

This prospectus supplement, together with the short form base shelf prospectus dated April 29, 2020 to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference herein or therein, constitutes a public 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. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated April 29, 2020 to which it relates 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 Corporate Secretary of Fortuna Silver Mines Inc. at Suite 650, 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3L6, telephone: 604-484-4085, and are also available electronically at www.sedar.com.

The offering of these securities has not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States and such securities may not be offered, sold or otherwise delivered, directly or indirectly, in the United States, its territories or possessions, any state of the United States or the District of Columbia (collectively, the “United States”) except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This prospectus supplement 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. See “Plan of Distribution”.

PROSPECTUS SUPPLEMENT
To a Short Form Base Shelf Prospectus dated April 29, 2020

NEW ISSUE

May 13, 2020



FORTUNA SILVER MINES INC.

US\$60,000,000

20,000,000 Common Shares

This prospectus supplement (this “**Prospectus Supplement**”) of Fortuna Silver Mines Inc. (the “**Company**” or “**Fortuna**”), together with the short form base shelf prospectus dated April 29, 2020 (the “**Prospectus**”), qualifies the distribution (the “**Offering**”) of 20,000,000 common shares of the Company (the “**Offered Shares**”) at a price of US\$3.00 per Offered Share (the “**Offering Price**”) pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated as of May 13, 2020, among the Company, Scotia Capital Inc. (“**Scotiabank**”), BMO Nesbitt Burns Inc. (“**BMO**”), PI Financial Corp., CIBC World Markets Inc. and National Bank Financial Inc. (collectively the “**Underwriters**”).

Unless the context otherwise requires, references to “**Offered Shares**” include any Over-Allotment Shares (as defined herein) and references to “**Common Shares**” means the common shares of the Company. The Offering Price has been determined by arm’s length negotiations between the Company and Scotiabank, on behalf of the Underwriters.

The outstanding Common Shares are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the trading symbol “**FVI**”, on the New York Stock Exchange (“**NYSE**”) under the symbol “**FSM**” and on the Frankfurt Stock Exchange (the “**FSE**”) under the trading symbol “**F4S**”. On May 8, 2020, the last trading day prior to the date of the public announcement of the Offering, the closing price of the Common Shares on the TSX was C\$4.56, on the NYSE was US\$3.28 and on the FSE was €3.08. Fortuna has applied to list the Offered Shares distributed hereunder on the TSX and NYSE. Listing of the Offered Shares will be subject to Fortuna fulfilling all listing requirements of the TSX and NYSE.

Price US\$3.00 per Offered Share

	Price to the Public	Underwriting Commission ⁽¹⁾	Net Proceeds to the Company ⁽²⁾
Per Offered Share.....	US\$3.00	US\$0.15	US\$2.85
Total ⁽³⁾	US\$60,000,000	US\$2,412,000	US\$57,588,000

Notes:

- (1) Pursuant to the terms and conditions of the Underwriting Agreement, the Company has agreed to pay a cash commission to the Underwriters equal to 5% of the aggregate gross proceeds of the Offering, including proceeds realized from the sale of any additional Common Shares pursuant to the exercise of the Over-Allotment Option (as defined herein) and excluding proceeds raised from a certain investor, for which the Underwriters will receive a cash commission equal to 3.0% of the gross proceeds from the sale of the Offered Shares to such investor (the “**Underwriting Commission**”). For the purposes of this Prospectus Supplement, the Underwriting Commission expressed herein assumes participation of 9,800,000 Offered Shares by such investor. See “*Plan of Distribution*”.
- (2) After deducting the Underwriting Commission, but before deducting expenses related to the Offering estimated at US\$400,000, which will be paid from the proceeds of the Offering. See “*Use of Proceeds*”.
- (3) The Company has granted to 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 3,000,000 Common Shares (the “**Over-Allotment Shares**”) at a price of US\$3.00 per Over-Allotment Share to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, the “Underwriting Commission” and the “Net Proceeds to the Company” (before deducting expenses of the Offering) will be US\$69,000,000, US\$2,862,000 and US\$66,138,000, respectively. This Prospectus Supplement and the Prospectus also qualify the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares upon exercise of the Over-Allotment Option. Any purchaser who acquires Over-Allotment Shares forming part of the over-allotment position of the Underwriters pursuant to the Over-Allotment Option acquires such securities under this Prospectus Supplement and the Prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “*Plan of Distribution*”.

The Underwriters, as principals, conditionally offer the Offered Shares, 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.

Subscriptions for the Offered Shares 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 Underwriters may decrease the price of which the Offered Shares are distributed from the Offering Price. See “*Plan of Distribution*”.**

The closing of the Offering is expected to take place on or about May 20, 2020, or such other date as may be agreed between the Company and Scotiabank, but in any event not later than 42 days following the date of this Prospectus Supplement (the “**Closing Date**”).

It is expected that the Company will arrange for the instant deposit of the Offered Shares distributed under this Prospectus Supplement and the Prospectus under the book-based system of registration, to be registered to CDS Clearing and Depository Services Inc. (“**CDS**”) and deposited with CDS on the Closing Date. No certificates evidencing the Offered Shares will be issued to purchasers of the Offered Shares, except in limited circumstances. Purchasers of Offered Shares will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased.

In connection with the Offering and subject to applicable laws, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares in accordance with applicable market stabilization rules. Such transactions, if commenced, may be discontinued at any time. The Offered Shares sold by the Underwriters to the public will initially be offered at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price specified on the cover page, the Underwriters may change the Offering Price and the other selling terms to an amount not greater than the Offering Price set forth on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Company. See “*Plan of Distribution*”.

The following table sets forth the number of Over-Allotment Shares issuable under the Over-Allotment Option:

Underwriters’ Position	Maximum Number of Available Securities	Exercise Period	Exercise Price
Over-Allotment Option	3,000,000 Over-Allotment Shares	Up to 30 days from the Closing Date	US\$3.00 per Over-Allotment Share

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

Jorge Ganoza Durant, President, Chief Executive Officer and a director of the Company, Mario Szotlender and Alfredo Sillau, directors of the Company and Luis Ganoza Durant, Chief Financial Officer of the Company, 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.

Scotiabank 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 Scotiabank for the purposes of securities regulations in certain provinces and territories of Canada. See "*Plan of Distribution*".

Investors should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. The Company has not authorized anyone to provide investors with different information. Information contained on our website shall not be deemed to be a part of this Prospectus Supplement or the Prospectus or incorporated by reference and should not be relied upon by prospective investors for the purpose of determining whether to invest in the securities. Neither the Company nor the Underwriters are making an offer of the Offered Shares in any jurisdiction where such offer is not permitted. An investor should assume that the information appearing in this Prospectus Supplement or the Prospectus is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference herein or therein is accurate only as of the date of that document unless specified otherwise. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

An investment in the Offered Shares is highly speculative and involves significant risks that you should consider before purchasing such Offered Shares. You should carefully review the "*Risk Factors*" section of this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein as well as the information under the heading "*Cautionary Note Regarding Forward-Looking Information*".

Neither the United States Securities and Exchange Commission nor any state or Canadian securities regulator has approved or disapproved of the securities offered hereby, passed upon the accuracy or adequacy of this Prospectus Supplement and the Prospectus or determined if this Prospectus Supplement and the Prospectus are truthful or complete. Any representation to the contrary is a criminal offence.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this Prospectus Supplement, which describes the terms of the Offered Shares being offered and also adds to and updates information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Offered Shares being offered under this Prospectus Supplement. This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of the Offering constituted by this Prospectus Supplement. Other documents are also incorporated, or are deemed to be incorporated by reference, into the Prospectus and reference should be made to the Prospectus for full particulars thereof.

Investors should rely only on the information contained in or incorporated by reference in this Prospectus Supplement and the Prospectus. The Company has not authorized anyone to provide investors with different information. Neither the Company nor the Underwriters are making an offer of the Offered Shares in any jurisdiction where such offer is not permitted. An investor should assume that the information appearing in this Prospectus Supplement or the Prospectus is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference herein or therein is accurate only as of the date of that document unless specified otherwise. The Company's business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in this Prospectus Supplement and the Prospectus and the documents incorporated by reference herein and therein were obtained from market research, publicly available information and industry publications. The Company believes that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. The Company has not independently verified such information, and it does not make any representation as to the accuracy of such information.

The Company's annual consolidated financial statements that are incorporated by reference into this Prospectus Supplement and the Prospectus have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards. See "*Financial and Exchange Rate information*".

Unless otherwise indicated, all information in this Prospectus Supplement assumes no exercise of the Over-Allotment Option.

In this Prospectus Supplement, 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 our subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in the Prospectus, this Prospectus Supplement and any documents incorporated by reference therein and herein 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 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 Prospectus Supplement 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;
- 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;
- the potential impact of COVID-19 on the Company's business and operations, including the Company's ability to operate or to continue operating at its sites;
- the Company's ability to manage challenges presented by COVID-19;

- achieving the targets set out in the Company's cost reduction programs;
- the approval from applicable governmental authorities to the re-commencement of operations at the San Jose Mine (as defined herein) and the Lindero Project (as defined herein);
- production rates at the Company's properties;
- cash cost estimates;
- 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;
- the Company's planned capital expenditures and brownfields exploration at the Caylloma Mine (as defined herein);
- the Company's planned capital expenditures and brownfields exploration at the Lindero Project;
- the Company's construction of the open pit gold heap leach mine at its Lindero property in Salta Province, Argentina and the anticipated timing of commissioning and commercial production at the Lindero Project;
- maturities of the Company's financial liabilities, finance leases and other contractual commitments;
- the expiry dates of bank letters of guarantee;
- litigation matters;
- 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 listing of the Offered Shares on the TSX and the NYSE;
- the tax consequences of purchasers investment in the Offered Shares;
- the eligibility of the Offered Shares for investment under certain statutes;
- the plan of distribution for the Offering;
- preliminary estimated financial results for the first quarter of 2020;
- a preliminary estimate of the Company's liquidity as at March 31, 2020; and
- a preliminary estimate of construction expenditures of the Lindero Project for the first quarter of 2020.

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 associated with 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 related to the construction, commissioning and commencement of commercial production at the Lindero Project;
- risks associated with mineral exploration and project development;
- uncertainty relating to the repatriation of funds as a result of currency controls;
- risks relating to the Company's ability to replace its mineral reserves;
- 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 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 and San Jose Mines 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 its management and board of directors of the Company (the "**Board**") in foreign jurisdictions;
- adequacy of insurance coverage;
- risks related to the Company's compliance with the Sarbanes-Oxley Act;
- risks related to the foreign corrupt practices regulations and anti-bribery laws;
- legal proceedings and potential legal proceedings;
- uncertainties relating to general economic conditions;
- risks relating to a global pandemic, including COVID-19, which unless contained could cause a slowdown in global economic growth and impact the Company's business, operations, financial condition and share price;
- the duration of the COVID-19 pandemic and the impact of COVID-19 on the Company's business, operations and financial condition, including the Company's ability operate or continue to operate at its sites;
- the Company's ability to manage challenges presented by COVID-19;
- competition;
- fluctuations in metal prices;
- risks associated with entering into commodity forward and option contracts for base metals production;
- fluctuations in currency exchange rates;
- failure to meet covenants under the Credit Facility (as defined herein);
- 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 Company's Common Shares and Debentures (as defined herein);
- dilution from future equity or convertible debt financings;
- risks related to future insufficient liquidity resulting from a decline in the price of the Common Shares or Debentures;
- uncertainty relating to the Company's ability to pay dividends in the future;
- risks related to the market for the Company's securities;
- risks related to the Debentures of the Company;
- uncertainty relating to the enforcement of U.S. judgments against the Company;
- risks related to the Offering, including obtaining the approval for the listing of the Offered Shares on the TSX and the NYSE;
- the future trading price of the Common Shares on the TSX and NYSE;
- the exercise of the Over-Allotment Option; and
- risks and uncertainties relating to the actual use of proceeds.

as well as those factors referred to in the "Risk Factors" section in this Prospectus Supplement.

Forward-looking statements contained in this Prospectus Supplement 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 matter;
- there being no material and negative impact to the various contractors, suppliers and subcontractors at the Caylloma Mine and the San Jose Mine as a result of COVID-19;
- there being no material and negative impact to the various contractors, suppliers and subcontractors for the Lindero Project relating to COVID-19 or otherwise that would impair their ability to provide goods and services as anticipated once construction activities can resume
- 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 and the NYSE in connection with the listing of the Offered Shares on the respective stock exchange.

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 Prospectus Supplement and the Prospectus under the heading “*Risk Factors*” and in the Company's AIF (as defined below).

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 Prospectus Supplement. 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 Prospectus Supplement or to revise them to reflect the occurrence of future unanticipated events.

CAUTIONARY NOTE REGARDING MINERAL RESERVE AND MINERAL RESOURCE ESTIMATES

Unless otherwise indicated, all mineral reserve and mineral resource estimates included in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein have been prepared in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) and the Canadian Institute of Mining, Metallurgy and Petroleum (the “**CIM**”) – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended (the “**CIM Standards**”). NI 43-101 is a rule developed by the Canadian Securities Administrators, which established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms “mineral reserve”, “proven mineral reserve” and “probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101 and the CIM Standards. In addition, the terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in accordance with NI 43-101 and the CIM Standards. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into mineral reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in very limited circumstances. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

The mineral resource and mineral reserve figures referred to in this Prospectus Supplement, the Prospectus and the documents incorporated herein and therein by reference are estimates and no assurances can be given that the indicated levels of silver will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. By their nature, mineral resource and mineral reserve estimates are imprecise and depend, to a certain extent, upon

statistical inferences which may ultimately prove unreliable. Any inaccuracy or future reduction in such estimates could have a material adverse impact on the Company.

FINANCIAL AND 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. References to “€” in this Prospectus Supplement refer to Euros.

This Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein 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, 2019.

The financial statements of the Company incorporated by reference herein are reported in United States dollars and have been prepared in accordance with IFRS and the audit of such financial statements may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies.

The following tables set forth for each period indicated: (i) the exchange rates in effect at the end of the periods indicated; (ii) the high and low exchange rates during each period; and (iii) the average exchange rates in effect during each period, in each case, as identified or calculated from the Bank of Canada rate in effect on each trading day during the relevant period. These rates are expressed as U.S. dollars per C\$1.00

	Year Ended December 31		
	2019	2018	2017
High for period.....	0.7353	0.8138	0.8245
Low for period	0.7699	0.7330	0.7276
Average for period	0.7537	0.7721	0.7708
Rate at end of period	0.7699	0.7330	0.7971

On May 12, 2020, the daily average exchange rate as quoted by the Bank of Canada was C\$1.00 = US\$0.7135 (US\$1.00 = C\$1.4015).

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Prospectus solely for the purpose of the Offering. Other documents are also incorporated or deemed to be incorporated by reference in the Prospectus and reference should be made to the Prospectus for full particulars thereof.

Copies of the documents incorporated by reference in this Prospectus Supplement and the Prospectus and not delivered with this Prospectus Supplement 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, telephone: 604-484-4085 or by accessing the disclosure documents through the Internet on SEDAR at www.sedar.com. Our filings through SEDAR are not incorporated by reference in this Prospectus Supplement except as specifically set forth herein.

The following documents, filed with the securities commissions or similar regulatory authorities in certain provinces of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Prospectus:

- the Company’s annual information form dated March 26, 2020 for the year ended December 31, 2019 (the “AIF”);

- the Company’s audited consolidated financial statements as at and for the years ended December 31, 2019 and 2018, together with the report of the independent registered public accounting firm thereon (the “**Annual Financial Statements**”);
- the Company’s management’s discussion and analysis for the year ended December 31, 2019 (the “**MD&A**”);
- the Company’s management information circular as at May 6, 2020, prepared in connection with the Company’s annual general meeting of shareholders held on June 18, 2020;
- the Company’s news release dated May 11, 2020 announcing preliminary financial results for the period ended March 31, 2020; and
- the template version of the marketing materials related to the Offering and filed on May 11, 2020.

Any document of the type referred to in the preceding paragraphs (excluding press releases and confidential material change reports) or of any other type required to be incorporated by reference into a short form prospectus pursuant to National Instrument 44-101 — *Short Form Prospectus Distributions* that is filed by the Company with a securities commission after the date of this Prospectus Supplement and prior to the termination of the distribution shall be deemed to be incorporated by reference in this Prospectus Supplement.

Any statement contained in this Prospectus Supplement, the Prospectus or a document incorporated or deemed to be incorporated by reference herein or therein shall be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in the Prospectus or in any subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Prospectus modifies or supersedes that prior 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 make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be considered in its unmodified or superseded form to constitute a part of this Prospectus Supplement, except as so modified or superseded. Without limiting the foregoing, each document incorporated by reference into the Prospectus prior to the date hereof shall be deemed to have been superseded in its entirety unless such document is also listed above as being incorporated by reference into this Prospectus Supplement.

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

THE COMPANY

Name, Address and Incorporation

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 and records office of the Company is located at Suite 650, 200 Burrard Street, Vancouver, British Columbia V6C 3L6.

