

www.sierrametalscashoffer.com

C\$0.85 CASH FOR EACH SIERRA METALS SHARE

All cash Offer by Alpayana S.A.C.

Shorecrest Group Ltd.

Depository and Information Agent

Toll free: 1.888.637.5789

Collect: 647.931.7454

contact@shorecrestgroup.com



Letter to Shareholders of Sierra Metals Inc.

We are pleased to present you with a premium cash offer to acquire up to 100% of the outstanding shares of Sierra Metals Inc. (“Sierra Metals” or the “Company”) at a price of C\$0.85 per share (the “Offer”). This Offer is a compelling opportunity that will allow shareholders the ability to achieve immediate liquidity at an attractive market premium.

The cash consideration under the Offer represents premiums of approximately:

- 26% to the 30-day volume weighted average trading price of C\$0.676 per Common Share on the TSX over the 30 trading days ended December 13, 2024 (the last trading day prior to today’s announcement of the Offer); and
- 10% based on the closing price of C\$0.770 per Common Share on the TSX on December 13, 2024.

Sierra doesn’t have the critical mass to absorb inherent risks and to be cost competitive. Sierra’s weak balance sheet and working capital position will continue to make it challenging for Sierra to serve its high expensive debt and fund future capital expenditure. We expect this will result in earnings per share dilution, free cash flow per share dilutions, dividend per share dilution, and value per share dilution.

The Offer allows shareholders to maximize the current value of Sierra rather than continuing to be exposed to the risks associated with the hurdles that Sierra now faces. Moreover, Sierra's continued structural problems make its shareholders highly vulnerable to foreseeable challenges in the financial markets, when access to additional capital is likely to be difficult. After approximately US\$150 million in accumulated net losses over the last 10 years, Sierra shareholders are encouraged to take advantage of this Offer allowing them to redeploy their capital.

Prior M&A efforts by Sierra Metals have failed. By accepting our Offer, you will not need to navigate the risks of Sierra executing on its current strategy and/or monetize your investment in the public markets where there is little liquidity. Shareholders should consider the advantages of freeing up their capital and having redeployment opportunities if they accept this Offer. To the extent that shareholders wish to remain exposed to the Latin Markets, there are several mining companies in Latin America with greater scale, strength and liquidity.

Alpayana is a credible counterparty with the resources and capability to close this acquisition based on its available cash. The Offer is not subject to any financing condition.

Shareholders are encouraged to read the full details of the Offer, in the Take over bid circular and accompanying documents made available to shareholders of Sierra Metals Inc. under Sierra's SEDAR+ profile on www.sedarplus.ca. Please visit www.sierrametalscashoffer.com for more information and updates on the Offer.

Thank you for your consideration.

Sincerely,
Fernando Arrieta
Chief Executive Officer Alpayana S.A.C.
Contact: andesmetalsteam@alpayana.com

No securities tendered to the Offer (as defined below) will be taken up until (a) more than 50% of the outstanding securities of the class sought (excluding those securities beneficially owned, or over which control or direction is exercised, by the Offeror or any person acting jointly or in concert with the Offeror) have been tendered to the Offer (b) the minimum deposit period under the applicable securities laws has elapsed, and (c) any and all other conditions of the Offer have been complied with or waived, as applicable. If these criteria are met, the Offeror will take up securities deposited under the Offer in accordance with applicable securities laws and extend the Offer for an additional minimum period of 10 days to allow for further deposits of securities.

This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment advisor, stockbroker, bank manager, trust company manager, accountant, lawyer or other professional advisor.

The Offer has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed judgment upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

December 30, 2024

OFFER TO PURCHASE FOR CASH

all of the outstanding Common Shares

of

SIERRA METALS INC.

**by Alpayana Canada Ltd. a wholly-owned subsidiary of
ALPAYANA S.A.C.**

at a price of C\$0.85 in cash per Common Share

TENDER YOUR SHARES TODAY TO THE ALL-CASH OFFER

If you have any questions or require assistance with tendering your shares, please contact Shorecrest Group, the Depositary and Information Agent in connection to the Offer, by telephone at 1-888-637-5789 (North American Toll Free Number) or 647-931-7454 (outside North America) or by email at contact@shorecrestgroup.com. To keep current with further developments and information about the Offer, visit www.sierrametalscashoffer.com.

Alpayana Canada Ltd. (the "**Offeror**"), a wholly-owned subsidiary of Alpayana S.A.C. (the "**Corporation**"), hereby offers (the "**Offer**") to purchase, on the terms and subject to the conditions of the Offer, at a price of C\$0.85 in cash per share, all of the issued and outstanding common shares (the "**Common Shares**") of Sierra Metals Inc. ("**Sierra**") including any Common Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time (as defined herein). The Offer is made only for Common Shares and is not made for any other securities to acquire Common Shares.

The Offer is open for acceptance until 5:00 p.m. (Toronto time) on April 14, 2025 (the "**Expiry Time**"), unless the Offer is extended, accelerated or withdrawn by the Offeror in accordance with its terms.

The Depositary and Information Agent for the Offer is:

Shorecrest

North American Toll Free: 1-888-637-5789

Outside of North America: 647-931-7454

E-mail: contact@shorecrestgroup.com

The Common Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "SMT", listed on the Bolsa de Valores de Lima under the symbol "SM" and are quoted on the OTCQX under the symbol "SMTSF". The closing price of the Common Shares on the TSX on December 13, 2024, being the last trading day prior to Alpayana announcing that it would make an offer to acquire all of the Common Shares was C\$0.770.

The Offer represents:

(i) a premium of approximately 26% to the 30-day volume weighted average trading price of C\$0.676 as of December 13, 2024, the last trading day prior to the Corporation announcing that it intends to make an offer to acquire all of the Common Shares of Sierra, and (ii) a premium of approximately 10% over Sierra's closing price of C\$0.770 on the TSX as of that date.

Conditions

The Offer is conditional upon the specified conditions being satisfied, or where permitted, waived at 5:00 p.m. (Toronto time) on April 14, 2025 or such earlier or later time during which Common Shares may be deposited under the Offer, excluding the mandatory 10-day extension period or any extension thereafter, which include, among others: (i) there having been validly deposited under the Offer and not withdrawn that number of Common Shares, representing more than 50% of the outstanding Common Shares, excluding those Common Shares beneficially owned, or over which control or direction is exercised, by the Offeror or by any person acting jointly or in concert with the Offeror, which is a non-waivable condition; (ii) there having been validly deposited under the Offer and not withdrawn that number of Common Shares, representing at least 66 2/3% of the outstanding Common Shares (calculated on a fully diluted basis), excluding those Common Shares beneficially owned, or over which control or direction is exercised, by the Offeror or by any person acting jointly or in concert with the Offeror, which the Offeror may determine to waive in its absolute discretion; (iii) the delivery of an unqualified audit opinion by its auditors, PricewaterhouseCoopers LLP, in connection with Sierra's consolidated audited financial statements (without restatements and/or further asset impairments) for and as at the year ended December 31, 2024; (iv) the achievement by Sierra of certain financial metrics for and as at the year ended December 31, 2024; (v) certain government and regulatory approvals having been obtained that the Offeror considers necessary or desirable in connection with the Offer; (vi) Sierra not undertaking certain operational or corporate changes and the Sierra Board not using its broad powers in the case of a prospective change of control; (vii) there being no default existing under Sierra's Loan Agreements; and (viii) the Offeror having determined, in its sole judgment, that there does not exist and there shall not have occurred or been publicly disclosed since the date of the Offer, a Material Adverse Effect. These and other conditions of the Offer are described in Section 4 of the Offer to Purchase, "Conditions of the Offer". The Offer is not subject to any due diligence, financing or Alpayana or Offeror shareholder approval conditions.

If the Offer is not successful, and no other offer is made for Sierra, we believe it is likely the trading price of the Common Shares will decline to pre-Offer levels. The Offer provides depositing Shareholders the ability to fully monetize and de risk their investment and, ultimately, redeploy their capital into the market including, where desired, in other mining companies with assets in Latin America that may have more liquid stock, more critical mass and a better financial position. We will be required to pay for Common Shares taken up by us at the Expiry Time not later than three business days after the Expiry Time. Provided the conditions to the Offer are satisfied or, where permitted, waived, we will be required to take up Common Shares validly deposited and not withdrawn at the Expiry Time.

Advisors

The Corporation has engaged Shorecrest Group to act as the depositary ("**Depositary**") and as information agent ("**Information Agent**") for the Offer.

North American Toll Free: 1-888-637-5789

Outside of North America: 647-931-7454

E-mail: contact@shorecrestgroup.com.

LXG Capital has been engaged to act as the sole financial advisor to the Corporation.

Acceptance of the Offer

Registered Shareholders who wish to accept the Offer must properly complete and execute the accompanying Letter of Transmittal (printed on YELLOW paper) and deposit it, at or prior to the Expiry Time, together with Certificate(s) representing their Common Shares and all other required documents, with the Depositary and Information Agent at its office in Toronto, Ontario specified in the Letter of Transmittal, in accordance with the instructions in the Letter of Transmittal. Alternatively, Shareholders may accept the Offer by following the procedures for: (i) book-entry transfer of Common Shares set out in Section 3 of the Offer to Purchase, "Manner of Acceptance — Acceptance by Book-Entry Transfer", or (ii) guaranteed delivery set out in Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery", using the accompanying Notice of Guaranteed Delivery (printed on PINK paper), or a manually executed facsimile thereof.

Shareholders whose Common Shares are registered in the name of an investment dealer, bank, trust company or other intermediary should immediately contact that intermediary for assistance if they wish to accept the Offer, in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Questions and requests for assistance may be directed to the Depositary and Information Agent, whose contact details are provided above and on the back cover of this document. To keep current with further developments and information about the Offer, visit: **Error! Hyperlink reference not valid..** Additional copies of this document, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained without charge on request from the Depositary and Information Agent and are available on SEDAR+ at www.sedarplus.ca. Website addresses are provided for informational purposes only and no information contained on, or accessible from, such websites are incorporated by reference herein unless expressly incorporated by reference.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this document, and, if given or made, such information or representation must not be relied upon as having been authorized by the Corporation, the Offeror or the Depositary and Information Agent.

Shareholders should be aware that during the period of the Offer, the Corporation or any of its affiliates may, directly or indirectly, bid for and make purchases of Common Shares as permitted by applicable Law. See Section 12 of the Offer to Purchase, "Market Purchases and Sales of Common Shares".

All cash payments under the Offer will be made in Canadian dollars. However, a Shareholder can instead elect to receive payment in U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case

such Shareholder will have acknowledged and agreed that, in respect of the cash payment under the Offer, the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent to accept the Offer. However, an investment advisor, stock broker, bank, trust company or other intermediary through whom you own your Common Shares may charge a fee to tender any such Common Shares on your behalf. You should consult your investment advisor, stock broker, bank, trust company or other intermediary to determine whether other charges will apply.

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES COMMISSION NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFER AND THE CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Offer is made for the securities of a "foreign issuer" within the meaning of Rule 3b-4 under the United States Securities Exchange Act of 1934, as amended (the "1934 Act"). The Offer is subject to Canadian procedural and disclosure requirements and Shareholders should be aware that these procedural and disclosure requirements are different from those of the United States, including under Regulation 14E of the 1934 Act. Accordingly, this Offer has been prepared in accordance with the applicable disclosure requirements in Canada, and the solicitations and transactions contemplated in this Offer are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that each of Sierra, the Offeror and the Corporation are located in a foreign country, and that some or all of their officers and directors are residents of a foreign country. In addition, it may be difficult for Shareholders in the United States to enforce their rights and any claims they may have arising under United States federal and state securities laws since Sierra is a corporation existing under the federal laws of Canada and the Corporation and the Offeror are corporations existing under the laws of Peru and Ontario, respectively; some or all of the officers and directors of each of the Offeror, the Corporation and Sierra reside outside the United States; and all or a substantial portion of the assets of the Offeror, the Corporation and Sierra are located outside the United States. As a result, it may be difficult or impossible for Shareholders to effect service of process within the United States upon Sierra, the Offeror, the Corporation and their respective officers or directors or to realize against them upon judgements of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Shareholders may not be able to sue the Offeror, the Corporation and Sierra or their respective officers or directors in a foreign court for violations of United States federal securities laws and should not assume that the courts of Canada: (a) would enforce judgements of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

Sierra shareholders in the United States should be aware that the disposition of Common Shares by them as described herein may have tax consequences both in the United States and in Canada. Such consequences may not be fully described herein and such holders are urged to consult their tax advisors. See "Certain Canadian Federal Income Tax Considerations" in Section 18 of the Circular, and "Certain United States Federal Income Tax Considerations" in Section 19 of the Circular.

No broker, investment dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Offer and, if given or made, such information or representation must not be relied upon as having been authorized by the Offeror or the Corporation.

NOTICE TO SHAREHOLDERS IN PERU

This Offer do not constitute an offer to sell or a solicitation to acquire securities in Peru or any other jurisdiction where such an offer or solicitation would be unlawful. The securities referred to herein have not been, and will not be, registered with the Superintendencia del Mercado de Valores (the "SMV") or in the Public Registry of the Peruvian securities market, in accordance with Peruvian law. Therefore, such securities may not be offered, sold, pledged, or otherwise transferred within the territory of the Republic of Peru except in compliance with the applicable provisions of the Peruvian securities law and regulations issued by the SMV.

The Offer is made for the securities of a foreign issuer. The Offer is subject to Canadian disclosure requirements and Shareholders should be aware that these disclosure requirements are different from those of the Republic of Peru. This Offer is addressed exclusively to authorized recipients and may not be distributed, copied, forwarded, or reproduced, in whole or in part, to third parties without prior written consent from the Corporation or the Offeror. Unauthorized distribution of this document may constitute a violation of Peruvian securities law.

Recipients of this document are advised to consult their legal, financial, and tax advisors to determine the obligations and regulations applicable in Peru concerning any investment or transaction mentioned herein.

CURRENCY

All references to "\$" or "C\$" in the Offer to Purchase and Circular mean Canadian dollars, except where otherwise indicated. All references to US\$ in the Offer to Purchaser and Circular mean U.S. dollars. On December 13, 2024, the Bank of Canada daily exchange rate for U.S. dollars was \$1.00 = US\$0.7027.

The following table sets forth, for each of the periods indicated, the end-of-period daily exchange rate, the average daily exchange rate and the high and low daily exchange rate for one Canadian dollar in exchange for one United States dollar, as quoted by the Bank of Canada.

	Three Months Ended September 30, 2024 (US\$)	Year Ended December 31, 2023 (US\$)
High	US\$0.7429	US\$0.7617
Low	US\$0.7216	US\$0.7207
Average	US\$0.7331	US\$0.7409
End of Period	US\$0.7408	US\$0.7561

CAUTIONARY STATEMENT

The information contained in the Offer to Purchase and Circular concerning Sierra and its subsidiaries has been obtained through Sierra's public record on SEDAR+. Although the Offeror and the Corporation have no knowledge that any statement contained herein taken from, or based on, such information and records of information are untrue or incomplete, the Offeror and the Corporation assume no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by Sierra to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Offeror or the Corporation.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout the Offer to Purchase and Circular was obtained from third-party sources and websites and other publicly available information, including publicly filed information by other Latin American mining companies. Alpayana and the Offeror have relied on the accuracy and completeness of the market and industry data presented throughout the Offer to Purchase and Circular. Such information is not guaranteed and neither the Offeror nor the Corporation make any representation as to the accuracy of such data. Neither the Offeror nor the Corporation have independently verified any of the data from third-party sources referred to in the Offer to Purchase and Circular, analyzed or verified the underlying information relied upon or referred to by such sources, or

ascertained the underlying market, economic and other assumptions relied upon by such sources. In addition, projections, assumptions and estimates of the Offeror's, the Corporation's and Sierra's future performance and the future performance of the industry and markets in which the Offeror, the Corporation and Sierra operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. See "Forward-Looking Information" below.

FORWARD-LOOKING INFORMATION

Certain statements contained in Section 3 of the Circular, "Certain Information Concerning Securities of Sierra", Section 6 of the Circular, "Reasons to Accept the Offer", Section 7 of the Circular, "Purpose of the Offer", Section 8, of the Circular, "Effects of the Offer", Section 9 of the Circular, "Source of Funds" and Section 13 of the Circular, "Acquisition of Common Shares Not Deposited", Section 14 of the Circular, "Consequences of Change of Control of Sierra under Peruvian Securities Laws", Section 16 of the Circular, "Regulatory Matters" and Section 17 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer" in addition to certain statements contained elsewhere in this document or incorporated by reference herein, contain "forward-looking information" and are prospective in nature. Forward-looking information is not based on historical facts, but rather on current expectations and projections about future events and are therefore subject to risks and uncertainties that could cause actual results to differ materially from the future results expressed or implied by the forward-looking information. Often, but not always, forward-looking information can be identified by the use of forward-looking words such as "believes", "plans", "expects", "intends", "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information contained in this Circular includes, but is not limited to, statements relating to the following items: expectations relating to the Offer; the satisfaction or waiver of the conditions to consummate the Offer; the benefits of the Offer, the results, effects and timing of the Offer and completion of any Compulsory Acquisition or Subsequent Acquisition Transaction; the belief that the Offer is a superior alternative to the risk of further declines in the price of the Common Shares if the Offer is not successful; the tax treatment of Shareholders; that all required third-party regulatory and governmental approvals to the transaction will be obtained; the price of metals; and anticipated costs.

Although the Offeror and the Corporation believe that the expectations reflected in such forward-looking information are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking information, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause the completion of the Offer to differ materially from any future results, performance or achievements expressed or implied by such forward-looking information include, among other things, the ultimate outcome of any possible transaction between the Offeror and Sierra, including the possibility that Sierra will not accept a transaction with the Offeror or enter into discussions regarding a possible transaction, actions taken by Sierra, Sierra's Board and management team in respect of the Offer, its business, or otherwise, actions taken by security holders of Sierra in respect of the Offer, that the conditions of the Offer may not be satisfied or waived by the Offeror at the expiry of the Offer period, the ability of the Offeror to acquire 100% of the Common Shares through the Offer, the ability to meet other closing conditions to any possible transaction, including any potential adverse reactions or changes to business relationships resulting from the announcement, pendency or completion of the Offer transaction or any subsequent transaction, competitive responses to the announcement or completion of the Offer, unexpected costs, liabilities, charges or expenses resulting from the proposed transaction, the ability to obtain regulatory approvals, litigation against the Corporation or the Offeror or litigation relating to the proposed transaction, any changes in general economic and/or industry-specific conditions, industry risk, risks inherent in the running of the business of Sierra or its affiliates, legislative or regulatory changes, Sierra's structure and its tax characteristics, risks and delays relating to the Canada Post strike and that there are no inaccuracies or material omissions in Sierra's publicly available information, and that Sierra has not disclosed events which may have occurred or which may affect the significance or accuracy of such information. These are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of the Offeror's forward-looking information. Other unknown and unpredictable factors could also impact its results. Many of these risks and uncertainties relate to factors beyond the Offeror's ability to control or estimate precisely. Consequently, there can be no assurance that the actual results or developments anticipated by the Offeror will be realized or, even if substantially realized, that they will have the expected consequences for, or effects on, the Offeror, its future results and performance.

Forward-looking information in the Circular is based on the Offeror's and the Corporation's beliefs and opinions at the time the information is given, and there should be no expectation that this forward-looking information will be updated or supplemented as a result of new information, estimates or opinions, future events or results or otherwise, and each of the Offeror and the Corporation disavows and disclaims any obligation to do so except as required by applicable Law. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of the Offeror or any of its affiliates.

Unless otherwise indicated, the information concerning Sierra contained herein has been taken from or is based upon Sierra's and other publicly available documents and records on file with the Securities Regulatory Authorities and other public sources at the time of the Offer. Although the Offeror and the Corporation have no knowledge that would indicate that any statements contained herein relating to Sierra, taken from or based on such documents and records are untrue or incomplete, neither the Offeror, the Corporation nor any of their respective officers or directors assumes any responsibility for the accuracy or completeness of such information, or for any failure by Sierra to disclose events or facts that may have occurred or which may affect the significance or accuracy of any such information, but which are unknown to the Offeror and the Corporation.

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QUESTIONS AND ANSWERS ABOUT THE OFFER

The following are some of the questions that you, as a Shareholder of Sierra, may have and the answers to those questions. The information contained in these questions and answers is a summary only and is not meant to be a substitute for the more detailed description and information contained elsewhere in the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery. Shareholders are urged to read the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery in their entirety. Terms defined in the Glossary and not otherwise defined in these questions and answers have the respective meanings given to them in the Glossary, unless the context otherwise requires. Cross-references have been included in these questions and answers to other sections of the Offer to Purchase and Circular where you will find more complete descriptions of the topics mentioned below.

Who is making the Offer?

The Offeror, meaning Alpayana Canada Ltd., a wholly-owned subsidiary of Alpayana S.A.C., is making the Offer, and was incorporated for the sole purpose of making the Offer. The Offeror is a corporation organized under the Laws of Ontario. The Offeror's registered office is located at 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6, Canada.

Alpayana is a family-owned private mining company committed to the development and promotion of sustainable and responsible mining. It strives to leave a positive and meaningful legacy by prioritizing the well-being of its employees, the communities it impacts and the environment.

Alpayana has been operating mines in Peru for over 38 years, has a successful M&A track record, and experience in developing projects with a view on intrinsic value. Alpayana successfully acquired Empresa Minera Los Quenuales (Yauliyacu mine and Iscaycruz mine) from Glencore in 2022 and Compañía Minera Argentum (Morococha mine) from Pan American Silver in 2023. Alpayana is currently debt free and has annual revenues of over US\$500 million. Alpayana has the financial resources, the M&A experience and the mining capabilities to complete the Offer and to restructure Sierra.

See Section 1 of Circular, "The Offeror".

The Offer

Under the Offer, the Offeror is offering to purchase all of the issued and outstanding Common Shares, including, without limitation, any Common Shares that may become issued and outstanding after the date of the Offer but before the Expiry Time in exchange for C\$0.85 in cash for each Common Share for aggregate consideration of C\$179,966,451, based on the number of Common Shares issued and outstanding as of the date hereof.

The Offer is made only for Common Shares and is not made for any other securities to acquire Common Shares. Any outstanding RSUs will be treated in accordance with the applicable plan governing the terms of such RSU.

See Section 1 of the Offer to Purchase, "The Offer".

What would I receive in exchange for each of my Common Shares?

The Offeror is offering C\$0.85 in cash for each Common Share you hold without interest and less any required withholding taxes. Shareholders will have the right to elect to receive payment of the cash consideration under the Offer in U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Shareholder will have acknowledged and agreed that, in respect of the cash payment under the Offer, the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted.

See Section 1 of the Offer to Purchase, "The Offer".

Why should I accept the Offer?

