



ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 18 March 2013

Update on Bunawan and Bahayan Permit Approvals.

The Directors of Sierra Mining Limited ("Sierra") are pleased to update shareholders on permitting of the Company's very prospective Bunawan and Bahayan Projects.

The Bunawan Project

The Bunawan Project comprises two permit applications - EXPA-000037-XIII and APSA-000003-XIII - in Agusan del Sur, Mindanao (see Figure 1).

The Bunawan Project traverses two Ancestral Domains in the municipalities of Rosario in the North and Bunawan in the South. A comprehensive process of community engagement and negotiation is required to achieve the Free and Prior Informed Consent (FPIC) of both sets of Ancestral Domain Title Holders, which is necessary for the granting of a Certificate Precondition from the National Commission of Indigenous Peoples. This Certificate Precondition is a requirement for granting of an exploration permit by the Mines and Geosciences Bureau (MGB).

In view of the onerous logistics associated with conducting the FPIC process, supervised by the NCIP, Sierra decided to first complete the process with the Rosario tribal group – known as CAMMPACAMM – in relation to the EXPA. This area (highlighted in Figure 1) is one of the most prospective parts of the Project, with substantial artisanal workings.

To this end, Sierra's Filipino associate, Bunawan Mining Company (BMC), has now completed the FPIC process with CAMMPACAMM in relation to the Rosario EXPA Area. BMC and CAMMPACAMM have executed an official Memorandum of Agreement, endorsed by the NCIP, which has been recommended to the NCIP Commission in Manila for issue of the Certificate Precondition.

The MGB has also now issued an endorsement for the commencement of FPIC in relation to BMC's APSA -000003-XIII and that process is under way in Rosario.

As set out in the announcement dated 18 June 2012, the Company has also executed MOA's with the Bunawan area Ancestral Domain Title Holders in the South. The FPIC process for that area will commence after completion of the FPIC process in Rosario.



The Bahayan Project

The NCIP has also resolved to issue the Certificate Precondition in relation to the Northern parcel of EXPA-123-XIII (see Figure 1) and the Company will request the MGB to issue the permit for this property. Further information on the Project is included below.