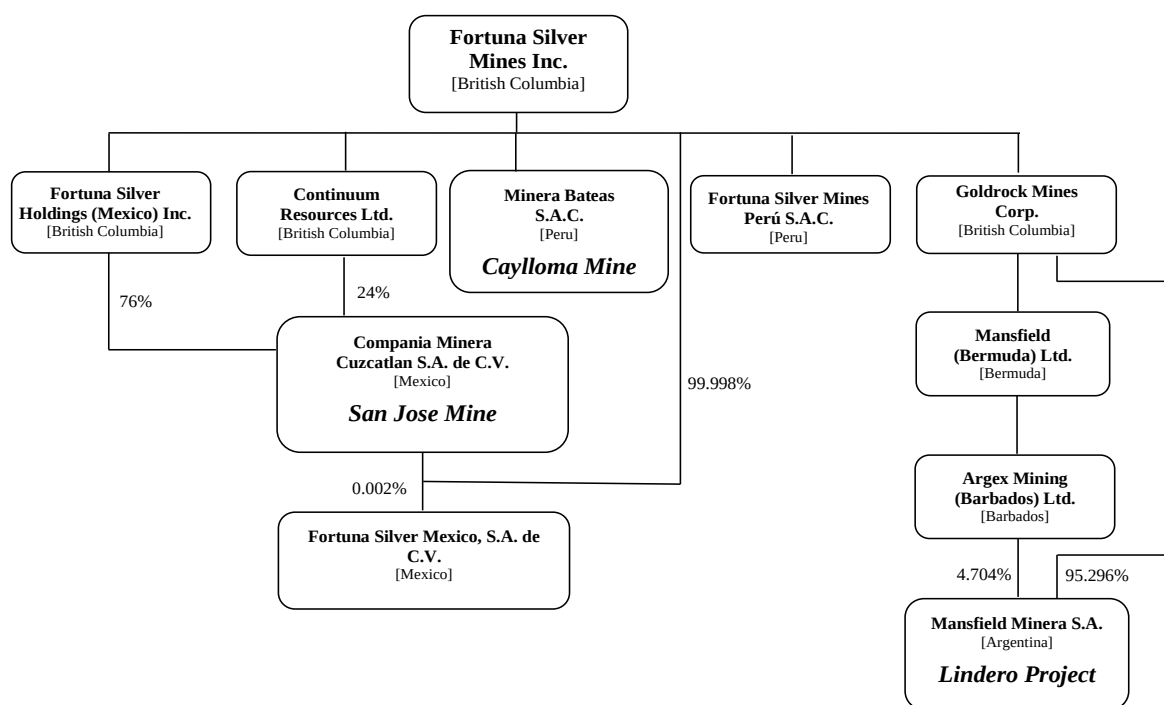
The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The Company’s Common Shares are listed on the TSX under the symbol “FVI”, on the NYSE under the symbol “FSM” and on the FSE under the symbol “F4S”. The Company’s subordinated unsecured convertible debentures (the “**Debentures**”) are listed on the TSX under the symbol “FVI:DB.U”.

Business of the Company

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.

Inter-Corporate Relationships

The chart below illustrates the Company’s material inter-corporate relationships as at the date hereof:



RECENT DEVELOPMENTS

Preliminary Financial Results for the First Quarter of 2020

On May 11, 2020, the Company announced the following preliminary financial results:

First Quarter of 2020 Highlights Preview

- Sales of \$47.5 million, compared to \$59.0 million in Q1 2019
- Net loss of \$4.5 million, compared to net income of \$2.2 million in Q1 2019
- Adjusted net loss¹ of \$2.2 million, compared to adjusted net income of \$8.4 million in Q1 2019
- Adjusted EBITDA¹ of \$15.9 million, compared to \$23.8 million in Q1 2019
- Free cash flow from ongoing operations¹ of \$14.2 million, compared to \$2.2 million in Q1 2019
- Silver and gold production of 1,819,312 ounces and 10,101 ounces, respectively
- AISC/oz silver equivalent¹ for the San Jose Mine and the Caylloma Mine was \$10.7² and \$16.7³, respectively

Note:

1. Refer to non-GAAP financial measures below.
2. Silver equivalent production for Q1 2020 is calculated using a silver to gold ratio of 97.6:1. Silver equivalent is calculated at realized metal prices of \$1,571/oz Au and, \$16.09/oz Ag for Q1 2020.
3. Silver equivalent production for Q1 2020 is calculated using a silver to lead ratio of 1:20.7 pounds and silver to zinc ratio of 1:17.9 pounds. Silver equivalent is calculated using realized metal prices of \$17.59/oz Ag, \$0.85/lb Pb, and \$0.98/lb Zn for Q1 2020.

First Quarter of 2020 Results Preview

Consolidated Metrics	Q1 2020 (unaudited)	Q1 2019 (unaudited)
(Expressed in \$ millions, except per share information)		
Sales	\$ 47.5	\$ 59.0
Mine operating income	7.5	21.5
Operating income	1.8	10.9
Net income (loss)	(4.5)	2.2
Earnings (loss) per share (basic)	(0.03)	0.01
Adjusted net income (loss) ¹	(2.2)	8.4
Adjusted EBITDA ¹	15.9	23.8
Net cash provided by operating activities	13.2	3.9
Free cash flow from ongoing operations ¹	14.2	2.2
Capex		
Sustaining	3.5	4.7
Non-sustaining	0.1	0.8
Lindero	21.4	30.9
Brownfields	1.6	1.2
	Mar 31, 2020	Dec 31, 2019
Cash, cash equivalents, and short-term investments	\$ 88.5	\$ 83.4

Note:

1. Refer to non-GAAP financial measures below.

Capital resources and Liquidity

As at March 31, 2020, the Company had \$88.5 million of cash and cash equivalents and liquidity compared to \$123.4 million as at December 31, 2019. As at the end of Q1 2020, the Company's \$150 million bank credit facility had been fully drawn.

Lindero Project

Construction at the Lindero Project located in Salta Province, Argentina is approximately 94% complete as at March 31, 2020.

The following table summarizes Lindero Project spending on construction and preproduction related costs for the three months ended March 31, 2020:

(Expressed in \$ millions)	Cumulative to December 31, 2019	Three months ended March 31, 2020	Total
Construction capital expenditures	\$ 268.2	\$ 21.4	\$ 289.6
Contractor advances and deposits on equipment, net of transfers	10.5	(3.5)	7.0
Total Construction Spending	278.7	17.9	296.6
Preproduction costs	8.0	9.1	17.1
Sustaining spare parts, supplies and materials inventory	6.2	2.2	8.4
Other costs ¹	4.5	0.8	5.3
Total Lindero Project Costs	\$ 297.4	\$ 30.0	\$ 327.4

Note:

1..Consists of Argentina financial transaction taxes, deposits and other costs

There were \$17.9 million of construction trade payables outstanding as at end of the quarter.

The Company reiterates a capex forecast of between \$314 to \$320 million for the Lindero Project construction. This represents

an increase of 28% from the September 2017 feasibility estimate.

The Company estimates that as of March 31, 2020, the remaining funds required to complete the Lindero Project, inclusive of pre-production expenditures, working capital and VAT, to be in the range of \$75 million to \$80 million up to the commencement of commercial production in the first quarter of 2021.

Non-GAAP Financial Measures Preview

The following tables represent the calculation of certain non-GAAP financial measures:

Reconciliation to Adjusted Net Income for the three months ended March 31, 2020 and 2019

(Expressed in \$ millions, except per share information)	Q1 2020	Adjust.	Q1 2020 Adjusted	Q1 2019	Adjust.	Q1 2019 Adjusted
Sales	\$ 47.5	\$ -	\$ 47.5	\$ 59.0	\$ -	\$ 59.0
Cost of sales	40.1	0.2	40.3	37.5	(0.0)	37.5
Mine operating income	7.5	(0.2)	7.3	21.5	0.0	21.5
General and administration	3.6	0.0	3.6	6.5	0.1	6.6
Exploration and evaluation	0.4	-	0.4	0.2	-	0.2
Share of loss from associates	0.0	(0.0)	-	0.1	(0.1)	-
Foreign exchange loss	1.3	(3.2)	(1.9)	3.7	(2.9)	0.8
Other expenses, net	0.3	(0.3)	0.0	0.1	0.0	0.1
Operating Income	1.8	3.3	5.1	10.9	2.9	13.8
Investment income	1.1	(1.1)	-	-	-	-
Interest and finance (costs) income, net	(0.4)	0.1	(0.3)	0.1	0.1	0.2
Loss on derivatives	-	-	-	(1.6)	2.3	0.8
Income before income taxes	2.6	2.3	4.9	9.5	5.3	14.8
Current income tax expense	5.9	-	5.9	8.6	-	8.6
Deferred income tax expense (recovery)	1.2	(0.0)	1.1	(1.3)	(0.9)	(2.2)
Net income and adjusted net income	\$ (4.5)	\$ 2.3	\$ (2.2)	\$ 2.2	\$ 6.2	\$ 8.4
Earnings per share - basic	\$ (0.03)	\$ 0.02-	\$ (0.01)	\$ 0.01-	\$ 0.04-	\$ 0.05

Note: Certain figures may not add due to rounding and certain comparative figures have been reclassified to conform to the current year presentation

Reconciliation to Adjusted EBITDA for the three months ended March 31, 2020 and 2019

(Expressed in \$ millions)	Q1 2020	Q1 2019
Net income for the period	\$ (4.5)	\$ 2.2
Adjustments:		
Inventory adjustment	(0.1)	-
Foreign exchange loss, Lindero project	3.3	29
Net finance items	0.3	(0.2)
Depreciation, depletion, and amortization	11.6	(9.1)
Income taxes	7.1	73
Share of loss from associates	-	0.1
Investment income	(1.1)	-
Other non-cash items	(0.6)	2.4
Adjusted EBITDA	\$ 15.9	\$ 23.8

Reconciliation to Free cash flow from ongoing operations for the three months ended March 31, 2020 and 2019

(Expressed in \$ millions)	Q1 2020	Q1 2019
Net cash provided by operating activities	\$ 13.2	\$ 3.9
Less: Change in long-term receivables	(0.2)	-
Less: Additions to mineral properties, plant and equipment	(4.9)	(7.0)
Less: Contractor advances for plant and equipment	-	(0.2)
Add: Advances applied to plant and equipment	-	0.1
Less: Current income tax expense	(5.9)	(8.6)
Add: Income taxes paid	12.0	14.0
Free cash flow from ongoing operations¹	\$ 14.2	\$ 2.2

Note:

1. From ongoing operations including San Jose and Caylloma and excludes Greenfields exploration

Non-GAAP Financial Measures

The tables above and information refer to non-GAAP financial measures, such as all-in sustaining cash cost silver equivalent; adjusted net (loss) income; free cash flow from ongoing operations, income taxes, interest income; and adjusted EBITDA. These measures do not have a standardized meaning or method of calculation, even though the descriptions of such measures may be similar. These performance measures have no meaning under IFRS and therefore, amounts presented may not be comparable to similar data presented by other mining companies.

The Lindero Project

On March 19, 2020, the Government of Argentina declared a period of mandatory national “social isolation” in relation to COVID-19, effective until March 31, 2020. This period of isolation has been subsequently extended until May 24, 2020. Construction was temporarily halted at the Lindero Project and a reduced task force remains on site to maintain critical activities including security and environmental monitoring over the extended isolation period.

On April 3, 2020, the Government of Argentina included mining and related activities within the list of essential industries and services permitted to operate during the mandatory social isolation period. To resume operations, companies are required to submit to the provincial authorities a Minimum Emergency Operations Program (“MEOP”).

On April 28, 2020, the Company submitted and received approval to resume operations under its MEOP. The construction plan has been revised to implement sanitary protocols for the prevention and handling of COVID-19 cases, which include a reduced on-site workforce in support of social distancing measures. Mobilization to the project site is planned to take place during the second half of May 2020 in order to resume construction activities. The Company has modified its construction and commissioning plans to mitigate risks to the timeline and budget associated with a reduced workforce, limited foreign vendor support, and limitations on local travel.

As of March 19, 2020, the date of the Lindero Project demobilization, the project was 94% complete.

The new construction and commissioning plans prioritize the completion of solution handling, absorption, desorption and recovery plant and sulphidization-acidification-recycle-thickening plant with the objective of producing first doré in the third quarter of 2020. With the advanced stage of commissioning of the primary and secondary crushing circuits, crushed coarse ore is scheduled to be placed on the leach pad for cyanide irrigation starting in July. This plan contemplates by-passing the tertiary HPGR crushing and agglomeration circuits temporarily, for a period of four months, until the fourth quarter of 2020.

Although HPGR pre-commissioning has been successfully completed, commissioning will take longer because we will be utilizing remote assistance from the foreign vendor.

The crushed coarse ore from the primary and secondary crushers to be placed on the leach pad during the ramp-up phase represents only approximately 12% of the projected ore scheduled to be placed on the leach pad in a standard year of full production. Preliminary metallurgical column test results for coarse ore indicates gold recoveries of 45% to 50% compared to our feasibility study projections of 78% recovery for tertiary crushed ore over a 90-day period.

Open pit mining is planned to gradually resume in July 2020. During the period from July to December 2020, an estimated 1.7 million to 1.9 million tonnes of ore are scheduled to be placed on the leach pad with an average gold grade of 1.00 g/t to 1.10 g/t. The estimated stripping ratio during this period is 0.68 to 0.75.

Between 25,000 to 28,000 ounces of gold doré are scheduled to be produced for the period of September to December 31, 2020. Commercial production is expected to start in the first quarter of 2021, achieving an AISC of US\$520/oz to \$620/oz Au.

The Company reiterates a capex forecast of between US\$314 to \$320 million for the Lindero Project construction. This represents an increase of 28% from the September 2017 feasibility estimate. The Company estimates that as of March 31, 2020, the remaining funds required to complete the Lindero Project, inclusive of pre-production expenditures, working capital and VAT, to be in the range of US\$75 to \$80 million up to the commencement of commercial production in the first quarter of 2021. As at March 31, 2020, the Company had US\$88.5 million of available liquidity.

The updated scientific and technical information used in this section has been reviewed and approved by Eric Chapman, the Vice President of Technical Services for the Company. Mr. Chapman is a qualified person as defined by National Instrument 43-101- Standards of Disclosure for Mineral Projects and is a Professional Geoscientist registered with the Association of Professional Engineers and Geoscientists of the Province of British Columbia (#36328).

Caylloma Mine, Peru

On Sunday, March 15, 2020, the Government of Peru introduced a series of measures to contain the rapid spread of COVID-19 which included: the closing of international borders and a declaration of a fifteen-day period of mandatory national “social isolation”. The period of social isolation has been subsequently extended to May 24, 2020.

The Company is working under the regulatory framework issued by the Ministerio de Energía y Minas (MINEM) and the Ministerio del Interior (MININTER), which allows mines to operate during this period with essential personnel. The Caylloma Mine initially operated during the period of social isolation by drawing ore from its coarse ore stockpile. As the stockpile decreased, the Company has re-started the mine using a reduced taskforce. The transportation of concentrates and essential supplies continues to be permitted, and the operation has sufficient stock of critical supplies, consumables, and camp provisions to cover the extended isolation period.

RISK FACTORS

Investing in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of its development. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business, property or financial results, each of which could cause purchasers of our securities to lose part or all of their investment. The risks set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and prospects. In addition to the other information contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein, you should carefully consider the risks described below, as well as the risks described under the “Risk Factors” section of the Prospectus and the AIF before purchasing the Offered Shares.

Risks Related to Our Securities

The market price of the Company’s Common Shares is 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, NYSE and FSE fluctuated significantly during the past 12 months. There can be no assurance that continual fluctuations in price will not occur.

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, to decrease dramatically. The price of the Common Shares 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 future offerings of the Common Shares or securities convertible into 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 the vesting of the Company’s outstanding share units or as a result of the conversion of the Company’s Debentures. Any

such convertible securities are more likely to be exercised when the market price of the Company's Common Shares exceeds the exercise price of such instruments. 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 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 and Common Share purchase warrants or the vesting of the Company's outstanding share units may also reduce the market price of the Common Shares. Additional Common Shares, debentures, stock options, Common Share purchase warrants 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, the NYSE and the FSE. Additionally, a decrease in the market price of the Debentures could adversely affect the liquidity of the Common Shares on the TSX. 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, the NYSE and the FSE. Sales of the Common Shares or Debentures by shareholders might also make it more difficult for the Company to sell equity or debt 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 Board 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 Board may consider appropriate in the circumstances.

U.S. investors may find it difficult to enforce U.S. judgments against the Company.

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

While detailed information regarding the use of proceeds from the sale of the Offered Shares is described under the heading "Use of Proceeds", the Company maintains broad discretion over the use of the net proceeds from the Offering. Because of the number and variability of factors that will determine our use of such proceeds, the Company's ultimate use might vary substantially from its planned use. You may not agree with how the Company allocates or spends the proceeds from the Offering. The Company may pursue acquisitions, collaborations or other opportunities that do not result in an increase in the market value of our securities, including the market value of our Common Shares, and that may increase our losses.

CONSOLIDATED CAPITALIZATION

Since December 31, 2019, there has been no material change in our consolidated shares 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 Annual Financial Statements and the MD&A.

