



F O R T U N A
SILVER MINES INC.

Q2 2018 Earnings Call Webcast

NYSE: FSM | TSX: FVI | fortunasilver.com

August 9, 2018

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 including the construction and development of the Lindero Project; 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; construction delays, 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; expectations regarding mine construction 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, including the construction of the Lindero Mine, 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.

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, free cash flow, 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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Our Company

Fourteen years generating sustainable shareholder value



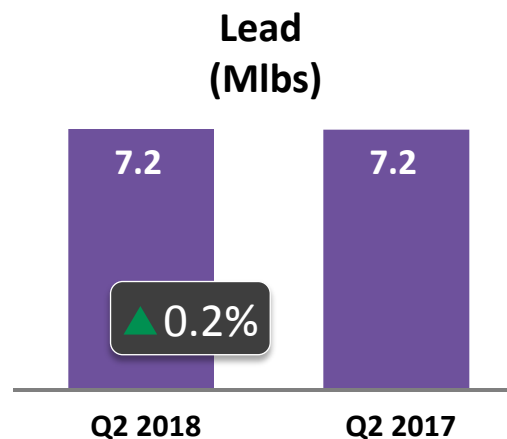
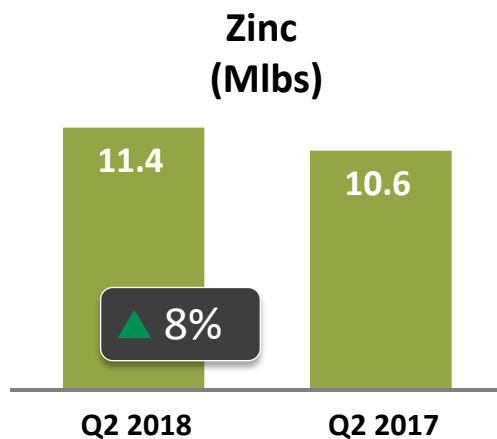
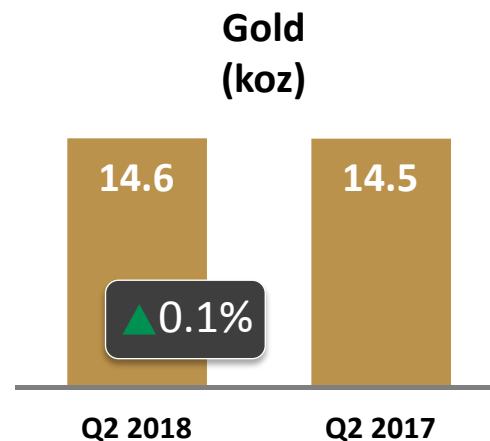
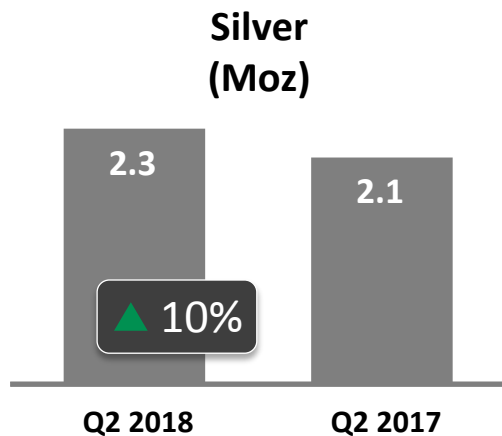
Q2 2018 Results Highlights

- Excellent performance at our mines reflected in robust 48% consolidated EBITDA margin and free cash flow generation of \$28 M YTD, before Lindero construction costs
- Strong \$278 M liquidity position, low Debt to EBITDA ratio (<0.5)
- Lindero initial capital costs forecast to increase between 10% and 17% with 71% of direct capital assigned as of July. Commercial operations on schedule for Q3 2019
- Successful first phase of drilling at the Barje target in Serbia through *Strategic Alliance* with Medgold Resources



