



FORTUNA
SILVER MINES INC.

Q2 2016 Earnings Call Webcast

NYSE: FSM | TSX: FVI
www.fortunasilver.com



August 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.

Q2 2016 Operational and Financial Highlights

Delivering growth

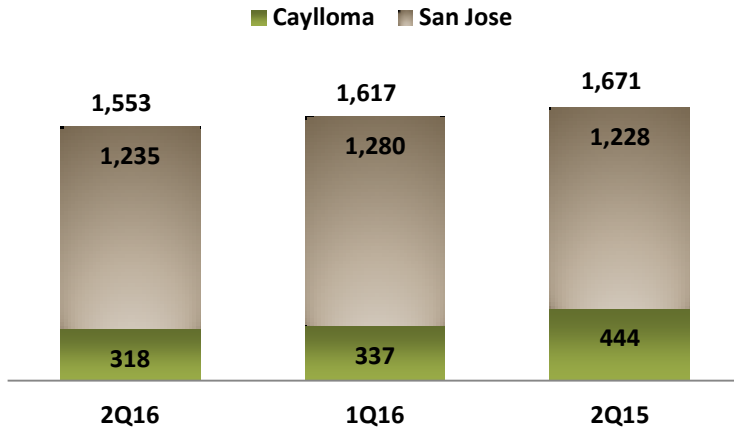
- San Jose Mine expansion to 3,000 tpd commissioned on time and below budget at the end of the quarter (\$6.6 million in savings)
- Silver production of 1,553,217 ounces and gold production of 9,365 ounces
- YTD All-in sustaining cash cost per payable ounce of \$9.6 below our annual guidance of \$11.1
 - San Jose Mine YTD all-in sustaining cash cost of \$8.7
 - Caylloma Mine YTD all-in sustaining cash cost of \$5.7
- Net loss of \$1.4 million (EPS of -\$0.01)
- Cash flow from operations, before changes in working capital of \$12.7 million (CFPS of \$0.10)



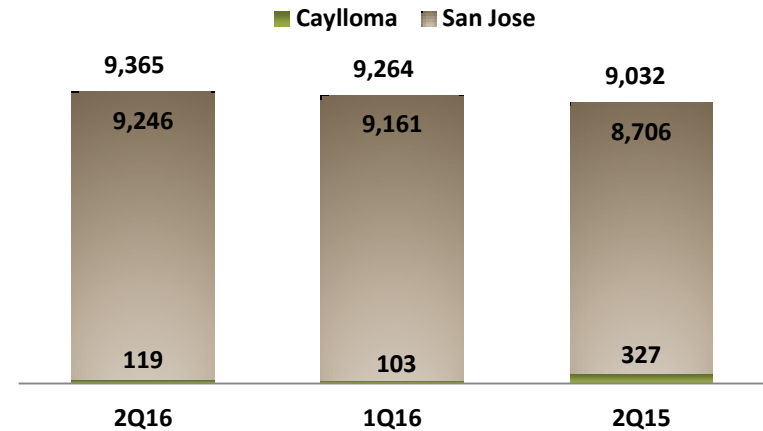
Consolidated Operational Highlights

Metal production

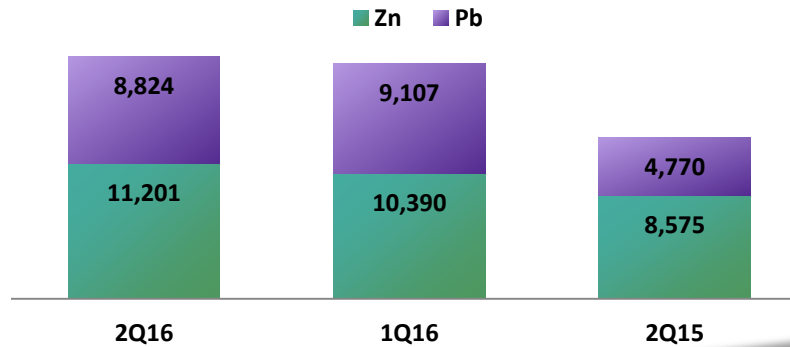
Silver Production (000 oz)



