



F O R T U N A
SILVER MINES INC.

Q1 2018 Earnings Call Webcast

NYSE: FSM | TSX: FVI | fortunasilver.com

May 10, 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.

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.



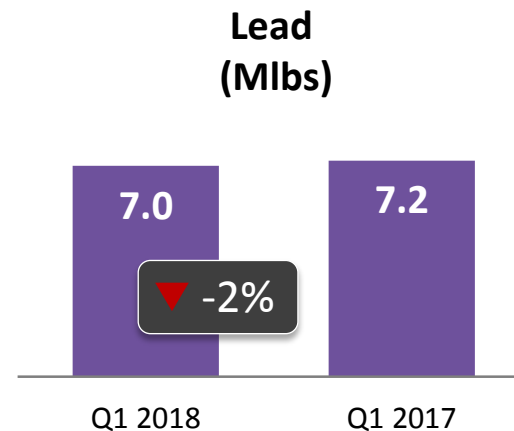
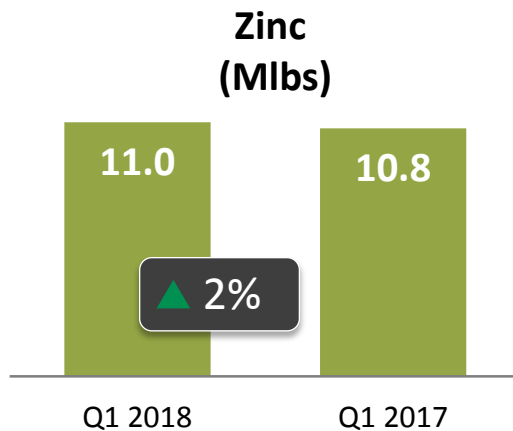
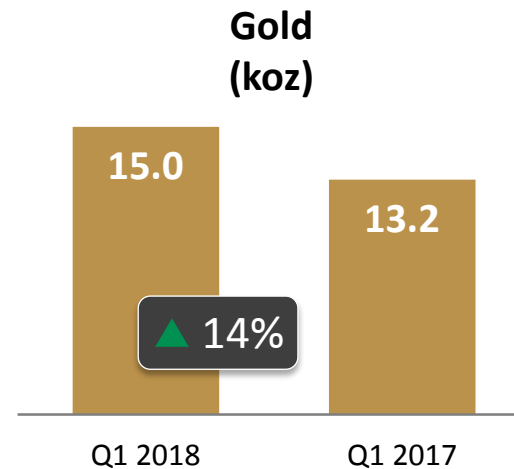
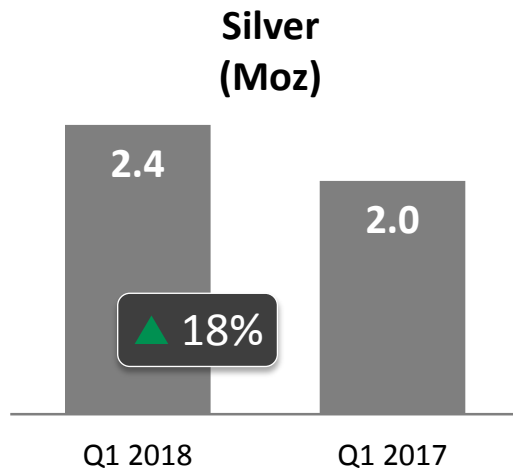
Jorge A. Ganoza

President, CEO and Director



Q1 2018 Consolidated Production

2.4 Moz Ag and 15.0 koz Au or 3.4 Moz Ag Eq¹



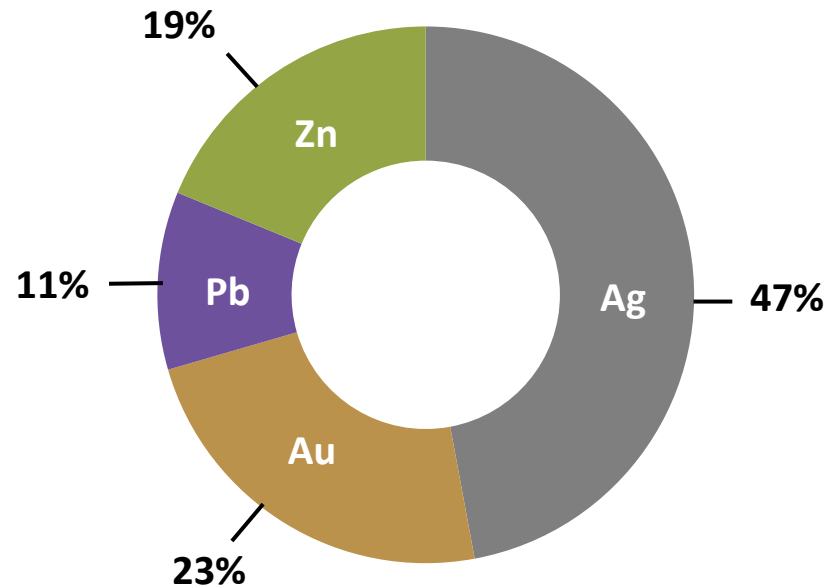
Note:

