



**FORTUNA**  
SILVER MINES INC.

# Q3 2016 Earnings Call Webcast

NYSE: FSM | TSX: FVI  
[www.fortunasilver.com](http://www.fortunasilver.com)



November 2016

# 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.Ge. (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., Corporate Head 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.*

# Q3 2016 Operational and Financial Highlights

## Delivering growth

- Silver production of 2,089,506 ounces and gold production of 14,111 ounces
- YTD All-in sustaining cash cost per payable ounce of silver of \$8.8, below our annual guidance of \$11.1
  - San Jose Mine YTD all-in sustaining cash cost of \$8.0
  - Caylloma Mine YTD all-in sustaining cash cost of \$5.1
- Net income of \$11.8 million (EPS of \$0.09)
- Cash flow from operations, before changes in working capital of \$26.1 million (CFPS of \$0.19)



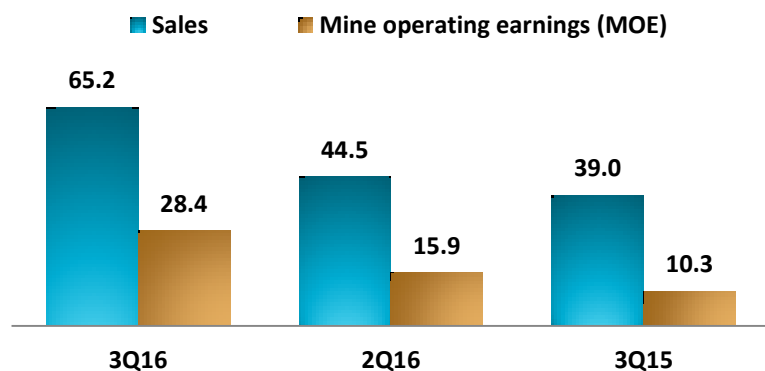
# Consolidated Financial Highlights

## Summary

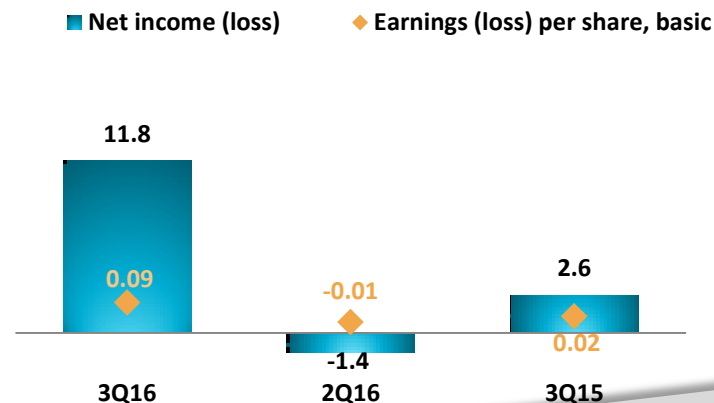
	Q3 2016	Q2 2016	% Change	Q3 2015	% Change
Silver realized price* (\$/oz)	19.5	16.8	16%	14.9	31%
Sales (\$ M)	65.2	44.5	47%	39.0	67%
Mine operating earnings (MOE) (\$ M)	28.4	15.9	79%	10.3	175%
Operating income (loss) (\$ M)	21.1	3.6	489%	6.1	246%
Net income (loss) (\$ M)	11.8	-1.4	–	2.6	356%
Earnings (loss) per share, basic	0.09	-0.01	–	0.02	350%

