



MARKET STATISTICS

Exchange / Symbol	NYSE: SMTS
Price:	\$0.90
Market Cap (\$mm):	\$147.5
Shares Outstanding (mm):	163.9
Float (%):	66.0%
Volume (3-month avg.):	88,552
52-week Range:	\$0.77-\$3.27
Industry:	Diversified Metals & Mining

CONDENSED BALANCE SHEET

(US\$m, except per share data)

Balance Sheet Date:	03/31/2022
Cash:	\$19.5
Cash/Share:	\$0.12
Debt:	\$81.1
Equity (Book Value):	\$206.9
Equity/Share:	\$1.04

CONDENSED INCOME STATEMENTS

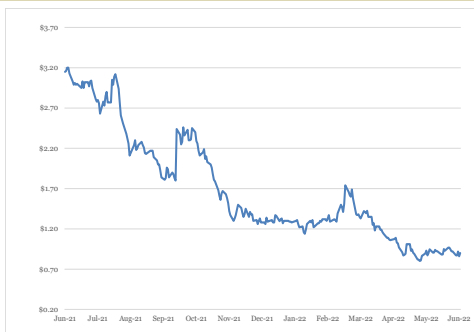
(US\$m, except per share data)

FY - 12/31	Revenue	Net Income	EBITDA	EPS
FY19	\$229.0	\$9.4	\$65.3	\$0.03
FY20	\$246.9	\$27.4	\$102.8	\$0.14
FY21	\$272.0	\$(22.1)	\$104.7	\$(0.17)
FY22E	\$294.3	\$24.5	\$95.4	\$0.12

LARGEST SHAREHOLDERS

Arias Resource Capital Mgmt	43,025,514
BlackRock Inc	9,457,809
Leon Cooperman	8,700,000
Invesco Ltd	6,885,301
West Family Investments	6,152,088
Omega Advisors, Inc	3,435,858
Long Focus Capital Mgmt	2,148,819
Mirae Asset Global	1,772,574
ETF Managers Group LLC	851,773
Edmundo Guimaraes	643,223

STOCK CHART



COMPANY DESCRIPTION

Sierra Metals Inc. is a diversified Canadian mining company with Green Metal exposure including increasing copper and base metal production with precious metals by-product credits. The Company is focused on the production and development of its Yauricocha Mine in Peru, and Bolivar and Cusi Mines in Mexico as well as increasing production volume and growing mineral resources. The Company’s flagship property is the 81.84% owned polymetallic Yauricocha Mine covering an area of 18,778 hectares located in the Yauyos province in Peru. It also operates two additional mines in Mexico, the Bolivar and Cusi Mine. The Company was formerly known as Dia Bras Exploration and changed its name to Sierra Metals, Inc. in December 2012. Sierra Metals is headquartered in Toronto, Canada.

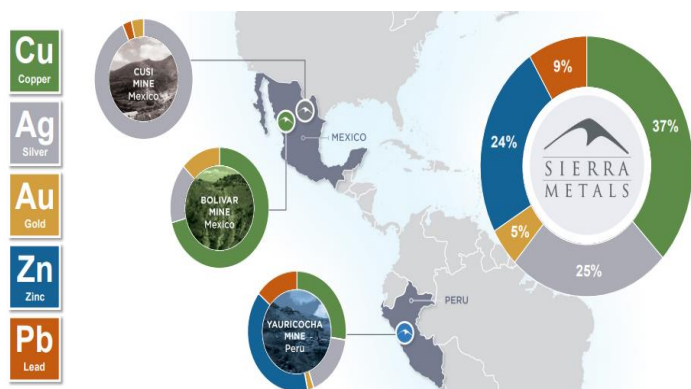
SUMMARY

- **Growing diversified polymetallic producer** – The Company has three producing mining properties with one mine located in Peru and two in Mexico. For the TTM period ending March 31, 2022, revenue mix includes 38% from copper, 24% from zinc, 24% from silver, 9% from lead, and 5% from gold. From F15 to F21, Sierra Metals successfully increased production from 5,375 tonnes per day in F15 to 10,800 tonnes per day in FY21, which represents a ~12% CAGR. The Company is targeting an increase to 15,500 tonnes per day in 2027.
- **Successful history of building mineral resources and reserves** - The Company has a history of growing resources at all three mines. From 2015 to 2020, the Company grew its mineral resources at its Yauricocha mine in Peru from 11.6M tonnes to 27.6M tonnes, for a ~19% CAGR. At its Bolivar mine in Mexico, from 2016 to 2020, it grew mineral resources from 18.4M to 41.0M tonnes, which represents a ~17% CAGR. And lastly, the Cusi mine in Mexico, saw mineral resource growth from 2016 to 2020, move from 3.2M to 10.2M tonnes for a ~26% CAGR. Through various strategic initiatives that include lower risk, near-mine brownfield exploration, the Company is confident it can continue to show growth in mineral resources and reserves.
- **Operating in well-known and established mining districts** – Sierra Metals’ mining operations are based in first-rate, well-established mining jurisdictions in Peru and Mexico. The Company’s flagship mine, Yauricocha is in Peru, one of the most prolific polymetallic producing regions in the world. Furthermore, the mine has been producing for over 70 years. In Mexico, the Company’s Bolivar and Cusi mining districts have 300+ year mining histories.
- **Solid balance sheet and cash flows to support growth** – In spite of the COVID-19 pandemic, the Company maintained a strong balance sheet with Q122 cash & equivalents at US\$19.5M and total debt at US\$81.1M. Additionally, TTM cash flow from operations (ending Q1F22) was US\$50.2M.
- **Experienced management team** – Sierra Metals management team has over 200 years of combined experience in the metals and mining industry. Furthermore, its Board of Directors has extensive experience across the mining industry. Lastly, management, combined with its board of directors and controlled entities, have a ~ 34% ownership position.
- **Valuation** – We are using a DCF analysis of our mine models for the Yauricocha, Bolivar and Cusi mines. We then use a 10% discount rate and incorporate a sensitivity analysis to silver prices to arrive at our valuation range of US\$3.25 to US\$5.00 with a mid-point of US\$4.25. See more details on pages 9 and 10.

BUSINESS OVERVIEW

Sierra Metals, Inc. is a diversified Canadian mining company focused on the exploration, production, and development of precious and base metals in Latin America. The Company has three producing mining properties located in Peru and Mexico. The Company's flagship property is the 81.84% owned polymetallic Yauricocha Mine covering an area of 18,778 hectares located in the Yauyos province in Peru. In Mexico, it operates the Bolivar and Cusi mines. Both are in Chihuahua State, Mexico.

