



Sierra Minerals Is In A Unique Position Given The Current Economic Environment, With Their Cerro Colorado Gold Mine In Northern, Mexico Already In Production, Providing Positive Earnings And Positive Cash Flow

**Resources - Gold Producer
(SIM-TSX)
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**Michael H. Farrant, CA
President and CEO, Director**

BIO: Mr. Farrant is a chartered accountant with over 12 years of financial management experience in the gold mining sector. He also serves as a Director of Everton Resources Inc. and has served as Chief Financial Officer of junior development stage and producing mining companies. During his six years with Barrick Gold Corporation and three years with Kinross Gold Corporation, he held progressively senior finance positions, including Vice President and Treasurer with Kinross. Mr. Farrant holds a Bachelor of Commerce with Honours from Queen's University and earned his C.A. designation in 1995 with Coopers & Lybrand.

Company Profile: Sierra Minerals is a Canadian based gold production and ex-

ploration company. The Company owns and operates the Cerro Colorado Gold Mine in Sonora, Mexico. All gold production is un-hedged and the Company expects to report production of approximately 20,000 ounces of gold in 2008. Sierra is currently completing its initial National Instrument 43-101 ("NI 43-101") mineral resource estimate at Cerro Colorado. The Company's exploration pipeline includes an extensive regional land package which covers over 34,000 hectares in Sonora, Mexico.

Interview by: Lynn Fosse, Sr. Editor

CEOCFO: Mr. Farrant, what is your focus at Sierra Minerals today?

Mr. Farrant: "We are a Canadian based gold mining company with one producing gold mine located in northern Mexico. We are currently on target to produce approximately 20,000 ounces of gold in 2008. Our main focus this year has been on the Cerro Colorado mine. We completed a 20,000 meter drill program between October 2007 and June 2008 which will form the basis for an initial NI 43-101 mineral resource estimate at the mine. We expect to have a final resource estimate by about the middle of Q1 2009. We have substantially completed construction of a new 5.0 million tonne leach pad. This will complement our existing 4.5 million tonne pad, which is nearing capacity. We also hired Philip Davies as our Chief Operating Officer responsible for implementing operational efficiencies and increasing production levels at the lowest possible cost. We are aiming to expand the operation in 2009 to an annualized rate of 30,000 ounces, and continue to explore some of our highly potential exploration ground. We have over

34,000 hectares of exploration property in northern Mexico predominantly close to the mine. Currently, the most promising concessions are located approximately 20 kilometers from the Cerro Colorado mine at our Los Carlos property. If we are successful in identifying additional ore on that property, it is anticipated that we would truck this ore to the existing infrastructure at the Cerro Colorado mine."

CEOCFO: Do you own the mine 100%

Mr. Farrant: "Yes, we do. It is owned 100% by our Mexican subsidiary and carries a 2.5% net smelter return royalty on the production from the mine."

CEOCFO: What is special about this mine?

Mr. Farrant: "What we possess in the current economic environment as a junior mining company is unique. We are in production; we have positive earnings and positive cash flow. That means that we don't need to go to the market to raise capital, but we can fund our initiatives and continuing operations out of operating cash flow. With our mine specifically, our focus has been Mexico. We believe that we are well positioned to expand within Mexico as we do have a highly trained and efficient group of individuals on the ground. We have about 140 individuals at our mine and as mentioned previously, we hired an excellent chief operating officer in July in Phil Davies who has experience running 300,000 ounce mines. He was hired to optimize what we have at Cerro Colorado with a view to us expanding operations and then acquiring or finding a second mine."

CEOCFO: Are there things you can do to facilitate better production?

Mr. Farrant: "Yes there are. We have

established steady production, operating at the 20,000 ounce a year rate and are in the midst of completing construction of a new 5.0 million tonne leach pad. Construction of the new leach pad was necessary as our initial 4.5 million tonne pad is due to be fully loaded by sometime in the first half of 2009. However, this currently gives us two avenues for processing ore. We can put the higher grade material on the new pad, which has quicker leaching times and we can continue to put the lower grade material on the old leach pad. We would also like to purchase a couple more trucks, which would give us the capacity to haul more ore to the leach pad, which would translate into higher production. In addition, we are targeting exposing higher grade areas in 2009. While this would involve much higher stripping in the first half of the year, the benefit would be seen through higher production levels.”

