

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and may not be offered or sold within the United States (as defined in Regulation S under the U.S. Securities Act) or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of U.S. persons. See “Plan of Distribution.”

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Fortuna Silver Mines Inc. at Suite #650, 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3L6 (604-484-4085), and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

September 25, 2019



FORTUNA SILVER MINES INC.

US\$40,000,000

4.65% Senior Subordinated Unsecured Convertible Debentures

Price: US\$1,000 per Debenture

This short form prospectus qualifies the distribution (the “**Offering**”) of US\$40,000,000 aggregate principal amount of 4.65% senior subordinated unsecured convertible debentures (the “**Debentures**”) of Fortuna Silver Mines Inc. (“**Fortuna**” or the “**Company**”) at a price of US\$1,000 per Debenture (the “**Offering Price**”) due October 31, 2024 (the “**Maturity Date**”). The Debentures will bear interest at an annual rate of 4.65% payable semi-annually in arrears on the last Business Day (as defined herein) of April and October of each year, commencing April 30, 2020 (each, an “**Interest Payment Date**”). See “*Description of the Securities Being Distributed*”.

The Debentures will be sold pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated September 16, 2019 among the Company, CIBC World Markets Inc. (“**CIBC**”) and Scotia Capital Inc. (“**Scotia**”, and together with CIBC, the “**Lead Underwriters**”), as joint-book runners, and BMO Nesbitt Burns Inc. (together with the Lead Underwriters, the “**Underwriters**”). The Offering Price and certain other terms of the Offering and the Debentures were determined by arm’s length negotiations between the Company and CIBC. See “*Plan of Distribution*”.

Debenture Conversion Privilege

Each Debenture will be convertible into common shares in the capital of the Company (the “**Debenture Shares**”) at the option of the holder (each, a “**Debentureholder**”) at any time prior to the close of business (Toronto time) (the “**Conversion Date**”) on the earlier of: (i) the Business Day immediately preceding the Maturity Date; (ii) if called for Redemption (as defined herein), on the Business Day immediately preceding the date fixed for Redemption, and (iii) if called for repurchase pursuant to a Change of Control (as defined herein), on the Business Day immediately preceding the payment date (collectively, the “**Conversion Right**”), into 200 Debenture Shares for each US\$1,000 principal amount of Debentures, representing a conversion price of US\$5.00 per Debenture Share (the “**Conversion Price**”), based on a conversion premium of approximately 35.5% to the Reference Price (as defined herein), subject to adjustment in certain circumstances in accordance with the Debenture Indenture (as defined herein). Upon conversion, Debentureholders will receive accrued and unpaid interest thereon for the period from and including the date of the latest Interest Payment Date to, and including, the date of conversion, in addition to the applicable number of Debenture Shares to be received upon the conversion of the applicable Debentures. See “*Description of the Securities Being Distributed – Conversion Privilege*”.

The Debentures may not be redeemed (a “**Redemption**”) by the Company prior to October 31, 2022, except if certain conditions are satisfied following a Change of Control. On or after October 31, 2022 and prior to October 31, 2023, the Debentures may be redeemed by the Company, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice (a “**Redemption Notice**”), at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, up to but excluding the date set for Redemption (the “**Redemption Date**”), provided that the arithmetic average of the volume weighted average trading price of the Common Shares (as defined herein) on the New York Stock Exchange (the “**NYSE**”) for the 20 consecutive trading days ending five trading days prior to the date on which the Redemption Notice is provided (the “**Current Market Price**”) is at least 125% of the Conversion Price (the “**Redemption Price**”), subject to regulatory approval. On or after October 31, 2023 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Company on not more than 60 days and not less than 30 days prior notice, at a price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for Redemption. For greater certainty, in the event that a Debentureholder exercises the Conversion Right following receipt of a Redemption Notice, such Debentureholder shall be entitled to receive accrued and unpaid interest, in addition to the applicable number of Debenture Shares to be received pursuant to the Conversion Right, for the period from and including the latest Interest Payment Date prior to, but excluding, the Conversion Date. See “*Description of Securities Being Distributed – Redemption and Purchase*”.

Subject to applicable securities laws and regulatory approval and provided that no Event of Default (as defined herein) has occurred and is continuing, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Debentures and accrued and unpaid interest on the Redemption Date and the Maturity Date, in whole or in part, through the issuance of freely tradable Common Shares upon at least 30 days and not more than 60 days prior notice, by issuing and delivering that number of Common Shares, as applicable, obtained by dividing the principal amount of the Debentures and all accrued and unpaid interest thereon by 95% of the Current Market Price on such Redemption Date or Maturity Date, as applicable. See “*Description of Securities Being Distributed – Payment upon Redemption or Maturity*”.

The Debentures will be governed by a debenture indenture (the “Debenture Indenture”) to be dated as of the Closing Date (as defined herein) and to be entered into between the Company and Computershare Trust Company of Canada (the “Debenture Trustee”) as debenture trustee.

There is currently no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors” and “Description of the Securities Being Distributed”.

The Company may elect to satisfy its obligation to pay the principal amount of the Debentures due on Redemption or maturity through the issuance of Common Shares. See “Description of the Securities Being Distributed – Payment upon Redemption and Maturity” and “Risk Factors”.

The common shares of Fortuna (the “**Common Shares**”) into which the Debentures are convertible are listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “FVI” and on the NYSE under the symbol “FSM”. On September 24, 2019, the last trading day before the date hereof, the closing price of the Common Shares was C\$4.87 on the TSX and US\$3.67 on the NYSE. Fortuna has received the TSX’s conditional approval to list the Debentures and the Debenture Shares issuable upon the conversion of the Debentures on the TSX. Such listing will be subject to Fortuna fulfilling all the listing requirements of the TSX. Fortuna has also received the approval of the NYSE to list the Debenture Shares issuable upon the conversion of the Debentures on the NYSE.

Price: US\$1,000 per Debenture

	Price to the Public	Underwriters’ Fee⁽¹⁾	Net Proceeds to the Company⁽²⁾
Per Debenture	US\$1,000	US\$40	US\$960
Total⁽³⁾	US\$40,000,000	US\$1,600,000	US\$38,400,000

Notes:

- (1) Pursuant to the terms and conditions of the Underwriting Agreement, the Company has agreed to pay a cash commission to the Underwriters (the “**Underwriters’ Fee**”) equal to 4.0% of the gross proceeds of the Offering, including in respect of any Additional Debentures issued upon exercise of the Over-Allotment Option (as such terms are defined herein). See “*Plan of Distribution*”.
- (2) After deducting the Underwriters’ Fee, but before deducting the other expenses of the Offering, estimated to be US\$650,000, which, together with the Underwriters’ Fee, will be paid from the proceeds of the Offering.
- (3) The Company has granted the Underwriters an option (the “**Over-Allotment Option**”), exercisable in whole or in part in the sole discretion of the Underwriters until 5:00 p.m. (Toronto time) on the date that is 30 days after the Closing Date (as defined herein), to purchase up to an additional 6,000 Debentures (the “**Additional Debentures**”) of the Company on the same terms as set forth above, solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total number of Debentures issued pursuant to the Offering will be 46,000, the total price to the public under the Offering will be US\$46,000,000, the total Underwriters’ Fee will be US\$1,840,000 and the aggregate net proceeds to the Company will be US\$44,160,000, before deducting the expenses of the Offering, estimated to be US\$650,000. This short form prospectus also qualifies under applicable

Canadian securities laws the grant of the Over-Allotment Option and the distribution of the Additional Debentures to be issued upon the exercise of such Over-Allotment Option. A person who acquires Additional Debentures issuable upon exercise of the Over-Allotment Option acquires such Additional Debentures under this short form prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless the context otherwise requires, the term “Debentures” includes any Additional Debentures issued upon the exercise of the Over-Allotment Option. See “*Plan of Distribution*.”

An investment in the Debentures is highly speculative and involves a high degree of risk. Investors should carefully consider the risk factors described and incorporated by reference in this short form prospectus. See “*Risk Factors*” and “*Cautionary Statement Regarding Forward-Looking Information*”.

Investors should rely only on the information contained in or incorporated by reference into this short form prospectus. The Company has not, and the Underwriters have not authorized anyone to provide investors with different information. Information contained on or available through the Company’s website shall not be deemed to be a part of this short form prospectus or incorporated by reference herein and should not be relied upon by prospective investors for the purpose of determining whether to invest in the Debentures. Neither the Company nor the Underwriters are making an offer of these securities in any jurisdiction where the offer or sale is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date on the face page of this short form prospectus. The Company’s business, operating results, financial condition and prospects may have changed since that date; however, if, after a receipt for the final short form prospectus is issued but before the completion of the distribution under the final short form prospectus, a material change (as such term is defined under applicable Canadian securities laws) occurs in the business, operations or capital of the Company, the Company must file an amendment to the short form prospectus as soon as practicable but in any event within ten days after the day the material change occurs.

The Underwriters, as principals, conditionally offer the Debentures, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*” and subject to approval of certain Canadian legal matters on behalf of the Company by Blake, Cassels & Graydon LLP, certain United States legal matters on behalf of the Company by Paul, Weiss, Rifkind, Wharton & Garrison LLP, and certain Canadian legal matters on behalf of the Underwriters by Stikeman Elliott LLP.

In connection with the Offering and subject to applicable laws, the Underwriters may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Debentures at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. See “*Plan of Distribution*”. **The Underwriters may offer the Debentures at prices lower than the Offering Price. Notwithstanding any reduction by the Underwriters of the Offering Price, the Company will still receive net proceeds of US\$960 per Debenture pursuant to this Offering. See “*Plan of Distribution*”.**

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The Offering will be conducted in the jurisdictions where the Debentures are sold in “book-entry only” form to or for the account of the Underwriters through the facilities of CDS Clearing and Depository Services Inc. (“CDS”) or its nominee on the Closing Date, against payment of the aggregate purchase price for the Debentures. A purchaser of Debentures will receive only a customer confirmation from the registered dealer, which is a CDS participant, and from or through which Debentures are purchased. See “*Plan of Distribution*”.

The closing of the Offering is expected to take place on or about October 2, 2019, or such other date as may be agreed between the Company and the Lead Underwriters, but in any event not later than 42 days following the date of a final receipt for the final short form prospectus (the “**Closing Date**”).

The following table sets out the number of Additional Debentures that may be issued by the Company to the Underwriters under the Over-Allotment Option:

Underwriters’ Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	Option to increase the number of Debentures by up to 6,000 Additional Debentures	Up to 30 days after the Closing Date	US\$1,000 per Additional Debenture

Notes:
(1) The Over-Allotment Option grants the Underwriters the right to purchase up to an additional 15% of the number of Debentures sold pursuant to the Offering.

The Company’s head office and registered office are located at 200 Burrard Street, Suite 650, Vancouver, British Columbia, V6C 3L6, Canada.

Jorge Ganoza Durant, President, Chief Executive Officer and a director of the Company, Mario Szotlender and Alfredo Sillau, directors of the Company, Luis Ganoza Durant, Chief Financial Officer of the Company, and Geoff Allard and Denys Parra Murrugarra (“qualified persons” under NI 43-101), experts providing their consents under Part 10 of National Instrument 41-101 – *General Prospectus Requirements*, reside outside of Canada and have appointed the Company at its Vancouver head office address as their agent for services for process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See “*Enforcement of Judgments Against Foreign Persons or Companies*”.

Scotia is an affiliate of The Bank of Nova Scotia, which has made the Credit Facility (as defined herein) available to Fortuna. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, the Company may be considered a “connected issuer” of Scotia for the purposes of securities regulations in certain provinces and territories of Canada. See “*Plan of Distribution*”.

The Debentures and the Debenture Shares issuable upon conversion thereof are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation.

Prospective purchasers should be aware that the acquisition of Debentures may have tax consequences in Canada, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Debentures, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of Debentures and Debenture Shares. Such tax consequences may not be fully described in this short form prospectus. Purchasers should read the tax discussion in this short form prospectus and consult their own tax advisors with respect to their own particular circumstances. See “*Certain Canadian Federal Income Tax Considerations*”.

References to Fortuna or the Company also includes its subsidiary entities as context requires.

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Unless otherwise indicated, all information in this short form prospectus assumes no exercise of the Over-Allotment Option.

In this short form prospectus and the documents incorporated by reference herein, unless the context otherwise requires, references to “we”, “us”, “our” or similar terms, as well as references to “Fortuna” or the “Company”, refer to Fortuna Silver Mines Inc. together with its subsidiaries.

EXCHANGE RATE INFORMATION

Unless otherwise indicated or the context otherwise requires, all dollar amounts and references to “C\$” are to Canadian dollars and references to “US\$” are to United States dollars.

The following table sets forth, for each of the periods indicated: (i) the high and low closing exchange rates during each period; (ii) the daily average exchange rate for each period; and (iii) the period end daily average exchange rate, of Canadian dollars into United States dollars, as reported by the Bank of Canada:

	Year Ended December 31,		Six Months Ended June 30,	
	2018 (US\$)	2017 (US\$)	2019 (US\$)	2018 (US\$)
High	\$0.8138	\$0.8245	\$0.7641	\$0.8138
Low	\$0.7330	\$0.7276	\$0.7353	\$0.7513
Average	\$0.7718	\$0.7701	\$0.7499	\$0.7824
Period End	\$0.7330	\$0.7971	\$0.7641	\$0.7594

The daily average exchange rate on September 24, 2019, as reported by the Bank of Canada, was C\$1.00 equals US\$0.7548.

The financial statements of the Company incorporated by reference herein are reported in United States dollars and have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this short form prospectus and any documents incorporated by reference into this short form prospectus constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and Section 21E of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, “**forward-looking statements**”). All statements included or incorporated by reference 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 included or incorporated by reference in this short form prospectus include, without limitation, statements relating to:

- the Offering, including the expected Closing Date, the estimated net proceeds from the Offering and our intended use of the net proceeds from the Offering;
- the satisfaction of the conditions for the closing of the Offering, including those contained in the Underwriting Agreement and the receipt in a timely manner, of regulatory and other required approvals and clearances, including the approval of the TSX and the NYSE, as applicable;
- production rates at the Company’s properties;
- cash cost estimates;
- Mineral Reserves and Mineral Resources, as they involve implied assessment, based on estimates and assumptions that the Mineral Reserves and Mineral Resources described exist in the quantities predicted or estimated and can be profitably produced in the future;
- timing for delivery of materials and equipment for the Company’s properties;
- the sufficiency of the Company’s cash position and its ability to raise equity capital or access debt facilities;
- the Company’s planned greenfields exploration programs;
- the Company’s planned capital expenditures and brownfields exploration at the San Jose Mine (as defined herein);
- the Company’s planned capital expenditures and brownfields exploration at the Caylloma Mine (as defined herein);
- the Company’s construction of the open pit gold heap leach mine at the Lindero Project (as defined herein) and the anticipated timing of commissioning and commercial production at the mine;
- the maturities of the Company’s financial liabilities, finance leases and other contractual commitments;
- the expiry dates of bank letters of guarantee;

- estimated mine closure costs;
- management’s expectation that any investigations, claims, and legal, labour and tax proceedings arising in the ordinary course of business will not have a material effect on the results of operations or financial condition of the Company;
- the payment of interest and principal amount on the Debentures, and the conversion or exercise of other rights attached to the Debentures;
- the listing of the Debentures and the Debenture Shares on the TSX, including the establishment of a trading market for the Debentures, and the listing of the Debenture Shares on the NYSE;
- the financial attributes of the Debentures, including the prevailing yield and any related credit rating;
- the repurchase, redemption, conversion or maturity of the Debentures;
- the tax consequences of purchasers investment in the Debentures;
- the future trading price and liquidity of the Common Shares and Debentures on the TSX and the NYSE, as applicable;
- dilution;
- the exercise of the Over-Allotment Option; and
- the plan of distribution for the Offering.

Often, but not always, these forward-looking statements can be identified by the use of words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “scheduled”, “targets”, “possible”, “strategy”, “potential”, “intends”, “advance”, “goal”, “objective”, “projects”, “budget”, “calculates” or statements that events, “will”, “may”, “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:

- operational risks relating to mining and mineral processing;
- uncertainty relating to Mineral Resource and Mineral Reserve estimates;
- uncertainty relating to capital and operating costs, production schedules and economic returns;
- uncertainty and risks related to the start-up of the Lindero Project;
- uncertainty relating to capital and operating costs and economic returns of development projects such as the Lindero Project;
- risks associated with mineral exploration and project development;
- environmental matters including potential liability claims;
- uncertainty relating to nature and climate conditions;
- risks associated with political instability and changes to the regulations governing the Company’s business operations;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- risks relating to the termination of the Company’s mining concessions in certain circumstances;
- risks related to International Labour Organization (“ILO”) Convention 169 compliance;
- developing and maintaining relationships with local communities and stakeholders;
- risks associated with losing control of public perception as a result of social media and other web-based applications;
- potential opposition of the Company’s exploration, development and operational activities;
- risks related to the Company’s ability to obtain adequate financing for planned exploration and development activities;
- substantial reliance on the Caylloma Mine and San Jose Mine for revenues;
- property title matters;
- risks relating to the integration of businesses and assets acquired by the Company;
- impairments;
- reliance on key personnel;
- uncertainty relating to potential conflicts of interest involving the Company’s directors and officers;
- risks associated with the Company’s reliance on local counsel and advisors and the experience of its management and board of directors in foreign jurisdictions;
- adequacy of insurance coverage;
- risks related to the Company’s compliance with the United States Sarbanes-Oxley Act;
- risks related to the foreign corrupt practices regulations and anti-bribery laws;

- potential legal proceedings;
- uncertainties relating to general economic conditions;
- competition;
- fluctuations in metal prices;
- risks associated with entering into commodity forward and option contracts for base metals production;
- fluctuations in currency exchange rates;
- tax audits and reassessments;
- uncertainty relating to concentrate treatment charges and transportation costs;
- sufficiency of monies allotted by the Company for land reclamation;
- risks associated with dependence upon information technology systems, which are subject to disruption, damage, failure and risks with implementation and integration;
- risks associated with climate change legislation;
- risks related to the volatility of the trading price of the Common Shares and the Debentures;
- dilution from future equity financing;
- risks related to future insufficient liquidity resulting from a decline in the price of the Common Shares;
- uncertainty relating to the Company's ability to pay dividends in the future;
- uncertainty relating to the enforcement of U.S. judgments against the Company;
- risks related to the Offering and the listing of the Debentures and Debenture Shares on the TSX, including the approval of the listing by the TSX, and the listing of the Debenture Shares on the NYSE;
- risks and uncertainties relating to the actual use of proceeds;
- risks related to the establishment of a trading market for the Debentures on the TSX;
- risks related to the performance of the Debentures, including the prevailing yield and any related credit rating; and
- risks related to the enforcement of the terms of the Debentures, including due to the subordination of the Debentures to Senior Indebtedness (as defined herein).

