



FORTUNA
SILVER MINES INC.

Q2 2017 Earnings Call Webcast

NYSE: FSM | TSX: FVI | fortunasilver.com

August 15, 2017

Building a world-leading precious metals mining company

Cautionary Statement on Forward Looking Statements / Non-GAAP Financial Measures

This corporate presentation contains forward looking statements which constitute “forward looking information” within the meaning of applicable Canadian securities legislation and “forward looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 (collectively, “Forward looking Statements”). All statements included herein, other than statements of historical fact, are Forward looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward looking Statements. The Forward looking Statements in this corporate presentation may include, without limitation, statements about the company’s plans for its mines and mineral properties; the company’s business strategy, plans and outlook; the merit of the company’s mines and mineral properties; mineral resource and reserve estimates; timelines; the future financial or operating performance of the company; expenditures; approvals and other matters. Often, but not always, these Forward looking Statements can be identified by the use of words such as “estimate”, “estimated”, “potential”, “open”, “future”, “assumed”, “projected”, “calculated”, “used”, “detailed”, “has been”, “gain”, “upgraded”, “expected”, “offset”, “limited”, “contained”, “reflecting”, “containing”, “conduct”, “increasing”, “remaining”, “to be”, “periodically”, or statements that events, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others, changes in general economic conditions and financial markets; changes in prices for silver and other metals; technological and operational hazards in Fortuna’s mining and mine development activities; risks inherent in mineral exploration; uncertainties inherent in the estimation of mineral reserves, mineral resources, and metal recoveries; the timing and availability of financing; governmental and other approvals; political unrest or instability in countries where Fortuna is active; labor relations issues; as well as those factors discussed under “Risk Factors” in the Company’s Annual Information Form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in Forward-looking Statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking Statements contained herein are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to estimates of future production levels; expectations regarding mine production costs; expected trends in mineral prices and currency exchange rates; the accuracy of the company’s current mineral resource and reserve estimates; that the company’s activities will be in accordance with the company’s public statements and stated goals; that there will be no material adverse change affecting the company or its properties; that all required approvals will be obtained; that there will be no significant disruptions affecting operations and such other assumptions as set out herein. Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

Certain technical data in this presentation was taken from the technical report entitled, “Technical Report Update on the Lindero Heap Leach Project Salta Province, Argentina,” dated February 23, 2016, prepared by Carl E. Defilippi, SME Registered Member, Paul Tietz, C.P.G., Thomas L. Dyer, P.E. and David G. Thomas, P.Geo. (the “Lindero Technical Report”), and is subject to the assumptions, qualifications and procedures defined therein.

This corporate presentation also refers to non-GAAP financial measures, such as cash cost per tonne of processed ore; cash cost per payable ounce of silver; total production cost per tonne; all-in sustaining cash cost; all-in cash cost; adjusted net (loss) income; operating cash flow per share before changes in working capital, income taxes, and interest income; and adjusted EBITDA. These measures do not have a standardized meaning or method of calculation, even though the descriptions of such measures may be similar. These performance measures have no meaning under International Financial Reporting Standards (IFRS) and therefore, amounts presented may not be comparable to similar data presented by other mining companies.

Mr. Eric N. Chapman, M.Sc., Vice President of Technical Services, is the Qualified Person for Fortuna Silver Mines Inc. as defined by National Instrument 43-101. Mr. Chapman is a Professional Geoscientist of the Association of Professional Engineers and Geoscientists of the Province of British Columbia (Registration Number 36328) and is responsible for ensuring that the information contained in this presentation is an accurate summary of the original reports and data provided to or developed by Fortuna Silver Mines Inc., and has approved this disclosure.

Dollar amounts expressed in US dollars, unless otherwise indicated.



Jorge A. Ganoza

President, CEO and Director



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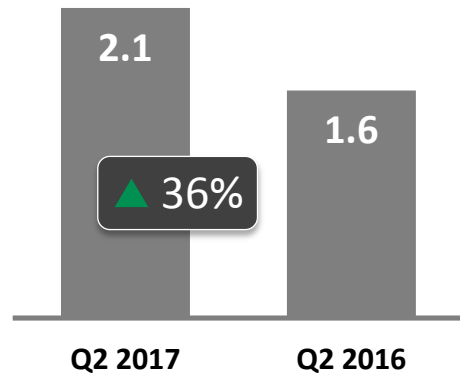
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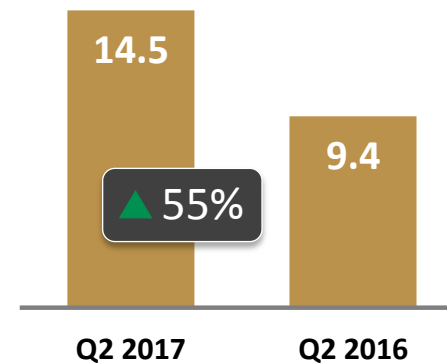
Q2 2017 Consolidated Production

H1 silver and gold production totaled 4.2 Moz and 27.7 koz

Silver Production (Moz)

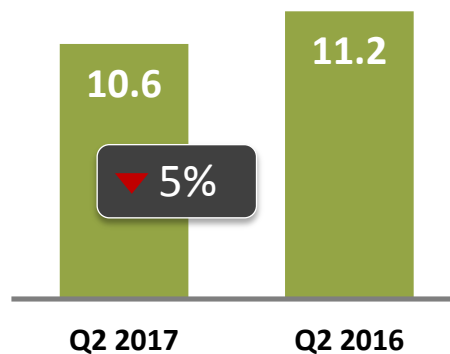


Gold Production (koz)

