

IMPLEMENTATION OF BEST PRACTICES AND MODERN METHODOLOGIES REDUCES PRODUCTION AT YAURICOCHA IN THE SHORT-TERM

TORONTO, Oct. 15, 2015 /CNW/ -Sierra Metals Inc. (TSX: SMT) (BVL: SMT) ("Sierra Metals" or "the Company") reports third quarter production results including record silver equivalent production and throughput at its Cusi Mine and an increase in copper equivalent production at its Bolivar Mine, for the three month period ended September 30, 2015 ("Q3 2015"). Total consolidated tonnes processed increased by 10% for the nine month period. Results are from Sierra Metals three underground mines in Latin America: the Yauricocha polymetallic Mine in Peru and the Bolivar copper and Cusi silver Mines in Mexico.

Third Quarter Production Highlights

- Total tonnes processed of 452,082; a 5% increase over Q3 2014
- Silver equivalent production of 2.4 million ounces; an 18% decrease from Q3 2014
- Copper equivalent production of 16.2 million pounds; an 18% decrease from Q3 2014

Decreased production was a result of reduced plant throughput of 14% at our Yauricocha Mine in Peru which was partially offset by the increase in throughput at our Cusi and Bolivar Mines. The decrease in throughput at Yauricocha was due to additional work being performed to drill drainage holes to de-water certain areas of the Mine as well as focusing on improving mine sequencing and implementing improvements to safety, design and in the mechanized mining methods being used at the Mine.

"Yauricocha is currently undergoing operational improvements to increase safety, development and productivity at the Mine" stated Gordon Babcock, Chief Operating Officer at Sierra Metals. "The Mine is undergoing various training programs using modern drifting techniques such as blast-control, ground support practices as well as the use of remote control Load Haul Dump equipment. All of these short-term improvements, while causing some reduction in production in the near-term, will enable the Company to benefit from improved safety practices and future increases in production."

Mark Brennan, President and CEO of Sierra Metals, commented: "The Company continues to implement best practices and modern methodologies as we work to increase production in the coming years. Recognizing lower production in the short-term at Yauricocha as we work to make these changes, we are pleased that the Company has still maintained a solid quarter of production, including record silver equivalent production and plant throughput at our Cusi Mine. The quality of our assets, operated by our skilled teams, enables us to continue on the path towards meeting 2015 production guidance."

Consolidated Production Results

Consolidated Production	3 Months Ended			9 Months Ended			2015 Guidance	
	Q3 2015	Q3 2014	% Var.	Sep 30, 2015	Sep 30, 2014	% Var.	Low	High
Tonnes processed (mt)	452,082	430,523	5%	1,407,863	1,277,855	10%	1,805,000	2,105,000
Daily throughput	5,167	4,920	5%	5,363	4,868	10%		
Silver ounces	691,129	794,251	-13%	2,501,839	2,272,746	10%	3,144,000	3,668,000
Copper pounds (000's)	4,709	5,309	-11%	17,701	16,735	6%	21,000	24,300
Lead pounds (000's)	11,026	12,553	-12%	34,257	36,738	-7%	44,300	51,800
Zinc pounds (000's)	9,332	14,668	-36%	32,812	40,857	-20%	41,900	48,900
Gold ounces	2,026	2,143	-5%	6,864	7,127	-4%	11,200	13,000
Silver equivalent ounces (000's) ⁽¹⁾	2,436	2,955	-18%	8,601	8,731	-1%	10,800	12,600
Copper equivalent pounds (000's) ⁽¹⁾	16,240	19,698	-18%	57,337	58,204	-1%	72,400	84,300

(1) Silver equivalent ounces & copper equivalent pounds were calculated using the following metal prices: \$20/oz Ag, \$3.00/lb Cu, \$0.85/lb Pb, \$0.95/lb Zn, \$1,250/oz Au.

Yauricocha Mine, Peru

The Yauricocha Mine produced a total of 193,558 tonnes processed in Q3 2015 representing a 14% decrease compared to Q3

2014.

Lower metal production was driven by lower plant throughput and lower head grades for all metals except gold, and lower recoveries for silver and copper, from the polymetallic and lead-oxide concentrates.

A summary of production from the Yauricocha Mine for Q3 2015 has been provided below:

Yauricocha Production	3 Months Ended			9 Months Ended		
	Q3 2015	Q3 2014	% Var.	Sep 30, 2015	Sep 30, 2014	% Var.
Tonnes processed (mt)	193,558	224,970	-14%	638,515	660,509	-3%
Daily throughput	2,212	2,571	-14%	2,432	2,516	-3%
Silver grade (g/t)	96.45	113.53	-15%	107.62	111.75	-4%
Copper grade	0.46%	0.74%	-38%	0.66%	0.69%	-4%
Lead grade	3.24%	3.27%	-1%	3.08%	3.25%	-5%
Zinc grade	3.36%	4.27%	-21%	3.40%	3.98%	-15%
Gold Grade (g/t)	0.73	0.72	1%	0.72	0.80	-10%
Silver recovery	68.71%	71.88%	-4%	72.28%	69.99%	3%
Copper recovery	55.88%	65.74%	-15%	64.46%	67.51%	-5%
Lead recovery	80.48%	80.30%	0%	81.05%	79.87%	1%
Zinc recovery	90.76%	87.74%	3%	89.94%	88.58%	2%
Gold Recovery	24.00%	21.69%	11%	24.46%	20.84%	17%
Silver ounces	377,406	552,677	-32%	1,503,916	1,526,225	-1%
Copper pounds (000's)	770	1,899	-59%	4,520	5,393	-16%
Lead pounds (000's)	10,127	12,194	-17%	32,616	35,082	-7%
Zinc pounds (000's)	9,332	14,668	-36%	32,812	40,857	-20%
Gold ounces	1,158	1,369	-15%	3,977	4,323	-8%
Silver equivalent ounces (000's) ⁽¹⁾	1,439	2,138	-33%	5,375	6,037	-11%
Copper equivalent pounds (000's) ⁽¹⁾	9,593	14,253	-33%	35,835	40,247	-11%

(1) Silver equivalent ounces & copper equivalent pounds were calculated using the following metal prices: \$20/oz Ag, \$3.00/lb Cu, \$0.85/lb Pb, \$0.95/lb Zn, \$1,250/oz Au.

