



## Sierra Metals Exploration Update Call

October 5, 2017

TSX SMT | NYSE AMERICAN: SMTS | BVL SMT

# Forward Looking Statements

## Disclaimer



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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 B.Sc., P.Eng., is the qualified person as defined in NI 43-101 and Chief Operating Officer for Sierra Metals supervised the preparation of the operational scientific and technical information for Sierra Metals included in this presentation.

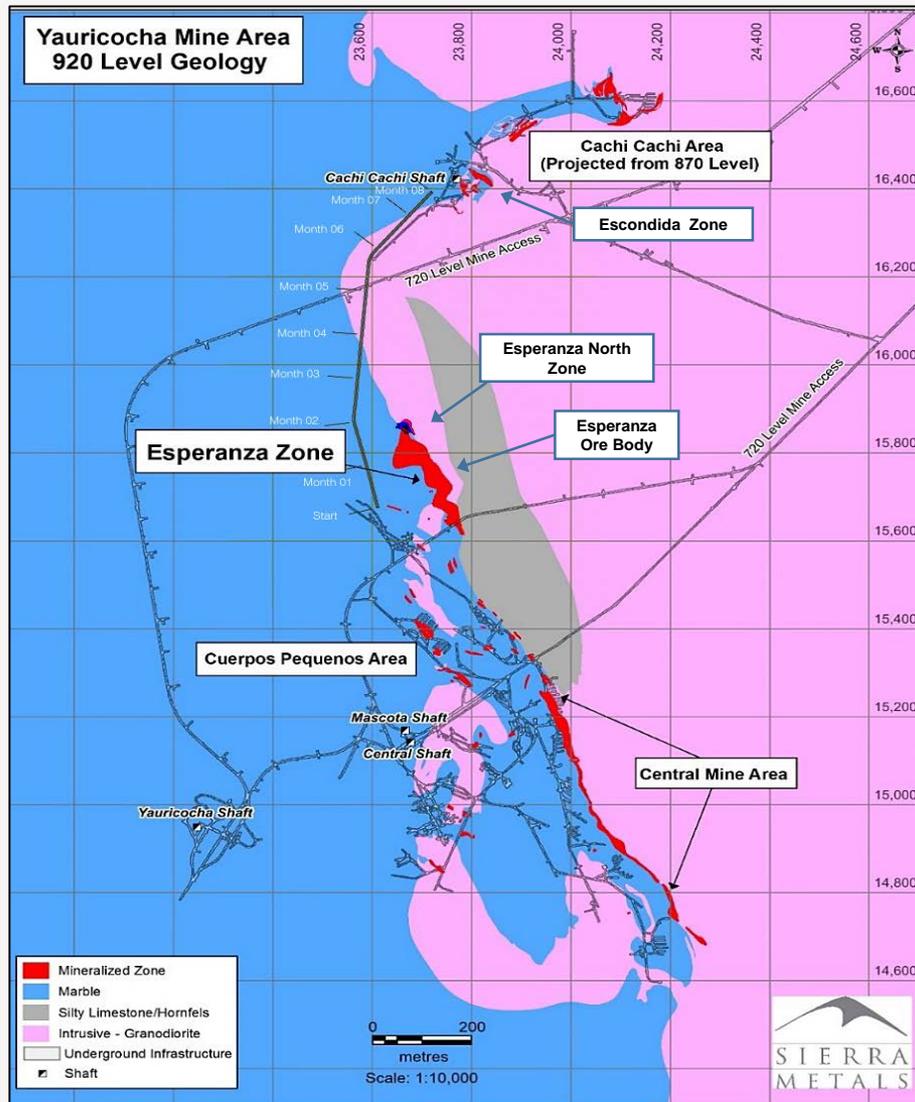
- Yauricocha Mineral Resource Estimate
- Cuye Zone Wide Drill Intercepts
- Discovery of Several Wide, High-Grade Copper Structures in first four holes designed to test Titan 24 Geophysical Targets at Bolivar

# YAURICOCHA MINE



Mineral Resource Estimate

# Yauricocha Resource Estimate Update



- Total Measured and Indicated Contained Metal has significantly increased by 72% silver, 128% copper, 74% zinc, 64% lead and 61% gold.
- Total Inferred Contained Metal has significantly increased by 55% silver, 59% copper, 105% zinc, 42% lead and 83% gold.
- Mineral Resources for Yauricocha are 13,206,000 tonnes averaging 62.3 g/t silver, 1.5% copper, 0.9% lead, 2.8% zinc and 0.6 g/t gold representing a 68% increase from the previous resource tonnage estimate.
- Total Inferred Mineral Resources for Yauricocha are 6,632,000 tonnes averaging 43.0 g/t silver, 1.2% copper, 0.5% lead, 2.2% zinc and 0.5 g/t gold representing a 77% increase from the previous resource tonnage estimate.
- Increases to copper grade reflect the discovery and delineation of new Cu-rich zones in Cuye, Mascota, and Esperanza and a 14% increase in Copper Price assumptions.

# Yauricocha Resource Estimate Update



- The updated Resource Estimate has incorporated significant new exploration information into the geologic interpretation and grade estimations, providing more refined resource models in previously known areas as well as expanding the resource base with new discoveries.
- In addition, metal pricing assumptions, metallurgical recoveries, costs, and other factors have been updated to reflect July 31, 2017 actuals and assumptions.