Q2 2018 Consolidated Production

H1 silver and gold production totaled 4.7 Moz and 29.6 koz or 6.6 Moz Ag Eq¹



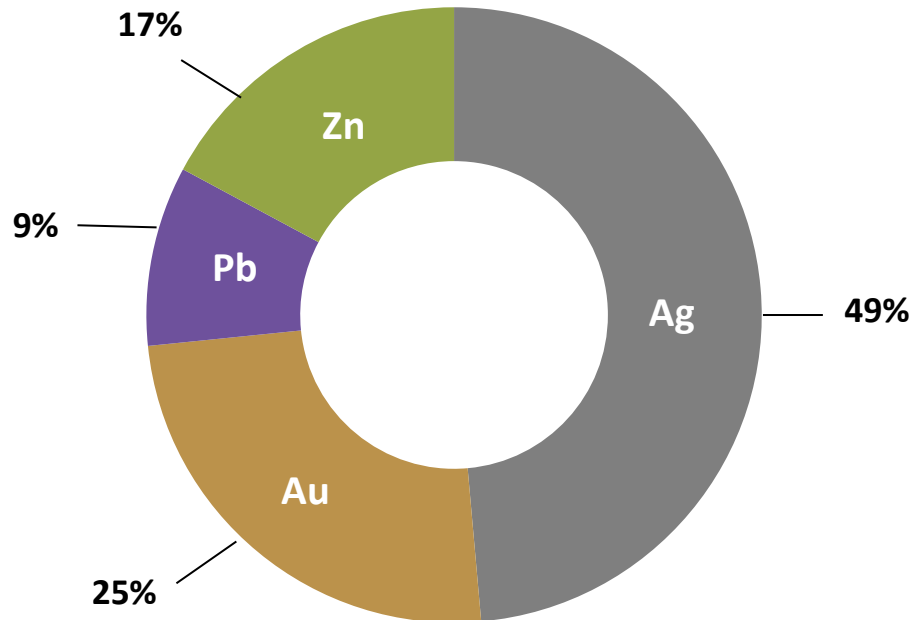
Note:

1. Ag Eq calculated using silver to gold ratio of 65 to 1 and does not include lead or zinc

Q2 2018 Consolidated Sales

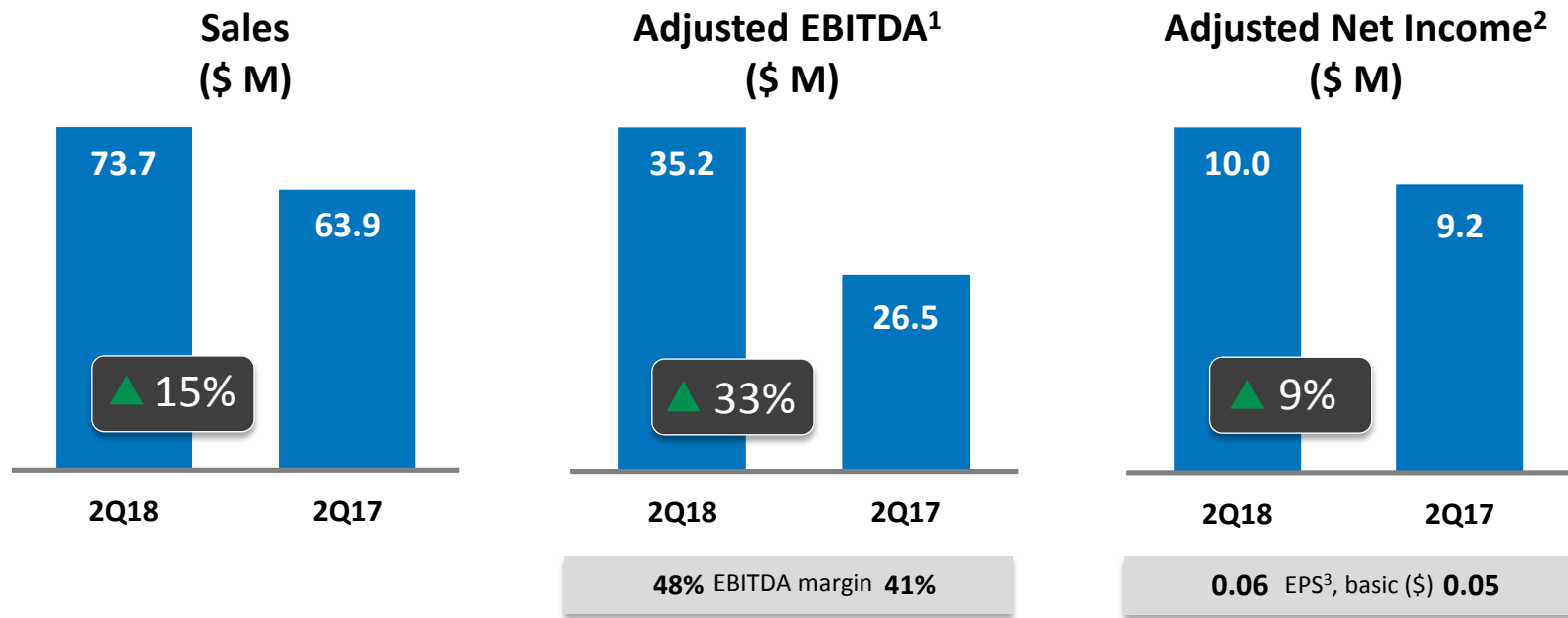
Sales of \$73.7 million | 74% contribution from precious metals