The Offeror and the Corporation believe that the Offer is compelling, and represents a clearly superior alternative to continuing the course set by the current Sierra Board and management of Sierra, for the following reasons:

- **Premium to Market Price.** The Offer represents a premium of approximately 26% to the 30-day volume weighted average trading price of C\$0.676 as of December 13, 2024, the last trading day prior to the Corporation announcing that it intends to make an offer to acquire all of the Common Shares of Sierra and a premium of 10% over Sierra's closing price of C\$0.770 on the TSX as of that date.
- **Opportunity to Redeploy Funds.** Based on its publicly available annual audited financial statements from 2013 to September 30, 2024, Sierra has reported accumulated net losses of an aggregate of US\$153 million. Sierra's actions have resulted in a destruction of shareholder value; in the last 10-years the ROE of Sierra has been negative 11.1% and over the last twelve months the ROE was negative 5.4% which compares to +15.8% for Latam Mining Companies. The Offer provides Shareholders with an opportunity to monetize their investment and redeploy such funds into other investments, including dividend paying investments and/or in other mining companies with assets in Latin America that may have more liquid stock, more critical mass and a better financial position.
- **Weak Balance Sheet.** Sierra has expensive liabilities, a working capital shortfall, a large asset base subject to potential impairments, and outsized corporate expenses relative to total assets. The funding of future capital expenditures could result in earnings per share dilution, free cash flow per share dilution, value per share dilution, and continued constraint to establish a dividend program. Accepting the Offer eliminates these balance sheet related risks for Shareholders.
 - **Current Ratio.** The Current Ratio for Sierra as at September 30, 2024 is 0.86x which compares to the median 1.82x for Latam Mining Companies. Sierra would need to increase its working capital position by US\$89.2¹ million to have a Current Ratio in line with the median of Latam Mining Companies.
 - **Assets Subject to Potential Impairment.** Sierra's Assets Subject to Potential Impairment are US\$113.5 million, which is equivalent to 133% of Shareholder equity as at September 30, 2024 and in the last 3 years, Sierra has accumulated impairments of US\$62.5 million.
- **Liquidity and Certainty of Value.** The Offer provides a compelling liquidity event and an opportunity for Shareholders to realize cash proceeds and certainty of value for their entire investment in an entity that has low stock liquidity.
- **Risk of the Status Quo.** There is considerable risk to Shareholders if the Sierra Board and management team continue to pursue their current strategy which has resulted in a weak and weakening balance sheet with restrictive bank covenants, failed M&A attempts, and a lack of critical mass capable of absorbing potential mining risks. The Offer provides Shareholders with the ability to fully monetize and derisk their investment and, ultimately, redeploy their capital into the market. The Offeror will be required to pay for Common Shares taken up by it at the Expiry Time, not later than three business days after the Expiry Time. Provided the conditions to the Offer are satisfied or, where permitted, waived, the Offeror will be required to take up Common Shares validly deposited and not withdrawn at the Expiry Time.
 - **High Debt Load** – Based on its publicly available information, as at September 30, 2024, Sierra had US\$97.1 million in gross bank debt. In addition, Sierra also had another US\$23.1 million in structural gross financing through Net Working Capital deficit, discounted sales of minerals which

¹ Estimated using the median of the Current Ratio for Latam Mining Companies (1.82x) multiplied by Sierra's Current Liabilities (US\$93.4 million) as reported in Sierra's Financial Statements as at September 30, 2024 minus Sierra's Current Assets (US\$80.3 million) as reported in Sierra's Financial Statements as at September 30, 2024. Total Gross Debt Load includes a Net Working Capital deficit of US\$21.6 million, a fraction of the shortfall based on Latam Mining Companies.

generate implicit interest costs, and leases. This total amount of US\$120.2² million in structural gross financings needs to be serviced which will continue to impair Sierra's ability to pay future dividends. Furthermore, Sierra owes Corona, a controlled publicly traded subsidiary with minority shareholders, US\$56.5 million as at September 30, 2024.

- **Expensive Debt Load** – Based on publicly available information, Sierra's cost of funds remains high. The syndicated loan was priced at a floating rate of 3-month SOFR + 6.5% and at a fixed rate of 12%. The constant refinancings, restructurings and waiver requirements increase the real all-in financing costs. As Sierra has recently experienced a weak balance sheet, this, combined with restrictive covenants and only two mining units in a volatile mining sector that has significant inherent risks leads to a high quantity of financial distress. Moreover, the high yield nature of Sierra leaves the Company and its Shareholders more vulnerable to a financial crisis.
- **Impaired Dividend Capacity** – Sierra's press releases focus on Net Debt to EBITDA. Such ratio ignores the high capex requirements (sustaining and growth), the high working capital requirements (both ordinary course and to replenish the deficit), the high interest expense, the upcoming principal amortizations, and the non-bank structural financings. Under a dividend discount model (DDM) there does not seem to be value in Sierra's stock in the status quo scenario unless corporate expenses are eliminated and the balance sheet is adequately strengthened.
- **Restrictive Covenants** – Based on publicly available information, Sierra's Senior Secured Credit Agreement entered into in June 2024 contains restrictive financial covenants and amortization starting next year. Such credit agreement is restrictive of dividend payments and capex. Under such credit agreement, Sierra pledged the Yauricocha Mine in Peru and the Bolivar Mine in Mexico. In this context, considering that Sierra has only two assets, has a weak balance sheet, and operates in the volatile mining environment such restrictions put the Shareholders at risk.
- **Failed M&A Attempts** – Based on publicly available information, Sierra has conducted strategic reviews which have failed to result in any accretive acquisitions or mergers.
- **Lack of Scale** – We recognize management's competency and commitment. However, Sierra does not seem to have the critical mass to absorb inherent mining risks, further asset impairments, or current corporate expenses. Sierra has made an announcement regarding reaching full production; however, while this contributes to their capability to service debt it will not resolve their continued structural problems related to scale such as very high corporate expenses and very high production costs per pound.
- **High Production Costs** – Lack of scale contributes to the high production cost of Sierra. In recent quarters the all in sustaining cost at the Yauricocha and Bolivar mines has ranged from US\$3.23 to US\$3.75 per copper-equivalent pound. These figures are well above industry averages.
- **High Selling, General and Administrative Expenses** – Sierra's reported SG&A expenses relative to total assets is 13.5% which compares to 2.4% for Latam Mining Companies for the last twelve months as at September 30, 2024; to bring it to median levels of Latam Mining Companies, Sierra would need to reduce SG&A expenses by 82%.
- **High Vulnerability to Markets Turmoil or a Financial Crisis** – A weak balance sheet combined with lack of scale, high and expensive debt load and restrictive covenants leaves Sierra and its Shareholders highly vulnerable to market turmoil or a financial crisis. In these situations, access to capital can become restricted, and lenders may be hesitant to extend credit, leaving Sierra with greater exposure to liquidity problems. In the event of market turmoil or a financial crisis, Sierra may face significant challenges raising new capital or refinancing existing debt.

² Non-current lease liabilities are not included as this figure is not reported in the interim financial statement as of September 30, 2024.

- **Fully Funded Cash Offer.** Alpayana is a credible counterparty with the resources and capability to close this acquisition based on its available cash. The Offer is not subject to any financing condition.
- **Potential for Negative Impact to Common Share Price if the Offer is Not Accepted.** The Offer represents a premium to the market price of the Common Shares on the last trading day prior to the public announcement of our intention to make the Offer. If the Offer is not successful, and no other offer is made for Sierra, we believe it is likely the trading price of the Common Shares will decline to pre-Offer levels.
- **Share Consolidation is Not a Solution.** On December 12, 2024, Sierra announced that it will hold a special meeting to approve a consolidation of its Common Shares on the basis of one new Sierra common share for up to every 20 Common Shares of Sierra. Alpayana believes that this is a clear sign that Sierra has lost faith in its ability to increase its share price based on performance. In addition, many share consolidations have had mixed results, with the share price often not increasing to a level equivalent to the consolidation ratio. If Sierra proceeds with the share consolidation, the consideration per share offered by the Offeror will be adjusted proportionately to any such share consolidation.

What are some of the most significant conditions of the Offer?

The Offer is conditional upon the specified conditions being satisfied, or where permitted, waived at 5:00 p.m. (Toronto time) on April 14, 2025 or such earlier or later time during which Common Shares may be deposited under the Offer, excluding the mandatory 10-day extension period or any extension thereafter, which include, among others:

- there having been validly deposited under the Offer and not withdrawn that number of Common Shares, representing more than 50% of the outstanding Common Shares, excluding those Common Shares beneficially owned, or over which control or direction is exercised, by the Offeror or by any person acting jointly or in concert with the Offeror, which is a non-waivable condition;
- there having been validly deposited under the Offer and not withdrawn that number of Common Shares, representing at least 66 2/3% of the outstanding Common Shares (calculated on a fully diluted basis), excluding those Common Shares beneficially owned, or over which control or direction is exercised, by the Offeror or by any person acting jointly or in concert with the Offeror, which the Offeror may determine to waive in its absolute discretion;
- the delivery of an unqualified audit opinion by its auditors, PricewaterhouseCoopers LLP, in connection with Sierra's consolidated audited financial statements (without restatements and/or further asset impairments) for and as at the year ended December 31, 2024.
- the achievement by Sierra of certain financial metrics for and as at the year ended December 31, 2024,
- certain government and regulatory approvals having been obtained that the Offeror considers necessary or desirable in connection with the Offer;
- Sierra not undertaking certain operational or corporate changes and the Sierra Board not using its broad powers in the case of a prospective change of control;
- there being no default existing under Sierra's Loan Agreements; and
- the Offeror having determined, in its sole judgment, that there does not exist and there shall not have occurred or been publicly disclosed since the date of the Offer, a Material Adverse Effect.

These and other conditions of the Offer are described in Section 4 of the Offer to Purchase, "Conditions of the Offer". The Offer is not subject to any due diligence, financing or Alpayana or Offeror shareholder approval conditions.

All conditions of the Offer other than the Statutory Minimum Condition may be waived by the Offeror.

Notwithstanding any other provision of the Offer, but subject to applicable Law, the Offeror has the right to withdraw the Offer or extend the Offer, and shall not be required to take up and pay for any Common Shares deposited under the Offer, unless the conditions described in Section 4 of the Offer to Purchase, "Conditions of the Offer", are satisfied or waived at or prior to the Expiry Time.

What is the Offeror's source of funding for the Offer?

The Offeror estimates that, in the event that all of the issued and outstanding Common Shares (excluding those Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by the Corporation and its affiliates (including the Offeror) as of the date hereof) are tendered to the Offer and are taken in and paid for by the Offeror, the total amount required for the purchase of such Common Shares will be approximately C\$179,966,451, plus related fees and expenses associated with the Offer. The Offeror will be funding the Offer with cash on hand.

See Section 9 of the Circular, "Source of Funds".

Why is the Offeror making the unsolicited Offer directly to Shareholders?

Alpayana believes that acquiring the Common Shares directly from Shareholders is the only course of action available to Alpayana. Alpayana respects the CEO and Chairman of the Sierra Board; however, during the past few years, Alpayana has observed certain actions taken by Sierra's leadership and its influence over the operations of Corona, that Alpayana believes did not respect the interest of Corona's public minority shareholders.

In addition, in January 2023, Alpayana submitted a non-binding offer to the then Chair of the Sierra Board to participate in a capitalization of Sierra that was not made public. Shortly after the submission of such confidential letter, the share price of the Common Shares increased substantially and, as a result, Alpayana determined that it was unable to continue to pursue its offer.

As such, Alpayana believes that making the offer directly to Shareholders is the most effective, transparent and efficient way for Shareholders to receive a compelling offer and to have an opportunity to determine what is best for their investment. In addition, the Offer will provide Shareholders with the ability to realise immediate and certain value for their Common Shares.

If the conditions of the Offer are satisfied or waived at the Expiry Time and the Offeror takes up and pays for the Common Shares validly deposited under the Offer, the Offeror intends (but is not required) to acquire any Common Shares not deposited under the Offer through a Compulsory Acquisition, if available, or to propose a Subsequent Acquisition Transaction, in each case for consideration per Common Share equal in value to and in the same form as the consideration paid by the Offeror per Common Share under the Offer. The exact timing and details of any such transaction will depend upon a number of factors, including, without limitation, the number of Common Shares acquired pursuant to the Offer.

See Section 7 of the Circular, "Purpose of the Offer" and Section 13 of the Circular, "Acquisition of Common Shares Not Deposited".

How long do I have to decide whether to tender into the Offer and can that time be accelerated?

The Offer is open for acceptance until the Expiry Time, which is 5:00 p.m. (Toronto time) on April 14, 2025 unless the Offeror extends, accelerates or withdraws the Offer in accordance with its terms. The Offeror will not amend the Offer to cause the Expiry Time to occur earlier than 35 days following the date of the Offer. If the Statutory Minimum Condition is satisfied and the other conditions to the Offer are satisfied or waived at or prior to the expiry of the Offer such that the Offeror takes up the Common Shares validly deposited under the Offer, it will make a public announcement of the foregoing and extend the period during which Common Shares may be deposited and tendered to the Offer for a period of not less than 10 business days after the date of such announcement. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

The initial deposit period under the Offer may be shortened in the following circumstances, subject to a minimum deposit period of at least 35 days from the date of the Offer: (i) if Sierra issues a deposit period news release in respect of either the Offer or another offeror's take-over bid that is less than 105 days, we may vary the terms of the Offer to shorten the initial deposit period to at least the number of days from the date of the Offer as stated in the deposit period news release; or (ii) if Sierra issues a news release announcing that it has agreed to enter into, or determined to effect, an Alternative Transaction, we may vary the terms of the Offer to shorten the initial deposit period to at least 35 days from the date of the Offer. In either case, the Offeror intends to vary the terms of the Offer by shortening the initial deposit period to the shortest possible period consistent with applicable Law.

If the Offeror extends or accelerates the Offer, it will notify the Depositary and Information Agent and publicly announce such extension or acceleration and, if required by applicable Law, mail you a copy of the notice of variation. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

Can the Offer be extended or accelerated and, if so, under what circumstances?

Yes. The Offeror may elect, in its sole discretion, to extend the Offer from time to time. If the Offeror takes up any Common Shares under the Offer, the Offer will be extended and remain open for the deposit of Common Shares for not less than ten days from the date on which Common Shares are first taken up. If Sierra issues a deposit period news release (as defined herein) or announces that it has agreed to enter into, or determined to effect, an Alternative Transaction, the Offeror reserves the right to accelerate the Expiry Time and to shorten the initial deposit period to a shorter period consistent with applicable Law.

In accordance with applicable Law, if the Offeror is obligated to take up such Common Shares, the Offeror will extend the period during which Common Shares may be deposited under the Offer for a mandatory 10-day extension period following the expiry of the initial deposit period and may extend the deposit period after such mandatory 10-day extension period for Optional Extension Periods. The Offeror will take up and pay for Common Shares deposited under the Offer during the mandatory 10-day extension period and any Optional Extension Period not later than ten days after such deposit. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

If the Offeror extends or accelerates the Offer, the Corporation on behalf of the Offeror will notify the Depositary and Information Agent and publicly announce such extension or acceleration and, if required by applicable Law, mail you a copy of the notice of variation. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

How do I tender my Common Shares?

To accept the Offer you may deliver any Certificate(s) representing your Common Shares together with a properly completed and duly executed Letter of Transmittal (printed on YELLOW paper), and all other required documents to the Depositary and Information Agent at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Detailed instructions are contained in the Letter of Transmittal that accompanies the Offer. See Section 3 of the Offer to Purchase, "Manner of Acceptance — Letter of Transmittal".

If your Common Shares are registered in the name of an investment dealer, bank, trust company or other intermediary, you should immediately contact that intermediary for assistance if you wish to accept the Offer in order to take the necessary steps to be able to deposit such Common Shares under the Offer as they will be different from that noted above. Intermediaries likely have established tendering cut-off times that are prior to the Expiry Time. You must instruct your broker or other intermediary promptly if you wish to tender.

If you wish to deposit your Common Shares under the Offer and any Certificate(s) representing such Common Shares are not immediately available, or if the Certificate(s) and all other required documents cannot be provided to the Depositary and Information Agent at or prior to the Expiry Time, such Common Shares nevertheless may be validly deposited under the Offer in compliance with the procedures for guaranteed delivery using the accompanying Notice of Guaranteed Delivery (printed on PINK paper) or CDS online letter of guarantee option. See Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery".

You may also accept the Offer by following the procedures for book-entry transfer detailed in the Offer to Purchase and Circular and have your Common Shares tendered by your intermediary through CDS or DTC, as applicable, provided such procedures are completed prior to the Expiry Time.

You should contact the Depositary and Information Agent or a broker or dealer for assistance in accepting the Offer and in depositing your Common Shares with the Depositary. To keep current with further developments and information about the Offer, visit www.sierrametalscashoffer.com.

Shorecrest Group, the Depositary and Information Agent, can be contacted by telephone at 1-888-637-5789 (North American Toll Free Number) or 647-931-7454 (outside North America) or by email at contact@shorecrestgroup.com

Will I have to pay any fees or commissions?

No fee or commission will be payable if you accept the Offer by depositing your Common Shares directly with the Depositary and Information Agent to accept the Offer. However, an investment advisor, stock broker, bank, trust company or other intermediary through whom you own your Common Shares may charge a fee to tender any such Common Shares on your behalf. You should consult your investment advisor, stock broker, bank, trust company or other intermediary to determine whether other charges will apply.

When will the Offeror pay for deposited Common Shares?

If all of the conditions of the Offer described in Section 4 of the Offer to Purchase, "Conditions of the Offer", have been satisfied or waived by us at or prior to the Expiry Time, the Offeror will take up and pay for Common Shares validly deposited under the Offer and not properly withdrawn. Any Common Shares will be taken up immediately after the initial deposit period for the Offer, and the Offeror will pay for Common Shares taken up as soon as possible but in any event not later than three business days after taking up the Common Shares.

In accordance with applicable Law, if the Offeror is obligated to take up such Common Shares, the Offeror will extend the period during which Common Shares may be deposited under the Offer for a mandatory 10-day extension period following the expiration of the initial deposit period and may extend the deposit period for Optional Extension Periods. The Offeror will take up and pay for Common Shares deposited under the Offer during the mandatory 10-day extension period and any Optional Extension Period not later than ten days after such deposit.

See Section 6 of the Offer to Purchase, "Take-Up of and Payment for Deposited Common Shares".

Will I be able to withdraw previously tendered Common Shares?

You may withdraw Common Shares you deposit under the Offer at any time: (i) before the Offeror takes up the Common Shares you deposit under the Offer, (ii) if the Offeror does not pay for your Common Shares within three business days after having taken up such Common Shares, and (iii) in certain other circumstances discussed in Section 7 of the Offer to Purchase "Withdrawal of Deposited Common Shares".

How do I withdraw previously tendered Common Shares?

To withdraw previously tendered Common Shares, you must send a notice of withdrawal to the Depositary and Information Agent prior to the occurrence of certain events and within the time periods set forth in Section 7 of the Offer to Purchase, "Withdrawal of Deposited Common Shares". The notice must contain the specific information outlined in Section 7 of the Offer to Purchase.

If your stockbroker, dealer, bank or other intermediary has tendered Common Shares on your behalf and you wish to withdraw such Common Shares, you must arrange for such intermediary to timely withdraw such securities.

What are the Sierra Board's obligations in connection with the Offer?

Under Canadian securities Laws, a directors' circular must be prepared and sent to Shareholders no later than 15 days from the date of commencement of the Offer. The directors' circular must include either: (i) a recommendation to accept or reject the Offer, and the reasons for the board of directors' recommendation, a statement that the board of directors is unable to make or is not making a recommendation, (ii) if no recommendation is made, the reasons for not making a recommendation; or (iii) a statement that the board of directors is considering the bid and advising holders not to deposit under the bid until they receive further information from the board, provided that the board of directors must communicate to security holders a recommendation to accept or reject the Offer or the decision that it is unable to make, or is not making, a recommendation, together with the reasons for the recommendation or decision, at least seven days before the scheduled expiry of the initial deposit period.

See Section 5 of the Circular, "Background to the Offer".

How will Canadian residents and non-residents of Canada be taxed for Canadian income tax purposes?

Generally, a Shareholder who, within the meaning of the Tax Act (a) is, or is deemed to be resident in Canada, (b) deals at arm's length with the Offeror and Sierra, (c) is not affiliated with the Offeror or Sierra, (d) holds the Common Shares as capital property, (e) did not acquire Common Shares in respect of, in the course of, or by virtue of employment with or the provision of services to Sierra or any corporation or other entity not dealing at arm's length with Sierra, and (f) who sells such shares to the Offeror under the Offer, will realize a capital gain (or capital loss) equal to the amount by which the cash received, net of any reasonable costs of disposition, exceeds (or is less than) the aggregate adjusted cost base to the Shareholder of such Common Shares.

Generally, a Shareholder who is not, and is not deemed to be resident in Canada and who does not use or hold, and is not deemed to use or hold, their Common Shares in a business or adventure or concern in the nature of trade carried on in Canada will not be subject to tax in Canada in respect of any capital gain realized on the sale of Common Shares to the Offeror under the Offer, unless those shares constitute "taxable Canadian property" of such Shareholder within the meaning of the Tax Act and the capital gain is not otherwise exempt from tax under the Tax Act pursuant to an applicable income tax treaty or convention.

The foregoing is a brief summary of certain Canadian federal income tax consequences and is qualified in its entirety by Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations", which provides a summary of the principal Canadian federal income tax considerations generally applicable to certain Shareholders. Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares pursuant to the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction.

How will I be taxed for U.S. federal income tax purposes?

Generally, a U.S. Shareholder (as defined below) who owns Common Shares as capital assets and who disposes of such Common Shares pursuant to the Offer will realize a taxable gain or loss for U.S. federal income tax purposes. The U.S. federal income tax treatment of such gain or loss to a U.S. Shareholder will depend, in part, upon the U.S. Shareholder's holding period, and upon whether Sierra is or was a passive foreign investment company ("PFIC") for any taxable year in which such U.S. Shareholder has held Common Shares and whether such U.S. Shareholder has made any election under the PFIC rules.

The foregoing is a brief summary of certain United States federal income tax consequences of the Offer and is qualified in its entirety by Section 19 of the Circular, "Certain United States Federal Income Tax Considerations", which provides a summary of certain material United States federal income tax considerations generally applicable to U.S. Shareholders. Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of a sale of Common Shares pursuant to the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction.

If I decide not to tender, how will my Common Shares be affected?

If, by the Expiry Time or within 120 days after the date of the Offer, whichever period is shorter, the Offer is accepted by holders who in the aggregate hold not less than 90% of the issued and outstanding Common Shares, other than Common Shares held at the date of the Offer by or on behalf of the Corporation, or an affiliate or associate of the Corporation (as those terms are defined in the CBCA), and the Offeror acquires or is bound to take up and pay for such Deposited Common Shares under the Offer, the Offeror may, at its option, acquire those Common Shares which remain outstanding held by those persons who did not accept the Offer pursuant to a Compulsory Acquisition. If a Compulsory Acquisition is not available or the Offeror chooses not to avail itself of such statutory right of acquisition, the Offeror intends to pursue other means of acquiring the remaining Common Shares not tendered under the Offer pursuant to a Subsequent Acquisition Transaction. If the Offeror proposes a Subsequent Acquisition Transaction, the Offeror intends to cause the Common Shares acquired under the Offer to be voted in favour of such a Subsequent Acquisition Transaction and, to the extent permitted by applicable Law, to be counted as part of any minority approval that may be required in connection with such transaction. The timing and details of such a Subsequent Acquisition Transaction, if any, will necessarily depend on a variety of factors, including, without limitation, the number of Common Shares acquired pursuant to the Offer. If, after taking up Common Shares under the Offer, the Offeror and its affiliates own at least 66⅔% of the outstanding Common Shares and sufficient votes are cast by "minority" holders to constitute a majority of the "minority" pursuant to MI 61-101, the Offeror should own sufficient Common Shares to be able to effect a Subsequent Acquisition Transaction. See Section 13 of the Circular, "Acquisition of Common Shares Not Deposited".

If the Offeror takes up Common Shares under the Offer but is unable to complete a Compulsory Acquisition or Subsequent Acquisition Transaction, then Sierra will continue as a public company and Alpayana will evaluate its alternatives. Such alternatives could include, to the extent permitted by applicable Law, purchasing additional Common Shares in the open market, in privately negotiated transactions or pursuant to another take-over bid or other transaction, and thereafter proposing an amalgamation, arrangement or other transaction which would result in Alpayana's ownership of 100% of the Common Shares. Under such circumstances, an amalgamation, arrangement or other transaction to obtain ownership of 100% of the Common Shares would generally require the approval of at least 66⅔% of the votes cast by the Shareholders, and approval of a majority of the votes cast by holders of Common Shares other than Alpayana and its affiliates. There is no certainty that under such circumstances any such transaction would be proposed or completed by Alpayana.

See Section 7 of the Circular, "Purpose of the Offer", Section 8 of the Circular, "Effects of the Offer", and Section 13 of the Circular, "Acquisition of Common Shares not Deposited".

Will Sierra continue as a public company?

As indicated above, it is the Corporation's intention to enter into one or more transactions to enable the Offeror to acquire all Common Shares not acquired pursuant to the Offer. If the Corporation and the Offeror are able to complete such a transaction, the Corporation intends to seek to delist the Common Shares from the TSX and the BVL and to cause Sierra to cease to be a reporting issuer under applicable Canadian securities Laws. If the Offeror does not acquire all of the Common Shares but takes up and pays for any Common Shares in accordance with the Offer, subject to applicable law, the Offeror intends to seek a delisting of the Common Shares on the BVL.

If the Offeror takes up Common Shares under the Offer but is unable to complete a Compulsory Acquisition or Subsequent Acquisition Transaction, then Sierra will continue as a public company and Alpayana will evaluate its alternatives. In such circumstances, its purchase of Common Shares under the Offer will have reduced the number of Common Shares that trade publicly, as well as the number of Shareholders, and, depending on the number of Common Shares purchased under the Offer, could adversely affect the liquidity and market value of the remaining Common Shares held by the public.

See Questions and Answers About the Offer, "If I decide not to tender, how will my Common Shares be affected?".

