



Q1 - 2016 Earnings Conference Call

May 13, 2016

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This presentation uses the terms "measured resources", "indicated resources" and "inferred resources" as such terms are recognized under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") adopted by the Canadian Securities Administrators. Readers are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence and economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian securities rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, or economic studies, except for a "preliminary assessment" as defined under NI 43-101. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

Gordon Babcock BSc P. Eng., Chief Operating Officer, Sierra Metals is the qualified person as defined in NI 43-101 relating to operational scientific and technical information of Sierra Metals which have been included in this presentation.

Matthew Wunder, B.Sc., P.Geo., is the "Qualified Person" as defined in NI 43-101 and Vice President, Exploration for Sierra Metals supervised the preparation of the geoscientific and mineral exploration related information of Sierra Metals included in this presentation.



Mark Brennan
*President and
Chief Executive Officer*

Overview of Q1 2016



- Q1 continued to be a transitional period for the Company however the Yauricocha Mine restructuring is progressing well
- Lower throughput and production than experienced during the record first quarter of 2015, however, the Company has realized improved production of most metals quarter over quarter as improvements take effect
- Management expects continued progress into the second half of 2016 as the Company advances towards the completion of the restructuring and operational improvements program
- The Company 's emphasis at Yauricocha will be on the production of higher value ore, including ore feed the Esperanza Zone starting in Q3 2016, in efforts to improve operating margins and cash flow
- Realized metals prices has seen recent improvements in Q1 however we are still in a historically softer metal price environment

Overview of Q1 2016



- Successfully transitioning to best practices, modernization of mining methodologies as well as the use of modern equipment
 - Effectively moving away from conventional jackleg mining to mechanized jumbo mining
 - Planned shotcrete placement now at 50% of target placement and steel sets installations reduced by over 50% on a monthly basis
 - Water flow issues under control with a draining program in place and successfully operating
- Realized metals prices has seen recent improvements in Q1 however we are still in a historically softer metal price environment
- Preparations are being made to mine the upper portion of the recently discovered Esperanza Zone starting in Q3 2016. At the end of Q1 2016 the Company had drifted within 25 metres of the Esperanza Zone

Operational Performance

Q1 2016



	Three Months Ended	
	March 31, 2016	March 31, 2015
<i>(In thousands of dollars, except per share and cash cost amounts)</i>		
Operating		
Ore Processed / Tonnes Milled	476,220	472,407
Silver Ounces Produced (000's)	588	900
Copper pounds produced (000's)	5,836	6,484
Lead pounds produced (000's)	8,255	12,115
Zinc pounds produced (000's)	10,919	10,461
Gold ounces produced	2,236	2,661
Copper Equivalent Pounds Produced (000's) ¹	17,164	21,207
Silver Equivalent Ounces Produced (000's) ¹	2,582	3,190
Cash Cost per Tonne Processed	\$ 41.57	\$ 38.05
Cash Cost per AgEqOz (Yauricocha) ²	\$ 8.47	\$ 5.49
AISC per AgEqOz (Yauricocha) ²	\$ 14.78	\$ 11.31
Cash Cost per AgEqOz (Cusi) ²	\$ 3.77	\$ 6.72
AISC per AgEqOz (Cusi) ²	\$ 12.50	\$ 21.61
Cash Cost per CuEqLb (Bolivar) ²	\$ 1.32	\$ 1.15
AISC per CuEqLb (Bolivar) ²	\$ 2.21	\$ 2.17

⁽¹⁾ Silver equivalent ounces and copper equivalent pounds were calculated using the following metal prices: \$14.96/oz Ag, \$2.25/lb Cu, \$0.75/lb Pb, \$0.73/lb Zn, \$1,113/oz Au.

⁽²⁾ This is a non-IFRS performance measure, see Non-IFRS Performance Measures section of the MD&A.

