

Q2 2019 Financial and Operational Results Webcast

NYSE: FSM | TSX: FVI | AUGUST 2019



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 timing of the commencement of commercial production at Lindero; 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 and 2020 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, the timing of the commencement of commercial production at Lindero, 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, 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 reviewed and approved the scientific and technical information contained herein.

Dollar amounts expressed in US dollars, unless otherwise indicated.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MINERAL RESERVES AND RESOURCES



The Company is a Canadian “foreign private issuer” as defined in Rule 3b-4 under the Exchange Act, and is permitted to prepare the technical information contained herein in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of the securities laws currently in effect in the United States.

Canadian standards, including National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”), differ significantly from the disclosure requirements of U.S. securities laws currently in effect, and Mineral Reserve and Mineral Resource information contained or incorporated by reference in this presentation may not be comparable to similar information disclosed by United States companies. Equivalent U.S. disclosure requirements are currently governed by the United States Securities and Exchange Commission (“SEC”) Industry Guide 7 (“Industry Guide 7”) under the U.S. Securities Act of 1933, as amended. In particular, and without limiting the generality of the foregoing, the term Mineral Resource does not equate to the term “reserve”. Under the SEC’s disclosure standards currently in effect under Industry Guide 7, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would need to be in hand or issuance imminent in order to classify mineralized material as reserves under such U.S. standards currently in effect. The SEC has not recognised the reporting of mineral deposits which do not meet the Industry Guide 7 definition of “reserve” prior to the adoption of the Modernization of Property Disclosures for Mining Registrants, which rules will be required to be complied with in the first fiscal year beginning on or after January 1, 2021. As a result, the SEC’s disclosure standards currently in effect normally do not permit the inclusion of information concerning Measured Mineral Resources, Indicated Mineral Resources or Inferred Mineral Resources or other descriptions of the amount of mineralization in mineral deposits that do not constitute “reserves” by United States standards in documents filed with the SEC.

United States investors are cautioned not to assume that all or any part of Measured Mineral Resources or Indicated Mineral Resources will ever be converted into reserves. United States investors should also understand that Inferred Mineral Resources have an even greater amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a category having a higher degree of certainty. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of Feasibility or Pre-Feasibility Studies except in rare cases. Investors are cautioned not to assume that all or any part of an Inferred Mineral Resource exists or is economically or legally mineable.

Disclosure of “contained tonnes” in a Mineral Resource estimate is permitted disclosure under NI 43-101 provided that the grade or quality and the quantity of each category is stated; however, the SEC’s disclosure standards currently in effect under Industry Guide 7 normally only permit issuers to report mineralization that does not constitute “reserves” by SEC standards as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of Mineral Reserves are also not the same as those of the SEC’s disclosure standards currently in effect under Industry Guide 7, and Mineral Reserves reported in compliance with NI 43-101 may not qualify as “reserves” under such SEC standards. Accordingly, information contained in this presentation and any documents incorporated by reference herein containing descriptions of mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder.

JORGE A. GANOZA

President, CEO and Director



OUR COMPANY



14 years
generating
sustainable
shareholder value



Q2 2019 HIGHLIGHTS



Solid performance
at our mines reflected in robust

40%

EBITDA margin
and

\$15.4 M⁴

Free Cash Flow from ongoing
operations



Strong liquidity¹ of

\$157 M

and
Debt to EBITDA¹ ratio

0.8 : 1



Lindero progress of

57%

Direct capital cost committed

98%

Construction spending² of
\$216 M or 72%³

First doré pour
planned for

Q1 2020

Notes:

1. Liquidity considers cash and cash equivalents as of June 30, 2019 and \$150 million credit facility, of which \$80 million remains undrawn. Debt to EBITDA as of June 30, 2019
2. Includes construction capital expenditures and advances to contractors
3. Percentage refers to completion versus projected construction spending of \$298 million
4. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*; refer to slide 36

Q2 2019 CONSOLIDATED PRODUCTION¹



Silver and Gold Production Tracking to Meet 2019 Guidance¹ of 8.2 - 9.0 Moz Ag + 49 - 54 koz Au