Exhibit 1: Sierra Metals Overview



Source: Company Reports

Sierra Metals was formerly known as Dia Bras Exploration and began exploration and development work in Mexico in early 2003. The Company acquired the Bolivar mine in 2004 and active development was conducted to advance the property toward production. From 2006 to 2011, the Company shipped high-grade development ore to its wholly owned Mal Paso Mill.

In 2006, the Company acquired the Cusi mine in the Cusiuruachic silver district. The Cusi acquisition included a 100 km² property encompassing 12 former silver mines. Commercial production began in January 2013. In 2017, the Company executed an exploration drilling program focused on the high-grade Santa Rosa de Lima zone that resulted in confirming the existence of high-grade silver mineralization with step out drilling extending the zone even further.

In the spring of 2011, the Company expanded its operations into Peru with the acquisition of ~82% of Sociedad Minera Corona S.A for a total purchase price of US\$286M. The main asset was the Yauricocha Mine in the Yauyos province in western central Peru.

The acquisition transformed the company's production profile from a junior exploration and development operation toward a mid-tier precious and base metal producer. Between Q215 and Q216, Sierra Metals completed a significant operational improvement that included:

- modernizing mining methodologies,
- equipment,
- improving the value of ore feed to the mill, and
- increasing production to 2,800 tonnes/day

Sierra Metals strategic focus is on its operations, improving efficiencies, and pursuing growth opportunities at, and surrounding, its operating mines. The Company is also considering other value-added expansions through external growth. In this vein, the Company completed a strategic review in October 2021 (announced in January 2021) that explored and evaluated potential strategic alternatives. This was followed up by additional changes announced in January 2022, which included:

- ✓ Increased focus on copper and steel making products (zinc & iron ore).
- ✓ Advancement of the Company's mine expansion plans, with the aim of increasing returns at both the Yauricocha and Bolivar mines.
- ✓ Re-activation of brownfield and greenfield exploration activities, throughout Sierra's extensive resource base.
- ✓ Heightened focus on ESG.

Exhibit 2: Strategic Pillars Focused on Value



Source: Company Reports

Exhibit 3: Reserve & Resources Table

		Resources - Measured and Indicated														Contained Metal									
		Tonnes (x1000)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Fe (%)	Au (g/t)	AgEq (g/t)	CuEq (%)	ZnEq (%)	Ag (M oz)	Cu (M lb)	Pb (M lb)	Zn (M lb)	Au (K oz)	AgEq (M oz)	CuEq (M lb)	ZnEq (M lb)						
Yauricocha	Measured	4,241	56.4	1.1	0.9	2.6	25.02	0.6	-	-	7.90	8.1	100.8	86.2	245.3	79.3	-	-	-	736.2					
	Indicated	10,069	37.1	1.2	0.5	1.9	25.89	0.5	-	-	6.48	12.0	259.9	113.0	417.2	91.1	-	-	-	1,437.6					
Bolivar	Measured & Indicated	14,310	43.7	1.1	0.6	2.1	25.96	0.5	-	-	6.90	20.1	360.7	199.2	662.5	240.4	-	-	-	2,175.8					
	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Cusi	Indicated	19,352	15.1	0.8	-	-	13.8	0.2	-	0.95	-	9.4	328.7	-	127.8	-	-	-	496.9						
	Measured & Indicated	19,352	15.1	0.8	-	-	13.8	0.2	-	0.95	-	9.4	328.7	-	127.8	-	-	-	496.9						
Coal	Measured	850	213.0	-	0.3	0.3	-	0.1	201.0	-	-	5.8	-	4.9	5.6	1.7	6.3	-	-						
	Indicated	4,506	176.0	-	0.5	0.6	-	0.1	212.0	-	-	25.5	-	53.4	62.3	18.5	30.7	-	-						
Coal	Measured & Indicated	5,356	191.9	-	0.5	0.6	-	0.1	215.0	-	-	31.3	-	58.3	68.0	20.2	37.0	-	-						
	Total	Measured & Indicated	39,018	48.5	0.8	0.3	0.8	16.3	0.3	-	68.8	69.4	257.5	706.5	988.4	374	466.9	-	-	2,176					

		Resources - Inferred														Contained Metal									
		Tonnes (x1000)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Fe (%)	Au (g/t)	AgEq (g/t)	CuEq (%)	ZnEq (%)	Ag (M oz)	Cu (M lb)	Pb (M lb)	Zn (M lb)	Au (K oz)	AgEq (M oz)	CuEq (M lb)	ZnEq (M lb)						
Yauricocha	Measured	11,586	29.0	1.40	0.30	1.00	26.30	0.44	-	-	5.95	10.8	356.1	82.7	261.9	91.8	-	-	-	1,463					
	Indicated	21,367	14.2	0.70	-	-	13.5	0.21	-	0.96	-	9.8	369.3	-	146.6	-	-	-	453.0						
Bolivar	Measured & Indicated	4,803	146.0	-	0.40	0.90	-	0.19	183	-	-	23.0	-	46.1	74.9	27.7	28.8	-	-						
	Total	Inferred	37,846	35.9	0.87	0.10	0.40	15.89	0.29	-	43.6	726.4	105.8	336.7	333.1	318	433.8	-	-	1,463					

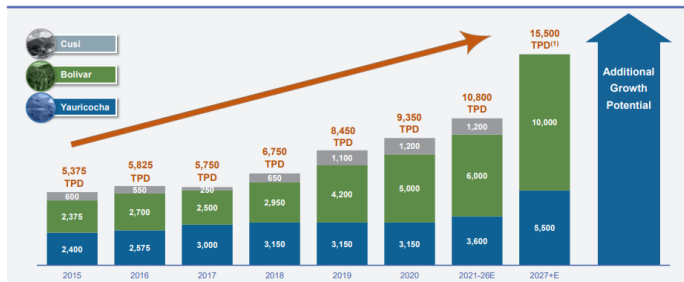
Source: Company Reports

Strategic Production Growth

The Company's focus is on expanding its production base through brownfield exploration investments within its existing properties. The Company has shown a rather successful track record of improving production increases over the past five years. Additionally, the Company is forecasting continued increases in production levels. Through additional exploration activities, Sierra Metals has substantial growth potential.

