

Sierra Metals Inc. Reports First Quarter 2025 Consolidated Financial Results

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Q1 2025 Highlights:

- Revenues of \$86.1 million, 36% higher than in Q1 2024
- Adjusted EBITDA⁽¹⁾ of \$33.9 million, 114% higher than in Q1 2024
- Operating cash flows before changes in working capital of \$31.7 million, 122% higher than Q1 2024
- Higher copper, zinc and silver production than in Q1 2024

[Sierra Metals Inc.](#) (TSX: SMT | OTCQX: SMTSF | BVL: SMT) ("Sierra Metals" or the "Company") reports consolidated financial results for the three months ending March 31, 2025 ("Q1 2025"). The information provided below are excerpts from the Company's Q1 2025 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.

Q1 2025 Consolidated Operating and Financial Highlights

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

	Q1 2025	Q4 2024
Operating		
Ore Processed / Tonnes Milled	752,771	797,771
Copper Pounds Produced (000's)	12,783	13,530
Zinc Pounds Produced (000's)	10,831	12,300
Silver Ounces Produced (000's)	548	544
Gold Ounces Produced	4,014	4,009
Lead Pounds Produced (000's)	2,787	2,381
Cash Cost per CuEqLb (Yauricocha) ^{1,2,3}	\$ 2.32	\$ 3.17
AISC per CuEqLb (Yauricocha) ^{1,2,3}	\$ 2.82	\$ 3.57
Cash Cost per CuEqLb (Bolivar) ^{1,2}	\$ 2.51	\$ 2.43
AISC per CuEqLb (Bolivar) ^{1,2}	\$ 3.16	\$ 3.06
Financial		
Revenues	\$ 86,078	\$ 81,030
Net income (loss)		
- Continuing operations ³	\$ 10,370	\$ 8,153
- Discontinued Operations	\$ -	\$ 1,351
Net income (loss) attributable to shareholders, including discontinued operations ³	\$ 7,942	\$ 6,740
Adjusted EBITDA ^{1,2} from continuing operations	\$ 33,911	\$ 26,560

Operating cash flows before movements in working capital	\$ 31,655	\$ 16,000
Adjusted net income (loss) attributable to shareholders ¹		
- Continuing operations ³	\$ 10,808	\$ 23,530
- Discontinued Operations	\$-	\$ 1,351
Cash and cash equivalents	\$ 22,363	\$ 19,820

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

(2) Copper equivalent payable pounds used for the cash cost and AISC calculations were calculated at the following prices:

Q1 2025 - \$4.25/lb Cu, \$1.29/lb Zn, \$31.86/oz Ag, \$0.90/lb Pb, \$2,868/oz Au.

Q4 2024 - \$4.14/lb Cu, \$1.38/lb Zn, \$31.32/oz Ag, \$0.91/lb Pb, \$2,654/oz Au.

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

(3) During Q4 2024, management identified certain inventory transactions that were incorrectly recorded starting in Q4 2024 and previous quarters of 2024. Previously reported Q1 2024 results have been adjusted accordingly to correct these errors. Inventory balances impacted the related cost of sales and net income. Adjusted EBITDA and Adjusted net income (loss) to shareholders are also revised to reflect the corresponding impacts.

Q1 2025 Consolidated Operating Highlights

Consolidated ore throughput increased by 18% in Q1 2025 compared to Q1 2024, reflecting stronger performance at both Yauricocha and Bolivar. When compared to Q4 2024, consolidated throughput was lower due to adverse weather conditions and a planned two-day mill shutdown, which impacted Q1 2025 production at Bolivar.

Consolidated copper production rose by 14% year-over-year, driven primarily by higher output at Yauricocha.

Q1 2025 Consolidated Financial Highlights

- Consolidated revenue from metals payable amounted to \$86.1 million in Q1 2025, which is a 36% increase from the \$63.1 million recorded in Q1 2024, mainly driven by the increased metal production in Yauricocha and higher metal prices.
- Adjusted EBITDA⁽¹⁾ of \$33.9 million for Q1 2025 was a 114% increase over Q1 2024 and a 28% increase over Q4 2024, mainly driven by the higher revenue and increased gross margins.
- Adjusted net income attributable to shareholders⁽¹⁾ of \$10.8 million, or \$0.05 per share, for Q1 2025 as compared to the adjusted net income of \$3.8 million, or \$0.01 per share for Q1 2024. Adjusted net income attributable to shareholders was lower than Q4 2024, as there was recognition of a deferred tax recovery of \$22.5 million related to the loss of sale of discontinued operations in Q4 2024.
- Cash flow generated from operations before movements in working capital of \$31.7 million for Q1 2025 increased compared to \$14.3 million in Q1 2024.
- Cash and cash equivalents of \$22.4 million as at March 31, 2025 compared to \$19.8 million at the end of 2024. Cash and cash equivalents increased during Q1 2025 as a result of cash generated from operating activities of \$27.2 million offset by cash used in investing activities of \$20.1 million and cash used in financing activities of \$4.6 million.