SILVER PRODUCTION

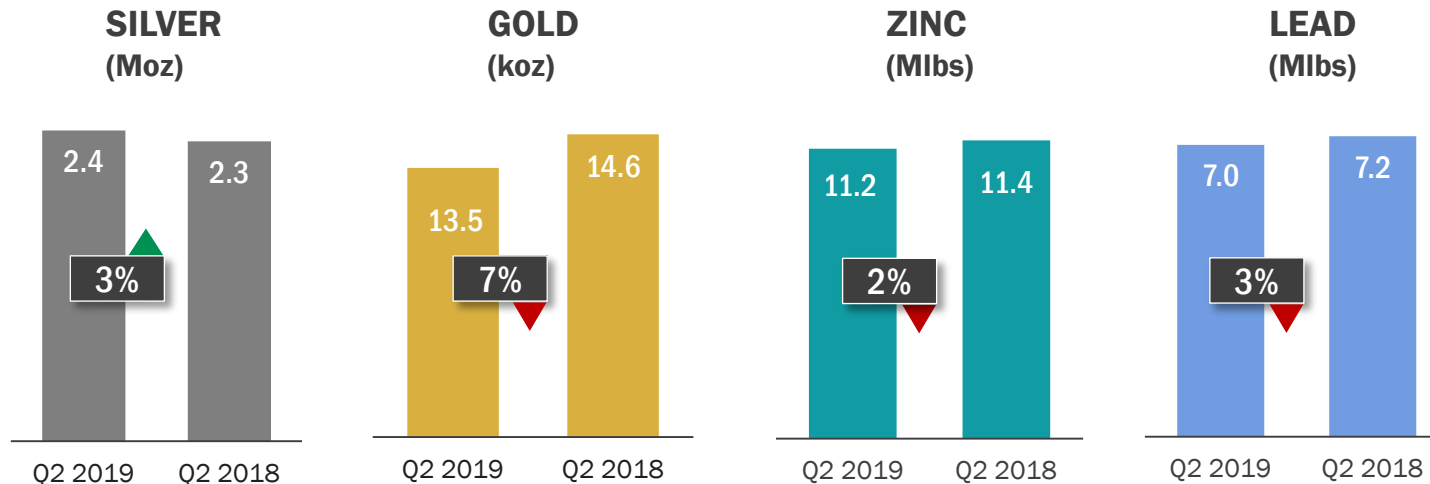
2.4 Moz

GOLD PRODUCTION

13.5 koz

or

3.4 Moz Ag Eq²



Notes:

1. Refer to Fortuna press release dated July 15, 2019, "[Fortuna reports production of 2.4 million ounces of silver and 13,497 ounces of gold for the second quarter of 2019](#)"

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

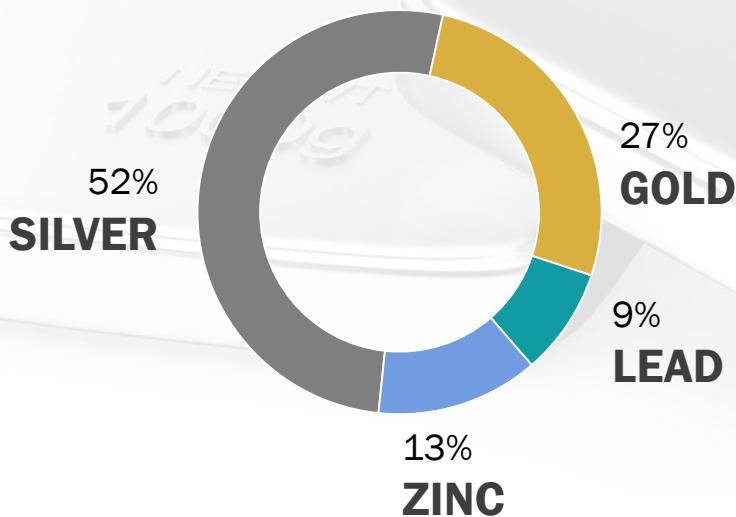
Q2 2019 CONSOLIDATED SALES



Provisional Sales Contribution by Metal

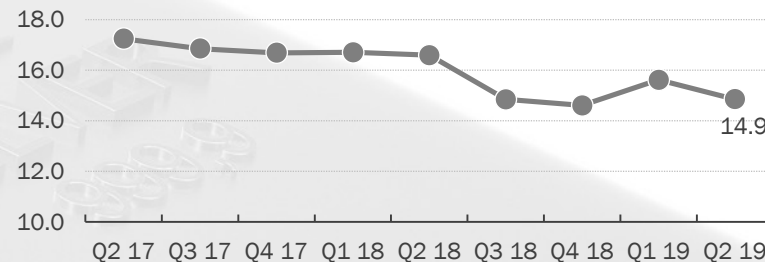
Sales of
\$67.9 M

Precious metals contribution²
79%

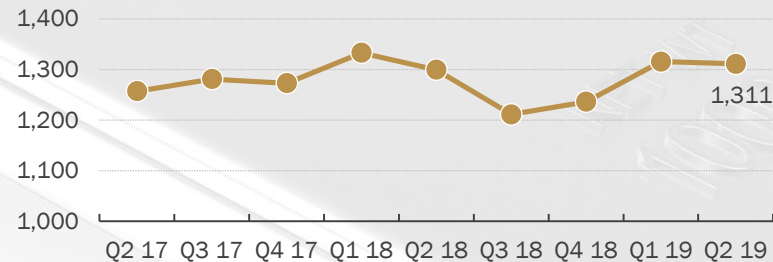


REALIZED PRECIOUS METALS PRICES¹

SILVER (\$/oz)



GOLD (\$/oz)



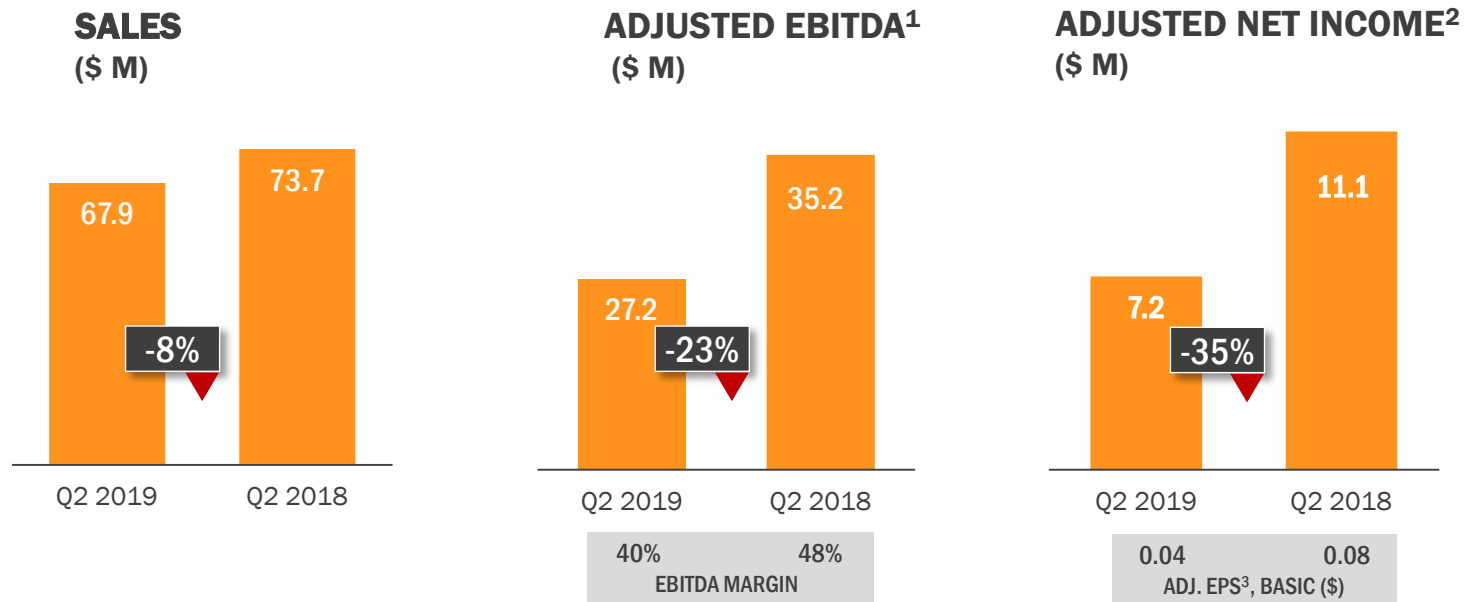
Note:

1. Realized prices on provisional sales
2. Totals may not add due to rounding

Q2 2019 CONSOLIDATED FINANCIAL HIGHLIGHTS



40% EBITDA Margin



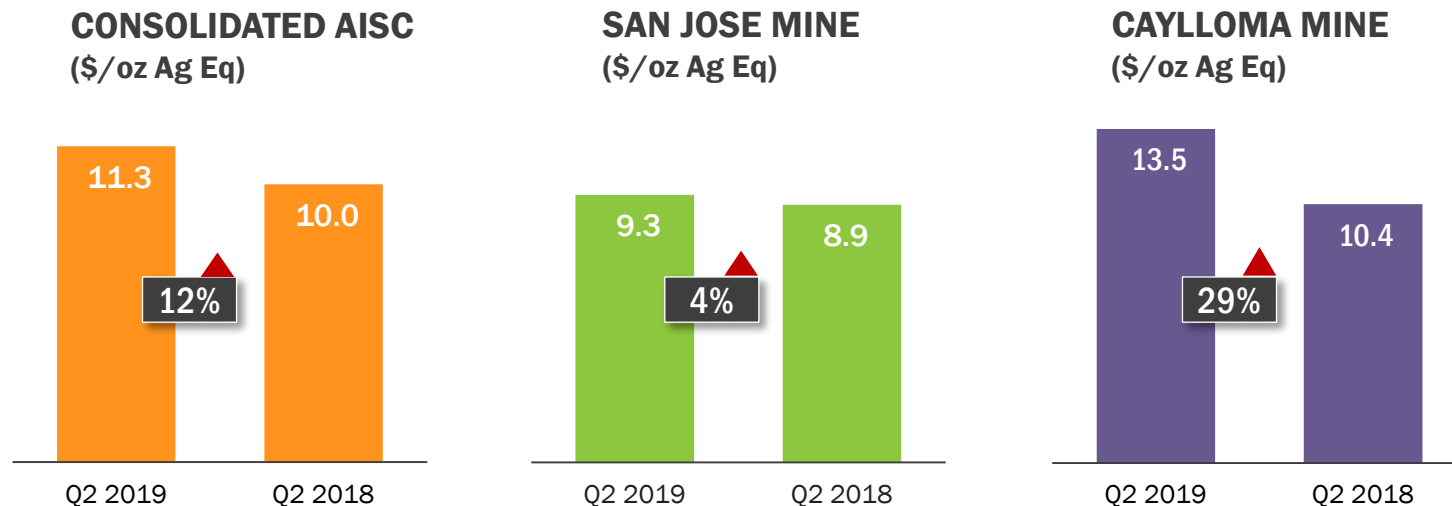
Notes:

1. Earnings Before Interest, Taxes, Depreciation and Amortization; non-GAAP financial measure, refer to slide 2 for Cautionary Statement on Non-GAAP Financial Measures; refer to slide 32 for Adjusted EBITDA detail
2. Non-GAAP financial measure, refer to slide 2 for Cautionary Statement on Non-GAAP Financial Measures; refer to slide 34 for Adjusted Net Income detail
3. Adjusted Earnings Per Share; non-GAAP financial measure, refer to slide 2 for Cautionary Statement on Non-GAAP Financial Measures; refer to slide 34 for Adjusted Net Income detail

Q2 2019 CONSOLIDATED AISC¹ Ag Eq²



YTD AISC of \$11.0/oz within 2019 guidance range



Notes:

