



# Q1 2019 Financial and Operational Results Webcast

NYSE: FSM | TSX: FVI | MAY 2019



Lindero Gold Project, Argentina

# 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 anticipated timing of commissioning and commercial production at the Lindero Project; the estimated costs of construction at 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; 2019 production and cost guidance; 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”, “planned”, “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, at the Lindero Project; costs related to the construction of the Lindero Project; 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, the timing of the commissioning and commercial production at the Lindero Project, 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 the technical disclosure contained herein.

**Dollar amounts expressed in US Dollars, unless otherwise indicated.**

# JORGE A. GANOZA

President, CEO and Director

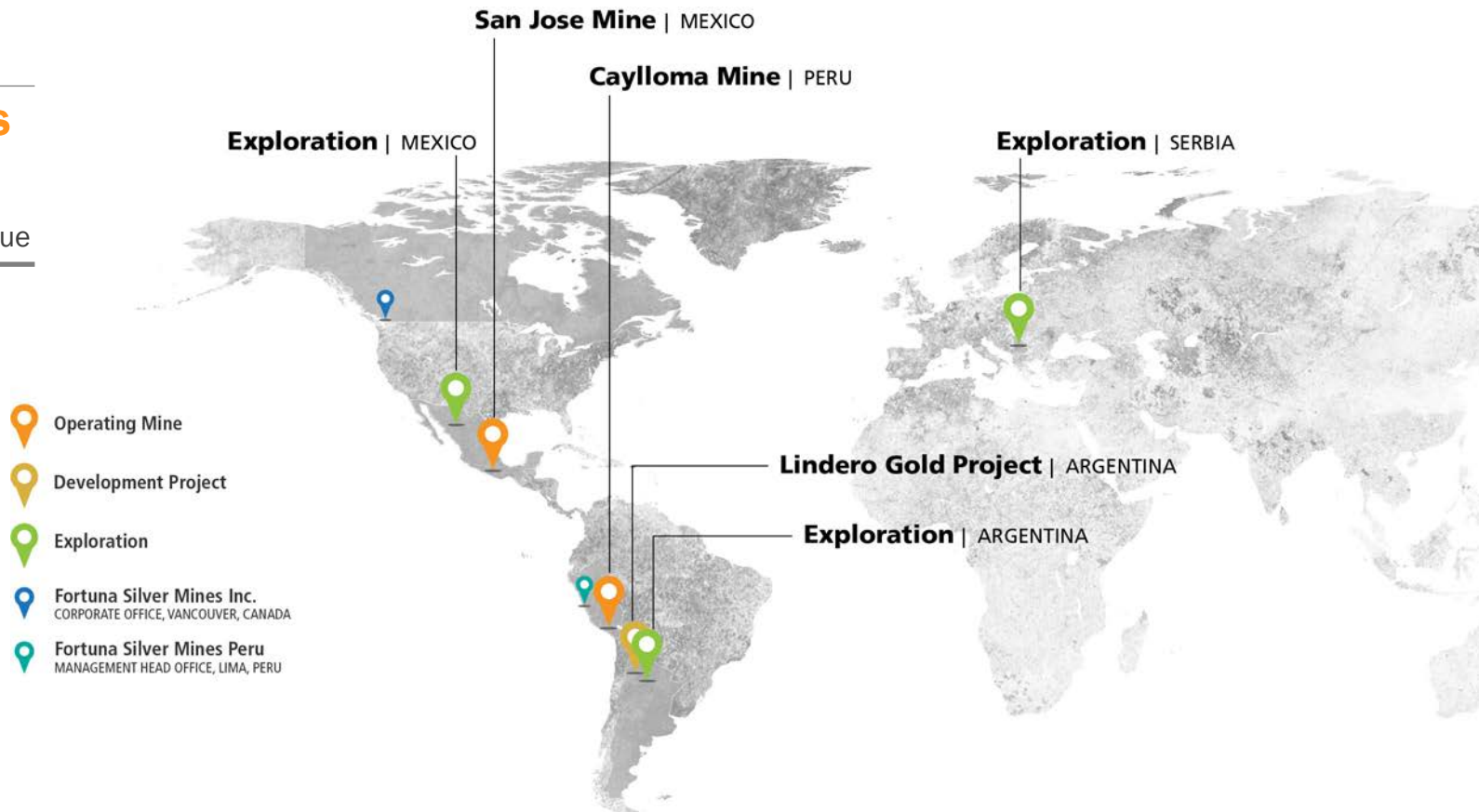


San Jose Mine, Mexico

# OUR COMPANY



**14 years**  
generating  
sustainable  
shareholder value



# Q1 2019 HIGHLIGHTS



**Solid performance**  
at our mines reflected in a  
robust  
**40%**  
EBITDA margin



**Strong liquidity<sup>1</sup> of**  
**\$193 M**  
and  
Debt to EBITDA<sup>1</sup> ratio  
**0.7 : 1**



**Lindero April progress**  
**47%**  
**Direct capital cost committed**  
**97%**  
**Construction capital**  
**remaining to completion**  
**\$115 M**  
**Commercial production**  
**planned for**  
**Q1 2020**



**Sustainability**  
  
Publication of 2018  
Sustainability Report<sup>2</sup>

Notes:

1. Liquidity considers cash and cash equivalents as of March 31, 2019 and \$150 million credit facility, of which \$80 million remains undrawn. Debt to EBITDA as of March 31, 2019
2. Refer to Fortuna press release dated May 9, 2019, "[Fortuna issues 2018 Sustainability Report](#)".

