Sierra Madre Reports Solid Q2 2026 Financial Results, Advances Growth Plans

123,483 Silver Equivalent Ounces Sold in Q2 2026; Quarterly Net Revenues of US$8.23 Million and Gross Profit of US$1.58 Million; Phase I of La Guitarra Expansion Expected On-Line Before the End of Q3 2026

Vancouver, British Columbia--(Newsfile Corp. - August 27, 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 June 30, 2026 ("**Q2 2026**"). Unless otherwise noted, all amounts are expressed in U.S. dollars.

Alex Langer, Chief Executive Officer, commented, "Q2 was a very productive quarter for Sierra Madre with $8.23 million in net revenues and $1.58 million in gross profit from La Guitarra, as we made significant progress on the expansion, continued the ramp up of the Coloso and Nazareno mines and added equipment and staff to support increased production. During the search for the required mill for Phase I, the Company located and purchased a larger-than-planned mill, with the expectation that it would meet the milling requirements for both phases of the expansion. While the additional foundation and electrical work for the larger mill, along with certain shipping delays for other components of the Phase I expansion extended the completion of Phase I by several weeks, we continue to expect Phase II commissioning prior to the end of Q3 2027. Throughput levels have reached up to 672 tonnes per day so far in August. In June, we also closed the acquisition of a second substantially production-ready asset, the Del Toro silver mine in Zacatecas State, building on our Mexico production-focused platform. We closed out the quarter with US$25 million in working capital and near-term catalysts, including completion of the Phase I expansion and the commencement of East District drilling at La Guitarra."

Q2 2026 Highlights

- **Revenues**: Silver revenues for the quarter totalled $5.0 million ($75.65 per ounce) and gold revenues totalled $4.3 million ($4,529 per ounce). Silver revenues for the quarter ended June 30, 2025 ("**Q2 2025**"), totalled $2.2 million ($33.36 per ounce) and gold revenues totalled $3.6 million ($3,272 per ounce).
- **Adjusted EBITDA** of $3.5 million for the six months ended June 30, 2026 ("**H1 2026**") compares to $2.6 million for the six months ended June 30, 2025 ("**H1 2025**").
- **Gross Profit** was $1.58 million for Q2 2026, as compared to $1.69 million for Q2 2025.
- **Cash from Operations**: the Company generated $1.89 million of cash from operating activities in H1 2026 as compared to $1.37 million in H1 2025.

- **Cash and Cash Equivalents** at June 30, 2026 totalled $22.2 million, with $25.0 million in working capital, compared to $13.2 million and $14.4 million at March 31, 2026, respectively.
- **Daily Production** is now reaching up to 672 tonnes per day ("**tpd**"), a 34% increase over the previous level of 500 tpd.
- **Del Toro Acquisition**: Following shareholder approval (**April 28, 2026** news release) and Mexican Antitrust approval (announced **May 22, 2026**), the Company closed the acquisition of a 100% interest in the Del Toro silver mine, as announced on **June 22, 2026**. With this acquisition, Sierra Madre completed a concurrent financing for gross proceeds of CAD$57.5 million.
- Geologic mapping and sampling have started at Del Toro with a re-evaluation of surveys underway and drilling expected to start in mid-2027.
- **East District Exploration**: Following quarter-end, as released on **July 14, 2026**, Sierra Madre

received approval to start drilling in the East District of the Guitarra complex. Target definition work is underway with drilling bids in hand for a long-hole sub-horizontal drill program planned from the Tlacotal property (a permitted area designated for mining). Drilling is expected to start in H2 2026.

- **First Majestic Loan Repayment**: As announced on **July 8, 2026**, the Company has fully repaid the US$5 million non-revolving, secured term loan with First Majestic Silver.

Detailed Q2 2026 production statistics are shown in Table 1 below.

Table 1: Q2 2026 and Q2 2025 Production Metrics

	Q2 2026	Q2 2025
Material processed (tonnes milled)	41,567	41,235
AgEq ounces produced *(i)*	137,313	146,963
Ag ounces produced	64,315	66,011
Au ounces produced	945	1,048
Cash cost of production per tonne *(iii)*	$ 142.44	$ 78.51
Cash cost per AgEq ounce produced *(ii)*	$ 49.28	$ 26.89
All-in Sustaining cash cost per AgEq ounce produced *(iii)*	$ 54.73	$ 32.54
AgEq ounces sold *(ii)*	123,483	173,562
Ag ounces sold	66,691	65,683
Au ounces sold	943	1,096
Average realized price per AgEq ounce sold *(ii)*	$ 75.45	$ 33.22
Ag metal recovery (%)	73.58	76.62
Au metal recovery (%)	67.97	77.95
Ag grade gpt *(iv)*	65.27	65.10
Au grade gpt *(iv)*	1.05	1.01
Development metres	1,188	591

i. *(i)* 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".
ii. AgEq ounces sold have been determined using the actual Ag and Au prices obtained during the quarter. The determined ratio used was 60.22 Au:Ag for Q2 2026 and 98.43 Au:Ag for Q2 2025.
iii. 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 below for definitions and reconciliations to GAAP measures.
iv. Grammes per tonne ("gpt")