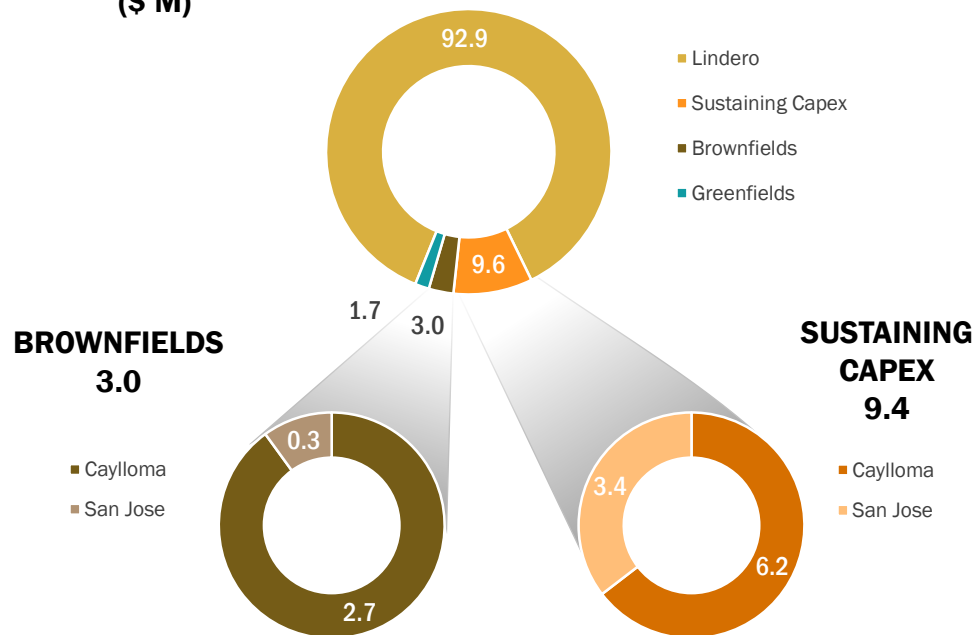
1. All-in sustaining cash cost per payable ounce of silver equivalent production includes production cash cost, commercial and government royalties/mining tax, worker's participation, subsidiary G&A, corporate G&A, sustaining capital expenditures and Brownfields exploration; non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*
2. All-in sustaining cash cost per payable ounce of silver equivalent production; silver equivalent production calculated using realized prices; refer to slide 31

YTD 2019 CONSOLIDATED CAPITAL EXPENDITURES



Lindero Project Well Underway

2019 YTD CAPITAL EXPENDITURES (\$ M)



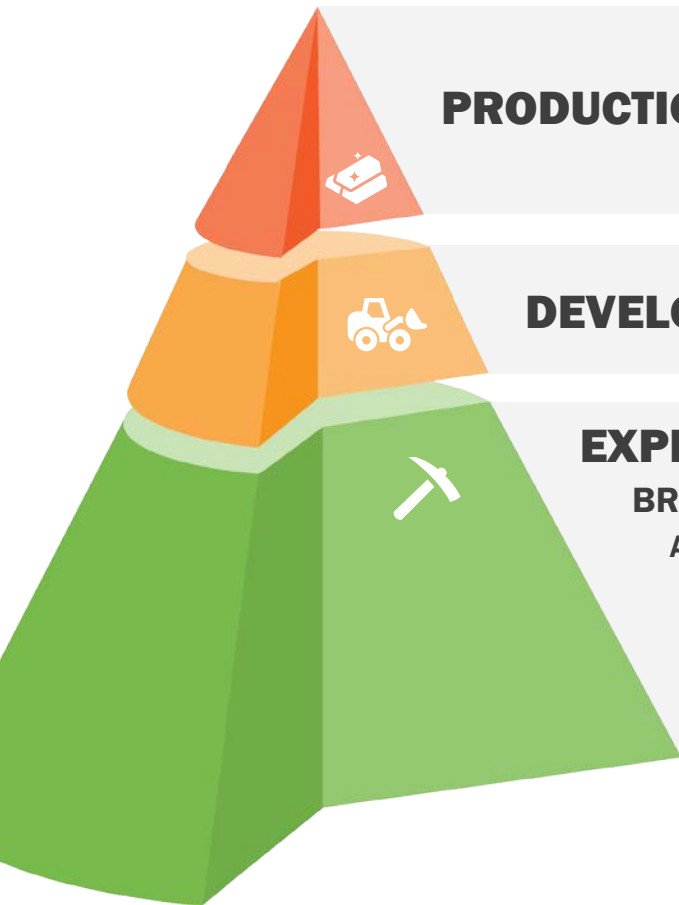
CONSOLIDATED CAPITAL EXPENDITURES (\$ M)

	YTD 2019
Brownfields exploration	3.0
Sustaining CAPEX ¹	9.6
Greenfields exploration ²	1.7
Lindero construction	92.9
Total	107.0

Notes:

- Capital expenditures
- Greenfields exploration budget not included in 2019 annual guidance
- Totals may not add due to rounding