Exhibit 4: Staged Production Increases

Tonnages Per Day (TPD) Capacity expected to be reached by year ends¹



Source: Company Reports

Brownfield Exploration Goals

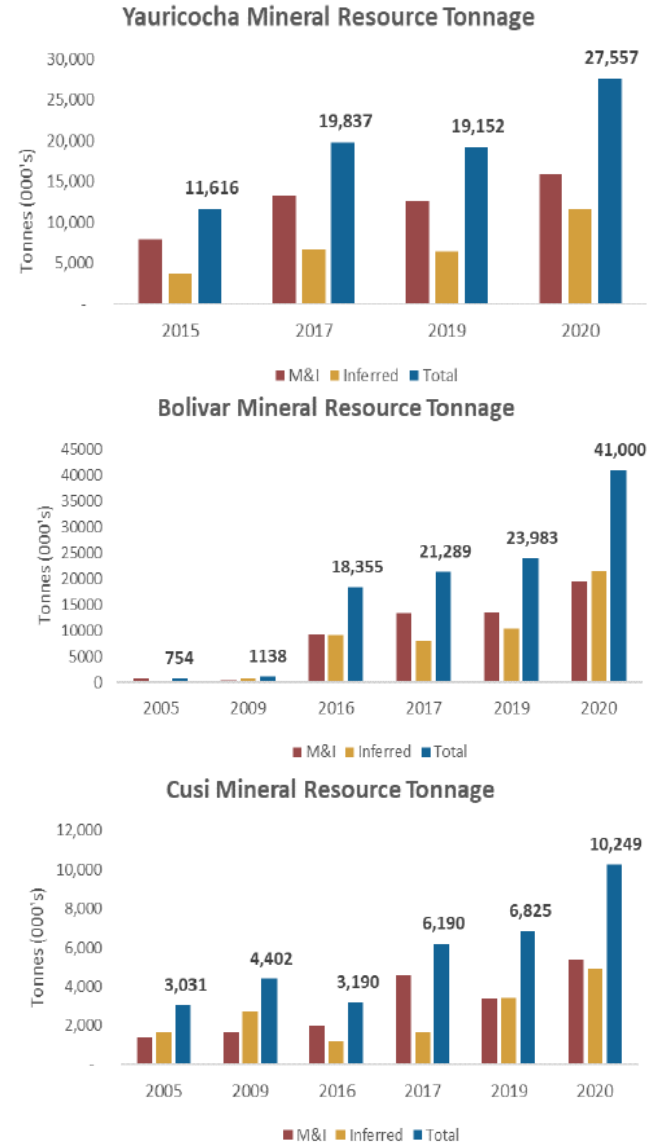
The Company has a strong history of resource growth at all three of its mines. Recent updates include (1) the filing of an updated NI 43-101 for Bolivar mine in Sept 2021 and, (2) positive updated PEA on the expansion at Yauricocha mine in Jan 2022, with the NI 43-101 filed in Mar 2022.

In general, the Company's exploration program has two main goals which include:

- Brownfield programs within and close to existing mines to exploit near mine targets that can be converted into resources and reserves and brought into the exiting mine plans within a short period of time.
- Developing a pipeline of open pit and underground opportunities through district scale studies that incorporate various geological data layers, historical drill hole and mine data.

Recent successful examples of these brownfield expansions can be seen at Yauricocha with the Esperanza, Cuye-Mascota zones. At the Bolivar mine, is the Bolivar West and Northwest zones. And lastly, at the Cusi mine with the Santa Rosa de Lima Zone as well as the newly discovered high grade NE System.

Exhibit 5: Resource Tonnage Historical Growth



Source: Company Reports

Yauricocha Mine

Yauricocha is an underground mine located in western central Peru in the Yauyos province, approximately 12km west of the Continental Divide. The property covers 18,778 hectares that straddle a 20km strike length of the prolific Yauricocha fault. This fault is a major ore controlling structure in that part of western central Peru. The mine is at an average altitude of 4,600 meters and has been producing for more than 68 years.

Exhibit 6: Yauricocha Polymetallic Mine



Source: Company Reports

Ore is processed at the on-site Chumpe plant using a combination of crushing, grinding, and flotation. Ore is treated in two separate circuits and is extracted from three different types of deposits which include:

- polymetallic deposit containing silver, lead, zinc, copper, and gold
- a lead oxide deposit containing lead, silver, and gold
- a copper oxide deposit containing copper, silver, lead, and gold

Exhibit 7: Yauricocha Aerial View



Source: Company Reports

Exhibit 8: Yauricocha Resources

	Tonnes M	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Fe (%)	Au (g/t)	Zn Eq (%)	Zn Eq (M lb)
Measured & Indicated	14.3	43.7	1.1	0.6	2.1	25.9	0.5	6.90	2,176
Inferred	11.6	29.0	1.4	0.3	1.0	26.4	0.4	5.85	1,493

(1) The effective date of the Yauricocha mineral resource is March 31, 2021. An Updated NI 43-101 PEA technical report was filed on March 3, 2022. In accordance with NI 43-101 Rules the Yauricocha Mineral Reserves are not valid after its issuance and have been removed. They will be reported as further studies are conducted that will allow the inclusion of Mineral Reserves. Technical Reports MRRM expected in 2022.

Source: Company Reports

Over the past three years, the Yauricocha mine has consistently produced copper equivalent production driving positive cash flows.

Exhibit 9: Yauricocha Production & Cost Trends

PRODUCTION	2018	2019	2020	2021	3M-2022
Tonnes processed ¹	1,106,649	1,116,919	1,117,860	1,256,847	315,250
Tonnes per day	3,162	3,191	3,194	3,591	3,603
Copper Eq (M lbs) ²	69.3	78.4	75.1	59.5	10,876

FINANCIAL SUMMARY	2018	2019	2020	2021	3M-2022
Revenue (\$000's)	\$168,657	\$155,983	\$146,941	\$180,598	\$35,794
Net Income (Loss)	\$34,938	\$20,151	\$17,133	\$25,707	\$8,552
Adjusted EBITDA (\$000's) ³	\$79,524	\$60,219	\$64,259	\$87,584	\$14,233
Cash Cost per tonne processed	\$63.23	\$70.87	\$57.61	\$61.51	\$59.19
Cash Cost per Cu Eq pound sold	\$1.18	\$1.12	\$1.01	\$1.46	\$2.19
All-in Sustaining Cost per Cu Eq pound sold ⁴	\$1.66	\$1.91	\$2.11	\$2.77	\$3.73