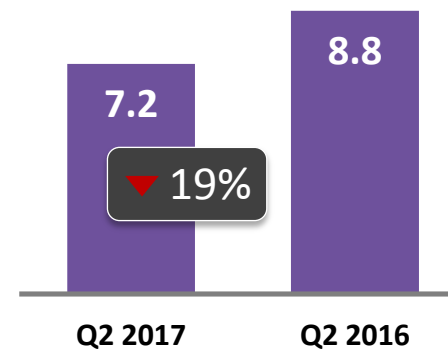


Base Metals Production

Zinc (Mlbs)



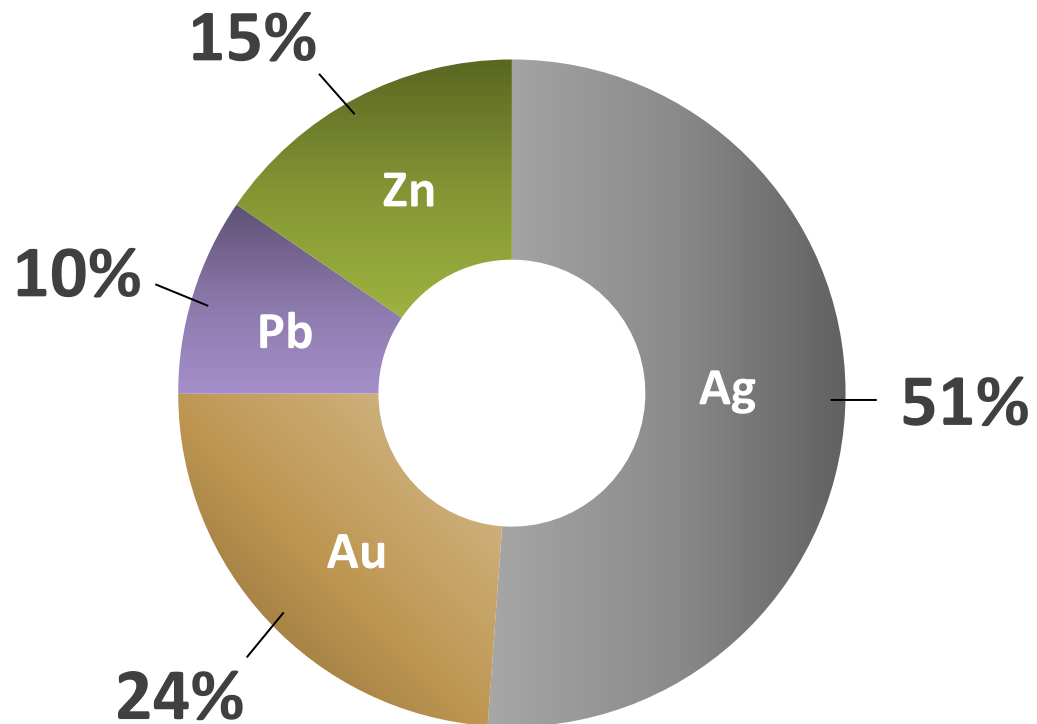
Lead (Mlbs)



Q2 2017 Consolidated Sales

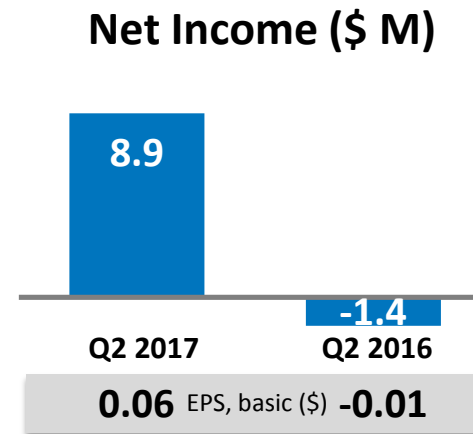
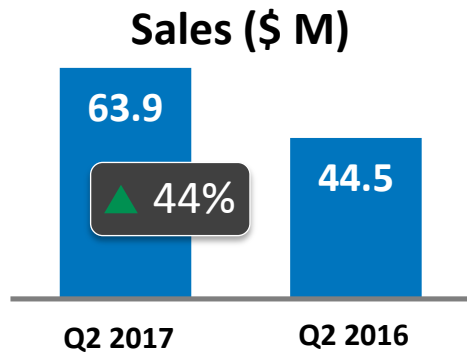
75% of precious metals contribution to sales

