



FOR IMMEDIATE RELEASE  
TORONTO STOCK EXCHANGE: SMT  
LIMA STOCK EXCHANGE: SMT

No. 16-2017

## SIERRA METALS REPORTS STRONG Q1-2017 FINANCIAL RESULTS AT ITS SOCIEDAD MINERA CORONA SUBSIDIARY IN PERU

- Increased production of higher value ore, improved recoveries and improved metal pricing has positively impacted financial results
- Q1 production highest in the Yauricocha mine 69 year history

---

Toronto, ON – May 2, 2017 – Sierra Metals Inc. (TSX:SMT, BVL:SMT) (“Sierra Metals” or the “Company” - [http://www.commodity-tv.net/c/search\\_adv/?v=297485](http://www.commodity-tv.net/c/search_adv/?v=297485) ) announces the filing of Sociedad Minera Corona S.A.’s (“Corona”) unaudited Financial Statements and Management Discussion and Analysis (“MD&A”) for the first quarter of 2017 (“Q1 2017”).

The Company holds an 81.8% interest in Corona. All amounts are presented in US dollars, unless otherwise stated, and have not been adjusted for the 18.2% non-controlling interest.

### **Corona’s Highlights for the Three Months Ended March 31, 2017**

- Revenues of US\$38.5 million vs US\$12.5 million in Q1 2016
- Adjusted EBITDA of US\$ 20.5 million vs US\$0.9 million in Q1 2016
- Total tonnes processed of 251,180 vs 207,580 in Q1 2016
- Net production revenue per tonne of ore milled increased by 119% to US\$157.93
- All in sustaining cost (“ASIC”) per silver equivalent payable ounce lower by 30% to US\$10.60
- Silver equivalent production of 2.2 million ounces vs 1.4 million ounces in Q1 2016
- Copper equivalent production of 18.8 million pounds vs 12.2 million pounds in Q1 2016
- \$35.4 million of cash and cash equivalents as at March 31, 2017
- \$26.0 million of working capital as at March 31, 2017

Sierra Metals continues to see a positive impact from the operational improvements program and has successfully focused on increasing the production of higher value ore, improving recoveries, while benefiting from an improved metals price environment. This has resulted in significant increases to revenue and adjusted EBITDA, combined with lower costs in the first quarter. The Company’s continued emphasis at Yauricocha will be to focus on the production of higher value ore, further cost reductions, where possible, and optimization to improve the Company’s production, operating margins and cash flow generation.

*“I am very pleased with the achievements and successes the Company has seen at the Yauricocha Mine” stated Igor Gonzales, President and CEO of Sierra Metals. “We have again recognized the highest production ever achieved in the 69 year history of the mine in the first quarter that has translated into significant improvements to revenue, adjusted EBITDA and cashflow at the Mine. Additionally, we saw our AISC per silver equivalent ounce decrease by 30% at the Mine in Q1 as well. With a continued focus on the processing of higher value ore the company has seen silver equivalent production increase by 57% over Q1 2016 and saw this positively impact both operating margins and cash flow at the Mine.”*

He continued, “Corona’s balance sheet continues to improve and the Company has strong liquidity. Management is positive that we will realize continued mineral resource growth from our brownfield exploration programs from areas including the Esperanza zone, the Cuye-Mascota zone as well as several other high value targets within the mine complex. When combined with significant operational improvements already completed at Yauricocha, we expect this will provide for substantial growth in the future.”

The following table displays selected unaudited financial information for the three months ended March 31, 2017:

<i>(In thousands of US dollars, except cash cost and revenue per tonne metrics)</i>	Three Months Ended	
	March 31, 2017	March 31, 2016
Revenue	\$ 38,501	12,500
Adjusted EBITDA <sup>(1)</sup>	20,546	910
Cash Flow from operations before movements in working capital	20,416	1,077
Gross profit	19,916	1,685
Income Tax (Expense) Recovery	(4,558)	(37)
Net Income (loss)	11,882	(1,386)
Net production revenue per tonne of ore milled <sup>(2)</sup>	157.93	72.19
Cash cost per tonne of ore milled <sup>(2)</sup>	57.81	55.30
Cash cost per silver equivalent payable ounce <sup>(2)</sup>	7.39	8.69
All-In Sustaining Cost per silver equivalent payable ounce <sup>(2)</sup>	10.60	15.16
Cash cost per copper equivalent payable pound <sup>(2)</sup>	0.86	1.02
All-In Sustaining Cost per copper equivalent payable pound <sup>(2)</sup>	\$ 1.24	1.77
<i>(In thousands of US dollars, unless otherwise stated)</i>	March 31, 2017	March 31, 2016
Cash and cash equivalents	\$ 35,370	36,877
Assets	139,388	128,769
Liabilities	63,558	62,254
Equity	75,830	66,515

<sup>1</sup> Adjusted EBITDA includes adjustments for depletion and depreciation, interest expense and other financing costs, interest income, share-based compensation, Foreign Exchange (gain) loss and income taxes; see non-IFRS Performance Measures section of the Company’s MD&A.

<sup>2</sup> All-In Sustaining Cost per silver equivalent ounce sold and copper equivalent pound sold are non-IFRS performance measures and include cost of sales, treatment and refining charges, sustaining capital expenditures, general and administrative expense, and selling expense, and exclude workers’ profit sharing, depreciation and other non-cash provisions; Cash cost per silver equivalent ounce sold and copper equivalent pound sold, net production revenue per tonne of ore milled, and cash cost per tonne of ore milled are non-IFRS performance measures; see non-IFRS Performance Measures section of the Company’s MD&A.

### **Corona’s Financial Highlights for the Three Months Ended March 31, 2017**

- Revenues of \$38.5 million for Q1 2017 compared to \$12.5 million in Q1 2016. The increase in revenues was due to a 21% increase in tonnes processed, higher head grades for silver, copper and zinc, higher recoveries for all metals, except gold, and the increase in the prices of silver (16%), copper (25%), lead (30%), zinc (66%), and gold (1%).
- Cash cost per silver equivalent ounce sold at the Yauricocha Mine of \$7.39 for Q1 2017 compared to \$8.69 for Q1 2016 and All-in sustaining cost (“AISC”) per silver equivalent ounce sold of \$10.60 for Q1 2017 compared to \$15.16 for Q1 2016. The decrease in AISC during Q1 2017 was due to an increase in silver equivalent payable ounces as a result of higher throughput and ore feed head

grades from the increase in available production from higher grade zones in the mine. Also, lower treatment and refining costs incurred during Q1 2017 resulting from improved terms within re-negotiated sales contracts with our off-takers.

- Adjusted EBITDA of \$20.5 million for Q1 2017 compared to \$0.9 million for Q1 2016. The increase in adjusted EBITDA for Q1 2017 was due to the increase in plant throughput, metal production and revenues, discussed above.
- Operating cash flows before movements in working capital of \$20.4 million for Q1 2017 compared to US\$1.1 million for Q1 2016. The increase in operating cash flows before movements in working capital for Q1 2017 compared to the same period in 2016 was primarily due to the increase in revenues, discussed previously.
- Cash and cash equivalents of \$35.4 million as at March 31, 2017 compared to \$36.9 million as at December 31, 2016. Cash and cash equivalents decreased by \$1.5 million which was driven by operating cash flows of \$11.7 million, offset by capital expenditures of \$4.2 million, debt and interest payments of \$1.9 million, intercompany loans of \$4.6 million, and dividends paid of \$2.6 million.
- Net income of \$11.9 million, or \$0.33 per share for Q1 2017 compared to a net loss of \$(1.4) million, or \$(0.04) per share for Q1 2016.

