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TSX-V: FVI

## **Fortuna Signs Earn-In Agreement for the San Jose Silver-Gold Deposit, Oaxaca, Mexico.**

November 16, 2005: Fortuna Silver Mines Inc. (TSX-V:FVI) is pleased to announce that it has reached an agreement with Continuum Resources Ltd. (TSXV:CNU) in which Fortuna can earn an 70% interest in Continuum's 80% share of the San Jose silver-gold deposit located in Oaxaca, Mexico. The agreement, which is subject to Exchange acceptance, calls for Fortuna to spend CAD\$2 million in exploration over the next 24 months, primarily on diamond drilling, and includes a CAD\$1 million private placement into Continuum by Fortuna at a price of \$0.20 per share. At the termination of the drill program, and based on a NI 43-101 compliant resource calculation, Fortuna will pay Continuum US\$0.50 for each ounce of silver or silver equivalent in the Measured resource category, and US\$0.35 for each ounce of silver or silver equivalent in the Indicated resource category corresponding to the interest of Fortuna in the ounces.

Exploration drilling and underground sampling by Continuum at San Jose, since 2004, has been focused on defining the dimensions and grade of one mineralized body, called the Trinidad zone. The Trinidad mineralization occupies approximately 400 meters of strike length along the epithermal vein system which can be traced in outcrop on Continuum's property for 3 kilometers. Surface geochemistry and historic mine workings indicate the potential for additional mineralization along the 3 km strike length of the epithermal system.

Recent underground channel sampling of the Bonanza vein on the newly excavated Level 6 (150 meters depth) within the Trinidad zone returned an average grade of 10.2 g/t gold and 1,102 g/t silver, over a true width of 2.26 meters. The vein is underlain by a stockwork zone grading up to 6.52 g/t gold and 482 g/t silver over a true width of 14.8 meters.

An inferred resource estimate, which is NI 43-101 compliant, was carried out on the Trinidad zone by Independent Mining Consultants ("IMC") in Tucson, Arizona. This estimate calculated an inferred resource of 15.8-million ounces of silver equivalent (Ag eq) within 1.562-million tonnes grading 314 grams per ton (g/t) Ag eq, at a 113g/t Ag eq cut-off. At a cut-off grade of 170 g/t Ag eq, the inferred resource is 971,549 tonnes grading 424 g/t Ag eq, totaling 13.18 million ounces of silver equivalent. The resource was calculated using a gold price of US\$ 400 and a silver price of US\$ 7.50. Please see the table below which outlines the inferred resource estimate and equivalent grade calculations.

Fortuna plans to drill-test the entire strike length of the San Jose epithermal system, with the objective of defining additional mineralization, and upgrading the Trinidad resource.

### *The Earn In Agreement*

Continuum has entered into an agreement with Minerales de Oaxaca to acquire up to an 80% interest in the San Jose property. Fortuna's agreement with Continuum allows it to earn up to an 70% interest in Continuum's 80%, or a 56% overall interest in San Jose.

Fortuna also has the right to earn a 60% interest in Continuum's interest in the Taviche silver project, located approximately 14 kilometers east of the San Jose deposit, and other silver projects of Continuum in the State of Oaxaca. The properties which cover the Taviche district contain several past-producing underground silver mines, very similar in geologic setting to San Jose.

To earn its interest, Fortuna will spend \$2-million on drilling at San Jose on or before December 1, 2007. A minimum of \$1-million will be spent on or before August 1, 2006. When Fortuna has completed drilling at San Jose, it will prepare a NI 43-101 compliant resource.

Within 30 days of completion of a mutually acceptable resource calculation, Fortuna will pay Continuum an amount equal to 56% of the resource at a price of US\$0.50 for each ounce of silver or silver equivalent in the measured resource category, and US\$0.35 for each ounce of silver or silver equivalent in the indicated resource category.

Fortuna will also subscribe for a private placement of 5-million shares of Continuum at a price of \$0.20 per share for proceeds of \$1 million. Continuum shall use the proceeds from the Private Placement to perform a minimum of \$500,000 worth of exploration on the Taviche claim group located outside of the San Jose property. Fortuna shall have the option to acquire a 60% interest in Continuum's interest in other silver projects in Oaxaca in which Continuum has or acquires an interest by spending either twice the amount expended by Continuum on that particular property or \$500,000, whichever is the greater.

### *The San Jose Property*

The San Jose project is located in the Taviche silver-gold district, 43km south of the city of Oaxaca in southern Mexico. High-grade silver-gold mineralization is hosted by a system of epithermal quartz veins and hydrothermal breccias. The vein system is exposed for 3km on the surface, within Continuum's property limits. Historically, only 800m of strike length, to a maximum depth of just 130m below the surface, have been exploited.

Underground mapping and sampling have revealed three north-south-striking zones of silver-gold mineralization in the vicinity of the Trinidad shaft which include, from east to west:

- the Bonanza vein, which grades an average of 10.2 g/t gold and 1,102 g/t silver over a minimum width of 2.26m, along 40m of exposed strike length;
- the footwall to the Bonanza vein, which has yielded 14.5m true width grading 6.52 g/t gold and 482 g/t silver in a first crosscut and 17.1m true width grading 3.80 g/t gold and 449 g/t silver in a second crosscut; and

- the Fortuna vein, situated 40 metres west of the Bonanza vein, grading an average of 2.29 g/t gold and 421 g/t silver over a minimum true width of 2.37m, along a strike length of 66m.

