



TFSA Investors: 1 Silver Value Stock Set to Outperform

Description

Fortuna Silver Mines ([TSX:FVI](#))([NYSE:FSM](#)) is engaged in the mining of silver, gold, and base metals and related activities in Latin America, including exploration, extraction, and processing. The company operates the Caylloma mine in southern Peru, the San Jose mine in southern Mexico, and is in the process of the ramp-up to [achieve commercial production](#) at the Lindero mine in northern Argentina.

The silver-lead, zinc, and silver-gold concentrates produced by the company at Fortuna's Caylloma and San Jose mine are sold to international metals traders, who, in turn, deliver the products to different clients around the world. The company's gold production at the Lindero mine is in the form of gold doré bars. It has entered a nonexclusive precious metals purchase agreement with Auramet International, a precious metals merchant headquartered in New Jersey, the United States. Refining arrangements are provided by Metalor Refining Corporation.

Innovative production methods

The method of production both at the Caylloma mine and the San Jose mine consists of underground mining principally through cut and fill mechanized operations. Extracted ore is trucked to a conventional crushing, milling, and flotation processing plant, which consists of zinc, and lead-silver flotation circuits for Caylloma, and a gold-silver circuit for San Jose.

The Lindero Mine is an open pit heap leach operation. Crushed ore is pumped to an adsorption plant prior to electrowinning and refining where gold is poured to doré bars.

Significant foreign operations

The company's material mineral resource properties are located in Peru, Mexico, and Argentina. Changes in governments or shifts in political attitudes in the jurisdictions in which the company operates could lead to unanticipated or drastic changes in laws and regulations, which could have a materially adverse effect on Fortuna's business, financial condition, or results of operations. Despite these risks, the [undervaluation of Fortuna's mining assets](#) makes it an attractive valuation target for

several larger mining companies.

Focus on sustainability

The company's business is subject to laws and regulations governing health and safety, protection and remediation of the environment, site reclamation, management of hazardous substances, permit approvals, and other related matters. Fortuna always focuses on generating sustainable prosperity through the company's business operations, which means protecting the environment, supporting the local communities in the areas in which it operates through investment, education, employment, infrastructure, maintaining high ethical standards, and achieving operating excellence.

Building strong community relationships

Further, the company has built strong relationships with the communities in which it operates and is dedicated to innovative, sustainable projects and partnerships that build company engagement in local communities while respecting community values, customs, and traditions. The company's approach to sustainability is aligned with the United Nation's sustainable development goals.

To mitigate the risks of high rainfall, records of precipitation are maintained at all operations to track weather conditions. In 2021, the company intends to identify and assess the physical and transitional risks of climate change to the business in order to manage any material impact of climate change on Fortuna's operations. The development of a comprehensive climate strategy should serve long-term shareholders well.

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Date

2025/08/14

Date Created

2021/06/11

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