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

Q1 2018 Consolidated Sales

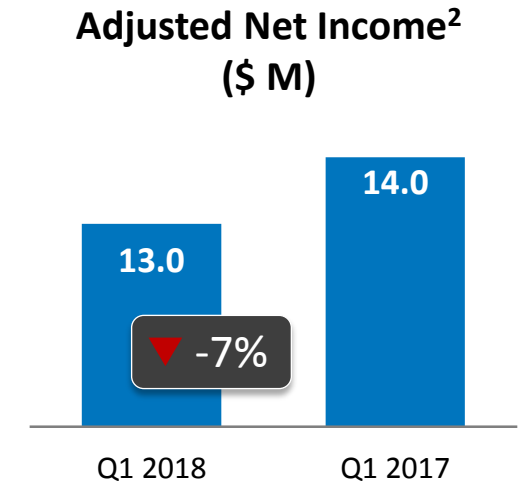
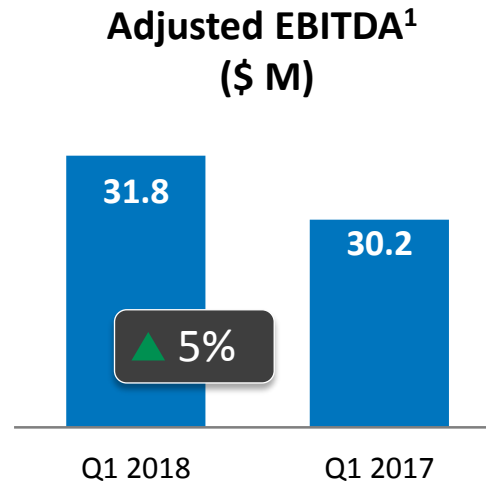
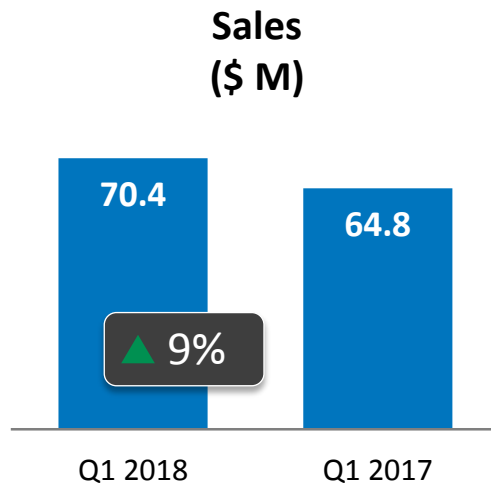
Sales of \$70.4 million | 70% contribution from precious metals

Provisional Sales Contribution by Metal



Q1 2018 Consolidated Financial Highlights

45% EBITDA margin



45% EBITDA margin **47%**

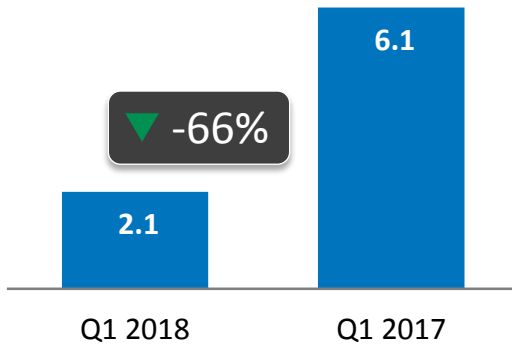
0.08 EPS³, basic (\$) **0.09**

Notes:

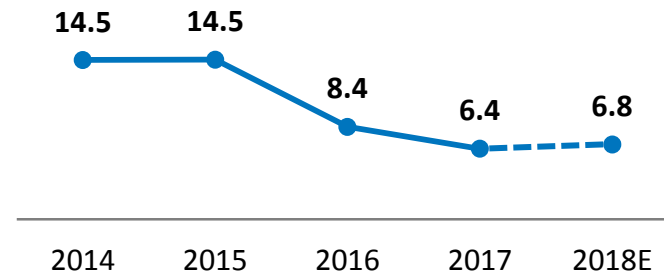
1. EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortization; refer to slide 28 for Adjusted EBITDA detail
2. Refer to slide 29 for Adjusted Net Income detail
3. EPS = Earnings Per Share

