

Sierra Metals Reports Third Quarter 2023 Operating and Financial Performance

13.11.2023 | [Business Wire](#)

(All \$ figures reported in USD)

Current and historical production and financial results for Cusi are not included in the Company's consolidated results, 2023 Guidance as Cusi has been classified as a Discontinued Operation.

- Revenue of \$57.0 million in Q3 2023, a 62% increase from Q3 2022.
- Adjusted EBITDA⁽¹⁾ of \$8.1 million in Q3 2023, significantly higher than the Adjusted EBITDA⁽¹⁾ of \$(6.2) million in Q3 2022.
- Operating cash flows before movements in working capital⁽¹⁾ of \$6.0 million in Q3 2023, compared to \$(6.8) million Q3 2022.
- Net loss, excluding discontinued operations, in Q3 2023 was \$2.8 million versus a loss of \$38.1 million in Q3 2022.
- Copper equivalent production of 18.5 million pounds in Q3 2023; a 27% increase from Q3 2022.
- Consolidated cash costs per copper equivalent payable pound⁽¹⁾ in Q3 2023 of \$2.11 and consolidated All-In Sustaining Costs per equivalent payable pound ("AISC")⁽¹⁾ of \$3.66 were 12% and 5% lower, respectively, than the same quarter of 2022.
- On-track to meet 2023 production and cost guidance.
- Second tranche of the private placement in the amount of C\$3,543,663.40 is now available to the Company, in addition to the amount of C\$12,837,133.40 previously made available in the first tranche of the private placement.

Management will host a conference call and webcast to discuss Q3 2023 Results today, November 13, 2023, at 11:00 AM (EST). Click [HERE](#) to register.

Sierra Metals Inc. (TSX: SMT | OTC: SMTSF) ("Sierra Metals" or "the Company") reports financial results for the three-month ("Q3") and nine-month ("9M") period ended September 30, 2023 with total revenues of \$57.0 million and Adjusted EBITDA⁽¹⁾ of \$8.1 million on throughput of 622,622 tonnes and metal production of 18.5 million copper equivalent pounds in Q3 2023.

Ernesto Balarezo, CEO of Sierra Metals, commented, "We continued to make incremental improvements across our operations during the quarter, and are very pleased the hard work by our team is paying off as we are on track to meet 2023 guidance. During the quarter we placed the non-core Cusi silver mine on care and maintenance and initiated a sale process for this asset with the belief that these steps will improve our portfolio and support our future growth. And lastly, we are pleased with the support shown by shareholders who participated in our recent financing, which validated our strategy and helped to strengthen our balance sheet."

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

Mr. Balarezo continues, "In the first three quarters of 2023, we have almost equaled the entire production of 2022 so our operational improvements are working. The momentum across our business has continued into the fourth quarter as we look forward to a strong finish for 2023."

Q3 2023 Consolidated Financial Summary

The information provided below are excerpts from the Company's Q3 2023 financial statements and Management's Discussion and Analysis ("MD&A"), which are available on the Company's website (www.SierraMetals.com) and on SEDAR+ (www.sedarplus.ca) under the Company's profile.

Consolidated results include results from the Company's Yauricocha Mine ("Yauricocha") in Peru and the Bolivar Mine ("Bolivar") in Mexico. The Cusi Mine ("Cusi") in Mexico was classified as a non-core asset in Q1 2023 and, on September 20, 2023, was put on care and maintenance, with a sale process now underway. Current and historical production and financial results for Cusi are not included in the Company's consolidated results, 2023 Guidance and has been classified as a Discontinued Operation.

(In thousands of dollars, except per share and cash cost amounts, consolidated figures unless noted otherwise)

	Q3 2023	Q2 2023
Operating		
Ore Processed / Tonnes Milled	622,622	650,300
Silver Ounces Produced (000's)	458	523
Copper Pounds Produced (000's)	9,477	10,450
Lead Pounds Produced (000's)	4,084	3,930
Zinc Pounds Produced (000's)	11,176	12,220
Gold Ounces Produced	3,651	4,310
Copper Equivalent Pounds Produced (000's) ¹	18,496	20,240
Cash Cost per Tonne Processed	\$59.36	\$56.24
Cash Cost per CuEqLb ²	\$2.11	\$1.80
AISC per CuEqLb ²	\$3.66	\$3.24
Cash Cost per CuEqLb (Yauricocha) ²	\$2.08	\$2.29
AISC per CuEqLb (Yauricocha) ²	\$3.75	\$3.97
Cash Cost per CuEqLb (Bolivar) ²	\$2.15	\$1.62
AISC per CuEqLb (Bolivar) ²	\$3.57	\$3.02
Financial		
Revenues	\$56,963	\$58,400
Adjusted EBITDA ²	\$8,080	\$14,400
Operating cash flows before movements in working capital	\$6,013	\$11,500
Adjusted net income (loss) attributable to shareholders ²	\$(2,137)	\$(5,980)
Net income (loss) attributable to shareholders	\$(9,301)	\$(1,630)
Net income (loss) (excluding discontinued operations)	\$(2,758)	\$(3,890)
Cash and cash equivalents	\$6,052	\$4,393
Working capital ³	\$(81,375)	\$(88,400)

