Transcript of
Fortuna Silver Mines
Third Quarter 2020 Earnings Call
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Participants

Carlos Baca – IR Manager
Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Luis Dario Ganoza – Chief Financial Officer

Analysts

Trevor Turnbull – Scotiabank
Chris Thompson – PI Financial
Jason Maloney – Individual Investor
Garrett Goggin – Silver Stock Analyst

Presentation

Operator
Ladies and gentlemen, hello and welcome. Thank you for joining us for the Fortuna Silver Mines Third Quarter 2020 Earnings Conference Call. As a reminder, all phone participants are presently in a listen-only mode, but after today's prepared remarks, you will have the opportunity to ask questions.

To get it started today with opening remarks and introductions, I am pleased to yield the floor to IR Manager, Mr. Carlos Baca. Good morning, sir.

Carlos Baca – IR Manager
Thank you, Jim. Good morning, ladies and gentlemen. I would like to welcome you to Fortuna Silver Mines and to our financial and operations results call for the third quarter of 2020. Today, we will be using a webcast presentation which will be controlled by us. To download the presentation, please go to our website at fortunasilver.com.

Click on the Investors tab, then click on the Financials sub tab and under Q3, click on the Earnings Call Webcast link. Jorge Alberto Ganoza, Prescient, CEO and Director; and Luis Dario Ganoza, CFO will be hosting the call from our management office in Lima, Peru.

Before I turn over the call to Jorge, I would like to indicate that this earnings call contains forward-looking information that is based on the company's current expectations, estimates and beliefs. This forward-looking information is subject to a number of risks, uncertainties and other factors.

Actual results could differ materially from a conclusion, forecast or projection in the forward-looking information. Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.

Additional information about the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information is contained in the company's Annual Information Form and MD&A, which are publicly available on SEDAR. The company assumes no obligation to update such forward-looking information in the future, except as required by law.

I would now like to turn the call over to Jorge Alberto Ganoza, President, CEO and Co-Founder of Fortuna.

Jorge Alberto Ganoza – President, Chief Executive Officer and Director

Thank you, Carlos and good morning to all. I'll be presenting an introduction to our third quarter results and discuss the status of our operations in Mexico, Peru and Argentina, and then turn the call over to Luis, who will take you through the financial statements.

On Slide 6 of the presentation. In the third quarter, we have reported the highest financial figures in the company's history for sales, free cash flow from operations and adjusted EBITDA. Free cash from operations was a strong $30 million and our EBITDA margin stood at a robust 51% over sales. We have $85 million in cash as of the end of the quarter, and a comfortable liquidity position of $140 million, with a total net debt to EBITDA ratio of 0.7.

At Lindero, we produced our first gold on October 20. We are pouring gold every week and made our first sales in November. We are immersed in the ramp up activities, with the aim to stabilize production at visibility design parameters by year end and into the first quarter.

And despite continued COVID-19 related restrictions, our mines in Peru and Mexico met production of objectives in the quarter. In Argentina, restrictions on lower personnel across national and provincial waters hamper and drive our ability to provide quick response to the various issues that arise as part of any production ramp up phase. Across all sites, we have strict sanitary protocols in place that have taken over 8,200 PCR tests to our personnel reporting approximately 391 positive cases of COVID so far.

On Slide 7, we share here are key safety performance indicators. We present the KPIs as a 12-month rolling average to better represent trends. During the third quarter, we had a spike in lost time accidents. These were mainly related to the start of operations at Lindero, where the workforce is largely local and gaining experience in mining. The severity of these accidents was minor, as shown by the injury severity rate at the graph to the right. Nevertheless, a plan of action is in place to further mitigate risks associated to large on experienced workforce at Lindero in spite of all of the training that these new workforce has been through.

Slide 8. Silver production was above budget and previous year by 7% and 10%, respectively. The increase was driven by improved grades at our San Jose mine. Gold production was above our internal budgets and previous year by 17% and 12%, respectively. The increases were driven by a welcome contribution of approximately 1,400 ounces of gold from the Caylloma mine and higher grades at our San Jose mine.

Gold at Caylloma is coming from a small near surface high grade ore shoots, which is an unusual occurrence of this mine. And we're carrying studies to better understand the [jewelry] [ph] controls of this occurrence.

