

# Sierra Metals Reports Continued Improved Financial Results for the First Quarter Of 2023

15.05.2023 | [Business Wire](#)

(All \$ figures reported in USD)

- Revenue from metals payable of \$58.5 million in Q1 2023, a 27% increase from Q4 2022.
- Adjusted EBITDA<sup>(1)</sup> of \$15.2 million in Q1 2023, significantly higher than the Adjusted EBITDA<sup>(1)</sup> of \$(0.5) million in Q4 2022.
- Operating cash flows before movements in working capital<sup>(1)</sup> of \$12.9 million in Q1 2023, compared to \$2.9 million Q4 2022.
- Net income attributable to shareholders in Q1 2023 was \$2.1 million versus a loss of \$26.5 million in Q4 2022.
- Copper equivalent production of 18.0 million pounds; a 28% increase from Q4 2022.
- Consolidated cash costs per copper equivalent payable pound<sup>(1)</sup> in Q1 2023 of \$2.12 and consolidated All-In Sustaining Costs per equivalent payable pound ("AISC")<sup>(1)</sup> of \$3.28 were 13% and 22% lower, respectively, than the same recorded in Q4 2022.

Management will host a conference call and webcast to discuss Q1 2023 Results on Monday, May 15, 2023, at 11:00 AM (EDT). [Click here to register.](#)

Sierra Metals Inc. (TSX: SMT) ("Sierra Metals" or "the Company") today reported financial results for the three-month period ended March 31, 2023, including revenue of \$58.5 million and adjusted EBITDA<sup>(1)</sup> of \$15.2 million on throughput of 577,284 tonnes and metal production of 18.0 million copper equivalent pounds.

Ernesto Balarezo, Interim CEO of Sierra Metals, commented, "Our financial performance improved significantly in Q1 2023 compared to Q4 2022, consistent with the operating gains we announced last month. The scale of the turnaround is highlighted by sequential improvements of \$12.4 million in revenue, \$10.0 million in operating cash flows before movements in working capital<sup>(1)</sup>, \$15.7 million in adjusted EBITDA<sup>(1)</sup> and \$11.5 million in adjusted net income attributable to shareholders<sup>(1)</sup>. While we still have work to do, maintaining and improving upon these performance levels throughout the year, as we anticipate, would position us very well to move beyond the challenges of last year and build a platform for long-term growth.

(1) This is a non-IFRS performance measure. See the Non-IFRS Performance Measures section of the press release

"We view the strong Q1 2023 production and financial results as evidence that our plan is working. Our focus over the past six months began with stabilizing our operations by making safety our top priority, and investing in key infrastructure, such as pumping and ventilation systems. We then shifted to optimizing operations, and we are now seeing the initial results including increased production.

"The next stage of our plan is growing our business. Our 2023 guidance calls for production levels to increase throughout the year while we actively pursue the permit to mine below the 1120 level at Yauricocha, a major growth catalyst that should significantly improve our throughput and profitability."

## Q1 2023 Consolidated Financial Summary

The information provided below are excerpts from the Company's Q1 2023 financial statements and Management's Discussion and Analysis, which are available on the Company's website ([www.SierraMetals.com](http://www.SierraMetals.com)) and on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's profile.

