

Transcript of
Fortuna Mining Corp.
Fortuna Mining Corp. 3Q 2025 Conference Call
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Participants

Carlos Baca - Vice President, Investor Relations, Fortuna Mining Corp.
Jorge Alberto Ganoza - President, Chief Executive Officer and Co-Founder, Fortuna Mining Corp.
David Whittle - Chief Operating Officer, West Africa, Fortuna Mining Corp.
Cesar Velasco - Chief Operating Officer, Latin America, Fortuna Mining Corp.
Luis Dario Ganoza - Chief Financial Officer, Fortuna Mining Corp.

Analysts

Mohamed Sidibé - National Bank Financial

Presentation

Operator

Greetings, and welcome to the Fortuna Mining Corp. Q3 2025 Financial and Operational Results Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the formal presentation. [Operator Instructions] Please note, this conference is being recorded.

I will now turn the conference over to your host, Carlos Baca, VP of Investor Relations at Fortuna Mining Corp. You may begin.

Carlos Baca - Vice President, Investor Relations, Fortuna Mining Corp.

Thank you, Paul. Good morning, ladies and gentlemen, and welcome to Fortuna Mining's conference call to discuss our financial and operational results for the third quarter of 2025. Hosting today's call on behalf of Fortuna are Jorge Alberto Ganoza, President, Chief Executive Officer and Co-Founder; Luis Dario Ganoza, Chief Financial Officer; Cesar Velasco, Chief Operating Officer, Latin America; and David Whittle, Chief Operating Officer, West Africa. Today's earnings call presentation is available on our website at fortunamining.com.

Statements made during this call are subject to the reader advisories included in yesterday's news release, the webcast presentation, our management discussion and analysis and risk factors outlined in our annual information form. All financial figures discussed today are in U.S. dollars unless otherwise stated. Technical information presented has been reviewed and approved by Eric Chapman, Fortuna's Senior Vice President of Technical Services and a Qualified Person as defined by National Instrument 43-101.

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I will now turn the call over to Jorge Alberto Ganoza, President, Chief Executive Officer and Co-Founder of Fortuna Mining.

Jorge Alberto Ganoza - President, Chief Executive Officer and Co-Founder, Fortuna Mining Corp.

Good morning and thank you for joining us today. The third quarter was a strong one for Fortuna, not only in terms of operational delivery, financial results and continued build up of Fortuna's balance sheet but also in the meaningful progress we have made in positioning the company for the next stage of growth.

But let's start with safety. By the end of October, we achieved 318 days or 9.7 million work hours without a lost time injury, our longest streak yet. Our total recordable injury frequency rate improved to 0.86, down from 1.6 a year ago. These results demonstrate our collective commitment to ensuring everyone returns home safe and sound.

Turning to the numbers, we realized an average gold price of \$3,467 per ounce, up 5% from the second quarter and up 20% from the first quarter of the year. Attributable net income reached \$123.6 million or \$0.40 per share driven by a \$69 million impairment reversal at our Lindero mine. Adjusted net income was \$0.17 per share, impacted by higher share base compensation due to a rising share price and a \$7.4 million foreign exchange loss in Argentina, which both together account to approximately \$0.04 per share.

Our strong free cash flow from operations was \$73 million, with net cash from operating activities before working capital changes at \$114 million or \$0.37 per share, surpassing analyst consensus of \$0.36. During the quarter, we recorded \$13.5 million in withholding taxes related to the repatriation of \$118 million from Argentina and Cote d'Ivoire. We expect regular repatriations moving forward.

Overall, our business benefits from higher realized gold prices, improving margins and strong cash generation. As a result, our liquidity position at the end of the quarter stands at a solid \$588 million, with a growing net cash position of \$266 million. This enables us to accelerate our pursuit of multiple high-value opportunities in the asset portfolio across different stages of the project life cycle.

In Cote d'Ivoire, at Séguéla, our flagship mine, we are expanding the life of mine and boosting annual gold output through exploration success at the Sunbird and Kingfisher deposits.

