



FORTUNA
SILVER MINES INC.

2017 Earnings Call Webcast

NYSE: FSM | TSX: FVI | fortunasilver.com

March 20, 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; 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



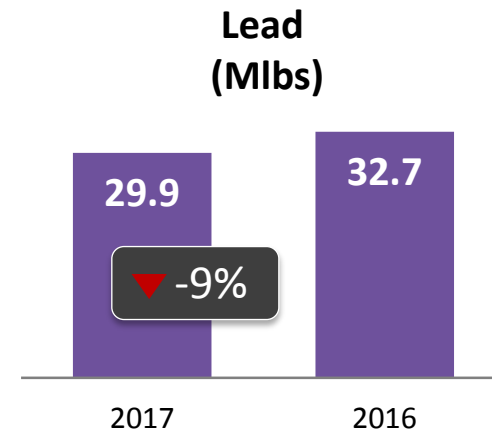
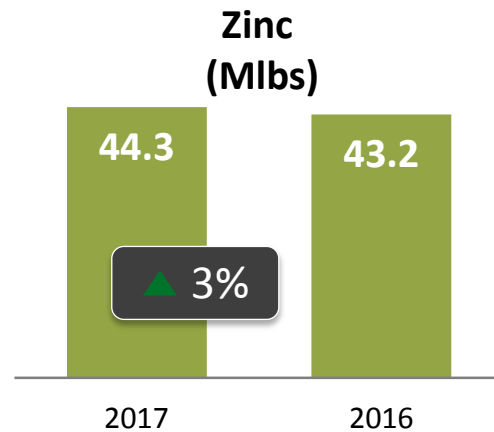
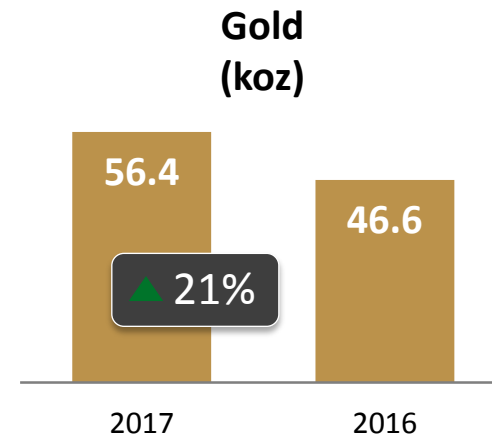
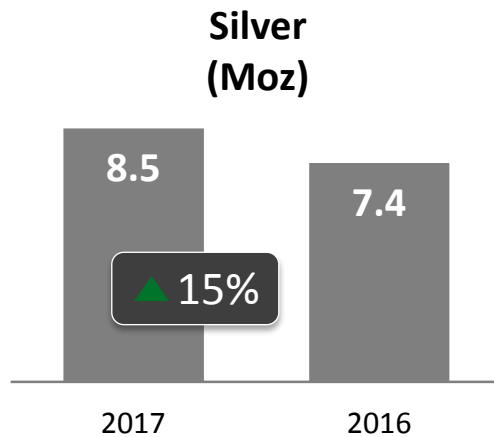
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2017 Consolidated Production

8.5 Moz Ag and 56.4 koz Au or 11.9 Moz Ag Eq¹



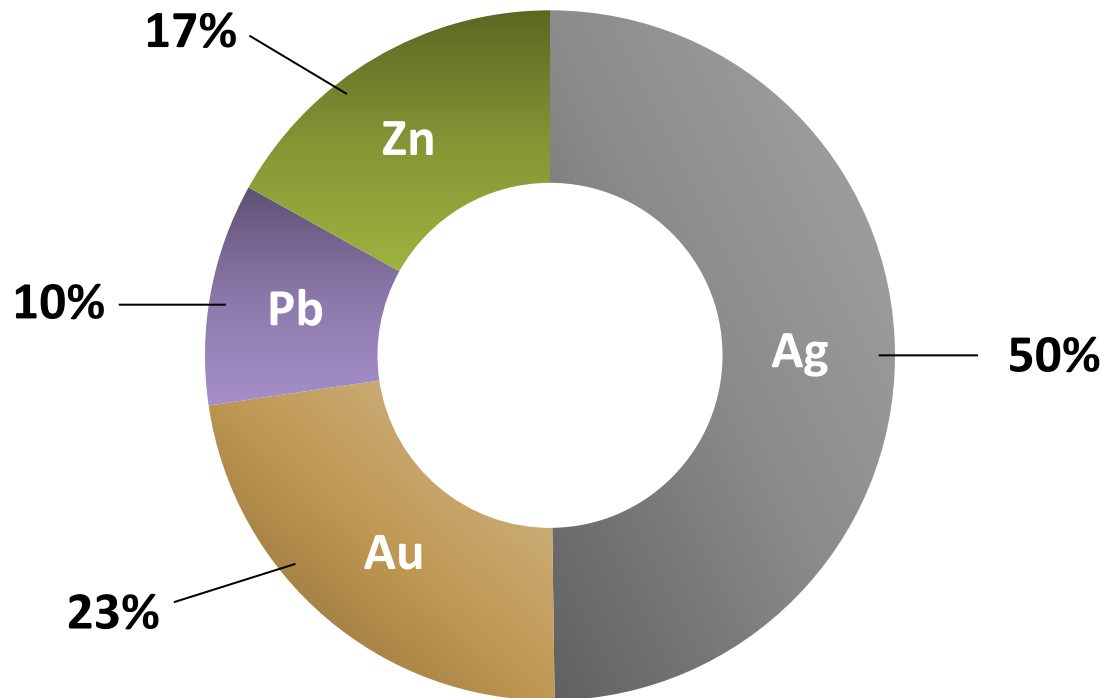
Note:

1. Ag Eq calculated using silver to gold ratio of 60 to 1 and does not include lead or zinc

2017 Consolidated Sales

Sales of \$268.1 million | 73% contribution from precious metals

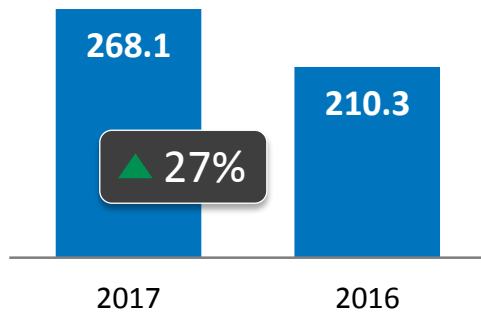
Provisional Sales Contribution by Metal



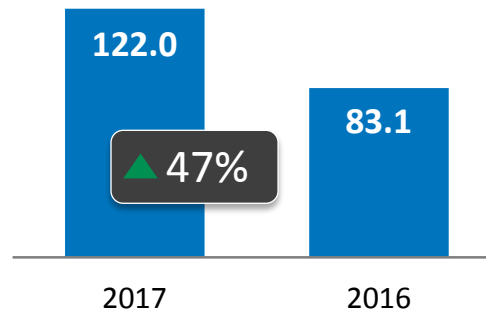
2017 Consolidated Financial Highlights

46% EBITDA¹ margin

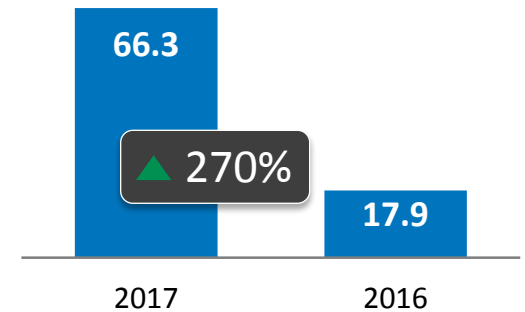
Sales
(\$ M)



Adjusted EBITDA
(\$ M)



Net Income
(\$ M)



46% EBITDA margin 40%

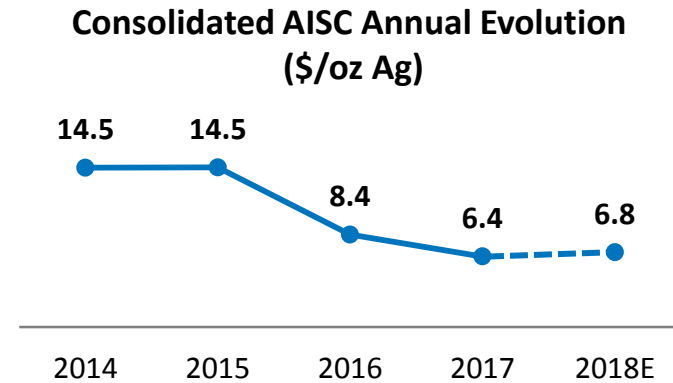
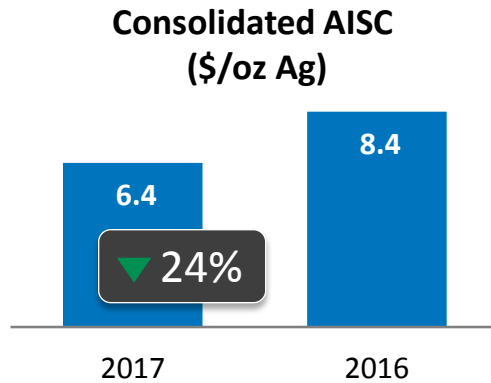
0.42 EPS², basic (\$) 0.13

Notes:

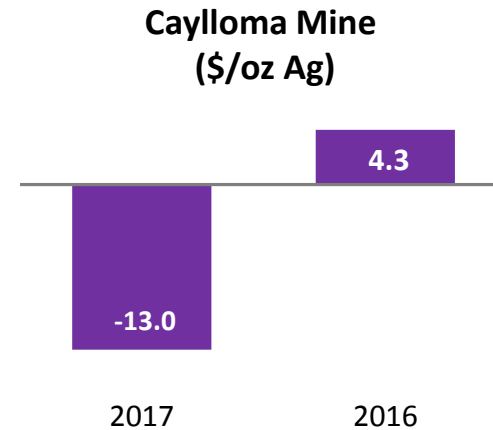
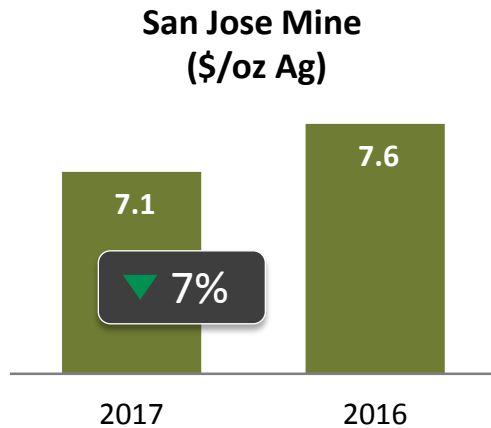
1. EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization
2. EPS = Earnings Per Share

2017 Consolidated AISC¹

AISC Consolidated



AISC by Mine

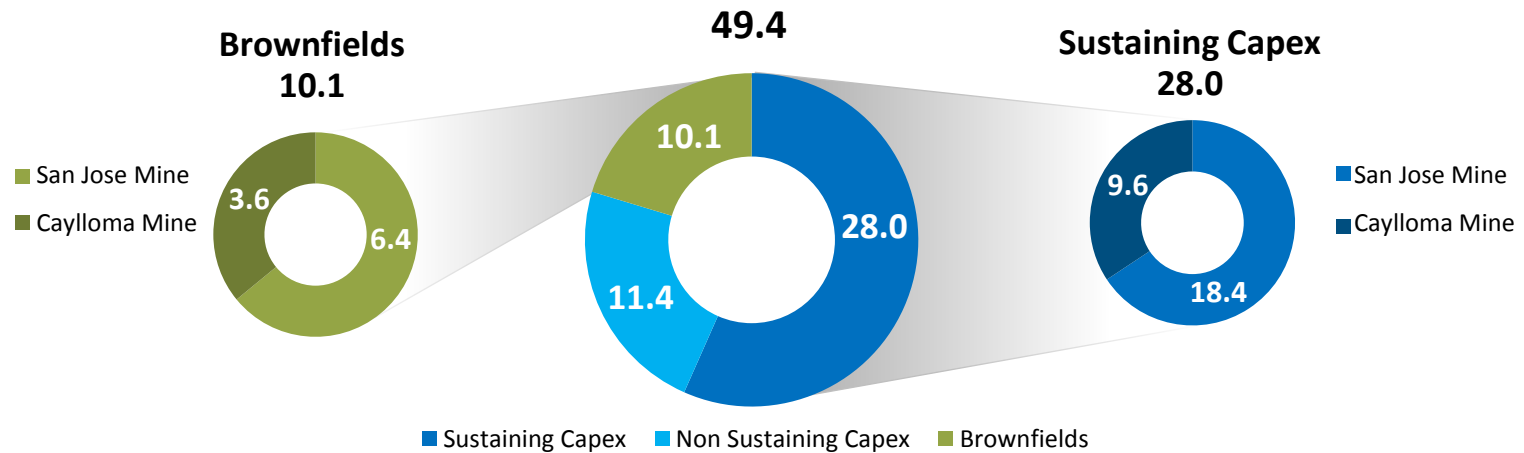


Note:
1. AISC = All-In Sustaining Cash Cost net of by-product credits gold, lead and zinc