Slide 9, please. Silver accounted for 59% of sales and 28% for gold for a combined 87% precious metals contribution. In the quarter, we sold silver at a realized price of $24.90 per ounce compared to $17 per ounce a year ago. We sold gold at a realized price of $1,925 per ounce compared to 1,487 a year ago. We continue to observe with expectation, the consolidation of what is configuring to be a historic bull market for precious metals and mining equities at a time when we are prepared to deliver material growth in annual gold production driven by our Lindero mine.

Slide 10. As I mentioned in the highlight slide at the start of the presentation, we had record breaking quarter in terms of key financial metrics. This performance was driven by higher metal produced and significant increase in precious metal prices, as just mentioned. Sales were up 36% to $83 million. EBITDA was up 120% to $42 million, and adjusted net income was up 747% to $16 million or $0.09 per share.

Slide 11. San Jose all-in sustaining costs increased 11% to $12 per silver equivalent ounce. The cost increase was driven by components which are sensitive to higher prices like workers participation, mining royalties and sustaining CapEx. At Caylloma all-in sustaining cost increased by 23% to $19.40 per silver equivalent ounce, as a result of a 21-day COVID-related voluntary suspension of operations that we took during July.

Slide 12. Year-to-date, our capital expenditures on sustaining operations, growth and exploration amounted to $50 million, Lindero CapEx in the quarter amounted to $12 million. On our financial news release dated August 13th, we provided guidance for total remaining funding requirements for Lindero to be in the range of $55 million to 60 million. We're executing within this budget and expect Lindero to be largely self-funding in Q4.

In Slide 13, we share with you our first dore bars produced at Lindero on October '20, a major milestone for the team, for the company. We are pouring dore gold every week and our first sales have taken place in November.

Slide 14, we share a simplified view of our major milestones and schedule for the project. As I mentioned before, we are immersed in the ramp up of production and plan to be in operations at design rates in Q1 of next year.

In Slide 15, Lindero construction is substantially complete. In this initial months of production, we're observing a very good reconciliation between our long-term block model and blast hole sampling. In these early days, leaching kinetics for gold are also tracking according to our design curves.

For 2020, we are revising our forecast for gold production at Lindero to between 13,000 ounces and 15,000 ounces. For these forecasts, we're taking into consideration temporary operational restraints to incorporate irrigation parcels at a faster pace than originally thought. This is due to the advanced stacking sequence with trucks we're using. This issue goes away in November with the start of conveyor stacking.

Additionally, management has taken a more conservative approach for the ramp up of the HPGR-Agglomeration and Stacking system. The COVID-related restrictions for the movement of personnel to site and between provinces in Argentina is a source of small but creeping delays as the teams moves to solve the various issues that arise as part of any ramp up process.

In the next slide, we share with you views and updated photos of the current status of the site. I would invite you to visit our website where we keep an updated gallery of photos on Slide 20, sorry, 16, we share with you a view of the pit. The pit – the pit we're moving the scheduled 40,000 metric tons of material every day, which about half is ore and half is waste, we're keeping within the scheduled strip ratio of 1. The pit is run very efficiently is performing well.
500 to 100,000 trucks two-wheel loaders, two production drill rigs. It's a tight [knit] [ph] operation.

In the next slide, we share with you a view of the secondary and tertiary crushing. Following slide is a view for agglomeration. We have been dealing you know, solving issues that are normal to ramp up, you know improving dust control, making adjustments to some of the shoots and components of the crushing system. What I can report is that, we have not identified any material issues and we're trending in the right direction with respect to achievement of design parameters.

In the slides currently shared, we have a view for first irrigation cell. Next slide, please. There we go. Then view of ADR plant and pumps area. And in the last slide, we share a view of the SART plant. The SART plant is the last part of the system that will come in line. We expect the SART commissioning to initiate in the second half of the of November. And our current asset portfolio. And here just highlight the fact that Lindero will be moving up to the pinnacle of a pyramid joining San Jose and Caylloma as our third mining operations.

I let Luis now take you through the financial statement highlights.