## Consolidated Yauricocha Resource Estimate – July 31, 2017

Resources - Measured and Indicated								Contained Metal				
		Tonnes (000's)	Ag g/t	Cu %	Zn %	Pb %	Au g/t	Ag M oz	Cu M lb	Zn M lb	Pb M lb	Au K oz
Yauricocha	Measured	3,094	70.0	1.7	3.2	1.2	0.8	7.0	117.3	218.5	83.7	78.3
	Indicated	10,112	59.9	1.5	2.7	0.8	0.6	19.5	326.3	594.8	185.4	195.6
	M + I	13,206	62.3	1.5	2.8	0.9	0.6	26.4	443.6	813.3	269.1	274.0
	Inferred	6,632	43.0	1.2	2.2	0.5	0.5	9.2	174.7	315.2	68.0	117.0

- (1) Mineral resources are reported inclusive of ore reserves. Mineral resources are not ore reserves and do not have demonstrated economic viability. All figures rounded to reflect the relative accuracy of the estimates. Gold, silver, copper lead and zinc assays were capped where appropriate.
- (2) Mineral resources are reported at unit value cut-offs grades (COG) based on metal price assumptions\*, variable metallurgical recovery assumptions (variable metallurgical recoveries\*\* as a function of grade and relative metal distribution in individual concentrates), generalized mining/processing costs).
  - \* Metal price assumptions considered for the calculation of unit values are: Gold (US\$/oz 1,255.00), Silver (US\$/oz 17.80), Copper (US\$/lb 2.60), Lead (US\$/lb 1.01) and Zinc (US\$/lb 1.25)
  - \*\* Metallurgical recovery assumptions for the Yauricocha Mine are variable by mineralization style and degree of oxidation. The assumptions are built in to the unit values for each area, as a function of the metallurgical recovery multiplied by the metal price.
- (3) The unit value COG are variable, by mining area and proposed mining method. The COG ranges from US\$41-48.

# Comparison to Previous Resource Estimate



## 2017 Resource Estimate % differences from Prior Estimate (August 2016):

		% Change from 2016 Resource Estimate						Contained Metal				
		Tonnes (000's)	Ag g/t	Cu %	Zn %	Pb %	Au g/t	Ag M oz	Cu M lb	Zn M lb	Pb M lb	Au K oz
Yauricocha	Measured	116%	-7%	98%	3%	-20%	11%	103%	328%	124%	72%	137%
	Indicated	57%	3%	25%	2%	3%	-9%	63%	96%	60%	61%	43%
	M + I	68%	2%	36%	3%	-2%	-4%	72%	128%	74%	64%	61%
	Inferred	77%	-12%	-10%	16%	-20%	4%	55%	59%	105%	42%	83%

## Notes for 2016 Measured, Indicated and Inferred Resource Estimates

- (1) Mineral resources are reported inclusive of ore reserves. Mineral resources are not ore reserves and do not have demonstrated economic viability. All figures rounded to reflect the relative accuracy of the estimates. Gold, silver, copper, lead, and zinc assays were capped where appropriate.
- (2) Mineral resources are reported at unit value cut-offs grades (COG) based on metal price assumptions\*, variable metallurgical recovery assumptions (variable metallurgical recoveries\*\* as a function of grade and relative metal distribution in individual concentrates), generalized mining/processing costs.
  - \* Metal price assumptions considered for the calculation of unit values are: Gold (US\$/oz 1,251.00), Silver (US\$/oz 16.76), Copper (US\$/lb 2.28), Lead (US\$/lb 0.86), and Zinc (US\$/lb 0.94).
  - \*\* Metallurgical recovery assumptions for the Yauricocha Mine are variable by mineralization style and degree of oxidation. The assumptions are built in to the unit values for each area, as a function of the metallurgical recovery multiplied by the metal price. The assumptions are built in to the unit values for each area, as a function of the metallurgical recovery multiplied by the metal price.
- (3) The unit value COG are variable, by mining area and proposed mining method. The COG ranges from US\$41-48.

# Yauricocha Resource Estimate Update



The Updated Resource Estimate varies significantly from the 2016 Technical Report due to a combination of material factors including but not limited to:

- Significant additional drilling (80,000m) and mine exploration development (10,000m).
- The previous drilling and sampling information was based on end-of-year 2015 totals, and is now effective as of July 31, 2017.
- Refinements to the geologic models and additions of previously un-modeled areas.
- Discovery and delineation of new Cu-rich zones in Cuye, Mascota, and Esperanza.
- Expansion of Mina Central, Cachi Cachi, and Esperanza mineralization along strike and at depth.
- Increases in metal pricing compared to previous estimates, most notably a 33% increase in Zn and a 14% increase in Cu metal price assumptions.
- Zn is a major commodity produced at Yauricocha, and this increase in pricing has a material effect on the value of material that may have previously been marginal or not reported in the previous resource statement.

# YAURICOCHA MINE



Wide Drill Intercepts at Cuye Zone at Depth

# Wide Drill Intercepts from Cuye Zone at Yauricocha

- Current Drilling program at the Cuye Zone reflects high grade Copper and Zinc mineralization which continue and remain open to depth.
- Drilling program now suggests that the Cuye and Catas zones appear to merge at depth creating one larger zone.

## Average Grade of Wide Intercepts:

(Total sulfide potential in these holes is on a total length basis and demonstrate the sulfide mineralization encountered in the Cuye zone)

Hole	Width (m)	Ag g/t	Pb %	Cu %	Zn %	Au g/t
<i>CUY 17-17-01</i>	<i>41.2</i>	<i>15.5</i>	<i>0.06</i>	<i>1.00</i>	<i>3.86</i>	<i>0.58</i>
<i>CUY 17-17-02</i>	<i>49.0</i>	<i>41.0</i>	<i>0.06</i>	<i>1.34</i>	<i>4.75</i>	<i>0.66</i>
<i>CUY 17-17-03</i>	<i>9.5</i>	<i>13.5</i>	<i>0.04</i>	<i>0.93</i>	<i>1.16</i>	<i>0.49</i>
<i>CUY 17-17-04</i>	<i>39.6</i>	<i>22.0</i>	<i>0.40</i>	<i>1.51</i>	<i>2.46</i>	<i>1.64</i>