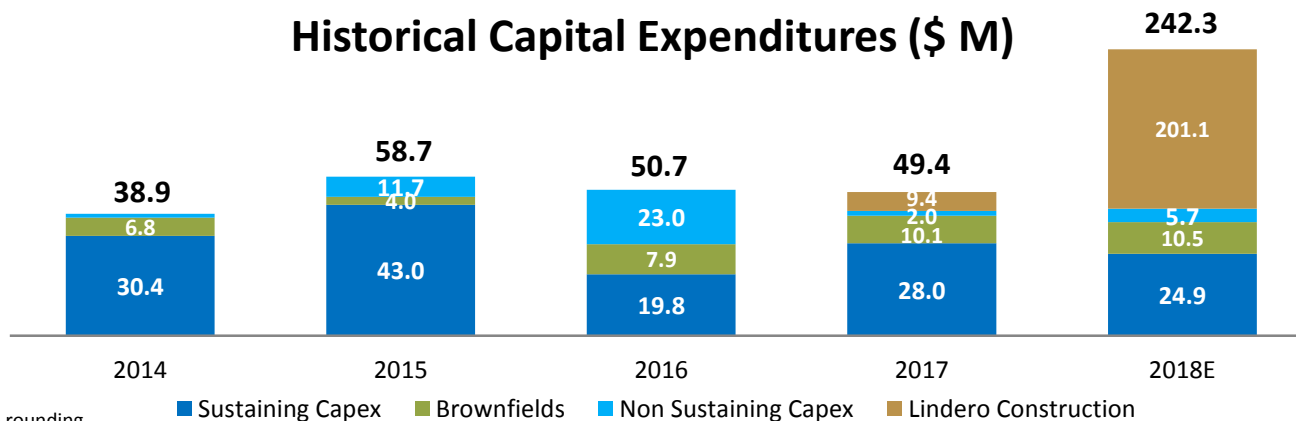
2017 Consolidated Capital Expenditures

In line with annual guidance

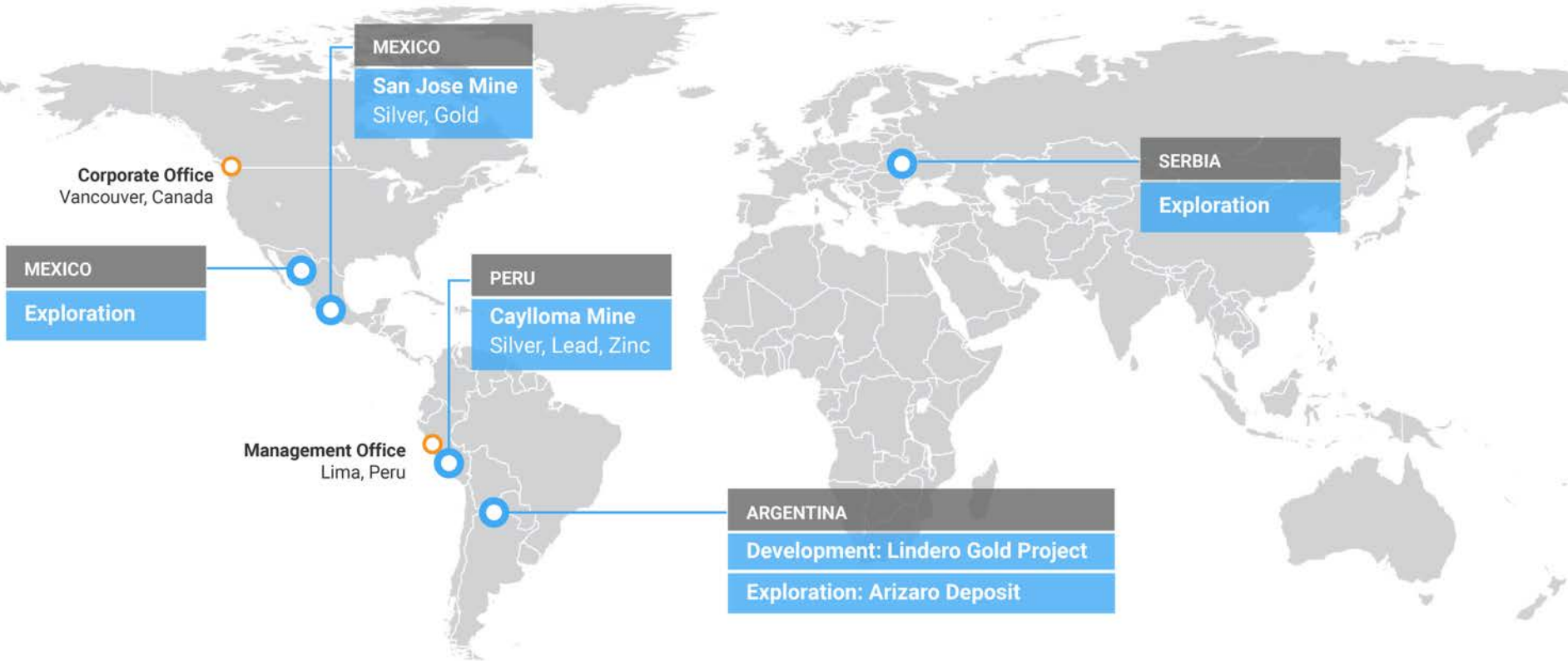
2017 Capital Expenditures (\$ M)



Historical Capital Expenditures (\$ M)



