

No. 12-2014

**SIERRA METALS' DRILLING PROGRAM EXTENDS CATAS OREBODY 130 METERS TO DEPTH
AND INTERCEPTS NEW ZONES AT ITS YAURICOCHA MINE, PERU**

Vancouver, BC – May 6, 2014 – Sierra Metals Inc. (TSX:SMT)(BVL:SMT) ("Sierra Metals" or the "Company") is pleased to announce that drilling during early 2014 has demonstrated that the Catas orebody extends another 130 meters to depth.

In addition, drilling at the Cachi-Cachi mine has significantly expanded the Angelita orebody.

Press Release Highlights:

- The Company has completed two deep holes on the Catas orebody that cut copper mineralization at Level 1350:
 - Drill hole CAT-14-14-01 cut 6.2 meters true width averaging 1.26% copper.
 - In addition, the hole cut 14 meters true width averaging 77 g/t silver, 3.57% lead and 1.86% zinc in a body in intrusive rocks.
- Drill hole CAT-14-14-02 Cut 7.8 meters true width averaging 1.25% copper.
 - In addition, the hole cut 2.7 meters true width averaging 1,155.8 g/t silver, 34.92% lead and 26.08% zinc in an adjacent body.
- Drilling at the Cachi-Cachi mine has shown that the Angelita orebody expands greatly:
 - Drill hole CC-ANG-11-14-01 cut 16.3 meters true width averaging 9.52% zinc.
 - Drill hole CC-ANG-11-14-04 cut 24.6 meters true width averaging 7.01% zinc.

"These drill results from the Catas orebody are the deepest ever from the Yauricocha mine and demonstrate that this orebody continues to depth at least an additional 130 meters", stated Daniel Tellechea, President & CEO of Sierra Metals. "Our geologists have contended that the four major orebodies at Yauricocha's Central Mine, the Catas, Antacaca, Rosaria and Antacaca Sur, will extend significantly to depth and these results support their inference. This has major implications for our ability to extend the mine life of the Central Mine, with our planned future drilling programs. Moreover, drill results at Cachi-Cachi show that more very pleasant surprises, such as the sudden widening of the Angelita orebody, could be found in that area."

Catas Orebody

Two long holes drilled from Level 920 have penetrated copper mineralization in the Catas orebody at Level 1350, which is 130 meters deeper than previous drilling, as shown in **Figure 1**. Previous results demonstrated that the Catas orebody extends to the 1220 level, similar to the Rosaura orebody. These new intercepts indicate significant depth extension to the Catas orebody.

Both holes cut several zones of mineralization above the main target zone, indicating that besides the main ore bodies in the Central Mine Area there are several adjacent mineralized zones that contain potentially-economic grades of base and precious metals.

Deeper drilling of this orebody is planned. A crosscut is being developed to set up a drill station where six additional holes of 750 meters each will be drilled to Level 1620, 400 meters below Level 1220. The objective of these holes is to demonstrate further depth extension of the Catas orebody.

Figures 2 & 3 show the zones of mineralization in the drill holes.

Table 1 shows results from the two holes.

Table 1: Drilling Results from the Catas Orebody, Yauricocha Mine

| Drill Hole* | From-To, m | Core Length, m | Est. True Width, m | Ag g/t | Pb% | Cu% | Zn% | Au g/t | Ore Type |
|--------------|--------------------|----------------|--------------------|----------------|--------------|-------------|--------------|-------------|--------------|
| 14-01 | 58.6-78.7 | 20.1 | 14.2 | 77.1 | 3.57 | 0.03 | 1.86 | 0.03 | Intrusive |
| | 496.6-502.0 | 5.4 | 3.8 | 41.8 | 0.41 | 0.12 | 2.23 | 0.17 | Polymetallic |
| | 502.0-510.8 | 8.8 | 6.2 | 33.5 | 0.08 | 1.26 | 0.18 | 0.30 | Copper |
| 14-02 | 108.2-119.7 | 11.5 | 8.1 | 126.8 | 6.25 | 0.09 | 5.37 | 0.40 | Polymetallic |
| | 426.2-431.0 | 4.8 | 3.4 | 80.5 | 0.60 | 0.23 | 9.19 | 0.12 | Polymetallic |
| | 437.7-441.5 | 3.8 | 2.7 | 1,155.8 | 34.92 | 0.26 | 26.08 | 1.27 | Polymetallic |
| | 517.0-528.0 | 11.0 | 7.8 | 30.3 | 0.02 | 1.25 | 0.20 | 0.34 | Copper |
| <i>incl.</i> | <i>517.0-521.0</i> | 4.0 | <i>2.8</i> | <i>48.2</i> | <i>0.03</i> | 2.05 | <i>0.53</i> | <i>0.45</i> | Copper |
| <i>incl.</i> | <i>526.0-528.0</i> | 2.0 | <i>1.4</i> | <i>18.5</i> | <i>0.01</i> | 1.37 | <i>0.01</i> | <i>0.32</i> | Copper |