Gold Production (oz)



Base Metal Production (000 lb)



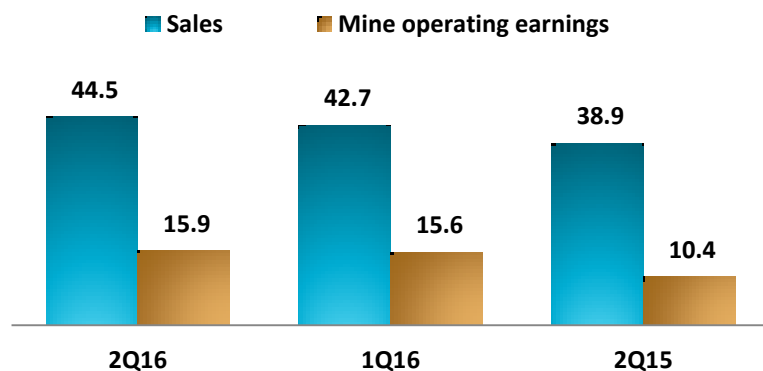
Note: Totals may not add due to rounding

Consolidated Financial Highlights

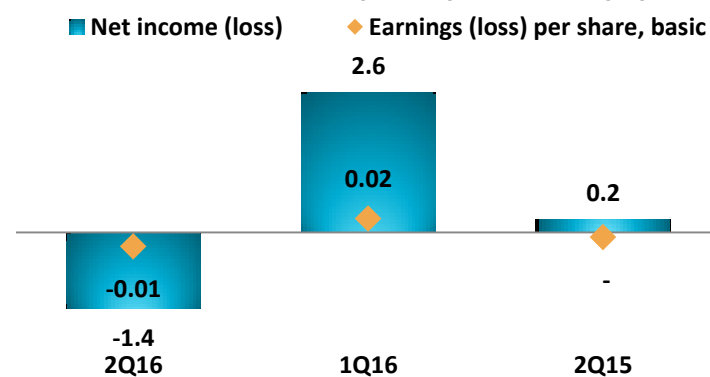
Summary

	Q2 2016	Q1 2016	% Change	Q2 2015	% Change
Silver realized price (\$/oz)	16.9	15.0	13%	16.3	3%
Sales	44.5	42.7	4%	38.9	14%
Mine operating earnings (MOE)	15.9	15.6	2%	10.4	53%
Operating income (loss)	3.6	6.1	-41%	4.8	-25%
Net income (loss)	-1.4	2.6	-	0.2	-
Earnings (loss) per share, basic	-0.01	0.02	-	-	-

Sales and MOE (\$ M)



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



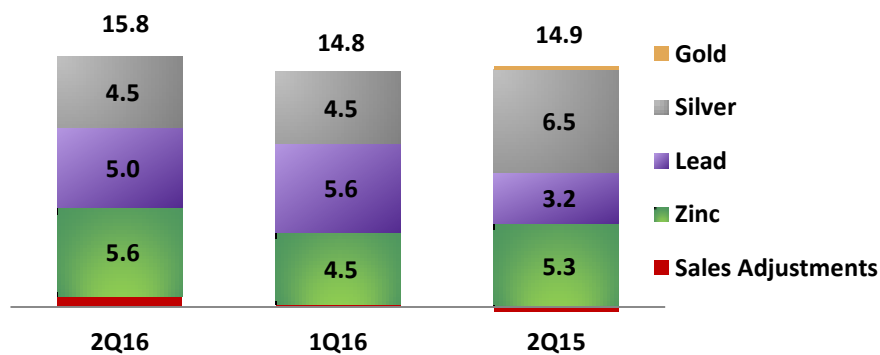
Caylloma Mine, Peru

Q2 2016 snapshot



	Q2 2016	Q1 2016	Q2 2015
Tonnes milled	129,958	117,192	115,973
Average tonnes milled per day	1,460	1,317	1,303
Silver			
Grade (g/t)	89	103	145
Recovery (%)	86	87	82
Gold			
Grade (g/t)	0.19	0.19	0.27
Recovery (%)	15	15	33
Lead			
Grade (%)	3.28	3.73	2.01
Recovery (%)	94	94	93
Zinc			
Grade (%)	4.41	4.49	3.68
Recovery (%)	89	90	91