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

Q3 2023 - \$23.56/oz Ag, \$3.78/lb Cu, \$1.10/lb Zn, \$0.98/lb Pb, \$1,927/oz Au.

Q2 2023 - \$24.17/oz Ag, \$3.99/lb Cu, \$1.16/lb Zn, \$0.96/lb Pb, \$1,977/oz Au.

Q3 2022 - \$19.26/oz Ag, \$3.51/lb Cu, \$1.49/lb Zn, \$0.90/lb Pb, \$1,730/oz Au.

9M 2023 - \$23.44/oz Ag, \$3.94/lb Cu, \$1.23/lb Zn, \$0.97/lb Pb, \$1,932/oz Au.

9M 2022 - \$21.95/oz Ag, \$4.12/lb Cu, \$1.66/lb Zn, \$0.99/lb Pb, \$1,826/oz Au.

(2) This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of the MD&A.

(3) Despite the successful refinancing of part of the corporate credit facility and improved operational performance, the Company continues to be in breach of some of its debt covenants, since these are calculated on a rolling four-quarter basis. Hence the working capital continues to be negative due to the result of the reclassification of the long-term portion of the corporate facility and term loan to current.

Revenue from metals payable was \$57.0 million in Q3 2023, representing an increase of 62% over the same period in 2022 of \$35.2 million and a 2% decline compared to Q2 2023 of \$58.4 million. The increase in revenue from Q3 2022 to Q3 2023 was largely driven by higher metal sales at Bolivar and higher copper, silver, lead and gold prices.

Realized Metal Prices		Nine months ended September 30,			
(In US dollars)	Q3 2023	Q2 2023	Q3 2022	2023	2022
Silver (oz)	\$ 23.56	\$ 24.17	\$ 19.26	\$ 23.44	\$ 21.95
Copper (lb)	\$ 3.78	\$ 3.99	\$ 3.51	\$ 3.94	\$ 4.12
Zinc (lb)	\$ 1.10	\$ 1.16	\$ 1.49	\$ 1.23	\$ 1.66
Lead (lb)	\$ 0.98	\$ 0.96	\$ 0.90	\$ 0.97	\$ 0.99
Gold (oz)	\$ 1,927	\$ 1,977	\$ 1,730	\$ 1,932	\$ 1,826

Consolidated cash costs per copper equivalent payable pound⁽¹⁾ in Q3 2023 of \$2.11 and consolidated AISC⁽¹⁾ per equivalent payable pound copper of \$3.66 were 12% and 5%, respectively, lower than the same quarter of 2022. The improvements in consolidated cash costs and AISC per copper equivalent pound were primarily due to higher production levels at Bolivar despite lower production at Yauricocha.

Adjusted EBITDA⁽¹⁾ in Q3 2023 was \$8.1 million, compared to negative Adjusted EBITDA of \$6.2 million in the same quarter of 2022. The improved Adjusted EBITDA is primarily driven by higher revenues, attributable to higher production and improved operating costs compared to Q3 2022.

Net loss attributable to shareholders for Q3 2023 was \$9.3 million (Q3 2022: a net loss of \$46.2 million) or \$(0.06) per share (basic and diluted) (Q3 2022: \$(0.28)).

Excluding discontinued operations, net loss was \$2.8 million in Q3 2023 versus a loss of \$38.1 million in Q3 2022.

Adjusted net loss attributable to shareholders⁽¹⁾ of \$2.1 million, or \$(0.01) per share, for Q3 2023 compared to the adjusted net loss of \$12.1 million, or \$(0.07) per share for Q3 2022.

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

Cash flow generated from operating activities before movements in working capital was \$6.0 million for Q3 2023 as compared to \$6.8 million of cash used in operating activities in Q3 2022. The increase resulted from higher revenues and lower costs during Q3 2023 versus Q3 2022.

Cash and cash equivalents as at September 30, 2023 were \$18.2 million (including restricted cash of \$12.1

million), and working capital of \$(81.4) million, compared to \$5.1 million and \$(78.1) million, respectively, at the end of 2022. Cash and cash equivalents increased during the nine-month period as a result of cash generated from operating activities of \$35.3 million, cash generated from financing activities of \$10.3 million and cash used in investing activities of \$32.5 million.