In Senegal, our pre-development stage, Diamba Sud project boasts strong economics, advancing towards a construction decision in the first half of next year. In Salta, Argentina, we're excited to drill for gold at one of the largest untested high-level epithermal anomalies in the north of the country. The Cerro Lindo project, held privately for years, now offers us an exciting exploration opportunity.

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Our strategic investments announced this year in Awale Resources and JV with DeSoto Resources position us with exciting gold prospects on both the Ivorian and Guinean sides of the prolific Siguiri Basin, which straddles these two countries. And we continue advancing a pipeline of early-stage projects in Mexico, Peru, and Cote d'Ivoire.

Our consolidated cash costs remain below \$1,000 per ounce and all-in sustaining costs at our mines is tracking within guidance. Lindero's all-in sustaining costs has been trending lower every quarter to the current \$1,500 per ounce range, where we expect it will stabilize. At Séguéla, the story is inverse. We expect to complete the year on the upper end of guidance, but we're coming from a low all-in sustaining cost of \$1,290 in the first quarter of the year to the current \$1,738 in the third quarter.

This is driven mainly by timing of capital investments and the impact of higher gold price on royalty payments. As key investments at Séguéla are completed in Q3 and into Q4 to support our 2026 expanded production of 160,000 ounces to 180,000 ounces of gold, we expect to see all-in sustaining costs in the range of \$1,600 to \$1,700 per ounce range. Caylloma will finish just outside its guidance range due to relative metal prices used in gold equivalences. As you know, Caylloma has a significant base metal lead-zinc component to its production.

Now turning to growth, for Diamba Sud project in Senegal continues to advance at pace on a fast-track approach. In mid-October, we released the preliminary economic assessment for an open-pit and conventional carbon-in-leach plant, confirming strong economics that support our gold of reaching a definitive feasibility study and a construction decision in the first half of 2026.

Using a gold price of \$2,750, the after-tax internal rate of return of the project is 72%, and the net present value at a 5% discount is \$553 million. The mineralization at the Diamba Sud remains wide open, and we're drilling nonstop with five rigs, expecting to add resources by the time the DFS is published. On October 7th, we filed the Environmental and Social Impact Assessment, expecting the certificate of acceptance in the first half of next year.

Site camp early works are progressing with an approved \$17 million phase one budget, and the government is being very supportive, and we have received consent to move ahead with a phase two early works, including the water dam excavations and excavations for other key infrastructures. We plan to fast-track front-end engineering design activities during the feasibility work to shorten and de-risk the development timeline by securing long-lead equipment areas. Diamba is a project that can bring additional 150,000 ounces of gold of annual production on average for the first three years of operation.

Regarding the business environment in key jurisdictions for us, both Cote d'Ivoire and Argentina held national elections in late October. In Argentina, the government's electoral victory in Congress and Senate strengthened its mandate for

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advancing structural economic reforms. Argentina's business climate has improved significantly, and we remain optimistic about the country's trajectory.

In Cote d'Ivoire, President Alassane Ouattara was re-elected for a fourth term with a decisive majority. We anticipate the continuation of pro-business and pro-investment policies that have made Cote d'Ivoire one of the fastest-growing and most resilient economies in West Africa.

In summary, Q3 was a strong quarter for Fortuna. Our safety record continues to set new benchmarks. Our operations remain resilient, and our growth projects are advancing according to plan. We entered the final quarter of the year with a solid balance sheet, strong cash generation, and a clear path of near to mid-term organic growth driven by Diamba Sud and Séguéla expanded gold output.

I'll now hand the call over to David Whittle, our Chief Operating Officer for West Africa; and Cesar Velasco, Chief Operating Officer for LatAm, who will review the respective operational results. We can start with you, David.

David Whittle - Chief Operating Officer, West Africa, Fortuna Mining Corp.

Thank you, Jorge. Séguéla achieved another impressive quarter, delivering excellent results in both production and safety. This positioned Séguéla well to exceed upper production guidance for 2025, with gold output now projected to surpass 150,000 ounces. Our dedication to safety and environmental excellence remains steadfast, and we are making steady progress toward our goal of zero harm across all our operations.

