



## Sierra Madre Announces \$10 Million Best Efforts Private Placement of Subscription Receipts

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**Vancouver, British Columbia** – June 27, 2022 – Sierra Madre Gold and Silver Ltd. (TSXV: SM) (OTCQB: SMDRF) (“**Sierra Madre**” or the “**Company**”) is pleased to announce that it has entered into an agreement with **Beacon Securities Limited** and **Canaccord Genuity Corp.** on behalf of a syndicate of agents (collectively, the “**Agents**”), in connection with a “best efforts” private placement of up to 15,385,000 subscription receipts of the Company (the “**Subscription Receipts**”) at a price of \$0.65 per Subscription Receipt (the “**Issue Price**”) for aggregate gross proceeds to the Company of up to \$10,000,250 (the “**Offering**”). 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. (“**SubCo**”), an indirect wholly-owned subsidiary of First Majestic Silver Corp. (“**First Majestic**”) incorporated under the laws of Mexico that holds a 100% interest in the La Guitarra silver-gold property (the “**La Guitarra Property**”), as previously announced on May 25, 2022. 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 of the Company (a “**Common Share**”).

The Company has granted the Agents an option to sell up to an additional 2,307,750 Subscription Receipts at the Issue Price 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 closing date of the Offering.

The gross proceeds of the Offering less 50% of the Commission (as defined below) and certain expenses of the Agents (such net amount, the “**Escrowed Proceeds**”) will be placed into escrow and 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 to be entered into among the Company and the Agents in connection with the Offering. Provided that the Escrow Release Conditions are satisfied or waived (where permitted) prior to 5:00 p.m. (Toronto time) on the date that is 120 days after closing of the Offering (the “**Release Deadline**”), the remaining 50% of the Commission (and any interest earned thereon) and certain expenses of the Agents 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 Sierra Madre. 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 intends to use the net proceeds of the Offering for the development of the La Guitarra Property, advancement of engineering studies, and general working capital purposes. The Offering is expected to close by the end of July 2022 (the “**Closing Date**”) and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange (the “**Exchange**”).

In connection with the Offering, the Agents will receive a cash commission equal to 6% of the gross proceeds (reduced to 3% for proceeds received pursuant to sales to certain purchasers on a “president’s list”) (the “**Commission**”) and the Company will issue that number of compensation options to the Agents equal to 6% of the aggregate number of Subscription Receipts sold 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 will be exercisable for one Common Share at the Issue Price of the Subscription Receipts for a period of 24 months following the conversion of the Subscription Receipts.

The Subscription Receipts, the Common Shares and the Common Shares issuable upon exercise of the Compensation Options shall be subject to a hold period ending on the date that is four months and one day following the Closing Date as set out in National Instrument 45-102 – Resale of Securities.

***The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. 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.***

### **About Sierra Madre**

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

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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 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.*