

TORONTO, April 18, 2017 /CNW/ - Sierra Metals Inc. (TSX: SMT) (BVL: SMT) ("Sierra Metals" or "the Company") is pleased to report first quarter 2017 production results featuring the highest level of throughput and metal production to date from the Yauricocha Mine.

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.

#### First Quarter 2017 Production Highlights

- Total tonnes processed of 529,695; an 11% increase over Q1 2016
- Silver equivalent production of 3.0 million ounces; a 28% increase from Q1 2016
- Copper equivalent production of 26.1 million pounds; a 28% increase from Q1 2016
- Increase of 54% in silver equivalent production and 21% increase in throughput at Yauricocha during Q1 2017 vs Q1 2016

During the first quarter of 2017, consolidated metal production increased 28% compared to Q1 2016. The increase in metal production was due to higher throughput, higher silver, copper and zinc head grades as well as higher recoveries for all metals, except gold, at Yauricocha. Additionally, the Company saw higher throughput and recoveries of all metals at Bolivar but this was partially offset by lower throughput, head grades and recoveries of all metals at Cusi.

"Sierra Metals reported a solid improvement in metals production and tonnage processed in the first quarter of 2017 lead by the Yauricocha Mine which recently completed key aspects of a successful restructuring and rehabilitation program" commented Gordon Babcock, Chief Operating Officer of Sierra Metals. "We continue to work at all of our mines to improve operations, best practices, introduce modern equipment as well as improve grade. Management believes that these changes will serve to increase production and improve grade for 2017 and the years to come."

Alonso Lujan, Vice President Exploration stated: "Exploration remains a key aspect of the improvement programs being implemented at all three of our mines and we are very optimistic that these brownfield exploration programs will continue to add high value tonnage going forward. Examples of this can be seen at Yauricocha with the Esperanza, Cuye-Mascota zones, at Bolivar with the Bolivar West and Northwest zones as well as at Cusi with the recently announced Santa Rosa de Lima Zone." Gordon Babcock concluded, "When combined with our continued production optimization program it will lead to substantial growth, not only in production with lower costs, but most importantly in shareholder value."

#### Consolidated Production Results

Consolidated Production	3 Months Ended			2017 Guidance	
	Q1 2017	Q1 2016	% Var.	Low	High
Tonnes processed (mt)	529,695	476,220	11%		
Daily throughput	6,054	5,443	11%		
Silver ounces (000's)	698	588	19%	2,987	3,485
Copper pounds (000's)	7,290	5,836	25%	31,050	36,200
Lead pounds (000's)	9,143	8,255	11%	31,100	36,300
Zinc pounds (000's)	18,137	10,919	66%	61,800	72,100
Gold ounces	1,777	2,236	-21%	7,800	9,100
Silver equivalent ounces (000's) <sup>(1)</sup>	3,050	2,375	28%	11,534	13,454
Copper equivalent pounds (000's) <sup>(1)</sup>	26,086	20,309	28%	98,642	115,066

(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.

Yauricocha Mine, Peru

The Yauricocha Mine processed a quarterly record of 251,180 tonnes in Q1 2017 representing a 21% increase compared to Q1 2016. The 54% increase in metal production in Q1 2017 was driven by higher plant throughput, higher silver, copper and zinc head grades, and higher recoveries of all metals, except gold. The Company continues to see improvements in metal production as a result of the installation of a higher capacity hoist and the positive impact of the operational improvement program implemented at the mine during the past year.

Continued production from higher grade ore zones, including the Esperanza Zone and the Cuerpos Chicos, has allowed the Company to continue to increase throughput and improve head grades, resulting in higher silver and copper equivalent metal production. The Company also saw an increase in the production of all metals, except gold, with increases in production of silver (76%), copper (49%), zinc (73%), and lead (21%). Management believes throughput and metal production will remain stable throughout the year.

A summary of production from the Yauricocha Mine for Q1 2017 has been provided below:

Yauricocha Production	3 Months Ended		
	Q1 2017	Q1 2016	% Var.
Tonnes processed (mt)	251,180	207,580	21%
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%
Silver ounces (000's)	499	283	76%
Copper pounds (000's)	2,783	1,863	49%
Lead pounds (000's)	8,382	6,944	21%
Zinc pounds (000's)	17,774	10,281	73%
Gold ounces	779	1,062	-27%
Silver equivalent ounces (000's) <sup>(1)</sup>	2,202	1,432	54%
Copper equivalent pounds (000's) <sup>(1)</sup>	18,829	12,246	54%

(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.

#### Bolivar Mine, Mexico

Bolivar had another quarter of consistent plant throughput in Q1 2017 with 243,974 tonnes processed which was an 11% increase when compared to Q1 2016. The higher throughput and recoveries of all metals helped offset the lower head grades encountered and resulted in a 9% increase in copper equivalent production compared to Q1 2016. Plant improvements completed at Bolivar during the second half of 2016, including the installation of a new vibrating screen and cyclones which contributed to the improvement in recoveries of all metals during Q1 2017.

Copper production of 4.5 million pounds increased 13%, silver production of 94,000 ounces decreased 3% and gold production of 840 ounces decreased 2% in Q1 2017 compared to Q1 2016.

The Company's focus at Bolivar during the remainder of 2017 will be on improving production volume through the procurement of new equipment including Jumbos, Scoops and Trucks expected to arrive in stages with full delivery complete by the end of

the second quarter with the intention of moving more material from available production stopes within the mine.