I'm pleased to report that no injuries occurred at any of our West African locations during the quarter. At Séguéla, we produced 38,799 ounces of gold, maintaining consistency with prior quarters and surpassing the mine plan. Mining during the quarter totaled 272,000 tons of ore at an average grade of 3.66 grams per ton gold, along with 4.43 million tons of waste, resulting in a strip ratio of 16.3 to 1. The processing plant treated 435,000 tons at an average grade of 3.01 grams per ton gold, with throughput averaging 208 tons per hour for the quarter. Ore was primarily sourced from the Antenna, Ancien, and Koula pits.

During the quarter, we received permitting approvals for five satellite pits, including the Sunbird, Kingfisher, and Badior open pits. Several major projects also advanced successfully over the third quarter. The 8.5 million TSF lift was completed, providing tailing storage and current throughputs until late 2029. The replacement of the transmission tower at the Sunbird pit, a \$9 million project, progressed well, and we are now prepared to commence pre-mining operations for the Sunbird pit in Q4.

The rock breaker at the primary crusher was commissioned and is operating effectively, further de-bottlenecking the processing circuit, and the 6-megawatt solar plant project is expected to be complete in the first quarter of 2026, which will help to reduce power costs.

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Séguéla's performance resulted in a cash cost of \$688 per ounce, and an all-in sustaining cost of \$1,738 per ounce, both aligning with our budget. Site costs continue to be managed efficiently with the increased all-in sustaining costs primarily attributed to royalties on the higher gold price. Exploration drilling at the Sunbird underground project continued in the third quarter with encouraging results.

The ongoing success of this drilling, combined with results from the Kingfisher deposit, provides us with a resource base that offers further opportunities to optimize production from Séguéla. Whilst current process plant throughputs have focused on maximizing available capacity with minimal investment, we're now investigating options to further enhance process plant throughputs.

Drilling is continuing with five drill rigs at the Sunbird underground deposit in Q4, aiming to further expand the underground resource. Engineering studies and permitting activities will continue in Q4 and 2026, with the expectation of commencing underground mining operations in 2027. The Kingfisher deposit remains open in all directions and further drilling will be undertaken in 2026 to convert inferred resources to indicated status and further expand the resource.

At our Diamba Sud project in Senegal, exploration, environmental permitting, and feasibility activities made significant progress during the quarter. Government approvals were received for early works programs. The ESIA was submitted for approval and the PEA was published. Following the rainy season, drill rigs have been remobilized for further drilling at the Southern Arc deposit at Diamba, with the aim of enhancing the resource base and building on the strong PEA results.

Thank you and back to you, Jorge.

Jorge Alberto Ganoza - President, Chief Executive Officer and Co-Founder, Fortuna Mining Corp.

Thank you, David. Cesar?

Cesar Velasco - Chief Operating Officer, Latin America, Fortuna Mining Corp.

Thank you, Jorge, and good afternoon, everyone. I am pleased to report that at both Lindero and Caylloma, ongoing multiple safety initiatives are driving continuous improvement and reinforcing a culture of accountability and care across all of our operations, delivering excellent safety performance.

At Lindero in Argentina, we had a strong quarter, achieving our highest gold production this year. Gold output reached 24,417 ounces, a 4% rise from 23,550 ounces in the second quarter, driven by a 5% increase in gold grade and effective inventory recovery from the leach pad. We placed 1.7 million tons of ore on the leach pad at an average head rate of 0.60 grams per ton, containing about 32,775 ounces

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of gold. With 1.5 million tons of ore mined and a favorable strip ratio of 1.9 to 1, we are well aligned with our mining plan.

Processing performance was robust with continued optimization of the crushing circuit, achieving an average throughput of 1,061 tons per hour, about 8% above the 2024 average, demonstrating progress in our operational efficiency initiatives. However, on September the 27th, we experienced an unexpected shutdown of the primary crusher due to mechanical issues involving high amperage and overheating of the pitman shaft, specifically traced to the premature wear of the primary wear parts, such as the bushings and bearings.

Replacement parts have been secured and corrective actions are underway to resolve the structural misalignment. We anticipate the crusher will be fully operational by mid-November. Meanwhile, we have implemented effective mitigation strategies such as using a portable jaw crusher and direct run-of-mine ore screening to ensure uninterrupted operations. Consequently, we do not foresee any impact on our annual production target.

