

SIERRA METALS COMPLETES FIRST PHASE OF SYSTEMATIC DRILL CAMPAIGN AND CONFIRMS DIMENSIONS OF HIGH-GRADE SILVER MINERALIZED ZONE AT ITS CUSI MINE IN MEXICO

- 36 Holes drilled in an approximate 100 meter by 100 meter grid covering an area of 1,000 meters long by 400 meters depth
- Average grade of the intercept is 371 grams of equivalent silver per tonne. Average true width of the intercepts 4.1 meters
- All drill holes intersected the structure with a high hit ratio and significant silver grades as can be seen in the assay table below
- In order to test the continuity, grade and widths of the Santa Rosa de Lima zone a definition drill program of 13,200 meters (24 holes) is being completed this month
- Deep drilling demonstrates high grades and wider nature of the Santa Rosa de Lima zone focusing on exploration within NW-SE regional structural system with which most high-grade silver deposits in Mexico are associated
- The drilling program demonstrates the viability of this zone as most of the high-grade silver deposits encountered in this region are within this NW-SE trending regional structure

Drill hole highlights include:

	Ag (gpt)	Pb (%)	Zn (%)	EqAg (gpt)	Real Width
Hole C:	757	0.35	0.33	784	over 12.0m
Hole H:	709	2.12	1.31	862	over 1.8m
Hole 6:	1152	0.26	0.52	1243	over 2.0m
Hole 13:	414	0.51	0.83	467	over 3.5m
Hole 14:	1034	1.50	2.00	1126	over 3.2m
Hole 15:	690	0.84	1.09	766	over 4.3m
Hole 28:	575	0.11	0.10	575	over 11.0m

Toronto, ON – June 05, 2017 – Sierra Metals Inc. (TSX: SMT) (BVL: SMT) (“Sierra Metals” or “the Company” - http://www.commodity-tv.net/c/search_adv/?v=297485) today announced initial assay results the from exploration drill program at the Santa Rosa de Lima zone located within the Cusi Mine property in Cusihiuriachi, Chihuahua state, Mexico.

Drilling has confirmed a high-grade mineralized deposit, located adjacent to the current operations. The Santa Rosa de Lima zone is a regional structure, that has been identified in the area extending for 12 kilometers. The Main mineralized zone extends over 1,000 meters in length, 400 meters in depth and is open along strike to the Northwest and Southeast (see Figure 2 attached). Recent drilling results are summarized in Table 1. These results come as

a part of a reinterpretation of the Hydrothermal model and a drilling campaign of 15,500 meters that began in December 2016.

“These drilling program results confirm the existence of high-grade silver mineralization and demonstrate a significant potential for our operations at the Cusi Mine. We are currently following up on this initial drilling program with an in-fill drill program to move the assay results into a measured mineral resource category which will be included in an updated mineral resource estimate for the Cusi mine expected to be released early in the fourth quarter” stated Alonso Lujan, Vice President Exploration at Sierra Metals. *“Intercepts such as those returned in Holes 6, 14, 15 and 28 are characteristic of high grade epithermal deposits. Additionally, there is further potential to expand the exploration success at depth and along strike at the Santa Rosa de Lima zone as well as with other zones including the San Rafael Vein, San Nicolas Vein and the Bordo Fault. We look forward to further potential discoveries as we continue to explore the Cusi Mine district.”*

“This is an important development for the continuity and upgrade of our Cusi operations” stated Igor Gonzales, President and CEO of Sierra Metals. He continued, *“We are excited about these drilling results, which increase the value of the asset and make an important contribution to our growth strategy. The wider vein structure nature and higher grade of Santa Rosa de Lima is increasing the asset quality and size potential of this mine”*

Cusi Mine Geology

The Cusi mine district encompasses 11,657 hectares over range of elevation of 1,950 to 2,460 metres above sea level in the Sierra Madre Occidental Mountain Range. It is the result of one of largest volcanic events in the world that occurred between the Cretaceous and the Tertiary periods. The Sierra Madre Occidental is formed by two volcanics groups. Upper Volcanic Complex (UVC) and Lower Volcanic Complex (LVC).