This list is not exhaustive of the factors that may affect any of our forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and our actual achievements or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in this short form prospectus under the heading “*Risk Factors*” and in the AIF (as defined herein).

Forward-looking statements contained in this short form prospectus are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration, development, construction and production of its properties;
- there being no significant disruptions affecting operations, whether relating to labour, supply, power, damage to equipment or other matters;
- permitting, construction, development and expansion proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding metal prices and currency exchange rates;
- prices for and availability of fuel, electricity, parts and equipment and other key supplies remaining consistent with current levels;
- production forecasts meeting expectations;
- the accuracy of the Company's current Mineral Resource and Mineral Reserve estimates; and
- the ability of the Company to fulfil the requirements of the TSX in connection with the listing of the Debentures and Debenture Shares, and the requirements of the NYSE in connection with the listing of the Debenture Shares, issued in connection with the Offering.

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 not to be as anticipated, estimated or intended. These forward-looking statements are made as of the date of this short form prospectus. 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, readers are cautioned not to place undue reliance on forward-looking statements.

Except as required by law, the Company does not assume the obligation to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.

NOTICE REGARDING NON-IFRS MEASURES

This short form prospectus and the documents incorporated by reference herein include certain terms or performance measures that are not defined under IFRS, including, but not limited to, cash costs per payable ounce of silver equivalent, cash costs per tonne of processed ore, total production cash cost per tonne, all-in sustaining cash cost, free cash flow, free cash flow from ongoing operations, adjusted net income, adjusted EBITDA, and all-in sustaining cash cost per payable ounce of silver equivalent production. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures should be read in conjunction with the Company's financial statements and management's discussion and analysis incorporated by reference herein. See "*Non-GAAP Financial Measures*" in the Company's management's discussion and analysis for the year ended December 31, 2018, and for the three and six months ended June 30, 2019, regarding the Company's use of non-IFRS measures.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at 200 Burrard Street, Suite 650, Vancouver, British Columbia, Canada V6C 3L6, and are also available electronically at www.sedar.com.

The following documents which have been filed by the Company with various securities commissions or similar authorities in Canada in which the Company is a reporting issuer are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

- (a) the Company's annual information form dated March 29, 2019 for the year ended December 31, 2018 (the "**AIF**");
- (b) the Company's audited consolidated financial statements as at and for the years ended December 31, 2018 and 2017, together with the report of the independent registered public accounting firm thereon;
- (c) the Company's management's discussion and analysis for the year ended December 31, 2018;
- (d) the Company's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019 and 2018 (the "**Interim Financial Statements**");
- (e) the Company's management's discussion and analysis for the three and six months ended June 30, 2019 (the "**Interim MD&A**");
- (f) the Company's management information circular as at May 14, 2019, prepared in connection with the Company's annual general meeting of shareholders held on June 20, 2019;
- (g) the term sheet in respect of the Offering dated September 10, 2019 (the "**Term Sheet**"); and
- (h) the material change report dated September 13, 2019, relating to the announcement of the Offering.

A reference herein to this short form prospectus also means any and all documents incorporated by reference in this short form prospectus. Any document of the type referred to above, including audited annual consolidated financial statements, unaudited interim consolidated financial statements and the related management's discussion and analysis, material change reports (excluding confidential material change reports), any business acquisition reports, the content of any news release disclosing financial information for a period more recent than the period for which financial information is deemed incorporated by reference in this short form prospectus and certain other disclosure documents as set forth in Item 11.1 of Form 44-101F1 of National Instrument 44-101 of the Canadian Securities Administrators filed by the Company with the securities commissions or similar regulatory authorities in Canada after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this short form prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

References to our website in any documents that are incorporated by reference into this short form prospectus do not incorporate by reference the information on such website into this short form prospectus, and we disclaim any such incorporation by reference.

MARKETING MATERIALS

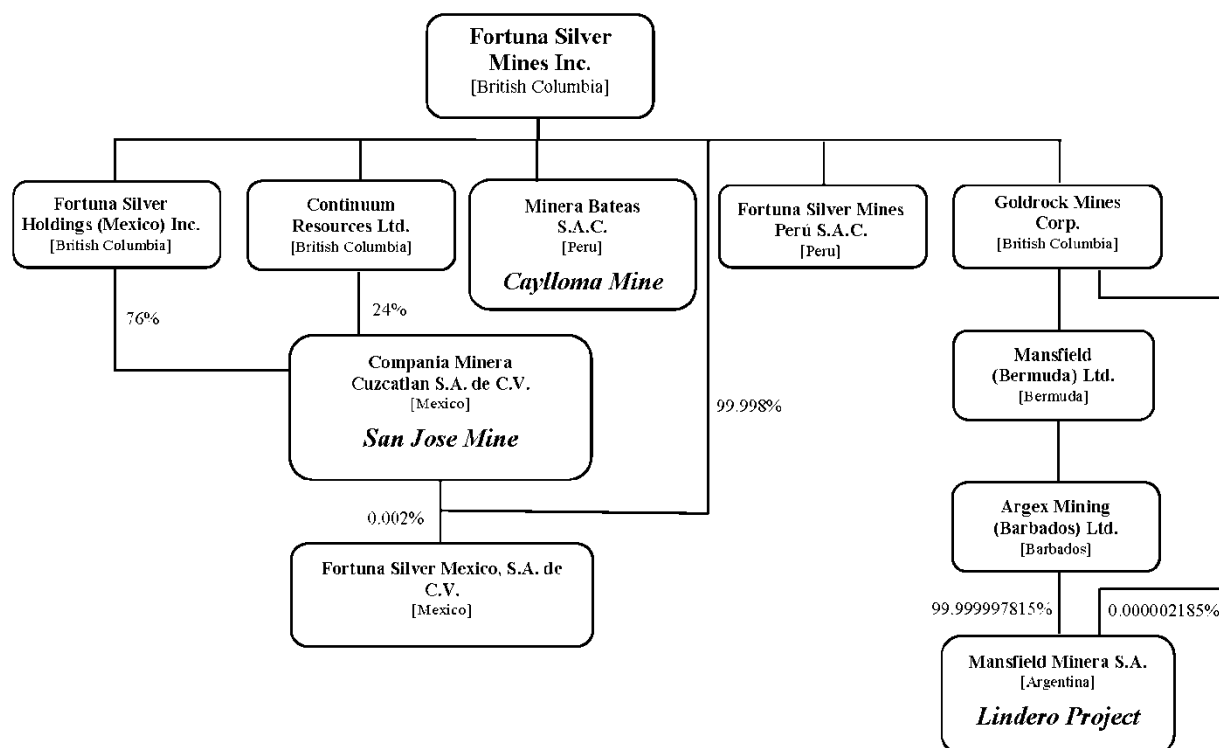
The Term Sheet is not part of this short form prospectus to the extent that the contents of the Term Sheet have been modified or superseded by a statement contained in this short form prospectus or any amendment hereto. Any “template version” of any “marketing materials” (as such terms are defined under applicable Canadian securities laws) that is used by the Underwriters in connection with the Offering does not form a part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in the final short form prospectus. Any template version of any marketing materials that has been, or will be, filed under the Company’s profile on SEDAR at www.sedar.com before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Term Sheet and any template version of any marketing materials) is deemed to be incorporated by reference into the final short form prospectus.

THE COMPANY

The Company was incorporated on September 4, 1990 pursuant to the *Company Act* (British Columbia) under the name Jopec Resources Ltd. and subsequently transitioned under the *Business Corporations Act* (British Columbia). On February 3, 1999, the Company changed its name to Fortuna Ventures Inc. and on June 28, 2005 to Fortuna Silver Mines Inc.

The management head office of the Company is located at Piso 5, Av. Jorge Chávez #154, Miraflores, Lima, Peru. The corporate head and registered office of the Company is located at 200 Burrard Street, Suite 650, Vancouver, BC V6C 3L6.

The Company carries on a significant portion of its business through a number of 100%-owned subsidiaries, held either directly or indirectly, as follows:



Fortuna is engaged in precious and base metals mining and related activities in Latin America, including exploration, extraction, and processing. Fortuna operates the Caylloma silver, lead and zinc mine (the “**Caylloma Mine**”) in southern Peru; operates the San Jose silver and gold mine (the “**San Jose Mine**”) in southern Mexico; and is constructing an open pit gold heap leach mine at the Lindero gold project (the “**Lindero Project**”) in northern Argentina.

Recent Developments

The Lindero Project is a porphyry gold deposit located in the Province of Salta in northwestern Argentina, approximately 260 km due west of Salta City. The mineral concessions to the Lindero Project cover 3,500 hectares. The Company acquired the Lindero Project as a result of its acquisition of Goldrock Mines Corp. on July 28, 2016. In September 2017, the Company announced a positive construction decision for the project. The Lindero Project has been designed as an 18,750 tonnes per day owner operated open pit heap leach gold mine with a pit life of 13 years based on existing mineral reserves. Crushed ore will be placed on a leach pad with the pregnant solution pumped to a sulphidization-acidification-recycle-thickening plant (“**SART Plant**”) and adsorption, desorption and recovery plant (“**ADR Plant**”) prior to electrowinning and refining where gold will be poured to doré bars.

The initial capital cost budget estimate for the construction of the Lindero Project as set out in the Lindero Technical Report (as defined herein) is forecast to increase to US\$298 million, an increase of 25 percent over what was budgeted in the technical report; this amount does not include value added tax which is expected to be recovered in the first 24 months from the start of mining operations.

Defined terms not otherwise defined in this section shall have the meaning described at the end of this section.

Construction Highlights as at the end of August 2019

The construction highlights as at August 31, 2019 are as follows:

Overall Project

The overall project is 70 percent complete. Total construction spending is US\$240.8 million.

Mine and Equipment Fleet

The Company received operational permits for the explosives magazine and the explosive delivery trucks were received in August 2019. All mine equipment is on site and is fully operational. Key equipment includes six 100-ton trucks, two 17 cubic yard wheel loaders, one 5 cubic yard crawler excavator, two 449 HP dozers, two 250 HP motor graders, and two 800 HP rotary blast hole drill rigs.

Power Plant

The power plant consisting of twelve power generators and ten 50 cubic meter fuel tanks is being pre-commissioned. The plant will allow for power requirements to be self-generated through an eight megawatt diesel generator power plant. The medium voltage power distribution system is complete.

18,750 Tonnes per Day Crushing Circuit and Agglomeration Plant

All principal structures and equipment in the primary, secondary, and tertiary crushing circuits have been mounted with electrical, lubrication, and hydraulic systems being installed. Mounting and installation of conveyor belts is the main mechanical activity taking place at the present time.

The large agglomeration surge bin, two cement silos, and the two agglomeration drums have been mounted with mechanical and electrical installation continuing.

Commissioning of the crushing circuit and the agglomeration plant is planned for the fourth quarter of 2019.

Leach Pad and Solution Ponds Area

The 31 hectare leach pad start-up is 88 percent advanced and scheduled to be completed in October 2019. Construction of the SART, pregnant, intermediate and barren solution ponds, stormwater pond and five-layer of geosynthetics for the double liner system of the ponds are 92 percent complete.

ADR and SART plants

Concrete foundations for the ADR Plant and SART Plant have been completed.

The steel structure for the building to house the ADR Plant is 90 percent complete and the electromechanical and piping installation commenced in September 2019. The ADR Plant is scheduled to be commissioned in the first quarter of 2020.

Steel structure installation at the SART Plant is 40 percent complete. Electromechanical and pipe installation is planned to commence by the end of September 2019.

Construction camp and ancillary facilities

Industrial water for the operation will be sourced from a 120 cubic meter per hour well field and pumping station located 13 kilometers from the project site. Fresh water wells, pumping and distribution systems are 40 percent complete and commissioning is planned for the fourth quarter of 2019.

Further updates on the construction of the Lindero Project will be provided by the Company as the development of the project proceeds.

Pre-Production Mining

On September 13, 2019, the Company announced the start of pre-production mining at the Lindero Project. Initial blasting on mineral reserves commenced in early September and the mine is planned to build stockpiles of reserves ahead of stacking on the leach pad.

The Lindero Project construction remains on track with placement of mineral reserves on the leach pad scheduled for the fourth quarter of 2019 and the first doré pour planned during the first quarter of 2020.

Updated Lindero Project Mineral Reserves and Mineral Resources

On April 4, 2019, the Company announced an updated estimated gold doré production plan for the first year of commercial production and an updated Mineral Reserve and Mineral Resource estimate as of March 31, 2019 for the Lindero Project.

Mineral Reserves and Mineral Resources are reported as of March 31, 2019 based on 212 diamond drill holes totaling 44,550 meters. The estimates incorporate an updated geological interpretation based on the infill drilling conducted in 2018, updated metal prices and estimated operating costs. The updated technical information does not materially change the information presented in the Lindero Technical Report.

Mineral Resource estimation involved the usage of drill hole samples in conjunction with surface mapping to construct three-dimensional wireframes defining lithologic, alteration, and grade domains. Samples were selected inside these wireframes, coded, composited and top cut. Boundaries were treated as hard, firm or soft based on statistical and geostatistical analysis. Gold and copper grades were estimated by ordinary kriging into a geological block model consisting of 10 meter x 10 meter x 4 meter selective mining units representing each domain. Estimated grades were validated globally, locally, and visually prior to classification and are reported above a 0.20 g/t Au cut-off grade within a conceptual pit shell.

The updated Mineral Resource and Mineral Reserve estimates use the same methodology (key assumptions, parameters and methods) as the Lindero Technical Report. However, Mineral Reserve estimates have been conducted taking into account the new updated resource block model, revised cost estimates, metal prices, projected exchange rates, and the updated detailed design capacity of the leach pad. Mineralized material inside the ultimate pit shell that cannot be accommodated by the updated leach pad design has been classified as a Mineral Resource.

Mineral Reserves					Contained Metal
Property	Classification	Tonnes (000)	Au (g/t)	Cu (%)	Au (koz)
Lindero Project, 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					Contained Metal
Property	Classification	Tonnes (000)	Au (g/t)	Cu (%)	Au (koz)
Lindero Project, 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
	Inferred	8,600	0.38	0.10	106

- Notes:
- (1) Mineral Reserves and Resources are as defined by the 2014 CIM Standards (as defined herein) 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 for the Lindero Project are reported as of March 31, 2019.
 - (6) Mineral Reserves for the Lindero Project are reported based on open pit mining within designed pit shells based on variable gold 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 \$1,320/oz. Mineral Reserves are restricted to leach pad design capacity. Assumptions used in the pit design are the same as those for the Mineral 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 \$1,320/oz, mining costs at \$1.28 per tonne of material, with total processing and process G&A costs of \$8.29 per tonne of ore and an average process recovery of 75%. The refinery costs net of pay factor were estimated to be \$6.90 per ounce of 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” as defined in NI 43-101 (as defined herein) for resources and Amri Sinuhaji (APEGBC #48305) is the “qualified person” as defined in NI 43-101 for reserves, both being employees of Fortuna Silver Mines Inc.
 - (9) Totals may not add due to rounding procedures.

The updated technical information used in the updated Mineral Resource and Mineral Reserve estimates employed the same data verification methods as detailed in the Lindero Technical Report, and Eric Chapman, P.Geo. (APEGBC #36328), a “qualified person” as defined by NI 43-101 for Mineral Resources, has verified the data, and confirms that, there were no limitations to the data or failure of the data, beyond what is detailed in the Lindero Technical Report.

First Year Production Plan

For the first year of commercial production, the Lindero Project’s mine plan has been optimized so that the operation will benefit from mining the higher grade mineralization outcropping that was identified through the infill drilling completed in 2018. As a result, gold doré production for the Lindero Project’s first year of commercial production is estimated to be between 145,000 ounces and 160,000 ounces and is based on the factors set out in the Lindero Technical Report.

TECHNICAL INFORMATION

The scientific and technical information relating to the Caylloma Mine, the San Jose Mine and the Lindero Project set forth in this short form prospectus and in the documents incorporated by reference is based on technical reports prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) titled as follows:

- (a) in respect of the Caylloma Mine the technical report entitled “*Fortuna Silver Mines Inc.: Caylloma Mine, Caylloma District, Peru*”, with an effective date of March 8, 2019, prepared by Eric Chapman, P.Geo. and Amri Sinuhaji, P.Eng. (the “**Caylloma Technical Report**”);
- (b) in respect of the San Jose Mine the technical report entitled “*Fortuna Silver Mines Inc.: San Jose Mine, Oaxaca, Mexico*”, with an effective date of February 22, 2019, prepared by Eric Chapman, P.Geo. and Amri Sinuhaji, P.Eng. (the “**San Jose Technical Report**”); and

- (c) in respect of the Lindero Project the technical report entitled “*Fortuna Silver Mines Inc.: Lindero Property, Salta Province, Argentina*” with an effective date of October 31, 2017, prepared by Eric Chapman, P.Geo., Edwin Gutierrez, SME Registered Member, Geoff Allard, PE, and Denys Parra Murrugarra, SME Registered Member, (the “**Lindero Technical Report**”, and together with the Caylloma Technical Report and the San Jose Technical Report, the “**Technical Reports**”), each having been filed with Canadian securities regulatory authorities on SEDAR (available at www.sedar.com).

