



SIERRA METALS UPDATES MINERAL RESOURCE AND RESERVE ESTIMATE FOR BOLIVAR MINE, MEXICO

Toronto, ON – April 11, 2017 – Sierra Metals Inc. (TSX: SMT) (BVL: SMT) (“Sierra Metals” or “the Company” - http://www.commodity-tv.net/c/search_adv/?v=297373) has updated its Mineral Resource and Reserve Estimate at the Company’s Bolivar Mine, located in Chihuahua State, Mexico.

The updated Mineral Resource and Reserve Estimate disclosed herein is the result of drilling programs completed between January 2013 and September 2016, as well as production data of September 2016. Subsequent to the cut-off date of September 2016 the updated Resource and Reserve statement does not include approximately 20,000 metres of drilling some of which is in the process of being drilled with an aim to further expand the resources and reserves at the Bolivar mine. This information will be included in an update addendum which will occur in the second half of this year. The Company’s decision to file this updated technical report at this time is based on the listing requirements of the New York Stock Exchange (“NYSE”). As noted in previous releases, the Company is aggressively pursuing this NYSE MKT listing which will allow the Company to access a larger pool of Investors and enhance the Company’s Investor visibility and share trading liquidity. The Company expects the NYSE listing to take place in the near future.

A Technical Report prepared by SRK Consulting (U.S.) Inc. in accordance with NI 43-101 standards of disclosure has been completed and will be filed on SEDAR within 45 days of this news release.

Press Release Highlights:

- **Total Indicated Mineral Resources for Bolivar are 9,335,000 tonnes averaging 18.1 g/t silver, 0.90% copper and 0.30 g/t gold, 1.23% CuEq**
- **Total Inferred Mineral Resources for Bolivar are 9,055,000 tonnes averaging 17.9 g/t silver, 0.86% copper and 0.33 g/t gold, 1.20% CuEq**
- **Total Probable Mineral Reserves for Bolivar are 4,327,000 tonnes averaging 17.5 g/t silver, 0.85% copper and 0.31g/t gold, 1.18% Cu Eq**
- **The updated Resource and Reserve Estimate varies from the 2012 Technical Report due to a variety of factors, including: an increase in the Net Smelter Return (NSR) cut off grades resulting in higher value material, reduction in commodity prices* and depletion by production since the Report was completed**
- **The updated Resource and Reserve Estimate has incorporated new exploration drilling, sampling, and face mapping information into the geologic interpretation and grade estimations providing more refined resource models**

* Metal price assumptions considered for the calculation of unit values are: Silver (US\$/oz 18.30), Copper (US\$/lb 2.43), Gold (US\$/oz 1,283.00)

Gordon Babcock, Chief Operating Officer of Sierra Metals Inc. commented: *"We are satisfied with the updated Resource and Reserve report for the Bolivar mine and the quality of the defined areas within the Report. At Bolivar, a 20,000-meter drill program has been in execution since the latter part of 2016 with a significant portion already completed. Drilling is taking place at the Bolivar West, Bolivar Northwest and will continue at the La Sidra area. Also, a recently completed geophysical program utilizing Titan 24 techniques has targeted near-surface, coincident strong chargeability (IP) and resistivity anomalies in the Southwestern sector of the property near Bolivar West. These targets are being drilled with a diamond drilling program and subsequent exploration programs are targeted to increase tonnage and grade at Bolivar."*

He continued, *"4 years have passed since the last technical report was filed and the Company is confident that with this review, as well as the inclusion of the ongoing drilling, we will continue to define mineral resources and reserves in a short time frame. Recently, some important changes have occurred at the Bolivar mine including the addition of a new Mine Operations Manager, Mine Superintendent as well as a new exploration group headed up by Alonso Lujan, VP Exploration. These new additions to the Bolivar team will play an important role in the Company achieving its operational goals for 2017 and with future production increases."*

