

Sierra Metals Announces Dividend Reinvestment Plan and Third Quarterly Cash Dividend

Written by Australian Business

VANCOUVER, Oct. 1, 2013 /PRNewswire/ - **Sierra Metals Inc.** (TSX:SMT)(BVL:SMT) ("**Sierra Metals**" or the "**Company**") is pleased to announce its third quarterly cash dividend of approximately CAD\$2.5 million, or CAD\$0.016 per common share of the Company (each, a "**Common Share**"), payable on October 31, 2013 to the holders of the issued and outstanding Common Shares as of the close of business on October 21, 2013. The Company is also announcing that it has adopted a dividend reinvestment plan (the "**Plan**"), effective immediately. Eligible shareholders may elect to participate in the Plan commencing with the third quarterly dividend announced today. Participation in the Plan is optional.

Dividend Reinvestment Plan Highlights

The Plan provides a convenient and cost-effective way for eligible shareholders to acquire additional Common Shares by reinvesting cash dividends paid on their shareholdings. A copy of the Plan is available on the Company's website at www.sierrametals.com and under its profile on SEDAR at www.sedar.com.

Highlights of the Plan include:

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- Common Shares issued under the Plan from treasury may be issued at a discount not to exceed 5% of the weighted average market price of the Common Shares over the ten-day period preceding the relevant dividend payment date, as further described in the Plan. The current discount has been set at 5% and shall apply until further notice by press release; and
- Brokerage commissions and administrative costs for the Common Shares issued under the Plan will be borne by the Company rather than shareholders participating in the Plan. However, participating beneficial shareholders may incur fees in respect of services provided by their respective nominees.

Beginning October 4, 2013, registered shareholders may enroll in the Plan online through the Computershare Trust Company of Canada's (the "**Plan Agent**") self-service web portal at

www.investorcentre.com

, or by downloading and duly completing the enrollment form and delivering it to the Plan Agent by mail in the manner provided for in the Plan. Registered shareholders may also obtain an enrollment form by contacting the Plan Agent in any of the manners specified in the Plan or by following the instructions provided on the Company's website at

www.sierrametals.com

. Beneficial shareholders should contact their financial intermediary to arrange enrollment. The enrollment deadline for participation in the Plan for the third quarterly dividend is 4:00 p.m. (Eastern Standard Time)

on

October 14, 2013.

Shareholders who do not complete the Plan enrollment process prior to this deadline will receive cash dividends.

Dividend Summary

Sierra Metals announced its annual cash dividend policy of approximately CAD\$10 million, or \$0.064

per Common Share, for 2013 on

February 12, 2013

. The Company established a dividend policy as a result of consistent cash flows from its Peruvian operations and the transition of its Mexican operations into commercial production.

The declaration and payment of future dividends will be subject to the Company's cash requirements, as well as the satisfaction of statutory solvency tests. In addition, the board of directors of the Company will assess future years' dividend payout levels, from time to time, in

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light of the Company's financial performance and its current and anticipated business needs at such time.

Sierra Metals designates this dividend to be an "eligible dividend" pursuant to subsection 89(14) of the *Income Tax Act* (Canada) and similar provincial and territorial legislation.

About Sierra Metals

Sierra Metals Inc. is a Canadian mining company focused on production of precious and base metals from its Yauricocha Mine in Peru, its Bolivar Mine and Cusi Mine in Mexico. In addition, Sierra Metals is exploring several precious and base metal targets in

Peru

and

Mexico

. Projects in

Peru

include Adrico (gold),

Victoria

(copper-silver) and Ipillo (polymetallic) at the Yauricocha Property in the province of Yauyos

and the

San Miguelito

gold properties in

Northern Peru

. Projects in

Mexico

include

Bacerac

(silver) in the

state of Sonora

,

La Verde

(gold) at the Batopilas Property in the

state of Chihuahua

, and

Las Coloradas

(silver) at the Melchor Ocampo Property in the state of

Zacatecas

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The Company's shares trade on the Bolsa de Valores de Lima and the TSX under the symbol "SMT".

Forward-Looking Statements

Except for statements of historical fact contained herein, the information in this press release may constitute "forward-looking information" within the meaning of Canadian securities law. Other than statements of historical fact, all statements are "forward-looking statements", which involve various known and unknown risk and uncertainties and other factors, including market conditions that may affect the Company's ability to execute its current business plan and to continue to pay a quarterly dividend. Actual results might differ materially from results suggested in any forward-looking statements. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in filings by the Company with the Canadian securities regulators, which filings are available at www.sedar.com.

Important Notice

This press release is made only as a matter of disclosure and does not imply an offer or invitation to participate in the Plan. The Plan does not constitute an offer in any jurisdiction in which such an offer would not be in compliance with any applicable legislation.

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