Source: Company Reports

In March 2022, the Company filed an updated positive Preliminary Economic Assessment (PEA) result for the Yauricocha mine. The PEA showed an after-tax NPV of US\$273.1M at an 8% discount rate. Mine life was 11 years based on existing Mineralized material estimate of 17.4M tonnes. Additional highlights include:

- Expansion development capital (yr. 1-23): US\$102.2M
- LOM Net after-tax cash flow: US\$407.7M
- LOM & sustaining capital cost: US\$312.1M
- Average LOM operating unit cost: US\$44.01/tonne & \$1.30/lb Cu equivalent.
- Average LOM grades: Cu 1.2%, Zn 1.4%, Ag 31.12 g/t (1.00 oz/t), Pb 0.4%, and Au 0.398 g/t (0.013 oz/t)
- LOM payable production: Cu 332.9M lbs., Zn 399.9M lbs., Ag 10.9M troy oz, Pb 131.2M lbs., Au 19.9K troy oz
- Metal price assumptions: Cu US\$3.39/lb., Zn US\$1.10/lb., Ag US\$21.02/oz, Pb US\$0.91/lb., Au US\$1,598/oz

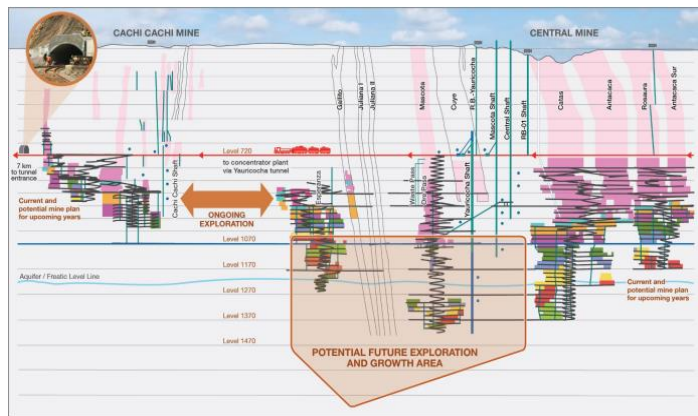
Importantly, the updated PEA continued to support the Company's organic growth strategy to profitability develop and grow the Yauricocha mine production rate to 5,500 TPB in 2024 from current permitted capacity of 3,600 TPD.

Exploration

Since 2016, the Company has conducted various exploration programs focused on areas surrounding its existing mineralization footprint. Geophysics have been completed and helped identify future projects. Sierra Metals brownfield exploration and drilling have focused on the Central Mine and surrounding areas. Management notes that these areas represent only a small portion of its total land package of over 18,000 hectares.

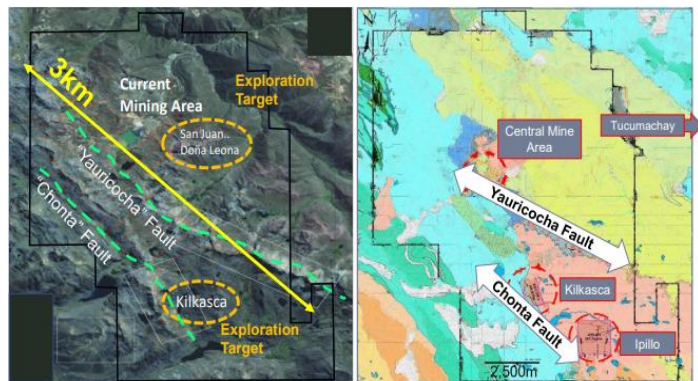
As a result of these explorations, wider zones with significantly higher metal grades have been discovered. As a result, Sierra Metals may have the opportunity for greater amounts of metals produced from the region.

Exhibit 10: Yauricocha Exploration Opportunities



Source: Company Reports

Exhibit 11: Central Mine & Surrounding Area



Source: Company Reports

BOLIVAR MINE

The Bolivar underground mine is comprised of 12 mining concessions and is part of the 15,217-hectare Bolivar property land package. The land package is within the municipality of Urique, in the Piedras Verdes mining district of Chihuahua State, Mexico.

Exhibit 12: Bolivar Mine Location



Source: Company Reports

During 2012, the Company achieved its first full year of commercial production at the Piedras Verdes plant, which is located 6km from the Bolivar mine with an initial capacity of 1,000 tonnes per day. In September 2013, capacity was increased to 2,000 tonnes per day by installing a new circuit. Production has increased incrementally since then to a current production capacity of 5,000 tonnes per day.

Ore is treated using a flotation process in a copper circuit and is extracted from various copper skarn deposits. Concentrates include copper, with gold and silver by-products.

Exhibit 13: Bolivar Resources

	Tonnes M	Ag (g/t)	Cu (%)	Fe (%)	Au (g/t)	Cu Eq (%)	Cu Eq (M lb)
Indicated	19.4	15.1	0.8	13.8	0.2	0.95	407
Inferred	21.4	14.2	0.8	13.5	0.2	0.96	453

(2) The effective date of the Bolivar mineral resource is December 31, 2021. An Updated NI 43-101 Technical Report was filed on September 29, 2021. In accordance with NI 43-101 Rules the Bolivar Mineral Reserves are not valid after its issuance and have been removed. They will be reported as further studies are conducted that will allow the inclusion of Mineral Reserves. Technical Reports MRMR expected in 2022.

Source: Company Reports

Following the increased capacity discussed above, the Bolivar mine has shown increasing revenue and cash flows. Over the same period, cash costs and AISC have come down with increased production (aside from challenges during 2021).