Note: Totals may not add due to rounding



Core Assets and Projects



Projects Update

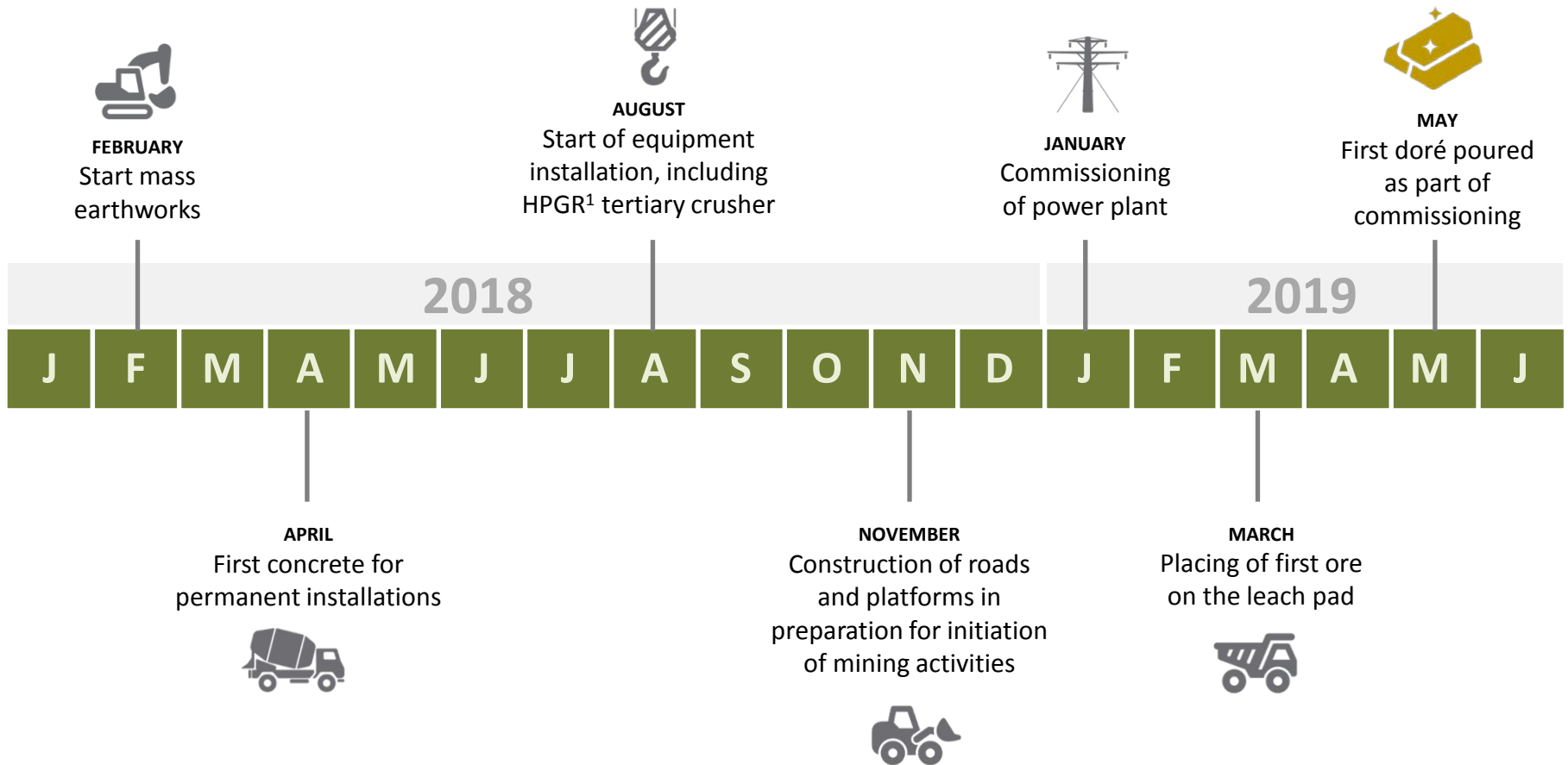
Lindero Project, Argentina

- Construction of an 18,500 tpd open pit heap leach gold mine launched in September 2017
- Tolar Grande municipal construction permit granted on February 2018
- 7.2% overall project progress as of the end of February 2018
- *Engineering, Procurement and Construction*
 - SAXUM progressing with detailed engineering
 - Bidding for major equipment and construction contracts in progress
 - Kestel Engineering progressing with advanced basic engineering for the SART plant
 - Anddes progressing with detailed engineering for the leach pad and ponds
 - Earth and civil works for the leach pad and ponds expected to commence by mid- April 2018
- *Mine Equipment*
 - Purchase orders for mine fleet and other heavy equipment placed in January 2018; on-site delivery of equipment to commence in June with final delivery by November 2018
- *Initial Site Activities*
 - Pioneer camp to host initial workforce of 150 people completed in March 2018



Projects Update

Lindero Project construction milestones



Note:

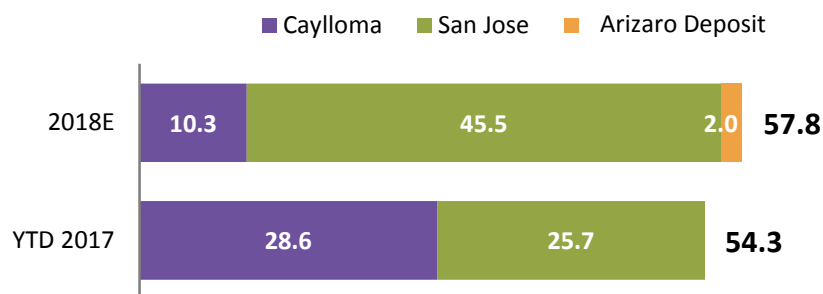
1. High Pressure Grinding Roll

Projects Update

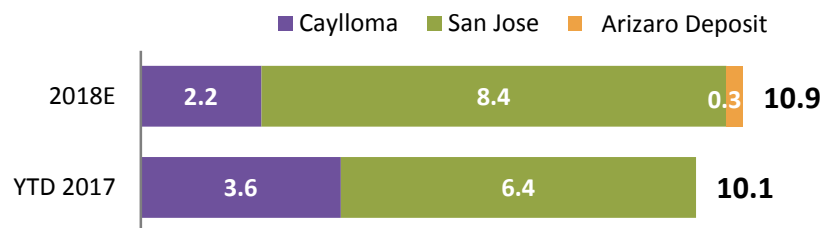
Brownfields and Greenfields projects

Brownfields Projects

Drilling (km)



Investment (\$ M)



Note: Totals may not add due to rounding

Greenfields Projects

- **Mexico**

- Funded *Strategic Alliance* with Prospero Silver Corp. (TSX.v: PSL)
- High-level epithermal clay alteration with anomalous gold, silver or pathfinder elements present at each of Prospero's properties in Durango, Hidalgo and Chihuahua states
- Core drilling at Pachuca SE and Bermudez projects expected to be completed in Q1 2018

- **Argentina**

- Evaluation of third-party properties in northern Argentina

- **Serbia**

- Funded *Strategic Alliance* with Medgold Resources Corp. (TSX.v: MED) and joint ventured the Tlamino Project
 - 2018 budget of \$340,000
 - 2,000 meters of core drilling targeting shallow high-grade copper-gold mineralization