The Company has raised approximately C\$16.4 million from various investors, including existing shareholders, directors and employees in a private placement of 43,107,360 common shares. The private placement closed after the end of the third quarter and funds became available in two tranches, the first being approximately C\$12.8 million and the second being approximately C\$3.5 million, each at a subscription price of C\$0.38 per common share. Common shares issued pursuant to the private placement are subject to statutory hold requirements, as applicable.

Outlook 2023

The Company is on-track to meet its 2023 production guidance as previously announced on August 14, 2023. Production for all metals has been in-line with the guidance range as can be seen from the table below. Copper equivalent production calculations have been negatively impacted by the drop in zinc prices during the nine-month period ended September 30, 2023. For comparison purposes, the copper equivalent production has been recalculated at the same metal prices that were used for the original guidance. Cash costs and AISC per copper equivalent payable pound for Yauricocha and Bolivar have also been adjusted in the 'Cash costs and AISC' table below by using copper equivalent payable pounds at 2023 guidance metal prices.

Production Guidance

	2023 Guidance ⁽¹⁾		2023 9M ⁽¹⁾
	Low	High	Actual
Silver (000 oz)	1,500	1,700	1,370
Copper (000 lbs)	37,300	42,400	28,221
Lead (000 lbs)	14,000	15,400	10,792
Zinc (000 lbs)	46,000	50,500	33,983
Gold (oz)	13,500	15,400	11,753
Copper equivalent pounds (000's) ⁽²⁾	74,300	83,300	57,851

⁽¹⁾ 2023 Production guidance and actual production for 9M 2023 exclude production from the Cusi mine, which the Company considers as a non-core asset.

⁽²⁾ 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. Actual copper equivalent pounds produced have been recalculated using the same price for comparison purposes

Cash Costs and AISC Guidance

Mine	Equivalent Production Range ⁽¹⁾	Cash costs range per CuEqLb	AISC ⁽²⁾ range per CuEqLb	Actual for 9M 2023 ⁽³⁾	
				Copper Eq Lbs ('000)	Cash cost per CuEqLb
Yauricocha	Copper Eq Lbs ('000) 40,000 - 44,000	\$1.81 - \$1.88	\$3.50 - \$3.60	31,460	\$1.97
Bolivar	Copper Eq Lbs ('000) 34,500 - 39,500	\$1.92 - \$2.05	\$3.02 - \$3.25	26,391	\$1.86

⁽¹⁾ 2023 metal equivalent guidance was calculated using the following prices: \$21.03/oz Ag, \$3.55/lb Cu, \$1.35/lb Zn, \$1,741/oz Au. Actual copper equivalent pounds produced have been recalculated using the same price for comparison

(2) AISC includes treatment and refining charges, selling costs, G&A costs and sustaining capital expenditure. These costs have been adjusted using copper equivalent payable pounds calculated at metal prices used for 2023 guidance as per note 1 above.

(3) These costs have been adjusted using copper equivalent payable pounds calculated at metal prices used for 2023 guidance as per note 1 above.

Q3 2023 Operating Highlights

The Company reported Q3 2023 production results on October 19, 2023. Highlights of each mine's activities in the quarter is as follows:

Yauricocha Mine, Peru

Yauricocha processed 259,732 tonnes during Q3 2023, an increase of 6% over Q2 2023 and a decrease of 3% from Q3 2022. Copper, silver and gold grades increased by 23%, 7% and 3%, respectively over Q2 2023 and increased by 16%, 23% and 0%, respectively over Q3 2022. Copper equivalent production for Q3 2023 of 10.4 million pounds represented a 9% increase over the previous quarter and a decline of 4% when compared to Q3 2022.

When compared to Q3 2022, the 4% decrease in the copper equivalent pounds produced in Q3 2023 resulted from the change in metal prices, particularly zinc prices which declined by more than 26% as compared to Q3 2022. The increase in metal production, except for gold, did not offset the impact of the change in metal prices as compared to Q3 2022.

Yauricocha had a cash cost per copper equivalent payable pound¹ of \$2.08 (Q3 2022 - \$2.01), and an AISC per copper equivalent payable pound¹ of \$3.75 (Q3 2022 - \$3.36) for Q3 2023. Cash costs increased for Q3 2023 due to a 26% decline in average realized prices for zinc which resulted in a 3% decrease in the copper equivalent payable pounds as compared to Q3 2022. The increase in the AISC for Q3 2023 was mainly a result of the 37% and 44% increase in the general and administration ("G&A") costs and sustaining capital expenditure respectively, as compared to Q3 2022.