Alberto Arias, Chairman, commented: *"This report fulfills a critical requirement for our US Listing in the NYSE and provides a solid base upon which future updates could add further reserves and resources later this year. Our current drilling programs at key targets are already having positive results and we are encouraged by our plans to drill some geophysical anomalies identified recently in our Titan 24 geophysical survey. We believe this will be an exciting year for exploration results at Bolivar."*

The incorporation of new exploration drilling, lower commodity price assumptions, sampling, face mapping information into the geologic interpretations, and grade estimations which have resulted in a further refinement of the ore body. As commodity prices improve, certain areas which have been excluded because of lower metal prices could be included in future reserve and resource updates. It is Management's view that the resulting Resource and Reserve Estimate reflects the ongoing efforts by the Company to achieve good value from the Bolivar asset while focusing on quality over quantity, given the current operating and metal price environment.

Mineral Resource Estimate

Mineral Resource Estimations have been conducted by Matthew Hastings of SRK Consulting (U.S.) Inc., a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects, using Maptek Vulcan™ and Leapfrog Geo™ software.

Mineral Reserve Estimations have been conducted by Jon Larson of SRK Consulting (U.S.) Inc., a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects, using Maptek Vulcan™ and Minemax iGantt software.

This release features mineral resources and reserves reported from models developed and estimated by SRK using criteria determined by Dia Bras and SRK to be reasonable for reporting of these resources and reserves.

SRK has worked with Dia Bras personnel to develop the geology models, estimations, and reporting criteria for mineral resources at Bolivar. Geology models were developed by Sierra Metals and were modified and reviewed by SRK. In all, there are seventeen individual mineralized bodies identified through drilling and mine development. These were used as hard boundaries for the purposes of the estimation. Although the majority of the estimated

resource is supported by drilling, limited channel samples support estimation within vertical pillars in mined areas. The block models were created by SRK, and have been estimated using a combination of inverse distance and ordinary kriging methods. The mineral resources have been estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines.

The procedures and methods supporting the mineral reserve estimation have been developed by SRK in conjunction with Dia Bras mine planning personnel. The reserve estimations presented herein have been conducted by independent consultants using supporting data generated by the site. In general, each mining area is evaluated using reasonable mining block shapes based on the mining method applicable to the zone. Mineral Reserves estimated by the independent consultants are categorized in a manner consistent with industry best practice. Data and information supporting the mining recovery, mining dilution, metallurgical recoveries, consensus commodity pricing, and treatment and refining charges have been provided by Dia Bras and reviewed by SRK. These factors are used to calculate Net Smelter Return (NSR) for the blocks in the models. Historic and expected direct and indirect mining, processing and general and administrative costs were provided by Dia Bras. To be considered economic, the Net Smelter Return (NSR) value of the mining block must be greater than the economic cutoff. Blocks below the economic cutoff but above the marginal cutoff are, in some cases, included in the reserve where they are in between or immediately adjacent to an economic block and it is reasonable to expect that no significant additional development would be required to extract the marginal block. Isolated blocks, defined as blocks with no defined access or blocks that do not pay for the required development, have been excluded. Only material classified as Measured and Indicated Resources contribute to the grade values in a mining block. Material inside a block and not classified as Measured or Indicated is assumed to have 0 grade. Mined out areas were provided by Sierra Metals personnel, and represent development and production up to September 30, 2016.

SRK is of the opinion that the resource and reserve estimations are suitable for public reporting and are a fair representation of the mill feed tonnes, grade, and metal for the Bolivar deposit.

The September 30, 2016, consolidated mineral resource statement for the Bolivar Mine area is presented in Table 1. These resources have been stated in unmined areas of the deposits as well as within surveyed pillar shapes in the existing mined out areas, using a lower COG to reflect the fact that they have been exposed through previous mining. SRK has prepared an NI 43-101 Technical Report which supports this disclosure.

Table 1: Consolidated Bolivar Mineral Resource Estimate as of September 30, 2016 – SRK Consulting (U.S.), Inc.

