

Sierra Metals Responds to Latest Misleading Statements by Shareholder

12.05.2023 | [Business Wire](#)

Sierra Metals Inc. (TSX: SMT) ("Sierra Metals" or the "Company") today issues a statement in response to recent communications materials issued by its shareholder Arias Resource Capital ("ARC"), including a news release ARC issued on May 9, 2023 (the "ARC News Release"). The Company acknowledges that it has also seen the circular issued by ARC on May 12, 2023 (the "ARC Circular") and plans to consider the contents and respond in due course.

The Company places a high value on the integrity of public disclosure, and as such, wishes to correct false or misleading statements made by ARC so that the Company's shareholders have access to accurate information.

ARC continues to publish graphics of the Sierra Metals share price with an arbitrary start date of March 2021. Had the share price data started in January 2021, the timeline could have made note of two additional events:

- The Company announced a strategic review on January 8, 2021 at a time when ARC chairman Alberto Arias was chair of the Company's board of directors (the "Board"); this announcement suggested that a sale of the Company would be considered, which presumably created expectations of a potential sale, increasing the share price. On January 11, 2021 (the following trading day), the common shares of Sierra Metals (the "Shares") closed at CDN\$4.87.
- On January 20, 2021, Arias Resource Capital Fund L.P. (a fund over which Mr. Arias was the sole director of the general partner) announced that it had distributed 52,721,964 Shares to its underlying limited partners. By January 29, 2021, the Shares were trading at CDN\$4.00. The decline of the Share price started that month as the limited partners presumably began to sell off a portion of their Shares. At the time the Company announced Mr. Arias ceasing to be on the Board in July 2021, the Shares were trading at CDN\$3.58. The strategic review concluded in October 2021 without having identified a buyer for the Company or other strategic alternatives, even after the Company's valuation had fallen significantly from its peak at the start of the review process.

The ARC News Release indicates that "ARC's representatives left the Board in mid-2021". This statement insinuates that Mr. Arias voluntarily resigned from the Board. Like many statements from ARC, this is misleading.

At the Company's 2021 annual shareholders meeting which took place on June 10, 2021 (the "2021 Meeting"), Mr. Arias - with minimal notice to or engagement with the Board - attempted to unseat the then current Board by utilizing his significant voting power against all members of the Board unaffiliated with the ARC funds. Despite Mr. Arias having direction and/or control over approximately 27% of the outstanding Shares, the shareholders rallied against Mr. Arias' efforts. Excluding votes cast by Mr. Arias and the ARC funds (assuming all such Shares held by the foregoing were voted at the 2021 Meeting in favour of Mr. Arias), Mr. Arias received less than 18% support from the shareholders who voted at the 2021 Meeting and was ultimately forced to resign from the Board.

We believe that Mr. Arias' tactics at the 2021 Meeting are indicative of what Sierra shareholders may expect from Mr. Arias going forward. He did not engage with the Company or the Board to discuss his intention to vote off the non-ARC affiliated Board members at the 2021 Meeting until his votes were received shortly before such meeting. Had he been successful, Mr. Arias would have been in a position to replace those unaffiliated Board members with his own hand-picked nominees and to effectively take over the Company without paying a premium to shareholders.

The self-motivation of these actions is only further exemplified by Mr. Arias serving as chair of the Board's nomination committee at that time - a committee specifically responsible for reviewing the appropriate

experience, skills and characteristics required of each existing and new board member. Mr. Arias did not communicate to the nomination committee or the Board any reservations about the qualifications of the proposed slate of directors that he intended to vote against. Instead, he attempted to surprise the Board and leave the Company without an appropriate slate of directors following the 2021 Meeting. These efforts were short-sighted and Mr. Arias was either in dereliction of his duty as chair of the nomination committee or his desire to vote off the unaffiliated directors was motivated by something other than acting in the best interests of the Company (a theme that, despite recent news releases from ARC to the contrary, we are continuing to see from Mr. Arias).

The Company believes today, as its shareholders affirmed in 2021, that control of 27% of the outstanding Shares does not entitle any individual to control of the Board.

ARC has referred to a "revolving suite of executives and directors" at Sierra Metals. However, since Mr. Arias was voted off the Board in 2021, the Company has made a single change to the CEO position with the appointment of Ernesto Balarezo as Interim CEO on November 28, 2022. In contrast, the Company had five different CEOs during the eight years Mr. Arias chaired the Board. We believe the regular turnover at the CEO position prior to 2021, at times sudden and unplanned, was disruptive to operations and the implementation of an effective long-term vision.