\* Based on provisional sales, before final price adjustments

### Sales and MOE (\$ M)



### Net Income (\$ M) & EPS (\$)

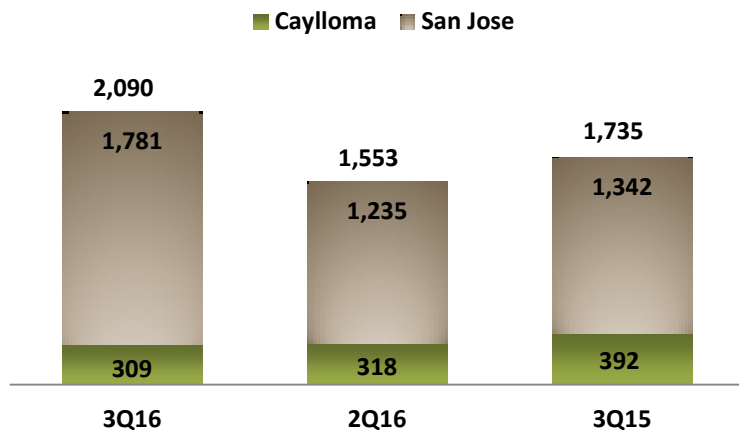




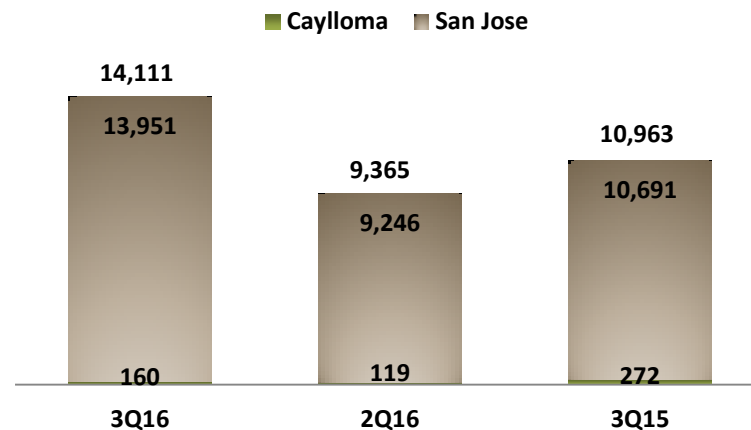
# Consolidated Operational Highlights

## Metal production

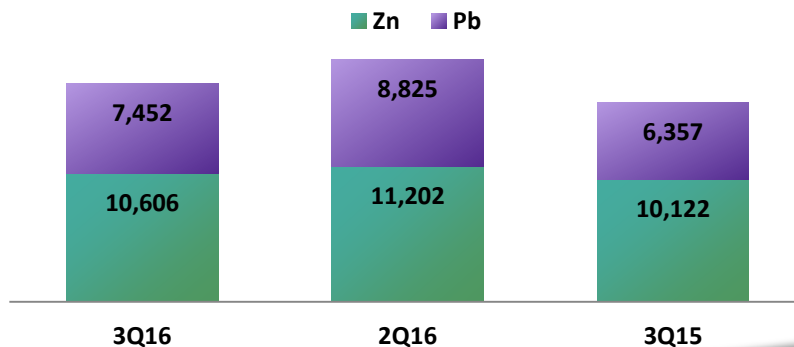
### Silver Production (000 oz)



### Gold Production (oz)



### Base Metal Production (000 lb)



Note: Totals may not add due to rounding

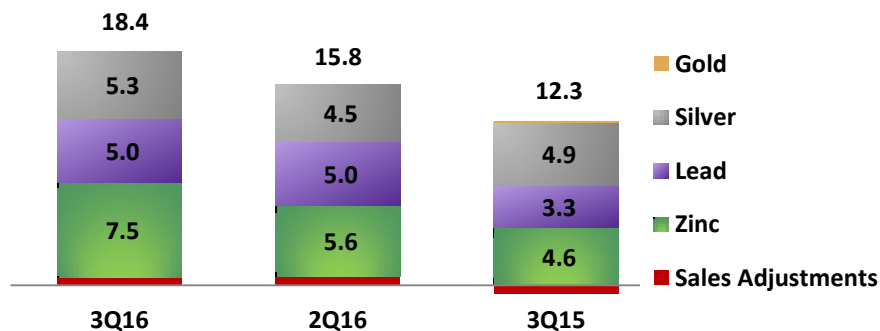
# Caylloma Mine, Peru

## Q3 2016 snapshot



	Q3 2016	Q2 2016	Q3 2015
Tonnes milled	132,558	129,958	118,086
Average tonnes milled per day	1,473	1,460	1,312
<b>Silver</b>			
Grade (g/t)	87	89	127
Recovery (%)	83	86	81
<b>Gold</b>			
Grade (g/t)	0.20	0.19	0.26
Recovery (%)	19	15	28
<b>Lead</b>			
Grade (%)	2.71	3.28	2.59
Recovery (%)	94	94	94
<b>Zinc</b>			
Grade (%)	4.09	4.41	4.27
Recovery (%)	89	89	91