Q1 2018 Consolidated AISC¹

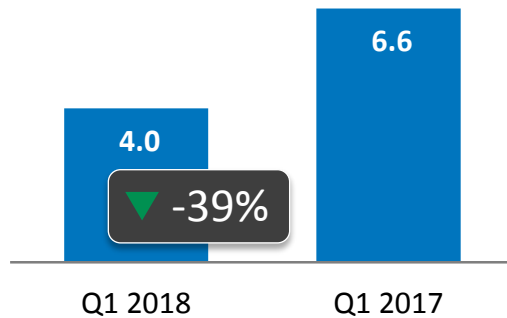
Consolidated AISC
(\$/oz Ag)



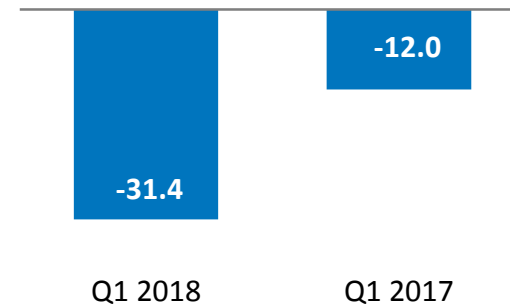
Annual Consolidated AISC Evolution
(\$/oz Ag)



San Jose Mine
(\$/oz Ag)



Caylloma Mine
(\$/oz Ag)



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

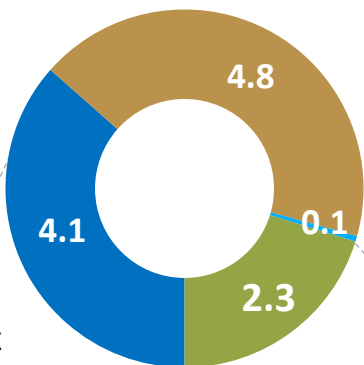
Q1 2018 Consolidated Capital Expenditures

In line with annual guidance

Q1 2018 Capital Expenditures (\$ M)

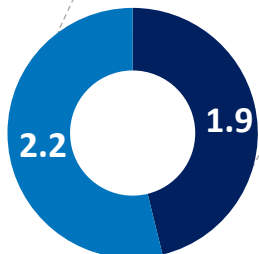
■ Sustaining Capex ■ Lindero ■ Non Sustaining Capex ■ Brownfields