Resources - Indicated						Contained Metal			
	Tonnes (000's)	Ag g/t	Cu %	Au g/t	CuEq %	Ag M oz	Cu M lb	Au K oz	CuEq M lb
Bolivar									
Indicated	9,335	18.1	0.90	0.30	1.23	5.4	184.9	91.0	252.9

Resources - Inferred						Contained Metal			
	Tonnes (000's)	Ag g/t	Cu %	Au g/t	CuEq %	Ag M oz	Cu M lb	Au K oz	CuEq M lb
Bolivar									
Inferred	9,055	17.9	0.86	0.33	1.20	5.2	171.6	97.0	239.8

(1) Mineral resources are reported inclusive of ore reserves. Mineral resources are not ore reserves and do not have demonstrated economic viability. All figures rounded to reflect the relative accuracy of the estimates. Copper, gold, and silver assays were capped where appropriate.

(2) Mineral resources are reported at variable metal value cut-off grades based on metal price assumptions*, metallurgical recovery assumptions**, mining/transport costs (US\$13.59/t), processing costs (US\$10.00/t), and general and administrative costs (US\$3.40/t).

(3) The metal value cut-off grade for the unmined portions of the Bolivar Mine is US\$27 and is US\$20 for the remaining vertical

pillars in the mined areas. The mineral resources within the remaining vertical pillars comprise less than 1% of the Indicated Mineral 9,335

* Metal price assumptions considered for the calculation of metal value are: Copper (Cu): US\$/lb 2.43, Silver (Ag): US\$/oz 18.30, and Gold (Au): US\$/oz 1,283.00.

** Metallurgical recovery assumptions are 81% Cu, 77% Ag, and 49% Au.

The consolidated mineral reserve statement for the Bolivar Mine area is presented in Table 2. The effective date for the reserves estimated herein is September 30, 2016. SRK has prepared an NI 43-101 Technical Report which supports this disclosure.

Table 2: Consolidated Bolivar Mineral Reserve Estimate as of September 30, 2016 – SRK Consulting (U.S.), Inc.

Reserves - Probable						Contained Metal			
	Tonnes (000's)	Ag g/t	Cu %	Au g/t	CuEq %	Ag M oz	Cu M lb	Au K oz	CuEq M lb
Bolivar									
Probable	4,327	17.5	0.85	0.31	1.18	2.4	80.7	44.0	112.1

- All figures rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding.
- Ore reserves are reported at NSR cutoffs (CoG) based on metal price assumptions*, metallurgical recovery assumptions**, mining costs, processing costs, general and administrative (G&A) costs, and treatment and refining charges.

* Metal price assumptions considered for the calculation of NSR are: Copper (Cu): US\$/lb 2.43, Silver (Ag): US\$/oz 18.30, and Gold (Au): US\$/oz 1,283.00.

** Metallurgical recovery assumptions are 81% Cu, 77% Ag, and 49% Au.

- The NSR CoG is variable by mining method:
 - US\$30.50 = Room and Pillar; and
 - US\$32.50 = Longhole Stopping.
- Ore reserves have been stated on the basis of a mine design, mine plan, and cash-flow model:
 - Mining recovery applied is 85%.
 - Mining dilution (internal and external), applied with a zero grade, ranges from 12% to 36% and averaged 16%.

Quality Control

All 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 recently completed a very successful operational improvements program at its Yauricocha mine and is now focused on completing a similar program at its Mexican operations to increase production volume, recoveries and modernize operations. Sierra Metals continues to grow its mineral resources with several exciting brownfield opportunities such as the Esperanza Zone at the Yauricocha Mine which went from first discovery to mining in less than one year. The Company has several other brownfield exploration opportunities at all three Mines in Peru and Mexico within or very close to the existing mines which its actively exploring and hopes to daylight in the short-term. The company has large land packages at all three Mines with several regional highly prospective 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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Forward-Looking Statements

This release includes certain statements that may be deemed “forward-looking statements”. All statements in this release, other than statements of historical facts, that address estimated resource quantities, grades and contained metals, possible future mining, exploration and development activities, are forward-looking statements. Although the Company believes the forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for metals, the conclusions of detailed technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all. The Company is subject to the specific risks inherent in the mining business as well as general.

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