

Sierra Metals Inc. – TSX:SMT, BVL:SMT

April 12, 2017

SMT Updates Resource & Reserve Estimates at Bolivar

Sierra Metals Inc. (TSX:SMT, BVL:SMT) announced an updated resource and reserve estimate at its Bolivar Mine in Mexico (Figure 1). The update includes drilling completed between January 2013 and September 2016, and does not include the current ~20,000m of expansion drilling underway at the mine. Results from the successful program are to be incorporated in an update expected in H2 2017. In our view, this resource does not compare to the previous one (2012) because of metal prices changes, process changes at Bolivar and production from the mine. However, as the company is focused on obtaining its listing on the NYSE, expected shortly, the resource and reserve update will aid in advancing that process. As Sierra continues to deliver operational improvements and exploration success at its operating mines, as well as accomplishing a listing on the NYSE, we view these as positive steps to enhancing the company's value and improving liquidity of the stock.

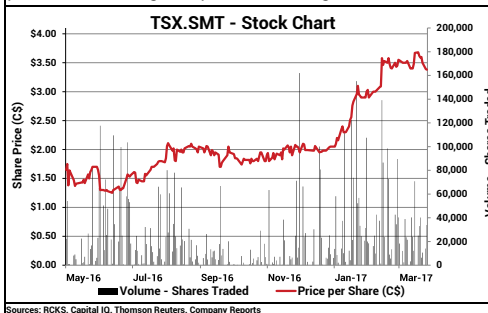
Figure 1: Bolivar Mine

| Updated Resource & Reserve Estimate as of September 30, 2016 | | | | | | | | |
|--|--------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | | Mt | Ag (g/t) | Cu (%) | Au (g/t) | Ag Moz | Cu Mlb | Au koz |
| Resources | Indicated | 9.3 | 18.1 | 0.90 | 0.30 | 5.4 | 184.9 | 91.0 |
| | Inferred | 9.1 | 17.9 | 0.86 | 0.33 | 5.2 | 171.6 | 97.0 |
| | Total | 18.4 | 18.0 | 0.88 | 0.31 | 10.6 | 356.5 | 188.0 |
| Reserves | Probable | 4.3 | 17.5 | 0.85 | 0.31 | 2.4 | 80.7 | 44.0 |

Notes: mineral resources are inclusive of reserves, metal price assumptions: Copper (Cu): US\$/lb 2.43, Silver (Ag): US\$/oz 18.30, and Gold (Au): US\$/oz 1,283.00, recovery assumptions are 81% Cu, 77% Ag, and 49% Au.
Source: Company reports, RCKS

Company Information: Sierra Metals Inc (TSX:SMT)

Sierra Metals is a Canadian mining company with three operating mines and several precious and base metals exploration targets in Latin America. After starting to mine the higher grade Esperanza zone at its Peruvian flagship Yauricocha mine in August 2016, Sierra Metals reported its second highest quarterly metals production in Q3 2016, producing 3,201 AgEq, and is poised for strong results going forward. In the near-term, Sierra is focused on improving operating performance through the production of higher value ore and strengthening its asset base.

| TSX.SMT - Stock Chart | | Key Projects | | | | |
|---|--|------------------------------|------------|--|---|-----------|
|  | | Project | Stage | Current Resources (M&I+) | Notes | |
| | | Yauricocha (82%) (Peru) | Production | 121M oz AgEq (11.6Mt @ 323.9 g/t AgEq) | ~5 year mine life remains. Exploration & development ongoing from the mine's 1070 level | |
| | | Bolivar (Mexico) | Production | 493M lb CuEq (18.4Mt @ 1.22% CuEq) | ~6 year mine life remains. A resource update is expected in H2 2017 | |
| | | Cusi (Mexico) | Production | 35M oz AgEq (4.4Mt @ 246.8 g/t AgEq) | Pre-feasibility study in progress, including for the construction of a new on-site processing plant | |
| | | Financials | | Peer Comparison | | |
| | | Price (C\$/sh): | \$3.38 | Company | P/NAV (C\$) | 2017EV/CF |
| | | Basic S/O (M): | 162.1 | TSX:SMT | NA | NA |
| | | Fully Diluted Shares (M): | 162.1 | TSXV:ASM | 0.59x | 2.4x |
| | | Market Cap (C\$ M): | \$547.8 | TSX:EDR | 1.16x | 9.2x |
| | | Cash (C\$ M): | \$56.6 | TSX:EXN | 1.54x | 8.2x |
| | | Debt (C\$ M): | \$105.7 | TSXV:IPT | 0.61x | 12.1x |
| | | EV (C\$ M): | \$596.9 | TSXV:SCZ | 0.73x | 5.5x |
| | | 2016 Production (M lb CuEq): | 79.5 | TSX:USA | 0.81x | 3.1x |
| | | | | Peer Average | 0.91x | 6.8x |

Sources: RCKS, Capital IQ, Thomson Reuters, Company Reports

Priced as of prior trading day's market close, EST (unless otherwise noted).

All values in USD unless otherwise noted.

For Disclaimer and Applicable Disclosures, see the end of this report

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| Company Name | Ticker Symbol | Disclosures |
|--------------------|-------------------|-------------|
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