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Fortuna Provides an Update on the Status of Disputed Royalty at the San Jose Mine

Vancouver, January 29, 2020-- Fortuna Silver Mines, Inc. (NYSE: FSM) (TSX: FVI) is providing an update on the status of a disputed royalty on one of its extracting mining concessions at the San Jose mine, located in Oaxaca, Mexico.

In 2017 the Mexican Geological Service (“SGM”) advised the Company that a previous owner of one of the Company’s mineral concessions at the San Jose mine had granted the SGM a royalty of 3% of the billing value of minerals obtained from the concession. The Company, supported by legal opinions from three independent law firms, has previously advised the Mexican mining authorities that it is of the view that no royalty is payable, and in 2018 initiated administrative and legal proceedings against the Direccion General de Minas (“DGM”) to remove reference to the royalty on the title register. The proceedings are progressing in accordance with the procedures of the Mexican administrative court.

The Company has recently received notice from the DGM seeking to cancel the mining concession if the royalty, in the Mexican pesos equivalent of US\$30 million plus VAT (being the amount of the claimed royalty from 2011 to 2019), is not paid before March 15, 2020. The Company will be initiating legal proceedings to contest the cancellation procedure and also to stay the cancellation process. In the event that the Company is unsuccessful in cancelling the action taken by the DGM or in obtaining a stay of execution, it may be required to pay, or post a bond or other security, up to the amount claimed, in order to preserve the mining concession. In that case the Company would immediately thereafter proceed with dispute proceedings.

If the Company is required to pay the royalty or post security it will do so from available working capital. The Company remains adequately funded to meet its capital requirements for the completion of the Lindero Project and to fund sustaining capital expenditures at its operating mines.

About Fortuna Silver Mines Inc.

Fortuna is a growth oriented, precious metals producer focused on mining opportunities in Latin America. Our primary assets are the Caylloma silver Mine in southern Peru, the San Jose silver-gold Mine in Mexico and the Lindero gold Project, currently under construction, in Argentina. The Company is selectively pursuing acquisition opportunities throughout the Americas and in select other areas. For more information, please visit our website at www.fortunasilver.com.

ON BEHALF OF THE BOARD

Jorge A. Ganoza
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Trading symbols: NYSE: FSM | TSX: FVI

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Forward looking Statements

This news release 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 news release may include, without limitation, statements about the Company’s administrative and legal proceedings against the DGM, the Company’s intended legal proceedings against the DGM to contest and stay the cancellation procedure, and the potential for the Company to be required to pay, or post a bond or other security to pay the amount claimed to preserve its mining concession in the event that the Company’s legal proceedings to contest the cancellation procedure are unsuccessful, how the Company would satisfy such payment and other matters. Often, but not always, these Forward looking Statements can be identified by the use of words such as “estimated”, “potential”, “open”, “future”, “assumed”, “projected”, “used”, “detailed”, “has been”, “gain”, “planned”, “reflecting”, “will”, “containing”, “remaining”, “to be”, 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; changes to current estimates of mineral reserves and resources; changes to production estimates; governmental and other approvals; changes in government, 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 expectations regarding success in its legal proceedings which is based upon advice from independent law firms, 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 the Company will be successful in its legal proceedings or that these 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.