Bolivar Mine, Mexico

Bolivar achieved a throughput of 362,890 tonnes in Q3 2023, a 59% increase from Q3 2022, but a decline of 11% compared to Q2 2023, as anticipated. Bolivar recorded higher grades for all metals in Q3 2023, namely 28%, 27% and 37% for copper, silver, and gold, respectively, as compared to Q3 2022, and 16%, 21% and 12% lower for copper, silver, and gold, respectively, when compared to Q2 2023. As a result, copper equivalent production of 8.1 million pounds in Q3 2023 was 113% higher than in Q3 2022 and 24% lower than in Q2 2023.

Bolivar's cash cost per copper equivalent payable pound decreased 37% to \$2.15 (Q3 2022 - \$3.38), and AISC per copper equivalent payable pound decreased 30% to \$3.57 (Q3 2022 - \$5.12) as a result of the 131% higher copper equivalent payable pounds as compared to Q3 2022.

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

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 September 30, 2023. Details are as follows:

Date: November 13, 2023

Time: 11:00 am (Eastern)

Webcast: <https://services.choruscall.ca/links/sierrametalsq32023.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.

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. The Company believes these measures may allow certain investors to use this information to evaluate the Company's performance.

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 and nine months ended September 30, 2023 and 2022:

	Three months ended September 30, Nine months ended September 30			
	2023	2022	2023	2022
Net income	\$ (9,366)	\$ (47,114)	\$ (6,154)	\$ (60,724)
Adjusted for:				
Depletion and depreciation	9,580	9,765	26,390	28,381
Interest expense and other finance costs	2,641	1,381	7,628	3,098
NRV adjustments on inventory	2,647	2,295	4,202	7,513
Share-based payments	460	253	648	579
Costs related to COVID	-	109	-	1,693
Foreign currency exchange and other provisions	(1,164)	(147)	897	1,415
Impairment charges	2,500	32,000	2,500	32,000
Income taxes	(484)	(2,409)	(566)	(421)
Adjusted EBITDA	\$ 6,814	\$ (3,867)	\$ 35,545	\$ 13,534

Less: Adjusted EBITDA from discontinued operations	(1,266)	2,351	(2,511)	3,238
Adjusted EBITDA from continuing operations	8,080	(6,218)	38,056	10,296
Non-IFRS reconciliation of adjusted net income (loss)				

The Company has included the non-IFRS financial performance measure of adjusted net income (loss), 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 (loss) to the condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022:

(In thousands of United States dollars)	Three months ended September 30, 2023		Nine months ended September 30, 2022	
	2023	2022	2023	2022
Net loss attributable to shareholders	\$ (9,301)	\$ (46,150)	\$ (5,610)	\$ (46,150)
Non-cash depletion charge on Corona's acquisition	1,362	1,428	3,607	
Deferred tax recovery on Corona's acquisition depletion charge	(415)	(384)	(1,101)	
NRV adjustments on inventory	2,647	2,295	4,202	
Share-based compensation	460	253	648	
Foreign currency exchange loss (gain)	(1,164)	(147)	897	
Impairment charges	2,500	32,000	2,500	
Adjusted net income (loss) attributable to shareholders	\$ (3,911)	\$ (10,705)	\$ 5,143	\$ (46,150)
Less: Adjusted net income (loss) from discontinued operations	(1,774)	1,420	(4,245)	
Adjusted net income (loss) from continuing operations	(2,137)	(12,125)	9,388	

Cash cost per copper equivalent payable pound

The Company uses the non-IFRS measure of cash cost per 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.

All-in sustaining cost per copper equivalent payable pound

All-In Sustaining Cost ("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 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 and nine months ended September 30, 2023 and 2022:

(In thousand of US dollars, unless stated)	Three months ended			Three months ended		
	September 30, 2023			September 30, 2022		
	Yauricocha Bolivar	Consolidated	Yauricocha Bolivar	Consolidated	Yauricocha Bolivar	Consolidated
Cash Cost per Tonne of Processed Ore						
Cost of Sales	25,754	22,860	48,614	25,084	16,633	41,717
Reverse: Workers Profit Sharing	-	(906)	(906)	103	-	103
Reverse: D&A/Other adjustments	(5,958)	(3,414)	(9,372)	(5,348)	(3,958)	(9,306)
Reverse: Variation in Inventory	(84)	(1,295)	(1,379)	271	(296)	(25)
Total Cash Cost	19,712	17,245	36,957	20,110	12,379	32,489
Tonnes Processed	259,732	362,890	622,622	269,057	227,669	496,726
Cash Cost per Tonne Processed	US\$ 75.89	47.52	59.36	74.75	54.37	65.41
	Nine months ended			Nine months ended		
(In thousand of US dollars, unless stated)	September 30, 2023			September 30, 2022		
	Yauricocha Bolivar	Consolidated	Yauricocha Bolivar	Consolidated	Yauricocha Bolivar	Consolidated
Cash Cost per Tonne of Processed Ore						
Cost of Sales	72,276	57,232	129,508	78,793	49,350	128,143
Reverse: Workers Profit Sharing	-	(906)	(906)	(514)	-	(514)
Reverse: D&A/Other adjustments	(16,729)					