Q1 2016 Operational Highlights



Yauricocha

- 207,580 Tonnes processed in Q1 2016 represent a 6% decrease vs Q1 2015
- Positive improvements from restructuring in Q1 2016 include a 7.2% increase in throughput and 13.4% increase in Ag Eq production over Q4 2015

Bolivar

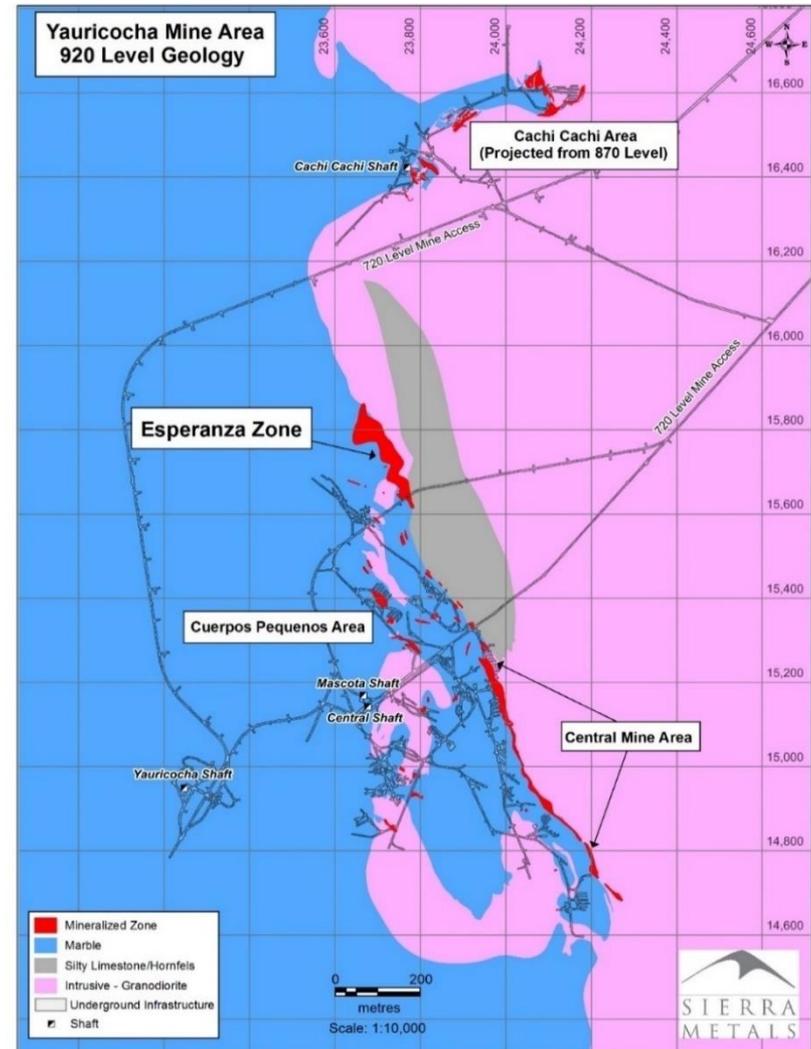
- Bolivar had record plant throughput with 218,886 tonnes processed representing an 8% increase compared to Q1 2015 however lower head grades and recoveries encountered resulted in an 18% decrease in Cu Eq production over the same quarter in 2015

Cusi

- Record Cusi Ag Eq production of 326,000 ounces representing an increase of 35% over Q1 2015.
- Cusi also began production of zinc in Q1 with production of 600,000 lbs., which helped contribute to the increase in silver equivalent production. The Company expects to begin shipping zinc concentrate from the Mal Paso Plant in Q2-2015.

Q1 2016 Exploration Highlights

- The initial Esperanza discovery was described in the news release dated January 28, 2016
- Drilling indicates the upper portion of the zone consists of several well mineralized replacement structures
- Located 400 metres north of (and along strike from) the central mine zone and is well situated to be brought into the Company's mine plan quickly
- Exploration ongoing with 31 drill holes (5,361.8 metres) completed to the end of Q1 2016
- Delineation drilling included 29 holes (4,717 metres) targeting the upper 100 metres of the zone from the 870 level



Q1 Exploration Highlights



- In addition two exploration holes (644.8 metres) were completed from the 870 level.
- Hole E-ESP-02 was drilled to test the depth extension of the mineralization previously intersected in hole ESP-14 reported in the January 27, 2016 press release.
- ESP 14 returned a length weighted average of:
 - 3.2% Cu, 1.7% Zn, 0.4% Pb, 1.01 gpt Au and 48.5 gpt Ag over 69.2 metres (core thickness)
- Drill hole E-ESP-02 successfully intersected the mineralization approximately 30 metres south of hole ESP-14 and extended mineralization approximately 120 metres below ESP 14.
- E-ESP-02 returned the following length weighted composite intervals:
 - 2.38% Cu, 0.88% Zn, 0.59% Pb, 0.74 gpt Au, 50.0 gpt Ag over 8.5 meters, and
 - 3.06% Cu, 0.51% Zn, 0.29% Pb, 0.51 gpt Au, 88.2 gpt Ag over 10.8.0 meters and
 - 1.85% Cu, 5.27% Zn, 2.18% Pb, 0.44 gpt Au, 49.1 gpt Ag over 11.1 meters.

