This prospectus does not constitute a public offering of any securities. No securities regulatory authority has expressed an opinion about information contained herein and it is an offence to claim otherwise.

FINAL PROSPECTUS

SIERRA MADRE
Gold & Silver

Non-Offering Prospectus **March 31, 2021**

SIERRA MADRE GOLD AND SILVER LTD.

No securities are being offered pursuant to this prospectus

This non-offering prospectus (the "**Prospectus**") is being filed with the securities regulatory authorities in the Provinces of British Columbia (the "**Principal Regulator**") and Alberta to enable Sierra Madre Gold and Silver Ltd. (the "**Company**" or "**Sierra Madre**") to become a reporting issuer pursuant to applicable securities legislation in the Provinces of British Columbia and Alberta. Upon the final receipt of this Prospectus by the Principal Regulator, the Company will become a reporting issuer in British Columbia and Alberta.

No securities are being offered pursuant to this Prospectus. As such, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There is currently no market through which the securities of the Company may be sold and holders of the Company's securities may not be able to resell any such securities. This may affect the pricing of the Company's securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Information*".

The Company intends to apply to list its common shares (the "**Shares**") for trading on the TSX Venture Exchange (the "**Exchange**" or the "**TSXV**"). The TSXV has not approved the listing of the Shares. Neither the listing nor the intended timing of the listing can be guaranteed. The listing of the Shares will be subject to the Company fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed.

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States.

An investment in the securities of the Company is subject to a number of risks. Investors should carefully consider the risk factors described under heading *"Risk Factors"* before purchasing any securities of the Company.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

No person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Mr. Jorge Ramiro Monroy and Mr. Alejandro Caraveo-Vallina, directors of the Company, and Mr. Gregory Liller, Executive Chairman and Chief Operating Officer of the Company, each reside outside of Canada and have appointed the following agent for service of process:

Name of Agent	Address of Agent
DuMoulin Black LLP	10^{th} Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5

Derek J. Loveday, P. Geo., qualified person and an author of the Tepic Technical Report, is resident outside of Canada and has appointed DuMoulin Black LLP of 10^{th} Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5 as his agent for service of process.

Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "*Agent for Service of Process*".

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

The Company's head office is located at Suite 1507, 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3 and its registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

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INTERPRETATION

Unless the context otherwise requires, all references in this Prospectus to "we", "our", "us", "Sierra Madre" or the "Company" refer to Sierra Madre Gold and Silver Ltd. and, to the extent references in this Prospectus are made to matters undertaken by a predecessor in interest to Sierra Madre or its subsidiaries, include such predecessor in interest to the Company or its subsidiaries, include such predecessor in interest.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively "**forward-looking statements**"). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results of the Company to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to:

- approval of the Exchange to list our Shares;
- our ability to successfully execute our overall strategy and goals;
- our dependence on the Tepic Property;
- execution of our exploration and development plans for our mineral projects;
- our ability to carry out our current planned exploration programs and development plans with our current financial resources;
- we have a limited operating history and negative operating cash flow;
- the market price for gold, silver, other base metals and precious metals may not be sufficiently high to ensure that our planned exploration expenditures will be funded;
- we may not be able to demonstrate that any of our mineral projects warrant commercial development;
- we may not be able to access sufficient capital to carry out our business plans, exploration and development plans;
- our exploration and development costs may be higher than anticipated;
- our ability to obtain and comply with all required permits, licenses and regulatory requirements in carrying out our exploration and development plans;
- even if we are successful in demonstrating reserves on any of our properties, our mining projects may not achieve projected rates of production, cash flows, internal rates of return, payback periods or net present values;
- there may be lack of adequate infrastructure to support our mineral projects;
- employee recruitment and retention and dependence on expatriate and Mexican nationals' skills;
- the risk that title to our material properties may be impugned;
- environmental risks, including risks associated with compliance with environmental laws and the completion of any required environmental impact assessments or reclamation obligations;
- economic uncertainties, including changes and volatility in global capital, currency and commodity markets which may impact our ability to raise capital to execute our business, exploration and development plans and the demand for our planned mineral projects;
- the COVID-19 pandemic;

- competition from other mineral exploration and mining businesses;
- we have not demonstrated that any of our mineral properties contain mineral resources and, even if demonstrated, there is no assurance that any mineral resource estimates will be accurate, exploration potential and mineral grades;
- any required change in mineral resource or mineral reserve estimation methodology;
- changes in the assumptions underlying the mineral resource estimates, which may result in a different (smaller) mineral resource estimate and other related matters;
- the Company conducts business in Mexico and there is no guarantee against any future political, or economic instability in Mexico or neighboring countries that might adversely affect the Company;
- changes in laws and regulations;
- we may be subject to claims or legal proceedings;
- the possibility of a conflict of interest arising for certain of our director and officers;
- volatility in the market price of the Shares;
- future sales or issuances of equity securities could decrease the value of the Shares, dilute shareholders' voting power and reduce future potential earnings per Share; and
- we intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Shares in the foreseeable future.

Such forward-looking information is necessarily based upon a number of factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The assumptions underlying the forward-looking information in this Prospectus, which may prove to be incorrect, include, but are not limited to, assumptions relating to:

- our business strategies and exploration plans;
- the costs of implementation of our business plans and exploration and development plans;
- the availability of sufficient capital to enable us to carry out our business strategy and exploration and development plans;
- the completion of the listing of our Shares on the Exchange;
- the results of future exploration and development programs will be consistent with results and estimates included in our NI 43-101 technical reports on our material properties;
- we will be able to obtain the required regulatory approvals necessary to enable us to proceed with our exploration and development programs;
- we will not encounter any unanticipated geological or technical problems in carrying out our exploration and development programs;
- the price of base metals and precious metals remaining consistent with our expectations;
- there will not be any material adverse events or changes outside the normal course of our business; and
- the competitive environment for exploration properties.

Should one or more of the underlying assumptions prove incorrect, or should the risks and uncertainties materialize, actual results may vary materially from those described in the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "*Risk Factors*".

CAUTIONARY NOTE REGARDING TECHNICAL INFORMATION

This Prospectus contains disclosure of scientific or technical information for the Company's mineral projects that is based on the technical report for the Company's material property. Those reports are identified under "*The Tepic Property*" below. The report was prepared in accordance with National Instrument 43-101 – *Standards for Disclosure for Mineral Projects* of the Canadian Securities Administrators, by or under the supervision of "qualified persons" (as defined in that National Instrument).

Any mineral reserve or resource figures, and scientific, technical or projected economic information or estimates referred to in this Prospectus are estimates, and no assurances can be given that the information will materialize. Such information is based on expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the information included in this Prospectus is well established, the information by its nature is imprecise and depends, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates of such information are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

CONVENTIONS

Certain terms used herein are defined in the "Glossary of Terms". Unless otherwise indicated, references to $ are to Canadian dollars, references to "US$" are to U.S. dollars and references to Pesos are to Mexican pesos. All financial information with respect to the Company have been presented in Canadian dollars in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Company are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**Affiliate**" means a company that is affiliated with another company as described below:

A company is an "**Affiliate**" of another company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person;

A company is "**controlled**" by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company;

A Person beneficially owns securities that are beneficially owned by:

(a) a Company controlled by that Person, or

(b) an Affiliate of that Person, or

(c) an Affiliate of any Company controlled by that Person;

"**Amalgamation**" means the amalgamation of Old Sierra Madre and Subco pursuant to Section 269 of the BCBCA;

"**Amalgamation Agreement**" means the amalgamation agreement dated September 18, 2020 among the Company, Subco and Old Sierra Madre;

"**Applicable Securities Law**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;

"**Associate**" means when used to indicate a relationship with a person or company, means:

(a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;

(b) any partner of the person or company;

(c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;

(d) in the case of a person, a relative of that person, including:

1. that person's spouse or child; or

2. any relative of the person or of his spouse who has the same residence as that person; but

where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**Board**" or "**Board of Directors**" means the board of directors, or comparable corporate governing structure, of the Company;

"**Business Day**" means a day other than Saturday, Sunday or a statutory holiday in British Columbia, Canada;

"**CEO**" means Chief Executive Officer;

"**CFO**" means Chief Financial Officer;

"**Company**" or "**Sierra Madre**" means Sierra Madre Gold and Silver Ltd.;

"**Concessions**" means the following 5 mining concessions: five mining concessions Nuevo Milenio Fracción I (225967), Nuevo Milenio Fracción II (212959), Pancho Fracción I (234832), Pancho Fracción II (234833), and Pancho Fracción III (234834);

"**Consolidation**" means the consolidation of all of the issued and outstanding Old Sierra Madre Shares on the basis of one post-Consolidation Old Sierra Madre Share for every one-and-one-half (1.5) pre-Consolidation Old Sierra Madre Shares;

"**Cream**" means Cream Minerals de México S.A. de C.V.;

"**Escrow Agent**" means Odyssey Trust Company;

"**Escrow Agreement**" means the escrow agreement to be entered into on the date of the Prospectus, among the Company, the Escrow Agent and certain shareholders, pursuant to which the Escrowed Securities will be held in escrow;

"**Escrowed Securities**" means, collectively, the Principal Escrowed Securities and Non-Principal Escrowed Securities;

"**Escrow Release Condition**" has the meaning ascribed thereto under the heading "*General Development and Business of the Company – Subscription Receipt Financing*";

"**Exchange"** or **"TSXV**" means the TSX Venture Exchange;

"**Final Exchange Bulletin**" means the bulletin of the Exchange evidencing the final Exchange acceptance of the listing of the Shares on the Exchange;

"**Final Receipt**" means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Prospectus in British Columbia;

"**Finders**" means the arm's length finders of Old Sierra Madre in connection with the Subscription Receipt Financing;

"**Finders' Fees**" means the cash finder's fees and commission totaling $1,032,570 paid to the Finders pursuant to the Subscription Receipt Financing;

"**Finders' Warrant Shares**" means the Shares issuable upon exercise of the Finders' Warrants in connection with the terms thereof;

"**Finders' Warrants**" means the finders' warrants issued to the Finders pursuant to the Subscription Receipt Financing, with each such finders' warrant entitling the holder thereof to acquire one Finders' Warrant Share at a price of $0.50 per Finders' Warrant Share for a period of 24 months from the date of issue;

"**Listing Date**" means the date the Company's securities are listed on a Canadian exchange;

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Properties* of the Canadian Securities Administrators;

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators;

"**NI 52-110**" means National Investment 52-110 – *Audit Committees* of the Canadian Securities Administrators;

"**Non-Principal Escrowed Holders**" means the shareholders of the Company who purchased shares of the Company at a price of under $0.05 per share;

"**Non-Principal Escrowed Securities**" has the meaning ascribed thereto under the heading "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*";

"**NSR**" means the 3.0% net smelter royalty to be granted to Cream by Pita, as more particularly described under the heading "*General Development and Business of the Company – Option Agreement*";

"**Old Sierra Madre**" means "Sierra Madre Gold and Silver Ltd.", being the BCBCA company that amalgamated with Subco to form Sierra Madre Holdings;

"**Old Sierra Madre Shares**" means the common shares in the capital of Old Sierra Madre;

"**Old Sierra Madre Subscription Receipts**" means the subscription receipts of Old Sierra Madre issued pursuant to the Subscription Receipt Financing;

"**Option**" means the right, granted to Pita by Cream, to purchase 100% of the ownership and rights related to the Concessions pursuant to the Option Agreement;

"**Option Agreement**" means the option agreement dated December 11, 2017 among Pita Mexico and Cream;

"**person**", unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Pita**" means Pita Exploration Limited, an indirect subsidiary of the Company incorporated under the BCBCA;

"**Pita Mexico**" means Pita Exploration S. de R.L. de C.V., an indirect subsidiary of the Company organized under the laws of Mexico;

"**Principal Escrowed Holders**" has the meaning ascribed thereto under the heading "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*"

"**Principal Escrowed Securities**" has the meaning ascribed thereto under the heading "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer*";

"**Principal Regulator**" means the British Columbia Securities Commission;

"**Prospectus**" means this final non-offering prospectus of the Company, prepared in accordance with NI 41-101;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval, accessible through the internet at www.sedar.com;

"**Shareholders**" means the holders of Shares;

"**Shares**" means the common shares in the capital of the Company;

"**Share Financing**" means the private placement of 21,241,666 pre-Consolidation Old Sierra Madre Shares at a price of $0.10 per share for aggregate gross proceeds of $2,124,166.60;

"**Sierra Madre Holdings**" means Sierra Madre Holdings Ltd., the company formed from the amalgamation of Old Sierra Madre and Subco;

"**Stock Option Plan**" means the stock option plan of the Company discussed under "*Options to Purchase Securities – Stock Option Plan*";

"**Stock Options**" means the options issued pursuant to the Stock Option Plan;

"**Subco**" means 1262760 B.C. Ltd., the wholly-owned subsidiary of the Company that amalgamated with Old Sierra Madre to form Sierra Madre Holdings;

"**Subscription Receipts**" means the replacement subscription receipts of the Company issued to the former holders of the Old Sierra Madre Subscription Receipts pursuant to the Amalgamation;

"**Subscription Receipt Financing**" means the private placement of 30,643,500 Old Sierra Madre Subscription Receipts on a private placement basis at a price of $0.50 per Old Sierra Madre Subscription Receipt for aggregate gross proceeds of $15,321,750;

"**Tepic Property**", the "**Project**" or the "**Property**" means the property located in the city of Tepic in the Municipality of Xalisco, Nayarit, México, and comprised of the Concessions;

"**Tepic Technical Report**" means the technical report titled "Technical Report Tepic Property, Nayarit, México" with an effective date of October 21, 2020;

"**Termination Date**" means March 31, 2021, or such later date as agreed to by the Company and Old Sierra Madre;

"**Transfer Agent**" means the transfer agent and registrar of the Company, being Odyssey Trust Company; and

"**VAT**" means the applicable Value Added Taxes under the Option Agreement.

Words importing the singular number only, include the plural and vice versa, and words importing any gender include all genders.

GLOSSARY OF TECHNICAL TERMS

"**Ag**"	silver
"**Au**"	gold
"**g**"	gram
"**g/t**"	grams per tonne
"**km**"	kilometer
"**m**"	metre
"**Ma**"	megaannum
"**NaCN**"	sodium cyanide
"**oz**"	Troy ounce
"**RC**"	reverse circulation
"**t**"	Metric tonne
"**U/G**"	underground

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized used but not defined in this Summary of Prospectus have the meanings ascribed thereto in the Glossary of Terms.

The Company

The Company was incorporated under the *Business Corporations Act* (British Columbia) on October 10, 2017 with the name "L1 Capital Corp." On September 18, 2020, the Company and its wholly-owned subsidiary, Subco, entered into the Amalgamation Agreement with Old Sierra Madre, pursuant to which Subco and Old Sierra Madre amalgamated to form Sierra Madre Holdings, and the Company acquired all of the issued and outstanding securities of Old Sierra in exchange for securities of the Company. As a result of the Amalgamation, the business of Old Sierra Madre became the business of the Company. On December 15, 2020, the Company changed its name from "L1 Capital Corp." to "Sierra Madre Gold and Silver Ltd." The Company's head office is located at Suite 1507, 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3 and its registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5. The Company intends to apply to list the Shares on the TSXV. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV. See "*Corporate Structure*".

Principal Business

Sierra Madre's principal business is the acquisition, exploration and development of resource properties for the mining of precious or base metals. The Company's key objective is to advance exploration on the Tepic Property with the objective of determining whether the properties contain commercially exploitable deposits of precious or base metals. See "*General Development and Business of the Company*".

Management, Directors & Officers

The Company's management team includes several individuals with extensive experience in mining, geology, exploration and development and finance. See "*Directors and Executive Officers*".

Properties

Unless otherwise stated, the technical information in respect of the Tepic Property is based on the Tepic Technical Report. The Company's option on the Tepic Property is its only interest in a mineral project. The Tepic Property is located in the city of Tepic in the Municipality of Xalisco, Nayarit, México. It is comprised of five mining concessions Nuevo Milenio Fracción I (225967), Nuevo Milenio Fracción II (212959), Pancho Fracción I (234832), Pancho Fracción II (234833), and Pancho Fracción III (234834).The Tepic Technical Report was prepared in accordance with NI 43-101. The Qualified Persons, as defined by NI 43- 101, for the Tepic Technical Report are William A. Turner, P. Geol. and Derek Loveday, P. Geo. of Stantec Consulting International LLC. The Tepic Technical Report is available for review under the Company's profile on SEDAR, or at the office of the Company.

For further details concerning the Tepic Property, see "*The Tepic Property*".

Estimated Funds Available

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the Principal Regulator for the purpose of allowing the Company to become a reporting issuer in British Columbia and Alberta and to enable the Company to develop an organized market for its Shares. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from general corporate funds.

As at February 28, 2021, the Company had positive working capital of approximately $14,780,000, which includes the net proceeds from the Subscription Receipt Financing. See "*General Development and Business of the Company – Subscription Receipt Financing*".

The Company intends to use its working capital balance to complete the work programs recommended in the Tepic Technical Report, to pursue strategic acquisitions, for listing expenses and for general and administrative expenses attributable to its corporate overhead during the 12 month period following the date of this Prospectus.

Principal purposes for the use of available funds	**C$**
Total Available Funds as of February 28, 2021	**$14,780,000**
Recommended Phase 1 Work Program for Tepic Property(1)	$468,000
Recommended Phase 2 Work Program for Tepic Property(2)	$806,000
Option Agreement Expenditures	$74,000
Potential Future Acquisitions(3)	$5,100,000
Listing Expenses (4)	$200,000
Tepic Property claim fees (taxes)	$60,000
Tepic option payments	$126,000
Total General and Administrative Expenses: (5)	$1,952,000
(a) Consulting fees and salaries	*$786,000*
(b) Insurance	*$20,000*
(c) Investor and shareholder relations	*$500,000*
(d) Office expenses	*$10,000*
(e) Professional fees	*$250,000*
(f) Regulatory fees	*$150,000*
(g) Rent	*$36,000*
(h) Travel	*$200,000*
Total Allocated Funds	**$8,786,000**
Total Unallocated Funds	**$5,994,000**

Notes:

1. Comprised of: i) topographic surveys; ii) underground surveys of underground workings; iii) digital compilation of field data; iv) Drill Program Development; v) drilling; vi) testing; and vii) geological modelling and resource estimate. See "*The Tepic Property*".
2. The Phase 2 Work Program will be a Reverse Circulation 50 Hole Drill Program, comprised of: i) the development of a drilling program; ii) execution of the drilling program and completion of additional density measurements and assays; iii) updated geological model and resource estimation that integrates all updated analytical information at more current gold and silver price; and (iv) the preparation of a revised technical report. See "*The Tepic Property*".
3. These funds are anticipated to be allocated towards possible acquisitions of gold and silver projects in Mexico. No specific transaction has been identified as of the date of this prospectus. The Company anticipates that any potential acquisitions could occur as soon as this calendar year, and in any case in the next twelve (12) months from the date of this prospectus.
4. Estimated remaining costs in connection with the completion of the listing of Shares on the Exchange, including professional fees (including

legal and accounting expenses).

5. Comprised of: (i) $594,000 payable over the next 12 months to key management of the Company, being the President and Chief Executive Officer, the Chief Financial Officer and Corporate Secretary, the Executive Chairman and Chief Operating Officer and the Vice President of Exploration of the Company; (ii) $108,000 payable over the next 12 months to the Company's independent directors; (iii) $36,000 payable over the next 12 months with respect to office administration expenses; (iv) $12,000 payable over the next 12 months to the Company's bookkeeper; and (v) $36,000 payable over the next 12 months towards miscellaneous administrative expenses.

The Company's current sole business objective is the exploration and development of the Tepic Property. The key milestone during the 12 month period following the date of this Prospectus will be to complete the phase 1, and if warranted phase 2, recommended work programs on the Tepic Property. The Company will also be focused on selectively pursuing strategic acquisitions that it believes can be effectively integrated with its properties in Mexico or overall strategic vision of building shareholder value through accretive acquisition. A significant amount of capital, $5,100,000, has been allocated to this endeavor.

See "*Use of Available Funds*".

Summary of Selected Financial Information

The following selected financial information is taken from the detailed information contained in the financial statements of the Company and Old Sierra Madre and notes thereto appearing elsewhere in the Prospectus.

Selected Pro-Forma Financial Information

The following table contains certain unaudited pro forma consolidated financial information for the Company and Old Sierra Madre as at September 30, 2020 and gives effect to the completion of the Amalgamation. The Company's financial statements are prepared in Canadian dollars and in accordance with IFRS. You should read the following information in conjunction with the respective financial statements and the related notes thereto, along with the respective Management's Discussion and Analysis.

	Pro-forma Financial Information as at and for the Interim Period Ended September 30, 2020 (unaudited) $
Pro-Forma Balance Sheet	
Current assets	15,714,538
Total assets	15,917,323
Amount due to related parties	59,191
Current liabilities	128,282
Total liabilities	128,282
Shareholders' Equity	15,789,041

Selected Financial Information of the Company

The following selected financial information derives from the Company's audited financial statements for the years ended December 31, 2019, 2018 and 2017 (Appendix A) and the unaudited interim period ended September 30, 2020 (Appendix C). For reporting purposes, the Company's financial statements are prepared in Canadian dollars and in accordance with IFRS. You should read the following information in conjunction with the financial statements and the related notes thereto, along with the respective Management's Discussion and Analysis.

	Interim Period Ended September 30, 2020 $	**Year Ended December 31, 2019 $**	**Year Ended December 31, 2018 $**	**Year Ended December 31, 2017 $**
Balance Sheet				
Current assets	60,532	45,590	45,662	1
Total assets	60,532	45,590	45,662	1
Amount due to related parties	Nil	Nil	Nil	Nil
Current liabilities	10,444	8,617	7,917	3,389
Total liabilities	10,444	8,617	7,917	3,389
Shareholders' Equity (Deficit)	50,088	36,973	37,745	(3,388)

Selected Financial Information of Old Sierra Madre

The following selected financial information derives from Old Sierra Madre's audited financial statements for the years ended December 31, 2019, 2018 and 2017 (Appendix E) and the unaudited interim period ended September 30, 2020 (Appendix G). For reporting purposes, the Company's financial statements are prepared in Canadian dollars and in accordance with IFRS. You should read the following information in conjunction with the financial statements and the related notes thereto, along with the respective Management's Discussion and Analysis.

	Interim Period Ended September 30, 2020 $	**Year Ended December 31, 2019 $**	**Year Ended December 31, 2018 $**	**Year Ended December 31, 2017 $**
Balance Sheet				
Current assets	8,880,305	42,515	60,584	23
Total assets	9,117,874	245,300	263,369	23
Amount due to related parties	59,191	60,116	93,930	3,434
Current liabilities	7,596,588	79,071	110,772	3,584
Total liabilities	7,596,588	79,071	110,772	3,584
Shareholders' Equity (Deficit)	1,521,286	166,229	152,597	(3,561)

See “*Selected Financial Information*”.

Risk Factors

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company.

The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to:

- Our success is dependent upon exploring and developing the Tepic Property.
- Even if we complete the recommended work programs in the Tepic Technical Report, there is no assurance that the results will warrant further development of the Tepic Property.
- Mining operations are subject to a high degree of risk.
- We are a start-up company and, as such, are subject to many risks common to such enterprises.
- Additional financing may not be available on terms favourable to the Company, or at all.
- Insurance coverage is not available for all potential risks of mining operations.
- The loss of key executives may adversely affect our business and future operations.
- We face strong competition from other mining companies for the acquisition of additional mining properties.
- Actions by non-governmental organizations could result in road closures, work stoppages and law suits for damages.
- The price of the Shares and our financial results, activities and future prospects may be adversely affected by declines in the price of base metals and precious metals.

For a detailed description of certain risk factors relating to the Shares which should be carefully considered before making an investment decision. See “*Risk Factors*” for further detail.

CORPORATE STRUCTURE

The Company was incorporated under the *Business Corporations Act* (British Columbia) on October 10, 2017 with the name "L1 Capital Corp.". On September 18, 2020, the Company and its wholly-owned subsidiary, Subco, entered into the Amalgamation Agreement with Old Sierra Madre, pursuant to which Subco and Old Sierra Madre amalgamated to form Sierra Madre Holdings, and the Company acquired all of the issued and outstanding securities of Old Sierra in exchange for securities of the Company. As a result of the Amalgamation, the business of Old Sierra Madre became the business of the Company. On December 15, 2020, the Company changed its name from "L1 Capital Corp." to "Sierra Madre Gold and Silver Ltd."

The Company's head office is located at Suite 1507, 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3 and its registered and records office is located at 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

The Company has one wholly-owned subsidiary, Sierra Madre Holdings. Sierra Madre Holdings has one wholly-owned subsidiary, Pita, which holds 100% of the issued and outstanding shares of Pita Exploration, S. de R.L. de C.V. The chart below illustrates Sierra Madre's corporate structure:

GENERAL DEVELOPMENT AND BUSINESS OF THE COMPANY

Overview

Sierra Madre's principal business is the acquisition, exploration and development of resource properties for the mining of precious or base metals.

The Tepic Property is the mineral project material to Sierra Madre for the purposes of NI 43-101. The Tepic Property is located in the city of Tepic in the Municipality of Xalisco, Nayarit, México. It is comprised of five mining concessions Nuevo Milenio Fracción I (225967), Nuevo Milenio Fracción II (212959), Pancho Fracción I (234832), Pancho Fracción II (234833), and Pancho Fracción III (234834) (collectively, the "**Concessions**"). For further details concerning the Tepic Property, see "*The Tepic Property*".

The Company's key objective is to advance exploration on the Tepic Property with the objective of determining whether the properties contain commercially exploitable deposits of precious or base metals.

Option Agreement

The Company's subsidiary, Pita Mexico, and Cream Minerals de México S.A. de C.V. ("**Cream**") entered into an option agreement dated December 11, 2017 (the "**Option Agreement**"), pursuant to which Cream has granted to Pita the exclusive right to explore the Concessions for a term of forty-eight (48) months in order to assess the economic potential of the Concessions and to quantify mineral reserves. Pita may conduct exploration work including, but not limited to, geological and geophysical surveys, drilling, perforation, tunnels, use of explosives, pits, mineral sampling for laboratory analysis, samples for metallurgical tests and other supplementary works required to explore the Concessions.

Pursuant to the Option Agreement, Cream has granted to Pita the exclusive right to purchase 100% of the ownership and rights related to the Concessions, at any time (the "**Option**"). In consideration for the maintenance and ultimate exercise of the Option, Pita is obligated to pay to Cream the following amounts (plus any applicable Value Added Taxes ("**VAT**")):

- the amounts derived from the payment of taxes and/or fees plus related charges of the Concessions for the year 2017, in accordance with articles 262 and 263 of the Federal Rights Law and Article 27 Section II of the Mining Law; and

- an aggregate of US$450,000 (comprised of US$50,000 payments on the dates that are 90 business days from the effective date of the Option Agree, and every six months from the effective date of the Option Agreement until the date that is forty-eight (48) months from the effective date of the Option Agreement).

Upon completion of Pita's payment to Cream of the aggregate amount of US$450,000 and upon providing the notification of its intention to exercise the Option, Pita will enter into an assignment agreement with Cream regarding the transfer of 100% of the ownership and rights related to the Concessions in consideration for either:

- the payment by Pita to Cream of US$1,500,000; or

- Pita granting to Cream a 3.0% net smelter royalty (the "**NSR**") in respect of minerals obtained and sold from the mining lots covered by the Concessions until the aggregate amount of US$4,000,000 is paid to Cream.

Pita may acquire, at any time, part or all of the NSR from Cream at a rate of US$1,000,000 (plus VAT) for each 1.0% of the NSR being acquired (i.e., in order to acquire the entire NSR, Pita must pay to Cream US$3,000,000 plus VAT). Cream has agreed to not make any offer or execute any agreement granting an option to purchase the Concessions to any third party during the forty-right (48) month term of the Option Agreement.

As of the date hereof, Pita has completed an aggregate payment of US$300,000 to Cream in connection with the Option Agreement.

Private Placement of Shares

Old Sierra Madre completed a private placement of pre-Consolidation (as defined below) Old Sierra Madre Shares at a price of $0.10 per share in two tranches, on June 18, 2020 and June 25, 2020, through the issuance of a total of 21,241,666 pre-Consolidation Old Sierra Madre Shares for aggregate gross proceeds of $2,124,166.60 (the "**Share Financing**"). The Old Sierra Madre Shares issued pursuant to the Share Financing (and the Shares issued in replacement thereof pursuant to the Amalgamation (as defined below)) are subject to contractual resale restrictions as described under the heading "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer – Contractual Resale Restrictions*".

Consolidation

On September 18, 2020, Old Sierra Madre completed a consolidation of all of the issued and outstanding Old Sierra Madre Shares (the "**Consolidation**") on the basis of one post-Consolidation Old Sierra Madre Share for every one-and-one-half (1.5) pre-Consolidation Old Sierra Madre Shares. For greater clarity, the Old Sierra Madre Subscription

Receipts (as defined below) were not subject to the Consolidation.

Subscription Receipt Financing

Old Sierra Madre completed the Subscription Receipt Financing on October 7, 2020 and October 15, 2020, through the issuance of a total of 30,643,500 Old Sierra Madre Subscription Receipts on a private placement basis at a price of $0.50 per Old Sierra Madre Subscription Receipt for aggregate gross proceeds of $15,321,750.

Each Old Sierra Madre Subscription Receipt will be automatically converted, without any further action by the holder of such Old Sierra Madre Subscription Receipt, and for no additional consideration, to one Share upon receipt of conditional acceptance of the TSXV for listing of the Shares (the "**Escrow Release Condition**") on or before March 31, 2021, or such later date as agreed to by the Company and Old Sierra Madre ("**Termination Date**"). The aggregate gross proceeds of the Subscription Receipt Financing are currently held in escrow by the Company, with such proceeds to be held until the satisfaction of the Escrow Release Condition or to be returned to holders of the Old Sierra Madre Subscription Receipts after the Termination Date, if the Escrow Release Condition is not satisfied on or before the Termination Date.

In connection with the Subscription Receipt Financing, Old Sierra Madre paid cash finder's fees and commission totaling $1,032,570 (the "**Finders' Fees**") and to issue 1,969,065 Finders' Warrants ("**Finders' Warrants**") to certain arm's length finders of Old Sierra Madre (the "**Finders**"). Each Finders' Warrant will entitle the holder thereof to acquire one Share (a "**Finders' Warrant Share**") at a price of $0.50 per Finders' Warrant Share for a period of 24 months from the date of issue.

Amalgamation

On September 18, 2020, the Company (then named L1 Capital Corp.) and its wholly-owned subsidiary, Subco, entered into an amalgamation agreement with Old Sierra Madre (the "**Amalgamation Agreement**"), whereby the parties to the Amalgamation Agreement completed a "three-cornered amalgamation", pursuant to which Old Sierra Madre and Subco amalgamated pursuant to Section 269 of the BCBCA (the "**Amalgamation**"). Pursuant to the Amalgamation, the Company: (i) issued Shares to the former holders of Old Sierra Madre Shares on the basis of one (1) Share in exchange for each one (1) post-Consolidation Old Sierra Madre Share; and (ii) issued replacement subscription receipts to the former holders of the Old Sierra Madre Subscription Receipts (the "**Subscription Receipts**"), with each such Subscription Receipt having substantially the same terms as the Old Sierra Madre Subscription Receipts. The Amalgamation was completed effective November 30, 2020. The entity resulting from the Amalgamation is Sierra Madre Holdings. As a result of the Amalgamation, the business of Old Sierra Madre became the business of the Company.

Employees

As of December 31, 2019, being the Company's most recent financial year end, the Company had no employees. See "*Directors and Executive Officers*".

Business Cycle

The Company is an exploration and evaluation stage company, focused on mining. As a result, prices of mineral and other metals will have a direct impact on our business. Declining prices can, for example, impact operations by requiring a re-assessment of the feasibility of a particular project, and they can also impact our ability to raise capital. See "*Risk Factors – Metal Price Fluctuations*".

Environmental Policies

The Company will conduct its activities in accordance with high environmental standards, including compliance with environmental laws, policies and regulations. During our exploration activities we plan to minimize environmental impacts by rehabilitating drill-sites and access roads.

Competition

The Company competes with other entities in the search for and acquisition of mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources, the Company may be unable to acquire attractive properties in the future on terms considered acceptable. The Company also competes for financing with other resource companies, many of which have more advanced properties. There is no assurance that additional capital or other types of financing will be available to the Company if needed or that, if available, the terms of such financing will be acceptable. See "*Risk Factors – Risks Relating to the Company's Business – Competition for New Properties"* and "*Risk Factors – Risks Relating to the Company's Business – Financing Requirements*".

THE TEPIC PROPERTY

The scientific and technical information in this section relating to the Tepic Property is derived from, and in some instances is a direct extract from, and based on the assumptions, qualifications and procedures set out in, the Tepic Technical Report. Such assumptions, qualifications and procedures are not fully described in this Prospectus and the following summary does not purport to be a complete summary of the Tepic Technical Report. Reference should be made to the full text of the Tepic Technical Report, which will be available for review under the Company's profile on SEDAR at www.sedar.com.