Luis D. Ganoza

Chief Financial Officer



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Q4 2017 Financial Highlights

(\$ M, except in earnings per share figure)	Q4 2017	Q4 2016	% Change
Sales	75.4	57.9	▲ 30%
Net income (loss)	34.1	6.5	▲ 425%
EPS, basic	0.21	0.04	▲ 425%
Adjusted net income (loss)	12.3	7.1	▲ 73%
Cash provided by operating activities	29.0	25.8	▲ 12%
Adjusted EBITDA	34.9	29.4	▲ 19%
Free cash flow	14.5	18.3	▼ -21%
Cash and cash equivalents & Short term investments, end of period	212.6	123.6	72%

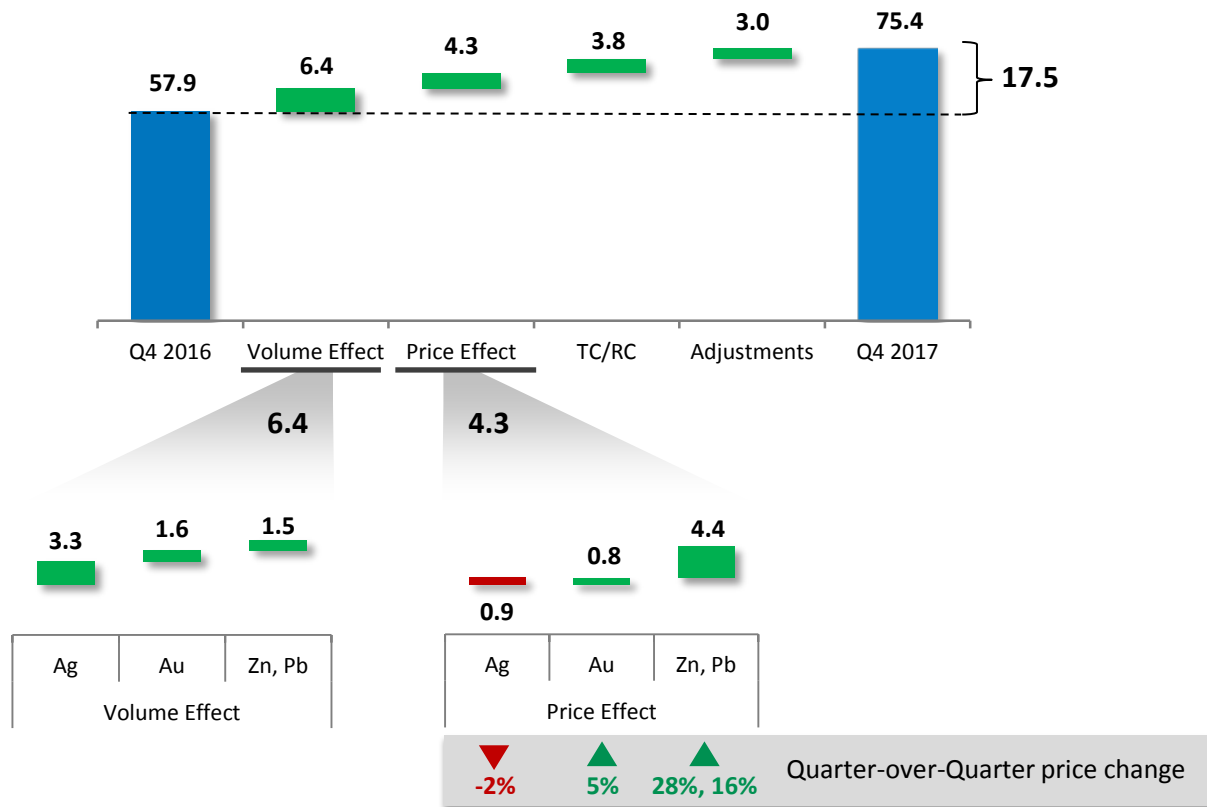
2017 Financial Highlights

Record sales and solid financial performance

(\$ M, except in earnings per share figure)	2017	2016	% Change
Sales	268.1	210.3	▲ 27%
Net income (loss)	66.3	17.9	▲ 270%
EPS, basic	0.42	0.13	▲ 223%
Adjusted net income (loss)	48.6	18.1	▲ 169%
Cash provided by operating activities	70.2	52.7	▲ 33%
Adjusted EBITDA	122.0	83.1	▲ 47%
Free cash flow	24.4	(4.9)	—
Cash and cash equivalents & Short term investments, end of period	212.6	123.6	▲ 72%