	As at December 31, 2019	Outstanding on May 12, 2020 (Unaudited)	Outstanding on May 12, 2020 Assuming Completion of the Offering (Unaudited) ⁽⁷⁾
Credit Facilities	US\$109,430,000	US\$149,547,000 ⁽¹⁾	US\$149,547,000 ⁽¹⁾
Share Capital	US\$422,145,000	US\$424,183,000 ⁽⁴⁾	US\$481,371,000 ⁽⁴⁾⁽⁵⁾⁽⁶⁾
Common Shares ⁽²⁾	160,291,553	160,787,257 ⁽⁴⁾	180,787,257 ⁽⁴⁾⁽⁵⁾
Debentures ⁽³⁾	US\$46,000,000	US\$46,000,000	US\$46,000,000

Notes:

- (1) Comprised of US\$40,000,000 from a fully-drawn US\$40,000,000 non-revolving credit facility and US\$110,000,000 from a fully drawn US\$110,000,000 revolving credit facility pursuant to a third 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 (the “**Credit Facility**”), after deducting unamortized transaction costs.
- (2) Presented on a non-diluted basis.
- (3) Reflects the face value of the Debentures.
- (4) Includes 251,922 Common Shares issued upon the vesting of RSUs and 243,782 Common Shares issued upon the vesting of PSUs. See “*Prior Sales*”.
- (5) Includes the issuance of 20,000,000 Common Shares upon completion of the Offering.
- (6) Assumes net proceeds of the Offering of US\$57,188,000, after deducting the Underwriting Commission of US\$2,412,000 and the estimated expenses of the Offering of US\$400,000.
- (7) Assuming no exercise of the Over-Allotment Option. See “*Plan of Distribution*”.

USE OF PROCEEDS

The net proceeds to the Company from the Offering are estimated to be approximately US\$57,188,000 (US\$65,738,000 if the Over-Allotment Option is exercised in full), after deducting the Underwriting Commission of US\$2,412,000 (US\$2,862,000 if the Over-Allotment Option is exercised in full) and the estimated expenses of the Offering of US\$400,000. The Company expects to use the net proceeds as follows:

Use of Proceeds	Allocated (US\$000's) ⁽¹⁾
Expenditures related to the Lindero Project:	
Construction expenditures and associated trades payable	US\$30,000
Pre-production expenditures	US\$18,000
General working capital and administrative expenses	US\$9,188
Total	US\$57,188

Notes:

- ⁽¹⁾ Assuming no exercise of the Over-Allotment Option.

The Company expects to use a portion of the net proceeds of the Offering to fund expenditures related to the completion of the Lindero Project, including construction expenditures and trade payables, pre-production expenditures to the commencement of commercial operations scheduled in the first quarter of 2021 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 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 become available to the Company. Consequently, there can be no assurance as of the date of this Prospectus Supplement of or how the net proceeds of the Offering may be reallocated. See “*Risk Factors – Use of Proceeds*”.

PRIOR SALES

During the 12 months preceding the date of this Prospectus Supplement, the Company issued Common Shares at the following prices:

Date of Issuance	Number of Common Shares	Issuance/Exercise Price
May 29, 2019	117,226 Common Shares ⁽¹⁾	C\$6.35
June 5, 2019	979 Common Shares ⁽¹⁾	C\$7.15
March 16, 2020	126,782 Common Shares ⁽¹⁾	C\$4.83
March 16, 2020	63,392 Common Shares ⁽²⁾	C\$4.83
March 19, 2020	125,140 Common Shares ⁽¹⁾	C\$6.20
March 19, 2020	180,390 Common Shares ⁽²⁾	C\$6.20
TOTAL	613,909 Common Shares	

Notes:

- (1) Issued pursuant to settlement of performance share units (“PSUs”).
(2) Issued pursuant to settlement of restricted share units (“RSUs”).

During the 12 months preceding the date of this Prospectus Supplement, the Company did not issue any securities that are or may be convertible into Common Shares other than the following:⁽¹⁾

Date of Issuance	Number and Type of Security Issued	Issuance/Exercise Price
October 2, 2019	US\$40 million Debentures ⁽²⁾	US\$1,000 per Debenture
October 8, 2019	US\$6 million Debentures ⁽²⁾	US \$1,000 per Debenture
April 20, 2020	815,220 RSUs ⁽³⁾	C\$3.32

Notes:

- (1) As at the date of this Prospectus Supplement, the Company had 1,266,196 Common Shares issuable upon the exercise of stock options outstanding, 1,730,210 Common Shares issuable upon the exercise of RSUs outstanding, and 839,170 Common Shares issuable upon the exercise of PSUs outstanding, with an aggregate of 338,087 PSUs subject to a multiplier ranging from 50% to 200% depending on the achievement level of certain performance targets.
(2) Issued pursuant to a prospectus dated September 25, 2019. The Debentures are convertible at the holder’s option into Common Shares at a conversion price of US\$5.00 per Common Share, representing a conversion rate of 200 Common Shares per US\$1,000 principal amount of Debentures, subject to adjustment in certain circumstances.
(3) Issued pursuant to the Company’s amended and restated share unit plan, which was approved by the Board on April 20, 2020.

TRADING PRICE AND VOLUME

The Common Shares are listed for trading on the TSX under the symbol “FVI”, the NYSE under the symbol “FSM” and the FSE under the trading symbol “F4S”. The following table sets forth information relating to the trading of the Common Shares on the TSX for the periods indicated.

Month	High (C\$)	Low (C\$)	Volume
May 1 to 12, 2020	4.80	4.00	6,907,384
April 2020	4.51	2.86	24,315,244
March 2020	4.59	2.05	25,658,154
February 2020	5.51	3.77	8,695,797
January 2020	5.575	4.76	9,840,127
December 2019	5.47	4.23	9,406,371
November 2019	4.385	3.79	8,326,411
October 2019	4.43	3.835	8,634,747
September 2019	5.85	3.99	15,099,440
August 2019	6.12	4.64	18,175,715
July 2019	5.56	3.50	19,996,804
June 2019	4.02	3.22	37,052,408
May 2019	4.16	3.22	7,818,852

Source: Bloomberg

The following table sets forth information relating to the trading of the Common Shares on the NYSE for the periods indicated.

Month	High (US\$)	Low (US\$)	Volume
May 1 to 12, 2020	3.43	2.86	22,078,123
April 2020	3.27	2.02	78,203,029
March 2020	3.43	1.47	89,647,182
February 2020	4.13	2.8	42,375,555
January 2020	4.23	3.64	48,539,380
December 2019	4.19	3.185	48,120,898
November 2019	3.29	2.86	37,832,481
October 2019	3.335	2.93	42,711,652
September 2019	4.39	3.01	63,667,240
August 2019	4.5921	3.49	69,315,920
July 2019	4.24	2.68	68,170,695
June 2019	3.06	2.40	46,721,726
May 2019	3.11	2.39	30,653,318

Source: Bloomberg

The following table sets forth information relating to the trading of the Common Shares on the FSE for the periods indicated.

Month	High (€)	Low (€)	Volume
May 1 to 12, 2020	3.13	2.68	101,967
April 2020	3.024	1.9	308,008
March 2020	3.093	1.36	317,261
February 2020	3.887	2.5	86,238
January 2020	3.81	3.242	176,631
December 2019	3.661	2.836	105,763
November 2019	2.999	2.55	142,550

Month	High (€)	Low (€)	Volume
October 2019	3.09	2.65	147,503
September 2019	4.019	2.79	203,895
August 2019	4.099	3.141	260,137
July 2019	3.635	2.324	243,551
June 2019	2.75	2.131	187,897
May 2019	2.769	2.121	155,026

Source: Bloomberg

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 Underwriters, 20,000,000 Offered Shares at the Offering Price, payable in cash to the Company, against delivery of the Offered Shares, 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 Offered Shares if any of the Offered Shares 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 Offered Shares 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 Offered Shares, other than in each of the provinces of Canada, other than Québec. No offer or sale of the Offered Shares may be made in any jurisdiction except in compliance with the applicable laws thereof. Persons receiving this Prospectus Supplement are responsible for informing themselves about and observing any restrictions as to the Offering and the distribution of this Prospectus Supplement. 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 Underwriting Commission of 5% of the aggregate gross proceeds of the Offering, including proceeds realized from the sale of any Over-Allotment Shares pursuant to the exercise of the Over-Allotment Option and excluding proceeds raised from a certain investor, for which the Underwriters will receive a cash commission equal to 3% of the gross proceeds from the sale of the Offered Shares to such investor.

The Company has granted to the Underwriters the Over-Allotment Option to purchase up to 3,000,000 Over-Allotment Shares at a price of US\$3.00 per Over-Allotment Share on the same terms and conditions as the Offered Shares 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”, “Underwriting Commission” and “Net Proceeds” (before deducting the expenses of the Offering) will be US\$69,000,000, US\$2,862,000 and US\$66,138,000, respectively. This Prospectus Supplement and the Prospectus also qualify for distribution the issuance of the Over-Allotment Shares pursuant to the exercise of the Over-Allotment Option. A purchaser who accepts any Over-Allotment Shares forming part of the Over-Allotment Option acquires such Over-Allotment Shares under this Prospectus Supplement regardless of whether the over-allotment position is filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscriptions for the Offered Shares 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 Offered Shares to be issued to purchasers to or for the account of the Underwriters with CDS on the Closing Date, against payment by the Underwriters to the Company of the aggregate purchase price for the Offered Shares. In any event, the Offered Shares 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 Prospectus Supplement relating to the Offering. No certificate evidencing the Offered Shares will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depositary services of CDS. Purchasers of the Offered Shares 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 Offered Shares is purchased.

Fortuna has applied to list the Offered Shares distributed hereunder on the TSX. Such listing will be subject to Fortuna fulfilling all the listing requirements of the TSX. An application to list the Offered Shares on the NYSE has been or will be submitted by Fortuna. The Offering is expected to close on or about May 20, 2020.

The Underwriters propose to offer the Offered Shares to the public initially at the Offering Price and in the principal amount, respectively, specified on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price and in the principal amount, respectively, specified on the cover page, the Offering Price for the Offered Shares 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 Offered Shares 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 Scotiabank and BMO, 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) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is settled by delivery of Common Shares or other securities of the Company, in cash or otherwise.

The Offered Shares 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 Offered Shares to, or for the account or benefit of, persons in the United States or U.S. persons. The Offered Shares 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 Offered Shares 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 Section 4(a)(2) of the U.S. Securities Act and pursuant to similar exemptions under applicable state securities laws. This Prospectus Supplement does not constitute an offer to sell, or a solicitation of an offer to buy, any Offered Shares 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 Offered Shares 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 Offered Shares 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 Offered Shares 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 Offered Shares 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 Offered Shares 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 Offered Shares, 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 the Offered Shares 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 Offered Shares, other than in all of the provinces of Canada, other than Québec. No offer or sale of the Offered Shares 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 Prospectus Supplement are responsible for informing themselves about and observing any restrictions as to the Offering and the distribution of this Prospectus Supplement.

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.

Conflict of Interest

Scotiabank 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 Scotiabank for the purposes of securities regulations in certain provinces and territories of Canada.

As of the date hereof, the Company has fully drawn down the Credit Facility and is in compliance with all material terms of the agreements governing the Credit Facility and none of the lenders under the Credit Facility has waived any breach by the Company thereunder since the execution of the Credit Facility (with the exception of immaterial waivers given for specific covenants and administrative matters in the ordinary course and a waiver in respect of a potential event of default due to the effects of COVID-19 on the San Jose Mine).

The decision to distribute the Offered Shares hereunder and the determination of the terms of the distribution were made through arm’s length negotiations between the Company and Scotiabank, on behalf of the Underwriters. The lenders under the Credit Facility did not have any involvement in such decision or determination. None of the Underwriters will receive any direct benefit from the Offering other than receipt of their respective share of the Underwriting Commission. However, the Company intends to use a portion of the net proceeds of the Offering for general corporate purposes, which may include the reduction of future debt outstanding under the Credit Facility.

As a consequence of the Offering, Scotiabank, will receive its share of the Underwriting Commission.

LEGAL MATTERS

Certain legal matters of Canadian law in connection with the Offering will be passed upon on behalf of the Company 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 Prospectus Supplement, 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.

INTEREST OF EXPERTS

Certain of the scientific and technical information relating to our mineral projects in the documents incorporated by reference herein has been derived from technical reports prepared by the experts listed below and has been included in reliance on such person's expertise. Copies of the technical reports can be accessed online on SEDAR at www.sedar.com.

The technical information relating to the Caylloma Mine, the San Jose Mine and the Lindero Project included or incorporated by reference in this Prospectus Supplement 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 in the Prospectus under "*Technical Information*".

As at the date hereof, the aforementioned persons beneficially own, directly or indirectly, in the aggregate, less than 1% of the securities 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. 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.

INDEPENDENT AUDITOR

The auditor of the Company is 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.

TRANSFER AGENT AND REGISTRAR

The Company's 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.

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 or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the 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 advisor.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and the Regulations, the Offered Shares, if issued on the date hereof and listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSX, NYSE and FSE), would at that time be a "qualified investment" under the Tax Act and the Regulations for a trust governed by a "registered retirement savings plan" ("RRSP"), "registered retirement income fund" ("RRIF"), "tax-free savings account" ("TFSA"), "registered education savings plan" ("RESP"), "deferred profit sharing plan" or "registered disability savings plan" ("RDSP") (as those terms are defined in the Tax Act).

Notwithstanding that an Offered Share may be a qualified investment for a TFSA, RRSP, RRIF, RESP or RDSP (a “**Registered Plan**”), if the Offered Share is a “prohibited investment” within the meaning of the Tax Act for the Registered Plan, the holder, annuitant or subscriber of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Offered Shares will generally be a “prohibited investment” for a Registered Plan if the holder, annuitant or subscriber, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or has a “significant interest” (as defined in the Tax Act) in the Company, unless the Offered Shares are “excluded property” within the meaning of the Tax Act, for the Registered Plan.

Holders, annuitants and subscribers of Registered Plans should consult their own tax advisors with respect to whether Offered Shares would be a prohibited investment having regard to their particular circumstances

CERTIFICATE OF THE COMPANY

May 13, 2020

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

(signed) “Jorge A. Ganoza Durant”
President and Chief Executive Officer

(signed) “Luis D. Ganoza Durant”
Chief Financial Officer

On behalf of the Board of Directors:

(signed) “Simon Ridgway”
Director

(signed) “David Farrell”
Director

CERTIFICATE OF THE UNDERWRITERS

May 13, 2020

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

Scotia Capital Inc.

(signed) “Geoff Smith”

Geoff Smith
Managing Director

BMO Nesbitt Burns Inc.

(signed) “Carter Hohmann”

Carter Hohmann
Managing Director

PI Financial Corp.

CIBC World Markets Inc.

National Bank Financial Inc.

(signed) “Dan Barnholden”

Dan Barnholden
Managing Director, Co-
Head

(signed) “Matt Dugaro”

Matt Dugaro
Executive Director

(signed) “Darren Grant”

Darren Grant
Director

This short form prospectus is a base shelf prospectus. This short form prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public 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.

Information has been incorporated by reference in this short form base shelf 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, telephone: 604-484-4085, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue

April 29, 2020

FORTUNA SILVER MINES INC.



F O R T U N A
S I L V E R M I N E S I N C .

US\$120,000,000
Common Shares
Subscription Receipts
Units
Warrants
Share Purchase Contracts
Debt Securities

This prospectus relates to the offering for sale from time to time, during the 25-month period that this prospectus, including any amendments hereto, remains effective, of the securities of Fortuna Silver Mines Inc. (the “**Company**” or “**Fortuna**”) listed above in one or more series, issuances or sales of outstanding securities, with a total offering price of such securities, in the aggregate, of up to US\$120,000,000 (or the equivalent thereof in Canadian dollars or one or more foreign currencies or composite currencies). The securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of the sale and set forth in an accompanying prospectus supplement.

The common shares of the Company (the “**Common Shares**”) are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the trading symbol “FVI”, on the New York Stock Exchange (“**NYSE**”) under the symbol “FSM” and on the Frankfurt Stock Exchange (the “**FSE**”) under the trading symbol “F4S”. The subordinated unsecured convertible debentures of the Company (the “**Debentures**”) are listed for trading on the TSX under the trading symbol “FVI:DB.U”. On April 28, 2020, being the last trading day prior to the date hereof, the closing price of the Common Shares on the TSX was C\$4.03, on the NYSE was US\$2.88 and on the FSE was €2.57. On April 28, 2020, the closing price of the Debentures on the TSX was US\$99.75. Unless otherwise specified in an applicable prospectus supplement, our subscription receipts, units, warrants, share purchase contracts and debt securities will not be listed on any securities or stock exchange or on any automated dealer quotation system. **There is currently no market through which these securities, other than our Common Shares or Debentures, may be sold and purchasers may not be able to resell such securities purchased under this short form base shelf prospectus. This may affect the pricing of our securities, other than our Common Shares or Debentures, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. See “Risk Factors”.**

No underwriter or agent has been involved in the preparation of this prospectus or performed any review of the contents of this prospectus.