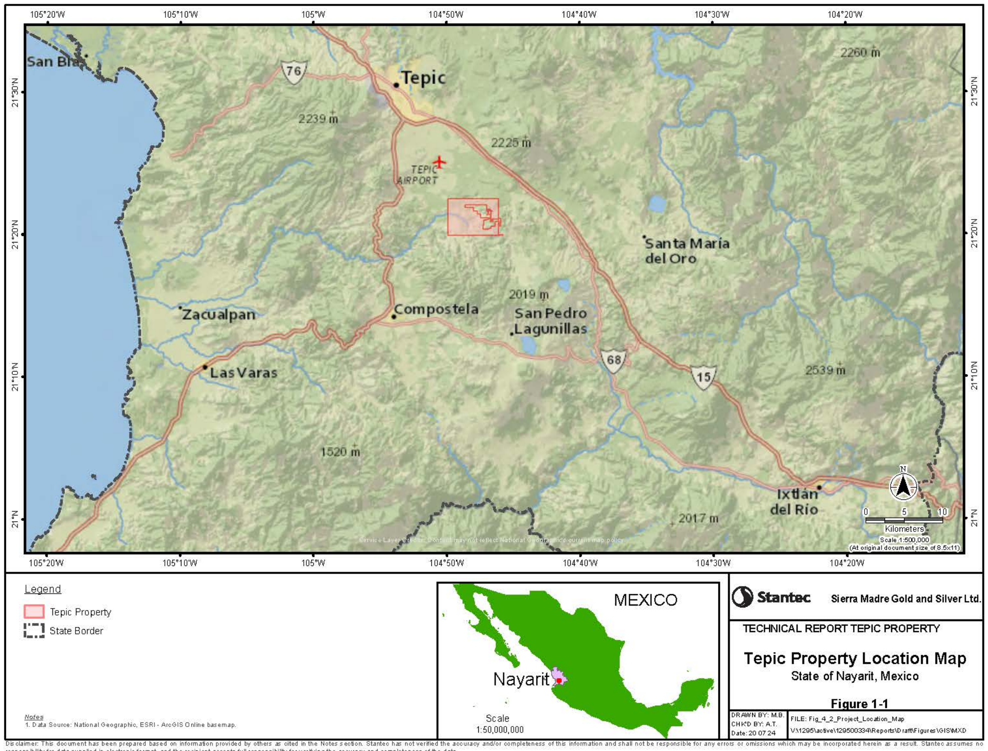
Current Technical Report

The current report is titled "Technical Report Tepic Property, Nayarit, México", dated March 29, 2021 with an effective date of October 21, 2020. The Tepic Technical Report was published by Stantec Consulting International LLC and its authors are William A. Turner, P. Geol. and Derek Loveday, P. Geo. (together the "**Authors**" and each an "**Author**").

Project Description, Location and Access

The Property is located approximately 27 km south-southeast from the city of Tepic, Nayarit, the capital of the State of Nayarit. Travel from the city of Tepic to the Property is via paved roads leading to a maintained dirt road section of approximately 3 km before entering the Property. Tepic has a regional airport with commercial connections to other Mexican cities. The closest international airports are located in Puerto Vallarta, approximately 160 km to the southwest, Mazatlán, approximately 300 km to the north and Guadalajara, approximately 220 km to the southeast. All airports join with major highways leading to Tepic. There is a rail siding situated on the major west coast railroad approximately 3 km to the west of the Property. The map below shows the Property location in relation to the city of Tepic.

The Property consists of five (5) mining concessions granted by the Ministry of Economy, General Coordination of Mining, Directorate-General of Mines of the United Mexican States. The salient title and tax information is tabulated below. Taxes are paid up to date.



Concession Name	Title Number	Area Hectares	Request Date *	Expiry Date	Type	Tax Payment Reference No.	Tax Payment Period	Tax Payment (Mex$)
Nuevo Milenio Fracción I	225967	2,560.063	June 30, 2005	February ** 19, 2051	Mining	10101386 225967	July to Dec., 2020	423,250
Nuevo Milenio Fracción II	212959	4.1459	March 22, 2000	February 19, 2051	Mining	10101386 212959	July to Dec., 2020	690
Pancho Fracción I	234832	23.6754	June 11, 2007	August 27, 2059	Mining	10101386 234832	July to Dec., 2020	3,950
Pancho Fracción. II	234833	23.4476	June 11, 2007	August 27, 2059	Mining	10101386 234833	July to Dec., 2020	3,890
Pancho Fracción III	234834	1.2160	June 11, 2007	August 27, 2059	Mining	10101386 234 834	July to Dec., 2020	220

The Company's interest in the Property is by right of the Option Agreement. See "*General Development and Business of the Company – Option Agreement*".

Significant Factors or Risks Related to Permitting and Environmental Liabilities

The Company and its environmental consultant are unaware of any existing environmental liabilities. The Company has a permit issued by the Secretaría del Medio Ambiente y Recursos Naturales ("**SEMARNAT**") and dated September 24, 2020, for the drilling of up to 67 holes and maintenance of existing road infrastructure. The 67 hole drilling permit will expire on September 24, 2024.

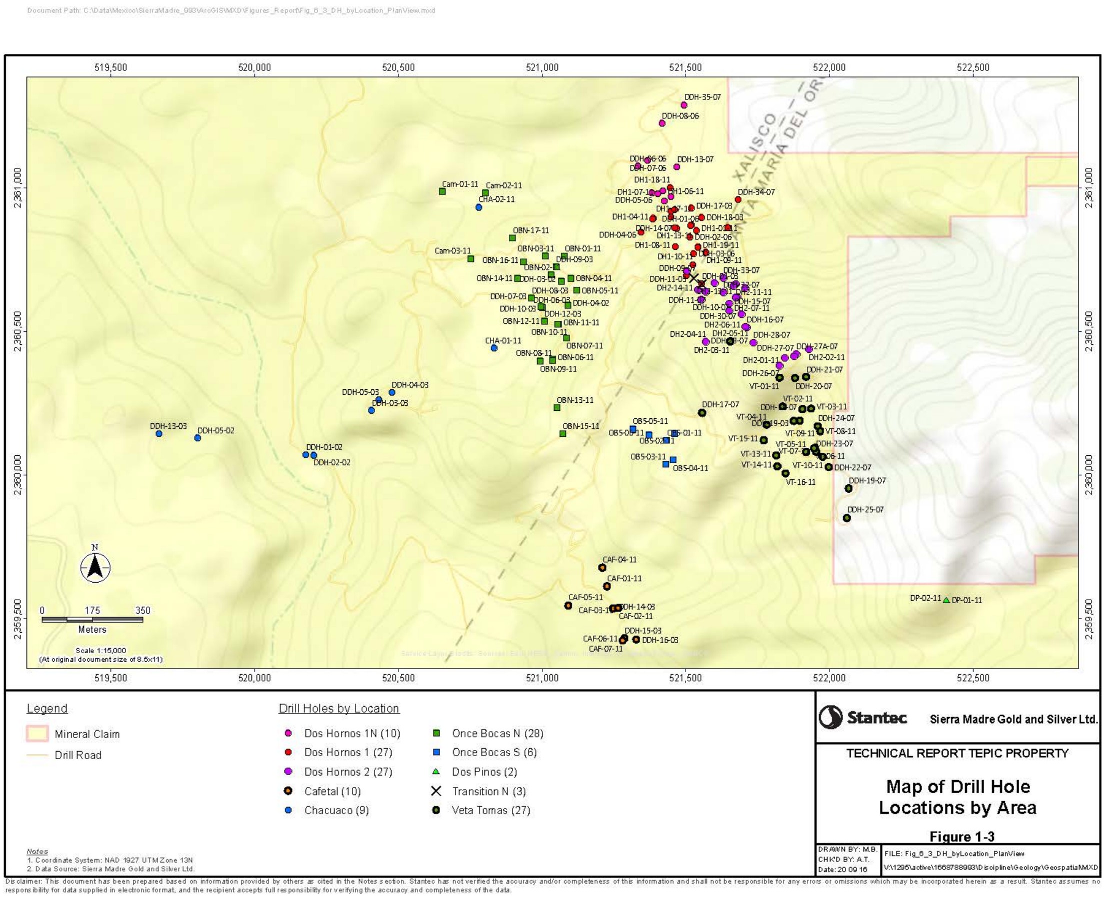
The Company is party to a letter agreement regarding surface use dated December 20, 2020 (the "**Letter Agreement**") with two community land groups, known in Mexico as "ejidos", which allows for the Company to conduct exploration activities, including drill from existing roads and repair said roads. The Letter Agreement also provides that a definitive agreement providing will be entered into as soon as it is safe to hold a general meeting. Due to COVID complications, neither of the two community land groups have been able to safely have a formal community land group meeting with all members in attendance.

The costs associated with the Letter Agreement are US$5,000 in fees, which have been paid to each community land group. The definitive agreement contemplated in the Letter Agreement is intended to have a primary term of 15 years with an additional 15 year renewal period. Such definitive agreement is anticipated to allow for both exploration and exploitation in consideration for US$15,000 dollars payable by the Company per year per community land group.

Project History

The Project has been explored and exploited on a limited scale since Spanish Colonial times. Modern exploration activities began in June 2000, when Cream began a multi-year program of road construction, trenching, sampling, geologic mapping, geochemical soil surveys, and core drilling. Between 2002 and 2011 there were 149 holes drilled on the Property by Cream. The following tabulates the drilling by area and the map shows the locations.

Area	Total Holes	Metres Drilled
Cafetal	10	2,656.5
Chacuaco	9	1,730.9
Dos Hornos 1	27	6,122.2
Dos Hornos 1N	10	2,122.0
Dos Hornos 2	28	5,600.6
Dos Pinos	2	327.0
Once Bocas N	28	5,557.0
Once Bocas S	6	1,220.2
Transition N	3	826.5
Veta Tomas	24	5,058.7
Undefined	2	352.5
Total	149	31,574.1



Historical Resource Estimates

The resources that are reported in this section are historic in nature, have not been independently verified by the Authors, and should not be relied upon without referencing the source technical reports. The Authors have not done sufficient work to classify these historical resource estimates as current mineral resources and the Company is not treating the historical estimate as current mineral resources.

There are three historic resource estimates on various areas within the Property that were published between 2008 and 2013 for Cream.

2008 Holcapek Historical Resource Estimates

Holcapek (2008) reported inferred Ag-Au resources for the Dos Hornos, Veta Tomas and Once Bocas deposits on the Property. The Ag-Au resources were reported for two cases. The Case 1 resource estimates with effective date January 30, 2008, are shown in the first table below. The Case 2 resource estimates with effective date December 24, 2008, are shown in the second table below.

Case 1 Holcapek (2008) Inferred Historical Resources

Dos Hornos (U/G)	*Tonnes*	*Au g/t*	*Ag g/t*	*Au oz*	*Ag oz*
Dos Hornos Segment 1	2,132,803	1.53	133.71	104,583	9,168,652
Dos Hornos Segment 2	2,949,215	0.95	76.47	89,657	7,250,803
Veta Tomas	1,246,162	1.28	354.72	51,344	14,212,287
Once Bocas (OP)	11,590,000	0.35	57.9	129,000	21,580,000

Total	**17,918,180**			**374,584**	**52,211,742***

Case 2 Holcapek (2008) Inferred Historical Resources

Dos Hornos (U/G)	Tonnes	Au g/t	Ag g/t	Au oz	Ag oz
Segment 1	1,235,036	1.5	165	59,400	6,552,239
Segment 2	746,528	1.77	202	42,390	4,847,216
Veta Tomas	1,246,163	1.28	351	51,344	14,212,287
Once Bocas all Veins	1,921,162	1.92	253	118,348	15,602,013
Total	**5,148,889**			**271,482**	**41,213,755***

*Note: * total adjusted; In Case 2 above Segment 1 is named Dos Hornos 1; Segment 2 is named Dos Hornos 2*

The resource estimates for both Case 1 and Case 2 were based on volumetric calculations within the mineralized zones along downdip sections and cross-sections using silver grades at or above the cutoff grade to a maximum depth of 900 m. The silver cutoff grade used for the Case 1 was between 60 to 70 g/t silver, and between 120 g/t to 150 g/t silver for Case 2. Channel and drill hole samples were used in the estimate. Old workings vary in width between 0.80 m to 1.50 m; however, mineralized zones as determined from trenches, adits, and core holes may be as wide as 18 m.

It is the opinion of the Author that the historic resource estimation approach and cutoff grades applied by Holcapek were reasonable given the quantity and quality of information available at the time. The Author believes that additional subsurface drilling and sampling on the Property in 2008 would have been necessary to potentially increased the historic resource confidence. The Author(s) have not done sufficient work to classify the Holcapek historical resource estimates as current mineral resources and the Company is not treating the historical estimate as current mineral resources.

2012 McBride Historical Resource Estimates

McBride reported Ag-Au resources for the Dos Hornos, Veta Tomas, Once Bocas North and Once Bocas South deposits following a substantial and final 2011 infill drilling program by Cream. The resource estimates for Dos Hornos and Veta Tomas were reported using a silver equivalent cutoff grade of 50g/t and 160g/t as shown in the first and second tables below.

The Once Bocas South and Once Bocas North historic resource estimates are in the third and fourth tables below. Resources at Once Bocas South were reported at 50g/t silver equivalent cutoff grade and at Once Bocas North, identified as potentially surface mineable, at 20g/t silver equivalent cutoff grade. The effective date of the resource estimates was September 22, 2012.

2012 McBride Dos Hornos - Veta Tomas Estimates - 50g/t Ag equivalent cutoff grade

Zone	Tonnes Measured	Tonnes Indicated	Tonnes Meas. + Ind.	Tonnes Inferred	Gold g/t	Silver g/t	Silver Eq. g/t	Au oz	[1] Ag oz Millions	[1] Ag Eq. oz Millions
Dos Hornos 1 50g	1,000,000				0.45	80.97	103.47	14,643	2.6	3.34
		278,000			0.33	71.98	88.63	2,980	0.64	0.79
			1,278,000		0.42	79.41	100.24	17,623	3.24	4.13
				133,00	0.21	59.5	73.53	920	0.27	0.32

				0						
Dos Hornos 2 50g	526,000				0.73	74.6	118.18	12,384	1.26	1.88
		255,000			0.58	63.3	92.49	4,792	0.52	0.76
			781,000		0.68	70.91	109.79	17,176	1.78	2.64
				122,000	0.52	51.49	77.22	2,027	0.2	0.3
Veta Tomas 50g	430,000				0.55	95.09	122.52	7,582	1.31	1.69
		340,000	770,000		0.56	81.62	109.55	6,104	0.89	1.2
					0.55	89.14	116.64	13,686	2.2	2.89
				245,000	0.65	88.37	120.67	5,087	0.7	9.66
Total Measured	1,956,000				0.55	82.36	111.61	34,609	5.17	6.91
Total Indicated		873 000			0.49	73.2	97.91	13,876	2.05	2.75
Total Measured and Indicated			2,829,000		0.53	79.79	107.34	48,435	7.22	9.66
Inferred				500,000	0.5	71.69	97.53	18,773	1.17	1.57

2012 McBride Dos Hornos - Veta Tomas Estimates - 160g/t Ag equivalent cutoff grade

Zone	Tonnes Measured	Tonnes Indicated	Tonnes Meas.+ Ind.	Tonnes Inferred	Gold g/t	Silver g/t	Silver Eq. g/t	Au oz	[1] Ag oz Millions	[1] Ag Eq. oz Millions
Dos Hornos 1 160g	287,000				1.18	174.3	233.7	10,985	1.61	2.16
		56,000			0.91	170.46	216.1	1,636	0.31	0.39
			343,000		1.14	173.67	230.83	12,621	1.92	2.55
				700	0.3	156.87	171.9	71	0.04	0.04
Dos Hornos 2 160g	167000				1.5	165.87	240.93	8,045	0.89	1.29
		69000			1.04	151.05	203.17	2,321	0.37	0.45
			236000		1.36	154.87	229.88	10,366	1.26	1.74
				15,000	1.01	174.88	225.31	500	0.09	0.11
Veta Tomas 160g	159,000				1.01	181.27	231.6	5,108	0.92	1.17
		65,000			1.05	184.72	237.26	2,206	0.39	0.5

			224,000		1.02	182.27	233.24	7,314	1.31	1.67
				49,000	1.04	180.21	232.24	1,626	0.28	0.36
Total Measured	613,000				1.22	126.79	235.12	24,138	3.42	4.62
Total Indicated		190,000			1.01	168.29	218.64	6,163	1.07	1.34
Total Measured and Indicated			803,000		1.17	170.54	231.22	30,301	4.49	5.96
Inferred				64,700	1.03	178.7	229.98	2,197	0.41	0.51

2012 McBride Once Bocas South Estimates - 50g/t Ag equivalent cutoff grade

Zone	Tonnes Measured	Tonnes Indicated	Tonnes Meas. + Ind.	Tonnes Inferred	Gold g/t	Silver g/t	Silver Eq. g/t	Au oz	[1] Ag oz Millions	[1]Ag Eq. oz Millions
Once Bocas South				909,000	0.27	72.28	82.27	8,170	2.1	2.5

2012 McBride Once Bocas North Estimates - 20g/t Ag equivalent cutoff grade

Zone	Tonnes Measured	Tonnes Indicated	Tonnes Meas. + Ind.	Tonnes Inferred	Gold g/t	Silver g/t	Silver Eq. g/t	Au oz	[1]Ag oz Millions	[1]Ag Eq. oz Millions
Once Bocas North	287,000			2,145,000	0.2	40.67	50.67	15,840	2.5	3.2

[1]Additional column estimates in the above four tables are from Cream (2012) press release dated July 30, 2012.

The McBride resource extents and classifications were based on the following criteria:

- 0 to 25 m horizontally and vertically was a measured resource,
- 25 to 50 m horizontally and vertically was an indicated resource,
- 50 to 75 m horizontally and vertically an inferred resource,
- metal prices of US$1500.00 per ounce gold and US$30.00 per ounce silver were applied to determine the gold-silver ratio (1:50), and
- A minimum mineralized zone width of 1 m.

Specific gravity was used to derive the resource tonnages presented in the four tables above.

The average gold and silver grades reported by the McBride are lower than that reported by Holcapek (2008) due to the 2011 in-fill drilling not consistently generating assays to support the previously estimated grades and as a result the average grade decreased as noted in the Cream (2012) press release. The 2011 drill program also identified an additional resource on Once Bocas South which had not previously been drilled.

It is the opinion of the Author that the historic resource estimation approach and cutoff grades applied by McBride were reasonable given the quantity and quality of information available at the time. The Author believes that additional subsurface drilling and sampling on the Property in 2012 would have been necessary to potentially increased the historic resource confidence from that outlined in the tables above. The Author has not done sufficient work to classify the McBride historical resource estimates as current mineral resources and the Company is not treating the historical estimate as current mineral resources.

2013 WGM Historical Resource Estimates

In 2013, McBride and Workman representing Watts Griffis and McOuat, Consulting Geologist and Engineers ("**WGM**"), reported Ag-Au resources for the Dos Hornos, Veta Tomas, and Once Bocas North deposits. The WGM Ag-Au resource estimates with effective date March 20, 2013 are presented in the table below.

2013 WGM Estimates - cut-off equivalent to US $75/tonne Ag-Au value

Zone and Resource Class	Tonnes	Thickness (avg. m.)	Average Grade		Silver Eq. Grade
			g Ag/t	g Au/t	Ag.eq (g/t)
DOS HORNOS 1					
Indicated Resources	268,116	4.8	164	0.66	198
Inferred Resources	80,594	4.6	155	0.75	194
DOS HORNOS 2					
Indicated Resources	335,887	7.92	124	1	175
Inferred Resources	183,107	5.79	107	1	164
VETA TOMAS					
Indicated Resources	278,967	5.7	173	0.87	199
Inferred Resources	156,185	4.76	126	0.82	166
ONCE BOCAS NORTH					
Indicated Resources	223,783	8.95	112	0.63	145
Inferred Resources	117 ,949	9.68	119	0.7	155
ALL ZONE SEGMENTS					
Indicated Resources	1,106,753	6.81	144	0.81	181
Inferred Resources	537,835	6.17	122	0.84	167

The WGM estimates were prepared using long section polygonal methodology and US$ metal prices of Au, $1,635.00, and Ag, $31.50. Gold and silver graes were used to calculate equivalent silver based on the following formula: Ag eq = Ag + 52.9*Au. A minimum grade equivalent to US$75 of contained gold and silver value per tonne was imposed based on WGM's estimate of the cost of mining and processing ore on the Property.

Other inputs used in the WGM resource estimate are summarized as follows:

- minimum horizontal thickness - 1.5 m.
- specific gravity - 2.65 tonnes per cubic metre.
- cut-off grade - US $75/tonne contained gold + silver.
- resource classification intersection grades projected in an ellipsoidal zone with maximum horizontal and vertical dimensions of, respectively, 30 m and 20 m for Indicated Resources, and 45 m and 30 m for Inferred Resources.

- High-grade assay cutting silver values cut to 1,000 g/t; gold values are uncut.

The WGM estimates did not report any historic resources at a Measured level of assurance and as such this represents a downgrade in resource confidence for the Dos Hornos 1, Dos Hornos 2 and Veta Tomas deposits based primarily on core loss due to a combination of: (1) poor drilling conditions; (2) the capabilities of the drilling equipment; and/or (3) the skill of the drillers (McBride and Workman, 2013). However, the Once Bocas North deposit previously identified by McBride (2012) as Inferred only, were estimated by WGM to include historic resources at both an indicated and inferred level of assurance. Once Bocas South historic resource identified by McBride (2012) was not included the WGM estimates in 2013 as this area was not sufficiently explored according to McBride and Workman (2013).

It is the opinion of the Author that the historic resource estimation approach and cutoff grades applied by WGM are overall conservative when compared to the prior McBride (2012) estimates but nevertheless reasonable given the quantity and quality of information available at the time. The Author believes that additional subsurface drilling and sampling on the Property in 2013 would have been necessary to potentially increased the historic resource confidence from that outlined in the table above. The Author(s) have not done sufficient work to classify the WGM historic resource estimates by WGM as current mineral resources and the Company is not treating the historical estimate as current mineral resources.

Historic technical reports and resource estimates from 2008 to 2013 have demonstrated the Property to be viable exploration and mining targets that warrant further evaluation to realize their full potential. The following risks have been identified that may have an impact on future exploitation potential of the Property:

- Past technical reports on the Property did not demonstrated consistent conclusions on overall confidence relative to the available exploration data at the time;

- Insufficient or lack of specific gravity measurements for tonnage estimates;

- Poor core recovery from past drilling campaigns;

- Extent of past underground mine workings have not been conclusively surveyed; and

- Past surface mapping information has not been compiled into an easily accessible digital format for easy reference.

It is the opinion of the Author that the above risks can be eliminated or reduced for the ultimate purpose of producing a current mineral resource estimate that would serve as the basis of a future mine plan.

Regional Geology

The Property area is located in the San Pedro–Ceboruco graben ("**SPC**"), which is the northwesternmost tectonic structure of the Tepic–Zacoalco Rift that was developed following the late Miocene in the western Trans-Mexican Volcanic Belt ("**TMVB**"). The SPC is oriented WNW–ESE and is located at the boundary between the batholith of the Jalisco block to the south that has an age of Cretaceous to Paleocene, and the Sierra Madre Occidental silicic volcanic province to the north that is Oligocene to early Miocene in age. The tectonic contact between the two blocks is covered by calc-alkaline, transitional and sodium alkaline volcanic material.

The oldest volcanism related to the TMVB, late Miocene in age, consists of a thick succession of mafic lava flows and is only found by deep drilling in select areas. Rhyolitic lavas and silicic pyroclastic flows were deposited between 5 Ma and 4.2 Ma. This was followed by regional faulting and the subsequent emplacement of mafic volcanism, approximately 3.8 Ma. Volcanism resumed at the end of Pliocene along a NW–SE alignment of cinder cones and domes that bounds the southern portion of the SPC. The area underwent intense volcanic activity in the last one million years. This volcanic event produced several dacitic to andesitic domes and a small calc-alkaline stratovolcano named Tepetiltic. The Property is located approximately 15 km to the northwest of the Tepetiltic stratovolcano.

Local Geology

The Property is located in the Nuevo Milenio caldera structure. This area contains exposures of gold-silver mineralization, areas of hydrothermal alteration, and historic mine workings. The Nuevo Milenio Caldera is oriented in the northwesterly orientation, is approximately 5 km x 3.5 km, and is nested within the larger La Curva Caldera that dimensionally is 7 km x 5 km. The still larger Sanganguey Caldera margin cuts or impinges on the older strata of the Nuevo Milenio caldera structures to the north.

Thin overburden covers most of the Property; however, sub-outcrop and float were mapped and are proposed to represent the underlying lithologies. The basalts and uppermost rhyolite domes and flow sheets are post mineral. Tuffaceous saprolite is observed in creek beds that grade upward into kaolinized and silicified tuff strata. Descriptions of the lithologies observed on the Property from oldest to youngest are reviewed in the following paragraphs.

The oldest exposed lithology is a rhyolite tuff conglomerate, which represents the basal portion of the rhyolite tuff unit. The rhyolite tuff, which is observed in the northern part of the Property, is light grey, fine-grained, non-welded, and does not contain quartz eyes. The unit is intensely altered to kaolinite and is recessively weathered.

A rhyolite lithic tuff with quartz eyes overlies the rhyolite tuff. Hand specimens of this tuff are medium grey, fine to medium-grained, have porphyritic textures and quartz eyes, and frequently contain lapilli and pumice fragments. Where extensively altered, this unit is pale yellow. This unit is the host to precious metal mineralization on the Property. In the Cafetal area, a restricted tuffaceous unit that is up to 30 m thick, is observed. This unit is called the Upper Lithic Tuff and contains abundant coarse-grained clear quartz eyes, hornblende ghosts, clays, quartz, sericite and hematite. Although being silicified in area, the unit is barren of mineralization.

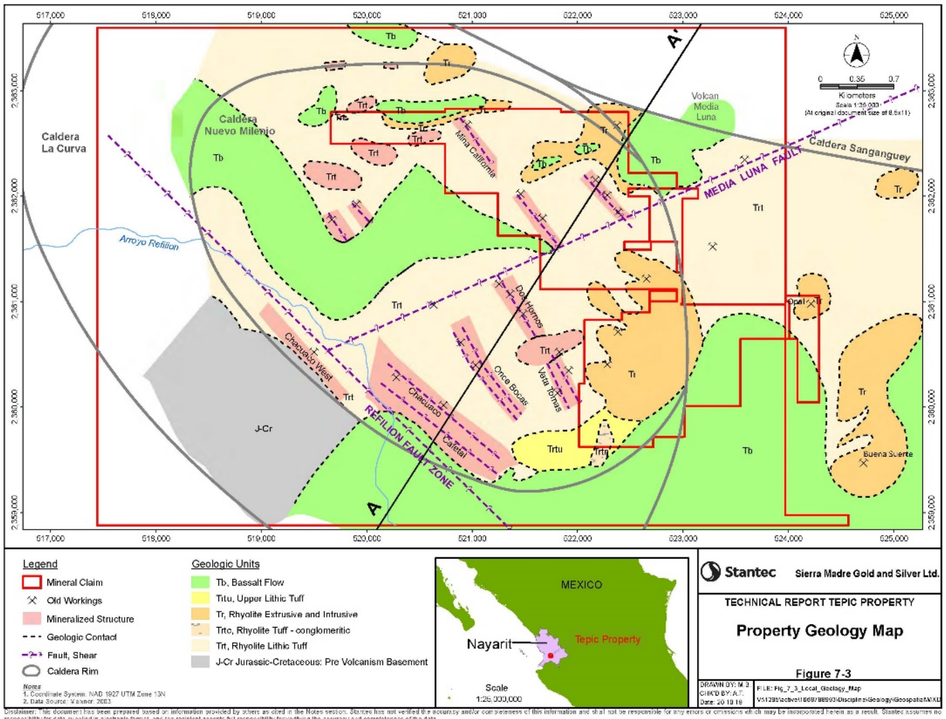
Rhyolite flows overly the rhyolitic lithic tuff unit. These rhyolite flows outcrop as domes and flow sheets, are pale cream to pink in colouration, have a flow-banded texture, and occur at higher elevations throughout the Property along most of the caldera rim traces. The surfaces of the flow banded beds are lined with clear chalcedony and occasionally with opal. Devitrification of portions of this glassy silica caused recrystallization to milky white and variably coloured varieties of opaline material. Although this unit has characteristics of hydrothermal alteration it has thus far been found to be barren of gold and silver mineralization.

Basalt, which occurs throughout the central portion of the Property as extensive flows, overlies the rhyolite flows. The basalt is dark green, massive, is unaltered and post-dates mineralization.

The northwest oriented Refilion Fault Zone is interpreted to transect the Nuevo Milenio and La Curva calderas along their southwestern margins. The northeast oriented Media Luna Fault is interpreted to terminate or offset the northwesterly extent of mineralization at the Dos Hornos and Once Bocas mineral showings.

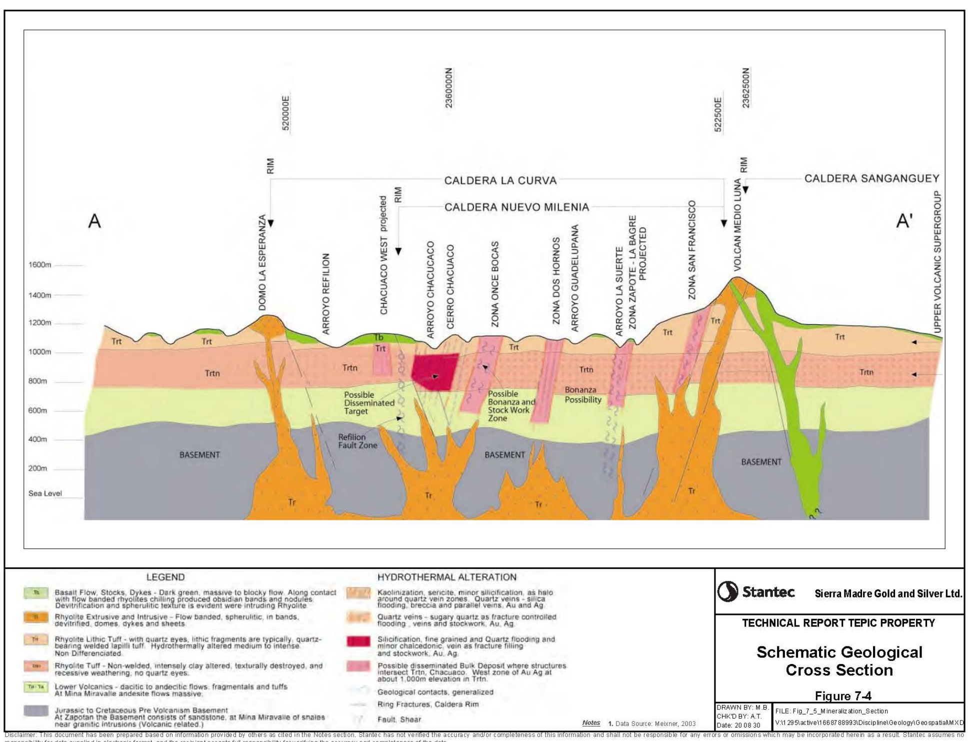
Mineralization

Mineralized silica veins are hosted in the felsic lapilli-agglomerate tuff. Quartz veins and quartz stockworks are concentrated within these rocks. Numerous vein systems have been identified and the main areas are named: Dos Hornos 1, 1N, and 2; Veta Tomas; Once Bocas North and South, Chacuaco; and Cafetal. The following the first map below is a geologic map of the Property showing the location of the known mineralized trends, the second a sectional view.



Property Geology Map

Figure 7-3



Schematic Geological Cross Section

Figure 7-4

The three known trends have a cumulative length several kilometres and widths of up to 200 m. Mineralization is typically concentrated in northwest- southeast steeply dipping quartz vein systems. Commonly, the vein textures are laminated, vuggy, brecciated and bladed, which supports boiling. The silica commonly has a bluish to grey colouration, which is interpreted to indicate the presence of disseminated sulphides in the silica. McBride (2012) observed oxide mineralization in float at Dos Hornos 1 that is interpreted to be caused during the final phase of the mineralizing event following sulphide depletion.

The mineralized zone is characterized by a low sulphide epithermal system containing silica stockwork veins. These zones are generally formed in felsic subaerial complexes in extensional strike slip structural settings. Low sulphidation gold deposits are associated with magmas where ore deposition occurs several kms above the intrusion. Deep hydrothermal fluid flow systems comprised of meteoric water, as well as near surface systems such as hot springs, are the sites of mineralization. Mineral deposition takes place as the fluids undergo cooling by fluid mixing, boiling and decompression (Cooke & Simmons, 2000).

Work by the Company

Sierra Madre has not conducted any new exploration work. Work to date by the company on the project includes compilation of data supplied by Cream, road maintenance, and verification of some of the historic drill hole collars in preparation for a planned reverse circulation drilling program.

Drilling

The Company has not done any drilling. The historic drilling is summarized above.

