

# Sierra Madre Reports Strong Q1 2026 Financial Results, Record Quarterly Revenues

128,827 Silver Equivalent Ounces Sold in Q1 2026

Quarterly Net Revenues of US\$10.1 Million and Adjusted EBITDA of US\$2.8 Million

First Phase of La Guitarra Capacity Expansion on Schedule for Completion by the End of Q2 2026

Vancouver, British Columbia--(Newsfile Corp. - May 19, 2026) - Sierra Madre Gold and Silver Ltd. (TSXV: SM) (OTCQX: SMDRF) ("**Sierra Madre**" or the "**Company**") is pleased to provide financial results for the quarter ended March 31, 2026 ("**Q1 2026**"). Unless otherwise noted, all amounts are expressed in U.S. dollars.

Alex Langer, Chief Executive Officer, commented, "Our Q1 revenues of US\$10.1 million are a record for the Company. With a steady production base, Sierra Madre leveraged the effects of rising commodity prices. We are on solid footing heading into the rest of 2026. Head grades are anticipated to improve as Coloso and Nazareno mines continue to ramp up. We have purchased haul trucks, scoop trams, and invested in backup generators to reduce operating costs and sustain production continuity. The Guitarra plant capacity expansion is anticipated to be completed by the end of Q2 2026 and is expected to increase throughputs by over 50% from current levels. We expect these initiatives to materially increase production while reducing unit costs."

Mr. Langer continued, "We are also looking forward to closing the Del Toro mine acquisition and preparing for exploration in the East District of the La Guitarra Mine Complex, with over 30,000 metres of drilling, planned to start in H2 2026."

## Highlights

- **Revenues:** Gross silver revenues for the quarter totalled \$5.9 million (\$85.14 per ounce) and gold revenues totalled \$5.1 million (\$4,906 per ounce). Silver revenues for the quarter ended March 31, 2025 ("**Q1 2025**") totalled \$2.3 million (\$31.13 per ounce) and gold revenues totalled \$2.9 million (\$2,828 per ounce).
- **Sales:** In Q1 2026, the Company sold 69,006 ounces of silver ("**Ag**") and 1,038 ounces of gold ("**Au**") or 128,827 silver equivalent ("**AgEq**") ounces, based on the ratio of silver and gold prices realized for each shipment in the quarter. This compares to 75,137 ounces of Ag and 1,022 ounces of Au or 165,093 AgEq ounces sold in Q1 2025.
- **Cash Costs** for the quarter were \$42.55 per AgEq ounce produced, as compared to \$33.63 per AgEq ounce produced in Q4 2025 and \$22.51 in Q1 2025 due to a number of factors including the ramp up of operations at Coloso and Nazareno and inflationary pressures on our input costs, as detailed below.
- **Adjusted EBITDA** of \$2.8 million for Q1 2026 compares to \$1.1 million for Q1 2025.
- **Cash from Operations:** the Company generated \$3.5 million of cash from operating activities in Q1 2026 as compared to \$729 thousand in Q1 2025.
- **Gross Profit** was \$3.61 million for Q1 2026, as compared to \$1.36 million for Q1 2025.
- **Cash and cash equivalents and short-term investments** at March 31, 2026 totalled \$13.2 million and working capital totalled \$14.4 million.
- **Cost Drivers:** Ramp-up and development activities at Coloso and Nazareno (discussed below) drove a significant share of the current production from off-book, out-of-resource, lower-grade material, which weighed on unit mining costs. Gold and silver recovery declines stemmed from feed blend optimization across the three mines, further pressuring costs. Additional headwinds included higher pay rates and a ~29% expansion of La Guitarra's staff base ahead of the planned

expansion; elevated commodity prices driving higher mine royalty payments and production taxes; a strengthening Mexican peso increasing the cost of peso-denominated operating expenses; and broader inflationary pressures — all of which contributed to quarterly cost performance.

- **Del Toro Acquisition and Financing:** In December 2025, the Company announced its intention to acquire the Del Toro silver mine from First Majestic Silver Corp. ("**First Majestic**") and complete a concurrent financing, which subsequently closed in escrow for gross proceeds of CAD\$57.5 million - see the Company's [December 17, 2025](#) press release for details of the acquisition and financing and [January 14, 2026](#) and [January 30, 2026](#) press releases for details of the financing.
- **Del Toro Acquisition - Shareholder Approval:** On [April 28, 2026](#), Sierra Madre announced that shareholders had approved the acquisition of the Del Toro mine at a special meeting.
- **La Guitarra Expansion:** As announced on [September 8, 2025](#), the Company has initiated a plan to expand production capacity at Guitarra in a two-phase program, with the first phase anticipated for completion by the end of Q2 2026, with the aim to increase the nameplate capacity of the mill from 500 tonnes per day ("**tpd**") to a range of 750-800 tpd. The second phase is anticipated to be completed by Q3 2027, with the aim of increasing the capacity to a range of 1,200-1,500 tpd at Guitarra.
- **First Majestic Loan Payment:** On February 6, 2026, the Company made a principal payment of \$2.5 million on the \$5 million senior secured project financing loan with First Majestic. Please see the Company's [March 24, 2026](#) press release for details.

