

Sierra Metals Provides Update on Strategic Review Process

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Toronto, July 21, 2023 - [Sierra Metals Inc.](#) (TSX: SMT) ("Sierra Metals" or the "Company") provides an update today on its previously announced independent special committee process.

Special Committee Process

In October 2022, a committee of the Company's independent directors (the "Special Committee") initiated a process to explore, review and consider options to optimize the operations of the Company as well as financing, restructuring and strategic options in the best interests of the Company (the "Special Committee Process").

The Special Committee process has resulted in the following progress toward improved operations and liquidity:

- Significant progress was made toward stabilizing and optimizing operations, highlighted by a renewed commitment to safety and employee engagement and a more hands on approach to operations.
- Implementation of upgraded infrastructure including pumping and ventilation at the Bolivar mine.
- Materially increased throughput in Q1 2023 relative to Q4 2022.
- Immediate engagement on permitting for operations below the 1120 level at the Yauricocha mine.
- Transition of leadership roles to the new permanent appointments of Ernesto Balarezo as CEO and Jose Fernandez-Baca as CFO.
- Appointment of a Vice President of Health and Safety, a newly created position.
- Appointment of an internal auditor to review and monitor risks and provide business advisory support.
- Refinancing of secured debt repayment obligations that were due in 2023.
- Enhancing financial forecasting, cash flow monitoring and liquidity preservation.
- Completion of a diligent and comprehensive review of strategic transaction options, with the assistance of CIBC Capital Markets.

Completion of Special Committee Mandate

In view of the progress made by the Company following the establishment of the Special Committee and the achievement of key objectives of the Special Committee at this time, the Special Committee has recommended, and the board of directors of the Company has approved, the conclusion of the Special Committee's mandate and the dissolution of the Special Committee.

The Special Committee's recommendations at the conclusion of the Special Committee Process highlight the importance of:

- Additional near term equity financing to provide working capital flexibility and to fund immediate capital expenditure needs. The Company intends to pursue this objective.

- Funding for longer term capital expansion, particularly below the 1120 level at the Yauricocha mine. The Company will continue to take steps to optimize funding available for these purposes.
- Minimizing investment of resources in non-core assets, and continuing to identify opportunities to divest such non-core assets.

Based upon the outcome of the strategic transaction review process conducted with CIBC Capital Markets, the Company has concluded that it would not be in the best interests of the Company to pursue any identified sale or business combination transactions at this time.

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 or contact:

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Forward-Looking Statements

This news 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 Metals and reflects 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, and that there will be no material adverse change affecting the Company, its properties or its production estimates, the expected trends in mineral prices, inflation and currency exchange rates, that all required approvals will be obtained for the Company's business operations on acceptable terms, and 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 statements with respect to financing opportunities, capital expansion efforts and divestment of non-core assets. By its very nature forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual performance of Sierra Metals 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.

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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