### **Corona's Operational Highlights for the Three Months Ended March 31, 2017:**

The following table displays the production results for the three months ended March 31, 2017:

Yauricocha Production	3 Months Ended		
	Q1 2017	Q1 2016	% Var.
<b>Tonnes processed (mt)</b>	<b>251,180</b>	<b>207,580</b>	<b>21%</b>
Daily throughput	2,871	2,372	21%
Silver grade (g/t)	81.37	74.21	10%
Copper grade	0.81%	0.75%	8%
Lead grade	1.76%	2.29%	-23%
Zinc grade	3.60%	2.68%	35%
Gold Grade (g/t)	0.56	0.63	-11%
Silver recovery	75.95%	57.19%	33%
Copper recovery	62.00%	54.23%	14%
Lead recovery	85.96%	66.17%	30%
Zinc recovery	89.12%	83.98%	6%
Gold Recovery	17.25%	25.33%	-32%
<b>Silver ounces (000's)</b>	<b>499</b>	<b>283</b>	<b>76%</b>
<b>Copper pounds (000's)</b>	<b>2,783</b>	<b>1,863</b>	<b>49%</b>
<b>Lead pounds (000's)</b>	<b>8,382</b>	<b>6,944</b>	<b>21%</b>
<b>Zinc pounds (000's)</b>	<b>17,774</b>	<b>10,281</b>	<b>73%</b>
<b>Gold ounces</b>	<b>779</b>	<b>1,062</b>	<b>-27%</b>
<b>Silver equivalent ounces (000's)<sup>(1)</sup></b>	<b>2,202</b>	<b>1,432</b>	<b>54%</b>
<b>Copper equivalent pounds (000's)<sup>(1)</sup></b>	<b>18,829</b>	<b>12,246</b>	<b>54%</b>

(1) Silver equivalent ounces & copper equivalent pounds were calculated using the following metal prices: \$19.50/oz Ag, \$2.28/lb Cu, \$0.85/lb Pb, \$1.05/lb Zn, \$1,369/oz Au.

## **Quality Control**

All production technical data contained in this news release has been reviewed and approved by Gordon Babcock, P.Eng., Chief Operating Officer and a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

## **About Sierra Metals**

Sierra Metals Inc. is Canadian based growing polymetallic mining company with production from its Yauricocha Mine in Peru, and its Bolivar and Cusi Mines in Mexico. The Company is focused on increasing production volume and growing mineral resources. Sierra Metals has recently had several new key discoveries and still has many more exciting brownfield exploration opportunities at all three Mines in Peru and Mexico that are within or very close proximity to the existing mines. Additionally, the Company also has large land packages at all three mines with several highly prospective regional targets providing longer term exploration upside and mineral resource growth potential.

The Company's shares trade on the Bolsa de Valores de Lima and the Toronto Stock Exchange under the symbol "SMT".

For further information regarding Sierra Metals, please visit [www.sierrametals.com](http://www.sierrametals.com) or contact:

### **Mike McAllister**

VP, Corporate Development  
Sierra Metals Inc.  
+1 (416) 366-7777  
[info@sierrametals.com](mailto:info@sierrametals.com)

### **Ed Guimaraes**

CFO  
Sierra Metals Inc.  
++1 (416) 366-7777

### **Igor Gonzales**

President & CEO  
Sierra Metals Inc.  
+1 (416) 366-7777

In Europe:

Swiss Resource Capital AG  
Jochen Staiger  
[info@resource-capital.ch](mailto:info@resource-capital.ch)  
[www.resource-capital.ch](http://www.resource-capital.ch)

## **Forward-Looking Statements**

Except for statements of historical fact contained herein, the information in this press release may constitute "forward-looking information" within the meaning of Canadian securities law. Statements containing forward-looking information express, as at the date of this news release, the Company's plans, estimates, forecasts, projections, expectations or beliefs as to future events or results. These statements reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Actual results might differ materially from results suggested in any forward-looking statements. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in filings by the Company with the Canadian securities regulators, which filings are available at [www.sedar.com](http://www.sedar.com).

**Continue to watch our progress at:**

Sierra Metals Inc.

FOR IMMEDIATE RELEASE  
TORONTO STOCK EXCHANGE: SMT  
LIMA STOCK EXCHANGE: SMT

Web: [www.sierrametals.com](http://www.sierrametals.com)  
Twitter: [sierrametals](https://twitter.com/sierrametals)  
Facebook: [SierraMetalsInc](https://www.facebook.com/SierraMetalsInc)  
LinkedIn: [Sierra Metals Inc](https://www.linkedin.com/company/Sierra-Metals-Inc)