

Sierra Madre Announces Agreement to Acquire the Del Toro Silver Mine from First Majestic Silver and Concurrent \$50 Million Offering of Subscription Receipts

Addition of second production-ready asset to the Sierra Madre portfolio

Del Toro mine restart to follow La Guitarra Expansions

Vancouver, British Columbia--(Newsfile Corp. - December 17, 2025) - Sierra Madre Gold and Silver Ltd. (TSXV: SM) (OTCQX: SMDRF) ("**Sierra Madre**" or the "**Company**") is pleased to announce that it has entered into a definitive agreement (the "**Purchase Agreement**") on December 17, 2025 to acquire the Del Toro Silver Mine in the Chalchihuites District in Mexico ("**Del Toro**") from First Majestic Silver Corp. ("**First Majestic**") for total consideration of up to US\$60 million, inclusive of delayed and contingent milestone payments (the "**Transaction**"). In connection with the Transaction, Sierra Madre has also entered into an engagement letter with Beacon Securities Limited ("**Beacon**") with respect to a best-efforts private placement offering of up to \$50 million of subscription receipts (the "**Offering**").

Pursuant to the Transaction, Sierra Madre will acquire a 100% interest in the 2,129-hectare ("**ha**") Del Toro Property in Zacatecas State that includes three, fully permitted underground mines, a 3,000 tonnes per day ("**tpd**") flotation processing circuit and numerous historic mines.

Alex Langer, Sierra Madre's President and Chief Executive Officer, commented, "We are incredibly excited to be announcing our second mine acquisition in Mexico, which provides us with the opportunity to replicate the successful restart the Sierra Madre team has achieved at La Guitarra and advance the Company towards mid-tier silver production levels. Near-term, our plan for Del Toro is to advance exploration and prepare an updated resource report while our operating team focuses on completing the two-stage expansion at La Guitarra. Our initial plan is to commence the mine restart process at Del Toro in mid-2027, with production currently slated for mid-2028. If silver prices continue on their current upward trajectory, there is a possibility of restarting Del Toro within a 12-month time period."

Mr. Langer continued, "The Sierra Madre team is also incredibly grateful to participate in yet another transaction with First Majestic, which has been a strategic shareholder since 2023. We look forward to working to unlock the full potential of this past-producing operation."

Greg Liller, Sierra Madre's Executive Chairman and Chief Operating Officer, commented, "Del Toro is an excellent match for our portfolio, not just on a production basis, but with considerable exploration upside. Part of our long-standing corporate business model is to acquire mines, such as La Guitarra, with existing production facilities, and then to build a resource base in under-explored, large historic mining districts.

"Del Toro fits in with this business model with an already built production plant and a strategic land position in the large, under-explored Chalchihuites District. Finally, as was the case with La Guitarra, First Majestic has done an exceptional job in keeping permits current and maintaining the mine and plant in an operations-ready state."

Mr. Liller continued, "Our initial exploration plans for Del Toro would include a drill program of approximately 50,000 metres, which would lead up to an updated Mineral Resource Estimate in early 2028 ahead of the possible mine restart. High priority targets include manto and chimney type Carbonate Replacement Deposits ("**CRD**"), skarn mineralization like the nearby La Colorada mine operated by Pan American Silver, along with the vein type deposits exploited by First Majestic."

Transaction Highlights:

- Del Toro is a **fully permitted, past-producing** underground silver-gold-lead mine with an on-site process plant that operated between 2013 and 2019.
- Historical Measured and Indicated Mineral Resources consisting of 592,000 tonnes grading 398 g/t AgEq (silver-equivalent) for **7.57 million AgEq oz** (ounces) and historical Inferred Mineral Resources of 1.19 million tonnes grading 293 g/t AgEq for **11.18 million AgEq oz**. See Historical Mineral Resource Estimate section below for details including tonnes and all metal grades.^[1]
- **Three underground mines**, with a total of over 62.5 km of development in place.
- The site includes a functional process circuit: three mills with a **total capacity of 3,000 tpd**, sulphide and oxide flotation circuits as well as a new dry stack tailings storage facility with a 12-year capacity at 2,000 tpd operations.
- **Full permits** for resumption of underground mining operations are valid. Del Toro is currently under care and maintenance.
- **Exploration upside:** Del Toro is located within the under-explored Chalchihuites mining district, host to numerous old mines and workings with silver ("**Ag**"), lead ("**Pb**"), zinc ("**Zn**") and copper ("**Cu**") mineralization. The San Martin, La Colorada and Sabinas mines are all located near the Chalchihuites village.^[2]
- **First Majestic** will strengthen its strategic position in the Company by receiving US\$10 million worth of Sierra Madre shares at closing as part of the upfront consideration under the Transaction.