All applicable information permitted under securities legislation to be omitted from this prospectus that has been so omitted will be contained in one or more prospectus supplements that will be delivered to purchasers together with this prospectus. Each prospectus supplement will be incorporated by reference into this prospectus for the purposes of securities legislation as of the date of the prospectus supplement and only for the purposes of the distribution of the securities to which the prospectus supplement pertains. You should read this prospectus and any applicable prospectus supplement carefully before you invest in any securities issued pursuant to this prospectus. The Company's securities may be sold pursuant to this prospectus through underwriters or dealers or directly or through agents designated from time to time at amounts and prices and on other terms determined by the Company, or directly pursuant to applicable statutory exemptions. In connection with any underwritten offering of securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the securities offered. Such transactions, if commenced, may discontinue at any time. See "*Plan of Distribution*". A prospectus supplement will set out the names of any underwriters, dealers or agents involved in the sale of our securities, the amounts, if any, to be purchased by underwriters, the plan of distribution for such securities, including the anticipated net proceeds to the Company from the sale of such securities, the amounts and prices at which such securities are sold and, if applicable, the compensation of such underwriters, dealers or agents.

Investment in the securities being offered is highly speculative and involves significant risks that you should consider before purchasing such securities. You should carefully review the risks outlined in this prospectus (including any prospectus supplement) and in the documents incorporated by reference as well as the information under the heading "*Cautionary Note Regarding Forward-Looking Statements*" and consider such risks and information in connection with an investment in the securities. See "*Risk Factors*".

We are permitted under a multijurisdictional disclosure system adopted by the securities regulatory authorities in Canada and the United States to prepare this prospectus in accordance with the disclosure requirements of Canada. Prospective investors in the United States should be aware that such requirements are different from those of the United States. Unless otherwise stated, the financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies. See "*Financial and Exchange Rate information*".

Owning our securities may subject you to tax consequences both in Canada and the United States. Such tax consequences are not fully described in this prospectus and may not be fully described in any applicable prospectus supplement. You should read the tax discussion in any prospectus supplement with respect to a particular offering and consult your own tax advisor with respect to your own particular circumstances.

Your ability to enforce civil liabilities under the U.S. federal securities laws may be affected adversely because we are incorporated under the laws of Canada, some of our officers and directors and some or all of the experts named in this prospectus are Canadian residents, and the underwriters, dealers or agents named in any prospectus supplement may be residents of a country other than the United States, and a substantial portion of our assets are located outside of the United States.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR ANY STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED THE SECURITIES OFFERED HEREBY OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Our head office and registered and records office is located at Suite 650, 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3L6.

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) (as defined herein), 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 "*Agent for Service of Process*".

Investors should rely only on the information contained in or incorporated by reference into this prospectus and any applicable prospectus supplement. We have not authorized anyone to provide investors with different information. Information contained on our website shall

not be deemed to be a part of this prospectus (including any applicable prospectus supplement) or incorporated by reference and should not be relied upon by prospective investors for the purpose of determining whether to invest in the securities. We will not make 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 prospectus is accurate as of any date other than the date on the face page of this prospectus, the date of any applicable prospectus supplement, or the date of any documents incorporated by reference herein.

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ABOUT THIS PROSPECTUS

In this prospectus and in any prospectus supplement, 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 our subsidiaries.

In this prospectus and any prospectus supplement, unless otherwise indicated, all dollar amounts and references to “U.S.\$” or “US\$” are to U.S. dollars and references to “C\$” are to Canadian dollars. In addition, any references to “€” are to Euros.

You should rely only on the information contained or incorporated by reference in this prospectus or any applicable prospectus supplement and on the other information included in the registration statement of which this prospectus forms a part. We have not authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not making an offer to sell or seeking an offer to buy the securities offered pursuant to this prospectus in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus or any applicable prospectus supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document, regardless of the time of delivery of this prospectus or any applicable prospectus supplement or of any sale of our securities pursuant thereto. Our business, financial condition, results of operations and prospects may have changed since those dates.

Market data and certain industry forecasts used in this prospectus or any applicable prospectus supplement and the documents incorporated by reference in this prospectus or any applicable prospectus supplement were obtained from market research, publicly available information and industry publications. We believe that these sources are generally reliable, but the accuracy and completeness of this information is not guaranteed. We have not independently verified such information, and we do not make any representation as to the accuracy of such information.

A registration statement on Form F-10 will be filed by the Company with the SEC in respect of the offering of securities. The registration statement, of which this prospectus constitutes a part, contains additional information not included in this prospectus, certain items of which are contained in the exhibits to such registration statement, pursuant to the rules and regulations of the SEC. Statements included or incorporated by reference into this Prospectus about the contents of any contract, agreement or other documents referred to are not necessarily complete, and in each instance, you should refer to any applicable full version or more detailed description of the contract, agreement or other document, as may be available electronically on the Canadian System for Electronic Document Analysis and Retrieval (“**SEDAR**”), at www.sedar.com and on the SEC’s Electronic Data Gathering and Retrieval System (“**EDGAR**”) at www.sec.gov, for a more complete description of the matter involved. Each such statement is qualified in its entirety by such reference. Information on or connected to the Company’s website, even if referred to in a document incorporated by reference herein, does not constitute part of this prospectus or any prospectus supplement.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING DISCLOSURE REQUIREMENTS AND ESTIMATES OF MEASURED, INDICATED AND INFERRED MINERAL RESOURCES

We are permitted under a multijurisdictional disclosure system adopted by the securities regulatory authorities in Canada and the United States to prepare this prospectus in accordance with the disclosure requirements of Canada. Prospective investors in the United States should be aware that such requirements are different from those of the United States. Financial statements included or incorporated by reference herein have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements of United States companies.

Technical disclosure regarding our properties included herein and in the documents incorporated herein by reference has not been prepared in accordance with the requirements of U.S. securities laws. Without limiting the foregoing, such technical disclosure uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with National Instrument 43-101 — *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in the technical disclosure have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and mineral reserve and resource information contained or incorporated by reference in this prospectus and any prospectus supplement may not be comparable to similar

information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term “resource” does not equate to the term “reserves”. Under U.S. standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made and volumes that are not “reserves” should not be disclosed. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserves estimates included herein and in the documents incorporated herein by reference may not qualify as “reserves” under SEC standards. The SEC’s disclosure standards normally do not permit the inclusion of information concerning “measured mineral resources”, “indicated mineral resources” or “inferred mineral resources” or other descriptions of the amount of mineralization in mineral deposits that do not constitute “reserves” by U.S. standards in documents filed with the SEC.

U.S. investors should also understand that “inferred mineral resources” have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an “inferred mineral resource” will ever be upgraded to a higher category. Under Canadian rules, estimated “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an “inferred mineral resource” exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in-place tonnage and grade without reference to unit measures. In addition, the definitions of “proven mineral reserves” and “probable mineral reserves” under reporting standards in Canada differ in certain respects from the standards of the SEC. Accordingly, information concerning mineral deposits set forth herein and in the documents incorporated herein by reference may not be comparable with information made public by United States companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form base shelf prospectus and any documents incorporated by reference into this short form base shelf 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 base shelf prospectus include, without limitation, statements relating to:

- 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;
- production rates at the Company’s properties;
- cash cost estimates;
- 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 planned capital expenditures and brownfields exploration at the Lindero Project (as defined herein);
- the Company’s construction of the open pit gold heap leach mine at its Lindero property in Salta Province, Argentina (the “**Lindero Property**”) and the anticipated timing of commissioning and commercial production at the Lindero Project;
- maturities of the Company’s financial liabilities, finance leases and other contractual commitments;
- the expiry dates of bank letters of guarantee;
- litigation matters;
- estimated mine closure costs; and
- 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.

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 associated with 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 related to the construction, commissioning and commencement of commercial production at the Lindero Project;
- risks associated with mineral exploration and project development;
- uncertainty relating to the repatriation of funds as a result of currency controls;
- risks relating to the Company’s ability to replace its mineral reserves;
- 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 and San Jose Mines 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 its management and board of directors of the Company (the “**Board**”) in foreign jurisdictions;
- adequacy of insurance coverage;
- risks related to the Company’s compliance with the Sarbanes-Oxley Act;
- risks related to the foreign corrupt practices regulations and anti-bribery laws;
- legal proceedings and potential legal proceedings;
- uncertainties relating to general economic conditions;
- risks relating to a global pandemic, including COVID-19, which unless contained could cause a slowdown in global economic growth and impact the Company’s business, operations, financial condition and share price;
- competition;
- fluctuations in metal prices;
- risks associated with entering into commodity forward and option contracts for base metals production;
- fluctuations in currency exchange rates;
- failure to meet covenants under the 2018 Credit Facility (as defined herein);
- 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 Company's Common Shares and Debentures;
- dilution from future equity or convertible debt financings;
- risks related to future insufficient liquidity resulting from a decline in the price of the Common Shares or Debentures;
- uncertainty relating to the Company's ability to pay dividends in the future;
- risks related to the market for the Company's securities;
- risks related to the Debentures of the Company; and
- uncertainty relating to the enforcement of U.S. judgments against the Company;

as well as those factors referred to in the "Risk Factors" section in this prospectus.

Forward-looking statements contained in this 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 matter;
- 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; and
- the accuracy of the Company's current mineral resource and mineral reserve estimates.

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 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.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with the 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 Suite 650, 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3L6, telephone: 604-484-4085 or by accessing the disclosure documents through the Internet on SEDAR at www.sedar.com. Documents filed with, or furnished to, the SEC are available through EDGAR at www.sec.gov. Our filings through SEDAR and EDGAR are not incorporated by reference in this prospectus except as specifically set forth herein.

The following documents, filed with the securities commissions or similar regulatory authorities in certain provinces of Canada and filed with, or furnished to, the SEC are specifically incorporated by reference into, and form an integral part of, this prospectus:

- the Company's annual information form dated March 26, 2020 for the year ended December 31, 2019 (the "AIF");
- the Company's audited consolidated financial statements as at and for the years ended December 31, 2019 and 2018, together with the report of the independent registered public accounting firm thereon;
- the Company's management's discussion and analysis for the year ended December 31, 2019 (the "MD&A"); and
- 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.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus Distributions* filed by the Company with a securities commission or similar authority in any province of Canada subsequent to the date of this prospectus and prior to the expiry of this prospectus, or the completion of the issuance of securities pursuant hereto, will be deemed to be incorporated by reference into this prospectus.

Any template version of any “marketing materials” (as such term is defined in NI 44-101) filed by the Company after the date of a prospectus supplement and before the termination of the distribution of the securities offered pursuant to such prospectus supplement (together with this prospectus) is deemed to be incorporated by reference in such prospectus supplement.

In addition, any future document or information that the Company files with, or furnishes to, the SEC pursuant to Sections 13(a), 13(c) or 15(d) of the Exchange Act, as amended, after the date of this prospectus and before the termination of the offerings thereunder, will be deemed to be incorporated by reference in the registration statement of which this prospectus forms a part.

A prospectus supplement containing the specific terms of any offering of our securities will be delivered to purchasers of our securities together with this prospectus and will be deemed to be incorporated by reference in this prospectus as of the date of the prospectus supplement and only for the purposes of the offering of our securities to which that prospectus supplement pertains.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein, in any prospectus supplement hereto or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes such 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 is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of material fact or an omission to state a material fact that is required to be stated or is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Upon our filing of a new annual information form and the related annual consolidated financial statements and management’s discussion and analysis with applicable securities regulatory authorities during the duration of this prospectus, the previous annual information form, the previous annual consolidated financial statements and management’s discussion and analysis and all interim financial statements, supplemental information, material change reports and information circulars filed prior to the commencement of our financial year in which the new annual information form is filed will be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of our securities under this prospectus. Upon interim consolidated financial statements and the accompanying management’s discussion and analysis and material change report being filed by us with the applicable securities regulatory authorities during the duration of this prospectus, all condensed consolidated interim statements and the accompanying management’s discussion and analysis filed prior to the new interim condensed consolidated financial statements shall be deemed no longer to be incorporated into this prospectus for purposes of future offers and sales of securities under this prospectus.

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

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been or will be filed with the SEC as part of the registration statement of which this prospectus forms a part: (i) the documents listed under the heading “*Documents Incorporated by Reference*”; (ii) powers of attorney from our directors and officers included on the signature pages of the registration statement; (iii) the consent of KPMG LLP; (iv) the consent of each “qualified person” for the purposes of NI 43-101 listed on the Exhibit Index of the registration statement; and (v) the form of debt indenture. A copy of the form of warrant indenture or warrant agency agreement, subscription receipt agreement or statement of eligibility of trustee on Form T-1, as applicable, will be filed by post-effective amendment or by incorporation by reference to documents filed or furnished with the SEC under the Exchange Act.

TECHNICAL AND THIRD-PARTY INFORMATION

Except where otherwise stated, the scientific and technical information relating to the Caylloma Mine, the San Jose Mine and the Lindero Project set forth in this prospectus and in the documents incorporated by reference is based on technical reports prepared in accordance with 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 prospectus is a “qualified person” for the purposes of NI 43-101. The information contained in this 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 base shelf 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.

FINANCIAL AND EXCHANGE RATE INFORMATION

This 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, 2019.

The financial statements of the Company incorporated by reference herein are reported in United States dollars and have been prepared in accordance with IFRS and the audit of such financial statements may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies.

The following table sets forth for each period indicated: (i) the exchange rates in effect at the end of the periods indicated; (ii) the high and low exchange rates during each period; and (iii) the average exchange rates in effect during each period, in each case, as identified or calculated from the Bank of Canada rate in effect on each trading day during the relevant period. These rates are expressed as U.S. dollars per C\$1.00.

	Year Ended December 31		
	2019	2018	2017
High for period.....	0.7353	0.8138	0.8245
Low for period.....	0.7699	0.7330	0.7276
Average for period	0.7537	0.7721	0.7708
Rate at end of period	0.7699	0.7330	0.7971

On April 28, 2020, the daily average exchange rate as quoted by the Bank of Canada was C\$1.00 = US\$0.7154 (US\$1.00 = C\$1.3978).

THE COMPANY

Name, Address and Incorporation

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 and records office of the Company is located at Suite 650, 200 Burrard Street, Vancouver, British Columbia V6C 3L6.

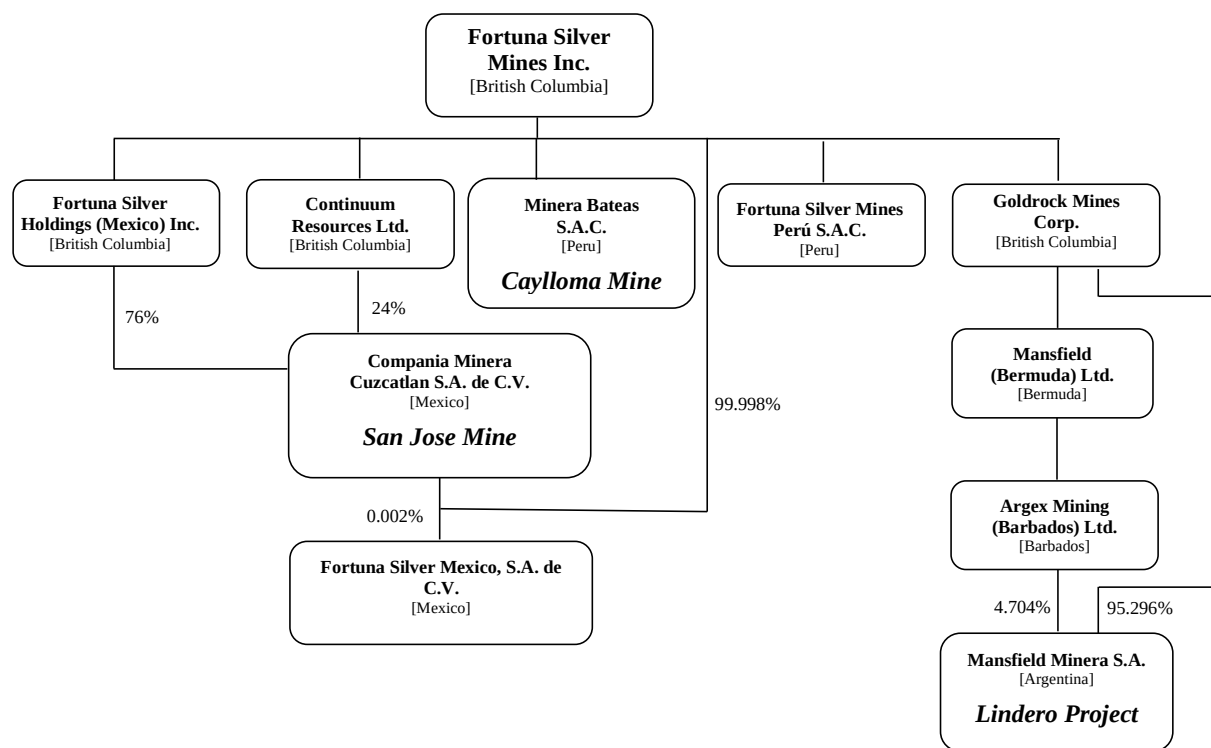
The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The Company's Common Shares are listed on the TSX under the symbol "FVI", on the NYSE under the symbol "FSM" and on the FSE under the symbol "F4S". The Company's Debentures are listed on the TSX under the symbol "FVI:DB.U".

Business of the Company

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.

Inter-Corporate Relationships

The chart below illustrates the Company's material inter-corporate relationships as at the date hereof:



RECENT DEVELOPMENTS

On April 2, 2020, the Company provided an update on the status of its operations in response to the COVID-19 pandemic.