Sales by Metal (\$ M)



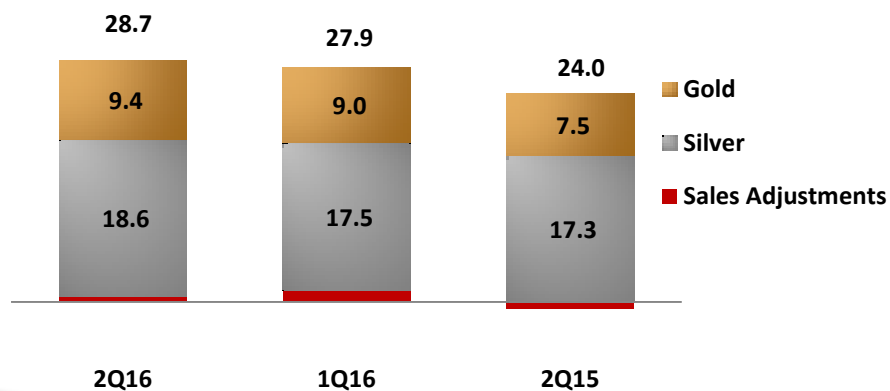
San Jose Mine, Mexico

Q2 2016 snapshot



	Q2 2016	Q1 2016	Q2 2015
Tonnes milled	185,080	179,110	183,001
Average tonnes milled per day	2,152	2,059	2,080
Silver			
Grade (g/t)	226	240	228
Recovery (%)	92	93	92
Gold			
Grade (g/t)	1.70	1.73	1.62
Recovery (%)	92	92	91

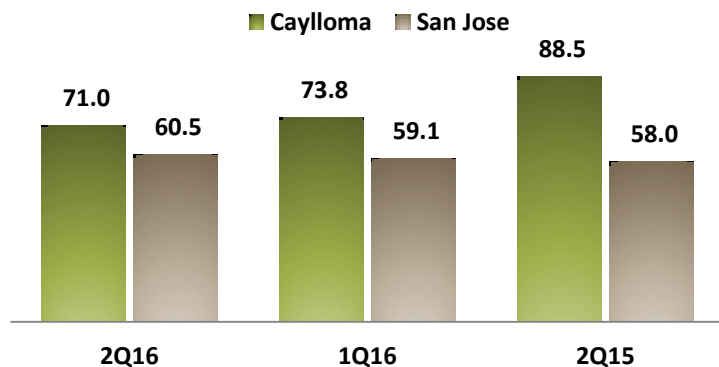
Sales by Metal (\$ M)



Consolidated Financial Highlights

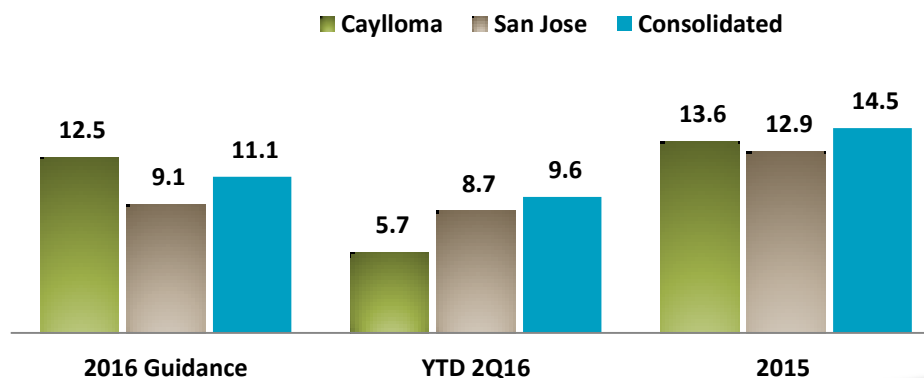
Cost profile

Cash cost (\$/t)