(In thousands of dollars, except per share and cash cost amounts, consolidated figures unless noted otherwise)	Q1 2023	Q4 2022	Q1 2022
Operating			
Ore Processed / Tonnes Milled	577,284	494,980	590,730
Silver Ounces Produced (000's)	622	570	734
Copper Pounds Produced (000's)	8,285	6,170	6,324
Lead Pounds Produced (000's)	3,060	2,071	4,216
Zinc Pounds Produced (000's)	10,579	6,367	10,492
Gold Ounces Produced	3,910	3,411	1,923
Copper Equivalent Pounds Produced (000's) <sup>1</sup>	18,009	14,073	15,896
Cash Cost per Tonne Processed	\$ 61.60	\$ 63.30	\$ 61.32
Cash Cost per CuEqLb <sup>2</sup>	\$ 2.12	\$ 2.44	\$ 2.73
AISC per CuEqLb <sup>2</sup>	\$ 3.28	\$ 4.19	\$ 4.48
Cash Cost per CuEqLb (Yauricocha) <sup>2</sup>	\$ 2.05	\$ 3.16	\$ 2.19
AISC per CuEqLb (Yauricocha) <sup>2</sup>	\$ 3.12	\$ 5.02	\$ 3.73
Cash Cost per CuEqLb (Bolivar) <sup>2</sup>	\$ 1.85	\$ 1.76	\$ 4.55
AISC per CuEqLb (Bolivar) <sup>2</sup>	\$ 3.10	\$ 3.69	\$ 7.33
Cash Cost per AgEqOz (Cusi) <sup>2</sup>	\$ 23.02	\$ 16.35	\$ 13.48
AISC per AgEqOz (Cusi) <sup>2</sup>	\$ 29.80	\$ 22.14	\$ 19.94
Financial			
Revenues	\$ 58,526	\$ 46,150	\$ 57,241
Adjusted EBITDA <sup>2</sup>	\$ 15,205	\$ (537)	\$ 15,988
Operating cash flows before movements in working capital	\$ 12,851	\$ 2,860	\$ 10,702
Adjusted net income (loss) attributable to shareholders <sup>2</sup>	\$ 4,746	\$ (6,758)	\$ 5,945
Net income (loss) attributable to shareholders	\$ 2,053	\$ (26,456)	\$ 369
Cash and cash equivalents	\$ 3,864	\$ 5,074	\$ 19,511
Working capital <sup>3</sup>	\$ (83,001)	\$ (84,401)	\$ 12,433

(1) Copper equivalent pounds were calculated using the following realized prices:

Q1 2023 - \$22.57/oz Ag, \$4.06/lb Cu, \$1.42/lb Zn, \$0.97/lb Pb, \$1,891/oz Au.

Q4 2022 - \$21.21/oz Ag, \$3.63/lb Cu, \$1.37/lb Zn, \$0.95/lb Pb, \$1,730/oz Au.

Q1 2022 - \$23.95/oz Ag, \$4.53/lb Cu, \$1.69/lb Zn, \$1.06/lb Pb, \$1,875/oz Au.

(2) This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of the press release,

(3) The negative working capital is largely the result of the reclassification of the long-term portion of the corporate facility and term loan to current, as the Company defaulted on its debt covenants. The Company has sought accommodation from the banks for non-compliance of the corporate facility as at March 31, 2023.

Revenue from metals payable of \$58.5 million in Q1 2023 increased by 2% from \$57.2 million in Q1 2022, as the 19% increase in the copper equivalent payable pounds was partially offset by lower metal prices as compared to Q1 2022. However, metal prices were higher than Q4 2022 and combined with the 23% increase in the copper equivalent payable pounds boosted revenues by 27% quarter over quarter.

Yauricocha's cash cost per copper equivalent payable pound<sup>(1)</sup> was \$2.05 (Q1 2022 - \$2.19), and AISC per copper equivalent payable pound<sup>(1)</sup> was \$3.12 (Q1 2022 - \$3.73). Despite a 6% decrease in copper equivalent payable pounds, unit costs were lower due to the reduction in cash cost and other elements of AISC such as treatment and refining charges, selling costs and sustaining capital.

Bolivar's cash cost per copper equivalent payable pound<sup>(1)</sup> was \$1.85 (Q1 2022 - \$4.55), and AISC per copper equivalent payable pound<sup>(1)</sup> was \$3.10 (Q1 2022 - \$7.33) for Q1 2023. The decrease in unit costs at Bolivar was driven mainly by the 143% increase in copper equivalent payable pounds.

Cusi's cash cost per silver equivalent payable ounce<sup>(1)</sup> was \$23.02 (Q1 2022 - \$13.48), and AISC per silver equivalent payable ounce<sup>(1)</sup> was \$29.80 (Q1 2022 - \$19.94) for Q1 2023. Unit costs for Q1 2023 increased at Cusi as the lower cost of sales and sustaining costs could not offset the impact of a 45% decrease in the silver equivalent payable ounces.