Provisional Sales Contribution by Metal



Q2 2018 Consolidated Financial Highlights

48% EBITDA margin



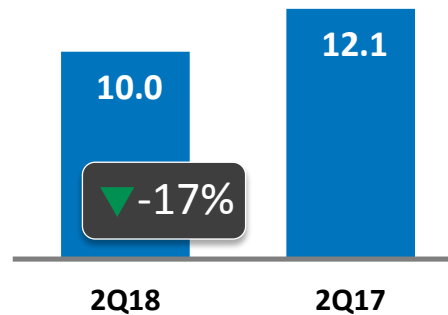
Notes:

1. EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization; please refer to slide 26 for Adjusted EBITDA detail
2. Non-GAAP financial measure; please refer to slide 27 for Adjusted Net Income detail
3. EPS = Earnings Per Share

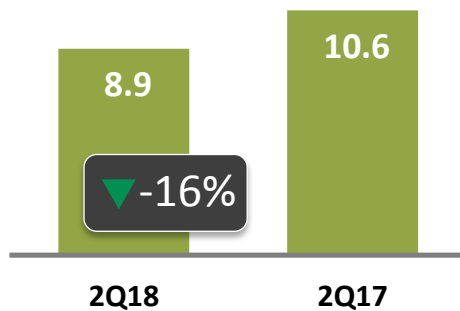
Q2 2018 Consolidated AISC Ag Eq¹

Exceeding targets at both operations

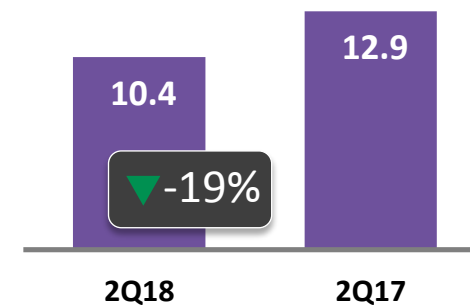
Consolidated AISC
(\$/oz Ag Eq)



San Jose Mine
(\$/oz Ag Eq)



Caylloma Mine
(\$/oz Ag Eq)



Notes:

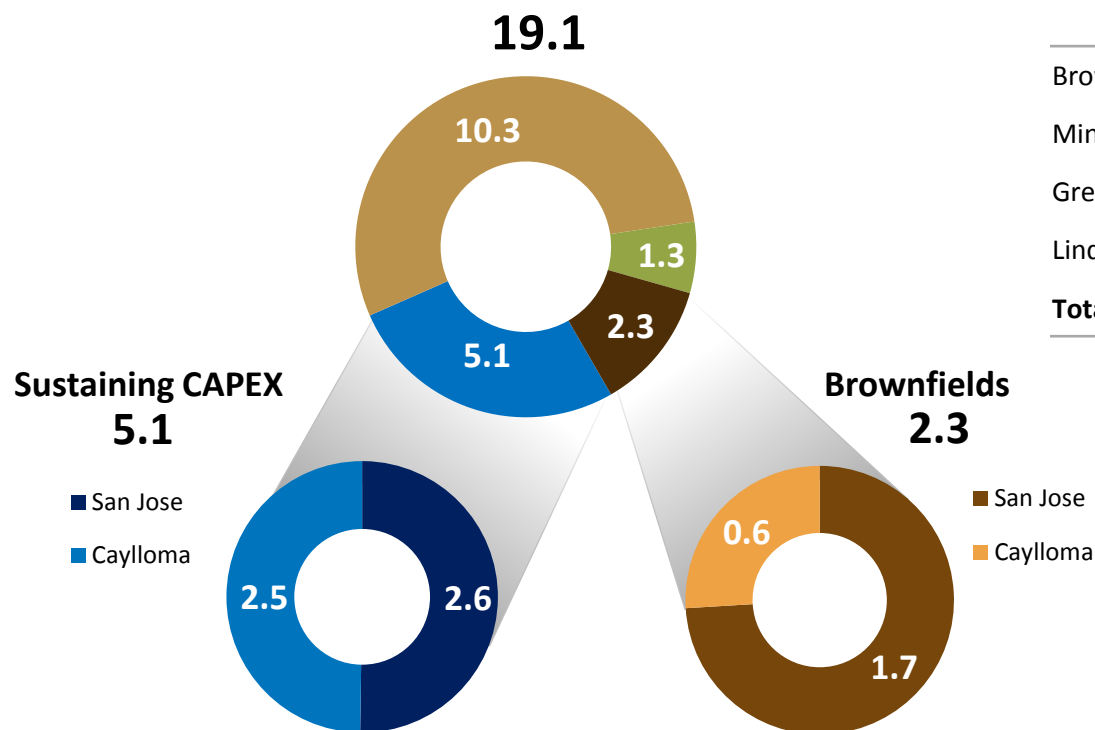
1. AISC Ag Eq = All-in sustaining cash cost per payable ounce of silver equivalent production; please refer to cautionary statements for non-GAAP financial measures
2. Silver equivalent production calculated using realized prices; please refer to slide 24