Cash cost (\$/t)	Q2 2016	Q1 2016	% Change	Q2 2015	% Change
Caylloma	71.02	73.80	-4%	88.54	-20%
San Jose	60.47	59.08	2%	57.97	4%

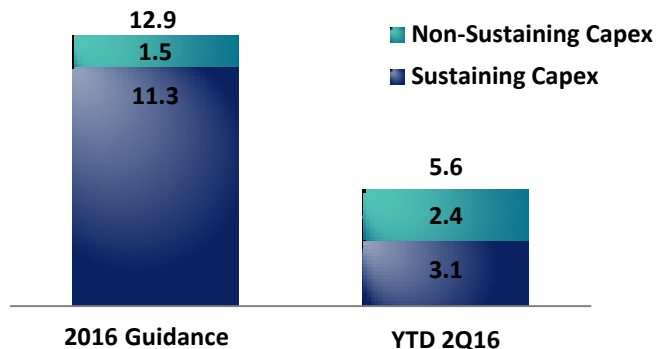
All-in Sustaining Cash Cost (\$/oz)



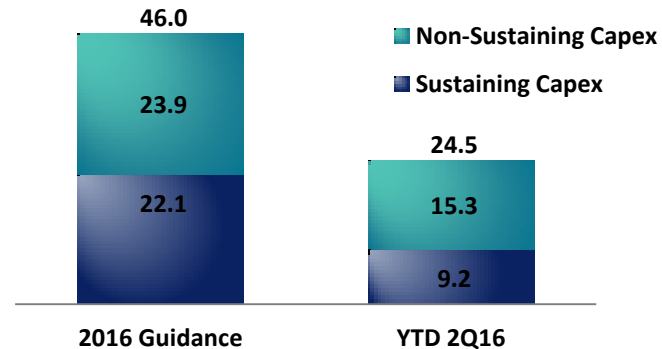
Consolidated Financial Highlights

Sustaining / Non-sustaining CAPEX

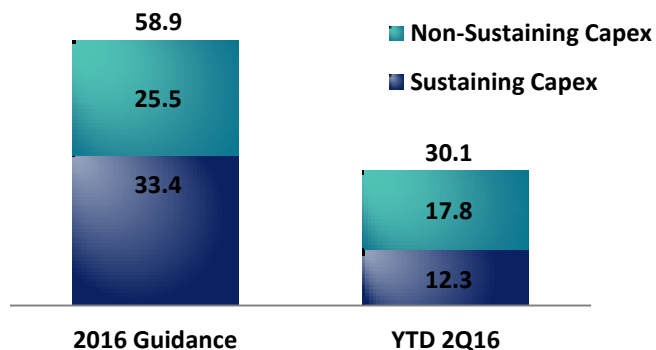
Caylloma Mine CAPEX (\$ M)



San Jose Mine CAPEX (\$ M)



Consolidated CAPEX (\$ M)