Sample Preparation, Analyses, and Security

Sierra Madre did not complete additional sampling or analyses between 2017 and 2019. As part of the site investigation in July 2020, the Qualified Person collected samples from outcrop on the Property, as well as resampling of the original drill core. The core from the Property is stored, racked, and catalogued in a secure, well-maintained warehouse on the outskirts of the city of Tepic. All core intervals of interest were laid out for the Qualified Person, who then commenced sampling by core splitting and one half of the lengthwise core was put into a fabric bag and labeled with the sample number. In addition to the core samples, the Qualified Person also collected samples from outcrop from the different areas on the Property. The split core and outcrop samples typically weighed between one and three kg.

Sample analyses included determination of metals using multi-acid digestion with ICP-ES finish; silver values greater than 200 ppm were re-assayed with gravimetric finish. Gold analyses was completed by fire assay with gravimetric finish, and specific gravity by pycnometer. Three samples of Standard KO74383 were included in the 20 samples sent to Bureau Veritas to assess the consistency of the analyses.

All samples were under the custody of the Qualified Person for the field visit. Following completion of the field program, the samples were transported from the city of Tepic, via Puerto Vallarta, to Reno, Nevada, on July 24, 2020 in the luggage of the Qualified Person. The samples were delivered by the Qualified Person to Bureau Veritas located in Sparks, Nevada, on July 25, 2020. Upon arrival, samples were inspected to verify that sample bags were not compromised during transport. A chain-of-custody document was signed on July 25, 2020, to document the sample custody transfer. The final analytical results were received on October 21, 2020.

The Author believes that the sample preparation, security, and analytical procedures that were implemented during the 2020 site investigation were adequate.

Mineral Processing and Metallurgical Tests

The Company has not undertaken any metallurgical test work.

Mineral Resource and Mineral Reserve Estimates

There are no current mineral resource estimates and the Company is not treating the historical estimates detailed above as current mineral resources.

Planned Exploration Activities

The Company's current work plan is as follows.

- Make a topographic mapping using satellite imagery (underway and paid for)
- Survey and sample underground workings
- Survey drill hole location using a GPS (partially completed)
- 1:2000 scale mapping of the entire project area with follow up 1:500 mapping in select areas
- Digital compilation and audit of all data source
- Plan and execute a RC drilling program

The estimated costs associated with the Phase 1 recommendations are tabulated below. Drilling costs include assay and supervision and are based on current bids and costs. Phase 1 drilling is estimated for 20 holes with an average depth of 250 metres.

Tepic Phase 1 Budget	US$ ('000)	Estimated Number of Holes
Topographic Surveys	35	n/a
Underground Surveys of underground workings	30	n/a
Digital Compilation of Field Data	20	n/a
Drill Program Development	5	n/a
Drilling (RC)	125	20
Testing (assay, density)	100	n/a
Geological Model, Resource Estimate	45	n/a
Total	360	

Phase 2

- Detailed geologic mapping
- Planning of a Phase 2 drilling program
- 40 RC hole drilling program, average depth 250 meters
- Density measurements on existing core and RC samples
- Updated geological model and resource estimation that integrates all updated analytical information at more current gold and silver prices
- NI 43-101 Technical Report and Resource Estimate.

The estimated costs associated with the Phase 2 program are tabulated below.

Phase2	US$ ('000)
Detailed Geologic Mapping	30
Mapping, Trenching and Workings Samples	30
Drill Program Development and Prep	10
Drilling (40 holes)	250
RC Sample Testing (assay, density)	200
Digital Compilation of Data	30
Density data tests (existing core and RC samples)	7
NI43-101 Technical Report and Resource Estimate	70
Total	627

The total budget for the two-phase exploration plan is US$1,070,000.

USE OF AVAILABLE FUNDS

This Prospectus is a non-offering prospectus. The Company is not raising any funds in connection with this Prospectus and accordingly, there are no proceeds.

Funds Available

The gross proceeds of the Subscription Receipt Financing were C$15,321,750. The estimated net proceeds received by the Company from the Subscription Receipt Financing (after deducting legal expenses and costs to complete the Subscription Receipt Financing) were approximately C$14,260,000. The Old Sierra Madre Subscription Receipts were exchanged for Subscription Receipts pursuant to the Amalgamation and the Company did not realize any proceeds from the exchange of the Subscription Receipts.

As at February 28, 2021, the Company had positive working capital of approximately $14,780,000, which includes the net proceeds from the Subscription Receipt Financing. See "*General Development and Business of the Company – Subscription Receipt Financing*".

Principal Purposes

The Company intends to use its working capital balance to complete the work programs recommended in the Tepic Technical Report, for listing expenses and for general and administrative expenses attributable to corporate overhead during the 12 month period following the date of this Prospectus.

Principal purposes for the use of available funds	**C$**
Total Available Funds as of February 28, 2021	**$14,780,000**
Recommended Phase 1 Work Program for Tepic Property(1)	$468,000
Recommended Phase 2 Work Program for Tepic Property(2)	$806,000
Option Agreement Expenditures	$74,000
Potential Future Acquisitions(3)	$5,100,000
Listing Expenses (4)	$200,000

Principal purposes for the use of available funds	**C$**
Tepic Property claim fees (taxes)	$60,000
Tepic option payments	$126,000
Total General and Administrative Expenses: (5)	$1,952,000
(a) Consulting fees and salaries	*$786,000*
(b) Insurance	*$20,000*
(c) Investor and shareholder relations	*$500,000*
(d) Office expenses	*$10,000*
(e) Professional fees	*$250,000*
(f) Regulatory fees	*$150,000*
(g) Rent	*$36,000*
(h) Travel	*$200,000*
Total Allocated Funds	**$8,786,000**
Total Unallocated Funds	**$5,994,000**

Notes:

1. Comprised of: i) topographic surveys; ii) underground surveys of underground workings; iii) digital compilation of field data; iv) Drill Program Development; v) drilling; vi) testing; and vii) geological modelling and resource estimate. See "*The Tepic Property*".
2. The Phase 2 Work Program will be a Reverse Circulation 50 Hole Drill Program, comprised of: i) the development of a drilling program; ii) execution of the drilling program and completion of additional density measurements and assays; iii) updated geological model and resource estimation that integrates all updated analytical information at more current gold and silver price; and (iv) the preparation of a revised technical report. See "*The Tepic Property*".
3. These funds are anticipated to be allocated towards possible acquisitions of gold and silver projects in Mexico. No specific transaction has been identified as of the date of this prospectus. The Company anticipates that any potential acquisitions could occur as soon as this calendar year, and in any case in the next twelve (12) months from the date of this prospectus.
4. Estimated remaining costs in connection with the completion of the listing of Shares on the Exchange, including professional fees (including legal and accounting expenses).
5. Comprised of: (i) $594,000 payable over the next 12 months to key management of the Company, being the President and Chief Executive Officer, the Chief Financial Officer and Corporate Secretary, the Executive Chairman and Chief Operating Officer and the Vice President of Exploration of the Company; (ii) $108,000 payable over the next 12 months to the Company's independent directors; (iii) $36,000 payable over the next 12 months with respect to office administration expenses; (iv) $12,000 payable over the next 12 months to the Company's bookkeeper; and (v) $36,000 payable over the next 12 months towards miscellaneous administrative expenses.

While the Company intends to spend the available funds as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary. See "*Risk Factors*".

The Company currently has no operating cash flow as it currently does not have any revenue generating operating activities. Therefore, cash flow from operations is expected to be negative for the foreseeable future. See "*Risk Factors*".

The Company intends to use $5,100,000 to fund potential future acquisitions of gold and silver projects in Mexico. No specific transaction has been identified as of the date of this prospectus. The Company anticipates that any potential acquisitions could occur as soon as this calendar year, and in any case in the next twelve (12) months from the date of this prospectus. In doing so, the Company intends to actively seek potential acquisitions on an ongoing basis.

The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain. Such adverse effects related to COVID-19 crises may be material to the Company and could have a negative impact on the Company's business, financial condition, results of operations and use of available funds. It is not presently possible to predict the extent or durations of any such adverse effects. Such adverse effects could be rapid, unexpected and may severely impact the Company's ability to carry out its objectives as outlined herein. The COVID-19 pandemic has not had a negative impact on the Company's business, financial condition, results of operations and use of available funds, and the Company does not currently anticipate that the COVID-19 pandemic will have an impact on the Company's business, financial condition, results of operations and use of available funds.

See "*Risk Factors*".

Unallocated Funds

Unless otherwise deemed advantageous and approved by the Board, unallocated funds will be invested only in securities of, or those guaranteed by, the Government of Canada or any provinces of Canada, in certificates of deposit or interest-bearing accounts of Canadian chartered banks or trust companies or in prime commercial paper. The Company's Chief Financial Officer will be responsible for the investment of all unallocated funds.

Business Objectives and Milestones

The Company's current sole business objective is the exploration and development of the Tepic Property. The key milestone during the 12 month period following the date of this Prospectus will be to complete the Phase 1, and if warranted Phase 2, recommended work programs on the Tepic Property. Completion of the Phase 2 Work Program is contingent upon completion of the Phase 1 Work Program. The Company will also be focused on selectively pursuing strategic acquisitions that it believes can be effectively integrated with its properties in Mexico or overall strategic vision of building shareholder value through accretive acquisition. A significant amount of capital, $5,100,000, has been allocated to this endeavor.

The Company anticipates that the following significant events or milestones must occur for the business objectives described above to be achieved:

Milestone	Description	Estimated Time Frame
1.	Completion of Phase 1 Work Program	2 to 3 months from the date of this Prospectus
2.	Data interpretation from Phase 1 Work Program	Within 6 weeks of completion of Phase 1 Work Program
3.	Completion of Phase 2 Work Program	6 months from the completion of data interpretation

Phase 1 Work Program

The cost estimate of the Phase 1 work program at the Tepic Property is USD$360,000. The Company intends to start with detailed topographic surveys and surveys of underground workings using drones. From there, the Company will validate all drill holes locations on the Tepic Property to reconcile existing locations. This information will then be digitized into a digital compilation of data sources including information collected during ongoing field mapping campaigns. This will then lead to a development of a drilling program. The final stage of the Phase 1 work program will be to execute an RC drilling program; consisting of 8 drill holes, and complete additional density measurements and assays in preparation of the Phase 2 work program.

Phase 2 Work Program

The cost estimate of the Phase 2 work program at the Tepic Property is USD$627,000. The Company intends to interpret the data from the Phase 1 work program; that will lead to the development of a second drill program. The second drill program will consist of a 50 hole reverse circulation drill program complete with density measurements and assays. From there, the Company plans to formulate an updated geological model and resource estimation that integrates all updated information at current silver and gold prices. This will be presented in a revised technical report with respect to the Tepic Property. Completion of the Phase 2 Work Program is contingent upon completion of the Phase 1 Work Program.

Potential Future Acquisitions

The Company intends to continue to execute on its acquisition strategy. The Company intends to continue selectively pursuing strategic acquisitions that it believes can be effectively integrated with its properties in Mexico or overall strategic vision. As of the date of this Prospectus, the Company is evaluating a number of possible transactions in Mexico and the Company expects that it will continue to evaluate possible transactions in the mining and exploration industry. The Company believes that its management's past experience in mergers and acquisitions and other critical areas provides the Company with the necessary skills and experience to effectively identify and evaluate acquisition opportunities. The Company expects that mergers and acquisitions will be a key component of its growth strategy for the foreseeable future. The Company plans to aggressively pursue mergers and acquisitions targets from the first quarter of 2021 onwards. The Company expects that any acquisitions it completes in 2021 will be at least partially funded from the proceeds of the Subscription Receipt Financing. Additionally, the Company intends to seek opportunities to establish partnerships and joint ventures, with the objective of accelerating the Company's growth and expanding its global market presence. All potential future acquisitions, joint ventures and partnerships will be subject to satisfactory completion of comprehensive due diligence by the Company.

Negative Operating Cash Flows

Since its inception, the Company has generated negative operating cash flows and there are no assurances that the Company will not experience negative cash flow from operations in the future. The Company has to this date funded its operations with proceeds from equity financings and expects to raise additional funds through equity financings

DIVIDENDS

The Company has not, since its inception, declared or paid any dividends on its Shares. The declaration of dividends on our Shares is within the discretion of the Board and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company. We currently intend to retain future earnings, if any, to finance the expansion of our business and do not anticipate paying dividends in the foreseeable future. See "*Risk Factors*".

SELECTED FINANCIAL INFORMATION

Selected Pro Forma Financial Information

The following table contains certain unaudited pro forma consolidated financial information for the Company and Old Sierra Madre as at September 30, 2020 and gives effect to the completion of the Amalgamation. For reporting purposes, the Company's financial statements are prepared in Canadian dollars and in accordance with IFRS. You should read the following information in conjunction with the respective financial statements and the related notes thereto, along with the respective Management's Discussion and Analyses.

	Pro-forma Financial Information as at the Interim Period Ended September 30, 2020 (unaudited) $
Balance Sheet	
Current assets	15,714,538
Total assets	15,917,323
Amount due to related parties	59,191
Current liabilities	128,282
Total liabilities	128,282
Shareholders' Equity	15,789,041

Selected Financial Information of the Company

The following selected financial information derives from the Company's audited financial statements for the years ended December 31, 2019, 2018 and 2017 (Appendix A) and the unaudited interim period ended September 30, 2020 (Appendix C). For reporting purposes, the Company's financial statements are prepared in Canadian dollars and in accordance with IFRS. You should read the following information in conjunction with the financial statements and the related notes thereto, along with the respective Management's Discussion and Analysis.

	Interim Period Ended September 30, 2020 (unaudited) $	Year Ended December 31, 2019 $	Year Ended December 31, 2018 $	Year Ended December 31, 2017 $
Balance Sheet				
Current assets	60,532	45,590	45,662	1
Total assets	60,532	45,590	45,662	1
Amount due to related parties	Nil	Nil	Nil	Nil
Current liabilities	10,444	8,617	7,917	3,389
Total liabilities	10,444	8,617	7,917	3,389
Shareholders' Equity (Deficit)	50,088	36,973	37,745	(3,388)

Selected Financial Information of Old Sierra Madre

The following selected financial information derives from Old Sierra Madre's audited financial statements for the years ended December 31, 2019, 2018 and 2017 (Appendix E) and the unaudited interim period ended

September 30, 2020 (Appendix G). For reporting purposes, the Company's financial statements are prepared in Canadian dollars and in accordance with IFRS. You should read the following information in conjunction with the financial statements and the related notes thereto, along with the respective Management's Discussion and Analysis.

	Interim Period Ended September 30, 2020 (unaudited) **$**	**Year Ended December 31, 2019** **$**	**Year Ended December 31, 2018** **$**	**Year Ended December 31, 2017** **$**
Balance Sheet				
Current assets	8,880,305	42,515	60,584	23
Total assets	9,117,874	245,300	263,369	23
Amount due to related parties	59,191	60,116	93,930	3,434
Current liabilities	7,596,588	79,071	110,772	3,584
Total liabilities	7,596,588	79,071	110,772	3,584
Shareholders' Equity (Deficit)	1,521,286	166,229	152,597	(3,561)

Management's Discussion and Analysis

The Management's Discussion and Analysis for Sierra Madre for the years ended December 31, 2019, 2018 and 2017 is attached to this Prospectus as Appendix B. The Management's Discussion and Analysis for Sierra Madre for the nine months ended September 30, 2020 is attached to this Prospectus as Appendix D.

The Management's Discussion and Analysis for Sierra Madre Holdings for the years ended December 31, 2019, 2018 and 2017 is attached to this Prospectus as Appendix F. The Management's Discussion and Analysis for Sierra Madre Holdings for the nine months ended September 30, 2020 is attached to this Prospectus as Appendix H.

Certain information included in Sierra Madre's Management's Discussion and Analysis and Sierra Madre Holdings' Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Caution Regarding Forward-Looking Statements*" for further details.

DESCRIPTION OF SHARE CAPITAL

Sierra Madre is authorized to issue an unlimited number of Shares without par value. As of the date of this Prospectus, there were 33,294,888 Shares issued and outstanding as fully paid and non-assessable common shares. Upon conversion of the Subscription Receipts into Shares, there will be 63,938,388 Shares issued and outstanding.

Shares

Holders of Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company, and each Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the

Company, the remaining property and assets of the Company. The Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

CONSOLIDATED CAPITALIZATION

The following table sets forth our share and loan capitalization as at the date of this Prospectus. This table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this Prospectus.

Description of the Share and Loan Capital	Securities Authorized	As at September 30, 2020	As at the date of this Prospectus
Common Shares	Unlimited	33,294,888	33,294,888
Stock Options	6,393,838	Nil	Nil
Finders' Warrants	N/A	Nil	1,951,565
Subscription Receipts	N/A	Nil	30,643,500

OPTIONS TO PURCHASE SECURITIES

The Company adopted a stock option plan (the "**Stock Option Plan**") on December 30, 2020, under which the Board may from time to time in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase Shares. As of the date of this Prospectus, there are no Stock Options outstanding under the Stock Option Plan; however, the Company intends to grant Stock Options subsequent to the Listing Date.

The principal purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Eligibility

Any officer, director, employee, management company employee, consultant or investor relations person of the Company or its wholly-owned subsidiaries (each as described in the Stock Option Plan and each, an "**Eligible Person**") is eligible to receive Stock Options under the Stock Option Plan. The Board has full and final authority to determine the Eligible Persons who are granted Stock Options under the Stock Option Plan and the number of Shares subject to each Stock Option.

Shares Subject to Stock Option Plan

The maximum number of Shares which may be available for issuance under the Stock Option Plan, together with any other security-based compensation plan of the Company, will not exceed 10% of the total number of Shares issued and outstanding from time to time. The Stock Option Plan is an "evergreen plan" and accordingly, any issuance of Shares from treasury, including the issuances of Shares in respect of which Stock Options are exercised, and any expired or cancelled Stock Options, shall automatically replenish the number of Shares issuable under the Stock Option Plan.

The maximum number of Shares which may be issued or reserved for issuance to any one Person (as described in the Stock Option Plan), and companies wholly-owned by that Person, under the Stock Option Plan within any 12-month period shall not exceed 5% of the issued and outstanding Shares, calculated on the date a Stock Option is granted to such Person.

Limits with Respect to Consultants and Investor Relations Person

The maximum number of Stock Options which may be granted to any one consultant under the Stock Option Plan, together with any other of the Company's previously established and outstanding security-based compensation plans or grants, within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated at the date a Stock Option is granted to such consultant (on a non-diluted basis).

The maximum number of Stock Options which may be granted to all investor relations persons under the Stock Option Plan, together with any other of the Company's previously established and outstanding security-based compensation plans or grants, within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated on the date a Stock Option is granted to any such investor relations person (on a non-diluted basis).

Exercise of Stock Options

The exercise price of Stock Options issued may not be less than the "discounted market price" (as described in the Stock Option Plan) of the Shares at the time the Stock Option is granted. In addition, the exercise price will not be lower than as permitted by applicable TSXV policies.

Subject to the provisions of the Stock Option Plan and the particular Stock Option, a Stock Option may be exercised, in whole or in part, by delivering a written notice of exercise to the Company along with payment in cash, bank transfer or certified cheque for the full amount of the exercise price of the Shares then being purchased.

Term and Expiry Date

The period within which Stock Options may be exercised and the number of Stock Options which may be exercised in any such period are determined by the Board at the time of granting the Stock Options provided, however, that the maximum term of any Stock Options awarded under the Stock Option Plan is 10 years.

Vesting

All Stock Options granted pursuant to the Stock Option Plan may vest and become exercisable at the discretion of the Board provided that if required by any stock exchange on which the Shares trade any Stock Options granted to investor relations persons must vest in stages over not less than 12 months with no more than one-quarter of the aggregated number of Stock Options vesting in any single three-month period.

Termination of Stock Options

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, may exercise any vested and unexpired Stock Options held by such optionee for a period of 90 days from the date of cessation (or until the normal expiry date of the Stock Option rights of such optionee, if earlier), subject to extension by the Board to a maximum of one year with approval from the TSXV.

In the event of a death of the optionee during the currency of the optionee's Stock Option, any vested Stock Option theretofore granted to the optionee is exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the expiry date of the Stock Option.

If an optionee ceases to be an Eligible Person as a result of having been dismissed for cause, all unexercised Stock Options of that optionee under the Stock Option Plan shall immediately become terminated and shall lapse.

Non-Assignability and Non-Transferability

Stock Options granted under the Stock Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such Stock Option shall be exercisable, during an optionee's lifetime, only by the optionee.

Adjustments in Shares Subject to Stock Option Plan

The Stock Option Plan contains provisions for the treatment of Stock Options in the event of a reorganization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Shares of the Company. The Stock Options granted under the Stock Option Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of Shares covered by such Stock Options and in the exercise price in the event of such change.

The foregoing summary of the Stock Option Plan is not complete and is qualified in its entirety by reference to the Stock Option Plan, which is filed on the Company's profile on SEDAR.

PRIOR SALES

The following table sets out particulars of the Shares and securities exercisable for or exchangeable into Shares issued within the 12 months prior to the date of this Prospectus, including securities issued by each of the Company and Old Sierra Madre.

Date	Type of Security	Number of Securities Issued	Type of Issuance	Issue/Exercise Price
January 1, 2020	Shares	300,000	Private Placement	$0.05
June 18, 2020	Old Sierra Madre Shares	14,000,000(1)	Private Placement	$0.15(1)
June 25, 2020	Old Sierra Madre Shares	161,110(1)	Private Placement	$0.15(1)
October 7, 2020	Old Sierra Madre Subscription Receipts(2)	11,789,000	Private Placement	$0.50
October 15, 2020	Old Sierra Madre Subscription Receipts(2)	18,854,500	Private Placement	$0.50

Notes:
(1) Figures presented on a post-Consolidation basis.
(2) Each Old Sierra Madre Subscription Receipt has been exchanged for a Subscription Receipt of the Company. For the terms of the Subscription Receipts, please refer to the descriptions under the headings "General Development and Business of the Company – Subscription Receipt Financing" and "General Development and Business of the Company – Amalgamation".

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON

TRANSFER

As of the date of this prospectus, the following sets out the securities of the Company that, to the knowledge of the Company, are held in escrow or are subject to contractual restrictions on transfer.

Pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings*, the following securities held by principals of the Company (the "**Principal Escrow Escrowed Holders**") are expected to be held in escrow on listing on the Exchange (the "**Principal Escrowed Securities**").

Name of Shareholder	Type of Securities Held In Escrow	Number and Percentage of Class[1]
Gregory Liller	Common Shares	1,921,778[2] (3.0%)
Alexander Langer	Common Shares	3,013,779[3] (4.7%)
Kerry Spong	Common Shares	250,000 (0.4%)
Greg Smith	Common Shares	220,000 (0.3%)
Alejandro Caraveo-Vallina	Common Shares	1,773,111[4] (2.8%)
Jorge Ramiro Monroy	Common Shares	1,996,445[5] (3.1%)
	TOTAL	**9,175,113 (14.4%)**

Note:
1. Presented on a partially-diluted basis, based on 63,938,388 Shares outstanding upon conversion of all Subscription Receipts currently outstanding.
2. 1,577,778 of these Shares are held by the Liller Living Trust, a trust of which Gregory Liller is a beneficiary.
3. 2,132,778 of these Shares are held by Andros Capital Corp., a company of which Alexander Langer is 100% beneficial owner; and 881,000 of these Shares are held by Tracy Langer, the spouse of Alexander Langer.
4. 1,727,778 of these Shares are held by ALC Commercial Properties Inc., a company controlled by Alejandro Caraveo-Vallina.
5. 2,000 of these Shares are held by Emerging Markets Capital Limited, a company of which Jorge Ramiro Monroy is 100% beneficial owner; and 266,667 of these Shares are held by Reyna Silver Limited, a company controlled by Jorge Ramiro Monroy.

The Principal Escrowed Securities will be held in escrow pursuant to the Escrow Agreement among the Company, the Escrow Agent, the Principal Escrowed Holders and the Non-Principal Escrowed Holders. The Principal Escrowed Securities are subject to Emerging Issuer Escrow; however, the Principal Escrowed Holders have agreed to the following schedule, which is more stringent than the Emerging Issuer Escrow schedule:

Release Date	Portion of Principal Escrowed Securities Released
Six months after the date the Company's securities are listed on a Canadian exchange (the "**Listing Date**")	10% of the Principal Escrowed Securities
12 months after the Listing Date	15% of the Principal Escrowed Securities
18 months after the Listing Date	15% of the Principal Escrowed Securities
24 months after the Listing Date	15% of the Principal Escrowed Securities

Release Date	Portion of Principal Escrowed Securities Released
30 months after the Listing Date	15% of the Principal Escrowed Securities
36 months after the Listing Date	15% of the Principal Escrowed Securities
42 months after the Listing Date	15% of the Principal Escrowed Securities

Additional Securities

If the Principal Escrowed Holders acquire any additional securities of the Company of the type listed above, those securities will be added to the securities already in escrow, to increase the number of remaining Principal Escrowed Securities. Such increased number of remaining Principal Escrowed Securities will be released in accordance with the release schedule in the table above.

TSXV Seed Share Resale Matrix

Shareholders of the Company who purchased shares of the Company at a price of under $0.05 per share (the "**Non-Principal Escrowed Holders**") which in the aggregate accounts for 11,466,667 Shares (17.93% of the Common Shares (the "**Non-Principal Escrowed Securities**"), presented on a partially-diluted basis, based on 63,938,388 Shares outstanding upon conversion of all Subscription Receipts currently outstanding) are subject to hold periods in accordance with seed share resale restrictions under the policies of the TSXV. The Non-Principal Escrowed Securities will be held in escrow pursuant to the Escrow Agreement among the Company, the Escrow Agent, the Principal Escrowed Holders and the Non-Principal Escrowed Holders. The Non-Principal Escrowed Securities will be subject to the TSXV seed share resale matrix; however, the Non-Principal Escrowed Holders have agreed to the following release schedule, which is more stringent than the seed share resale matrix:

Release Date	Portion of Non-Principal Escrowed Securities Released
Six months after the date of the Final Exchange Bulletin	10% of the Non-Principal Escrowed Securities
12 months after the date of the Final Exchange Bulletin	15% of the Non-Principal Escrowed Securities
18 months after the date of the Final Exchange Bulletin	15% of the Non-Principal Escrowed Securities
24 months after the date of the Final Exchange Bulletin	15% of the Non-Principal Escrowed Securities
30 months after the date of the Final Exchange Bulletin	15% of the Non-Principal Escrowed Securities
36 months after the date of the Final Exchange Bulletin	15% of the Non-Principal Escrowed Securities

Release Date	Portion of Non-Principal Escrowed Securities Released
42 months after the date of the Final Exchange Bulletin	15% of the Non-Principal Escrowed Securities

Contractual Resale Restrictions

The Shares purchased pursuant to the Share Financing are subject to a contractual resale restrictions, whereby such Shares cannot be traded until they are released according to the following schedule:

Release Date	Portion of Shares Released
3 months after the Listing Date	8.33% of the Shares
4 months after the Listing Date	8.33% of the Shares
5 months after the Listing Date	8.33% of the Shares
6 months after the Listing Date	8.33% of the Shares
7 months after the Listing Date	8.33% of the Shares
8 months after the Listing Date	8.33% of the Shares
9 months after the Listing Date	8.33% of the Shares
10 months after the Listing Date	8.33% of the Shares
11 months after the Listing Date	8.34% of the Shares
12 months after the Listing Date	8.34% of the Shares
13 months after the Listing Date	8.34% of the Shares
14 months after the Listing Date	8.34% of the Shares

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, no person directly or indirectly beneficially owns, or exercises control or direction over, Shares carrying more than 10% of the voting rights attaching to all the outstanding Shares as at the date of this Prospectus.

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets out the name, jurisdiction of residence of our directors and executive officers as well as their positions with the Company and principal occupation for the previous five years, and the number and percentage of the Shares owned, directly or indirectly, or over which control or direction is exercised, by each of our directors and executive officers. All officers and employees are required to sign standard confidentiality and non-disclosure agreements with the Company.

Name, Current Position, and Province and Country of Residence	Position Held Since[1]	Principal Occupation(s) During Past Five Years	Common Shares Beneficially Owned or Controlled	Total Ownership[2]
Alexander Langer[3] President, Chief Executive Officer and Director *North Vancouver, BC*	October 10, 2017	Founder, CEO, President and Director of the Company since 2017; Founding Director and Chair of Audit Committee, Reyna Silver Corp. since 2018; Founder and Vice President, Capital Markets, Prime Mining Corp. from 2019 to 2020; Director, Seashore Resource Partners Corp. since 2018; Founder and Vice President, Capital Markets, Millennial Lithium Corp. since 2016; CEO and President, Blackheath Resources Inc. since 2015	3,013,779[4]	4.7%
Gregory Liller Executive Chairman and Chief Operating Officer *Tucson, AZ, USA*	December 11, 2020	Co-Founder, Pita Exploration Limited since 2017; Director and COO, Prime Mining Corp. from 2019 to 2020	1,921,778 [5]	3.0%
Kerry Spong Chief Financial Officer and Corporate Secretary *North Vancouver, BC*	December 11, 2020	Self-Employed Accountant; CFO and Director of Blackheath Resources Inc. since 2011; CFO of Gitennes Exploration Inc. since 2004; CFO of Canasil Resources Inc. since 2006; Director of Abacus Exploration and Mining Corp. since 2015.	250,000	0.4%
Greg Smith VP Exploration and Director *North Vancouver, BC*	December 11, 2020	Professional Geologist; VP, Exploration, Newcore Gold Ltd. since 2011; CEO, President and Director, Calibre Mining Corp. from 2012 to 2019	220,000	0.3%
Alejandro Caraveo-Vallina Director *Chihuahua, Mexico*	December 11, 2020	Co-Founder, Pita Exploration Limited since 2017	1,773,111[6]	2.7%
Jorge Ramiro Monroy[3] Director *Hong Kong*	December 11, 2020	Founder and Managing Director, Emerging Markets Capital Limited since 2011; Chief Executive Officer, Reyna Silver Corp. since 2020; Director, Prime Mining Corp. from 2019 to 2020	1,996,445[7]	3.1%
Sean McGrath[3] Director *Vancouver, BC*	March 26, 2021	Chartered professional accountant providing financial consulting services through SCM Consulting Corp. since April 1997.	Nil	N/A

Note:
1. Term of board appointment expires upon holding the next annual meeting of shareholders.
2. Presented on a partially-diluted basis, based on 63,938,388 Shares outstanding upon conversion of all Subscription Receipts currently

outstanding.

3. Member of the Audit Committee.
4. 2,132,778 of these Shares are held by Andros Capital Corp., a company of which Alexander Langer is 100% beneficial owner; and 881,000 of these Shares are held by Tracy Langer, the spouse of Alexander Langer.
5. 1,577,778 of these Shares are held by the Liller Living Trust, a trust of which Gregory Liller is a beneficiary.
6. 1,727,778 of these Shares are held by ALC Commercial Properties Inc., a company controlled by Alejandro Caraveo-Vallina.
7. 2,000 of these Shares are held by Emerging Markets Capital Limited, a company of which Jorge Ramiro Monroy is 100% beneficial owner; and 266,667 of these Shares are held by Reyna Silver Limited, a company controlled by Jorge Ramiro Monroy.

Biographies

Alexander Langer – President, Chief Executive Officer and Director, Age 37

Mr. Langer is corporate finance professional with particular experience in capital markets. Mr. Langer is the Founder of Andros Capital Corp. and AX1 Capital Corp., two capital markets advisory companies. Mr. Langer is also a Director of Ptolemy Capital, a London, UK based family office and boutique investment firm. Mr. Langer has experience as a Founder, CEO, Director and/or VP, Capital Markets of multiple public companies.

Mr. Langer began his career as an investment advisor at Canaccord Genuity Corp. Mr. Langer holds a Master's Certificate in Finance from the University of Toronto.

Mr. Langer intends to devote 90% of his working time to the affairs of the Company. Mr. Langer is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Gregory Liller – Executive Chairman and Chief Operating Officer, Age 67

Mr. Liller has more than 42 years of experience in mineral exploration and mine development and has seen 7 of the projects in which he played a key role become operating mines. Mr. Liller has served as an officer and/or director of public companies listed on the TSX Venture Exchange, the Toronto Stock Exchange, and the American Stock Exchange including Genco Resources Ltd. (TSX), Gammon Gold Inc. (TSX, AMEX), Mexgold Resources Inc. (TSXV), Oracle Mining Inc. (TSX) and Prime Mining Corp. (TSXV).

Since 2015, Mr. Liller has been managing his personal business interests. In 2016, Mr. Liller began examining mineral properties for private acquisition with a focus on Mexico. Mr. Liller co-founded Pita Exploration Limited in 2017 and acquired the Tepic Property in a private transaction pursuant to the Option Agreement. Mr. Liller continued to examine numerous mining opportunities in Mexico through May of 2019 when he joined Prime Mining Corp. as a director and Chief Operating Officer. Mr. Liller resigned from Prime Mining Corp.'s Board of Directors in June, 2020 and relinquished the position of Chief Operating Officer on October 1, 2020. He currently is an advisor to Prime Mining Corp.

Mr. Liller obtained a Bachelor's degree in Geology from Western State College (now named Western Colorado University) in 1977.

Mr. Liller intends to devote approximately 75% of his working time to the affairs of the Company. Mr. Liller is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Kerry Spong – Chief Financial Officer and Corporate Secretary, Age 60

Mr. Spong is a self-employed accountant who has spent the past 25 years of his professional career working in the mining industry. During his time in public practice, Mr. Spong managed the annual audits of a number of operating mines and a wide range of mineral exploration companies with operations in British Columbia, the Yukon, Nevada, Mexico, Argentina, and Peru.