Adjusted EBITDA<sup>(1)</sup> of \$15.2 million for Q1 2023 decreased 5% compared to \$16.0 million in Q1 2022, mainly due to lower metal prices.

Net income attributable to shareholders for Q1 2023 was \$2.1 million (Q1 2022: \$0.4 million) or \$0.01 per share (basic and diluted) (Q1 2022: \$0.00).

Adjusted net income attributable to shareholders <sup>(1)</sup> of \$4.7 million, or \$0.03 per share, for Q1 2023 as compared to the adjusted net income attributable to shareholders<sup>(1)</sup> of \$5.9 million, or \$0.04 per share for Q1 2022.

Cash flow generated from operations before movements in working capital<sup>(1)</sup> of \$12.9 million for Q1 2023 increased compared to \$10.7 million in Q1 2022.

Cash and cash equivalents of \$3.9 million and working capital of \$(83.0)<sup>(2)</sup> million as at March 31, 2023 compared to \$5.1 million and \$(84.4)<sup>(2)</sup> million, respectively, at the end of 2022. Cash and cash equivalents decreased during Q1 2023 as cash used in investing activities of \$7.4 million and cash used in financing activities of \$0.5 million exceeded \$6.7 million of cash generated from operating activities.

(1) This is a non-IFRS performance measure. See the Non-IFRS Performance Measures section of the press release

(2) The negative working capital is largely the result of the reclassification of the long-term portion of the corporate facility and term loan to current, as the Company defaulted on its debt covenants. The Company has sought accommodation from the banks for non-compliance of the corporate facility as at March 31, 2023.

The following table displays average realized metal prices information for Q1 2023 in comparison with Q4 2022 and Q1 2022:

Realized Metal Prices		Variance %	
(In US dollars)	Q1 2023	Q4 2022	Q1 2022 vs Q4 2022 vs Q1 2022
Silver (oz)	\$		

22.57



21.21

§

23.95

6%

-6%



Copper (lb)	\$ 4.06	\$ 3.63	\$ 4.53	12%	-10%
Zinc (lb)	\$ 1.42	\$ 1.37	\$ 1.69	4%	-16%
Lead (lb)	\$ 0.97	\$ 0.95	\$ 1.06	2%	-8%
Gold (oz)	\$ 1,891	\$ 1,730	\$ 1,875	9%	1%

#### Outlook 2023

Stabilizing operations with a focus on health and safety remains the key short- to medium-term priority for management. The Company's long-term objective is to expand the resources at its core operating mines. The Company is working on its revised Life of Mines plans, which are expected to be released later during the year.

As announced earlier, the Company has hired a VP of Health and Safety, a newly created position, and has initiated plans to continually improve safety of its employees and the communities in which it operates. The Company is working closely with regulatory bodies to expedite additional permitting at Yauricocha without compromising on safety and environmental regulations.

The Company is streamlining operations, reducing costs and deferring growth-related capital expenditure for cash preservation, while continuing to advance on the refinancing of its debt amortization payment obligations with its lenders. The refinancing process for those amortization payments remains on track and is expected to lead to a formal contract with the lenders in the coming weeks.

The Company remains on track to achieve previously announced production, cost and capital expenditure guidance for 2023. The tables below summarize the previously announced 2023 production guidance from the Yauricocha and the Bolivar mines. Management considers the Cusi mine as 'non-core' and it has been excluded from guidance.

#### Production (excluding Cusi)

	2023 Guidance		2022
	Low	High	Actual
Silver (000 oz)	1,500	1,700	1,218
Copper (000 lbs)	37,300	42,400	27,127
Lead (000 lbs)	14,000	15,400	12,216
Zinc (000 lbs)	46,000	50,500	38,100
Gold (oz)	13,500	15,400	9,361
Copper equivalent pounds (000's) <sup>(1)</sup>	74,300	83,300	56,108

<sup>(1)</sup> 2023 metal equivalent guidance was calculated using the following prices: \$21.03/oz Ag, \$3.55/lb Cu, \$1.35/lb Zn, \$0.93/lb Pb and \$1,741/oz Au.