## Drill Hole Highlights Include:

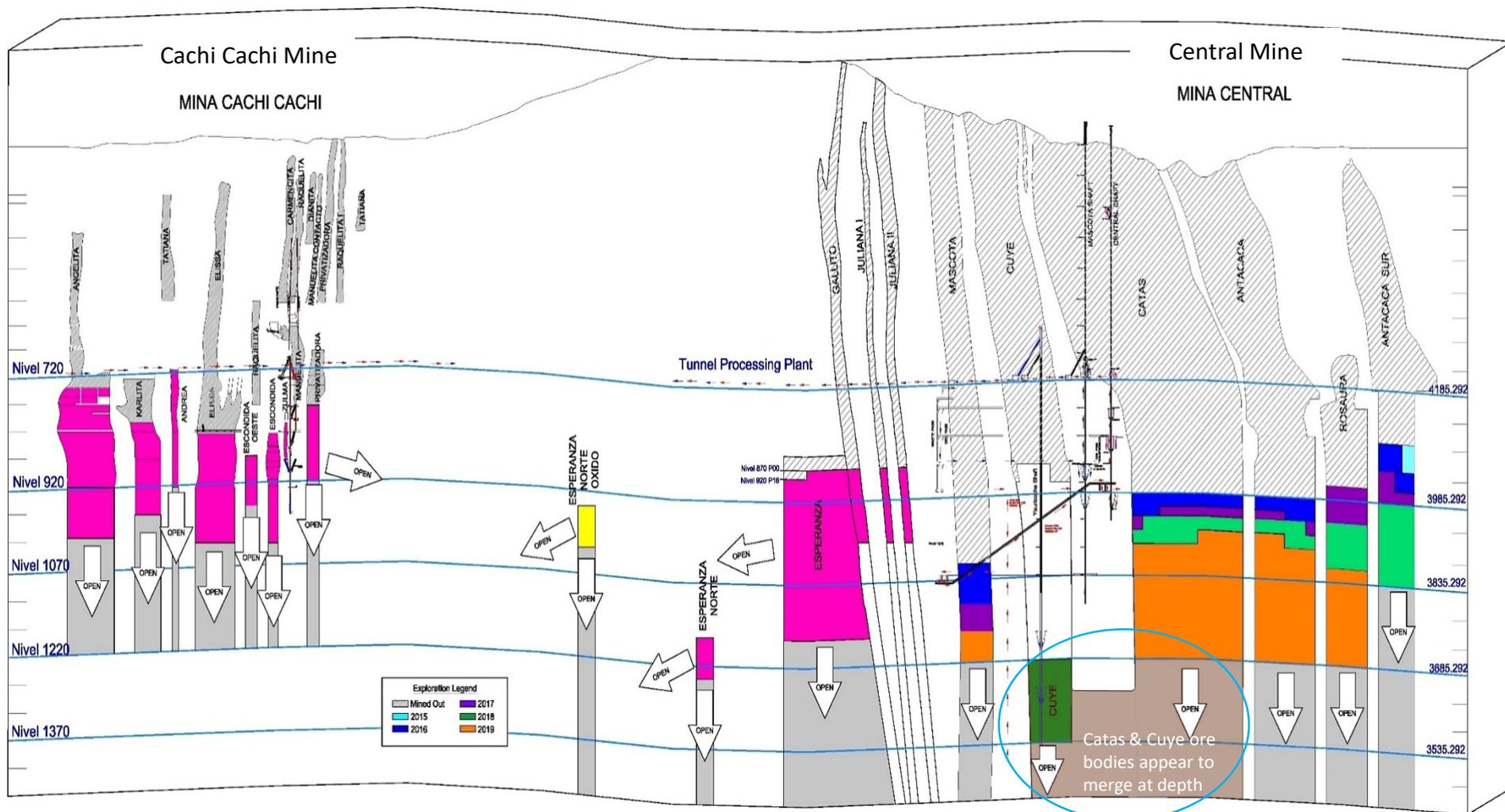
Hole No.	From	To	Width	Ag g/t	Pb %	Cu %	Zn %	Au g/t
<i>CUY 17-17-01</i>	<i>252.5</i>	<i>258.9</i>	<i>over 6.0 m</i>	<i>39</i>	<i>0.18</i>	<i>0.35</i>	<i>21.66</i>	<i>0.33</i>
<i>CUY 17-17-02</i>	<i>229.0</i>	<i>238.0</i>	<i>over 9.0 m</i>	<i>82</i>	<i>0.16</i>	<i>0.94</i>	<i>9.55</i>	<i>0.24</i>
	<i>245.0</i>	<i>258.0</i>	<i>over 13.0 m</i>	<i>27</i>	<i>0.00</i>	<i>3.37</i>	<i>0.02</i>	<i>1.85</i>
<i>CUY 17-17-04</i>	<i>197.5</i>	<i>207.0</i>	<i>over 9.5 m</i>	<i>47</i>	<i>1.63</i>	<i>0.49</i>	<i>10.12</i>	<i>0.62</i>
	<i>207.0</i>	<i>212.0</i>	<i>over 5.0 m</i>	<i>35</i>	<i>0.03</i>	<i>3.79</i>	<i>0.11</i>	<i>1.41</i>

