FORTUNA
SILVER MINES INC.

CORPORATE OFFICE:
Suite 840 - 355 Burrard St.
Vancouver, BC Canada, V6C 2G8
Tel: 604.484.4085
Fax: 604.484.4029

PERU OFFICE:
Piso 17 Av. Pardo y Aliaga 640
San Isidro, Lima - Peru
Tel: 511.616.6060

TRADING SYMBOL:
TSXV: FVI
Lima Exchange: FVI
info@fortunasilver.com
WWW.FORTUNASILVER.COM

# Fortuna's in-fill drilling confirms high-grade mineralization at San Jose Project, Mexico

**October 28, 2008: Fortuna Silver Mines Inc. (TSX-V: FVI / Lima Exchange: FVI)** is pleased to announce high gold and silver grades in results from recent in-fill drilling on the Trinidad Zone of the San Jose silver-gold deposit located in Oaxaca, Mexico. Highlights from the 22 new holes include:

| | |
|---|---|
| SJO-137 | 20.90 meters averaging 7.84 g/t Au and 472 g/t Ag |
| SJO-144 | 21.25 meters averaging 2.81 g/t Au and 322 g/t Ag |
| SJO-145 | 15.95 meters averaging 4.09 g/t Au and 485 g/t Ag |
| SJO-147 | 7.00 meters averaging 8.29 g/t Au and 693 g/t Ag |
| SJO-139 | 9.85 meters averaging 2.67 g/t Au and 290 g/t Ag |
| SJO-143 | 7.15 meters averaging 8.06 g/t Au and 546 g/t Ag |

The 33,000 meter in-fill drill program was initiated in June of 2008 and is designed to convert a significant portion of the resources in the upper 250 meters of the deposit to the Indicated category prior to proceeding with a pre-feasibility study. Initial drill results from the program were announced in September (see Fortuna's news release dated September 25, 2008). Two surface core drill rigs and two multi-purpose reverse circulation/core drill rigs are currently drilling in the Trinidad Zone. The in-fill drill program has been designed following recommendations by AMEC E&C Services Inc. indicating that a drill spacing of 31 meters will be required for classification of the resources to the Indicated category.

The San Jose Project is being explored and developed under a joint venture between Fortuna (76%) and Continuum Resources Ltd (24%). In August 2008, Fortuna and Continuum announced an agreement whereby Fortuna will acquire all of the issued and outstanding securities of Continuum (see Fortuna's news release dated August 14, 2008). As a result of the acquisition, Fortuna will own a 100% interest in the San Jose Project.

Assay results from the 22 drill holes in the Trinidad Zone are summarized below. Length-weighted assay averages have been calculated for the mineralized intervals using a lower cut-off of 100 g/t Ag-equivalent. Updated longitudinal sections showing the location of the drill hole intercepts for each of the major veins are available on Fortuna's website at the below links: Bonanza Vein Longitudinal Section, Trinidad Vein Longitudinal Section, Drill Hole Location Map.

*Background*

The San Jose deposit is a low sulfidation epithermal system located within the Taviche Mining District in southern Oaxaca and is characterized by mineralized multiphase quartz-carbonate-sulfide veins, hydrothermal breccias and stockwork veining within a sequence of Tertiary andesitic volcanic and volcaniclastic rocks.