Each of the authors of the Technical Reports listed under the heading “*Interest of Experts*” in this short form prospectus is a “qualified person” for the purposes of NI 43-101. The information contained in this short form prospectus and the documents incorporated by reference herein regarding the Caylloma Mine, the San Jose Mine and the Lindero Project has been derived from the Technical Reports, is subject to certain assumptions, qualifications and procedures described in the Technical Reports and is qualified in its entirety by the full text of the Technical Reports. Reference should be made to the full text of the Technical Reports.

Additional disclosure with respect to the Lindero Project in this short form prospectus of a scientific or technical nature was reviewed and approved by Eric Chapman, P. Geo., the Company’s Vice President of Technical Services who is a “qualified person” for the purposes of NI 43-101.

CIM Definition Standards

Unless otherwise indicated, the Mineral Reserves and Mineral Resources referred to in this short form prospectus have been estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum definition standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2015 (the “**CIM Standards**”). The following definitions are summaries from the CIM Standards:

The term “**Mineral Resource**” means a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The term “**Inferred Mineral Resource**” means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term “**Indicated Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors (as defined herein) in sufficient detail to support mine planning and evaluation or the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

The term “**Measured Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

The term “**Mineral Reserve**” means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility levels as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves (as hereinafter defined) and Proven Mineral Reserves (as hereinafter defined). Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility.

The term “**Probable Mineral Reserve**” means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

The term “**Proven Mineral Reserve**” means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

The term “**Modifying Factors**” means considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

RISK FACTORS

Investing in the Debentures involves a high degree of risk. In addition to the other information contained in this short form prospectus and the documents incorporated for reference, you should carefully consider the risks described below before purchasing the Debentures. If any of the following risks actually occur, the Company's business, financial condition, results of operations and prospects could materially suffer. As a result, the trading price of the Company's securities, including the Debentures, could decline, and you might lose all or part of your investment. The risks set out below and incorporated by reference in this short form prospectus are not the only risks the Company faces; risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also materially and adversely affect its business, financial condition, results of operations and prospects. You should also refer to the other information set forth or incorporated by reference in this short form prospectus, including the Company's consolidated financial statements and related notes.

Risks Relating to the Company's Business Operations

The Company's operations are subject to operating hazards and risks incidental to mining operations.

Mining operations generally involve a high degree of risk. Operations in which the Company has a direct or indirect interest, including the Caylloma Mine, the San Jose Mine and the Lindero Project, will be subject to all of the hazards and risks normally incidental to exploration, development and operational activities, including fire, explosions, floods, structural collapses, industrial accidents, unusual or unexpected geological conditions, ground control problems, power outages, pollution, industrial water shortages, inclement weather, cave-ins and mechanical equipment failure. Any such hazards could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damages. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure. Any compensation for such liabilities may have a material adverse effect on the Company's financial position.

The Company's operations are subject to political and other risks in the countries in which it operates.

The Company currently conducts, or plans to conduct, exploration, development and production activity in a number of countries, including Peru, Mexico, Argentina and Serbia. There are uncertainties in these regions regarding capital controls and future changes in applicable laws related to exploration, development and mining operations.

Argentina

On September 4, 2018, the Argentine Executive Branch issued an executive order which established an export tax of 12% over all goods exported from Argentina, applicable from September 4, 2018 to December 31, 2020. The tax is capped at four Argentine pesos per United States dollar for bullion and unrefined gold, and at three Argentine pesos per United States dollar for unrefined silver and zinc, copper and precious metal ore and their concentrate. This action was part of a larger plan that included other austerity measures in Argentina. There can be no assurance that this export tax will not be extended beyond 2020.

Additionally on September 1, 2019, the Argentine Executive Branch issued a decree (the “**Decree**”), effective until December 31, 2019, to allow the Argentine Central Bank to regulate funds coming into and flowing out of Argentina in order to maintain stability and support the economic recovery of the country. The capital controls introduced by the decree have the effect of: requiring exporters to convert the equivalent value of foreign currency received from the export into Argentine Pesos; requiring the prior consent of the Argentine Central Bank to the payment of cash dividends and distributions of currency out of Argentina; requiring Argentine companies to convert foreign currency loans received from abroad into Argentine Pesos; and restricting the sale of Argentine Pesos for foreign currency.

Currently, under the terms of the Argentine Central Bank regulation, any funds in foreign currency which are advanced by the Company as a loan to its Argentine subsidiary in connection with the payment of construction costs and expenses at the Lindero Project, are to the extent that the funds are advanced in foreign currency, required to be converted into Argentine Pesos at a conversion rate negotiated at the Foreign Exchange Market. The date to convert the foreign currency into local currency was not specified. When the loan is to be

repaid, the Regulation requires proof that the loan was advanced in foreign currency and converted into local currency in order to repay the loan in foreign currency. It is expected that the Argentine Central Bank will provide further guidance on this issue. Due to the volatility of the exchange rate for Argentine Pesos, the Company will apply additional measures in cash management to minimize potential gains or losses arising from the conversion of funds. There can be no assurance that these capital controls will not be extended past December 31, 2019. Should the capital controls continue to be in effect at the time the Company commences production at the Lindero Project, the Company will be required to convert the equivalent value into Argentine Pesos of the export of all gold doré from the Lindero Project. In addition, the Company would be required to obtain the prior consent of the Argentine Central Bank to the payment of cash dividends and distributions of profits out of Argentina.

Mexico

In January 2014, amendments to the Mexican federal corporate income tax law required titleholders of mining concessions to pay annually a 7.5% duty on their mining related profits and a 0.5% duty on revenues obtained from the sale of gold, silver and platinum, effective March 2015. Additionally, the State of Oaxaca in Mexico has a history of social conflicts and political agitation which can lead to public demonstrations and blockades that can from time to time affect the Company's operations.

The Company is not able to determine the impact of other potential political and country risks on its future financial position nor its ability to meet future interest or principal payments, which include:

- cancellation or renegotiation of contracts;
- changes in foreign laws or regulations;
- changes in tax laws;
- royalty and tax increases or claims by governmental entities;
- retroactive tax or royalty claims;
- expropriation or nationalization of property;
- inflation of costs that is not compensated by a currency devaluation;
- restrictions on the ability of local operating companies to sell gold, copper or other minerals offshore for U.S. dollars, and on the ability of companies to hold U.S. dollars or other foreign currencies;
- restrictions on the purchase of foreign currencies and on the remittance of dividend and interest payments offshore;
- limitations on the repatriations of earnings;
- environmental controls and permitting;
- opposition from local community members or non-governmental organizations;
- civil strife, acts of war, guerrilla activities, insurrection and terrorism; and
- other risks arising out of foreign sovereignty over the areas in which the Company's operations are conducted.

Such risks could potentially arise in any country in which the Company operates. These risks may limit or disrupt operating mines or projects, restrict the movement of funds, cause the Company to have to expend more funds than previously expected or required, and may materially adversely affect the Company's financial position or results of operations. The Company may also evaluate business opportunities in other jurisdictions where such risks may exist. Furthermore, in the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute.

The Company may be adversely affected by operating expense exchange rate fluctuations.

The Company's activities and operations in Mexico, Peru and Argentina make it subject to foreign currency fluctuations. Although the Company uses U.S. dollars as the currency for the measurement and presentation of its financial statements, the Company's operating expenses are incurred in Mexican and Argentine Pesos and Peruvian Sol in proportions that will typically range between 40% and 60% of total expenses, depending on the country. The fluctuation of these currencies in relation to the U.S. dollar will consequently have an impact upon the profitability of the Company's mineral properties and therefore its ability to continue to finance its exploration, development and operations. Such fluctuations may also affect the value of the Company's assets and shareholders' equity. Future exploration, development and operational plans may need to be altered or abandoned if actual exchange rates for these currencies are less than or more than the rates estimated in any such future plans. To date, the Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. The Company cannot be sure that any hedging techniques it may implement in the future will be successful or that its business, financial condition, and results of operations will not be materially adversely affected by exchange rate fluctuations.

Mineral Resources, Mineral Reserves and precious metal recoveries are estimated.

There is a degree of uncertainty attributable to the estimation of Mineral Resources, Mineral Reserves and expected mineral grades. The Mineral Resource and Mineral Reserve estimates included or incorporated by reference in this short form prospectus have been determined and valued based on assumed future prices, cut-off grades and operating costs. However, until mineral deposits are actually mined and processed, Mineral Resources and Mineral Reserves must be considered as estimates only. Any such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices.

Mineral Resources and Mineral Reserves may require revision based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs and reduced recovery rates, may render certain Mineral Reserves uneconomic and may ultimately result in a restatement of Mineral Resources and/or Mineral Reserves. Short-term operating factors relating to the Mineral Resources and Mineral Reserves, such as the need for sequential development of ore bodies, may adversely affect the Company's profitability in any accounting period. Estimates of operating costs are based on assumptions including those relating to inflation and currency exchange, which may prove incorrect. Estimates of mineralization can be imprecise and depend upon geometallurgical assumptions, geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. In addition, the grade and/or quantity of precious metals ultimately recovered may differ from that indicated by drilling results. There can be no assurance that precious metals recovered in small scale tests will be duplicated in large scale tests under onsite conditions or in production scale. Amendments to mine plans and production profiles may be required as the amount of Mineral Resources changes or upon receipt of further information during the implementation phase of the project. Extended declines in market prices for gold, silver and other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reduction in estimates of mineralization, or in the Company's ability to develop its properties and extract and sell such minerals, could have a material adverse effect on the Company's results of operations or financial condition.

The Company's capital and operating costs, production schedules and economic returns are based on certain assumptions which may prove to be inaccurate.

The Company's expected capital and operating costs, production estimates, anticipated economic returns and other projections, estimates and forecasts for its mineral properties that are included or incorporated by reference in this short form prospectus or included in any technical reports, scoping studies, pre-feasibility studies and feasibility studies prepared for or by the Company are based on assumed or estimated future metals prices, cut-off grades, operating costs, capital costs, metallurgical recoveries, that the actual ore mined is amenable to mining or treatment, environmental considerations, labour volumes, permitting and other factors, any of which may prove to be inaccurate. As a result, technical reports, scoping studies, pre-feasibility studies and feasibility studies prepared for or by the Company may prove to be unreliable.

The Company's capital and operating costs are affected by the cost of commodities and goods such as steel, cement, explosives, fuel, electrical power and supplies, including reagents. Significant declines in market prices for gold, silver and other metals could have an adverse effect on the Company's economic projections. Management assumes that the materials and supplies required for operations will be available for purchase and that the Company will have access to the required amount of sufficiently skilled labour. As the Company relies on certain third-party suppliers and contractors, these factors can be outside its control and an increase in the costs of, or a lack of availability of, commodities, goods and labour may have an adverse impact on the Company's financial condition. The Company may experience difficulty in obtaining the necessary permits for its exploration, development or operational activities, if such permits are obtained at all, and may face penalties as a result of violations of permits or other environmental laws, which may cause delays and increases to projected budgets. Any of these discrepancies from the Company's expected capital and operating costs, production schedules and economic returns could cause a material adverse effect on the Company's business, financial condition and results of operations.

The Company has in the past, and may in the future, provide estimates and projections of its future production, costs and financial results. Any such information is forward looking. Neither the Company's auditors nor any other independent expert or outside party compiles or examines these forward-looking statements. Accordingly, no such person expresses any opinion or any other form of assurance with respect thereto. Such estimates are made by the Company's management and technical personnel and are qualified by, and subject to the assumptions, contained or referred to in the filing, release or presentation in which they are made, including assumptions about the availability, accessibility, sufficiency and quality of mineralized material, the Company's costs of production, the market prices of silver, gold and other metals, the Company's ability to sustain and increase production levels, the ability to produce and sell marketable concentrates the sufficiency of its infrastructure, the performance of its personnel and equipment, its ability to maintain and obtain mining interests and permits, the state of the government and community relations, and its compliance with existing and future laws and regulations. Actual results and experience may differ materially from these assumptions. Any such production, cost, or financial results estimates speak only as of the date on which they are made, and the Company disclaims any intent or obligation to update such estimates, whether as a result of new information, future events or otherwise. Accordingly, these forward-looking statements should be considered in the context in which they are made and undue reliance should not be placed on them.

Uncertainties and risks related to the start-up of the Lindero Project

The Company is subject to inherent uncertainties and risks related to the construction and start-up of the Lindero Project, the principal of which include:

- hiring of key personnel for the construction and commissioning;
- availability and delivery of critical equipment within the timeline;
- delays associated with contractors;
- budget overruns due to changes in costs of fuel, power, materials and supplies, or fluctuations in foreign exchange rates; and
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent activities.

The Company's ability to meet construction, development, and production schedules and cost estimates for the Lindero Project cannot be assured. The Company has prepared estimates of capital costs and/or operating costs for the Lindero Project, but no assurance can be given that such estimates will be achieved. Failure to achieve cost estimates or material increases in costs could have an adverse impact on future cash flows, profitability, results of operations and financial condition.

It is common in new mining operations to experience such unexpected costs, problems and delays during construction, development and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at the Lindero Project.

Development projects such as the Lindero Project are uncertain and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production.

The development of the mine at the Lindero Project requires significant expenditures during the development phase before production is possible. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future commodity prices, future exchange rates for foreign currencies, and anticipated capital and operating costs of such projects. The Lindero Project has no operating history upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of gold from the ore, estimated operating costs, anticipated climactic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will significantly differ from those currently estimated for the Lindero Project prior to production.

Any of the following events, among others, could affect the profitability or economic feasibility of the Lindero Project: unanticipated changes in grades and tonnes of ore to be mined and processed, unanticipated adverse geologic conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability of labour, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to the environment, prices, royalties, duties, taxes, permitting, restrictions on production, restrictions on remittance of dividend and interest payments offshore and quotas on exportation of minerals), opposition from local community members or non-governmental organizations, fluctuations in gold prices, and accidents labour actions and force majeure events.

The Company is substantially reliant on the Caylloma Mine and the San Jose Mine.

All of the Company's revenues were generated by the Caylloma Mine until September 2011, when commercial production commenced at the San Jose Mine. For 2019, the Company anticipates that all of its revenue will come from the Caylloma Mine and the San Jose Mine. Until commencement of commercial production at the Lindero Project or until the Company acquires or develops additional properties or projects, the Company will remain largely dependent upon the operation of the Caylloma Mine and the San Jose Mine for its future revenue and profits, if any. Further, if after commencing commercial production, operations at the Lindero Project are interrupted or suspended for any reason, or if revenue and profits related to the Lindero Project are required to be converted to local currency due to capital controls imposed by the Argentine Central Bank or for any other reason, the Company will remain largely dependent upon the operation of the Caylloma Mine and San Jose Mine. If for any reason production at either mine was reduced or stopped, the Company's revenues and profits would decrease significantly.

The Company is faced with uncertainty of funding for exploration and development.

The Company's operating cash flow from the Caylloma Mine and the San Jose Mine may not be sufficient to cover the current and future costs of exploration and development of the Company's other, non-producing properties, including the Lindero Project. Exploration and development activities may be dependent upon the Company's ability to obtain financing through joint ventures, equity or debt financing or other means. There can be no assurance that the Company will be able to obtain additional financing or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of some of its projects.

The development of the Company's properties requires substantial exploration, expenditure and the development of infrastructure.

Development of the Company's non-producing properties will only follow upon obtaining satisfactory exploration and engineering results that confirm economically recoverable and saleable volumes of minerals and metals as well as the legality of such development. The business of mineral exploration and development is speculative in nature and involves a high degree of risk, as few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of Mineral Reserves. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Development of the Company's non-producing projects will require the construction and operation of mines, processing plants and related infrastructure. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labour, mining equipment and principal supplies needed for operations;
- the availability and cost of appropriate smelting and refining arrangements;
- the need to maintain necessary environmental and other governmental approvals and permits;
- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, environmental groups, local groups or other stakeholders which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of labour, fuel, power, materials and supplies.

Substantial expenditures are required to establish Mineral Resources and Mineral Reserves through drilling and development and for mining and processing facilities and infrastructure. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. Economic feasibility of a project is based on several other factors including anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and timely completion of the development plan.

Completion of the development of the Company's advanced projects is subject to various requirements, including the availability and timing of acceptable arrangements for power, water, transportation, access and facilities. The lack of, or delay in, availability of any one or more of these items could prevent or delay development of the Company's advanced projects. There can be no assurance that adequate infrastructure, including road access, will be built, that it will be built in a timely manner or that the cost of such infrastructure will be reasonable or that it will sufficiently satisfy the requirements of the advanced projects. As well, accidents or sabotage could affect the provision or maintenance of adequate infrastructure.

The Company's operations require water, and the San Jose Mine is located in a region where water is scarce. While the Company believes it holds sufficient water rights to support its current operations, future developments could limit the amount of water available to the Company. New water development projects, or climatic conditions such as extended drought, could adversely affect the Company. There can be no guarantee that the Company will be successful in maintaining adequate supplies of water for its operations.

The Company's operations are subject to extensive environmental regulation.