# Wide Drill Intercepts from Cuye Zone at Yauricocha

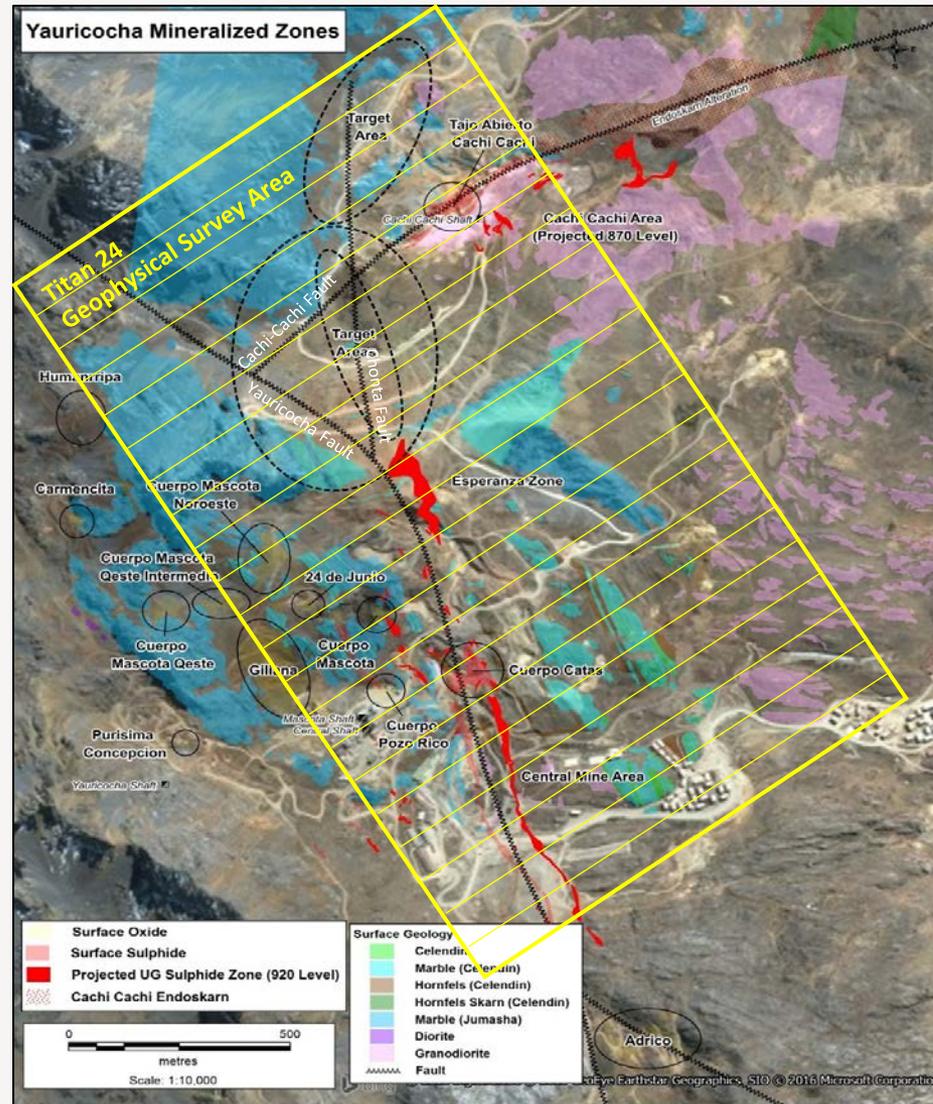


- To date, 4 holes have been executed from the 870 level of the Yauricocha Mine. These holes have intercepted polymetallic sulphide mineralization containing high grade zinc and copper zones over significant widths.
- Results demonstrate the potential for high grade mineralization within the reported area, and more importantly indicate the continued existence of extensive mineralization at depth.
- Further, it appears that the Cuye and Catas orebodies unite and become one orebody at depth. The Cuye zone remains open at depth and there is a strong likelihood of expanding this zone with further exploration programs.
- These exploration drill hole results have not been included in the recently reported mineral resource estimate for the Yauricocha Mine (please see press release dated September 29, 2017) as they were received after the cut-off date for the report. Management expects that they will provide further potential resource growth when the next mineral resource estimate is calculated.

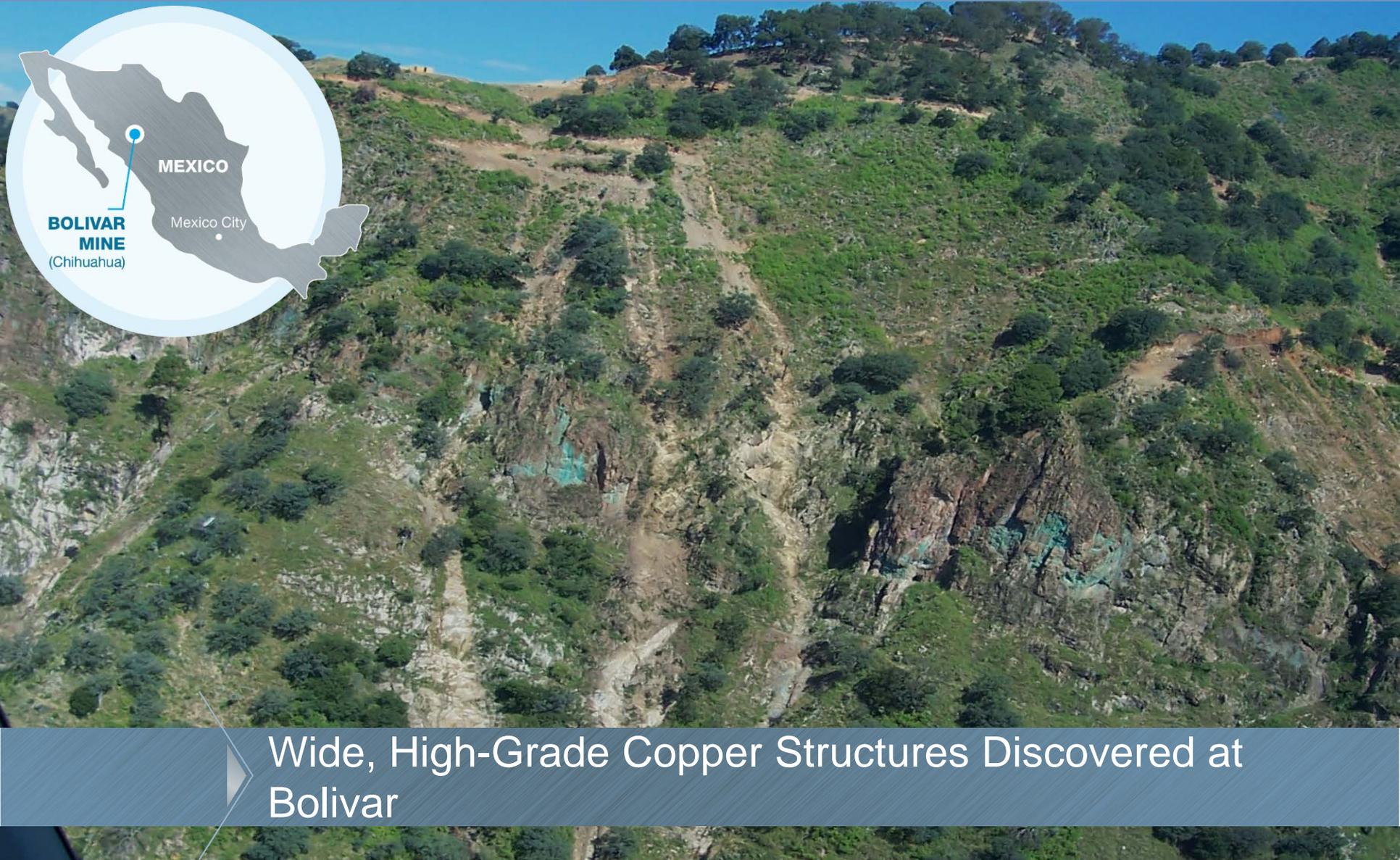
# Wide Drill Intercepts from Cuye Zone at Yauricocha