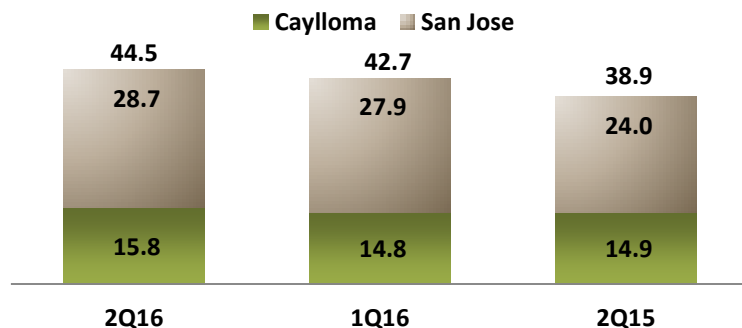


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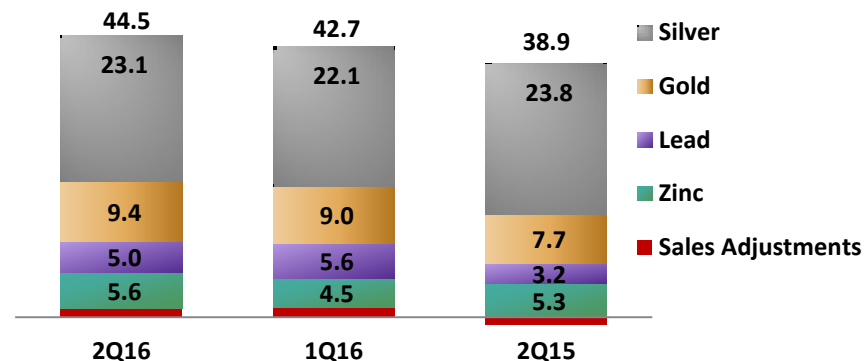
Consolidated Financial Highlights

Sales

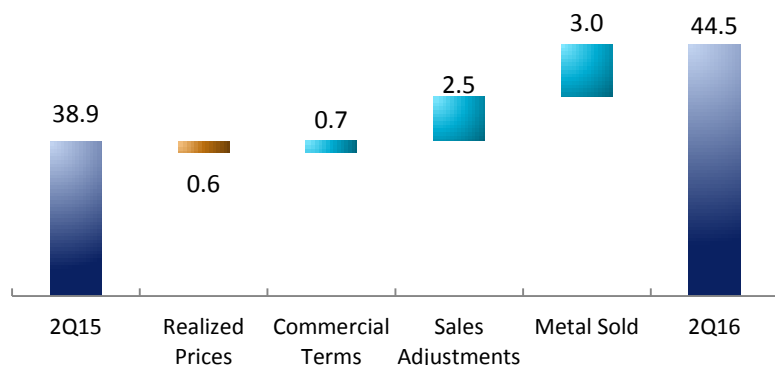
Sales by Mine (\$ M)



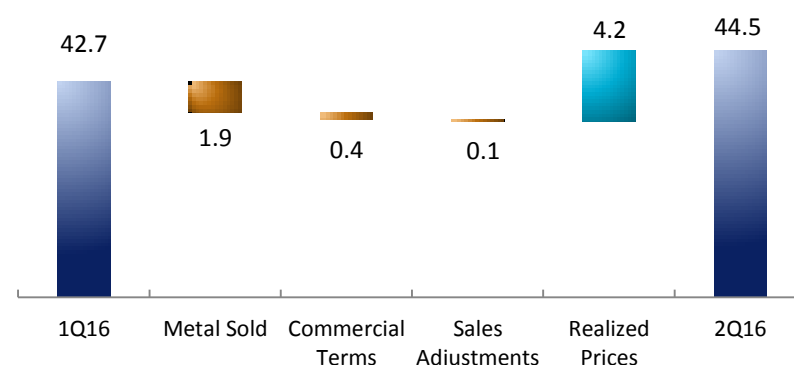
Sales by Metal (\$ M)