Exhibit 14: Bolivar Mine Production and Cost Trends

PRODUCTION	2018	2019	2020	2021	3M-2022
Tonnes processed ¹	1,031,750	1,269,697	1,480,588	1,349,602	187,556
Tonnes per day	2,948	3,628	4,230	3,856	2,144
Copper Eq (M lbs) ²	21.3	27.2	35.8	22.2	2.6

FINANCIAL SUMMARY	2018	2019	2020	2021	3M-2022
Revenue (\$000's)	\$52,451	\$60,402	\$81,762	\$65,275	\$11,589
Net Income (Loss)	\$(3,593)	\$(3,417)	\$19,322	\$(1,369)	\$(6,216)
Adjusted EBITDA (\$000's) ³	\$10,984	\$5,511	\$39,081	\$19,202	\$429
Cash Cost per tonne processed	\$27.71	\$29.42	\$24.32	\$32.00	\$60.82
Cash Cost per Cu Eq pound sold	\$1.44	\$1.73	\$1.13	\$2.18	\$4.55
All-in Sustaining Cost per Cu Eq pound sold ⁴	\$2.13	\$2.86	\$1.88	\$4.22	\$7.33

Source: Company Reports

Importantly, on November 5, 2021, Sierra Metals published its positive PEA results that doubles the output of its Bolivar Mine to 10,000 TPD by 2024-2026. The Company filed an update to the PEA in September 2021 to include the production of iron ore. The PEA showed an after-tax NPV of US\$361M at an 8% discount and showed the incremental benefit of increasing production from 5,000 TPD to 10,000 TPD is estimated to have an after-tax NPV (@8%) of US\$78.2M and an IRR of 69.0%. Also, estimated mine life was 14 years.

Exhibit 15: Bolivar Nov'21 PEA Highlights

Measure	Unit	Value
Net Present Value (After Tax 8% Discount Rate)	US\$ M	361
LOM Mill Feed (ROM ore)	Tonnes (Mt)	41.8
LOM Mill Feed (tailings)	Tonnes (Mt)	6.0
Mining Production Rate	t/year	3,600,000
LOM Project Operating Period	Years	14
Total Life of Mine (LoM) Capital Costs	US\$ M	345
Total Life of Mine (LoM) Operating Costs	US\$ M	1,117
Net After – Tax Cashflow	US\$ M	650
EBITDA	US\$ M	1,299
Total Operating Unit Costs	US\$/t	26.73
LOM Copper Production (Payable)	Mt	0.25
LOM Gold Production (Payable)	Moz	0.15
LOM Silver Production (Payable)	Moz	12.9
LOM Iron Concentrate Production, 62% Fe (Payable)	Mt	5.7

Source: Sierra Metals, 2021

Source: Company Reports

Exploration

The Company's Bolivar Property is in the Piedras Verdes Mining District, which is within the major north-northwest trending Sierra Madre Precious Metals Belt extending areas the states of Chihuahua, Durango, and Sonora in northwestern Mexico.

Skarn-type Cu, Zn, Ag, Au mineralization in the Bolivar area is structurally controlled and forms mineralized zones that are close to structures. These mineralized zones occupy pre-existing fault structures and extensional opening formed during mineralization.

Recent results include the discovery of the Bolivar West Extension. It has similar characteristics and close to the Bolivar West structure. Sierra Metals has stated that its average in situ grade is 2.09% Cu equivalent with an average true width of 8.2 meters. Additionally, the Bolivar West has an average in situ grade of 2.55% Cu equivalent with an average true width of 9.1M.

Exhibit 16: Bolivar Targets



Source: Company Reports

The Company is developing ramps to Bolivar Northwest and Cieneguita to include these zones in future mill feed and reduce distance and haulage costs to the concentrator plant. It is also continuing work on tunnel connecting mine to the mill to improve efficiencies and lower haulage costs. Dilling on geophysical anomalies are continuing in 2022.

CUSI MINE

The Cusi underground mine is in the Chihuahua State, Mexico and is approximately 135km from Chihuahua city. The property includes 73 concessions covering 11,671 hectares over a range of elevation of 2,000 to 2,500 meters above sea level in the Sierra Madre Occidental Mountain range.

Exhibit 17: Cusi Mine Location



Source: Company Reports

While commercial production started in January 2013, the Company considers the Cusi Mine to be somewhat in the development stage as portions of the mines production comes from development rock within the Santa Rosa de Lima zone. Mill throughput at the Mal Paso plant increased from 450 tonnes per day to 650 tonnes per day in 2018. In 2020, it's mill throughput capacity is 1,200 tonnes per day.

The Mal Paso plant is located 44km from the Cusi mine and uses a conventional crushing-milling-flotation circuit to recover minerals and to produce concentrates. Concentrates include lead and zine with significant silver.

Exhibit 18: Cusi Resources

	Tonnes M	Ag (g/t)	Pb (%)	Zn (%)	Au (g/t)	Ag Eq (g/t)	Ag Eq (M oz)
Measured	0.9	213.0	0.3	0.3	0.1	231.0	6.3
Indicated	4.5	176.0	0.5	0.6	0.1	212.0	30.7
Inferred	4.9	146.0	0.4	0.7	0.2	183	28.8

Source: Company Reports

Production and cash flows were challenged in 2019 as the Company experienced higher than expected unit costs due to unforeseen issues with subsidence. Additionally, the Cusi mine remained in care and maintenance during Q220 but was restarted in late July 2020.

Exhibit 19: Cusi Mine Production & Cost Trends

PRODUCTION	2018	2019	2020	2021	3M-2022
Tonnes processed ¹	186,889	285,236	230,429	295,771	87,924
Tonnes per day	534	815	658	845	964
Silver Eq (K oz) ²	813	1,029	998	1,382	458

FINANCIAL SUMMARY	2018	2019	2020	2021	3M-2022
Revenue (\$000's)	\$11,263	\$12,653	\$18,185	\$26,141	\$9,858
Net Income (Loss)	\$(1,228)	\$(748)	\$(4,198)	\$(4,656)	\$1,644
Adjusted EBITDA (\$000's) ³	\$2,792	\$3,729	\$3,122	\$3,211	\$2,908
Cash Cost per tonne processed	\$64.25	\$63.61	\$65.25	\$70.31	\$69.99
Cash Cost per Ag Eq ounce sold	\$15.71	\$21.38	\$16.62	\$16.71	\$13.48
All-in Sustaining Cost per Ag Eq ounce sold ⁴	\$22.09	\$30.89	\$25.26	\$28.15	\$19.94

Source: Company Reports

On December 10, 2020, the Company announced its positive PEA results that doubles the output of its Cusi Mine to 2,400 TPD. The PEA showed an after-tax NPV of US\$81M at an 8% discount and showed the incremental benefit of increasing production from 1,200 TPD to 2,400 TPD is estimated to have an after-tax NPV (@8%) of US\$28.1M and an IRR of 46.8%. Importantly, estimated mine life was extended to 13 years.