# Titan 24 Geophysical Survey at Yauricocha



# BOLIVAR MINE



Wide, High-Grade Copper Structures Discovered at Bolivar

# Wide, High-Grade Copper Structures Discovered at Bolivar



- 22 high priority exploration targets were identified in our Titan 24 geophysical survey.
- The first four drill holes intercepted wide, high-grade copper structures in three different zones previously unknown to be mineralized.
- Drill hole highlights include:

Hole No.	<i>EQCu</i> %	Ag g/t	Cu %	Zn %	Au g/t	Width
<i>DB17B602</i>	<b>3.10</b>	<b>31</b>	<b>1.55</b>	<b>1.95</b>	<b>0.38</b>	<b>over 25 meters</b>
<i>DB17B613</i>	<b>3.03</b>	<b>34</b>	<b>1.97</b>	<b>0.91</b>	<b>0.34</b>	<b>over 29 meters</b>
<i>DB17B583</i>	<b>1.55</b>	<b>32</b>	<b>1.04</b>	<b>0.20</b>	<b>0.10</b>	<b>over 33 meters</b>
<i>DB17B585</i>	<b>3.48</b>	<b>37</b>	<b>2.05</b>	<b>0.03</b>	<b>1.79</b>	<b>over 13 meters</b>

- Geophysical survey combined with the geological mapping indicate a northward extension of the Bolivar Mine.
- A drilling program to test the top eight anomalies is currently underway.

# Wide, High-Grade Copper Structures Discovered at Bolivar



- The Titan 24 survey was completed to follow up on geophysical, geological and geochemical anomalies identified on the Bolivar Property by Sierra Metals Inc.
- The Titan 24 Geophysical survey was carried out to assist in mapping the extent of the Mantos and structures containing copper and copper/zinc skarn mineralization for drill targeting in the immediate vicinity of the mine. The Bolivar survey grid consisted of a total of 12 lines which were 26.5 kilometers in length. Titan 24 lines had 100-meter dipole spacing and 200-meter line spacing. The survey covers an area of approximately 2.4 kilometers by 2.2 kilometers.

# Wide, High-Grade Copper Structures Discovered at Bolivar

**Table 1:**

Hole No	From	To	Width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	EQCu (%)
<i>DB17B602</i>	<i>340.45</i>	<i>349.75</i>	<i>9.30</i>	<i>0.03</i>	<i>6</i>	<i>0.26</i>	<i>5.04</i>	<i>2.73</i>
	<i>349.75</i>	<i>365.75</i>	<i>16.00</i>	<i>0.59</i>	<i>45</i>	<i>2.30</i>	<i>0.16</i>	<i>3.32</i>
<b>Average</b>	<b>340.45</b>	<b>365.75</b>	<b>25.30</b>	<b>0.38</b>	<b>31</b>	<b>1.55</b>	<b>1.95</b>	<b>3.10</b>
<i>DB17B613</i>	<i>379.35</i>	<i>386.60</i>	<i>7.25</i>	<i>0.03</i>	<i>5</i>	<i>0.20</i>	<i>3.48</i>	<i>1.92</i>
	<i>386.60</i>	<i>408.00</i>	<i>21.40</i>	<i>0.45</i>	<i>44</i>	<i>2.57</i>	<i>0.04</i>	<i>3.41</i>
<b>Average</b>	<b>379.35</b>	<b>408.00</b>	<b>28.65</b>	<b>0.34</b>	<b>34</b>	<b>1.97</b>	<b>0.91</b>	<b>3.03</b>