Q1 Exploration Highlights



- Hole E-ESP-01 was drilled to test the northern extension of the mineralization previously intersected in hole ESP-10 reported in the January 27, 2016 press release.
- ESP 10 returned a length weighted average of:
 - 1.1% Cu, 4.9% Zn, 2.2% Pb, 0.25 gpt Au and 61.2 gpt Ag over 70.6 metres (core length)
- Drill hole E-ESP-01 was drilled at an oblique angle to the mineralization zone and although this hole intersected two narrower zones, it did not intersect the broad range of mineralization as returned in hole ESP-10
- E-ESP-01 returned intercepts containing length weighted average of:
 - 1.03% Cu, 12.33% Zn, 0.91% Pb, 0.35 gpt Au, 198.1 gpt Ag over 2.2 meters, and
 - 1.36% Cu, 5.21% Zn, 0.95% Pb, 0.21 gpt Au, 139.9 gpt Ag over 2.0 meters
- It is believed that hole E-ESP-01 did not fully test the northern extension of the Esperanza zone as the zone may be offset to the east where tested. Additional drilling along the zone to the north will take place once access is available on the 1070 level (within the next few months)

Q1 Exploration Highlights



- Please see today's news release for a full list of significant composite intervals from the Q1 drilling at Esperanza
- Access for drilling was previously limited to the 870 level resulting in steeper holes as the company drifted toward the zone from the 870 level. Future drilling will be targeted from the 1070 level as access becomes available in the coming months
- Drill stations are currently being prepared on the 1070 level and the Company will focus on both the northern and southern depth extensions of the Esperanza Zone over the next 12 months



Ed Guimaraes
Chief Financial Officer

Financial Highlights

Q1 2016



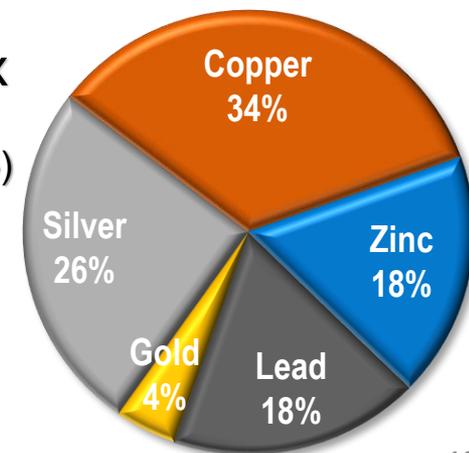
	Three Months Ended	
	March 31, 2016	March 31, 2015
<i>(In thousands of dollars, except per share and cash cost amounts)</i>		
Revenues	\$ 23,740	\$ 34,740
Adjusted EBITDA ²	\$ 4,373	\$ 13,990
Operating cash flows before movements in working capital	\$ 5,010	\$ 14,665
Adjusted net income (loss) attributable to shareholders ²	\$ (1,967)	\$ 4,079
Net loss attributable to shareholders	\$ (5,116)	\$ (667)
Cash and cash equivalents	\$ 19,147	\$ 38,179
Working capital	\$ 11,920	\$ 29,713

⁽¹⁾ Silver equivalent ounces and copper equivalent pounds were calculated using the following metal prices: \$14.96/oz Ag, \$2.25/lb Cu, \$0.75/lb Pb, \$0.73/lb Zn, \$1,113/oz Au.