Q2 2018 Consolidated Capital Expenditures

Lindero capital expenditures ramping up

Q2 2018 Capital Expenditures (\$ M)

■ Sustaining Capex ■ Lindero ■ Greenfields ■ Brownfields



Consolidated Capital Expenditures (\$ M)

| | Q2 2018 | 2018 Budget |
|--------------------------------------|-------------|--------------|
| Brownfields exploration | 2.3 | 10.6 |
| Mine CAPEX ¹ | 5.1 | 27.7 |
| Greenfields exploration ² | 1.3 | 3.0 |
| Lindero | 10.3 | 201.0 |
| Total | 19.1 | 242.2 |

Notes:

1. Capital expenditures
2. Greenfields exploration budget not included in 2018 annual guidance
3. Totals may not add due to rounding

Lindero Project, Argentina

Commercial operations planned for Q3 2019

- Initial on-site delivery of Komatsu mine equipment started in JUL18 with final delivery scheduled for NOV18. Mine development activities are scheduled to commence in DEC18 with drilling and blasting scheduled for MAR19.
- As of the end of July, the Company has assigned mainly through purchase order/construction contracts ~\$131 million, or 71% of the project's total direct capital cost.
- The initial capital cost of the project is currently forecast to increase between 10% and 17%, the increment is mainly driven by the impact of higher headcount in indirect costs and higher owner's cost.
- As of the end of June, total cash spent on construction at Lindero in 2018 amounted to approximately \$38 million, with \$31 million spent in the second quarter.
- The infill drill program at Lindero was completed successfully in June, with a focus on enhancing the geo-metallurgical model for the year one production plan.
- Drilling is underway at Arizaro Au-Cu target, located approx. three kilometers from the site of Lindero's ore processing facility.

Note:

1. Please refer to news release dated August 7, 2018, "[Fortuna provides construction update and reports initial on-site arrival of mine equipment at its Lindero gold Project in Argentina.](#)"

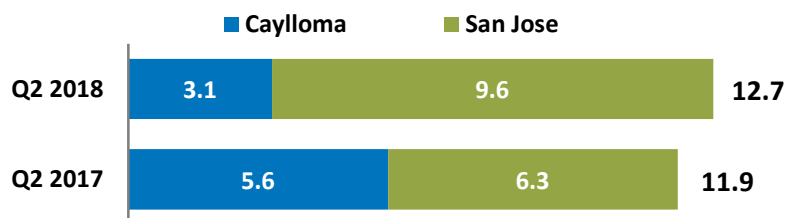


Exploration Update

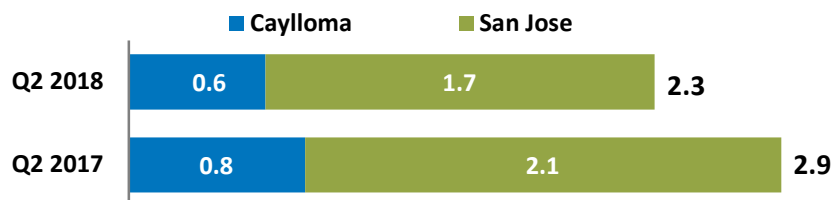
Gold discovery in Serbia through Medgold Resources *Strategic Alliance*

Brownfields Projects

Drilling (km)



Investment (\$ M)



Greenfields Exploration Highlights

Serbia

- Funded *Strategic Alliance* with Medgold Resources Corp. (TSX.v: MED) and subject to an option agreement on the Tlamino Project. Results at the Barje target returned the following mineralized intervals¹:
 - BAR001:** 30.8m @ 2.1g/t Au and 54.7g/t Ag
 - BAR002:** 34.6m @ 3.11g/t Au and 27.5g/t Ag, including 2.0m @ 23.9g/t Au and 340.0g/t Ag
 - BAR003:** 26.1m @ 2.4g/t Au and 219.0g/t Ag, including 6.0m @ 4.2g/t Au and 754.0g/t Ag
 - BAR004:** 22.1m @ 1.83g/t Au and 109.0g/t Ag
 - BAR005:** 100.8m @ 0.5g/t Au, including 20.2m @ 1.1g/t Au
 - BAR006:** 30.0m @ 5.4g/t Au, including 10.0m @ 2.7g/t Au and 9.0m @ 14.2g/t Au and 58g/t Ag
 - BAR007:** 24.0m @ 0.52g/t Au and 12.1m @ 3.4g/t Au