Transaction Terms

Under the Transaction, Sierra Madre will acquire all of the issued and outstanding shares of First Majestic Del Toro, S.A. de C.V. ("**Subco**"), a wholly-owned subsidiary of First Majestic incorporated under the laws of Mexico that holds a 100% interest in Del Toro. In exchange, Sierra Madre will pay First Majestic the following consideration:

- upon closing of the Transaction ("**Closing**"), US\$20 million in cash and US\$10 million in Sierra Madre shares ("**Shares**") at the Issue Price (defined below);
- within 18 months of Closing, US\$10 million in cash or, at the option of the Company, Shares at a price per share equal to the market price (as determined in accordance with the policies of the TSX Venture Exchange (the "**TSXV**")) on the day prior to issuance of the Shares, subject to a maximum of 10,575,385 Shares, provided that if the aggregate deemed value (based on the market price of the Shares on the day prior to issuance) of the maximum number of Shares does not equal US\$10 million, the remaining balance will be paid in cash;
- if, within 48 months of Closing, the Company files a National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") technical report over any or all of Del Toro that demonstrates "mineral resources" (as defined in NI 43-101) of at least 100Moz AgEq or the Company issues a news release announcing "mineral resources" of at least 100Moz AgEq, an additional US\$10 million in cash or, at the option of the Company, Shares at a price per Share equal to the market price (as determined in accordance with the policies of the TSXV) on the day prior to issuance of the Shares, subject to a maximum of 10,575,385 Shares, provided that if the aggregate deemed value (based on the market price of the Shares on the day prior to issuance) of the maximum number of Shares does not equal US\$10 million, the remaining balance will be paid in cash; and

- if, within 60 months of Closing, the Company achieves commercial production at Del Toro of at least 4,000 tpd for 30 consecutive days, an additional US\$10M in cash or, at the option of the Company, Shares at a price per Share equal to the market price (as determined in accordance with the policies of the TSXV) on the day prior to issuance of the Shares, subject to a maximum of 10,575,385 Shares, provided that if the aggregate deemed value (based on the market price of the Shares on the day prior to issuance) of the maximum number of Shares does not equal US\$10 million, the remaining balance will be paid in cash.

Completion of the Transaction is subject to various approvals, namely acceptance by the TSXV, Mexican Antitrust approval as well as Sierra Madre disinterested shareholder approval of Sierra Madre's shareholders. There can be no assurance that the Transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular that will be prepared in connection with the Transaction (the "**Circular**"), any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

All Shares issued to First Majestic under the Transaction will be subject to a hold period ending on the date that is four months and one day following the date of issuance of the Shares. In addition, First Majestic has agreed to further contractual resale restrictions on such Shares under the Purchase Agreement.

A copy of the Purchase Agreement will be available under the Company's SEDAR+ profile at www.sedarplus.ca within ten days of this news release.

As First Majestic is an insider of the Company, the Transaction will constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company is relying on the exemption from the requirement of a formal valuation for the Transaction pursuant to subsection 5.5(b) of MI 61-101 as its Shares are not listed on a specified market. The Company is not exempt from the minority shareholder approval requirements in MI 61-101, and disinterested shareholder approval will be required for the Transaction pursuant to MI 61-101 and the policies of the TSXV.

A special meeting of shareholders of Sierra Madre to consider and, if deemed advisable, approve the Transaction (the "**Special Meeting**") is expected to be held by the end of April, 2026. In order to be approved by shareholders of the Company at the Special Meeting, the Transaction will require approval of a simple majority of the votes cast at the Special Meeting by shareholders present in person or represented by proxy excluding, for the purposes of MI 61-101, votes attached to Shares held by First Majestic or any other persons described in items (a) through (d) of Section 8.1(2) MI 61-101.

Additional details regarding the terms and conditions of the Purchase Agreement as well as the rationale for the approvals made by the Board will be set out in the Circular, which will be available under the Company's SEDAR+ profile at www.sedarplus.ca.