11.2



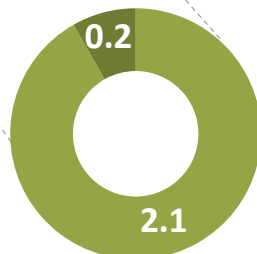
Sustaining Capex

■ San Jose
■ Caylloma



Brownfields

■ San Jose
■ Caylloma

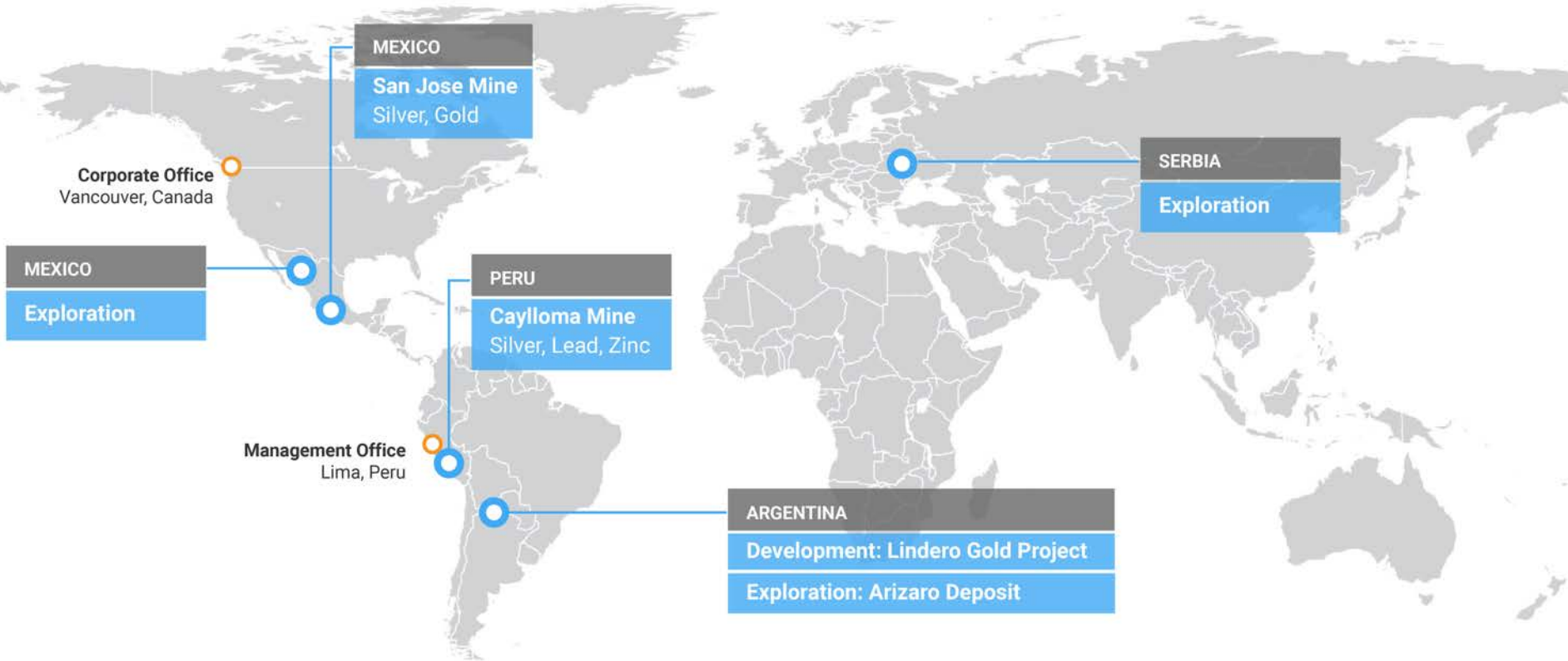


Consolidated Capital Expenditures (\$ M)

	Q1 2018	2018E
Brownfields exploration	2.3	10.6
Mine CAPEX	4.1	27.7
Greenfields exploration ¹	0.1	3.0
Lindero	4.8	201.0
Total	11.2	242.2

Note:

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



Core Assets and Projects



Projects Update

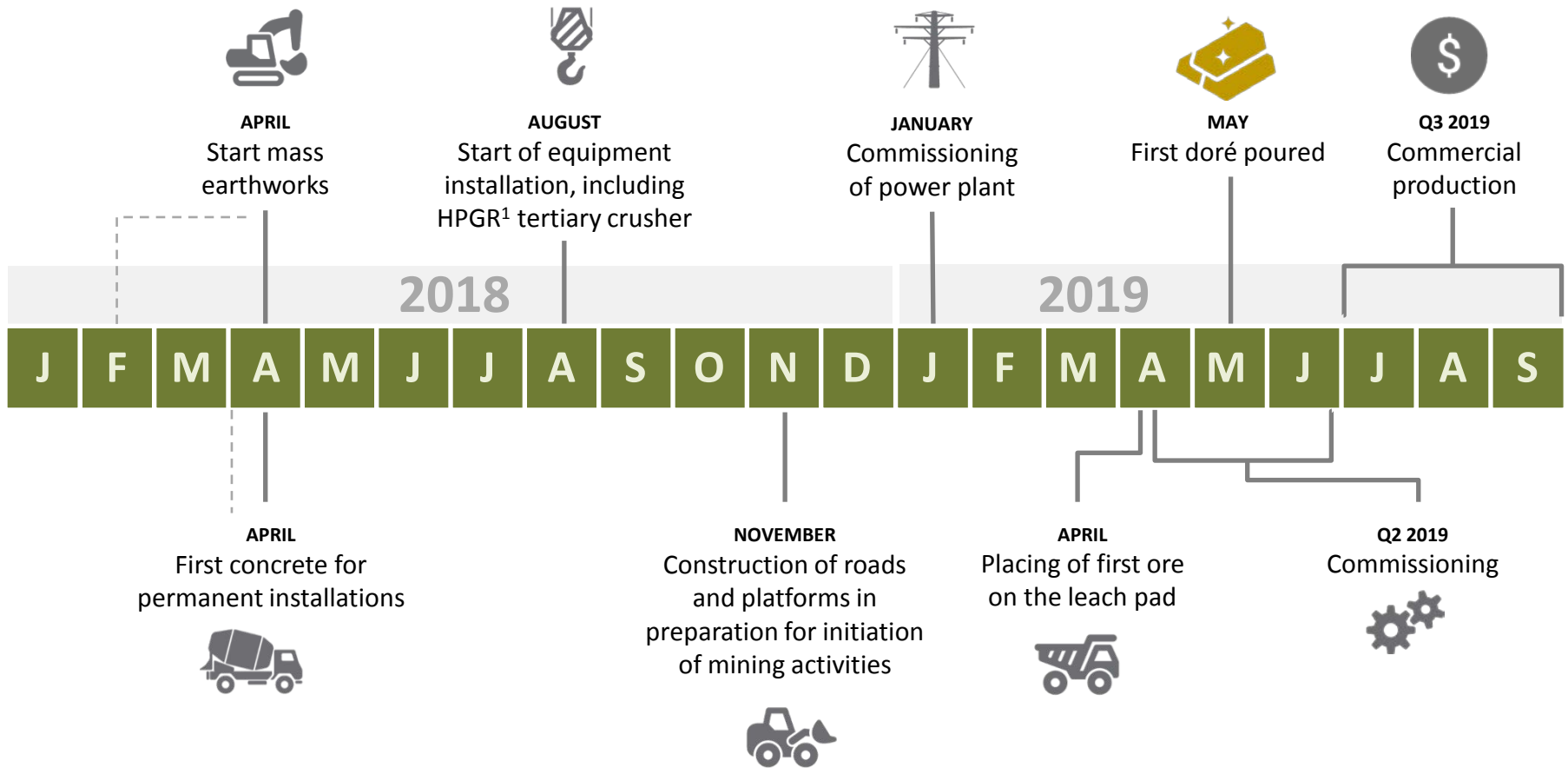
Lindero Project, Argentina

- Construction of an 18,500 tpd open pit heap leach gold mine launched in September 2017
- Tolar Grande municipal construction permit granted in February 2018
- 12.3% overall project progress as of the end of April 2018
- 50% of \$239 million project capital committed as of the end of April 2018
- Major earthworks underway



Projects Update

Lindero Project construction milestones



Note:
1. High Pressure Grinding Roll

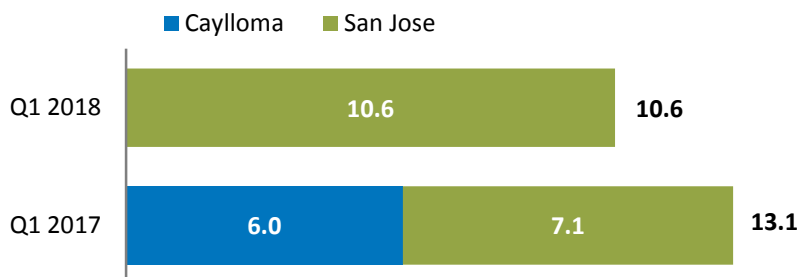
----- Original Schedule Date

Projects Update

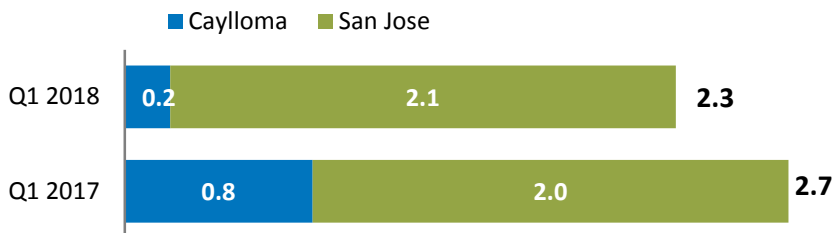
Brownfields and Greenfields Projects

Brownfields Projects

Drilling (km)



Investment (\$ M)



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 Buenavista, Bermudez and Trias projects expected to be completed by beginning of Q4 2018

Argentina

- Evaluation of third-party properties in northern Argentina; drilling expected in H2 2018

Serbia

- Funded *Strategic Alliance* with Medgold Resources Corp. (TSX.v: MED) and joint ventured the Tlamino Project
 - 2018 budget of \$340,000
 - 1,250 meters of core drilling targeting shallow high-grade copper-gold mineralization underway

Note: Totals may not add due to rounding



Luis D. Ganoza

Chief Financial Officer



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Q1 2018 Financial Highlights