A summary of production for the Bolivar Mine for Q1 2017 has been provided below:

Bolivar Production	3 Months Ended		
	Q1 2017	Q1 2016	% Var.
Tonnes processed (mt)	243,974	218,886	11%
Daily throughput	2,788	2,502	11%
Copper grade	1.03%	1.06%	-3%
Silver grade (g/t)	15.25	18.37	-17%
Gold grade (g/t)	0.20	0.27	-23%
Copper recovery	81.49%	77.69%	5%
Silver recovery	78.95%	75.40%	5%
Gold recovery	52.49%	45.99%	14%
Copper pounds (000's)	4,508	3,973	13%
Silver ounces (000's)	94	97	-3%
Gold ounces	840	859	-2%
Silver equivalent ounces (000's) <sup>(1)</sup>	680	622	9%
Copper equivalent pounds (000's) <sup>(1)</sup>	5,820	5,323	9%

(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.

#### Cusi Mine, Mexico

Total ore processed of 34,541 tonnes during Q1 2017 decreased 31% compared to Q1 2016. Lower head grades and recoveries for all metals contributed to the 48% decrease in silver equivalent production.

Silver production of 104,000 ounces decreased 50%, gold production of 159 ounces decreased 49%, lead production of 0.8 million pounds decreased 42%, and zinc production of 0.4 million pounds decreased 43% compared to Q1 2016.

Despite the decreases in tonnage and metal production at Cusi it is very important to note that the Company is currently re-evaluating its development plan at the mine following a successful reinterpretation of the mine's geology. Management are very encouraged by data from a recently completed 15,000-metre drilling program that was focused on the high-grade Santa Rosa de Lima zone with a goal of increasing tonnage and grade at Cusi, which was not included in the recently released Mineral Resource Estimate at Cusi (please see news release dated April 13, 2017). Drilling in this area is based on a new conceptual interpretation of the Santa Rosa de Lima structure at the Cusi Mine. This interpretation is based on exploration drilling of the NW-SE regional structural system and demonstrates that mineralization is consistent across the assessed area.

Management plans to focus on improving head grades and maintaining production at a rate of approximately 400tpd, while stockpiling ore at the plant and producing it in batches. The Company will be drifting on the Santa Rosa de Lima zone in an effort to improve head grades as well as focus on the reinterpretation of geology at Cusi.

A summary of production for the Cusi Mine for Q1 2017 has been provided below:

Cusi Production	3 Months Ended		
	Q1 2017	Q1 2016	% Var.
Tonnes processed (mt)	34,541	49,753	-31%
Daily throughput	395	569	-31%
Silver grade (g/t)	146.13	174.38	-16%
Gold grade (g/t)	0.25	0.29	-16%
Lead grade	1.25%	1.41%	-12%
Zinc grade	1.26%	1.38%	-9%
Silver recovery	64.18%	74.16%	-13%
Gold recovery	57.87%	66.84%	-13%
Lead recovery	80.22%	84.92%	-6%
Zinc recovery	37.91%	42.02%	-10%
Silver ounces (000's)	104	207	-50%
Gold ounces	159	314	-49%
Lead pounds (000's)	761	1,312	-42%
Zinc pounds (000's)	363	638	-43%
Silver equivalent ounces (000's) <sup>(1)</sup>	168	320	-48%
Copper equivalent pounds (000's) <sup>(1)</sup>	1,437	2,740	-48%

(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.

#### Sierra Metals announces filing of NI 43-101 Technical Report on the Cusi Mine in Mexico

Sierra Metals has filed a technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") on the Cusi Mine (the "Report"). The Report supports the disclosure made by the Company in its news release dated April 13, 2017 entitled "Sierra Metals Updates Mineral Resource Estimate for Cusi Mine, Mexico." and there are no material differences in the mineral reserves and resources contained in the Report from those disclosed in the news release.

The Report includes Resources for the Cusi Mine with:

Total Indicated Mineral Resources of 1,990,000 tonnes averaging 237 g/t silver, 0.53% lead, 0.53% zinc, 0.16 g/t gold, 283 g/t AgEq and 18.3 Moz AgEq

Total Inferred Mineral Resources of 1,200,000 tonnes averaging 305 g/t silver, 0.51% lead, 0.64% zin, 0.14 g/t gold, 354 g/t AgEq and 13.7 Moz Ag Eq

Notes on Reserve and Resource Estimate

The effective date of the mineral resource statement for the Cusi Mine is January 31, 2017. Details of the Resource estimate are provided in the Company's April 13, 2017 press release. A NI 43-101 compliant technical report to support the estimate has been filed on SEDAR on April 17, 2017.

Metal price assumptions considered for the calculation of the cut-off grade and equivalency are: Silver (Ag): US\$/oz 18.30, Lead (US\$/LB 0.93), Zinc (US\$/lb 1.15) and Gold (US\$/oz 1,283.00).

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

For a specific breakdown of each category of resources (indicated and inferred), please refer to the Report.

The Report dated April 14, 2017 was prepared by SRK Consulting (U.S.), Inc. and is entitled "NI 43-101 Technical Report on Resources Cusi Mine, Mexico" and was prepared by independent "Qualified Persons" (as that term is defined in NI 43-101) under the direction of:

Matthew Hastings, MSc Geology, MAusIMM (CP), Senior Consultant (Resource Geology)  
Daniel H. Sepulveda, B.Sc. Metallurgist, SME-RM  
Mark Willow, MSc, CEM, SME-RM

The Report is available for review on both SEDAR ([www.sedar.com](http://www.sedar.com)) and the Company's website ([www.sierrametals.com](http://www.sierrametals.com)).

#### 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.](http://SierraMetals.com) 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 it is 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".

#### 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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