About Del Toro

The Del Toro mine is located in the northwest-west region of Zacatecas State, near the border with Durango State, approximately 224 km from Zacatecas City, and about 125 km from Durango City. Between 2015 and 2018, the underground mine produced an average of 2.54Moz of AgEq annually (or 1.42Moz silver, plus 345.5oz gold and 19.95Mlb lead annually), based on data disclosed in the Annual Information Forms of First Majestic for the years ended December 31, 2015 through 2018, dated March 31, 2016 through 2019, available for review under First Majestic's SEDAR+ profile at www.sedarplus.ca.

The operation includes three underground production-ready silver mines (Perseverancia, San Juan and Dolores), approximately one and three kilometres apart, respectively as well as a 3,000 tpd flotation processing circuit with three mills. Additional infrastructure includes a dry stack tailings facility with design capacity for 12 years of operations at a rate of 2,000 tpd that is located approximately 800 metres from the process plant and an analytical lab, core shack, as well as power substations and power

lines.

The Chalchihuites district was discovered between 1546-1556 during the Spanish colonial period. Although production records are limited, information indicates that during more recent times at least four mines were worked intermittently (San Juan, La Esmeralda, Magistral and La Perseverancia).

The mineralization at Del Toro is consistent with the CRD model. Two structural systems are present, a NW-SE system and a N-S system. These structures are host to the vein style mineralization that were the primary source of First Majestic's production. At structural intersections breccia zones and CRD chimney structures are present, with First Majestic's Cuerpo 3 deposit being the best example developed to date. There is evidence of Manto type CRD mineralization in surface exposures, old workings and intersections in the historic drilling. During due diligence of both the historic data base and examination of surface exposures a total of 23 CRD targets have been identified.

Certain of the Del Toro concessions are subject to net smelter returns royalties between 1% and 2%.

Historical Mineral Resource Estimate

As disclosed in the Annual Information Form of First Majestic for the year ended December 31, 2024, dated March 31, 2025, available for review under First Majestic's SEDAR+ profile at www.sedarplus.ca, the site hosts Historical Measured and Indicated Resources of 592,000 tonnes grading 201 g/t Ag, 0.43 g/t Au (gold), 3.90% Pb and 4.27% Zn (398 g/t AgEq), for a total of 7.57 million AgEq oz. Historical Inferred Resources stand at approximately 1.19 million tonnes grading 183 g/t Ag, 0.15 g/t Au, 3.46% Pb and 1.15% Zn (293 g/t AgEq), for a total of 11.18 million oz of AgEq.

[1] Notes for Historical Mineral Resource Estimates:

1. Reported by First Majestic in a technical report titled "Technical Report for the Del Toro Silver Mine, Chalchihuites, and Zacatecas, Mexico" with an effective date of December 31, 2016 prepared by Ramon Mendoza Reyes, P.Eng., Jesus M. Velador Beltran, MMSA and Andrew Hamilton, P. Geo. and last updated in First Majestic's Annual Information Form with an effective date of December 31, 2020. The latest historical estimates were prepared by First Majestic internal "Qualified Persons" (as defined in NI 43-101) who have the appropriate relevant qualifications and experience in geology and resource estimation. The Mineral Resource estimates were prepared under the supervision of, or were reviewed by, David Rowe, CPG, Internal QP for First Majestic, a Qualified Person, as that term is defined in NI 43-101. Sample data was collected through a cutoff date of December 31, 2020. Metal prices considered for Mineral Resources estimates on December 31, 2020, were \$22.50/oz Ag, \$1,850/oz Au, \$0.90/lb Pb and \$1.05/lb Zn.
2. Mineral Resource estimates have been classified in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into NI 43-101.
3. In accordance with NI 43-101, the Del Toro Historical Mineral Resource Estimates use the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", having the same meanings ascribed to those terms as in the CIM Standards.
4. As these mineral resource estimates pre-date the Company's agreement to acquire Del Toro, the Company is treating them as "historical estimates" under NI 43-101, but they remain relevant as the most recent mineral resource estimates for Del Toro. No more recent estimates or data are available to Sierra Madre.
5. Further drilling and resource modelling would be required to upgrade or verify these historical estimates as current Mineral Resources for the respective assets and accordingly, they should be relied upon only as a historical resource estimate of First Majestic, which pre-dates the Company's agreement to acquire Del Toro.
6. Mr. Gregory Smith, P. Geo., a director of Sierra Madre, is a "Qualified Person" as defined by NI 43-101 and has reviewed and approved the technical data and information contained in this news release. However, a "Qualified Person" under NI 43-101 has not done sufficient work to classify the historical estimates as current Mineral Resources. Accordingly, a Qualified Person of the Company has not independently verified the Mineral Resources nor the other information contained herein, and the Company is not treating the historical estimates as current Mineral Resources.
7. Although the Company is not treating this information as a current estimate, the Company believes David Rowe's work is reliable.
8. Historical information may not be representative of expected results.
9. Mineral Resources that are not mineral reserves do not have economic viability. Totals may not add up due to rounding.