Mexico

- Funded *Strategic Alliance* with Prospero Silver Corp. (TSX.v: PSL)

Argentina

- Evaluation of third-party properties in northern Argentina; drilling expected in Q3 2018

Notes:
 1. Please refer to Medgold Resources news release dated July 5, 2018, "[Medgold Resources drills 9 m of 14.2 g/t Au at the Tlamino Gold Project in Serbia](#)"
 2. Totals may not add due to rounding



Luis D. Ganoza

Chief Financial Officer



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Q2 2018 Financial Highlights

Free cash flow¹ generation of \$9 M in Q2 2018 and \$28 M YTD

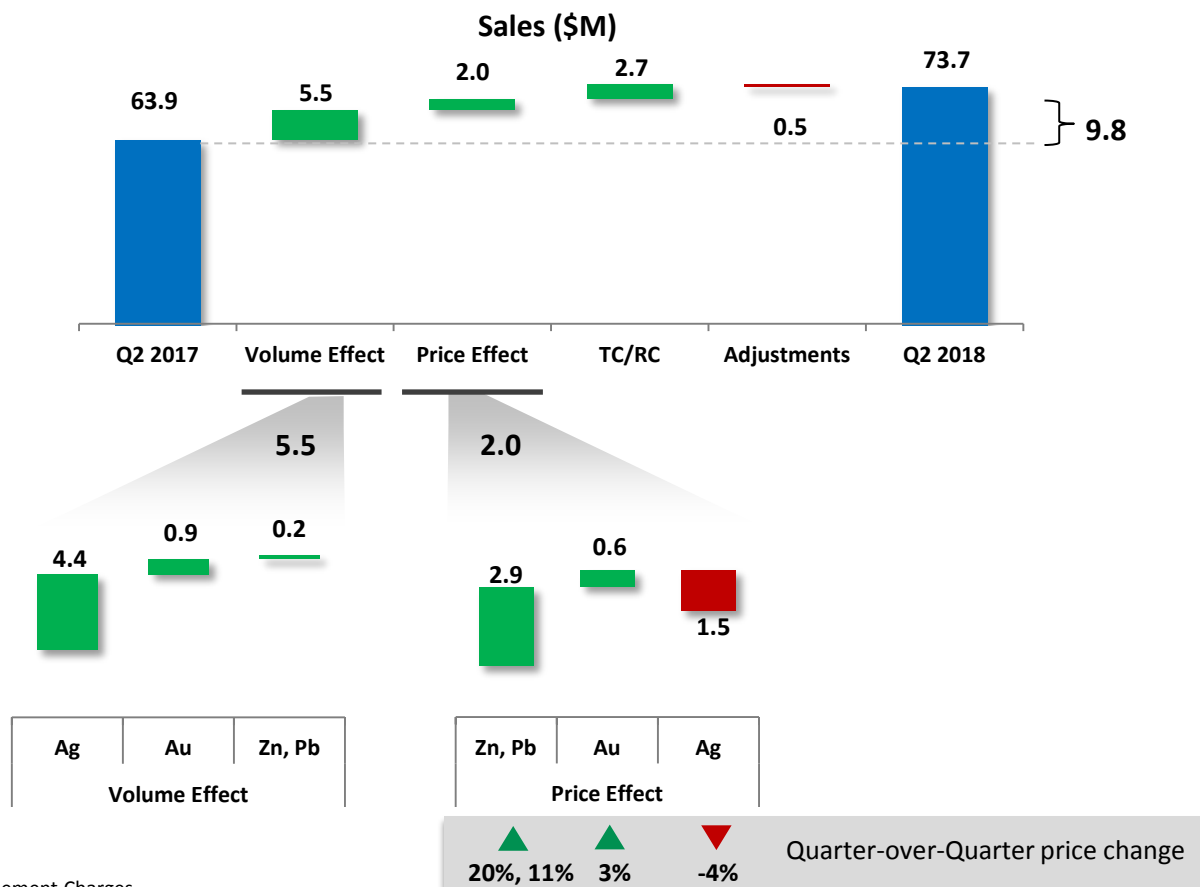
| (\$ M, except in earnings per share figure) | 2Q18 | 2Q17 | % Change |
|--|-------|------|----------|
| Sales | 73.7 | 63.9 | ▲ 15% |
| Net income (loss) | 11.2 | 8.9 | ▲ 26% |
| EPS, basic | 0.07 | 0.06 | ▲ 17% |
| Adjusted net income (loss) | 10.0 | 9.2 | ▲ 9% |
| Adjusted EPS, basic | 0.06 | 0.06 | 0% |
| Adjusted EBITDA | 35.2 | 26.5 | ▲ 33% |
| Free Cash Flow ¹ | -20.2 | 1.9 | — |
| Free Cash Flow excluding Lindero construction ¹ | 9.1 | 4.4 | ▲ 107% |