# Q1 2019 CONSOLIDATED PRODUCTION



Silver production in line with 2019 guidance<sup>1</sup>

**SILVER PRODUCTION**

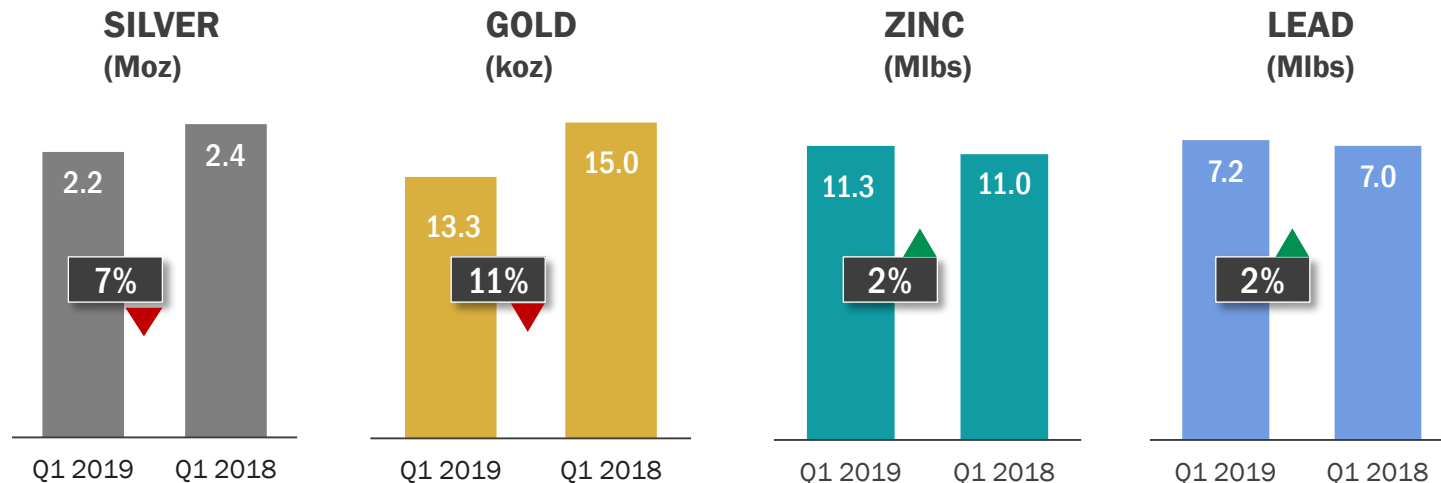
**2.2 Moz**

**GOLD PRODUCTION**

**13.3 koz**

or

**3.2 Moz Ag Eq<sup>2</sup>**



Notes:

1. Refer to Fortuna press release dated January 17, 2019. "Fortuna reports 2018 full year production of 12.8 million silver equivalent ounces and issues 2019 guidance"

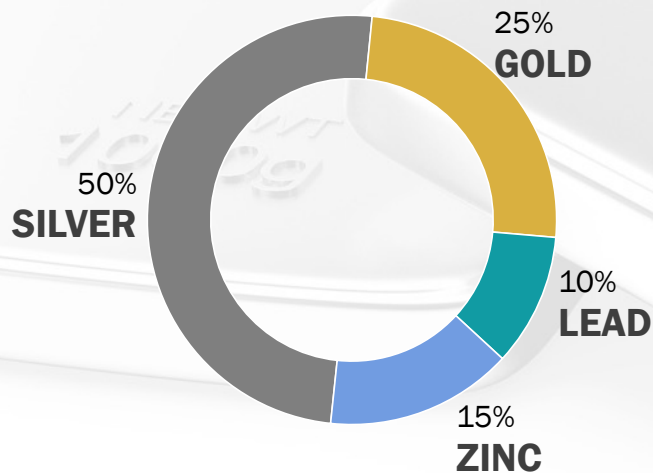
2. Ag Eq calculated using silver to gold ratio of 72 to 1 and does not include lead or zinc

# Q1 2019 CONSOLIDATED SALES



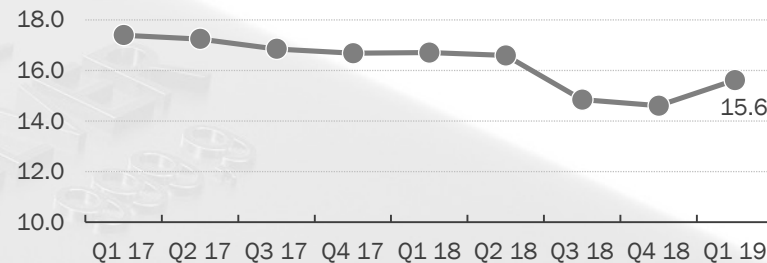
## Provisional sales contribution by metal

