

# Sierra Madre Developments Inc. Provides Additional Details on Business Combination and Concurrent Financing

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VANCOUVER, Feb. 22, 2021 - [Sierra Madre Developments Inc.](#) (the "Company") (TSXV: SMG.H) is pleased to provide additional details on its proposed acquisition (the "Business Combination") of Goldshore Resources Ltd. ("Goldshore") and the concurrent financing for gross proceeds of up to \$25,000,000 (the "Concurrent Financing"). The Business Combination and Concurrent Financing were announced by the Company and Goldshore in a news release dated January 26, 2021 (the "Initial News Release").

## About the Concurrent Financing

As disclosed in the Initial News Release, the Company and Goldshore have entered into an engagement letter with Eventus Capital Corp. (the "Lead Agent"), as lead agent and sole bookrunner, on its own behalf and on behalf of a syndicate of agents including Canaccord Genuity Corp., Laurentian Bank Securities Inc., Haywood Securities Inc., and Desjardins Securities Inc. (collectively with the Lead Agent, the "Agents"), in respect of a private placement of subscription receipts (the "Subscription Receipts") and flow-through subscription receipts (the "Flow-Through Subscription Receipts" and together with the Subscription Receipts, the "Offered Securities") for gross proceeds of up to \$25,000,000.

The Initial News Release disclosed that all of the Offered Securities would be offered by Goldshore. However, the Company wishes to announce that the Flow-Through Subscription Receipts will be offered by the Company (constituting the "Sierra Madre Financing"). The Subscription Receipts will be offered by Goldshore.

The Company will offer up to 13,333,333 Flow-Through Subscription Receipts at a price of \$0.75 per Flow-Through Subscription Receipt. Each Flow-Through Subscription Receipt will be automatically exercised, for no additional consideration, into one flow-through common share of the Company (a "Flow-Through Share").

The Flow-Through Subscription Receipts will be issued on a "flow-through" basis and will consist of "flow-through shares" as defined in subsection 66(15) of the Income Tax Act (Canada) (the "Tax Act"). The Company will incur resource exploration expenses which will constitute "Canadian exploration expenses" as defined in subsection 66.1(6) of the Tax Act and "flow through mining expenditures" as defined in subsection 127(9) of the Tax Act, in an amount equal to the amount raised pursuant to the sale of Flow-Through Subscription Receipts and the Company will renounce the Canadian exploration expenses (on a pro rata basis) to each subscriber with an effective date of no later than December 31, 2021 in accordance with the Tax Act.

In connection with the Sierra Madre Financing, the Agents will be entitled to receive a cash fee (the "Agents' Commission") equal to 6% of the aggregate gross proceeds of the Sierra Madre Financing (provided that the cash commission for president's list subscribers will be 4%) and such number of compensation options (the "Compensation Options") equal to 6% of the number of Flow-Through Subscription Receipts sold under the Sierra Madre Financing (provided that the compensation options for president's list subscribers will be 4%). Each Compensation Option will be exercisable for one common share in the capital of the Company for a period of two years from the date of closing of the Sierra Madre Financing at a price of \$0.75 per share.

The gross proceeds from the sale of Subscription Receipts, will be held by the subscription receipt agent in a non-interest bearing account pending satisfaction or waiver (to the extent such waiver is permitted) of the escrow release conditions. The Agents' Commission and any additional reasonable expenses of the Agents will be released from escrow to the Lead Agent, on behalf of the Agents, and the escrowed amount will be released from escrow to the Company upon satisfaction of the escrow release conditions.

The Flow-Through Shares will be subject to a four-month hold period from the date of issuance. Closing of the Sierra Madre Financing is subject to the approval of the TSX Venture Exchange.

All other details of the Concurrent Financing are as set out in the Initial News Release.

## About Goldshore

Goldshore is a private company incorporated under the Business Corporations Act (British Columbia) with a mandate to identify and evaluate mining related projects in North America. To date, Goldshore has raised approximately \$4 million, identified and evaluated a number of projects and negotiated an asset purchase agreement dated January 25, 2021 with Wesdome Gold Mines Ltd. ("Wesdome") and Moss Lake Gold Mines Ltd., a subsidiary of Wesdome, pursuant to which Goldshore will acquire a 100% interest in the Moss Lake gold project (the "Moss Lake Project"), located in Ontario, Canada. Goldshore does not have any material non-cash assets other than the Moss Lake Project. Following completion of the Business Combination, the Company will not have any business interests other than the Moss Lake Project.

The following selected financial information is taken from the unaudited financial statements of Goldshore for the period from the date of incorporation (October 23, 2020) to January 31, 2021:

	Date of incorporation (October 23, 2020) to January 31, 2021  (Unaudited)
Assets	\$3,982,504
Liabilities	\$130,211
Shareholders' Equity	\$3,852,293
Revenues	-
Net Profit (Loss)	\$(142,119)

Further details regarding Goldshore and the Business Combination are disclosed in the Initial News Release.

Sierra Madre Developments Inc.[/wp]

"Hani Zabaneh"  
Hani Zabaneh, CEO & Director

## Cautionary Note Regarding Forward-Looking Statements

*This news release contains statements that constitute "forward-looking statements." Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or developments to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.*

*Forward-looking statements in this document include, among others, statements relating to expectations regarding the completion of the Business Combination (including all required approvals), the Concurrent Financing (including the size of the Concurrent Financing and the use of the proceeds therefrom) and other statements that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others: that there is no assurance that the parties hereto will obtain the requisite director, shareholder and regulatory approvals for the Business Combination, and there is no assurance that the Business Combination will be completed as anticipated, or at all; there is no assurance that the Concurrent Financing will be completed or as to the actual offering price or gross proceeds to be raised in connection with the*

*Concurrent Financing; following completion of the Business Combination, the Company may require additional financing from time to time in order to continue its operations which may not be available when needed or on acceptable terms and conditions acceptable; compliance with extensive government regulation; domestic and foreign laws and regulations could adversely affect the Company's business and results of operations; the stock markets have experienced volatility that often has been unrelated to the performance of companies and these fluctuations may adversely affect the price of the Company's securities, regardless of its operating performance; and the impact of COVID-19.*

*The forward-looking information contained in this news release represents the expectations of the Company as of the date of this news release and, accordingly, is subject to change after such date. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. The Company does not undertake any obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.*

*This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. 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 or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.*

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