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These laws address emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. The Company's operations generate chemical and metals depositions in the form of tailings. The Company's ability to obtain, maintain and renew permits and approvals and to successfully develop and operate mines may be adversely affected by real or perceived impacts associated with the Company's activities or of other mining companies that affect the environment, human health and safety. Environmental hazards

may exist on the Company's properties which are unknown to the Company at present and were caused by previous or existing owners or operators of the properties, for which the Company could be held liable.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed. Such enforcement actions may include the imposition of corrective measures requiring capital expenditure, installation of new equipment or remedial action. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The Company intends to, and attempts to, fully comply with all applicable environmental regulations. While the health and safety of its people and responsible environmental stewardship are top priorities for the Company, there can be no assurance that the Company has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not materially and adversely affect the Company's business, results of operations or financial condition.

The Company's business is sensitive to nature and climate conditions.

The Company and the mining industry are facing continued geotechnical challenges, which could adversely impact the Company's production and profitability. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, floods, seismic activity, droughts and pit wall failures, may occur in the future and such events may not be detected in advance. Such geotechnical risks could impact the structural integrity of our mines, stockpiles, leach pads and tailings storage facilities. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and considerable rainfall. Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could cause one or more of the Company's projects to be less profitable than currently anticipated and could result in a material adverse effect on the Company's business results of operations and financial position.

The Company is subject to extensive government regulations and permit requirements.

Operations, development and exploration on the Company's properties are affected to varying degrees by political stability and government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price controls, tax increases, maintenance of claims, tenure, and expropriation of property. Failure to comply with applicable laws and regulations may result in fines or administrative penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in the Company incurring significant expenditures.

The activities of the Company require licences and permits from various governmental authorities. The Company currently has been granted the requisite licences and permits to enable it to carry on its existing business and operations. The Company has also been granted the principal licenses and permits necessary for exploration and construction of the Lindero Project, and permits related to construction activities have been received and are subject to renewal when applicable. There can be no assurance that the Company will be able to obtain all the necessary licences and permits which may be required to carry out exploration, development and mining operations for its projects in the future. The Company might find itself in situations where the state of compliance with regulation and permits can be subject to interpretation and challenge from authorities that could carry risk of fines or temporary stoppage.

The Company's mining concessions may be terminated in certain circumstances.

Under the laws of the jurisdictions where the Company's operations, exploration and development projects and prospects are located, Mineral Resources belong to the state and governmental concessions are required to explore for, and exploit, Mineral Reserves. The Company holds mining, exploration and other related concessions in each of the jurisdictions where it is operating and where it is carrying on development projects and prospects. The concessions held by the Company in respect of its operations, exploration and development projects and prospects may be terminated under certain circumstances, including where minimum production levels are not achieved by the Company (or a corresponding penalty is not paid), if certain fees and/or royalties are not paid or if environmental and safety standards are not met. Termination of any of the Company's concessions could have a material adverse effect on the Company's business, financial condition or results of operations.

Risks related to International Labour Organization (“ILO”) Convention 169 Compliance

The Company may, or may in the future, operate in areas presently or previously inhabited or used by indigenous peoples. As a result, the Company’s operations are subject to national and international laws, codes, resolutions, conventions, guidelines and other similar rules respecting the rights of indigenous peoples, including the provisions of ILO Convention 169. ILO Convention 169 mandates, among other things, that governments consult with indigenous peoples who may be impacted by mining projects prior to granting rights, permits or approvals in respect of such projects.

ILO Convention 169 has been ratified by most Latin American countries including Argentina, Peru and Mexico. It is possible however that these governments may not (i) have implemented procedures to ensure their compliance with ILO Convention 169 or (ii) have complied with the requirements of ILO Convention 169 despite implementing such procedures.

Government compliance with ILO Convention 169 can result in delays and significant additional expenses to the Company arising from the consultation process with indigenous peoples in relation to the Company’s exploration, mining or development projects. Moreover, any actual or perceived past contraventions, or potential future actual or perceived contraventions, of ILO Convention 169 by ratifying governments in the countries in which the Company operates create a risk that the permits, rights, approvals, and other governmental authorizations that the Company has relied upon, or may in the future rely upon, to carry out its operations or plans in such countries could be challenged by or on behalf of indigenous peoples in such countries.

Such challenges may result in, without limitation, additional expenses with respect to the Company’s operations, the suspension, revocation or amendment of the Company’s rights or mining, environmental or export permits, a delay or stoppage of the Company’s development, exploration or mining operations, the refusal by governmental authorities to grant new permits or approvals required for the Company’s continuing operations until the settlement of such challenges, or the requirement for the responsible government to undertake the requisite consultation process in accordance with ILO Convention 169.

As a result of the inherent uncertainty in respect of such proceedings, the Company is unable to predict what the results of any such challenges would be; however, any ILO Convention 169 proceedings relating to the Company’s mining and exploration operations in Mexico or Peru, or its development of the Lindero Project and exploration of other properties in Argentina, may have a material adverse effect on the business, operations, and financial condition of the Company.

The Company’s success depends on developing and maintaining relationships with local communities and stakeholders.

The Company’s ongoing and future success depends on developing and maintaining productive relationships with the communities surrounding its operations, including indigenous peoples who may have rights or may assert rights to certain of the Company’s properties, and other stakeholders in its operating locations. The Company believes its operations can provide valuable benefits to surrounding communities, in terms of direct employment, training and skills development and other benefits associated with ongoing payment of taxes. In addition, the Company seeks to maintain its partnerships and relationships with local communities, including indigenous peoples, and stakeholders in a variety of ways, including in-kind contributions, volunteer time, sponsorships and donations. Notwithstanding the Company’s ongoing efforts, local communities and stakeholders can become dissatisfied with its activities or the level of benefits provided, which may result in civil unrest, protests, direct action or campaigns against it. Any such occurrence could materially and adversely affect the Company’s business, financial condition or results of operations.

As a result of social media and other web-based applications, companies today are at much greater risk of losing control over how they are perceived.

Damage to the Company’s reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although the Company places a great emphasis on protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and act as an impediment to the Company’s overall ability to advance its projects, thereby having a material adverse impact on the Company’s business, financial condition or results of operations.

Opposition to the Company’s exploration, development and operational activities may adversely affect the Company’s reputation, its ability to receive mining rights or permits and its current or future activities.

Maintaining a positive relationship with the communities in which the Company operates, including with respect to the Caylloma Mine, the San Jose Mine and the Lindero Project, is critical to continuing successful exploration and development. Community support for operations is a key component of a successful exploration or development project. Various international and national laws, codes,

resolutions, conventions, guidelines and other materials relating to corporate social responsibility (including rights with respect to health and safety and the environment) may also require government consultation with communities on a variety of issues affecting local stakeholders, including the approval of mining rights or permits.

The Company may come under pressure in the jurisdictions in which it explores or develops to demonstrate that other stakeholders benefit and will continue to benefit from its commercial activities. Local stakeholders and other groups may oppose the Company's current and future exploration, development and operational activities through legal or administrative proceedings, protests, roadblocks or other forms of public expression against the Company's activities. Opposition by such groups may have a negative impact on the Company's reputation and its ability to receive necessary mining rights or permits. Opposition may also require the Company to modify its exploration, development or operational plans or enter into agreements with local stakeholders or governments with respect to its projects, in some cases causing considerable project delays. Any of these outcomes could have a material adverse effect on the Company's business, financial condition, results of operations and Common Share price.

The title to the Company's properties could be challenged or impugned.

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore the precise area and location of the properties may be in doubt. The Company's properties may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by unidentified or unknown defects. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claims to individual mineral properties or mining concessions may be constrained. A successful challenge to the Company's title to a property or to the precise area and location of a property could cause delays or stoppages to the Company's exploration, development or operating activities without reimbursement to the Company. Any such delays or stoppages could have a material adverse effect on the Company's business, financial condition and results of operations.

Additional businesses and assets that the Company acquires may not be successfully integrated.

The Company undertakes evaluations from time to time of opportunities to acquire additional mining assets and businesses. In particular, the Company completed its acquisition of Goldrock Mines Corp. in July 2016. Any such acquisitions may be significant in size, may change the scale of the Company's business, may require additional capital, and/or may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks such as:

- a significant decline in the relevant metal price after the Company commits to complete an acquisition on certain terms;
- the quality of the mineral deposit acquired proving to be lower than expected;
- the difficulty of assimilating the operations and personnel of any acquired companies;
- the potential disruption of the Company's ongoing business;
- the inability of management to realize anticipated synergies and maximize the financial and strategic position of the Company;
- the failure to maintain uniform standards, controls, procedures and policies;
- the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and
- the potential unknown liabilities associated with acquired assets and businesses.

There can be no assurance that any assets or business acquired will prove to be profitable or that the Company will be able to integrate the required businesses successfully, which could slow the Company's rate of expansion and cause the Company's business, results of operations and financial condition to suffer.

The Company may need additional capital to finance future acquisitions. There can be no assurance that such financing would be available, on favourable terms or at all. If the Company obtains further debt financing, it will be exposed to the risk of leverage and its operations could become subject to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing, existing shareholders may suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such financings.

Impairments.

It is possible that material changes could occur that may adversely affect management's estimate of the carrying value of non-current assets which may have a material adverse effect on the Company. Impairment estimates are based on management's assumptions, and sensitivity analyses and actual future outcomes may differ from these estimates.

As at December 31, 2018, the Company determined there were indicators of impairment at the Lindero Project due to increased direct capital costs as well as increased owner and other indirect costs due to construction delays that extended the project completion date. The Company performed a test of impairment based on the current life of mine plan using a discount rate of 7.25% and a long-term gold price of US\$1,313/oz. Other assumptions that factored into the test include forecast currency and inflation rates, a contingency amount, future cash operating costs, initial capital and sustaining capital expenditures. As a result, management estimated the recoverable amount of the Lindero Project as at December 31, 2018, determined on a fair value less cost of disposal basis, and concluded no impairment charge was required. However, adverse changes in any of these assumptions in future periods may result in an impairment.

The Company is dependent on key personnel.

The Company is dependent on a number of key management and employee personnel. The Company's ability to manage its exploration, development, construction and operating activities, and hence its success, will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled employees. The loss of the services of one or more key management personnel, as well as a prolonged labour disruption, could have a material adverse effect on the Company's ability to successfully manage and expand its affairs.

The Company will be required to recruit additional personnel and to train, motivate and manage its employees. The international mining industry is very active and the Company is facing increased competition for personnel in all disciplines and areas of operation, including geology and project management, and there can be no assurance that it will be able to retain current personnel and attract and retain new personnel. Incentive provisions for the Company's key executives include the granting of stock options and various share units that vest over time, which are designed to encourage such individuals to stay with the Company. However, a low Common Share price, whether as a result of disappointing progress in the Company's exploration, development, construction or operating activities or as a result of market conditions generally, could render such agreements of little value to the Company's key executives. In such event, the Company's key executives could be susceptible to being hired away by the Company's competitors who could offer a better compensation package. If the Company is unable to attract and retain key personnel, its business, financial conditions and results of operations may be adversely affected.

The Company relies on local counsel and advisors and the experience of its management and board of directors in foreign jurisdictions.

The Company's material mining or exploration property interests are located in Peru, Mexico and Argentina. The legal and regulatory requirements in certain of these countries with respect to mineral exploration and mining activities, as well as local business customs and practices, are different from those in Canada and the United States. The officers and directors of the Company must rely, to a great extent, on the Company's local legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist the Company with its governmental relations. The Company must rely, to some extent, on those members of management and the Company's board of directors who have previous experience working and conducting business in these countries in order to enhance its understanding of and appreciation for the local business customs and practices. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing, labour, litigation and tax matters in these countries. There can be no guarantee that reliance on such local counsel and advisors and the Company's management and board of directors will result in compliance at all times with such legal and regulatory requirements and business customs and practices. Any such violations could result in a material adverse effect on the Company's business, financial condition and results of operations.

Certain of the Company's directors and officers may have conflicts of interest.

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. To the extent that such other companies may participate in ventures that the Company may also participate in, or in ventures that the Company may seek to participate in, the Company's directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. As a result of these potential conflicts of interests, the Company may miss the opportunity to participate in certain transactions. In all cases where the Company's directors and officers have an interest in other

companies, such other companies may also compete with the Company for the acquisition of mineral property investments. Such conflicts of the Company's directors and officers may result in a material and adverse effect on its business, financial condition and results of operations.

The insurance coverage on the Company's operations may be inadequate.

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. The Company's policies of insurance may not provide sufficient coverage for losses related to these or other risks. The Company's insurance does not cover all risks that may result in loss or damages and may not be adequate to reimburse the Company for all losses sustained. The occurrence of losses or damage not covered by insurance could have a material and adverse effect on the Company's business, operations and financial condition.

Insurance against certain environmental risks, including potential liability for pollution and other hazards as a result of the disposal of waste products occurring from production, is not generally available to companies within the mining industry. There is no assurance that the Company's insurance will be adequate to cover all liabilities or that it will continue to be available and at terms that are economically acceptable. Losses from un-insured or underinsured events may cause the Company to incur significant costs that could have a material adverse effect on its business and financial condition.

The Company must comply with the Sarbanes-Oxley Act.

The United States Sarbanes-Oxley Act ("SOX") requires an annual assessment by management of the effectiveness of the Company's internal control over financial reporting. Beginning with the Company's 2016 fiscal year, its auditor is also required to attest to the effectiveness of the Company's internal control over financial reporting. The Company may fail to maintain the adequacy of its internal control over financial reporting as such standards are modified, supplemented or amended from time to time. If this occurs, the Company may not be able to conclude, on an ongoing basis, that it has effective internal control over financial reporting in accordance with Section 404 of SOX and the Company's auditor may issue an adverse opinion on the effectiveness of its internal control over financial reporting. The Company's failure to satisfy the requirements of Section 404 of SOX on an ongoing, timely basis could result in the loss of investor confidence in the reliability of the Company's financial statements, which in turn could harm its business and negatively impact the trading price or the market value of its securities. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's operating results or cause it to fail to meet its reporting obligations. Future acquisitions of companies, if any, may provide the Company with challenges in implementing the required processes, procedures and controls in its acquired operations. No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's processes, procedures and controls could also be limited by simple errors or faulty judgments. As the Company continues to expand, the challenges involved in implementing appropriate internal control over financial reporting will increase and will require that the Company continue to monitor its internal control over financial reporting. Although the Company intends to expend substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, it cannot be certain that it will be successful in complying with Section 404 of SOX.

The Company may be responsible for corruption and anti-bribery law violations.

The Company's business is subject to the United States *Foreign Corrupt Practices Act* (the "FCPA") and the *Corrupt Foreign Public Officials Act* (Canada) (the "CFPOA"), which generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The FCPA also requires companies to maintain accurate books and records and internal controls, including at foreign-controlled subsidiaries. Since all of the Company's presently held interests are located in Peru, Mexico and Argentina, there is a risk of potential FCPA violations. In addition, the Company is subject to the anti-bribery laws of Peru, Mexico, and Argentina and of any other countries in which it conducts business in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and the FCPA, the CFPOA or other anti-bribery laws for which the Company may be held responsible. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations. The Company's Anti-Corruption Policy and other corporate policies mandate compliance with these anti-bribery laws; however there can be no assurance that the Company's internal control policies and procedures always will protect it from fraudulent behavior or dishonesty and other inappropriate acts committed by the Company's employees and agents. As such, the Company's corporate policies and processes may not prevent all potential breaches of law or other governance practices.

The Company may be subject to legal proceedings that arise in the ordinary course of business.

Due to the nature of its business, the Company may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The Company's operations are subject to the risk of legal claims by employees, unions, contractors, lenders, suppliers, joint venture partners, shareholders, governmental agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. Plaintiffs may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. Defense and settlement costs can be substantial, even with respect to claims that have no merit. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. The litigation process could, as a result, take away from the time and effort of the Company's management and could force the Company to pay substantial legal fees or penalties. There can be no assurances that the resolutions of any such matters will not have a material adverse effect on the Company's business, financial condition and results of operations.

The Mexican Geological Service ("SGM") has advised the Company that in 1993 the previous owner of one of the Company's mineral concessions located at the San Jose Mine in Oaxaca, Mexico granted SGM a royalty of 3% of the billing value of minerals obtained from the concession. The Company was unaware of the existence of the royalty since it does not appear on the electronic title register (although it is listed in the official record books of the concessions of the Mining Registry, it was not disclosed to the Company by the prior owner at the time of sale, nor was it noted in any of the multiple legal title opinions obtained by the Company at the time of and since it acquired the concession. The Company has engaged three independent Mexican law firms and has obtained legal opinions from all three firms which confirm that there was no legal basis for the creation of the royalty and that it was invalidly created. All opinions confirm that it is more likely than not that the Company's position will succeed in the event of a dispute. The Company has advised SGM that it is of the view that no royalty is payable and has taken administrative steps and initiated legal proceedings to remove reference to the royalty on the title register. To the knowledge of the Company, no response has been received by the mining authority. In the event that the royalty is payable, the amount payable from the Company's capital resources would not have a material adverse impact on the Company's results of operations.

General economic conditions could impact the Company's business.

Turmoil in global financial markets in recent years has had a profound impact on the global economy. Many industries, including the precious and base metals mining industry, have been impacted by these market conditions. Some of the key impacts have included contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. The sovereign debt crisis in Europe and the recent economic slowdown in China have been some of the most visible risks to world financial stability. A continued or worsened slowdown in economic conditions, including, but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- a new global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall market liquidity;
- the volatility of metal prices could impact the Company's revenues, profits, losses and cash flow;
- volatile energy prices, commodity and consumables prices and currency exchange rates could impact the Company's production costs or projected economic returns; and
- the devaluation and volatility of global stock markets, which are not related to the Company's operations or assets, could impact the valuation of the Company's equity and other securities.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

The Company faces intense competition.

