



## NEWS RELEASE

# Sierra Metals Reports Q4 and Full Year 2022 Production Results, Reflecting Improved Performance at Its Bolivar Mine

1/26/2023

(All metal prices reported in USD)

- Bolivar's improved operating performance resulted in a 69% and 130% increase in copper equivalent production over Q3 2022 and Q4 2021, respectively.
- A measured and progressive approach to reach full operating capacity at Yauricocha continues, following the mudslide in Q3 2022.
- Consolidated 2022 copper equivalent production decreased 29% compared to 2021 due to lower production at Yauricocha resulting from the suspension of mining operations and lower grades across all metals, except for gold.

TORONTO--(BUSINESS WIRE)-- Sierra Metals Inc. (TSX: SMT) ("Sierra Metals" or the "Company") reports fourth quarter and full year 2022 production results. Results are from Sierra Metals' three underground mines in Latin America: The Yauricocha polymetallic mine in Peru, the copper-producing Bolivar mine and the silver-producing Cusi mine in Mexico.

Truck being loaded at Bolivar Rom Pad headed to Concentrate Plant (Photo: Business Wire)

Ernesto Balarezo, Interim CEO of Sierra Metals, commented on a

challenging 2022 for the Company, "Early in the year, Yauricocha's throughput and grades were hindered by a shortage of mine and service personnel due to the COVID-19 pandemic, as well as permitting restrictions. In the third quarter, production was halted due to the tragic mudslide event followed by a road blockade. The mine's throughput in Q4 declined by 43% when compared to Q3 and 45% when compared to the same quarter last year. While recovery toward Yauricocha's full production potential continues, safety remains our highest priority. To lead this initiative, Sierra Metals has hired a Vice President, Health & Safety.

At Bolivar, progress in reducing the significant backlog in drilling and mine development that arose during the pandemic was delayed throughout the first half of the year, due to setbacks encountered during the installation of critical infrastructure. These delays were compounded in Q3 by unexpected flooding, negatively affecting production during most of the quarter. However, the Company achieved meaningfully improved performance during Q4 due to infrastructure upgrades in pumping and ventilation, which created improved conditions required to support the advancement of the mine's preparation and development. A 19% increase in throughput along with improved head grades in all metals resulted in a 69% increase in copper equivalent pounds produced when compared to Q3 2022. When compared to Q4 2021, throughput increased by 19% and copper equivalent production increased by 130%.

Mr. Balarezo concluded, "I am encouraged by the production improvements during the fourth quarter. Our primary goal in the new year is to ramp up production at Yauricocha, stabilize production at Bolivar and optimize Cusi's production. We are committed to ensuring operations run safely, efficiently and effectively with efforts to streamline processes and reduce inefficiencies where possible. Consistent with the Company's efforts, the Special Committee of the Board of Directors is continuing to diligently pursue its strategic review process."

### Consolidated Production Results

| Consolidated Production             |         |         |        |         |        | Year Ended December 31, |           |        |
|-------------------------------------|---------|---------|--------|---------|--------|-------------------------|-----------|--------|
|                                     | Q4 2022 | Q3 2022 | % Var. | Q4 2021 | % Var. | 2022                    | 2021      | % Var. |
| Tonnes processed (t)                | 494,980 | 561,906 | -12%   | 590,057 | -16%   | 2,287,797               | 2,902,220 | -21%   |
| Daily throughput                    | 5,657   | 6,422   | -12%   | 6,743   | -16%   | 6,537                   | 8,292     | -21%   |
| Silver production (000 oz)          | 570     | 669     | -15%   | 805     | -29%   | 2,581                   | 3,527     | -27%   |
| Copper production (000 lb)          | 6,170   | 6,299   | -2%    | 6,071   | 2%     | 27,127                  | 31,757    | -15%   |
| Lead production (000 lb)            | 2,071   | 3,878   | -47%   | 6,011   | -66%   | 13,498                  | 30,816    | -56%   |
| Zinc production (000 lb)            | 6,367   | 10,815  | -41%   | 14,913  | -57%   | 38,100                  | 79,281    | -52%   |
| Gold Production (oz)                | 3,411   | 2,199   | 55%    | 1,863   | 83%    | 10,155                  | 9,572     | 6%     |
| Copper equivalent pounds (000's)(1) | 14,073  | 16,637  | -15%   | 17,841  | -21%   | 64,218                  | 89,926    | -29%   |

(1) Copper equivalent pounds were calculated using the following realized prices:

Q4 2022 - \$21.21/oz Ag, \$3.63/lb Cu, \$1.37/lb Zn, \$0.95/lb Pb, \$1,730/oz Au.