Sales Bridge Q2 2016 vs Q2 2015



Sales Bridge Q2 2016 vs Q1 2016

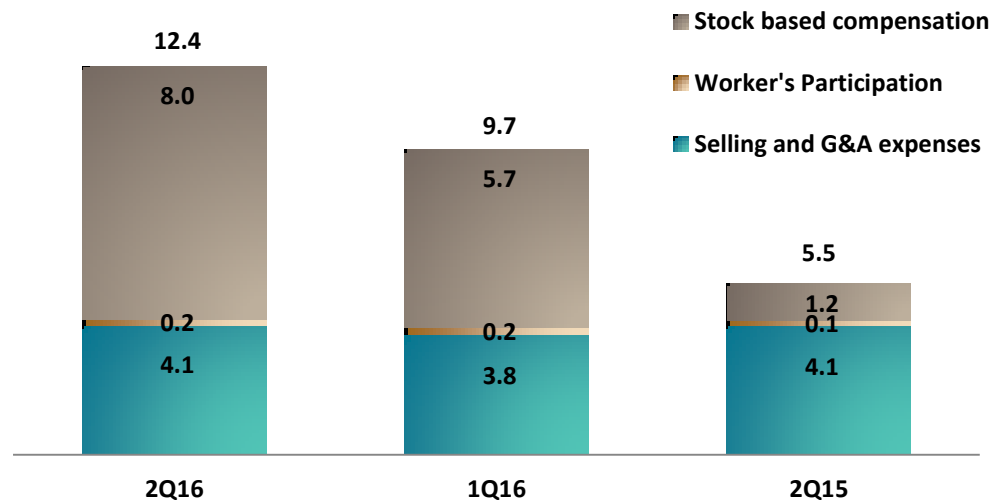


Consolidated Financial Highlights

G&A

G&A (\$ M)	Q2 2016	Q1 2016	% Change	Q2 2015	% Change
Selling and G&A expenses	4.1	3.8	8%	4.1	0%
Stock based compensation	8.0	5.7	42%	1.2	575%
Worker's participation	0.2	0.2	-14%	0.1	36%
Total SG&A	12.4	9.7	27%	5.5	126%

Selling, G&A Expenses (\$ M)

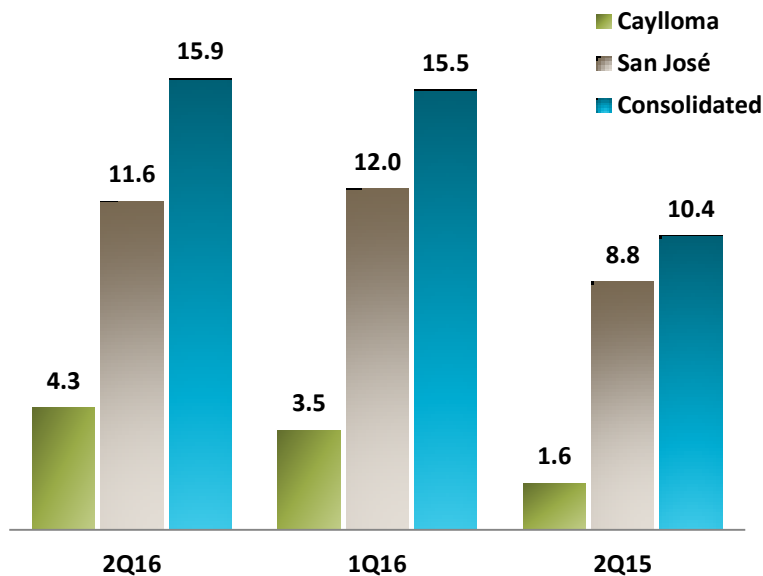


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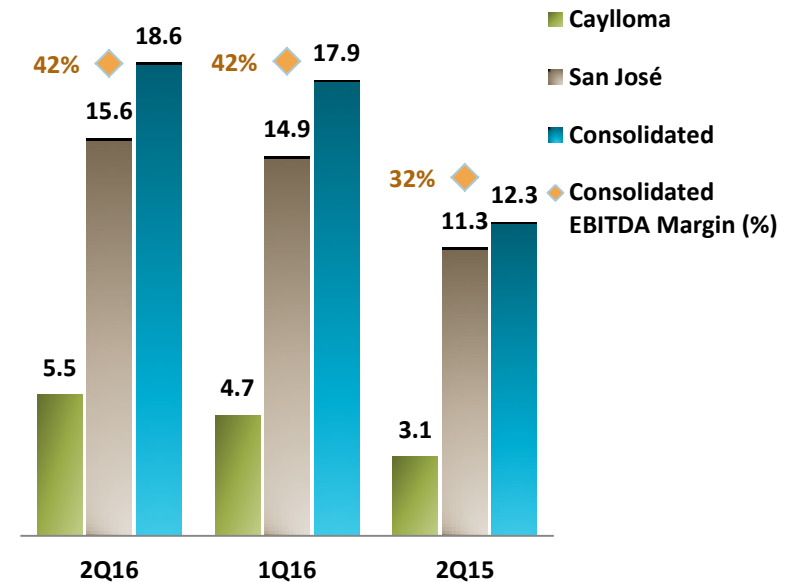
Consolidated Financial Highlights

Mine operating earnings and EBITDA

Mine Operating Earnings (\$ M)



