

# Sierra Madre Announces Closing of \$10.3 Million Private Placement of Common Shares and Subscription Receipts

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VANCOUVER, May 31, 2023 - Sierra Madre Gold and Silver Ltd. (TSXV:SM) ("Sierra Madre" or the "Company") is pleased to announce that it has closed the second tranche (the "Second Tranche") of its previously announced "best efforts" brokered private placement financing (the "Private Placement") in connection with the Company's acquisition of the La Guitarra silver-gold mine (the "La Guitarra Property") from [First Majestic Silver Corp.](#)

The Private Placement was led by 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").

The Second Tranche is comprised of: (i) 1,300,000 common shares of the Company (each, a "Common Share") at a price of \$0.65 per Common Share for gross proceeds of \$845,000; and (ii) 5,123,092 subscription receipts (each, a "Subscription Receipt") at a price of \$0.65 per Subscription Receipt for gross proceeds of \$3,330,010 (the "Subscription Receipt Proceeds"), for aggregate gross proceeds under the Second Tranche of \$4,175,010. Together with the first tranche, the Private Placement raised aggregate gross proceeds of \$10,353,030.55.

Each Subscription Receipt shall, without the payment of any additional consideration, automatically convert into one Common Share upon the earlier of: (i) the holder of the Subscription Receipt receiving written notice from the Company of conversion; or (ii) September 15, 2023 (together, the "Escrow Release Conditions"). The Subscription Receipt Proceeds were placed into escrow and will be released to the Company upon satisfaction of the Escrow Release Conditions. However, in the event that the Company provides written notice to the holders of Subscription Receipts of termination, then all of the issued and outstanding Subscription Receipts will be cancelled and the Escrowed Proceeds will be used to pay holders of Subscription Receipts an amount equal to \$0.65 per Subscription Receipt held plus all interest accrued (as described below), less any tax required to be deducted and/or withheld ("Termination").

The Subscription Receipt Proceeds shall accrue interest at a rate of 10% per annum, less any tax required to be deducted and/or withheld, payable only upon Termination. Any interest accrued shall be paid on, and only on, the date of Termination. For greater clarity, no interest shall be payable on any of the Subscription Receipt Proceeds upon satisfaction of the Escrow Release Conditions and the conversion of the Subscription Receipts into Common Shares.

The Company will use the net proceeds of the Private Placement for the development of the La Guitarra Property, advancement of engineering studies, and general working capital purposes.

In connection with the Second Tranche, the Agents have received a total cash commission of \$50,700, equal to 6% of the gross proceeds raised from the sale of Common Shares under the Second Tranche, and have been issued 78,000 compensation options, equal to 6% of the aggregate number of Common Shares sold pursuant to the Second Tranche (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 from the date of issuance. Together with the first tranche, the Agents received an aggregate cash commission of \$219,667.38, a corporate finance fee of \$77,700 (inclusive of applicable taxes), and were issued 444,950 Compensation Options.

Certain directors and officers of the Company ("Interested Parties") purchased or acquired direction and control over a total of 1,270,500 subscription receipts under the first tranche and 2,199,700 Subscription Receipts under the Second Tranche. The placement to those persons constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). Notwithstanding the foregoing, the directors of the Company have determined that the Interested Parties' participation in the Private Placement will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 in reliance on the exemptions set forth in sections 5.5(a) and 5.7(1)(a) of MI 61-101. The Company did not file a material change report 21 days prior to the closing of the Private Placement as the details of the participation of Interested Parties had not been confirmed at that time.

The securities issued in connection with the Second Tranche are subject to a four-month hold period from the date of closing of the Second Tranche, in addition to any other restrictions under applicable law. The Common Shares are expected to resume trading on the TSX Venture Exchange on or around June 5<sup>th</sup>, 2023. The Private Placement remains subject to certain conditions, including the receipt of 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 Sierra Madre

Sierra Madre Gold & Silver (TSX.V: SM) is a precious metals development and exploration company, focused on the restart of the La Guitarra Mine in the Temascaltepec mining district, Mexico, and the exploration and development of its Tepic and La Tigra properties in Nayarit, Mexico. The La Guitarra Mine is a permitted, past-producing underground mine which includes a 500 t/d processing facility that operated until mid-2018.

The +2,600 ha Tepic project hosts low-sulphidation epithermal gold and silver mineralization with an existing historic resource. La Tigra, located 148 km north of Tepic, has been mined historically; Sierra Madre's maiden 2022 drill program at the site intercepted shallow mineralization.

Sierra Madre's management has played key roles for managing exploration and development of more than 22Moz gold and 600Moz silver in combined reserves and resources. Sierra Madre's team of professionals has collectively raised over \$1B for mining companies.

On behalf of the board of directors of Sierra Madre Gold and Silver Ltd.,

"Alexander Langer"

Alexander Langer  
President, Chief Executive Officer and Director

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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 use of proceeds of the Private Placement, and the receipt of final regulatory approval for the Private Placement. 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.

SOURCE: [Sierra Madre Gold and Silver Ltd.](#)

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