Q3 2022 - \$19.26/oz Ag, \$3.51/lb Cu, \$1.49/lb Zn, \$0.90/lb Pb, \$1,730/oz Au.

Q4 2021 - \$23.41/oz Ag, \$4.40/lb Cu, \$1.55/lb Zn, \$1.06/lb Pb, \$1,795/oz Au.

FY 2022 - \$21.77/oz Ag, \$3.99/lb Cu, \$1.59/lb Zn, \$0.98/lb Pb, \$1,802/oz Au.

FY 2021 - \$25.21/oz Ag, \$4.23/lb Cu, \$1.37/lb Zn, \$1.00/lb Pb, \$1,796/oz Au.

Consolidated quarterly throughput during Q4 2022 was 494,980 tonnes, a decrease of 12% when compared to Q3 2022, mainly due to the 43% decline in throughput at Yauricocha compared to Q3 2022. As a result, consolidated copper equivalent production also declined by 15% when compared to Q3 2022.

While a 19% increase in throughput during Q4 2022 at the Bolivar Mine, combined with higher grades in all metals, provided a 69% increase in copper equivalent production over the prior quarter, it was not enough to offset the decline in production at Yauricocha. When compared to Q4 2021, a 16% decrease in consolidated throughput resulted in a 21% decrease in consolidated copper equivalent production.

When comparing 2022 to 2021, a 21% decrease in consolidated throughput provided a 29% decrease in copper equivalent pounds produced.

### Yauricocha Mine, Peru

Throughput from the Yauricocha Mine during Q4 2022 was 152,586 tonnes, a 43% decline when compared to the previous quarter due to the reduced mining activity following the mudslide incident and the community blockade that led to the suspension of mining operations late in the third quarter. As the progressive restart to operations continues, mining activity was limited to an average daily throughput of 1,744 tonnes during Q4 2022.

When compared to Q4 2021, a 45% decrease in throughput at Yauricocha, combined with lower head grades for all metals, provided for a 56% decrease in copper equivalent pounds produced. Yauricocha's annual throughput was 1,053,980 tonnes, representing a 16% decrease when compared to the 2021 annual production.

The discovery of the higher-grade Fortuna zone during Q2 2022 was expected to help alleviate the challenges presented by regulatory requirements, which currently limit mineable areas at Yauricocha. However, plans to reap the full benefits of the new zone were delayed, due to the tragic mudslide in September 2022 that significantly limited the mine's production capacity for the remainder of the year.

Production of all metals declined when compared to full year 2021. While copper grades increased by 9% and gold grades were in-line, compared to 2021, these could not make up for the 16% reduction in throughput and a 21%, 45% and 38% decrease in silver, lead and zinc grades, respectively. Yauricocha's annual copper equivalent production decreased by 34% when compared to 2021.

A summary of production from the Yauricocha Mine for Q4 and Full Year 2022 is provided below:

