

Sierra Madre Announces Update to \$10 Million Best Efforts Private Placement

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VANCOUVER, Aug. 16, 2022 - [Sierra Madre Gold and Silver Ltd.](#) (TSXV: SM) (OTCQB: SMDRF) ("Sierra Madre" or the "Company") is pleased to announce that it has amended the terms of its previously disclosed "best efforts" brokered private placement (the "Offering") (see press release dated June 27, 2022).

The Company now anticipates that the Offering shall be comprised of up to (i) 9,385,000 subscription receipts of the Company ("Subscription Receipts") at a price of \$0.65 per Subscription Receipt and (ii) 6,000,000 common shares of the Company ("Common Shares") at a price per \$0.65 per Common Share, for aggregate gross proceeds of up to approximately \$10,000,000. The Offering is being conducted in conjunction with the Company's proposed acquisition (the "Proposed Acquisition") 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.

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") shall act as agents under the Offering and anticipated that the Offering shall close in two tranches. The private placement of the Subscription Receipts shall close the first tranche of the Offering (the "Subscription Receipt Tranche"), prior to the closing of the Proposed Acquisition. 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. The private placement of the Common Shares shall close the second tranche of the Offering, subject to and shortly after the closing of the Proposed Acquisition.

The Company has granted the Agents an option to sell up to an additional 2,307,750 Subscription Receipts at the Issue Price for an 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 of the Subscription Receipt Tranche.

The gross proceeds of the Subscription Receipt Tranche 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 Offering 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 the closing of the Subscription Receipt Tranche (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 remaining 50% of the Escrowed Proceeds (together with interest earned thereon) will be released to Sierra Madre. However, in the event the Escrow Release Conditions are not satisfied by the Release Deadline, or if prior to such time, the Company advises the public that it does not intend to satisfy the Escrow Release Conditions, the Escrowed Proceeds together with a 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, advanced engineering studies, and general working capital purposes.

The Subscription Receipt Tranche is expected to close on or about August 31, 2022, 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 of the Offering (reduced to 3% for proceeds received pursuant to sales to certain purchasers on a "president's list") (the "Commission").

Company will issue that number of compensation options to the Agents equal to 6% of the aggregate number of Subscription Receipts and Common Shares sold pursuant to the Offering (reduced to 3% for Subscription Receipts and Common Shares sold to certain purchasers on a "president's list") (the "Compensation Options"). Each Compensation Option will be exercisable for one Common Share (a "Compensation Share") at a price of \$0.65 per Compensation Share for a period of 24 months from the applicable date of issuance.

All securities issuable in connection with the Offering shall be subject to a hold period ending on the date that is four months or one day following the applicable date of issuance, 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 in the United States absent registration or an applicable exemption from the registration requirements. This press release does 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 objective is to advance exploration on the Tepic and La Tigra Properties to determine whether they contain commercial quantities of 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

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. Forward-looking 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 other similar words or such variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements and information reflect the current view of the Company. Forward-looking statements and 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. Forward-looking statements and information 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 that may cause our actual results, performance or achievements, or other future events, to be materially different from any forward-looking 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 referred to 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.

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