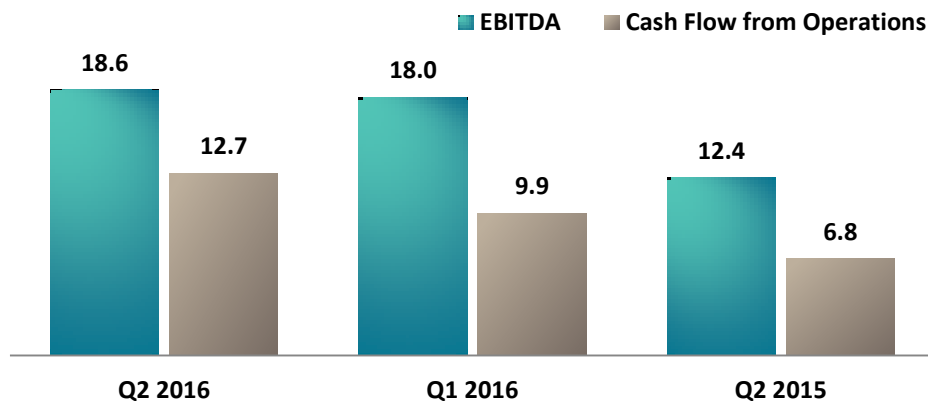
EBITDA (\$ M)



Consolidated Financial Highlights

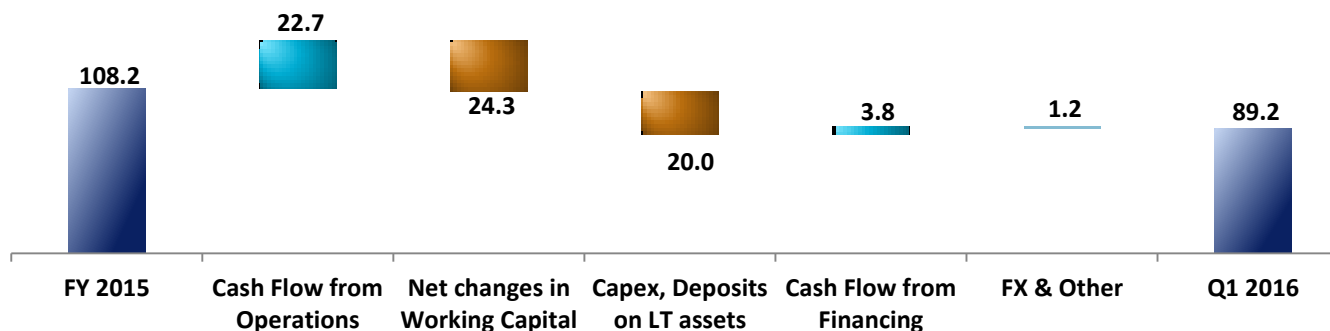
Cash flow and liquidity

EBITDA & Cash Flow from Operations (\$ M)



Reconciliation (\$ M)	Q2 2016	Q1 2016	Q2 2015
Cash Flow from Operations	12.7	9.9	6.8
Income taxes paid	2.7	5.7	4.7
Share-based compensation	2.5	1.6	0.5
Interest & other	0.6	0.8	0.5
EBITDA	18.6	18.0	12.4

Cash and Liquidity Bridge FY 2015 vs Q2 2016 (\$ M)



Note: Totals may not add due to rounding

Contact information:

Carlos Baca

Investor Relations Manager

T: +51.1.616.6060, ext. 2

info@fortunasilver.com

www.fortunasilver.com



Q2 2016 Realized Prices

Silver, gold, lead and zinc

Realized Prices (*)	Q2 2016	Q1 2016	% Chg	Q2 2015	% Chg
Silver (\$/oz)	16.81	14.95	12%	16.32	3%
Gold (\$/oz)	1,263	1,200	5%	1,188	6%
Lead (\$/lb)	0.78	0.79	-1%	0.88	-11%
Zinc (\$/lb)	0.87	0.76	14%	0.99	-12%

(*) Based on provisional sales before final price adjustments