| Yauricocha Production               |         |         |        |         |        | Year Ended December 31, |           |        |
|-------------------------------------|---------|---------|--------|---------|--------|-------------------------|-----------|--------|
|                                     | Q4 2022 | Q3 2022 | % Var. | Q4 2021 | % Var. | 2022                    | 2021      | % Var. |
| Tonnes processed (t)                | 152,586 | 269,057 | -43%   | 277,531 | -45%   | 1,053,980               | 1,256,847 | -16%   |
| Daily throughput                    | 1,744   | 3,075   | -43%   | 3,172   | -45%   | 3,011                   | 3,591     | -16%   |
| Silver grade (g/t)                  | 42.25   | 47.61   | -11%   | 51.34   | -18%   | 43.49                   | 55.01     | -21%   |
| Copper grade                        | 0.66%   | 0.77%   | -14%   | 0.82%   | -20%   | 0.81%                   | 0.74%     | 9%     |
| Lead grade                          | 0.63%   | 0.72%   | -13%   | 1.03%   | -39%   | 0.65%                   | 1.18%     | -45%   |
| Zinc grade                          | 2.21%   | 2.16%   | 2%     | 2.82%   | -22%   | 1.99%                   | 3.23%     | -38%   |
| Gold Grade (g/t)                    | 0.41    | 0.41    | 0%     | 0.53    | -23%   | 0.48                    | 0.48      | 0%     |
| Silver recovery                     | 64.35%  | 62.27%  | 3%     | 72.26%  | -11%   | 62.01%                  | 77.21%    | -20%   |
| Copper recovery                     | 72.57%  | 77.30%  | -6%    | 76.44%  | -5%    | 76.55%                  | 72.92%    | 5%     |
| Lead recovery                       | 82.18%  | 83.60%  | -2%    | 86.55%  | -5%    | 79.92%                  | 88.76%    | -10%   |
| Zinc recovery                       | 85.69%  | 84.28%  | 2%     | 86.53%  | -1%    | 81.94%                  | 88.59%    | -8%    |
| Gold Recovery                       | 21.63%  | 20.79%  | 4%     | 20.24%  | 7%     | 20.98%                  | 21.03%    | 0%     |
| Silver production (000 oz)          | 134     | 256     | -48%   | 331     | -60%   | 913                     | 1,716     | -47%   |
| Copper production (000 lb)          | 1,621   | 3,514   | -54%   | 3,836   | -58%   | 14,541                  | 14,856    | -2%    |
| Lead production (000 lb)            | 1,749   | 3,579   | -51%   | 5,430   | -68%   | 12,216                  | 29,113    | -58%   |
| Zinc production (000 lb)            | 6,367   | 10,815  | -41%   | 14,913  | -57%   | 38,100                  | 79,281    | -52%   |
| Gold Production (oz)                | 439     | 743     | -41%   | 957     | -54%   | 3,418                   | 4,059     | -16%   |
| Copper equivalent pounds (000's)(1) | 5,471   | 10,794  | -49%   | 12,567  | -56%   | 39,185                  | 59,470    | -34%   |

(1) Copper equivalent pounds were calculated using the following realized prices:

Q4 2022 - \$21.21/oz Ag, \$3.63/lb Cu, \$1.37/lb Zn, \$0.95/lb Pb, \$1,730/oz Au.

Q3 2022 - \$19.26/oz Ag, \$3.51/lb Cu, \$1.49/lb Zn, \$0.90/lb Pb, \$1,730/oz Au.

Q4 2021 - \$23.41/oz Ag, \$4.40/lb Cu, \$1.55/lb Zn, \$1.06/lb Pb, \$1,795/oz Au.

FY 2022 - \$21.77/oz Ag, \$3.99/lb Cu, \$1.59/lb Zn, \$0.98/lb Pb, \$1,802/oz Au.

FY 2021 - \$25.21/oz Ag, \$4.23/lb Cu, \$1.37/lb Zn, \$1.00/lb Pb, \$1,796/oz Au.

## Bolivar Mine, Mexico

The Bolivar Mine processed 270,313 tonnes during Q4 2022, a 19% increase compared to Q3 2022. Higher throughput, due to improved ventilation and advancement in the mine's development and preparation, combined with higher grades in all metals, generated a 69% increase in copper equivalent production when compared to the previous quarter. When compared to Q4 2021, throughput at Bolivar was also 19% higher. A meaningfully improved 92.7% copper recovery rate during the quarter, combined with a substantial improvement in grades for copper, silver and gold, by 49%, 39% and 355%, respectively, resulted in a 130% increase in copper equivalent production, when compared to Q4 2021.

Annual throughput at Bolivar was 941,910 tonnes, representing a 30% decrease when compared to 2021. While the mine's production showed an improvement during the final quarter of the year, it could not make up for the operational and production issues experienced earlier in the year. Bolivar's annual copper equivalent production declined by 24% when compared to 2021.