The Sierra Madre Occidental is one of the largest known epithermal precious metal metallogenic provinces and is host to well-known gold and silver producing mining districts, including: Concheño, Ocampo, Bacis, Tayoltita, Topia, Guanacevi, La Cienega, Mulatos El Sauzal and Pinos Altos.

The Cusi Mine district is located in the Lower Volcanic Complex, where subvolcanic rocks are closely related to the mineralization. The current operation is being developed in secondary veins with a preferred Northeast-Southwest arrangement. The Santa Rosa de Lima zone has no clear evidence of surface hydrothermal alternation although it is identified for a length of 12 kilometers. This has an extensive relationship with the structural trend where Sunshine Silver Mine’s Los Gatos Project is located 90 kilometers to the Southeast of the Santa Rosa de Lima zone.

The mineralization at the Santa Rosa de Lima zone is located approximately 200 meters below the surface, and can occasionally be observed at surface in the intersections of veins like Promontorio and Santa Edwiges.

Table 1.1 Complete set of results from the drill program

No Hole	Internal Control	Real Width(m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	EQAg (g/t)
DC13B634	A	3.5	0.15	316	0.28	0.26	347
DC13B628	B	20.0	0.06	266	0.22	0.21	283
DC12B509	C	12.0	0.13	757	0.35	0.13	784
DC13B637	D	6.0	0.00	200	0.14	0.10	200
DC12B465	E	3.3	0.03	535	0.32	1.12	594
DC12B578	F	1.5	0.30	140	2.06	6.62	518
DC12B551	G	2.9	0.00	358	0.26	0.16	367

DC12B575	H	1.8	0.32	709	2.12	1.31	862
DC12B458	I	3.0	0.07	489	0.10	0.17	489
DC12B640	J	1.5	0.00	147	0.11	0.14	147
DC16B682	1	1.2	0.00	68	0.18	0.17	68
DC16B683	2	4.1	0.06	332	0.20	0.18	351
DC16B684	3	0.6	0.00	58	0.78	2.25	182
DC16B685	4	5.0	0.00	119	1.19	1.25	214
DC16B687	5	5.2	0.00	200	0.12	0.14	218

DC16B686	6	2.0	0.85	1152	0.26	0.52	1243
DC17B695	7	8.5	0.00	166	0.41	0.40	166
DC17B688	8	5.8	0.00	73	0.08	0.11	73
DC17B697	9	1.5	0.00	198	0.06	0.12	198
DC17B718	10	9.0	0.00	260	0.43	0.65	303
DC17B701	12	1.4	0.00	77	0.46	1.52	158
DC17B690	13	3.5	0.00	414	0.51	0.83	467
DC17B693	14	3.2	0.00	1034	1.50	2.00	1126

DC17B717	15	4.3	0.00	690	0.84	1.09	766
DC17B699	16	0.5	0.00	288	0.21	0.43	314
DC17B708	17	2.3	0.00	228	2.83	5.60	568
DC17B709	18	2.9	0.00	130	1.18	2.02	258
DC17B715	19	1.2	0.00	20	0.01	0.00	20
DC17B696	20	1.3	0.00	106	0.33	0.76	150
DC17B703	21	5.3	0.00	67	3.40	2.03	273
DC17B707	23	0.8	0.00	38	0.12	0.09	38

DC17B711	24	2.5	0.00	233	0.04	0.05	233
DC17B716	25	1.5	0.00	134	0.81	0.89	201
DC17B713	26	1.2	0.00	194	0.28	0.33	218
DC17B714	28	11.0	0.00	575	0.11	0.10	575
DC17B705	29	2.0	0.00	90	0.59	0.27	140

Samples were dried, crushed and pulverized by ALS Chemex in Chihuahua City, samples pulp were shipped by ALS Chemex to their laboratory in Vancouver. "Internal Control" with letters A-J are previously reported. Control with number (1-29) are new released information.

A plan map of the Cusi area is shown in Figure 1. Figure 2 shows the distribution of the drilling executed at the Santa Rosa de Lima zone. Figure 3 shows a cross section in which several veins has been identified.