Provisional Sales Contribution by Metal

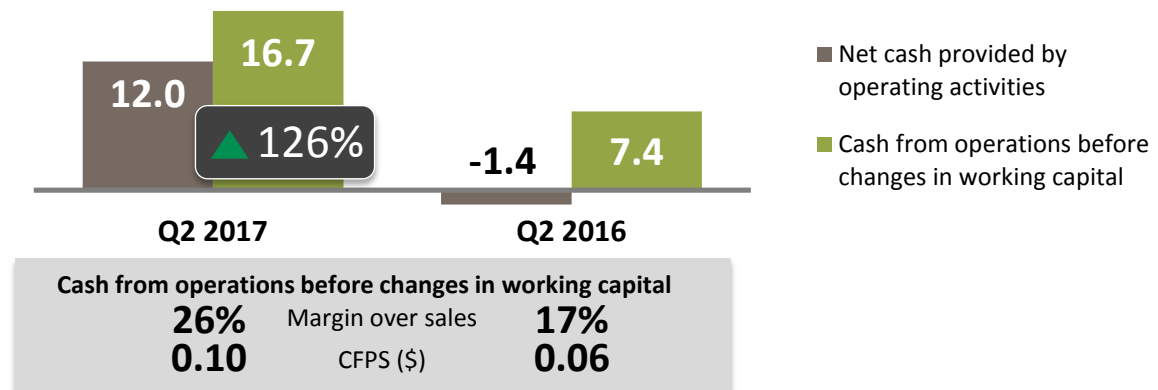


Q2 2017 Consolidated Financial Highlights

Main financial metrics materially improved YOY



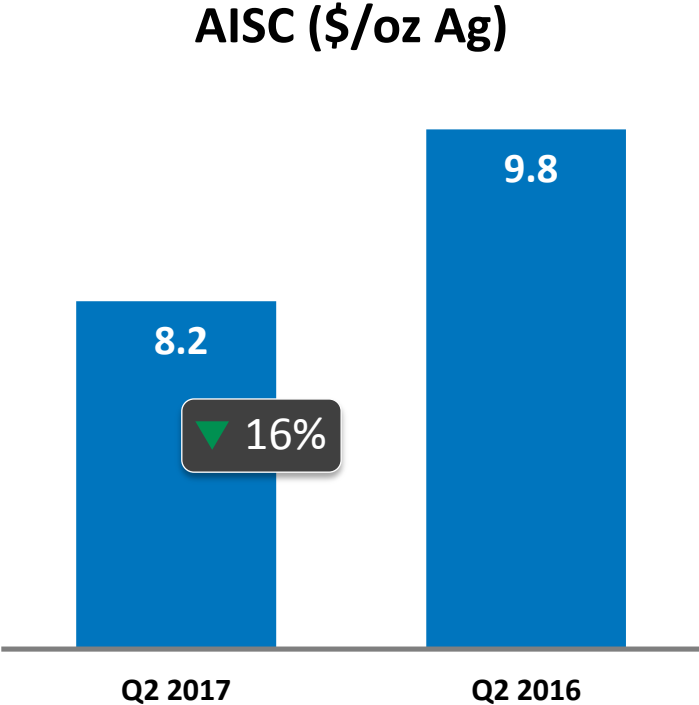
Cash Provided by Operating Activities (\$ M)