CURRENT ASSET PORTFOLIO



PRODUCTION

San Jose Mine

2019E¹

7.3 - 8.1 Moz Ag + 49 - 54 koz Au

Caylloma Mine

2019E¹

**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 estimate²:

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

Tlamino³

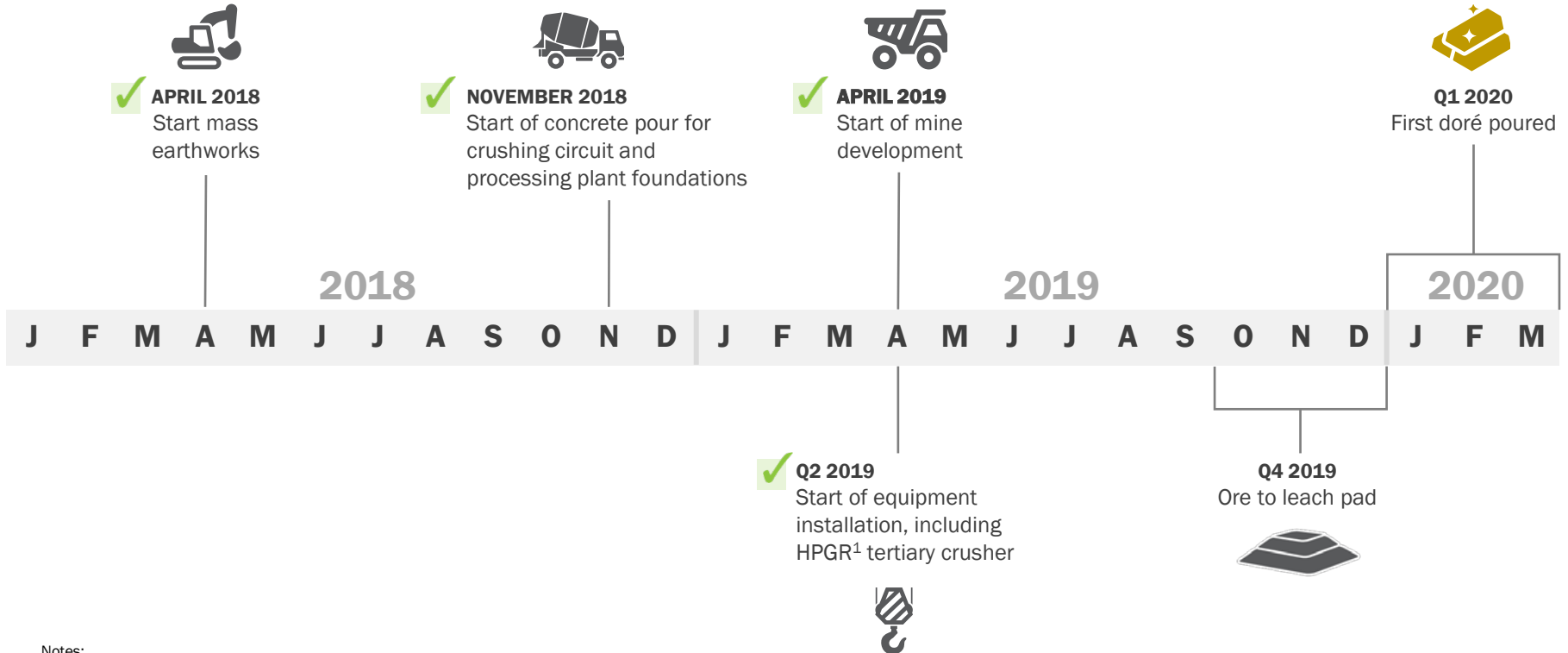
Notes:

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. Gold recovered to doré; refer to slide 38 for Mineral Reserves and Mineral Resources; refer to Fortuna news release dated April 4, 2019, "[Fortuna reports updated first year gold doré production plan for the Lindero Project, Argentina](#)". | not included in 2019 consolidated estimated production guidance and costs
3. Medgold Resources Corp. Option agreement | Includes Barje and Karamanica targets

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



First Doré Pour Planned for Q1 2020

- ✓ Overall project is 57% complete as of June 30, 2019
- ✓ ~ 98% of the project's total direct capital costs have been committed
- ✓ \$216 million construction spending¹ or 72% of Capex forecast
- ✓ \$82 million construction capital remaining to completion

- ✓ Total construction Capex forecast of \$298 million²
 - Includes \$10 million for contingencies

Notes:

1. Includes construction capital expenditures and advances to contractors
2. Refer to Fortuna Q2 2019 *Management's Discussion and Analysis for the three months ended June 30, 2019*



Leach pad

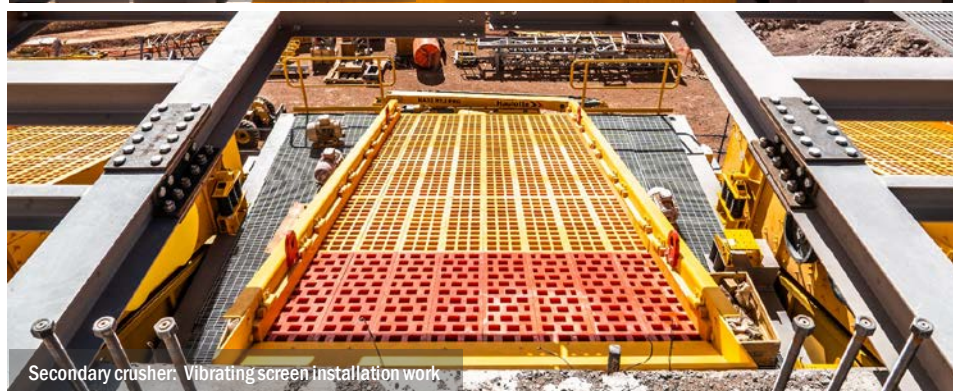
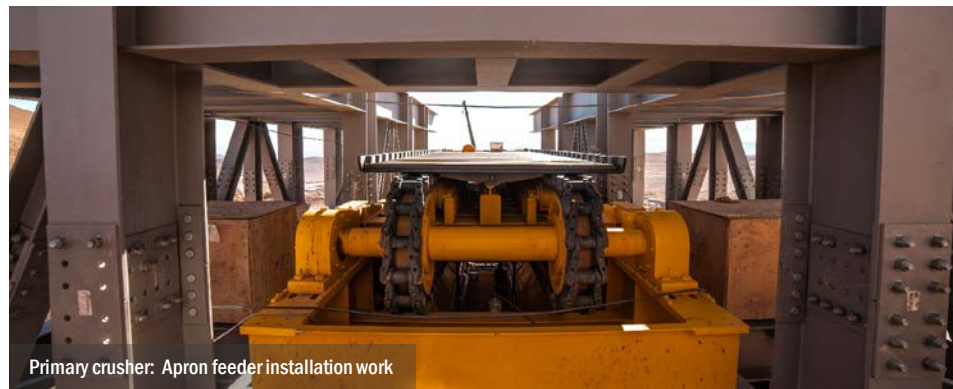
LINDERO PROJECT, ARGENTINA