Figure 1. – Plan Map of Cusi Area

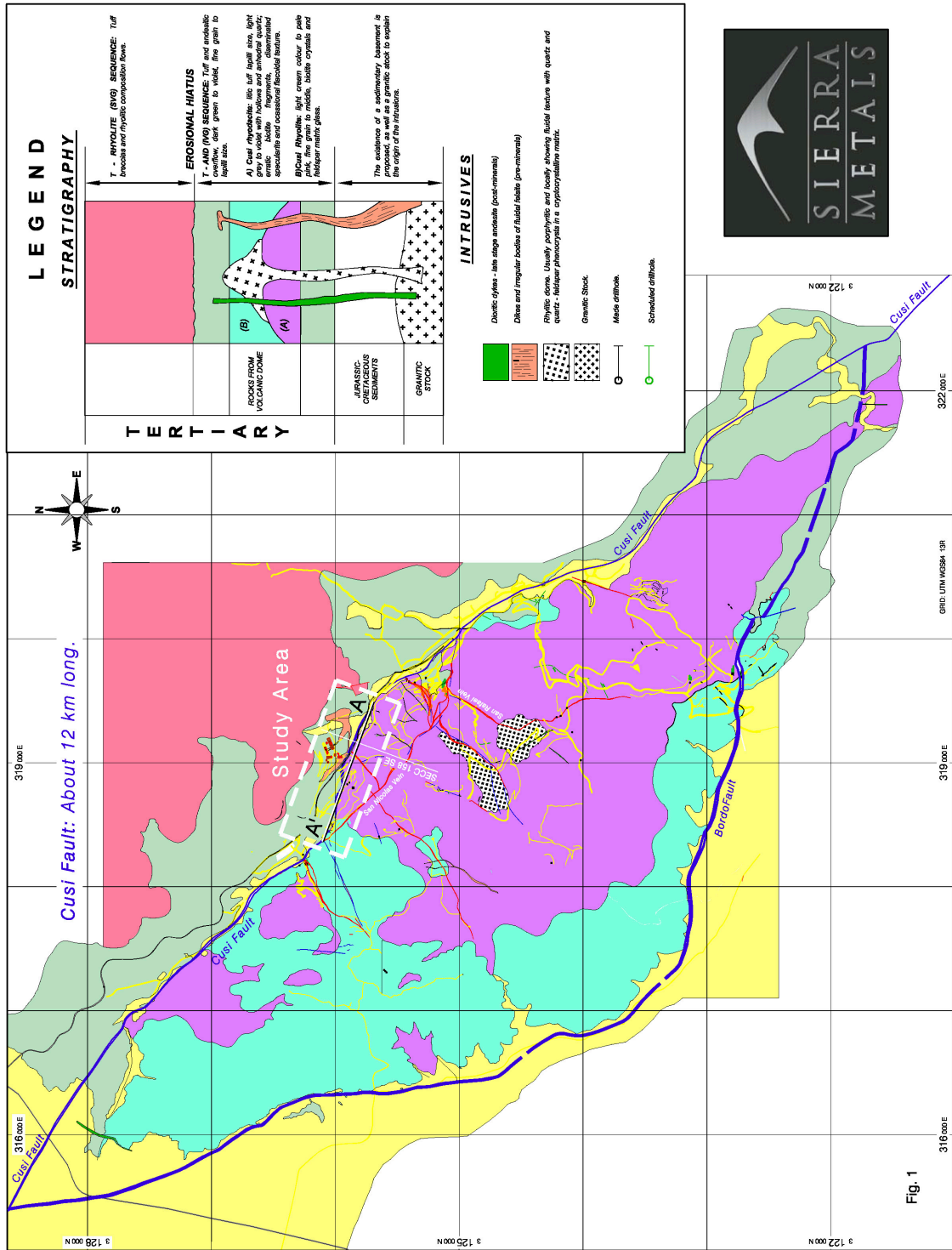


Figure 2. - Distribution of the drilling program executed at the Santa Rosa de Lima zone

