



Sierra Minerals Earns US\$30,751 in Q3 2009

Quarterly Gold Sales Rise to US\$5.4 million

TORONTO, ONTARIO, November 16, 2009 – Sierra Minerals Inc. (TSX: SIM) ("Sierra" or the "Company") today announced its unaudited financial results for the third quarter ended September 30, 2009. The consolidated interim financial statements along with management's discussion and analysis are available on SEDAR at www.sedar.com and on the Company's website at www.sierraminerals.ca. All currency references are to United States dollars unless otherwise noted.

Q3 2009 - Highlights

- Net earnings for the third quarter were \$30,751 or \$0.00 per share versus a Q3 2008 of \$664,978 or \$0.01 per share.
- Ounces produced increased 1% to 5,162 compared to 5,111 in Q3 2008.
- Ounces sold decreased by 1% to 5,611 compared to 5,659 in Q3 2008.
- Realized gold price per ounce was \$954 compared to \$857 in Q3 2008.
- Revenue increased 11% to \$5,377,213 from \$4,838,653 in Q3 2008.
- Cost of sales per ounce was \$753 in Q3 2009 compared to \$592 in Q3 2008.
- Non-brokered private placement completed for proceeds of \$1,832,340 (C\$2,000,000).
- Debt was reduced by \$404,005 during Q3 2009.
- Cash and cash equivalents balance at September 30, 2009 was \$2,354,239.
- September 30, 2009 working capital balance of \$1,932,146.
- Non-cash write-down of Los Carlos property of \$230,832 to focus efforts on discovery of new El Cajon Gold Project.

Commentary

Michael Farrant, President and CEO of Sierra Minerals, made the following comments in relation to the 2009 third quarter results:

"Overall we were pleased with a number of significant accomplishments in the third quarter. We welcomed Eric Sprott and his team as a new and significant investor in Sierra. Along with this injection of capital, we have identified a number of initiatives that will create immediate value and reduce cash operating costs. We have already begun to eliminate the rental costs of certain mining equipment by purchasing these items outright. The most significant of these will be the purchase of a secondary crushing system with expanded capacity. We believe this will increase production and reduce cash operating costs on a per ounce basis almost immediately. Our greater financial flexibility has also allowed us to continuing servicing our financial obligations and more importantly, new exploration initiatives, out of operating cash flow. We believe that

finding more ounces at Cerro Colorado and within trucking distance to the mine is one of the best ways of creating additional value for our shareholders. The discovery of our new El Cajon Gold Project did mean that we made the decision to abandon the Los Carlos property during the quarter requiring us to write down approximately \$231,000 in previously capitalized property costs. Earnings for the quarter, excluding this write-down are approximately \$262,000. In recognition of record setting gold prices, we also made the decision to devote a portion of our mining resources entirely to waste stripping to finally expose the ore-body in the Upper Breccia zone. Our 22% increase in tonnes mined from Q3 2008 to Q3 2009 was entirely waste stripping which we expensed as current mining costs. This one-time additional stripping was completed in early November. We used the third quarter of 2009 and the record setting revenues that this gold price environment afforded us to position ourselves to be able to deliver increased production growth, cash flow and earnings going forward. I am extremely pleased that we were able to accomplish all of this and still show bottom line earnings for the quarter. The progress we continue to make is a credit to our team at the mine and in the field. We also continue to have one of the lowest general and administrative profiles in the industry. We work hard at making sure dollars go back into infrastructure and into the ground. I look forward, as a fellow shareholder, to seeing these investments pay dividends as gold hits record highs.”

Summary of financial and operating results

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Gold ounces – produced	5,162	5,111	15,208	14,627
Gold ounces – sold	5,611	5,659	15,585	15,229
Average realized gold price (\$/oz.)	\$ 954	\$ 857	\$ 930	\$ 886
Total cash costs per ounce sold (\$/oz.) ^(a)	\$ 753	\$ 592	\$ 658	\$ 618
Metal sales	\$ 5,377,213	\$ 4,838,653	\$ 14,593,194	\$ 2,964,474
Cost of sales ^(b)	\$ 4,249,076	\$ 3,428,775	\$ 10,347,819	\$ 9,616,766
Accretion, depreciation, depletion and amortization	\$ 321,692	\$ 169,674	\$ 872,499	\$ 595,850
Mine operating earnings	\$ 806,445	\$ 1,240,204	\$ 3,372,876	\$ 2,751,858
Net earnings for the period	\$ 30,751	\$ 664,978	\$ 949,751	\$ 927,630
Earnings per share (basic and diluted)	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.01
Cash flow provided by operating activities before Changes in non-cash working capital	\$ 605,612	\$ 1,121,099	\$ 2,185,745	\$ 2,572,847
Cash flow provided by operating activities	\$ 412,846	\$ 560,323	\$ 1,008,658	\$ 2,881,247

(a) See “Supplemental Information on Non-GAAP Financial Measures”

(b) Cost of sales excludes, accretion, depreciation, depletion and amortization

	September 30, 2009	December 31, 2008
Cash and cash equivalents	\$ 2,354,239	\$ 740,360
Working capital surplus (deficiency)	\$ 1,932,146	\$ (1,844,421)
Long-term debt in addition to working capital deficiency	\$ -	\$ (450,000)

Net earnings for the third quarter of 2009 were \$30,751 compared to \$664,978 during the third quarter of 2008.

