



NEWS RELEASE

Sierra Metals Closes \$16.4 million Private Placement

10/13/2023

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All dollars are Canadian unless otherwise noted

TORONTO--(BUSINESS WIRE)-- Sierra Metals Inc. (TSX: SMT; OTC: SMTSF) ("Sierra Metals" or the "Company") is pleased to announce that it has closed a non-brokered private placement (the "Private Placement") to issue 43,107,360 common shares of the Company ("Common Shares") at a price of \$0.38 per common share for aggregate gross proceeds of \$16,380,796.80, a portion of which has closed in escrow.

As of October 13, 2023, the Company has received \$12,837,133.40 in connection with the issuance of 33,781,930 Common Shares in the first tranche of the Private Placement. \$3,543,663.40, representing the funds for the second tranche of the Private Placement, are being held by the Company in escrow, pending satisfaction of conditions established by the Toronto Stock Exchange (the "TSX").

Ernesto Balarezo Valdez, Sierra Metals' CEO, stated, "We are pleased with the tremendous support we have received from shareholders and management as we have worked hard this year to stabilize and optimize our operations. Their participation in this Private Placement and their financial support validates our strategy to surface value for all our stakeholders."

The proceeds from the Private Placement will be used to fund growth activities at the Company's mines at Yaruicocha, Peru and Bolivar, Mexico, and for strategic capex and general working capital purposes.

Common Shares issued pursuant to the Private Placement will be subject to a statutory hold period.

Directors and management of the Company participated in the Private Placement for an aggregate amount of 3,079,126 Common Shares, representing approximately 7.14% of the total financing.

Insiders of the Company (the "Participating Insiders") participated in the Private Placement for an aggregate amount of 2,361,453 Common Shares. Such participation is considered a related party transaction within the

meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). In completing the Private Placement, Sierra Metals relied on the applicable exemptions from the formal valuation and minority security holder approval requirements available under Sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, on the basis that neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Private Placement, insofar as it involves the Participating Insiders, exceeds 25% of the Company's market capitalization calculated in accordance with MI 61-101. The Company did not file a material change report 21 days prior to the closing of the Private Placement as the details relating to the participation of the Participating Insiders were not settled until shortly prior to the closing of the Private Placement. Further information regarding the Private Placement will be provided in a material change report to be filed by the Company.

The Private Placement was among the alternatives considered by Sierra Metals as part of the Company's strategic review process conducted with the assistance of CIBC Capital Markets.

This news release does not constitute an offer to sell or solicitation of an offer to sell any securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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 use of proceeds of the Private Placement, the issuance of the second tranche of Common Shares, the release from escrow of the proceeds from the second tranche, and the satisfaction of conditions established by the TSX. 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, satisfaction of conditions established by the TSX and 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.

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

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