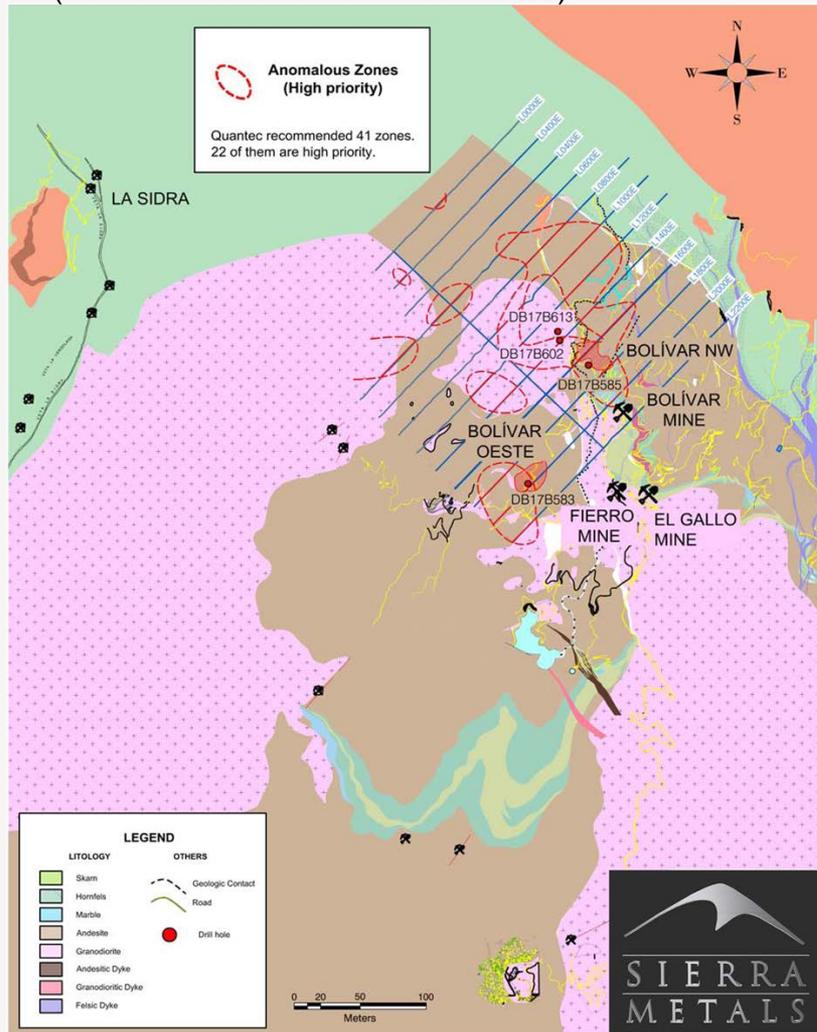
**Table 2:**

Hole No	From	To	Width (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	EQCu (%)
<i>DB17B585</i>	<i>365.35</i>	<i>378.40</i>	<i>13.05</i>	<i>1.79</i>	<i>37</i>	<i>2.05</i>	<i>0.03</i>	<i>3.48</i>
<i>DB17B583</i>	<i>459.50</i>	<i>492.90</i>	<i>33.40</i>	<i>0.10</i>	<i>32</i>	<i>1.04</i>	<i>0.20</i>	<i>1.55</i>

# Plan View & Cross Section: Bolivar Mine

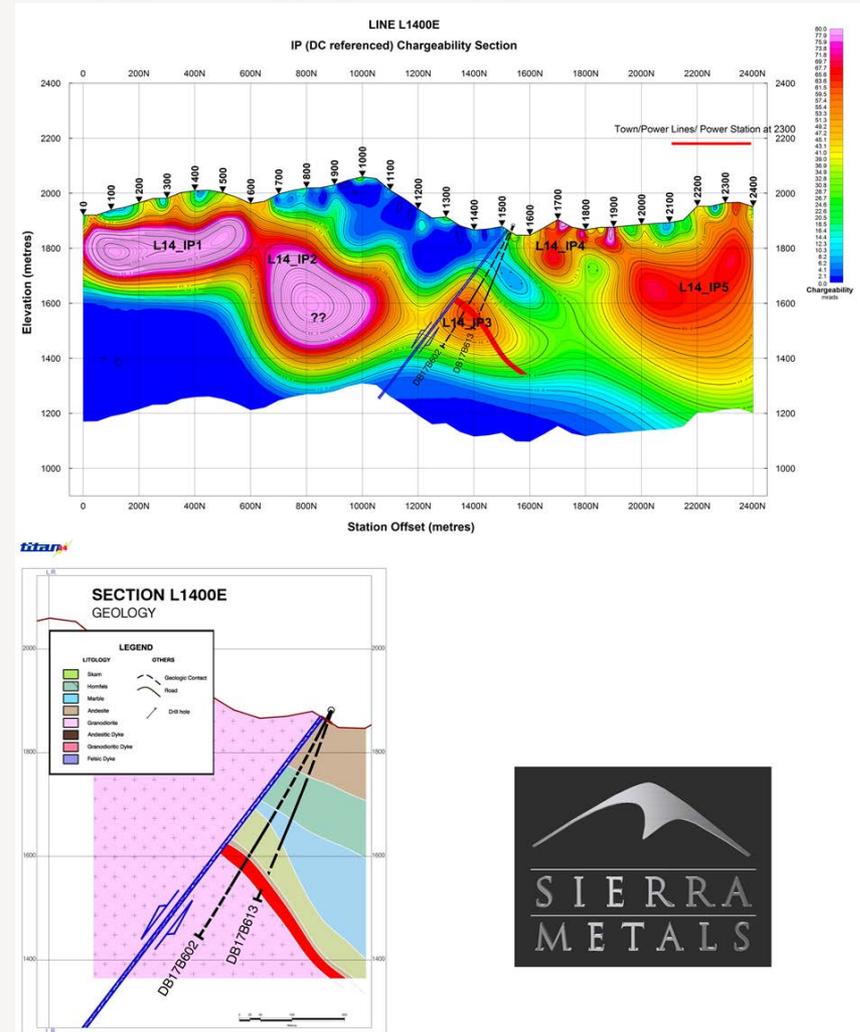
**Figure 1:**

Plan View: Bolivar Mine  
(Bolivar West and Northwest Zones)



