

Sierra Metals Reports Second Quarter 2024 Consolidated Financial Results

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Q2 2024 Highlights:

- Based on H1-2024 performance and expected production in H2-2024, [Sierra Metals](#) reaffirms 2024 annual guidance
- Development below the 1120 Level at Yauricocha remains on schedule to achieve full production by Q4
- Revenues of \$57.5 million, a 2% decrease from Q2 2023
- Adjusted EBITDA⁽¹⁾ of \$12.9 million in Q2 2024 was 11% lower when compared with the adjusted EBITDA of Q2 2023, mainly driven by the increase in G&A costs related to severance payments and organizational changes
- Cash flow generated from operating activities before movements in working capital of \$14.9 million for Q2 2024 as compared to \$11.6 million in Q2 2023
- Cash and cash equivalents of \$22.5 million as at June 30, 2024 increased by almost 150% when compared to the \$9.1 million at the end of 2023
- Cusi Mine binding agreement announced and sold in July for US\$2.5 million in cash and a 2.0% net smelter royalty
- Commenced trading on the Lima Stock Exchange on June 28, 2024

Management will host a conference call and webcast at 11:00 am ET on August 12, 2024.

All dollar figures are in USD.

(1) This is a non-IFRS performance measure, see non-IFRS Performance Measures section of this press release

[Sierra Metals](#) Inc. (TSX:SMT | OTCQX:SMTSF | BVL:SMT) ("Sierra Metals" or the "Company") reports consolidated financial results for the three-month ("Q2") and six-month ("H1") periods ending June 30, 2024. The information provided below are excerpts from the Company's Q2 2024 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.

Ernesto Balarezo, Sierra Metals' CEO, comments, "The operating results and financial performance during the second quarter demonstrate the continued momentum in our business. Operationally, we saw improved performance and throughput increases at Yauricocha, mainly driven by the increased access to mining areas and higher levels of extraction. Throughput volumes are expected to continue to improve as development below the 1120 level progresses and we access the massive ore body continuations at depth, allowing us to reach full capacity in the fourth quarter of 2024.

Bolivar had a lower throughput during Q2 2024 which was mainly attributable to the scheduled plant maintenance combined with the lower availability of water for the concentration process. The issue of water availability has been resolved, and we anticipate improved production levels in the second half of the year, supported by the new plant equipment and the regularized rainy season.

We completed the sale of our Cusi property, allowing us to concentrate our focus on Yauricocha and Bolivar moving forward. As well, our shares began trading on the Lima Stock Exchange last month offering increased investor exposure and liquidity potential into the Chilean, Colombian, and Peruvian markets. Overall, we are delighted with our performance in the first half of 2024 as we continue to execute our strategy and maintain momentum into the second half of the year."

Conference Call & Webcast

Management will host a conference call and webcast at 11:00 am ET on August 12, 2024 to discuss Q2 2024 consolidated operating and financial results. Participate on the telephone at 1-844-763-8276 (North America) or +1-647-484-8814 (rest of world) or register for the English webcast [HERE](#) or the Spanish webcast [HERE](#).

Q2 2024 CONSOLIDATED OPERATING AND FINANCIAL HIGHLIGHTS

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

	Q2 2024	Q1 2024
Operating		
Ore Processed / Tonnes Milled	627,015	638,9
Copper Pounds Produced (000's)	8,531	11,24
Zinc Pounds Produced (000's)	11,272	10,13
Silver Ounces Produced (000's)	387	427
Gold Ounces Produced	3,438	4,505
Lead Pounds Produced (000's)	3,053	3,045
Cash Cost per CuEqLb (Yauricocha) ^{1,2}	\$ 3.44	\$ 3.27
AISC per CuEqLb (Yauricocha) ^{1,2}	\$ 3.79	\$ 3.69
Cash Cost per CuEqLb (Bolivar) ^{1,2}	\$ 2.76	\$ 2.44
AISC per CuEqLb (Bolivar) ^{1,2}	\$ 3.53	\$ 3.12
Financial		
Revenues	\$ 57,524	\$ 63,14
Net income (loss)		
- Continuing operations	\$ 4,912	\$ 1,630
- Discontinued Operations	\$(810)	\$(865)
Net income (loss) attributable to shareholders, including discontinued operations	\$ 4,115	\$ 1,155
Adjusted EBITDA ¹ from continuing operations	\$ 12,949	\$ 17,9
Operating cash flows before movements in working capital	\$ 14,923	\$ 16,48
Adjusted net income (loss) attributable to shareholders ¹		
- Continuing operations	\$ 5,022	\$ 5,174
- Discontinued Operations	\$(810)	\$(865)
Cash and cash equivalents	\$ 22,477	\$ 11,22

(1) This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of this press release.