Since 2004, Mr. Spong has acted as Chief Financial Officer for a number of resource companies where, in addition to being responsible for the financial reporting function of the companies, he has been an integral part of a variety of operations, financings, initial public offerings and other transactions. Mr. Spong was a Director and CFO of Primary

Metals Inc., which operated a producing tungsten mine in Portugal, until it was acquired by a large Japanese conglomerate. Mr. Spong was also the CFO of Riverstone Resources Inc. and oversaw its operations in Burkina Faso for many years prior to it merging with True Gold Mining Inc. and ultimately being acquired by Endeavour Mining Corporation.

Mr. Spong is currently the CFO of Canasil Resources Inc. and Gitennes Exploration Inc., director and CFO of Blackheath Resources Inc., and director and chairman of the audit committee of Abacus Mining & Exploration Corp.

Mr. Spong intends to devote approximately 50% of his working time to the affairs of the Company. Mr. Spong is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Greg Smith – VP, Exploration and Director, Age 55

Mr. Smith is an exploration geologist with more than 30 years of experience, and has been a professional geologist and qualified person for mining companies since 1995. Mr. Smith has been VP, Exploration and a Qualified Person for Newcore Gold Ltd. since August 2011, where he has been responsible for overseeing and directing all exploration activities on the Enchi project, located in southwestern Ghana. Mr. Smith was also President, CEO and Director of Calibre Mining Corp. from June, 2012 to October, 2019, where he was responsible for overseeing and directing all corporate, compliance and technical activities for a publicly traded mineral resource company on the TSX Venture Exchange.

Mr. Smith holds a Bachelor of Science with a Major in Geology from Saint Francis University. He also completed undergraduate studies in Geology at University College of Cape Breton.

Mr. Smith intends to devote approximately 50% of his working time to the affairs of the Company. Mr. Smith is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Alejandro Caraveo-Vallina – Director, Age 60

Mr. Caraveo-Vallina is a businessperson with over 25 years of experience in the mining industry. In 2004, Mr. Caraveo-Vallina became Manager Director of Metales Interamericanos, S.A. de C.V. a subsidiary company of Mexgold Corporation "Mines of Guadalupe y Calvo and el Cubo", a position he held until 2007. In 2007, Mr. Caraveo-Vallina founded a security company which provided security the mining companies throughout Mexico, which was sold in 2012. In 2017, Mr. Caraveo-Vallina co-founded Pita Exploration Limited.

Mr. Caraveo-Vallina graduated with a degree in business administration from McMurry College in Abilene, Texas.

Mr. Caraveo-Vallina intends to devote approximately 25% of his working time to the affairs of the Company. Mr. Caraveo-Vallina is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Jorge Ramiro Monroy – Director, Age 45

Mr. Ramiro Monroy is a mining entrepreneur and investor based in Hong Kong. Mr. Ramiro Monroy is the Founder and Managing Director of Emerging Markets Capital, an investment firm based in Hong Kong investing primarily in mining exploration equities listed on the TSX and ASX and which have commodities that play a crucial role in the growth of the Asia-Pacific economies such as Cobalt, Lithium, Zinc, Silver and Gold. Prior to Emerging Markets Capital, Mr. Ramiro Monroy worked for Frontier Securities, a Japanese owned investment advisory and securities brokerage. He was part of the natural resources investments advisory team, advising and capital raising for mining and infrastructure companies with projects in Mongolia.

Mr. Ramiro Monroy is a regular speaker at natural resources conferences, is a contributor for Latin America focused mining magazines and is on the Advisory Board of Mines and Money Americas.

Mr. Ramiro Monroy holds a Bachelor's degree from the State University of New York and an MBA in Finance from the Hong Kong University of Science and Technology.

Mr. Ramiro Monroy intends to devote approximately 10% of his working time to the affairs of the Company. Mr. Ramiro Monroy is an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Sean McGrath – Director, Age 48

Mr. Sean McGrath is a Chartered Professional Accountant (CPA, CGA) in Canada and a former Certified Public Accountant (Illinois) in the United States of America. He has spent more than 20 years providing financial management and consulting services to publicly traded companies, with primary emphasis in the natural resources sector. He has been involved in companies from the exploration stage through to production. He has been responsible for corporate strategy, in all aspects of accounting and finance, planning and forecasting, treasury, and internal and external reporting, internal controls and tax. Mr. McGrath has held senior executive positions with numerous publicly traded companies throughout his career. He is currently the chief executive officer of Supernova Metals Corp. (TSXV) and the chief financial officer of both Allegiant Gold Ltd. (TSXV) and Sassy Resources Corporation (CSE).

Mr. McGrath holds a Bachelor of Commerce (Hons) degree from Memorial University of Newfoundland.

Mr. McGrath intends to devote approximately 5% of his working time to the affairs of the Company. Mr. McGrath is neither an employee nor an independent contractor of the Company and has not entered into a non-competition or non-disclosure agreement with the Company.

Share Ownership by Directors and Officers

As a group, the Company's directors and executive officers beneficially own, directly or indirectly, or exercise control over 9,175,113 Shares or 14.35% of the issued and outstanding Shares on a non-diluted basis. The statement as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and officers of the Company, as a group, is based upon information furnished by the directors and officers.

Corporate Cease Trade Orders or Bankruptcies

To the best of the Company's knowledge, no existing or proposed director, officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company is, or within the ten years prior to the date hereof has been, a director or CEO or CFO of any corporation that, while that person was acting in the capacity of director or CEO or CFO of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days.

Penalties or Sanctions

No existing or proposed director or officer of the Company, nor any shareholder holding sufficient securities of the Company to materially affect control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No existing or proposed director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Other than as disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See *"Risk Factors*".

EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from securities regulatory authorities in British Columbia and Alberta, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V – *Statement of Executive Compensation* ("**Form 51- 102F6V**") has been omitted pursuant to Section 1.3(8) of Form 51-102F6V.

Compensation of Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. "Named Executive Officer" is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than $150,000 for that financial year; and (iv) each individual who would be a "Named Executive Officer" under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year. As of the date of this Prospectus, the Company has the following Named Executive Officers (collectively, the "**Named Executive Officers**" or "**NEOs**"):

a. Alexander Langer, President, CEO and Director of the Company; and
b. Kerry Spong, CFO and Corporate Secretary of the Company.

Compensation Discussion and Analysis

Sierra Madre does not have a compensation committee or a formal compensation policy. Sierra Madre relies solely on the directors to determine the compensation of the Named Executive Officers. In determining compensation, the directors consider industry standards and Sierra Madre's financial situation but does not currently have any formal objectives or criteria. The performance of each executive officer is informally monitored by the directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. The Company does not formally use a peer group to determine compensation of the Named Executive Officers; however, the Company does review compensation of exploration mining companies listed on the TSX Venture Exchange to assist with determining Named Executive Officer compensation.

Option-based Awards

As at the date of this Prospectus, the Company has not granted any Stock Options to the directors, executive officers, employees and consultants of the Company.

Summary Compensation Table

The Company intends to pay the persons outlined below the following compensation over the next twelve months. The compensation set out herein is based on current conditions in the mining industry and on the associated approximate allocation of time for each NEO.

Name and Principal Position	**Salary** ($)	**Bonus ($)**	**Committee or Meeting Fees** ($)	**Value of Perquisites** ($)	**Value of all Other Compensation** ($)	**Total Compensation** ($)
Alexander Langer, President, CEO and Director	240,000	Nil	Nil	Nil	Nil	240,000
Gregory Liller, Executive Chairman and Chief Operating Officer	144,000	Nil	Nil	Nil	Nil	144,000
Kerry Spong CFO and Corporate Secretary	120,000	Nil	Nil	Nil	Nil	120,000
Greg Smith, Vice President of Exploration and Director	90,000	Nil	Nil	Nil	Nil	90,000
Alejandro Caraveo-Vallina, Director	36,000	Nil	Nil	Nil	Nil	36,000
Jorge Ramiro Monroy Director	36,000	Nil	Nil	Nil	Nil	36,000
Sean McGrath Director	36,000	Nil	Nil	Nil	Nil	36,000

Incentive Plan Awards

The Company intends to continue its Stock Option Plan. The Company will consider making initial grants to directors and executive officers subsequent to the Company becoming a reporting issuer.

Pension Disclosure

The Company does not anticipate having any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

DIRECTOR COMPENSATION

As of the date hereof, no cash compensation has been paid to directors. The Company anticipates that it will pay each of its independent directors a director's fee of $3,000 per month.

Additionally, Sierra Madre contemplates that each independent director, if any, will continue to be entitled to participate in any security based compensation arrangement or other plan adopted by Sierra Madre with the approval of the Board and/or Sierra Madre's shareholders, as may be required by applicable law or Exchange policies.

Directors' and Officers' Liability Insurance

The Company does not currently have directors' and officers' liability insurance for any of its directors or officers; however, the Company intends to put directors' and officers' liability insurance in place subsequent to the Listing Date.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, none of the directors and executive officers of Sierra Madre or associates of such persons is indebted to Sierra Madre or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Sierra Madre.

STOCK EXCHANGE LISTING

This Prospectus is being filed in the provinces of British Columbia and Alberta to qualify the Company as a reporting issuer in British Columbia and Alberta. There is no distribution or offering being made pursuant to this Prospectus.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States.

The Company intends to apply to list the Shares for trading on the Exchange. The listing of the Shares will be subject to the Company fulfilling the listing requirements of the Exchange, which cannot be guaranteed.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The Company has formed an Audit Committee (the "**Audit Committee**") on December 30, 2020. The Audit Committee is comprised of Sean McGrath (Chairman), Jorge Ramiro Monroy and Alexander Langer, all of whom are financially literate as such term is defined in NI 52-110. Sean McGrath and Jorge Ramiro Monroy are considered independent. Alexander Langer is not considered to be independent by virtue of his position as President and Chief Executive Officer of the Company. A description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member may be found above under the heading "*Executive Officers and Directors*".

The Audit Committee will be responsible for reviewing the Company's financial reporting procedures, internal controls and the performance of the financial management and external auditors of the Company. The Audit Committee will also review the annual audited financial statements and make recommendations to the Board. The Company is relying on the exemption set out in section 6.1 of NI 52-110. A copy of the Audit Committee's proposed charter is set out below.

Audit Committee Charter

1. Purpose

1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:

(a) support the Board of Directors in meeting its responsibilities to shareholders;

(b) verify the independence of the external auditor;

(c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors; and

(d) increase the credibility and objectivity of the Company's financial reports and public disclosure.

1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.

1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2. Membership

2.1. Each member of the Audit Committee must be a director of the Company.

2.2. The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.

2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

3. Authority

3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

(a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and

(b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.

4. Duties and Responsibilities

4.1. The duties and responsibilities of the Audit Committee include:

(a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;

(b) recommending to the Board of Directors the compensation of the external auditor;

(c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;

(d) overseeing the work of the external auditor;

(e) verifying that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;

(f) verifying that the external auditor meets the rotation requirements for partners and staff on the Company's audits;

(g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;

(h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;

(i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;

(j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;

(k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to is dissemination to the public;

(l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process and obtaining from the external auditor summaries and recommendations for improvement of such internal controls and processes;

(m) ensuring the integrity of disclosure controls and internal controls over financial reporting;

(n) resolving disputes between management and the external auditor regarding financial reporting;

(o) establishing procedures to deal with complaints and concerns, from employees and others, regarding questionable accounting, internal accounting controls or auditing practises;

(p) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(q) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

(r) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor; and

(s) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

5. Meetings

5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

5.3. The Audit Committee may establish its own schedule of meeting dates that it will provide to the Board of Directors in advance.

5.4. The Audit Committee will meet separately with the Chief Executive Officer and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

5.5. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.6. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.

5.7. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. Reports

6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

7. Minutes

7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Company's Board.

Pre-Approval Policies and Procedures

The Audit Committee will have authority and responsibility for pre-approval of all non-audit services to be provided to the Company or its subsidiary entities by the external auditors or the external auditors of the Company's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit Committee.

Reliance on Certain Exemptions

The Company has not relied on exemption any exemptions in NI 52-110, except for those in section 6.1 of NI 52-110, which exempts the Company from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

External Auditor Service Fees by Category

Although the Company has incurred auditor service fees, the Company's auditor has not yet billed the Company for any audit fees, audit related fees, tax fees or any other associated fees.

Statement of Corporate Governance Practices

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with day-to-day management of the Company.

National Policy 58-201 – *Corporate Governance Guidelines* (the "**Guidelines**") establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to ensuring that the Company has an effective corporate governance system, which adds value and assists the Company in achieving its objectives.

The Company's approach to corporate governance is set forth below.

Mandate of the Board

The Board assumes responsibility for the stewardship of the Company and the enhancement of shareholder value. The Board is responsible for:

(a) ensuring that management develops and implements a strategic plan that takes into account market realities and regulatory compliance;

(b) upholding a comprehensive policy for communications with shareholders and the public at large;

(c) developing and formalizing the responsibilities for each member of the Board, including the responsibilities of the Chief Executive Officer vis-à-vis corporate objectives;

(d) ensuring that the risk management of Sierra Madre is prudently addressed; and

(e) overseeing succession planning for management.

The frequency of meetings of the Board and the nature of agenda items may change from year to year depending upon the activities of Sierra Madre. However, the Board meets at least quarterly and at each meeting there is a review of the business of Sierra Madre.

The Board of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board being held to obtain an update on significant corporate activities and plans, both with and without members of the Company's management being in attendance.

Composition of the Board

The Board is composed of five directors, of which Messrs. Sean McGrath, Alejandro Caraveo-Vallina and Jorge Ramiro Monroy are considered as independent directors. For this purpose, a director is independent if he or she has no direct or indirect "material relationship" with Sierra Madre. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company.

Of the directors, Alexander Langer, by virtue of his position as President and CEO of the Company and Greg Smith, by virtue of his position as Vice President, Exploration of the Company are considered not independent.

Directorships

The following directors currently serve on the following boards of directors of other public companies:

Name	**Name of Other Reporting Issuers**	**Name of Exchange or Market**	**Position**	**From**	**To**
Alexander Langer	Seashore Resource Partners Corp.	TSXV	Director	October 8, 2020	Present

Name	Name of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
	Reyna Silver Corp.	TSXV	Director	June 3, 2020	Present
Greg Smith	Shooting Star Acquisition Corp.	TSXV	Director	September 28, 2018	Present
Jorge Ramiro Monroy	Reyna Silver Corp.	TSXV	Director and CEO	June 8, 2020	Present
Sean McGrath	Supernova Metals Corp.	TSXV	CEO and Director	July 17, 2011	Present
	Cayenne Capital Corp.	None	Director	September 9, 2016	Present
	Lot 49 Capital Corp.	None	Director	August 13, 2019	Present
	Lakewood Exploration Inc.	None	Director	July 8, 2020	Present

Orientation and Education

Sierra Madre will provide new directors with an orientation program upon joining the Company that includes copies of relevant financial, technical, scientific and other information regarding its products and meetings with management.

Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records.

Ethical Business Conduct

While Sierra Madre has not adopted a written code of business conduct and ethics, the Board will from time to time discuss and emphasize the importance of matters relating to conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of any illegal or unethical behaviour.

Nomination of Directors

It is the view of the Board that all directors, individually and collectively, should assume responsibility for nominating directors. The Board is responsible for identifying and recommending potential nominees for directorship and senior management. The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation

Compensation matters are currently determined by the entire Board. The Board is responsible for reviewing the compensation plans and severance arrangements for management, to ensure they are commensurate with comparable companies. The Board will ensure that Sierra Madre has a plan for continuity of its officers and a compensation plan that is motivational and competitive.

Assessments

The Board and each individual director are regularly assessed regarding their effectiveness and contribution. The assessment considers:

- in the case of the Board, its mandate and charter; and
- in the case of an individual director, the applicable position description(s), if any, as well as the competencies and skills each individual director is expected to possess.

RISK FACTORS

An investment in the Shares involves a high degree of risk and should be considered speculative. An investment in the Shares should only be undertaken by those persons who can afford the total loss of their investment. You should carefully consider the risks and uncertainties described below, as well as other information contained in this Prospectus, including the financial statements and accompanying notes, appearing elsewhere in this Prospectus, before buying Shares. The risks and uncertainties below are not the only ones Sierra Madre faces. Additional risks and uncertainties not presently known to Sierra Madre or that Sierra Madre believes to be immaterial may also adversely affect Sierra Madre's business. If any of the following risks occur, Sierra Madre's business, financial condition and results of operations could be seriously harmed, and you could lose all or part of your investment.

Option over the Tepic Property

The Company's right to exercise its option over the Tepic Property will be dependent upon its compliance with the Option Agreement. This includes the expenditure of funds and the payment of all option payments due under the Option Agreement. There can be no assurance that the Company will be able to comply with the provisions of the Option Agreement. If the Company is unable to fulfil the requirements of the Option Agreement, it is likely that it would be considered in default of such agreement and the agreement could be terminated resulting in the loss of all rights to the Tepic Property, and the loss of all option payments made and expenditures incurred pursuant to the option to the date of termination of the Option Agreement. Additional funding will be required to fund the work expenditure commitments on the Tepic Property. There is no assurance that such funds will be available. Failure to obtain adequate financing on a timely basis could result in the loss of the Company's right to exercise the Option with respect to the Tepic Property.

Public Health Crises such as the COVID-19 Pandemic

In December 2019, a novel strain of coronavirus known as COVID-19 surfaced and has spread around the world causing significant business and social disruption. COVID-19 was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain. Such adverse effects related to COVID-19 and other public health crises may be material to the Company and could have a negative impact on the Company's business, financial condition and results of operations. It is not presently possible to predict the extent or durations of any such adverse effects. Such adverse effects could be rapid, unexpected and may severely impact the Company's ability to carry out its business plans for 2021 in accordance with the "*Use of Available Funds*" section above.

To date, a number of governments, including Canada, have declared states of emergency and have implemented restrictive measures such as travel bans, quarantine and self-isolation. In mid-March, 2020, all of Canada's provinces and territories declared province- and territory-wide states of emergency, including Ontario on March 17, 2020 and British Columbia on March 18, 2020. On September 23, 2020, in a speech from the throne, Canadian's Prime Minister, Justin Trudeau, declared Canada was experiencing its second wave of COVID-19.

COVID-19 and efforts to contain it may have broad impacts on the Company's business or the global economy, which could have a material adverse effect on the Company's financial position. While governmental agencies and private sector participants are seeking to mitigate the adverse effects of COVID-19, and the medical community is seeking to develop vaccines and other treatment options, the efficacy and timing of such measures is uncertain.

The COVID-19 pandemic has not had a negative impact on the Company's business, and the Company does not currently anticipate that the COVID-19 pandemic will have an impact on its business.

Foreign Operation and Political Risk

The Company conducts business in Mexico. There is no guarantee against any future political, or economic instability in Mexico or neighboring countries that might adversely affect the Company.

Risks the Company may face in operating in foreign jurisdictions include unforeseen government actions, acts of god, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or other events.

All or any of these factors, limitations, or the perception thereof could impede the Company's activities, result in the impairment or loss of part or all of the Company's interest in the properties, or otherwise have an adverse impact on the Company's valuation and stock price.

Dependence on the Tepic Property

Sierra Madre is an exploration and evaluation stage company and as such does not anticipate receiving revenue for some time. We are primarily focused on the exploration and development of the Tepic Property. The Tepic Property does not have identified Mineral Reserves, which will be required as a basis for determining if the Tepic Property has bodies of commercial mineralization, nor does it have any Mineral Resources. The costs, timing and complexities of exploration at the Tepic Property may be greater than we anticipate. As a result, unless we acquire additional property interests, any adverse developments affecting the Tepic Property could have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration and development programs at the Tepic Property will result in the definition of bodies of commercial mineralization. There is also no assurance that even if commercial quantities of mineralization are discovered that the Tepic Property will be brought into commercial production. The discovery of bodies of commercial mineralization is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade and proximity to infrastructure), metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of the above factors are beyond our control. As a result, there can be no assurance that our exploration and development programs at the Tepic Property will define bodies of commercial mineralization or that the Tepic Property will ultimately become a producing mine. Failure to do so will have a material adverse impact on our operations and potential future profitability.

Obtaining and Renewing Licenses and Permits

In the ordinary course of business, we will be required to obtain and renew governmental licenses or permits for the operation and expansion of the Tepic Property or for the development, construction and commencement of mining at the Tepic Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings on our part. The duration and success of our efforts to obtain and renew licenses or permits are contingent upon many variables not within our control, including the interpretation of applicable requirements implemented by the licensing authority. We may not be able to obtain or renew licenses or permits that are necessary to our operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what we believe we can recover from the Tepic Property if it is put into production. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact our operations and profitability.

Financing Requirements

Any potential development activities at the Tepic Property will require substantial additional capital. When such additional capital is required, we will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to us and might involve substantial dilution to existing shareholders. We may not be successful in locating suitable financing transactions in the time period required or at all, may not obtain the capital required by other means. A failure to raise capital when needed would have a material adverse effect on our business, financial condition and results of operations. Any future issuance of Shares to raise required capital will likely be dilutive to shareholders. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. We may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the mining industry in particular), our status as a new enterprise with a limited history, and the price of base metals on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management personnel. Further, if the price of base metals and other metals on the commodities markets decreases, then potential revenues from the Tepic Property will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Tepic Property.

Operating History

We have a limited history of operations and are considered a start-up company. As such, we are subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of our success must be considered in light of our early stage of operations.

Negative Operating Cash Flow

We currently have a negative operating cash flow and may continue to have that for the foreseeable future. Our failure to achieve profitability and positive operating cash flows could have a material adverse effect on our financial condition and results of operations.

Metal Price Fluctuations

The price of precious metals and base metals are affected by numerous factors beyond our control, including levels of supply and demand, global or regional consumptive patterns, sales by government holders, metal stock levels maintained by producers and others, increased production due to new mine developments and improved mining and production methods, speculative activities related to the sale of metals, availability and costs of metal substitutes, international economic and political conditions, interest rates, currency values and inflation. Declining market prices for these metals could materially adversely affect our future operations and profitability.

Title to Assets

Searches of mining records are carried out in accordance with mining industry practices to confirm satisfactory title to properties in which the Company holds or intends to acquire an interest, but the Company does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of the properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. The Company has taken and will continue to take all reasonable steps, in accordance with the laws and regulations of the jurisdictions in which their properties are located, to ensure proper title to its properties and to properties it may acquire in the future, either at the time of acquisition or prior to any major expenditures thereon. This, however, should not be construed as a guarantee of title. There are no assurances that the Company will obtain title. Both presently owned and after-acquired properties may be subject to prior unregistered agreements, transfers, land claims or other claims or interests. In addition, third parties may dispute the rights of the Company to its respective mining and other interests. The Company will attempt to clear title and obtain legal opinions commensurate to the intended level of expenditures required on areas that show promise. There can be no assurance, however, that it will be successful in doing so.

Governmental Regulation

Our operations, exploration and development activities will be subject to the laws and regulations of Canada and Mexico governing various matters including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development, production, and postclosure reclamation of mines, imports and exports, price controls, taxation, mining royalties, labour standards and occupational health and safety, including mine safety and historic and cultural preservation. The costs associated with legal compliance will be substantial. In addition, possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties which have been, or may be, implemented or threatened) or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of our operations and planned operations and delays in the development of the Tepic Property. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety impacts of our operations, or possibly even those actions of parties from whom we acquired our mines or properties. Such legal actions could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It is difficult to strictly comply with all regulations that will be imposed on us. We will retain competent and well-trained individuals and consultants to assist us with compliance with such laws and regulations, however, even with the application of considerable skill we may inadvertently fail to comply with certain laws. Failure to comply with laws and regulations could lead to financial restatements, fines, penalties, loss, reduction or expropriation of entitlements, the imposition of additional local or foreign parties as joint venture partners with carried or other interests and other material negative impacts on us.

Operating Hazards, Risks and Insurance

The ownership, operation and development of a mine or mineral property involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, explosions and third-party accidents, the encountering of unusual or unexpected geological formations, ground falls and cave-ins, mechanical failure, unforeseen metallurgical difficulties, power interruptions, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in environmental damage and liabilities, work stoppages, delayed production and resultant losses, increased production costs, damage to, or destruction of, mineral properties or production facilities and resultant losses, personal injury or death and resultant losses, asset write downs, monetary losses, claims for compensation of loss of life and/or damages by third parties in connection with accidents (for loss of life and/or damages and related pain and suffering) that occur on company property, and punitive awards in connection with those claims and other liabilities. It is not always possible to fully insure against such risks, and we may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of our securities. Liabilities that we incur may exceed the policy limits of insurance coverage or may not be covered by insurance, in which event we could incur significant costs that could adversely impact our business, operations, potential profitability or value. Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage our interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to us. These could include loss or forfeiture of mineral interests or other assets for nonpayment of fees or taxes, significant tax liabilities in connection with any tax planning effort we might undertake and legal claims for errors or mistakes by our personnel.

Environmental Hazards

All phases of our operations with respect to the Tepic Property will be subject to environmental regulation. Environmental legislation involves strict standards and may entail increased scrutiny, fines and penalties for noncompliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact our operations and future potential profitability. In addition, environmental hazards may exist on the Tepic Property which are currently unknown. We may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the property, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on our operations and future potential profitability.

Reclamation Obligations

Reclamation requirements are designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to reestablish to some degree pre-disturbance land forms and vegetation. We will be subject to such requirements for our activities on the Tepic Property. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on our financial resources. Infrastructure Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Tepic Property. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Tepic Property will be commenced or completed on a timely basis, if at all; that the resulting operations will achieve the anticipated production volume; or that the anticipated construction costs and ongoing operating costs associated with the exploration and/or development of the Tepic Property will not be higher than anticipated. In addition, inadequate infrastructure may result in lower than anticipated production volume or higher construction or operating costs. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations and profitability.

Employee Recruitment and Retention

Recruiting and retaining qualified personnel will be critical to our success. We are dependent on the services of key executives including our Chief Executive Officer, VP, Exploration and other highly skilled and experienced executives and personnel focused on managing our interests. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As our business activity grows, we will require additional key financial, administrative, geologic and mining personnel as well as additional operations staff. There is no assurance that we will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If we are not successful in attracting, training and retaining qualified personnel, the efficiency of our operations could be impaired, which could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

Expatriate and Nationals' Skills Risk

The Company's development programs in Mexico and elsewhere rely on attracting and retaining expatriate and nationals with mining experience to staff key operations and administration management positions. The Company's inability to attract and retain personnel with the skills and experience to manage the operation and train and develop staff, due to the intense international competition for such individuals, may adversely affect its business, future operations and financial condition.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and profitability. Specifically, the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, the volatility of base metal prices would impact our revenues, profits, losses and cash flow, continued recessionary pressures could adversely impact demand for our production, volatile energy, commodity and consumables prices and currency exchange rates would impact our production costs and the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities. These factors could have a material adverse effect on our financial condition and results of operations.

Competition for New Properties

An element of our business strategy is to make selected acquisitions. We expect to continue to evaluate acquisition opportunities on a regular basis and intend to pursue those opportunities that we believe are in our long-term best interests. There is a limited supply of desirable mineral lands available in areas where we would consider conducting exploration or development activities. Because we face strong competition for new properties from other mining companies, some of which have greater financial resources than we do, we may be unable to acquire attractive new mining properties on terms that we consider acceptable. In addition, competition in the mining business for limited sources of capital could adversely impact our ability to acquire and develop suitable mines, mineral developmental projects, mineral producing companies or properties having significant exploration potential. As a result, there is no assurance that we will be able to acquire additional mining properties. The success of any acquisition that we make will depend upon our ability to effectively manage the operations of entities we acquire and to realize other anticipated benefits. The process of managing acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of management resources. There can be no assurance that we will be able to successfully manage the operations of businesses we acquire or that we achieve the anticipated benefits of our acquisitions.

Shortages of Critical Parts, Equipment and Skilled Labour

Our ability to acquire critical resources such as input commodities, drilling equipment, tires and skilled labour due to increased worldwide demand, may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and development schedules.

Foreign Exchange Rate Fluctuations

Fluctuations in currency exchange rates, particularly the weakening or strengthening of the U.S. dollar and Mexican peso (being the currency used in respect of exploration costs) against the Canadian dollar (being the currency in which the Company raises money and in which it reports), could have a significant effect on our results of operations. The Company currently does not engage in any hedging activities in connection with foreign currency requirements.

Claims and Legal Proceedings

We may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including claims relating to ex-employees. These matters may give rise to legal uncertainties or have unfavourable results. We will carry liability insurance coverage and mitigate risks that can be reasonably estimated. In addition, we may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact our financial position, cash flow and results of operations.

Conflicts of Interest

Certain of our directors and officers also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there is a possibility that a conflict could arise for such directors and officers. Any Company-related decision made by any of these directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith and to act in the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

Risks Relating to our Shares Market Price of Shares and Volatility

The Shares do not currently trade on any exchange or stock market. Securities of microcap and small- cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the Shares is also likely to be significantly affected by short-term changes in base metal or other mineral prices or in our financial condition or results of operations. Other factors unrelated to our performance that may affect the price of the Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Shares may affect an investor's ability to trade significant numbers of Shares; the size of our public float may limit the ability of some institutions to invest in Shares; and a substantial decline in the price of the Shares that persists for a significant period of time could cause the Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Shares may affect the pricing of the Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Shares. The market price of the Shares is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include other developments that affect the market for all resource sector securities, the breadth of the public market for our Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Shares is expected to make the Share price volatile in the future, which may result in losses to investors.

Dilution

Future sales or issuances of equity securities could decrease the value of the Shares, dilute shareholders' voting power and reduce future potential earnings per Share. We may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Shares) and may issue additional equity securities to finance our operations, development, exploration, acquisitions or other projects. We cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per share.

No Dividends Expected for Foreseeable Future

We intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by our Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors. See "*Dividends*".

PROMOTERS

Alexander Langer is considered to be a promoter of the Company as he took the initiative in organizing certain aspects of the business of the Company when the Company was initially formed. Please see "*Executive Officers and*

Directors" for the number and percentage of each class of voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly by Alexander Langer.

LEGAL PROCEEDINGS

Sierra Madre is not aware of any material legal proceedings involving Sierra Madre nor are any such proceedings known by Sierra Madre to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below and elsewhere in this Prospectus, since the incorporation of the Company on October 10, 2017, no director, executive officer or person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of the Company or any associate or affiliate of the foregoing as, or has had, any material interest, direct or indirect, in transaction prior to the date of this Prospectus or any proposed transaction that has materially affected, or is reasonably expected to materially affect, the Company or any of its affiliates.

AUDITORS

The auditor of Sierra Madre is Davidson & Company LLP, Chartered Accountants, located at 1200 – 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, British Columbia V7Y 1G6.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is Odyssey Trust Company at its principal offices in Vancouver, British Columbia located at United Kingdom Building, 323 – 409 Granville Street, Vancouver, British Columbia V6C 1T2.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the Company has not entered into any agreements which are currently in effect and considered to be currently material other than:

(i) the Option Agreement. See "*General Development and Business of the Company – Option Agreement*"; and

(ii) the Amalgamation Agreement. "*General Development and Business of the Company – Amalgamation*".

Copies of the Option Agreement (including a translation of the contract to English) and the Amalgamation Agreement may be inspected at Sierra Madre's head office during normal business hours at any time during the period of distribution of the securities offered hereby.

EXPERTS

Information of a scientific or technical nature in respect of the Tepic Property is included in this Prospectus based upon the Tepic Technical Report, with an effective date of October 21, 2020, prepared by William A. Turner, P. Geol. and Derek Loveday, P. Geo. of Stantec Consulting International LLC, who are independent "qualified persons" under NI 43-101. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned individuals and their firms do not beneficially own, directly or indirectly, any Shares.

The Company's auditors for the financial statements included in this Prospectus, Davidson & Company LLP, Chartered Accountants, in Vancouver, British Columbia, report that they are independent from the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

AGENT FOR SERVICE OF PROCESS

Mr. Jorge Ramiro Monroy, Mr. Alejandro Caraveo-Vallina and Mr. Gregory Liller have each appointed the

Company's counsel, DuMoulin Black LLP, located at 595 Howe Street, 10^{th} Floor, Vancouver, British Columbia, V6C 2T5, as their agent for service of process in British Columbia.

Derek J. Loveday, P. Geo., qualified person and an author of the Tepic Technical Report, is resident outside of Canada and has appointed DuMoulin Black LLP of 10th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5 as his agent for service of process in British Columbia.

It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a Prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

However, in light of the fact that this Prospectus is being filed to allow the Company to become a reporting issuer in British Columbia and Alberta, and not in connection with an offering of securities, the Company believes that the remedies described in the foregoing paragraph are not applicable to the transactions described in this Prospectus.

APPENDIX A

SIERRA MADRE GOLD AND SILVER LTD. AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019, DECEMBER 31, 2018 AND DECEMBER 31, 2017

[*See attached*]

SIERRA MADRE GOLD AND SILVER LTD.

(Formerly L1 Capital Corp.)

FINANCIAL STATEMENTS

DECEMBER 31, 2019, 2018 AND 2017

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Sierra Madre Gold and Silver Ltd. (formerly L1 Capital Corp.)