Note: EPS = Earnings Per Share | CFPS = Cash Flow Per Share

Q2 2017 Consolidated All-In Sustaining Cash Cost

Bottom-quartile cash cost



Note: AISC = All-In Sustaining Cash Cost



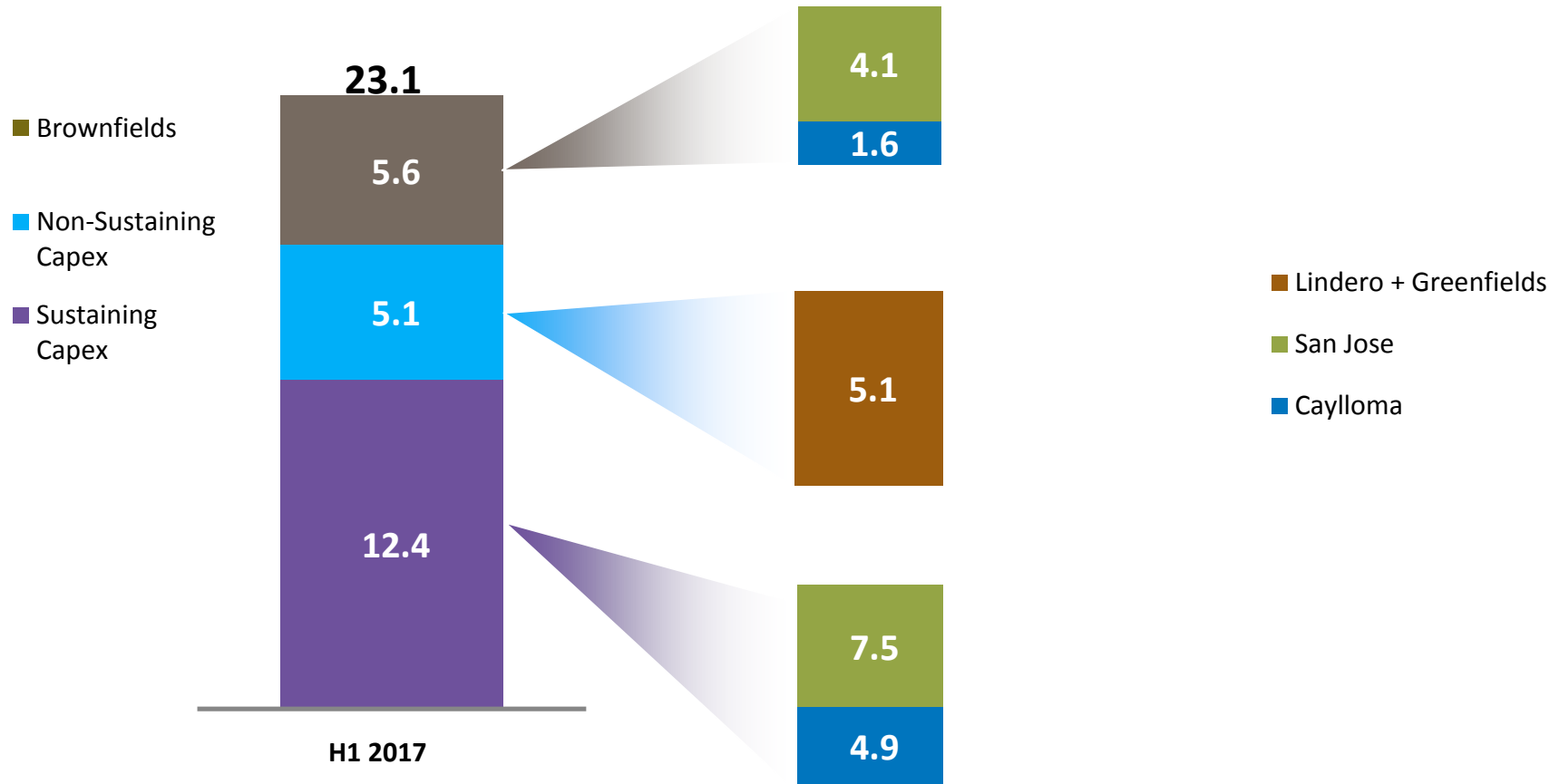
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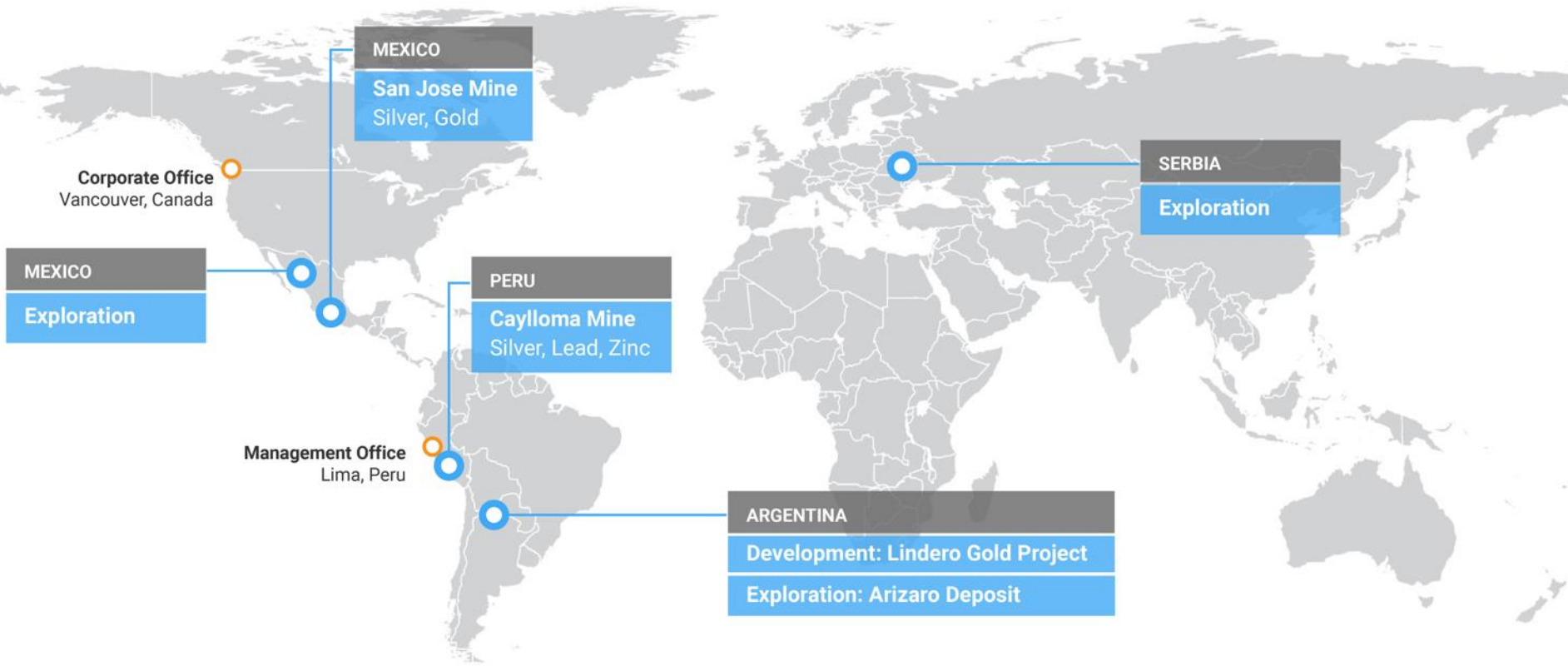
H1 2017 Consolidated Capital Expenditures

In line with annual guidance

Capital Expenditures (\$ M)