Revenue from metal sales increased to a quarterly record of \$5,377,213 in the third quarter of 2009 compared to \$4,838,653 in the third quarter of 2008. Gold ounces sold remained approximately flat at 5,611 compared to 5,659 in 2008, however, the average realized price of gold sold rose from \$857 to \$954 per ounce.

Third quarter 2009 production of 5,611 ounces compared to 5,111 in the third quarter of 2008. Cost of sales of \$753 per ounce sold for the third quarter of 2009 increased from \$592 reported for the third quarter of 2008. The 2009 increase was primarily the result of 2009 equipment rental costs, including a limited capacity, secondary crushing system and one-time waste stripping costs incurred to expose the Upper Breccia zone. The Company has begun a review of its costs and has taken steps at reducing them.

General and administrative costs for the third quarter were \$262,643 compared to \$226,451 during the third quarter of 2008 as Sierra began to increase marketing efforts. \$118,848 in exploration expenditures were incurred during the quarter compared to \$243,938 in the third quarter of 2008. These expenditures represent the cost of work being performed on concessions comprising the Company's regional land package including terminal evaluation work on the Los Carlos concession and mapping, drilling and assaying on the Company's new El Cajon Gold Project. In addition, the Company expensed \$230,832 as a non-cash write-down of previously capitalized property acquisition costs incurred in respect of the Los Carlos property. Interest expense for the third quarter of 2009 was \$31,749 compared to \$38,498 in 2008. Lower interest costs were primarily the result of lower principal loan balances and a lower weighted average rate of interest on the loans.

Liquidity and Capital Resources

Cash and cash equivalents increased during the quarter from \$902,297 as at June 30, 2009 to \$2,354,239 as at September 30, 2009. Working capital improved from a deficiency of \$123,015 at June 30, 2009 to a surplus of \$1,932,146 as at September 30, 2009.

During the third quarter of 2009, the Company paid the remaining balance of \$54,005 on the Piggott loan in full and made principal repayments against the Warman loan totaling \$350,000. During November 2009, the Company paid an additional \$100,000 in principal bringing the outstanding balance to \$850,000. This debt is scheduled to be paid in full no later than March 31, 2010. Sierra expects to make remaining payments out of cash flow from operations.

On September 25, 2009, the Company announced the closing of a non-brokered private placement through the issuance of 10,000,000 units priced at C\$0.20 per unit for total proceeds of \$1,832,340 (C\$2,000,000). Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at a price of C\$0.30 until March 25, 2011.

Subsequent to September 30, 2009, the Company purchased a CAT D9N dozer to replace its rental dozer. The Company also intends to purchase a secondary crushing system with greater capacity than its current rental system.

Cash flow from operations will be targeted at additional drilling at the Company's new El Cajon Gold Project in order to determine the extent of the mineralization. Phase I drilling is aimed at establishing the basis for a more extensive drill program which would be designed to establish an initial National Instrument 43-101 mineral resource estimate at the project.

Results of Mining Operations

Cerro Colorado Gold Mine (100% ownership)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Operating Statistics				
Tonnes mined	1,355,452	1,115,169	3,648,402	2,822,497
Waste	870,675	594,579	2,175,562	1,494,688
Ore – placed on leach pad	484,777	520,590	1,472,840	1,327,809
Grade (g/t Au)	0.57	0.55	0.65	0.56
Gold ounces placed on the pad	8,982	9,206	30,158	23,906
Gold ounces – produced	5,162	5,111	15,208	14,627
Gold ounces – sold	5,611	5,659	15,585	15,229
Financial Data				
Metal sales	\$ 5,377,213	\$ 4,838,653	\$ 14,593,194	\$ 12,964,474
Cost of sales	4,249,076	3,428,775	10,347,819	9,616,766
Depreciation, depletion and amortization	311,488	162,449	841,886	574,176
Accretion	10,204	7,225	30,613	21,674
Mine operating earnings before income taxes	806,445	1,240,204	3,372,876	2,751,858
Income taxes	72,432	4,491	794,117	481,614
Net segment earnings	<u>\$ 734,013</u>	<u>\$ 1,235,713</u>	<u>\$ 2,578,759</u>	<u>\$ 2,270,244</u>
Capital expenditures	<u>\$ 273,768</u>	<u>\$ 113,105</u>	<u>\$ 912,566</u>	<u>\$ 2,132,115</u>