All of Continuum's samples are processed by ALS Chemex, with samples being crushed and pulverized at the Chemex facility in Guadalajara, and assayed in the Chemex facility in North Vancouver BC. Continuum has in place a quality control and assurance system which uses blank, duplicate and standard samples on a routine basis.

Two exploration drill holes were completed in 2001 beneath the lowest mine workings, and confirmed the depth potential of the mineralization. One of the holes intersected a 25.6m core interval grading 3.25 g/t Au and 436 g/t Ag, within which a 12.4m interval averaged 5.66 g/t Au and 730 g/t Ag. The second hole intersected 6.5 meters averaging 3.31 g/t Au and 540 g/t Ag.

It is important to note that both the Fortuna and Bonanza veins are wider than the access tunnel in which it was sampled. Therefore the widths reported above are minimum widths of the vein.

#### *Gold Equivalent Inferred Resource*

In May 2005, Continuum announced a NI43-101 compliant inferred resource estimate for the Trinidad zone, the most northerly of the veins at San Jose. The resource estimate was calculated from underground channel sampling and diamond drill results. The estimate is tabulated below for a range of cut off values. At a cut off of 4g/t Au equivalent, the zone contains an inferred resource estimated at 202,620 ounces gold equivalent (Au.Eq.) grading 9.02 g/t Au.Eq. A brief report, dated June 5, 2005, by John Marke of Independent Mining Consultants Inc. has been posted by Continuum on [www.sedar.com](http://www.sedar.com).

Table 1. San Jose inferred resource estimate.

<b>Cut-off Grade Au eq. (g/t)</b>	<b>Cut-off Grade Ag eq. (g/t)</b>	<b>Tonnes</b>	<b>Ag grade (g/t)</b>	<b>Ag eq. (g/t)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>	<b>Au (Oz)</b>	<b>Ag (Oz)</b>	<b>Ag Eq. (Oz)</b>
2.0	113	1,562,321	314	1.76	215	88,406	10,839,754	15,834,693	
3.0	170	971,549	422	2.43	285	75,905	8,893,033	13,181,666	
4.0	226	699,377	509	2.97	341	66,783	7,674,416	11,447,656	
5.0	283	527,283	594	3.5	396	59,335	6,713,310	10,065,738	

The San Jose block model mineralization is in the Inferred class in accordance with Canadian National Instrument 43-101. The gold equivalent factor was based on the following assumptions:

Price: Gold \$400 per ounce Silver \$7.50 per ounce  
Refining Cost: \$5.00 / ounce gold \$0.50 / ounce silver  
Recovery: 90 % for gold, 90 % for silver

Equivalent gold = gold + (silver \* 0.0177)  
Equivalent silver = silver + (gold \* 56.5)

The data used for these calculations consisted of 13 diamond drill holes totaling 2,124 meters with 844 gold and silver assays coupled with chip channel samples from Levels 5 and 6 underground. The 13 drill holes (11 Continuum holes and 2 Pan American Silver holes) and 127 channel samples (all by Continuum) were composited to a length of 2.0 meters. Only assays having gold grades greater than 0.051 g/t Au were included in the composite data base used for the estimation procedures. Moderate dilution has been included into the vein model. A density value of 2.77 was assigned to the andesite host rock surrounding the veins, while the quartz veins have been assigned a density value of 2.64. An equivalent gold cut-off grade was used to tabulate the contained mineralization. This equivalent gold factor takes into account the refining cost and processing recovery as anticipated in any mining operations.

#### *Preliminary Metallurgical Testwork*

Preliminary metallurgical testwork was carried out on two composite samples of diamond drill core from drill holes completed at San Jose by Continuum. The test work was completed by metallurgical consultants Kappes, Cassiday & Associates from Reno, Nevada. The two composite samples graded 4.56 and 8.26 g/t gold, and 455 and 507 g/t silver, respectively. The following tests were carried out: gravity concentration; flotation; flotation followed by cyanidation of the flotation tailings fraction.

Gravity concentration test work resulted in poor gold and silver concentrations of between 32% and 39%. Flotation test work was conducted at two separate grind sizes, with the best results obtained at a grind size of 80% passing 0.106 mm. The gold and silver flotation results were between 72% and 74% for both gold and silver in each sample. A high percentage of coarse gold, which tends not to float strongly, was considered as a possible reason for the modest flotation results. A further test, which will examine a gravity circuit ahead of flotation as a means of liberating free metal, was recommended by the consultant and will be carried out in the near future.

Very high recoveries were obtained by subjecting the tails from the flotation tests to cyanide leaching. Gold and silver extractions from the tails were greater than 90% for gold and 64% to 71% for silver after 96 hours of leaching. The combined flotation with cyanide leaching tests resulted in an overall gold extraction of 97% for gold and 97% for silver

*Qualified Person*

The inferred resource estimate was calculated by Independent Mining Consultants, Inc. under the supervision of John Marek, P.E. Sample quality assurance and database management was supervised by Chris Osterman, Ph.D., registered geoscientist in the State of Arizona. Lawrence Dick, Ph.D., P.Geo., President of Continuum, is the Qualified Person, as defined by National Instrument 43-101 and is responsible for the accuracy of this press release. Peter Thiersch, M.Sc. P.Geo., President of Fortuna, is the Qualified Person responsible for verifying that the results presented in this press release have been accurately summarized from the data provided to Fortuna by Continuum. Fortuna has not independently verified the assay or geological information.

Fortuna is a growth oriented, near term silver producer focused on Latin America. Our primary asset is the Caylloma Silver Mine in southern Peru, and we are aggressively pursuing additional acquisitions.

For more information, please visit our website at [www.fortunasilver.com](http://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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