Regarding costs, the cash cost in Q3 was \$1,117 per ounce of gold compared to \$1,148 per ounce in Q2. Marking a 3% improvement due to higher ounces sold and stable operating conditions. The all-in sustaining cost decreased significantly to \$1,570 per ounce from \$1,783 per ounce in the second quarter. A notable 12% reduction supported by lower costs, reduced sustaining capital, higher by-product credit, and a 7.7% increase in ounces sold.

Overall, Lindero delivered strong performance this quarter supported by disciplined cost management, resilient production, and solid margins of approximately \$2,500 per ounce to our ASIC based on current gold prices.

At Caylloma in Peru, we delivered another steady and reliable quarter of production meeting operational expectations. The Caylloma mines continues to exceed all of its physical and cost targets for the year, reflecting strong operational execution. However, our reported metal equivalents are being impacted by the silver and base metal conversion factor, which affect the calculation of both the gold and silver equivalent production.

In terms of costs, the cash cost per silver equivalent ounce was \$17.92, compared to \$15.16 in Q2, mainly due to slightly lower silver production and higher realized silver prices. The all-in sustaining cost increased modestly to \$25.17 per silver equivalent ounce from \$21.73 in Q2, primarily due to the same factors and fewer silver equivalent ounces sold. Despite these cost movements, Caylloma maintained healthy margins supported by strong base metal prices and disciplined operational control.

With the current strength in silver prices, we're looking to access some of the highest grade silver zones that Caylloma is known for. These areas, which are better

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suited to conventional mining methods, are becoming economically attractive and once again under the present price environment.

In summary, the third quarter highlighted strong production growth at Lindero, steady performance at Caylloma, and lower unit costs across the region. Our teams in Argentina and Peru continue to execute with discipline and focus, maintaining momentum in operational reliability, cost efficiency, and safety as we move into the year's final quarter.

Back to you, Jorge.

Jorge Alberto Ganoza - President, Chief Executive Officer and Co-Founder, Fortuna Mining Corp.

Thank you. I'll now hand the call over to Luis, our CFO, who will review financial results.

Luis Dario Ganoza - Chief Financial Officer, Fortuna Mining Corp.

Thank you. So we have reported net income attributable to Fortuna of \$123.6 million, or \$0.40 per share. This result includes a \$70 million non-cash impairment reversal at the Lindero mine, which includes \$17 million of low-grade stockpiles. After adjusting for non-cash, non-recurring items, attributable net income was \$51 million, or \$0.17 per share. This represents a strong 56% increase year-over-year and a 14% sequential increase over Q2. The growth was driven mainly by higher metal prices.

The cash cost per ounce for the quarter was \$942, broadly aligned with a prior quarter and slightly above Q3 of 2024, as a result of higher mine stripping ratios at Lindero and Séguéla after our mine plans. We have reported two non-operational items impacting our results this quarter, the effect of our stock-based compensation of the increase in our share price during the period, representing a one-time increase to share-based expense of \$6.3 million and a foreign exchange loss of \$7.4 million.

The foreign exchange loss was mostly attributable to our Lindero operations in Argentina, as the peso experienced a sharp 14% devaluation in Q3. For the first nine months of the year, our FX loss related to the Argentinean operations amounts to \$10 million, of which over half is related to the accumulation of local currency cash balances.

However, I want to emphasize that we implemented structures to preserve the value of these funds, and the FX loss on local cash balances for the full year is fully offset in our income statement through the interest income, investment gains, and derivative line items. We were able to restart repatriation in the month of July from Argentina, and under current conditions, we expect to maintain local cash balances at a minimum. In Q3, a total of \$62 million were repatriated net of withholding taxes.

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Our general and administration expenses for the quarter were \$26.3 million. This represents an increase over the prior year of \$12.6 million. This was due mainly to higher stock-based compensation, as explained, plus an increase in corporate G&A of \$4 million, related mostly to timing of expenses. Our annual corporate G&A remains relatively stable at around \$28 million to \$30 million, and a breakdown is provided in Page 11 of our MD&A.