Leach Pad



LINDERO PROJECT, ARGENTINA

Crushing Circuit



LINDERO PROJECT, ARGENTINA

Crushing Circuit



Stockpile tunnel concrete work



Tertiary crusher: HPGR feed chute installation work



Tertiary crusher: HPGR feed chute installation work



Agglomeration plant: Agglomeration drum installation

LINDERO PROJECT, ARGENTINA

ADR and SART Plants



ADR plant structure installation work



SART plant foundation work

LINDERO PROJECT, ARGENTINA

Mine Development



Mine access roads completed



Mine development: Production platform



Mine development: Drill rig on production platform



Mine access roads completed

LINDERO PROJECT, ARGENTINA

Camp and Ancillary Facilities



LUIS D. GANOZA

Chief Financial Officer



Lindero Project: Mine fleet operator training

Q2 2019 FINANCIAL HIGHLIGHTS



Free Cash Flow³ from ongoing operations of \$ 17.7 million YTD

(\$ M, except in earnings per share figure)	Q2 2019	Q2 2018	% Change over Q2 2018	
Sales	67.9	73.7	▼	-8%
Net income (loss)	10.3	11.2	▼	-8%
EPS, basic	0.07	0.07		-
Adjusted net income (loss) ¹	7.2	11.1	▼	-35%
Adjusted EPS, basic	0.04	0.08	▼	-50%
Adjusted EBITDA ²	27.2	35.2	▼	-23%
Net cash provided by operating activities	24.0	21.9	▲	10%
Free Cash Flow from ongoing operations ³	15.4	9.1	▲	69%

Notes:

1. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*; refer to slide 34 for Adjusted Net Income detail
2. Earnings Before Interest, Taxes, Depreciation and Amortization; refer to slide 32 for Adjusted EBITDA detail
3. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*; refer to slide 36

Q2 2019 FINANCIAL HIGHLIGHTS



Lower Sales Driven by Lower Metal Prices



Notes:

1. Treatment Charges / Refinement Charges
2. Refer to slide 31 for consolidated sales metrics
3. Totals may not add due to rounding

Q2 2019 FINANCIAL HIGHLIGHTS



EBITDA Margins Impacted by Lower Metal Prices at Both Operations

CONSOLIDATED (\$ M)	Q2 2019	Q2 2018	% Change over Q2 2018
Adjusted Operating Income	15.1	23.4	▼ -36%
Adjusted EBITDA	27.2	35.2	▼ -23%
EBITDA Margin over sales	40%	48%	

SAN JOSE MINE, MEXICO

(\$ M, except in cash cost figures)	Q2 2019	Q2 2018	% Change over Q2 2018
Adjusted EBITDA	26.3	29.6	▼ -11%
Margin over sales	52%	58%	
Production cash cost (\$/t)	69.0	60.5	▲ 14%
AISC (\$/oz Ag Eq)	9.3	8.9	▲ 4%

CAYLLOMA MINE, PERU

(\$ M, except in cash cost figures)	Q2 2019	Q2 2018	% Change over Q2 2018
Adjusted EBITDA	5.1	11.1	▼ -54%
Margin over sales	30%	48%	
Production cash cost (\$/t)	86.1	76.9	▲ 12%
AISC (\$/oz Ag Eq)	13.5	10.4	▲ 30%

Notes:

1. Refer to slide 34 for Adjusted Operating Income
2. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*; refer to slide 32 for Adjusted EBITDA
3. All-in sustaining cash cost per payable ounce of silver equivalent production; silver equivalent production calculated using realized prices; please refer to slide 31; non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*

Q2 2019 FINANCIAL HIGHLIGHTS



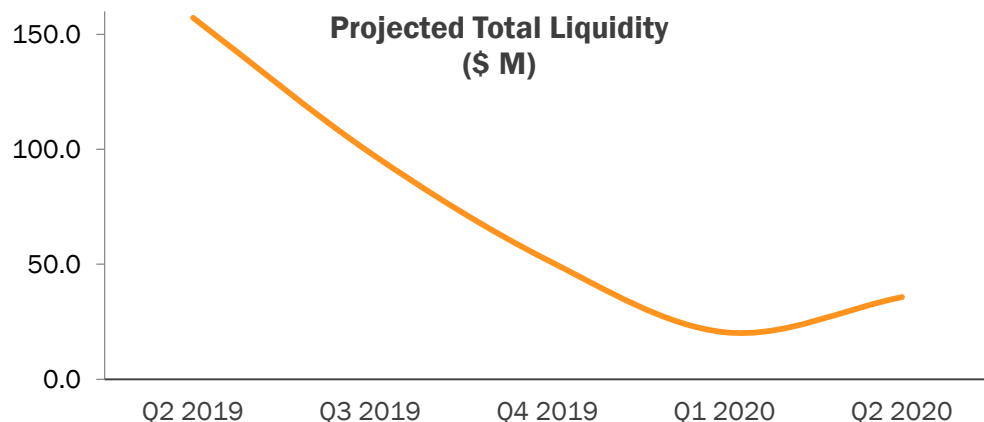
SG&A and Effective Tax Rate

(\$ M)	Q2 2019	% Change over Q2 2018
Operating mines SG&A	2.5	▲ 19%
Corporate SG&A	3.3	▲ 14%
Share-based payments	0.7	▼ -71%
Workers participation	0.4	▼ -33%
Total SG&A	6.9	▼ -14%
Effective tax rate	36%	
Effective tax rate on adjusted income before taxes	54%	

Q2 2019 FINANCIAL HIGHLIGHTS



Balance Sheet and Liquidity



Total Liquidity of \$157 million

As of June 30, 2019



- Senior debt facility : \$150 million
- Debt outstanding: \$70 million
- Debt to EBITDA² at end of Q2 2019: 0.8 : 1

Projected minimum liquidity throughout construction¹ of \$18-21 million

- Debt availability to be expanded from existing \$150 million to \$180-190 million
- Targeting minimum available liquidity above \$50 million throughout construction
- Peak Debt to EBITDA^{1,2} ratio pre-commercial production below 1.9 : 1
- Pro forma Debt to EBITDA^{1,2} post-commercial production below 1.0 : 1