On April 14, 2020, the Company provided an update on production results for the first quarter of 2020 from its San Jose Mine and Caylloma Mine. Government-mandated constraints on business to curb the spread of COVID-19 in Peru and Mexico which host the Company's operating mines, have resulted in reduced production at the Caylloma Mine during the first quarter of 2020, and subsequent to the end of the quarter, have resulted in the suspension of operations at the San Jose Mine. The Company could be restricted from operating at its mines and projects for a material period of time, and its ability to transport and sell its concentrates could likewise be restricted. The resumption of normal operating activities is highly dependent on the spread of COVID-19 and the success of measures taken to prevent transmission, which will influence when governments will remove various restrictions on business activities.

On April 27, 2020, the Company announced that it had, through rapid serological testing for antibodies completed at its sites, identified six suspicious cases of COVID-19 at the Caylloma Mine all of whom remained asymptomatic. Each suspicious case has been handled according to the Company's demanding COVID-19 protocols. All actions taken have been coordinated with the health authorities who have been informed of in a timely manner. Operations are continuing at the Caylloma Mine in accordance with the regulatory framework of MINEM and MININTER (as described below).

Caylloma Mine, Peru

On Sunday, March 15, 2020, the Government of Peru introduced a series of measures to contain the rapid spread of COVID-19 which included: the closing of international borders and a declaration of a fifteen-day period of mandatory national "social isolation". The period of social isolation has been subsequently extended to May 10, 2020.

The Company is working under the regulatory framework issued by the Ministerio de Energía y Minas (MINEM) and the Ministerio del Interior (MININTER), which allows mines to operate during this period with essential personnel. The Caylloma Mine initially operated during the period of social isolation by drawing ore from its coarse ore stockpile. As the stockpile decreased, the Company has re-started the mine using a reduced taskforce. The transportation of concentrates and essential supplies continues to be permitted, and the operation has sufficient stock of critical supplies, consumables, and camp provisions to cover the extended isolation period.

San Jose Mine, Mexico

On March 31, 2020, the Government of Mexico announced extraordinary measures in response to the spread of COVID-19, which includes the suspension of all non-essential activities, including mining, until April 30, 2020. As a result, the Company initiated the orderly temporary suspension of mining and processing activities at the San Jose Mine. A reduced task force remains on site to safeguard critical infrastructure and maintain environmental monitoring through the suspension period. On April 21, 2020 the Mexican Government extended the suspension of all non-essential activities, including mining from April 30, 2020 to May 30, 2020; however Mexican authorities have announced that these restrictions may be lifted on May 18, 2020 in municipalities where COVID-19 numbers are low or there are no reported cases of infection.

Lindero Project, Argentina

On March 19, 2020, the Government of Argentina declared effective at midnight a period of mandatory national “social isolation” in relation to COVID-19, effective until March 31, 2020. The period of isolation has been subsequently extended until May 10, 2020. However, on April 3, the Government of Argentina introduced exceptions to the “social isolation” restrictions, in which mining operations were declared as a critical activity, and are permitted to be undertaken with a reduced workforce. In order to initiate mining activities, the Provincial Government of Salta requires companies to present a Minimum Emergency Operation Program (a “MEOP”) together with a COVID-19 protocol to the Province’s Emergency Operations Committee (“EOC”) for approval.

Since the beginning of the “social isolation” period, all construction activities have been temporarily halted at the Lindero Project and a reduced task force remains on site to maintain critical activities including security and environmental monitoring over the extended isolation period.

The Company is assessing the impact of the temporary suspension of construction on the project’s timeline and budget, and is preparing a MEOP for the re-commencement of operations at the Lindero Project with a reduced taskforce, which will include the Company’s COVID-19 protocol for approval by the Province of Salta’s EOC. There can be no assurance that the MEOP will be approved once submitted.

2020 Production and Cost Guidance

As a result of the government-mandated constraints on business in the countries that host our operations and the uncertainties related to these constraints, the Company is currently unable to determine the impact on its production and cost guidance for 2020. Therefore, the Company has withdrawn its production and cost guidance for 2020 until further notice.

RISK FACTORS

Investing in our securities is speculative and involves a high degree of risk due to the nature of our business and the present stage of its development. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements relating to the Company, or its business, property or financial results, each of which could cause purchasers of our securities to lose part or all of their investment. The risks set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, results of operations and prospects. Before deciding whether to invest in any securities of the Company, investors should consider carefully the risks discussed below, the risks incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and those described in a prospectus supplement relating to a specific offering of securities.

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.

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 short form base shelf 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 short form base shelf 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. Failure to achieve estimates or material increases costs could have a material adverse impact on the Company's future cashflows, profitability, results of operations and financial condition. 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 commissioning and start-up of the Lindero Project, the principal of which include:

- problems with the start-up of the processing plant which causes a delay in the timeline;
- delays associated with contractors;
- budget overruns due to changes in costs of fuel, power, labour, materials and supplies; 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, commissioning 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 in 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 gold prices, 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 climatic 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, quotas on exportation of minerals, environmental), fluctuations in gold prices, and accidents labour actions and force majeure events.

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 metal 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 may be unable to replace its mineral reserves

The Company must continually replace its mineral reserves depleted by production to maintain production levels over the long term. mineral reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature and involves many risks and is frequently unsuccessful. Substantial expenditures are required to complete drilling programs which may take several years to complete in order to establish mineral reserves. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of the Company's mineral reserves will not be offset by discoveries or acquisitions. The Company's mineral base may decline if mineral reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current mine lives, based on current production rates. If the Company's mineral reserves are not replaced either by the development of additional mineral reserves and/or additions to mineral reserves, there may be an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition, and this may be compounded by requirements to expend funds for reclamation and decommissioning.

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.

The Company operates four tailings storage facilities, which includes two at the Caylloma Mine, and one tailings facility and one dry stack tailings facility at the San Jose Mine. In addition, the Company has one closed tailings facility at the Caylloma Mine. All tailings storage facilities operated by the Company are subject to the Company's tailings and heap leach management standard. As part of the Company's risk management protocols, the Company continually assesses its tailings dam management systems. Since 2019, the Company has planned and executed an annual comprehensive review of all of its tailings facilities. Following the review in 2019, the Company: completed an independent audit plan of all of its tailings storage facilities ("TSF") and its heap leach facility ("HLF") currently being constructed at the Lindero Project; assigned an external engineer of record for each TSF and HLF; increased pond and pumping capacity on selected TSFs as a redundant emergency control measure; reviewed and updated stormwater management plans; reviewed and updated operation, maintenance and surveillance manuals in accordance with best practices; updated and increased geotechnical monitoring equipment and control points at selected TSFs and reviewed and tested emergency response plans at each site. While the Company believes that appropriate steps have been taken to prevent safety incidents, there are inherent risks involved with tailings facilities, including among other things, seismic activity, particularly in seismically active regions such as Peru, and the ability of field investigations completed prior to construction to detect weak foundation materials. There can be no assurance that a dam or other tailings facility safety incident will not occur and such an incident could have a material adverse effect on the Company's business, operations and financial condition.

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, droughts and considerable rainfall. The Company's operations require water, and the San Jose Mine is located in a region where water is scarce. There can be no assurance that extreme weather events such as a prolonged drought will not affect the operations at this mine.

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 San Jose Mine and the Lindero Project have in the past experienced abnormally high rainfall which has disrupted operations at these locations. Increased precipitation, either due to normal variances in weather or due to global climate change, could result in flooding that may adversely impact operations and could damage the Company's facilities, plant and operating equipment.

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 and Argentina. There are uncertainties in these regions regarding capital controls and future changes in applicable laws related to exploration, development and mining operations.

Argentina

Effective December 23, 2019, changes to Argentina's tax laws proposed by the new Argentine Government were implemented. The changes ratified and extended legislation which was to expire on December 31, 2019 and also allows 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. These capital controls are in effect until December 31, 2025 and 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.

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 within five business days from the date of the receipt of the funds in Argentina. 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. 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. Accordingly, once production commences at the Lindero Project, with the capital controls in effect, 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.

Argentina also changed its export tax rates as part of the changes to its tax laws. Effective December 23, 2019, exports of products related to the oil and mining industries are subject to a maximum 8% export tax with no cap. The Argentine Government is yet to determine the exact rates for the mining industry. Accordingly, exports of bullion, doré and unrefined gold are subject to a maximum 8% export tax with no cap until such time as the Argentine Government determines otherwise.

Mexico

The Company's operations at the San Jose Mine are subject to the payment of government taxes, fees and duties. Under Mexican federal corporate income tax law, titleholders of mining concessions are required 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.

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.

In 2015, the Mexican Government introduced a mining fund (the "**Mining Fund**") which was funded from taxes paid by mining companies operating in Mexico. The Mining Fund distributed monies to local communities where the activities of mining companies take place to promote infrastructure and social development and to mitigate environmental impacts. Effective January 1, 2020, 85% of the funds of the Mining Fund were reallocated to the Public Education Ministry, and 5% are to be distributed among the municipalities where the mining activities take place. The local communities where the Company operates may be affected by the cut-back in these funds. It is not yet known if this may have an impact on the business and operations of the Company.

In January 2020, the Oaxacan Congress approved a Previous, Free and Informed Consultation Law for the Indigenous and Afromexican Communities in the State of Oaxaca. This law is not yet in effect, and the current timing for its implementation is not yet known. As a result, the Company is unable to predict how this new legislation may affect the business and operations of the Company.

Peru

The Company's operations at the Caylloma Mine are subject to the payment of government taxes, fees and duties. Holders of mineral concessions are obliged to pay to the Peruvian Government, a mining royalty, as a consideration for the exploitation of metallic and non-metallic natural resources, which is calculated based on the quarterly sales revenues from metallic and non-metallic mineral resources at a minimum rate of 1% and up to 12%.

In addition, an additional tax called the "Special Mining Tax" is payable to the Peruvian Government which imposes a tax on the operating profit of metallic resources at a tax rate that ranges from between 2% to 8.4%.

In some areas of Peru, the development of infrastructure projects and extractive industries have met with strong rejection from the local population. Such social conflict may lead to public demonstrations and blockades which could 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;
- high rates of inflation;
- 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;
- import and export regulations;
- environmental controls and permitting;
- opposition from local community members or non-governmental organizations;
- civil strife, acts of war, guerrilla activities, insurrection and terrorism;
- unenforceability of contractual rights and judgements; 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.

Furthermore, the introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company operates, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in the Company's profits being subject to additional taxation or that could otherwise have an adverse material effect on the Company.

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

The Company's ability to continue production, development and exploration activities, if any, will depend on its ability to generate sufficient operating cash flows from the Caylloma Mine and the San Jose Mine, and from the Lindero Project when in production, and to obtain additional external financing where necessary. Any unexpected costs, problems or delays at the Caylloma Mine and the San Jose Mine, or delay in commencement of commercial production at the Lindero Project, could severely impact the Company's ability to generate sufficient cash flows and require greater reliance on alternative sources of financing, including but not limited to: project or bank financing, or public or private offerings of equity and debt, joint ventures, or utilize one or a combination of all of these alternatives. 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 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. 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. If for any reason production at either mine was reduced or stopped, the Company's revenues and profits would decrease significantly.

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.

Mining and mineral interests are the most significant assets of the Company and represent capitalized expenditures related to the development of mining properties and related plant and equipment.

The Company reviews and evaluates its mining interests for impairment at each reporting period or when events or changes in circumstances indicates that the related carrying amounts may not be recoverable which evidences greater risk levels. 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.

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 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 Board 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 the Board 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 under-insured 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 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 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 is at the date of this short form base shelf prospectus subject to litigation and claims in Mexico and Peru and may, from time to time, 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.

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

In January 2020, the Company received notice from DGM seeking to cancel the mining concession if the royalty, in the Mexican peso equivalent of US\$30 million plus VAT (being the amount of the claimed royalty from 2011 to 2019), was not paid before March 15, 2020. In February 2020, the Company initiated legal proceedings (the "**Amparo Proceedings**") against the DGM in the Juzgado Séptimo de Distrito en Materia Administrativa en la Ciudad de México ("**District Court**") to contest the cancellation procedure and also to stay the cancellation process. The District Court in Mexico City admitted the Company's legal proceedings on March 2, 2020 and granted a permanent stay of execution, which protects the Company from the cancellation of the concession until a resolution by the District Court is reached on the legality of the cancellation procedure. The timing of a decision by the court at first instance in this action against the DGM is uncertain and may take several months. In the event that the Company is unsuccessful in these proceedings, it may appeal. If ultimately the Company does not prevail, it may be required to pay the disputed royalty in order to preserve the mining concession.

General economic conditions could impact the Company's business.

Turmoil in global financial markets have at times caused a loss of confidence in global financial and credit markets. 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 recent economic slowdown in China is an example of a visible risk 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;
- until contained, a global pandemic could cause a slowdown in global economic growth and impact the Company's share price and financial condition; 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 are beyond the control of the Company and could have a material adverse effect on the Company's financial condition and results of operations.

Until contained a global pandemic, including COVID-19, could cause a slowdown in global economic growth and impact the Company's business, operations, financial condition and share price.

Epidemics, including the outbreak of COVID-19, which was declared a global pandemic by the World Health Organization in March 2020, unless contained could cause a slowdown in global economic growth and have a material adverse effect on the business, operations, financial condition and share price of the Company. As at the date of this prospectus, COVID-19 has spread from China where the virus was originally reported, to other countries including Peru, Mexico, Argentina and Canada, the countries in which the Company operates.

The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating and supply chain delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping disruption and shutdowns, including as a result of government regulation and prevention measures, or a fear of any of the foregoing, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation.

As at the date of this prospectus, the Governments of Peru, Argentina and Mexico have implemented measures to curb the spread of the virus, including among others, the closure of international borders, and the declaration of a mandatory quarantine period, which in Peru and Argentina are subject to certain limited exceptions. In Peru, the quarantine period, which was initially implemented until March 31, 2020 has been subsequently extended to May 10, 2020. In Argentina, the quarantine period, which was implemented until March 31, 2020 has been subsequently extended to May 10, 2020. In Mexico, the suspension of all non-essential activities, including mining was implemented until April 30, 2020. This period has been extended to May 30, 2020. However Mexican authorities have announced that these restrictions may be lifted on May 18, 2020 in municipalities where COVID-19 numbers are low or there are no reported cases of infection.

There can be no assurance that these measures will not be extended or that more restrictive measures will be put in place in the countries in which the Company operates, which may result in the suspension of operations at the Company's mines and at the Lindero Project on a short or long-term basis. On April 27, 2020, the Company announced that it had, through rapid serological testing for antibodies completed at its sites, identified six suspicious cases of COVID-19 at the Caylloma Mine all of whom remained asymptomatic.

Even though the Company is implementing business continuity measures to mitigate and reduce any potential impacts of COVID-19 on its business, operations, supply chain and financial condition, the spread of COVID-19 in the countries in which it operates could have a material adverse impact on the Company's workforce; the production at the Caylloma Mine and the San Jose Mine; the continued operation at those mines and the completion of construction and the commencement of production at the Lindero Project and the Company's financial condition. See AIF *"Preliminary Notes - Note about the information contained herein and the Novel Coronavirus"*.

The full extent and impact of COVID-19 on the Company's operations cannot currently be ascertained, as it depends upon future developments which cannot be predicted, and includes among other matters: the duration of the outbreak, the severity of the virus and the ability to treat it, the ability to collect sufficient data to track the virus and the collective actions taken to curb the spread of the virus.

The continued spread of the virus could have a material adverse effect on the economies of the countries in which the Company operates, including the local communities close to the Company's operations. In addition, COVID-19 has caused: volatility in commodity prices (including gold, silver, lead and zinc); volatility in the stock markets on which the Company's Common Shares and Debentures are listed, and in the price of the Company's securities. The continued adverse effects of the spread of COVID-19 if not contained, could have a material adverse effect on the business, operations and financial condition of Company.

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, lead, zinc 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, lead, zinc 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, lead, zinc 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.

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 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.

Due to the volatility of the exchange rate for the Argentine Peso, the Company is applying additional measures in cash management to minimize potential losses arising from the conversion of funds. There can be no assurance that the Company will be successful in its cash management measures. With the capital controls in effect when the Company commences production at the Lindero Project, the Company will be required to convert the equivalent value into Argentine Peso from the export sale 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 for the payment of cash dividends and distributions of profits out of Argentina. These capital controls are in effect until 2025. There can be no assurance that these capital controls will not have an adverse effect on the financial condition of the Company.

Tax Audits and Reassessments.

In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. 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 credit risk through its VAT receivables

The Company is subject to credit risk through its VAT receivables in Mexico and Argentina that are collectible from the Mexican and Argentine governments, respectively. The balances are expected to be recoverable in full; however due to legislative rules and the complex collection processes, a significant portion of the asset is classified as non-current until government approvals of the respective recoveries are approved.

The 2018 Credit Facility contains financial covenants which the Company could fail to meet

Under the terms of the third amended and restated credit agreement with the Bank of Nova Scotia dated January 26, 2018 as subsequently amended (the "**2018 Credit Facility**"), the Company is required to satisfy various affirmative and negative covenants and to meet certain financial ratios and tests. There is no assurance that in the future the Company will continue to satisfy these covenants. Furthermore, a breach of these covenants, including a failure to meet the financial tests or ratios, would likely result in an event of default under the 2018 Credit Facility unless the Company is able to obtain a waiver or consent in respect of any such breach. The Company cannot provide an assurance that a waiver or consent would be granted. A breach of any of these covenants or the inability to comply with the required financial tests or ratios could result in a default under the 2018 Credit Facility. In the event of any default under the 2018 Credit Facility, the lenders could elect to declare all outstanding borrowings, together with accrued interest, fees and other amounts due thereunder, to be immediately due and payable, which may have a material adverse impact on the Company's business, profitability or financial condition. In addition, an aggregate of US\$30 million of the revolving portion of the 2018 Credit Facility is due to be repaid on December 31, 2020. In the event of an unexpectedly prolonged duration of COVID-19, or in the event that more rigorous capital controls are implemented in Argentina, the Company may be required to restructure the 2018 Credit Facility. There can be no assurance that the lenders will agree to such a request.