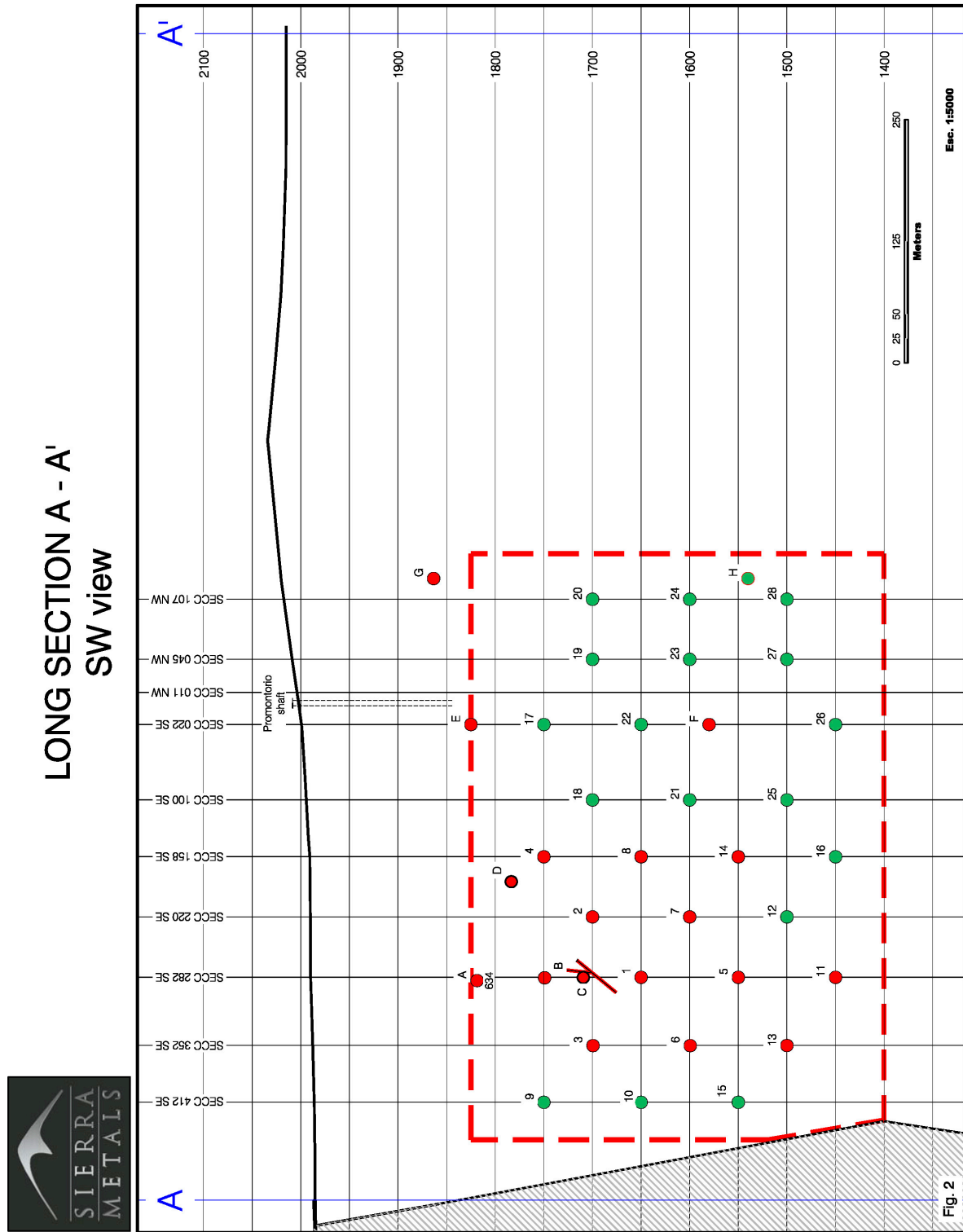
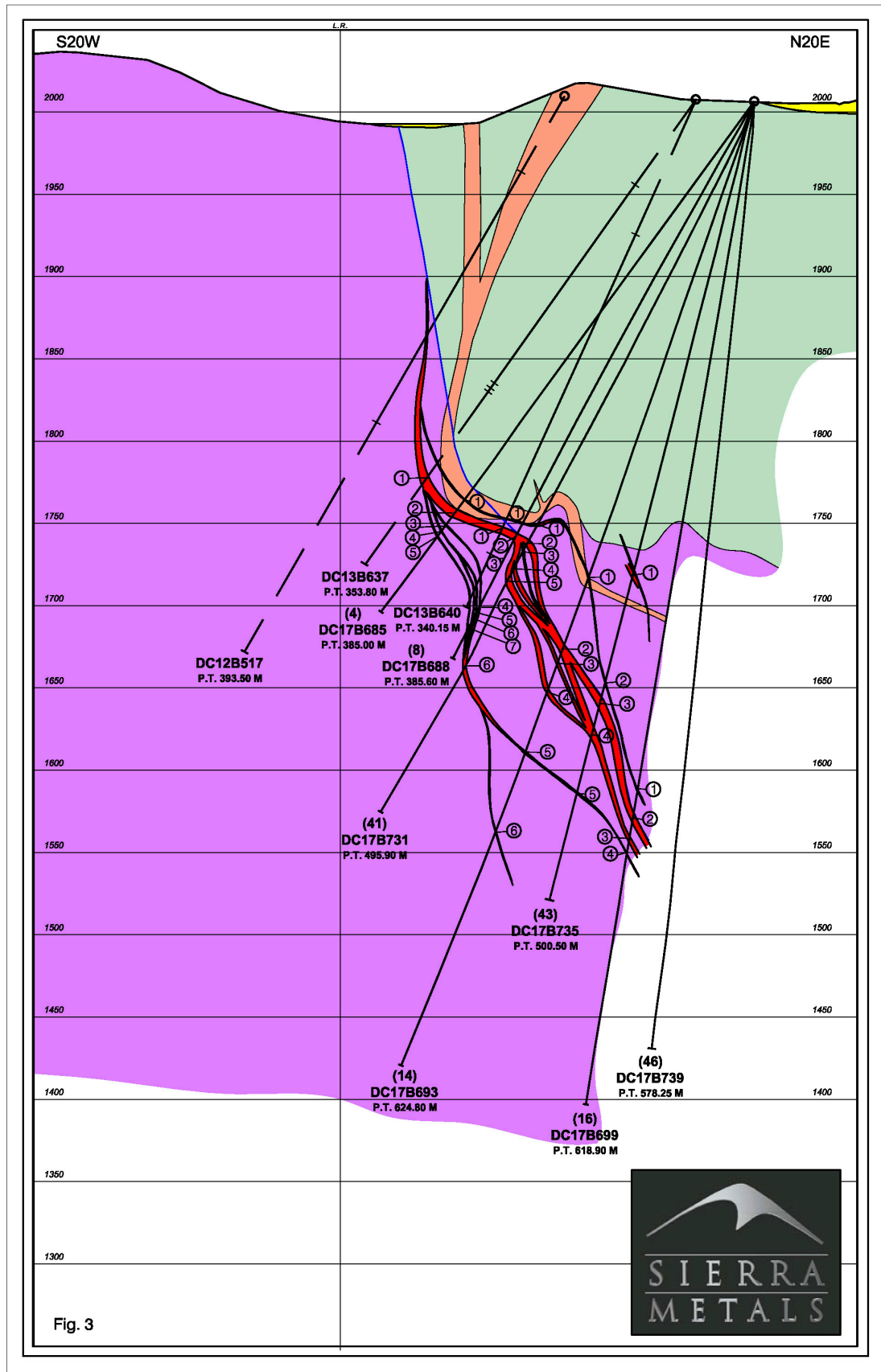


Figure 3. – Cross Section

CROSS SECTION 158 SE
NW view



Qualified Persons

The technical content of this news release has been approved by Gordon Babcock P. Eng., Qualified Person as defined in NI-43-101.

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 Lima Stock Exchange (Bolsa de Valores de Lima) and on the TSX under the symbol "SMT".

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