



## NEWS RELEASE

# Sierra Metals Reiterates Recommendation to Take No Action as Alpayana Amends Hostile Bid

2025-04-09

- None of the directors or officers of Sierra Metals have, or intend to, tender their Common Shares to the Hostile Bid
- Amended Hostile Bid indicates lack of success in persuading shareholders to tender their Common Shares to the initial offer price of C\$0.85 per Common Share
- Amended Hostile Bid continues to undervalue Sierra Metals
- Board of Directors continues to recommend that shareholders REJECT the opportunistic hostile take-over offer and TAKE NO ACTION

TORONTO--(BUSINESS WIRE)-- Sierra Metals Inc. (TSX: SMT | OTCQX: SMTSF | BVL: SMT) ("Sierra Metals" or the "Company") today confirms that its board of directors (the "Board") has carefully reviewed the amendments to the opportunistic hostile take-over bid (the "Hostile Bid") to acquire all of the outstanding common shares of the Company (the "Common Shares") by an affiliate of Alpayana S.A.C. ("Alpayana"), and continues to recommend that shareholders of Sierra Metals take no action and REJECT the Hostile Bid by not tendering their Common Shares.

The notice of variation and extension dated April 2, 2025 and filed by Alpayana on April 4, 2025 increases the offer price from C\$0.85 per Common Share (the "Original Offer Price") to C\$1.11 per Common Share (the "Revised Offer Price"), and extends the expiry date of the Hostile Bid from April 14, 2025 to April 25, 2025. Alpayana has also waived, among other things, its condition that at least 662/3% of the outstanding Common Shares must be tendered to the Hostile Bid, presumably in response to lower-than-expected interest from shareholders of Sierra Metals. The Hostile Bid remains subject to a significant number of conditions which are not subject to materiality thresholds or reasonableness standards or any other objective criteria, but rather are in Alpayana's sole discretion. Further, even at the Revised Offer Price, the Hostile Bid remains significantly below the valuations seen in comparable transactions as outlined in the Company's **Directors' Circular** dated January 13, 2025 (the "Directors'

Circular").

Sierra's financial advisor, BMO Capital Markets has also delivered an opinion (the "Inadequacy Opinion") to the Board and the Special Committee of independent directors (the "Special Committee"), which reaffirms that, as of the date of the opinion, and based upon and subject to the assumptions, limitations and qualifications contained therein and such other matters as BMO Capital Markets considered relevant, the Revised Offer Price is inadequate from a financial point of view to the shareholders of Sierra Metals.

Miguel Aramburu, Chair of the Board, commented:

"Alpayana continues to offer an inadequate price that undervalues Sierra Metals and does not reflect full and fair value for the Common Shares of the Company. The Board believes there is far greater value inherent in the Company's assets, particularly in light of our strong financial and operating performance. We recommend that shareholders reject the Hostile Bid as it is not in the best interests of Sierra Metals or our shareholders."

### Response to Alpayana's most recent claims

Alpayana's news release issued on April 2, 2025 repeated several of the unsubstantiated claims it first put forward in its take-over bid circular dated December 30, 2024 (the "Take-Over Bid Circular"). The Company fully addressed these claims in the Directors' Circular. In addition, Alpayana has made new assertions relating to the Company, including the following:

- Alpayana calls into question the reliability of the Company's 2025 guidance, based on adjustments made to preliminary financial results during the 2024 year-end audit process. The Company reaffirms its guidance that 2025 EBITDA<sup>1</sup> is expected to be approximately US\$130 million<sup>2</sup>, representing year-over-year growth of 75%. Furthermore, the Company reminds its shareholders that the management team has successfully executed on all of its major objectives over the past two years, delivering significantly improved results and also met its guidance for 2024. The adjustments reflected in the Company's 2024 audited financial statements are the result of a rigorous internal review initiated by the Company's new financial leadership team. Attempts to cast doubt on the Company's outlook based on responsible and transparent financial corrections are misleading and fail to recognize the significant operational and financial turnaround delivered by the Company over the past two years.
- Alpayana speculates that the Company may undertake a dilutive financing to service its debt. This statement disregards the significant improvement in the Company's balance sheet and the outlook for increased cash generation as demonstrated by the above-noted 2025 EBITDA guidance. As noted in the Directors' Circular, the Company's anticipated net debt / 2025E EBITDA ratio<sup>1</sup> is already below the industry median. Sierra Metals has not announced or initiated any new equity financing and any speculation about dilution is unwarranted and ignores the Company's current trajectory and financial discipline.
- Alpayana notes that the Company has not announced any alternative offers. The Special Committee

continues to evaluate a range of strategic options, working closely and actively with its external financial and legal advisors. As previously announced, the Company has engaged BMO Capital Markets as financial advisor and is currently undertaking a robust process to evaluate strategic options to maximize long-term value for all shareholders and stakeholders. The Special Committee plans to report to the Company's shareholders on its recommendations following the completion of this process.