Q4 2017 Financial Highlights

Sales bridge chart

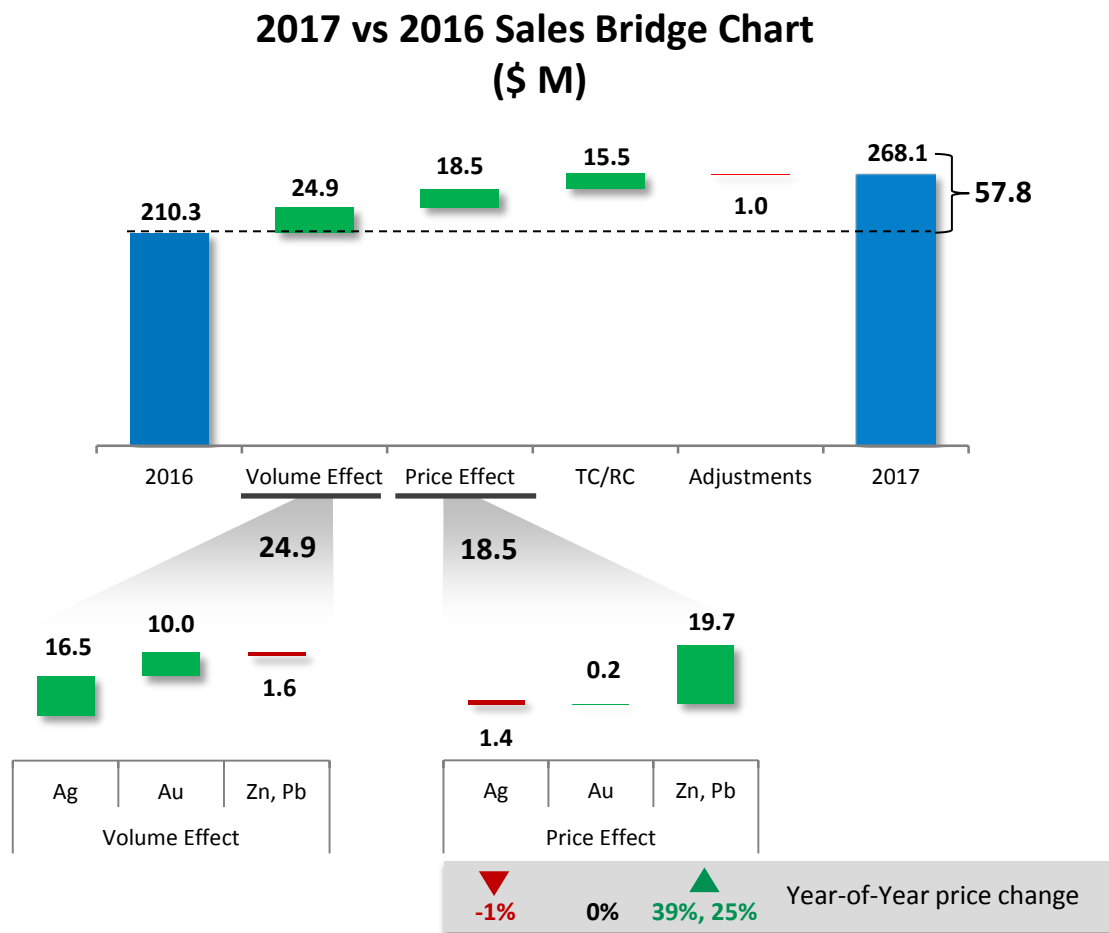


Notes:

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

2017 Financial Highlights

Sales bridge chart



Notes:

1. TC/RC = Treatment Charges / Refinement Charges

2. Totals may not add due to rounding

Q4 2017 and 2017 Financial Highlights

Robust EBITDA margin

Consolidated

(\$ M)	Q4 2017	Q4 2016	% Change	2017	2016	% Change
Operating Income	57.7	17.6	▲ 228%	110.3	48.5	▲ 127%
Adjusted EBITDA	34.9	29.4	▲ 19%	122.0	83.1	▲ 47%
EBITDA margin over sales	46%	51%	–	46%	40%	–

- Operating Income for both Q4 2017 and 2017 includes \$31.1 million write-up at the Caylloma Mine
- Excluding the Caylloma Mine write-up, Operating Income for Q4 2017 would have been \$26.5 million, 51% over Q4 2016, and for the year \$79.2 million, 63% over 2016

Q4 2017 Financial Highlights

Strong EBITDA growth at both operations

Caylloma Mine, Peru

(\$ M, except in cash cost figures)	Q4 2017	Q4 2016	% Change
Adjusted EBITDA	10.8	7.4	▲ 46%
Margin over sales	43%	41%	–
Production cash cost (\$/t)	82.0	71.2	▲ 15%
AISC ¹ (\$/oz Ag)	(18.4)	1.7	–

San Jose Mine, Mexico

(\$ M, except in cash cost figures)	Q4 2017	Q4 2016	% Change
Adjusted EBITDA	31.0	22.5	▲ 38%
Margin over sales	62%	57%	–
Production cash cost (\$/t)	57.9	55.1	▲ 5%
AISC (\$/oz Ag)	6.5	6.7	▼ 3%

Note:

1. AISC = All-In Sustaining Cash Cost net of by-product credits gold, lead and zinc

2017 Financial Highlights

Strong EBITDA growth at both operations

Caylloma Mine, Peru

(\$ M, except in cash cost figures)	2017	2016	% Change
Adjusted EBITDA	39.0	25.2	▲ 55%
Margin over sales	44%	38%	–
Production cash cost (\$/t)	79.1	71.9	▲ 10%
AISC ¹ (\$/oz Ag)	(13.0)	4.2	–

San Jose Mine, Mexico

(\$ M, except in cash cost figures)	2017	2016	% Change
Adjusted EBITDA	99.9	81.1	▲ 23%
Margin over sales	56%	57%	–
Production cash cost (\$/t)	59.7	56.9	▲ 5%
AISC (\$/oz Ag)	7.1	7.6	▼ 7%

Note:

1. AISC = All-In Sustaining Cash Cost net of by-product credits gold, lead and zinc

Q4 and FY 2017 Consolidated Financial Highlights

SG&A and Effective tax rate

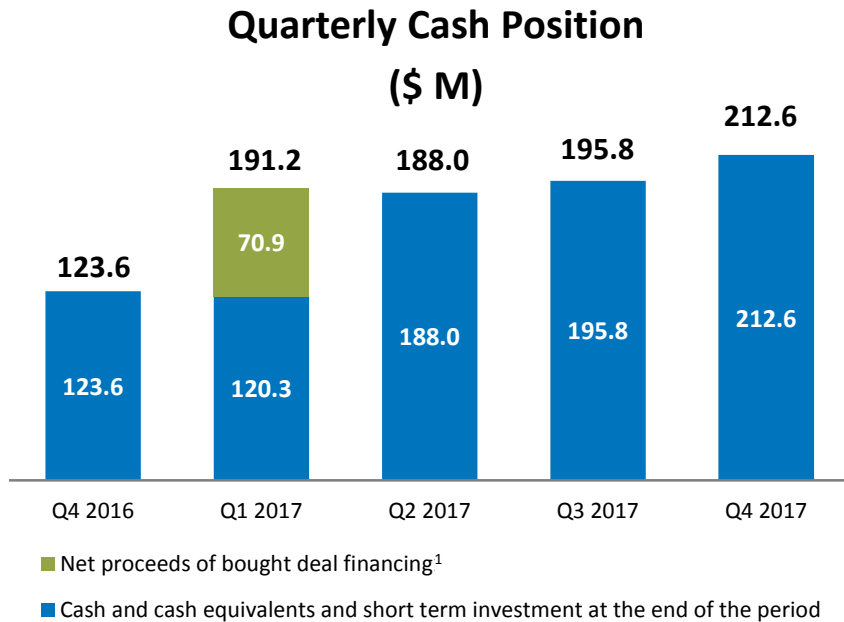
(\$ M)	Q4 2017	% Change over Q4 2016	2017	% Change over 2016
Operating mines SG&A	2.2	▲ 83%	7.5	▲ 23%
Corporate SG&A	2.6	0%	11.8	▲ 24%
Share-based payments	3.0	▲ 236%	3.8	▼ -73%
Workers' participation	0.6	▲ 50%	1.8	▲ 29%
Total SG&A	8.4	▲ 320%	24.9	▼ -20%
Effective tax rate	40%		37%	

- Effective tax rate corresponding to Adjusted Net Income: Q4 2017 = 53% | 2017 = 39%