* All holes have prefix CAT-14-

The Company is currently extending Level 920 to the southeast to develop a drill station that will test the depth extent of the Antacaca Sur orebody, which currently is known to extend only to Level 970. This drill station is expected to be ready in June and will be able to test the depth extent of Antacaca Sur by an additional 300 meters, to Level 1270. It will also be able to test the probable extension of Antacaca Sur further to the southeast.

Two more holes are planned to probe the depth extension of the Antacaca orebody and the first one is in progress (see Figure 1 for projected piercing point). These holes are projected to intersect Antacaca at Level 1350, which if successful, would also extend Antacaca an additional 130 meters to depth.

Cachi-Cachi Orebody

Drilling from a central drill station on Level 770 of the Cachi-Cachi Mine has cut several intercepts of polymetallic ore. Most notably, drill holes CC-ANG-11-14-01 and -04 show that the Angelita orebody expands greatly over a 50-m length (Figure 4). Significant results are shown in Table 2.

Table 2: Drilling Results from the Cachi-Cachi Orebody, Yauricocha Mine

| Drill Hole* | From-To, m | Core Length, m | Est. True Width, m | Ag g/t | Pb% | Cu% | Zn% | Au g/t | Ore Type |
|-------------|------------|----------------|--------------------|--------|------|------|-------------|--------|--------------|
| 14-01 | 11.7-18.0 | 6.3 | 4.8 | 5.4 | 0.02 | 0.30 | 3.40 | 0.09 | Polymetallic |
| | 71.6-92.0 | 20.4 | 16.5 | 42.2 | 0.53 | 0.38 | 9.52 | 0.19 | Polymetallic |
| 14-02 | 23.8-31.0 | 7.2 | 6.7 | 13.4 | 0.14 | 0.11 | 3.13 | 0.07 | Polymetallic |
| | 75.6-85.0 | 9.4 | 8.9 | 23.1 | 1.10 | 0.38 | 4.47 | 0.30 | Polymetallic |
| 14-03 | 70.9-82.0 | 11.1 | 9.9 | 11.0 | 0.09 | 0.22 | 7.42 | 0.15 | Polymetallic |
| 14-04 | 10.3-30.0 | 19.7 | 16.6 | 16.0 | 0.09 | 0.41 | 5.89 | 0.14 | Polymetallic |
| | 30.0-42.0 | 12.0 | 11.1 | 10.7 | 0.50 | 0.29 | 2.70 | 0.55 | Intrusive |
| | 53.2-54.4 | 1.2 | 0.8 | 1.9 | 0.90 | 0.36 | 3.13 | 0.27 | Intrusive |
| | 56.0-58.0 | 2.0 | 1.2 | 5.5 | 0.85 | 0.24 | 3.49 | 0.73 | Polymetallic |
| | 59.8-95.0 | 35.2 | 22.4 | 10.3 | 1.43 | 0.33 | 7.01 | 0.55 | Polymetallic |
| 14-05 | 11.0-24.4 | 13.4 | 9.3 | 6.3 | 0.15 | 0.30 | 3.01 | 0.10 | Polymetallic |

| Drill Hole* | From-To, m | Core Length, m | Est. True Width, m | Ag g/t | Pb% | Cu% | Zn% | Au g/t | Ore Type |
|-------------|------------|----------------|--------------------|--------|------|------|-------------|--------|--------------|
| | 83.8-93.0 | 9.2 | 6.9 | 15.5 | 0.04 | 0.44 | 4.68 | 0.20 | Polymetallic |

* All holes have prefix CC-ANG-11-

The Cachi Cachi Mine is located only 1,200 meters northwest of the Central Mine Area and along a second-order fault that intersects the Yauricocha Fault. The mine provides feed of 165-175 tonnes per day to the Chumpe Mill and produces high-grade polymetallic ore (see press release of August 14, 2013).

Yauricocha Property

Yauricocha is an underground mine located in western central Peru in the Yauyos province, approximately 12 km west of the Continental Divide. The Yauricocha property covers 18,778 hectares that straddle a 20 km strike length of the prolific Yauricocha fault, a major ore controlling structure in this part of western central Peru. The mine is at an average altitude of 4,600 meters and has been a producing asset for more than 60 years. Ore is processed at the on-site Chumpe plant using a combination of crushing, grinding and flotation; the plant has a capacity of 2,500 tpd. The mine produces silver, lead, zinc, copper and gold in concentrates.