[2] Mineralization on nearby properties is not necessarily indicative of mineralization hosted on the Del Toro property.

Private Placement Offering of Subscription Receipts

Sierra Madre has entered into an engagement letter with Beacon, as lead agent and sole bookrunner, on behalf of a syndicate of agents (together with Beacon, the "**Agents**"), in connection with the Offering of up to 38,462,000 subscription receipts of the Company (the "**Subscription Receipts**") at a price of \$1.30 per Subscription Receipt (the "**Issue Price**") for gross proceeds of up to \$50 million. The terms of

the Offering will be subject to an agency agreement to be entered into by the Company and the Agents prior to closing of the Offering.

Each Subscription Receipt shall be deemed to be exercised, without payment of any additional consideration and without further action on the part of the holder thereof, for one common share of the Company (an "**Underlying Share**") upon satisfaction of the Escrow Release Conditions (as defined below).

The Company has granted the Agents an option (the "**Agents' Option**"), exercisable in whole or in part by Beacon on behalf of the Agents, by giving notice to the Company at any time up to 48 hours prior to the closing date of the Offering to sell up to an additional \$7.5 million of Subscription Receipts at the Issue Price.

On the closing date of the Offering, the net proceeds of the Offering, including 50% of the Agents' Fee (as defined below) will be placed into escrow with a Canadian trust company or other entity as mutually acceptable to the Company and Beacon (the "**Subscription Receipt Agent**"). The net proceeds of the Offering, together with all interest earned thereon (the "**Escrowed Funds**") will be released by the Subscription Receipt Agent to the Company upon:

- i. completion of the Transaction, or confirmation from the Company and First Majestic that all conditions to completion of the Transaction have been satisfied or waived;
- ii. receipt of all required shareholder, regulatory and third-party approvals for the Transaction;
- iii. approval for the listing of the Underlying Shares from the TSXV;
- iv. other customary escrow release conditions; and
- v. the delivery of a release notice by the Company and Beacon to the Subscription Receipt Agent, (collectively, the "**Escrow Release Conditions**").

If the Escrow Release Conditions are not satisfied or waived (where permitted) prior to 5:00 p.m. (Toronto time) on the date that is 120 days after the closing date of the Offering (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 Funds (net of any applicable withholding tax) will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled. The Subscription Receipts will be governed by the terms of a subscription receipt agreement to be entered into between the Company, Beacon, on its behalf and on behalf of the Agents, and the Subscription Receipt Agent.

The Subscription Receipts will be offered for sale to (i) "accredited investors" resident in all provinces of Canada subject to compliance with applicable securities regulatory requirements and pursuant to private placement exemptions as set out in National Instrument 45-106 *Prospectus Exemptions* and (ii) in jurisdictions other than Canada including in the United States pursuant to available exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and applicable U.S. state securities laws.

The Company intends to use the net proceeds of the Offering to fund the completion of the Transaction, for exploration and development of Del Toro following completion of the Transaction and for general working capital purposes. Completion of a private placement financing of at least \$40 million is also a condition to closing of the Transaction in favour of the Company.

The Offering is expected to close on or about January 14, 2026 and is subject to the Company receiving all necessary regulatory approvals, including the approval of the TSXV. All securities issued pursuant to the Offering will be subject to a hold period ending on the date that is four months and one day following the closing date of the Offering.

In connection with the Offering, the Company will pay to the Agents a cash commission (the "**Agent's Fee**") of 5.0% of the gross proceeds of the Offering (subject to reduction on certain "President's List"

orders) and a number of compensation options ("**Compensation Options**") equal to 5.0% of the number of Subscription Receipts issued by the Company under the Offering (subject to reduction on certain "President's List" orders). Of the Agents' Fee, 50% will be payable upon closing of the Offering and the remaining 50% will be payable upon release of the Escrowed Funds. Upon the satisfaction or waiver, as applicable, of the Escrow Release Conditions and the release of the Escrowed Funds, each Compensation Option will be exercisable for one common share of the Company at the Issue Price (subject to any necessary adjustments) for a period of 24 months following the date on which the Escrowed Funds are released to the Company.