(2) Copper equivalent payable pounds for the purpose of cash cost and AISC were calculated using the following realized prices:

Q2 2024: \$4.43/lb Cu, \$1.28/lb Zn, \$28.61/oz Ag, \$2,334/oz Au, \$0.99/lb Pb.

Q1 2024: \$3.84/lb Cu, \$1.12/lb Zn, \$23.41/oz Ag, \$2,069/oz Au, \$0.94/lb Pb.

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

H1 2024: \$4.08/lb Cu, \$1.20/lb Zn, \$25.73/oz Ag, \$2,177/oz Au, \$0.96/lb Pb.

H1 2023: \$4.02/lb Cu, \$1.29/lb Zn, \$23.37/oz Ag, \$1,934/oz Au, \$0.96/lb Pb.

Q2 2024 Operational Highlights

- Consolidated quarterly throughput during Q2 2024 was 627,015 tonnes. On a year-to-date basis, consolidated throughput is 8% higher in 2024 than in 2023, mainly driven by the stabilization and ramp up of Bolivar.
- Lower grades at Yauricocha for Q2 2024 compared to Q1 2024 and Q2 2023 were partially compensated for by the increase in throughput. Lower grades from Yauricocha were primarily due to the limited available ore above the 1120 level. The Company expects that grades and throughput will improve from the current levels as the development below 1120 level progresses.
- In Q2 2024, Bolivar experienced a decrease in throughput and grades as compared to Q1 2024 and Q2 2023. The lower throughput rates in Q2 2024 were a result of the planned maintenance downtime required for the commissioning of the new primary crusher and due to lower water availability as a dry season hit the region, which has been resolved as the rainy season has commenced.
- Yauricocha's cash cost per copper equivalent payable pound⁽¹⁾ was \$3.44 (Q2 2023 - \$3.38), and All-In-Sustaining Cost ("AISC") per copper equivalent payable pound⁽¹⁾ of \$3.79 (Q2 2023 - \$3.85). Cash costs for Q2 2024 were slightly higher than Q2 2023, given that lower costs compensated for the 23% decrease in copper equivalent payable pounds. The decrease in the Q2 2024 AISC resulted from 41% lower capital expenditure when compared to Q2 2023.
- Bolivar's cash cost per copper equivalent payable pound⁽¹⁾ was \$2.76 (Q2 2023 - \$2.22), and AISC per copper equivalent payable pound⁽¹⁾ was \$3.53 (Q2 2023 - \$2.97) for Q2 2024. Lower grades resulted in a drop in metal sales, representing a 21% decrease in copper equivalent payable pounds; therefore, leading to higher unit costs when compared to Q1 2024 and Q2 2023.

Q2 2024 Consolidated Financial Highlights

- Revenue from metals payable of \$57.5 million in Q2 2024 represented a 2% decrease from the Q2 2023 revenue of \$58.4 million, as the impact of lower grades was largely offset by higher realized metal prices when compared to the previous year. Higher realized metal prices could not offset the impact of the lower metal sales when compared to Q1 2024, resulting in a revenue decrease of 9% from the prior quarter.
- Cash and cash equivalents of \$22.5 million as at June 30, 2024 increased by almost 150% when compared to the \$9.1 million at December 31, 2023. Cash and cash equivalents increased during the six-month period as cash generated from operating activities of \$23.8 million and from the loan refinancing of \$18.2 million were partially offset by cash used for capital expenditures of \$24.2 million and loan interest payments of \$3.9 million.