## Sales by Metal (\$ M)



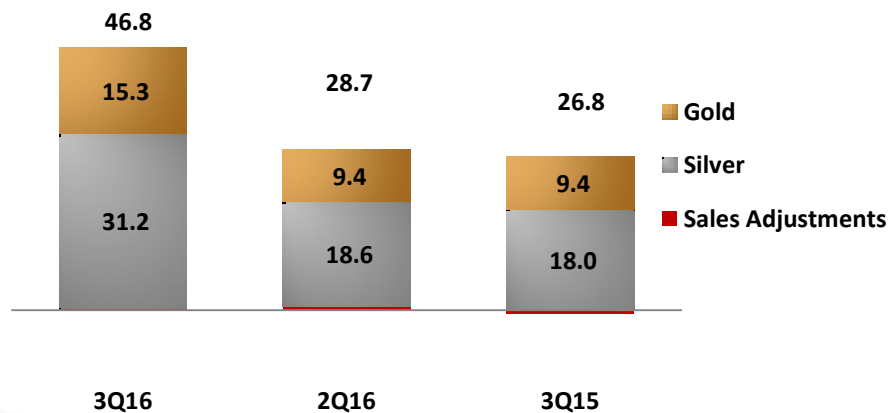
# San Jose Mine, Mexico

## Q3 2016 snapshot



	Q3 2016	Q2 2016	Q3 2015
Tonnes milled	268,242	185,080	183,068
Average tonnes milled per day	3,056	2,152	2,053
<b>Silver</b>			
Grade (g/t)	224	226	247
Recovery (%)	92	92	92
<b>Gold</b>			
Grade (g/t)	1.76	1.70	1.97
Recovery (%)	92	92	92

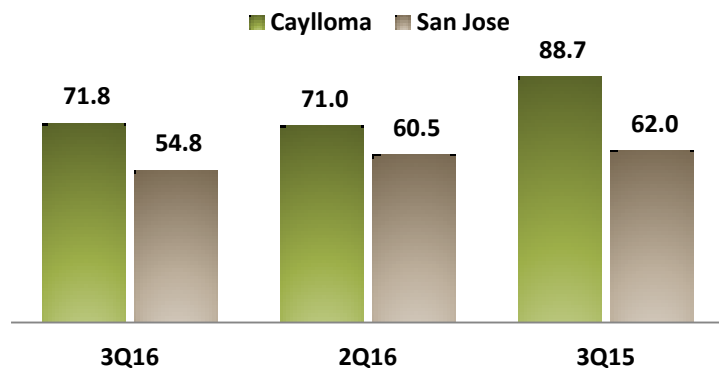
### Sales by Metal (\$ M)



# Consolidated Financial Highlights

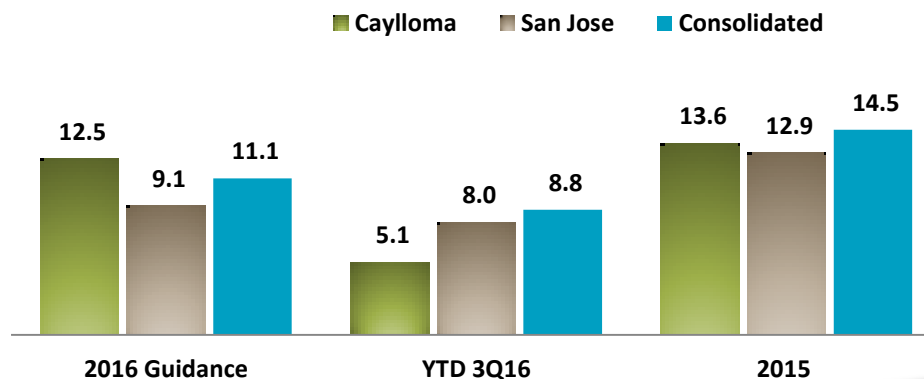
## Cost profile

### Cash cost (\$/ t)



Cash cost (\$/t)	Q3 2016	Q2 2016	% Change	Q3 2015	% Change
Caylloma	71.83	71.01	1%	88.74	-19%
San Jose	54.83	60.47	-9%	61.96	-12%