Do I have dissent or appraisal rights in connection with the Offer?

No. Shareholders will not have dissent or appraisal rights in connection with the Offer. However, Shareholders who do not tender their Common Shares to the Offer may have rights of dissent in the event we acquire their Common Shares by way of a Compulsory Acquisition or Subsequent Acquisition Transaction.

See Section 13 of the Circular, "Acquisition of Common Shares Not Deposited".

Who can I call with questions about the Offer or for more information?

You can call the Depositary and Information Agent if you have any questions regarding how to tender Common Shares, if you need assistance regarding the Offer or if you require additional copies of this document, the Letter of Transmittal or the Notice of Guaranteed Delivery (which documents will be provided without charge on request and are available on SEDAR+ at www.sedarplus.ca).

Questions and requests should be directed to the following:

The Depositary and Information Agent for the Offer is:

The logo for Shorecrest, featuring the word "Shorecrest" in a large, blue, sans-serif font. The "Shore" part is a lighter blue, and the "crest" part is a darker blue.

North American Toll Free: 1-888-637-5789 Outside of North America: 647-931-7454 E-mail:
contact@shorecrestgroup.com

To keep current with further developments and information about the Offer, visit www.sierrametalscashoffer.com.

GLOSSARY

This Glossary forms a part of the Offer to Purchase and Circular. In the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, unless otherwise specified or the subject matter or context is inconsistent therewith, the following terms shall have the meanings set out below, and grammatical variations thereof shall have the corresponding meanings:

"affiliate" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*, in force as of the date of this Offer to Purchase and Circular;

"Agent's Message" means a message, transmitted by DTC to and received by the Depositary and Information Agent and forming a part of a DTC book entry confirmation;

"allowable capital loss" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Sale Pursuant to the Offer";

"Alpayana" means, collectively, the Corporation and its subsidiaries;

"Alternative Transaction" means, for Sierra:

- (a) an amalgamation, merger, arrangement, consolidation, or any other transaction of Sierra, or an amendment to the terms of a class of equity securities of Sierra, as a consequence of which the interest of a holder of Common Shares may be terminated without the Shareholder's consent, regardless of whether the Common Share is replaced with another security, but does not include
 - (i) a consolidation of securities that does not have the effect of terminating the interests of Shareholders in Common Shares without their consent, except to an extent that is nominal in the circumstances,
 - (ii) a circumstance in which Sierra may terminate a Shareholder's interest in the Common Shares, under the terms attached to the Common Shares, for the purpose of enforcing an ownership or voting constraint that is necessary to enable Sierra to comply with legislation, lawfully engage in a particular activity or have a specified level of Canadian ownership, or
 - (iii) a transaction solely between or among Sierra and one or more subsidiaries of Sierra, or
- (b) a sale, lease or exchange of all or substantially all the property of Sierra if the sale, lease or exchange is not in the ordinary course of business of Sierra, but does not include a sale, lease or exchange solely between or among Sierra and one or more subsidiaries of Sierra;

"Assets Subject to Potential Impairment" means Mining Properties and Exploration and Evaluation Assets included in the Property, Plant and Equipment account (each as listed in Sierra's financial statements for the relevant period);

"associate" has the meaning given to it in NI 62-104;

"Book Value Per Share" means equity attributable to shareholders of Sierra (as listed in Sierra's financial statements for the relevant period) divided by the total number of fully diluted Common Shares outstanding at the end of the relevant period. Fully diluted Common Shares are comprised of the issued and outstanding Common Shares and RSUs. Equity attributable to shareholders of Sierra is equal to Total Equity (as listed in Sierra's financial statements for the relevant period) minus Non-Controlling Interest (as listed in Sierra's financial statements for the relevant period). Equity attributable to shareholders of Sierra excludes Non-Controlling Interests;

"Book-Entry Confirmation" means confirmation of a book-entry transfer of a Shareholder's Common Shares into the Depositary's account at CDS or DTC, as applicable;

"business combination" has the meaning given to it in MI 61-101;

"business day" means any day other than a Saturday, a Sunday or a statutory holiday in any province or territory in Canada;

"BVL" means the Bolsa de Valores de Lima, being the stock exchange in Lima;

"CBCA" means the *Canada Business Corporations Act*, and the regulations thereunder, as amended from time to time;

"CDS" means CDS Clearing and Depository Services Inc. or its nominee, which at the date hereof is CDS & Co.;

"CDSX" means the CDS on-line tendering system pursuant to which book-entry transfers may be effected;

"Certificate" means, as the context requires, any physical share certificate of Sierra or a direct registration system advice commonly referred to as a DRS advice or a similar document evidencing the electronic registration of ownership of Common Shares;

"Circular" means the take-over bid circular accompanying and forming part of the Offer;

"Code" has the meaning given to it in Section 19 of the Circular, "Certain United States Federal Income Tax Considerations";

"Common Shares" means the issued and outstanding common shares of Sierra and **"Common Share"** means any one common share of Sierra;

"Compulsory Acquisition" has the meaning given to it in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Compulsory Acquisition";

"Convertible Securities" means securities of Sierra convertible into Common Shares in accordance with their terms;

"Corona" means Sociedad Minera Corona S.A.;

"Corporation" means Alpayana S.A.C., the parent corporation of the Offeror;

"Court" means the Superior Court of Justice (Commercial List) or other competent court, as applicable;

"CRA" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"Current Ratio" means Current Assets divided by Current Liabilities (each as listed in Sierra's financial statements for the relevant period);

"Debt to Corona" means Sierra's (or any of its subsidiaries' excluding Corona) accounts payable to Corona (listed in Corona's financial statements for the relevant period as Receivable from Related Parties ("*cuentas por cobrar a partes relacionadas*"));

"deposit period news release" means a news release issued by Sierra in respect of a proposed or commenced take-over bid for the Common Shares and stating an initial deposit period for the bid of not more than 105 days and not less than 35 days, expressed as a number of days from the date of the bid;

"Depository and Information Agent" means Shorecrest Group;

"Deposited Common Shares" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Dividends and Distributions";

"Distributions" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Dividends and Distributions";

"DRS" means the direct registration system which allows registered securities to be held in electronic form without having a physical security certificate issued as evidence of ownership;

"DRS Statement" means a DRS statement evidencing Common Shares issued under the name of the applicable Shareholder and registered electronically in Sierra's records;

"DTC" means The Depository Trust Company or its nominee, which as of the date hereof is Cede & Co.;

"EBITDA" means earnings before interest, taxes, depreciation, and amortization;

"Effective Time" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Power of Attorney";

"Eligible Institution" means a Canadian Schedule I chartered bank or an eligible guarantor institution with membership in an approved Medallion signature guarantee program, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Medallion Signature Program (MSP);

"Expiry Time" means 5:00 p.m. (Toronto time) on April 14, 2025 or such earlier or later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer";

"Extended Offeror Group" has the meaning given to it in Section 10 of the Circular, "Ownership and Trading in Securities of Sierra";

"Governmental Entity" means: (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, minister, ministry, bureau, agency or instrumentality, domestic or foreign; (b) any stock exchange, including the TSX and the BVL; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing;

"Holder" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"initial deposit period" means the period, including, without limitation, any extension, during which securities may be deposited under a take-over bid but does not include the mandatory 10-day extension period or an Optional Extension Period, which initial deposit period will be 105 days as it may be shortened in accordance with applicable Law;

"insider" has the meaning given to it in the Securities Act;

"IRS" has the meaning given to it in Section 19 of the Circular, "Certain United States Federal Income Tax Considerations";

"Latam Mining Companies" means Latin American mining companies with a foreign listing;

"Law" or **"Laws"** means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, by-laws, statutes, codes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees, codes, constitutions or other similar requirements, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that

is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended, and, for greater certainty, includes the terms and conditions of any authorization of or from any Governmental Entity, Canadian securities Laws, and U.S. securities Laws;

"Letter of Transmittal" means the letter of transmittal in the form accompanying the Offer (printed on YELLOW paper);

"mandatory 10-day extension period" has the meaning given to it in Section 6 of the Offer to Purchase, "Take-up and Payment for Deposited Common Shares";

"Material Adverse Effect" means any condition, event, circumstance, change, effect, development, occurrence or state of facts which, when considered either individually or in the aggregate, (a) is, or could reasonably be expected to be, material and adverse to the assets, liabilities (whether absolute, accrued, conditional or otherwise and including, without limitation, any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), business, operations, results of operations, financial condition, prospects, rights or status for tax purposes of Sierra, its subsidiaries and its joint ventures, taken as a whole, (b) could reasonably be expected to reduce the anticipated economic value to the Offeror and/or Alpayana of the acquisition of the Common Shares or make it inadvisable for, or impair the ability of, the Offeror and/or Alpayana to proceed with the Offer and/or with taking up and paying for Common Shares deposited under the Offer or completing a Compulsory Acquisition or Subsequent Acquisition Transaction, or (c) could, if the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction were consummated, be material and adverse to the Offeror or Alpayana or which could limit, restrict or impose limitations or conditions on the ability of the Offeror or Alpayana to own, operate or effect control over Sierra or any material portion of the business or assets of Sierra or its subsidiaries or joint ventures or would compel the Offeror or any of its affiliates, including the Corporation, to dispose of or hold separate any material portion of the business or assets of Sierra or its subsidiaries or joint ventures;

"Mexican Regulatory Approval" means the authorization that the Offeror must obtain from the applicable Mexican antitrust authority prior to the consummation of the transaction by which the Offeror acquires the Common Shares under the Offer, pursuant to the Mexican Federal Law on Economic Competition;

"MI 61-101" means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions, as amended or replaced from time to time*;

"Net Working Capital" means Current Assets excluding Cash and Cash Equivalents minus Current Liabilities excluding short-term (current) accounts included in Total Gross Debt Load (Loans Payable, Lease Liabilities and Advance from Customers), each as listed in Sierra's financial statements for the relevant period;

"NI 62-104" means National Instrument 62-104 — *Take-Over Bids and Issuer Bids*, as amended or replaced from time to time;

"Non-Resident Holder" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations — Holders Not Resident in Canada";

"Non-Tendering Offeree" has the meaning given to it in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Compulsory Acquisition";

"Notice of Guaranteed Delivery" means the notice of guaranteed delivery in the form accompanying the Offer (printed on PINK paper);

"Offer" means the offer to purchase Common Shares made hereby to the Shareholders pursuant to the terms and subject to the conditions set out herein;

"Offer to Purchase and Circular" means the Offer to Purchase and the Circular, including, without limitation, the Questions and Answers About the Offer, the Summary and the Glossary;

"Offeror" means Alpayana Canada Ltd., a corporation existing under the laws of Ontario and a wholly-owned subsidiary of the Corporation;

"Offeror Group" has the meaning given to it in Section 10 of the Circular, "Ownership and Trading in Securities of Sierra";

"Offeror's Notice" has the meaning given to it in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Compulsory Acquisition";

"Optional Extension Period" has the meaning given to it in Section 6 of the Offer to Purchase, "Take-up and Payment for Deposited Common Shares";

"Person" includes an individual, a corporation, a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

"Peruvian Regulatory Approval" means the authorization that the Offeror must obtain from the Peruvian antitrust authority (INDECOPI) prior to the consummation of the transaction by which the Offeror acquires the Common Shares under the Offer, pursuant to Law 31112 and its regulations;

"Proposed Amendments" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"Purchased Securities" has the meaning given to it in Section 3 of the Offer to Purchase, "Manner of Acceptance — Power of Attorney";

"Receiver General" means the Receiver General for Canada;

"Regulatory Authority" means:

- (a) any multinational or supranational body or organization, nation, government, state, province, country, territory, municipality, quasi-government, administrative, judicial or regulatory authority, agency, board, body, bureau, commission, instrumentality, court or tribunal or any political subdivision thereof, or any central bank (or similar monetary or regulatory authority) or taxing authority thereof, or any ministry or department or agency of any of the foregoing;
- (b) any self-regulatory organization or stock exchange, including, without limitation, the TSX or the BVL;
- (c) any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government; and
- (d) any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of such entities or other bodies;

"Resident Holder" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada";

"Return On Equity" or **"ROE"** means Net Income (Loss) Attributable to Shareholders of Sierra divided by Average Equity Attributable to Owners of Sierra for the same period;

"RSU" means a restricted share unit of Sierra;

"Securities Act" means the *Securities Act* (Ontario), as amended from time to time;

"Securities Regulatory Authorities" means the TSX, the applicable securities commission or similar regulatory authorities in each of the provinces and territories of Canada;

"SEDAR+" means the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval website at www.sedarplus.ca;

"Senior Secured Credit Agreement" means the senior secured credit agreement dated June 3, 2024, among Sierra, Dia Bras Peru S.A.C., Dias Bras Mexicana S.A. de C.V., and Exmin S.A. de C.V. as borrowers, the lenders noted therein, Banco de Credito del Peru, as administrative agent, and Banco Santander Peru S.A., as the sole lead arrangement and sole bookrunner;

"SG&A" means selling, general and administrative;

"Shareholders" means, collectively, the holders of Common Shares, and **"Shareholder"** means any one holder of Common Shares;

"Sierra" means Sierra Metals Inc., a corporation existing under the CBCA;

"Sierra Board" means the board of directors of Sierra;

"Sierra's Loan Agreements" means the agreement in respect of the syndicated senior secured credit facility of Sierra entered into by Sierra on June 3, 2024, with a syndicate of banks led by Banco Santander Peru S.A. and the agreement in respect of the short-term working capital credit facility entered into by Corona with Banco de Credito del Peru.

"Statutory Minimum Condition" has the meaning given to it in Section 4 of the Offer to Purchase, "Conditions of the Offer";

"Subsequent Acquisition Transaction" has the meaning given to it in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Subsequent Acquisition Transaction";

"take up", in reference to Common Shares, means to accept such Common Shares for payment by giving written notice of such acceptance to the Depositary and Information Agent and **"take-up"**, **"taking up"** and **"taken up"** have corresponding meanings;

"Tax Act" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations";

"taxable capital gain" has the meaning given to it in Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations — Holders Resident in Canada — Sale Pursuant to the Offer";

"Total Gross Debt Load" means Loans Payable, Lease Liabilities and Advance from Customers and structural financing through Net Working Capital deficit, in each case as disclosed in publicly available financial statements of Sierra for the relevant period;

"TSX" means the Toronto Stock Exchange;

"U.S. Shareholder" has the meaning given to it in Section 19 of the Circular, "Certain United States Federal Income Tax Considerations"; and

"US\$" means United States dollars.

OFFER TO PURCHASE

The accompanying Circular, which is incorporated into and forms part of the Offer to Purchase, contains important information that should be read carefully before making a decision with respect to the Offer. Unless the context otherwise requires, terms used but not defined in the Offer to Purchase have the respective meanings given to them in the accompanying Glossary.

December 30, 2024

TO: THE HOLDERS OF COMMON SHARES OF SIERRA

1. The Offer

The Offeror hereby offers to purchase, on the terms and subject to the conditions of the Offer, at a price of C\$0.85 in cash per Common Share, all of the issued and outstanding Common Shares (other than Common Shares held by the Corporation and its affiliates (including the Offeror)), including any Common Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time upon any other exercise, exchange or conversion of securities of Sierra into Common Shares. Any such exercise must be completed sufficiently in advance of the Expiry Time to ensure that the holder of such Convertible Securities will have received the Common Shares on such exercise and have them available for deposit at or prior to the Expiry Time, or in sufficient time to comply with the procedures referred to under Section 3 of the Offer to Purchase, "Manner of Acceptance — Procedure for Guaranteed Delivery".

The Offer represents a premium of approximately 26% to the 30-day volume weighted average trading price of C\$0.676 as of December 13, 2024, the last trading day prior to the Offeror announcing its intention to purchase all of the outstanding Common Shares and a premium of 10% over Sierra's closing price of C\$0.770 on the TSX as of that date.

The obligation of the Offeror to take up and pay for Common Shares pursuant to the Offer is subject to certain conditions. See Section 4 of the Offer to Purchase, "Conditions of the Offer".

All amounts payable under the Offer will be paid in Canadian dollars. However, a Shareholder can also elect to receive payment in U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Shareholder will have acknowledged and agreed that, in respect of the cash payment under the Offer, the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted.

Shareholders who do not deposit their Common Shares under the Offer will not be entitled to any right of dissent or appraisal in connection with the Offer. However, Shareholders who do not deposit their Common Shares under the Offer may have certain rights of dissent and appraisal in the event the Offeror elects to acquire such Common Shares by way of a Compulsory Acquisition or Subsequent Acquisition Transaction, including, without limitation, the right to seek judicial determination of the fair value of their Common Shares. See Section 13 of the Circular, "Acquisition of Common Shares Not Deposited".

The Offer is made only for Common Shares and is not made for any other securities to acquire Common Shares. Any outstanding RSUs will be treated in accordance with the applicable plan governing the terms of such RSU.

Shareholders should contact the Depositary and Information Agent or a broker or dealer for assistance in accepting the Offer and in depositing Common Shares with the Depositary and Information Agent. The Depositary and Information Agent, Shorecrest Group, can be contacted by telephone at 1-888-637-5789 (North American Toll Free Number) or 647-931-7454 (outside North America) or by email at contact@shorecrestgroup.com. To keep current with further developments and information about the Offer, visit www.sierrametalscashoffer.com.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent to accept the Offer. However, an investment advisor, stock broker, bank, trust company or other intermediary through whom Shareholders own Common Shares

may charge a fee to tender any such Common Shares on their behalf. Shareholders should consult their investment advisor, stock broker, bank, trust company or other intermediary to determine whether other charges will apply.

Shareholders whose Common Shares are registered in the name of an investment dealer, bank, trust company or other intermediary should immediately contact that intermediary for assistance if they wish to accept the Offer, in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

2. Time for Acceptance

The Offer is open for acceptance from the date of the Offer until 5:00 p.m. (Toronto time) on April 14, 2025, or such earlier or later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer", unless the Offer is withdrawn by the Offeror. The Offeror will not amend the Offer to cause the Expiry Time to occur earlier than 35 days following the date of the Offer. If the Statutory Minimum Condition is satisfied and the other conditions to the Offer are satisfied or waived at or prior to the expiry of the Offer such that the Offeror takes up the Common Shares validly deposited under the Offer, it will make a public announcement of the foregoing and extend the period during which Common Shares may be deposited and tendered to the Offer for a period of not less than 10 business days after the date of such announcement. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

3. Manner of Acceptance

Letter of Transmittal

The Offer may be accepted by delivering to the Depositary and Information Agent at its office in Toronto, Ontario specified in the Letter of Transmittal (printed on YELLOW paper) accompanying the Offer via courier, mail or registered mail only, so as to be physically received by the Depositary and Information Agent at or prior to the Expiry Time:

- (a) Certificate(s) and DRS advices representing the Common Shares in respect of which the Offer is being accepted (or alternatively, Book-Entry Confirmation with respect thereto);
- (b) a Letter of Transmittal in the form accompanying the Offer, properly completed and executed in accordance with the instructions set out in the Letter of Transmittal (including signature guarantee if required); and
- (c) all other documents required by the terms of the Offer and the Letter of Transmittal.

Participants in CDS or DTC should contact the depository with respect to the deposit of their Common Shares under the Offer. The Offeror understands that CDS and DTC will be issuing instructions to their participants as to the method of depositing such Common Shares under the terms of the Offer.

Shareholders can also accept the Offer by following the procedures for book-entry transfer set forth below under the heading "— Acceptance by Book-Entry Transfer". A Shareholder accepting the Offer by following the procedures for book-entry transfer does not need to use the Letter of Transmittal unless such Shareholder is following the procedures for book-entry transfer with DTC and does not have an accompanying Agent's Message. Shareholders who accept the Offer through a book-entry transfer will be deemed to have completed and submitted a Letter of Transmittal and be bound by the terms thereof.

Shareholders whose Common Shares are registered in the name of an investment dealer, bank, trust company or other intermediary should immediately contact that intermediary for assistance if they wish to accept the Offer, in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent to accept the Offer. However, an investment advisor, stock broker, bank, trust company or other intermediary through whom Shareholders own Common Shares may charge a fee to tender any such Common Shares on their behalf. Shareholders should consult their investment advisor, stock broker, bank, trust company or other intermediary to determine whether other charges will apply.

If the Letter of Transmittal is signed by the registered holder(s) of the accompanying Certificate(s), such signature(s) on the Letter of Transmittal must correspond exactly with the name(s) as registered or as written on the face of such Certificate(s) without any change whatsoever, and the Certificate(s) need not be endorsed. If such Certificate(s) is (are) owned of record by two or more joint holders, all such holders must sign the Letter of Transmittal.

If the Letter of Transmittal is executed by a person other than the registered holder(s) of the Common Share Certificate(s) deposited with the Letter of Transmittal or in the circumstances set out in Instruction 3(b) thereto, or if the payment is to be issued or delivered to a person other than the registered holder(s), or if the Certificate(s) representing Common Shares in respect of which the Offer is not being accepted is (are) to be returned to a person other than such registered holder(s) or sent to an address other than the address of the registered holder(s) shown on the securities register maintained by or on behalf of Sierra:

- (a) the accompanying Certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney, in either case, duly and properly completed by the registered holder(s);
- (b) the signature(s) on the endorsement panel or share transfer power of attorney must correspond exactly to the name(s) of the registered holder(s) as registered or as written on the face of the Certificate(s); and
- (c) such signature(s) must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution).

The Offer will be deemed to be accepted only if the Depositary and Information Agent has actually received these documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. Alternatively, Common Shares may be deposited under the Offer in compliance with the procedures for guaranteed delivery set out below under the heading "— Procedure for Guaranteed Delivery" or in compliance with the procedures for book-entry transfers set out below under the heading "— Acceptance by Book-Entry Transfer".

Procedure for Guaranteed Delivery

If a Shareholder wishes to deposit Common Shares pursuant to the Offer and (i) the Certificate(s) representing the Common Shares is (are) not immediately available, (ii) the Shareholder cannot complete the procedure for book-entry transfer of the Common Shares on a timely basis, or (iii) the Certificate(s) and all other required documents cannot be delivered to the Depositary and Information Agent at or prior to the Expiry Time, such Common Shares may nevertheless be deposited under the Offer provided that all of the following conditions are met:

- (a) the deposit is made by or through an Eligible Institution;
- (b) a Notice of Guaranteed Delivery (printed on PINK paper) in the form accompanying the Offer, or a manually executed facsimile thereof, properly completed and executed, including a guarantee of delivery by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery, is

received by the Depositary and Information Agent at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time; and

- (c) the Certificate(s) representing all Deposited Common Shares, in proper form for transfer, or, in the case of a book-entry transfer, a Book-Entry Confirmation with respect to such Deposited Common Shares and in the case of CDS or DTC accounts, as applicable, a Letter of Transmittal properly completed and duly executed (including signature guarantee, if required) or an Agent's Message in lieu of a Letter of Transmittal and all other documents required by the terms of the Offer and the Letter of Transmittal, are received by the Depositary at its office in Toronto, Ontario specified in the Letter of Transmittal prior to 5:00 p.m. (Toronto time) on the first trading day on the TSX after the Expiry Time.

The Notice of Guaranteed Delivery must be delivered by hand or courier or transmitted by e-mail, facsimile or mailed to the Depositary and Information Agent at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery at or prior to the Expiry Time and must include a guarantee by an Eligible Institution in the form set out in the Notice of Guaranteed Delivery. Delivery of the Notice of Guaranteed Delivery and the Letter of Transmittal and accompanying Certificate(s) representing Common Shares and all other required documents to an address or transmission by facsimile or e-mail to a facsimile number or e-mail address other than those specified in the Notice of Guaranteed Delivery does not constitute delivery for purposes of satisfying a guaranteed delivery.

Acceptance by Book-Entry Transfer

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depositary and Information Agent at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. The Depositary and Information Agent has established an account at CDS for the purpose of the Offer. Any financial institution that is a participant in CDS may cause CDS to make a book-entry transfer of a Shareholder's Common Shares into the Depositary and Information Agent's account in accordance with CDS procedures for such transfer. Delivery of Common Shares to the Depositary and Information Agent by means of a book-entry transfer will constitute a valid deposit of such Common Shares under the Offer.

Shareholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depositary and Information Agent's account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and therefore such instructions received by the Depositary and Information Agent are considered a valid deposit under and in accordance with the terms of the Offer.

