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TSX-V: FVI

Mining Underway at Fortuna's Caylloma Silver Mine in Peru

September 12, 2006: Fortuna Silver Mines Inc. (TSX-V:FVI), Mr. Jorge Ganoza Durant, President of the Company, is pleased to provide an update on activities at the Company's 100% owned Caylloma Silver Mine in Peru.

Management is pleased to announce that mining has now started at Caylloma. Production of ore is underway from four stopes on the Animas vein, and ore is being stockpiled in anticipation of the commissioning of the processing plant later this month.

The processing plant is expected to be operational at an initial capacity of 700 tonnes per day before the end of September. However, it is anticipated that the initial feed rate to the plant from the stockpile and from continuing mining will be 500 tonnes per day (tpd) from October through December 2006. Preparation of additional stopes continues at an accelerated pace to meet the full 700 tpd plant capacity early next year.

A cross-cut ramp being developed from intermediate level eight on the Animas vein intersected the structure on August 23. This new heading will assist in expediting stope preparation on Animas.

Fortuna is finalizing the implementation of modifications and upgrades to the Caylloma processing plant. The flotation cells, thickeners and filters for the silver-lead and zinc circuits have been installed and the overhaul of the grinding circuit -composed of four ball mills- is complete. The primary crusher has been installed and the secondary crusher arrived on site the last week of August. The plant will be ready to accommodate throughput increments up to the permitted 1,100 tpd.

A new mine resource estimate for Caylloma was published on August 21st. A fifty percent increase in measured and indicated resources for the Animas vein was obtained by remodeling the structure to include Ag-Pb-Zn zones. Management anticipates that a significant portion of these resources will be upgraded to reserves before year end. Stope preparation and mining of some of these resource blocks is already taking place.

Mr. Ganoza Durant, commenting on the commencement of production at Caylloma said "We've reached a significant milestone at Caylloma with the start up of mining. I'd like to thank everyone working at the mine and at our offices in Lima and Vancouver for their tremendous efforts over the last 12 months. We now look forward to achieving our next goal which will be the production of silver metal and base metal concentrates. If all goes well with the final commissioning of the plant we should be producing metal before the end of September of this year."

New Projects

Fortuna intends to pursue an aggressive growth strategy over the next 12-24 months. The Company anticipates that growth will come through development of existing projects and through potential acquisition opportunities for advanced stage, locally owned projects and producing mines in Peru and Mexico. Management is continually receiving and evaluating project submittals and will report on developments as and when it identifies and acts on suitable opportunities.

Background

Fortuna is a growth oriented, near term silver producer focused on Latin America. Our primary assets are the Caylloma Silver Mine in southern Peru, and the San Jose Silver-Gold Project in Mexico, and we are aggressively pursuing additional acquisitions. For more information, please visit our website at www.fortunasilver.com.

The TSX Venture Exchange has not reviewed and does not take responsibility for the adequacy or accuracy of this release.

ON BEHALF OF THE BOARD

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