



Q1 2020

Results Webcast  
& Conference Call

May 14, 2020



# Management Team



## Speakers on Today's Webcast & Conference Call:

- Igor Gonzales, President and CEO
- Ed Guimaraes, CFO
- Mike McAllister, VP Investor Relations

# Disclaimer



Certain statements in this presentation constitute forward-looking information within the meaning of Canadian and United States 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. These include estimates of future production levels; expectations regarding mine production costs; expected trends in mineral prices; changes in general economic conditions and financial markets; changes in prices for silver and other metals; technological and operational hazards in Sierra's mining and mine development activities; risks inherent in mineral exploration; uncertainties inherent in the estimation of mineral reserves, mineral resources, and metal recoveries; the timing and availability of financing; governmental and other approvals; political unrest or instability in countries where Sierra is active; labor relations and other risk factors disclosed in Sierra's Annual Information Form, which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and which is incorporated by reference into the prospectus forming part of the Company's registration statement on Form F-10, filed with the SEC and available at [www.sec.gov](http://www.sec.gov).

Although Sierra has attempted to identify important factors that could cause actual performance to differ materially from that described in forward-looking information, there may be other factors that cause its performance not to be as anticipated. Sierra neither intends nor assumes any obligation to update these statements containing forward-looking information to reflect changes in assumptions or circumstances other than as required by applicable law. There can be no assurance that forward-looking information will prove to be accurate as actual results and future events could differ materially from those currently anticipated. Accordingly, readers should not place undue reliance on forward-looking information.

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.

Americo Zuzunaga, FAusIMM CP (Mining Engineer) and Vice President of Corporate Planning is a Qualified Person and chartered professional qualifying as a Competent Person under the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Augusto Chung, FAusIMM CP (Metallurgist), Vice President Special Projects and Metallurgy is a Qualified Person and chartered professional qualifying as a Competent Person on metallurgical processes.

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# COVID-19 Update



## Peru

- State of Emergency issued March 17, 2020 which has been extended until May 24<sup>th</sup>
- Only Essential services and restricted travel
- Government allowing some economic activities to start including large open pit producers
- Management hopeful that Midsize and underground will be able to re-start soon

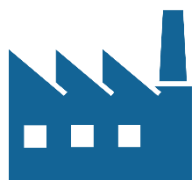
## Mexico

- State of Emergency issued March 30, 2020 which has been extended until May 30<sup>th</sup>
- Mexico has deemed mining an essential service effective May 18, 2020, allowing for the normalization of mining operations
- Cusi remains in care and maintenance as management continues to evaluate the best path forward for Cusi to complete needed development and to reach throughput targets

## Guidance and Outlook

- Focus on health, safety and wellbeing of workforce
- Smaller workforce at Yauricocha and Bolivar for critical aspects and maintenance
- Strict screening including testing and quarantine of new employees reporting for work rotation before they join active workforce
- Company has suspended previous guidance until effects and known resummptions are better understood

# Highlights for Q1 2020



**Consolidated Mill  
throughput**  
740,698 tonnes  
*(30% increase)*



**Consolidated Cu  
Equivalent Lbs**  
31.2 M Lbs  
*(43% increase)*



**Revenue from  
Metals Payable**  
\$55.6 M  
*(13% increase)*



**Adjusted EBITDA**  
\$16.1 M  
*(33.5% increase)*



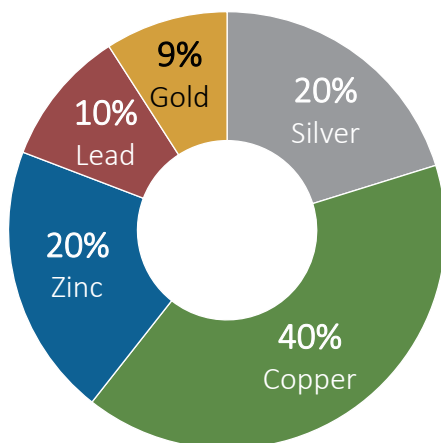
**Adjusted Net Income**  
\$1.2 M  
*(\$0.01/share)*



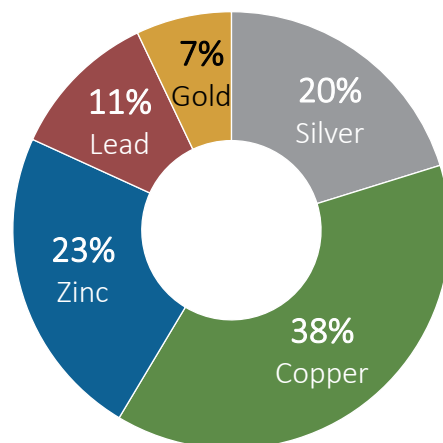
**Cash**  
\$36.9M  
*(March 31, 2020)*

## Revenue Mix by Metal

3M ending March 31, 2020



Trailing 12M ending March 31, 2020



## Average Realized Prices (USD)

		Q1 2020	Q1 2019	% increase / (decrease)
Zinc	\$/lb	0.93	1.23	(24%)
Lead	\$/lb	0.80	0.94	(15%)
Copper	\$/lb	2.53	2.85	(11%)
Silver	\$/oz	16.57	15.57	6%
Gold	\$/oz	1,585	1,305	21%