Exhibit 20: Cusi Dec'20 PEA Highlights

PEA Highlights	Unit	Value
Base case of US\$1,541/oz Gold, US\$20.00/oz Silver, US\$0.91/lb. Lead and US\$1.07/lb. Zinc		
Net Present Value (After Tax 8% Discount Rate)	US\$ M	81
LOM Mill Feed	Tonnes (Mt)	10.0
Mining Production Rate	t/year	864,000
LOM Project Operating Period	Years	13
Total Life of Mine (LOM) Capital Costs	US\$ M	91
Net After - Tax Cashflow	US\$ M	134
EBITDA	US\$ M	309
Total Operating Unit Costs	US\$/t	35.24
LOM Lead Production (Payable)	kt	25.4
LOM Zinc Production (Payable)	kt	15.4
LOM Gold Production (Payable)	koz	14.3
LOM Silver Production (Payable)	Moz	33.4

Source: Company Reports

Exploration

The Company's exploration at Cusi is focused on the Cusi fault and the Santa Rosa de Lima vein complex. The Cusi fault extends on the Company's property for a length of 12km. Like the Bolivar Mine, the Cusi Mine is within the Sierra Madre Occidental Mountain range. It is located within the municipality of Cusiuhiriachi, in the central portion of Chihuahua State, Mexico. In addition to the Santa Rosa de Lima (SRL) vein complex, the Company is exploring within the San Nicolas Fault and the Border Fault. The company also notes that there are numerous other satellite exploration targets which are the subject of drilling and exploration drifts.

Exhibit 21: Cusi High-Grade Silver Zone Discovery



3. Santa Rosa de Lima Zone
 4. Promontorio Zone
 5. Veta Grande Zone
 6. San Nicolas Zone

Source: Company Reports

In June 2020 the Company announced a new high-grade silver vein system discovery because of recent mine development work and confirmatory drilling. Results include true widths of:

- 17.45m @ 428 g/t silver
- 9.35m @ 304 g/t silver
- 8.75m @ 303 g/t silver
- 4.90M @ 1,140 g/t silver

The company noted that the mineralized zone is made up of multiple veins extending over 300 meters in length which are in proximity to existing operations.

Sierra Metals continued its drilling program to better understand the extensions of the zone at depth and to the Northeast with some challenges during 2021.

We also note that one of the conclusions from the Company's 2021 Strategic Review was the potential divestments, JVs, or partnerships of the Cusi mine.

RISKS

Global pandemic and potential disruptions - The length and severity of the COVID-19 global outbreak is still undetermined and will likely continue to cause general economic uncertainty and potentially worsening global economic conditions. Future economic growth will also likely be slowed or delayed, and recovery following the pandemic cannot be accurately predicted.

Foreign operations - The Company conducts its operations in Peru and Mexico. As such, the Company is exposed to various levels of economic, political, and other risks and uncertainties that are country specific.

Environmental regulation - The Company's activities are subject to extensive laws and regulations governing environmental protection. These laws and regulations are complex and have become more stringent over time. Failure to comply with applicable environmental laws may result in injunctions, damages, suspension or revocation of permits and imposition of penalties.

Exploration, development, and mining risks - The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development, and production of base and/or precious metals. These risks could lead to damage to, or destruction of mines, and other producing facilities, damage to life or property, environmental damage and/or legal liabilities.

Mineralized materials are estimates and subject to uncertainty - Mineral Reserves and grades are estimates only. There are many uncertainties in estimating mineral quantities of mineral reserves that may cause actual results and quantities to differ from those estimated. If these resources are less bountiful than anticipated, the mine life and cash flow could be severely reduced.

Title and permits - While the Company believes it has exercised reasonable due diligence to determine title to properties it owns or controls, there is no guarantee that title to these properties will not be challenged or impugned. Additionally, the Company is required to obtain and renew governmental permits and licenses for the operation and expansion of its operations or for the start of new operations. Obtaining and renewing permits and licenses are complex and time-consuming. Any failure to obtain the necessary permits, or unexpected delays, costs to obtain or renew permits could delay development opportunities or impede operations.

Commodity prices - The Company has no control over commodity prices and is subject to the volatility of those prices. As such, the Company's financial operations and cash flows will fluctuate based on changes in the market prices of copper, zinc, silver, lead, and gold.

VALUATION

To help frame our valuation, we created a DCF analysis of our mine model for Yauricocha, Bolivar and Cusi mines. Our valuation involves forecasting the net free cash flow generation from each mine over the estimated life of each project. Our cash flow projections are based on conservative assumptions supported by the Company's most recent technical reports. Below we outline some of our major assumptions per mine.

Yauricocha Mine

- Production from 2022 to 2032
- 1.25M tonnes processed annually through 2023; 1.78M tonnes processed annually from 2024 to 2032
- Grades:
 - Silver average 30.5 g/t; range of 17 g/t to 50 g/t
 - Copper average 1.17%; range of 0.9% to 1.7%
 - Lead average 0.42%; range of 0.09% to 1.00%
 - Zinc average of 1.63%; range of 0.40% to 3.00%
 - Gold average of 0.41 g/t; range 0.30 g/t to 0.55 g/t
- Smelting charge of 20% and average cash costs of ~\$10.25/oz of Ag equivalent over the production period
- Capex of \$247M over production period, inclusive of expansion capex & maintenance @ \$15M/yr. range; and taxes at 30.0%

Bolivar Mine

- Production from 2022 to 2034
- 1.3M tonnes processed in 2023, ramping through 2024 to 2027 to 3.4M tonnes processed annually
- Grades:
 - Silver average of 12.3 g/t; range 10.0 to 18.0 g/t
 - Copper average 0.9%; range 0.85% to 0.95%
 - Gold average 0.20 g/t; range 0.20g/t to 0.25g/t
- Smelting charge of 15% and average cash costs of ~\$11.15/oz of Ag equivalent over the production period
- Capex of \$298M over production period inclusive of expansion capex & maintenance @ \$15M/yr. range; taxes at 30.0%

Cusi Mine

- Production from 2022 to 2033
- 0.4M tonnes processed annually, ramping through 2026 to 0.8M tonnes processed annually
- Grades:
 - Silver average 135.0 g/t
 - Lead average 0.25%
 - Zinc average 0.15%
 - Gold average 0.16 g/t
- Smelting charge of 18% and average cash costs of ~\$9.25/oz of Ag equivalent over the production period
- Capex of \$180M over production period inclusive of expansion capex & maintenance at \$5M/yr: and taxes at 35.0%

Our price deck:

- Silver: \$25.00/oz
- Copper: \$4.00 /lb
- Lead: \$1.00/lb
- Zinc: \$1.25/lb
- Gold: \$1,800.00/oz

We then use a 10% discount rate and incorporate a sensitivity analysis to silver prices to arrive at our valuation range of US\$3.25 to US\$5.00 with a mid-point of US\$4.25.