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 2020. Smelting and refining rates for the San Jose Mine for 2020 are similar to contract rates established for 2019; however smelting and refining rates for lead and zinc at the Caylloma Mine have increased significantly and lead rates are due for renewal in June 2020. There is no assurance that the Company will be able to retain similar rates for the San Jose Mine beyond 2020, or that rates for the Caylloma Mine will not increase further. Increases in smelting and refining rates would have an adverse impact on the Company's results of operations. 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 of 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.

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 Related to the Securities of the Company

The market price of the Company's Common Shares and Debentures is 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 12 months. Additionally, the price of the Debentures on the TSX has fluctuated significantly since being listed for trading in October 2019. There can be no assurance that continual fluctuations in price will not occur.

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 Debentures, to decrease dramatically. The price of the Common Shares and 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 future offerings of the Common Shares or securities convertible into 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 the vesting of the Company's outstanding share units or as a result of the conversion of the Company's Debentures. Any such convertible securities are more likely

to be exercised when the market price of the Company's Common Shares exceeds the exercise price of such instruments. 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 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 and Debentures 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 and Debentures could decline as a result of issuances of securities by the Company or sales by its existing shareholders of Common Shares or Debentures 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 and Common Share purchase warrants or the vesting of the Company's outstanding share units may also reduce the market price of the Common Shares. Additional Common Shares, Debentures, stock options, Common Share purchase warrants 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. Additionally, a decrease in the market price of the Debentures could adversely affect the liquidity of the Common Shares on the TSX. The Company's shareholders may be unable, as a result, to sell significant quantities of the Common Shares or Debentures 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 or Debentures by shareholders might also make it more difficult for the Company to sell equity or debt 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 Board 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 Board may consider appropriate in the circumstances.

Risks related to the Debentures of the Company.

The terms of the Debentures are governed by the terms and conditions set out in the Debenture indenture between the Company and Computershare Trust Company of Canada entered into on October 2, 2019 (the "**Indenture**"). The Indenture provides, among other things, for the repurchase, conversion and redemption of the Debentures in certain circumstances and the Company agrees to certain restrictive and affirmative covenants which are set out in the Indenture. Under the terms of the Indenture, there is a risk that the Company may choose to redeem the outstanding Debentures for Common Shares or to repay outstanding principal amounts thereunder at maturity of the Debentures by issuing additional Common Shares. Additionally, the Debentures are subordinate to all senior indebtedness of the Company. If the Company becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the Company will be able to pay its obligations with respect to the Debentures only after it has paid senior indebtedness and any other secured indebtedness in full. There may be insufficient assets remaining following such payments to pay amounts due on any or all of the Debentures then outstanding. The Indenture does not restrict the Company from incurring additional indebtedness for borrowed money or otherwise from mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing. A holder of a Debenture will be subject to such terms and conditions, as further described in the Indenture. A full copy of the Indenture is available under the Company's issuer profile at www.sedar.com.

U.S. investors may find it difficult to enforce U.S. judgments against the Company.

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

Specific information about the use of proceeds from the specific issuance will be set forth in the applicable prospectus supplement. In order to raise additional funds to finance future growth opportunities, we may, from time to time, issue securities. More detailed information regarding the use of proceeds from the sale of securities, including any determinable milestones at the applicable time, will be described in a prospectus supplement. We may also, from time to time, issue securities otherwise than pursuant to a prospectus supplement to this prospectus.

CONSOLIDATED CAPITALIZATION

The following represents the Company's share capital both at the date of the MD&A and the date of this short form base shelf prospectus:

	As at December 31, 2019	Outstanding on April 29, 2020 (Unaudited)
Credit Facilities	US\$109,430,000	US\$149,491,000 ⁽¹⁾
Share Capital	US\$422,145,000	US\$424,183,000
Common Shares ⁽²⁾	160,291,553	160,787,257
Debentures ⁽³⁾	US\$46,000,000	US\$46,000,000

Notes:

- (1) Comprised of US\$40,000,000 from a fully-drawn US\$40,000,000 non-revolving credit facility and US\$110,000,000 from a fully drawn US\$110,000,000 revolving credit facility pursuant to a third 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 unamortized transaction costs.
- (2) Presented on a non-diluted basis.
- (3) Reflects the face value of the Debentures.

PRIOR SALES

Information in respect of our Common Shares that we issued within the previous 12-month period, including Common Shares that we issued either upon the exercise of options, or which were granted under our share option plan and performance share unit plan, or any other equity compensation plan, will be provided as required in a prospectus supplement with respect to the issuance of securities pursuant to such prospectus supplement.

TRADING PRICE AND VOLUME

The Company's Common Shares are listed and posted for trading on the TSX under the symbol "FVI" and NYSE under the symbol "FSM" and are also traded on the Frankfurt Open Market, the unofficial market organized by Deutsche Börse in Germany, under the symbol "F4S". The Company's Debentures are listed and posted for trading on the TSX under the symbol "FVI:DB.U." Trading price and volume of the Company's securities will be provided as required for all of our Common Shares and Debentures, as applicable, in each prospectus supplement to this prospectus.

DESCRIPTION OF SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of Common Shares without par value. As of April 29, 2020, the Company had 160,787,257 Common Shares issued and outstanding, and there were 1,266,196 Common Shares issuable upon the exercise of outstanding stock options, 1,730,210 Common Shares issuable upon the exercise of equity settled restricted share units ("RSUs") and 839,170 Common Shares issuable upon the exercise of equity settled performance share units ("PSUs"). An aggregate of 338,087 of these PSUs are subject to a multiplier ranging from 50% to 200% depending upon the achievement level of certain performance targets. In addition, an aggregate of 9,200,000 Common Shares are issuable upon conversion of the Debentures, subject to adjustment in certain circumstances. See the AIF – "Description of Capital Structure – Debentures". 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 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.

DESCRIPTION OF WARRANTS

General

This section describes the general terms that will apply to any warrants for the purchase of Common Shares, or equity warrants.

Warrants may be issued independently or together with other securities, and warrants sold with other securities may be attached to or separate from the other securities. Warrants will be issued under one or more warrant indentures or warrant agency agreements to be entered into by the Company and with one or more financial institutions or trust companies acting as warrant agent.

The Company will deliver an undertaking to the securities regulatory authority in each of the provinces of Canada that it will not distribute warrants that, according to the aforementioned terms as described in the applicable prospectus supplement for warrants supplementing this prospectus, are "novel" specified derivatives within the meaning of Canadian securities legislation, separately to any member of the public in Canada, unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless such prospectus supplement containing the specific terms of the warrants to be distributed separately is first approved by or on behalf of the securities commissions or similar regulatory authorities in each of the provinces of Canada where the warrants will be distributed.

This summary of some of the provisions of the warrants is not complete. The statements made in this prospectus relating to any warrant agreement and warrants to be issued under this prospectus are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable warrant agreement. You should refer to the warrant indenture or warrant agency agreement relating to the specific warrants being offered for the complete terms of the warrants. A copy of any warrant indenture or warrant agency agreement relating to an offering of warrants will be filed by the Company with the securities commissions or similar regulatory authorities in applicable Canadian offering jurisdictions and the United States, after it has been entered into, and will be available electronically under the Company's issuer profile at www.sedar.com and on EDGAR at www.sec.gov.

The applicable prospectus supplement relating to any warrants that we offer will describe the particular terms of those warrants and include specific terms relating to the offering.

Original purchasers of warrants (if offered separately) will have a contractual right of rescission against the Company in respect of the exercise of such warrant. The contractual right of rescission will entitle such original purchasers to receive, upon surrender of the underlying securities acquired upon exercise of the warrant, the total of the amount paid on original purchase of the warrant and the amount paid upon exercise, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the exercise takes place within 180 days of the date of the purchase of the warrant under the applicable prospectus supplement; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the warrant under the applicable prospectus supplement. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

In an offering of warrants, or other convertible securities, original purchasers 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 warrants, or other convertible securities, are offered to the public under the prospectus offering. This means that, under the securities legislation

of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, 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 these rights, or consult with a legal advisor.

Equity Warrants

The particular terms of each issue of equity warrants will be described in the applicable prospectus supplement. This description will include, where applicable:

- the designation and aggregate number of equity warrants;
- the price at which the equity warrants will be offered;
- the currency or currencies in which the equity warrants will be offered;
- the date on which the right to exercise the equity warrants will commence and the date on which the right will expire;
- the number of Common Shares that may be purchased upon exercise of each equity warrant and the price at which and currency or currencies in which the Common Shares may be purchased upon exercise of each equity warrant;
- the terms of any provisions allowing or providing for adjustments in (i) the number and/or class of Common Shares that may be purchased, (ii) the exercise price per Common Share or (iii) the expiry of the equity warrants;
- whether the Company will issue fractional shares;
- whether the Company has applied to list the equity warrants or the underlying shares on a securities exchange or automated interdealer quotation system;
- the designation and terms of any securities with which the equity warrants will be offered, if any, and the number of the equity warrants that will be offered with each security;
- the date or dates, if any, on or after which the equity warrants and the related securities will be transferable separately;
- whether the equity warrants will be subject to redemption or call and, if so, the terms of such redemption or call provisions;
- material U.S. and Canadian federal income tax consequences of owning the equity warrants; and
- any other material terms or conditions of the equity warrants.

Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities subject to the warrants.

DESCRIPTION OF UNITS

Fortuna may issue units, which may consist of one or more Common Shares, warrants or any combination of securities as is specified in the relevant prospectus supplement. In addition, the relevant prospectus supplement relating to an offering of units will describe all material terms of any units offered, including, as applicable:

- the designation and aggregate number of units being offered;
- the price at which the units will be offered;
- the designation, number and terms of the securities comprising the units and any agreement governing the units;
- the date or dates, if any, on or after which the securities comprising the units will be transferable separately;
- whether the Company will apply to list the units on a securities exchange or automated interdealer quotation system;
- material U.S. and Canadian federal income tax consequences of owning the units, including how the purchase price paid for the units will be allocated among the securities comprising the units; and
- any other material terms or conditions of the units.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

Fortuna may issue subscription receipts separately or in combination with one or more other securities. The subscription receipts will entitle holders thereof to receive, upon satisfaction of certain Release Conditions (as defined herein) and for no additional consideration, Common Shares, warrants or any combination thereof. Subscription receipts will be issued pursuant to one or more subscription receipt agreements (each, a “**Subscription Receipt Agreement**”), each to be entered into between the Company and an escrow agent (the “**Escrow Agent**”) that will be named in the relevant prospectus supplement. Each Escrow Agent will be a financial institution organized under the laws of Canada or a province thereof and authorized to carry on business as a trustee. If underwriters or agents are used in the

sale of any subscription receipts, one or more of such underwriters or agents may also be a party to the Subscription Receipt Agreement governing the subscription receipts sold to or through such underwriter or agent.

The following description sets forth certain general terms and provisions of subscription receipts that may be issued hereunder and is not intended to be complete. The statements made in this prospectus relating to any Subscription Receipt Agreement and subscription receipts to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Subscription Receipt Agreement. Prospective investors should refer to the Subscription Receipt Agreement relating to the specific subscription receipts being offered for the complete terms of the subscription receipts. Fortuna will file a copy of any Subscription Receipt Agreement relating to an offering of subscription receipts with the securities commissions or similar regulatory authorities in applicable Canadian offering jurisdictions and in the United States, after it has been entered into, and such Subscription Receipt Agreement will be available electronically on SEDAR under the Company's issuer profile at www.sedar.com and on EDGAR at www.sec.gov.

General

The prospectus supplement and the Subscription Receipt Agreement for any subscription receipts that the Company may offer will describe the specific terms of the subscription receipts offered. This description may include, but may not be limited to, any of the following, if applicable:

- the designation and aggregate number of subscription receipts being offered;
- the price at which the subscription receipts will be offered;
- the designation, number and terms of the Common Shares, warrants or a combination thereof to be received by the holders of subscription receipts upon satisfaction of the Release Conditions (as defined herein), and any procedures that will result in the adjustment of those numbers;
- the conditions that must be met in order for holders of subscription receipts to receive, for no additional consideration, the Common Shares, warrants or a combination thereof (the “**Release Conditions**”);
- the procedures for the issuance and delivery of the Common Shares, warrants or a combination thereof to holders of subscription receipts upon satisfaction of the Release Conditions;
- whether any payments will be made to holders of subscription receipts upon delivery of the Common Shares, warrants or a combination thereof upon satisfaction of the Release Conditions;
- the identity of the Escrow Agent;
- the terms and conditions under which the Escrow Agent will hold all or a portion of the gross proceeds from the sale of subscription receipts, together with interest and income earned thereon (collectively, the “**Escrowed Funds**”), pending satisfaction of the Release Conditions;
- the terms and conditions pursuant to which the Escrow Agent will hold Common Shares, warrants or a combination thereof pending satisfaction of the Release Conditions;
- the terms and conditions under which the Escrow Agent will release all or a portion of the Escrowed Funds to the Company upon satisfaction of the Release Conditions;
- if the subscription receipts are sold to or through underwriters or agents, the terms and conditions under which the Escrow Agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commissions in connection with the sale of the subscription receipts;
- procedures for the refund by the Escrow Agent to holders of subscription receipts of all or a portion of the subscription price of their subscription receipts, plus any *pro rata* entitlement to interest earned or income generated on such amount, if the Release Conditions are not satisfied;
- any contractual right of rescission to be granted to initial purchasers of subscription receipts in the event that this prospectus, the prospectus supplement under which subscription receipts are issued or any amendment hereto or thereto contains a misrepresentation;
- any entitlement of Fortuna to purchase the subscription receipts in the open market by private agreement or otherwise;
- whether the Company will issue the subscription receipts as global securities and, if so, the identity of the depository for the global securities;
- whether the Company will issue the subscription receipts as bearer securities, as registered securities or both;
- provisions as to modification, amendment or variation of the Subscription Receipt Agreement or any rights or terms of the subscription receipts, including upon any subdivision, consolidation, reclassification or other material change of the Common Shares, warrants or other Fortuna securities, any other reorganization, amalgamation, merger or sale of all or substantially all of the Company's assets or any distribution of property or rights to all or substantially all of the holders of Common Shares;

- whether the Company will apply to list the subscription receipts on a securities exchange or automated interdealer quotation system;
- material U.S. and Canadian federal income tax consequences of owning the subscription receipts; and
- any other material terms or conditions of the subscription receipts.

Original purchasers of subscription receipts will have a contractual right of rescission against the Company in respect of the purchase and conversion of the subscription receipt. The contractual right of rescission will entitle such original purchasers to receive the amount paid on original purchase of the subscription receipt and the additional amount paid, upon conversion, if any, upon surrender of the underlying securities gained thereby, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion takes place within 180 days of the date of the purchase of the subscription receipt under this prospectus; and (ii) the right of rescission is exercised within 180 days of the date of purchase of the subscription receipt under this prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

Rights of Holders of Subscription Receipts Prior to Satisfaction of Release Conditions

The holders of subscription receipts will not be, and will not have the rights of, shareholders of Fortuna. Holders of subscription receipts are entitled only to receive Common Shares, warrants or a combination thereof on exchange of their subscription receipts, plus any cash payments, all as provided for under the Subscription Receipt Agreement and only once the Release Conditions have been satisfied. If the Release Conditions are not satisfied, holders of subscription receipts shall be entitled to a refund of all or a portion of the subscription price thereof and all or a portion of the *pro rata* share of interest earned or income generated thereon, as provided in the Subscription Receipt Agreement.

Escrow

The Subscription Receipt Agreement will provide that the Escrowed Funds will be held in escrow by the Escrow Agent, and such Escrowed Funds will be released to the Company (and, if the subscription receipts are sold to or through underwriters or agents, a portion of the Escrowed Funds may be released to such underwriters or agents in payment of all or a portion of their fees in connection with the sale of the subscription receipts) at the time and under the terms specified by the Subscription Receipt Agreement. If the Release Conditions are not satisfied, holders of subscription receipts will receive a refund of all or a portion of the subscription price for their subscription receipts, plus their *pro rata* entitlement to interest earned or income generated on such amount, if provided for in the Subscription Receipt Agreement, in accordance with the terms of the Subscription Receipt Agreement. Common Shares or warrants may be held in escrow by the Escrow Agent and will be released to the holders of subscription receipts following satisfaction of the Release Conditions at the time and under the terms specified in the Subscription Receipt Agreement.

Modifications

The Subscription Receipt Agreement will specify the terms upon which modifications and alterations to the subscription receipts issued thereunder may be made by way of a resolution of holders of subscription receipts at a meeting of such holders or consent in writing from such holders. The number of holders of subscription receipts required to pass such a resolution or execute such a written consent will be specified in the Subscription Receipt Agreement.

