First Majestic Silver Corp. incorporated under the laws of Mexico, that holds a 100% interest in the La Guitarra silver-gold property (the "La Guitarra Property") (see the Company's news release dated May 25, 2022).

Under the First Tranche, the Company issued 9,504,647 Subscription Receipts at a price of \$0.65 per Subscription Receipt for aggregate gross proceeds of \$6,178,020.55. Each Subscription Receipt shall, upon satisfaction of the Escrow Release Conditions (as defined below) and without the payment of any additional consideration, automatically convert into one Common Share. The Common Share Offering shall close in a second stage of the Offering, subject to and shortly after the closing of the Proposed Acquisition.

Pursuant to the closing of the First Tranche, \$5,926,141.86 (the "Escrowed Proceeds"), being the gross proceeds of the First Tranche less 50% of the Agents' Fees (as defined below) and certain expenses of the Agents totaling \$251,878.69, were placed into escrow and will be released to the Company subject to the receipt of all required corporate, shareholder and regulatory approvals in connection with the Proposed Acquisition and the completion or satisfaction of all escrow release conditions (collectively, the "Escrow Release Conditions") as set out in the Agency Agreement. Provided that the Escrow Release Conditions are satisfied or waived (where permitted) prior to 5:00 p.m. (Toronto time) on January 6, 2023 (the "Release Deadline"), the remaining 50% of the Agents' Fees, or \$123,333.69 (and any interest earned thereon) will be released to the Agents from the Escrowed Proceeds, and the balance of the Escrowed Proceeds (together with interest earned thereon) will be released to the Company. However, in the event that the Escrow Release Conditions are not satisfied by the Release Deadline, or if prior to such time, the Company advises the Agents or announces to the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Proceeds together with the pro rata portion of any interest earned thereon (net of any applicable withholding tax) will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

The Company will use the net proceeds of the Offering for the development of the La Guitarra Property,

advancement of engineering studies, and general working capital purposes.

In connection with the First Tranche, pursuant to the Agency Agreement, the Agents will receive a total cash commission of \$168,967.38, equal to 6% of the gross proceeds from sales to certain purchasers in the Offering (reduced to 3% or 0% for proceeds received pursuant to sales to certain purchasers on a "president's list"), a corporate finance fee of \$77,700 (inclusive of applicable taxes) (together with the cash commission, the "Agents' Fees"), and 366,950 compensation options, equal to 6% of the aggregate number of Subscription Receipts sold to certain purchasers pursuant to the Offering (reduced to 3% for Subscription Receipts issued to certain purchasers on a "president's list") (the "Compensation Options"). Each Compensation Option is exercisable into one Common Share at a price of \$0.65 per Compensation Option for a period of 24 months following the conversion of the Subscription Receipts.

The Subscription Receipts, the Common Shares issuable upon conversion of the Subscription Receipts and the Common Shares issuable upon exercise of the Compensation Options issued and issuable under the First Tranche are subject to a statutory hold period and may not be traded until January 9, 2023, except as permitted by applicable securities legislation. The closing of the First Tranche, any further tranche, and the Offering as whole, is subject to the final approval of the TSX Venture Exchange.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the 1933 Act, as amended, and application state securities laws.

About SierraMadre

[Sierra Madre Gold and Silver Ltd.](#) is a mineral exploration company, currently focused on the acquisition, exploration and development of the Tepic and La Tigra Properties in Nayarit, Mexico. The Company has an experienced management team with a proven track record of wealth creation in Mexico through project discovery, advancement, and monetization. Sierra Madre's key objective is to advance exploration on the Tepic and La Tigra Properties to determine whether they contain commercially exploitable deposits of precious or base metals.

On behalf of the board of directors of [Sierra Madre Gold and Silver Ltd.](#),  
"Alexander Langer"  
Alexander Langer

President, Chief Executive Officer and Director

Contact:  
[investor@sierramadregoldandsilver.com](mailto:investor@sierramadregoldandsilver.com)

Cautionary Note

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation and statements that are based on the beliefs of management and reflect the Company's current expectations. When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. Such statements and information reflect the current view of the Company. Forward-looking statements and forward-looking information in this press release include, but are not limited to, statements with respect to the timing and completion of the Offering, the use of proceeds of the Offering and the receipt of regulatory approvals for the Offering. Risks and uncertainties may cause actual results to differ materially from those

contemplated in those forward-looking statements and information. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information or forward-looking statements that are contained or referenced herein, except as may be required in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice regarding forward-looking information and statements.

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