(1) This is a non-IFRS performance measure, see non-IFRS Performance Measures section of this press release

H1 ACHIEVEMENTS AND COMPARISON TO 2024 GUIDANCE

During the first half of 2024, the Company successfully achieved the following major targets, which in the Management's opinion has laid the foundation for its future growth:

- In February 2024, the Company obtained the government's permit to develop and operate below the 1120 level at the Yauricocha Mine. This permit provides several significant catalysts for Sierra Metals, such as operational enhancements, maximized operating capacity, and cost efficiencies. Using a modest development capital investment, the Company anticipates ramping up to full production levels of 3,600 tonnes per day ("tpd") (40% higher than current levels) by Q4 2024.
- On May 7, 2024, the Company announced the results of an updated mineral reserves and resources under National Instrument 43-101 ("NI 43-101") for both its mines. These updated results reconfirm the presence of substantial reserves and resources in both mines. Additionally, this is a relevant indicator that the Company has been able to convert resources to reserves replacing what has been mined throughout the years. The Company filed the corresponding NI 43-101 technical reports on June 20, 2024, which are available on SEDAR+ and the Company's website.

- On June 3, 2024, the Company signed a new credit agreement with a syndicate of banks, led by Banco Santander Peru S.A ("Santander", together with the other banks referred as "lenders" or "the syndicate"), for a senior secured credit facility ("New Facility") of \$95.0 million. The proceeds from the New Facility were used to repay the balance of \$75.0 million of the original loans with Banco de Credito del Peru ("BCP") and Santander. The additional \$20.0 million will be assigned to high-return capital projects as well as for all the transaction fees and expenses. The capital expenditures include the development below the 1120 level and the completion of the new shaft at the Yauricocha mine in Peru, which is expected to commence operations in early 2025, as well as mine developments of over 8,000 meters, a new ore pass, and the initial engineering works on a new tailings dam facility at Bolivar.

After the end of Q2 2024, the Company also completed the sale of the Cusi Mine and the surrounding mineral concessions (please refer to 'note 17 - subsequent events' to the financial statements for the six months ended June 30, 2024). Apart from adding \$2.1 million net of fees to the Company's cash balance, the Cusi sale will also help the Company avoid the fixed monthly care and maintenance costs of around \$0.3 million.

Additionally, the Company will continue with the construction of the new tailings dam at Bolivar, which is expected to be completed over the next three years, allowing the mine to increase its production capacity to 7,500 tpd in the future.

Despite reduced production during Q2 2024, metal production for H1 2024 remained within anticipated the levels. With the development activities below the 1120 level at Yauricocha progressing as planned, the Company remains on track to achieve its previously announced production, costs, and capital expenditure guidance for 2024. The tables below compare the 2024 production versus annual production guidance from the Yauricocha and the Bolivar mines.

Production Guidance

Consolidated	2024 Guidance H1 2024		
	Low	High	Actual
Copper (000 lbs)	37,500	43,300	19,778
Zinc (000 lbs)	38,600	44,500	21,404
Silver (000 oz)	1,500	1,750	814
Gold (oz)	10,100	11,600	7,943
Lead (000 lbs)	10,200	11,800	6,102

By Mine

Yauricocha	2024 Guidance H1 2024		
	Low	High	Actual
Copper (000 lbs)	13,600	15,700	5,671
Zinc (000 lbs)	38,600	44,500	21,404
Silver (000 oz)	850	1,000	420
Gold (oz)	2,100	2,400	936
Lead (000 lbs)	10,200	11,800	6,102
Bolivar	2024 Guidance H1 2024		
	Low	High	Actual
Copper (000 lbs)	23,900	27,600	14,107
Silver (000 oz)	650		

Gold (oz) 8,000 9,200 7,007

2024 Cost Guidance

A per mine breakdown of 2024 production guidance, cash costs, and AISC are included in the table below. Starting 2024, the Company modified its definition of cash cost to include treatment and refining charges, selling costs and, site G&A costs. AISC includes cash costs and sustaining capital expenditure and is calculated on the basis of copper equivalent payable pounds.

