

**FORTUNA SILVER MINES INC.**  
(the "Company")

**INCENTIVE COMPENSATION CLAWBACK POLICY**

The purpose of this Incentive Compensation Clawback Policy is to provide a measure of accountability and to ensure that incentive compensation paid by the Company to its officers, directors and employees is based on accurate financial and operational data. This Policy is applicable to compensation granted on or after January 1, 2016.

Up to the entire amount of annual incentives, performance based compensation and short- and long-term incentives awarded, paid or payable to officers, directors and employees of the Company (each a "**Personnel Member**") may be forfeit or subject to repayment if:

1. the payment, grant or vesting of such compensation was based on the achievement of financial or operational results that were subsequently the subject of a restatement of financial statements issued in a prior fiscal year;
2. the Board of Directors (the "**Board**") of the Company determines that the applicable Personnel Member engaged in fraud, gross misconduct or gross negligence that caused, or meaningfully and directly contributed to, the restatement;
3. the amount of incentive compensation that would have been received by such Personnel Member would have been lower than the amount actually received had the financial results been properly reported; and
4. the Board determines that the forfeiture or repayment is in the best interest of the Company and its shareholders.

Notwithstanding the foregoing, the Board may, in its sole discretion from time to time, waive the application of this Policy to compensation previously received by a Personnel Member.

Changes to this Policy

The Board reserves the right, at its absolute discretion, to change this Policy from time to time as it considers necessary.

Dated: March 14, 2016