Free Cash Flow generation of \$19M

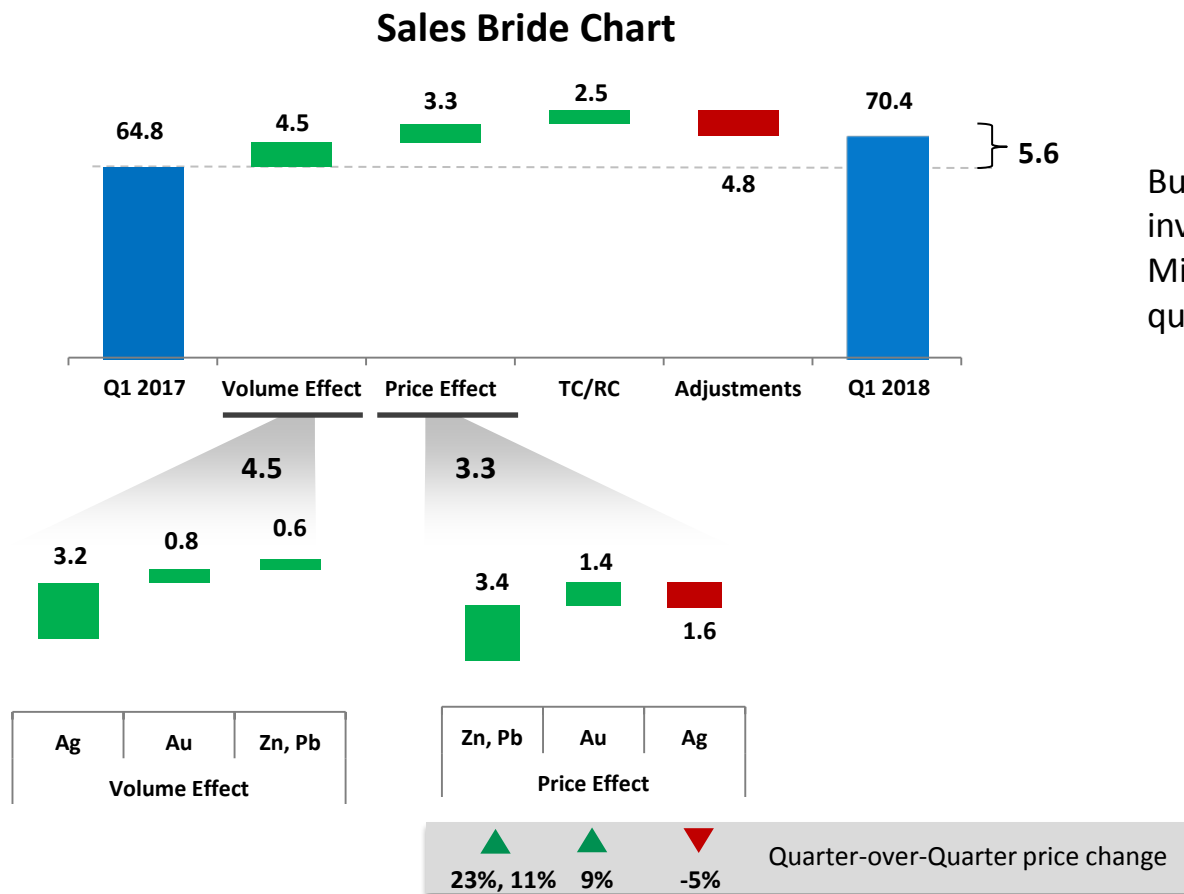
(\$ M, except in earnings per share figure)	Q1 2018	Q1 2017	% Change
Sales	70.4	64.8	▲ 9%
Net income (loss)	13.8	13.0	▲ 6%
EPS, basic	0.09	0.08	▲ 13%
Adjusted net income (loss)	13.0	14.0	▼ -7%
Adjusted EPS, basic	0.08	0.09	▼ -11%
Cash provided by operating activities	20.1	8.9	▲ 126%
Adjusted EBITDA	31.8	30.2	▲ 5%
Free Cash Flow ¹	12.2	(0.2)	
Free Cash Flow excluding Lindero ¹	19.0	(0.2)	
Cash and cash equivalents & Short term investments, end of period	217.3	191.2	▲ 14%

Note:

1. Refer to slide 29

Q1 2018 Financial Highlights

Higher sales driven by precious metal production and base metal prices



Buildup of concentrate inventory at the San Jose Mine during the first quarter worth \$4.1 million

Notes:

1. TC/RC = Treatment Charges / Refinement Charges
2. Totals may not add due to rounding
3. Refer to slide 26 for consolidated sales metrics

Q1 2018 Financial Highlights

Robust EBITDA margin

Consolidated

(\$ M)	Q1 2018	Q1 2017	% Change
Operating Income	22.4	19.6	▲ 14%
Adjusted EBITDA	31.8	30.2	▲ 5%
EBITDA margin over sales	45%	47%	

Note:
1. Refer to slide 27 for segmented Operating Income and Adjusted EBITDA

Q1 2018 Financial Highlights

EBITDA growth at both operations

Caylloma Mine, Peru

(\$ M, except in cash cost figures)	Q1 2018	Q1 2017	% Change
Adjusted EBITDA	11.8	10.2	▲ 16%
Margin over sales	48%	49%	-
Production cash cost (\$/t)	78.7	73.3	▲ 7%
AISC (\$/oz Ag)	-31.4	-12.0	▼ 162%

San Jose Mine, Mexico

(\$ M, except in cash cost figures)	Q1 2018	Q1 2017	% Change
Adjusted EBITDA	24.3	23.3	▲ 4%
Margin over sales	53%	53%	-
Production cash cost (\$/t)	65.3	56.9	▲ 15%
AISC (\$/oz Ag)	4.0	6.6	▼ 39%

Note:

1. AISC = All-In Sustaining Cash Cost net of by-product credits gold, lead and zinc
2. Refer to slide 27 for Segmented Operating Income and Adjusted EBITDA

Q1 2018 Consolidated Financial Highlights

SG&A and Effective tax rate

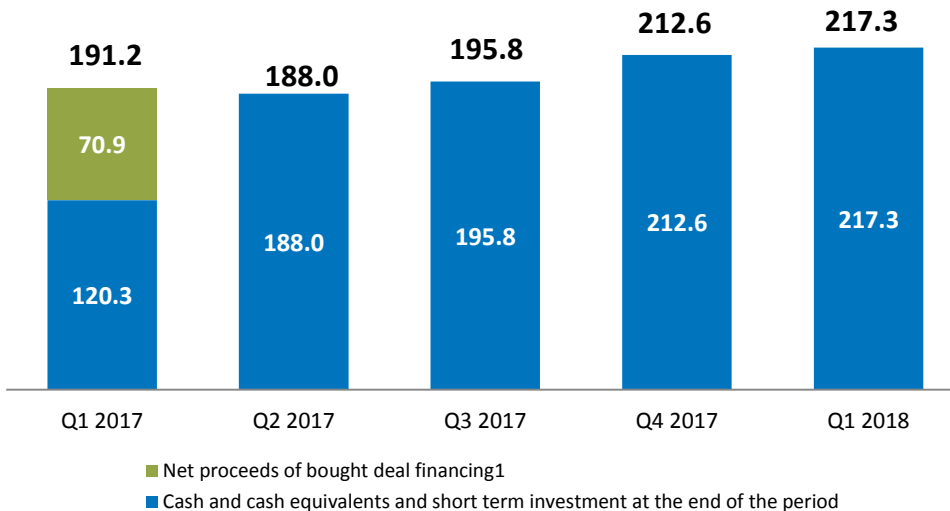
(\$ M)	Q1 2018	% Change over Q1 2017
Operating mines SG&A	2.5	▲ 47%
Corporate SG&A	2.8	▼ -13%
Share-based payments	1.3	--
Workers' participation	0.3	--
Total SG&A	6.9	▲ 30%
Effective tax rate	38%	

Note: Totals may not add due to rounding

Q1 2018 Consolidated Financial Highlights

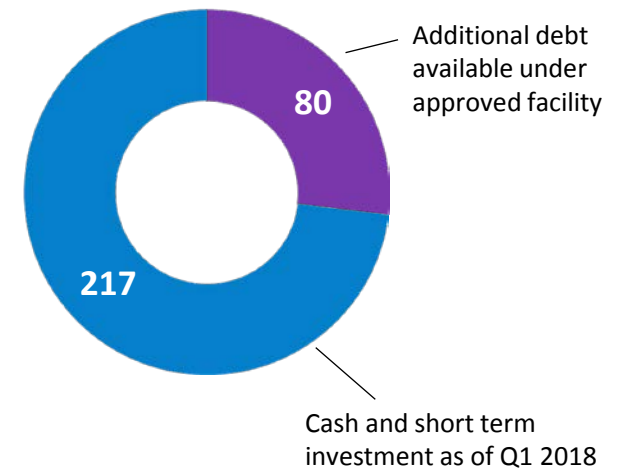
Strong balance sheet and liquidity

Quarterly Cash Position
(\$ M)



- \$217.3 million in cash at quarter end
- Q1 2018 cash accumulation of \$4.7 million

Total Liquidity
\$297 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](#)