### All-in Sustaining Cash Cost (\$ / oz)

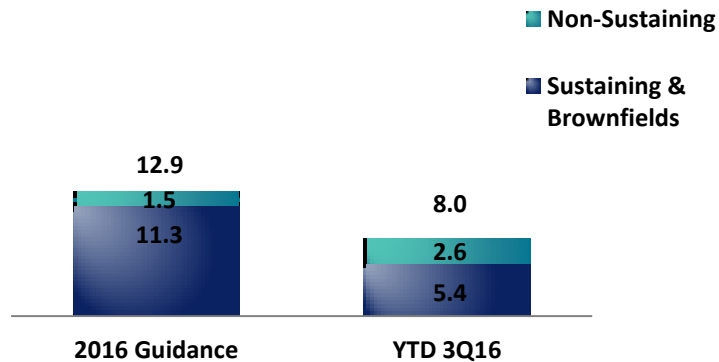




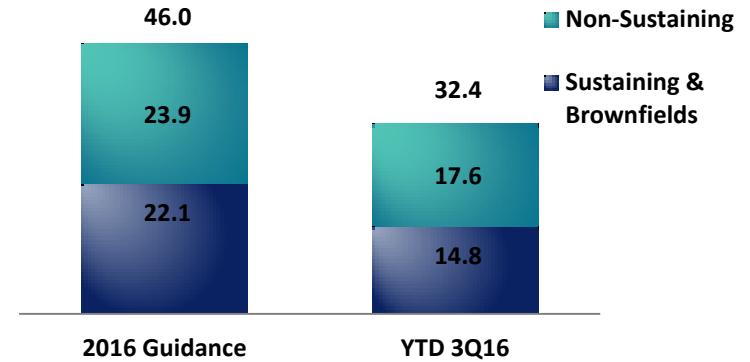
# Consolidated Financial Highlights

## Sustaining / Non-sustaining CAPEX

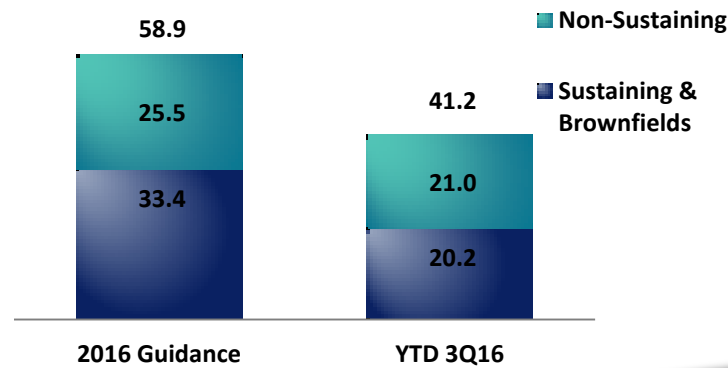
### Caylloma Mine CAPEX (\$ M)



