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TSX-V: FVI

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FORTUNA ARRANGES \$11.4 MILLION PRIVATE PLACEMENT

December 11, 2006: Fortuna Silver Mines Inc. (TSX.V:FVI) - Mr. Jorge Ganoza, President of Fortuna Silver Mines Inc. (“Fortuna” or the “Company”) is pleased to announce that the Company has entered into an agreement with a syndicate of agents co-led by Pacific International Securities Inc. and Sprout Securities Inc., and including Salman Partners Inc. (the “Agents”), to raise up to \$11,400,000 by way of a private placement. The agreement provides for the placement of up to 6,000,000 units (“Units”) priced at \$1.90 per Unit, with each Unit consisting of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share for 18 months from the closing date at a price of \$2.30. The Company has also granted the Agents an over-allotment option exercisable at any time prior to closing for the placement of up to an additional 6,000,000 Units. Fortuna will pay the Agents a commission of 7.0% of the gross proceeds of the offering, payable in a combination of cash or Units, at the election of the Agents. In addition, the Agents will receive compensation options equal to 7.5% of the aggregate Units sold, with each option exercisable into one common share at a price of \$2.30 for 18 months from closing. Closing of the private placement is anticipated to be on January 11, 2007.

The net proceeds of the placement will be used for advancement of the Company’s San Jose Project in Mexico, to repay a credit facility recently issued to the Company in connection with its acquisition of a 76% interest in the San Jose Project, and for general working capital purposes.

Fortuna is a growth-oriented silver producer focused on mining opportunities in Latin America. Our primary assets are the Caylloma Silver Mine in southern Peru and the San Jose Silver-Gold Project in Mexico. Fortuna is 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

“Jorge Ganoza Durant”

Jorge Ganoza Durant, President

Fortuna Silver Mines Inc.

Tel: 604-484-4085

Symbol: TSX-V:FVI

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.