Note: Totals may not add due to rounding procedures



Core Assets and Projects



Projects Update

Lindero Project

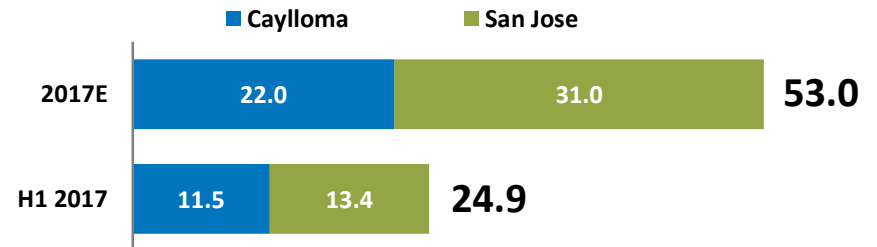
- In September 2016, pre-construction review commenced including:
 - Validation of the geological model and resource/reserve estimates
 - Optimization of the mine design
 - Review of process design including key metallurgical laboratory tests
 - Update of the infrastructure basic engineering
- Construction decision expected next month

New Exploration Projects

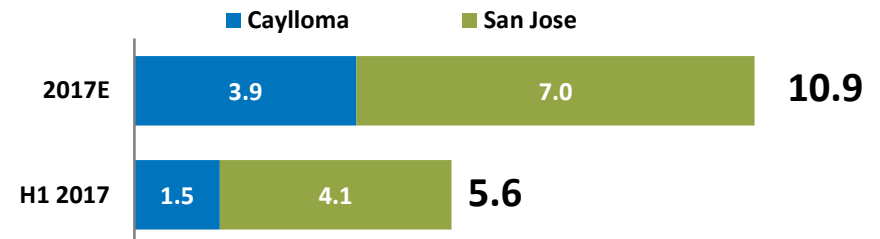
- Tlacolula Property acquisition (Oaxaca, Mexico):
 - Paid \$150,000 in cash and 239,385 common shares of Fortuna to Radius Gold Inc. (TSX.v: RDU)
 - 2% NSR royalty granted to Radius
 - Fortuna retains the right to purchase one-half of the royalty by paying \$1.5 million

Brownfields Projects

Drilling (km)



Drilling Costs (\$ M)





Luis D. Ganoza

Chief Financial Officer



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Q2 2017 Financial Highlights

Double digit growth for key financial figures

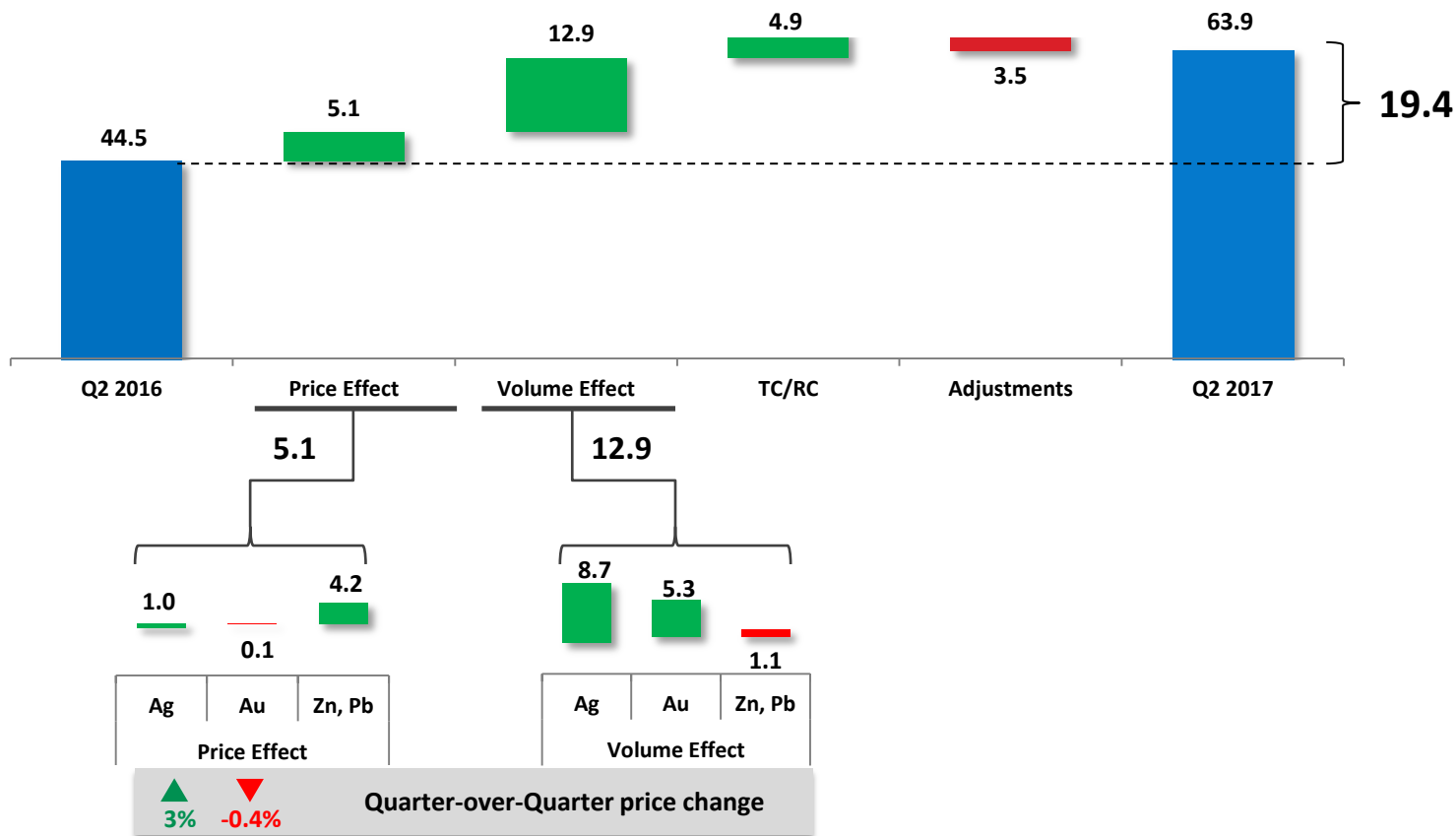
(\$ M, except in earnings per share figure)	Q2 2017	Q2 2016	% Change
Sales	63.9	44.5	▲ 44%
Net income (loss)	8.9	-1.4	▲
EPS, basic	0.06	-0.01	▲
Adjusted net income (loss)	9.2	-1.5	▲
Cash provided by operating activities	12.0	-1.4	-
Cash provided by operating activities before changes in working capital	16.7	7.4	▲ 126%
Cash and cash equivalents & Short term investments, end of period	188.0	123.6 ⁽¹⁾	▲ 52%