The Subscription Receipt Agreement will also specify that the Company may amend any Subscription Receipt Agreement and the subscription receipts, without the consent of the holders of the subscription receipts, to cure any ambiguity, to cure, correct or supplement any defective or inconsistent provision, or in any other manner that will not materially and adversely affect the interests of the holders of outstanding subscription receipts or as otherwise specified in the Subscription Receipt Agreement.

DESCRIPTION OF SHARE PURCHASE CONTRACTS

The Company may issue share purchase contracts, representing contracts obligating holders to purchase from or sell to the Company, and obligating the Company to purchase from or sell to the holders, a specified number of Common Shares at a future date or dates, and including by way of instalment.

The price per Common Share and the number of Common Shares may be fixed at the time the share purchase contracts are issued or may be determined by reference to a specific formula or method set forth in the share purchase contracts. The Company may issue share purchase contracts in accordance with applicable laws and in such amounts and in as many distinct series as it may determine.

The share purchase contracts may be issued separately or as part of units consisting of a share purchase contract and beneficial interests in debt obligations of third parties, securing the holders' obligations to purchase the Common Shares under the share purchase contracts, which are referred to in this prospectus as share purchase units. The share purchase contracts may require the Company to make periodic payments to the holders of the share purchase units or vice versa, and these payments may be unsecured or refunded and may be paid on a current or on a deferred basis. The share purchase contracts may require holders to secure their obligations under those contracts in a specified manner.

Holders of share purchase contracts are not shareholders of the Company. The particular terms and provisions of share purchase contracts offered by any prospectus supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the applicable prospectus supplement filed in respect of such share purchase contracts. This description will include, where applicable: (i) whether the share purchase contracts obligate the holder to purchase or sell, or both purchase and sell, Common Shares and the nature and amount of those securities, or the method of determining those amounts; (ii) whether the share purchase contracts are to be prepaid or not or paid in instalments; (iii) any conditions upon which the purchase or sale will be contingent and the consequences if such conditions are not satisfied; (iv) whether the share purchase contracts are to be settled by delivery, or by reference or linkage to the value or performance of Common Shares; (v) any acceleration, cancellation, termination or other provisions relating to the settlement of the share purchase contracts; (vi) the date or dates on which the sale or purchase must be made, if any; (vii) whether the share purchase contracts will be issued in fully registered or global form; (viii) the material income tax consequences of owning, holding and disposing of the share purchase contracts; and (ix) any other material terms and conditions of the share purchase contracts including, without limitation, transferability and adjustment terms and whether the share purchase contracts will be listed on a securities exchange or automated interdealer quotation system.

Original purchasers of share purchase contracts will be granted a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such share purchase contract. The contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 131 of the *Securities Act* (British Columbia), and is in addition to any other right or remedy available to original purchasers under section 131 of the *Securities Act* (British Columbia) or otherwise at law.

DESCRIPTION OF DEBT SECURITIES

In this description of debt securities, "we", "us", "our" or "the Company" refers to Fortuna Silver Mines Inc., but not to its subsidiaries. This section describes the general terms that will apply to any debt securities issued pursuant to this prospectus. We may issue debt securities in one or more series under an indenture, or the indenture, to be entered into between us and one or more trustees. The indenture will be subject to and governed by the United States *Trust Indenture Act of 1939*, as amended (the "**Trust Indenture Act**") and the British Columbia *Business Corporations Act* (the "**BCBCA**"). A copy of the form of the indenture is being filed with the SEC as an exhibit to the registration statement of which this prospectus forms a part. The following description sets forth certain general terms and provisions of the debt securities and is not intended to be complete. For a more complete description, prospective investors should refer to the indenture and the terms of the debt securities. If debt securities are issued, we will describe in the applicable prospectus supplement the particular terms and provisions of any series of the debt securities and a description of how the general terms and provisions described below may apply to that series of the debt securities. Prospective investors should rely on information in the applicable prospectus supplement and not on the following information to the extent that the information in such prospectus supplement is different from the following information.

We may issue debt securities and incur additional indebtedness other than through the offering of debt securities pursuant to this prospectus.

General

The indenture will not limit the aggregate principal amount of debt securities that we may issue under the indenture and will not limit the amount of other indebtedness that we may incur. The indenture will provide that we may issue debt securities from time to time in one or more series and may be denominated and payable in U.S. dollars, Canadian dollars or any foreign currency. Unless otherwise indicated in the applicable prospectus supplement, the debt securities will be our unsecured obligations. The indenture will also permit us to increase the principal amount of any series of the debt securities previously issued and to issue that increased principal amount.

The applicable prospectus supplement for any series of debt securities that we offer will describe the specific terms of the debt securities and may include, but is not limited to, any of the following:

- the title of the debt securities;
- the aggregate principal amount of the debt securities;
- the percentage of principal amount at which the debt securities will be issued;
- whether payment on the debt securities will be senior or subordinated to our other liabilities or obligations;
- whether the payment of the debt securities will be guaranteed by any other person;
- the date or dates, or the methods by which such dates will be determined or extended, on which we may issue the debt securities and the date or dates, or the methods by which such dates will be determined or extended, on which we will pay the principal and any premium on the debt securities and the portion (if less than the principal amount) of debt securities to be payable upon a declaration of acceleration of maturity;
- whether the debt securities will bear interest, the interest rate (whether fixed or variable) or the method of determining the interest rate, the date from which interest will accrue, the dates on which we will pay interest and the record dates for interest payments, or the methods by which such dates will be determined or extended;
- the place or places we will pay principal, premium, if any, and interest and the place or places where debt securities can be presented for registration of transfer or exchange;
- whether and under what circumstances we will be required to pay any additional amounts for withholding or deduction for Canadian taxes with respect to the debt securities, and whether and on what terms we will have the option to redeem the debt securities rather than pay the additional amounts;
- whether we will be obligated to redeem or repurchase the debt securities pursuant to any sinking or purchase fund or other provisions, or at the option of a holder and the terms and conditions of such redemption;
- whether we may redeem the debt securities at our option and the terms and conditions of any such redemption;
- the denominations in which we will issue any registered debt securities, if other than denominations of U.S.\$2,000 and any multiple of U.S.\$1,000 and, if other than denominations of U.S.\$5,000, the denominations in which any unregistered debt security shall be issuable;
- whether we will make payments on the debt securities in a currency or currency unit other than U.S. dollars or by delivery of our Common Shares or other property;
- whether payments on the debt securities will be payable with reference to any index or formula;
- whether we will issue the debt securities as global securities and, if so, the identity of the depositary for the global securities;
- whether we will issue the debt securities as unregistered securities (with or without coupons), registered securities or both;
- the periods within which and the terms and conditions, if any, upon which we may redeem the debt securities prior to maturity and the price or prices of which and the currency or currency units in which the debt securities are payable;
- any changes or additions to events of default or covenants;
- the applicability of, and any changes or additions to, the provisions for defeasance described under “*Defeasance*” below;
- whether the holders of any series of debt securities have special rights if specified events occur;
- any mandatory or optional redemption or sinking fund or analogous provisions;
- the terms, if any, for any conversion or exchange of the debt securities for any other securities;
- rights, if any, on a change of control;
- provisions as to modification, amendment or variation of any rights or terms attaching to the debt securities; and
- any other terms, conditions, rights and preferences (or limitations on such rights and preferences) including covenants and events of default which apply solely to a particular series of the debt securities being offered which do not apply generally to other debt securities, or any covenants or events of default generally applicable to the debt securities which do not apply to a particular series of the debt securities.

Unless stated otherwise in the applicable prospectus supplement, no holder of debt securities will have the right to require us to repurchase the debt securities and there will be no increase in the interest rate if we become involved in a highly leveraged transaction or we have a change of control.

We may issue debt securities bearing no interest or interest at a rate below the prevailing market rate at the time of issuance, and offer and sell these securities at a discount below their stated principal amount. We may also sell any of the debt securities for a foreign currency or currency unit, and payments on the debt securities may be payable in a foreign currency or currency unit. In any of these cases, we will describe certain Canadian federal and U.S. federal income tax consequences and other special considerations in the applicable prospectus supplement.

We may issue debt securities with terms different from those of debt securities previously issued and, without the consent of the holders thereof, we may reopen a previous issue of a series of debt securities and issue additional debt securities of such series (unless the reopening was restricted when such series was created).

Debt Securities in Global Form

The Depositary and Book-Entry

Unless otherwise specified in the applicable prospectus supplement, a series of the debt securities may be issued in whole or in part in global form as a “global security” and will be registered in the name of and be deposited with a depositary, or its nominee, each of which will be identified in the applicable prospectus supplement relating to that series. Unless and until exchanged, in whole or in part, for the debt securities in definitive registered form, a global security may not be transferred except as a whole by the depositary for such global security to a nominee of the depositary, by a nominee of the depositary to the depositary or another nominee of the depositary or by the depositary or any such nominee to a successor of the depositary or a nominee of the successor.

The specific terms of the depositary arrangement with respect to any portion of a particular series of the debt securities to be represented by a global security will be described in the applicable prospectus supplement relating to such series. We anticipate that the provisions described in this section will apply to all depositary arrangements.

Upon the issuance of a global security, the depositary therefor or its nominee will credit, on its book entry and registration system, the respective principal amounts of the debt securities represented by the global security to the accounts of such persons, designated as “participants”, having accounts with such depositary or its nominee. Such accounts shall be designated by the underwriters, dealers or agents participating in the distribution of the debt securities or by us if such debt securities are offered and sold directly by us. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold beneficial interests through participants. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depositary therefor or its nominee (with respect to interests of participants) or by participants or persons that hold through participants (with respect to interests of persons other than participants). The laws of some states in the United States may require that certain purchasers of securities take physical delivery of such securities in definitive form.

So long as the depositary for a global security or its nominee is the registered owner of the global security, such depositary or such nominee, as the case may be, will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have a series of the debt securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of such series of the debt securities in definitive form and will not be considered the owners or holders thereof under the indenture.

Any payments of principal, premium, if any, and interest, if any, on global securities registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the global security representing such debt securities. None of us, the trustee or any paying agent for the debt securities represented by the global securities will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of the global security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that the depositary for a global security or its nominee, upon receipt of any payment of principal, premium, if any, or interest, if any, will credit participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global security as shown on the records of such depositary or its nominee. We also expect that payments by participants

to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in “street name”, and will be the responsibility of such participants.

Discontinuance of Depositary’s Services

If a depositary for a global security representing a particular series of the debt securities is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by us within 90 days, we will issue such series of the debt securities in definitive form in exchange for a global security representing such series of the debt securities. If an event of default under the indenture has occurred and is continuing, debt securities in definitive form will be printed and delivered upon written request by the holder to the trustee. In addition, we may at any time and in our sole discretion determine not to have a series of the debt securities represented by a global security and, in such event, will issue a series of the debt securities in definitive form in exchange for all of the global securities representing that series of debt securities.

Debt Securities in Definitive Form

A series of the debt securities may be issued in definitive form, solely as registered securities, solely as unregistered securities or as both registered securities and unregistered securities. Registered securities will be issuable in denominations of U.S.\$2,000 and integral multiples of U.S.\$1,000 and unregistered securities will be issuable in denominations of U.S.\$5,000 and integral multiples of U.S.\$5,000 or, in each case, in such other denominations as may be set out in the terms of the debt securities of any particular series. Unless otherwise indicated in the applicable prospectus supplement, unregistered securities will have interest coupons attached.

Unless otherwise indicated in the applicable prospectus supplement, payment of principal, premium, if any, and interest, if any, on the debt securities (other than global securities) will be made at the office or agency of the trustee, or at our option we can pay principal, interest, if any, and premium, if any, by check mailed or delivered to the address of the person entitled at the address appearing in the security register of the trustee or electronic funds wire or other transmission to an account of the person entitled to receive payments. Unless otherwise indicated in the applicable prospectus supplement, payment of interest, if any, will be made to the persons in whose name the debt securities are registered at the close of business on the day or days specified by us.

At the option of the holder of debt securities, registered securities of any series will be exchangeable for other registered securities of the same series, of any authorized denomination and of a like aggregate principal amount and tenor. If, but only if, provided in an applicable prospectus supplement, unregistered securities (with all unmatured coupons, except as provided below, and all matured coupons in default) of any series may be exchanged for registered securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor. In such event, unregistered securities surrendered in a permitted exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest shall be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable on such date for payment of interest in respect of the registered security issued in exchange for such unregistered security, but will be payable only to the holder of such coupon when due in accordance with the terms of the indenture. Unless otherwise specified in an applicable prospectus supplement, unregistered securities will not be issued in exchange for registered securities.

The applicable prospectus supplement may indicate the places to register a transfer of the debt securities in definitive form. Except for certain restrictions set forth in the indenture, no service charge will be payable by the holder for any registration of transfer or exchange of the debt securities in definitive form, but we may, in certain instances, require a sum sufficient to cover any tax or other governmental charges payable in connection with these transactions.

We shall not be required to:

- issue, register the transfer of or exchange any series of the debt securities in definitive form during a period beginning at the opening of business 15 days before any selection of securities of that series of the debt securities to be redeemed and ending on the relevant redemption date if the debt securities for which such issuance, registration or exchange is requested may be among those selected for redemption;
- register the transfer of or exchange any registered security in definitive form, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;

- exchange any unregistered security called for redemption except to the extent that such unregistered security may be exchanged for a registered security of that series and like tenor; provided that such registered security will be simultaneously surrendered for redemption with written instructions for payment consistent with the provisions of the indenture; or
- issue, register the transfer of or exchange any of the debt securities in definitive form which have been surrendered for repayment at the option of the holder, except the portion, if any, thereof not to be so repaid.

Merger, Amalgamation or Consolidation

The indenture will provide that we may not consolidate with or amalgamate or merge with or into any other person, enter into any statutory arrangement with any person or convey, transfer or lease our properties and assets substantially as an entirety to another person, unless among other items:

- we are the surviving person, or the resulting, surviving or transferee person, if other than us, is organized and existing under the laws of the United States, any state thereof or the District of Columbia, Canada, or any province or territory thereof, or, if the amalgamation, merger, consolidation, statutory arrangement or other transaction would not impair the rights of holders, any other country;
- the successor person (if not us) assumes all of our obligations under the debt securities and the indenture; and
- we or such successor person will not be in default under the indenture immediately after the transaction.

When such a person assumes our obligations in such circumstances, subject to certain exceptions, we shall be discharged from all obligations under the debt securities and the indenture.

Provision of Financial Information

We will file with the trustee, within 20 days after we file or furnish them with the SEC, copies of our annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which we are required to file or furnish with the SEC pursuant to Section 13 or 15(d) of the Exchange Act.

Notwithstanding that we may not remain subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, we will continue to provide the trustee:

- within 20 days after the time periods required for the filing or furnishing of such forms by the SEC, annual reports on Form 40-F or Form 20-F, as applicable, or any successor form; and
- within 20 days after the time periods required for the filing of such forms by the SEC, reports on Form 6-K (or any successor form), which, regardless of applicable requirements shall, at a minimum, contain such information required to be provided in quarterly reports under the laws of Canada or any province thereof to security holders of a company with securities listed on the TSX, whether or not we have any of the debt securities listed on such exchange. Each of such reports, to the extent permitted by the rules and regulations of the SEC, will be prepared in accordance with Canadian disclosure requirements and generally accepted accounting principles provided, however, that we shall not be obligated to file or furnish such reports with the SEC if the SEC does not permit such filings.

Events of Default

Unless otherwise specified in the applicable prospectus supplement relating to a particular series of debt securities, the following is a summary of events which will, with respect to any series of the debt securities, constitute an event of default under the indenture with respect to the debt securities of that series:

- we fail to pay principal of, or any premium on, any debt security of that series when it is due and payable;
- we fail to pay interest or any additional amounts payable on any debt security of that series when it becomes due and payable, and such default continues for 30 days;
- we fail to make any required sinking fund or analogous payment for that series of debt securities;
- we fail to observe or perform any of the covenants described in the section above “*Merger, Amalgamation or Consolidation*” for a period of 30 days;

- we fail to comply with any of our other agreements in the indenture that affect or are applicable to the debt securities for 60 days after written notice by the trustee or to us and the trustee by holders of at least 25% in aggregate principal amount of the outstanding debt securities of any series affected thereby;
- a default (as defined in any indenture or instrument under which we or one of our subsidiaries has at the time of the indenture relating to this prospectus or will thereafter have outstanding any indebtedness) has occurred and is continuing, or we or any of our subsidiaries has failed to pay principal amounts with respect to such indebtedness at maturity and such event of default or failure to pay has resulted in such indebtedness under such indentures or instruments being declared due, payable or otherwise being accelerated, in either event so that an amount in excess of the greater of U.S.\$5,000,000 and 2% of our shareholders' equity will be or become due, payable and accelerated upon such declaration or prior to the date on which the same would otherwise have become due, payable and accelerated, or the accelerated indebtedness, and such acceleration will not be rescinded or annulled, or such event of default or failure to pay under such indenture or instrument will not be remedied or cured, whether by payment or otherwise, or waived by the holders of such accelerated indebtedness, then (i) if the accelerated indebtedness will be as a result of an event of default which is not related to the failure to pay principal or interest on the terms, at the times, and on the conditions set out in any such indenture or instrument, it will not be considered an event of default for the purposes of the indenture governing the debt securities relating to this prospectus until 30 days after such indebtedness has been accelerated, or (ii) if the accelerated indebtedness will occur as a result of such failure to pay principal or interest or as a result of an event of default which is related to the failure to pay principal or interest on the terms, at the times, and on the conditions set out in any such indenture or instrument, then (A) if such accelerated indebtedness is, by its terms, non-recourse to us or our subsidiaries, it will be considered an event of default for purposes of the indenture governing the debt securities relating to this prospectus; or (B) if such accelerated indebtedness is recourse to us or our subsidiaries, any requirement in connection with such failure to pay or event of default for the giving of notice or the lapse of time or the happening of any further condition, event or act under such indenture or instrument in connection with such failure to pay or event of default will be applicable together with an additional seven days before being considered an event of default for the purposes of the indenture relating to this prospectus;
- certain events involving our bankruptcy, insolvency or reorganization; and
- any other event of default provided for in that series of debt securities.