The mining industry is intensely competitive in all of its phases. Much of the Company's competition is from larger mining companies with greater liquidity, greater access to credit and other financial resources, and that may have newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be able to respond more quickly to new laws, regulations or emerging technologies, or devote greater resources to the expansion of their operations, than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new producing properties or properties for exploration and development in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified

personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

Metal prices and the marketability of metals acquired or discovered by the Company may be affected by factors beyond the Company's control.

The marketability of metals acquired or discovered by the Company may be affected by numerous factors which are beyond the Company's control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling facilities, metal markets and processing equipment and government regulations, including regulations relating to royalties, allowable production, importing and exporting metals and environmental protection.

The price of silver, gold or other metals fluctuates widely and is affected by numerous factors beyond the Company's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major metal-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges.

The price of the Common Shares and the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of silver, gold or other metals. Declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. The continued exploration and development of or commercial production from the Company's properties may no longer be economically viable if serious price declines in the market value of silver, gold or other metals occur. Even if exploration, development or production is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed. Depending on the price of silver, gold and other metals, cash flow from mining operations may not be sufficient and the Company's financial condition and results of operations may be adversely affected. The Company may lose its interest in, or may be forced to sell, some of its properties as a result. If any such circumstances occur, the price of the Common Shares may be significantly adversely affected.

The Company may suffer adverse effects arising from fixed price commodity forward and option contracts for base metals production.

From time to time the Company may enter into agreements to receive fixed prices on any metal production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Company will not benefit from such increases and could suffer adverse effects to its business, financial position and results of operations as a result.

Tax Audits and Reassessments.

Any reassessment by applicable tax authorities of the Company's tax filings and the continuation or timing of any such process is outside of the Company's control. There is a risk that applicable tax authorities may audit the Company or its subsidiaries and issue a notice of reassessment for material amounts. In the event that applicable tax authorities issue one or more additional notices of reassessment for material amounts of tax, interest and penalties, the Company is prepared to vigorously defend its position. If the Company is unable to resolve any of these matters favourably, or if applicable tax authorities issue one or more additional notices of reassessment for material amounts of tax, interest and penalties, this could have a material and adverse effect on the Company's business and its financial condition.

The Company is subject to fluctuating concentrate treatment charges and transportation costs.

The Company has entered into agreements to sell its concentrate production from the Caylloma Mine and the San Jose Mine for 2019. Smelting and refining rates are similar to contract rates established for 2018. There is no assurance that the Company will be able to enter into smelting and refining contracts at similar competitive terms beyond 2019. The cost of transporting concentrate from the mines to the smelters is dependent on, among other things, the concentrate destination. Transportation-related costs have been volatile over the last several years and could continue to be volatile due to a number of factors, including changes in the price of oil or a shortage in the number of vessels available to ship concentrate to smelters. Increases in these rates would have an adverse impact on the Company's results of operations and financial condition.

The Company may not have reserved sufficient monies to cover the costs associated with reclamation.

Land reclamation requirements are generally imposed on companies with mineral exploration, development and operations activity in order to minimize long-term effects of land disturbance. Reclamation may include requirements to treat ground and surface water to drinking water standards, control dispersion of potentially deleterious effluent and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on the Company in connection with exploration, development and production activities, the Company must allocate financial resources that might otherwise be spent on further exploration and development programs. The actual costs of reclamation and mine closure are uncertain and planned expenditures may differ from the actual expenditures required. There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the waste rock or tailings and/or revisions to government regulations. Therefore, additional funds, or reclamation bonds or other forms of financial assurance, may be required over the tenure of any of the Company's projects to cover potential risks. These additional costs may have material adverse impact on the Company's business, financial condition and results of operations.

The Company is dependent upon information technology systems, which are subject to disruption, damage, failure and risks with implementation and integration.

The Company's information technology systems used in its operations are subject to disruption, damage or failure from a variety of sources including without limitation, computer viruses, security breaches, cyberattacks, natural disasters and defects in design. Cybersecurity incidents, in particular, are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data or machines and equipment, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information, the corruption of data or the disabling, misuse or malfunction or machines and equipment. Various measures have been implemented to manage the Company's risks related to information technology systems and network disruptions. However, given the unpredictability of the timing, nature and scope of information or operational technology disruptions, the Company could potentially be subject to production downtimes, operational delays, operating accidents, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which would have a material and adverse effect on the Company's business, financial condition or results of operations.

The Company could also be adversely affected by system or network disruptions if new or upgraded information technology systems are defective, not installed properly or not properly integrated into operations. Various measures have been implemented to manage the risks related to the system implementation and modification, but system modification failures could have a material and adverse effect on the Company's business, financial condition or results of operations.

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Climate Change Legislation

Governments are introducing climate change legislation and treaties at the international, national, and local levels. Regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. If the current regulatory trend continues, this may result in increased costs

at some of our operations. The physical risks of climate change may also adversely impact the Company's operations. These risks may include extreme weather events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures.

Risks Relating to the Offering and the Debentures

The Company may be unable to satisfy payments of interest and principal on the Debentures

There is no guarantee that the Company will have sufficient cash available to make interest and principal payments on the Debentures on a timely basis or at all. The likelihood that purchasers will receive the payments owing to them in connection with the Debentures will be dependent upon the financial health, and creditworthiness of the Company and the ability of the Company to earn revenues. Further, the likelihood that purchasers will receive the payments owing to them in connection with the Debentures will be influenced by any requirement for the Company to repatriate funds due to capital controls imposed by the Argentine Central Bank on any revenue and profit related to the Lindero Project. The Debentures are subordinate to other indebtedness of the Company. This subordination may significantly reduce the possibilities for purchasers of obtaining payment of the amounts owed under the Debentures. See "*Earnings Coverage Ratio*", which is relevant to an assessment of the risk that the Company may be unable to make payments to the Debentureholders when due, including payments of interest or the repayment of principal.

Trading market for the Debentures may not be established

The Debentures constitute a new issue of securities of the Company for which there is currently no public market. Even though the Company has received the TSX's conditional approval to list the Debentures and the Debenture Shares on the TSX, such approval is subject to Fortuna fulfilling all of the requirements of the TSX and there can be no assurances that the Company will meet such listing requirements. The Company has received the approval of the NYSE to list the Debenture Shares on the NYSE. The Debentures may trade at a discount from their Offering Price depending on prevailing interest rates, the market for similar securities, the performance of the Company and other factors. No assurance can be given as to whether an active trading market will develop or be maintained for the Debentures. To the extent that an active trading market for the Debentures does not develop, the liquidity and trading prices for the Debentures may be adversely affected.

Prevailing yields on similar securities may affect the market value of the Debentures

Prevailing yield on similar securities may affect the market value of the Debentures. Assuming all other factors remain unchanged, the market value of the Debentures will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline.

Absence of covenant protection for the incursion of additional indebtedness

The Debenture Indenture will not limit the ability of the Company to incur additional debt or liabilities (including Senior Indebtedness (as defined herein)) or otherwise from mortgaging, pledging or charging its real or personal property to secure any indebtedness or other financing. Nor will the Debenture Indenture prohibit or limit the ability of the Company to pay dividends, except where an Event of Default has occurred and such default has not been cured or waived. The Debenture Indenture will not contain any provision specifically intended to protect Debentureholders in the event of a future leveraged transaction involving the Company or any of its subsidiaries.

The Company shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the payment of principal amount owing on the outstanding Debentures in Common Shares, or (ii) the Current Market Price

determined in connection with the exercise or potential exercise of the payment of principal amount outstanding on the Debentures in Common Shares.

Repurchase upon a Change of Control

The Company may be required to make an offer to holders of the Debentures to purchase all or a portion of their Debentures for cash upon the occurrence of a Change of Control. The Company cannot assure Debentureholders that, if required, it would have sufficient cash or other financial resources at that time or would be able to arrange financing to pay the purchase price of the Debentures in cash. The Company's ability to purchase the Debentures in such an event may be limited bylaw, by the Debenture Indenture governing the Debentures, by the terms of other present or future agreements relating to the Company's credit facilities and other indebtedness and agreements that the Company may enter into in the future which may replace, supplement or amend the Company's future debt. The Company's future credit agreements or other agreements may contain provisions that could prohibit the purchase by the Company of the Debentures without the consent of the lenders or other parties thereunder. If the Company's obligation to offer to purchase the Debentures arises at a time when the Company is prohibited from purchasing or redeeming the Debentures, the Company could seek the consent of lenders to purchase the Debentures or could attempt to refinance the borrowings that contain this prohibition. If the Company does not obtain consent or refinance these borrowings, the Company could remain prohibited from purchasing the Debentures under its offer. The Company's failure to purchase the Debentures would constitute an Event of Default under the Debenture Indenture governing the Debentures, which might constitute a default under the terms of the Company's other indebtedness at that time.

Redemption of the Debentures prior to maturity

The Debentures may be redeemed, at the Company's option, subject to certain conditions, on or after October 31, 2022 and prior to the Maturity Date in whole or in part, as described under "*Description of the Securities Being Distributed - Redemption and Purchase*". Debentureholders should assume that this Redemption option will be exercised, subject to regulatory approval, if the Company is able to refinance at a lower interest rate or it is otherwise in the interest of the Company to redeem the Debentures.

Conversion of the Debentures following certain transactions

In the event of certain transactions, pursuant to the terms of the Debenture Indenture, each Debenture will become convertible into securities, cash or property receivable by a holder of Common Shares in such transactions. This change could substantially reduce or eliminate any potential future value of the conversion privilege associated with the Debentures. For example, if the Company is acquired in a cash merger, each Debenture would become convertible solely into cash that would no longer be convertible into securities whose value would vary depending on the Company's future prospects and other factors. See "*Description of the Securities Being Distributed - Conversion Privilege*".

Credit risk associated with the Debentures

The likelihood that purchasers of the Debentures will receive payments owing to them under the terms of the Debentures will depend on the financial health of the Company and its creditworthiness.

Structural Subordination of the Debentures

The Debentures will be direct, unsecured obligations of the Company, effectively subordinated to all current and future secured debt and other liabilities of the Company to the extent of the assets securing such debt and other liabilities. In the event of the insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the Company, the assets that serve as collateral for any secured indebtedness would be made available to satisfy the obligations of the creditors of such secured indebtedness before being available to pay the Company's obligations to Debentureholders. Accordingly, all or a substantial portion of the Company's assets could be unavailable to satisfy the claims of the Debentureholders. In addition, the Debentures will not be guaranteed by any subsidiary of the Company and will be structurally subordinated to all current and future liabilities of the Company's subsidiaries, including trade payables. This subordination may significantly reduce the possibilities for purchasers of obtaining payment of the amounts owed under the Debentures.

Dilution of Common Shares pursuant to Redemption of the Debentures

The Company may determine to redeem outstanding Debentures for Common Shares or to repay outstanding principal amounts thereunder at the Maturity Date by issuing additional Common Shares. The issuance of additional Common Shares may have a dilutive effect on the Company's shareholders and an adverse impact on the price of Common Shares.

The net proceeds of the Offering are currently unallocated and the Company has broad discretion as to the use of the net proceeds.

The Company currently intends to use the net proceeds received from the Offering (including on any exercise of the Over-Allotment Option) as described under “*Use of Proceeds*”. The Company’s management has broad discretion, however, over how the net proceeds are used, and could use the net proceeds for purposes other than those contemplated at the time of the Offering, if determined to be in the Company’s best interests to do so. Shareholders may not agree with the manner in which management chooses to allocate and spend the net proceeds. The failure by management to apply these funds effectively could have a material adverse effect on the Company’s business, results of operations and financial condition.

Possibility of withheld amounts under the Tax Act

The Debenture Indenture will not contain a requirement that the Company increase the amount of interest or other payments to holders of Debentures in the event that the Company is required to withhold amounts in respect of income or similar taxes on payments of interest or other amounts on the Debentures. At present, the Company does not intend to withhold amounts from such payments to holders of Debentures that, for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”), are at the time of payment either (i) resident in Canada, or (ii) not resident in Canada and (A) deal at arm’s length with the Company, and (B) are not deemed to receive such payments as dividends, but no assurance can be given that the Tax Act and other applicable income tax laws will not be changed in a manner that may require the Company to withhold amounts in respect of tax payable on such amounts.

Risks Relating to the Common Shares

The market price of the Company’s Common Shares is volatile and the market price of the Debentures once issued may be volatile.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many mining companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the price of the Common Shares on the TSX and NYSE fluctuated significantly during the past year. There can be no assurance that continual fluctuations in price will not occur.

The market price of the Common Shares is volatile and the market price of the Debentures once issued may be volatile. The volatility may affect the ability of holders of Debentures to sell the Debentures at an advantageous price. This may result in greater volatility in the market price of the Debentures than would be expected for nonconvertible debt securities.

There are many factors that may influence such volatility. Macroeconomic conditions in North America, Peru, Mexico or Argentina and changes in the laws and regulations of these regions may have a negative effect on the development prospects, timelines or relationships for the Company’s properties. Negative changes in the public’s perception of the Company’s prospects or of mining companies in general could cause the price of the Company’s securities, including the price of the Common Shares and the Debentures, to decrease dramatically. The price of the Common Shares and the Debentures is also likely to be affected by short-term changes in precious metal prices or other mineral prices, currency exchange fluctuations, the Company’s financial condition or results of operations and the extent of research analyst coverage of its securities.

Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management’s attention and resources.

Shareholders may suffer dilution as a result of subsequent offerings of the Common Shares or securities convertible into the Common Shares.

The Company may sell equity securities in future offerings (including through the sale of securities convertible into equity securities) and may issue additional equity securities to finance operations, exploration, development, acquisitions or other projects. The Company may also issue Common Shares as a result of exercises of the Company’s outstanding stock options or Common Share purchase warrants, or the vesting of the Company’s outstanding share units. The Company cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities. The board of directors of the Company has the authority to authorize certain offers and sales of additional securities without the vote of, or prior notice to, shareholders. It is likely that the Company will issue additional securities to provide capital to fund expected expenditures and growth. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, would result in potentially substantial dilution to shareholders.

The market price of the Common Shares could decline as a result of future issuances or sales of the Company's securities, which could result in insufficient liquidity.

The market price of the Common Shares could decline as a result of issuances of securities by the Company or sales by its existing shareholders of Common Shares in the market, or the perception that these sales could occur. The issuance of Common Shares upon the exercise of the Company's outstanding stock options or the vesting of the Company's outstanding share units may also reduce the market price of the Common Shares. Additional Common Shares, stock options and share units may be issued in the future. A decrease in the market price of the Common Shares could adversely affect the liquidity of the Common Shares on the TSX and the NYSE. The Company's shareholders may be unable, as a result, to sell significant quantities of the Common Shares into the public trading markets. The Company may not, as a result, have sufficient liquidity to meet the continued listing requirements of the TSX and the NYSE. Sales of the Common Shares by shareholders might also make it more difficult for the Company to sell equity securities at a time and price that it deems appropriate, which may have a material adverse effect on the Company's business, financial conditions and results of operations.

The Company has never paid, and does not currently anticipate paying, dividends.

The Company has paid no dividends on the Common Shares since incorporation and does not anticipate paying dividends in the immediate future. The payment of future dividends, if any, will be reviewed periodically by the Company's board of directors and will depend upon, among other things, conditions then existing including earnings, financial conditions, cash on hand, financial requirements to fund its commercial activities, development and growth, and other factors that the Company's board of directors may consider appropriate in the circumstances.

U.S. investors may find it difficult to enforce U.S. judgments against the Company, its directors and officers and the experts named in this short form prospectus.

The Company is incorporated under the laws of British Columbia, Canada and the majority of the Company's directors and officers are not residents of the United States. Because all or a substantial portion of the Company's assets and the assets of these persons are located outside of the United States, it may be difficult for U.S. investors to effect service of process within the United States upon the Company or upon such persons who are not residents of the United States, or to realize in the United States upon judgments of U.S. courts predicated upon civil liabilities under U.S. securities laws. A judgment of a U.S. court predicated solely upon such civil liabilities may be enforceable in Canada by a Canadian court if the U.S. court in which the judgment was obtained had jurisdiction, as determined by the Canadian court, in the matter. There is substantial doubt whether an original action could be brought successfully in Canada against any of such persons or the Company predicated solely upon such civil liabilities.

USE OF PROCEEDS

The net proceeds to the Company from the Offering are estimated to be approximately US\$37,750,000 (US\$43,510,000 if the Over-Allotment Option is exercised in full), after deducting, the Underwriters' Fee of US\$1,600,000 (US\$1,840,000 if the Over-Allotment Option is exercised in full) and the estimated expenses of the Offering of US\$650,000. The Company expects to use the net proceeds as follows:

Use of Proceeds	(US\$000's)	Allocated⁽²⁾ (US\$000's)
Expenses related to the start-up at the Lindero Project: ⁽¹⁾		
Pre-production mining expenses including: drilling, blasting, loading, transport, mine supervision and ancillary services	5,200	
Processing plan pre-production start-up costs including related to: milling, agglomeration, leachpad, SART plant, ADR plant, smelter, energy and ancillary services	9,700	
General and administrative pre-production services including: salaries, technical services, laboratory services, mine logistics	<u>5,900</u>	
		20,800
Working capital for the Lindero Project		5,000
General working capital and administrative expenses		14,200
Total:		<u><u>40,000</u></u>

Notes:

- (1) To be incurred in the start-up of the open pit gold heap leach mine at the Lindero Project, as further described in the Lindero Technical Report.
- (2) Assuming no exercise of the Over-Allotment Option.

The Company expects to use a portion of the net proceeds of the Offering to fund expenses related to: the start-up of operations at the Lindero Project between October 2019 and the end of commissioning in the first quarter of 2020; for general working capital purposes at the Lindero Project; and for general working capital and other administrative purposes. In the event that the Over-Allotment Option is exercised, the additional net proceeds from the exercise of the Over-Allotment Option will be added to general working capital.