Sales of **\$59.0 M**  
Precious metals contribution **75%**

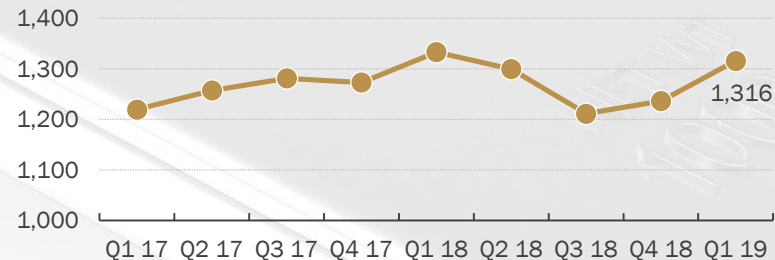


## REALIZED PRECIOUS METALS PRICES<sup>1</sup>

### SILVER (\$/oz)



### GOLD (\$/oz)



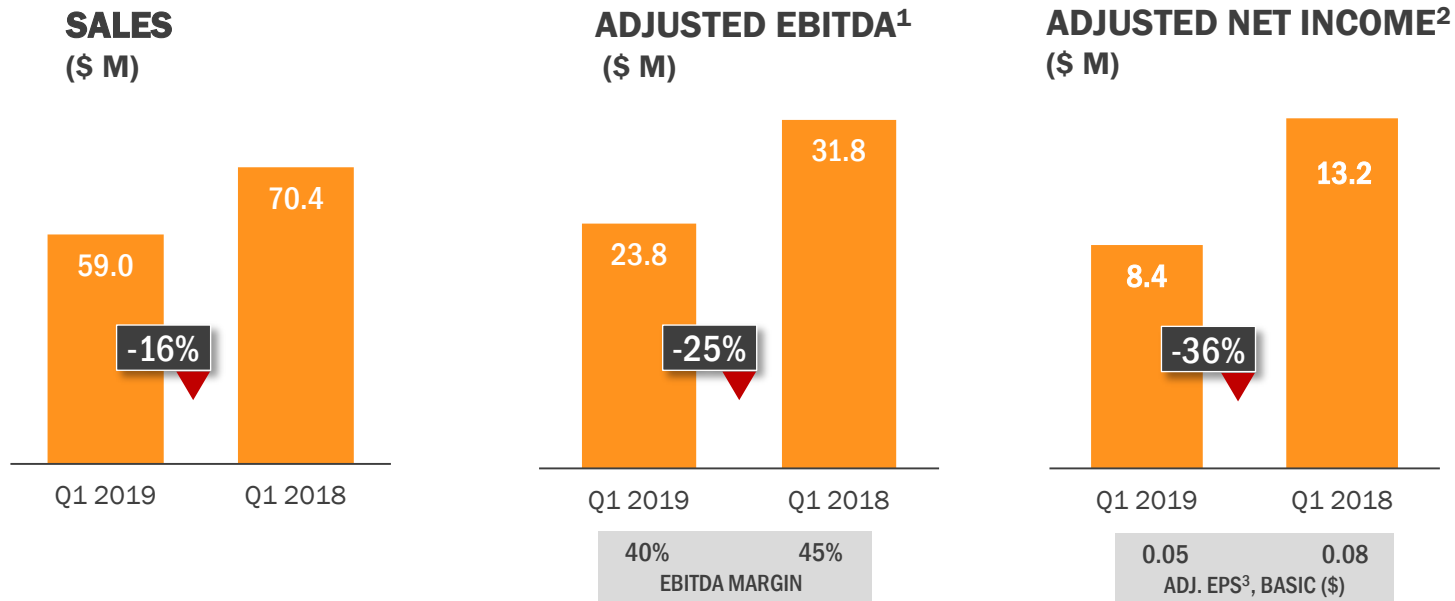
Note:

1. Realized prices on provisional sales

# Q1 2019 CONSOLIDATED FINANCIAL HIGHLIGHTS



40% EBITDA margin



Notes:

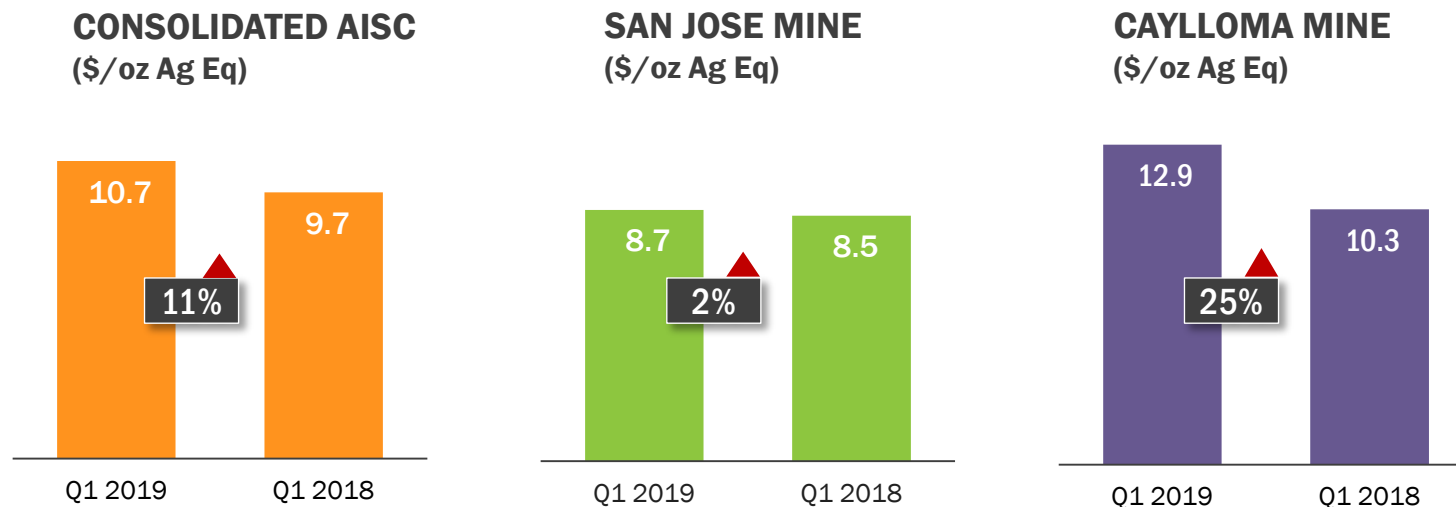
- 1. EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization; please refer to slide 31 for Adjusted EBITDA detail
- 2. Non-GAAP financial measure; please refer to slide 32 for Adjusted Net Income detail
- 3. ADJ. EPS = Adjusted Earnings Per Share