A summary of production for the Bolivar Mine for Q4 and Full Year 2022 is provided below:

| Bolivar Production   |         |         |        |         |        | Year Ended December 31, |           |        |
|----------------------|---------|---------|--------|---------|--------|-------------------------|-----------|--------|
|                      | Q4 2022 | Q3 2022 | % Var. | Q4 2021 | % Var. | 2022                    | 2021      | % Var. |
| Tonnes processed (t) | 270,313 | 227,669 | 19%    | 227,722 | 19%    | 941,910                 | 1,349,602 | -30%   |
| Daily throughput     | 3,089   | 2,602   | 19%    | 2,603   | 19%    | 2,691                   | 3,856     | -30%   |
| Copper grade         | 0.82%   | 0.60%   | 37%    | 0.55%   | 49%    | 0.67%                   | 0.72%     | -7%    |
| Silver grade (g/t)   | 13.25   | 12.14   | 9%     | 9.52    | 39%    | 12.29                   | 15.49     | -21%   |
| Gold grade (g/t)     | 0.50    | 0.27    | 85%    | 0.11    | 355%   | 0.30                    | 0.16      | 88%    |
| Copper recovery      | 92.70%  | 92.05%  | 1%     | 80.79%  | 15%    | 90.48%                  | 79.28%    | 14%    |
| Silver recovery      | 81.43%  | 79.95%  | 2%     | 82.34%  | -1%    | 82.39%                  | 81.95%    | 1%     |
| Gold recovery        | 64.52%  | 64.67%  | 0%     | 78.32%  | -18%   | 64.81%                  | 68.88%    | -6%    |

|                                     |       |       |      |       |      |        |        |      |
|-------------------------------------|-------|-------|------|-------|------|--------|--------|------|
| Copper production (000 lb)          | 4,549 | 2,785 | 63%  | 2,235 | 104% | 12,586 | 16,901 | -26% |
| Silver production (000 oz)          | 93    | 71    | 31%  | 57    | 63%  | 305    | 551    | -45% |
| Gold production (oz)                | 2,801 | 1,267 | 121% | 634   | 342% | 5,943  | 4,751  | 25%  |
| Copper equivalent pounds (000's)(1) | 6,432 | 3,799 | 69%  | 2,800 | 130% | 16,931 | 22,207 | -24% |

(1) Copper equivalent pounds were calculated using the following realized prices:

Q4 2022 - \$21.21/oz Ag, \$3.63/lb Cu, \$1.37/lb Zn, \$0.95/lb Pb, \$1,730/oz Au.

Q3 2022 - \$19.26/oz Ag, \$3.51/lb Cu, \$1.49/lb Zn, \$0.90/lb Pb, \$1,730/oz Au.

Q4 2021 - \$23.41/oz Ag, \$4.40/lb Cu, \$1.55/lb Zn, \$1.06/lb Pb, \$1,795/oz Au.

FY 2022 - \$21.77/oz Ag, \$3.99/lb Cu, \$1.59/lb Zn, \$0.98/lb Pb, \$1,802/oz Au.

FY 2021 - \$25.21/oz Ag, \$4.23/lb Cu, \$1.37/lb Zn, \$1.00/lb Pb, \$1,796/oz Au.

## Cusi Mine, Mexico

The Cusi Mine processed 72,081 tonnes of ore during Q4 2022, representing an 11% increase over the previous quarter as mining resumed in the area where flooding occurred earlier in the year. The increased throughput helped offset the impact of lower grades and a lower silver and gold recovery rate during the quarter. Silver production remained flat when compared to Q3 2022 with a 1% decline in silver equivalent production.

When compared to Q4 2021, a 15% decrease in throughput, combined with a 4%, 19% and 36% decrease in silver, gold and lead grades, respectively, resulted in a 20% decrease in silver equivalent ounces produced. The decline in throughput and grades during Q4 2022, when compared to the same quarter of 2021, is attributable to the successful mining of higher-grade ore from the NE system during Q4 2021, which was an area of focus prior to the flooding event at Cusi. There was no ore processed from the NE system in Q4 2022.

Annual throughput at Cusi Mine in 2022 was 291,907 tonnes or 1% lower than 2021. In addition to higher silver grades, crushing and grinding improvements at the plant have helped enhance silver and gold recovery, resulting in an 8% increase in silver equivalent production when compared to 2021.