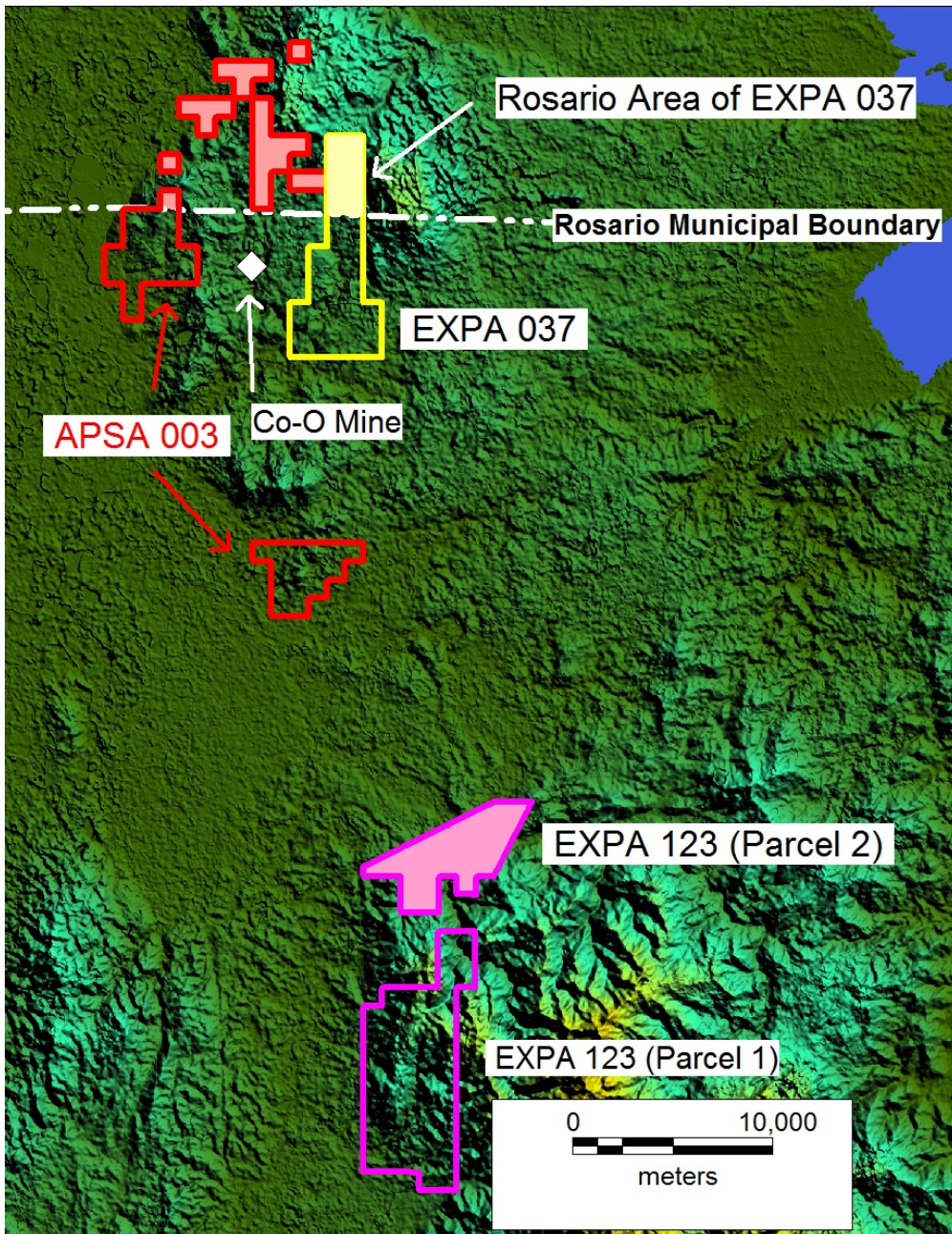


Figure 1. *Bunawan and Bahayan Project tenements in eastern Mindanao showing the Bunawan Project tenements in Rosario Municipality and Bahayan Parcel 2 as shaded.*



EXPA-000037-XIII Rosario Area

The Rosario area is located approximately 5 km NE of Medusa Mining's Co-O mine and covers the eastern part of the Mahunoc diatreme dome complex and a number of large artisanal mining operations. Sierra has conducted a number of exploration programs over the area including detailed mapping, rock chip sampling, a ground magnetic survey and stream sediment sampling. A soil sampling program is planned to begin in April.