Opinion

We have audited the accompanying financial statements of Sierra Madre Gold and Silver Ltd. (formerly L1 Capital Corp.) (the "Company"), which comprise the balance sheets as at December 31, 2019 and 2018 and 2017, and the statements of changes in shareholders' equity (deficiency), comprehensive loss, and cash flows for the years ended December 31, 2019, 2018, and the period from incorporation on October 10 to December 31, 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2019, 2018, and the period from incorporation on October 10 to December 31, 2017 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

March 30, 2021

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

BALANCE SHEETS

AS AT DECEMBER 31

Expressed in Canadian Dollars

ASSETS	2019	2018	2017
Current			
Cash	$ 2,790	$ 2,862	$ 1
Subscriptions receivable *(Note 3)*	42,800	42,800	-
	$ 45,590	$ 45,662	$ 1

LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 8,617	$ 7,917	$ 3,389

SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital *(Note 3)*	52,801	52,801	1
Deficit	(15,828)	(15,056)	(3,389)
	36,973	37,745	(3,388)
	$ 45,590	$ 45,662	$ 1

Nature and continuance of operations *(Note 1)*
Subsequent events *(Note 9)*

ON BEHALF OF THE BOARD:

"Alexander Langer", Director

"Sean McGrath", Director

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND THE PERIOD FROM OCTOBER 10 (INCORPORATION) TO DECEMBER 31, 2017

Expressed in Canadian Dollars

	Number of Shares	Share Capital *(Note 3)*	Deficit	Total
Balance – October 10, 2017	-	$ -	$ -	$ -
Shares issued	1	1	-	1
Comprehensive loss for the period	-	-	(3,389)	(3,389)
Balance – December 31, 2017	1	1	(3,389)	(3,388)
Shares issued	1,056,000	52,800	-	52,800
Comprehensive loss for the year	-	-	(11,667)	(11,667)
Balance – December 31, 2018	1,056,001	52,801	(15,056)	37,745
Comprehensive loss for the year	-	-	(772)	(772)
Balance – December 31, 2019	1,056,001	$ 52,801	$ (15,828)	$ 36,973

- the accompanying notes are an integral part of these financial statements -

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND THE PERIOD FROM OCTOBER 10 (INCORPORATION) TO DECEMBER 31, 2017

Expressed in Canadian Dollars

	Year ended December 31, 2019	Year ended December 31, 2018	Period ended December 31, 2017
Expenses			
Legal fees	$ 700	$ 11,586	$ 3,389
Office and miscellaneous	72	81	-
Comprehensive loss for the period	$ 772	$ 11,667	$ 3,389
Loss per share – basic and diluted	$ 0.00	$ 0.01	$ 3,389
Weighted-average number of shares outstanding – basic and diluted	1,056,001	934,489	1

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND THE PERIOD FROM OCTOBER 10 (INCORPORATION) TO DECEMBER 31, 2017

Expressed in Canadian Dollars

CASH RESOURCES PROVIDED BY (USED IN)	Year ended December 31, 2019	Year ended December 31, 2018	Period ended December 31, 2017
Operating activities			
Loss for the period	$ (772)	$ (11,667)	$ (3,389)
Changes in non-cash working capital			
Accounts payable and accrued liabilities	700	4,528	3,389
	(72)	(7,139)	-
Financing activities			
Shares issued for cash	-	10,000	1
Change in cash for the period	(72)	2,861	1
Cash position - beginning of period	2,862	1	-
Cash position - end of period	$ 2,790	$ 2,862	$ 1

Supplemental schedule of non-cash financing transactions			
Shares issued for subscriptions receivable	$ -	$ 42,800	$ -

- the accompanying notes are an integral part of these financial statements -

1. NATURE AND CONTINUANCE OF OPERATIONS

Sierra Madre Gold and Silver Ltd. (the "Company") was incorporated on October 10, 2017 in British Columbia and has its head office located at 10th Floor – 595 Howe Street, Vancouver, British Columbia, Canada. The Company was incorporated as L1 Capital Corp. and changed its name to Sierra Madre Gold and Silver Ltd. on December 15, 2020 *(Note 9)*. Since incorporation, the Company has been reviewing business opportunities in the mineral exploration industry.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). As at December 31, 2020 the Company had a deficit of $15,828 and working capital of $36,973, which it considers insufficient to fund its administrative and planned investment activities for the ensuing twelve months *(Note 9)*. The Company currently has no source of operating revenue and is unable to self-finance operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

If for any reason the Company is unable to secure the additional sources of financing and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements; such adjustments could be material. Additionally, the outbreak of the COVID-19 global pandemic has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee using those standards in effect for the reporting year ended December 31, 2019. The Company's board of directors approved these financial statements for issue on March 30, 2021.

Basis of measurement

These financial statements have been prepared under the historical cost convention using the accrual basis of accounting, except for cash flow information.

Impairment

Financial assets are reviewed at the end of each reporting period for objective evidence indicating that changes in the market, economic, or legal environment has had a negative effect on the estimated future cash flows of the asset or group of assets. The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments and its effect on earnings per share is calculated based on the use of the proceeds that would be obtained upon exercise of in-the-money options, warrants and similar instruments. It is assumed that the proceeds would be used to purchase common shares at the average market price during the period. Stock options and share purchase warrants are not included in the computation of diluted loss per share due to their anti-dilutive effect.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Share capital

Share capital issued for non-monetary consideration is recorded at the fair value of the non-monetary consideration received, or at the fair value of the shares issued if the fair value of the non-monetary consideration cannot be measured reliably, on the date of issue. The Company uses the residual value approach in respect of unit offerings, whereby the amount assigned to the warrant is the excess, if any, of the unit price over the trading price of the Company's shares at the date of issuance.

Income taxes

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the liability method, which recognizes differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets are recognized only to the extent that sufficient taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability will be settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in the period that the substantive enactment occurs. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates, judgements, and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates. Due to the Company's early stage of development and the simple nature of its financial instruments and activities, management does not consider its current estimates, judgements, and assumptions to be significant.

Adoption of new accounting standard – financial instruments

On January 1, 2018, the Company adopted IFRS 9 – *Financial Instruments,* which replaces IAS 39 *Financial Instruments – Recognition and Measurement.* The new standard provides guidance that is based on the Company's business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics. Financial instruments are classified under three primary measurement categories: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). Upon adoption of IFRS 9 on a retrospective basis, there was no impact on the carrying values or equity as at January 1, 2018 and no measurement differences resulted due to adopting the new standard.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Adoption of new accounting standard – financial instruments – *continued*

Determination of the classification of financial instruments is made at initial recognition and reclassifications are made only upon the Company changing its business model for managing its financial instruments. Financial assets are derecognized when they mature or are sold, and substantially all of the risks and rewards of ownership have been transferred. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, upon initial recognition the Company can make a one-time irrevocable election to designate them as FVTOCI.

Financial assets

FVTPL

Financial assets classified as FVTPL are initially recognized at fair value with transaction costs being expensed in the period incurred. Realized gains and losses recognized upon derecognition and unrealized gains and losses arising from changes in the fair value of the financial assets are included in profit or loss in the period in which they arise.

FVTOCI

Investments in equity instruments classified as FVTOCI are initially recognized at fair value plus transaction costs. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income with no subsequent reclassification to profit or loss upon derecognition. Realized gains and losses recognized upon derecognition remain within accumulated other comprehensive income.

Amortized cost

A financial asset is measured at amortized cost if the objective of the Company's business model is to hold the instrument for the collection of contractual cash flows, which are comprised solely of payments of principal and interest. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment losses are included in profit or loss in the period the impairment is recognized.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL.

Fair value hierarchy

The Company's financial assets and liabilities are classified in accordance with a fair value hierarchy, which establishes three levels to classify the inputs to valuation techniques used to measure fair value as follows: Level 1 – valuation based on unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 – valuation based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 – valuation based on inputs that are not based on observable market data.

Adoption of new accounting standard – leases

On January 1, 2019, the Company adopted IFRS 16 – *Leases,* according to which all leases are presented in the balance sheet of the lessee, except those that meet the limited exception criteria. The Company has no lease agreements and therefore the adoption of this new standard had no impact on the Company's financial statements.

Expressed in Canadian Dollars

3. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

On October 10, 2017, the Company issued 1 common share to the incorporator of the Company for proceeds of $1.

In February 2018, the Company issued 1,056,000 common shares at a price of $0.05 per share for cash proceeds of $10,000 and subscriptions receivable of $42,800. The subscriptions receivable were collected in October 2020 ($35,000) and December 2020 ($7,800).

4. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, which is measured at FVTPL using a Level 1 fair value measurement, and subscriptions receivable and accounts payable, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

5. INCOME TAXES

The Company has non-capital tax losses that are available for carry forward to reduce taxable income of future years. Details of income tax expense for the periods ended December 31 are as follows:

	2019	2018	2017
Loss before income taxes	$ (772)	$ (11,667)	$ (3,389)
Expected tax recovery for the period	(208)	(3,150)	(881)
Change in unrecognized deductible temporary differences	208	3,150	881
Tax expense (recovery) for the period	$ -	$ -	$ -

Deferred taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's deferred tax assets as at December 31 consist of the following:

	2019	2018	2017
Non-capital loss carry-forwards	$ 4,274	$ 4,065	$ 881

The Company's non-capital losses expire between 2037 and 2039 as follows:

	2019	2018	2017
Non-capital losses	$ 15,828	$ 15,056	$ 3,389

6. CAPITAL DISCLOSURES

The Company has no source of operating revenue, no long-term debt, and typically finances its operations through the issuance of share capital. Capital raised is held in cash in an interest-bearing bank account or guaranteed investment certificate until such time as it is required to pay operating expenses or make investments. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for reviewing and identifying business opportunities. The Company's objectives have not changed during the period presented.

7. RISK MANAGEMENT

The Company is exposed to financial risks as detailed below:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's primary credit risk is associated with its cash and subscriptions receivable balances. Cash is held through a major Canadian financial institution with a high investment grade rating. The full amount of the subscriptions receivable balance was collected subsequent to December 31, 2019. The carrying value of the Company's cash and subscriptions receivable of $45,590 represents the Company's maximum exposure to credit risk as at December 31, 2019 (2018 - $45,662; 2017 - $1).

Interest Rate Risk

Interest rate risk relates the effect on the Company's financial instruments due to changes in market rates of interest. The Company holds cash, which currently earns nominal interest. The Company considers its interest rate risk in respect of its cash to be immaterial.

Liquidity Risk

The Company is subject to liquidity risk such that it may not be able to meets its obligations under its financial instruments as they fall due *(Note 1).* The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. Cash projections are regularly updated to reflect the dynamic nature of the business. To date, the Company's capital requirements have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

8. SEGMENTED INFORMATION

The Company is currently inactive, operates in Canada, and has no physical assets.

9. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company:

- issued 300,000 shares at a price of $0.05 per share for proceeds of $15,000;
- incorporated a wholly-owned subsidiary, 1262760 BC Ltd., on August 25, 2020;
- completed a merger (reverse take-over) on November 30, 2020 with a private BC company, Sierra Madre Holdings Ltd. ("Sierra Madre Holdings"), whereby the Company, the legal acquirer, acquired all of the issued and outstanding shares of Sierra Madre Holdings by exchanging 31,938,887 of its common shares, on a one-for-one basis, with the shareholders of Sierra Madre Holdings. The result of this transaction is that the shareholders of Sierra Madre Holdings effectively gained control of the Company, thereby resulting in Sierra Madre Holdings becoming the accounting acquirer. The Company does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination.
- On December 15, 2020, the Company changed its name from L1 Capital Corp. to Sierra Madre Gold and Silver Ltd. The Company intends to apply for a listing of its shares on the TSX Venture Exchange.

APPENDIX B

SIERRA MADRE GOLD AND SILVER LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2019, DECEMBER 31, 2018 AND DECEMBER 31, 2017

[*See attached*]

SIERRA MADRE GOLD AND SILVER LTD.
(Formerly L1 Capital Corp.)

Management Discussion and Analysis of the Financial Position and Results of Operations for the Periods Ended December 31, 2019, 2018, and 2017

March 30, 2021

To Our Shareholders

Sierra Madre Gold and Silver Ltd. (the "Company") was incorporated on October 10, 2017 and since that time has been reviewing business opportunities in the mineral exploration industry. In November 2020, through a reverse take-over transaction, it acquired an interest in the Tepic silver-gold property in Mexico. The Company was incorporated as L1 Capital Corp. and changed its name to Sierra Madre Gold and Silver Ltd. on December 15, 2020.

This Annual Management Discussion and Analysis ("MD&A") supplements, but does not form part of, the financial statements of the Company for the years ended December 31, 2019 and 2018 and the period from incorporation to December 31, 2017. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the audited financial statements of the Company and the notes thereto for the periods ended December 31, 2019, 2018, and 2017 prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise stated, all amounts herein are expressed in Canadian dollars.

Overall Performance and Outlook

Highlights of the Company's activities during the periods under review are as follows:
- completed a private placement in February 2018 of 1,056,000 common shares at a price of $0.05 per share for proceeds of $52,800;
- completed a private placement in January 2020 of 300,000 common shares at a price of $0.05 per share for proceeds of $15,000;
- completed a merger (reverse take-over) on November 30, 2020 with Sierra Madre Holdings Ltd. ("Sierra Madre Holdings"), whereby the Company, the legal acquirer, acquired all of the issued and outstanding shares of Sierra Madre Holdings by issuing 31,938,887 of its common shares to the shareholders of Sierra Madre Holdings through a share exchange. The result of this transaction is that the shareholders of Sierra Madre Holdings effectively gained control of the Company, thereby resulting in Sierra Madre Holdings becoming the accounting acquirer. The Company does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination – see "*Outstanding Share Data*."

Through Sierra Madre Holdings, the Company is currently conducting exploration work in advance of future drilling at Tepic and making preparations to apply for a listing of the Company's shares on the TSX Venture Exchange.

Selected Annual Information

The following table summarizes selected financial information for the Company for each of the fiscal periods completed since its incorporation on October 10, 2017 to December 31, 2019, prepared in accordance with IFRS:

		Year ended 2019		Year ended 2018		Period ended 2017
Total assets	$	45,590	$	45,662	$	1
Cash	$	2,790	$	2,862	$	1
Subscriptions receivable	$	42,800	$	42,800	$	-
Current assets	$	45,590	$	45,662	$	1
Current liabilities	$	8,617	$	7,917	$	3,389
Long term liabilities	$	-	$	-	$	-
Total shareholders' equity (deficiency)	$	36,973	$	37,745	$	(3,388)
Comprehensive loss for the period	$	772	$	11,667	$	3,389
Basic and diluted loss per share	$	0.00	$	0.01	$	3,389
Weighted-average shares outstanding		1,056,001		934,489		1

The Company incurred legal costs of $3,389 during the period from incorporation until December 31, 2017. During 2018, the Company raised equity capital of $52,800 and incurred legal costs $11,586. During 2019, the Company incurred legal costs of $700.

Results of Operations

The Company had a comprehensive loss of $772 for the year ended December 31, 2019, $11,667 for the year ended December 31, 2018, and $3,389 for the 83-day period from incorporation to December 31, 2017. The most significant item included in the current and comparative losses is legal expense.

Cash flows used in operations, before changes in non-cash working capital items, totalled $772 in 2019 (2018 - $11,667; 2017 - $3,389). Changes in non-cash working capital items provided cash of $700 in 2019 (2018 - $4,528; 2017 - $3,389) resulting from an increase in accounts payable.

Financing activities for 2019 provided cash of $nil. Financing activities for 2018 provided cash of $10,000 through a private placement of shares (in addition to $42,800 in subscriptions receivable).

Summary of Quarterly Results

Quarterly Financial Data

The Company has no operating revenue. Selected financial information set out below is based on and derives from the unaudited condensed interim financial statements of the Company for each of the quarters listed:

Quarter Ended	**Dec 31 2019**	**Sep 30 2019**	**Jun 30 2019**	**Mar 31 2019**	**Dec 31 2018**	**Sep 30 2018**	**Jun 30 2018**	**Mar 31 2018**
Comprehensive loss	$ 18	$ 18	$ 18	$ 718	$ 5,401	$ 18	$ 6,222	$ 26
Loss per share - basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.01	$ 0.00

Quarter Ended	**Dec 31 2017**	**Sep 30 2017**	**Jun 30 2017**	**Mar 31 2017**
Comprehensive loss	$ 3,389	n/a	n/a	n/a
Loss per share - basic and diluted	$ 3,389	n/a	n/a	n/a

Since incorporation, the Company has had very little activity, except for legal work, with management providing their services without charge.

Financial Position and Liquidity

The Company has no history of profitable operations and is subject to many risks common to comparable companies, including a lack of revenues, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. Without operating revenues, the Company is dependent upon meeting its future capital requirements through the issuance of capital stock. Accordingly, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern, as discussed in note 1 to the December 31, 2019 financial statements.

At December 31, 2019, the Company had cash on hand of $2,790 (2018 - $2,862; 2017 - $1). The decrease in cash during 2019 results from the cash used in operating activities ($72). The increase in cash during 2018 results from the cash provided by financing activities ($10,000) exceeding the cash used in operating activities ($7,139). During 2018, the Company issued shares for cash of $10,000 and share subscriptions receivable of $42,800, which were collected in October 2020 ($35,000) and December 2020 ($7,800).

At December 31, 2019, the Company had working capital of $36,973 (2018 – $37,745; 2017 – working capital deficiency of $3,388). To December 31, 2019, the Company incurred minimal administrative expenses as it focussed on reviewing business opportunities. Management considers the Company's working capital resources to be insufficient to meet its overhead requirements and planned investment activities for the ensuing twelve months. To continue in operation and to explore the Tepic property acquired in November 2020 through the Sierra Madre Holdings transaction, the Company will need to raise additional equity funding – see "*Outstanding Share Data*." The administrative and exploration budgets are established depending on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets, administrative and exploration expenditures will be tailored to available cash resources. In addition, the out-break of the COVID-19 pandemic has introduced further uncertainty in the capital markets, which may negatively affect the future financing prospects of the Company.

Capital Resources and Commitments

The Company has cash requirements to meet its ongoing operating costs. Management believes that it will be able to raise equity capital as required to maintain operations in the short- and long-term, but recognizes the risks attached thereto. To date, the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable– see "*Outstanding Share Data*."

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2017, 2018, 2019 or as at the date of this report.

Proposed Transactions

The Company had no proposed transactions as at December 31, 2017, 2018, 2019 or as at the date of this report except for the reverse take-over transaction with Sierra Madre Holdings and its intention to obtain a listing on the TSX Venture Exchange– see "*Outstanding Share Data*."

Related Party Transactions and Key Management Compensation

As at December 31, 2019, key management consisted of the directors of the Company. There was no compensation paid or payable to key management for the periods ended December 31, 2019, 2018, or 2017.

Changes in Accounting Policies

On 1 January 2018, the Company adopted IFRS 9 – *Financial Instruments,* which replaces IAS 39 – *Financial Instruments – Recognition and Measurement*. The new standard provides guidance that is based on the Company's business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics. The adoption of this standard had no impact on the Company's financial statements.

On 1 January 2019, the Company adopted IFRS 16 – *Leases,* according to which all leases are presented in the balance sheet, except those that meet the limited exception criteria. The Company has no lease agreements and therefore the adoption of this standard had no impact on the Company's financial statements.

A detailed listing of the Company's significant accounting policies and recent pronouncements is provided in note 2 to its December 31, 2019 financial statements.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates. Due to the Company's early stage of development and the simple nature of its financial instruments and activities, management does not consider its current estimates, judgements, and assumptions to be significant.

Financial Instruments

The Company's financial instruments include cash, which is measured at FVTPL using a Level 1 fair value measurement, and subscriptions receivable and accounts payable, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

Risk Management

The Company is exposed to various financial risks with the most significant risk being liquidity risk. The Company may not be able to meets its obligations under its financial instruments as they fall due. The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. Cash projections are regularly updated to reflect the dynamic nature of the business. To date, the Company's capital requirements have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

The Company is also subject to credit risk, foreign currency risk, and interest rate risk, which are discussed in detail in note 7 of the Company's December 31, 2019 financial statements.

Disclosure for Companies without Significant Revenue

The Company has no source of operating revenue. The statements of comprehensive loss included in the Company's December 31, 2019, 2018, and 2017 financial statements provide a breakdown of the general and administrative expenses for the periods under review.

Outstanding Share Data

Details of the Company's outstanding shares are as follows:

	March 30 2021	December 31 2019	December 31 2018	December 31 2017
Shares issued and outstanding	33,294,888	1,056,001	1,056,001	1

As at December 31, 2019 and the date hereof, the Company had no outstanding stock options or share purchase warrants.

On October 10, 2017, the Company issued 1 common share to the incorporator of the Company for proceeds of $1.

In February 2018, the Company issued 1,056,000 common shares at a price of $0.05 per share.

In January 2020, the Company issued 300,000 common shares at a price of $0.05 per share.

On November 30, 2020, the Company completed a merger (reverse take-over) with Sierra Madre Holdings whereby the Company, the legal acquirer, acquired all of the issued and outstanding shares of Sierra Madre Holdings by issuing 31,938,887 of its common shares to the shareholders of Sierra Madre Holdings through a share exchange. The result of this transaction is that the shareholders of Sierra Madre Holdings effectively gained control of the Company, thereby resulting in Sierra Madre Holdings becoming the accounting acquirer. The Company does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination.

In October 2020, Sierra Madre Holdings completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the Company upon obtaining a conditional listing of the Company's shares on the TSX Venture Exchange prior to March 31, 2021.

The proceeds from this placement will be held in escrow until the Company obtains its conditional listing. Should a conditional listing not be attained by March 31, 2021, then the subscription receipts must be repaid to the subscribers.

Finders' fees of $1,023,820 are payable to qualified finders in respect of the placement. In addition, Sierra Madre Holdings issued 1,951,565 share purchase warrants to qualified finders with each warrant entitling the finder to purchase one common share of the Company at a price of $0.50 per share for a period of 24 months following closing of the placement.

Mineral Properties

Through its acquisition of Sierra Madre Holdings on November 30, 2020, the Company holds an exploration agreement and option to purchase a 100% interest in the Tepic project located in the State of Nayarit, Mexico. Gregory F. Smith, P.Geo acts as the company's Qualified Person as defined in National Instrument 43-101.

Tepic

The Tepic project is located approximately 27 km south-southeast from the city of Tepic, the capital of the State of Nayarit, Mexico. The project consists of five mining concessions totaling 2612.5 hectares.

In December 2017, Sierra Madre Holdings entered into an agreement providing it the with option to purchase a 100% interest in the Tepic project. To maintain the option, the Company paid the owner an initial payment of US$50,000 and must keep the concessions in good standing during the term of the agreement and pay the owner an additional US$400,000 in semi-annual payments of US$50,000 over four years. To date, all payments required under the agreement have been made to the option holder and the agreement is in good standing. As at the date of this report, there are three remaining semi-annual payments to be made on or before April 13, 2022.

Upon completing total payments of US$450,000, the Company can exercise its option and complete the purchase of the property by either making a final payment to the owner of US$1,500,000 or granting a 3% net smelter returns royalty ("NSR"), which would be extinguished upon payment of a total of US$4,000,000 in royalty payments. Should the Company elect to grant the NSR, it would subsequently have the right to purchase the NSR from the owner at a price of US$1,000,000 for each 1% (one-third) of the NSR purchased, to a maximum of US$3,000,000 for the entire NSR.

The project has been explored and exploited on a limited scale since Spanish colonial times. Modern exploration activities began in June 2000, when Cream Minerals de México S.A. de C.V. ("Cream") began a multi-year program of road construction, trenching, sampling, geologic mapping, geochemical soil surveys, and core drilling. Between 2002 and 2011, there were 149 drill holes completed by Cream for a total of 31,574.1 meters of drilling. This work delineated five zones of interesting and potentially economic mineralization, Dos Hornos 1 and 2, Veta Tomas, Once Bocas North, and Once Bocas South. Sampling in several other areas returned assay results that warrant additional follow up work.

In 2017 the company reviewed geological information, completed field reconnaissance studies to validate drill hole locations, road building, and environmental permitting. The access and drill roads were re-opened in late 2017 with work continuing into 2018. Data base creation and deck top studies in addition to field work was carried out in 2019. In 2020 environmental permits were secured for the drilling of 67 drill holes and several site visits were made by company personnel and consultants. A current NI-43-101 compliant technical report was completed and filed on SEDAR. The authors of the report are William A. Turner, P.Geol., and Derek Loveday, P.Geo. of Stantec Consulting International LLC.

In November of 2020 an inventory of all the Cream core holes stored in a warehouse in Tepic was undertaken and a core photo library was begun. Satellite imagery was purchased for the construction of a detailed project topographic map. 1:2000 geologic mapping began in December of 2020.

Management

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the Company's operations could result, and other persons would be required to manage and operate the Company.

Novel Coronavirus (COVID-19)

As at the date of this report, the Company's operations have not been materially affected by the Coronavirus. The Company has no staff and is currently being managed by persons who work from home. The out-break of the COVID-19 pandemic has introduced significant uncertainty in the capital markets, which may affect the ability of junior exploration companies to raise equity to fund operations and exploration activities. The financing prospects of the Company may be negatively affected should the COVID-19 pandemic persist for an extended period of time, which would affect the Company's ability to raise capital to fund its administrative overhead, maintain its interest in the Tepic project, and acquire new exploration projects. While the future impact of this outbreak is difficult to predict, the Company will continue to monitor and assess the associated risks to the Company's operations and remain prepared to respond appropriately.

Risk Factors

There are risks associated with the securities of the Company. The securities of the Company are highly speculative due to the nature of the Company's business and the present stage of its development. There is no assurance that the Company's exploration activities will result in the discovery of an economically viable mineral deposit. The Company's interest in the Tepic mineral property is subject to various risks. There can be no assurance that there are not title defects affecting the interest of the Company or the Optionor in the Tepic property. There is no assurance that the Company will be capable of exercising its option to acquire an interest in the Tepic property. Should minimum required expenditures not be maintained by the Optionor on the Tepic property, the Company could lose its interest in the property. The Company has incurred losses to date and management considers the Company's current financial resources to be insufficient to cover general and corporate expenses for the next twelve months. The Company currently has insufficient funds to acquire additional mineral properties and incur the exploration expenditures required to develop such properties. There is no assurance such additional funding will be available to the Company either through future equity financings or through converting its subscription receipts upon obtaining a listing with the TSX Venture Exchange. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's common shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined, the rate of resource extraction, fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection. The Company may become subject to liability for hazards against which it is not insured. The Tepic property have been previously explored and it is possible that previous operations have resulted in pollution or other environmental hazards that the Company could become responsible for. The Company competes with other mining companies with greater financial and technical resources. Certain of the Company's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

Controls and procedures

The CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note

This document contains "forward-looking information" which includes, but is not limited to, statements with respect to the future price of metals, historical estimates of mineralization, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of regulatory approvals. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". In making statements containing forward looking information, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the supply and demand for, deliveries of, and the level and volatility of prices of the Company's primary metals and minerals develop as expected; that the concessions for its current and future mineral properties are renewed and maintained in good standing; that the Company receives regulatory and governmental approvals for its mineral properties on a timely basis; that the Company is able to obtain financing for the development of its mineral properties on reasonable terms; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances; that any environmental and other proceedings *or disputes are satisfactorily resolved; and that the Company maintain its ongoing relations with the other parties to the option agreements on the Tepic property. However, statements containing forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current exploration activities; future metal prices; accidents, labour disputes and other risks of the mining industry; the risk that the concession for the Tepic property is not renewed; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

Approval

The Board of Directors of the Company has approved the disclosure contained in this Annual MD&A, a copy of which will be provided to any interested parties upon request.

Respectfully submitted
On Behalf of the Board of Directors

"Alex Langer"

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Alex Langer, President & CEO

APPENDIX C

SIERRA MADRE GOLD AND SILVER LTD. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2020

[*See attached*]

SIERRA MADRE GOLD AND SILVER LTD.

(Formerly L1 Capital Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Expressed in Canadian Dollars

Unaudited

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

Expressed in Canadian Dollars

Unaudited

ASSETS		September 30, 2020		December 31, 2019
Current				
Cash	$	17,732	$	2,790
Subscriptions receivable *(Note 3)*		42,800		42,800
	$	60,532	$	45,590
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	10,444	$	8,617
SHAREHOLDERS' EQUITY				
Share capital *(Note 3)*		67,801		52,801
Deficit		(17,713)		(15,828)
		50,088		36,973
	$	60,532	$	45,590

Nature and continuance of operations *(Note 1)*
Subsequent event *(Note 6)*

ON BEHALF OF THE BOARD:

"Alexander Langer", Director

"Sean McGrath", Director

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian Dollars
Unaudited

	Number of Shares		Share Capital *(Note 3)*		Deficit		Total
Balance – December 31, 2018	1,056,001	$	52,801	$	(15,056)	$	37,745
Comprehensive loss for the period	-		-		(754)		(754)
Balance – September 30, 2019	1,056,000		52,801		(15,810)		36,991
Comprehensive loss for the period	-		-		(18)		(18)
Balance – December 31, 2019	1,056,001		52,801		(15,828)		36,973
Shares issued for cash	300,000		15,000		-		15,000
Comprehensive loss for the period	-		-		(1,885)		(1,885)
Balance – September 30, 2020	1,356,001	$	67,801	$	(17,713)	$	50,088

- the accompanying notes are an integral part of these consolidated financial statements -

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30

Expressed in Canadian Dollars

Unaudited

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses				
Legal fees	$ 1,743	$ -	$ 1,827	$ 700
Office services and supplies	28	18	58	54
Comprehensive loss for the period	$ 1,771	$ 18	$ 1,885	$ 754
Loss per share – basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Weighted-average shares outstanding – basic and diluted	1,356,001	1,056,001	1,356,001	1,056,001

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30

Expressed in Canadian Dollars

Unaudited

CASH RESOURCES PROVIDED BY (USED IN)		2020		2019
Operating activities				
Loss for the period	$	(1,885)	$	(754)
Changes in non-cash working capital				
Accounts payable and accrued liabilities		1,827		700
		(58)		(54)
Financing activities				
Shares issued for cash		15,000		-
Change in cash for the period		14,942		(54)
Cash position - beginning of period		2,790		2,862
Cash position - end of period	$	17,732	$	2,808

- the accompanying notes are an integral part of these consolidated financial statements -

1. NATURE AND CONTINUANCE OF OPERATIONS

Sierra Madre Gold and Silver Ltd. (the "Company") was incorporated on October 10, 2017 in British Columbia and has its head office located at 10th Floor – 595 Howe Street, Vancouver, British Columbia, Canada. The Company was incorporated as L1 Capital Corp. and changed its name to Sierra Madre Gold and Silver Ltd. on December 15, 2020 *(Note 6)*. Since incorporation, the Company has been reviewing business opportunities in the mineral exploration industry.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). As at September 30, 2020 the Company had a deficit of $17,713 and working capital of $50,088, which it considers insufficient to fund its administrative and planned investment activities for the ensuing twelve months *(Note 6)*. The Company currently has no source of operating revenue and is unable to self-finance operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

If for any reason the Company is unable to secure the additional sources of financing and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements; such adjustments could be material. Additionally, the outbreak of the COVID-19 global pandemic has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended December 31, 2019. All financial information presented herein is unaudited. The Company's board of directors approved these financial statements for issue on March 30, 2021.

Basis of measurement

These financial statements have been prepared under the historical cost convention using the accrual basis of accounting, except for cash flow information.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and, from August 25, 2020, the accounts of 1262760 B.C. Ltd., a British Columbia company. The Company incorporated 1262760 B.C. Ltd. as a wholly-owned subsidiary on August 25,2020.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions and balances have been eliminated.

3. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

On January 1, 2020, the Company issued 300,000 common shares at a price of $0.05 per share for proceeds of $15,000.

In February 2018, the Company issued 1,056,000 common shares at a price of $0.05 per share for cash proceeds of $10,000 and subscriptions receivable of $42,800. The subscriptions receivable were collected in October 2020 ($35,000) and December 2020 ($7,800).

4. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, which is measured at FVTPL using a Level 1 fair value measurement, and subscriptions receivable and accounts payable, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

5. SEGMENTED INFORMATION

The Company is currently inactive, operates in Canada, and has no physical assets.

6. SUBSEQUENT EVENT

On November 30, 2020, the Company completed a merger (reverse take-over) with a private BC company, Sierra Madre Holdings Ltd. ("Sierra Madre Holdings"), whereby the Company, the legal acquirer, acquired all of the issued and outstanding shares of Sierra Madre Holdings by exchanging 31,938,887 of its common shares, on a one-for-one basis, with the shareholders of Sierra Madre Holdings. The result of this transaction is that the shareholders of Sierra Madre Holdings effectively gained control of the Company, thereby resulting in Sierra Madre Holdings becoming the accounting acquirer. The Company does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination.

On December 15, 2020, the Company changed its name from L1 Capital Corp. to Sierra Madre Gold and Silver Ltd. The Company intends to apply for a listing of its shares on the TSX Venture Exchange.