Shareholders may also accept the Offer by following the procedures established by their U.S. or other non-Canadian intermediary or DTC, at, or prior to, the Expiry Time. U.S. and other non-Canadian intermediaries with CDS accounts may deposit the Shareholders' Common Shares through CDS book-entry transfer into the Depositary and Information Agent's account with CDS in accordance with CDS procedures, or withdraw such positions from DTC and deposit directly into the Depositary and Information Agent's account with CDS in accordance with CDS procedures for such transfer. U.S. and other non-Canadian intermediaries may also withdraw Common Shares from DTC and deposit physical Certificates and DRS Statements directly with the Depositary and Information Agent or follow other procedures as set out by DTC to tender Common Shares to the Offer.

General

The Offer will be deemed to be accepted by a Shareholder only if the Depositary and Information Agent has actually received the requisite documents at its office in Toronto, Ontario specified in the Letter of Transmittal at or prior to the Expiry Time. In all cases, payment for Common Shares deposited and taken up by the Offeror will be made only after timely receipt by the Depositary and Information Agent of (i) the Certificate(s) representing the Common Shares and, if applicable, the rights certificates (or, in the case of a book-entry transfer to the Depositary and Information Agent, a Book-Entry Confirmation for the Common Shares), (ii) a Letter of Transmittal, properly completed and duly executed, covering those Common Shares with the signatures guaranteed, if required, in

accordance with the instructions set out in the Letter of Transmittal, or in the case of Common Shares deposited by book-entry transfer, a Book-Entry Confirmation and, in the case of CDS or DTC accounts, as applicable, a Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees, or an Agent's Message in respect thereof, and (iii) all other documents required by the Letter of Transmittal before 5:00 p.m. (Toronto time) on the second trading day on the TSX after the Expiry Time.

The method of delivery of Certificates representing Common Shares, the Letter of Transmittal, the Notice of Guaranteed Delivery and all other required documents is at the option and risk of the person depositing such documents. The Offeror recommends that all such documents be delivered by courier or by hand to the Depositary and Information Agent and a receipt be obtained or, if mailed, that registered mail, with return receipt requested, be used and that proper insurance be obtained. It is suggested that any such mailing be made sufficiently in advance of the Expiry Time to permit delivery to the Depositary and Information Agent at or prior to the Expiry Time. Delivery will only be effective upon actual physical receipt by the Depositary and Information Agent.

All questions as to the validity, form, eligibility (including, without limitation, timely receipt) and acceptance of any Common Shares deposited pursuant to the Offer will be determined by the Offeror in its sole discretion. Depositing Shareholders agree that such determination shall be final and binding. The Offeror reserves the absolute right to reject any and all deposits which it determines not to be in proper form or which may be unlawful to accept under the Laws of any applicable jurisdiction. The Offeror reserves the absolute right to waive any defects or irregularities in any deposit of any Common Shares. There shall be no duty or obligation on the Offeror, the Depositary and Information Agent, or any other person to give notice of any defects or irregularities in any deposit and no liability shall be incurred by any of them for failure to give any such notice. The Offeror's interpretation of the terms and conditions of the Offer, the Circular, the Letter of Transmittal, the Notice of Guaranteed Delivery and any other related documents will be final and binding.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set out in this Section 3 of the Offer to Purchase.

Under no circumstances will interest accrue or any amount be paid by the Offeror or the Depositary and Information Agent to persons depositing Common Shares by reason of any delay in making payments for Common Shares to any person on account of Common Shares accepted for payment under the Offer.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent to accept the Offer. However, an investment advisor, stock broker, bank, trust company or other intermediary through whom Shareholders own Common Shares may charge a fee to tender any such Common Shares on their behalf. Shareholders should consult their investment advisor, stock broker, bank, trust company or other intermediary to determine whether other charges will apply.

Shareholders whose Common Shares are registered in the name of an investment dealer, bank, trust company or other intermediary should immediately contact that intermediary for assistance in depositing their Common Shares if they wish to accept the Offer, in order to take the necessary steps to be able to deposit such Common Shares under the Offer. Intermediaries likely have established tendering cut-off times that are prior to the Expiry Time. Shareholders must instruct their brokers or other intermediaries promptly if they wish to tender.

Shareholders should contact the Depositary and Information Agent, or a broker or dealer for assistance in accepting the Offer and in depositing Common Shares with the Depositary and Information Agent.

Dividends and Distributions

Subject to the terms and conditions of the Offer and subject, in particular, to Common Shares being validly withdrawn by or on behalf of a depositing Shareholder, and except as provided below, by accepting the Offer pursuant to the procedures set out herein, a Shareholder deposits, sells, assigns and transfers to the Offeror all right, title and

interest in and to the Common Shares covered by the Letter of Transmittal or book-entry transfer (collectively, the **"Deposited Common Shares"**) and in and to all rights and benefits arising from such Deposited Common Shares including, without limitation, the benefit of any and all dividends, distributions, payments, securities, property or other interests that may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Common Shares or any of them on and after the date of the Offer, including, without limitation, any dividends, distributions or payments on such dividends, distributions, payments, securities, property or other interests (collectively, **"Distributions"**).

Power of Attorney

The execution of a Letter of Transmittal (or, in the case of Common Shares deposited by book-entry transfer by the making of a book-entry transfer) irrevocably constitutes and appoints, effective at and after the time (the **"Effective Time"**) that the Offeror takes up the Deposited Common Shares, each director and officer of the Offeror, and any other person designated by the Offeror in writing, as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the Deposited Common Shares (which Deposited Common Shares upon being taken up are, together with any Distributions thereon, hereinafter referred to as the **"Purchased Securities"**) with respect to such Purchased Securities, with full power of substitution (such powers of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Shareholder:

- (a) to register or record the transfer and/or cancellation of such Purchased Securities, to the extent consisting of securities, on the appropriate securities registers maintained by or on behalf of Sierra;
- (b) for so long as any such Purchased Securities are registered or recorded in the name of such Shareholder, to exercise any and all rights of such Shareholder including, without limitation, the right to vote, to execute and deliver (provided the same is not contrary to applicable Law), as and when requested by the Offeror, any and all instruments of proxy, authorizations or consents in form and on terms satisfactory to the Offeror in respect of any or all Purchased Securities, to revoke any such instruments, authorizations or consents given prior to or after the Effective Time, and to designate in any such instruments, authorizations or consents any person or persons as the proxyholder of such Shareholder in respect of such Purchased Securities for all purposes including, without limitation, in connection with any meeting or meetings (whether annual, special or otherwise, or any adjournments thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Sierra;
- (c) to execute, endorse and negotiate, for and in the name of and on behalf of such Shareholder, any and all cheques or other instruments representing any Distributions payable to or to the order of, or endorsed in favour of, such Shareholder; and
- (d) to exercise any other rights of a Shareholder with respect to such Purchased Securities, all as set out in the Letter of Transmittal.

A Shareholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the Shareholder at any time with respect to the Deposited Common Shares or any Distributions. Such depositing Shareholder agrees that no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise will be granted with respect to the Deposited Common Shares or any Distributions by or on behalf of the depositing Shareholder unless the Deposited Common Shares are not taken up and paid for under the Offer or are withdrawn in accordance with Section 7 of the Offer to Purchase, "Withdrawal of Deposited Common Shares".

A Shareholder accepting the Offer under the terms of the Letter of Transmittal (including by book-entry transfer) also agrees not to vote any of the Purchased Securities at any meeting (whether annual, special or otherwise or any adjournments thereof, including, without limitation, any meeting to consider a Subsequent Acquisition Transaction) of holders of relevant securities of Sierra and, except as may otherwise be agreed with the Offeror, not to exercise any of the other rights or privileges attached to the Purchased Securities, and agrees to execute and deliver to the Offeror any and all instruments of proxy, authorizations or consents in respect of all or any of the Purchased Securities, and

agrees to designate or appoint in any such instruments of proxy, authorizations or consents, the person or persons specified by the Offeror as the proxy or the proxy nominee or nominees of the holder of the Purchased Securities. Upon such appointment, all prior proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or attorney-in-fact) or consents given by the holder of such Purchased Securities with respect thereto will be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto. If the variation consists solely of a waiver of a condition, the Offeror will promptly issue and file a news release announcing the waiver.

Further Assurances

A Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal (including by book-entry transfer) to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Securities to the Offeror. Each authority therein conferred or agreed to be conferred is, to the extent permitted by applicable Law, irrevocable and may be exercised during any subsequent legal incapacity of such Shareholder and shall, to the extent permitted by applicable Law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such Shareholder.

Formation of Agreement; Shareholder's Representations and Warranties

The acceptance of the Offer pursuant to the procedures set out above constitutes a binding agreement between a depositing Shareholder and the Offeror, effective immediately following the time at which the Offeror takes up the Common Shares deposited by such Shareholder, in accordance with the terms and conditions of the Offer and the Letter of Transmittal. This agreement includes a representation and warranty by the depositing Shareholder that: (i) the person signing the Letter of Transmittal has received the Offer to Purchase and the Circular; (ii) the person signing the Letter of Transmittal or on whose behalf a book-entry transfer is made has full power and authority to deposit, sell, assign and transfer the Deposited Common Shares and all rights and benefits arising from such Deposited Common Shares, including, without limitation, any and all dividends, Distributions, payments, securities, property or other interests that may be declared, paid, accrued, issued, distributed, made or transferred on or in respect of the Deposited Common Shares or any of them on and after the date of the Offer, to the Offeror; (iii) the person signing the Letter of Transmittal or on whose behalf a book entry transfer is made has good title to and is the beneficial owner of the Deposited Common Shares and any Distributions deposited under the Offer; (iv) the Deposited Common Shares and Distributions have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any of the Deposited Common Shares or Distributions, to any other person; (v) the deposit of the Deposited Common Shares and Distributions complies with applicable Laws; and (vi) when the Deposited Common Shares and Distributions are taken up and paid for by the Offeror, the Offeror will acquire good title thereto (and to any Distributions), free and clear of all security interests, liens, restrictions, charges, encumbrances, claims and rights of others.

4. Conditions of the Offer

Notwithstanding any other provision of the Offer, but subject to applicable Law, and in addition to (and not in limitation of) the Offeror's right to vary or change the Offer at any time prior to the Expiry Time pursuant to Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer", the Offeror will not take up, purchase or pay for, any Common Shares unless, at 5:00 p.m. (Toronto time) on April 14, 2025 or such earlier or later time during which Common Shares may be deposited under the Offer, excluding the mandatory 10-day extension period or any extension thereafter, there shall have been validly deposited under the Offer and not withdrawn that number of Common Shares that constitutes more than 50% of the outstanding Common Shares, excluding any Common Shares beneficially owned, or over which control or direction is exercised, by the Offeror or by any person acting jointly or in concert with the Offeror (the "**Statutory Minimum Condition**"). In the event that the Statutory Minimum Condition is not satisfied, the Offeror will have the right to withdraw or terminate the Offer or to extend the period of time during which the Offer is open for acceptance. The foregoing condition cannot be waived by the Offeror.

In addition, the Offeror will have the right to withdraw the Offer and not take up or pay for any Common Shares deposited under the Offer, unless all of the following additional conditions are satisfied or waived by the Offeror at or

prior to 5:00 p.m. (Toronto time) on April 14, 2025 or such earlier or later time during which Common Shares may be deposited under the Offer, excluding the mandatory 10-day extension period or any extension thereafter:

- (a) There having been validly deposited under the Offer and not withdrawn that number of Common Shares, representing at least 66 2/3% of the outstanding Common Shares (calculated on a fully diluted basis), excluding those Common Shares beneficially owned, or over which control or direction is exercised, by the Offeror or by any person acting jointly or in concert with the Offeror, which the Offeror may determine to waive in its absolute discretion;
- (b) Receipt of the Peruvian Regulatory Approval, the Mexican Regulatory Approval and any other regulatory approvals determined to be necessary or desirable by the Offeror in connection with the Offer;
- (c) The delivery of an unqualified audit opinion by its auditors, PricewaterhouseCoopers LLP, in connection with Sierra's consolidated audited financial statements (without restatements and/or further asset impairments) for and as at the year ended December 31, 2024.
- (d) Sierra's Current Ratio as at December 31, 2024 being equal to or higher than 0.86 (based on Sierra's annual audited financial statements as at and for the year ended December 31, 2024). As at September 30, 2024, Sierra's Current Ratio was 0.86.
- (e) Sierra's Total Gross Debt Load as at December 31, 2024 being not more than US\$125 million (based on Sierra's annual audited financial statements as at and for the year ended December 31, 2024). As at September 30, 2024, Sierra's Total Gross Debt Load was US\$120.1 million, excluding the long-term (non-current) lease liabilities that are not reported in the latest interim financial statement of Sierra. The last available figure of long-term (non-current) lease liabilities was US\$5.9 million as at December 31, 2023.
- (f) Sierra's Book Value Per Share as at December 31, 2024 being not less than US\$0.40. (based on Sierra's annual audited financial statements as at and for the year ended December 31, 2024). As at September 30, 2024, Sierra's Book Value Per Share was US\$0.40.
- (g) Sierra's Debt to Corona shall not exceed US\$56.5 million as at December 31, 2024. As at September 30, 2024, Sierra's Debt to Corona was US\$56.5 million.
- (h) Sierra's Assets Subject to Potential Impairment as at December 31, 2024 being between US\$102.1 million and US\$124.8 million (based on Sierra's annual audited financial statements as at and for the year ended December 31, 2024). As at September 30, 2024, Sierra's Assets Subject to Potential Impairment was US\$113.5 million. The proposed range is +/-10% the September 30, 2024 figure.
- (i) There being no default existing under Sierra's Loan Agreements;
- (j) The Offeror shall have determined, in its sole judgment, that there does not exist and there shall not have occurred or been publicly disclosed since the date of the Offer, a Material Adverse Effect;
- (k) All government or regulatory consents, authorizations, waivers, permits, reviews, orders, rulings, decisions, approvals or exemptions (including, without limitation, those of any stock exchange or other Securities Regulatory Authorities) that are necessary or desirable, in the Offeror's sole judgment, to complete the Offer and the acquisition of Common Shares, and/or to complete a Compulsory Acquisition or Subsequent Acquisition Transaction, shall have been obtained or concluded on terms and conditions satisfactory to the Offeror in its sole judgment, and/or all regulatory notice, waiting or suspensory periods (including any extensions thereof) in respect of the foregoing shall have expired or been terminated or waived;

- (l) The Offeror shall have determined, in its sole judgment, that (i) no act, action, suit or proceeding shall have been threatened, taken or commenced by or before, and no judgment or order shall have been issued by, any domestic or foreign elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or other entity), any governmental agency or regulatory authority or administrative agency or commission in Canada, the United States or elsewhere, any domestic or foreign court, tribunal or other regulatory authority or any other person in any case, whether or not having the force of Law, and (ii) no Law shall have been proposed, enacted, promulgated, amended or applied, in either case: (A) to prevent or challenge the Offer or the Offeror's ability to maintain the Offer; (B) to cease trade, enjoin, prohibit or impose material limitations or conditions on or make materially more costly the making of the Offer, the purchase by or the sale to the Offeror of the Common Shares, the right of the Offeror to own or exercise full rights of ownership over the Common Shares, or the consummation of any Compulsory Acquisition or Subsequent Acquisition Transaction or which could have any such effect; (C) which has had or could have a Material Adverse Effect; (D) which seeks to compel the Offeror or any of its affiliates to dispose of or hold separate any material portion of the business, properties or assets of Sierra or any of its subsidiaries; or (E) which may make uncertain the ability of the Offeror or its affiliates to complete the Offer, a Compulsory Acquisition or a Subsequent Acquisition Transaction;
- (m) The Offeror shall have determined, in its sole judgment, that there shall not have occurred or been threatened on or after the date of the Offer: (i) any general suspension of trading in, or limitation on prices for, securities traded in Canada or South America; (ii) any extraordinary or material adverse change in the financial, banking or capital markets or in major stock exchange indices in Canada or South America; (iii) a declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or South America; (iv) any limitation or other event that, in the reasonable judgment of the Offeror, might affect the extension of credit by banks or other financial institutions in Canada or South America; (v) any material change in currency exchange rates or a suspension or limitation on the markets therefor, (vi) a commencement of war or armed hostilities or other national or international calamity involving Canada or South America; or (vii) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;
- (n) Neither the Offeror nor any of its affiliates shall have entered into a definitive agreement or an agreement in principle with the Sierra providing for a plan of arrangement, amalgamation, merger, acquisition of assets or other business combination with Sierra or for the acquisition of securities of Sierra or for the commencement of a new offer for the Common Shares, pursuant to which the Offeror has determined that the Offer will be terminated;
- (o) The Offeror shall not have become aware of any untrue statement of material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings prior to the date of the Offer in relation to all matters covered in earlier filings), in any document filed by or on behalf of Sierra with any Securities Regulatory Authority or elsewhere, which the Offeror shall have determined, in its sole judgment, when considered either individually or in the aggregate, has or could reasonably be expected to have a detrimental effect on the assets, liabilities, business, operations, results of operations, financial condition, prospects, right or status for tax purposes of Sierra or any of its affiliates;
- (p) Other than in connection with the exercise of existing incentive securities under existing incentive securities rights plans, Sierra shall not have issued, sold, granted, awarded, pledged, disposed of or otherwise encumbered or agree to issue, sell, grant, award, pledge, dispose of or otherwise encumber any Common Shares or other equity or voting interests or any options, share appreciation rights, warrants, calls, conversion or exchange privileges or rights of any kind to acquire (whether on exchange, exercise, conversion or otherwise) any Common Shares or other equity or voting interests or other securities or any shares of its subsidiaries (including, for greater certainty, any equity based awards);

- (q) The Offeror shall have determined, in its sole judgment, that there shall not have occurred or been agreed or proposed on or after the date of the Offer (i) any amalgamation, merger, arrangement, reorganization, business combination, joint venture, earn-in, stream, royalty, off-take or commodity-linked financing or similar or other extraordinary transaction (including share or asset purchases or dispositions) involving or relating to the Sierra or any of its subsidiaries, or (ii) the making of or any commitment to make any capital expenditures by Sierra or any of its subsidiaries (other than in the ordinary course of business consistent with past practice), (iii) any adoption of or amendment, to, or the taking of any other action with respect to any bonus, profit sharing, incentive, salary or other compensation plan, severance, change in control, employment or other employee benefit plan, agreement, fund or arrangement for the benefit of any officer, director or consultant, other than (A) awards under such plans for officers, directors and employees currently in existence and publicly disclosed, which are made in the ordinary course of business consistent with past practice, and (B) actions with respect to bonuses, salary or other compensation in the ordinary course and consistent with past practice; and
- (r) The Offeror shall have determined in its sole judgment that none of the following shall exist or shall have occurred (which has not been cured or waived), or is threatened: (i) any material property, right, concession, permit, lease or licence of Sierra or of any of its affiliates or subsidiaries has been or may be materially impaired or otherwise materially adversely affected or threatened to be materially impaired or materially adversely affected, whether as a result of the making of the Offer, taking up and paying for the Common Shares deposited pursuant to the Offer, the completion of a Compulsory Acquisition, Subsequent Acquisition Transaction or otherwise; or (ii) any covenant, term or condition in any of the notes, bonds, mortgages, indentures, licences, leases, contracts, agreements or other instruments or obligations to which Sierra or any of its affiliates or subsidiaries is a party or to which they or any of their properties or assets are subject that might materially reduce the expected economic value to the Offeror of the acquisition of Sierra or make it inadvisable for the Offeror to proceed with the Offer and/or taking up and paying for Common Shares that have been validly deposited under the Offer, and/or completing a Compulsory Acquisition or Subsequent Acquisition Transaction including, but not limited to, any default, right of termination, acceleration, right of first refusal, pre-emptive right, purchase right, loss of control or operatorship, pricing change or other event that might ensue as a result of the Offeror taking up and paying for the Common Shares pursuant to the Offer or completing a Compulsory Acquisition or Subsequent Acquisition Transaction; and
- (s) None of Sierra, its subsidiaries or any of their respective directors, officers, employees, consultants, agents or other representatives (in each case, acting in such capacity) shall have violated, or be the subject of any allegation or investigation with respect to the violation of, the Corruption of Foreign Public Officials Act (Canada), the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any other Laws prohibiting corruption, bribery or money laundering applicable to Sierra, its subsidiaries or any of their respective directors, officers, employees, consultants, agents or other representatives (in each case, acting in such capacity); and
- (t) No shareholder rights plan or similar plan should have been adopted by Sierra and its directors shall not have made any public announcement as to the intended adoption of any such plan.

The foregoing conditions are for the exclusive benefit of the Offeror. The Offeror may assert any of the foregoing conditions at any time, regardless of the circumstances giving rise to such assertion (including, without limitation, any action or inaction by the Offeror giving rise to any such assertions). In all cases, when exercising its sole judgment or discretion, the Offeror intends to act reasonably. The Offeror may waive any of the foregoing conditions, in whole or in part, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights which the Offeror may have. Each of the foregoing conditions is independent of and in addition to each other of such conditions and may be asserted irrespective of whether any other of such conditions may be asserted in connection with any particular event, occurrence or state of facts or otherwise. The failure by the Offeror at any time to exercise or assert any of the foregoing rights shall not be deemed to constitute a waiver of any such right; the waiver of any such right with respect to particular facts or circumstances shall not be deemed to constitute a waiver with respect to any other facts or circumstances, and each such right shall be deemed an ongoing right which may be asserted at any

time and from time to time by the Offeror. Any determination by the Offeror concerning any event or other matter described in the foregoing conditions will be final and binding upon all parties.

Any waiver of a condition or the withdrawal of the Offer shall be effective upon written notice or other communication confirmed in writing by the Offeror to that effect to the Depositary and Information Agent at its principal office in Toronto, Ontario. The Offeror through the Corporation, promptly after giving any such notice, shall issue and file a press release announcing such waiver or withdrawal and shall cause the Depositary and Information Agent, if required by Law, as soon as practicable thereafter to notify the Shareholders thereof in the manner set forth in Section 10 of the Offer to Purchase, "Notices and Delivery", and shall provide a copy of the aforementioned notice to the TSX. If the Offer is withdrawn, the Offeror shall not be obligated to take up or pay for any Common Shares deposited under the Offer and the Depositary and Information Agent will promptly return all Certificates representing deposited Common Shares, Letters of Transmittal, Notices of Guaranteed Delivery and related documents to the parties by whom they were deposited at the Offeror's expense. See Section 8 of the Offer to Purchase, "Return of Deposited Common Shares".

5. Extension, Variation or Change in the Offer

The Offer is open for acceptance from the date of the Offer until the Expiry Time, subject to extension or variation in the Offeror's sole discretion or as set out below, unless the Offer is withdrawn by the Offeror. In addition, if the Offeror takes up any Common Shares under the Offer, the Offer will be extended and remain open for the deposit of Common Shares for not less than ten days from the date on which Common Shares are first taken up.

Subject to the limitations set out below, the Offeror reserves the right, in its sole discretion, at any time and from time to time while the Offer is open for acceptance (or at any other time if permitted by applicable Law) to vary the terms of the Offer (including, without limitation, by extending or abridging the period during which Common Shares may be deposited under the Offer where permitted by Law).

Under applicable Law, the Offeror is required to allow Common Shares to be deposited under the Offer for an initial deposit period of at least 105 days. The initial deposit period under the Offer may be shortened in the following circumstances, subject to a minimum deposit period of at least 35 days from the date of the Offer: (a) if Sierra issues a deposit period news release in respect of either the Offer or another offeror's take-over bid that is less than 105 days, the Offeror may vary the terms of the Offer to shorten the initial deposit period to at least the number of days from the date of the Offer as stated in the deposit period news release; or (b) if Sierra issues a news release announcing that it has agreed to enter into, or determined to effect, an Alternative Transaction, the Offeror may vary the terms of the Offer to shorten the initial deposit period to at least 35 days from the date of the Offer. In either case, the Offeror intends to vary the terms of the Offer by shortening the initial deposit period to the shortest possible period consistent with applicable Law.