#### Cash costs and AISC:

Mine	Equivalent Production Range <sup>(1)</sup>	Cash costs range per CuEqLb	AISC <sup>(2)</sup> range per CuEqLb	Actual for 2022	
				Cash costs per CuEqLb	AISC <sup>(2)</sup> per CuEqLb
Yauricocha Copper Eq Lbs ('000)	40,000 - 44,000	\$1.81 - \$1.88	\$3.09 - \$3.19	\$2.23	\$3.69
Bolivar Copper Eq Lbs ('000)	34,500 - 39,500	\$1.92 - \$2.05	\$3.02 - \$3.25	\$2.99	\$5.07

(1) 2023 metal equivalent guidance was calculated using the following prices: \$21.03/oz Ag, \$3.55/lb Cu, \$1.35/lb Zn, \$0.93/lb Pb and \$1,741/oz Au.

(2) AISC includes treatment and refining charges, selling costs, G&A costs and sustaining capital expenditure

Capital Expenditure:

	Amounts in \$M		
	Sustaining	Growth	Total
Yauricocha	10	11	21
Bolivar	22	4	26
Total Capital Expenditure	32	15	47

Special Committee Update

The special committee of independent directors formed in October 2022 (the "Special Committee") continues to evaluate opportunities and improvements for the Company in accordance with its mandate. That mandate included reviewing strategic transactions as well as the development of initiatives and objectives to improve operations and financial conditions of the Company.

Over the course of the strategic review process, the Special Committee and the Company's management team have identified and implemented a number of operational and financial improvements described in more detail in the Company's news releases dated March 29, 2023 and May 2, 2023.

The review of strategic transactions is approaching completion. Once the Special Committee work is completed and all recommendations are received, the Company will provide an update on any material developments and objectives. The Special Committee's evaluation of the proposed Kolpa transaction reached an impasse when a recent request for material information from Kolpa regarding the Kolpa operations and mine plans was substantively ignored by Kolpa. Kolpa refused to provide this important information leaving no reasonable way for the Company to advance discussions with Kolpa. Those discussions are not continuing.

Q1 2023 Operating Highlights

The Company reported Q1 2023 production results on April 25, 2023. A summary follows:

Yauricocha Mine, Peru

Throughput from the Yauricocha Mine during Q1 2023 was 219,145 tonnes, a 44% sequential increase over Q4 2022, and as anticipated, a 30% decrease compared to Q1 2022, after the implementation of measures to safeguard against similar occurrences to last year's mudslide incident. Mining activity at Yauricocha continues to focus on smaller ore bodies located within the permitted mineable areas above the 1120 level. These smaller ore bodies provided improved head grades in all metals during Q1 2023 when compared to the previous quarter, whereas, in Q1 2022, there was a greater contribution to production from larger ore bodies with lower grades. There was also a notable improvement in the recovery of silver, copper and gold by 18%, 4% and 8%, respectively, when compared to the previous quarter, while zinc and lead recoveries remained in-line with Q4 2022.

Head grades in silver, lead and zinc, when compared to Q1 2022, improved by 18%, 6%, and 39%, respectively. Copper grades were in-line with Q1 2022 and gold grades decreased by 12%. Production of all metals, except for zinc, declined, and copper equivalent production at the mine decreased by 17% when compared to Q1 2022, as the improved head grades and stronger recoveries during the quarter could not compensate for the reduced throughput at Yauricocha when compared to Q1 2022.

Bolivar Mine, Mexico

The Bolivar Mine processed 299,017 tonnes during Q1 2023, an 11% increase over Q4 2022 and a 59% increase compared to Q1 2022, due to improvements in ventilation and advancement in the mine's development and preparation which allowed for increased mining activity during the quarter. As a result, the Bolivar mine saw improved productivity and higher grades in copper and silver by 6% and 31%, respectively, with a decrease of 10% in gold grades when compared to Q4 2022. When comparing the quarter to Q1 2022, there were significantly higher grades in copper, silver, and gold by 50%, 59% and 181%, respectively, as well as an 11% and 9% improvement in copper and gold recovery rates. Bolivar generated 7.6 million pounds in copper equivalent production during Q1 2023, an 18% increase over the previous quarter and a 192% increase when compared to Q1 2022.