### San Jose Mine CAPEX (\$ M)



### Consolidated CAPEX (\$ M)

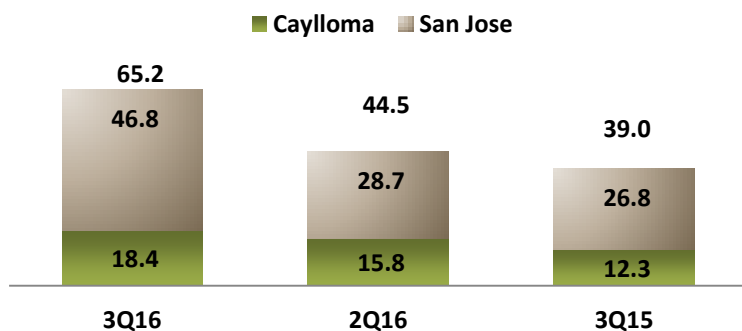


Note: Totals may not add due to rounding

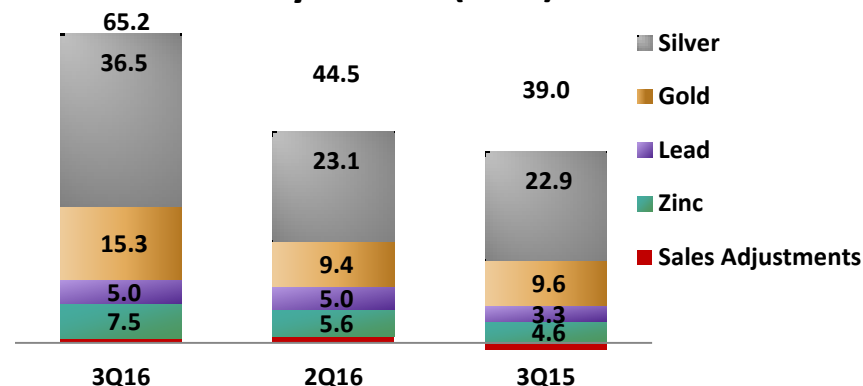
# Consolidated Financial Highlights

## Sales

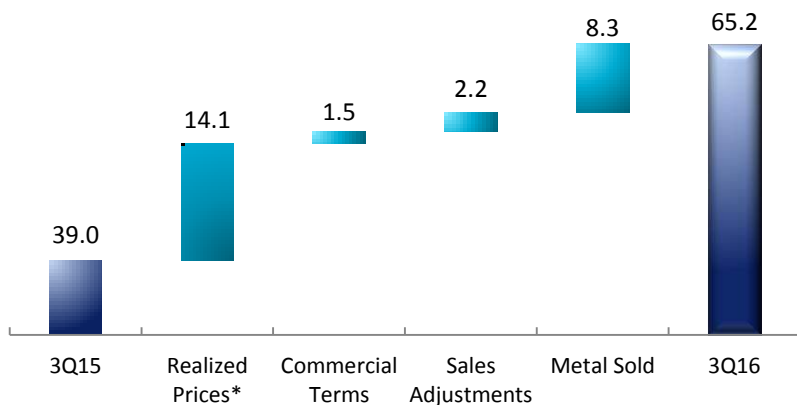
### Sales by Mine (\$ M)



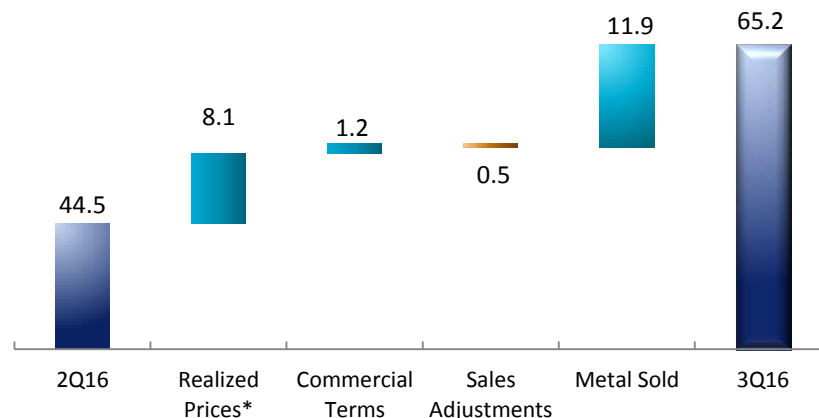
### Sales by Metal (\$ M)



### Sales Bridge Q3 2016 vs Q3 2015



### Sales Bridge Q3 2016 vs Q2 2016



\* Based on provisional sales, before final price adjustments

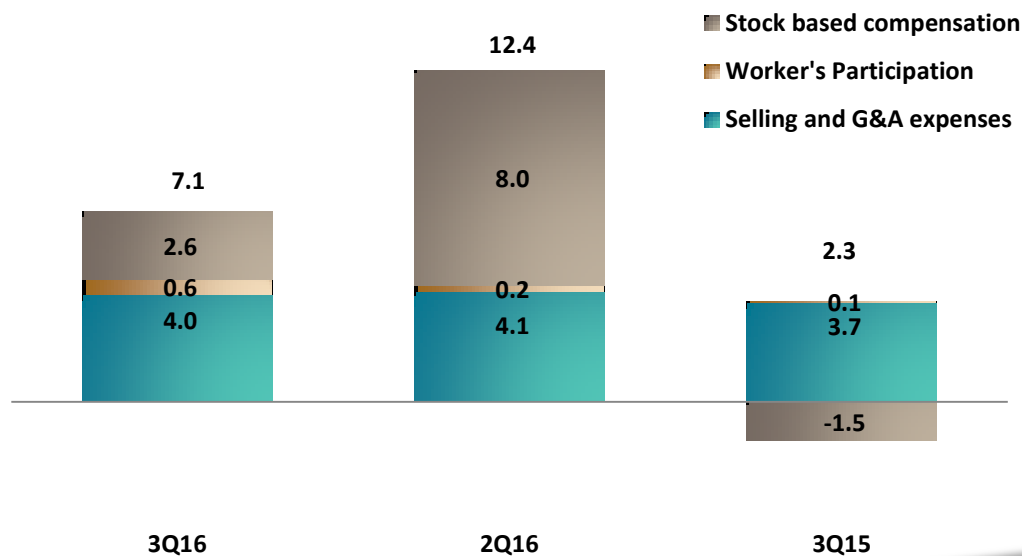
\* Based on provisional sales, before final price adjustments