## Additional Q1 2026 Operational Details

- **Mine Operations:** The Company milled 41,699 tonnes of material, with silver recoveries averaging 71.98% and gold recoveries averaging 71.61%. In Q1 2025, the Company milled 39,167 tonnes of material, with silver recoveries averaging 79.21% and gold recoveries averaging 78.77%.
- **Production:** Sierra Madre produced 58,506 ounces of silver and 932 ounces of gold in Q1 2026, compared to production of 70,176 ounces of silver and 1,001 ounces of gold in Q1 2025.
- **Development:** 759.20 metres of development were completed in Q1 2026, compared to 775.70 metres in Q1 2025.
- **Coloso and Nazareno:** Mining restarted at the higher-grade Coloso underground mine at the end of Q1 2025 (estimated resource grades at Coloso are significantly higher in both silver and gold compared to the Guitarra mine veins<sup>1</sup>). In [September 2025](#), Sierra Madre<sup>1</sup> also announced the restart of mining at the Nazareno mine. The Company is focused on ramping up operations at Coloso and Nazareno ahead of the increased plant throughput levels anticipated upon completion of Phase I of the Guitarra expansion.
- To meet the Phase I and II production targets, in late April, Sierra Madre selected a special services contractor to provide equipment and manpower to accelerate mine development at Coloso and Nazareno. The contractor began mobilization to site in early May. Once the contractor is in place, the Company will be able to transfer its miners and equipment to the Guitarra mine to accelerate production.
- **Expansion Progress:** For the two-phase expansion of the La Guitarra plant, Sierra Madre has acquired key equipment— including a second crusher (tested and installed) and a 600-700 tpd ball mill, now refurbished and under contract for installation, with commissioning expected in late Q2 2026. Construction crews for the ball mill foundation work have been mobilized to site and the purchase of critical equipment has begun.
- Construction of a thickener tank with a rated capacity of 800 tpd began in January 2026 and is expected to be completed in late June. This would thicken tailings to  $\pm 60\%$  solids, allowing a significant portion of the tailings to be pumped directly to open stopes below the main San Raphael mine level, using existing tailings pumping equipment.
- **Equipment Purchases:** Multiple haul trucks were purchased in April to replace rental trucks and are expected to lead to a significant reduction in operating costs. Two new scoop trams were acquired in order to meet the mining production demands of the expansion plans. Sierra Madre

has also purchased two diesel generators for installation at the Guitarra mine as well as a generator for the Coloso-Nazareno mine complex. Construction for housing this equipment has begun at both sites and all needed ancillary equipment for power hook-up has been purchased.

- **Exploration:** On **October 23, 2025**, the Company announced the start of a \$3.5 million exploration program at the East District of the Guitarra mine complex. Upon completion of mapping, sampling and drill target delineation, a 30,000-metre drill program would then be undertaken to further assess the targets' economic potential. Drill permit preparation is underway and drilling is expected to start in H2 2026. Sierra Madre is also sourcing a large core rig for drilling long sub-horizontal holes from the fully permitted, mining-designated Tlacotal area.

## Outlook

- Improved head grades of the mineralized material are expected through the remainder of 2026 as a higher proportion of fresh mineralized ore from in-resource material is processed, with an expected decrease in unit mining costs.
- The Company also expects increased production from the recent re-start of operations at Coloso and Nazareno as the mine development proceeds, de-watering continues, and progress is made towards the higher-grade areas.
- With the first phase of the Guitarra expansion expected to come on-line later this quarter, Sierra Madre expects to see meaningfully higher production once operational along with a further reduction in costs.