CEOCFO: Is it easier to purchase the equipment, and to find people like your new COO in the current environment?

Mr. Farrant: “We have been fairly fortunate in terms of putting together the team we have. Our chairman, Keith Piggott has been working, living, and operating in Mexico for over twelve years now. He is very plugged in to the local community and economy, and has been extremely successful at finding good quality people to work at the mine. He was also the one that found our new COO, Phil Davies. From a corporate perspective, I joined at the end of June and was able to find a very good CFO in Rebecca Hudson, who is bilingual English/Spanish and has mining experience. Certainly having somebody in the corporate office that is fully bilingual helps to bridge any of the language gaps that may exist between Toronto and our operations in Mexico.”

CEOCFO: What attracted you to join Sierra; what made you decide this is where you wanted to be?

Mr. Farrant: “A lot of small companies in the mining industry have their individual challenges, but the one thing I liked about Sierra Minerals was that it did have an operating mine and a good

team on the ground in Mexico. In addition, Sierra was profitable, had positive cash flow and a pipeline of exploration properties that look prospective. Despite the challenges a junior mining company may face, Sierra certainly offers a great platform for growth. What we are all trying to achieve here in terms of growing the company, is taking what we have and making it as efficient as we can, maximizing its value and then moving on to add a second mine.”

CEOCFO: Do you have a timetable or an outline of what you will be doing in the next couple of years?

Mr. Farrant: “Yes, during the near term we continue to examine strategies which will strengthen our balance sheet. Operationally, we would like to expand the production at Cerro Colorado from

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20,000 to 30,000 ounces during 2009 and we do see that happening this year. On the exploration front, we would like to continue to advance work on our Los Carlos property, which lies about 20 kilometers from the existing Cerro Colorado infrastructure. From a corporate development standpoint, we will be looking for the potential to do some sort of corporate deal, if the price is right, to bring a second mine or advanced stage development property into the Company.”

CEOCFO: Will you give us your two-minute take on the commodity cycle and the current situation?

Mr. Farrant: “We are fairly bullish on the price of gold unlike some of the other commodities like copper and nickel and the base metals, which have been hurt significantly in the current environment because of the economic downturn that

has caused a number of the base metal companies to in fact shut mines. Gold today remains above US\$800 per ounce and continues to perform very well. One of the keys to that is tied to the view folks have on the future strength of the US dollar. It is generally viewed that the US dollar has had a fairly good run recently, and that is not necessarily expected to continue. That is extremely bullish for the price of gold. The other thing that is not necessarily unique to us, but certainly applies to us, is that while the gold price has not really fallen recently, the Mexican Peso has devalued from about 10 or 10.5 to 1, where it was sitting in the summer, to about 14 to 1. With about 70% of our local operating cost denominated in Pesos, this means that the cost of doing business in Mexico in US dollar terms has become much cheaper for us.

As such, we are benefitting in two ways, continuing to take advantage of a strong gold price and enjoying lower operating costs. This combination has never been better for us.”

CEOCFO: In closing, why should potential investors be interested and why should they pick Sierra Minerals out of the crowd?

Mr. Farrant: “There are a couple things; in general, the equity markets have been hit very hard. I think there are a

lot of good undervalued opportunities right now. In the minerals and mining sector, when things do start to come back, it is going to be the producers that are going to recover before the pure exploration plays. A lot of the large producers have already recovered, but the juniors haven’t, so I still see fairly good value in buying the juniors down at these levels. With Sierra Minerals specifically, we are cash flow positive, have positive earnings, expect to expand our production, have exploration potential and are fully leveraged to the price of gold being 100% unhedged. As such, I think anyone who wants to be leveraged to the gold price, exposed to the junior mining sector and exposed to a producer should look seriously towards investing in Sierra Minerals. We trade under the symbol “SIM” on the Toronto Stock Exchange.”