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is
a
non-IFRS
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Performance
Measures
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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, 2025 and 2024:

	Three months ended March 31,	
	2025	2024 (revised) ⁽¹⁾
Net income (loss)	\$ 10,370	\$ (783)
Adjusted for:		
Depletion and depreciation	13,010	9,634
Interest expense and other finance costs	3,704	2,405
Reorganizational and other non-recurring expenses	355	124
Share-based payments	158	634
Foreign currency exchange and other provisions	1,831	2,164
Income taxes	4,483	783
Adjusted EBITDA	\$ 33,911	\$ 14,961
Less: Adjusted EBITDA from discontinued operations	-	(865)
Adjusted EBITDA from continuing operations	33,911	15,826

(1) During Q4 2024, management identified certain inventory transactions that were incorrectly recorded starting in Q4 2023 and the previous quarters of 2024. Previously reported Q1 2024 Adjusted EBITDA has been adjusted accordingly to correct this error.

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, 2025 and 2024:

	Three months ended March 31,	
(In thousands of United States dollars)	2025	2024 (revised) ⁽¹⁾

Net income (loss) attributable to shareholders	\$ 7,942	\$ (389)
Non-cash depletion charge on Corona's acquisition	804	1,045
Deferred tax recovery on Corona's acquisition depletion charge	(282)	(693)
Reorganizational and other non-recurring expenses	355	124
Share-based compensation	158	634
Foreign currency exchange loss (gain)	1,831	2,164
Adjusted net income attributable to shareholders	\$ 10,808	\$ 2,885
Less: Adjusted net loss from discontinued operations	-	(865)
Adjusted net income from continuing operations	10,808	3,750

(1) During Q4 2024, management identified certain inventory transactions that were incorrectly recorded starting in Q4 2023 and the previous quarters of 2024. Previously reported Q1 2024 Adjusted net income has been adjusted accordingly to correct this error.

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

All-In Sustaining Cost ("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 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, 2025 and 2024:

(In thousand of US dollars, unless stated)	Three months ended March 31, 2025 Yauricocha Bolivar		Three months ended March 31, 2024 Yauricocha Bolivar (revised) ⁽¹⁾	
	Cash Cost per Tonne of Processed Ore			
Cost of Sales	30,897	22,818	26,075	22,187
Reverse: Workers Profit Sharing	-	(198)	-	392
Reverse: D&A/Other adjustments	(7,238)	(5,946)	(5,991)	(4,140)
Reverse: Variation in Inventory	(1,041)	661	(1,906)	326
Total Cash Cost	22,618	17,335	18,178	18,765
Tonnes Processed	329,363	423,408	240,686	398,230
Cash Cost per Tonne Processed	US\$ 68.67	40.94	75.53	47.12

(1) During Q4 2024, management identified certain inventory transactions that were incorrectly recorded starting in Q4 2023 and the previous quarters of 2024. Previously reported Q1 2024 cost of sales has been adjusted accordingly to correct this error.

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, 2025 and 2024:

YAURICOCHA (In thousand of US dollars, unless stated)	Three months ended March 31, 2025 March 31, 2024	
Cash Cost per copper equivalent payable pound		
Total Cash Cost	22,618	18,178
Variation in Finished inventory	1,041	1,906
Treatment and Refining Charges	2,831	5,625
Selling Costs	930	640
G&A Costs	2,049	1,520
Total Cash Cost of Sales	29,469	27,869
Sustaining Capital Expenditures	6,365	3,318
All-In Sustaining Cash Costs	35,834	31,187
Copper Equivalent Payable Pounds (000's) ⁽¹⁾	12,701	7,856
Cash Cost per Copper Equivalent Payable Pound	(US\$) 2.32	3.55
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound	(US\$) 2.82	3.97

(1) Copper equivalent payable pounds were calculated at the following prices:

Q1 2025 - \$4.25/lb Cu, \$1.29/lb Zn, \$31.86/oz Ag, \$0.90/lb Pb, \$2,868/oz Au.

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

(2) During Q4 2024, management identified certain inventory transactions that were incorrectly recorded starting in Q4 of the previous quarters of 2024. Previously reported Q1 2024 cost of sales has been adjusted accordingly to correct this error.

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, 2025 and 2024:

BOLIVAR (In thousand of US dollars, unless stated)	Three months ended	
Cash Cost per copper equivalent payable pound	March 31, 2025	March 31, 2024 (revised)
Total Cash Cost	17,335	18,765
Variation in Finished inventory	(661) (326
Treatment and Refining Charges	1,925	2,854
Selling Costs	2,180	2,639
G&A Costs	1,538	1,557
Total Cash Cost of Sales	22,317	25,489
Sustaining Capital Expenditures	5,855	7,383
All-In Sustaining Cash Costs	28,172	32,872
Copper Equivalent Payable Pounds (000's) ⁽¹⁾	8,908	10,880
Cash Cost per Copper Equivalent Payable Pound (US\$)	2.51	2.34
All-In Sustaining Cash Cost per Copper Equivalent Payable Pound (US\$)	3.16	3.02

(1) Copper equivalent payable pounds were calculated at the following prices:

Q1 2025 - \$4.25/lb Cu, \$1.29/lb Zn, \$31.86/oz Ag, \$0.90/lb Pb, \$2,868/oz Au.

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

(2) G&A costs updated to exclude corporate allocations for consistency with Yauricocha calculations.

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 26, 2025 for its fiscal year ended December 31, 2024 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.

All dollar figures are in USD.

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