Note: Totals may not add due to rounding

2017 Consolidated Financial Highlights

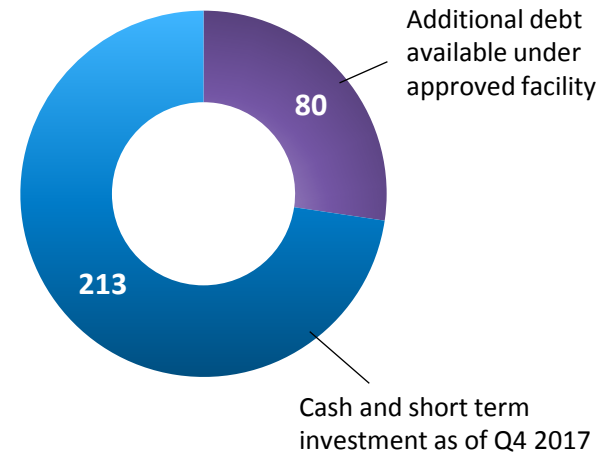
Strong balance sheet and liquidity



- \$212.6 million in cash at year end
- Q4 2017 cash accumulation of \$16.8 million and 2017 cash accumulation of \$18.1 million, excluding net proceeds of bought deal financing

Total Liquidity

\$292.6 M

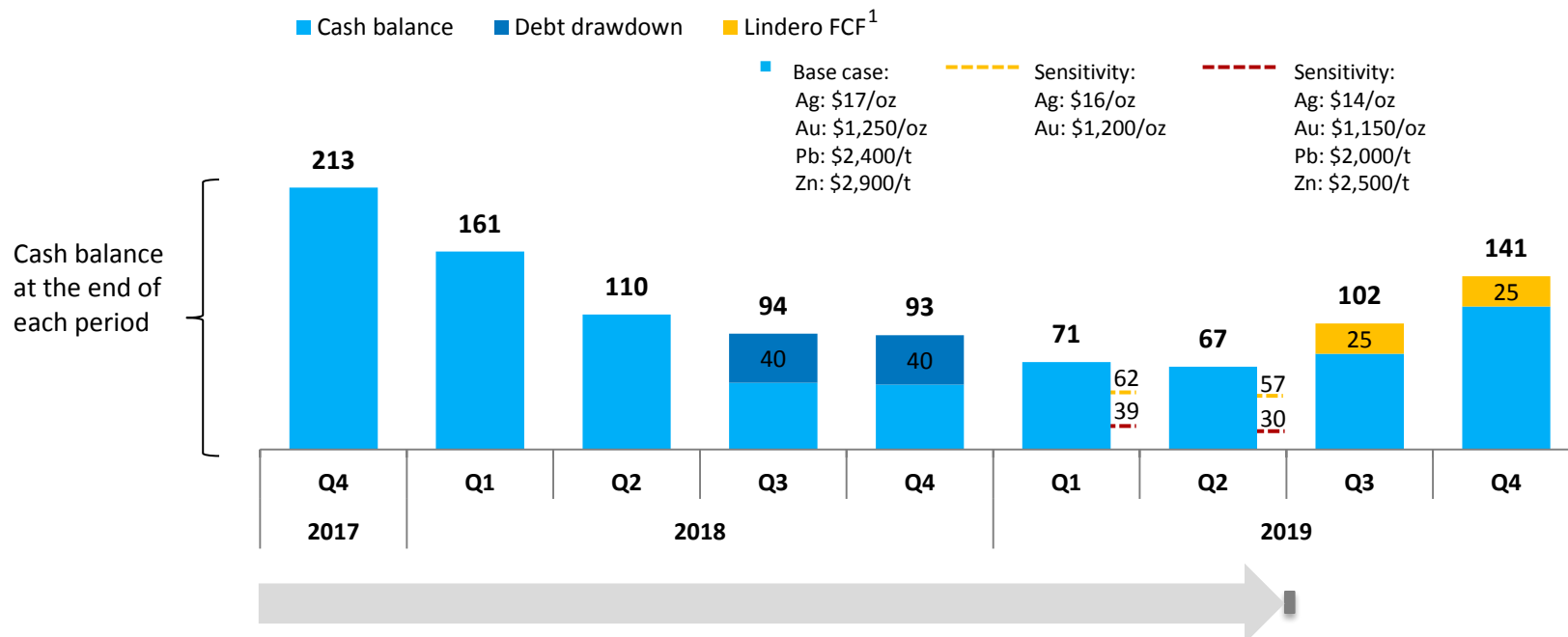


- Total debt facility : \$120 million
- Debt outstanding: \$40 million
- Debt to EBITDA: < 0.5x

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

Lindero Construction Financing Plan

Liquidity and financing plan; Including Lindero construction (\$ M)



Debt Financing

Credit Facility	40	120	120	120	120	120	120	120	120
Drawn amount	(40)	(40)	(40)	(80)	(120)	(120)	(120)	(120)	(120)
Available Balance	0	80	80	40	0	0	0	0	0

Debt to EBITDA ratio over construction period: < 1.2x²

- Notes:
- Based on Lindero Feasibility Study of September 2017
 - Base case metal price assumptions: Ag = \$17/oz, Au = \$1,250/oz, Pb = \$2,400/t, Zn = \$2,900/t