Note: Cash and cash equivalents & Short term investment as of December 31, 2016

Q2 2017 Financial Highlights

Sales positively impacted by higher precious metals production at San Jose

Q2 2017 vs Q2 2016 Sales Bridge Chart (\$ M)



Notes:

1. TC/RC = Treatment Charges / Refinement Charges
2. Totals may not add due to rounding procedures

Q2 2017 Financial Highlights

Robust EBITDA margin

Consolidated

(\$ M)	Q2 2017	Q2 2016	% Change
Operating Income	14.2	3.6	▲ 294%
Adjusted EBITDA	26.4	10.6	▲ 149%
Margin over sales	41%	24%	-

Q2 2017 Financial Highlights

Strong EBITDA growth at both operations

Caylloma Mine, Peru

(\$ M, except in cash cost figures)	Q2 2017	Q2 2016	% Change
Adjusted EBITDA	7.3	5.6	▲ 30%
Margin over sales	37%	36%	-
Production cash cost (\$/t)	85.0	71.0	▲ 20%
AISC (\$/oz Ag)	-2.7	6.4	▼

San Jose Mine, Mexico

(\$ M, except in cash cost figures)	Q2 2017	Q2 2016	% Change
Adjusted EBITDA	23.1	15.6	▲ 48%
Margin over sales	52%	54%	-
Production cash cost (\$/t)	61.9	60.5	▲ 2%
AISC (\$/oz Ag)	7.7	8.6	▼ -10%

Q2 2017 Consolidated Financial Highlights

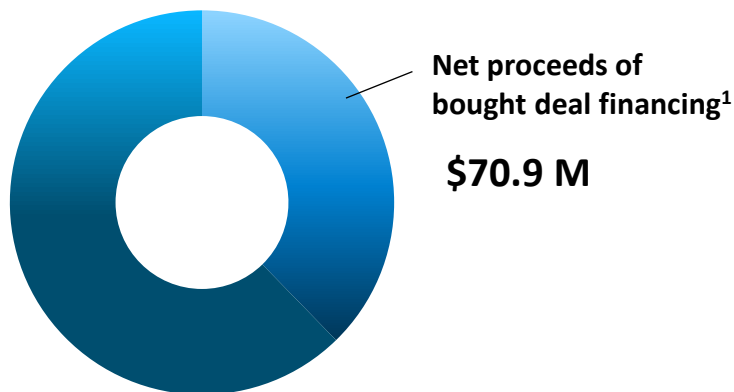
(\$ M)	Q2 2017	% Change over Q 2016
Operating mines SG&A	1.4	▼ 13%
Corporate SG&A	3.4	▲ 36%
Share-based payments	0.7	▼ 91%
Workers' participation	0.4	▲ 100%
Total SG&A	5.9	▼ 52%
Effective tax rate	40%	

Note: Totals may not add due to rounding procedures

Q2 2017 Consolidated Financial Highlights

Strong balance sheet and liquidity

- CASH**
- Cash and cash equivalents and short term investment as of June 30, 2017: **\$188 million**



- DEBT**
- Debt outstanding: **\$40 million term loan**
 - Debt to EBITDA²: **< 0.5x**

Notes:

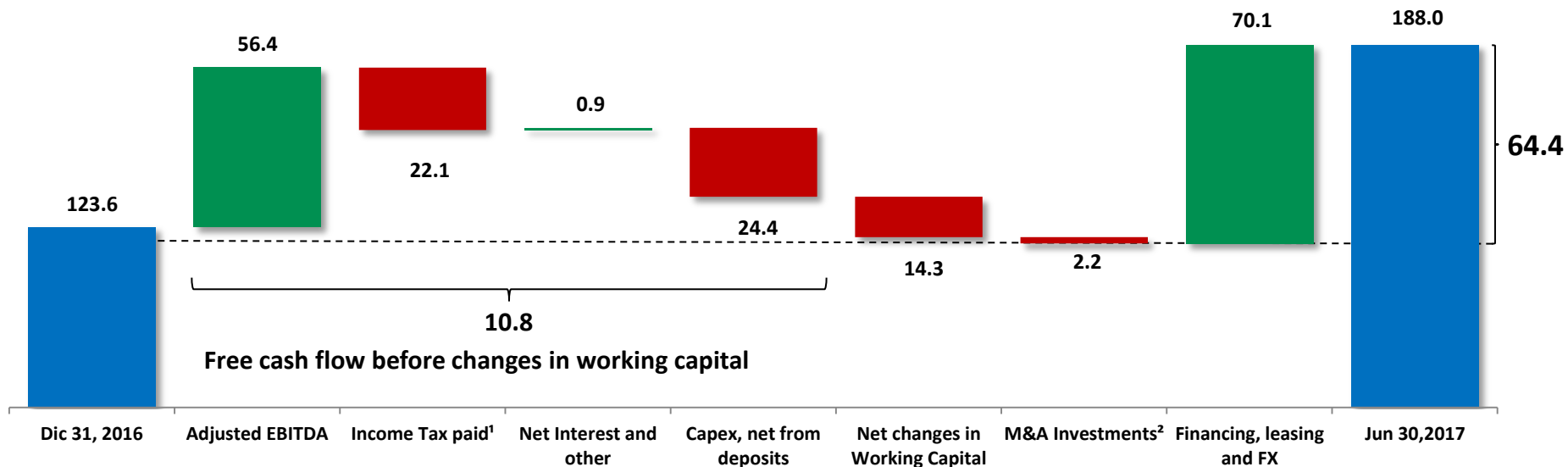
1. Bought deal closed on Q1 2017; see [Fortuna news release dated February 9, 2017](#)

2. Last twelve months Adjusted EBITDA

Q2 2017 Consolidated Financial Highlights

Positive free cash flow before changes in working capital

H1 Cash Balance Bridge Chart (\$ M) (June 2017 vs December 2016)



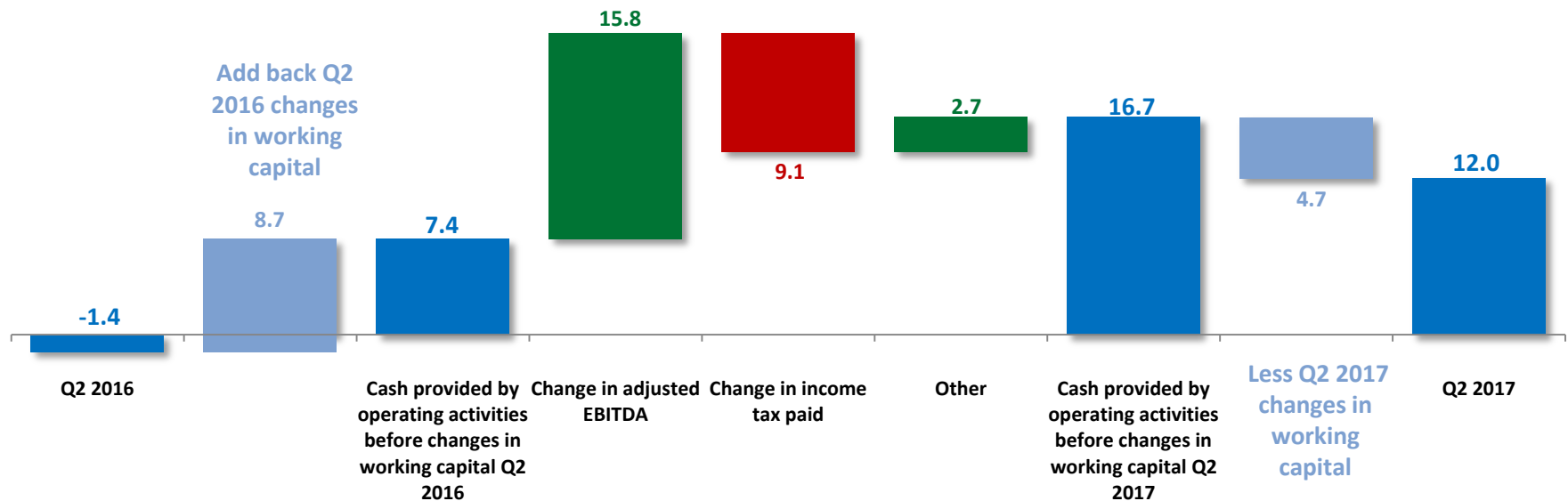
Notes:

1. Includes \$12.2 M related to 2016 taxes
2. Medgold Resources and Prospero Silver equity investments
3. Totals may not add due to rounding procedures

Q2 2017 Consolidated Financial Highlights

Operating cash flow significantly above Q2 2016

Cash provided by operating activities Q2 2017 vs. Q2 2016 (\$ M)