APPENDIX D

SIERRA MADRE GOLD AND SILVER LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2020

[*See attached*]

SIERRA MADRE GOLD AND SILVER LTD.
(Formerly L1 Capital Corp.)

Management Discussion and Analysis of the Financial Position and Results of Operations for the Nine Months Ended September 30, 2020

March 30, 2021

To Our Shareholders

Sierra Madre Gold and Silver Ltd. (the "Company") was incorporated on October 10, 2017 and since that time has been reviewing business opportunities in the mineral exploration industry. In November 2020, through a reverse take-over transaction, it acquired an interest in the Tepic silver-gold property in Mexico. The Company was incorporated as L1 Capital Corp. and changed its name to Sierra Madre Gold and Silver Ltd. on December 15, 2020.

This Interim Management Discussion and Analysis ("MD&A") supplements, but does not form part of, the financial statements of the Company for the nine months ended September 30, 2020. Consequently, the following discussion and analysis of the financial condition and results of operations should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and the notes thereto for the nine months ended September 30, 2020 prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise stated, all amounts herein are expressed in Canadian dollars.

Overall Performance and Outlook

Highlights of the Company's activities during the period under review are as follows:

- completed a private placement in January 2020 of 300,000 shares at a price of $0.05 per share for proceeds of $15,000;
- completed a merger (reverse take-over) on November 30, 2020 with Sierra Madre Holdings Ltd. ("Sierra Madre Holdings"), whereby the Company, the legal acquirer, acquired all of the issued and outstanding shares of Sierra Madre Holdings by issuing 31,938,887 of its common shares to the shareholders of Sierra Madre Holdings through a share exchange. The result of this transaction is that the shareholders of Sierra Madre Holdings effectively gained control of the Company, thereby resulting in Sierra Madre Holdings becoming the accounting acquirer. The Company does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination – see "*Outstanding Share Data*."

Through Sierra Madre Holdings, the Company is currently conducting exploration work in advance of future drilling at Tepic and making preparations to apply for a listing of the Company's shares on the TSX Venture Exchange.

Results of Operations

The Company had a comprehensive loss of $1,885 for the nine-month period ended September 30, 2020 and $754 for the nine-month period ended September 30, 2019. The most significant item included in the current and comparative losses is legal expense.

Cash flows used in operations, before changes in non-cash working capital items, were equal to the loss for the periods. Changes in non-cash working capital items provided cash of $1,827 in 2020 (2019 - $700) resulting from an increase in accounts payable. Financing activities for 2020 provided cash of $15,000 (2019 - $nil) from a private placement of shares.

Quarterly Financial Data

The Company has no operating revenue. Selected financial information set out below is based on and derives from the unaudited condensed interim financial statements of the Company for each of the quarters listed:

Quarter Ended	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018
Comprehensive loss	$ 1,771	$ 96	$ 18	$ 18	$ 18	$ 18	$ 718	$ 5,401
Loss per share - basic and diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01

Since incorporation, the Company has had very little activity, except for legal work, with management providing their services without charge.

Financial Position and Liquidity

The Company has no history of profitable operations and is subject to many risks common to comparable companies, including a lack of revenues, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. Without operating revenues, the Company is subject to liquidity risk and dependent upon meeting its future capital requirements through the issuance of capital stock. Accordingly, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern, as discussed in note 1 to the September 30, 2020 condensed interim consolidated financial statements.

At September 30, 2020, the Company had cash on hand of $17,732 (December 31, 2019 - $2,790). The increase in cash during 2020 results primarily from financing activities – the Company issued shares for cash of $15,000 in January 2020.

At September 30, 2020, the Company had working capital of $50,088 (December 31, 2019 - $36,973). To September 30, 2020, the Company incurred minimal administrative expenses as it focussed on reviewing business opportunities. Management considers the Company's working capital resources to be insufficient to meet its overhead requirements and planned investment activities for the ensuing twelve months. To continue in operation and to explore the Tepic property acquired in November 2020 through the Sierra Madre Holdings transaction, the Company will need to raise additional equity funding – see "*Outstanding Share Data.*"

The administrative and exploration budgets are established depending on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets, administrative and exploration expenditures will be tailored to available cash resources. In addition, the out-break of the COVID-19 pandemic has introduced further uncertainty in the capital markets, which may negatively affect the future financing prospects of the Company.

Capital Resources and Commitments

The Company has cash requirements to meet its ongoing operating costs. Management believes that it will be able to raise equity capital as required to maintain operations in the short- and long-term, but recognizes the risks attached thereto. To date, the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable– see "*Outstanding Share Data.*"

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at September 30, 2020 or as at the date of this report.

Proposed Transactions

The Company had no proposed transactions as at September 30, 2020 or as at the date of this report except for the reverse take-over transaction with Sierra Madre Holdings and its intention to obtain a listing on the TSX Venture Exchange– see "*Outstanding Share Data.*"

Related Party Transactions and Key Management Compensation

As at September 30, 2020, key management consisted of the directors of the Company. There was no compensation paid or payable to key management for the periods ended September 30, 2020 and 2019.

Changes in Accounting Policies

There were no changes in accounting policies during the current period. A detailed listing of the Company's significant accounting policies and recent pronouncements is provided in note 2 to its December 31, 2019 financial statements.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates. Due to the Company's early stage of development and the simple nature of its financial instruments and activities, management does not consider its current estimates, judgements, and assumptions to be significant.

Financial Instruments

The Company's financial instruments include cash, which is measured at FVTPL using a Level 1 fair value measurement, and subscriptions receivable and accounts payable, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

Disclosure for Companies without Significant Revenue

The Company has no source of operating revenue. The statements of comprehensive loss included in the Company's September 30, 2020 condensed interim consolidated financial statements provide a breakdown of the general and administrative expenses for the period under review.

Outstanding Share Data

Details of the Company's outstanding shares are as follows:

	March 30 2021	September 30 2020	December 31 2019
Shares issued and outstanding	33,294,888	1,356,001	1,056,001

As at September 30, 2020 and the date hereof, the Company had no outstanding stock options or share purchase warrants.

In January 2020, the Company issued 300,000 common shares at a price of $0.05 per share.

On November 30, 2020, the Company completed a merger (reverse take-over) with Sierra Madre Holdings whereby the Company, the legal acquirer, acquired all of the issued and outstanding shares of Sierra Madre Holdings by issuing 31,938,887 of its common shares to the shareholders of Sierra Madre Holdings through a share exchange. The result of this transaction is that the shareholders of Sierra Madre Holdings effectively gained control of the Company, thereby resulting in Sierra Madre Holdings becoming the accounting acquirer. The Company does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination.

In October 2020, Sierra Madre Holdings completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the Company upon obtaining a conditional listing of the Company's shares on the TSX Venture Exchange prior to March 31, 2021.

The proceeds from this placement will be held in escrow until the Company obtains its conditional listing. Should a conditional listing not be attained by March 31, 2021, then the subscription receipts must be repaid to the subscribers.

Finders' fees of $1,023,820 are payable to qualified finders in respect of the placement. In addition, Sierra Madre Holdings issued 1,951,565 share purchase warrants to qualified finders with each warrant entitling the finder to purchase one common share of the Company at a price of $0.50 per share for a period of 24 months following closing of the placement.

Mineral Properties

Through its acquisition of Sierra Madre Holdings on November 30, 2020, the Company holds an exploration agreement and option to purchase a 100% interest in the Tepic project located in the State of Nayarit, Mexico. Gregory F. Smith, P.Geo acts as the company's Qualified Person as defined in National Instrument 43-101.

Tepic

The Tepic project is located approximately 27 km south-southeast from the city of Tepic, the capital of the State of Nayarit, Mexico. The project consists of five mining concessions totaling 2612.5 hectares.

In December 2017, Sierra Madre Holdings entered into an agreement providing it the with option to purchase a 100% interest in the Tepic project. To maintain the option, the Company paid the owner an initial payment of US$50,000 and must keep the concessions in good standing during the term of the agreement and pay the owner an additional US$400,000 in semi-annual payments of US$50,000 over four years. To date, all payments required under the agreement have been made to the option holder and the agreement is in good standing. As at the date of this report, there are three remaining semi-annual payments to be made on or before April 13, 2022.

Upon completing total payments of US$450,000, the Company can exercise its option and complete the purchase of the property by either making a final payment to the owner of US$1,500,000 or granting a 3% net smelter returns royalty ("NSR"), which would be extinguished upon payment of a total of US$4,000,000 in royalty payments. Should the Company elect to grant the NSR, it would subsequently have the right to purchase the NSR from the owner at a price of US$1,000,000 for each 1% (one-third) of the NSR purchased, to a maximum of US$3,000,000 for the entire NSR.

The project has been explored and exploited on a limited scale since Spanish colonial times. Modern exploration activities began in June 2000, when Cream Minerals de México S.A. de C.V. ("Cream") began a multi-year program of road construction, trenching, sampling, geologic mapping, geochemical soil surveys, and core drilling. Between 2002 and 2011, there were 149 drill holes completed by Cream for a total of 31,574.1 meters of drilling. This work delineated five zones of interesting and potentially economic mineralization, Dos Hornos 1 and 2, Veta Tomas, Once Bocas North, and Once Bocas South. Sampling in several other areas returned assay results that warrant additional follow up work.

In 2017 the company reviewed geological information, completed field reconnaissance studies to validate drill hole locations, road building, and environmental permitting. The access and drill roads were re-opened in late 2017 with work continuing into 2018. Data base creation and deck top studies in addition to field work was carried out in 2019. In 2020 environmental permits were secured for the drilling of 67 drill holes and several site visits were made by company personnel and consultants. A current NI-43-101 compliant technical report was completed and filed on SEDAR. The authors of the report are William A. Turner, P.Geol., and Derek Loveday, P.Geo. of Stantec Consulting International LLC.

In November of 2020 an inventory of all the Cream core holes stored in a warehouse in Tepic was undertaken and a core photo library was begun. Satellite imagery was purchased for the construction of a detailed project topographic map. 1:2000 geologic mapping began in December of 2020.

Management

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the Company's operations could result, and other persons would be required to manage and operate the Company.

Novel Coronavirus (COVID-19)

As at the date of this report, the Company's operations have not been materially affected by the Coronavirus. The Company has no staff and is currently being managed by persons who work from home. The out-break of the COVID-19 pandemic has introduced significant uncertainty in the capital markets, which may affect the ability of junior exploration companies to raise equity to fund operations and exploration activities. The financing prospects of the Company may be negatively affected should the COVID-19 pandemic persist for an extended period of time, which would affect the Company's ability to raise capital to fund its administrative overhead, maintain its interest in the Tepic project, and acquire new exploration projects. While the future impact of this outbreak is difficult to predict, the Company will continue to monitor and assess the associated risks to the Company's operations and remain prepared to respond appropriately.

Risk Factors

There are risks associated with the securities of the Company. The securities of the Company are highly speculative due to the nature of the Company's business and the present stage of its development. There is no assurance that the Company's exploration activities will result in the discovery of an economically viable mineral deposit. The Company's interest in the Tepic mineral property is subject to various risks. There can be no assurance that there are not title defects affecting the interest of the Company or the Optionor in the Tepic property. There is no assurance that the Company will be capable of exercising its option to acquire an interest in the Tepic property. Should minimum required expenditures not be maintained by the Optionor on the Tepic property, the Company could lose its interest in the property. The Company has incurred losses to date and management considers the Company's current financial resources to be insufficient to cover general and corporate expenses for the next twelve months. The Company currently has insufficient funds to acquire additional mineral properties and incur the exploration expenditures required to develop such properties. There is no assurance such additional funding will be available to the Company either through future equity financings or through converting its subscription receipts upon obtaining a listing with the TSX Venture Exchange. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's common shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined, the rate of resource extraction, fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection. The Company may become subject to liability for hazards against which it is not insured. The Tepic property have been previously explored and it is possible that previous operations have resulted in pollution or other environmental hazards that the Company could become responsible for. The Company competes with other mining companies with greater financial and technical resources. Certain of the Company's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

Controls and procedures

The CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note

This document contains "forward-looking information" which includes, but is not limited to, statements with respect to the future price of metals, historical estimates of mineralization, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of regulatory approvals. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that *certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". In making statements containing forward looking information, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the supply and demand for, deliveries of, and the level and volatility of prices of the Company's primary metals and minerals develop as expected; that the concessions for its current and future mineral properties are renewed and maintained in good standing; that the Company receives regulatory and governmental approvals for its mineral properties on a timely basis; that the Company is able to obtain financing for the development of its mineral properties on reasonable terms; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances; that any environmental and other proceedings or disputes are satisfactorily resolved; and that the Company maintain its ongoing relations with the other parties to the option agreements on the Tepic property. However, statements containing forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current exploration activities; future metal prices; accidents, labour disputes and other risks of the mining industry; the risk that the concession for the Tepic property is not renewed; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.*

Approval

The Board of Directors of the Company has approved the disclosure contained in this Interim MD&A, a copy of which will be provided to any interested parties upon request.

Respectfully submitted
On Behalf of the Board of Directors

"Alex Langer"

Alex Langer, President & CEO

APPENDIX E

SIERRA MADRE HOLDINGS LTD. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019, DECEMBER 31, 2018 AND DECEMBER 31, 2017

[*See attached*]

SIERRA MADRE HOLDINGS LTD.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019, 2018 AND 2017

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Sierra Madre Holdings Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Sierra Madre Holdings Ltd. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2019, 2018 and 2017, and the consolidated statements of changes in shareholders' equity (deficiency), comprehensive loss, and cash flows for the years ended December 31, 2019 and 2018 and the period from incorporation on February 28 to December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 and the period from incorporation on February 28 to December 31, 2017 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

Davidson & Company LLP

Vancouver, Canada | Chartered Professional Accountants

March 30, 2021

SIERRA MADRE HOLDINGS LTD.
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31
Expressed in Canadian Dollars

ASSETS		2019		2018		2017
Current						
Cash	$	42,515	$	60,584	$	23
Mineral property *(Notes 5 and 6)*		202,785		202,785		-
	$	245,300	$	263,369	$	23

LIABILITIES						
Current						
Accounts payable and accrued liabilities	$	18,955	$	16,842	$	150
Due to related party *(Note 11)*		60,116		93,930		3,434
		79,071		110,772		3,584

SHAREHOLDERS' EQUITY (DEFICIENCY)						
Share capital *(Note 3)*		400,000		240,000		1
Subscription received in advance *(Note 3)*		113,000		38,000		-
Deficit		(346,771)		(125,403)		(3,562)
		166,229		152,597		(3,561)
	$	245,300	$	263,369	$	23

Nature and continuance of operations *(Note 1)*
Subsequent events *(Note 12)*

ON BEHALF OF THE BOARD:

"Alexander Langer", Director

"Sean McGrath", Director

- the accompanying notes are an integral part of these consolidated financial statements -

SIERRA MADRE HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND THE PERIOD FROM FEBRUARY 28 (INCORPORATION) TO DECEMBER 31, 2017

Expressed in Canadian Dollars

	Number of Shares *(Note 3)*	Share Capital *(Note 3)*	Subscriptions Received In Advance *(Note 3)*	Deficit	Total
Balance – February 28, 2017	-	$ -	$ -	$ -	$ -
Shares issued for cash	1	1	-	-	1
Comprehensive loss for the period	-	-	-	(3,562)	(3,562)
Balance – December 31, 2017	1	1	-	(3,562)	(3,561)
Share re-purchased and cancelled	(1)	(1)	-	-	(1)
Shares issued for cash	5,333,334	120,000	-	-	120,000
Subscription received in advance	-	-	38,000	-	38,000
Shares issued for acquisition of subsidiary *(Note 5)*	5,333,334	120,000	-	-	120,000
Comprehensive loss for the year	-	-	-	(121,841)	(121,841)
Balance – December 31, 2018	10,666,668	240,000	38,000	(125,403)	152,597
Shares issued for cash	7,111,112	160,000	-	-	160,000
Subscription received in advance	-	-	75,000	-	75,000
Comprehensive loss for the year	-	-	-	(221,368)	(221,368)
Balance – December 31, 2019	17,777,780	$ 400,000	$ 113,000	$ (346,771)	$ 166,229

- the accompanying notes are an integral part of these consolidated financial statements -

SIERRA MADRE HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND THE PERIOD FROM FEBRUARY 28 (INCORPORATION) TO DECEMBER 31, 2017

Expressed in Canadian Dollars

	Year ended December 31, 2019	Year ended December 31, 2018	Period ended December 31, 2017
Expenses			
Exploration and evaluation *(Note 6)*	$ 204,111	$ 110,945	$ -
Foreign exchange loss	4,980	695	-
Legal fees	-	7,200	3,434
Office and miscellaneous	904	448	128
Travel and accommodation	11,373	2,553	-
Comprehensive loss for the period	$ 221,368	$ 121,841	$ 3,562
Loss per share – basic and diluted	$ 0.02	$ 0.03	$ 3,562
Weighted-average number of shares Outstanding – basic and diluted	10,900,458	3,857,535	1

SIERRA MADRE HOLDINGS LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND THE PERIOD FROM FEBRUARY 28 (INCORPORATION) TO DECEMBER 31, 2017

Expressed in Canadian Dollars

CASH RESOURCES PROVIDED BY (USED IN)	Year ended December 31, 2019	Year ended December 31, 2018	Period ended December 31, 2017
Operating activities			
Loss for the period	$ (221,368)	$ (121,841)	$ (3,562)
Changes in non-cash working capital			
Accounts payable and accrued liabilities	2,113	10,038	150
	(219,255)	(111,803)	(3,412)
Investing activities			
Advances to Pita Exploration Limited	-	(86,165)	-
Financing activities			
Shares issued for cash	160,000	120,000	1
Repurchase of incorporator share	-	(1)	-
Subscription received in advance	75,000	38,000	-
Advances received from related party	80,101	178,801	3,434
Repayment of advances from related party	(113,915)	(88,305)	-
Cash acquired upon acquisition of subsidiary	-	10,034	-
	201,186	258,529	3,435
Change in cash for the period	(18,069)	60,561	23
Cash position - beginning of period	60,584	23	-
Cash position - end of period	$ 42,515	$ 60,584	$ 23

Supplemental schedule of non-cash investing and financing transactions			
Shares issued for acquisition of subsidiary	$ -	$ 120,000	$ -
Mineral property acquired upon acquisition of subsidiary	$ -	$ 202,785	$ -
Accounts payable assumed upon acquisition of subsidiary	$ -	$ 6,654	$ -
Inter-company loan payable assumed upon acquisition of subsidiary	$ -	$ 86,165	$ -

1. NATURE AND CONTINUANCE OF OPERATIONS

Sierra Madre Holdings Ltd. (the "Company") is a mineral exploration company incorporated on February 28, 2017 in British Columbia with its head office located at 10th Floor – 595 Howe Street, Vancouver, British Columbia, Canada. As part of an amalgamation completed on November 30, 2020 *(Note 12)*, the Company changed its name from Sierra Madre Gold and Silver Ltd. to Sierra Madre Holdings Ltd. The Company is considered to be in the exploration stage with respect to its mineral interest in Mexico. Based on the information available to date, the Company has not yet determined whether its mineral property contains ore reserves. The Company's continuing operation is dependent upon establishing reserves and resources, maintaining its rights, access, and title to the property, obtaining the financing necessary to maintain operations and successfully complete its exploration and development, and attaining future profitable production.

On September 18, 2020, the Company completed a consolidation of its share capital on the basis of one post-consolidation share for every 1.5 pre-consolidation shares. All share and per-share amounts presented in these financial statements have been retrospectively re-stated to reflect the consolidation.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). As at December 31, 2019 the Company had a deficit of $346,771 (2018 - $125,403; 2017 - $3,562), a working capital deficiency of $36,556 (2018 - $50,188; 2017 - $3,561), and insufficient resources to fund its operating activities for the ensuing twelve months *(Note 12)*. Consistent with other junior exploration companies, the Company has no source of operating revenue and is unable to self-finance operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

If for any reason the Company is unable to secure the additional sources of financing and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements; such adjustments could be material. Additionally, the outbreak of the COVID-19 global pandemic has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee using those standards in effect for the reporting year ended December 31, 2019. The Company's board of directors approved these financial statements for issue on March 30, 2021.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and, from October 29, 2018, the accounts of Pita Exploration Limited (a British Columbia company) and Pita Exploration, S. de R.L. de C.V. (a Mexican company). The Company gained control of these two companies on October 29, 2018 at which point they became wholly-owned subsidiaries *(Note 5)*.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION *- continued*

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention using the accrual basis of accounting, except for cash flow information.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions denominated in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Translation gains and losses are reflected in profit or loss for the period.

Cash

Cash includes balances held through current operating bank accounts at major financial institutions that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in nominal value.

Exploration and evaluation

The Company is currently in the exploration stage in respect of its mineral interest. Exploration and evaluation costs include the costs of acquiring licenses, option payments, costs incurred to explore and evaluate properties, and the fair value, upon acquisition, of mineral properties acquired in a business combination or a business combination accounted for as an asset acquisition.

Exploration and evaluation expenditures are expensed in the period they are incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination or a business combination accounted for as an asset acquisition. Significant property acquisition costs are capitalized only to the extent that such costs can be directly attributed to an area of interest where it is considered likely that such costs will be recoverable by future exploitation or sale of the acquired property. Development costs relating to specific properties are capitalized once management has made a development decision.

From time to time, the Company may acquire or dispose of mineral interests pursuant to the terms of option agreements. Where such options are exercisable entirely at the discretion of the optionee, the related amounts payable or receivable are not recorded. Option payments are recorded in the period that the payments are made or received. The Company does not accrue costs to maintain mineral interests in good standing. Expenditure recoveries are recorded in the period that the payments are received.

Restoration provisions

The Company recognizes liabilities for legal, statutory, contractual, and constructive obligations associated with the reclamation or rehabilitation of mineral properties that the Company is required to settle. The Company recognizes the fair value of liabilities for such obligations in the period in which they occur or in the period in which a reasonable estimate of such costs can be made. The obligation is recorded as a liability with a corresponding charge to operations. The liability is accreted over time to reflect an interest element in the estimated future cash flows considered in the initial measurement. The Company's estimates of provisions for restoration obligations could change as a result of changes in regulations, the discount rate, the extent of environmental remediation required, the means of reclamation, or the cost estimates. Changes in estimates are recorded in the period in which the estimates are revised. The Company has determined that it has no significant restoration obligations as at December 31, 2019, 2018, or 2017.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Impairment

Financial assets are reviewed at the end of each reporting period for objective evidence indicating that changes in the market, economic, or legal environment has had a negative effect on the estimated future cash flows of the asset or group of assets. The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

The carrying values of non-financial assets are reviewed at the end of each reporting period for indications of impairment. Exploration and evaluation assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Should indications of impairment exist, the recoverable amount of the asset is estimated as the higher of fair value less selling costs and value-in-use. Fair value is estimated as the net amount that would be realized from the sale of the asset to a knowledgeable and willing arm's length party. Value-in-use is determined using estimated future cash flows, discounted using a pre-tax discount rate that reflects the time value of money and risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount by an impairment loss that is recognized in profit or loss for the period. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum of its original carrying value, with the reversal being recognized in profit or loss for the period.

Loss per share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments and its effect on earnings per share is calculated based on the use of the proceeds that would be obtained upon exercise of in-the-money options, warrants and similar instruments. It is assumed that the proceeds would be used to purchase common shares at the average market price during the period. Stock options and share purchase warrants are not included in the computation of diluted loss per share due to their anti-dilutive effect.

Share capital

Share capital issued for non-monetary consideration is recorded at the fair value of the non-monetary consideration received, or at the fair value of the shares issued if the fair value of the non-monetary consideration cannot be measured reliably, on the date of issue. The Company uses the residual value approach in respect of unit offerings, whereby the amount assigned to the warrant is the excess, if any, of the unit price over the trading price of the Company's shares at the date of issuance.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Income taxes

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the liability method, which recognizes differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax assets are recognized only to the extent that sufficient taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability will be settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in the period that the substantive enactment occurs. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates, judgements, and assumptions

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates. The Company's most significant accounting judgements relate to the determination of functional currency and the ongoing viability of its mineral property.

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of its subsidiaries is the Canadian dollar. While transactions conducted outside of Canada are typically denominated in either the Mexican peso or the U.S. dollar, the subsidiary has no revenues from operations and is dependent upon the Company for financing of its operations and exploration activities, which are largely determined in Canada.

Management must determine if there are indicators that its right to explore its mineral property has expired or may expire in the future, that future exploration and evaluation plans are not warranted, or that the development of the property or a portion thereof is unlikely to recover existing exploration and evaluation costs. Should any of these indicators be present, the mineral property could be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Adoption of new accounting standard – financial instruments

On January 1, 2018, the Company adopted IFRS 9 – *Financial Instruments,* which replaces IAS 39 *Financial Instruments – Recognition and Measurement.* The new standard provides guidance that is based on the Company's business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics. Financial instruments are classified under three primary measurement categories: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). Upon adoption of IFRS 9 on a retrospective basis, there was no impact on the carrying values or equity as at January 1, 2018 and no measurement differences resulted due to adopting the new standard.

Determination of the classification of financial instruments is made at initial recognition and reclassifications are made only upon the Company changing its business model for managing its financial instruments. Financial assets are derecognized when they mature or are sold, and substantially all of the risks and rewards of ownership have been transferred. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, upon initial recognition the Company can make a one-time irrevocable election to designate them as FVTOCI.

Financial assets

FVTPL

Financial assets classified as FVTPL are initially recognized at fair value with transaction costs being expensed in the period incurred. Realized gains and losses recognized upon derecognition and unrealized gains and losses arising from changes in the fair value of the financial assets are included in profit or loss in the period in which they arise.

FVTOCI

Investments in equity instruments classified as FVTOCI are initially recognized at fair value plus transaction costs. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income with no subsequent reclassification to profit or loss upon derecognition. Realized gains and losses recognized upon derecognition remain within accumulated other comprehensive income.

Financial assets – *continued*

Amortized cost

A financial asset is measured at amortized cost if the objective of the Company's business model is to hold the instrument for the collection of contractual cash flows, which are comprised solely of payments of principal and interest. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment losses are included in profit or loss in the period the impairment is recognized.

Financial liabilities

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost, unless they are required to be measured at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION – *continued*

Adoption of new accounting standard – financial instruments – *continued*

Fair value hierarchy

The Company's financial assets and liabilities are classified in accordance with a fair value hierarchy, which establishes three levels to classify the inputs to valuation techniques used to measure fair value as follows: Level 1 – valuation based on unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 – valuation based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 – valuation based on inputs that are not based on observable market data.

Adoption of new accounting standard – leases

On January 1, 2019, the Company adopted IFRS 16 – *Leases,* according to which all leases are presented in the balance sheet of the lessee, except those that meet the limited exception criteria. The Company has no lease agreements and therefore the adoption of this new standard had no impact on the Company's consolidated financial statements.

3. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

Share consolidation

On September 18, 2020, the Company completed a consolidation of its share capital on the basis of one post-consolidation share for every 1.5 pre-consolidation shares. All share and per-share amounts presented in these financial statements have been retrospectively re-stated to reflect the consolidation.

Share issuances

On February 28, 2017, the Company issued 1 common share to the incorporator of the Company for proceeds of $1. In June 2018, the Company re-purchased and cancelled this share for $1 and issued 5,333,334 common shares at a price of $0.0225 per share for proceeds of $120,000.

In October 2018, the Company issued 5,333,334 common shares, under a share exchange agreement, to acquire all of the issued and outstanding shares of Pita Exploration Limited. The fair value of the shares issued was measured at $0.0225 per share for total consideration of $120,000 *(Note 5)*.

In December 2019, the Company issued 7,111,112 common shares at a price of $0.0225 per share for proceeds of $160,000.

In December 2018, the Company received a share subscription of $38,000 and in October 2019 received an additional subscription of $75,000 in respect of a private placement that completed in June 2020 *(Note 12)*.

Expressed in Canadian Dollars

4. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, which is measured at FVTPL using a Level 1 fair value measurement, and accounts payable and due to related party, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

5. ACQUISITION OF PITA EXPLORATION LIMITED

On October 29, 2018, the Company entered into a share exchange agreement to acquire all of the outstanding shares of Pita Exploration Limited ("Pita"), which, through its wholly-owned subsidiary, Pita Exploration, S. de R.L. de C.V., holds an interest in the Tepic silver-gold property in Nayarit, Mexico *(Note 6)*. Under the terms of the agreement, the shareholders of Pita surrendered all of their common shares in Pita to the Company in exchange for 5,333,334 common shares of the Company. Based on the share prices of recent and subsequent private placements completed by the Company, the fair value of the Company's common shares issued under the agreement was measured at $0.0225 per share for total consideration of $120,000. The acquisition of Pita has been accounted for as an asset acquisition. Details of the fair values of the identifiable assets and liabilities acquired and assumed on the date of acquisition are as follows:

Cash	$	10,034
Mineral property		202,785
Accounts payable		(6,654)
Inter-company loan payable		(86,165)
Fair value of consideration	$	120,000

6. EXPLORATION AND EVALUATION

Mineral Property

Tepic, Mexico

The amount recorded for the Company's mineral property relates to the Tepic silver-gold project in Nayarit, Mexico and consists of the fair value of the asset acquired through the acquisition of Pita on October 29, 2018 *(Note 5)*. The amount recorded for mineral property represents the cost of acquiring the asset and does not necessarily represent the current or future value.

In December 2017, the Company entered into an agreement providing it the with option to purchase a 100% interest in the Tepic project. To maintain the option, the Company paid the owner an initial payment of US$50,000 and must keep the concessions in good standing during the term of the agreement and pay the owner an additional US$400,000 in semi-annual payments of US$50,000 over four years. To date, all payments required under the agreement have been made to the option holder and the agreement is in good standing.

Upon completing total payments of US$450,000, the Company can exercise its option and complete the purchase of the property by either making a final payment to the owner of US$1,500,000 or granting a 3% net smelter returns royalty ("NSR"), which would be extinguished upon payment of a total of US$4,000,000 in royalty payments. Should the Company elect to grant the NSR, it would subsequently have the right to purchase the NSR from the owner at a price of US$1,000,000 for each 1% (one-third) of the NSR purchased, to a maximum of US$3,000,000 for the entire NSR.

Expressed in Canadian Dollars

6. EXPLORATION AND EVALUATION – *continued*

Expenditures

The Company expenses exploration and evaluation expenditures in the period incurred. Expenditures for the years ended December 31 and cumulative expenditures as at December 31, 2019 are as follows:

Mexico		Expenditures 2019		Expenditures 2018 *(i)*		Cumulative 2019
Tepic						
Acquisition and options payments	$	153,015	$	77,155	$	230,170
Administration		3,054		448		3,502
Field materials		6,144		902		7,046
Land holding costs		35,543		32,440		67,983
Legal, license, and taxes		6,355		-		6,355
	$	204,111	$	110,945	$	315,056

(i) Expenditures for the year ended December 31, 2018 include activity for the period from October 29 (date of acquisition) to December 31, 2018 *(Note 5)*.

Title

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral property and, to the best of its knowledge, title is in good standing and in accordance with the related option agreement.

7. INCOME TAXES

The Company has various non-capital tax losses and deferred exploration expenditures that are available for carry forward to reduce taxable income of future years. Details of income tax expense for the periods ended December 31 are as follows:

		2019		2018		2017
Loss before income taxes for accounting purposes	$	(221,368)	$	(121,841)	$	(3,562)
Expected tax recovery for the period		(59,769)		(32,897)		(926)
Effect of different tax rate on foreign losses		(6,029)		(7,185)		-
Non-deductible expenses and other		943		2,013		-
Change in unrecognized deductible temporary differences		64,855		38,069		926
Tax expense (recovery) for the period	$	-	$	-	$	-

7. INCOME TAXES – *continued*

Deferred taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets as at December 31 are as follows:

	2019	2018	2017
Non-capital loss carry-forwards	$ 7,500	$ 4,000	$ 926
Exploration expenditures	94,500	34,000	-
Unrecognized deferred tax assets	$ 102,000	$ 38,000	$ 926

The Company's deferred tax assets expire between 2027 and 2040 as follows:

	2019	2018	2017
Non-capital losses	$ 28,100	$ 14,600	$ 3,600
Exploration expenditures	$ 314,800	$ 113,800	$ -

8. CAPITAL DISCLOSURES

The Company is in the business of mineral exploration and has no source of operating revenue. The Company has no long-term debt and typically finances its operations through the issuance of share capital. Capital raised is held in cash in an interest-bearing bank account or guaranteed investment certificate until such time as it is required to pay operating expenses or exploration and evaluation costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company's objectives have not changed during the period presented.

9. RISK MANAGEMENT

The Company is exposed to various financial risks as detailed below:

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's primary credit risk is associated with its Canadian cash balances, which are held through a major Canadian financial institution with a high investment grade rating. The Company also maintains cash balances denominated in pesos and U.S. dollars, held through a major bank in Mexico, which also has a high investment grade rating. The carrying value of the Company's cash of $42,515 represents the Company's maximum exposure to credit risk as at December 31, 2019 (2018 - $60,584; 2017 - $23).

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the Company's financial instruments will fluctuate due to changes in exchange rates. The Company carries cash and accounts payable balances denominated in Mexican pesos and U.S. dollars, which are subject to currency risk due to fluctuations in the exchange rates with the Canadian dollar.