#### Cusi Mine, Mexico

The Cusi mine processed 59,122 tonnes of ore during Q1 2023, an 18% decrease when compared to Q4 2022 and a 33% decrease from Q1 2022. The decrease in throughput, combined with lower grades in silver, gold and lead by 17%, 24%, and 4%, respectively, resulted in a 31% decrease in silver equivalent production when compared to Q4 2022. When compared to Q1 2022, decreases in grades for the same metals of 18%, 32%, and 8% respectively, resulted in a 44% decrease in silver equivalent production.

The decrease in throughput during Q1 2023, was attributed to a general decline in mining activity, and a greater focus on recovery of production sites from several issues that arose during the quarter, including flooding at depth, contractor performance, and the lack of availability of mining equipment. Head grades were also impacted by the reduction in active mining sites during the quarter.

#### Conference Call and Webcast

Sierra Metals' senior management will host a conference call and webcast to discuss the Company's financial and operating results for the three months ended March 31, 2023. Details are as follows:

Date: May 15, 2023

Time: 11:00 am (Eastern)

Webcast: <https://services.choruscall.ca/links/sierrametalsq12023.html>

Telephone: Canada/USA (toll free): 1-800-319-4610

Other: 1-416-915-3239

The webcast, along with presentation slides, will be archived for 180 days on [www.sierrametals.com](http://www.sierrametals.com).

#### Non-IFRS Performance Measures

The non-IFRS performance measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers.

#### Non-IFRS reconciliation of adjusted EBITDA

EBITDA is a non-IFRS measure that represents an indication of the Company's continuing capacity to generate earnings from operations before taking into account management's financing decisions and costs of consuming capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life. EBITDA comprises revenue less operating expenses before interest expense (income), property, plant and equipment amortization and depletion, and income taxes. Adjusted EBITDA has been included in this document. Under IFRS, entities must reflect in compensation expense the cost of share-based payments. In the Company's circumstances, share-based payments involve a significant accrual of amounts that will not be settled in cash but are settled by the issuance of shares in exchange for cash. As such, the Company has made an entity specific adjustment to EBITDA for these expenses. The Company has also made an entity-specific adjustment to the foreign currency exchange (gain)/loss. The Company considers cash flow before movements in working capital to be the IFRS performance measure that is most closely comparable to adjusted EBITDA.

The following table provides a reconciliation of adjusted EBITDA to the condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022:

	Three months ended March 31,	
	2023	2022
Net income	\$ 2,139	\$ 2,130
Adjusted for:		
Depletion and depreciation	7,543	9,163
Interest expense and other finance costs	2,199	767
NRV adjustments on inventory	476	2,541
Share-based payments	102	195
Costs related to COVID	-	1,311
Foreign currency exchange and other provisions	1,372	1,863
Income taxes	1,374	(1,982)
Adjusted EBITDA	\$ 15,205	\$ 15,988

#### Non-IFRS reconciliation of adjusted net income

The Company has included the non-IFRS financial performance measure of adjusted net income, defined by management as the net income attributable to shareholders shown in the statement of earnings plus the non-cash depletion charge due to the acquisition of Corona and the corresponding deferred tax recovery and certain non-recurring or non-cash items such as share-based compensation and foreign currency exchange (gains) losses. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may want to use this information to evaluate the Company's performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance in accordance with IFRS.

The following table provides a reconciliation of adjusted net income to the condensed interim consolidated financial statements for the three months ended March 31, 2023 and 2022:

(In thousands of United States dollars)	Three months ended March 31,	
	2023	2022
Net income attributable to shareholders	\$ 2,053	\$ 369
Non-cash depletion charge on Corona's acquisition	1,070	1,404
Deferred tax recovery on Corona's acquisition depletion charge	(327)	(427)
NRV adjustments on inventory	476	2,541
Share-based compensation	102	195
Foreign currency exchange loss	1,372	1,863
Adjusted net income attributable to shareholders	\$ 4,746	\$ 5,945

Cash cost per silver equivalent payable ounce and copper equivalent payable pound

The Company uses the non-IFRS measure of cash cost per silver equivalent ounce and copper equivalent payable pound to manage and evaluate operating performance. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flows. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

#### AISC per silver equivalent payable ounce and copper equivalent payable pound

AISC is a non-IFRS measure and was calculated based on guidance provided by the World Gold Council ("WGC") in June 2013. WGC is not a regulatory industry organization and does not have the authority to develop accounting standards for disclosure requirements. Other mining companies may calculate AISC differently as a result of differences in underlying accounting principles and policies applied, as well as differences in definitions of sustaining versus development capital expenditures.