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



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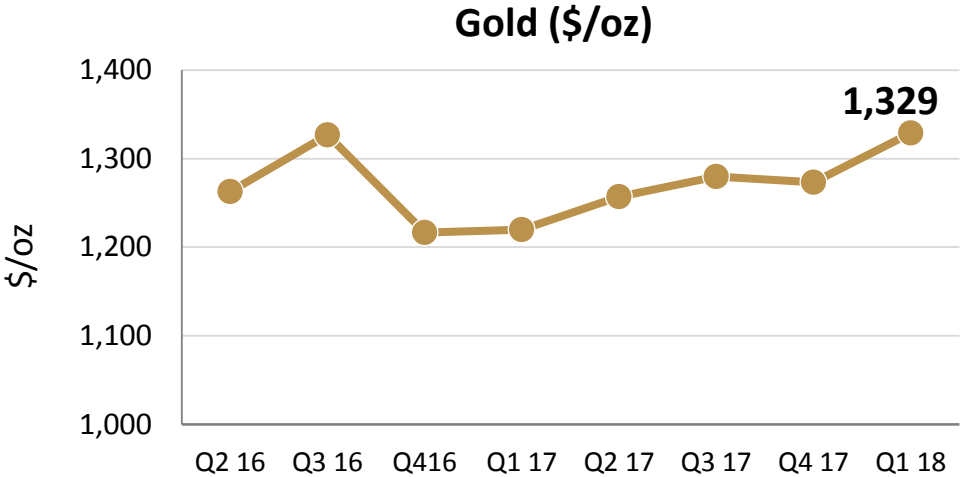
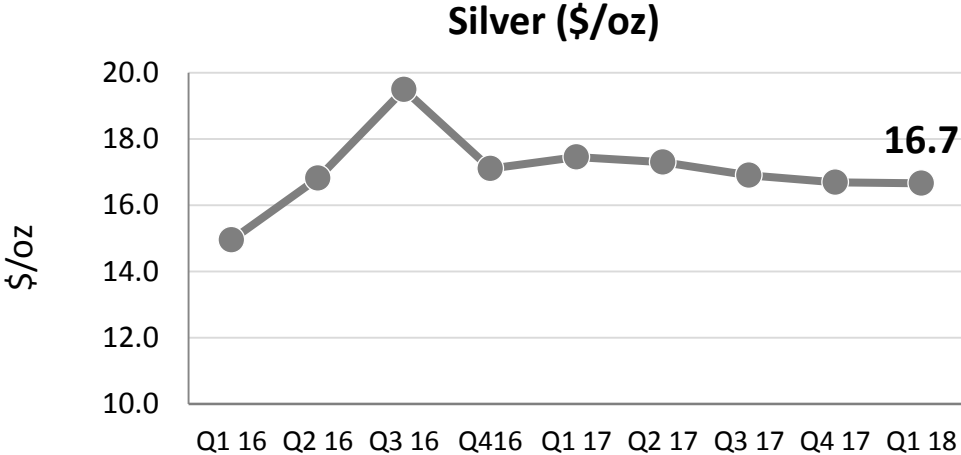
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Appendix



Realized Precious Metals Prices



Note: Realized prices on provisional sales

Consolidated Sales Metrics

	Q1 2018	Q1 2017	% Change
Metal Sold			
Ag (oz)	2,231,550	2,015,271	11%
Au (oz)	13,748	13,040	5%
Pb ('000 lb)	7,269	7,037	3%
Zn ('000 lb)	11,078	10,702	4%
Realized Price			
Ag (US\$/oz)	16.66	17.45	-5%
Au (US\$/oz)	1,329	1,220	9%
Pb (US\$/lb)	1.14	1.03	11%
Zn (US\$/lb)	1.55	1.26	23%

Note: Based on provisional sales before final price adjustments

Segmented Operating Income and Adjusted EBITDA

Operating Income

(\$ M)	Q1 2018	Q1 2017	% Change
Caylloma	9.5	8.0	19%
San Jose	16.9	14.9	13%
Corporate	(4.0)	(3.4)	18%
Total Operating Income	22.4	19.6	14%
Margin over sales	32%	30%	—

Adjusted EBITDA

(\$ M)	Q1 2018	Q1 2017	% Change
Caylloma	11.8	10.2	16%
San Jose	24.3	23.3	4%
Corporate	(4.3)	(3.3)	30%
Total Adjusted EBITDA	31.8	30.2	5%
Margin over sales	45%	47%	—

Note: Totals may not add due to rounding

Adjusted EBITDA

Non-GAAP Financial Measures

Expressed in \$ '000s	Three months ended March 31,	
	Q1 2018	Q1 2017
Net Income	13.8	13.0
Add Back:		
Net finance items	0.4	0.4
Depreciation, depletion and amortization	10.6	10.7
Income taxes	8.6	4.6
Share of income (loss) of equity-accounted investee	(0.2)	0.1
Non-cash loss on financial instruments	(1.4)	1.4
Adjusted EBITDA	31.8	30.2

Note: Totals may not add due to rounding

Adjusted Net Income

Non-GAAP financial measures

Expressed in \$ M	Three months ended March 31,	
	Q1 2018	Q1 2017
Net Income	13.8	13.0
Items of note, net of tax:		
Unrealized loss (gain) on financial instruments	(1.0)	0.9
Share of (income) loss of equity-accounted investee	(0.2)	0.1
Other finance items	0.4	0.0
Adjusted net income	13.0	14.0

Note: Totals may not add due to rounding

Free Cash Flow¹

Non-GAAP Financial Measures

(\$ M)	Q1 2018	Q1 2017
Net cash provided by operating activities	20.1	8.9
Expenditures on mineral properties, plant and equipment	(11.2)	(11.3)
Deposits on long term assets	(2.1)	0.0
Difference in current income tax vs. taxes paid	5.4	2.2
Free Cash Flow	12.2	(0.2)

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