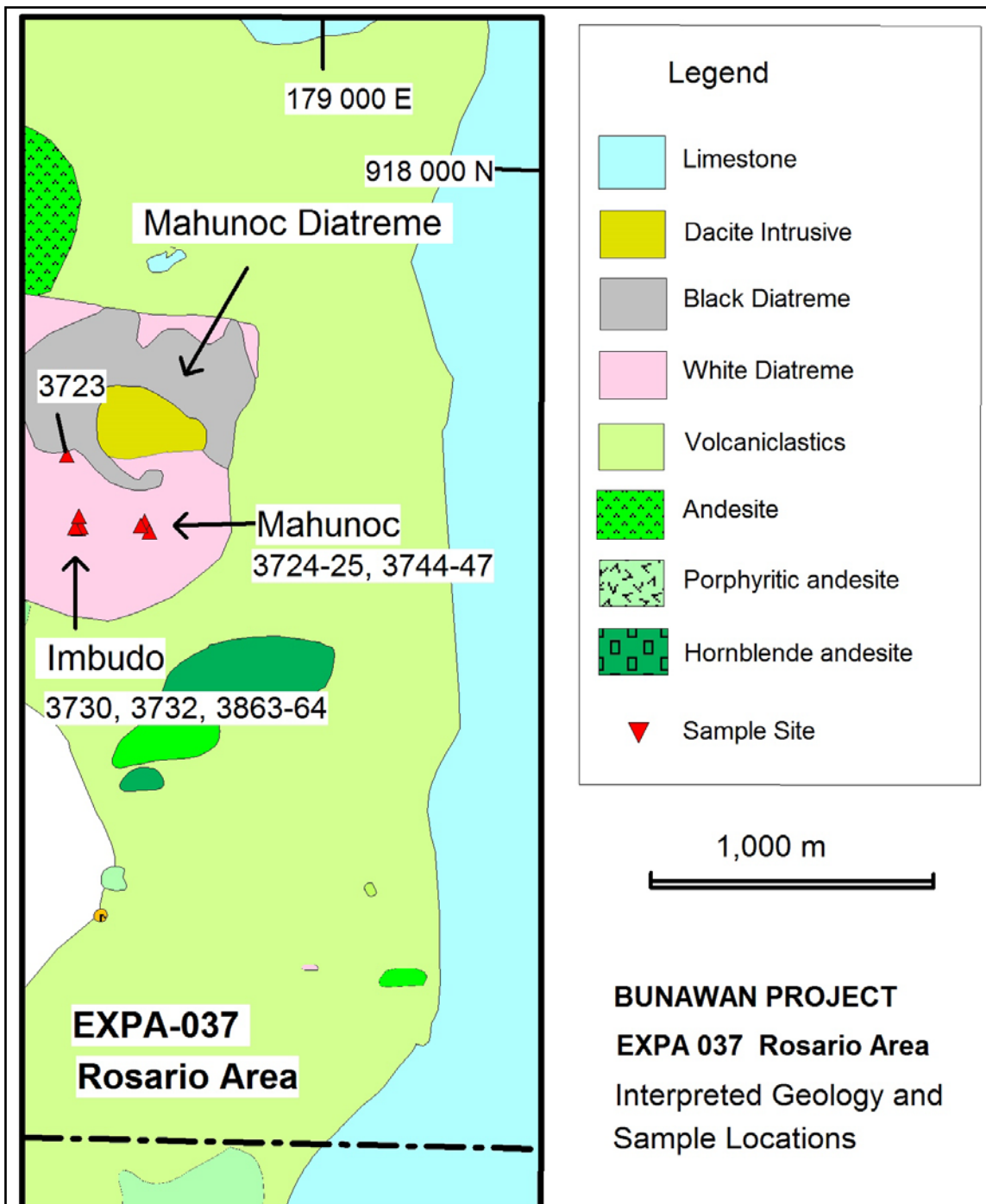


Figure 2. Interpreted geology and high grade rock chip sample locations from the Rosario area, EXPA-00037-XIII