Note: Totals may not add due to rounding procedures

2017 Annual Guidance

PRODUCTION

8.1 Moz
Ag

52.4 koz
Au

41.0 Mlbs
Zn

30.0 Mlbs
Pb

CASH COST PER TONNE

56.7 \$/t
San Jose

75.5 \$/t
Caylloma

AISC

8.4 \$/oz Ag
San Jose

10.8 \$/oz Ag
Caylloma

9.8 \$/oz Ag
Consolidated

CAPEX

23.2 \$ M
San Jose

14.1 \$ M
Caylloma



Q & A



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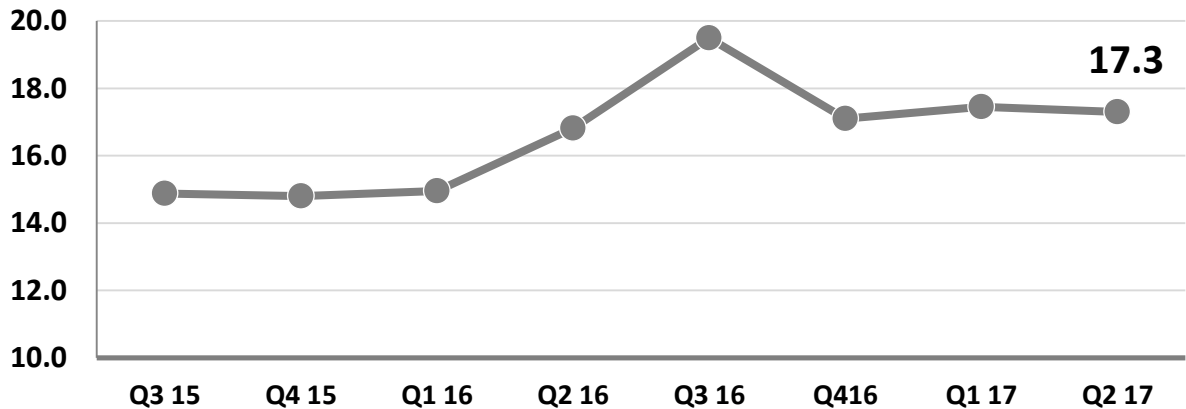


Appendix

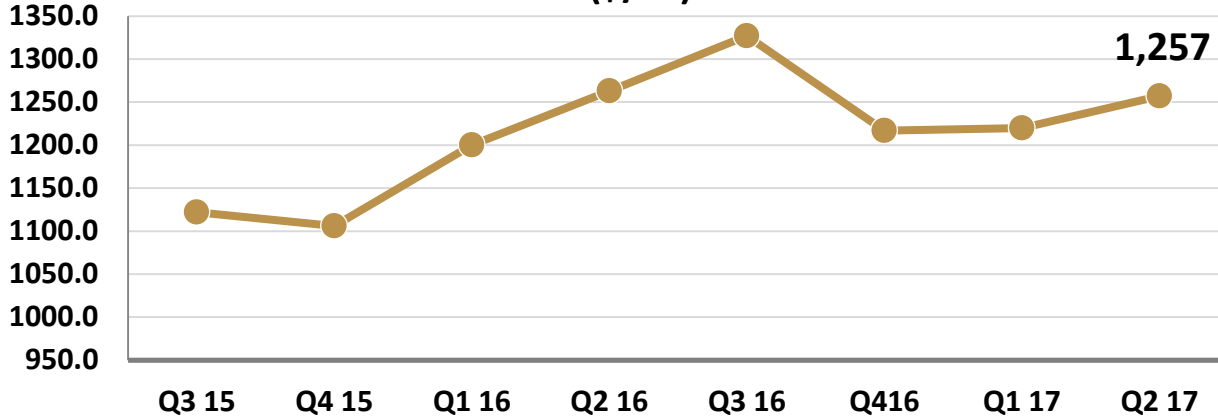


Realized Precious Metals Prices

Silver (\$/oz)



Gold (\$/oz)



Consolidated Sales Metrics

	Q2 2017	Q2 2016	% Change
Metal Sold			
Ag (oz)	2,103,663	1,529,645	▲ 38%
Au (oz)	14,288	9,174	▲ 56%
Pb ('000 lb)	7,127	8,752	▼ 19%
Zn ('000 lb)	10,943	11,376	▼ 4%
Realized Price¹			
Ag (\$/oz)	17.30	16.81	▲ 3%
Au (\$/oz)	1,257	1,263	▼ 0%
Pb (\$/lb)	0.98	0.78	▲ 26%
Zn (\$/lb)	1.18	0.87	▲ 36%

Note: Based on provisional sales before final price adjustments

Operating Income and Adjusted EBITDA

Operating Income

(\$ M)	Q2 2017	Q2 2016	% Change
Caylloma	4.7	3.7	▲ 27%
San Jose	13.6	10.6	▲ 28%
Corporate	-4.1	-10.7	▲ 62%
Total Operating Income	14.2	3.6	▲ 294%
Margin over sales	22%	8%	—

Adjusted EBITDA

(\$ M)	Q2 2017	Q2 2016	% Change
Caylloma	7.3	5.6	▲ 30%
San Jose	23.1	15.5	▲ 48%
Corporate	-4.1	-10.5	▲ 61%
Total Adjusted EBITDA	26.4	10.6	▲ 149%
Margin over sales	41%	24%	—

Note: Totals may not add due to rounding procedures

Adjusted Net Income

(Non-GAAP Financial Measures)

Expressed in \$M	ADJUSTED NET INCOME	
	Three months ended June 30,	
	2017	2016
NET INCOME FOR THE PERIOD	\$8.9	(\$1.4)
Items of note, net of tax:		
(Gain) loss on financial instruments	(0.4)	(0.1)
Write-down of inventories	0.4	—
Write-down of plant and equipment	0.3	
Adjusted net income	\$9.2	(\$1.5)

Adjusted EBITDA

(Non-GAAP Financial Measures)

Expressed in \$'000s	Three months ended June 30,	
	2017	2016
NET INCOME	\$8,898	(\$ 1,390)
Add Back:		
Net finance items	(571)	455
Depreciation, depletion and amortization	11,300	6,976
Income taxes	5,818	4,576
Share of loss of equity-accounted investee	(24)	–
Other operating expenses	1,011	(4)
Adjusted EBITDA	\$26,432	\$10,613