Operational Details

- **Production:** Ahead of the Phase I and II expansion plans, Sierra Madre selected a contractor to ramp up production from the higher-grade Coloso and Nazareno mines; contractor operations started mid-June. Sierra Madre miners and equipment are now focused on accelerating production at the Guitarra mine.
- **Costs:** The Q2 2026 cash costs were negatively impacted by the ramp up and development work at Coloso and Nazareno, leading to a significant share of production being sourced from development drives and out-of-resource, lower grade mineralization. While adding to top-line revenues, increased commodity prices also add to our cash costs through increased royalty payments and taxes. The strengthening Mexican peso against the US dollar, inflation impacts on inputs, and rising worker pay rates also affected costs.
- **Recoveries:** Gold and silver recoveries declined as the ongoing development work opened new mining areas and resulted in a blend of feed from three mining centres. Sierra Madre has built a metallurgical lab at the site to optimize the blending protocol.
- **Power Generation:** In Q2 2026, power outages continued due to weather incidents, increasing costs. Sierra Madre acquired a 1,250-kilowatt ("**kW**") back-up diesel generator for Coloso and

Nazareno (installation is underway), plus two 1,500-kW back-up diesel generators for the plant. Installation of the two Guitarra generators was completed mid-August 2026 and are expected to be fully operational in September.

- **Equipment**: The transfer of a narrow-profile Muki jumbo drill to the Guitarra mine is expected to support development and production of narrower and higher-grade veins in the San Raphael area and of the Juliet vein. Following quarter end, the rebuild of a 0.5-yard scoop tram has reduced dilution and mining costs for the Juliet vein.
- Sierra Madre also purchased two haul trucks in April, to replace rental units used in the tailings buttress program and for Coloso haulage, which are expected to lead to cost reductions. Two scoops were also acquired to support increased mining rates with the expansion.
- **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[1]). In **September 2025**, Sierra Madre also announced the restart of mining at the Nazareno mine.
- At Coloso, dewatering of the lower levels has been accelerated and production from resource blocks below the existing workings is expected to start in the second half of 2026. Nazareno began full production from long-hole stopes on the 180 level in late April 2026.

Expansion Progress

- 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 aimed at increasing the nameplate capacity of the mill from 500 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.
- With the larger-than-planned mill purchased for Phase I, additional foundation and electrical work was required - Sierra Madre now anticipates achieving Phase 1 production capacity before the end of Q3 2026. The purchase of this larger mill has moved the completion of this aspect of the Phase II expansion ahead of schedule.
- Since the end of Q2 2026, foundation work has been completed for the ball mill, support equipment, and building enclosure, with an overhead crane installed.
- Modifications to the existing mill and the installation of larger capacity pumps resulted in an increased total mill throughput capacity: daily production is now reaching up to 672 tpd, a 34% increase over the previous level of 500 tpd.
- Refurbishment of the used ball mill, purchased in December 2025, was completed at the end of Q1 2026, increasing its rated milling capacity to 900 tpd.
- A standard head crusher, purchased in Q4 2025, started full operation in April 2026 (two months ahead of schedule). Together with modifications to the primary crusher, this addition is expected to allow the circuit to surpass the Phase I objective of 750-800 tpd.
- Thickener tank construction was completed in mid-August 2026, with testing of the mechanical and electrical circuits underway - the thickener is expected to be functional by the end of September. Shipping delays pushed back completion from the original late June 2026 estimate.
- The thickener is designed to thicken tailings to ±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.
- Sierra Madre has also chosen to proceed with the construction of the new permitted dry stack tailings storage facility. Site clearing is expected to start in October. Construction of a filter plant and a second thickener will also be needed for the Phase II expansion.

Outlook

- Sierra Madre continues to fine tune site mining and milling, ramp up the Coloso and Nazareno mines, and expand staffing ahead of the anticipated Phase I & II expansion production increases. New mining faces continue to be accessed with the additional equipment being introduced to the operation.

- 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 be completed by the end of September, Sierra Madre expects to see higher production starting in Q3 2026, with an accompanying 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:

	Jun. 30, 2026 (Q2) ($)	Mar. 31, 2026 (Q1) ($)	Dec. 31, 2025 (Q4) ($)	Sep. 30, 2025 (Q3) ($)	Jun. 30, 2025 (Q2) ($)	Mar. 31, 2025 (Q1) ($)	Dec 31, 2024 (Q4) ($)	Sep. 30, 2024 (Q3) ($)
Revenues	8,232,135	10,108,067	8,318,599	5,919,211	5,756,997	4,960,887	3,911,542	2,668,991
Gross profit	1,577,979	3,610,034	3,719,115	2,103,308	1,687,796	1,355,999	1,085,167	381,405
Share-based compensation	131,576	849,506	345,298	654,394	242,758	153,241	330,820	477,867
Income tax recovery (expense)	(565,664)	(1,280,269)	6,046,531	(185,308)	(166,810)	(129,081)	(44,084)	(5,791)
Income (loss) for the quarter	37,226	338,839	7,454,684	67,842	276,160	335,875	(37,936)	(855,766)
Income (loss) per share - basic and diluted	0.00	0.00	0.04	0.00	0.00	0.00	(0.00)	(0.01)

This news release should be read in conjunction with the Company's condensed consolidated interim financial statements for the quarter ended June 30, 2026 and associated Management Discussion and Analysis ("MD&A"), both of which are available on SEDAR+ (www.sedarplus.ca) and on the Company's website (www.sierramadregoldandsilver.com).

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 Q2 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 producer and exploration company focused on the operation, exploration, and development at its Guitarra mine complex in the Temascaltepec mining district, 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.

In June 2026, Sierra Madre closed the acquisition of the Del Toro silver mine, adding a past-producing, fully permitted asset to its Mexico-focused silver and gold portfolio.

The Company also holds the +2,600 ha Tepic Project, which 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*"
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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.

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[1] 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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