Luis Dario Ganoza – Chief Financial Officer
Thank you, Jorge. So as was previously mentioned, we had a record quarter in terms of sales, EBITDA and cash flow. We recorded sales of $83.4 million, 36% above Q3 2019 on the back of higher metal prices, higher metal production and partially offset by higher treatment charges from 2019. We reported quarterly net income of $13.1 million and $16.1 million on an adjusted basis and earnings per share of $0.07.

The loss in that comparative period of Q3 2019 was related to an $8.2 million foreign exchange loss related to the Lindero VAT receivable in Argentina. In Q3 2020, we have reported an FX loss of $3.5 million, of which, $2.7 million is related to the Lindero VAT. Also in the reporting quarter, we had higher effective tax rates than what we expect on a recurring basis with an impact of around $0.01 per share.

Consistent with drivers I have mentioned, we saw a material increase in EBITDA and free cash flow as Jorge pointed out as well. Free cash flow from operations of $30.1 million represents 36% of sales. This number contains a positive impact of around $5.5 million from changes in working capital related to timing of certain payable items, but even excluding this effect, free cash flow was close to 30% of sales.

So on Slide 25, when breaking down our sales performance for the quarter, we can see the highest impact came from higher silver and gold metal prices. In particular, silver price contributed $5.2 million out of the total $22 million increase in sales. Also worth mentioning, the negative impact we see from treatment and refining charges and which have been a consistent feature of 2020 are expected to revert in 2021 as we are seeing much improved terms in the market for next year.

So on slide 26, when looking at our comparative segmented results over Q3 2019, we can see the strong performance at both our mines, San Jose and Caylloma, in terms of EBITDA and cash cost. At San Jose, there is higher all-in sustaining cost in the quarter which as Jorge explained, is related to items, of course, that are linked to sales and profits, specifically royalties and workers participation. Also, as Jorge mentioned, there is a smaller component relating to the timing of CapEx execution.

At Caylloma, a financial impact of the 21-day suspension was more than offset by higher silver prices and the significant contribution of gold production in the quarter, which represented 13% of sales at Caylloma. Both mines recorded lower costs year-over-year that contributed to our improved financial performance. And, as well as was mentioned by Jorge, the higher all-in sustaining cost at Caylloma is related to a temporary 21-day suspension.

So on Slide 27, G&A at our operations reflect the cost containment measures implemented in Q2. The increase in share-based payments is strictly related to that performance of the share price. Our effective tax rate was 53% for the quarter, as the devaluation of the Mexican peso year-to-date continues to affect our income tax provision. And we estimate the impact in the quarter in terms of the effective tax rate was around 7 percentage points.

Finally on Slide 28, we provide an overview of the evolution of our liquidity position over the last few quarters. Total liquidity at the end of Q3 was $140 million. The main takeaway here is that, in Q3, our cash position and total liquidity already reflect an inflection point as we recorded a small increase of $8 million over Q2, I'm sorry. Total cash expenditures at Lindero in Q3 2020 were $28 million, which was more than covered by the cash from operations.

In Q4, at Lindero, we expect additional construction capital expenditures of approximately $12 million, plus additional cash outlays of a similar magnitude related to construction payables as we close the project.

Back to you, Carlos.

Carlos Baca – IR Manager
Thank you, Luis. We would now like to turn the call over to any questions that you may have.

Operator
Gentlemen, thank you. [Operator Instructions] We'll hear first from Trevor Turnbull at Scotiabank. Please go ahead, sir.

Q: Yeah. Hi, Jorge and Luis. I had a question. You talked a little bit about what you're doing in the last few months of the year, November, December at Lindero. Can you talk a little bit about how October looked in terms of what you were able to get on the pad in terms of tonnes or ounces? And can you talk also a little bit maybe about how the mining costs are tracking at Lindero so far?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Yes, October was a difficult month in the ramp up, we had 2 breakdowns of a conveyor head pulleys, something quite unusual, we never seen anybody in the team a break of pulleys like that, particularly new pulleys. So that was a problem with fabrication and that took us down pretty much 12, 13 days in the month, right. Those are, you know, very simple to manufacture, we manufactured them ourselves in Salta.