Gold production for the third quarter was 5,162 ounces compared to 5,111 in year earlier period representing a 1% increase over Q3 2008. Average grade mined during the third quarter of 2009 increased to 0.57 g/t Au compared to 0.55 g/t Au in the year earlier period. Tonnes mined increased 22% over the prior year quarter due to improvements in truck fleet availability and the addition of three CAT733B haul trucks purchased in April 2009. The increase in tonnes mined during the quarter related entirely to waste stripping on the Upper Breccia zone.

Corporate Development

Management has received expressions of interest from a number of parties with respect to exploring the merits of undertaking a corporate transaction. The Company continues to evaluate certain of these opportunities but offers no guarantee as to the successful completion of a transaction. In addition, during the third quarter of 2009, Sierra retained GMP Securities L.P. as advisors with a view to finding and successfully completing a corporate transaction.

About Sierra Minerals

Sierra Minerals is a Canadian based gold production and exploration company. The Company owns and operates the Cerro Colorado Gold Mine in Sonora, Mexico. All gold production is unhedged and the Company expects to produce approximately 20,000 to 21,000 ounces of gold in 2009. The Company's exploration pipeline includes an extensive 34,000-hectare regional land package in Sonora, Mexico, including the El Cajon Gold Project. Further information about Sierra Minerals and the Cerro Colorado Gold Mine can be found on the Company's website at www.sierraminerals.ca.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This news release includes "forward-looking information", as such term is defined in applicable securities laws. The forward-looking information includes, without limitation, the success of exploration activities and other similar statements concerning anticipated future events, conditions or results that are not historical facts including the extent of future production from the Cerro Colorado Gold Mine. These statements reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. The Company cautions that all forward looking information is inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Such factors include, among others, risks and uncertainties relating to exploration and development; the ability of the Company to obtain additional financing; the Company's limited operating history; the need to comply with environmental and governmental regulations; political and economic instability and general civil unrest in Mexico, if any; potential defects in title to the Company's properties; fluctuations in currency exchange rates; fluctuating prices of commodities; operating hazards and risks; competition; and other risks and uncertainties, including those described in the Company's other regulatory filings filed with the Canadian Securities Administrators and available at www.sedar.com. Accordingly, actual future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. All statements are made as of the date of this news release and the Company is under no obligation to update or alter any forward-looking information.

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SUPPLEMENTAL INFORMATION ON NON-GAAP FINANCIAL MEASURES

Cash Costs

The Company's MD&A often refers to cash costs per ounce, a non-GAAP performance measure in order to provide investors with information about the measure used by management to monitor performance. This information is used to assess how well the producing gold mine(s) are performing compared to plan and prior periods, and also to assess the overall effectiveness and efficiency of gold mining operations. "Cash cost" figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is still an accepted standard of reporting cash costs of gold production in North America. Adoption of the standard is voluntary and the cost measures presented herein may not be comparable to other similarly titled measures of other companies. Costs include mine site operating costs such as mining, processing, administration, royalties and production taxes, but are exclusive of amortization, reclamation, capital, exploration and development costs. These costs are then divided by ounces of gold sold to arrive at the total cash costs per ounce of gold sold. The measure, along with sales, is considered to be a key indicator of a company's ability to generate operating earnings and cash flow from its mining operations.

These gold cash costs differ from measures determined in accordance with GAAP. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under GAAP.

The following table provides a reconciliation of total cash costs per ounce sold for the Cerro Colorado gold mine to the cost of sales, excluding accretion, depreciation, depletion and amortization as per the unaudited interim consolidated statements of operations.

	Three months ended		Nine months ended	
	September 30,		September 30,	
(unaudited)	2009	2008	2009	2008
Cost of sales (excluding accretion, depreciation, depletion and amortization)	\$ 4,249,076	\$ 3,428,775	\$ 10,347,819	\$ 9,616,766
Silver by-product credit	(24,239)	(78,375)	(96,806)	(204,348)
	\$ 4,224,837	\$ 3,350,400	\$ 10,251,013	\$ 9,412,418
Gold ounces sold	5,611	5,659	15,585	15,229
Total cash costs (\$/oz. sold)	\$753	\$592	\$658	\$618
Breakdown of cost per ounce sold				
Direct operating costs	\$732	\$585	\$642	\$583
Non-cash amortization of deferred stripping	-		-	27
2.5% NSR Royalty	25	21	22	21
Less: silver by-product credits	(4)	(14)	(6)	(13)
Total cash costs (\$/oz. sold)	\$753	\$592	\$658	\$618