	NAV / Share (US\$)		
Yauricocha	1.44	1.78	2.09
Bolivar	1.71	2.17	2.59
Cusi	0.39	0.58	0.77
Net debt	0.38	0.38	0.38
Total NAV/S	\$ 3.16	\$ 4.15	\$ 5.07

Exhibit 22: Yauricocha Mine Valuation Ranges

		Long Term Silver Price				
		\$ 20.00	\$ 22.50	\$ 25.00	\$ 27.50	\$ 30.00
Discount Rate	9.0%	1.16	1.54	1.86	2.13	2.38
	9.5%	1.13	1.51	1.82	2.09	2.32
	10.0%	1.10	1.47	1.78	2.04	2.27
	10.5%	1.08	1.44	1.74	1.99	2.22
	11.0%	1.05	1.40	1.70	1.95	2.17

Source: Stonegate Capital Partners

Exhibit 23: Bolivar Mine Valuation Ranges

		Long Term Silver Price				
		\$ 20.00	\$ 22.50	\$ 25.00	\$ 27.50	\$ 30.00
Discount Rate	9.0%	1.38	1.89	2.32	2.68	2.99
	9.5%	1.33	1.83	2.24	2.59	2.90
	10.0%	1.28	1.77	2.17	2.51	2.80
	10.5%	1.23	1.71	2.10	2.43	2.72
	11.0%	1.19	1.65	2.03	2.35	2.63

Source: Stonegate Capital Partners

Exhibit 24: Cusi Mine Valuation Ranges

		Long Term Silver Price				
		\$ 20.00	\$ 22.50	\$ 25.00	\$ 27.50	\$ 30.00
Discount Rate	9.0%	0.25	0.43	0.61	0.79	0.97
	9.5%	0.24	0.42	0.59	0.77	0.95
	10.0%	0.23	0.41	0.58	0.75	0.92
	10.5%	0.22	0.39	0.56	0.73	0.90
	11.0%	0.22	0.38	0.55	0.71	0.87

Source: Stonegate Capital Partners

BALANCE SHEET
Sierra Metals, Inc.
Consolidated Balance Sheets (US\$ Ms)
Fiscal Year: December

	FY20	FY21	MRQ Mar-22
ASSETS			
Assets			
Cash and Cash Equivalents	\$ 71.5	\$ 34.9	\$ 19.5
Trade and Other Receivables	38.7	37.1	34.9
Incomes Taxes Receivable	0.4	4.9	8.4
Inventory	23.5	26.7	26.2
Prepaid Expenses and Other Current Assets	2.0	2.5	2.6
Total Current Assets	136.0	106.1	91.5
Property, Plant and Equipment	301.8	289.6	291.1
Deferred Income Tax	1.8	1.1	1.7
Total Assets	439.6	396.8	384.4
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$30.3	\$44.3	\$43.5
Short-term Loans	18.5	24.9	25.0
Income Tax Payable	7.5	7.4	2.1
Other Liabilities	7.6	11.2	7.6
Decommissioning Liability	1.3	1.0	0.9
Total Current Liabilities	65.2	88.8	79.1
Long Term Liabilities			
Loan Payable	80.9	55.9	56.1
Deferred Tax Liability	29.9	26.8	22.7
Other Liabilities	2.2	3.5	3.0
Decommissioning Liability	21.2	17.1	16.6
Total Liabilities	199.4	192.2	177.4
Shareholders' Equity			
Common Stock - Par Value	231.0	232.9	233.5
Accumulated Deficit	(41.8)	(74.1)	(73.7)
Other Reserves	11.8	10.4	10.0
Total Stockholders Equity to Shldrs	201.0	169.2	169.8
Minority Interest	39.2	35.4	37.1
Total Shareholders' Equity (deficit)	240.2	204.6	206.9
Total Liabilities and Shareholders' Equity	439.6	396.8	384.4

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Sierra Metals, Inc.				
Consolidated Statements of Income (in US\$Ms, except per share amounts)				
Fiscal Year: December				
	FY 2019	FY 2020	FY 2021	FY 2022E
Revenues	229.0	246.9	272.0	294.3
Cost of Sales				
Mining Costs	(135.2)	(123.6)	(146.1)	(160.0)
Depletion, Depreciation and Amortization	(36.1)	(41.7)	(44.7)	(42.8)
Gross Profit/Loss	57.8	81.6	81.2	91.4
General and Administrative Expenses	(19.5)	(20.3)	(23.8)	(27.8)
Selling Expenses	(9.7)	(10.2)	(9.9)	(10.9)
Other	-	-	(35.0)	-
Operating Income (Loss)	28.5	51.1	12.5	52.7
Other Income/expense	(0.5)	(0.7)	(6.9)	(1.3)
Currency Translation Gain(Loss)	(1.0)	2.9	0.6	(1.9)
Interest Expense and Other Finance Costs	(5.1)	(4.3)	(3.6)	(3.1)
Derivative instruments gains	-	0.9	0.5	-
Earnings before Taxes	21.9	50.0	3.0	46.5
Income Taxes (Expense) Recovery				
Current Tax Expense	4.9	(20.5)	(27.5)	(26.7)
Deferred Tax Recovery (Expense)	(17.4)	(2.1)	2.4	4.7
Net Income (Loss)	9.4	27.4	(22.1)	24.5
Adjusted Net Income (Loss)	13.9	30.8	21.6	28.7
WTD Average Shares Outstanding				
Basic	163.1	162.6	163.3	164.0
Diluted	164.7	164.0	163.3	163.8
Basic EPS - Continuing Operations	\$ 0.03	\$ 0.14	\$ (0.17)	\$ 0.12
Diluted EPS - Continuing Operations	\$ 0.03	\$ 0.14	\$ (0.17)	\$ 0.12
Adjusted Diluted EPS	\$ 0.08	\$ 0.19	\$ 0.13	\$ 0.18
Adjusted EBITDA	65.3	102.8	104.7	95.4

Source: Company Reports, Stonegate Capital Partners estimates

IN THE NEWS

June 13, 2022 – Sierra Metals Announces Appointment of New Chair & Addition to the Board.