A summary of production for the Cusi Mine for Q4 and Full Year 2022 is provided below:

| Cusi Production      |         |         |        |         |        | Year Ended December 31, |         |        |
|----------------------|---------|---------|--------|---------|--------|-------------------------|---------|--------|
|                      | Q4 2022 | Q3 2022 | % Var. | Q4 2021 | % Var. | 2022                    | 2021    | % Var. |
| Tonnes processed (t) | 72,081  | 65,180  | 11%    | 84,804  | -15%   | 291,907                 | 295,771 | -1%    |

|                                     |        |        |      |        |      |        |        |      |
|-------------------------------------|--------|--------|------|--------|------|--------|--------|------|
| Daily throughput                    | 824    | 745    | 11%  | 969    | -15% | 834    | 845    | -1%  |
| Silver grade (g/t)                  | 171.34 | 187.44 | -9%  | 179.07 | -4%  | 170.01 | 159.74 | 6%   |
| Gold grade (g/t)                    | 0.17   | 0.19   | -11% | 0.21   | -19% | 0.18   | 0.18   | 0%   |
| Lead grade                          | 0.25%  | 0.26%  | -4%  | 0.39%  | -36% | 0.25%  | 0.32%  | -22% |
| Silver recovery (flotation)         | 86.44% | 87.24% | -1%  | 85.52% | 1%   | 85.28% | 82.98% | 3%   |
| Gold recovery (lixiviation)         | 44.56% | 48.28% | -8%  | 47.29% | -6%  | 46.73% | 45.05% | 4%   |
| Lead recovery                       | 81.51% | 80.70% | 1%   | 80.69% | 1%   | 79.39% | 81.78% | -3%  |
| Silver production (000 oz)          | 343    | 342    | 0%   | 417    | -18% | 1,363  | 1,260  | 8%   |
| Gold production (oz)                | 171    | 189    | -10% | 272    | -37% | 794    | 762    | 4%   |
| Lead production (000 lb)            | 322    | 299    | 8%   | 581    | -45% | 1,282  | 1,703  | -25% |
| Silver equivalent ounces (000's)(1) | 372    | 374    | -1%  | 465    | -20% | 1,487  | 1,382  | 8%   |

(1) Silver equivalent ounces were calculated using the following realized prices:

Q4 2022 - \$21.21/oz Ag, \$3.63/lb Cu, \$1.37/lb Zn, \$0.95/lb Pb, \$1,730/oz Au.

Q3 2022 - \$19.26/oz Ag, \$3.51/lb Cu, \$1.49/lb Zn, \$0.90/lb Pb, \$1,730/oz Au.

Q4 2021 - \$23.41/oz Ag, \$4.40/lb Cu, \$1.55/lb Zn, \$1.06/lb Pb, \$1,795/oz Au.

FY 2022 - \$21.77/oz Ag, \$3.99/lb Cu, \$1.59/lb Zn, \$0.98/lb Pb, \$1,802/oz Au.

FY 2021 - \$25.21/oz Ag, \$4.23/lb Cu, \$1.37/lb Zn, \$1.00/lb Pb, \$1,796/oz Au.

## Strategic Review Process

The Company announced, on October 18, 2022, the formation of a Special Committee and the initiation of a strategic review process. The mandate of the Special Committee, comprised of its independent directors, includes exploring, reviewing and considering options to optimize the operations of the Company and possible financing, restructuring and strategic options in the best interests of the Company. The Special Committee continues to diligently execute this process with financial advisors led by CIBC Capital Markets.

## Quality Control

Américo Zuzunaga, FAusIMM (Mining Engineer) is a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

### About Sierra Metals

Sierra Metals Inc. is a diversified Canadian mining company with Green Metal exposure including copper production and base metal production with precious metals byproduct credits, focused on the production and development of its Yauricocha Mine in Peru, and Bolivar and Cusi Mines in Mexico. The Company is focused on increasing production volume and growing mineral resources. The Company also has large land packages at all three 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](http://www.sierrametals.com).

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### 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 16, 2022 for its fiscal year ended December 31, 2021 and other risks identified in the Company's filings with Canadian securities regulators, which are available at [www.sedar.com](http://www.sedar.com).

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.

## Investor Relations

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Source: Sierra Metals Inc.