If, before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, the terms of the Offer are varied (other than a variation in the terms of the Offer consisting solely of the waiver of a condition in the Offer and any extension of the Offer, other than an extension in respect of the mandatory 10-day extension period, resulting from the waiver), including any reduction of the period during which securities may be deposited under the Offer pursuant to applicable Law, or any extension of the period during which securities may be deposited under the bid pursuant to applicable Law, and whether or not that variation results from the exercise of any right contained in the Offer, the Offeror will promptly (a) cause the Corporation to issue and file a news release to the extent and in the manner required by applicable Law, and (b) send a notice of variation in the manner set out in Section 10 of the Offer to Purchase, "Notices and Delivery", to every person to whom the Offer is required to be sent under applicable Law and whose Common Shares were not taken up before the date of the variation. If there is a notice of variation, the period during which Common Shares may be deposited under the Offer must not expire before 10 days after the date of the notice of variation. If the Offeror is required to send a notice of variation before the expiry of the initial deposit period, the initial deposit period for the Offer must not expire before 10 days after the date of the notice of variation, and the Offeror must not take up Common Shares deposited under the Offer before 10 days after the date of the notice of variation. In addition, the Offeror will file a copy of such notice and will provide a copy of such notice in the manner required by applicable Law as soon as practicable thereafter to Sierra, the TSX and the Securities Regulatory Authorities, as applicable. Any notice of variation of the Offer will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary and

Information Agent at its principal office in Toronto, Ontario. If the variation consists solely of a waiver of a condition, the Offeror will promptly issue and file a news release announcing the waiver.

If, before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer to Purchase or the Circular or any notice of change or notice of variation that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror), the Offeror will promptly (a) issue and file a news release of such change to the extent and in the manner required by applicable Law, and (b) send a notice of the change in the manner set out in Section 10 of the Offer to Purchase, "Notices and Delivery", to every person to whom the Offer was required to be sent and whose Common Shares were not taken up before the date of the change. If the Offeror is required to send a notice of change before the expiry of the initial deposit period, the initial deposit period for the Offer must not expire before 10 days after the date of the notice of change, and the Offeror must not take up Common Shares deposited under the Offer before 10 days after the date of the notice of change. In addition, the Offeror will file a copy of such notice and will provide a copy of such notice in the manner required by applicable Law as soon as practicable thereafter to Sierra, the TSX and the Securities Regulatory Authorities, as applicable. Any notice of change in information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Depositary and Information Agent at its principal office in Toronto, Ontario.

During any extension or in the event of any variation of the Offer or change in information, all Common Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be taken up by the Offeror in accordance with the terms hereof. An extension of the Expiry Time, a variation of the Offer or a change in information does not, unless otherwise expressly stated, constitute a waiver by the Offeror of its rights under Section 4 of the Offer to Purchase, "Conditions of the Offer".

Notwithstanding the foregoing, but subject to applicable Law, the Offeror may not make a variation in the terms of the Offer, other than a variation to extend the time during which Common Shares may be deposited under the Offer or a variation to increase the consideration for the Common Shares, after the Offeror becomes obligated to take up Common Shares deposited under the Offer. If the consideration being offered for the Common Shares under the Offer is increased, the increased consideration will be paid to all depositing Shareholders whose Common Shares are taken up under the Offer, whether or not such Common Shares were taken up before the increase.

6. Take-Up of and Payment for Deposited Common Shares

If, at the expiry of the initial deposit period, the Statutory Minimum Condition has been satisfied and all of the other conditions described in Section 4 of the Offer to Purchase, "Conditions of the Offer" have been satisfied or waived by the Offeror, the Offeror will immediately take up the Common Shares validly deposited under the Offer and not withdrawn. The Offeror will pay for Common Shares taken up under the Offer as soon as possible but in any event not later than three business days after the Common Shares are taken up. In accordance with applicable Law, if the Offeror is obligated to take up such Common Shares, the Offeror will extend the period during which Common Shares may be deposited under the Offer for an additional period of at least ten days following the expiry of the initial deposit period (the "**mandatory 10-day extension period**") and may extend the deposit period after expiration of the mandatory 10-day extension period ("**Optional Extension Periods**"). The Offeror will take up and pay for Common Shares deposited under the Offer during the mandatory 10-day extension period and any Optional Extension Period not later than ten days after such deposit.

The Offeror will be deemed to have taken up and accepted for payment Common Shares validly deposited and not withdrawn under the Offer if, as and when the Offeror gives written notice, or other communication confirmed in writing, to the Depositary and Information Agent at its principal office in Toronto, Ontario to that effect. Subject to applicable Law, the Offeror expressly reserves the right, in its sole discretion to, on, or after the Expiry Time, terminate or withdraw the Offer and not take up or pay for any Common Shares if any condition specified in Section 4 of the Offer to Purchase, "Conditions of the Offer", is not satisfied or waived, by giving written notice thereof, or other communication confirmed in writing, to the Depositary and Information Agent at its principal office in Toronto, Ontario. The Offeror will not, however, take up and pay for any Common Shares deposited under the Offer unless it simultaneously takes up and pays for all Common Shares then validly deposited under the Offer and not withdrawn.

The Offeror will pay for Common Shares validly deposited under the Offer and not withdrawn by providing the Depositary and Information Agent with sufficient funds (by bank transfer or other means satisfactory to the Depositary and Information Agent) for transmittal to depositing Shareholders. Under no circumstances will interest accrue or be paid by the Offeror or the Depositary and Information Agent to persons depositing Common Shares on the purchase price of Common Shares purchased by the Offeror, regardless of any delay in making payments for Common Shares.

The Depositary and Information Agent will act as the agent of persons who have deposited Common Shares in acceptance of the Offer for the purposes of receiving payment from the Offeror and transmitting such payment to such persons, and receipt of payment by the Depositary and Information Agent will be deemed to constitute receipt of payment by persons depositing Common Shares under the Offer.

All cash payments under the Offer will be made in Canadian dollars. However, a Shareholder can instead elect to receive payment in U.S. dollars by checking the appropriate box in the Letter of Transmittal, in which case such Shareholder will have acknowledged and agreed that, in respect of the cash payment under the Offer, the exchange rate for one Canadian dollar expressed in U.S. dollars will be based on the exchange rate available to the Depositary and Information Agent at its typical banking institution on the date the funds are converted.

Settlement with each Shareholder who has deposited (and not withdrawn) Common Shares under the Offer will be made by the Depositary and Information Agent issuing or causing to be issued a cheque (except for payments in excess of C\$25 million, which will be made by wire transfer, as set out in the Letter of Transmittal) payable in Canadian funds in the amount to which the person depositing Common Shares is entitled. Unless otherwise directed by the Letter of Transmittal, the cheque will be issued in the name of the registered holder of the Common Shares so deposited. Unless the person depositing the Common Shares instructs the Depositary and Information Agent to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque will be forwarded by first class mail to such person at the address specified in the Letter of Transmittal. If no such address is specified, the cheque will be sent to the address of the registered holder as shown on the securities register maintained by or on behalf of Sierra. Cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing. Pursuant to applicable Law, the Offeror may, in certain circumstances, be required to make withholdings from the amount otherwise payable to a Shareholder.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent to accept the Offer. However, a broker or other intermediary through whom a Shareholder owns Common Shares may charge a fee to tender any such securities on behalf of the Shareholder. Shareholders should consult their investment advisors, stock brokers or other intermediary to determine whether any charges will apply.

7. Withdrawal of Deposited Common Shares

Except as otherwise stated in this Section 7 or as otherwise required by applicable Law, all deposits of Common Shares under the Offer are irrevocable. Unless otherwise required or permitted by applicable Law, any Common Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Shareholder:

- (a) at any time before the deposited Common Shares have been taken up by the Offeror under the Offer;
- (b) if the deposited Common Shares have not been paid for by the Offeror within three business days after the Common Shares have been taken up by the Offeror under the Offer; or
- (c) at any time before the expiration of ten days from the date upon which either:
 - (i) a notice of change relating to a change which has occurred in the information contained in the Offer to Purchase or the Circular, a notice of change or a notice of variation, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or of an affiliate of the Offeror), in the event that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all rights of withdrawal in respect of the Offer, or

- (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the Common Shares where the Expiry Time is not extended for more than ten days, or a variation consisting solely of a waiver of one or more conditions of the Offer, or both),

is mailed, delivered or otherwise properly communicated (subject to abridgement of that period pursuant to such order or orders or other forms of relief as may be granted by applicable courts or Regulatory Authorities) and only if such deposited Common Shares have not been taken up by the Offeror at the date of the notice.

Withdrawals of Common Shares deposited under the Offer must be effected by notice of withdrawal made by or on behalf of the depositing Shareholder and must be actually received by the Depositary and Information Agent at the place of deposit of the applicable Common Shares (or Notice of Guaranteed Delivery in respect thereof) within the time limits indicated above. Notices of withdrawal: (a) must be made by a method that provides the Depositary and Information Agent with a written or printed copy, (b) must be signed by or on behalf of the person who signed the Letter of Transmittal accompanying (or Notice of Guaranteed Delivery in respect of) the Common Shares which are to be withdrawn, and (c) must specify such person's name, the number of Common Shares to be withdrawn, the name of the registered holder and the Certificate number shown on each Certificate representing the Common Shares to be withdrawn. Any signature in a notice of withdrawal must be guaranteed by an Eligible Institution in the same manner as in a Letter of Transmittal (as described in the instructions set out therein), except in the case of Common Shares deposited for the account of an Eligible Institution.

If Common Shares have been deposited pursuant to the procedures for book-entry transfer, as set out in Section 3 of the Offer to Purchase, "Manner of Acceptance — Acceptance by Book-Entry Transfer", any notice of withdrawal must specify the name and number of the account at CDS or DTC, as applicable to be credited with the withdrawn Common Shares and otherwise comply with the procedures of CDS or DTC, as applicable.

A withdrawal of Common Shares deposited under the Offer can only be accomplished in accordance with the foregoing procedures. The withdrawal will take effect only upon actual receipt by the Depositary and Information Agent of the properly completed and executed written notice of withdrawal.

Investment dealers, banks, trust companies or other intermediaries may set deadlines for the withdrawal of Common Shares deposited under the Offer that are earlier than those specified above. Shareholders should contact their brokers or other intermediaries for assistance.

All questions as to the validity (including, without limitation, timely receipt) and form of notices of withdrawal will be determined by the Offeror in its sole discretion and such determination will be final and binding. There is no duty or obligation of the Offeror, the Depositary and Information Agent or any other person to give notice of any defect or irregularity in any notice of withdrawal and no liability shall be incurred or suffered by any of them for failure to give such notice.

If the Offeror extends the period of time during which the Offer is open, is delayed in taking up or paying for Common Shares or is unable to take up or pay for Common Shares for any reason, then, without prejudice to the Offeror's other rights, Common Shares deposited under the Offer may, subject to applicable Law, be retained by the Depositary and Information Agent on behalf of the Offeror until such Common Shares are withdrawn by Shareholders in accordance with this Section 7 or pursuant to applicable Law.

Withdrawals cannot be rescinded and any Common Shares withdrawn will be deemed not validly deposited for the purposes of the Offer, but may be re-deposited at any subsequent time at or prior to the Expiry Time by following any of the procedures described in Section 3 of the Offer to Purchase, "Manner of Acceptance".

In addition to the foregoing rights of withdrawal, Shareholders in the provinces and territories of Canada are entitled to one or more statutory rights of rescission, price revision or to damages in certain circumstances. See Section 22 of the Circular, "Statutory Rights".

8. Return of Deposited Common Shares

Any Deposited Common Shares that are not taken up and paid for by the Offeror pursuant to the terms and conditions of the Offer for any reason will be returned, at the Offeror's expense, to the depositing Shareholder as soon as practicable after the Expiry Time or withdrawal of the Offer, by either (a) sending Certificates representing the Common Shares not purchased by first-class insured mail to the address of the depositing Shareholder specified in the Letter of Transmittal or, if such name or address is not so specified, in such name and to such address as shown on the securities register maintained by or on behalf of Sierra, or (b) in the case of Common Shares deposited by book-entry transfer of such Common Shares pursuant to the procedures set out in Section 3 of the Offer to Purchase, "Manner of Acceptance — Acceptance by Book-Entry Transfer", such Common Shares will be credited to the depositing holder's account maintained with CDS or DTC, as applicable.

9. Changes in Capitalization; Adjustments; Liens

If, on or after the date of the Offer, Sierra should divide, combine, reclassify, consolidate, convert or otherwise change any of the Common Shares or its capitalization, issue any Common Shares, or issue, grant or sell any Convertible Securities, or disclose that it has taken or intends to take any such action, then the Offeror may, in its sole discretion and without prejudice to its rights under Section 4 of the Offer to Purchase, "Conditions of the Offer", make such adjustments as it considers appropriate to the purchase price and other terms of the Offer (including, without limitation, the type of securities offered to be purchased and the amount payable therefor) to reflect such division, combination, reclassification, consolidation, conversion, issuance, grant, sale or other change. See Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer".

Common Shares and any Distributions acquired under the Offer shall be transferred by the Shareholder and acquired by the Offeror free and clear of all liens, restrictions, charges, encumbrances, claims and equities and together with all rights and benefits arising therefrom, including, without limitation, the right to any and all dividends, distributions, payments, securities, property, rights, assets or other interests which may be accrued, declared, paid, issued, distributed, made or transferred on or after the date of the Offer on or in respect of the Common Shares, whether or not separated from the Common Shares.

If, on or after the date of the Offer, Sierra should declare, set aside or pay any dividend or declare, make or pay any other distribution or payment on or declare, allot, reserve or issue any securities, rights or other interests with respect to any Common Share, which is or are payable or distributable to Shareholders on a record date prior to the date of transfer into the name of the Offeror or its intermediary or transferee on the securities register maintained by or on behalf of Sierra in respect of Common Shares accepted for purchase under the Offer, then (and without prejudice to its rights under Section 4 of the Offer to Purchase, "Conditions of the Offer"): (a) in the case of any such cash dividends, distributions or payments that in an aggregate amount do not exceed the purchase price per Common Share payable, the purchase price per Common Share payable by the Offeror pursuant to the Offer will be reduced by the amount of any such dividend, distribution or payment, and (b) in the case of any such cash dividends, distributions or payments that in an aggregate amount exceeds the purchase price per Common Share payable by the Offeror pursuant to the Offer, or in the case of any non-cash dividend, distribution, payment, securities, property, rights, assets or other interests, the whole of any such dividend, distribution, payment, securities, property, rights, assets or other interests (and not simply the portion that exceeds the purchase price per Common Share payable by the Offeror under the Offer), the amount of any excess will be received and held by the depositing Shareholder for the account of the Offeror and will be promptly remitted and transferred by the depositing Shareholder to the Depositary and Information Agent for the account of the Offeror, accompanied by appropriate documentation of transfer. The Offeror will be entitled to deduct from the consideration payable by the Offeror under the Offer the amount or value thereof, as determined by the Offeror in its sole discretion.

The declaration or payment of any such dividend or distribution may have tax consequences not described under Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations" or in Section 19 of the Circular, "Certain United States Federal Income Tax Considerations". Shareholders should consult their own tax advisors as to the tax consequences of the declaration or payment of any such dividend or distribution.

10. Notices and Delivery

Without limiting any other lawful means of giving notice, and unless otherwise specified by applicable Law, any notice to be given by the Offeror or the Depositary and Information Agent under the Offer will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to the registered Shareholders at their respective addresses as shown on the register maintained by or on behalf of Sierra in respect of the Common Shares and, unless otherwise specified by applicable Law, will be deemed to have been received on the first business day following the date of mailing. For this purpose, "**business day**" means any day other than a Saturday, Sunday or statutory holiday in the jurisdiction to which the notice is mailed. These provisions apply notwithstanding any accidental omission to give notice to any one or more Shareholders and notwithstanding any interruption of mail services following mailing. Except as otherwise permitted by applicable Law, if mail service is interrupted or delayed following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. Except as otherwise required or permitted by applicable Law, if post offices in Canada are not open for the deposit of mail, any notice which the Offeror or the Depositary and Information Agent may give or cause to be given to Shareholders under the Offer will be deemed to have been properly given and to have been received by Shareholders if (a) it is given to the TSX for dissemination through its facilities, (b) it is published once in the national edition of *The Globe and Mail* or *The National Post* and in Québec, in *Le Journal de Montréal* or *Le Devoir*, in French, or (c) it is delivered to Marketwired or Canada Newswire for dissemination through their respective facilities.

The Offer to Purchase and Circular and the accompanying Letter of Transmittal and Notice of Guaranteed Delivery will be mailed to registered Shareholders by first class mail, postage prepaid, or made available in such other manner as is permitted by applicable Law and the Offeror will use its reasonable efforts to furnish such documents to investment dealers, banks and similar persons whose names, or the names of whose nominees, appear in the register maintained by or on behalf of Sierra in respect of the Common Shares or, if security position listings are available, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to the beneficial owners of Common Shares where such listings are received.

These securityholder materials are being sent to both registered and non-registered owners of securities. If you are a non-registered owner, and the Offeror or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable regulatory requirements from the intermediary holding such securities on your behalf.

Wherever the Offer calls for documents to be delivered to the Depositary and Information Agent, such documents will not be considered delivered unless and until they have been physically received at the Toronto, Ontario office of the Depositary and Information Agent specified in the Letter of Transmittal or the Notice of Guaranteed Delivery, as applicable.

11. Mail Service Interruption

Notwithstanding the provisions of the Offer to Purchase and Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, cheques and any other relevant documents will not be mailed if the Offeror determines that delivery thereof by mail may be delayed. Persons entitled to cheques or any other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary and Information Agent to which the deposited Certificate(s) for Common Shares were delivered until such time as the Offeror has determined that delivery by mail will no longer be delayed. The Offeror shall provide notice of any such determination not to mail made under this Section 11 as soon as reasonably practicable after the making of such determination and in accordance with Section 10 of the Offer to Purchase, "Notices and Delivery". Notwithstanding Section 6 of the Offer to Purchase, "Take-Up of and Payment for Deposited Common Shares", cheques and any other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery to the depositing Shareholder at the Toronto, Ontario office of the Depositary and Information Agent.

12. Market Purchases and Sales of Common Shares

The Offeror reserves the right to, and may, acquire or cause an affiliate to acquire beneficial ownership of Common Shares by making purchases through the facilities of the TSX at any time, and from time to time, prior to the Expiry Time subject to and in accordance with applicable Law. In no event, however, will the Offeror (or its

affiliates) make any such purchases of Common Shares until the third business day following the date of the Offer and the Offeror shall comply with the following requirements under Section 2.2(3) of NI 62-104 and company with any other laws, in the event it decides to make any such purchases:

- (a) such intention shall be stated in a news release issued and filed at least one business day prior to making such purchases;
- (b) the aggregate number of Common Shares beneficially acquired shall not exceed five percent of the outstanding Common Shares as of the date of the Offer, calculated in accordance with applicable Law;
- (c) the purchases shall be made in the normal course through the facilities of the TSX;
- (d) the Offeror shall issue and file a news release containing the information required under applicable Law immediately after the close of business of the TSX on each day on which Common Shares have been purchased; and
- (e) the broker involved in such trades shall provide only customary broker services and receive only customary fees or commissions, and no solicitation for the sale or purchase of Common Shares shall be made by the Offeror or its agents (other than under the Offer) or the seller or its agents.

Purchases pursuant to Section 2.2(3) of NI 62-104 will not be counted in any determination as to whether the Statutory Minimum Condition has been fulfilled.

Although the Offeror has no present intention to sell Common Shares taken up under the Offer, the Offeror reserves the right to make or enter into agreements, commitments or understandings at or prior to the Expiry Time to sell any of such Common Shares after the Expiry Time, subject to applicable Law and to compliance with Section 2.7(2) of NI 62-104. For the purposes of this Section 12, the "Offeror" includes any person acting jointly or in concert with the Offeror.

13. Other Terms of the Offer

- (a) The Offer and all contracts resulting from acceptance thereof shall be governed by and construed in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. Each party to any agreement resulting from the acceptance of the Offer unconditionally and irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario and all courts competent to hear appeals therefrom.
- (b) The Offeror reserves the right to transfer to one or more affiliates of the Offeror the right to purchase all or any portion of the Common Shares deposited pursuant to the Offer, but any such transfer will not relieve the Offeror of its obligations under the Offer and will in no way prejudice the rights of persons depositing Common Shares to receive payment for Common Shares validly deposited and accepted for payment under the Offer.
- (c) In any jurisdiction in which the Offer is required to be made by a licensed broker or dealer, the Offer shall be made on behalf of the Offeror by brokers or dealers licensed under the Laws of such jurisdiction.
- (d) No broker, dealer or other person has been authorized to give any information or make any representation on behalf of the Offeror not contained herein or in the accompanying Circular, and, if given or made, such information or representation must not be relied upon as having been authorized. No broker, dealer or other person shall be deemed to be the agent of the Offeror, the Depositary and Information Agent for the purposes of the Offer.

- (e) The provisions of the cover pages, Summary, Questions and Answers About the Offer, the Glossary, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery accompanying the Offer to Purchase, including the instructions contained therein, as applicable, form part of the terms and conditions of the Offer.
- (f) The Offeror, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the terms and conditions of the Offer (including, without limitation, the satisfaction of the conditions of the Offer), the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery, the validity of any acceptance of the Offer and the validity of any withdrawals of Common Shares.
- (g) The Offer to Purchase and Circular do not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making or the acceptance of the Offer would not be in compliance with the Laws of such jurisdiction. However, the Offeror may, in the Offeror's sole discretion, take such action as the Offeror may deem necessary to make the Offer in any jurisdiction and extend the Offer to Shareholders in any such jurisdiction.
- (h) The Offeror reserves the right to waive any defect in acceptance with respect to any particular Common Shares or any particular Shareholder. There shall be no duty or obligation of the Offeror, the Depositary and Information Agent or any other person to give notice of any defect or irregularity in the deposit of Common Shares or in any notice of withdrawal and, in each case, no liability shall be incurred or suffered by any of them for failure to give such notice.

DATED: December 30, 2024.

ALPAYANA CANADA LTD.

By: (signed) "Fernando Jesús Arrieta Jiménez"
Chief Executive Officer

The Offer to Purchase and the accompanying Circular together constitute the take-over bid circular required under Canadian securities legislation with respect to the Offer. Shareholders are urged to refer to the accompanying Circular for additional information relating to the Offer.

CIRCULAR

This Circular is furnished in connection with the accompanying Offer to Purchase dated December 30, 2024 to purchase all of the issued and outstanding Common Shares of Sierra. The terms and conditions of the Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Shareholders should refer to the Offer to Purchase for details of the terms and conditions of the Offer, including, without limitation, details as to payment and withdrawal rights. Unless the context otherwise requires, terms used but not defined in the Circular have the respective meanings given to them in the accompanying Glossary.

No securities tendered to the Offer will be taken up until (a) more than 50% of the outstanding securities of the class sought (excluding those securities beneficially owned, or over which control or direction is exercised, by the Offeror or any person acting jointly or in concert with the Offeror) have been tendered to the Offer, (b) the minimum deposit period under the applicable securities laws has elapsed, and (c) any and all other conditions of the Offer have been complied with or waived, as applicable. If these criteria are met, the Offeror will take up securities deposited under the Offer in accordance with applicable securities laws and extend the Offer for an additional minimum period of 10 days to allow for further deposits of securities.

Unless otherwise indicated, the information concerning Sierra contained in the Offer to Purchase and Circular has been taken from or is based solely upon publicly available documents and records on file with Securities Regulatory Authorities and other public sources available at the time of the Offer. Although the Offeror and the Corporation have no knowledge that would indicate that any statements contained herein and taken from or based on such information are untrue or incomplete, none of the Offeror, the Corporation nor any of their respective officers or directors assumes any responsibility for the accuracy or completeness of such information or for any failure by Sierra to disclose events or facts that may have occurred or that may affect the significance or accuracy of any such information but that are unknown to the Offeror or the Corporation. Unless otherwise indicated, information concerning Sierra is given as of December 30, 2024.

All currency amounts expressed herein, unless otherwise indicated, are in Canadian dollars.

1. The Offeror

The Offeror, meaning Alpayana Canada Ltd., a wholly-owned subsidiary of Alpayana S.A.C., is making the Offer, and was incorporated for the sole purpose of making the Offer. The Offeror is a corporation organized under the Laws of Ontario. The Offeror's registered office is located at 66 Wellington Street West, Suite 5300, Toronto, Ontario M5K 1E6, Canada.

Alpayana is a family-owned private mining company committed to the development and promotion of sustainable and responsible mining. It strives to leave a positive and meaningful legacy by prioritizing the well-being of its employees, the communities it impacts and the environment.

Alpayana has been operating mines in Peru for over 38 years, has a successful M&A track record, and experience in developing projects with a view on intrinsic value. Alpayana successfully acquired Empresa Minera Los Quenuales (Yauliyacu mine and Isayacruz mine) from Glencore in 2022 and Compañía Minera Argentum (Morococha mine) from Pan American Silver in 2023. Alpayana is currently debt free and has annual revenues of over US\$500 million.

Alpayana operates the Americana, Yauliyacu, Isayacruz and Morococha mines in Peru guided by its core values and adhering to high standards for production efficiency and the protection of health, safety and the environment.