Bolivar Mine, México

During Q3 2015, Bolivar had an exceptional quarter with a 9% increase in silver equivalent production. Total ore processed of 206,318 tonnes at the Bolivar Mine increased 22% compared to Q3 2014. Copper production of 3.9 million pounds increased 16%, silver production of 85,375 ounces decreased 21% and gold production of 660 ounces increased 10% compared to Q3 2014. The increase in copper, silver and gold production was driven by higher plant throughput, higher gold head grades and higher recoveries of copper compared to Q3 2014.

A summary of production for the Bolivar Mine for Q3 2015 has been provided below:

Bolívar Production	3 Months Ended			9 Months Ended		
	Q3 2015	Q3 2014	% Var.	Sep 30, 2015	Sep 30, 2014	% Var.
Tonnes processed (mt)	206,318	168,708	22%	619,136	506,047	22%
Daily throughput	2,358	1,928	22%	2,359	1,928	22%
Copper grade	1.08%	1.15%	-6%	1.15%	1.22%	-5%
Silver grade (g/t)	17.27	24.66	-30%	20.98	22.70	-8%
Gold grade (g/t)	0.27	0.26	4%	0.29	0.22	34%
Copper recovery	80.39%	79.70%	1%	83.93%	83.66%	0%
Silver recovery	74.53%	80.94%	-8%	80.80%	82.24%	-2%
Gold recovery	36.58%	42.26%	-13%	40.65%	51.05%	-20%
Copper pounds (000's)	3,939	3,410	16%	13,182	11,342	16%
Silver ounces	85,375	108,278	-21%	337,507	303,732	11%
Gold ounces	660	601	10%	2,383	1,820	31%
Silver equivalent ounces (000's) ⁽¹⁾	718	657	9%	2,464	2,119	16%
Copper equivalent pounds (000's) ⁽¹⁾	4,783	4,383	9%	16,424	14,125	16%

(1) Silver equivalent ounces & copper equivalent pounds were calculated using the following metal prices: \$20/oz Ag, \$3.00/lb Cu, \$0.85/lb Pb, \$0.95/lb Zn, \$1,250/oz Au.

Cusi Mine, México

During Q3 2015, total ore processed of 52,206 tonnes increased 42% compared to Q3 2014 and the average daily throughput of 597 tonnes per day was the highest ever achieved in a quarter. Silver production of 228,348 ounces increased 71%, while gold production of 208 ounces and lead production of 0.9 million pounds increased by 20% and 150%, respectively, compared to Q3 2014. The increase in silver production during Q3 2015 was due to higher plant throughput, higher silver and lead head grades and higher silver and lead recoveries.

A summary of production for the Cusi Mine for Q3 2015 has been provided below:

Cuisi Production	3 Months Ended			9 Months Ended		
	Q3 2015	Q3 2014	% Var.	Sep 30, 2015	Sep 30, 2014	% Var.
Tonnes processed (mt)	52,206	36,845	42%	150,212	111,300	35%
Daily throughput	597	421	42%	572	424	35%
Silver grade (g/t)	175.34	158.05	11%	176.11	164.15	7%
Gold grade (g/t)	0.22	0.25	-11%	0.20	0.45	-56%
Lead grade	0.97%	0.58%	69%	0.64%	0.85%	-25%
Silver recovery	77.59%	71.20%	9%	77.65%	75.35%	3%
Gold recovery	55.96%	58.57%	-4%	51.92%	60.71%	-14%
Lead recovery	80.10%	76.53%	5%	77.77%	79.63%	-2%
Silver ounces	228,348	133,296	71%	660,416	442,788	49%
Gold ounces	208	173	20%	504	985	-49%
Lead pounds (000's)	899	359	150%	1,641	1,656	-1%
Silver equivalent ounces (000's) ⁽¹⁾	280	159	75%	762	575	33%
Copper equivalent pounds (000's) ⁽¹⁾	1,863	1,062	75%	5,078	3,831	33%

(1) Silver equivalent ounces & copper equivalent pounds were calculated using the following metal prices: \$20/oz Ag, \$3.00/lb Cu, \$0.85/lb Pb, \$0.95/lb Zn, \$1,250/oz Au.

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 a Canadian mining company focused on production of precious and base metals from its Yauricocha Mine in Peru, and its Bolivar Mine and Cusi Mine in Mexico. In addition, Sierra Metals is exploring several precious and base metals targets in Peru and Mexico. Projects in Peru include Adrico (gold), Victoria (copper-silver) and Ipillo (polymetallic) at the Yauricocha Property in the province of Yauyos and the San Miguelito gold properties in Northern Peru. Projects in Mexico include Bacerac (silver) in the state of Sonora and La Verde (gold) at the Batopilas Property in the state of Chihuahua.

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

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 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.

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