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

CAPEX

16.9 \$ M
San Jose

21.3 \$ M
Caylloma

201 \$ M
Lindero





Q & A



Contact Information

Carlos Baca

Investor Relations Manager

T: +51.1.616.6060, ext. 2

info@fortunasilver.com

www.fortunasilver.com



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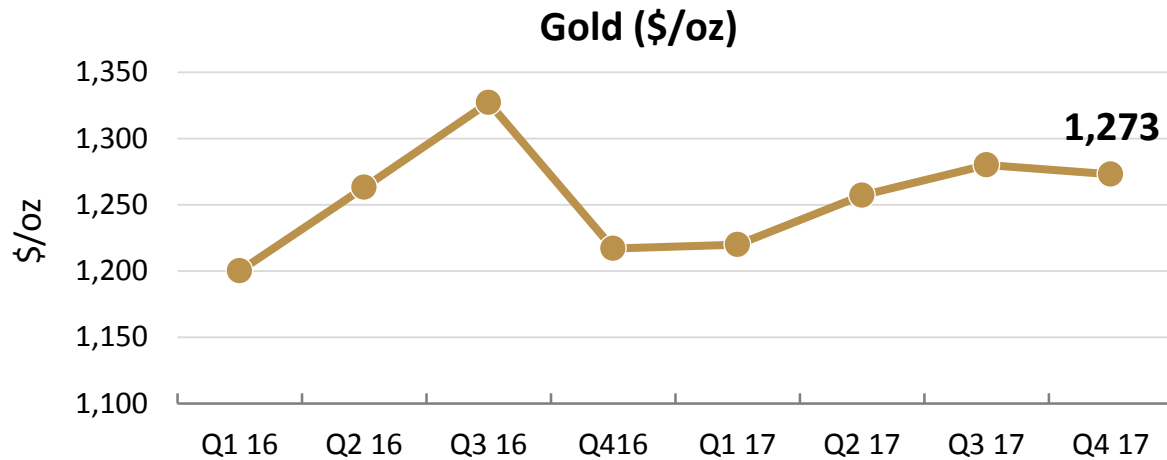
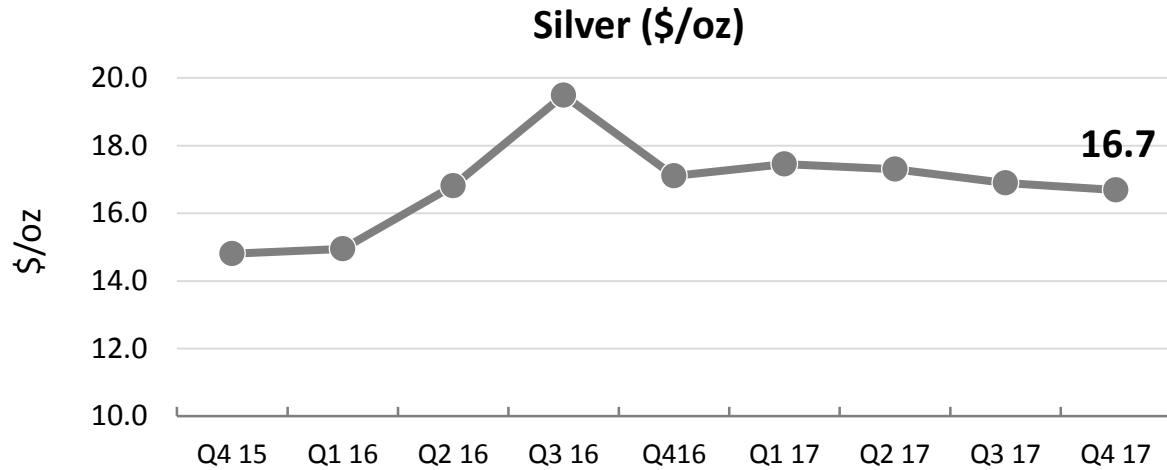
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Appendix



Realized Precious Metals Prices



Consolidated Sales Metrics

	Q4 2017	Q4 2016	% Change	2017	2016	% Change
Metal Sold						
Ag (oz)	2,332,172	2,126,723	▲ 10%	8,416,326	7,377,509	▲ 14%
Au (oz)	15,333	13,803	▲ 11%	55,592	45,958	▲ 21%
Pb ('000 lb)	8,054	7,361	▲ 9%	29,508	33,187	▼ -11%
Zn ('000 lb)	11,803	10,537	▲ 12%	44,315	43,041	▲ 3%
Realized Price¹						
Ag (\$/oz)	16.69	17.10	▼ -2%	17.04	17.23	▼ -1%
Au (\$/oz)	1,273	1,217	▲ 5%	1,257	1,253	▲ 0%
Pb (\$/lb)	1.13	0.97	▲ 16%	1.05	0.84	▲ 25%
Zn (\$/lb)	1.47	1.15	▲ 28%	1.32	0.95	▲ 39%

Note:

1. Based on provisional sales before final price adjustments

Operating Income and Adjusted EBITDA

Operating Income

(\$ M)	Q4 2017	Q4 2016	% Change	2017	2016	% Change
Caylloma	41.4	4.5	▲ 820%	62.4	16.5	▲ 278%
San Jose	23.3	13.7	▲ 70%	65.2	55.6	▲ 17%
Corporate	(7.0)	(0.5)	-	(17.3)	(23.6)	-
Total Operating Income	57.7	17.6	▲ 228%	110.3	48.5	▲ 127%
Margin over sales	77%	30%	-	41%	23%	-

Adjusted EBITDA

(\$ M)	Q4 2017	Q4 2016	% Change	2017	2016	% Change
Caylloma	10.8	7.4	▲ 46%	39.0	25.2	▲ 55%
San Jose	31.0	22.5	▲ 38%	99.9	81.1	▲ 23%
Corporate	(6.8)	(0.5)	-	(16.9)	(23.3)	-
Total Adjusted EBITDA	34.9	29.4	▲ 19%	122.0	83.1	▲ 47%
Margin over sales	46%	51%	-	46%	39%	-

Note: Totals may not add due to rounding

Adjusted Net Income

Non-GAAP financial measures

Expressed in \$ M	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Net Income	\$34.1	\$6.5	\$66.3	\$17.9
Items of note, net of tax:				
Unrealized (gain) loss on financial instruments	(0.5)	(0.4)	2.3	(0.7)
Impairment of mineral properties	(21.9)	–	(21.9)	–
Write-off of mineral properties	0.1	0.8	0.2	0.8
Write-down of plant and equipment	0.2	–	1.0	–
Write-down of inventories	0.3	0.2	0.7	0.1
Adjusted net income	\$12.3	\$7.1	\$48.6	\$18.1

Adjusted EBITDA

Non-GAAP financial measures

Expressed in \$ '000s	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
NET INCOME	\$34.1	\$6.5	\$66.3	\$17.9
Add Back:				
Net finance items	-	0.8	0.4	2.5
Depreciation, depletion and amortization	9.6	10.4	42.5	33.0
Income taxes	22.8	11.0	38.6	29.3
Share of loss of equity-accounted investee	0.1	-	0.2	-
Impairment of mineral properties	(31.1)	-	(31.1)	-
Other operating expenses	(0.6)	0.7	5.1	0.4
Adjusted EBITDA	\$34.9	\$29.4	\$122.0	\$83.1

Free Cash Flow

Non-GAAP financial measures

(\$ M)	Q4 2017	Q4 2016	% Change	2017	2016	% Change
Net cash provided by operating activities	29.0	25.8	12%	70.2	52.7	33%
Expenditures on mineral properties, plant and equipment	(11.5)	(1.6)	619%	(47.1)	(40.2)	17%
Difference in current income tax vs. taxes paid	(3.0)	(5.9)	-49%	1.3	(17.4)	–
Free cash flow	14.5	18.3	-21%	24.4	(4.9)	–