2. Sierra

Sierra was incorporated under the CBCA on April 11, 1996 under the corporate name "Line Islands Exploration Inc.". The articles were amended by a certificate of amendment dated December 9, 1999 changing the corporate name to "Dia Bras Exploration Inc." The company changed its name to "Sierra Metals Inc." by a certificate of amendment dated December 5, 2012.

On June 19, 2014, Sierra's articles were further amended to provide that meetings of shareholders may be held in (i) Canada, (ii) the United States of America or (iii) any city, municipality or other country in which the company is doing business.

The registered principal office of Sierra is located at 200 Bay Street, South Tower, Suite 2800, Toronto, Ontario, Canada M5J 2J3. The head office of Sierra's Mexican subsidiaries is located at Calle Blas Cano de los Rios No 500, Colonia San Felipe, C.P 31203, Chihuahua, Chihuahua, Mexico. The head office of Sierra's Peruvian subsidiaries is located at Av. Ricardo Palma 341, Edificio Platino, Oficina 1301, Miraflores, Lima, Peru.

3. Certain Information Concerning Securities of Sierra

Sierra Securities subject to the Offer

Sierra has an authorized capital consisting of an unlimited number of Common Shares. Holders of Common Shares are entitled: (i) to one vote per Common Share at all meetings of Shareholders, except meetings at which only holders of another specified class or series of shares of Sierra are entitled to vote separately as a class or series; (ii) subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of Sierra, to receive any dividend declared on the Common Shares declared by the Sierra Board; and (iii) subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of Sierra, to receive pro rata the remaining property of Sierra in the event of liquidation, dissolution or winding up of Sierra.

Based solely on information contained in Sierra's interim financial statements for the three and nine months ended September 30, 2024, as at November 5, 2024, there were 211,725,237 Common Shares issued and outstanding.

Trading in Sierra Securities

The Common Shares are traded on the TSX a under the symbol "SMT" and on the BVL under the symbol "SM". On December 13, 2024, being the last trading day prior to the public announcement by the Corporation of its intention to acquire all of the Common Shares, the closing price of the Common Shares on the TSX was C\$0.770 and the BVL was US\$0.53.

The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the Common Shares on the TSX.

Trading of Common Shares on the TSX

	High (C\$)	Low (C\$)	Volume (#)
December 1 – 13, 2024.....	0.78	0.65	1,110,818
November 2024	0.89	0.62	8,851,119
October 2024	0.94	0.73	2,373,108
September 2024.....	0.81	0.64	2,478,980
August 2024	0.74	0.62	2,128,868
July, 2024	0.89	0.71	1,788,033
June, 2024.....	0.98	0.72	2,798,843

Source: TMX Money.

The following table sets forth, for the periods indicated, the reported high and low trading prices and the aggregate volume of trading of the Common Shares on the BVL.

Trading of Common Shares on the BVL

	High (US\$)	Low (US\$)	Volume (#)
December 1-13, 2024	0.58	0.43	77,540
November 2024	0.62	0.48	579,796
October 2024	0.67	0.54	304,872
September 2024	0.60	0.49	322,696
August 2024	0.55	0.50	107,820
July, 2024	0.63	0.55	134,350
June, 2024	0.58	0.58	31,845

Source: Bolsa de Valores de Lima (BVL)

If permitted by applicable Law, the Offeror intends to cause Sierra to apply to delist the Common Shares from the TSX and the BVL as soon as practicable after completion of the Offer and any Compulsory Acquisition or any Subsequent Acquisition Transaction.

4. Sierra RSUs

As at September 30, 2024, Sierra has 2,875,782 RSUs outstanding. The Offer is made only for Common Shares and is not made for any other securities to acquire Common Shares. Any outstanding RSUs will be treated in accordance with the applicable plan governing the terms of such RSU.

5. Background to the Offer

Alpayana respects the current CEO and Chairman; however, during the past few years, Alpayana has observed certain actions taken by Sierra's leadership and its influence over the operations of Corona, that Alpayana believes did not respect the interest of Corona's public minority shareholders.

On January 10, 2023, Alpayana submitted a non-binding offer to the then Chair of the Board to participate in a capitalization of Sierra that was not made public. Shortly after the submission of such non-binding offer letter, the share price of Sierra's Common Shares increased substantially and Alpayana determined that it was unable to continue to pursue its offer.

As such, Alpayana believes that making the offer directly to Shareholders is the most effective, transparent and efficient way for Shareholders to receive a compelling offer and to have an opportunity to determine what is best for their investment. In addition, the Offer will provide Shareholders with the ability to realise immediate and certain value for their Common Shares.

6. Reasons to Accept the Offer

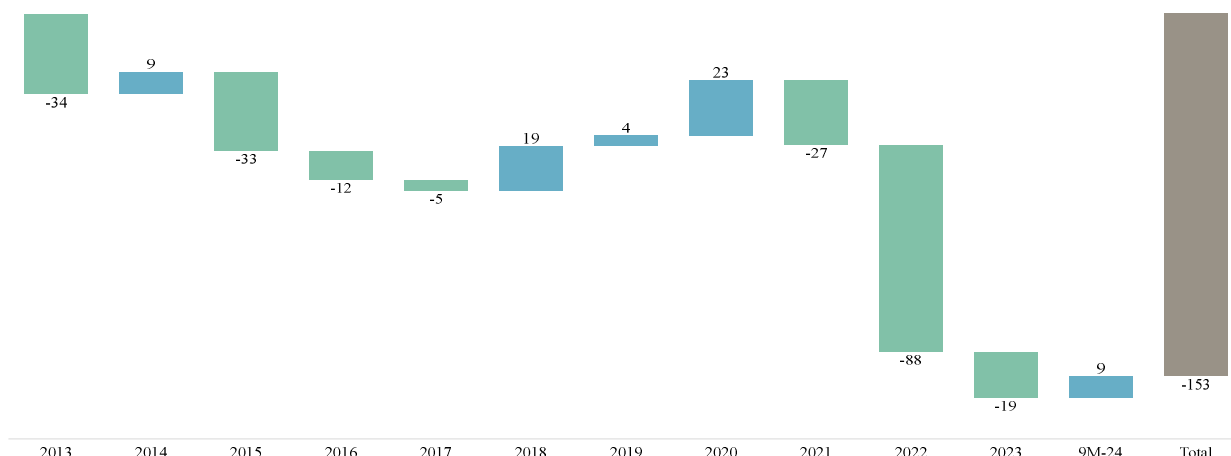
The Offeror and the Corporation believe that the Offer is compelling, and represents a clearly superior alternative to continuing on the course set by the current Sierra Board and management of Sierra, for the following reasons:

- **Premium to Market Price.** The Offer represents a premium of approximately 26% to the 30-day volume weighted average trading price of C\$0.676 as of December 13, 2024, the last trading day prior to the Corporation announcing that it intends to make an offer to acquire all of the Common Shares of Sierra and a premium of 10% over Sierra's closing price of C\$0.770 on the TSX as of that date.
- **Opportunity to Redeploy Funds.** Based on its publicly available annual audited financial statements from 2013 to September 30, 2024, Sierra has reported accumulated net losses of an aggregate of US\$153 million.

Sierra's actions have resulted in a destruction of shareholder value; in the last 10-years the ROE of Sierra has been a negative 11.1% and over the last twelve months the ROE was a negative 5.4% which compares to +15.8% for Latam Mining Companies. The Offer provides Shareholders with an opportunity to monetize their investment and redeploy such funds into other investments, including dividend paying investments and/or in other mining companies with assets in Latin America that may have more liquid stock, more critical mass and a better financial position.

The chart below shows the annual net income (losses) attributable to Shareholders from 2013 to September 30, 2024.

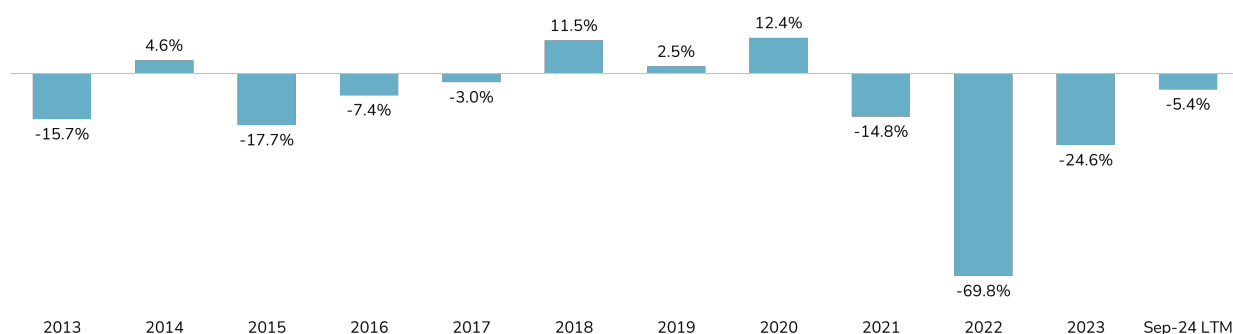
Net Income (losses) Sierra (US\$ Million)¹:



1. Figures include attributable net income to shareholders consisting of continued and discontinued operations and excluding non-controlling interests.

The chart below shows the Return On Equity for Shareholders from December 31, 2013 to September 30, 2024.

Sierra Return On Equity (%):

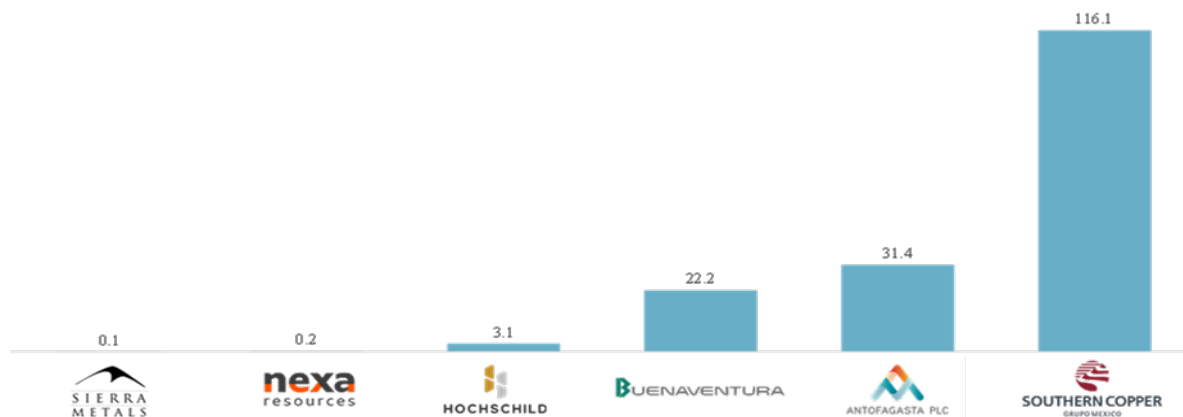


- **Weak Balance Sheet.** Sierra has expensive liabilities, a working capital shortfall, a large asset base subject to potential impairments, a small total asset base relative to competitors and outsized corporate expenses relative to total assets. The funding of future capital expenditures could result in earnings per share dilution, free cash flow per share dilution, value per share dilution, and continued constraint to establish a dividend program. Accepting the Offer eliminates these balance sheet related risks for Shareholders.

- **Current Ratio.** The Current Ratio for Sierra as at September 30, 2024 is 0.86x which compares to the median 1.82x for Latam Mining Companies. Sierra would need to increase its working capital position by US\$89.2³ million to have a Current Ratio in line with the median of Latam Mining Companies.
- **Assets Subject to Potential Impairment.** Sierra's Assets Subject to Potential Impairment are US\$113.5 million, which is equivalent to 133% of Shareholder equity as at September 30, 2024 and in the last 3 years, Sierra has accumulated impairments of US\$62.5 million.
- **Liquidity and Certainty of Value.** The Offer provides a compelling liquidity event and an opportunity for Shareholders to realize cash proceeds and certainty of value for their entire investment in an entity that has low stock liquidity.

The chart below sets out the average daily trading volume for other Latam Mining Companies for the 12-month ended December 13, 2024.

12M-ADTV for Latin American Mining Companies (US\$ Million)^{1,2}:



Source: Capital IQ as of December 13, 2024

1. The figures above correspond to: (i) the New York Stock Exchange for Compañía de Minas Buenaventura SAA, Southern Copper Corporation and Nexa Resources SA; (ii) the London Stock Exchange for Antofagasta PLC and Hochschild Mining Plc; and (iii) the TSX for Sierra. The figures do not account for traded volume from any secondary stock exchanges where the company shares may be listed.
 2. The foreign exchange rate that was utilized corresponds to the average of the last twelve months of the (i) Canadian Dollar for Sierra, and (ii) Pound Sterling for Hochschild Mining Plc and Antofagasta PLC.
- **Risk of the Status Quo.** There is considerable risk to Shareholders if the Sierra Board and management team continue to pursue their current strategy which has resulted in a weak and weakening balance sheet with restrictive bank covenants, failed M&A attempts, and a lack of critical mass capable of absorbing potential mining risks. The Offer provides Shareholders with the ability to fully monetize and derisk their investment and, ultimately, redeploy their capital into the market. The Offeror will be required to pay for Common Shares taken up by it at the Expiry Time, not later than three business days after the Expiry Time. Provided the

³ Estimated using the median of the Current Ratio for Latam Mining Companies (1.82x) multiplied by Sierra's Current Liabilities (US\$93.4 million) as reported in Sierra's Financial Statements as at September 30, 2024 minus Sierra's Current Assets (US\$80.3 million) as reported in Sierra's Financial Statements as at September 30, 2024. Total Gross Debt Load includes a Net Working Capital deficit of US\$21.6 million, a fraction of the shortfall based on Latam Mining Companies.

conditions to the Offer are satisfied or, where permitted, waived, the Offeror will be required to take up Common Shares validly deposited and not withdrawn at the Expiry Time.

- **High Debt Load** – Based on its publicly available information, as at September 30, 2024, Sierra had US\$97.1 million in gross bank debt. In addition, Sierra also had another US\$23.1 million in structural gross financing through Net Working Capital deficit, discounted sales of minerals which generate implicit interest costs, and leases. This total amount of US\$120.2⁴ million in structural gross financings needs to be serviced which will continue to impair Sierra's ability to pay future dividends. Furthermore, Sierra owes Corona, a controlled publicly traded subsidiary with minority shareholders, US\$56.5 million as at September 30, 2024.
- **Expensive Debt Load** – Based on publicly available information, Sierra's cost of funds remains high. The syndicated loan was priced at a floating rate of 3-month SOFR + 6.5% and at a fixed rate of 12%. The constant refinancings, restructurings and waiver requirements increase the real all-in financing costs. As Sierra has recently experienced a weak balance sheet, this, combined with restrictive covenants and only two mining units in a volatile mining sector that has significant inherent risks leads to a high quantity of financial distress. Moreover, the high yield nature of Sierra leaves the Company and its Shareholders more vulnerable to a financial crisis.
- **Impaired Dividend Capacity** – Sierra's press releases focus on Net Debt to EBITDA. Such ratio ignores the high capex requirements (sustaining and growth), the high working capital requirements (both ordinary course and to replenish the deficit), the high interest expense, the upcoming principal amortizations, and the non-bank structural financings. Under a dividend discount model (DDM) there does not seem to be value in Sierra's stock in the status quo scenario unless corporate expenses are eliminated and the balance sheet is adequately strengthened.
- **Restrictive Covenants** – Based on publicly available information, Sierra's Senior Secured Credit Agreement entered into in June 2024 contains restrictive financial covenants and amortization starting next year. Such credit agreement is restrictive of dividend payments and capex. Under such credit agreement, Sierra pledged the Yauricocha Mine in Peru and the Bolivar Mine in Mexico. In this context, considering that Sierra has only two assets, has a weak balance sheet, operates in the volatile mining environment, such restrictions put the Shareholders at risk, particularly in time of financial crisis.
- **Failed M&A Attempts** – Based on publicly available information, Sierra has conducted strategic reviews which have failed to result in any accretive acquisitions or mergers.
- **Lack of Scale** – We recognize management's competency and commitment. However, Sierra does not seem to have the critical mass to absorb inherent mining risks, further asset impairments, or current corporate expenses. Sierra has made an announcement regarding reaching full production; however, while this contributes to their capability to service debt it will not resolve their continued structural problems related to scale such as very high corporate expenses and very high production costs per pound.
- **High Production Costs** – Lack of scale contributes to the high production cost of Sierra. In recent quarters the all in sustaining cost at the Yauricocha and Bolivar mines has ranged from US\$3.23 to US\$3.75 per copper-equivalent pound. These figures are well above industry averages.
- **High Selling, General and Administrative Expenses** – Sierra's reported SG&A expenses relative to total assets is 13.5% which compares to 2.4% for Latam Mining Companies, for the last twelve months as at September 30, 2024; to bring it to median levels of Latam Mining Companies, Sierra would need to reduce SG&A expenses by 82%.
- **High Vulnerability to Markets Turmoil or a Financial Crisis** – A weak balance sheet combined with lack of scale, high and expensive debt load and restrictive covenants leaves Sierra and its Shareholders

⁴ Non-current lease liabilities are not included as this figure is not reported in the interim financial statement as of September 30, 2024.

highly vulnerable to market turmoil or a financial crisis. In these situations, access to capital can become restricted, and lenders may be hesitant to extend credit, leaving Sierra with greater exposure to liquidity problems. In the event of market turmoil or a financial crisis, Sierra may face significant challenges raising new capital or refinancing existing debt.

- **Fully Funded Cash Offer.** Alpayana is a credible counterparty with the resources and capability to close this acquisition based on its available cash. The Offer is not subject to any financing condition.
- **Potential for Negative Impact to Common Share Price if the Offer is Not Accepted.** The Offer represents a premium to the market price of the Common Shares on the last trading day prior to the public announcement of our intention to make the Offer. If the Offer is not successful, and no other offer is made for Sierra, we believe it is likely the trading price of the Common Shares will decline to pre-Offer levels.
- **Share Consolidation is Not a Solution.** On December 12, 2024, Sierra announced that it will hold a special meeting to approve a consolidation of its Common Shares on the basis of one new Sierra common share for up to every 20 Common Shares of Sierra. Alpayana believes that this is a clear sign that Sierra has lost faith in its ability to increase its share price based on performance. In addition, many share consolidations have had mixed results, with the share price often not increasing to a level equivalent to the consolidation ratio. If Sierra proceeds with the share consolidation, the consideration per share offered by the Offeror will be adjusted proportionately to any such share consolidation.

7. Purpose of the Offer

The purpose of the Offer is to enable the Offeror to acquire all of the outstanding Common Shares. The effect of the Offer is to give all Shareholders the opportunity to receive C\$0.85 in cash per Common Share, representing a 26% premium to the closing price of the Common Shares on December 13, 2024, being the last trading day prior to Alpayana announcing that it would make an offer to acquire all of the Common Shares and a premium of 10% to the closing price of the Common Shares on December 13, 2024 being C\$0.770. The conditions of the Offer are described in Section 4 of the Offer to Purchase, "Conditions of the Offer".

The Offer is open for acceptance from the date of the Offer until 5:00 p.m. (Toronto time) on April 14, 2025, or such earlier or later time or times and date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer to Purchase, "Extension, Variation or Change in the Offer", unless the Offer is withdrawn by the Offeror.

If the conditions of the Offer are satisfied or waived at the Expiry Time and the Offeror takes up and pays for the Common Shares validly deposited under the Offer, the Offeror intends (but is not required) to acquire any Common Shares not deposited under the Offer through a Compulsory Acquisition, if available, or to propose a Subsequent Acquisition Transaction, in each case for consideration per Common Share equal in value to and in the same form as the consideration paid by the Offeror per Common Share under the Offer. The exact timing and details of any such transaction will depend upon a number of factors, including, without limitation, the number of Common Shares acquired pursuant to the Offer. Although the Offeror intends to propose either a Compulsory Acquisition or a Subsequent Acquisition Transaction generally on the terms described herein, it is possible that, as a result of delays in the Offeror's ability to effect such a transaction, information subsequently obtained by the Offeror, changes in general economic or market conditions or in the business of Sierra or other currently unforeseen circumstances, such a transaction may not be proposed, may be delayed or abandoned or may be proposed on different terms. Accordingly, the Offeror reserves the right not to propose a Compulsory Acquisition or Subsequent Acquisition Transaction, or to propose a Subsequent Acquisition Transaction on terms other than as described in the Circular. See Section 13 of the Circular, "Acquisition of Common Shares Not Deposited".

8. Effects of the Offer

If permitted by applicable Law, the Offeror intends to cause Sierra to apply to delist the Common Shares from the TSX and the BVL as soon as practicable after completion of the Offer and any Compulsory Acquisition or any Subsequent Acquisition Transaction. In addition, if permitted by applicable Law, subsequent to the completion of the

Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, the Offeror intends to cause Sierra to cease to be a reporting issuer under the securities Laws of each province and territory of Canada in which it has such status. See Section 17 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer".

If the Offer and a Compulsory Acquisition or a Subsequent Acquisition Transaction is successful:

- (a) the Offeror will own all of the equity interests in Sierra and the Offeror will be entitled to all the benefits and risks of loss associated with such ownership;
- (b) current Shareholders will no longer have any interest in Sierra or in Sierra's assets, book value or future earnings or growth and the Offeror will hold a 100% interest in such assets, book value, future earnings and growth;
- (c) the Offeror will have the right to elect all members of the Sierra Board;
- (d) Sierra will no longer be publicly traded and Sierra will no longer file periodic reports (including, without limitation, financial information) with any Securities Regulatory Authorities; and
- (e) the Common Shares will no longer trade on the TSX of the BVL or any other securities exchange.

If the Offeror takes up Common Shares under the Offer but is unable to complete a Compulsory Acquisition or Subsequent Acquisition Transaction, then Sierra will continue as a public company and the Offeror will evaluate its alternatives. Such alternatives could include, to the extent permitted by applicable Law, purchasing additional Common Shares in the open market, in privately negotiated transactions or pursuant to another take-over bid or other transaction, and thereafter proposing an amalgamation, arrangement or other transaction which would result in the Corporation's ownership of 100% of the Common Shares. Under such circumstances, an amalgamation, arrangement or other transaction would require the approval of at least 66⅔% of the votes cast by the Shareholders, and might require approval of a majority of the votes cast by holders of Common Shares other than us and our affiliates. There is no certainty that under such circumstances any such transaction would be proposed or completed by Alpayana.

9. Source of Funds

The Offeror's obligation to purchase the Common Shares deposited under the Offer is not subject to any financing condition. The Corporation and the Offeror will fund the entire cash consideration payable for the Common Shares in connection with the Offer and the completion of a Compulsory Acquisition or Subsequent Acquisition Transaction, as applicable, using its existing cash resources. None of the necessary funds are required to be borrowed or obtained from third party sources.

The Offeror estimates that, in the event that all of the issued and outstanding Common Shares (excluding those Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by Alpayana as of the date hereof) are tendered to the Offer and are taken in and paid for by the Offeror, the total amount required for the purchase of such Common Shares will be approximately C\$179,966,451 (based on the number of Common Shares currently outstanding), plus related fees and expenses associated with the Offer.

10. Ownership and Trading in Securities of Sierra

To the knowledge of the Offeror and the Corporation, after reasonable enquiry, neither the Offeror, the Corporation nor any director or officer of the Offeror or the Corporation (together, the "**Offeror Group**"), beneficially owns, directly or indirectly, or exercises control or direction over any Common Shares, Convertible Securities or any other securities of Sierra.

To the knowledge of the Offeror and the Corporation, after reasonable enquiry, no Common Shares, Convertible Securities or other securities of Sierra are beneficially owned, directly or indirectly, nor is control or direction exercised over any such securities, by any insider of the Offeror or the Corporation (other than directors or officers of

the Offeror or the Corporation) or any associate or affiliate of any insider of the Offeror or the Corporation, (together, the "**Extended Offeror Group**") or any party acting jointly or in concert with the Offeror or the Corporation.

No member of the Offeror Group or, to the knowledge of the Offeror and the Corporation after reasonable enquiry, any member of the Extended Offeror Group or any party acting jointly or in concert with the Offeror or the Corporation, has traded in any securities of Sierra during the six months preceding the date hereof.

11. Commitments to Acquire Securities of Sierra

None of the Offeror, the Corporation nor, to the knowledge of the Offeror or the Corporation, after reasonable enquiry, any of their respective directors or officers, any associate or affiliate of an insider of the Offeror or the Corporation, any insider of the Offeror or the Corporation other than a director or officer of the Offeror or the Corporation or any person acting jointly or in concert with the Offeror or the Corporation, has entered into any agreements, commitments or understandings to acquire any securities of Sierra.