Mine	2024 Guidance		H1 Actual	
	Cash costs ⁽¹⁾⁽²⁾ range per CuEqLb	AISC ⁽¹⁾⁽²⁾ range per CuEqLb	Cash costs ⁽¹⁾⁽²⁾ per CuEqLb	AISC ⁽¹⁾⁽²⁾ per CuEqLb
Yauricocha Per Copper Payable Eq Lbs ('000)	\$3.31 - \$3.41	\$3.75 - \$3.86	\$3.28	\$3.57
Bolivar Per Copper Payable Eq Lbs ('000)	\$2.56 - \$2.72	\$3.28 - \$3.36	\$2.60	\$3.33

⁽¹⁾ This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of this press release. Cash Cost comprises operating costs, selling expenses, administrative expenses, commercial terms and discounts. AISC is comprised of cash costs and sustaining capex.

⁽²⁾ Copper equivalent payable pounds for guidance AISC were calculated using the following metal prices: \$3.91/lb Cu, \$1.20/lb Zn, \$23.66/oz Ag, \$0.94/lb Pb, \$1,921/oz Au. H1 2024 actual cash costs and AISC have been recalculated for comparison purposes.

NON-IFRS PERFORMANCE MEASURES

The following table provides a reconciliation of adjusted EBITDA to the condensed interim consolidated financial statements for the three months and six months ended June 30, 2024 and 2023:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net income	\$ 4,102	\$ 1,073	\$ 4,867	\$ 3,212
Adjusted for:				
Depletion and depreciation	8,194	9,267	17,828	16,810
Interest expense and other finance costs	2,742	2,788	5,147	4,987
NRV adjustments on inventory	-	1,079	-	1,555
Share-based compensation	800	86	1,434	188
Foreign currency exchange and other provisions	(1,309)	689	855	2,061
Income taxes	(2,390)	(1,456)	(944)	(82)
Adjusted EBITDA	\$ 12,139	\$ 13,526	\$ 29,187	\$ 28,731
Less: Adjusted EBITDA from discontinued operations	(810)	(968)	(1,675)	(1,245)
Adjusted EBITDA from continuing operations	12,949	14,494	30,862	29,976

The following table provides a reconciliation of adjusted net income to the condensed interim consolidated financial statements for the three months and six months ended June 30, 2024 and 2023:

(In thousands of United States dollars)	Three months ended June 30, Six months ended June			
	2024	2023	2024	2023
Net income attributable to shareholders	\$ 4,115	\$ 1,638	\$ 5,274	\$ 3,691
Non-cash depletion charge on Corona's acquisition	455	\$ 1,175	1,500	2,245
Deferred tax recovery on Corona's acquisition depletion charge	151	\$ (359)	(542)	(686)
NRV adjustments on inventory	-	\$ 1,079	-	1,555
Share-based compensation	800	\$ 86	1,434	188
Foreign currency exchange loss (gain)	(1,309)	\$ 689	855	2,061
Adjusted net income (loss) attributable to shareholders	\$ 4,212	\$ 4,308	\$ 8,521	\$ 9,054
Less: Adjusted net loss from discontinued operations	(810)	(1,676)	(1,675)	(2,471)
Adjusted net income (loss) from continuing operations	5,022	5,984	10,196	11,525

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 and six months ended June 30, 2024 and 2023:

(In thousand of US dollars, unless stated)	Three months ended June 30, 2024		Three months ended June 30, 2023	
	Yauricocha	Bolivar	Yauricocha	Bolivar
Cash Cost per Tonne of Processed Ore				
Cost of Sales	21,400	20,847	24,630	19,439
Reverse: Workers Profit Sharing	-	105	-	-
Reverse: D&A/Other adjustments	(5,687)	(4,138)	(5,648)	(3,414)
Reverse: Variation in Inventory	5,318	(673)	718	850
Total Cash Cost	21,031	16,141	19,700	16,875
Tonnes Processed	253,148	373,867	244,315	405,987
Cash Cost per Tonne Processed	US\$ 83.08	43.17	80.63	41.57
(In thousand of US dollars, unless stated)	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Yauricocha	Bolivar	Yauricocha	Bolivar
Cash Cost per Tonne of Processed Ore				
Cost of Sales	45,263	43,035	46,522	34,371
Reverse: Workers Profit Sharing	-	(497)	-	-
Reverse: D&A/Other adjustments	(11,679)	(6,604)	(10,771)	(5,715)
Reverse: Variation in Inventory	5,624	(347)	1,126	1,374
Total Cash Cost	39,208	35,587	36,877	30,030
Tonnes Processed	493,834	772,097	463,460	705,004
Cash Cost per Tonne Processed	US\$ 79.40			