# Q1 2019 CONSOLIDATED AISC Ag Eq<sup>1</sup>



AISC in line with 2019 guidance of \$9.9 – \$12.1/oz Ag Eq



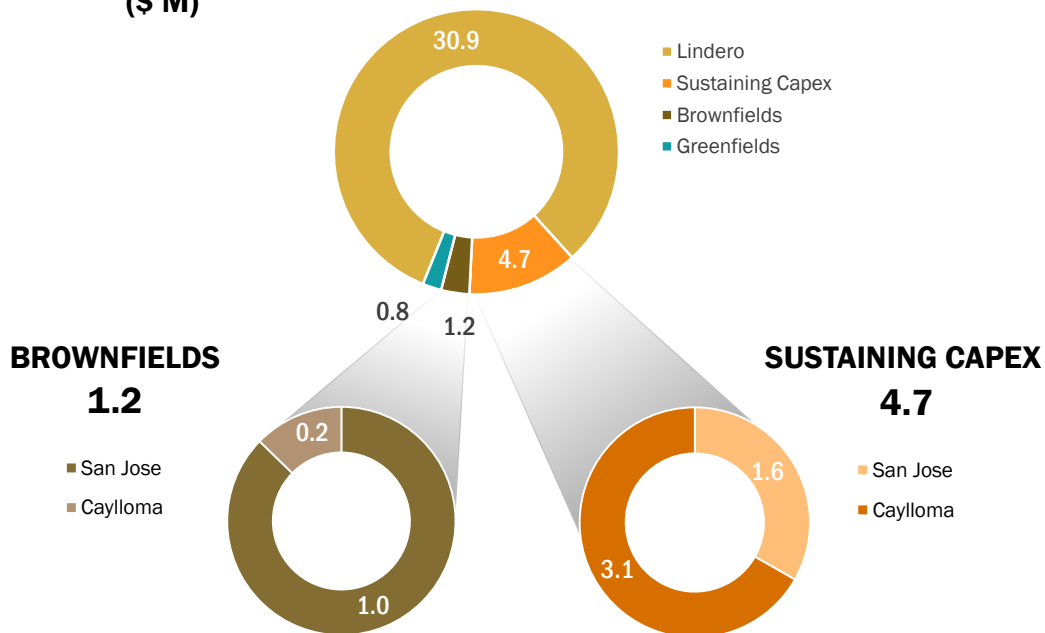
Notes:

1. AISC Ag Eq = All-in sustaining cash cost per payable ounce of silver equivalent production includes production cash cost, commercial and government royalties/mining tax, worker's participation, subsidiary G&A, corporate G&A, sustaining capital expenditures and Brownfields exploration. 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 realized prices; please refer to slide 30; please refer to cautionary statements for non-GAAP financial measures

# Q1 2019 CAPITAL EXPENDITURES

Lindero project well underway

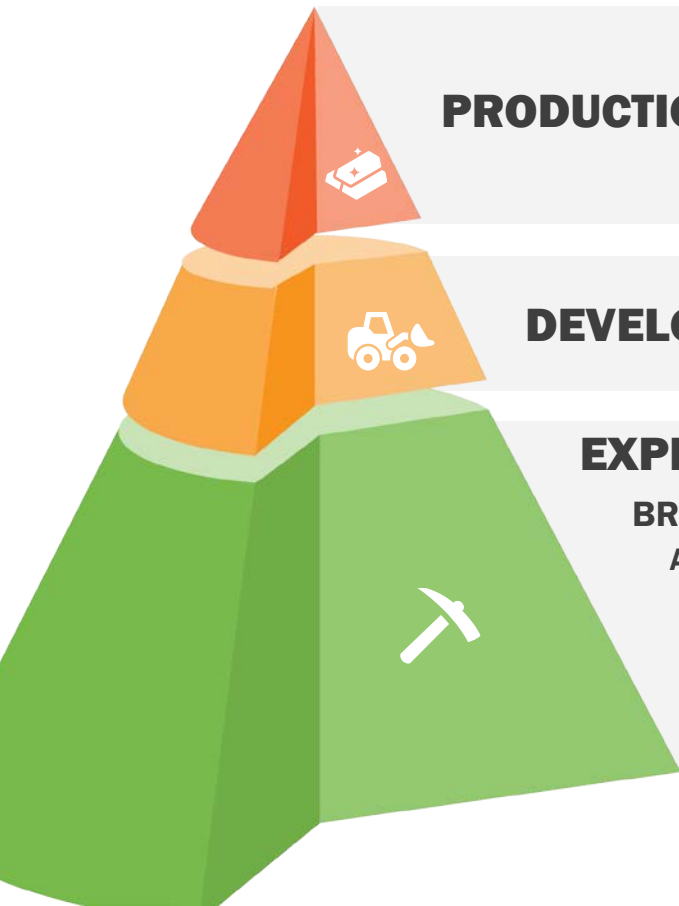
## Q1 2019 CAPITAL EXPENDITURES (\$ M)



Notes:

1. Capital expenditures
2. Greenfields exploration budget not included in 2019 annual guidance
3. Totals may not add due to rounding

# CURRENT ASSET PORTFOLIO



## PRODUCTION

### San Jose Mine

2019E<sup>1</sup>

**7.3 - 8.1 Moz Ag + 49 - 54 koz Au**

### Caylloma Mine

2019E<sup>1</sup>

**0.9 - 1.0 Moz Ag + 26.1 - 28.8 Mlbs Pb  
+ 39.8 - 44.0 Mlbs Zn**

## DEVELOPMENT

### Lindero Gold Project

Year One production<sup>2</sup>:

**145 - 160 koz Au**

## EXPLORATION

### BROWNFIELDS

#### Arizaro

#### San Jose

Taviche | Guila | San Jose Sur

#### Caylloma

Pisacca | Huaracco | Antacollo

### GREENFIELDS

#### Northern Argentina

Incachule | Nueva Esperanza | Casa Campo Blanco

#### Serbia

Tlamino<sup>3</sup>

#### Mexico

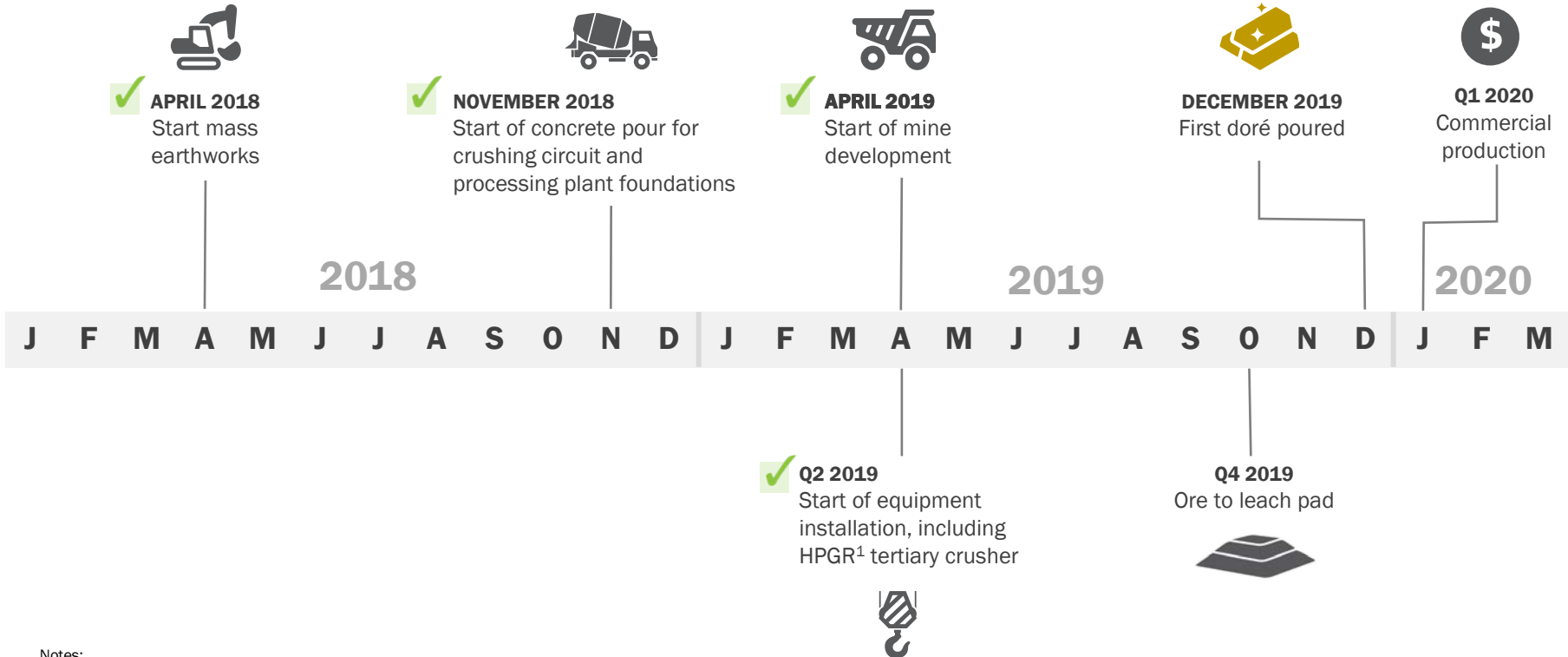
Pachuca SE<sup>4</sup>

#### Notes:

1. Refer to Fortuna news release dated January 17, 2019, "[Fortuna reports 2018 full year production of 12.8 million silver equivalent ounces and issues 2019 guidance](#)"
2. Refer to Fortuna news release dated April 4, 2019, "[Fortuna reports updated first year gold doré production plan for the Lindero Project, Argentina](#)". | Assumes commercial production commences in Q1 2020 | Gold recovered to doré | Refer to slide 34 for Mineral Reserves and Mineral Resources
3. Medgold Resources Corp. Option agreement | Includes Barje and Karamanica targets
4. Prospero Silver Corp. Option agreement

# LINDERO PROJECT, ARGENTINA

## Project construction milestones



Notes:

1. High Pressure Grinding Roll
2. Illustrative representation of Management's target schedule for production

# LINDERO PROJECT, ARGENTINA



## Commercial production planned for Q1 2020

- ✓ Project 47% complete as of April 30, 2019
  - ✓ 97% of the project's total direct capital costs have been committed
  - ✓ \$115 million construction capital remaining to completion as of April 30, 2019
- ✓ Total construction Capex forecast of \$295 million
    - Includes \$17 million for contingencies
    - Excludes potential savings from ARS devaluation against the USD
1. Refer to Fortuna news release dated February 20, 2019, "[Fortuna provides construction update at its Lindero gold project in Argentina](#)"



Note: [View Lindero construction progress video as of March 31, 2019](#)

# LINDERO PROJECT, ARGENTINA



## Leach pad



Note: [View Lindero construction progress video as of March 31, 2019](#)

# LINDERO PROJECT, ARGENTINA

## Crushing circuit



Note: [View Lindero construction progress video as of March 31, 2019](#)

# LINDERO PROJECT, ARGENTINA

## Crushing circuit

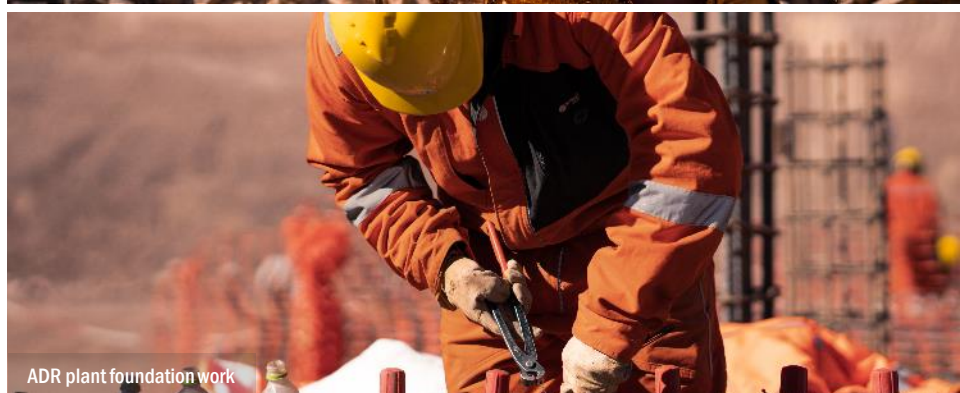


Note: [View Lindero construction progress video as of March 31, 2019](#)