12. Other Material Facts

None of the Offeror and the Corporation has knowledge of any material fact concerning the securities of Sierra that has not been generally disclosed by Sierra, or any other matter that is not disclosed in the Circular and that has not previously been generally disclosed, and that would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

13. Acquisition of Common Shares Not Deposited

If sufficient Common Shares are deposited under the Offer, the Offeror intends to acquire the remaining Common Shares pursuant to the right of Compulsory Acquisition provided in the CBCA. If the Offeror acquires less than 90% of the Common Shares subject to the Offer, or the right of Compulsory Acquisition is not available for any reason, or the Offeror chooses not to avail itself of such statutory right, the Offeror may, at its option, pursue other means of acquiring the remaining Common Shares not deposited under the Offer pursuant to a Subsequent Acquisition Transaction. The Offer is conditional upon, among other things, the Statutory Minimum Condition. These and other conditions of the Offer are described in Section 4 of the Offer to Purchase, "Conditions of the Offer".

Compulsory Acquisition

If, by the Expiry Time or within 120 days after the date of the Offer, whichever period is the shorter, the Offeror takes up and pays for 90% or more of the outstanding Common Shares under the Offer, other than Common Shares held at the date of the Offer by or on behalf of the Offeror, or an affiliate or associate of the Offeror (as those terms are defined in the CBCA), then the Offeror intends to acquire the remainder of the Common Shares by way of a compulsory acquisition pursuant to Part 17 of the CBCA (a "**Compulsory Acquisition**") for consideration per Common Share not less than, and in the same form as, the Offer consideration.

To exercise its statutory right of Compulsory Acquisition, the Offeror must send a notice (the "**Offeror's Notice**") to each Shareholder who did not accept the Offer (and each Person who subsequently acquires any such Common Shares) (in each case, a "**Non-Tendering Offeree**") of such proposed acquisition within 60 days after the date of the termination of the Offer and in any event within 180 days after the date of the Offer. Within 20 days after the Offeror sends the Offeror's Notice, the Offeror must pay or transfer to Sierra the consideration the Offeror would have to pay or transfer to the Non-Tendering Offerees if they had elected to accept the Offer, to be held in trust for the Non-Tendering Offerees. In accordance with subsection 206(5) of the CBCA, within 20 days after receipt of the Offeror's Notice, each Non-Tendering Offeree must send the Certificate(s) representing the Common Shares held by such Non-Tendering Offeree to Sierra and must elect either to transfer such Common Shares to the Offeror on the terms of the Offer or to demand payment of the fair value of such Common Shares held by such holder by so notifying the Offeror within 30 days after the Non-Tendering Offeree receives the Offeror's Notice. A Non-Tendering Offeree who does not, within 30 days after the Non-Tendering Offeree received the Offeror's Notice, notify the Offeror that the Non-Tendering Offeree is electing to demand payment of the fair value of the Non-Tendering Offeree's Common Shares is deemed to have elected to transfer such Common Shares to the Offeror on the same terms that the Offeror acquired

Common Shares from the Shareholders who accepted the Offer. If a Non-Tendering Offeree has elected to demand payment of the fair value of such Common Shares, the Offeror may apply to the Court to hear an application to fix the fair value of such Common Shares of such Non-Tendering Offeree. If the Offeror fails to apply to the Court within 20 days after it made the payment or transferred the consideration to Sierra referred to above, the Non-Tendering Offeree may then apply to the Court within a further period of 20 days to have the Court fix the fair value. If there is no such application made by the Non-Tendering Offeree within such period, the Non-Tendering Offeree will be deemed to have elected to transfer such Common Shares to the Offeror on the terms that the Offeror acquired Common Shares from the Shareholders who accepted the Offer. Any judicial determination of the fair value of the Common Shares could be less or more than the amount paid pursuant to the Offer.

If all of the requirements of Part 17 of the CBCA are first fulfilled after the Expiry Time or within 120 days after the date of the Offer, whichever is earlier, the Offeror may apply to a court having jurisdiction for an extension of such period pursuant to Section 206(18) of the CBCA.

The foregoing is a summary only of the right of Compulsory Acquisition which may become available to the Offeror and the dissent rights that may be available to a Non-Tendering Offeree, and is qualified by its entirety by the provisions of Part 17 of the CBCA. The provisions of Part 17 of the CBCA are complex and may require strict adherence to notice and timing provisions, failing which a Non-Tendering Offeree's rights may be lost or altered. Shareholders should refer to Part 17 of the CBCA for the full text of the relevant statutory provisions, and those who wish to be better informed about the provisions of the CBCA should consult their legal advisors.

See Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations" and Section 19 of the Circular, "Certain United States Federal Income Tax Considerations", for a discussion of the tax consequences to Shareholders in the event of a Compulsory Acquisition.

Subsequent Acquisition Transaction

If the Offeror acquires less than 90% of the Common Shares under the Offer, the right of Compulsory Acquisition described above is not available for any reason, or the Offeror chooses not to avail itself of such statutory right, the Offeror intends to pursue other means of acquiring the remaining Common Shares not deposited under the Offer, including, without limitation, causing one or more special meetings to be called of the then Shareholders to consider an amalgamation, statutory arrangement, capital reorganization, amendment to its articles, consolidation or other transaction involving the Offeror and/or an affiliate of the Offeror and Sierra and/or the Shareholders for the purpose of Sierra becoming, directly or indirectly, a wholly-owned subsidiary or affiliate of the Offeror (a "**Subsequent Acquisition Transaction**"). If the Offeror were to proceed with a Subsequent Acquisition Transaction, it is the Offeror's current intention that the consideration to be paid to Shareholders pursuant to any such Subsequent Acquisition Transaction would be equal in amount to and in the same form as that payable under the Offer.

The timing and details of a Subsequent Acquisition Transaction, if any, will necessarily depend on a variety of factors, including, without limitation, the number of Common Shares acquired pursuant to the Offer. If after taking up Common Shares under the Offer the Offeror owns more than 66⅔% of the outstanding Common Shares and sufficient votes are cast by "minority" holders to constitute a majority of the "minority" pursuant to MI 61-101, as discussed below, the Offeror should own sufficient Common Shares to be able to effect a Subsequent Acquisition Transaction. There can be no assurances that the Offeror will pursue a Compulsory Acquisition or Subsequent Acquisition Transaction.

MI 61-101 may deem a Subsequent Acquisition Transaction to be a "business combination" if such Subsequent Acquisition Transaction would result in the interest of a holder of Common Shares being terminated without the consent of the holder, irrespective of the nature of the consideration provided in substitution therefor. The Offeror expects that any Subsequent Acquisition Transaction relating to Common Shares will be a "business combination" under MI 61-101.

In certain circumstances, the provisions of MI 61-101 may also deem certain types of Subsequent Acquisition Transactions to be "related party transactions". However, if the Subsequent Acquisition Transaction is a "business combination" carried out in accordance with MI 61-101 or an exemption under MI 61-101, the "related party

transaction" provisions therein do not apply to such transaction. The Offeror is and following the completion of the Offer expects to be a "related party" of Sierra for the purposes of MI 61-101. However, the Offeror expects that any Subsequent Acquisition Transaction would be a "business combination" for purposes of MI 61-101 and therefore the "related party transaction" provisions of MI 61-101 would not apply to the Subsequent Acquisition Transaction. The Offeror intends to carry out any such Subsequent Acquisition Transaction in accordance with MI 61-101, or any successor provisions, or an exemption under MI 61-101, such that the "related party transaction" provisions of MI 61-101 would not apply to such Subsequent Acquisition Transaction.

MI 61-101 provides that, unless exempted, a corporation proposing to carry out a business combination is required to prepare a valuation of the affected securities (and, subject to certain exceptions, any non-cash consideration being offered therefor) and provide to the holders of the affected securities a summary of such valuation. The Offeror currently intends to rely on available exemptions (or, if such exemptions are not available, to seek waivers pursuant to MI 61-101 exempting Sierra and the Offeror or one or more of its affiliates, as appropriate) from the valuation requirements of MI 61-101. An exemption is available under MI 61-101 for certain business combinations completed within 120 days after the date of expiry of a formal take-over bid where the consideration per security under the business combination is at least equal in value to and is in the same form as the consideration that depositing security holders were entitled to receive in the take-over bid, provided that certain disclosure is given in the take-over bid disclosure documents. The Offeror has provided such disclosure and currently expects that these exemptions will be available.

Depending on the nature and terms of the Subsequent Acquisition Transaction, the provisions of the CBCA and Sierra's constating documents may require the approval of at least 66⅔% of the votes cast by holders of the outstanding Common Shares at a meeting duly called and held for the purpose of approving the Subsequent Acquisition Transaction. MI 61-101 would also require that, in addition to any other required security holder approval, in order to complete a business combination (such as a Subsequent Acquisition Transaction), the approval of a majority of the votes cast by "minority" shareholders of each class of affected securities must be obtained unless an exemption is available or discretionary relief is granted by applicable Securities Regulatory Authorities. If, however, following the Offer, the Offeror and its affiliates are the registered holders of 90% or more of the Common Shares at the time the Subsequent Acquisition Transaction is initiated, the requirement for minority approval would not apply to the transaction if an enforceable appraisal right or substantially equivalent right is made available to minority shareholders.

In relation to the Offer and any subsequent business combination, the "minority" shareholders will be, unless an exemption is available or discretionary relief is granted by applicable Securities Regulatory Authorities, all Shareholders other than (i) the Offeror (other than in respect of Common Shares acquired pursuant to the Offer as described below), (ii) any "interested party" (within the meaning of MI 61-101), (iii) certain "related parties" of the Offeror or of any other "interested party" (in each case within the meaning of MI 61-101) including any director or senior officer of the Offeror, affiliate or insider of the Offeror or any of their directors or senior officers, and (iv) any "joint actor" (within the meaning of MI 61-101) with any of the foregoing persons. MI 61-101 also provides that the Offeror may treat Common Shares acquired under the Offer as "minority" shares and to vote them, or to consider them voted, in favour of such business combination if, among other things: (a) the business combination is completed not later than 120 days after the Expiry Time; (b) the consideration per security in the business combination is at least equal in value to and in the same form as the consideration paid under the Offer; and (c) the Shareholder who tendered such Common Shares to the Offer was not (i) a "joint actor" (within the meaning of MI 61-101) with the Offeror in respect of the Offer, (ii) a direct or indirect party to any "connected transaction" (within the meaning of MI 61-101) to the Offer, or (iii) entitled to receive, directly or indirectly, in connection with the Offer, a "collateral benefit" (within the meaning of MI 61-101) or consideration per Common Share that is not identical in amount and form to the entitlement of the general body of holders in Canada of Common Shares. The Offeror currently intends that the consideration offered for Common Shares under any Subsequent Acquisition Transaction proposed by it would be equal in value to, and in the same form as, the consideration paid to Shareholders under the Offer and that such Subsequent Acquisition Transaction will be completed no later than 120 days after the Expiry Time and, accordingly, the Offeror intends to cause Common Shares acquired under the Offer to be voted in favour of any such transaction and, where permitted by MI 61-101, to be counted as part of any minority approval required in connection with any such transaction.

Any such Subsequent Acquisition Transaction may also result in Shareholders having the right to dissent in respect thereof and demand payment of the fair value of their Common Shares. The exercise of such right of dissent, if certain procedures are complied with by the holder, could lead to a judicial determination of fair value required to be paid to such Non-Tendering Offeree for its Common Shares. The fair value so determined could be more or less than the amount paid per Common Share pursuant to such transaction or pursuant to the Offer. The exact terms and procedures of the rights of dissent available to Shareholders will depend on the structure of the Subsequent Acquisition Transaction and will be fully described in the proxy circular or other disclosure document provided to Shareholders in connection with the Subsequent Acquisition Transaction.

Whether or not a Subsequent Acquisition Transaction will be proposed, and the details of any such Subsequent Acquisition Transaction, including, without limitation, the timing of its implementation and the consideration to be received by the minority holders of Common Shares, will necessarily be subject to a number of considerations, including, without limitation, the number of Common Shares acquired pursuant to the Offer. Although the Offeror may propose a Compulsory Acquisition or a Subsequent Acquisition Transaction on the same terms as the Offer, it is possible that, as a result of the number of Common Shares acquired under the Offer, delays in the Offeror's ability to effect such a transaction, information hereafter obtained by the Offeror, changes in general economic, industry, regulatory or market conditions or in the business of Sierra, or other currently unforeseen circumstances, such a transaction may not be so proposed or may be delayed or abandoned. The Offeror expressly reserves the right to propose other means of acquiring, directly or indirectly, all of the outstanding Common Shares in accordance with applicable Law, including, without limitation, a Subsequent Acquisition Transaction on terms not described in the Circular.

If the Offeror is unable to, or determines at its option not to, effect a Compulsory Acquisition or propose a Subsequent Acquisition Transaction, or proposes a Subsequent Acquisition Transaction but cannot obtain any required approvals or exemptions promptly, the Offeror will evaluate its other alternatives. Such alternatives could include, to the extent permitted by applicable Law, purchasing additional Common Shares in the open market, in privately negotiated transactions, in another take-over bid or exchange offer or otherwise, or from Sierra. Subject to applicable Law, any additional purchases of Common Shares could be at a price greater than, equal to, or less than the price to be paid for Common Shares under the Offer and could be for cash, securities and/or other consideration. Alternatively, the Offeror may take no action to acquire additional Common Shares, or, subject to applicable Law, may either sell or otherwise dispose of any or all Common Shares acquired under the Offer, on terms and at prices then determined by the Offeror, which may vary from the price paid for Common Shares under the Offer. See Section 13 of the Offer to Purchase, "Market Purchases and Sales of Common Shares".

The tax consequences to a Shareholder of a Subsequent Acquisition Transaction may differ from the tax consequences to such Shareholder of accepting the Offer. See Section 18 of the Circular, "Certain Canadian Federal Income Tax Considerations" and Section 19 of the Circular, "Certain United States Federal Income Tax Considerations". Shareholders should consult their legal advisors for a determination of their legal rights and the tax consequences to them, having regard to their own particular circumstances with respect to a Subsequent Acquisition Transaction.

Legal Matters

Shareholders should consult their legal advisors for a determination of their legal rights with respect to any transaction that may constitute a business combination.

14. Consequences of Change of Control of Sierra under Peruvian Securities Laws

Pursuant to the provisions of Peruvian securities law and the regulations issued by the SMV, if the Offer is successful and results in a change of control over Sierra, it would trigger a mandatory tender offer for the shares of its listed subsidiary, Corona. The Offeror would be required to comply with the applicable SMV regulations to ensure adherence to Peruvian securities law. It is important to note that such a mandatory tender offer would commence only after the Offer has been completed and would not impact on the timing of the transactions described herein.

15. Agreements, Commitments or Understandings

There are (a) no agreements, commitments or understandings made or proposed to be made between the Offeror or the Corporation and any of the directors or officers of Sierra, including for any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the Offer is successful, and (b) no agreements, commitments or understandings made or proposed to be made between the Offeror or the Corporation and any security holder of Sierra relating to the Offer.

There are no agreements, commitments or understandings between the Offeror and Sierra or the Corporation and Sierra relating to the Offer and other than as set out below, the Offeror and the Corporation are not aware of any agreement, commitment or understanding that could affect control of Sierra.

16. Regulatory Matters

Except as discussed below, to the knowledge of the Offeror or Alpayana, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of the Offeror for the consummation of the transactions contemplated by the Offer, except for such authorizations, consents, approvals and filings the failure to obtain or make which would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by the Offer.

The Offeror is continuing to assess possible regulatory filings and approvals in a number of other jurisdictions. In the event that the Offeror becomes aware of other requirements, it will make reasonable commercial efforts to satisfy such requirements at or prior to the Expiry Time, as such time may be extended, as it deems necessary or advisable. The Offeror does not currently intend to take-up or pay for any Common Shares deposited pursuant to the Offer unless all applicable waiting periods and any extensions thereof have expired or been waived and where any regulatory approvals it deems advisable have been received in respect of the acquisition of the Common Shares by the Offeror in those jurisdictions.

Based upon an examination of publicly available information relating to the business of Sierra, the Offeror does not expect the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction, as applicable, to give rise to material competition/anti-trust concerns in any other jurisdiction. However, the Offeror cannot be assured that no such concerns will arise.

Peruvian Regulatory Approval

Under Law 31112, the Peruvian Merger Control Law, certain transactions must be notified to the Peruvian Antitrust Commission of the National Institute for the Defense of Competition and Intellectual Property (Indecopi) (the "Peruvian Antitrust Commission") when specific thresholds are met. Following notification, the Peruvian Antitrust Commission has 55 business days to issue a resolution on the transaction—25 business days for the admissibility evaluation and 30 business days for the Phase I analysis—with the possibility of additional time in more complex cases requiring a Phase II review.

The approval process in Peru is suspensory, meaning the transaction cannot proceed until clearance is granted. The Peruvian Antitrust Commission may: (i) approve the transaction, (ii) approve the transaction with conditions (remedies to address competition concerns), or (iii) prohibit the transaction.

Based on the revenues from sales and the asset values of the target's subsidiaries in Peru and the Offeror's economic group, as stated in their financial statements up to December 2023, the Offer is subject to mandatory notification to the Peruvian Antitrust Commission. Accordingly, the Offeror's obligation to acquire and pay for the Common Shares under the Offer is conditional, among other things, upon the submission of the notification to the Peruvian Antitrust Commission and obtaining approval on terms and conditions satisfactory to the Offeror in its reasonable judgment. The Offeror intends to promptly submit this notification to the Peruvian Antitrust Commission.

Based on an examination of publicly available information regarding the businesses in which the target's subsidiaries in Peru operate, the Offeror does not anticipate that the acquisition of the Common Shares pursuant to the

Offer will provide grounds for the Peruvian Antitrust Commission to prohibit the transaction. However, the Offeror cannot provide any assurances in this regard. See Section 4 of the Offer to Purchase, "Conditions of the Offer".

Mexican Regulatory Approval

Under the Mexican Federal Law on Economic Competition, certain transactions must be notified to the Comisión Federal de Competencia Económica, or the agency to substitute it as a result of a recent constitutional amendment (the "Mexican Antitrust Commission") when specific prescribed thresholds are met. Following notification, the Mexican Antitrust Commission has 60 business days from the date on which it has a complete filing to issue a resolution on the transaction, with the possibility of extending this time in complex cases.

The approval process in Mexico is suspensory and the transaction may not proceed pending clearance. The Mexican Antitrust Commission can approve the transaction or may block it or impose conditions. In the event that no objection is raised within this period, the Mexican Antitrust Commission will be deemed to have not objected.

In view of the total assets and revenues from sales of the target and the Offeror, the Offer is subject to notification to the Mexican Antitrust Commission. The obligation of the Offeror to take up and pay for the Common Shares under the Offer is therefore conditional, among other things, upon the filing of a pre-merger notification to the Mexican Antitrust Commission and approval on terms and conditions satisfactory to the Offeror in its reasonable judgment. The Offeror intends to promptly file such a notification with the Mexican Antitrust Commission.

Based upon an examination of publicly available information relating to the businesses in which Sierra and its subsidiaries are engaged, the Offeror does not anticipate that the acquisition of the Common Shares pursuant to the Offer will provide grounds upon which the Mexican Antitrust Commission would seek to prohibit the transaction. However, the Offeror cannot provide assurances in that regard. See Section 4 of the Offer to Purchase, "Conditions of the Offer".

17. Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer

The purchase of Common Shares by the Offeror under the Offer will reduce the number of Common Shares that might otherwise trade publicly and will reduce the number of Shareholders and, depending on the number of Common Shares acquired by the Offeror, could materially adversely affect the liquidity and market value of any remaining Common Shares held by the public.

The rules and regulations of the TSX establish certain criteria which, if not met, could, upon successful completion of the Offer, lead to the delisting of the Common Shares from the TSX. Depending on the number of Common Shares purchased by the Offeror under the Offer or otherwise, it is possible that the Common Shares would fail to meet the criteria for continued listing on the TSX. If this were to happen, the Common Shares could be delisted and this could, in turn, adversely affect the market or result in a lack of an established market for the Common Shares. If the Offeror proceeds with a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Offeror intends to cause Sierra to apply to delist the Common Shares from the TSX as soon as practicable after completion of the Offer and any Compulsory Acquisition or any Subsequent Acquisition Transaction. If the Common Shares are delisted from the TSX, the extent of the public market for the Common Shares and the availability of price or other quotations would depend upon the number of Shareholders, the number of Common Shares publicly held and the aggregate market value of the Common Shares publicly held at such time, the interest in maintaining a market in Common Shares on the part of securities firms, whether Sierra remains subject to public reporting requirements in Canada and other factors.

Subject to compliance with applicable Law, the Offeror intends to cause Sierra to apply to delist the Common Shares from the BVL as soon as practicable after completion of the Offer.

If permitted by applicable Law, subsequent to the successful completion of the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, the Offeror intends to cause Sierra to cease to be a reporting issuer under applicable Canadian securities Laws.

18. Certain Canadian Federal Income Tax Considerations

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable to a beneficial owner of Common Shares who disposes of its Common Shares pursuant to the Offer or a Compulsory Acquisition and who, at all relevant times, for the purposes of the *Income Tax Act* (Canada) and the *Income Tax Regulations* (collectively, the "**Tax Act**"), (1) deals at arm's length with Sierra and the Offeror; (2) is not affiliated with Sierra or the Offeror; and (3) holds the Common Shares as capital property (a "**Holder**"). Generally, the Common Shares will be capital property to a Holder provided the Holder does not hold those Common Shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "specified financial institution" as defined in the Tax Act, (ii) an interest in which is a "tax shelter investment" as defined in the Tax Act, (iii) that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a "financial institution" as defined in section 142.2 of the Tax Act, (iv) that has made a functional currency reporting election pursuant to section 261 of the Tax Act, (v) that is exempt from tax under Part I of the Tax Act, (vi) who has acquired Common Shares in respect of, in the course of, or by virtue of employment with or the provision of services to Sierra or any corporation or other entity not dealing at arm's length with Sierra, or (vii) that has entered or enters into a "derivative forward agreement", "synthetic disposition arrangement" or a "dividend rental arrangement", as each such term is defined in the Tax Act, with respect to their Common Shares. Such Holders should consult their own tax advisors.

This summary is based on the provisions of the Tax Act in force as of the date hereof and the Offeror's understanding of the existing case law and the current administrative policies of the Canada Revenue Agency (the "**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action or decision, nor does it take into account other federal tax considerations or any tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ materially from those discussed herein.

This summary does not address the tax considerations applicable to the declaration or payment of any dividend or distribution. Holders should consult their own tax advisors in this regard. This summary also does not address the tax considerations applicable to holders of Convertible Securities or options or similar awards (including restricted stock units). Such Holders should consult their own tax advisors having regard to their own personal circumstances.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Currency Conversion

With respect to Holders who elect to receive cash payments under the Offer in U.S. dollars, generally, for purposes of the Tax Act, all amounts (including amounts related to the acquisition, holding or disposition of Common Shares such as adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars, and amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars using the applicable rate of exchange (for purposes of the Tax Act) quoted by the Bank of Canada on the date such amount arose, or such other rate of exchange as is acceptable to the CRA.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention is, or is deemed to be, resident in Canada (a "**Resident Holder**").

Certain Resident Holders may be entitled to make or may have already made an irrevocable election under subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Common Shares (and any other "**Canadian security**", as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

Sale Pursuant to the Offer

Generally, a Resident Holder who disposes of its Common Shares pursuant to the Offer will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Common Shares immediately before the disposition.

Subject to the Capital Gains Proposals (as defined below), generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in the year, and is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the same taxation year, in accordance with the provisions of the Tax Act. Allowable capital losses in excess of taxable capital gains realized by a Resident Holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Resident Holder in such taxation year, to the extent and under the circumstances described in the Tax Act.