AISC is a more comprehensive measure than cash cost per ounce/pound for the Company's consolidated operating performance by providing greater visibility, comparability and representation of the total costs associated with producing silver and copper from its current operations.

The Company defines sustaining capital expenditures as, "costs incurred to sustain and maintain existing assets at current productive capacity and constant planned levels of productive output without resulting in an increase in the life of assets, future earnings, or improvements in recovery or grade. Sustaining capital includes costs required to improve/enhance assets to minimum standards for reliability, environmental or safety requirements. Sustaining capital expenditures excludes all expenditures at the Company's new projects and certain expenditures at current operations which are deemed expansionary in nature."

Consolidated AISC includes total production cash costs incurred at the Company's mining operations, including treatment and refining charges and selling costs, which forms the basis of the Company's total cash costs. Additionally, the Company includes sustaining capital expenditures and corporate general and administrative expenses. AISC by mine does not include certain corporate and non-cash items such as general and administrative expense and share-based payments. The Company believes that this measure represents the total sustainable costs of producing silver and copper from current operations and provides the Company and other stakeholders of the Company with additional information of the Company's operational performance and ability to generate cash flows. As the measure seeks to reflect the full cost of silver and copper production from current operations, new project capital and expansionary capital at current operations are not included. Certain other cash expenditures, including tax payments, dividends and financing costs are also not included.

The following table provides a reconciliation of cash costs to cost of sales, as reported in the Company's condensed interim consolidated statement of income for the three months ended March 31, 2023 and 2022:

(In thousand of US dollars, unless stated)	Three months ended March 31, 2023				Three months ended March 31, 2022			
	Yauricocha	Bolivar	Cusi	Consolidated	Yauricocha	Bolivar	Cusi	Consolidated
Cash Cost per Tonne of Processed Ore								
Cost of Sales	21,892	14,932	5,812	42,636	23,930	15,995	6,674	46,600
Reverse: D&A/Other adjustments	(5,123)	(2,301)	(609)	(8,033)	(4,780)	(3,181)	(1,090)	(9,051)
Reverse: Variation in Inventory	408	524	25	957	(490)	(1,406)	570	(1,326)
Total Cash Cost	17,177	13,155	5,228	35,560	18,660	11,408	6,154	36,222
Tonnes Processed	219,145	299,017	59,122	577,284	315,250	187,556	87,924	590,730
Cash Cost per Tonne Processed	US\$ 78.38	43.99	88.43	61.60	59.19	60.82	69.99	61.17

The following table provides detailed information on Yauricocha's cash cost and all-in sustaining cost per copper equivalent payable pound for the three months ended March 31, 2023 and 2022:

YAURICOCHA (In thousand of US dollars, unless stated)	Three months ended March 31, 2023 March 31, 2022	
Cash Cost per zinc equivalent payable pound		
Total Cash Cost	17,177	18,660
Variation in Finished inventory	(408)	490
Total Cash Cost of Sales	16,769	19,150
Treatment and Refining Charges	4,741	6,852
Selling Costs	616	719
G&A Costs	2,433	1,952
Sustaining Capital Expenditures	1,044	3,968
All-In Sustaining Cash Costs	25,603	32,641
Copper Equivalent Payable Pounds (000's)	8,197	8,740
Cash Cost per Copper Equivalent Payable Pound (US\$)	2.05	2.19
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.12	3.73

The following table provides detailed information on Bolivar's cash cost, and all-in sustaining cost per copper equivalent payable pound for the three months ended March 31, 2023 and 2022:

BOLIVAR (In thousand of US dollars, unless stated)	Three months ended March 31, 2023 March 31, 2022	
Cash Cost per copper equivalent payable pound		
Total Cash Cost	13,155	11,408
Variation in Finished inventory	(524)	1,406
Total Cash Cost of Sales	12,631	12,814
Treatment and Refining Charges	2,165	2,048
Selling Costs	1,537	963
G&A Costs	1,317	815
Sustaining Capital Expenditures	3,548	4,012
All-In Sustaining Cash Costs	21,198	20,652
Copper Equivalent Payable Pounds (000's)	6,843	2,818
Cash Cost per Copper Equivalent Payable Pound (US\$)	1.85	4.55
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.10	7.33

The following table provides detailed information on Cusi's cash cost, and all-in sustaining cost per silver equivalent payable ounce for the three months ended March 31, 2023 and 2022:

CUSI (In thousand of US dollars, unless stated)	Three months ended March 31, 2023 March 31, 2022	
Cash Cost per silver equivalent payable ounce		
Total Cash Cost	5,228	

6,154



Variation in Finished inventory	(25)	(570)
Total Cash Cost of Sales	5,203	5,584
Treatment and Refining Charges	150	504
Selling Costs	243	371
G&A Costs	284	695
Sustaining Capital Expenditures	854	1,106
All-In Sustaining Cash Costs	6,734	8,260
Silver Equivalent Payable Ounces (000's)	226	414
Cash Cost per Silver Equivalent Payable Ounce (US\$)	23.02	13.48
All-In Sustaining Cash Cost per Silver Equivalent Payable Ounce (US\$)	29.80	19.94

Consolidated:

CONSOLIDATED (In thousand of US dollars, unless stated)	Three months ended March 31, 2023 March 31, 2022	
Total Cash Cost of Sales	34,603	37,548
All-In Sustaining Cash Costs	53,535	61,553
Copper Equivalent Payable Pounds (000's)	16,299	13,748
Cash Cost per Copper Equivalent Payable Pound (US\$)	2.12	2.73
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.28	4.48

Additional non-IFRS measures

The Company uses other financial measures, the presentation of which is not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. This includes:

- Operating cash flows before movements in working capital - excludes the movement from period-to-period in working capital items including trade and other receivables, prepaid expenses, deposits, inventories, trade and other payables and the effects of foreign exchange rates on these items.

This term does not have a standardized meaning prescribed by IFRS, and therefore the Company's definition is unlikely to be comparable to similar measures presented by other companies. The Company's management believes that their presentation provides useful information to investors because cash flows generated from operations before changes in working capital excludes the movement in working capital items. This, in management's view, provides useful information of the Company's cash flows from operations and is considered to be meaningful in evaluating the Company's past financial performance or its future prospects. The most comparable IFRS measure is cash flows from operating activities.

Qualified Persons

Ricardo Salazar Milla, Corporate Manager of Mineral Resources is a member of the Australian Institute of Geoscientist and is a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

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](http://www.sierrametals.com).

Continue to Follow, Like and Watch our progress:

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### Forward-Looking Statements

This press release contains forward-looking information within the meaning of Canadian securities legislation. 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, including the accuracy of the Company's current mineral resource estimates; that the Company's activities will be conducted in accordance with the Company's public statements and stated goals; that there will be no material adverse change affecting the Company, its properties or its production estimates (which assume accuracy of projected ore grade, mining rates, recovery timing, and recovery rate estimates and may be impacted by unscheduled maintenance, labour and contractor availability and other operating or geo-political uncertainties on the Company's production, workforce, business, operations and financial condition); the expected trends in mineral prices, inflation and currency exchange rates; that all required approvals will be obtained for the Company's business and operations on acceptable terms; that there will be no significant disruptions affecting the Company's operations. 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. Forward-looking statements include those relating to the Company's guidance on the timing and amount of future production and its expectations regarding the results of operations; expected costs; permitting requirements and timelines; anticipated market prices of metals; and formalizing the refinancing contract and the timeline related thereto. 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 filings are available at [www.sedar.com](http://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.

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