Note:

1. Non-GAAP financial measure; please refer to slide 28

Q2 2018 Financial Highlights

Higher sales driven by Ag-Au production, base metal prices and commercial terms



Notes:

1. TC/RC = Treatment Charges / Refinement Charges
2. Totals may not add due to rounding
3. Refer to slide 24 for consolidated sales metrics

Q2 2018 Financial Highlights

Robust EBITDA margins at both operations

Consolidated

| (\$ M) | Q2 2018 | Q2 2017 | % Change |
|--------------------------|---------|---------|----------|
| Operating Income | 22.4 | 14.2 | ▲ 58% |
| Adjusted EBITDA | 35.2 | 26.5 | ▲ 33% |
| EBITDA margin over sales | 48% | 41% | |

Caylloma Mine, Peru

| (\$ M, except in cash cost figures) | Q2 2018 | Q2 2017 | % Change |
|-------------------------------------|---------|---------|----------|
| Adjusted EBITDA | 11.1 | 7.5 | ▲ 48% |
| Margin over sales | 48% | 38% | - |

San Jose Mine, Mexico

| (\$ M, except in cash cost figures) | Q2 2018 | Q2 2017 | % Change |
|-------------------------------------|---------|---------|----------|
| Adjusted EBITDA | 29.6 | 23.1 | ▲ 28% |
| Margin over sales | 58% | 52% | - |

| | | | |
|---------------------------------|------|------|-------|
| Production cash cost (\$/t) | 76.9 | 85.0 | ▼ 10% |
| AISC ² (\$/oz Ag Eq) | 10.4 | 12.9 | ▼ 19% |

| | | | |
|---------------------------------|------|------|-------|
| Production cash cost (\$/t) | 60.5 | 61.9 | ▼ 2% |
| AISC ² (\$/oz Ag Eq) | 8.9 | 10.6 | ▼ 16% |

Notes:

1. Please refer to slide 25 for segmented Operating Income and Adjusted EBITDA
2. AISC Ag Eq = All-in sustaining cash cost per payable ounce of silver equivalent production; silver equivalent production calculated using realized prices; please refer to slide 24; please refer to cautionary statements for non-GAAP financial measures

Q2 2018 Consolidated Financial Highlights

SG&A and Effective tax rate

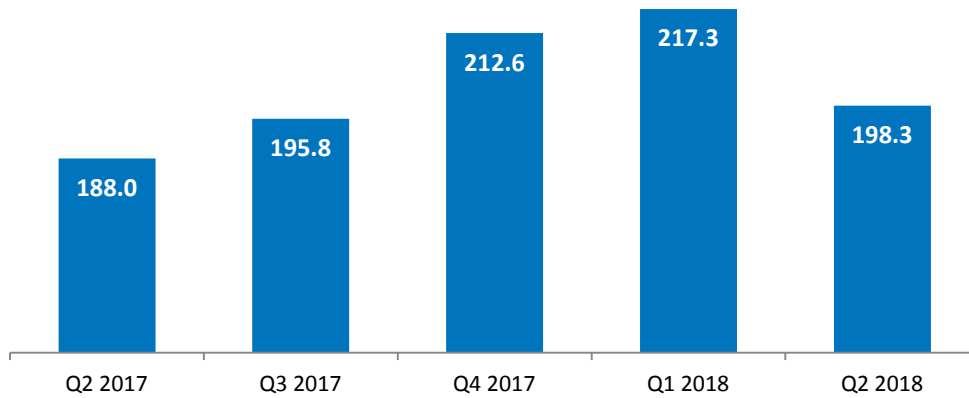
| (\$ M) | Q2 2018 | % Change over Q2 2017 |
|------------------------|---------|--------------------------|
| Operating mines SG&A | 2.2 | ▲ 57% |
| Corporate SG&A | 2.8 | ▼ -18% |
| Share-based payments | 2.4 | ▲ 243% |
| Workers' participation | 0.6 | ▲ 50% |
| Total SG&A | 8.0 | ▲ 36% |
| Effective tax rate | 56% | |

Note: Totals may not add due to rounding

Q2 2018 Consolidated Financial Highlights

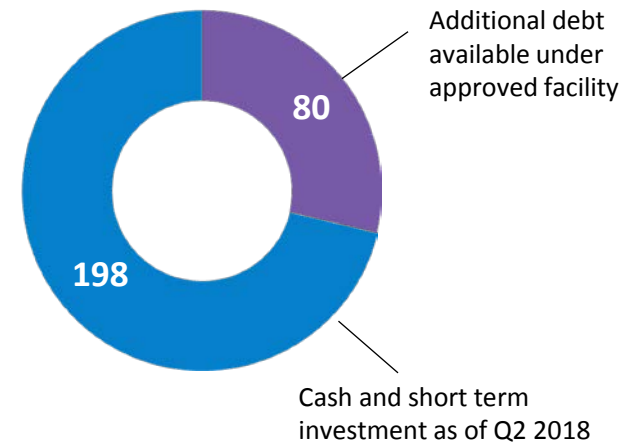
Strong balance sheet and liquidity

Quarterly Cash Position
(\$ M)