Pursuant to proposed amendments originally released by the Minister of Finance (Canada) on June 10, 2024 and revised on August 12, 2024 and September 23, 2024 (the "Capital Gains Proposals") to implement proposal first announced in the 2024 Federal Budget, the capital gains inclusion rate applicable for the purposes of determining a Resident Holder's taxable capital gains and allowable capital losses for a particular taxation year is proposed to increase from one-half to two-thirds for any capital gains or losses realized on or after June 25, 2024. The one-half inclusion rate for capital gains will continue to apply to individuals (other than most types of trusts) up to a maximum of \$250,000 of net capital gains realized in any taxation year. The Capital Gains Proposals also include transitional rules that effectively adjust a Resident Holder's capital gains inclusion rate for the 2024 taxation year to generally include only one-half of net capital gains realized (or deemed to be realized) on or before June 24, 2024. The Capital Gains Proposals are complex and their application to a particular Resident Holder will depend on the Resident Holder's particular circumstances. Resident Holders should consult their own tax advisors with respect to the Capital Gains Proposals.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of any dividends received (or deemed to be received) by the Resident Holder on such Common Share (or another share where the Common Share has been acquired in exchange for such other share) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Common Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" or that is at any time in the relevant taxation year a "substantive CCPC", as each such term is defined in the Tax Act, may be liable to pay an additional tax, refundable in some circumstances, on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include, *inter alia*, taxable capital gains. Such Resident Holders are advised to consult their own tax advisors.

Capital gains realized by an individual or a trust (other than certain specified trusts) may give rise to alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Revised alternative minimum tax rules were enacted on June 20, 2024, which may increase a Resident Holder's liability for such tax. Resident Holders who are individuals or trusts should consult their own tax advisors with respect to the alternative minimum tax rules.

Compulsory Acquisition

As described in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Compulsory Acquisition", the Offeror may, in certain circumstances, acquire Common Shares not deposited under the Offer pursuant to statutory rights of purchase under Part 17 of the CBCA (defined above as a "Compulsory Acquisition"). The tax consequences to a Resident Holder of a disposition of Common Shares in such circumstances will generally be as described under "Sale Pursuant to the Offer". However, where a Resident Holder exercises their right to go to court for a determination of fair value in a Compulsory Acquisition and is entitled to receive the fair value of their Common Shares, the proceeds of disposition will be the amount (other than interest) determined by the court and the Resident Holder will be required to include in computing its income any interest awarded by a court in connection with a Compulsory Acquisition.

Subsequent Acquisition Transaction

As described in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Subsequent Acquisition Transaction", if the Offeror does not acquire all of the Common Shares pursuant to the Offer or by means of a Compulsory Acquisition, the Offeror may propose other means of acquiring the remaining issued and outstanding Common Shares. The Canadian tax consequences of a Subsequent Acquisition Transaction to a Resident Holder will depend upon the exact manner in which the Subsequent Acquisition Transaction is carried out and may be materially and adversely different from those arising on the disposition of Common Shares under the Offer.

Resident Holders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction.

Qualified Investment Status – Delisting of Common Shares Following Completion of the Offer

As noted above under Section 17 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer", the Common Shares may cease to be listed on the TSX. If the Common Shares cease to be listed on any designated stock exchange (which includes the TSX) and Sierra ceases to be a "public corporation" for purposes of the Tax Act, the Common Shares will not be qualified investments for trusts governed by a "deferred profit sharing plan", a "registered retirement savings plan", a "registered retirement income fund", a "registered education savings plan", a "registered disability savings plan", a "first home savings account" or a "tax-free savings account", as each such term is defined in the Tax Act ("**Registered Plans**"). Holding a non-qualified investment in a Registered Plan may result in material adverse tax consequences, including a penalty tax.

Resident Holders should consult their own tax advisors in this respect.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax convention: (i) is not, and is not deemed to be, resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, the Common Shares in a business carried on, or as part of an adventure or concern in the nature of trade, in Canada and (iii) is not an insurer that carries on an insurance business in Canada and elsewhere (a "**Non-Resident Holder**").

Sale Pursuant to the Offer

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Common Shares, unless the Common Shares are "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act and the Common Shares are not "treaty-protected property" of the Non-Resident Holder for purposes of the Tax Act.

Generally, the Common Shares will not constitute taxable Canadian property to a Non-Resident Holder at the time of disposition provided that the Common Shares are listed at that time on a designated stock exchange (which

includes the TSX), unless at any particular time during the 60-month period that ends at that time (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal with at arm's length for purposes of the Tax Act and (c) partnerships in which the Non-Resident Holder or a person described in (b) held a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of Sierra, and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (a) real or immovable properties situated in Canada, (b) "Canadian resource properties" (as defined in the Tax Act), (c) "timber resource properties" (as defined in the Tax Act), and (d) options in respect of, or interests in, or for civil law rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares could be deemed to be taxable Canadian property.

Even if the Common Shares are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of the Common Shares will not be included in computing the Non-Resident Holder's taxable income earned in Canada for the purposes of the Tax Act if, at the time of the disposition, the Common Shares constitute "treaty-protected property" of the Non-Resident Holder for purposes of the Tax Act. Common Shares will generally be considered "treaty-protected property" of a Non-Resident Holder for purposes of the Tax Act at the time of the disposition if the gain from their disposition would, because of an applicable income tax treaty between Canada and the country in which the Non-Resident Holder is resident for purposes of such treaty and in respect of which the Non-Resident Holder is entitled to receive benefits thereunder, be exempt from tax under the Tax Act.

If the Common Shares are taxable Canadian property to a Non-Resident Holder, and are not treaty-protected property, the Non-Resident Holder will realize a capital gain (or capital loss) generally in the circumstances and computed in the manner described above under "Holders Resident in Canada – Sale Pursuant to the Offer" as if the Non-Resident Holder were a Resident Holder.

Non-Resident Holders whose Common Shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances, including whether their Common Shares constitute treaty-protected property.

Compulsory Acquisition

Subject to the discussion below under "Delisting of Common Shares Following Completion of the Offer", a Non-Resident Holder will not be subject to income tax under the Tax Act on a disposition of Common Shares pursuant to the Offeror's statutory rights of purchase described under Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Compulsory Acquisition" unless the Common Shares are "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act and the Common Shares are not "treaty-protected property" of the Non-Resident Holder for purposes of the Tax Act. Any interest awarded by a court and paid or credited to a Non-Resident Holder exercising its rights described under "Acquisition of Common Shares Not Deposited — Compulsory Acquisition" will not be subject to Canadian withholding tax provided the interest is not "participating debt interest" as defined in the Tax Act.

Non-Resident Holders whose Common Shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances, including whether their Common Shares constitute treaty-protected property.

Subsequent Acquisition Transaction

As described in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited — Subsequent Acquisition Transaction", if the Offeror does not acquire all of the Common Shares pursuant to the Offer or by means of a Compulsory Acquisition, the Offeror may propose other means of acquiring the remaining issued and outstanding Common Shares. The Canadian tax consequences of a Subsequent Acquisition Transaction to a Non-Resident Holder will depend upon the exact manner in which the Subsequent Acquisition Transaction is carried out and may be materially and adversely different from those arising on the disposition of Common Shares under the Offer.

Non-Resident Holders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction.

Delisting of Common Shares Following Completion of the Offer

As noted above under Section 17 of the Circular, "Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer", the Common Shares may cease to be listed on the TSX and the BVL following the completion of the Offer and may not be listed on the TSX, the BVL or any other stock exchange at the time of their disposition pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction.

Non-Resident Holders who do not dispose of their Common Shares pursuant to the Offer are cautioned that, the Common Shares may cease to be listed on the TSX and the BVL following the completion of the Offer (as noted above under "Effect of the Offer on the Market for and Listing of Common Shares and Status as a Reporting Issuer") and may not be listed on the TSX, the BVL or any other stock exchange at the time of their disposition pursuant to a Compulsory Acquisition or a Subsequent Acquisition Transaction.

Common Shares that are not listed on a designated stock exchange (which includes the TSX) at the time of their disposition will be considered taxable Canadian property of the Non-Resident Holder if at any particular time during the 60-month period that ends at that time more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) "Canadian resource properties" (as defined in the Tax Act), (iii) "timber resource properties" (as defined in the Tax Act), and (iv) options in respect of, or interests in, or for civil rights in, property in any of the foregoing whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares could be deemed to be taxable Canadian property.

If the Common Shares are taxable Canadian property of the Non-Resident Holder at the time of their disposition and are not "treaty-protected property" of the Non-Resident Holder for purposes of the Tax Act, the Non-Resident Holder may be subject to tax under the Tax Act in respect of any capital gain realized on the disposition. Furthermore, if the Common Shares are not listed on a recognized stock exchange (as defined in the Tax Act) at the time of their disposition, the notification and, in certain circumstances, the withholding provisions of section 116 of the Tax Act will apply to the Non-Resident Holder with the result that, among other things, unless the Offeror has received a clearance certificate, pursuant to section 116 of the Tax Act, relating to the disposition of a Non-Resident Holder's Common Shares, or evidence, satisfactory to the Offeror, that the Common Shares are "treaty-protected property" of the Non-Resident Holder, the Offeror will deduct or withhold 35% from any payments made to the Non-Resident Holder and will remit such amount to the Receiver General on account of the Non-Resident Holder's liability for tax under the Tax Act.

A Non-Resident Holder who disposes of taxable Canadian property may be required to file a Canadian income tax return for the year in which the disposition occurs.

Non-Resident Holders should consult their own tax advisors with respect to the potential income tax consequences to them of having their Common Shares acquired pursuant to a Compulsory Acquisition or Subsequent Acquisition Transaction.

19. Certain United States Federal Income Tax Considerations

The following is a general discussion of certain material United States federal income tax considerations applicable to U.S. Shareholders (as defined below) with respect to the disposition of Common Shares pursuant to the Offer (or a Compulsory Acquisition). This summary is based upon the United States Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury Regulations, administrative pronouncements, and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling from the U.S. Internal Revenue Service (the "**IRS**") will be requested regarding the tax consequences of the Offer (or a Compulsory Acquisition) and there can be no assurance that the IRS will agree with the discussion set out below. The discussion does not address aspects of U.S. federal taxation other than income taxation, nor does it address state, local

or non-U.S. tax consequences. In addition, this summary does not address aspects of U.S. federal income taxation that may be applicable to particular shareholders, including but not limited to shareholders who are dealers in securities or currencies or traders in securities that elect to apply a mark-to-market accounting method, life insurance companies, tax-exempt organizations, qualified retirement plans, individual retirement accounts or other tax deferred accounts, financial institutions, real estate investment trusts, regulated investment companies, U.S. expatriates, persons who hold Common Shares through partnerships or other pass-through entities, persons who own, directly, indirectly or constructively, 10% or more, by voting power or value, of the outstanding shares of Sierra, persons whose functional currency is not the U.S. dollar or who acquired their Common Shares in a compensatory transaction, persons who hold Common Shares as part of a straddle, hedge, constructive sale or other integrated transaction for tax purposes, persons subject to the alternative minimum tax provisions of the Code, and persons holding their Common Shares other than as a "capital asset" within the meaning of Section 1221 of the Code. U.S. Shareholders are urged to consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the Offer (or a Compulsory Acquisition) or other transactions described in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited" to such holder having regard to their particular circumstances.

This discussion assumes that any person that held or holds at any time Convertible Securities (including options) or other rights to acquire Common Shares will have exercised, exchanged or converted such Convertible Securities or otherwise exercised such rights to receive Common Shares and this summary does not address the tax consequences of such exercise, exchange or conversion. Persons who hold Convertible Securities or such other rights should consult their own tax advisors with respect to the U.S. federal income tax consequences to them of the expiry, exercise or conversion of, the continued holding of, replacement or disposition of, after the Expiry Time, such Convertible Securities or other rights, as applicable, and of the acquisition, holding and disposing of Common Shares or any other securities in respect thereof having regard to their particular circumstances, which may differ materially from the discussion provided in this summary.

As used herein, the term "**U.S. Shareholder**" means a beneficial owner of Common Shares that is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States, (ii) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the Laws of the United States, any state in the U.S. or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (a) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust or (b) such trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This discussion does not address the U.S. federal income tax considerations with respect to non-U.S. Shareholders arising from the disposition of Common Shares. A "**non-U.S. Shareholder**" is a beneficial owner of Common Shares that is not a U.S. Shareholder.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds Common Shares and participates in the Offer, the United States federal income tax treatment of a partner (or member of such other entity) will generally depend on the status of the partner and the activities of the partnership (or other entity). A partner in a partnership (or member of such other entity) holding Common Shares should consult its tax advisor with regard to the United States federal income tax treatment of participating in the Offer.

The following discussion is for general information only and is not intended to be, nor should it be construed to be, legal or tax advice to any Shareholder, and no representation with respect to the tax consequences to any Shareholder is made. Shareholders are urged to consult their tax advisors with respect to the tax considerations relevant to them, having regard to their particular circumstances.

Disposition of Common Shares Pursuant to the Offer

Subject to the discussion in "— Currency Translation" and "— Passive Foreign Investment Companies" below, a U.S. Shareholder who sells Common Shares in the Offer (or a Compulsory Acquisition) as currently contemplated generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the U.S. dollar or the U.S. dollar value of the amount received (which amount will not be reduced by any related Canadian taxes paid by the U.S. Shareholder directly or by withholding, but will exclude amounts, if any,

received in a Compulsory Acquisition that are or are deemed to be interest for United States federal income tax purposes, which would be treated as ordinary income) and the U.S. Shareholder's adjusted tax basis in the Common Shares sold in the Offer (or a Compulsory Acquisition). In general, capital gain or loss recognized by non-corporate U.S. Shareholders will be subject to reduced rates if the Common Shares were held for more than one year at the time of sale. The deductibility of capital losses is subject to limitations.

Subsequent Acquisition Transaction

If the Offeror is unable to effect a Compulsory Acquisition or if the Offeror elects not to proceed with a Compulsory Acquisition, then the Offeror may propose a Subsequent Acquisition Transaction as described in Section 13 of the Circular, "Acquisition of Common Shares Not Deposited". The U.S. federal income tax consequences resulting therefrom will depend upon the manner in which the transaction is carried out. Generally, if a U.S. Shareholder receives solely cash in exchange for Common Shares, it is expected that the U.S. federal income tax consequences to the U.S. Shareholder will be substantially similar to the consequences described above. However, there can be no assurance that the U.S. federal income tax consequences of a Subsequent Acquisition Transaction will not be materially different. U.S. Shareholders should consult their tax advisors with respect to the income tax consequences to them of having their Common Shares acquired pursuant to a Subsequent Acquisition Transaction. This summary does not describe the tax consequences of any such transaction to a U.S. Shareholder.

Dissenting Shareholders

In general, U.S. Shareholders who exercise dissenters' rights in connection with the Compulsory Acquisition will also recognize taxable gain or loss. In addition, any interest (or amount deemed to be interest for U.S. tax purposes) received by a U.S. Shareholder generally should be included in ordinary income in accordance with the U.S. Shareholder's method of accounting. Any U.S. Shareholder considering exercising dissenters' rights should consult its tax advisor regarding the U.S. federal income tax treatment of such holder, having regard to such holder's particular circumstances, including the possible application of the rules described in "— Passive Foreign Investment Companies" below to such holder.

Currency Translation

The U.S. dollar value of Canadian dollars received by a U.S. Shareholder on an exchange of Common Shares pursuant to the Offer or a Compulsory Acquisition generally will be determined by reference to the spot rate of exchange on the date of the sale. However, if the Common Shares are treated as traded on an "established securities market" and the U.S. Shareholder is either a cash basis taxpayer or an accrual basis taxpayer that has made a special election (which election must be applied consistently from year to year and cannot be changed without the consent of the IRS), the U.S. Shareholder will determine the U.S. dollar value of the amount of the Canadian dollars received based on the spot rate of exchange on the settlement date of the sale pursuant to the Offer (or a Compulsory Acquisition). If a U.S. Shareholder is an accrual basis taxpayer and does not make this special election, such holder generally will recognize foreign currency gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the U.S. dollar values of the Canadian dollars received determined by reference to the spot rates of exchange in effect on the date of the sale of Common Shares and on the settlement date of the sale of Common Shares. Any such foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss. Alternative foreign currency gain or loss rules may apply to amounts, if any, received in a Compulsory Acquisition that may be deemed to be interest for U.S. federal income tax purposes. U.S. Shareholders that receive Canadian dollars or that elect to receive U.S. dollars, in each case pursuant to the Offer, should consult their tax advisors regarding the potential for foreign currency gain or loss in respect of the Offer, having regard to such Shareholders' particular circumstances.

Foreign Tax Credits for Canadian Taxes Paid or Withheld

A U.S. Shareholder that pays (directly or through withholding) Canadian income taxes in connection with the Offer (or a Compulsory Acquisition) may be entitled to claim a deduction or credit for U.S. federal income tax purposes, subject to a number of complex rules and limitations. Gain on the disposition of Common Shares generally will be U.S. source gain for foreign tax credit purposes. U.S. Shareholders should consult their tax advisors regarding the foreign tax credit implications of disposing of Common Shares in the Offer (or a Compulsory Acquisition).

Passive Foreign Investment Companies

In general, Sierra would be a PFIC with respect to a U.S. Shareholder if, for any taxable year during which such U.S. Shareholder held shares in Sierra 75% or more of Sierra's gross income constituted "passive income" or 50% or more of its assets produced, or were held for the production of, passive income. "Passive income" generally includes, among other things, dividends, interest, certain royalties, rents, and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. For purposes of the PFIC income and asset tests described above, if in a relevant year Sierra owned, directly or indirectly, 25% or more of the total value of the outstanding shares of a corporation, Sierra will be treated as if it (a) held a proportionate share of the assets of such corporation and (b) received directly a proportionate share of the income of such corporation.

Neither the Offeror nor the Offeror's counsel has made any determination as to the current or historic PFIC status of Sierra. The determination of PFIC status of a corporation is fundamentally factual in nature, depends on the application of complex U.S. federal income tax rules which are subject to differing interpretations, and generally cannot be determined for each taxable year until the close of such year. Consequently, no assurance can be provided that Sierra has not been classified as a PFIC for any previous taxable year during which a U.S. Shareholder has held Common Shares or whether Sierra will be classified as a PFIC for its current taxable year.

If Sierra is or has been a PFIC at any time during a U.S. Shareholder's holding period and the U.S. Shareholder did not timely elect to be taxable currently on his or her pro rata share of Sierra's earnings under the "qualified electing fund" rules or to be taxed on a "mark to market" basis with respect to his or her Common Shares, any gain recognized by such U.S. Shareholder upon the disposition of Common Shares pursuant to the Offer generally would be allocated ratably to each day in the U.S. Shareholder's holding period for such Common Shares. The portion of such amounts allocated to the current tax year or to a year prior to the first year in which Sierra was a PFIC would be includible as ordinary income (rather than capital gains) in the current tax year. The portion of any such amounts allocated to the first year in the U.S. Shareholder's holding period in which Sierra was a PFIC and any subsequent year or years (excluding the current year) would be taxed at the highest marginal rate in effect for individuals or corporations in such taxable year, as appropriate, applicable to ordinary income (rather than capital gains) and would be subject to an interest charge.

The PFIC rules may have a significant adverse effect on the U.S. federal income tax consequences of the Offer to a U.S. Shareholder. Accordingly, U.S. Shareholders should consult their tax advisors regarding the possible classification of Sierra as a PFIC, the potential effect of the PFIC rules to such holder, as well as the availability, and effect of any election that may be available under the PFIC rules, in each case, having regard to such holder's particular circumstances.

Additional Tax on Passive Income

Certain U.S. Shareholders that are individuals, estates or trusts are generally required to pay an additional 3.8% tax on "net investment income" which generally includes, among other things, dividends and net gains from disposition of property (other than property held in the ordinary course of the conduct of a trade or business). U.S. Shareholders should consult their tax advisors regarding the applicability of this additional tax to capital gains recognized by such U.S. Shareholders with respect to their Common Shares in connection with the Offer (or a Compulsory Acquisition).

Information Reporting and Backup Withholding

Payments in respect of Common Shares may be subject to information reporting to the IRS. In addition, a U.S. Shareholder (other than certain exempt holders including, among others, corporations) may be subject to backup withholding on cash payments received in connection with the Offer (or a Compulsory Acquisition).

Backup withholding will not apply, however, to a U.S. Shareholder who furnishes an accurate taxpayer identification number and otherwise complies with the applicable requirements of the information reporting and backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the U.S. Shareholder's United States federal income tax

liability, provided the required information is furnished to the IRS in a timely manner. Each U.S. Shareholder should consult its tax advisor regarding the information reporting and backup withholding rules.

If Sierra is a PFIC, a U.S. Shareholder will generally be required to file IRS Form 8261 under certain circumstances prescribed in the instructions thereto including for the taxable year in which such U.S. Shareholder recognizes gain from the sale of Common Shares pursuant to the Offer (or a Compulsory Acquisition). In addition, certain U.S. persons that own "specified foreign financial assets", including Common Shares which are not held in an account maintained by certain financial institutions, are generally required to file an information return on IRS Form 8938 with the IRS if the aggregate value of all of such assets exceeds US\$50,000. U.S. Shareholders should consult their tax advisors regarding the application of these rules to them in their particular circumstances.

20. Depositary and Information Agent

The Offeror has engaged Shorecrest Group as the Depositary and Information Agent to receive deposits of Common Shares and accompanying Letters of Transmittal deposited under the Offer at its office in Toronto, Ontario specified in the Letter of Transmittal. In addition, the Depositary and Information Agent will receive deposits of Notices of Guaranteed Delivery at its office in Toronto, Ontario specified in the Notice of Guaranteed Delivery. The Depositary and Information Agent will also be responsible for giving certain notices, if required by applicable Law, and for making payment for all Common Shares purchased by the Offeror under the Offer. The Depositary and Information Agent will also facilitate book-entry transfers of Common Shares.

The Depositary and the Information Agent will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities.

The Depositary and Information Agent can be contacted within North America at 1-888-637-5789 and outside of North America at 647-931-7454 or by e-mail at contact@shorecrestgroup.com.

21. Financial Advisors and Soliciting Dealers

LXG Capital has been retained by the Corporation to act as financial advisors to the Corporation with respect to the Offer.

The Offeror may, in its sole discretion, also retain the services of one or more dealer manager(s) as it determines, to form and manage a soliciting dealer group (the "**Soliciting Dealer Group**") comprised of members of the Investment Industry Regulatory Organization of Canada and members of the TSX to solicit acceptances of the Offer from persons who are resident in Canada on terms and conditions, including the payment of fees and reimbursement of expenses, as are customary in a retainer agreement for such services. Each member of the Soliciting Dealer Group is referred to herein as a "**Soliciting Dealer**".

The Offeror expects that if a dealer manager is engaged and/or a Soliciting Dealer Group is formed, then the Offeror will provide notice of such event by press release and/or such other means as the Offeror may determine. Investment advisors or registered representatives employed by soliciting dealers, if any, may solicit their clients to deposit or tender their Common Shares to the Offer. Soliciting Dealers may pay an investment advisor or registered representative a portion of the solicitation fee, if any, for each Common Share deposited or tendered to the Offer by clients of or served by the investment advisor or registered representative.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their Common Shares directly with the Depositary and Information Agent or if they make use of the services of a Soliciting Dealer, if any, to accept the Offer. However, an investment advisor, stock broker, bank, trust company or other intermediary through whom Shareholders own Common Shares may charge a fee to tender any such Common Shares on their behalf. Shareholders should contact the Depositary and Information Agent and the Information Agent or a broker or dealer for assistance in accepting the Offer and depositing their Common Shares with the Depositary and Information Agent.

Except as set out herein, the Offeror has not agreed to pay any fees or commissions to any stockbroker, dealer or other person for soliciting tenders of Common Shares under the Offer; provided that the Offeror may make other arrangements with soliciting dealers, dealer managers or information agents, either within or outside Canada, for customary compensation during the Offer period if it considers it appropriate to do so.

22. Statutory Rights

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at Law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

23. Legal Matters

The Offeror and the Corporation are being advised in respect of certain matters concerning the Offer by: McCarthy Tétrault LLP (Canadian counsel), Rebaza, Alcázar & De Las Casas (Peruvian counsel) and Creel, García-Cuellar, Aiza y Enriquez, S.C. (Mexican counsel).

24. Directors' Approval

The contents of the Offer to Purchase and the Circular have been approved, and the sending of the Offer to Purchase and Circular to the Shareholders have been authorized, by each of the board of directors of the Offeror and the board of directors of the Corporation.

CERTIFICATE OF OFFEROR

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED: December 30, 2024.

(signed) "Fernando Jesús Arrieta Jiménez"

Director

CERTIFICATE OF ALPAYANA S.A.C.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED: December 30, 2024.

(signed) "Fernando Jesús Arrieta Jiménez"

Chief Executive Officer

(signed) "Fiorella Debernardi Baertl"

Chief Financial Officer

On behalf of the board of directors

(signed) "Alejandro Emiliano Gubbins Cox"

Director

(signed) "Ximena Maureen Gubbins Cox"

Director