The ARC News Release continues to misrepresent the Company's financial situation, including the use of such inflammatory terms as "distress" and "bleeding". ARC once again fails to make any reference to the positive operational achievements and outlook disclosed in the Company's 2022 operating and financial results announced on March 29, 2023, or the Q1 2023 production results announced on April 25, 2023 - presumably because the favourable news does not support ARC's mischaracterizations. The Company looks forward to reporting its Q1 2023 financial results on May 15, 2023.

The Company is now working diligently to remedy decisions made and performance of the Company when it was under Mr. Arias' guidance. It is those decisions that are largely responsible for the current circumstances of the Company.

The only reference the ARC News Release makes to the recent operational improvements is a suggestion that these should not be considered an outcome of the ongoing strategic review, purportedly because they have been achieved by the Company itself rather than an outside financial advisor. To the contrary, operational improvements are fully within the mandate of the special committee of independent directors announced on October 18, 2022 (the "Special Committee"). As disclosed at that time, the Special Committee's mandate included, among other things, "exploring, reviewing and considering options to optimize the operations of the Company". As Mr. Arias knows or ought to know, optimizing operations is a core responsibility of the management team and board of any mining company.

ARC's decision to pursue a proxy contest coincides with Mr. Arias' attempts to quickly realize value from ARC's investment in Compañía Minera Kolpa S.A. ("Kolpa") by having Sierra Metals merge with Kolpa. Mr. Arias' criticism of the Company's requirement to diligently and carefully consider the proposed Kolpa transaction and not rush the transaction through without due consideration is a clear indication of his desire to create value for ARC and Kolpa at the expense of the Company's due consideration of the transaction.

About Sierra Metals

Sierra Metals is a diversified Canadian mining company with green metal exposure including copper, zinc and lead production with precious metals byproduct credits, focused on the production and development of its Yauricocha Mine in Peru and its Bolivar Mine in Mexico. The Company is focused on the safety and productivity of its producing mines. The Company also has large land packages with several prospective regional targets providing longer-term exploration upside and mineral resource growth potential.

For further information regarding Sierra Metals, please visit www.sierrametals.com.

Continue to Follow, Like and Watch our progress:

Web: 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/sierrametals)
| Instagram: [sierrametals](https://www.instagram.com/sierrametals)

Forward-Looking Statements

This press release contains forward-looking information within the meaning of Canadian securities legislation, including information with respect to the Company's intention to report its Q1 2023 financial results on May 15, 2023. Forward-looking information relates to future events or the anticipated performance of Sierra and reflect management's expectations or beliefs regarding such future events and anticipated performance based on an assumed set of economic conditions and courses of action. In certain cases, statements that contain forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur" or "be achieved" or the negative of these words or comparable terminology. By its very nature forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual performance of Sierra to be materially different from any anticipated performance expressed or implied by such forward-looking information.

Forward-looking information is subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the risks described under the heading "Risk Factors" in the Company's annual information form dated March 28, 2023 for its fiscal year ended December 31, 2022 and other risks identified in the Company's filings with Canadian securities regulators, which are available at www.sedar.com.

The risk factors referred to above are not an exhaustive list of the factors that may affect any of the Company's forward-looking information. Forward-looking information includes statements about the future and is inherently uncertain, and the Company's actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking information due to a variety of risks, uncertainties and other factors. The Company's statements containing forward-looking information are based on the beliefs, expectations, and opinions of management on the date the statements are made, and the Company does not assume any obligation to update such forward-looking information if circumstances or management's beliefs, expectations or opinions should change, other than as required by applicable law. For the reasons set forth above, one should not place undue reliance on forward-looking information.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20230512005425/en/>

Contact

Securityholder Communications Advisor
Christine Carson
President & CEO
Carson Proxy Advisors
Tel: (416) 804-0825
Email: christine@carsonproxy.com

Media Relations

John Vincic
Principal
Oakstrom Advisors
Tel: (647) 402-6375
Email: john@oakstrom.com

Investor Relations

Raj Vyas
Vice-President, Corporate Controller and Corporate Secretary
[Sierra Metals Inc.](http://SierraMetals.com)
Tel: (416) 366-7777
Email: info@sierrametals.com

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/443440--Sierra-Metals-Responds-to-Latest-Misleading-Statements-by-Shareholder.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).