# Cash Cost & AISC per Mine



## Yauricocha

	3M Ended March 31, 2020	3M Ended March 31, 2019
Cash Cost per ZnEqLb	\$0.43	\$0.54
AISC per ZnEqLb	\$0.82	\$0.85
Cash Cost per CuEqLb	\$1.17	\$1.26
AISC per CuEqLb	\$2.24	\$1.97

- **Yauricocha Mine is trending towards copper as our main product as a % of revenue and, as a % of NSR.** As such, we are reporting both zinc and copper figures
- Compared to Q1 2019 from a **Zn Eq perspective, cash costs were down 20%** and **AISC were down 3%**. The 46% increase in Zn Eq Lbs sold more than offset the impact of the increase in treatment and refining charges and higher sustaining capital costs
- Compared to the Q1 2019 from a **Cu Eq perspective, cash costs were down 7%** and **AISC were up 15%**. The 24% increase in Cu Eq Lbs sold could not offset the impact the higher treatment and refining charges and higher sustaining capital costs

## Bolivar

	3M Ended March 31, 2020	3M Ended March 31, 2019
Cash Cost per CuEqLb	\$1.15	\$2.04
AISC per CuEqLb	\$1.85	\$3.59

- Compared to the same period in 2019, **cash costs were 99% lower** and **AISC were down 48%**
- Decrease in unit costs at Bolivar was driven by the 43% increase in mill throughput and higher grades, resulting in higher metal production and sales
- All-in sustaining costs per copper equivalent payable pound during the first quarter decreased largely due to the combined impact of 78% higher copper equivalent pounds sold and 70% lower sustaining capital

## Cusi

	3M Ended March 31, 2020	3M Ended March 31, 2019
Cash Cost per AgEqOz	\$22.62	\$16.53
AISC per AgEqOz	\$30.00	\$30.57

- Compared to the same period in 2019, **cash costs were 37% higher** and **AISC were flat**
- Cusi faced higher operating costs due to development costs as a consequence of the subsidence activity experienced in 2019 and also due to a write-off of stockpiles and concentrate inventory at quarter-end
- With increased throughput and more efficiencies, its possible to realize lower costs going forward

# Looking ahead in 2020



## Yauricocha

- Have the **flexibility to run the mill at higher levels** to help **make up lost tonnages** from COVID-19 related shutdowns
- Optimistic will **receive our permits** from the government this year, **allowing an increase in production by 20% to 3,600 tonne per day level**
- Completing **studies to increase throughput to 5,500 tonnes per day** in the next few years

## Bolivar

- Continue to **ramp up production to the 5,000 tonne per day level**, which is a **38% increase over 2019**
- Have some **flexibility** to help **make up lost tonnages** from COVID-19 related shutdowns
- **Recent Bolivar Mineral Reserve and Resource Update provided for a significant increase in mineral resources** and has demonstrated that **further expansion potential exists beyond 5,000 tonne per day** this will be evaluated through an updated Preliminary Economic Assessment

## Cusi

- **Cusi remains in care and maintenance** as management continues to **evaluate the best path forward** for Cusi to complete **needed development** and to reach throughput targets
- Management **continue to evaluate the best path forward for Cusi** to complete needed development and to reach throughput targets.
- Because of the government-imposed lockdown and Cusi being placed into care and maintenance, the **anticipated NI 43-101 will be delayed**

# Strong Balance Sheet



## Balance Sheet

(As at March 31, 2020)

(USD in millions)

<b>Cash and Cash Equivalents</b>	<b>\$36.9</b>
<b>TOTAL DEBT</b>	<b>\$99.5</b>
<b>NET DEBT</b>	<b>\$62.6</b>

Continue to have a strong balance sheet, and have reduced and deferred capital expenditures to ensure Sierra Metals emerges as strong a company as before the pandemic

Once the situation returns to a more normal one, and metal prices improve, the Company remains poised for strong future growth and cash flow and management will continue to make prudent strategic investments in the Company, which will benefit all shareholders

Sierra Metals has large land packages with many high-value targets that, with exploration and development, can provide lower-cost organic growth for many years ahead



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