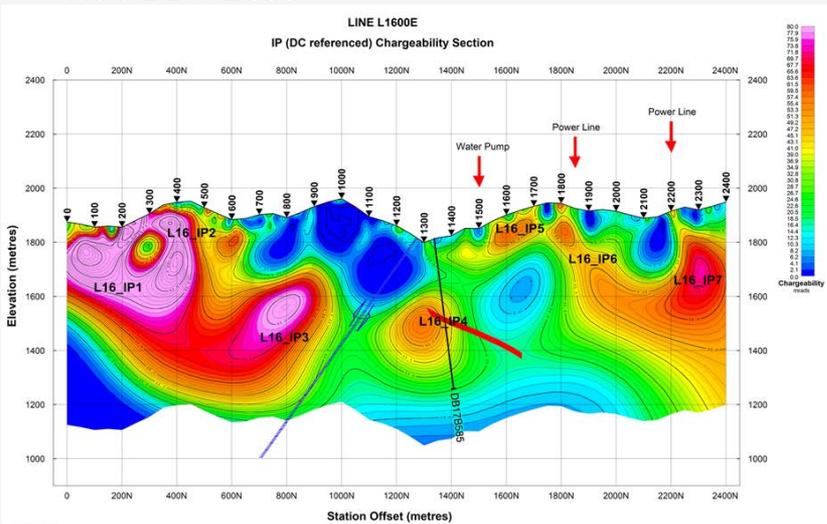
**Figure 2:**

Chargeability and Cross Section of Table 1 –  
Holes: DB17B602 & DB17B613

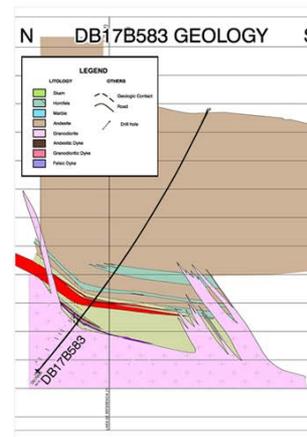
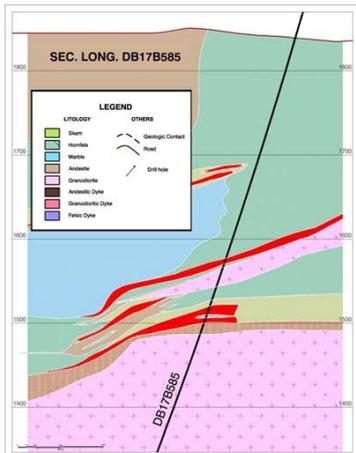
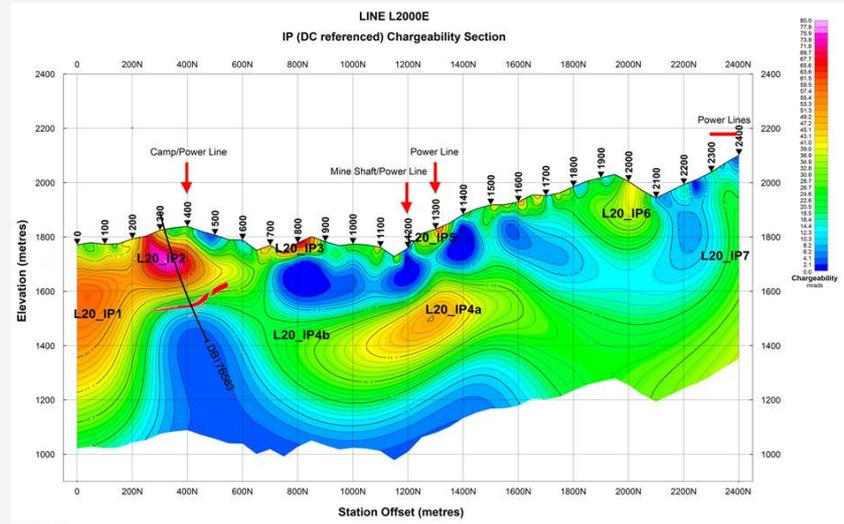


