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Sierra Metals Inc. – TSX:SMT, BVL:SMT

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SMT Likely to Add High Value Tonnage at Bolivar

Sierra Metals Inc. (TSX:SMT, BVL:SMT) announced initial drill results from the La Sidra and Bolivar West zones at its Bolivar mine in Mexico. In our view, the good results from the brownfield exploration program suggest the company is likely to deliver on its objective to add high value tonnes and extend mine life at Bolivar. Drilling continues to imply the existence of high grade Au-Ag mineralization at La Sidra. The zone currently extends over 500m along strike and to a depth of 300m while remaining open 2.5km NE-SW along strike and down dip. Results from Bolivar West similarly returned a weighted average grade above the resource grade. Sierra plans to follow-up on strong anomaly zones detected during a recent IP survey at Bolivar West and Bolivar Northwest. In our view, continued exploration success along with ongoing operational improvements at Sierra's Yauricocha and Bolivar mines is key to enhancing the company's value and positioning to bring about the necessary capital structure changes needed.

High grades highlight the potential of adding high value tonnes. Results from the six holes drilled at La Sidra returned a weighted average grade of 6.90% CuEq over 4.7m which compares favorably with Bolivar's resource grade of 1.23% CuEq. Results were highlighted by hole DB462 that returned 4.05 g/t Au, 390 g/t Ag, 4.99% Zn and 1.88% Pb (10.63% CuEq) over 9.75m. Drilling at Bolivar West returned a weighted average grade of 2.28% CuEq over 9.0m which is likewise above the mine's resource grade. Results were highlighted by DB549 that returned 1.17 g/t Au, 60 g/t Ag, 2.70% Cu and 0.02% Zn (4.26% CuEq) over 10.55m and DB541 that returned 0.07 g/t Au, 133 g/t Ag, 1.44% Cu and 0.71% Zn (3.28% CuEq) over 12.6m. Considering Sierra was able to quickly bring the Esperanza zone at its Yauricocha mine into production, we would expect a similar path for the Bolivar West and La Sidra zones should exploration success continue.

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.																																									
<p>TSX.SMT - Stock Chart</p>	<table border="1"> <thead> <tr> <th colspan="4">Key Projects</th> </tr> <tr> <th>Project</th> <th>Stage</th> <th>Current Resources (M&I+)</th> <th>Notes</th> </tr> </thead> <tbody> <tr> <td>Yauricocha (82%) (Peru)</td> <td>Production</td> <td>121M oz AgEq (11.6Mt @ 323.9 g/t AgEq)</td> <td>~5 year mine life remains. Exploration & development ongoing from the mine's 1070 level</td> </tr> <tr> <td>Bolivar (Mexico)</td> <td>Production</td> <td>587M lb CuEq (21.6Mt @ 1.23% CuEq)</td> <td>~6 year mine life remains. A resource update is expected following a 2016 exploration program</td> </tr> <tr> <td>Cusi (Mexico)</td> <td>Production</td> <td>35M oz AgEq (4.4Mt @ 246.8 g/t AgEq)</td> <td>Pre-feasibility study in progress, including for the construction of a new on-site processing plant</td> </tr> </tbody> </table>			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	587M lb CuEq (21.6Mt @ 1.23% CuEq)	~6 year mine life remains. A resource update is expected following a 2016 exploration program	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																		
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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.

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Company Name	Ticker Symbol	Disclosures
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