The securities to be sold, and any securities issuable upon conversion of the securities, under the Offering have not been and will not be registered under the U.S. Securities Act, or any U.S. state securities laws, and may not be offered or sold in the "United States" (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable U.S. state securities laws or an exemption from such registration is available. This news 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 jurisdiction in which such offer, solicitation or sale would be unlawful.

Qualified Person

Mr. Gregory Smith, P. Geo, Director of Sierra Madre, is a Qualified Person as defined by NI 43-101, and has reviewed and approved the technical data and information contained in this news release. Mr. Smith has verified the technical and scientific data disclosed herein.

About Sierra Madre

Sierra Madre Gold and Silver Ltd. (TSXV: SM) (OTCQX: SMDRF) is a precious metals producer and exploration company focused on the Guitarra mine in the Temascaltepec mining district, Mexico, and the exploration and development of its Tepic property in Nayarit, Mexico. The Guitarra mine is a permitted underground mine, which includes a 500 t/d processing facility that operated until mid-2018 and restarted commercial production in January 2025.

The +2,600 ha Tepic Project hosts low-sulphidation epithermal gold and silver mineralization with an existing historic resource.

Sierra Madre's management team has played key roles in managing the exploration and development of silver and gold mineral reserves and mineral resources. Sierra Madre's team of professionals has collectively raised over \$1 billion 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 Regarding Production Decisions

The Company's decision to place a mine into commercial production, expand a mine, make other production related decisions, or otherwise carry out mining and processing operations, is largely based on internal non-public Company data and economic models prepared by the Company in conjunction with management's knowledge of the property and experience at the Company's La Guitarra property. The Company is not basing any production decisions on NI 43-101 compliant reserve estimates, preliminary economic assessments or feasibility studies and, as a result, there is greater risk and

uncertainty as to future economic results from the Del Toro Mine Complex, including increased uncertainty of achieving any particular level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit, and a higher technical risk of failure than would be the case if a feasibility study were completed and relied upon to make a production decision.

Cautionary Note Regarding Forward-Looking Information

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 news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. "Forward-looking information" includes, but is not limited to, statements with respect to the activities, events or developments that the Company expects or anticipates will or may occur in the future, including statements regarding the the Transaction (including the holding of Special Meeting, timing of Closing and receipt of necessary approvals), the Offering (including the entering into of an agency agreement and subscription receipt agreement, the appointment of a Subscription Receipt Agent, the timing of closing, the use of proceeds, receipt of necessary approvals and the fulfillment of the Escrow Release Conditions) and plans for the exploration and development of Del Toro (including the resumption of production). Generally, but not always, forward-looking information and statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

Such forward-looking information and statements are based on numerous assumptions, including among others, that the Company will be able to receive all required approvals for the Transaction and the Offering, that the Company will be able to hold the Special Meeting on the anticipated timeline, the ability of the Company to complete the Transaction and the Offering on the terms announced or at all, that the Company will have the necessary funds and resources to carry out its exploration and development plans for Del Toro, including the intended resumption of production, that the Escrow Release Conditions will be satisfied or waived (as permitted) prior to the Release Deadline, and that the Company will use the proceeds of the Offering as announced or at all. Although the assumptions made by the Company in providing forward-looking information or making forward-looking statements are considered reasonable by management at the time, there can be no assurance that such assumptions will prove to be accurate.

There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks that: the Company may be unable to complete the Transaction or the Offering on the proposed terms, or at all; the Company may not receive all necessary approvals for the Transaction or the Offering; the Company may not hold the Special Meeting or complete the Transaction or the Offering on the anticipated timeline, or at all; the Company may not have the necessary funds or resources to carry out its exploration and development plans for Del Toro; the Company may not have the necessary funds or resources to resume production at Del Toro on the anticipated timeline, or at all; the the Company may not use the proceeds of the Offering as anticipated; and risks relating to the actual results of current exploration activities, fluctuating gold prices, possibility of equipment breakdowns and delays, exploration cost overruns, availability of capital and financing, general economic, market or business conditions, regulatory changes, timeliness of government or regulatory approvals and other risks detailed herein and from time to time in the filings made by the Company with securities

regulators.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information or implied by forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information.

The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as otherwise required by applicable securities legislation.

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