## Quarterly Financial Overview

Selected financial information set out below is based on and derives from the unaudited condensed consolidated interim financial statements of the Company for each of the quarters listed, which have been prepared in accordance with IFRS, as applicable to quarterly reporting:

	Mar. 31, 2026 (Q1) (\$)	Dec. 31, 2025 (Q4) (\$)	Sep. 30, 2025 (Q3) (\$)	Jun. 30, 2025 (Q2) (\$)	Mar. 31, 2025 (Q1) (\$)	Dec 31, 2024 (Q4) (\$)	Sep. 30, 2024 (Q3) (\$)	Jun. 30, 2024 (Q2) (\$)
Revenues	10,108,067	8,318,599	5,919,211	5,756,997	4,960,887	3,911,542	2,668,991	-
Gross profit	3,610,034	3,719,115	2,103,308	1,687,796	1,355,999	1,085,167	381,405	-
Share-based compensation	849,506	345,298	654,394	242,758	153,241	330,820	477,867	812,762
Income tax recovery (expense)	(1,280,269)	6,046,531	(185,308)	(166,810)	(129,081)	(44,084)	(5,791)	24,706
Income (loss) for the quarter	338,839	7,454,684	67,842	276,160	335,875	(37,936)	(855,766)	(1,977,200)
Income (loss) per share - basic and diluted	0.00	0.04	0.00	0.00	0.00	(0.00)	(0.01)	(0.01)

This news release should be read in conjunction with the Company's condensed consolidated interim financial statements for the quarter ended March 31, 2026 and associated Management Discussion and Analysis ("MD&A"), both of which are available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and on the Company's website ([www.sierramadregoldandsilver.com](http://www.sierramadregoldandsilver.com)).

AgEq ounces produced have been determined using a ratio of 77.27 Au:Ag for all periods based upon the ratio used in the 2023 technical report titled "NI 43-101 La Guitarra Technical Report, La Guitarra Mineral Resource Estimate, Guitarra Silver-Gold Project".

AgEq quarterly ounces sold have been determined using the actual silver and gold prices obtained. The determined ratio used for Q1 2026 was 57.62 Au:Ag (Q1 2025 - 88.02). The higher cost per AgEq ounce in Q1 2026 was influenced in large part by the decline in silver prices relative to gold prices compared to Q1 2025, which resulted in a lower AgEq conversion ratio. This lower AgEq ratio reduced

the number of reported AgEq ounces attributed to our gold production in Q1, making cash costs per AgEq ounce appear higher and less favourable despite strong performance and economic fundamentals. Applying the same ratio used for Q1 2025 to Q1 2026 would reduce the cost by \$4.03 per AgEq ounce. However, as a primary silver producer, the current price environment remains favourable and strengthens the Company's overall economics.

The Company reports non-GAAP measures, which include Cash Cost of Production per Tonne, Cash Cost per AgEq ounce produced, All-in Sustaining Cash Cost per AgEq ounce produced and Average Realized Price per AgEq ounce sold, Adjusted EBITDA, and working capital. These measures are widely used in the mining industry as a benchmark for performance, but do not have a standardized meaning and may differ from methods used by other companies with similar descriptions. See "Non-GAAP and Other Financial Measures" section of the Company's Q1 2026 MD&A for definitions and reconciliations to GAAP measures.

### **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 development, extraction, 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 tpd 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 the 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 reports from previous operations and the results of test mining and processing. 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 Guitarra 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 press release contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation. The forward-looking statements herein are made as of the date of this press release only, and the Company does not assume any obligation to update or revise them to reflect new information, estimates or opinions, future events or results or otherwise, except as required by applicable law. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budgets", "scheduled", "estimates", "forecasts", "predicts", "projects", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, without limitation, statements regarding discussions of future plans, including the expected timing of concentrate shipments; the Company increasing production; the Company receiving revenues on a weekly basis and such revenues allowing the Company to comfortably expand to without further capital needs; production and the expected timing and production levels thereof.*

*The forward-looking statements involve numerous risks and uncertainties, and actual results might differ materially from results suggested in any forward-looking statements. These risks and uncertainties include, among other things, that predicted production levels will be achieved and that existing production levels will be maintained.*

*In making the forward-looking statements in this news release, the Company has applied certain material assumptions, including without limitation, that the Company will be able to execute its future plans as intended, that predicted production levels will be achieved and that existing production levels will be maintained.*

*Although management of the Company has attempted identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or 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 such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes.*

**SOURCE:** Sierra Madre Gold and Silver Ltd.

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<sup>1</sup> A copy of the 2023 NI 43-101 report, prepared by TechSer Mining Consultants Ltd. ("TechSer") of Vancouver B.C., by David Thomas, P.Geo. and QP Geology and Cristian Garcia, P.Eng. and QP Mining, titled "La Guitarra Mineral Resource Estimate Guitarra Silver-Gold Project, Temascaltepec, Estado de México, México" with an effective date of October 24, 2023, is available on SEDAR+ and the company's website at <https://sierramadregoldandsilver.com/presentations/NI-43-101-La-Guitarra-Mineral-Resource-Estimate.pdf>



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