And we have manufactured spurred head pulleys, something that we have never carried in stock in anywhere in light of what happened. But nevertheless, that took us down around 12 days in the month of October. Our design rate of production in the crushing system is about 1,100 metric tonnes per hour. And we've been – we are running right now on average at round, for the year so far at around 800. So in the ramp up, we're doing well. But the loss of operating hours in October, operating days in this case, did take a two.

So as I mentioned, I think we're tracking in the right direction with you know, a team of an experienced operators, where we have trained but nevertheless there is always a curve there, as they gain more experience with equipment, and the limitations with, you know, rotation of supervision and speed at which we can address issues, right. But, in November, we're faring better. And again, the message I think overall is, we are heading in the right direction where it's just taking a bit longer because all of these drags with the difficulties to move personnel and that are related to our ability to solve issues on site, right.

Q: And so –

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
With respect to –

Q: And so now that November is kind of settling in and is a little more typical of operating. Can you say anything about how mining costs look on a unit cost basis compared to what you're targeting?

Luis Dario Ganoza – Chief Financial Officer
Hi, Trevor. Unit costs of the mine are well within our expectation, we're not seeing any significant deviations. So as for Q4, we expect to be reporting albeit in a capacity to report mining costs within our original plan. There's not much deviation, that either different, of course, for plants in indirect costs where there's still the distortion with the ramp up, but overall, we see that our expected costs at a steady state is achievable and on track, which is in the range of $10.5 to $11 –

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Per tonne.

Luis Dario Ganoza – Chief Financial Officer
Per tonne of processed ore.

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Yes. The main drivers for cost on the side of consumables are what, fuel for energy as we serve generate cyanide and layer and the pricing, we've been able to achieve on cyanide and fuel is well within what was in our you know, budgets?

Luis Dario Ganoza – Chief Financial Officer
Yes, absolutely.

Q: Okay, that sounds good. And understand because the irrigation has been a little bit unsteady due to the way the stacking configurations, it hasn't gone exactly the way you would originally plan. Is it possible to give us a sense of recovery though from the heap? How if that's tracking also the way you want it to?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Yes, as I mentioned, the leaching kinetics is something we're looking at carefully. We have the benefit that there is little interference with these initial sales as there is nothing stuck on top of them. And the percolation is quite rapid, right. The solution percolation, the irrigation. The cycle is quite rapid as these are the cells closest to the plastic, right to the bottom [technical difficulty]. So and we also have our column test to control what's happening.

And whether we can report is that the leaching curves are performing according to our expectations. Remember that, we are currently placing coarser ore than the original design coarser. We're placing ore at a VAT of around 35 millimeters, a design is 9 millimeters, but we have done the column tests and have done our projections based on this coarser crush and we expect to be at about 50% recovery within 90 days. And that's where we are tracking.

In the initial cells, we did have some issues that are also more operational, we had a bit of bonding in one of the cells. We are – after stacking with trucks, we are – before we start the irrigation, we prepare the ground, you know, we rework the first 30 centimeters, we have to go a bit deeper due to a you know, traffic of trucks, we have to go a bit deeper. And once we did that, the problem just went away.

So you know – and then we have some clogging of pipes, because of the dosage of reactance that we use in order to avoid a deposition of carbonates in the pipes. You know that's also an issue that was identified and quickly addressed. But you know, just normal stuff that you see through a ramp up in a new operation. And the problems are being managed, leaching kinetics are tracking along with our expectations. And we're just solving these issues.

And with respect to the speed at which we can incorporate new areas under irrigation, yes, we have made an adjustment in our forecast. We are not able with – we were not able to implement a retreat stacking which would allow us to bring in irrigation at a much faster pace. We are stacking with trucks in an advanced, not in retreat, you know so we need to wait until the cell is complete and when – and that's when we can start to irrigate.

So that takes away the speed at which we can bring new ounces under irrigation. This is a temporary issue related to the fact that we're stacking with trucks. This week we started working with the conveyor stackers and this problem just goes away with conveyor stacking, which is designed for retreat stacking, right.

Q: Yeah, now understood. Maybe one just very simple last question for Luis and that is, with respect to the VAT recovery, any sense of kind of how you expect that to play out?