# Consolidated Financial Highlights

## G&A

G&A (\$ M)	Q3 2016	Q2 2016	% Change	Q3 2015	% Change
Selling and G&A expenses	4.0	4.1	-3%	3.7	8%
Share-based payments	2.6	8.0	-68%	-1.5	--
Worker's participation	0.6	0.2	195%	0.1	--
<b>Total SG&amp;A</b>	<b>7.2</b>	<b>12.4</b>	<b>-42%</b>	<b>2.3</b>	<b>210%</b>

### Selling, G&A Expenses (\$ M)

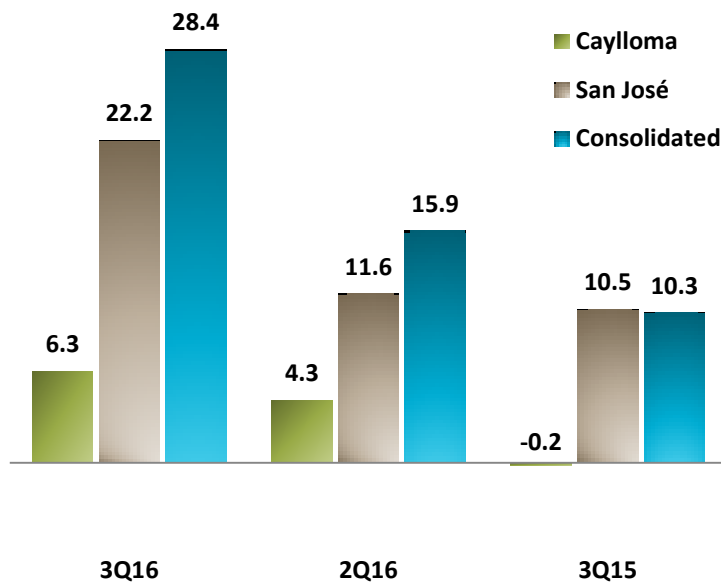


Note: Totals may not add due to rounding

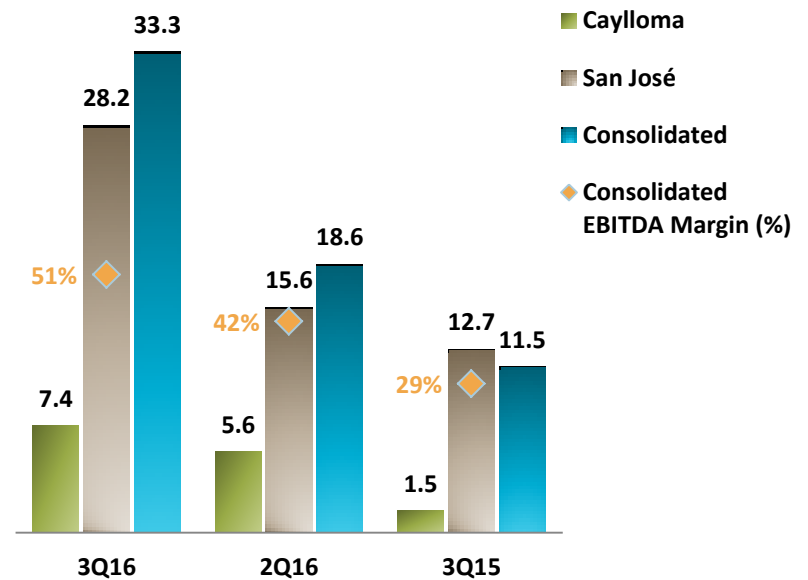
# Consolidated Financial Highlights

## Mine operating earnings and Adjusted EBITDA

### Mine Operating Earnings (\$ M)



### Adjusted EBITDA (\$ M)

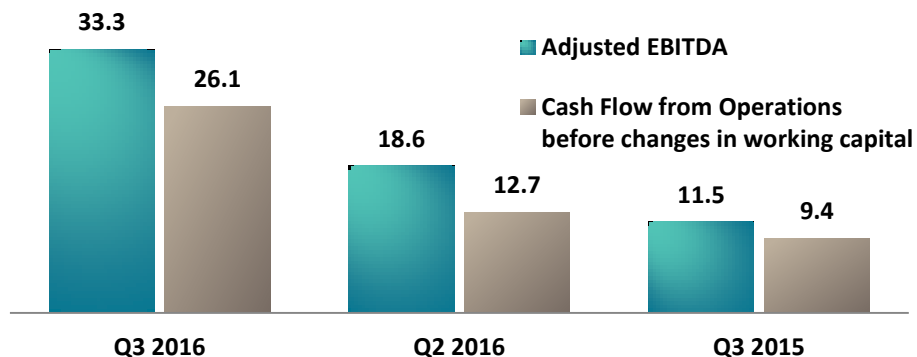




# Consolidated Financial Highlights

## Cash flow and liquidity

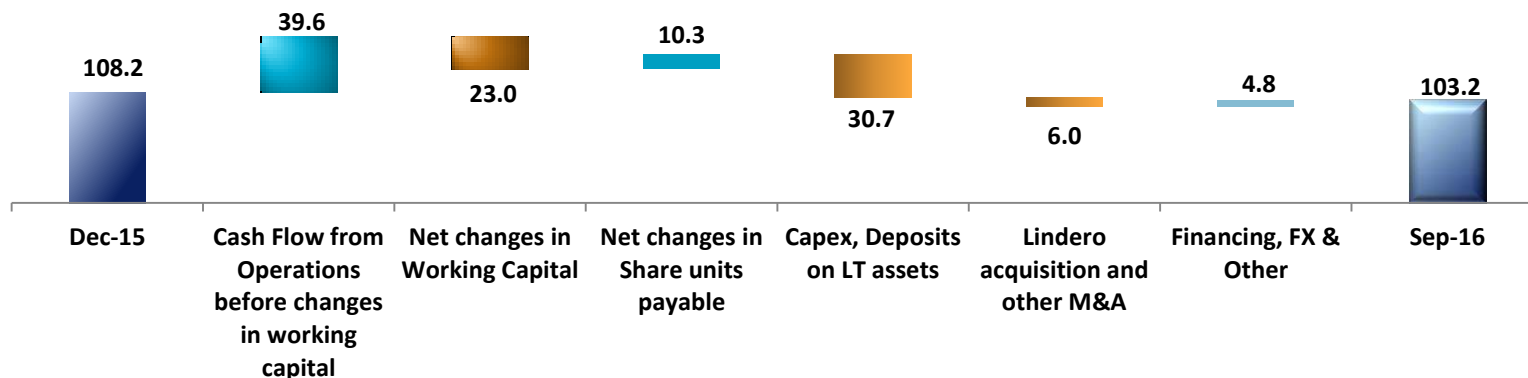
Adjusted EBITDA & Cash Flow from Operations before changes in working capital (\$ M)



Reconciliation (\$ M)

	Q3 2016	Q2 2016	Q3 2015
<b>Cash Flow from Operations before changes in working capital</b>	<b>26.1</b>	<b>12.7</b>	<b>9.4</b>
Income taxes paid	3.8	2.7	3.1
Share-based payments	2.5	2.5	-1.8
Interest & others	0.9	0.6	0.7
<b>Adjusted EBITDA</b>	<b>33.3</b>	<b>18.6</b>	<b>11.5</b>

## Cash and Liquidity Bridge YTD 2016 (\$ M)



Note: Totals may not add due to rounding

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**FORTUNA**  
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# Q3 2016 Realized Prices\*

## Silver, gold, lead and zinc

Realized Prices (*)	Q3 2016	Q2 2016	% Chg	Q3 2015	% Chg
Silver (\$ / oz)	19.49	16.81	16%	14.88	31%
Gold (\$ / oz)	1,327	1,263	5%	1,122	18%
Lead (\$ / lb)	0.85	0.78	9%	0.78	9%
Zinc (\$ / lb)	1.02	0.87	17%	0.84	21%

(\*) Based on provisional sales before final price adjustments