Due to the volatility of the exchange rates between the Canadian dollar, the peso, and the U.S. dollar, such currency risk could result in future gains or losses to the Company. Based on the Company's net monetary liabilities denominated in Mexican pesos and U.S. dollars as at December 31, 2019, a 10% fluctuation in the exchange rates of these currencies would result in a gain or loss of approximately $1,585 (2018 - $3,389; 2017 - $nil).

9. RISK MANAGEMENT – *continued*

Liquidity Risk

The Company is subject to liquidity risk such that it may not be able to meets its obligations under its financial instruments as they fall due *(Note 1).* The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. Cash projections are regularly updated to reflect the dynamic nature of the business. To date, the Company's capital requirements have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Interest Rate Risk

Interest rate risk relates the effect on the Company's financial instruments due to changes in market rates of interest. The Company holds cash, which earns nominal interest, and has a short-term liability due to a related party, which is non-interest bearing. The Company considers its interest rate risk in respect of these instruments to be immaterial.

10. SEGMENTED INFORMATION

The Company currently operates in only one operating segment, that being the mineral exploration industry. The Company currently operates in Canada and Mexico, has no physical assets, and is maintaining an interest in a mineral property located in Mexico.

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management consists of the sole director of the Company. There was no compensation paid or payable to this director for the periods ended December 31, 2019, 2018, or 2017.

Due to related party consists of advances made to, and expenses paid on behalf of, the Company by this director. These amounts are unsecured, non-interest bearing, and due on demand.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company:

- issued 14,161,107 common shares from treasury in June 2020 for proceeds of $2,124,167;
- competed a consolidation of its share capital on the basis of one post-consolidation share for every 1.5 pre-consolidation shares on September 18, 2020 *(Note 3)*;
- completed a merger (reverse take-over) on November 30, 2020 with an inactive private BC company, L1 Capital Corp. ("L1"), whereby L1, the legal acquirer, acquired all of the issued and outstanding shares of the Company by exchanging 31,938,887 of its common shares, on a one-for-one basis, with the shareholders of the Company. The result of this transaction is that the shareholders of the Company effectively gained control of L1, thereby resulting in the Company becoming the accounting acquirer. L1 does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination. On December 15, 2020, L1 changed its name to Sierra Madre Gold and Silver Ltd.; and

- **12. SUBSEQUENT EVENTS** – *continued*

  - completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt in October 2020 for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the merged company upon obtaining a conditional listing of the merged company's shares on the TSX Venture Exchange prior to March 31, 2021.

    The proceeds from this placement will be held in escrow until the merged company obtains its conditional listing. Should the merged company not obtain a conditional listing by March 31, 2021, then the subscription receipts must be repaid to the subscribers.

    Finders' fees of $1,023,820 are payable to qualified finders in respect of the placement. In addition, the Company issued 1,951,565 share purchase warrants to qualified finders with each warrant entitling the finder to purchase one common share of the merged company at a price of $0.50 per share for a period of 24 months following closing of the placement.

APPENDIX F

SIERRA MADRE HOLDINGS LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2019, DECEMBER 31, 2018 AND DECEMBER 31, 2017

[*See attached*]

SIERRA MADRE HOLDINGS LTD.

Management Discussion and Analysis of the Financial Position and Results of Operations for the Periods Ended December 31, 2019, 2018, and 2017

March 30, 2021

To Our Shareholders

Sierra Madre Holdings Ltd. ("Sierra Madre Holdings" or the "Company") is a junior mineral exploration company. The Company was incorporated on February 28, 2017 and since that time has been reviewing mineral projects for acquisition. In October 2018, the Company acquired an interest in the Tepic silver-gold property in Mexico. As part of an amalgamation completed on November 30, 2020, the Company changed its name from Sierra Madre Gold and Silver Ltd. to Sierra Madre Holdings Ltd.

This Annual Management Discussion and Analysis ("MD&A") supplements, but does not form part of, the consolidated financial statements of the Company for the years ended December 31, 2019 and 2018 and the period from incorporation to December 31, 2017. Consequently, the following discussion and analysis of the financial condition and results of operations for Sierra Madre Holdings should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto for the periods ended December 31, 2019, 2018, and 2017 prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise stated, all amounts herein are expressed in Canadian dollars.

Overall Performance and Outlook

Highlights of the Company's activities during the periods under review are as follows:

- completed a 1-for-1.5 consolidation of its common shares effective September 18, 2020. All references herein to shares and per-share amounts are post-consolidation amounts – see "*Outstanding Share Data;*"
- completed a private placement in June 2018 of 5,333,334 shares at a price of $0.0225 per share for proceeds of $120,000;
- acquired all of the outstanding shares of Pita Exploration Limited ("Pita") in October 2018 under a share exchange agreement by issuing 5,333,334 shares with a fair value of $120,000. Pita holds an exploration and option-to-purchase agreement on the Tepic property;
- completed a private placement in December 2019 by issuing 7,111,112 shares at a price of $0.0225 per share for proceeds of $160,000;
- completed a private placement in June 2020 by issuing 14,161,107 shares at a price of $0.15 per share for proceeds of $2,124,167;
- completed a merger (reverse take-over) on November 30, 2020 with L1 Capital Corp. ("L1"), whereby L1, the legal acquirer, acquired all of the issued and outstanding shares of the Company by issuing 31,938,887 of its common shares, on a one-for-one basis, to the shareholders of the Company through a share exchange. The result of this transaction is that the shareholders of the Company effectively gained control of L1, thereby resulting in the Company becoming the accounting acquirer. L1 does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination. On December 15, 2020, L1 changed its name to Sierra Madre Gold and Silver Ltd.; and
- completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt in October 2020 for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the merged company upon obtaining a conditional listing of the merged company's shares on the TSX Venture Exchange prior to March 31, 2021 – see "*Outstanding Share Data*."

The Company is currently conducting exploration work in advance of future drilling at Tepic and making preparations to apply for a listing of the combined company's shares on the TSX Venture Exchange.

Selected Annual Information

The following table summarizes selected financial information for the Company for each of the fiscal periods completed since its incorporation on February 28, 2017 to December 31, 2019, prepared in accordance with IFRS:

		Year ended 2019		Year ended 2018		Period ended 2017
Total assets	$	245,300	$	263,369	$	23
Cash	$	42,515	$	60,584	$	23
Current assets	$	42,515	$	60,584	$	23
Mineral property	$	202,785	$	202,785	$	-
Current liabilities	$	79,071	$	110,772	$	3,584
Long term liabilities	$	-	$	-	$	-
Total shareholders' equity (deficiency)	$	166,229	$	152,597	$	(3,561)
Comprehensive loss for the period	$	221,368	$	121,841	$	3,562
Basic and diluted loss per share	$	0.02	$	0.03	$	3,562
Weighted-average shares outstanding		10,900,458		3,857,535		1

The Company had very little financial activity during the period from incorporation until December 31, 2017. During 2018, the Company raised equity capital of $240,000, acquired Pita, and began working on the Tepic project expending $110,945 in exploration and evaluation expenditures. During 2019, the Company raised equity capital of $160,000 and incurred $204,111 in exploration and evaluation expenditures to maintain and advance the Tepic project.

Results of Operations

The Company had a comprehensive loss of $221,368 for the year ended December 31, 2019, $121,841 for the year ended December 31, 2018, and $3,562 for the 307-day period from incorporation to December 31, 2017. Significant items included in the current and comparative losses are as follows:

		Year ended 2019		Year ended 2018		Period ended 2017
Exploration and evaluation	$	204,111	$	110,945	$	-
Foreign exchange loss	$	4,980	$	695	$	-
Legal	$	-	$	7,200	$	3,434
Travel and accommodation	$	11,373	$	2,553	$	-

The Company's most significant cost since incorporation was for legal expenses until its acquisition of Pita on October 29, 2018, at which time it began to incur exploration and evaluation expenses at its Tepic project. Exploration and evaluation expenditures are as follows:

		Year ended 2019		Year ended 2018 *(i)*		Period ended 2017
Acquisition and option payments	$	153,015	$	77,155	$	-
Administration		3,054		448		-
Field materials		6,144		902		-
Land holding costs		35,543		32,440		-
Lease, licenses, and taxes		6,355				
	$	204,111	$	110,945	$	-

(i) Expenditures for the year ended December 31, 2018 include activity for the period from October 29 (date of acquisition) to December 31, 2018.

Cash flows used in operations, before changes in non-cash working capital items, totalled $221,368 in 2019 (2018 - $121,841; 2017 - $3,562) and include $204,111 (2018 - $110,945; 2017 - $nil) in exploration and evaluation expenses and $17,257 (2018 - $10,896; 2017 - $3,562) in general and administrative expenses. The Company had no exploration and evaluation expenditures until it acquired the Tepic project through its acquisition of Pita in October 2018. Changes in non-cash working capital items provided cash of $2,113 in 2019 (2018 - $10,038; 2017 - $150) resulting from an increase in accounts payable.

Financing activities for 2019 provided cash of $201,186 – $160,000 through a private placement of shares; $75,000 from a subscription received in advance of a 2020 private placement; and a $33,814 repayment of related party advances.

Financing activities for 2018 provided cash of $258,529 – $120,000 through a private placement of shares, less a share repurchase of $1; $38,000 from a subscription received in advance of a 2020 private placement; cash of $10,034 acquired through the acquisition of Pita and $90,496 from related party advances. Investing activities for 2018 consisted of advances of $86,165 due from Pita acquired through the acquisition of the company.

Cash flows for the 2017 period included a legal account paid on behalf of the Company by its director.

Summary of Quarterly Results

Quarterly Financial Data

The Company has no operating revenue. Selected financial information set out below is based on and derives from the unaudited condensed interim financial statements of the Company for each of the quarters listed:

Quarter Ended	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018
Exploration and evaluation expenditures	$ 126,093	$ 10	$ 76,047	$ 1,961	$ 110,945	$ -	$ -	$ -
Comprehensive loss	$ 131,529	$ 65	$ 78,436	$ 11,338	$ 112,003	$ 5,621	$ 1,628	$ 2,589
Loss per share - basic and diluted	$ 0.01	$ 0.00	$ 0.01	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 2,589

Quarter Ended	Dec 31 2017	Sep 30 2017	Jun 30 2017	Mar 31 2017
Exploration and evaluation expenditures	$ -	$ -	$ -	$ -
Comprehensive loss	$ 42	$ 43	$ 43	$ 3,434
Loss per share - basic and diluted	$ 42	$ 43	$ 43	$ 3,434

The Company had very little activity until it acquired Pita and began working on the Tepic project in October 2018. During 2017 and 2018, the Company incurred legal and travel costs. Upon acquiring Pita, the Company incurred exploration and evaluation expenditures to maintain and advance the Tepic project.

Financial Position and Liquidity

The Company has no history of profitable operations and the exploration of its Tepic mineral property is at an early stage. Therefore, it is subject to many risks common to comparable companies, including a lack of revenues, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. Without operating revenues, the Company is dependent upon meeting its future capital requirements through the issuance of capital stock. Accordingly, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern, as discussed in note 1 to the December 31, 2019 consolidated financial statements.

At December 31, 2019, the Company had cash on hand of $42,515 (2018 - $60,584; 2017 - $23). The decrease in cash during 2019 results from the cash used in operating activities ($219,255) exceeding the cash provided by financing activities ($201,186). The increase in cash during 2018 results from the cash provided by financing activities ($258,529) exceeding the cash used in operating activities ($111,803) and investing activities ($86,165).

At December 31, 2019, the Company had a working capital deficiency of $36,556 (2018 – $50,188; 2017 - $3,561). The Company increased its working capital position through a subsequent financing of $2,124,167 completed in June 2020. The Company closed a private placement of subscription receipts in October 2020, however, these funds will be classified as a current liability until the merged company obtains a listing of its shares on the TSX Venture Exchange or the amounts are repaid in the event a listing is not obtained prior to March 31, 2021. Upon obtaining a listing, the subscription receipts will automatically convert into shares of the merged company and the funds will be available for working capital purposes.

To December 31, 2019, the Company incurred minimal administrative expenses as it focussed mainly on acquiring and maintaining its interest in the Tepic project. Management considers the Company's working capital resources to be insufficient to meet its overhead requirements and planned exploration activities for the ensuing twelve months. To continue in operation and to acquire new mineral prospects, the merged company will need to obtain its listing on the TSX Venture Exchange or raise additional equity funding. The administrative and exploration budgets are established depending on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets, administrative and exploration expenditures will be tailored to available cash resources. In addition, the out-break of the COVID-19 pandemic has introduced further uncertainty in the capital markets, which may negatively affect the future financing prospects of the Company.

Capital Resources and Commitments

The Company has an option-to-purchase agreement on the Tepic property that calls for semi-annual payments of US$50,000, to a maximum of US$450,000 to keep the agreement in good standing. As at the date of this report, the Company had remaining payments totalling US$150,000 to make on or before April 13, 2022. These payments are option payments and can be made at the discretion of management and therefore are not firm commitments.

The Company has cash requirements to meet its ongoing overhead costs. Management believes that it will be able to raise equity capital as required to maintain operations in the short- and long-term, but recognizes the risks attached thereto. To date, the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2017, 2018, 2019 or as at the date of this report.

Proposed Transactions

The Company had no proposed transactions as at December 31, 2017, 2018, 2019 or as at the date of this report except for the reverse take-over transaction with L1 and its intention to obtain a listing on the TSX Venture Exchange – see "*Outstanding Share Data.*"

Related Party Transactions and Key Management Compensation

As at December 31, 2019, key management consisted of the sole director of the Company. There was no compensation paid or payable to this director for the periods ended December 31, 2019, 2018, or 2017.

Due to related party consists of advances made to, and expenses paid on behalf of, the Company by this director. These amounts are unsecured, non-interest bearing, and due on demand.

Changes in Accounting Policies

On 1 January 2018, the Company adopted IFRS 9 – *Financial Instruments,* which replaces IAS 39 – *Financial Instruments – Recognition and Measurement*. The new standard provides guidance that is based on the Company's business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics. The adoption of this standard had no impact on the Company's financial statements.

On 1 January 2019, the Company adopted IFRS 16 – *Leases,* according to which all leases are presented in the balance sheet, except those that meet the limited exception criteria. The Company has no lease agreements and therefore the adoption of this standard had no impact on the Company's financial statements.

A detailed listing of the Company's significant accounting policies and recent pronouncements is provided in Note 2 to its December 31, 2019 consolidated financial statements.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates. The Company's most significant accounting judgements relate to the determination of functional currency and the ongoing viability of its mineral property.

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of its subsidiaries is the Canadian dollar. While transactions conducted outside of Canada are typically denominated in either the Mexican peso or the U.S. dollar, the subsidiary has no revenues from operations and is dependent upon the Company for financing of its operations and exploration activities, which are largely determined in Canada.

Management must determine if there are indicators that its right to explore its mineral property has expired or may expire in the future, that future exploration and evaluation plans are not warranted, or that the development of the property or a portion thereof is unlikely to recover existing exploration and evaluation costs. Should any of these indicators be present, the mineral property could be impaired.

Financial Instruments

The Company's financial instruments include cash, which is measured at FVTPL using a Level 1 fair value measurement, and accounts payable and due to related party, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

Risk Management

The Company is exposed to various financial risks with the most significant risk being liquidity risk. The Company may not be able to meets its obligations under its financial instruments as they fall due. The Company manages this risk by maintaining cash balances to ensure that it is able to meet its short- and long-term obligations as and when they fall due. Cash projections are regularly updated to reflect the dynamic nature of the business. To date, the Company's capital requirements have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

The Company is also subject to credit risk, foreign currency risk, and interest rate risk, which are discussed in detail in note 9 of the Company's December 31, 2019 consolidated financial statements.

Disclosure for Companies without Significant Revenue

Consistent with other companies in the mineral exploration industry, the Company has no source of operating revenue. The statements of comprehensive loss included in the Company's December 31, 2019, 2018, and 2017 consolidated financial statements provide a breakdown of the general and administrative expenses for the periods under review. Note 6 to these financial statements includes detailed listings of the exploration and evaluation costs incurred on its mineral property.

Outstanding Share Data

Effective September 18, 2020, the Company consolidated its outstanding common shares on the basis of one post-consolidation share for every 1.5 pre-consolidation shares. All information and per-share amounts in respect of issued and outstanding shares, incentive stock options, share purchase warrants, and loss per share have been retrospectively adjusted to reflect the consolidation.

Details of the Company's outstanding shares are as follows:

	September 30 2020 (i)	December 31 2019	December 31 2018	December 31 2017
Shares issued and outstanding	31,938,887	17,777,780	10,666,668	1

(i) And as at March 30, 2021.

As at December 31, 2019, the Company had no outstanding stock options or share purchase warrants.

On February 28, 2017, the Company issued 1 common share to the incorporator of the Company for proceeds of $1. In June 2018, the Company re-purchased and cancelled this share for $1 and issued 5,333,334 common shares at a price of $0.0225 per share.

In October 2018, the Company issued 5,333,334 common shares, under a share exchange agreement, to acquire all of the issued and outstanding shares of Pita. The fair value of the shares issued was measured at $0.0225 per share.

In December 2019, the Company issued 7,111,112 common shares at a price of $0.0225 per share.

In June 2020, the Company issued 14,161,107 common shares at a price of $0.15 per share. Share subscriptions of $113,000 were received prior to December 31, 2019. These shares will be held in escrow until three months after the date that the Company obtains a listing of its shares on the TSX Venture Exchange and will be released as to 8.33% on that date and 8.33% each month thereafter.

On November 30, 2020, the Company completed a merger (reverse take-over) with L1 whereby L1, the legal acquirer, acquired all of the issued and outstanding shares (31,938,887) of the Company through a share exchange. The result of this transaction is that the shareholders of the Company effectively gained control of L1, thereby resulting in the Company becoming the accounting acquirer. L1 does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination. On December 15, 2020, L1 changed its name to Sierra Madre Gold and Silver Ltd.

In October 2020, the Company completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the merged company upon obtaining a conditional listing of the merged company's shares on the TSX Venture Exchange prior to March 31, 2021.

The proceeds from this placement will be held in escrow until the merged company obtains its conditional listing. Should the merged company not obtain a conditional listing by March 31, 2021, then the subscription receipts must be repaid to the subscribers.

Finders' fees of $1,023,820 are payable to qualified finders in respect of the placement. In addition, the Company issued 1,951,565 share purchase warrants to qualified finders with each warrant entitling the finder to purchase one common share of the merged company at a price of $0.50 per share for a period of 24 months following closing of the placement.

Mineral Properties

Through its acquisition of Pita on October 29, 2018, the Company holds an exploration agreement and option to purchase a 100% interest in the Tepic project located in the State of Nayarit, Mexico. Gregory F. Smith, P.Geo acts as the company's Qualified Person as defined in National Instrument 43-101.

Tepic

The Tepic project is located approximately 27 km south-southeast from the city of Tepic, the capital of the State of Nayarit, Mexico. The project consists of five mining concessions totaling 2612.5 hectares.

In December 2017, Sierra Madre Holdings entered into an agreement providing it the with option to purchase a 100% interest in the Tepic project. To maintain the option, the Company paid the owner an initial payment of US$50,000 and must keep the concessions in good standing during the term of the agreement and pay the owner an additional US$400,000 in semi-annual payments of US$50,000 over four years. To date, all payments required under the agreement have been made to the option holder and the agreement is in good standing. As at the date of this report, there are three remaining semi-annual payments to be made on or before April 13, 2022.

Upon completing total payments of US$450,000, the Company can exercise its option and complete the purchase of the property by either making a final payment to the owner of US$1,500,000 or granting a 3% net smelter returns royalty ("NSR"), which would be extinguished upon payment of a total of US$4,000,000 in royalty payments. Should the Company elect to grant the NSR, it would subsequently have the right to purchase the NSR from the owner at a price of US$1,000,000 for each 1% (one-third) of the NSR purchased, to a maximum of US$3,000,000 for the entire NSR.

The project has been explored and exploited on a limited scale since Spanish colonial times. Modern exploration activities began in June 2000, when Cream Minerals de México S.A. de C.V. ("Cream") began a multi-year program of road construction, trenching, sampling, geologic mapping, geochemical soil surveys, and core drilling. Between 2002 and 2011, there were 149 drill holes completed by Cream for a total of 31,574.1 meters of drilling. This work delineated five zones of interesting and potentially economic mineralization, Dos Hornos 1 and 2, Veta Tomas, Once Bocas North, and Once Bocas South. Sampling in several other areas returned assay results that warrant additional follow up work.

In 2017 the company reviewed geological information, completed field reconnaissance studies to validate drill hole locations, road building, and environmental permitting. The access and drill roads were re-opened in late 2017 with work continuing into 2018. Data base creation and deck top studies in addition to field work was carried out in 2019. In 2020 environmental permits were secured for the drilling of 67 drill holes and several site visits were made by company personnel and consultants. A current NI-43-101 compliant technical report was completed and filed on SEDAR. The authors of the report are William A. Turner, P.Geol., and Derek Loveday, P.Geo. of Stantec Consulting International LLC.

In November of 2020 an inventory of all the Cream core holes stored in a warehouse in Tepic was undertaken and a core photo library was begun. Satellite imagery was purchased for the construction of a detailed project topographic map. 1:2000 geologic mapping began in December of 2020.

Management

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the Company's operations could result, and other persons would be required to manage and operate the Company.

Novel Coronavirus (COVID-19)

As at the date of this report, the Company's operations have not been materially affected by the Coronavirus. The Company has no staff and is currently being managed by persons who work from home. The out-break of the COVID-19 pandemic has introduced significant uncertainty in the capital markets, which may affect the ability of junior exploration companies to raise equity to fund operations and exploration activities. The financing prospects of the Company may be negatively affected should the COVID-19 pandemic persist for an extended period of time, which would affect the Company's ability to raise capital to fund its administrative overhead, maintain its interest in the Tepic project, and acquire new exploration projects. While the future impact of this outbreak is difficult to predict, the Company will continue to monitor and assess the associated risks to the Company's operations and remain prepared to respond appropriately.

Risk Factors

There are risks associated with the securities of the Company. The securities of the Company are highly speculative due to the nature of the Company's business and the present stage of its development. There is no assurance that the Company's exploration activities will result in the discovery of an economically viable mineral deposit. The Company's interest in the Tepic mineral property is subject to various risks. There can be no assurance that there are not title defects affecting the interest of the Company or the Optionor in the Tepic property. There is no assurance that the Company will be capable of exercising its option to acquire an interest in the Tepic property. Should minimum required expenditures not be maintained by the Optionor on the Tepic property, the Company could lose its interest in the property. The Company has incurred losses to date and management considers the Company's current financial resources to be insufficient to cover general and corporate expenses for the next twelve months. The Company currently has insufficient funds to acquire additional mineral properties and incur the exploration expenditures required to develop such properties. There is no assurance such additional funding will be available to the Company either through future equity financings or through converting its subscription receipts upon obtaining a listing with the TSX Venture Exchange. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's common shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined, the rate of resource extraction, fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection. The Company may become subject to liability for hazards against which it is not insured. The Tepic property have been previously explored and it is possible that previous operations have resulted in pollution or other environmental hazards that the Company could become responsible for. The Company competes with other mining companies with greater financial and technical resources. Certain of the Company's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

Controls and procedures

The CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note

This document contains "forward-looking information" which includes, but is not limited to, statements with respect to the future price of metals, historical estimates of mineralization, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of regulatory approvals. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". In making statements containing forward looking information, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the supply and demand for, deliveries of, and the level and volatility of prices of the Company's primary metals and minerals develop as expected; that the concessions for its current and future mineral properties are renewed and maintained in good standing; that the Company receives regulatory and governmental approvals for its mineral properties on a timely basis; that the Company is able to obtain financing for the development of its mineral properties on reasonable terms; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances; that any environmental and other proceedings or disputes are satisfactorily resolved; and that the Company maintain its ongoing relations with the other parties to the option agreements on the Tepic property. However, statements containing forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current exploration activities; future metal prices; accidents, labour disputes and other risks of the mining industry; the risk that the concession for the Tepic property is not renewed; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Approval

The Board of Directors of the Company has approved the disclosure contained in this Annual MD&A, a copy of which will be provided to any interested parties upon request.

Respectfully submitted
On Behalf of the Board of Directors

"Alex Langer"

Alex Langer, President & CEO

APPENDIX G

SIERRA MADRE HOLDINGS LTD. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2020

[*See attached*]

SIERRA MADRE HOLDINGS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Expressed in Canadian Dollars

Unaudited

SIERRA MADRE HOLDINGS LTD.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

Expressed in Canadian Dollars

Unaudited

		September 30, 2020		December 31, 2019
ASSETS				
Current				
Cash and cash equivalents	$	8,414,965	$	42,515
Receivables		24,395		-
Prepaid expenses		440,945		-
		8,880,305		42,515
Deferred transaction costs *(Note 6)*		34,784		-
Mineral property *(Note 5)*		202,785		202,785
	$	9,117,874	$	245,300

LIABILITIES				
Current				
Accounts payable	$	58,647	$	18,955
Due to related party *(Note 8)*		59,191		60,116
Subscription receipts held in escrow *(Note 9)*		7,478,750		-
		7,596,588		79,071
SHAREHOLDERS' EQUITY				
Share capital *(Note 3)*		2,496,784		400,000
Subscriptions received in advance *(Note 3)*		-		113,000
Deficit		(975,498)		(346,771)
		1,521,286		166,229
	$	9,117,874	$	245,300

Nature and continuance of operations *(Note 1)*
Subsequent events *(Note 9)*

ON BEHALF OF THE BOARD:

"Alexander Langer", Director

"Sean McGrath", Director

- the accompanying notes are an integral part of these consolidated financial statements -

SIERRA MADRE HOLDINGS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Expressed in Canadian Dollars
Unaudited

	Number of Shares	Share Capital *(Note 3)*	Subscriptions Received In Advance *(Note 3)*	Deficit	Total
Balance – December 31, 2018	10,666,668	$ 240,000	$ 38,000	$ (125,403)	$ 152,597
Comprehensive loss for the period	-	-	-	(89,839)	(89,839)
Balance – September 30, 2019	10,666,668	240,000	38,000	(215,242)	62,758
Shares issued for cash	7,111,112	160,000	-	-	160,000
Subscription received in advance	-	-	75,000	-	75,000
Comprehensive loss for the period	-	-	-	(131,529)	(131,529)
Balance – December 31, 2019	17,777,780	400,000	113,000	(346,771)	166,229
Shares issued for cash	14,161,107	2,124,167	(113,000)	-	2,011,167
Share issuance costs	-	(27,383)	-	-	(27,383)
Comprehensive loss for the period	-	-	-	(628,727)	(628,727)
Balance – September 30, 2020	31,938,887	$ 2,496,784	$ -	$ (975,498)	$ 1,521,286

SIERRA MADRE HOLDINGS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30

Expressed in Canadian Dollars

Unaudited

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses				
Accounting and audit *(Note 8)*	$ 46,750	$ -	$ 61,750	$ -
Consulting *(Note 8)*	-	-	75,000	-
Exploration and evaluation *(Notes 5 and 8)*	86,303	10	253,619	78,018
Foreign exchange loss (gain)	(207)	(96)	(1,231)	3,673
Interest income	(1,092)	-	(1,092)	-
Investor relations and promotions *(Note 8)*	18,497	-	21,655	-
Legal fees	6,446	-	18,882	-
Management fees *(Note 8)*	96,000	-	171,000	-
Office services and supplies	5,811	151	7,531	584
Travel and accommodation	5,578	-	21,613	7,564
Comprehensive loss for the period	$ 264,086	$ 65	$ 628,727	$ 89,839
Loss per share – basic and diluted	$ 0.01	$ 0.00	$ 0.03	$ 0.01
Weighted-average shares outstanding – basic and diluted	31,938,887	10,666,668	23,204,482	10,666,668

SIERRA MADRE HOLDINGS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30

Expressed in Canadian Dollars

Unaudited

CASH RESOURCES PROVIDED BY (USED IN)	2020	2019
Operating activities		
Loss for the period	$ (628,727)	$ (89,839)
Changes in non-cash working capital		
Receivables	(24,395)	-
Prepaid expenses	(440,945)	-
Accounts payable and accrued liabilities	39,692	7,876
	(1,054,375)	(81,963)
Investing activities		
Deferred transaction costs	(14,773)	-
Financing activities		
Share capital issued for cash	2,011,167	-
Share issuance costs	(27,383)	-
Subscription receipts held in escrow	7,478,750	-
Deferred transaction costs	(20,011)	-
Advances received from related party	-	77,928
Repayment of advances from related party	(925)	(36,742)
	9,441,598	41,186
Change in cash for the period	8,372,450	(40,777)
Cash position - beginning of period	42,515	60,584
Cash position - end of period	$ 8,414,965	$ 19,807

Supplemental schedule of non-cash financing transactions		
Shares issued for subscriptions received in advance	$ 113,000	$ -

Cash and cash equivalents		
Cash balances in operating bank accounts	$ 6,813,873	$ 19,807
Guaranteed investments certificates	$ 1,601,092	$ -

- the accompanying notes are an integral part of these consolidated financial statements -

1. NATURE AND CONTINUANCE OF OPERATIONS

Sierra Madre Holdings Ltd. (the "Company") is a mineral exploration company incorporated on February 28, 2017 in British Columbia with its head office located at 10th Floor – 595 Howe Street, Vancouver, British Columbia, Canada. As part of an amalgamation completed on November 30, 2020 *(Note 9)*, the Company changed its name from Sierra Madre Gold and Silver Ltd. to Sierra Madre Holdings Ltd. The Company is considered to be in the exploration stage with respect to its mineral interest in Mexico. Based on the information available to date, the Company has not yet determined whether its mineral property contains ore reserves. The Company's continuing operation is dependent upon establishing reserves and resources, maintaining its rights, access, and title to the property, obtaining the financing necessary to maintain operations and successfully complete its exploration and development, and attaining future profitable production.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). As at September 30, 2020 the Company had a deficit of $975,498 and working capital of $1,283,717, which it considers insufficient to fund its administrative and planned exploration activities for the ensuing twelve months *(Note 9)*. Consistent with other junior exploration companies, the Company has no source of operating revenue and is unable to self-finance operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

If for any reason the Company is unable to secure the additional sources of financing and continue as a going concern, then this could result in adjustments to the amounts and classifications of assets and liabilities in the Company's financial statements; such adjustments could be material. Additionally, the outbreak of the COVID-19 global pandemic has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

These condensed interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements including the notes thereto for the year ended December 31, 2019. All financial information presented herein is unaudited. The Company's board of directors approved these financial statements for issue on March 30, 2021.

Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION - *continued*

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and, from October 29, 2018, the accounts of Pita Exploration Limited (a British Columbia company) and Pita Exploration, S. de R.L. de C.V. (a Mexican company). The Company gained control of these two companies on October 29, 2018 at which point they became wholly-owned subsidiaries.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant inter-company transactions, balances, and unrealized foreign exchange translation gains or losses have been eliminated.

Foreign currency translation

The presentation currency of the Company and the functional currency of the Company and its subsidiaries is the Canadian dollar. Transactions denominated in foreign currencies are translated at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Translation gains and losses are reflected in profit or loss for the period.

Cash and cash equivalents

Cash includes balances held through current operating bank accounts and in short-term guaranteed investment certificates at major financial institutions that currently earn nominal market interest, are readily convertible into known amounts of cash, and which are subject to an insignificant risk of change in nominal value.

3. SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

Effective September 18, 2020, the Company consolidated its outstanding common shares on the basis of one post-consolidation share for every 1.5 pre-consolidation shares. All information and per-share amounts in respect of issued and outstanding shares, incentive stock options, share purchase warrants, and loss per share have been retrospectively adjusted to reflect the consolidation.

In December 2019, the Company issued 7,111,112 common shares at a price of $0.0225 per share for proceeds of $160,000.

In June 2020, the Company completed a non-brokered private placement by issuing 14,161,107 common shares at a price of $0.15 per share for proceeds of $2,124,167. Share subscriptions of $113,000 were received prior to December 31, 2019. The Company paid $27,383 in legal and filing fees in respect of the placement. These shares will be held in escrow until three months after the date that the Company obtains a listing of its shares on the TSX Venture Exchange *(Note 9)* and will be released as to 8.33% on that date and 8.33% each month thereafter.

Expressed in Canadian Dollars

4. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash and cash equivalents, which is measured at FVTPL using a Level 1 fair value measurement, and receivables, accounts payable, due to related party, and subscription receipts held in escrow, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

5. EXPLORATION AND EVALUATION

Mineral Property

Tepic, Mexico

The amount recorded for the Company's mineral property relates to the Tepic project located in Nayarit, Mexico and consists of the fair value of the asset acquired through the acquisition of Pita Exploration Limited and its wholly-owned subsidiary Pita Exploration, S. de R.L. de C.V., which holds an interest in the property. The amount recorded for mineral property represents the cost of acquiring the asset and does not necessarily represent the current or future value.

In December 2017, the Company entered into an agreement providing it the with option to purchase a 100% interest in the Tepic project. To maintain the option, the Company paid the owner an initial payment of US$50,000 and must keep the concessions in good standing during the term of the agreement and pay the owner an additional US$400,000 in semi-annual payments of US$50,000 over four years. To date, all payments required under the agreement have been made to the option holder and the agreement is in good standing.