Notes:

1. Based on YTD 2019 metal prices, refer to slide 31

2. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*

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 TONNE¹

63.5 – 70.1
\$/t

San Jose

80.0 – 88.4
\$/t

Caylloma

AISC Ag Eq^{1,2}

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 million
San Jose

\$11.4 million
Caylloma

Notes:

1. Refer to cautionary statements for non-GAAP financial measures
2. 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

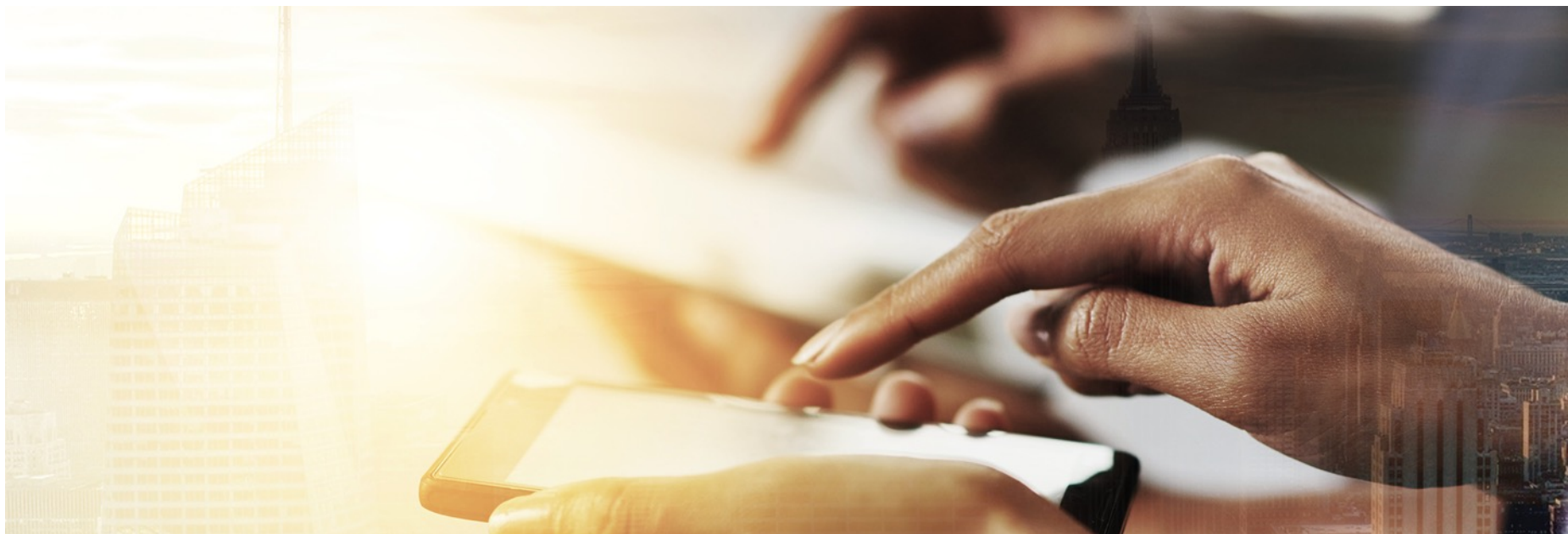
QUESTIONS & ANSWERS



Lindero Project: Bentonite installation on leach pad

CONTACT

CARLOS BACA, *Investor Relations Manager* | +51.1.616.6060, ext. 2 | info@fortunasilver.com | fortunasilver.com



APPENDICES



San Jose Mine, Mexico

CONSOLIDATED SALES METRICS



	Q2 2019	Q2 2018	% Change	YTD 2019	YTD 2018	% Change
Metal Sold						
Ag (oz)	2,551,385	2,414,102	6%	4,645,542	4,645,651	0%
Au (oz)	14,559	15,097	(4%)	26,835	28,845	(7%)
Pb ('000 lb)	7,110	6,880	3%	14,341	14,149	1%
Zn ('000 lb)	10,924	11,429	(4%)	22,193	22,507	(1%)
Realized Price						
Ag (\$/oz)	14.85	16.59	(10%)	15.20	16.65	(9%)
Au (\$/oz)	1,311	1,299	1%	1,313	1,315	0%
Pb (\$/lb)	0.86	1.08	(21%)	0.89	1.11	(20%)
Zn (\$/lb)	1.25	1.41	(11%)	1.24	1.48	(16%)

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

Q2 2019 ADJUSTED EBITDA¹



Non-GAAP Financial Measures

Expressed in \$ M	Three months ended June 30,	
	Q2 2019	Q2 2018
Net Income	10.3	11.2
Add Back:		
Foreign exchange, Lindero project	(0.7)	-
Net finance items	-	(0.2)
Depreciation, depletion, and amortization	11.4	11.9
Income taxes	5.7	13.9
Share of loss (income) of equity-accounted investee	0.1	-
Other non-cash items	0.4	(1.6)
Adjusted EBITDA¹	27.2	35.2

Notes:

1. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*
2. Totals may not add due to rounding

Q2 2019 ADJUSTED EBITDA¹



Non-GAAP Financial Measures

Expressed in \$ M	Six months ended June 30,	
	YTD 2019	YTD 2018
Net Income	12.5	24.9
Add Back:		
Foreign exchange, Lindero project	2.2	-
Net finance items	(0.2)	0.2
Depreciation, depletion, and amortization	20.5	22.6
Income taxes	12.9	22.5
Share of loss (income) of equity-accounted investee	0.1	(0.2)
Other non-cash items	3.1	(3.1)
Adjusted EBITDA¹	51.1	67.0