While the Company currently intends to use the net proceeds of the Offering as stated above, management in its discretion may determine it advisable to reallocate all or a portion of the net proceeds for business reasons, including, among others, due to results of operations or as a result of other business opportunities that may become available to the Company. Consequently, there can be no assurance as of the date of this short form prospectus of or how the net proceeds of the Offering may be reallocated. See *"Risk Factors – The net proceeds of the Offering are currently unallocated and the Company has broad discretion as to the use of the net proceeds"*.

PRIOR SALES

The following table summarizes the issuances of Common Shares or securities exercisable for or convertible into Common Shares within the 12 months prior to the date of this short form prospectus.

Date Issued	Issue/Exercise Price (C\$)	Number and Type of Security Issued	Reason for Issuance
October 11, 2018	\$0.85	20,000 Common Shares	Exercise of Stock Options
March 15, 2019	\$4.83	633,914 RSUs	Grant
March 15, 2019	\$4.83	422,609 PSUs	Grant
March 19, 2019	\$6.20	233,753 Common Shares	Settlement of PSUs and RSUs
May 29, 2019	\$6.35	117,226 Common Shares	Settlement of RSUs
June 5, 2019	\$7.15	979 Common Shares	Settlement of RSUs

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

Common Shares

The Common Shares are listed and posted for trading on the TSX under the symbol “FVI” and on the NYSE under the symbol “FSM”. The Debentures to be sold under this short form prospectus are not currently listed or posted for trading on any exchange. The following table sets forth the intraday high and low sale prices and trading volumes of the Common Shares on the TSX and the NYSE for each of the months indicated.

Toronto Stock Exchange

Month	High (C\$)	Low (C\$)	Volume
September 2018	5.92	5.39	8,994,841
October 2018	5.75	4.60	11,143,052
November 2018	5.25	4.22	8,088,655
December 2018	5.10	4.23	10,898,523
January 2019	5.30	4.41	7,554,576
February 2019	5.55	4.85	6,085,701
March 2019	5.19	4.45	12,061,114
April 2019	4.73	4.04	6,934,620
May 2019	4.16	3.22	7,818,852
June 2019	4.02	3.22	37,052,408
July 2019	5.56	3.50	19,996,804
August 2019	6.12	4.64	18,175,715
September 1 – 24, 2019	5.85	4.42	12,777,383

On September 24, 2019, the last full trading day on which the Common Shares traded prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was C\$4.87 per Common Share.

New York Stock Exchange

Month	High (US\$)	Low (US\$)	Volume
September 2018	4.57	4.09	15,756,500
October 2018	4.49	3.53	19,318,891
November 2018	4.02	3.16	18,261,813
December 2018	3.75	3.16	21,313,832
January 2019	4.04	3.32	17,278,127
February 2019	4.19	3.67	17,013,425
March 2019	3.84	3.31	25,215,563
April 2019	3.56	3.01	27,582,394
May 2019	3.11	2.39	30,653,318
June 2019	3.06	2.40	46,721,726
July 2019	4.24	2.68	68,170,695
August 2019	4.59	3.49	69,365,343
September 1 – 24, 2019	4.39	3.32	50,602,646

On September 24, 2019, the last full trading day on which the Common Shares traded prior to the filing of this short form prospectus, the closing price of the Common Shares on the NYSE was US\$3.67 per Common Share.

CONSOLIDATED CAPITALIZATION

Since June 30, 2019, there have been no material changes in our consolidated share and loan capital other than as outlined under “Prior Sales”. The following table sets forth the consolidated capitalization of the Company as at the dates indicated, before and after completion of the Offering. The table should be read in conjunction with the Interim Financial Statements and the Interim MD&A.

	(US\$ in thousands)	
	As at June 30, 2019 (\$000's)	As at June 30, 2019 (after giving effect to the Offering) (\$000's) ⁽³⁾⁽⁴⁾
Credit Facilities ⁽¹⁾	US\$69,363	US\$69,363
Share Capital	US\$422,145	US\$422,145
Common Shares ⁽²⁾	160,291,553	160,291,553
Debentures	Nil	40,000

Notes:

- (1) Comprised of US\$40,000 from a fully-drawn US\$40,000 non-revolving credit facility and US\$30,000 from a US\$110,000 revolving credit facility pursuant to an amended and restated credit agreement facility among the Company and the Bank of Nova Scotia and other lenders dated January 26, 2018 as subsequently amended, after deducting transaction costs in the amount of US\$637.
- (2) Presented on a non-diluted basis.
- (3) Before deducting the Underwriters' Fee and estimated costs of the Offering.
- (4) Assuming no exercise of the Over-Allotment Option. See “Plan of Distribution”.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

Debentures

The following is a summary of the material attributes and characteristics of the Debentures. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Debenture Indenture, which will be filed with the applicable Canadian securities regulatory authorities and available on SEDAR at www.sedar.com.

General

The amount of the Debentures issued under the Offering will be limited to the aggregate principal amount of US\$40,000,000 (plus any Debentures issued upon exercise of the Over-Allotment Option). The Company may, however, from time to time, without the consent of the Debentureholders, issue debentures of a same or different series under the Debenture Indenture, in addition to the Debentures offered hereby.

The Debentures will be dated as of the Closing Date, or in respect of any Additional Debentures issued pursuant to the Over-Allotment Option, the date such Additional Debentures are issued, and will mature on the Maturity Date, regardless of any exercise of the Over-Allotment Option. The Debentures will be issuable only in denominations of US\$1,000 and integral multiples thereof, and will bear interest from the Closing Date at 4.65% per annum, which will be payable semi-annually, in arrears, on the last day, excluding Saturday, Sunday and holidays (a “**Business Day**”) of April and October of each year, commencing on April 30, 2020, computed on the basis of a 365-day year. The first payment will represent accrued interest for the period from the closing of the Offering up to, but excluding April 30, 2020. The interest on the Debentures will be payable in lawful money of the United States as specified in the Debenture Indenture. Subject to applicable laws and regulatory approval and unless an Event of Default has occurred and is continuing, the Company shall have the option to satisfy all or part of its obligation to pay interest on the Debentures, on the date it is payable under the Debenture Indenture, (i) in cash, (ii) by delivering a number of Common Shares to the Debenture Trustee for sale, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of the requisite number of Common Shares by the Debenture Trustee, or (iii) any combination of the two. See “*Description of the Securities Being Distributed - Interest Payment Election*”.

At the closing of the Offering, the Debentures will be available for delivery in book-entry form only through the facilities of CDS. Holders of beneficial interests in the Debentures will not have the right to receive physical certificates evidencing their ownership of Debentures except under certain circumstances, see “*Description of the Securities Being Distributed - Book Entry, Delivery and Form*”. No fractional Debentures will be issued.

The Debenture Indenture will not contain a requirement for the Company to increase the amount of interest or other payments to holders of Debentures should the Company become required to withhold amounts in respect of income or similar taxes on payment of interest or other amounts. See “*Risk Factors - Risks Relating to the Offering and the Debentures - Possibility of withheld amounts under the Tax Act*”.

The principal on the Debentures and any accrued and unpaid interest will be payable on the Redemption Date or the Maturity Date: (i) in lawful money of the United States or, (ii) subject to applicable securities laws and regulatory approval, the Company may, at its option, elect to satisfy its obligation, in whole or in part, through the issuance of freely tradable Common Shares upon at least 30 days and not more than 60 days prior notice, by issuing and delivering that number of Common Shares, as applicable, obtained by dividing the principal amount of the Debentures and all accrued and unpaid interest thereon by 95% of the Current Market Price on such Redemption Date or Maturity Date, as applicable. See “*Description of the Securities Being Distributed- Payment upon Redemption or Maturity*” and “*Description of the Securities Being Distributed - Redemption and Purchase*”.

The Debenture Indenture will not restrict the Company from incurring additional indebtedness or from mortgaging, pledging or charging its assets to secure any indebtedness. The Debentures will be transferable, and may be presented for conversion, at the principal offices of the Debenture Trustee in Vancouver, British Columbia.

The Debentures will mature on the Maturity Date, October 31, 2024.

Conversion Privilege

The Debentures will be convertible at the Debentureholders option into fully paid, non-assessable and freely tradable Common Shares at any time prior to 5:00 p.m. (Toronto Time) on the earlier of (i) the Business Day immediately preceding the Maturity Date; (ii) if called for Redemption, on the Business Day immediately preceding the Redemption Date, and (iii) if called for repurchase pursuant to a Change of Control, on the Business Day immediately preceding the payment date, at the Conversion Price, based on a conversion premium of approximately 35.5% to the reference price of US\$3.69 (the “**Reference Price**”), subject to adjustment in certain circumstances. In the event that the Debentureholders exercise its Conversion Right, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Common Shares to be received on conversion, for the period from and including the date of the last interest payment to but excluding the date of conversion.

Subject to the provisions thereof, the Debenture Indenture will provide for the adjustment of the Conversion Price in certain events including: (i) the subdivision or consolidation of the outstanding Common Shares; (ii) the issue of Common Shares or securities convertible into Common Shares by way of stock dividend or other distribution to all or substantially all holders of Common Shares; (iii) the issue of rights, options or warrants to all or substantially all of the holders of Common Shares entitling them to acquire Common Shares or other securities convertible into Common Shares in certain circumstances and (iv) the distribution to all or substantially all holders of Common Shares of any other class of shares, rights, options or warrants, evidences of indebtedness or assets, at less than 95% of the then Current Market Price of the Common Shares. There will be no adjustment of the Conversion Price in respect of certain events if, subject to the prior written consent of the TSX, the Debentureholders are allowed to participate as though they had converted their Debentures before the applicable record date or effective date, as the case maybe. The Company will not be required to make adjustments

in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%. No adjustment to the Conversion Price will be made in the context of the repurchase of Common Shares by the Company under a normal course issuer bid, substantial issuer bid or transaction of a similar nature.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares or in the case of any consolidation, amalgamation or merger of the Company with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Company, the terms of the conversion privilege will be adjusted so that each Debentureholder will, after such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up, be entitled to receive the number of Common Shares or other securities on the exercise of the conversion right such holder would be entitled to receive if on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible before the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, acquisition, sale or conveyance or liquidation, dissolution or winding up.

Provided the Common Shares are then listed on the NYSE, the term “**Current Market Price**” will be defined in the Debenture Indenture to mean the volume weighted average trading price of the Common Shares on the NYSE for the 20 consecutive trading days ending on the fifth trading day preceding the date of the Conversion Date or Redemption Date, as applicable.

No fractional Common Shares will be issued on any conversion of the Debentures, but in lieu thereof the Company shall satisfy such fractional interest by a cash payment equal to the relevant fraction of the Current Market Price of a whole share. Upon conversion, the Company may offer and the converting holder may agree to the delivery of cash for all or a portion of the Debentures surrendered in lieu of Common Shares.

Redemption and Purchase

The Debentures may not be redeemed by the Company prior to October 31, 2022, except if certain conditions are satisfied following a Change of Control. On or after October 31, 2022 and prior to October 31, 2023, the Debentures may be redeemed by the Company, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice, at the Redemption Price, subject to regulatory approval. On or after October 31, 2023 and prior to the Maturity Date, the Debentures may be redeemed in whole or in part at the option of the Company on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest, if any, from and including the last Interest Payment Date up to but excluding the date set for Redemption. For greater certainty, in the event that a Debentureholder exercises the Conversion Right following receipt of a Redemption Notice, such Debentureholder shall be entitled to receive accrued and unpaid interest, in addition to the applicable number of Debenture Shares to be received pursuant to the Conversion Right, for the period from and including the latest interest payment date prior to, but excluding, the Conversion Date.

In the case of Redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a pro rata basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the TSX.

The Company or any of its affiliates will have the right to purchase Debentures in the market, by tender, or by private contract, provided however that, if an Event of Default has occurred and is continuing, the Company or any of its affiliates will not have the right to purchase Debentures by private contract.

Payment upon Redemption or Maturity

On the Redemption Date or on the Maturity Date, the Company will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of the United States an amount equal to the principal amount of the outstanding Debentures, together with accrued and unpaid interest thereon. The Company may, at its option, on not more than 60 days and not less than 30 days prior notice and subject to applicable securities laws and any required regulatory approvals and provided that no Event of Default has occurred and is continuing, satisfy its obligation to repay, in whole or in part, the principal amount of the Debentures and accrued and unpaid interest thereon, which are to be redeemed or which have matured by issuing and delivering freely tradeable Common Shares to the Debentureholders. The number of Common Shares to be issued will be determined by dividing the principal amount of the Debentures and all accrued and unpaid interest thereon, which are to be redeemed or have matured by 95% of the Current Market Price of the Common Shares on the Redemption Date or the Maturity Date, as the case may be (the “**Share Payment Option**”).

No fractional Common Shares will be issued to holders of Debentures, but in lieu thereof, the Company shall satisfy such fractional interest by a cash payment equal to the relevant fraction of the Current Market Price of a whole share.

Restriction on Share Payment Option

The Company shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of its Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Share Payment Option, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Share Payment Option.

Cancellation

All Debentures converted, redeemed or purchased will be cancelled and may not be reissued or resold. The Company may purchase Debentures for cancellation in the market or by tender or private contract at any time subject to applicable securities laws and any regulatory requirements.

Ranking

The Debentures will be general unsecured obligations of the Company and will rank subordinate in right of payment of the principal and subordinate in priority to all present and future indebtedness of the Company which is: (i) secured; (ii) owed to a bank or other financial institution, whether or not secured; (iii) owed under or in connection with that certain third amended and restated credit agreement dated January 26, 2018 among the Company, the lenders party thereto from time to time and The Bank of Nova Scotia, as administrative agent (as amended, restated, supplemented or otherwise modified from time to time) (the “**Credit Facility**”), including the Obligations and the Other Secured Obligations (each as therein defined); or (iv) a renewal, extension, or refinancing of any of such indebtedness described in (i), (ii), (iii) and (iv) hereof (collectively, the “**Senior Indebtedness**”). Such subordination shall be evidenced in writing to the satisfaction of the lenders of the Senior Indebtedness.

The Debentures will be effectively subordinate to claims of creditors (including trade creditors and holders of subordinated debt) of the Company’s subsidiaries, and each Debenture will rank *pari passu* to each other Debenture of the same series and all future subordinated unsecured indebtedness of the Company.

The Debenture Indenture will provide that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation or reorganization or other similar proceedings relating to the Company, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the Company, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of the Company, then holders of any Senior Indebtedness will receive payment in full before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon.

Change of Control

Within 30 days of the Company giving notice of the occurrence of: (i) the acquisition by any person or group of persons acting jointly or in concert (within the meaning of National Instrument 62-104 - *Take-Over Bids and Issuer Bids* as at the date of the Debenture Indenture) of ownership of, or voting control or direction over, fifty percent (50%) or more of the then outstanding Common Shares; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Company (each, a “**Change of Control**”), the Debentureholders may require the Company to repurchase their Debentures then outstanding at a price equal to 100% of the principal amount of the Debentures plus accrued and unpaid interest thereon, from and including the last Interest Payment Date to, but not including the purchase date. If holders of 90% of the aggregate then outstanding principal amount of Debentures tender to the Change of Control offer, the Company will have the option to call the remaining Debentures. A Change of Control will not include a sale, merger, reorganization, arrangement or similar transaction if the previous holders of the Common Shares hold at least fifty percent (50%) of the voting control or direction in such merged, reorganized, arranged or other continuing entity.

The Debenture Indenture will contain notification provisions to the effect that the Company will promptly give written notice to the Debenture Trustee of the occurrence of a Change of Control and the Debenture Trustee will thereafter give to the Debentureholders a notice of the Change of Control.

The Company will comply with the requirements of Canadian securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of the Debentures in the event of a Change of Control.

If a Change of Control occurs in which 10% or more of the consideration for the voting securities in the transaction or transactions constituting a Change of Control consists of: (i) cash, other than cash payments for fractional Common Shares and cash payments made in respect of dissenter's appraisal rights; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange (a **"Cash Change of Control"**), then, subject to regulatory approval, Debentureholders may, for the period beginning 10 trading days prior to the Change of Control (the **"Cash Change of Control Effective Date"**) and ending 30 days after notice of the Cash Change of Control and the offer to purchase all Debentures is delivered, elect to convert their Debentures and receive, in addition to the number of Common Shares they otherwise would have been entitled to receive on conversion, an additional number of Common Shares per US\$1,000 principal amount of Debentures as set forth in the table below (the **"Make Whole Premium"**).

The number of additional Common Shares per US\$1,000 principal amount of Debentures constituting the Make Whole Premium will be determined by reference to the table below and based on the Cash Change of Control Effective Date and the price paid per Common Share (the **"CoC Share Price"**) in any Cash Change of Control. If Debentureholders receive (or are entitled and able in all circumstances to receive) only cash in the transaction, the CoC Share Price shall be the cash amount paid per Common Share. Otherwise, the CoC Share Price shall be equal to the Current Market Price on the day immediately preceding the Cash Change of Control Effective Date.

The following table shows what the Make Whole Premium would be for each hypothetical CoC Share Price and Cash Change of Control Effective Date, expressed as additional Common Shares per US\$1,000 principal amount of Debentures. For the avoidance of doubt, the Company shall not be obliged to pay the Make Whole Premium otherwise than by issuance of the applicable number of Common Shares in excess of the number of Common Shares to which the Debentureholders would otherwise have been entitled at the Conversion Price upon conversion, subject to the adjustment of the Conversion Price in certain circumstances.