Luis Dario Ganoza – Chief Financial Officer
Yes. We expect to start collecting VAT as soon as we start selling as Jorge mentioned, we had our first sale in November. And based on the existing regulation and the amounts we are able to collect as a percentage of sales every month. Our expectation is that within 12 and 14 months, we should be able to expect to collect the full amount in pesos. Let's – as you might be aware, the collection is in local currency. So that's the timeframe, Trevor.

Q: Perfect, okay. Thanks, guys. That's all I had.

Operator
Mr. Turnbull, thank you for your question. And next we'll hear from Chris Thompson at PI Financial. Please go ahead. Your line is open.

Q: Hello, there guys. Just thanks for taking my questions. Just looking at the pictures, it looks like a great place to build a mine. A couple of quick questions here. You do mention that you're allowing for additional time to fully take, I guess the HPGR-Agglomeration and Stacking systems to commercial. Now is that built into the timeframe you anticipate for first commercial production in Q1?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
We originally anticipated, Chris to place about 0.5 million tonnes of crushed ore on the leach crushed an agglomerated ore on the leach pad in December. We are reducing that tonnage down

to about 320,000 tonnes and that is accounting for what we are projecting would be more realistic based on the limitations that we are facing with this COVID environment, right. And as I expected, the flow of people, supervision, technical assistance.

So you know how it is with the commissioning. Sometimes it just goes very well and smooth and sometimes it gives you a bit of grief. So in this forecast, we're taking a beautiful and more conservative position with respect to the tonnage. We have not translated that into the first quarter of this year. You know, certainly something we are monitoring. If there is, our expectation is to be today that we should be in a position early in Q1 to be achieving about 0.5 million ounces of ore placed on the leach pad every month, right. Before incorporating the HPGR and conveyor setting, we were already close to that rate of production right.

Q: Right. Could you just, Jorge, what do you need to achieve to tick the box by way of commercial production? Maybe you could just remind us of that?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director

You know, I think we would like to see the mechanical aspects of the operation within 85% of design. Again, the first – the mine is operating at the design rate, primary and secondary crushings have been operating, you know within that range of efficiency and productivity, we just need to be able to sustain it. And now, we need to incorporate this last part of the train.

With respect to the metallurgical performance, at the end of the day metallurgical performance is what it will be. But the leaching kinetics are working according to our expectation so far, and the ADR plant, we also had some early issues with the ability to bring temperature in the cauldrons up to design, those issues have been solved. So I believe that ADR today is at or close to the same parameter.

So, I think the main thing is to see this last portion of the crushing system coming in, and how the entire train from primary crushing all the way to the stacking delivering our total around 900 pounds per hour, right.

Q: Right, right. Okay, just going just moving and just chatting about grade, I guess placed at the moment. When do you anticipate being in a position to place, I guess or to increase the grade to expectations on the pad?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director

No, we are delivering the grade. If you look at the aggregate, we're behind, but the only reason why we are behind in the aggregate is, because in the early start of the crushing, we did not have because of the social distancing guidelines, we didn't have room in that camp to accommodate the operations' workforce. So what we were doing, we were feeding the mill with the medium low-grade stockpile. We were feeding the plant with a medium low-grade stockpile.

So on the aggregate that's what's weighing down on us achieving a design or a plant grade. But as I said reconciliation is striking well, and that was an issue related to the first month, two months of initial production and you know our operations are delivering the grade. Now, I don't see an issue there.

Q: All right, so. Okay, so leaching kinetics so you are stacking 0.9 gram per tonne right now on the pads?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
If I go by today's report, 1.2. No, I mean, we're tracking with expectations. Yeah.

Q: All right. Thank you for that, Jorge. And then just flipping gears a little bit. Just then as a, I wonder if you could just update us on obviously, there was news last year related to the royalty disagreement, you know, with the government. Any developments on that front?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Nothing new. Just as a recap, the case is in court. We have been granted a stay of execution by the court. So protecting us from any intention to collect the royalty on the part of the Secretary of Mines. And the case is in court. Our development could be that we have some indications that we might see a ruling on first instance, a faster than we originally anticipated. We were expecting this would take several months to get resolved on first instance. And the latest is that, it is perhaps possible to see a ruling before the end of this year.