- Alpayana alleges that the Company is "entering into a hostile macro-economic and local and international political environment," a situation not referenced in its earlier materials. As previously noted, the Hostile Bid is opportunistic and seeks to amplify market dissonance in order to spook our shareholders into accepting an offer price that undervalues Sierra Metals and does not reflect full and fair value for the Common Shares of Sierra Metals.

The Directors' Circular listed 12 reasons to reject the Hostile Bid, supported by details on the Company's operations, strategy and financial position, as well as the higher valuations seen in precedent transactions, while also refuting many of Alpayana's claims. In its news release Alpayana has offered no substantive response that might help the Company's shareholders make a decision.

### Recommendation to continue to REJECT the Hostile Bid

The Board unanimously recommends that Sierra Metals shareholders REJECT the Hostile Bid and not tender their Common Shares to the Hostile Bid. Shareholders simply need to take no action in order to REJECT the Hostile Bid.

The Board's determination was reached following careful consideration of a number of factors, including advice from its financial and legal advisors, and the recommendation of the Special Committee, including the Inadequacy Opinion from BMO Capital Markets reaffirming the inadequacy of the Revised Offer Price from a financial point of view. Furthermore, none of the directors or officers of Sierra Metals have, or intend to, tender their Common Shares to the Hostile Bid.

Shareholders are encouraged to carefully review the Directors' Circular in its entirety. This document has been mailed to Sierra Metals shareholders and is available on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) under the Company's profile, and on the Company's website ([www.SierraMetals.com](http://www.SierraMetals.com)).

Any Sierra Metals shareholders who have already tendered their Common Shares to the Hostile Bid and who wish to obtain assistance in withdrawing them are urged to contact their broker or Carson Proxy Advisors, Sierra Metal's Information Agent and strategic shareholder advisor, by North American toll-free phone at 1-800-530-5189, local and text: 416-751-2066 or by email at [info@carsonproxy.com](mailto:info@carsonproxy.com).

### NOTES:

1. This is a non-IFRS measure. See "Non-IFRS Financial Measures".
2. These estimated results represent forward-looking information. See "Financial Outlook" and "Forward-Looking Statements".

## 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.

## Non-IFRS Performance Measures

Certain financial measures and ratios within this news release including "EBITDA" and "net debt to EBITDA" are not measures or ratios recognized by International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"). The non-IFRS measures and ratios presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures or ratios presented by other issuers. 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. Net debt to EBITDA is calculated as total debt minus cash and cash equivalents divided by EBITDA and indicates a company's leverage and its capacity to service debt using operational cash flow. Investors are cautioned that non-IFRS financial measures and ratios should not be construed as alternatives to other measures of financial performance calculated in accordance with IFRS. The foregoing non-IFRS financial measures and ratios are provided to assist investors with their evaluation of Sierra Metals. The Company considers these non-IFRS financial measures to be important indicators in assessing its performance. See the "Non-IFRS Performance Measures" section in Sierra Metal's management's discussion and analysis for the year ended December 31, 2024 and the section "Non-IFRS Financial Measures" in the Directors' Circular for further information on the definition, calculation and reconciliation of certain non-IFRS financial measures.

## Financial Outlook

This news release contains financial outlooks about Sierra Metal's prospective results of operations including, without limitation, anticipated EBITDA for the 12 months ended December 31, 2025 which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth under "Forward-Looking Statements". Readers

are cautioned that the assumptions used in the preparation of such financial outlooks, although considered reasonable by management at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on financial outlooks. Sierra Metals' actual results, performance or achievements could differ materially from those expressed in, or implied by, these financial outlooks. Sierra Metals has included the financial outlooks in order to provide readers with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes. Sierra Metals disclaims any intention or obligation to update or revise any financial outlooks, whether as a result of new information, future events or otherwise, except as required by law.

## 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 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 Metals to be materially different from any anticipated performance expressed or implied by such forward-looking information. Forward-looking statements in this news release include, but are not limited to, management's expectations regarding future EBITDA, the ability to complete potential strategic alternatives to maximize shareholder value and the timing thereof and statements regarding Alpayana and the Hostile Bid.

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](http://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](http://www.SierraMetals.com) or contact:

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