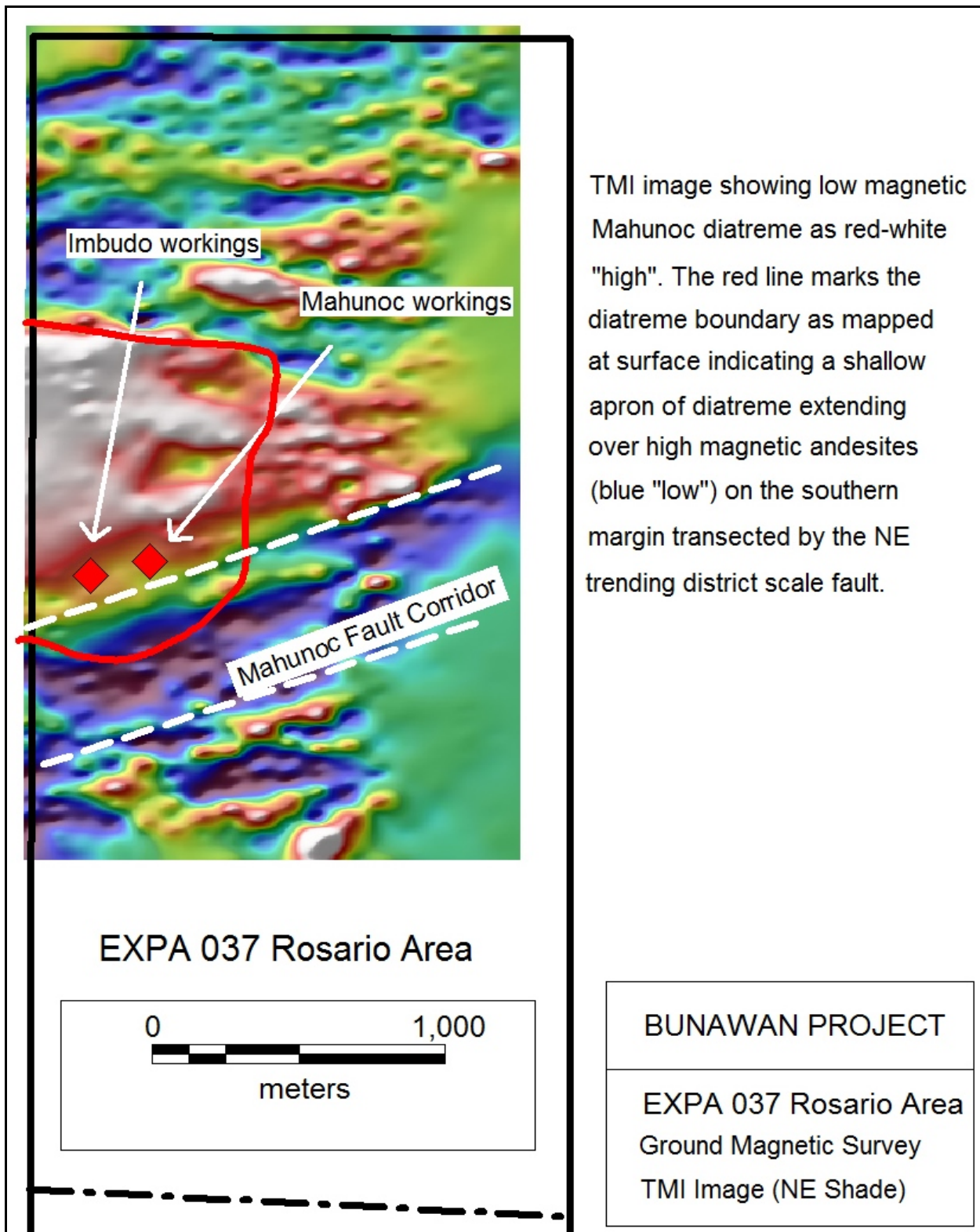


The Mahunoc diatreme has two distinct phases and is intruded by a flow banded endogenous dome of dacitic composition. The diatreme was emplaced into a propylitic altered andesite volcanic and volcanoclastic sequence which is covered to the north and west by post mineralization limestone. Most vein hosted Au mineralization in the area trends NE and is hosted by more competent andesite peripheral to the diatreme and in the dacite within the diatreme. However the most substantial workings at Mahunoc and Imbudo occur in the argillic altered southern part of the diatreme. Mineralisation at Mahunoc occurs in complex hydrothermal milled clay matrix breccias within the diatreme and has been exploited by a substantial artisanal mining operation. Mineralisation at the adjacent Imbudo workings occurs in a wide (up to 20 metres) swarm of thin (cm scale) NE trending veins. Supergene enrichment is a significant factor in both zones as indicated by the high grades in the table below. The geology of both zones of mineralisation is consistent with representing the very upper levels of an epithermal vein system similar to Co-O and Diwalwal.

Sample No	North	East	Au ppm	Cu ppm	Pb ppm	Zn ppm	Ag ppm	Mo ppm	As ppm	Sb ppm
3723	916977	178076	7.495	84	6	25	6.9	5	2797	70
3724	916739	178352	16.967	5686	110	69	319.6	10	600	90
3725	916703	178370	18.150	2533	108	26	147.5	8	354	48
3744	916725	178339	2.982	56	24	8	5.1	7	437	<5
3745	916725	178339	8.128	23	15	1	17.7	2	263	<5
3746	916725	178339	3.360	60	35	2	34.4	2	203	<5
3747	916725	178339	4.840	17	16	<1	26.6	2	219	<5
3730	916716	178117	146.971	115	5	8	103	11	234	<5
3732	916720	178125	7.280	132	11	41	26	4	332	<5
3863	916717	178104	5.368	160	9	19	7.1	18	206	<5
3864	916759	178119	2.461	119	4	5	43.7	4	157	<5

Table 1 - selected high grade results from rock chip sampling. Silver values are significant and gold in the area is associated with elevated As levels.

Sierra recently completed a ground magnetic survey, conducted by McPhar Geophysics with processing and modeling of the data being carried out by Southern Geoscience Consultants. The survey indicates both the Mahunoc and Imbudo workings, in addition to a number of smaller workings, are located on and adjacent to a large NE trending fault zone tangential to and cutting the southern margin of the diatreme. The magnetics suggest the southern section of the outcropping diatreme is relatively thin (diatremes typically flare upwards and narrow downwards) and underlain by andesites adjacent to the north dipping diatreme margin. Fault zones tangential to diatremes within competent host rocks [andesite] are a common site for epithermal gold mineralisation both in the Philippines [eg Acupan] and elsewhere in the region [eg Wafi Ck]. The NE trending Mahunoc Fault zone and diatreme margin below Mahunoc and Imbudo are highly prospective targets. The results of stream sediment and soil sampling are expected to better define drill targets within these prospective zones, as well as locate other targets both on the diatreme margin and within the diatreme associated with the dacite intrusion.



TMI image showing low magnetic Mahunoc diatreme as red-white "high". The red line marks the diatreme boundary as mapped at surface indicating a shallow apron of diatreme extending over high magnetic andesites (blue "low") on the southern margin transected by the NE trending district scale fault.

Figure 3. Total magnetic intensity (TMI) of the Rosario Area.