A default under one series of debt securities will not necessarily be a default under another series. The trustee may withhold notice to the holders of the debt securities of any default, except in the payment of principal or premium, if any, or interest, if any, if in good faith it considers it in the interests of the holders to do so.

If an event of default for any series of debt securities occurs and continues, the trustee or the holders of at least 25% in aggregate principal amount of the debt securities of that series, subject to any subordination provisions, may require us to repay immediately:

- the entire principal and interest and premium, if any, of the debt securities of the series; or
- if the debt securities are discounted securities, that portion of the principal as is described in the applicable prospectus supplement.

If an event of default relates to events involving our bankruptcy, insolvency or reorganization, the principal of all debt securities will become immediately due and payable without any action by the trustee or any holder. Subject to certain conditions, the holders of a majority of the aggregate principal amount of the debt securities of the affected series can rescind this accelerated payment requirement. If debt securities are discounted securities, the applicable prospectus supplement will contain provisions relating to the acceleration of maturity of a portion of the principal amount of the discounted securities upon the occurrence or continuance of an event of default.

Other than its duties in case of a default, the trustee is not obligated to exercise any of the rights or powers that it will have under the indenture at the request, order or direction of any holders, unless the holders offer the trustee reasonable indemnity. If they provide this reasonable indemnity, the holders of a majority in aggregate principal amount of any series of debt securities may, subject to certain limitations, direct the time, method and place of conducting any proceeding or any remedy available to the trustee, or exercising any power conferred upon the trustee, for any series of debt securities.

We will be required to furnish to the trustee a statement annually as to our compliance with all conditions and covenants under the indenture and, if we are not in compliance, we must specify any defaults. We will also be required to notify the trustee as soon as practicable upon becoming aware of any event of default.

No holder of a debt security of any series will have any right to institute any proceeding with respect to the indenture, or for the appointment of a receiver or a trustee, or for any other remedy, unless:

- the holder has previously given to the trustee written notice of a continuing event of default with respect to the debt securities of the affected series;
- the holders of at least 25% in principal amount of the outstanding debt securities of the series affected by an event of default have made a written request, and the holders have offered reasonable indemnity, to the trustee to institute a proceeding as trustee; and
- the trustee has failed to institute a proceeding, and has not received from the holders of a majority in aggregate principal amount of the outstanding debt securities of the series affected by an event of default a direction inconsistent with the request, within 60 days after their notice, request and offer of indemnity.

However, such above-mentioned limitations do not apply to a suit instituted by the holder of a debt security for the enforcement of payment of the principal of or any premium, if any, or interest on such debt security on or after the applicable due date specified in such debt security.

Defeasance

When we use the term “defeasance”, we mean discharge from some or all of our obligations under the indenture. Unless otherwise specified in the applicable prospectus supplement, if we deposit with the trustee sufficient cash or government securities to pay the principal, interest, if any, premium, if any, and any other sums due to the stated maturity date or a redemption date of the debt securities of a series, then at our option:

- we will be discharged from the obligations with respect to the debt securities of that series; or
- we will no longer be under any obligation to comply with certain restrictive covenants under the indenture, and certain events of default will no longer apply to us.

If this happens, the holders of the debt securities of the affected series will not be entitled to the benefits of the indenture except for registration of transfer and exchange of debt securities and the replacement of lost, stolen or mutilated debt securities. These holders may look only to the deposited fund for payment on their debt securities.

To exercise our defeasance option, we must deliver to the trustee:

- an opinion of counsel in the United States to the effect that the holders of the outstanding debt securities of the affected series will not recognize a gain or loss for U.S. federal income tax purposes as a result of a defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the defeasance had not occurred;
- an opinion of counsel in Canada or a ruling from the Canada Revenue Agency to the effect that the holders of the outstanding debt securities of the affected series will not recognize income, or a gain or loss for Canadian federal, provincial or territorial income or other tax purposes as a result of a defeasance and will be subject to Canadian federal, provincial or territorial income tax and other tax on the same amounts, in the same manner and at the same times as would have been the case had the defeasance not occurred; and
- a certificate of one of our officers and an opinion of counsel, each stating that all conditions precedent provided for relating to defeasance have been complied with.

If we are to be discharged from our obligations with respect to the debt securities, and not just from our covenants, the U.S. opinion must be based upon a ruling from or published by the United States Internal Revenue Service or a change in law to that effect.

In addition to the delivery of the opinions described above, the following conditions must be met before we may exercise our defeasance option:

- no event of default or event that, with the passing of time or the giving of notice, or both, shall constitute an event of default shall have occurred and be continuing for the debt securities of the affected series;
- we are not an “insolvent person” within the meaning of applicable bankruptcy and insolvency legislation; and
- other customary conditions precedent are satisfied.

Modification and Waiver

Modifications and amendments of the indenture may be made by us and the trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding debt securities of each series affected by the modification. However, without the consent of each holder affected, no modification may:

- change the stated maturity of the principal of, premium, if any, or any installment of interest, if any, on any debt security;
- reduce the principal, premium, if any, or rate of interest, if any, or any obligation to pay any additional amounts;
- reduce the amount of principal of a debt security payable upon acceleration of its maturity;
- change the place or currency of any payment;
- affect the holder's right to require us to repurchase the debt securities at the holder's option;
- impair the right of the holders to institute a suit to enforce their rights to payment;
- adversely affect any conversion or exchange right related to a series of debt securities;
- change the percentage of debt securities required to modify the indenture or to waive compliance with certain provisions of the indenture; or
- reduce the percentage in principal amount of outstanding debt securities necessary to take certain actions.

The holders of a majority in principal amount of outstanding debt securities of any series may on behalf of the holders of all debt securities of that series waive, insofar as only that series is concerned, past defaults under the indenture and compliance by us with certain restrictive provisions of the indenture. However, these holders may not waive a default in any payment on any debt security or compliance with a provision that cannot be modified without the consent of each holder affected.

We may modify the indenture without the consent of the holders to:

- evidence our successor under the indenture;
- add covenants or surrender any right or power for the benefit of holders;
- add events of default;
- provide for unregistered securities to become registered securities under the indenture and make other such changes to unregistered securities that in each case do not materially and adversely affect the interests of holders of outstanding securities;
- establish the forms of the debt securities;
- appoint a successor trustee under the indenture;
- add provisions to permit or facilitate the defeasance or discharge of the debt securities as long as there is no material adverse effect on the holders;
- cure any ambiguity, correct or supplement any defective or inconsistent provision, make any other provisions in each case that would not materially and adversely affect the interests of holders of outstanding securities and related coupons, if any;
- comply with any applicable laws of the United States and Canada in order to effect and maintain the qualification of the indenture under the Trust Indenture Act; or
- change or eliminate any provisions where such change takes effect when there are no securities outstanding under the indenture.

Governing Law

The indenture and the debt securities will be governed by and construed in accordance with the laws of the State of New York.

The Trustee

The trustee under the indenture or its affiliates may provide banking and other services to us in the ordinary course of their business.

The indenture will contain certain limitations on the rights of the trustee, as long as it or any of its affiliates remains our creditor, to obtain payment of claims in certain cases or to realize on certain property received on any claim as security or otherwise. The trustee and its affiliates will be permitted to engage in other transactions with us. If the trustee or any affiliate acquires any conflicting interest and a default occurs with respect to the debt securities, the trustee must eliminate the conflict or resign.

Resignation of Trustee

The trustee may resign or be removed with respect to one or more series of the debt securities and a successor trustee may be appointed to act with respect to such series. In the event that two or more persons are acting as trustee with respect to different series of debt securities, each such trustee shall be a trustee of a trust under the indenture separate and apart from the trust administered by any other such trustee, and any action described herein to be taken by the “trustee” may then be taken by each such trustee with respect to, and only with respect to, the one or more series of debt securities for which it is trustee.

Enforceability of Judgments

Since all or substantially all of our assets, as well as the assets of some of our directors and officers, are outside the United States, any judgment obtained in the United States against us or certain of our directors or officers, including judgments with respect to the payment of principal on the debt securities, may not be collectible within the United States.

We have been advised that the laws of the Province of British Columbia and the federal laws of Canada applicable therein permit an action to be brought against us in a court of competent jurisdiction in the Province of British Columbia on any final and conclusive judgment in personam of any federal or state court located in the State of New York, or a New York Court, which is subsisting and unsatisfied for a sum certain with respect to the enforcement of the indenture and the debt securities that is not impeachable as void or voidable under the internal laws of the State of New York if: (1) the New York Court rendering such judgment had jurisdiction over the judgment debtor, as recognized by the courts of the Province of British Columbia (and submission by us in the indenture to the jurisdiction of the New York Court will be sufficient for that purpose); (2) proper service of process in respect of the proceedings in which such judgment was obtained was made in accordance with New York law; (3) such judgment was not obtained by fraud or in a manner contrary to natural justice and the enforcement thereof would not be inconsistent with general principles of equity and public policy, as such terms are understood under the laws of the Province of British Columbia, the federal laws of Canada or contrary to any order or judgment made by the Attorney General of Canada and under the *Foreign Extraterritorial Measures Act* (Canada) or by the Competition Tribunal under the *Competition Act* (Canada); (4) the enforcement of such judgment would not be contrary to the laws of general application limiting the enforcement of creditors’ rights, including bankruptcy, reorganization, winding-up, moratorium and similar laws, and does not constitute, directly or indirectly, the enforcement of foreign laws which a court in the Province of British Columbia would characterize as revenue, expropriatory or penal laws; (5) in an action to enforce a default judgment, the judgment does not contain a manifest error on its face; (6) the action to enforce such judgment is commenced within the appropriate limitation period and is commenced and maintained in accordance with the procedural requirements of the laws of the Province of British Columbia; (7) interest payable on the debt securities is not characterized by a court in the Province of British Columbia as interest payable at a criminal rate within the meaning of Section 347 of the *Criminal Code* (Canada); (8) any interest accruing on the judgment is calculated in accordance with the *Court Order Interest Act* (British Columbia); and (9) the judgment does not conflict with another final and conclusive judgment in the same cause of action; except that a court in the Province of British Columbia may stay an action to enforce a foreign judgment if an appeal of a judgment is pending or time for appeal has not expired; and except that any court in the Province of British Columbia may give judgment only in Canadian dollars.

We have been advised that there is doubt as to the enforceability in Canada by a court in original actions, or in actions to enforce judgments of U.S. courts, of civil liabilities predicated solely upon the U.S. federal securities laws.

The foregoing summary of certain of the principal provisions of the securities is a summary of anticipated terms and conditions only and is qualified in its entirety by the description in the applicable prospectus supplement under which any securities are being offered.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable prospectus supplement may describe certain Canadian federal income tax consequences to an investor who is a non-resident of Canada or to an investor who is a resident of Canada of acquiring, owning and disposing of any of our securities offered thereunder. The applicable prospectus supplement may also describe certain U.S. federal income tax consequences of the acquisition, ownership and disposition of any of our securities offered thereunder by an initial investor who is a U.S. person (within the meaning of the U.S. Internal Revenue Code of 1986). Investors should read the tax discussion in any prospectus supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

PLAN OF DISTRIBUTION

The Company may sell securities offered by this prospectus for cash or other consideration (i) to or through underwriters, dealers, placement agents or other intermediaries, (ii) directly to one or more purchasers or (iii) in connection with acquisitions of assets or shares or another entity or company.

Each prospectus supplement with respect to our securities being offered will set forth the terms of the offering, including:

- the person offering the securities (the Company(s));
- the name or names of any underwriters, dealers or other placement agents;
- the number and the purchase price of, and form of consideration for, the securities;
- the proceeds to the Company from such sale; and
- any commissions, fees, discounts and other items constituting underwriters', dealers' or agents' compensation.

Agents, underwriters or dealers may make sales of our securities in privately negotiated transactions and/or any other method permitted by law and our securities may be sold, from time to time, in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market price or at negotiated prices, including sales in transactions that are deemed to be "at the market distributions" as defined in National Instrument 44-102 - *Shelf Distributions*, including sales made directly on the TSX, NYSE or other existing trading markets for the securities. The prices at which the securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the securities at the initial offering price fixed in the applicable prospectus supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial offering price fixed in such prospectus supplement, in which case the compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriters to the Company.

In the event that the Company determines to pursue an "at the market" offering in Canada, the Company will apply for the required exemptive relief from the applicable Canadian securities commissions.

Only underwriters named in the prospectus supplement are deemed to be underwriters in connection with our securities offered by that prospectus supplement.

The Company may agree to pay the underwriters or agents a commission for various services relating to the issue and sale of any securities offered hereby. Where the Company pays such commission, it will be paid out of the general corporate funds of the Company.

Under agreements which the Company may enter into, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the U.S. Securities Act and applicable Canadian securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. The underwriters, dealers and agents with whom we enter into agreements may be customers of, engage in transactions with, or perform services for, us in the ordinary course of business.

No underwriter or dealer involved in an "at the market distribution" as defined under applicable Canadian securities legislation, no affiliate of such underwriter or dealer and no person acting jointly or in concert with such underwriter or dealer has over-allotted, or will over allot, our securities in connection with an "at the market distribution" offering of our securities or effect any other transactions that are intended to stabilize the market price of our securities.

In connection with any offering of our securities, other than an "at the market distribution", the underwriters may over-allot or effect transactions which stabilize or maintain the market price of our securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

AGENT FOR SERVICE OF PROCESS

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 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>	Fortuna Silver Mines Inc., 650 - 200 Burrard Street, Vancouver, British Columbia, Canada V6C 3L6

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.

LEGAL MATTERS

Certain legal matters related to our securities offered by this prospectus 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.

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 base shelf 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. 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. 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.

The consolidated financial statements of Fortuna as at and for the years ended December 31, 2019 and 2018 incorporated by reference in this short form base shelf 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.

TRANSFER AGENT AND REGISTRAR

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.

WHERE YOU CAN FIND MORE INFORMATION

We are required to file with the securities commission or authority in each of the applicable provinces of Canada annual and quarterly reports, material change reports and other information. In addition, we are subject to the informational requirements of the Exchange Act, and, in accordance with the Exchange Act, we also file reports with, and furnish other information to, the SEC. Under a multijurisdictional disclosure system adopted by the United States and Canada, these reports and other information (including financial information) may be prepared in accordance with the disclosure requirements of Canada, which differ in certain respects from those in the United States. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required to publish financial statements as promptly as U.S. companies.

You may read any document we file with or furnish to the securities commissions and authorities of the provinces of Canada through SEDAR. The reports we file with, and other information we furnish to the SEC are available through EDGAR at www.sec.gov.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a company incorporated under the BCBCA. Some of our directors and officers, and the experts named in this prospectus, are residents of Canada or otherwise reside outside the United States, and all or a substantial portion of their assets may be, and a substantial portion of the Company's assets are, located outside the United States. We have appointed an agent for service of process in the United States (as set forth below), but it may be difficult for holders of securities who reside in the United States to effect service within the United States upon those directors, officers and experts who are not residents of the United States. It may also be difficult for holders of securities who reside in the United States to realize in the United States upon judgments of courts of the United States predicated upon our civil liability and the civil liability of our directors, officers and experts under the United States federal securities laws. We have been advised that a judgment of a U.S. court predicated solely upon civil liability under U.S. federal securities laws or the securities or "blue sky" laws of any state within the United States, would likely be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that would be recognized by a Canadian court for the same purposes. We have also been advised, however, that there is substantial doubt whether an action could be brought in Canada in the first instance on the basis of the liability predicated solely upon U.S. federal securities laws.

We have filed with the SEC, concurrently with our registration statement on Form F-10 of which this prospectus is a part, an appointment of agent for service of process on Form F-X. Under the Form F-X, we appointed Puglisi & Associates., as our agent for service of process in the United States in connection with any investigation or administrative proceeding conducted by the SEC, and any civil suit or action brought against or involving us in a U.S. court arising out of or related to or concerning the offering of securities under this prospectus.

PURCHASER'S STATUTORY AND CONTRACTUAL RIGHTS

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 or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if this prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province.

In an offering of warrants, or other convertible, exchangeable or exercisable securities, 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 warrants for other convertible securities, are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of such securities, 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 these rights, or consult with a legal advisor.

CERTIFICATE OF FORTUNA SILVER MINES INC.

Dated: April 29, 2020

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

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

(Signed) Luis D. Ganoza Durant
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) Simon Ridgway
Director

(Signed) David Farrell
Director