In May, 2011, Sierra Metals acquired 81.8% of Minera Corona's 100% position in Yauricocha and initiated an aggressive drilling program to expand the mine's reserves. By December, 2013, this program had increased Proven and Probable reserves from 1.1 million tonnes to 6.4 million tonnes.

Mineralization at Yauricocha is high-temperature, carbonate-replacement type and orebodies tend to be elongated, tabular-shaped, and extend to depth. In plan view, the orebodies are lenses that dip steeply to the NE or are approximately vertical with major axes parallel to the general strike of the strata (NW-SE). Their vertical dimensions are almost always much greater than their horizontal. The orebodies are emplaced in the Jumasha limestone and form groupings within the limestone as well as along the contact with the Celendín lutites and in contact with intrusive masses.

Method of Analysis

Samples are prepared at the Yauricocha lab facility at the Chumpe mill, which is on site. Core and channel samples from the mine are assayed utilizing one of two procedures. Silver, lead, zinc and copper are assayed by atomic absorption. Gold is fire-assayed with an atomic absorption finish. Diamond drill samples sent for analysis consist of half NQ-size and BQ-size diamond core split on site.

The quality assurance-quality control (QA-QC) program employed by Sierra Metals has been described in detail in the NI 43-101 report on Yauricocha dated November 15, 2013, prepared by Gustavson Associates of Denver, Colorado, which is available for review on SEDAR.

Quality Assurance

The technical content of this news release has been approved by Thomas L. Robyn, Ph.D., CPG, RPG, and a Qualified Person as defined in NI 43-101.

About Sierra Metals

Sierra Metals Inc. is a Canadian mining company focused on 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 and La Verde (gold) at the Batopilas Property in the state of Chihuahua.

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

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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. 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.

Figure 1: Longitudinal Section of the Central Mine Area Showing Piercing Points for Drill Holes CAT-14-14-01 and CAT-14-14-02