# LINDERO PROJECT, ARGENTINA

## ADR and SART plants



Note: [View Lindero construction progress video as of March 31, 2019](#)

# LINDERO PROJECT, ARGENTINA

## Mine development



Note: [View Lindero construction progress video as of March 31, 2019](#)

# LINDERO PROJECT, ARGENTINA

## Camp and ancillary facilities



Note: [View Lindero construction progress video as of March 31, 2019](#)

# LUIS D. GANOZA

Chief Financial Officer



Lindero Project: Mine fleet operator training

# Q1 2019 FINANCIAL HIGHLIGHTS



## 40% EBITDA margin on lower metal prices

(\$ M, except in earnings per share figure)	1Q19	1Q18	% Change / 1Q18
Sales	59.0	70.4	▼▼ -16%
Net income (loss)	2.2	13.8	▼▼ -84%
EPS, basic	0.01	0.09	▼▼ -89%
Adjusted net income <sup>1</sup> (loss)	8.4	13.2	▼▼ -36%
Adjusted EPS, basic	0.05	0.08	▼▼ -38%
Adjusted EBITDA <sup>2</sup>	23.8	31.8	▼▼ -25%
Net cash provided by operating activities	3.9	20.1	▼▼ -81%
Free Cash Flow <sup>3</sup>	(34.1)	12.3	—
Free Cash Flow from ongoing operations <sup>3</sup>	2.2	16.8	▼▼ -87%

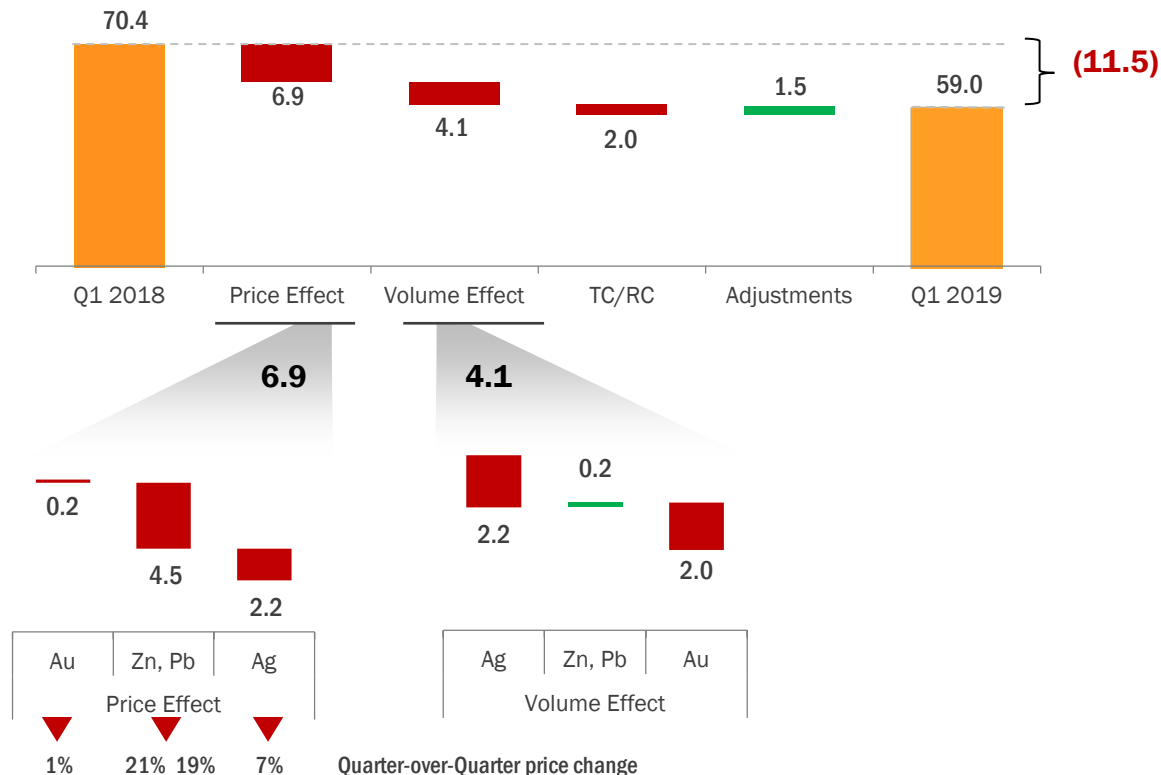
Notes:

1. Non-GAAP financial measure; please refer to slide 32 for Adjusted Net Income detail
2. EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization; please refer to slide 31 for Adjusted EBITDA detail
3. Non-GAAP financial measure; please refer to slide 33

# Q1 2019 FINANCIAL HIGHLIGHTS



Lower sales driven by lower metal prices and lower production



Notes:

1. TC/RC = Treatment Charges / Refinement Charges
2. Refer to slide 30 for consolidated sales metrics
3. Totals may not add due to rounding

# Q1 2019 FINANCIAL HIGHLIGHTS



EBITDA margins impacted by lower metal prices at both operations

CONSOLIDATED (\$ M)	1Q19	1Q18	% Change / 1Q18
Adjusted Operating Income	13.8	22.2	▼ -38%
Adjusted EBITDA	23.8	31.8	▼ -25%
EBITDA Margin over sales	40%	45%	

## SAN JOSE MINE, MEXICO

(\$ M, except in cash cost figures)	1Q19	1Q18	% Change / 1Q18
Adjusted EBITDA	19.4	24.3	▼ -20%
Margin over sales	49%	53%	
Production cash cost (\$/t)	68.7	65.3	▲ 5%
AISC (\$/oz Ag Eq)	8.7	8.5	▲ 2%