**Make Whole Premium Upon A Cash Change Of Control
(Number Of Additional Common Shares Per US\$1,000 Debentures)**

CASH OFFER PRICE

Cash Change of Control Effective Date	US\$3.69	US\$3.75	US\$3.85	US\$4.00	US\$4.25	US\$4.50	US\$5.00	US\$6.00	US\$7.50
October 2, 2019	71.0027	69.1520	66.2260	62.1750	56.2094	51.0711	42.7380	31.3317	21.4813
October 31, 2019	71.0027	69.1520	66.2260	62.1750	56.2094	51.0711	42.7380	31.3317	21.4813
October 31, 2020	71.0027	66.6667	62.9688	58.5325	52.0471	46.5156	37.6840	26.0033	16.5560
October 31, 2021	71.0027	66.6667	59.7403	54.0375	46.7529	40.5978	30.9400	18.7733	10.0307
October 31, 2022	71.0027	66.6667	59.7403	50.0000	41.0400	33.9800	22.9420	8.7267	0.1653
October 31, 2023	71.0027	66.6667	59.7403	50.0000	35.2941	22.9511	8.3260	0.3450	-

Cash Change of Control Effective Date	US\$10.00	US\$12.50	US\$15.00	US\$20.00	US\$25.00	US\$30.00	US\$40.00	US\$50.00
October 2, 2019	13.4380	9.5264	7.2787	4.8135	3.4920	2.6453	1.6160	1.0032
October 31, 2019	13.4380	9.5264	7.2787	4.8135	3.4920	2.6453	1.6160	1.0032
October 31, 2020	9.6070	6.6000	4.9967	3.3145	2.4248	1.8503	1.1448	0.7224
October 31, 2021	4.9500	3.2848	2.5060	1.7055	1.2636	0.9713	0.6065	0.3874
October 31, 2022	-	-	-	-	-	-	-	-
October 31, 2023	-	-	-	-	-	-	-	-

The actual CoC Share Price and Cash Change of Control Effective Date may not be set forth on the table above, in which case:

- if the actual CoC Share Price on the Cash Change of Control Effective Date is between two CoC Share Prices and/or the actual Cash Change of Control Effective Date is between two Cash Change of Control Effective Dates on the table above, the Make Whole Premium will be determined by a straight-line interpolation between the Make Whole Premium set forth for the two CoC Share Prices and/or the Cash Change of Control Effective Dates on the table above based on a 365 day year, as applicable;
- if the CoC Share Price on the Cash Change of Control Effective Date exceeds US\$50.00 per Common Share, subject to adjustments as described herein, the Make Whole Premium will be zero; and
- if the CoC Share Price on the Cash Change of Control Effective Date is less than US\$3.69 per Common Share, subject to adjustment as described herein, the Make Whole Premium will be zero.

The CoC Share Prices set forth in the table above will be adjusted as of any date on which the Conversion Price of the Debentures is adjusted. The adjusted CoC Share Prices will equal the CoC Share Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Price as so adjusted and the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the CoC Share Price adjustment. The number of additional Common Shares set forth in the table above will be adjusted in the manner that is inversely proportional to the adjustment of the Conversion Price as set forth above under “*Description of Securities – Conversion Privilege*”, other than as a result of an adjustment to the Conversion Price by adding the Make Whole Premium as described above.

Interest Payment Election

Unless an Event of Default has occurred and is continuing, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy its obligation to pay interest on the Debentures (the “**Interest Obligation**”), on an Interest Payment Date, (i) in cash; (ii) by delivering sufficient Common Shares to the Debenture Trustee, for sale, to satisfy the Interest Obligation on the Interest Payment Date, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares (the “**Common Share Interest Payment Election**”); or (iii) any combination of (i) and (ii) above.

The Debenture Indenture will provide that, upon the Company making a Common Share Interest Payment Election, the Debenture Trustee shall (i) accept delivery from the Company of Common Shares; (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as the Company shall direct in its absolute discretion through the investment banks, brokers or dealers identified by the Company; (iii) invest the proceeds of such sales in securities issued or guaranteed by the Government of Canada which mature prior to the applicable Interest Payment Date, and use the proceeds received from investment in such permitted government securities, together with any additional cash provided by the Company, to satisfy the Interest Obligation; and (iv) perform any other action necessarily incidental thereto.

The Debenture Indenture will set forth the procedures to be followed by the Company and the Debenture Trustee in order to effect the Common Share Interest Payment Election. If a Common Share Interest Payment Election is made, the sole right of a holder of Debentures in respect of interest will be to receive a cash payment equal to the interest owed on their Debentures from the Debenture Trustee out of the proceeds of the sale of Common Shares (plus any amount received by the Debenture Trustee from the Company) in full satisfaction of the Interest Obligation, and the holder of such Debentures will have no further recourse to the Company in respect of the Interest Obligation.

Neither the Company's making of the Common Share Interest Payment Election nor the consummation of sales of Common Shares will (a) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date; or (b) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Modification

The rights of the Debentureholders as well as any other series of debentures that have been or may be issued under the Debenture Indenture may be modified in accordance with the terms of the Debenture Indenture. For that purpose, among others, the Debenture Indenture will contain certain provisions which make binding on all Debentureholders resolutions passed at meetings of the Debentureholders by votes cast thereat by holders of not less than 66²/₃% of the principal amount of the then outstanding Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66²/₃% of the principal amount of the then outstanding Debentures. In certain cases, the modification will, instead or in addition, require assent by the holders of the required percentage of each particularly affected series of debentures, as the case may be. Under the Debenture Indenture, certain amendments may be made to the Debenture Indenture without the consent of the Debentureholders.

Events of Default

The Debenture Indenture will provide that an event of default ("**Event of Default**") in respect of the Debentures will occur if certain events described in the Debenture Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (i) failure of the Company to pay the principal of or a make-whole premium, if any, on any Debenture when due, whether at maturity, on a Redemption Date or otherwise; (ii) failure of the Company to pay interest (including additional interest, if any) on any Debenture when due, if the failure continues for 30 days after the date when due; (iii) failure of the Company to satisfy its conversion obligations upon the exercise of the Conversion Rights (including the failure to pay the make-whole premium, if any, in connection with such conversion); (iv) a "termination of trading" occurs, where a "termination of trading" will be deemed to occur if the Common Shares (or other common shares into which the Debentures are then convertible) are not listed for trading on at least one of the following: the TSX, the NYSE, or any other recognised Canadian stock exchange or U.S. national securities exchange (or any of their respective successors); (v) failure of the Company to comply with any other term, covenant or agreement contained in the Debentures or the Debenture Indenture, if the failure is not cured within 60 days after notice is given to the Company by the Debenture Trustee or to the Debenture Trustee and the Company by holders of at least 25% in aggregate principal amount of the Debentures then outstanding, in accordance with the Debenture Indenture; (vi) a default by the Company or any of its subsidiaries in the payment when due, after the expiration of any applicable grace period, of principal of, or premium, if any, or interest on, indebtedness for money borrowed (other than intercompany indebtedness) in the aggregate principal amount then outstanding of US\$20.00 million or more, or acceleration of the Company or its subsidiaries' indebtedness for money borrowed in such aggregate principal amount or more so that it becomes due and payable before the date on which it would otherwise have become due and payable, if such default is not cured or waived, or such acceleration is not rescinded, in each case, within 30 days after notice to the Company by the trustee or to the Company and the trustee by holders of at least 25% in aggregate principal amount of Debentures then outstanding, in accordance with the Debenture Indenture; (vii) failure by the Company or any of its subsidiaries to pay final judgments, the aggregate uninsured portion of which is at least US\$20.00 million, if the judgments are not paid, stayed or discharged within 60 days; and (viii) certain events of bankruptcy, insolvency or reorganization with respect to the Company or any of its subsidiaries that is a "significant subsidiary" (as defined in Regulation S-X under the Exchange Act) or any group of the Company's subsidiaries that in the aggregate would constitute a "significant subsidiary".

Offers for Debentures

The Debenture Indenture will contain provisions to the effect that if an offer is made for Debentures which would be a take-over bid for Debentures within the meaning of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, if the Debentures were considered equity securities, and not less than 90% of the Debentures issued under the Debenture Indenture (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by those who did not accept the offer on the terms offered by the offeror.

Book Entry, Delivery and Form

The Debentures will be issued in "book-entry only" form and must be purchased or transferred through a participant in the depository service of CDS (a "**Participant**"). On the Closing Date, the Debenture Trustee will cause the Debentures to be issued to CDS and registered in the name of its nominee.

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Debentures (a **“Beneficial Owner”**), will not be entitled to receive a certificate for Debentures or for the Common Shares issuable on the conversion of the Debentures. Purchasers of Debentures will not be shown on the records maintained by CDS, except through a Participant.

Beneficial interests in Debentures will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Debentures are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of the Debentures will be made only through the depository service of CDS.

As indirect holders of Debentures, investors should be aware that they (subject to the situations described below): (a) may not have Debentures registered in their name; (b) may not have physical certificates representing their interest in the Debentures; (c) may not be able to sell the Debentures to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Debentures as security.

The Debentures will be issued to Beneficial Owners thereof in fully registered and certificate form (the **“Debenture Certificates”**) only if: (a) required to do so by applicable Law; (b) the book-entry only system ceases to exist; (c) CDS advises the Debenture Trustee that CDS is no longer willing or able to properly discharge its responsibilities as depository with respect to the Debentures and the Company is unable to locate a qualified successor; (d) the Company, at its option, decides to terminate the book-entry only system through CDS; or (e) after the occurrence of an Event of Default, Participants acting on behalf of Beneficial Owners of Debentures representing, in the aggregate, more than 25% of the aggregate principal amount of the Debentures then outstanding advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest provided the Debenture Trustee has not waived the Event of Default in accordance with the terms of the Debenture Indenture.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Debenture Trustee must notify CDS, for and on behalf of Participants and Beneficial Owners of Debentures, of the availability through CDS of Debenture Certificates. Upon surrender by CDS of the global certificates representing the Debentures, and receipt of instructions from CDS for the new registrations, the Debenture Trustee will deliver the Debentures in the form of Debenture Certificates and thereafter the Company will recognize the holders of such Debenture Certificates as Debentureholders under the Debenture Indenture.

Interest on the Debentures will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, interest will be paid by cheque drawn on the Company and sent by prepaid mail to the registered holder or by such other means as may become customary for the payment of interest. Payment of principal, including payment in the form of Common Shares if applicable, and the interest due, at maturity or on a Redemption Date, will be paid directly to CDS while the book-entry only system is in effect. If Debenture Certificates are issued, payment of principal, including payment in the form of Common Shares if applicable, and interest due, at maturity or on a Redemption Date, will be paid upon surrender thereof at any office of the Debenture Trustee or as otherwise specified in the Debenture Indenture.

The Company will not assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Debentures held by CDS or any payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Debentures; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a Participant. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and Beneficial Owners must look solely to Participants for any payments relating to the Debentures, paid by or on behalf of the Company to CDS.

Governing Law

Each of the Debenture Indenture and the Debentures will be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein applicable to contracts executed and to be performed entirely in such Province.

DESCRIPTION OF SHARE CAPITAL

Common Shares

The Company’s authorized share capital consists of an unlimited number of Common Shares without par value. As the date hereof, the Company had 160,291,553 Common Shares issued and outstanding, and there were 1,784,029 Common Shares issuable upon the exercise of outstanding stock options, 1,166,912 Common Shares issuable upon the exercise of equity settled restricted share units (**“RSUs”**) and 1,274,450 Common Shares issuable upon the exercise of equity settled performance share units (**“PSUs”**). An aggregate

of 422,609 of these PSUs are subject to a multiplier ranging from 50% to 200% depending upon the achievement level of certain performance targets. All Common Shares of the Company rank equally as to dividends, voting powers and participation in assets and in all other respects. Certain of the rights and attributes of the Common Shares are described below.

The holders of Common Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of the Company. Each Common Share carries one vote. The holders of Common Shares are entitled to receive on a pro-rata basis such dividends as the board of directors of the Company from time to time may declare, out of funds legally available therefor. In the event of a liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, the holders of the Common Shares have the right to receive on a pro-rata basis all of the assets of the Company remaining after payment of all of the Company's liabilities. No pre-emptive, Redemption, sinking fund or conversion rights are attached to the Common Shares, and the Common Shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of the Common Shares.

Dividend Policy

The Company has neither declared nor paid dividends on its Common Shares. The Company has no present intention of paying dividends on its Common Shares, as it anticipates that all available funds will be invested to finance the growth of its business.

EARNINGS COVERAGE RATIO

The following earnings coverages and adjusted earnings coverages are calculated on a consolidated basis for the year ended December 31, 2018 and the six months ended June 30, 2019 and are derived from the annual financial statements and the Interim Financial Statements, incorporated by reference in this short form prospectus.

The Company's interest requirements amounted to US\$2.5 million and US\$2.1 million for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively. The Company's earnings before interest expenses and income tax expenses were US\$68.9 million and US\$26.3 million for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively, which is 27.1 times and 12.6 times, respectively, Fortuna's interest requirements for these periods.

The Company's *pro forma* interest requirements, after giving effect to the issuance of the Debentures pursuant to the Offering (excluding any exercise, in whole or in part, of the Over-Allotment Option), would have been US\$4.4 million and US\$3.0 million for the year ended December 31, 2018 and the six months ended June 31, 2019, respectively. Accordingly, after giving effect to the Offering (excluding any exercise, in whole or in part, of the Over-Allotment Option), the Company's *pro forma* earnings before interest expenses and income tax expenses would have been US\$68.9 million and US\$26.3 million for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively, which is 15.6 times and 8.7 times, respectively, Fortuna's interest requirements for these periods.

These coverage ratios reflect historical earnings and the net impact of interest on the Debentures, as noted. Under IFRS, a portion of the Debentures will be classified on the balance sheet as a liability and a portion allocated to equity to reflect the conversion privilege. The related interest expense and financing charges will be amortized using the effective interest method. For purposes of the *pro forma* calculations above, interest expense has been calculated as through the Debentures (excluding Debentures issuable upon the exercise, in whole or in part, of the Over-Allotment Option) had been accounted for in their entirety as debt.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the Underwriting Agreement, the Company has agreed to sell and the Underwriters have agreed to purchase, on the Closing Date, or such other date as may be agreed upon by the Company and the Lead Underwriters, all, but not less than all, of an aggregate of US\$40,000,000 principal amount of Debentures, at a price of US\$1,000 per Debenture, payable in cash to the Company against delivery by the Company of the Debentures, subject to the compliance with all necessary legal requirements and to the conditions contained in the Underwriting Agreement.

Pursuant to the terms of the Underwriting Agreement, the Underwriters may terminate their obligations under the Underwriting Agreement at its discretion on the basis of a "material adverse change out", "disaster out", "regulatory proceeding out" and upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Debentures if any of the Debentures are purchased under the Underwriting Agreement. The Company has further agreed to indemnify the Underwriters, its affiliates and their respective directors, officers, employees and shareholders against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make in respect thereof.

The Debentures are being offered to the public in all provinces of Canada, other than Québec. No action has been taken in any jurisdiction by the Company or the Underwriters that would permit a public offering of the Debentures, other than in each of the provinces of Canada, other than Québec. No offer or sale of the Debentures may be made in any jurisdiction except in compliance with the applicable laws thereof. Persons receiving this short form prospectus are responsible for informing themselves about and observing any restrictions as to the Offering and the distribution of this short form prospectus. The terms and conditions of the Offering, including the Offering Price, were determined by arm's length negotiation between the Company and the Underwriters, including with reference to the prevailing market price of the Common Shares.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters' Fee of US\$1,600,000 (US\$1,840,000 if the Over-Allotment Option is exercised in full), such amount being equal to 4.0% of the gross proceeds of the Offering. The Company has granted to the Underwriters the Over-Allotment Option to purchase up to an additional US\$6,000,000 principal amount of the Additional Debentures at a price of US\$1,000 per Additional Debenture on the same terms and conditions as the Debentures sold under the Offering, exercisable in whole or in part, at the sole discretion of the Underwriters at any one time on or prior to the 30th day after the Closing Date, for the purposes of covering the Underwriters' over-allotment position, if any. If the Over-Allotment Option is exercised in full, the "Price to the Public", "Underwriters' Fee" and "Net Proceeds" (before deducting the expenses of the Offering) will be US\$46,000,000, US\$1,840,000 and US\$44,160,000, respectively. This short form prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of Additional Debentures pursuant to the exercise of the Over-Allotment Option. A purchaser who accepts any Additional Debentures forming part of the Over-Allotment Option acquires such Additional Debentures under the short form prospectus regardless of whether the over-allotment position is filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscriptions for the Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Company will arrange to electronically deposit the Debentures to be issued to purchasers to or for the account of the Underwriter with CDS on the Closing Date, against payment by the Underwriter to the Company of the aggregate purchase price for the Debentures. In any event, the Debentures are to be taken up by the Underwriter, if at all, on or before a date that is not later than 42 days after the date of the receipt of the final short form prospectus relating to the Offering. No certificate evidencing the Debentures will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depositary services of CDS. Purchasers of the Debentures will receive only a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Debentures is purchased.

Fortuna has received the TSX's conditional approval to list the Debentures and Debenture Shares on the TSX. Such listing will be subject to Fortuna fulfilling all the listing requirements of the TSX. Fortuna has also received the approval of the NYSE to list the Debenture Shares on the NYSE.

The Underwriters proposes to offer the Debentures to the public initially at the Offering Price and in the principal amount, respectively, specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Debentures at the Offering Price and in the principal amount, respectively, specified on the cover page, the Offering Price for the Debentures may be decreased and may be further changed from time to time to amounts not greater than those set forth on the cover page. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Debentures is less than the amount paid by the Underwriters to the Company.