June 10, 2022 – Sierra Metals Announces Results of Annual General Meeting of Shareholders & Directorate Change.

May 11, 2022 – Sierra Metals Reports Consolidated Financial Results for the First Quarter of 2022.

May 3, 2022 – Sierra Metals Subsidiary in Peru, Sociedad Minera Corona Reports Q1-2022 Financial Results.

April 28, 2022 – Sierra Metals Announces New High-Grade Zone Discovery at its Yauricocha Mine in Peru.

April 19, 2022 – Sierra Metals Reports First Quarter 2022 Production Results.

March 16, 2022 – Sierra Metals Reports 2021 Consolidated Financial Results and Announces 2022 Guidance.

March 3, 2022 – Sierra Metals Announces Filing of NI 43-101 Technical Report for Updated PEA on the Expansion of its Yauricocha Mine in Peru.

February 24, 2022 – Sierra Metals Announces the Appointment of Dawn Whittaker to its Board of Directors.

February 16, 2022 – Sierra Metals Reports Q4-2021 Financial Results at its Sociedad Minera Corona Subsidiary in Peru.

January 27, 2022 – Sierra Metals Announces Changes to its Organizational Structure, Following Strategic Review.

January 24, 2022 – Sierra Metals Reports 2021 Production Results, 2022 Guidance to be Provided with Year-End Financial Results.

January 20, 2022 – Sierra Metals Announces Positive Updated PEA on the Expansion at its Yauricocha Mine in Peru.

January 11, 2022 – Sierra Metals Reports Fatality Following Injuries Sustained at its Bolivar Mine in Mexico.

November 8, 2021 – Sierra Metals Reports Q3 2021 Consolidated Financial Results and Provides Revised EBITDA Guidance For 2021.

November 5, 2021 – Sierra Metals Declares Annual Dividend.

November 2, 2021 – Sierra Metals Reports Q3-2021 Financial Results for Its Sociedad Minera Corona Subsidiary in Peru.

CORPORATE GOVERNANCE

Luis Marchese, CEO – Mr. Marchese has over 26 years’ experience in the mining sector. He spent the majority of his career with Anglo American, where he held progressive positions including that of Country Manager, Senior Advisor to the CEO and General Manager of the Quellaveco and Michiquillay Projects in Peru. Mr. Marchese’s earlier operating experience also includes service with Dubai in Canada. Recently, he was a Director to Compania Minera San Ignacio de Morococha and an Alternate Director to Compania Miner Poderosa. Mr. Marchese also served as President of Peru’s Society of Mining, Oil and Energy from 2017 to 2019.

Ed Guimaraes – CFO - Mr. Guimaraes has 31 years’ experience in the mining industry, most recently in a consulting role and several Board directorships. Mr. Guimaraes joined Sierra Metals in 2014, previously he was with Aur Resources between 1995 and 2007, ultimately serving as Executive Vice President, Finance and Chief Financial Officer, until its acquisition by Teck Resources. Prior to 1995, he worked in the Toronto mining group of Pricewaterhouse Coopers.

Alonso Lujan, VP Exploration - 31 years of international experience in mineral exploration with a positive track record for increasing companies’ resources, output, and company value. Mr. Lujan most recently spent 6 years with Mata-Trafigura as the General Manager. Prior to that he worked with Hochschild Mining and Minas de Bacis SA de CV.

Americo Zuzunaga, CP (Mining Engineer), VP, Corporate Planning – Over 30 years of international experience in mining operations, mine and business planning, engineering studies (PEA, PFS, FS), project management and optimizing development. Mr. Zuzunaga was most recently at BISA as a Technical Studies Manager and previously worked at BHP Billiton in successive planning roles. Previously he has been employed with Antamina, Yanacocha and Southern Peru Copper.

James Leon, VP Operations – Mr. James Leon is a Mining Engineer with more than 27 years of experience in mechanized mining operations. Prior to joining the Company, Mr. Leon worked with Buenaventura, where he held various positions until he was Regional Operations Manager. He holds a Masters Degree in Strategic Business Administration (MBA) from Pontificia Universidad Catolica del Peru as well as a degree from the Management Development Program of the University of Piura.

Gabriel Pinto, VP Sustainability & Corporate Affairs – Mr. Pinto is a forestry engineer with more than 20 years of experience in Environmental Management related to operations in the mining and hydrocarbons sector, as well as community relations, health, and safety. He was previously at Barrick Gold where he held various positions in its operations and was part of the corporate Audit team with activities in South America, Africa, and Oceania. He was also Permits Manager for Peru, and later assumed the position of Corporate Director. After that, he was the Latin American Regional Director for Safety, Health, and Environment.

Alberto Calle, VP, Human Resources – Mr. Calle’s professional career spans more than three decades in industries such as retail, banking, organizational consulting, and mining. His area of focus for the last 20 years has been in Human Capital, with 13 years dedicated to the large-scale mining industry. Mr. Calle previously held positions at MMG – Las Bambas as Human Resource Manager as well as various roles at Newmont Mining. There, he was Regional Manager of Human Resources when he undertook an international assignment to the Company’s corporate offices in Denver, Colorado, as Director of Human Resources Programs. In this role, he collaborated on global leadership development projects. Mr. Calle holds a degree from the Faculty of Administrative Sciences at the University of Lima as well as an MBA from the University of Piura and has completed courses in Executive Leadership at Daniels School of Business, Denver University and Executive Coaching at Teachers College of Columbia Business School, New York.

Juan Jose Mostajo, VP, Legal Affairs - Mr. Mostajo has over 23 years of experience in the mining sector and has been legal advisor to various mining companies, both Peruvian and foreign. His previous positions include being part of the legal management team at Anglo American in Peru as well as Vice President of Legal Affairs of Minera Chinalco, Peru. Prior to that, he was a Director to Minera Los Nevados and Druk Compañía Minera and more recently, a Member of the Board to Compañía Minera Argos.

Board of Directors:

Oscar Cabrera – *Chairman and Director*

Douglas Cater – *Director*

Carlos Santa Cruz - *Director*

Luis Marchese – *CEO*

Koko Yamamoto – *Director*

Dawn Whittaker – *Director*

Miguel Aramburu – *Director*

Robert Neal - *Director*

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