## CAYLLOMA MINE, PERU

(\$ M, except in cash cost figures)	1Q19	1Q18	% Change / 1Q18
Adjusted EBITDA	8.5	11.8	▼ -28%
Margin over sales	43%	48%	
Production cash cost (\$/t)	79.5	78.7	▲ 1%
AISC (\$/oz Ag Eq)	12.9	10.3	▲ 25%

Notes:

1. Refer to slide 32 for Adjusted Operating Income
2. Refer to slide 31 for Adjusted EBITDA; please refer to cautionary statements for non-GAAP financial measures
3. 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 30; please refer to cautionary statements for non-GAAP financial measures

# Q1 2019 FINANCIAL HIGHLIGHTS



## SG&A and effective tax rate

(\$ M)	Q1 2019	% Change over Q1 2018
Operating mines SG&A	2.3	▼ -8%
Corporate SG&A	2.7	▼ -4%
Share-based payments	1.3	0%
Workers participation	0.2	▼ -33%
Total SG&A	6.5	▼ -6%
Effective tax rate	76%	
Effective tax rate on adjusted income before taxes	43%	

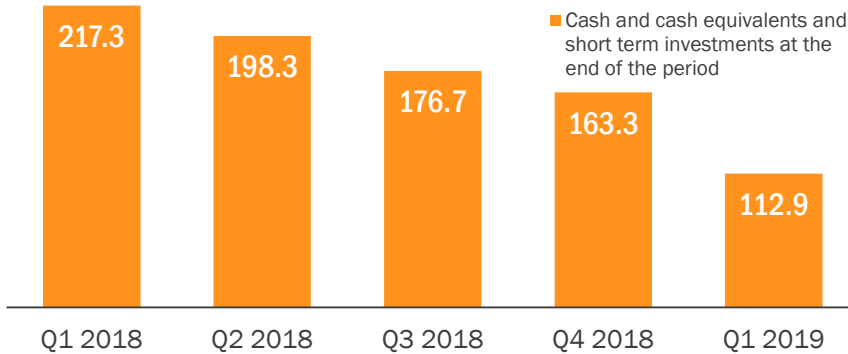


# Q1 2019 FINANCIAL HIGHLIGHTS



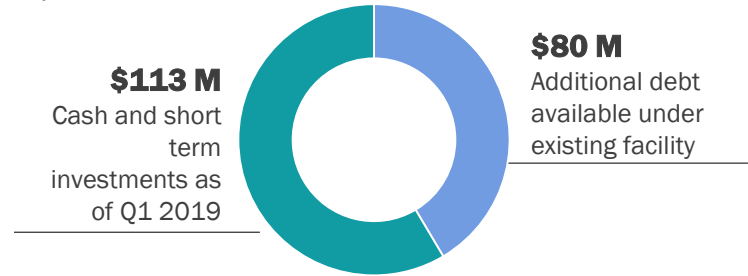
## Strong balance sheet and liquidity

### QUARTERLY CASH POSITION (\$ M)



- Cash consumption reflects construction ramp-up at Lindero

### TOTAL LIQUIDITY \$193 M



- Total debt facility : \$150 million
- Debt outstanding: \$70 million
- Debt to EBITDA: 0.7 : 1

# 2019 ANNUAL GUIDANCE



## PRODUCTION

**8.2 – 9.0 Moz**  
Ag

**49 – 54 koz**  
Au

**39.8 – 44.0 Mlbs**  
Zn

**26.1 – 28.8 Mlbs**  
Pb

## CASH COST PER TONNE<sup>1</sup>

**63.5 – 70.1**  
\$/t

San Jose

**80.0 – 88.4**  
\$/t

Caylloma

## AISC Ag Eq<sup>1,2</sup>

**8.3 – 10.2**  
\$/oz Ag

San Jose

**11.8 – 14.5**  
\$/oz Ag

Caylloma

**9.9 – 12.1**  
\$/oz Ag  
Consolidated

## CAPEX

**\$12.7 M**  
San Jose

**\$11.4 M**  
Caylloma

### Notes:

1. 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, \$15.00/oz Ag, \$2,100/t Pb and \$2,700/t Zn

## QUESTIONS & ANSWERS



Lindero camp, Argentina

## CONTACT

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## APPENDIX



San Jose Mine, Mexico

# CONSOLIDATED SALES METRICS



	Q1 2019	Q1 2018	% Change
<b>Metal Sold</b>			
Ag (oz)	2,094,156	2,231,550	-6%
Au (oz)	12,276	13,748	-11%
Pb ('000 lb)	7,231	7,269	-1%
Zn ('000 lb)	11,269	11,078	2%
<b>Realized Price</b>			
Ag (US\$/oz)	15.62	16.66	-6%
Au (US\$/oz)	1,316	1,329	-1%
Pb (US\$/lb)	0.92	1.14	-19%
Zn (US\$/lb)	1.23	1.55	-21%

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

# Q1 2019 ADJUSTED EBITDA



## Non-GAAP financial measures

Expressed in \$ M	Three months ended March 31,	
	Q1 2019	Q1 2018
Net Income	2.2	13.8
Add Back:		
Foreign exchange, Lindero project	2.9	0.0
Net finance items	(0.2)	0.5
Depreciation, depletion, and amortization	9.1	10.6
Income taxes	7.3	8.6
Share of loss (income) of equity-accounted investee	0.1	(0.2)
Other non-cash items	2.4	(1.5)
<b>Adjusted EBITDA</b>	<b>23.8</b>	<b>31.8</b>