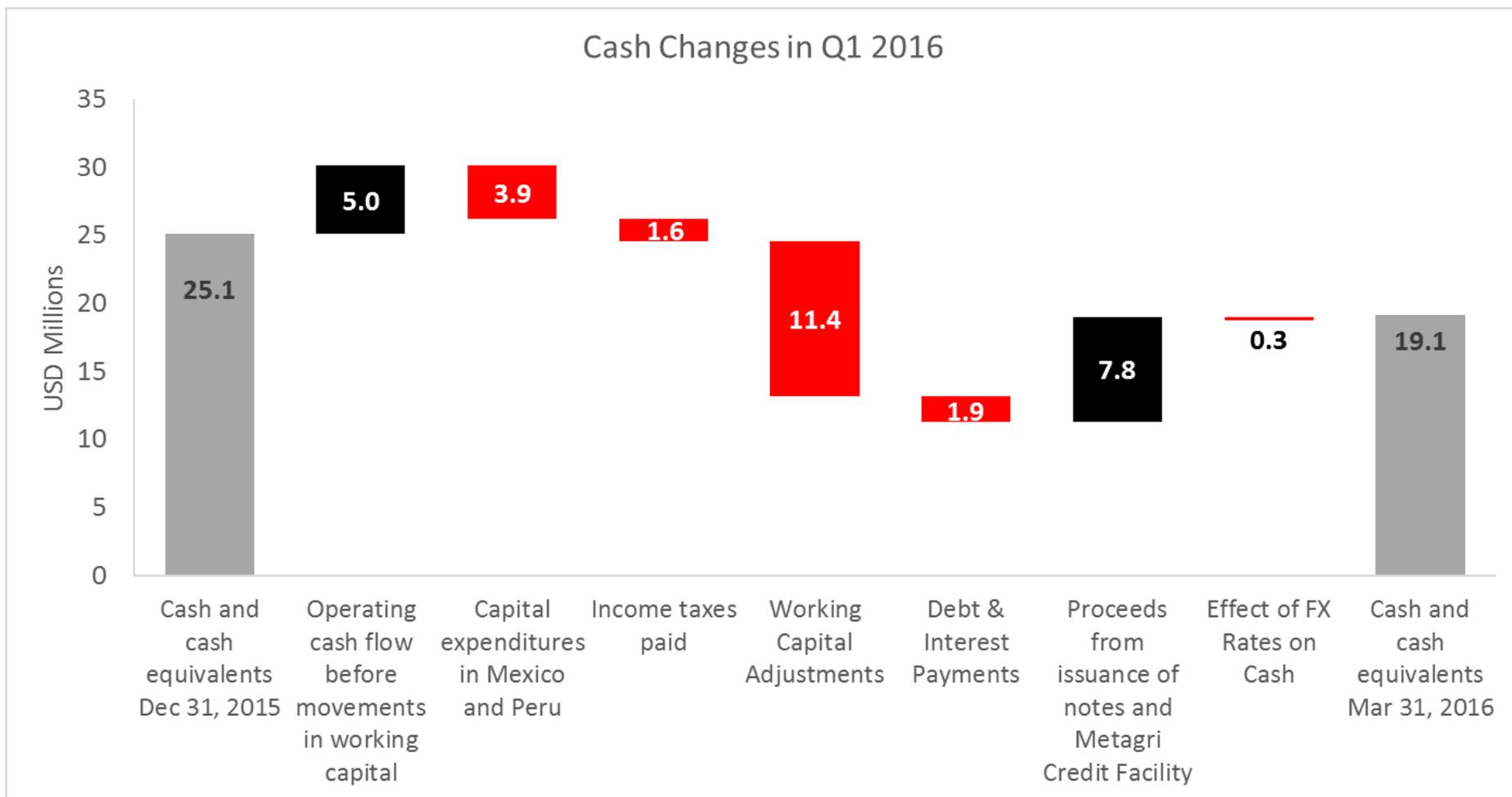
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Realized Metal Prices <i>(In US dollars)</i>	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1
Silver (oz)	\$15.26	\$14.76	\$14.64	\$16.28	\$16.78
Copper (lb)	\$ 2.13	\$ 2.19	\$ 2.38	\$ 2.75	\$ 2.63
Lead (lb)	\$ 0.80	\$ 0.77	\$ 0.77	\$ 0.89	\$ 0.81
Zinc (lb)	\$ 0.77	\$ 0.73	\$ 0.82	\$ 0.99	\$ 0.95
Gold (oz)	\$1,212	\$1,096	\$1,101	\$1,180	\$1,224

Revenue Mix
(last 12 months
as at Mar 31, 2106)



Q1 2016 Cash Flow



Financial Position



Balance Sheet

(As of March 31, 2016)

Cash and Cash Equivalents	\$19
Undrawn Line of Credit Facilities	\$20
TOTAL LIQUIDITY	\$39
BCP Acquisition Credit Facility	\$47
BCP Credit Facility	\$10
Lines of Credit and other	\$26
TOTAL DEBT	\$83

Contact Information



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