Moving to our cash flow statement, our capital expenditures for the quarter totaled \$48.5 million. Of this, we classify \$17 million as growth CapEx, which primarily consists of investments in the Diamba Sud project of \$6.8 million, and exploration activities of around \$10 million. Our anticipated capital expenditures for the full year have adjusted upwards slightly from the \$180 million previously disclosed to approximately \$190 million. This increase primarily reflects added exploration allocations due to continued exploration success at Séguéla and Diamba.

In terms of free cash flow, we generated \$73.4 million from ongoing operations, up from \$57.4 million in the prior quarter, reflecting the effects, again, of a higher gold price. And our net cash position increased by \$51 million after growth CapEx and other items. All of this brings our total liquidity to \$588 million, and our net cash position to \$266 million. This represents an increase of over \$200 million year-to-date. In the current price environment, we expect this trend to accelerate.

That's it for me. Back to you, Jorge.

Jorge Alberto Ganoza - President, Chief Executive Officer and Co-Founder, Fortuna Mining Corp.

We would now like to open the call to questions. Paul, please go ahead.

Operator

Certainly. At this time, we'll be conducting a question-and-answer session. [Operator Instructions] And the first question today is coming from Mohamed Sidibé from National Bank. Mohamed, your line is live.

Q: Thank you. Good morning, Jorge and team, and thanks for taking my questions. Maybe just starting with your strong balance sheet, strong free cash flow that you're printing, and the elevated gold and silver prices. How are you thinking about your capital allocation priorities? I know you have Diamba coming up, but specifically as it relates to capital return to shareholders as you're looking into next year? Thank you.

Jorge Alberto Ganoza - President, Chief Executive Officer and Co-Founder, Fortuna Mining Corp.

Yes, as you pointed out, we have a pipeline of near-term growth. So that is the first priority we have with respect to capital allocation. We expect we'll be making a construction decision on Diamba Sud next year. In the first half of the year, we're

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advancing early works. They're trying to de-risk the timeline and shorten the timeline also for first gold at Diamba by advancing these early works. We're also scoping right now the potential to expand our Séguéla process infrastructure. As you recall, Séguéla was originally designed at 1.25 million tons per annum. We're currently running the plant at 1.75 million tons per annum. And we're currently doing scoping, starting scoping work to expand it to the range of 2.2 million tons, 2.3 million tons per annum.

Additional to that, as you have seen, we're expanding exploration work across the two regions, LatAm and West Africa. We just expanded into Guinea through the JV with the DeSoto. We are expanding our exploration in Argentina. We're currently drilling in Mexico. We're currently drilling in Peru. So that is our first priority and where we believe we can add most value right now. Second, we have our share buyback program in place. We were quite active with the share buyback program at the beginning of the year, end of last year. We repurchased approximately \$30 million worth of stocks. The share buyback program remains in place and today is our preferred way to return capital to shareholders. And we have made a pause in the last two quarters with the share buyback program, but we could be active in the market again anytime.

Q: Great, thanks for that. And then maybe if I could shift to operations, so Lindero, the unexpected shutdown and mindful that this has no impact on your annual production target given the mitigation measures but how should we think about this forecast into Q4? Could we see any potential impacts on that front and any color would be appreciated there? Thank you.

Jorge Alberto Ganoza - President, Chief Executive Officer and Co-Founder, Fortuna Mining Corp.

Yes, I'll let Cesar address the question.

Cesar Velasco - Chief Operating Officer, Latin America, Fortuna Mining Corp.

Sure. Well, in particular to cost, we have been able to compensate some of those costing specifically with regards to the portable rental jaw crusher. So we're offsetting that cost with other non-critical initiatives that we had in Lindero. So we don't expect our cost to be significantly impacted in Q4 that I should address.

Q: Thank you.

Operator

Thank you. [Operator Instructions] There were no other questions from the lines at this time. I will now hand the call back to Carlos Baca for closing remarks.

Carlos Baca - Vice President, Investor Relations, Fortuna Mining Corp.

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Thank you, Paul. If there are no further questions, I'd like to thank everyone for joining us today. We appreciate your continued support and interest in Fortuna Mining. Have a great day.

Operator

Thank you. This does conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.

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