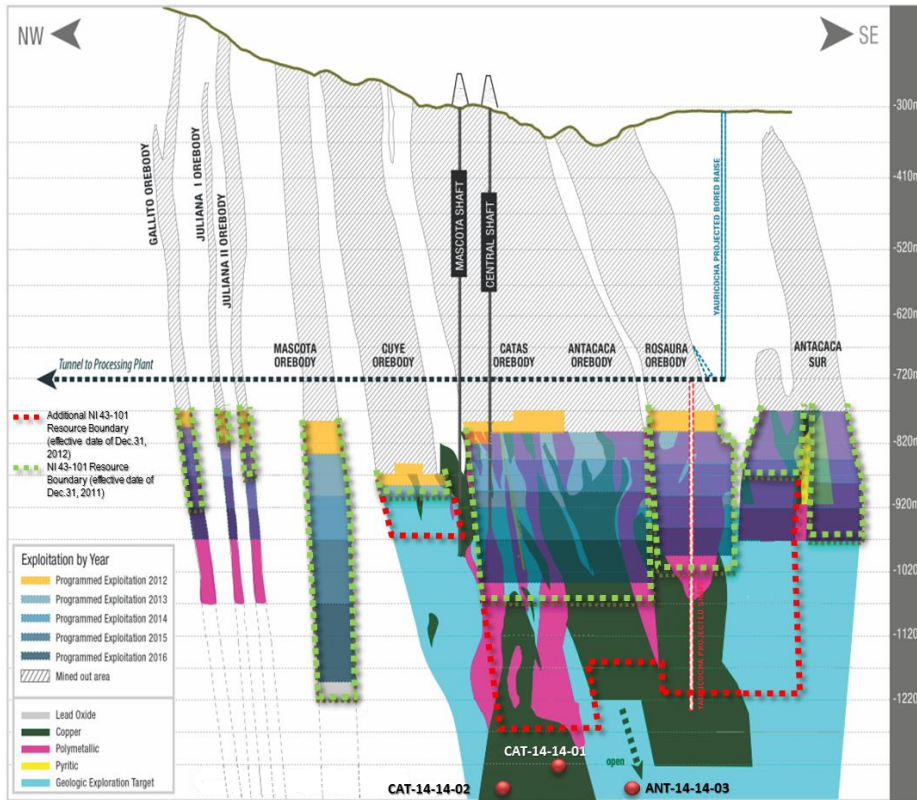


Figure 2: Cross Section along Drill Hole CAT-14-14-01

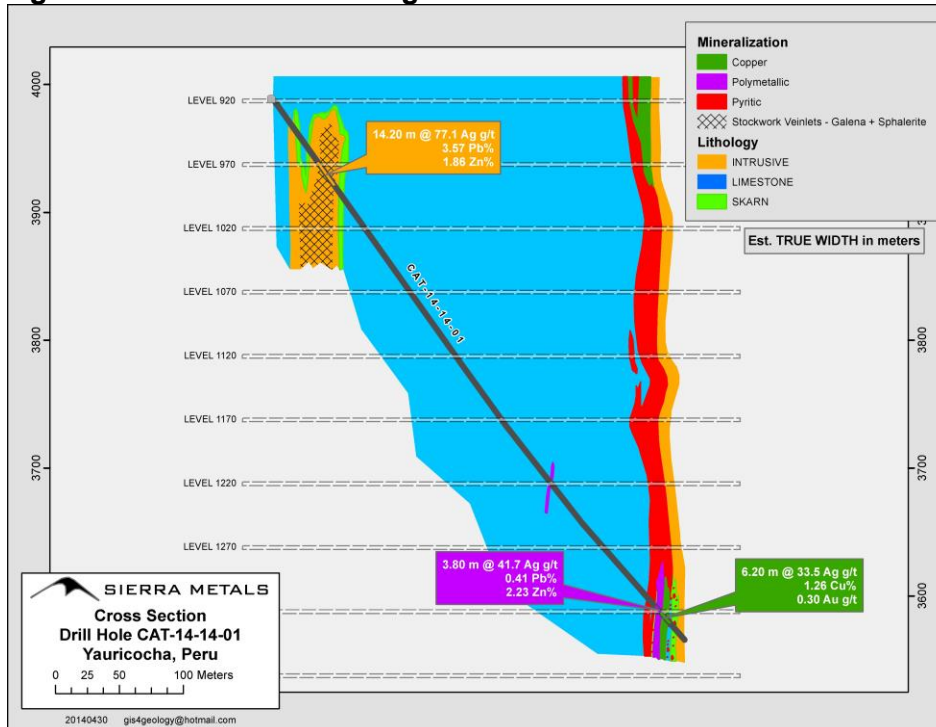


Figure 3: Cross Section along Drill Hole CAT-14-14-02

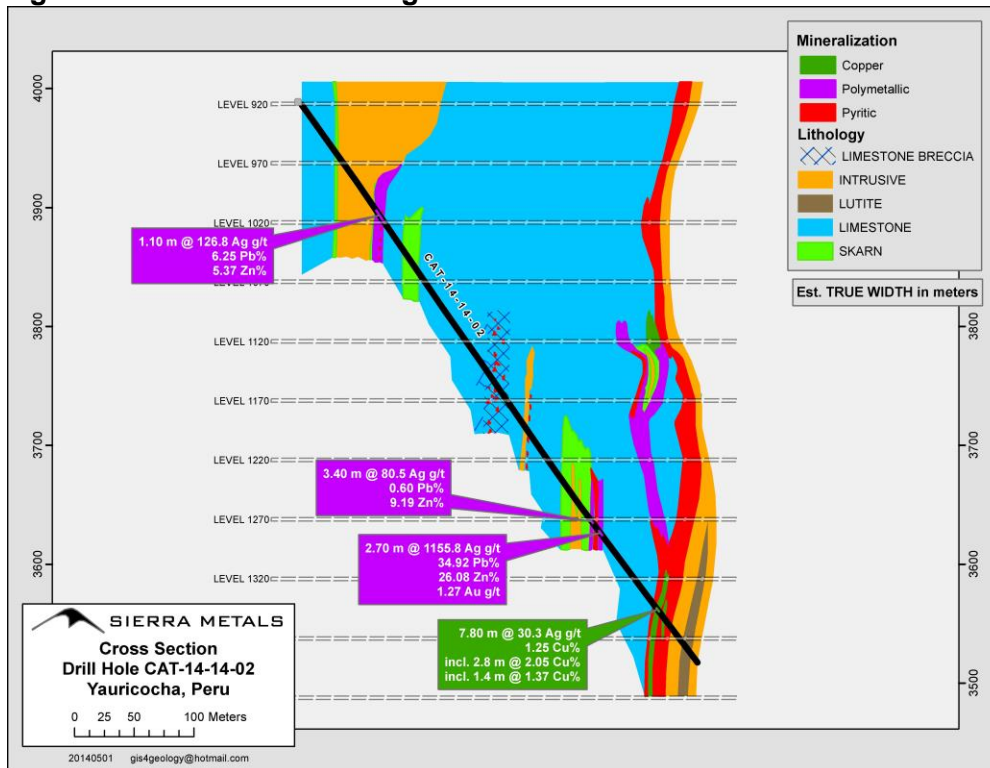


Figure 4: Cross Section and Map Showing Drill Hole CC-ANG-11-14-04