■ Cash and cash equivalents and short term investments at the end of the period

Total Liquidity
\$278 M



- \$198.3 million in cash at quarter end
- Q2 2018 cash consumption of \$18.9 million reflecting construction ramp-up at Lindero

- Total debt facility : \$120 million
- Debt outstanding: \$40 million
- Debt to EBITDA: < 0.5x

2018 Annual Guidance

PRODUCTION

| | | | |
|----------------------|-----------------------|------------------------|------------------------|
| 8.3 Moz Ag | 48.3 koz Au | 44.8 Mlbs Zn | 25.8 Mlbs Pb |
|----------------------|-----------------------|------------------------|------------------------|

CASH COST PER TONNE

| | |
|------------------------------|------------------------------|
| 61.2 \$/t San Jose | 81.3 \$/t Caylloma |
|------------------------------|------------------------------|

AISC

| | | |
|---------------------------------|-----------------------------------|-------------------------------------|
| 6.6 \$/oz Ag San Jose | (5.2) \$/oz Ag Caylloma | 6.8 \$/oz Ag Consolidated |
|---------------------------------|-----------------------------------|-------------------------------------|

AISC Ag Eq

| | | |
|-------------------------------------|-------------------------------------|--------------------------------------|
| 10.0 \$/oz Ag Eq San Jose | 13.7 \$/oz Ag Eq Caylloma | 11.9 \$/oz Ag Consolidated |
|-------------------------------------|-------------------------------------|--------------------------------------|

CAPEX

| | | |
|------------------------------|------------------------------|----------------------------|
| 16.9 \$ M San Jose | 21.3 \$ M Caylloma | 201 \$ M Lindero |
|------------------------------|------------------------------|----------------------------|

Note:

1. Please refer to cautionary statements for non-GAAP financial measures
2. AISC Ag Eq = All-in sustaining cash cost per payable ounce of silver equivalent production; silver equivalent production calculated using metal prices of \$1,250/oz Au, \$17.00/oz Ag, \$2,400/t Pb and \$2,900/t Zn





Q & A



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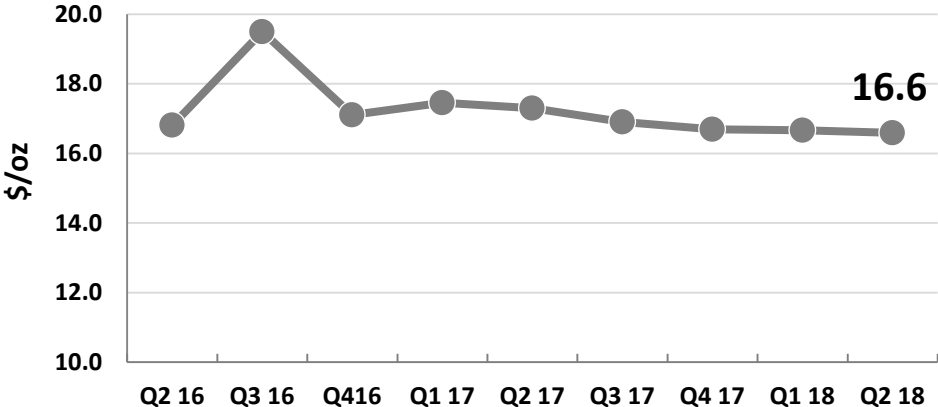


Appendix

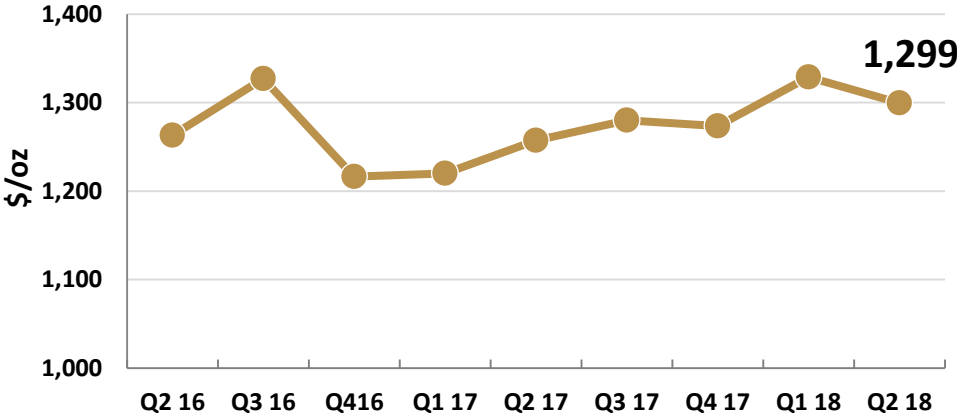


Realized Precious Metals Prices

Silver (\$/oz)