Note: Totals may not add due to rounding

# Q1 2019 ADJUSTED INCOME STATEMENT



## Non-GAAP financial measures

Three months ended March 31,

Expressed in \$ M	Q1 2019	Adjustments	Q1 2019 Adjusted	Q1 2018	Adjustments	Q4 2017 Adjusted
Sales	59.0	-	59.0	70.4	-	70.4
Cost of sales	37.5	-	37.5	39.1	-	39.1
<b>Mine operating income</b>	<b>21.5</b>	<b>(0.1)</b>	<b>21.5</b>	<b>31.3</b>	<b>-</b>	<b>31.3</b>
Selling, general and administration - Subsidiaries	6.5	0.1	6.6	6.9	-	6.9
Exploration and evaluation	0.2	-	0.2	0.1	-	0.1
Share of loss of equity-accounted investee	0.1	(0.1)	-	(0.2)	0.2	-
Foreign exchange loss (gain)	3.7	(2.9)	0.8	2.2	-	2.2
Impairment reversal	0.0	-	-	-	-	-
Other (income) expenses, net	0.1	(0.1)	-	-	-	-
<b>Operating Income</b>	<b>10.9</b>	<b>3.0</b>	<b>13.9</b>	<b>22.3</b>	<b>(0.2)</b>	<b>22.1</b>
Interest and finance costs	(0.1)	-	(0.1)	0.5	(0.5)	-
Gain (loss) on financial assets and liabilities carried at fair value	1.6	(2.3)	(0.7)	(0.4)	1.4	1.0
<b>Income before taxes</b>	<b>9.5</b>	<b>5.3</b>	<b>14.8</b>	<b>22.2</b>	<b>(1.1)</b>	<b>21.1</b>
Current income tax expense	8.6	0.8	9.4	9.7	(0.4)	9.3
Deferred income tax recovery	(1.3)	(1.7)	(3.0)	(1.2)	(0.2)	(1.4)
<b>Net income and adjusted net income</b>	<b>2.2</b>	<b>6.2</b>	<b>8.4</b>	<b>13.8</b>	<b>(0.5)</b>	<b>13.3</b>

Note: Totals may not add due to rounding



# Q1 2019 FREE CASH FLOW<sup>1</sup>



## Non-GAAP financial measures

Expressed in \$ M	Three months ended March 31,	
	Q1 2019	Q1 2018
Net cash provided by operating activities	3.9	20.1
Less: Purchases of mineral properties, plant and equipment	(9.2)	(9.0)
Less: Expenditures on Lindero Project	(24.4)	(2.2)
Less: Deposits on long term assets, net	(9.8)	(2.1)
Less: Current income tax expense	(8.6)	(9.7)
Add: Income taxes paid	14.0	15.2
<b>Free Cash Flow</b>	<b>(34.1)</b>	<b>12.3</b>
Add: Expenditures on Lindero Project and Mansfield	25.8	2.2
Add: Greenfield capital expenditures	0.8	0.3
Add: Deposits on long term assets - Lindero Project	9.7	2.0
<b>Free Cash Flow from ongoing operations</b>	<b>2.2</b>	<b>16.8</b>

Note:

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

# LINDERO PROJECT, ARGENTINA



## Mineral Reserves and Mineral Resources

Mineral Reserves – Proven and Probable					Contained Metal
Property	Classification	Tonnes (000)	Au (g/t)	Cu (%)	Au (koz)
Lindero, Argentina	Proven	25,352	0.76	0.11	618
	Probable	58,875	0.58	0.11	1,096
	Proven + Probable	84,226	0.63	0.11	1,714

Mineral Resources – Measured and Indicated					Contained Metal
Property	Classification	Tonnes (000)	Au (g/t)	Cu (%)	Au (koz)
Lindero, Argentina	Measured	2,092	0.55	0.12	37
	Indicated	16,774	0.49	0.10	265
	Measured + Indicated	18,866	0.50	0.11	302

Mineral Resources – Inferred					Contained Metal
Property	Classification	Tonnes (000)	Au (g/t)	Cu (%)	Au (koz)
Lindero, Argentina	Inferred	8,600	0.38	0.10	106

Mineral Reserve and Mineral Resource estimates prepared in accordance with NI 43 - 101:

1. Mineral Reserves and Mineral Resources are as defined by the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves
2. Mineral Resources are exclusive of Mineral Reserves
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability
4. Factors that could materially affect the reported Mineral Resources or Mineral Reserves include; changes in metal price and exchange rate assumptions; changes in local interpretations of mineralization; changes to assumed metallurgical recoveries, mining dilution and recovery; and assumptions as to the continued ability to access the site, retain mineral and surface rights titles, maintain environmental and other regulatory permits, and maintain the social license to operate
5. Mineral Resources and Mineral Reserves are reported as of March 31, 2019
6. Mineral Reserves for Lindero are reported based on open pit mining within designed pit shells based on variable gold internal cut-off grades and gold recoveries by metallurgical type. Met type 1 cut-off 0.27 g/t Au, recovery 75.4%; Met type 2 cut-off 0.26 g/t Au, recovery 78.2%; Met type 3 cut-off 0.26 g/t Au, recovery 78.5%; and Met type 4 cut-off 0.30 g/t Au, recovery 68.5%. The cut-off grades and pit designs are considered appropriate for long term gold prices of US\$1,320/oz. Assumptions used in the pit design are the same as those for the resources
7. Lindero Mineral Resources are reported within a conceptual pit shell above a 0.2 g/t Au cut-off grade using a long-term gold price of US\$1,320/oz, mining costs at US\$1.28 per tonne of material, with total processing and process G&A costs of US\$8.29 per tonne of mineralized material and an average process recovery of 75 %. The refinery costs net of pay factor were estimated to be US\$6.90 per ounce gold. Slope angles are based on 3 sectors (39°, 42°, and 47°) consistent with geotechnical consultant recommendations
8. Eric Chapman, P. Geo. (APEGBC #36328) is the Qualified Person for resources and Amri Sinuhaji (APEGBC #48305) is the Qualified Person for reserves, both being employees of Fortuna Silver Mines Inc.
9. Totals may not add due to rounding procedures