Bunawan Parcel 2

The Bahayan Project comprises one permit application in 2 parcels, located north of the large Diwalwal artisanal mining operation, which was the site of a large gold rush to exploit low sulphidation epithermal gold mineralisation in the early 1980's. Mechanised underground mining by well organised and financed syndicates of "artisanal miners" is still continuing at Diwalwal, with historical production variously estimated as between 3 and 7 million ounces.

Sierra has conducted reconnaissance mapping and rock-chip, soil and stream sediment sampling programs over the northern block [Parcel 2]. Mapping and rock chip sampling have located a number of old artisanal mining areas and stream sampling returned highly anomalous gold results over the western half of the tenement as shown in Figure 4.

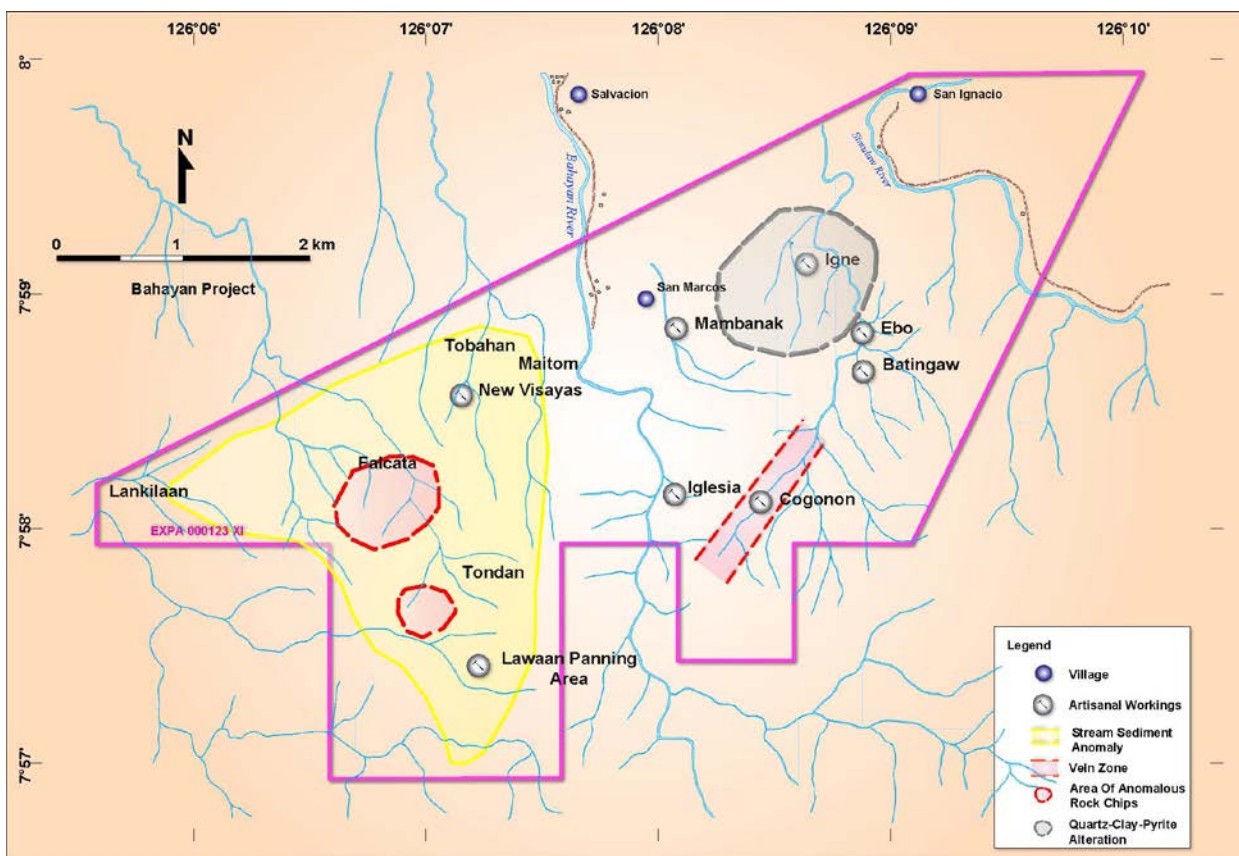


Figure 4. Summary of reconnaissance exploration at the Bahayan Project (Parcel 2).

The information in this report relating to exploration results, mineral resources or ore reserves is based on information provided to Mr Robert McLean by Sierra Mining Limited. Mr McLean is an independent consultant geologist and is a corporate member of the Australian Institute of Mining and Metallurgy. Mr McLean has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the Valmin Code and "Competent Person" under the JORC Code. Mr McLean consents to the inclusion in the report of the matters based on the information he has been provided and the context in which it appears.

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