A ruling would be a ruling on first instance that any of the parties can appeal and if that is the case, or a stay of execution protects the company through all the appealed process as well. You know. So I think the only change could be perhaps, that there are some indications that we could see a ruling on first instance, faster than originally anticipated.

Q: Great, thank you. Thank you, Jorge.

Operator
Mr. Thompson, thank you for your question. [Operator Instructions] Next we'll hear from an individual investor, Mr. Jason Maloney. Please go ahead, sir. Your line is open.

Q: Yes, that your boys are doing a good job. I noticed here [indiscernible] Canada, the company valued at CAD16.62 a share. And the last question, just wondering if Warren Buffett is interested in taking a large position? Thank you very much.

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
No, we have no relation with that banking council. We don't know that coverage. And the last I heard, Warren is not interested in taking a position for sure.

Operator
Thank you for your question, Jason. Next, we'll hear from Garrett Goggin with Silver Stock Analyst.

Q: Hey, guys. Thanks for taking my question. I had questions about Lindero. How are we looking in 2021 and through the end of this year? But I guess we went over them pretty clearly. And I guess the second ones would be Argentina, the capital controls, you know, what was it there was about $106 million? I think you get out before capital controls kicked in, you know, has that changed at all? And can you discuss that please, Luis?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Yeah, I can give a quick introduction to that. Yes, there, as we all know, capital controls or restrictions on access to exchange rate, dollar exchange rate in Argentina or Plan A, we have a repatriation plan in place a considering all the current restrictions or limitations in place by the government and our repatriation plan is not impacted for the better part of 2021 by any of these measures, because the structures we used to contribute funding to Lindero. Luis, I don't know if you want to add.

Luis Dario Ganoza – Chief Financial Officer
Garrett, to be more precise, that first we should be fine for the first $120 million to $130 million, we should be able to repatriate directly out of sales proceeds without having to bring those funds back into the country again, under the intercompany debt structure that we have in place. This particular component of the company, that is out of the scope of exiting restrictions today. And as Jorge mentioned, that should cover us for the first we expect at least 9 to 8 months of 2021.

Q: Right, right. Yep, that's well, okay. So that gives us a little insight into Lindero outlook for 2021 as well if you look at the cash flow of it?

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Yes.

Q: Yeah, okay. All right, that's great. I appreciate it. Thanks for answering my question.

Jorge Alberto Ganoza – President, Chief Executive Officer and Director
Thank you.

Operator
Thank you, Garrett. [Operator Instructions] We'll hear next from Ryan Thompson at BMO. Please go ahead.

Q: Yeah, I was actually going to ask the same question that with the last caller, but maybe I'll just ask another one. In Argentina, there was an export tax that was reintroduced? I think it was last year at some point and there was talk of that export tax potentially going away at some point. So can you maybe just comment on where things are at with that tax and what it currently suggest?

Luis Dario Ganoza – Chief Financial Officer
The export tax is currently at 8% for gold products, Ryan and in our particular case, we have a tax stability treatment agreement, a tax stability agreement at the fixes that are about 5% but that's something that under Argentinean loss you claim after you close the exercise for the year you know. So in March, we're not planning to claim back anything for 2020, so our plan right now is that for 2021, which would include 2020, we will start the process to claim the difference.

In Argentina, it works a bit different than in other countries like Peru, for example, where we also have a stability agreements, tax stability agreement. In Argentina, unlike Peru, in Argentina, you have to – what they fix is the total amount of your tax burden in a way and looking at other taxable components of the total tax burden, they look at the total amount and see if there is a gain or a loss and then you can claim that difference, right. In Peru, it’s different. It works by what you fixed in terms of the IR or, sorry, income tax or the royalty itself. But we plan to see if there is a difference in 2021, and then claiming back through 2022, right.

Q: Yeah, thank you.

Operator
And ladies and gentlemen, that does conclude our Q&A session for today’s call. I’m pleased to turn the floor back to the leadership team for Fortuna and Mr. Carlos. Baca.

Carlos Baca – IR Manager
Thank you, Jim. We would like to thank everyone for listening to today’s earnings call and look forward to you joining us next quarter. Have a good end of the year. Bye.