# Cross Sections: Bolivar Mine

**Figure 3:**  
Chargeability and Cross Section of Table 2 -  
Hole DB17B585

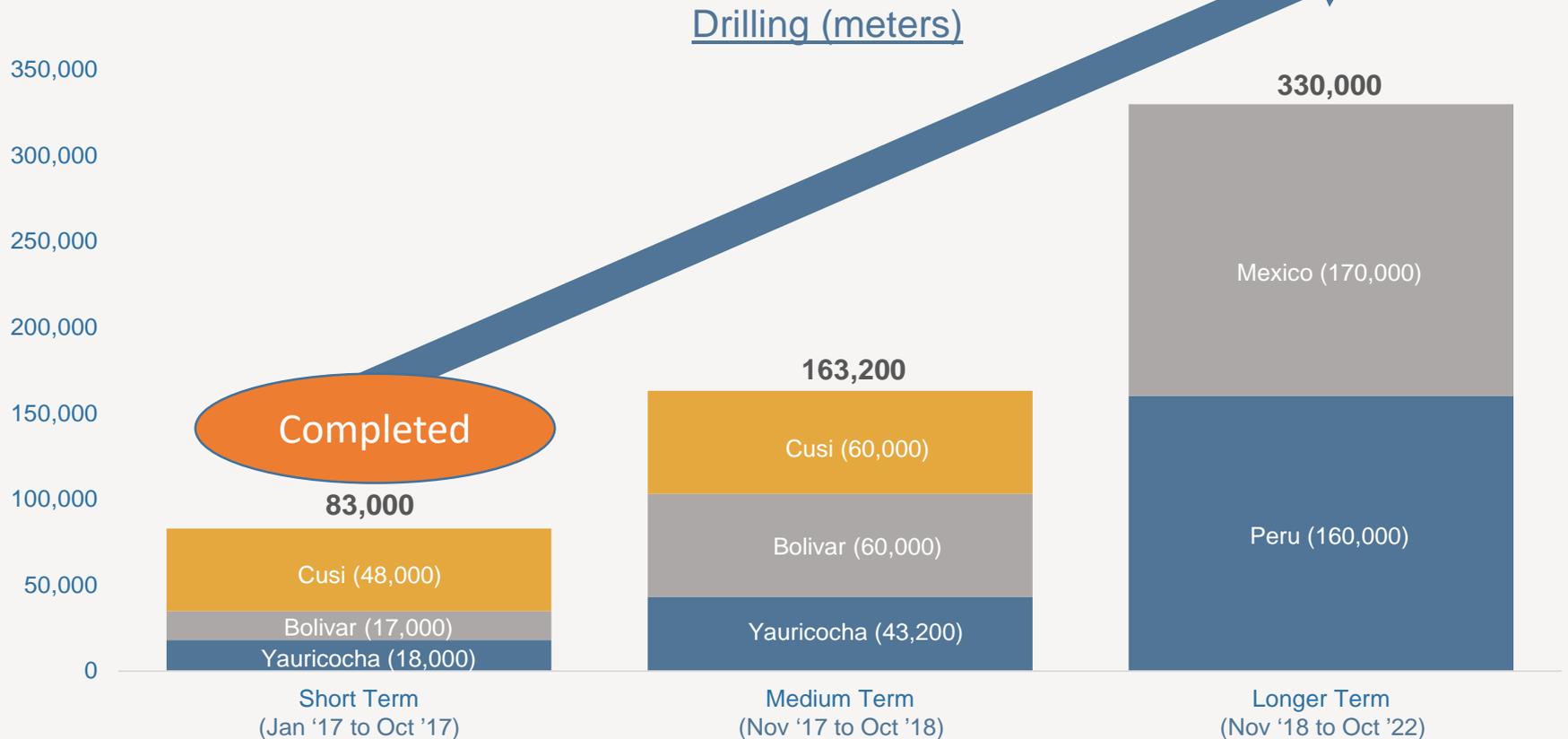


**Figure 4:**  
Chargeability and Cross Section of Table 2 -  
Hole DB17B583



# What's Ahead

- ▶ 43-101 Technical Reserve and Resources Report at Yauricocha within 45 days of Mineral Resource Estimate
- ▶ Mineral Resource Estimates for Bolivar and Cusi within the 4th Quarter



# Building Resources and Infrastructure for Increased Production

### BROWNFIELD EXPLORATION INFRASTRUCTURE UPDATES

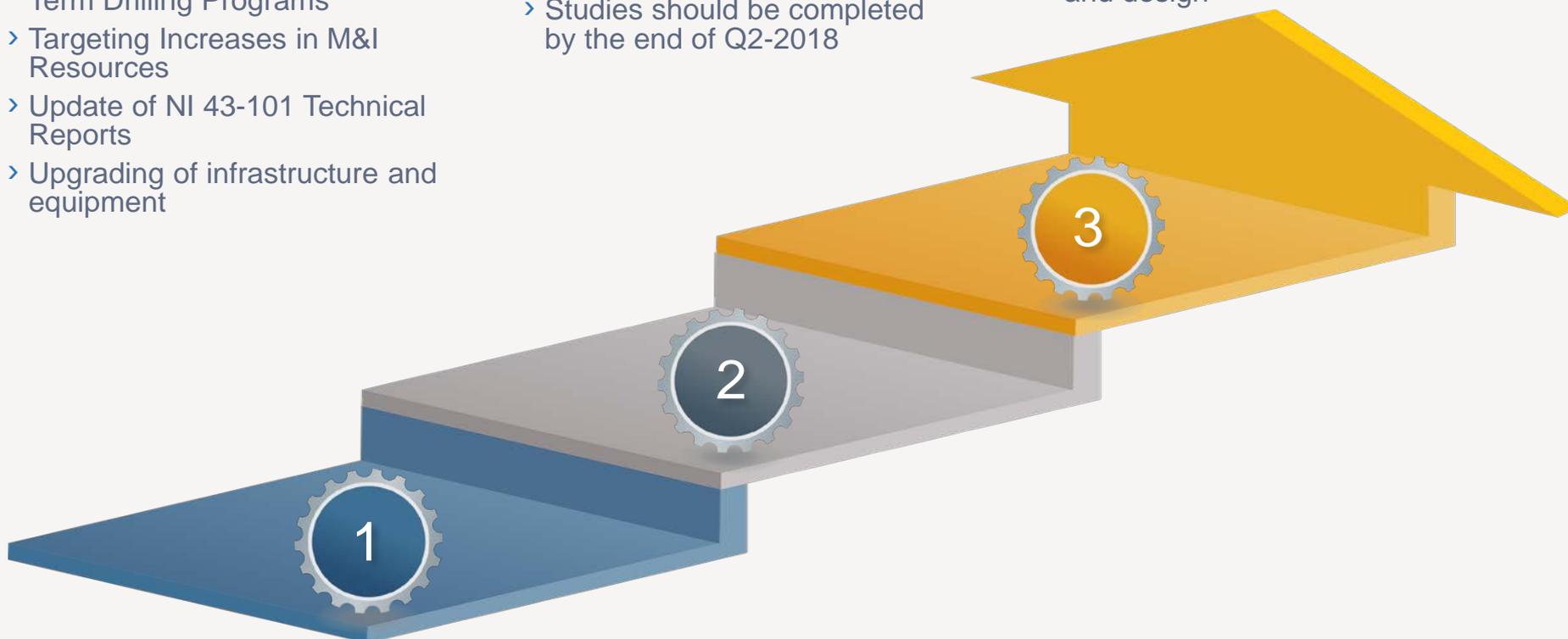
- › Exploration of Target Rich Properties
- › Short, Medium and Longer Term Drilling Programs
- › Targeting Increases in M&I Resources
- › Update of NI 43-101 Technical Reports
- › Upgrading of infrastructure and equipment

### FEASIBILITY & ENGINEERING STUDIES

- › Optimum plant size
- › Best technology to process new resources
- › Studies should be completed by the end of Q2-2018

### CONSTRUCTION & OPERATION

- › Expansion and building of new mines and mills to grow production to the optimal size and design



# Contact Information



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