Pursuant to rules and/or policy statements of certain Canadian provincial securities commissions, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares for their own account or for accounts over which they exercise control or direction. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include bids or purchases permitted under the Universal Market Integrity Rules for Canadian Marketplaces of Market Regulation Services Inc. relating to market stabilization and passive market making activities and bids or purchases made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first mentioned exception, in connection with this Offering, the Underwriters may effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be interrupted or discontinued at any time.

The Company has agreed with the Underwriters, subject to certain exceptions, not to issue, offer, sell, contract to sell or otherwise issue any Common Shares or any securities convertible into or exercisable or exchangeable for any Common Shares or financial instruments convertible into or exercisable or exchangeable for Common Shares, or announce any intention to effect any of the foregoing, for a period of 90 days from the date of closing, without the prior written consent of CIBC, which consent may not be unreasonably withheld or delayed, or other than: (i) issuing Common Shares or securities convertible into or exchangeable for Common Shares pursuant to any equity incentive plan, stock ownership or purchase plan, or other equity plan in effect on the date of the Underwriting Agreement; or

(ii) issuing Common Shares issuable upon the conversion, exchange or exercise of any outstanding convertible securities including options or RSUs or PSUs outstanding on the date of the Underwriting Agreement.

The Debentures have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and, subject to registration under the U.S. Securities Act and applicable U.S. state securities laws or certain exemptions therefrom, may not be offered, sold, transferred, delivered or otherwise disposed of, directly or indirectly, to or for the account or benefit of, persons within the United States or U.S. persons. Except as permitted in the Underwriting Agreement and as expressly permitted by applicable laws of the United States, the Underwriters will not offer, sell or deliver the Debentures to, or for the account or benefit of, persons in the United States or U.S. persons. The Debentures sold in the United States will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act. The Underwriters have agreed that they will not offer or sell the Debentures to, or for the account or benefit of, persons in the United States or U.S. persons except to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act and pursuant to similar exemptions under applicable state securities laws. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Debentures to, or for the account or benefit of, a person in the United States or a U.S. person. The Underwriters may also offer and sell Debentures outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Debentures within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer or sale is made pursuant to an exemption from the registration requirements of the U.S. Securities Act.

The Underwriters have agreed that, except as provided in the Underwriting Agreement in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable laws of any state of the United States, they will not offer or sell the Debentures to, or for the account or benefit of, a person in the United States or a U.S. person: (i) as part of their distribution; or (ii) otherwise until 40 days after the later of the commencement of this Offering and the date of closing of this Offering (the "**Distribution Compliance Period**"), except in either case offers and sales of the Debentures made in compliance with Rule 903 of Regulation S under the U.S. Securities Act, or in compliance with an exemption from the registration requirements of the U.S. Securities Act and applicable laws of any state of the United States. In addition, an Underwriter or U.S. broker-dealer selling Debentures to a distributor (as defined in Regulation S under the U.S. Securities Act), dealer (as defined in Rule 2(a)(12) of the U.S. Securities Act), or other person receiving a selling concession, fee or other remuneration in respect of the Debentures, during the Distribution Compliance Period, must send to such persons a confirmation or other notice setting forth the above-noted restrictions on offers and sales of Debentures to, or for the account or benefit of, a person in the United States or a U.S. person until the expiration of the Distribution Compliance Period.

No action has been taken in any jurisdiction by the Company or the Underwriters that would permit a public offering of the Debentures, other than in all of the provinces of Canada, other than Québec. No offer or sale of the Debentures may be made in any jurisdiction except in compliance with the applicable laws thereof and in accordance with the terms of the Underwriting Agreement. Persons receiving this short form prospectus are responsible for informing themselves about and observing any restrictions as to the Offering and the distribution of this short form prospectus.

The Underwriters have reserved the right to form a selling group of appropriately registered dealer and brokers, with compensation to be negotiated between the Underwriters and such selling group participants, but at no additional cost to the Company.

Scotia is an affiliate of The Bank of Nova Scotia, which has made the Credit Facility available to Fortuna. Accordingly, in connection with the Offering and pursuant to applicable securities legislation, the Company may be considered a "connected issuer" of Scotia for the purposes of securities regulations in certain provinces and territories of Canada. The terms of the Offering, including the Offering Price, were determined by negotiation between CIBC and the Company. The Bank of Nova Scotia and Scotia were not involved in the determination of the terms of the Offering. As a consequence of the Offering, Scotia will receive its proportionate share of the Underwriter's Fee.

There is currently no market through which the Debentures may be sold, purchasers may not be able to resell Debentures purchased under this short form prospectus. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures, and the extent of issuer regulation. See "*Risk Factors*".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company and Stikeman Elliott LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder of Debentures who acquires Debentures pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times is a resident of Canada, holds the Debentures and will hold the Common Shares issuable on the conversion, Redemption

or maturity of the Debentures (collectively, the “**Securities**”) as the beneficial owner thereof and as capital property, is not exempt from tax under Part I of the Tax Act and deals at arm’s length and is not affiliated with the Company or the Underwriters (a “**Holder**”). Generally, the Securities will be considered to be capital property to a Holder provided that the Holder does not acquire or hold the Securities in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain holders who are residents of Canada and who might not otherwise be considered to hold their Debentures and Common Shares as capital property may, in certain circumstances, be entitled to have them, and all other “Canadian securities” (as defined in the Tax Act) owned by such holders in the taxation year of the election and any subsequent taxation year, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Holders should consult their own tax advisors regarding this election.

This summary is not applicable to a Holder: (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules); (ii) that is a “specified financial institution” (as defined in the Tax Act); (iii) an interest in which is a “tax shelter investment” (as defined in the Tax Act); (iv) who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act; (v) who has entered into or will enter into a “derivative forward agreement” or “synthetic disposition agreement” (each as defined in the Tax Act) with respect to any Securities; (vi) that is a corporation resident in Canada and is, or becomes (or does not deal at arm’s length for purposes of the Tax Act with a corporation that is or becomes) as part of a transaction or event or series of transactions or events that includes the acquisition of Debentures or Common Shares, controlled by a non-resident person, or group of non-resident persons not dealing with each other at arm’s length, for purposes of section 212.3 of the Tax Act or (vii) who receives dividends on the Common Shares under or as part of a “dividend rental arrangement” (as defined in the Tax Act) of the Holder. Any such Holder should consult its own tax advisor with respect to an investment in the Securities.

This summary is based on the provisions of the Tax Act in force at the date hereof, all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”), counsel’s understanding of the administrative practices of the Canada Revenue Agency (the “**CRA**”) made publicly available prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or in administrative policies or assessing practices, whether by legislative, administrative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder of Securities, and no representations with respect to the income tax consequences to any holder or prospective holder are made. Consequently, holders and prospective holders should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring the Securities pursuant to the Offering, having regard to their particular circumstances.

Currency Conversion

Subject to certain exceptions not discussed herein, for the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Debentures or Common Shares, including dividends, adjusted cost base and proceeds of disposition must be determined in Canadian dollars based on the rate of exchange quoted by the Bank of Canada on the particular date such amount arose or such other rate of exchange as may be acceptable to the CRA.

Taxation of Interest on Debentures

A Holder of Debentures that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Debentures that accrues or that is deemed to accrue to it to the end of the taxation year or that has become receivable or is received by the Holder before the end of that taxation year, including on conversion, Redemption or maturity of the Debentures, except to the extent that such interest was included in computing the Holder’s income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing income for a taxation year all interest on the Debentures that is received or receivable by the Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), except to the extent that the interest was included in the Holder’s income for a preceding taxation year. In addition, if at any time a Debenture should become an “investment contract” (as defined in the Tax Act) in relation to a Holder, such Holder will be required to include in computing income for a taxation year any interest that accrues to the Holder on the Debenture up to any “anniversary day” (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in computing the Holder’s income for that year or a preceding taxation year.

A Holder of a Debenture that throughout the relevant taxation year is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income”, which is defined in the Tax Act to include interest income.

As described above under the heading “*Description of the Securities Being Distributed - Interest Payment Election*”, the Company may elect to pay interest by issuing Common Shares to the Debenture Trustee for sale, in which event a Holder would be entitled to receive a cash payment equal to the interest owed to the Holder from the proceeds of sale of such Common Shares by the Debenture Trustee. If the Company were to pay interest in this manner, the Canadian federal income tax consequences to a Holder would generally be the same as those described above.

Exercise of the Conversion Privilege

Generally, a Holder who converts a Debenture into Common Shares (or Common Share and cash delivered in lieu of a fraction of a Common Share) pursuant to the conversion privilege will be deemed not to have disposed of the Debenture and, accordingly, will not recognize a capital gain (or capital loss) on such conversion. Under the current administrative practice of the CRA, a Holder who, upon conversion of a Debenture, receives cash not in excess of \$200 in lieu of a fraction of a Common Share may either treat this amount as proceeds of disposition of a portion of the Debenture, thereby recognizing a capital gain (or capital loss), or reduce the adjusted cost base of the Common Shares that the Holder receives on the conversion by the amount of the cash received.

Upon a conversion of a Debenture, interest accrued thereon will be included in computing the income of the Holder as described above under “*Taxation of Interest on Debentures*”.

The aggregate cost to a Holder of the Common Shares acquired on the conversion of a Debenture will generally be equal to the Holder’s adjusted cost base of the Debenture immediately before the conversion, minus any reduction of adjusted cost base for cash received in lieu of a fraction of a Common Share as discussed above. The adjusted cost base to a Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Holder as capital property at the time.

Disposition of Debentures

A disposition or deemed disposition of a Debenture by a Holder, including a Redemption, payment on maturity, purchase for cancellation but not including the conversion of a Debenture into Common Shares pursuant to the Holder’s right of conversion described above, will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any amount otherwise required to be included in the Holder’s income as interest, are greater (or less) than the aggregate of the Holder’s adjusted cost base thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Taxation of Capital Gains and Capital Losses*”.

If the Company pays any amount upon the Redemption, purchase or maturity of a Debenture by issuing Common Shares to the Holder (but not including by the conversion of a Debenture into Common Shares pursuant to the Holder’s conversion privilege as described above), the Holder’s proceeds of disposition of the Debenture will be equal to the fair market value, at the time of disposition of the Debenture, of the Common Shares and any other consideration so received (except consideration received in satisfaction of accrued interest). The Holder’s cost base of the Common Shares so received will be equal to the fair market value of such Common Shares. The adjusted cost base to a Holder of Common Shares at any time will be determined by averaging the cost of such Common Shares with the adjusted cost base of any other Common Shares owned by the Holder as capital property at the time.

Upon a disposition or deemed disposition of a Debenture, interest accrued thereon will be included in computing the income of the Holder (to the extent that such interest has not otherwise been included in computing the Holder’s income) as described above under “*Taxation of Interest on Debentures*”, and should be excluded in computing the Holder’s proceeds of disposition of the Debenture.

Receipt of Dividends on Common Shares

A Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on such Holder’s Common Shares.

In the case of a Holder who is an individual (other than certain trusts), such taxable dividends will be subject to the normal gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations under the Tax Act. Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as “eligible dividends” will be subject

to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. There may be limitations on the ability of the Company to designate dividends as eligible dividends.

Taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act. Holders who are individuals should consult their own tax advisors in this regard.

In the case of a Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. The Tax Act imposes a refundable tax on dividends received (or deemed to be received) in a taxation year by a corporation that is a “private corporation” or “subject corporation” (as defined in the Tax Act) for purposes of Part IV of the Tax Act to the extent that such dividends are deductible in computing the Company’s taxable income for the year. Additionally, in certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their particular circumstances.

Disposition of Common Shares

A disposition or deemed disposition of a Common Share by a Holder (except to the Company) will generally result in the Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Common Share are greater (or less) than the aggregate of the Holder’s adjusted cost base thereof and any reasonable cost of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under “*Taxation of Capital Gains and Capital Losses*”.

Taxation of Capital Gains and Capital Losses

Generally, one half of any capital gain realized by a Holder (a “**taxable capital gain**”) in a taxation year will be included in the Holder’s income for the year, and one half of any capital loss (an “**allowable capital loss**”) realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Common Share may be reduced by the amount of any dividends received or deemed to be received by the Holder on such Common Share (or on a share for which the Common Share has been substituted) to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares, directly or indirectly, through a partnership or trust.

A Holder that is throughout the relevant taxation year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay, a refundable tax on its “aggregate investment income” including taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Holders should consult their own tax advisors in this regard.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are KPMG LLP, Chartered Professional Accountants, of 777 Dunsmuir Street, Vancouver, British Columbia.

The transfer agent and registrar for the Common Shares in Canada is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia and Toronto, Ontario. The co-transfer agent and registrar for the Common Shares in the United States is Computershare Trust Company, N.A. at its office in Golden, Colorado.

The Debenture Trustee for the Debentures is Computershare Trust Company of Canada, at its principal offices in Vancouver, British Columbia and Toronto, Ontario.

INTEREST OF EXPERTS

The technical information relating to the Caylloma Mine, the San Jose Mine and the Lindero Project included or incorporated by reference in this short form prospectus has been included or incorporated by reference in reliance on the reports prepared or certified under NI 43-101. Eric Chapman, Amri Sinuhaji, Edwin Gutierrez, Geoff Allard and Denys Parra Murrugarra, each a “qualified person” as defined by NI 43-101, are the authors responsible for the preparation of the Technical Reports, as set out under “*Technical Information*”.

As at the date hereof, the aforementioned persons beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Company. Mr. Sinuhaji is an employee of the Company, but is not currently expected to be elected, appointed or employed as a director or officer of the Company or of an associate or affiliate of the Company. Mr. Chapman is currently an employee and officer of the Company, but is not currently expected to be elected, appointed or employed as a director of the Company or of an associate or affiliate of the Company.

The consolidated financial statements of Fortuna as at and for the years ended December 31, 2018 and 2017 incorporated by reference in this short form prospectus have been audited by KPMG LLP, Chartered Professional Accountants, located at 777 Dunsmuir Street, Vancouver, British Columbia. KPMG LLP is independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations, and also are independent accountants with respect to the Company under all relevant U.S. professional and regulatory standards.

LEGAL MATTERS

Certain legal matters related to the Offering will be passed upon on our behalf by Blake, Cassels & Graydon LLP with respect to matters of Canadian law, and Paul, Weiss, Rifkind, Wharton & Garrison LLP with respect to matters of U.S. law and on behalf of the Underwriters by Stikeman Elliott LLP with respect to Canadian legal matters. As of the date of this short form prospectus, to the best of the Company’s knowledge, the partners and associates of Blake, Cassels & Graydon LLP, as a group, and the partners and associates of Stikeman Elliott LLP, as a group, each beneficially own, directly or indirectly, less than 1% of the Company’s outstanding securities.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, subject to the qualifications and assumptions discussed under the heading “*Certain Canadian Federal Income Tax Considerations*”, provided the Debentures and the Common Shares are listed on a designated stock exchange (which currently includes the TSX and NYSE), the Debentures and the Common Shares issuable on the conversion, Redemption or maturity of the Debentures would, if issued on the date hereof, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“**RRSP**”), registered retirement income funds (“**RRIF**”), deferred profit sharing plans (except, in the case of the Debentures, a deferred profit sharing plan to which the Company, or an employer that does not deal at arm’s length with the Company, has made a contribution), registered education savings plans (“**RESP**”), registered disability savings plans (“**RDSP**”) and tax-free savings accounts (“**TFSA**”).

Notwithstanding the foregoing, if the Debentures or the Common Shares are “prohibited investments” (as defined in the Tax Act) for the purposes of a TFSA, RDSP, RESP, RRSP, or RRIF, a holder of such TFSA or RDSP, a subscriber of such RESP, or an annuitant under such RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. Debentures and Common Shares will generally not be “prohibited investments” if (i) such holder, subscriber, or annuitant, as the case may be, deals at arm’s length with the Company for the purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Company or (ii) in the case of Common Shares, such Common Shares are “excluded property” (as defined in the Tax Act for purposes of these rules) for the TFSA, RRSP, RESP, RDSP or RRIF.

Holders of a TFSA or RDSP, annuitants under an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors regarding whether the Debentures and Common Shares will be prohibited investments in their particular circumstances.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS OR COMPANIES

The people named below reside outside of Canada or, in the case of companies, are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, and each has appointed the following agent for service of process:

Name of Person or Company	Name and Address of Agent
Jorge Ganoza Durant, President and Chief Executive Officer of the Company and a director of the Company	Fortuna Silver Mines Inc., 650 - 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3L6
Mario Szotlender, a director of the Company	
Alfredo Sillau, a director of the Company	
Luis Ganoza Durant, the Chief Financial Officer of the Company	
Geoff Allard, an expert providing a consent under Part 10 of National Instrument 41-101 – <i>General Prospectus Requirements</i>	
Denys Parra Murrugarra, an expert providing a consent under Part 10 of National Instrument 41-101 – <i>General Prospectus Requirements</i>	

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the purchase price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the purchase price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Debentures, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial securities legislation, to the price at which the Debentures are offered to the public under the Offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

CERTIFICATE OF FORTUNA SILVER MINES INC.

Dated: September 25, 2019

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces in Canada, other than Quebec.

By: *(Signed) Jorge A. Ganoza Durant*
President and Chief Executive Officer

By: *(Signed) Luis D. Ganoza Durant*
Chief Financial Officer

On Behalf of the Board of Directors

By: *(Signed) Simon Ridgway*
Director

By: *(Signed) Mario Szotlender*
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: September 25, 2019

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces in Canada, other than Quebec.

CIBC WORLD MARKETS INC.

By: *(Signed) Sam Lee*
Managing Director

SCOTIA CAPITAL INC.

By: *(Signed) Geoff Smith*
Managing Director

BMO NESBITT BURNS INC.

By: *(Signed) Carter Hohmann*
Managing Director