Sierra Madre Gold and Silver Ltd. Announces La Guitarra Expansion Plans

08.09.2025 | Newsfile

Company Expects to Grow Near Term Capacity by More Than 50% to 750 tpd to 800 tpd by Q2 2026, With Subsequent Expansion to Increase Capacity by More Than 100% of Current Capacity to 1,200 tpd to 1,500 tpd by Q3 2027

<u>Sierra Madre Gold and Silver Ltd.</u> (TSXV: SM) (OTCQX: SMDRF) ("Sierra Madre" or the "Company") is pleased to provide the details of a planned two-stage expansion at its La Guitarra silver-gold mine complex located in Estado de Mexico, Mexico.

These planned expansions would increase the site's nameplate processing capacity by 50% to a range of 750 dry tonnes per day ("tpd") to 800 tpd by Q2 2026. The site is currently operating at a rate of 500 tpd. This first expansion would involve the construction of a paste fill and thickener plant, the addition of a fourth ball mill and second cone crusher as well as an increase in the conveyor circuit's material handling capacity.

Subsequently, construction of a new, fully permitted, Dry Stack Tailings Storage Facility ("TSF") and addition of a second crushing circuit would increase processing capacity to a range of 1,200 tpd to 1,500 tpd by Q3 2027.

The Company currently has access to the capital to complete these expansions, which we anticipate funding from the Company's treasury and cash flow, eliminating the need for further near-term capital raises.

Alex Langer, Chief Executive Officer, commented, "With commercial production achieved at La Guitarra only nine months ago, we are excited to be planning our next two major milestones, which would drive significant capacity expansion at the site over the next 24 months. Once all production expansions are fully operational, these two staged expansions would allow us to more than double throughputs from current levels, while also driving cost savings from realized economies of scale. Finally, with the closing of a C\$19.5M private placement in July, we expect to fully self-fund this expansion from our treasury and cash flow."

Greg Liller, Chief Operating Officer and Executive Chairman, added, "This staged expansion does not require any additional permits, and we have started sourcing and procurement for the second cone crusher and ball mill with equipment deliveries expected in November 2025 for the first phase. With a strong operating team at Guitarra, we expect to complete this expansion on-time and on-budget with a combination of contractors and in-house personnel and look forward to providing updates as we start receiving equipment and installing components."

Throughout the expansion periods, the plant and mining activities will have significant downtime periods. The Company will do its best to mitigate these disturbances and will prioritize ongoing plant and tailings maintenance works during these down periods. As an example, Sierra Madre recently replaced the main tailings pumping circuit with a new higher capacity and more efficient system. During this period, the plant was offline for only 36 hours.

Expansion to 750 tpd to 800 tpd in Q2 2026

A key part of the first expansion will be the construction of a new paste fill plant to conserve tailings storage capacity as the new dry stack TSF is planned to be built out in the second phase. The current conventional tailings storage facility has storage capacity until approximately September 2027, assuming a processing rate of 500 tpd. As part of the planned first phase of the expansion, Sierra Madre would build a paste fill plant to divert approximately 300 tpd of the 750 tpd to 800 tpd planned production into open mine workings for storage, preserving tailings capacity in the current conventional facility.

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At the process plant, the current capacities include 516 wet tpd in the milling circuit, 640 tpd at the crushing circuit and 1,200 tpd for flotation. To increase capacity to the 750 tpd to 800 tpd level, Sierra Madre plans to add a second cone crusher, increase the conveyor circuit's material handling capacity and install a new ball mill. The ball mill, which will be oversized to accommodate the 1200 tpd - 1500 tpd expansion, would be added early in the construction schedule to provide the Company with spare capacity and to allow for regular maintenance of the four mills.

Expansion to 1,200 tpd to 1,500 tpd in Q3 2027

Once the elements from the first phase of the planned expansion are complete, Sierra Madre anticipates building the new, 5.8 million tonne capacity dry stack phase 4 TSF. We anticipate that the TSF would be commissioned in Q3 2027.

At the plant, Sierra Madre would also add a second crushing circuit and replace a smaller capacity ball mill to allow operations to run at this increased throughput level.

Both the 2026 and 2027 crushing circuit additions would be designed to produce a finer product: - 1/4 inch vs. -3/8 inch currently. This in turn would allow the ball mills to produce a finer grind, leading the way for improved recoveries starting in Q2 2026. The smaller 1/4-inch feed should also increase the daily throughput capacity of the ball mills.

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 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
778-820-1189

Contact:

investor@sierramadregoldandsilver.com

Cautionary Note Regarding Production Decisions

The Company's decision to place the mine into commercial production, expand a mine, make other

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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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