Upon completing total payments of US$450,000, the Company can exercise its option and complete the purchase of the property by either making a final payment to the owner of US$1,500,000 or granting a 3% net smelter returns royalty ("NSR"), which would be extinguished upon payment of a total of US$4,000,000 in royalty payments. Should the Company elect to grant the NSR, it would subsequently have the right to purchase the NSR from the owner at a price of US$1,000,000 for each 1% (one-third) of the NSR purchased, to a maximum of US$3,000,000 for the entire NSR.

Expenditures

The Company expenses exploration and evaluation expenditures in the period incurred. Expenditures for the periods ended September 30 and cumulative expenditures as at September 30, 2020 are as follows:

Mexico		Expenditures 2020		Expenditures 2019		Cumulative 2020
Tepic						
Acquisition and options payments	$	84,395	$	75,767	$	314,565
Administration		2,398		538		5,900
Assays		1,822		-		1,822
Environmental and permits		5,539		-		5,539
Field materials		781		1,297		7,827
Geology		51,998		-		51,998
Land holding costs		87,636		253		155,619
Legal, license, and taxes		6,845		163		13,200
Road work		7,245		-		7,245
Travel and accommodation		4,960		-		4,960
	$	253,619	$	78,018	$	568,675

Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION – *continued*

Title

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral property and, to the best of its knowledge, title is in good standing and in accordance with the related option agreement.

6. DEFERRED TRANSACTION COSTS

The Company has incurred legal costs totalling $34,784 in respect of an equity financing and the completion of a reverse take-over transaction in its efforts to obtain a listing on the TSX Venture Exchange. These costs have been deferred and will be recorded as share issuance costs ($20,011) and transaction expense ($14,773) upon completion of its proposed financing and merger *(Note 9)*. Should the financing transaction not be completed as contemplated, the related deferred transaction costs will be expensed in the period that the financing is abandoned or terminated.

7. SEGMENTED INFORMATION

The Company currently operates in only one operating segment, that being the mineral exploration industry. The Company currently operates in Canada and Mexico, has no physical assets, and is maintaining an interest in a mineral property located in Mexico.

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations. Key management includes directors and officers. The compensation paid or payable to key management for the periods ended September 30 is as follows:

		2020		2019
Accounting	$	60,000	$	-
Consulting		75,000		-
Geological (exploration and evaluation)		10,500		-
Investor relations and promotions		7,500		-
Management fees		171,000		-
	$	324,000	$	-

Due to related party of $59,191 (December 31, 2019 - $60,116) consists of advances made to, and expenses paid on behalf of, the Company by a director of the Company. These amounts are unsecured, non-interest bearing, and due on demand.

9. SUBSEQUENT EVENTS

On November 30, 2020, the Company completed a merger (reverse take-over) with an inactive private BC company, L1 Capital Corp. ("L1"), whereby L1, the legal acquirer, acquired all of the issued and outstanding shares of the Company by exchanging 31,938,887 of its common shares, on a one-for-one basis, with the shareholders of the Company. The result of this transaction is that the shareholders of the Company effectively gained control of L1, thereby resulting in the Company becoming the accounting acquirer. L1 does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination. On December 15, 2020, L1 changed its name to Sierra Madre Gold and Silver Ltd.

In October 2020, the Company completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the merged company upon obtaining a conditional listing of the merged company's shares on the TSX Venture Exchange prior to March 31, 2021. The Company received subscriptions of $7,478,750 to September 30, 2020.

The proceeds from this placement will be held in escrow until the merged company obtains its conditional listing. Should the merged company not obtain a conditional listing by March 31, 2021, then the subscription receipts must be repaid to the subscribers.

Finders' fees of $1,023,820 are payable to qualified finders in respect of the placement. In addition, the Company issued 1,951,565 share purchase warrants to qualified finders with each warrant entitling the finder to purchase one common share of the merged company at a price of $0.50 per share for a period of 24 months following closing of the placement.

APPENDIX H

SIERRA MADRE HOLDINGS LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2020

[*See attached*]

SIERRA MADRE HOLDINGS LTD.

Management Discussion and Analysis of the Financial Position and Results of Operations for the Nine Months Ended September 30, 2020

March 30, 2021

To Our Shareholders

Sierra Madre Holdings Ltd. (“Sierra Madre Holdings” or the “Company”) is a junior mineral exploration company. The Company was incorporated on February 28, 2017 and since that time has been reviewing mineral projects for acquisition. In October 2018, the Company acquired an interest in the Tepic silver-gold property in Mexico. As part of an amalgamation completed on November 30, 2020, the Company changed its name from Sierra Madre Gold and Silver Ltd. to Sierra Madre Holdings Ltd.

This Interim Management Discussion and Analysis (“MD&A”) supplements, but does not form part of, the condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2020. Consequently, the following discussion and analysis of the financial condition and results of operations for Sierra Madre Holdings should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and the notes thereto for the nine-months ended September 30, 2020 prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise stated, all amounts herein are expressed in Canadian dollars.

Overall Performance and Outlook

Highlights of the Company’s activities during the period under review are as follows:

- completed a private placement in June 2020 by issuing 14,161,107 shares at a price of $0.15 per share for proceeds of $2,124,167;
- completed a merger (reverse take-over) on November 30, 2020 with L1 Capital Corp. (“L1”), whereby L1, the legal acquirer, acquired all of the issued and outstanding shares of the Company by issuing 31,938,887 of its common shares, on a one-for-one basis, to the shareholders of the Company through a share exchange. The result of this transaction is that the shareholders of the Company effectively gained control of L1, thereby resulting in the Company becoming the accounting acquirer. L1 does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination. On December 15, 2020, L1 changed its name to Sierra Madre Gold and Silver Ltd.; and
- completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt in October 2020 for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the merged company upon obtaining a conditional listing of the merged company’s shares on the TSX Venture Exchange prior to March 31, 2021 – see “*Outstanding Share Data*.”

The Company is currently conducting exploration work in advance of future drilling at Tepic and making preparations to apply for a listing of the combined company’s shares on the TSX Venture Exchange.

Results of Operations

The Company had a comprehensive loss of $628,727 for the nine-month period ended September 30, 2020 and $89,839 for the nine-month period ended September 30, 2019. Significant items included in the current and comparative losses are as follows:

		2020		2019
Accounting and audit	$	61,750	$	-
Consulting	$	75,000	$	-
Exploration and evaluation	$	253,619	$	78,018
Investor relations and promotions	$	21,655	$	-
Management fees	$	171,000	$	-
Travel and accommodation	$	21,613	$	7,564

Since the Company's incorporation in 2017, it was operated by its director and other key management personnel without charge. During 2020, the Company increased its operating activities and exploration activities and began the process of obtaining a listing on a stock exchange. In addition to hiring consultants, the Company began compensating its administrative and geological personnel. This resulted in significantly higher expenses compared to the preceding period. Exploration and evaluation expenditures are as follows:

		2020		2019
Acquisition and option payments	$	84,395	$	75,767
Administration		2,398		538
Assays		1,822		-
Environmental and permits		5,539		-
Field materials		781		1,297
Geology		51,998		-
Land holding costs		87,636		253
Legal, license, and taxes		6,845		163
Road work		7,245		-
Travel and accommodation		4,960		-
	$	253,619	$	78,018

Cash flows used in operations, before changes in non-cash working capital items, totalled $628,727 in 2020 (2019 - $89,839) and include $253,619 (2019 - $78,018) in exploration and evaluation expenses and $375,108 (2019 - $11,821) in general and administrative expenses. Changes in non-cash working capital items used cash of $24,395 in 2020 (2019 - $nil) resulting from an increase in receivables and provided cash of $39,692 (2019 - $7,876) due to an increase in accounts payable. In addition, the Company prepaid certain amounts for contractors, consultants, and key management personnel resulting in an increase in prepaid expenses of $440,945 (2019 - $nil), which will be drawn down over various periods up to June 30, 2021.

Investing activities for 2020 used cash of $14,773 (2019 - $nil) incurred for legal costs in respect of the Company completing a reverse take-over transaction in its effort to obtain a listing on the TSX Venture Exchange.

Financing activities for 2020 provided cash of $9,441,598 – $2,011,167 through a private placement of shares – less issuance costs of $27,383; $7,478,750 from subscription receipts received in advance and held in escrow; and a $925 repayment of related party advances. In addition, the Company paid $20,011 in legal costs in respect of the private placement of subscription receipts, which have been recorded as deferred transaction costs.

Financing activities for the comparative 2019 period included a net increase in related party advances of $41,186.

Quarterly Financial Data

The Company has no operating revenue. Selected financial information set out below is based on and derives from the unaudited condensed interim consolidated financial statements of the Company for each of the quarters listed:

Quarter Ended	**Sep 30 2020**	**Jun 30 2020**	**Mar 31 2020**	**Dec 31 2019**	**Sep 30 2019**	**Jun 30 2019**	**Mar 31 2019**	**Dec 31 2018**
Exploration and evaluation expenditures	$ 86,303	$ 160,807	$ 6,509	$ 126,093	$ 10	$ 76,047	$ 1,961	$ 110,945
Comprehensive loss	$ 264,086	$ 255,195	$ 109,446	$ 131,529	$ 65	$ 78,436	$ 11,338	$ 112,003
Loss per share - basic and diluted	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.00	$ 0.01	$ 0.00	$ 0.01

Financial Position and Liquidity

The Company has no history of profitable operations and the exploration of its Tepic mineral property is at an early stage. Therefore, it is subject to many risks common to comparable companies, including a lack of revenues, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. Without operating revenues, the Company is subject to liquidity risk and dependent upon meeting its future capital requirements through the issuance of capital stock. Accordingly, management has identified certain conditions that cast significant doubt upon the Company's ability to continue as a going concern, as discussed in note 1 to the September 30, 2020 condensed interim consolidated financial statements.

At September 30, 2020, the Company had cash on hand of $8,414,965 (December 31, 2019 - $42,515). The increase in cash during 2020 results from the cash provided by financing activities ($9,441,598) exceeding the cash used in operating activities ($1,054,375) and investing activities ($14,773) as detailed above.

At September 30, 2020, the Company had working capital of $1,283,717 (December 31, 2019 – working capital deficiency of $36,556). The increase in its working capital position was made primarily due to a financing of $2,124,167 completed in June 2020, net of issuance costs of $27,383 and subscriptions received in advance of $113,000. The Company closed a private placement of subscription receipts in October 2020, however, these funds will be classified as a current liability until the merged company obtains a listing of its shares on the TSX Venture Exchange or the amounts are repaid in the event a listing is not obtained prior to March 31, 2021. Upon obtaining its listing, the subscription receipts will automatically convert into shares of the merged company and the funds will be available for working capital purposes.

Management considers the Company's working capital resources to be insufficient to meet its overhead requirements and planned exploration activities for the ensuing twelve months. To continue in operation and to acquire new mineral prospects, the merged company will need to obtain its listing on the TSX Venture Exchange or raise additional equity funding. The administrative and exploration budgets are established depending on expected cash resources and such budgets are regularly adjusted according to actual cash resources. Given the current uncertainty in the capital markets, administrative and exploration expenditures will be tailored to available cash resources. In addition, the out-break of the COVID-19 pandemic has introduced further uncertainty in the capital markets, which may negatively affect the future financing prospects of the Company.

Capital Resources and Commitments

The Company has an option-to-purchase agreement on the Tepic property that calls for semi-annual payments of US$50,000, to a maximum of US$450,000 to keep the agreement in good standing. As at the date of this report, the Company had remaining payments totalling US$150,000 to make on or before April 13, 2022. These payments are option payments and can be made at the discretion of management and therefore are not firm commitments.

The Company has cash requirements to meet its ongoing overhead costs. Management believes that it will be able to raise equity capital as required to maintain operations in the short- and long-term, but recognizes the risks attached thereto. To date, the capital requirements of the Company have been met by equity subscriptions. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at September 30, 2020 or as at the date of this report.

Proposed Transactions

The Company had no proposed transactions as at September 30, 2020 or as at the date of this report except for the reverse take-over transaction with L1 and its intention to obtain a listing on the TSX Venture Exchange – see "*Outstanding Share Data*."

Related Party Transactions and Key Management Compensation

As at September 30, 2020, key management consisted of the sole director of the Company. On November 30, 2020, the Company completed a reverse take-over transaction with L1 and the combined company subsequently appointed additional directors and officers that comprise key management. The Company had transactions with these persons or their related corporations during the period, which were undertaken in the normal course of operations. The compensation paid or payable to key management of the combined company for the periods ended September 30 is as follows:

	2020	2019
Accounting	$ 60,000	$ -
Consulting	75,000	-
Geological (exploration and evaluation)	10,500	-
Investor relations and promotions	7,500	-
Management fees	171,000	-
	$ 324,000	$ -

Due to related party of $59,191 (December 31, 2019 - $60,116) consists of advances made to, and expenses paid on behalf of, the Company by a director of the Company. These amounts are unsecured, non-interest bearing, and due on demand.

Changes in Accounting Policies

There were no changes in accounting policies during the current period. A detailed listing of the Company's significant accounting policies and recent pronouncements is provided in note 2 to its December 31, 2019 consolidated financial statements.

Critical Accounting Estimates and Judgements

The preparation of financial statements in accordance with IFRS requires management to make estimates, judgements, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual amounts could differ from these estimates. The Company's most significant accounting judgements relate to the determination of functional currency and the ongoing viability of its mineral property.

The Company has considered all primary and secondary indicators under IFRS and determined that the functional currency of its subsidiaries is the Canadian dollar. While transactions conducted outside of Canada are typically denominated in either the Mexican peso or the U.S. dollar, the subsidiary has no revenues from operations and is dependent upon the Company for financing of its operations and exploration activities, which are largely determined in Canada.

Management must determine if there are indicators that its right to explore its mineral property has expired or may expire in the future, that future exploration and evaluation plans are not warranted, or that the development of the property or a portion thereof is unlikely to recover existing exploration and evaluation costs. Should any of these indicators be present, the mineral property could be impaired.

Financial Instruments

The Company's financial instruments include cash, which is measured at FVTPL using a Level 1 fair value measurement, and receivables, accounts payable, due to related party, and subscription receipts held in escrow, which are measured at amortized cost. The carrying values approximate their fair values due to the short-term nature of these instruments.

Disclosure for Companies without Significant Revenue

Consistent with other companies in the mineral exploration industry, the Company has no source of operating revenue. The statements of comprehensive loss included in the Company's September 30, 2020 condensed interim consolidated financial statements provide a breakdown of the general and administrative expenses for the period under review. Note 5 to these financial statements includes detailed listings of the exploration and evaluation costs incurred on its mineral property.

Outstanding Share Data

Effective September 18, 2020, the Company consolidated its outstanding common shares on the basis of one post-consolidation share for every 1.5 pre-consolidation shares. All information and per-share amounts in respect of issued and outstanding shares, incentive stock options, share purchase warrants, and loss per share have been retrospectively adjusted to reflect the consolidation.

Details of the Company's outstanding shares are as follows:

	March 30 2021	September 30 2020	December 31 2019
Shares issued and outstanding	31,938,887	31,938,887	17,777,780
Outstanding warrants	1,951,565	-	-
Diluted shares outstanding	33,890,452	31,938,887	17,777,780

In June 2020, the Company issued 14,161,107 common shares at a price of $0.15 per share. Share subscriptions of $113,000 were received prior to December 31, 2019. These shares will be held in escrow until three months after the date that the Company obtains a listing of its shares on the TSX Venture Exchange and will be released as to 8.33% on that date and 8.33% each month thereafter.

On November 30, 2020, the Company completed a merger (reverse take-over) with L1 whereby L1, the legal acquirer, acquired all of the issued and outstanding shares (31,938,887) of the Company through a share exchange. The result of this transaction is that the shareholders of the Company effectively gained control of L1, thereby resulting in the Company becoming the accounting acquirer. L1 does not meet the definition of a business and therefore this transaction will be accounted for as an asset acquisition and not as a business combination. On December 15, 2020, L1 changed its name to Sierra Madre Gold and Silver Ltd.

In October 2020, the Company completed a private placement of 30,643,500 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $15,321,750. Each subscription receipt will be automatically converted into one common share of the merged company upon obtaining a conditional listing of the merged company's shares on the TSX Venture Exchange prior to March 31, 2021. The Company received subscriptions of $7,478,750 to September 30, 2020.

The proceeds from this placement will be held in escrow until the merged company obtains its conditional listing. Should the merged company not obtain a conditional listing by March 31, 2021, then the subscription receipts must be repaid to the subscribers.

Finders' fees of $1,023,820 are payable to qualified finders in respect of the placement. In addition, the Company issued 1,951,565 share purchase warrants to qualified finders with each warrant entitling the finder to purchase one common share of the merged company at a price of $0.50 per share for a period of 24 months following closing of the placement.

Mineral Properties

Through its acquisition of Pita on October 29, 2018, the Company holds an exploration agreement and option to purchase a 100% interest in the Tepic project located in the State of Nayarit, Mexico. Gregory F. Smith, P.Geo acts as the company's Qualified Person as defined in National Instrument 43-101.

Tepic

The Tepic project is located approximately 27 km south-southeast from the city of Tepic, the capital of the State of Nayarit, Mexico. The project consists of five mining concessions totaling 2612.5 hectares.

In December 2017, Sierra Madre Holdings entered into an agreement providing it the with option to purchase a 100% interest in the Tepic project. To maintain the option, the Company paid the owner an initial payment of US$50,000 and must keep the concessions in good standing during the term of the agreement and pay the owner an additional US$400,000 in semi-annual payments of US$50,000 over four years. To date, all payments required under the agreement have been made to the option holder and the agreement is in good standing. As at the date of this report, there are three remaining semi-annual payments to be made on or before April 13, 2022.

Upon completing total payments of US$450,000, the Company can exercise its option and complete the purchase of the property by either making a final payment to the owner of US$1,500,000 or granting a 3% net smelter returns royalty ("NSR"), which would be extinguished upon payment of a total of US$4,000,000 in royalty payments. Should the Company elect to grant the NSR, it would subsequently have the right to purchase the NSR from the owner at a price of US$1,000,000 for each 1% (one-third) of the NSR purchased, to a maximum of US$3,000,000 for the entire NSR.

The project has been explored and exploited on a limited scale since Spanish colonial times. Modern exploration activities began in June 2000, when Cream Minerals de México S.A. de C.V. ("Cream") began a multi-year program of road construction, trenching, sampling, geologic mapping, geochemical soil surveys, and core drilling. Between 2002 and 2011, there were 149 drill holes completed by Cream for a total of 31,574.1 meters of drilling. This work delineated five zones of interesting and potentially economic mineralization, Dos Hornos 1 and 2, Veta Tomas, Once Bocas North, and Once Bocas South. Sampling in several other areas returned assay results that warrant additional follow up work.

In 2017 the company reviewed geological information, completed field reconnaissance studies to validate drill hole locations, road building, and environmental permitting. The access and drill roads were re-opened in late 2017 with work continuing into 2018. Data base creation and deck top studies in addition to field work was carried out in 2019. In 2020 environmental permits were secured for the drilling of 67 drill holes and several site visits were made by company personnel and consultants. A current NI-43-101 compliant technical report was completed and filed on SEDAR. The authors of the report are William A. Turner, P.Geol., and Derek Loveday, P.Geo. of Stantec Consulting International LLC.

In November of 2020 an inventory of all the Cream core holes stored in a warehouse in Tepic was undertaken and a core photo library was begun. Satellite imagery was purchased for the construction of a detailed project topographic map. 1:2000 geologic mapping began in December of 2020.

Management

The Company is dependent upon the personal efforts and commitments of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the Company's operations could result, and other persons would be required to manage and operate the Company.

Novel Coronavirus (COVID-19)

As at the date of this report, the Company's operations have not been materially affected by the Coronavirus. The Company has no staff and is currently being managed by persons who work from home. The out-break of the COVID-19 pandemic has introduced significant uncertainty in the capital markets, which may affect the ability of junior exploration companies to raise equity to fund operations and exploration activities. The financing prospects of the Company may be negatively affected should the COVID-19 pandemic persist for an extended period of time, which would affect the Company's ability to raise capital to fund its administrative overhead, maintain its interest in the Tepic project, and acquire new exploration projects. While the future impact of this outbreak is difficult to predict, the Company will continue to monitor and assess the associated risks to the Company's operations and remain prepared to respond appropriately.

Risk Factors

There are risks associated with the securities of the Company. The securities of the Company are highly speculative due to the nature of the Company's business and the present stage of its development. There is no assurance that the Company's exploration activities will result in the discovery of an economically viable mineral deposit. The Company's interest in the Tepic mineral property is subject to various risks. There can be no assurance that there are not title defects affecting the interest of the Company or the Optionor in the Tepic property. There is no assurance that the Company will be capable of exercising its option to acquire an interest in the Tepic property. Should minimum required expenditures not be maintained by the Optionor on the Tepic property, the Company could lose its interest in the property. The Company has incurred losses to date and management considers the Company's current financial resources to be insufficient to cover general and corporate expenses for the next twelve months. The Company currently has insufficient funds to acquire additional mineral properties and incur the exploration expenditures required to develop such properties. There is no assurance such additional funding will be available to the Company either through future equity financings or through converting its subscription receipts upon obtaining a listing with the TSX Venture Exchange. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's common shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined, the rate of resource extraction, fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection. The Company may become subject to liability for hazards against which it is not insured. The Tepic property have been previously explored and it is possible that previous operations have resulted in pollution or other environmental hazards that the Company could become responsible for. The Company competes with other mining companies with greater financial and technical resources. Certain of the Company's directors and officers serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

Controls and procedures

The CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. In contrast to the certificate for non-venture issuers under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the interim and annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary Note

This document contains "forward-looking information" which includes, but is not limited to, statements with respect to the future price of metals, historical estimates of mineralization, capital expenditures, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, the completion of regulatory approvals. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". In making statements containing forward looking information, the Company has applied certain factors and assumptions that it believes are reasonable, including that there is no material deterioration in general business and economic conditions; that the supply and demand for, deliveries of, and the level and volatility of prices of the Company's primary metals and minerals develop as expected; that the concessions for its current and future mineral properties are renewed and maintained in good standing; that the Company receives regulatory and governmental approvals for its mineral properties on a timely basis; that the Company is able to obtain financing for the development of its mineral properties on reasonable terms; that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis; that exploration timetables and capital costs for the Company's exploration plans are not incorrectly estimated or affected by unforeseen circumstances; that any environmental and other proceedings or disputes are satisfactorily resolved; and that the Company maintain its ongoing relations with the other parties to the option agreements on the Tepic property. However, statements containing forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors may include, among others, actual results of current exploration activities; future metal prices; accidents, labour disputes and other risks of the mining industry; the risk that the concession for the Tepic property is not renewed; delays in obtaining governmental or regulatory approvals or financing or in the completion of exploration activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Approval

The Board of Directors of the Company has approved the disclosure contained in this Interim MD&A, a copy of which will be provided to any interested parties upon request.

Respectfully submitted
On Behalf of the Board of Directors

"Alex Langer"

Alex Langer, President & CEO

APPENDIX I

PRO-FORMA FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2020

[*See attached*]

SIERRA MADRE GOLD AND SILVER LTD.

(Formerly L1 Capital Corp.)

PRO FORMA CONSOLIDATED FINANCIAL STATEMENT

SEPTEMBER 30, 2020

Expressed in Canadian Dollars

Unaudited – Prepared by Management

SIERRA MADRE GOLD AND SILVER LTD. (Formerly L1 Capital Corp.)

PRO FORMA CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 2020

Expressed in Canadian Dollars

Unaudited – prepared by management

ASSETS	Sierra Madre Holdings Ltd. (unaudited)	Sierra Madre Gold and Silver Ltd. (unaudited)	Note	Pro forma Adjustment	Pro forma Balance (unaudited)
Current					
Cash	$ 8,414,965	$ 17,732	3(a)	$ (19,056)	$ 15,249,198
			3(b)	7,843,000	
			3(b)	(1,032,570)	
			3(b)	(17,673)	
			3(c)	42,800	
Receivables	24,395	-		-	24,395
Subscriptions receivable	-	42,800	3(c)	(42,800)	-
Prepaid expenses	440,945	-		-	440,945
	8,880,305	60,532		6,773,701	15,714,538
Deferred transaction costs	34,784	-	3(a)	(14,773)	
			3(b)	(20,011)	-
Mineral property	202,785	-		-	202,785
	$ 9,117,874	$ 60,532		$ 6,738,917	$ 15,917,323
LIABILITIES					
Current					
Accounts payable	$ 58,647	$ 10,444		$ -	$ 69,091
Due to related party	59,191	-		-	59,191
Subscriptions held in escrow	7,478,750	-	3(b)	(7,478,750)	-
	7,596,588	10,444		(7,478,750)	128,282
SHAREHOLDERS' EQUITY					
Share capital *(Note 4)*	2,496,784	67,801	3(a)	67,800	16,302,499
			3(b)	15,321,750	
			3(b)	(1,583,835)	
			3(d)	(67,801)	
Contributed surplus *(Note 4)*	-	-	3(b)	513,581	513,581
Deficit	(975,498)	(17,713)	3(a)	(101,629)	(1,027,039)
			3(d)	67,801	
	1,521,286	50,088		14,217,667	15,789,041
	$ 9,117,874	$ 60,532		$ 6,738,917	$ 15,917,323

- See Accompanying Notes -

Expressed in Canadian Dollars

1. REVERSE TAKE-OVER TRANSACTION

The unaudited pro forma consolidated financial statement of Sierra Madre Gold and Silver Ltd. ("Sierra" or the "Company") has been compiled for inclusion in a prospectus for the purposes of qualifying 30,643,500 subscription receipts issued in October 2020 and obtaining a listing of the Company's shares on the TSX Venture Exchange *(Note 3b)*.

On November 30, 2020, Sierra's wholly-owned subsidiary 1262760 BC Ltd. completed an amalgamation with the former Sierra Madre Gold and Silver Ltd. ("Old Sierra") to form Sierra Madre Holdings Ltd. ("Sierra Madre Holdings"). Concurrently, the Company completed a three-cornered amalgamation with Sierra Madre Holdings and on December 15, 2020 changed its name from L1 Capital Corp. to Sierra.

Under the terms of the amalgamation agreement, the Company acquired all of the issued and outstanding common shares of Sierra Madre Holdings by issuing 31,938,887 of its common shares, on a one-for-one basis, to the shareholders of Old Sierra. The result of this transaction (the "Transaction") is that the shareholders of Old Sierra effectively gained control of Sierra, thereby constituting a reverse acquisition whereby Sierra (legal parent) has been treated as the accounting subsidiary and Sierra Madre Holdings (legal subsidiary) has been treated as the accounting parent.

Sierra does not meet the definition of a business under IFRS 3, *Business Combinations,* and therefore the Transaction will be treated as an asset acquisition and not as a business combination and will be accounted for as a capital transaction under IFRS 2 – *Share-Based Payments*. The Transaction is considered a purchase of Sierra's net assets by the shareholders of Old Sierra and will be accounted for as an issuance of shares by Sierra Madre Holdings to acquire the net assets of Sierra. Sierra Madre Holdings will be deemed to have issued shares having a fair value equal to the value of the shares that Sierra Madre Holdings would have had to issue if the Transaction had taken the legal form of Sierra Madre Holdings acquiring a 100% interest in the shares of Sierra.

Upon completion of the amalgamation, each shareholder of Sierra will hold a proportional interest in 4% of the capital stock of the combined company and each shareholder of Old Sierra will hold a proportional interest in 96% of the capital stock of the combined company.

The Transaction purchase price has been allocated as follows:

Consideration:		
Fair value of shares retained by Sierra shareholders (deemed issued by Sierra Madre Holdings)	$	67,800
Estimated legal fees to complete the Transaction		33,829
Total purchase price		101,629
Net assets acquired:		
Cash		17,732
Subscriptions receivable		42,800
Accounts payable		(10,444)
		50,088
Transaction expense	$	51,541

The fair value per share of the shares retained by the shareholders of Sierra has been estimated at $0.05 per share, which is equal to the share price of a recent private placement completed by Sierra.

As a result of Sierra not meeting the definition of a business under IFRS 3, the excess of the fair value of the purchase price over the fair value of the net assets acquired is recorded as a transaction expense.

2. BASIS OF PRESENTATION

The unaudited pro forma consolidated financial statement includes an unaudited pro forma consolidated balance sheet and has been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The unaudited pro forma consolidated balance sheet includes and combines the balance sheets of Sierra and Sierra Madre Holdings as at September 30, 2020 as well as the pro forma assumptions and adjustments as detailed in Note 3, which give effect to the Transaction and subsequent share transactions as if they occurred on September 30, 2020.

In the opinion of management, the pro forma consolidated financial statement includes all of the assumptions and adjustments necessary for fair presentation. The pro forma consolidated financial statement has been prepared using the same accounting policies and methods of their application as the most recent annual audited financial statements of Sierra and Sierra Madre Holdings as at December 31, 2019, except that it does not include all of the statements and note disclosures required for audited financial statements.

The unaudited pro forma consolidated financial statement is provided for illustrative purposes only, and does not purport to represent the financial position that would have resulted had the Transaction and private placement actually occurred on September 30, 2020. Furthermore, the pro forma consolidated financial statement is not necessarily indicative of the future financial position of the combined company that may result upon completion of the Transaction. Actual amounts recorded upon closing of the Transaction may differ from amounts presented in the unaudited pro forma consolidated financial statement and such differences may be material.

The unaudited pro forma consolidated financial statement should be read in conjunction with the unaudited financial statements of Sierra and Sierra Madre Holdings as at September 30, 2020 and the annual audited financial statements of Sierra and Sierra Madre Holdings as at December 31, 2019, which are contained within the prospectus.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The following adjustments have been made in the pro forma consolidated balance sheet to give effect to the Transaction and subsequent share transactions:

a. to record the Transaction as detailed in note 1 above. The cost to complete the Transaction has been estimated at $33,829, of which $14,773 was paid to September 30, 2020;

b. to record the completion of a private placement of 30,643,500 subscription receipts by Sierra Madre Holdings in October 2020 for gross proceeds of $15,321,750. Subscriptions of $7,478,750 were received to September 30, 2020. Each subscription receipt will be automatically converted into one common share of the combined company upon obtaining a conditional listing of the Company's shares on the TSX Venture Exchange prior to March 31, 2021. The proceeds from this placement will be held in escrow until the Company obtains its conditional listing. Should the Company not obtain a conditional listing by March 31, 2021, then the subscription receipts must be repaid to the subscribers. For the purposes of this pro forma consolidated financial statement, it is assumed that the subscription receipts have been converted into common shares of the combined company as at September 30, 2020.

Expressed in Canadian Dollars

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS – *continued*

b. continued

Sierra Madre Holdings issued 1,951,565 share purchase warrants to finders with each warrant entitling the finder to purchase one common share of the combined company at a price of $0.50 per share for a period of 24 months following closing of the placement. The finder warrants have been valued at $513,581 using the Black-Scholes Option-Pricing Model using the following assumptions: risk-free interest rate of 0.24%, expected dividend yield of 0.00%, estimated stock price volatility of 100%, and expected life of two years. Finders' fees of $1,023,820 were payable and legal fees payable in respect of the placement were estimated at $37,684, $20,011 of which was paid to September 30, 2020 and recorded as deferred transaction costs;

c. to record Sierra subscriptions receivable of $42,800 collected subsequent to September 30, 2020;

d. to eliminate the share capital and deficit of Sierra on consolidation.

4. SHARE CAPITAL AND CONTRIBUTED SURPLUS

The Company's authorized share capital consists of an unlimited number of voting common shares without par value.

Details of the pro form issued and outstanding shares and contributed surplus as at September 30, 2020 are as follows:

	Note	Number of Shares		Share Capital		Contributed Surplus
Balance – September 30, 2020 *(i)*		1,356,001	$	2,496,784	$	-
Shares issued on closing of RTO transaction	3(a)	31,938,887		67,800		-
Shares issued upon qualification of subscription receipts	3(b)	30,643,500		15,321,750		-
Share issuance costs	3(b)	-		(1,070,254)		-
Fair value of finders' warrants issued	3(b)	-		(513,581)		513,581
Pro forma balance – September 30, 2020		63,938,388	$	16,302,499	$	513,581

(i) The opening number of issued and outstanding shares is that of Sierra, the legal parent; the opening balance of share capital is that of Sierra Madre Holdings, the accounting parent.

CERTIFICATE OF SIERRA MADRE GOLD AND SILVER LTD.

Dated: March 31, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Sierra Madre Gold and Silver Ltd. as required by the securities legislation of British Columbia and Alberta.

"*Alexander Langer*"	"*Kerry Spong*"
Alexander Langer President and Chief Executive Officer	Kerry Spong Chief Financial Officer and Corporate Secretary

ON BEHALF OF THE BOARD OF DIRECTORS

Dated: March 31, 2021

"*Alejandro Caraveo-Vallina*"	"*Jorge Ramiro Monroy*"
Alejandro Caraveo-Vallina Director	Jorge Ramiro Monroy Director

CERTIFICATE OF PROMOTER

Dated: March 31, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Sierra Madre Gold and Silver Ltd. as required by the securities legislation of British Columbia and Alberta.

"*Alexander Langer*"

Alexander Langer