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(9,109

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(25,838

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(15,792

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(10,485

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(26,277

Reverse: Variation in Inventory	1,042	79	1,121	(1,742) (879) (2,621)
Total Cash Cost	56,589	47,296	103,885	60,745	37,986	98,731	
Tonnes Processed	723,192	1,067,894	1,791,086	901,394	671,597	1,572,991	
Cash Cost per Tonne Processed	US\$ 78.25	44.29	58.00	67.39	56.56	62.77	

The following table provides detailed information on Yauricocha's cash cost, and all-in sustaining cost per copper equivalent payable pound for the three and nine months ended September 30, 2023 and 2022:

YAURICOCHA (In thousand of US dollars, unless stated)	Three months ended September 30, 2023	September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash Cost per copper equivalent payable pound				
Total Cash Cost	19,712	20,110	56,589	47,296
Variation in Finished inventory	84	(271) (1,042) (879
Total Cash Cost of Sales	19,796	19,839	55,547	46,417
Treatment and Refining Charges	6,661	6,495	18,000	18,000
Selling Costs	817	841	2,200	2,200
G&A Costs	3,413	2,495	8,300	8,300
Sustaining Capital Expenditures	5,005	3,476	9,900	9,900
All-In Sustaining Cash Costs	35,692	33,146	94,100	94,100
Copper Equivalent Payable Pounds (000's)	9,520	9,856	25,900	25,900
Cash Cost per Copper Equivalent Payable Pound	(US\$) 2.08	2.01	2.14	2.14
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.75	3.36	3.62	3.62

The following table provides detailed information on Bolivar's cash cost, and all-in sustaining cost per copper equivalent payable pound for the three and nine months ended September 30, 2023 and 2022:

BOLIVAR (In thousand of US dollars, unless stated)	Three months ended September 30, 2023	September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash Cost per copper equivalent payable pound				
Total Cash Cost	17,266	12,379	47,266	47,266
Variation in Finished inventory	1,295	296	(79) (79
Total Cash Cost of Sales	18,561	12,675	47,266	47,266
Treatment and Refining Charges	3,064	1,303	8,000	8,000
Selling Costs	2,067	757	5,900	5,900
G&A Costs	2,157	856	4,900	4,900
Sustaining Capital Expenditures	5,025	3,626	15,900	15,900
All-In Sustaining Cash Costs	30,874	19,217	82,000	82,000
Copper Equivalent Payable Pounds (000's)	8,650	3,752	25,900	25,900
Cash Cost per Copper Equivalent Payable Pound	(US\$) 2.15			

All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.57	5.12	3.2
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The following table provides detailed information on Company's consolidated cash cost, and all-in sustaining cost per copper equivalent payable pounds for the three and nine months ended September 30, 2023 and 2022:

CONSOLIDATED (In thousand of US dollars, unless stated)	Three months ended		Nin
	September 30, 2023	September 30, 2022	September
Total Cash Cost of Sales	38,357	32,514	102
All-In Sustaining Cash Costs	66,566	52,363	176
Copper Equivalent Payable Pounds (000's)	18,170	13,608	51,3
Cash Cost per Copper Equivalent Payable Pound (US\$)	2.11	2.39	2.00
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.66	3.85	3.4

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. The following other financial measures are used:

- 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.

The terms described above do not have a standardized meaning prescribed by IFRS, and therefore the Company's definitions are 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 are 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.

About Sierra Metals

Sierra Metals is a Canadian mining company focused on copper production with additional base and precious metals by-product credits at its Yauricocha Mine in Peru and Bolivar Mine in Mexico. The Company is intent on safely increasing production volume and growing mineral resources. Sierra Metals has recently had several new key discoveries and still has many more exciting brownfield exploration opportunities in Peru and Mexico that are within close proximity to the existing mines. Additionally, the Company has large land packages at each of its mines with several prospective regional targets providing longer-term exploration upside and mineral resource growth potential.

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 the sale of Cusi. 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.sedarplus.ca.

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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