Notes:

1. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*
2. Totals may not add due to rounding

Q2 2019 ADJUSTED INCOME STATEMENT



Non-GAAP Financial Measures¹

Three months ended June 30,

Expressed in \$ M	Q2 2019	Adjustments	Q2 2019 Adjusted	Q2 2018	Adjustments	Q2 2018 Adjusted
Sales	67.9	-	67.9	73.7	-	73.7
Cost of sales	44.9	0.1	45.1	42.3	-	42.3
Mine operating income	23.0	(0.1)	22.8	31.4	-	31.4
Selling, general and administration - Subsidiaries	7.0	(0.1)	6.9	8.0	-	8.0
Exploration and evaluation	0.3	-	0.3	0.3	-	0.3
Share of loss of equity-accounted investee	0.1	(0.1)	-	0.0	-	-
Foreign exchange loss (gain)	(0.2)	0.7	0.5	(0.5)	-	(0.5)
Impairment reversal	-	-	-	-	-	-
Other (income) expenses, net	0.1	0.0	0.1	1.1	(0.8)	0.3
Operating Income	15.7	(0.6)	15.1	22.4	0.8	23.2
Interest and finance costs	(0.1)	0.1	(0.0)	0.2	-	0.2
Gain (loss) on financial assets and liabilities carried at fair value	0.3	0.3	0.6	2.5	(2.9)	(0.4)
Income before taxes	15.9	(0.2)	15.7	25.1	(2.1)	23.0
Current income tax expense (recovery)	9.9	0.1	10.0	12.2	(0.9)	11.3
Deferred income tax expense (recovery)	(4.2)	2.7	(1.5)	1.7	(1.1)	0.6
Net income and adjusted net income	10.2	(3.0)	7.2	11.2	(0.1)	11.1

Notes:

1. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*

YTD 2019 ADJUSTED INCOME STATEMENT



Non-GAAP Financial Measures¹

Six months ended June 30,

Expressed in \$ M	YTD 2019	Adjustments	YTD 2019 Adjusted	YTD 2018	Adjustments	YTD 2018 Adjusted
Sales	126.9	-	126.9	144.1	-	144.1
Cost of sales	82.4	0.1	82.5	81.4	-	81.4
Mine operating income	44.5	(0.1)	44.4	62.7	-	62.7
Selling, general and administration - Subsidiaries	13.5	0.0	13.5	14.9	-	14.9
Exploration and evaluation	0.5	-	0.5	0.4	-	0.4
Share of loss of equity-accounted investee	0.1	(0.1)	-	(0.2)	0.2	-
Foreign exchange loss (gain)	3.5	(2.3)	1.2	1.7	-	1.7
Impairment reversal	-	-	-	-	-	-
Other (income) expenses, net	0.3	-	0.3	1.1	(0.8)	0.3
Operating Income	26.6	2.2	28.9	44.8	0.6	45.4
Interest and finance costs	0.0	0.2	0.2	(0.3)	0.5	0.2
Gain (loss) on financial assets and liabilities carried at fair value	(1.2)	2.6	1.4	2.9	(4.2)	(1.3)
Income before taxes	25.5	5.0	30.5	47.4	(3.1)	44.3
Current income tax expense (recovery)	18.5	0.8	19.3	22.0	(1.3)	20.7
Deferred income tax expense (recovery)	(5.6)	1.1	(4.5)	0.5	(1.3)	(0.8)
Net income and adjusted net income	12.6	3.1	15.6	24.9	(0.6)	24.3

Notes:

1. Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*

Q2 2019 Free Cash Flow^{1,2}



Non-GAAP Financial Measures²

Expressed in \$ M	Three months ended June 30,	
	Q2 2019	Q2 2018
Net cash provided by operating activities	24.0	21.9
Less: Purchases of mineral properties, plant and equipment	(5.6)	(8.7)
Less: Expenditures on Lindero Project	(51.2)	(7.6)
Less: Deposits on long term assets, net	9.1	(21.1)
Less: Current income tax expense	(9.9)	(12.2)
Add: Income taxes paid	6.0	7.5
Free Cash Flow	(27.6)	(20.2)
Add: Expenditures on Lindero Project	51.2	7.6
Add: Greenfield capital expenditures	0.9	1.2
Add: Deposits on long term assets - Lindero Project	(9.1)	20.5
Free Cash Flow from ongoing operations	15.4	9.1

Note:

- Free Cash Flow calculated on the basis of current income tax rather than taxes paid
- Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*

YTD 2019 Free Cash Flow^{1,2}



Non-GAAP Financial Measures²

Expressed in \$ M	Six months ended June 30,	
	YTD 2019	YTD 2018
Net cash provided by operating activities	27.9	42.2
Less: Purchases of mineral properties, plant and equipment	(13.3)	(15.7)
Less: Expenditures on Lindero Project	(77.0)	(11.8)
Less: Deposits on long term assets, net	(0.7)	(23.2)
Less: Current income tax expense	(18.5)	(22.0)
Add: Income taxes paid	20.0	22.7
Free Cash Flow	(61.6)	(7.8)
Add: Expenditures on Lindero Project	77.0	11.8
Add: Greenfield capital expenditures	1.5	1.5
Add: Deposits on long term assets - Lindero Project	0.6	22.5
Free Cash Flow from ongoing operations	17.5	28.0

Note:

- Free Cash Flow calculated on the basis of current income tax rather than taxes paid
- Non-GAAP financial measure, refer to slide 2 for *Cautionary Statement on Non-GAAP Financial Measures*

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. Refer to Fortuna news release dated April 4, 2019, "[Fortuna reports updated first year gold doré production plan for the Lindero Project, Argentina](#)"
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