Gold (\$/oz)



Note: Realized prices on provisional sales

Consolidated Sales Metrics

| | Q2 2018 | Q2 2017 | % Change |
|------------------------------------|-----------|-----------|----------|
| Metal Sold | | | |
| Ag (oz) | 2,414,102 | 2,103,663 | 15% |
| Au (oz) | 15,097 | 14,288 | 6% |
| Pb ('000 lb) | 6,880 | 7,127 | -3% |
| Zn ('000 lb) | 11,429 | 10,943 | 4% |
| Realized Prices¹ | | | |
| Ag (US\$/oz) | 16.59 | 17.30 | -4% |
| Au (US\$/oz) | 1,299 | 1,257 | 3% |
| Pb (US\$/lb) | 1.08 | 0.98 | 11% |
| Zn (US\$/lb) | 1.41 | 1.18 | 20% |

Note:
1. Realized prices based on provisional sales before final price adjustments

Segmented Operating Income and Adjusted EBITDA

APPENDIX

Operating Income

| (\$ M) | Q2 2018 | Q2 2017 | % Change |
|-------------------------------|-------------|---------|----------|
| Caylloma | 8.2 | 4.7 | 72% |
| San Jose | 19.7 | 13.6 | 45% |
| Corporate | (5.5) | (4.1) | 35% |
| Total Operating Income | 22.4 | 14.2 | 57% |
| Margin over sales | 30% | 22% | — |

Adjusted EBITDA

| (\$ M) | Q2 2018 | Q2 2017 | % Change |
|------------------------------|-------------|---------|----------|
| Caylloma | 11.1 | 7.5 | 49% |
| San Jose | 29.6 | 23.1 | 28% |
| Corporate | (5.5) | (4.1) | 38% |
| Total Adjusted EBITDA | 35.2 | 26.5 | 33% |
| Margin over sales | 48% | 41% | — |

Note: Totals may not add due to rounding

Adjusted EBITDA

Non-GAAP Financial Measures

| Expressed in \$ '000s | Three months ended June 30, | |
|--|-----------------------------|---------|
| | Q2 2018 | Q2 2017 |
| Net Income | 11.2 | 8.9 |
| Add Back: | | |
| Net finance items | (0.2) | 0.1 |
| Depreciation, depletion and amortization | 11.9 | 11.3 |
| Income taxes | 13.9 | 5.8 |
| Other non-cash income (write-offs, share of equity-accounted investee) | 1.2 | 1.0 |
| Non-cash loss on financial instruments | (2.8) | (0.6) |
| Adjusted EBITDA | 35.2 | 26.5 |

Note: Totals may not add due to rounding

Adjusted Net Income

Non-GAAP financial measures

| Expressed in \$ M | Three months ended June 30, | |
|---|-----------------------------|---------|
| | Q2 2018 | Q2 2017 |
| Net Income | 11.2 | 8.9 |
| Items of note, net of tax: | | |
| Unrealized (gain) loss on financial instruments | (1.9) | (0.4) |
| Write down of plant and equipment | 0.0 | 0.3 |
| Write down of inventories | 0.3 | 0.4 |
| Write-off of accounts receivable | 0.4 | 0.0 |
| Other finance items | 0.0 | 0.0 |
| Adjusted net income | 10.0 | 9.2 |

Note: Totals may not add due to rounding

Free Cash Flow¹

Non-GAAP Financial Measures

| (\$ M) | 2Q18 | 2Q17 |
|--|---------------|------------|
| Net cash provided by operating activities | 21.9 | 12.0 |
| Expenditures on mineral properties, plant and equipment | (16.3) | (11.5) |
| Deposits on long term assets | (21.1) | (1.6) |
| Difference in current income tax vs. taxes paid | (4.7) | 3.0 |
| Free Cash Flow | (20.2) | 1.9 |
| Add Purchase of mineral properties, plant and equipment Lindero construction | 7.6 | |
| Add Purchase of mineral properties, plant and equipment greenfields | 1.3 | |
| Add Deposits on long term assets Lindero construction | 20.5 | |
| Free Cash Flow from ongoing operations | 9.1 | 1.9 |

Note:
1. Free Cash Flow calculated on the basis of current income tax rather than taxes paid