79.57

42.60

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 and six months ended June 30, 2024 and 2023:

YAURICOCHA (In thousand of US dollars, unless stated)	Three months ended		Six months ended
Cash Cost per zinc equivalent payable pound	June 30, 2024	June 30, 2023	June 30, 2024
Total Cash Cost	21,031	19,700	39,208
Variation in Finished inventory	(5,318)	(718)	(5,624)
Treatment and Refining Charges	4,009	6,697	9,634
Selling Costs	710	803	1,350
G&A Costs ⁽¹⁾	1,616	1,487	3,136
Total Cash Cost of Sales	22,048	27,969	47,704
Sustaining Capital Expenditures	2,252	3,897	4,098
All-In Sustaining Cash Costs	24,300	31,866	51,802
Copper Equivalent Payable Pounds (000's) ⁽²⁾	6,409	8,279	14,370
Cash Cost per Copper Equivalent Payable Pound (US\$)	3.44	3.38	3.32
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.79	3.85	3.60

⁽¹⁾ G&A Costs for the three months and six months ended June 30, 2023 have been adjusted to include site G&A only. Allocation of corporate G&A costs have been excluded for consistency with the G&A costs for the three months and six months ended June 30, 2024 and those used in the 2024 guidance cash costs and AISC.

⁽²⁾ Copper equivalent payable pounds were calculated using the following realized prices:

Q2 2024: \$4.43/lb Cu, \$1.28/lb Zn, \$28.61/oz Ag, \$2,334/oz Au, \$0.99/lb Pb.

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

6M 2024: \$4.08/lb Cu, \$1.20/lb Zn, \$25.73/oz Ag, \$2,177/oz Au, \$0.96/lb Pb.

6M 2023: \$4.02/lb Cu, \$1.29/lb Zn, \$23.37/oz Ag, \$1,934/oz Au, \$0.96/lb Pb.

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 and six months ended June 30, 2024 and 2023:

BOLIVAR (In thousand of US dollars, unless stated)	Three months ended		Six months ended
Cash Cost per copper equivalent payable pound	June 30, 2024	June 30, 2023	June 30, 2024
Total Cash Cost	16,141	16,875	35,587
Variation in Finished inventory	673	(850)	347
Treatment and Refining Charges	1,856	2,819	4,710
Selling Costs	1,976	2,335	4,615
G&A Costs ⁽¹⁾	1,019	853	2,576
Total Cash Cost of Sales	21,665	22,032	47,835
Sustaining Capital Expenditures	6,022		

7,350

All-In Sustaining Cash Costs	27,687	29,382	61,240
Copper Equivalent Payable Pounds (000's) ⁽²⁾	7,841	9,908	18,734
Cash Cost per Copper Equivalent Payable Pound (US\$)	2.76	2.22	2.55
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.53	2.97	3.27

(1) G&A Costs for the three months and six months ended June 30, 2023 have been adjusted to include site G&A only. Allocation of corporate G&A costs have been excluded for consistency with the G&A costs for the three months and six months ended June 30, 2024 and those used in the 2024 guidance cash costs and AISC.

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

Q2 2024: \$4.43/lb Cu, \$1.28/lb Zn, \$28.61/oz Ag, \$2,334/oz Au, \$0.99/lb Pb.

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

6M 2024: \$4.08/lb Cu, \$1.20/lb Zn, \$25.73/oz Ag, \$2,177/oz Au, \$0.96/lb Pb.

6M 2023: \$4.02/lb Cu, \$1.29/lb Zn, \$23.37/oz Ag, \$1,934/oz Au, \$0.96/lb Pb.

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.

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.

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. The Company considers cost of sales per copper equivalent payable pound to be the most comparable IFRS measure to cash cost per copper equivalent payable pound and has included calculations of this metric in the reconciliations within the applicable tables to follow.

All-in sustaining cost per copper equivalent payable pound

AISC is a non-IFRS measure and is calculated based on guidance provided by the World Gold Council ("WGC"). 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 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 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 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.

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.

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

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. 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 15, 2024 for its fiscal year ended December 31, 2023 and other risks identified in the Company's filings with Canadian securities regulators, which 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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