| Hole_Id | From (m) | To (m) | Interval (m) | Est. True Thickness (m) | Au g/t | Ag g/t | Ag Eq. g/t |
|---|---|---|---|---|---|---|---|
| SJO-137 | 187.30 | 208.20 | 20.90 | 13.5 | 7.84 | 472 | 872 |
| SJO-139 | 226.75 | 236.60 | 9.85 | 5.4 | 2.67 | 290 | 426 |
| SJO-143 | 270.10 | 277.25 | 7.15 | 3.7 | 8.06 | 546 | 957 |
| SJO-144 | 190.75 | 212.00 | 21.25 | 15.5 | 2.81 | 322 | 466 |
| SJO-145 | 220.50 | 236.45 | 15.95 | 13.9 | 4.09 | 485 | 694 |
| SJO-146 | 100.90 | 102.60 | 1.70 | 1.2 | 2.97 | 438 | 589 |
| *And* | 133.80 | 145.20 | 11.40 | 7.1 | 1.76 | 197 | 287 |
| *And* | 152.25 | 162.50 | 10.25 | | 1.30 | 129 | 196 |
| *And* | 184.65 | 193.70 | 9.05 | 5.4 | 1.55 | 290 | 369 |
| SJO-147 | 262.00 | 269.00 | 7.00 | 3.7 | 8.29 | 693 | 1,115 |
| *And* | 295.30 | 302.50 | 7.20 | 4.5 | 0.92 | 184 | 231 |
| SJO-148 | 205.20 | 213.00 | 7.80 | 5.2 | 1.02 | 141 | 193 |
| *And* | 222.35 | 226.40 | 4.05 | | 1.45 | 165 | 239 |
| SJO-149 | 266.20 | 269.60 | 3.40 | 2.6 | 0.64 | 114 | 147 |
| SJO-150 | 208.00 | 218.50 | 10.50 | 6.1 | 2.08 | 258 | 365 |
| SJO-151 | 235.05 | 239.20 | 4.15 | 3.0 | 0.75 | 62 | 100 |
| SJO-152 | 101.60 | 106.40 | 4.80 | 4.1 | 3.55 | 509 | 690 |
| SJO-152 | 119.70 | 122.80 | 3.10 | | 4.94 | 452 | 704 |
| SJO-153 | 91.75 | 97.25 | 5.50 | 4.4 | 1.64 | 130 | 214 |
| SJO-154 | | | No significant mineralized intervals | | | | |
| SJO-155 | 90.20 | 91.90 | 1.70 | 1.3 | 1.47 | 197 | 272 |
| SJO-156 | 123.90 | 125.35 | 1.45 | 1.1 | 1.73 | 401 | 489 |
| SJO-157 | 430.40 | 433.40 | 3.00 | | 0.96 | 200 | 249 |
| *And* | 472.05 | 486.85 | 14.80 | 11.1 | 1.89 | 194 | 291 |
| SJO-158 | 395.10 | 397.10 | 2.00 | 1.0 | 2.57 | 612 | 743 |
| SJO-159 | | | No significant mineralized intervals | | | | |
| SJO-160 | 178.20 | 184.90 | 6.70 | 3.9 | 1.27 | 139 | 204 |
| *And* | 193.75 | 201.70 | 7.95 | 3.7 | 1.49 | 351 | 427 |
| SJO-161 | 175.05 | 181.25 | 6.20 | 4.9 | 1.68 | 257 | 342 |
| SJO-162 | 157.15 | 163.40 | 6.25 | 3.8 | 1.66 | 148 | 233 |

*Silver equivalency estimates were derived using a silver-to-gold ratio of 51:1. Metallurgical recoveries and net smelter returns are assumed to be 100% for purposes of estimating silver equivalency.

The Fortuna-Continuum joint venture controls mining concessions covering approximately 56,000 hectares in the Taviche Mining District. Exploration is being carried out on a number of target areas within the concession area to define new drill targets. Underground development of the access ramp to the Trinidad Zone was initiated in the 4th quarter of 2007. The Company is also advancing with engineering studies for the development of the deposit including preliminary mine design work, metallurgical testing, tailings dam design work and hydrological investigations. An Environmental Impact Study has been initiated and the Community Relations Department is engaging local communities through project presentations, site visits and sustainable development and education programs.

*Quality Assurance & Quality Control*

Following detailed geological and geotechnical logging, drill core samples are split on-site by diamond saw. One half of the core is submitted to the ALS Chemex sample preparation facility in Guadalajara, Mexico. The remaining half core is retained on-site for verification and reference purposes. Following preparation, sample pulps are sent to ALS Chemex in Vancouver where they are assayed for gold and

silver by standard fire assay methods using a gravimetric finish. Multi-element analyses are also completed for each sample by ICP methods. The QA-QC program at San Jose includes the blind insertion of certified reference standards for silver and gold at a frequency of approximately 1 per 15 normal samples and the insertion of assay blanks at a frequency of approximately 1 per 15 normal samples. All sample results reported in this news release correspond to HQ- or NQ-diameter core.

*Qualified Person*

Mr. Miroslav Kalinaj, P. Geo., is the Company's Qualified Person as defined by National Instrument 43-101 and is responsible for the accuracy of the technical information in this news release.

*Fortuna Silver Mines Inc.*

Fortuna is a growth oriented, silver and base metal 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. The Company is aggressively pursuing additional acquisition opportunities. 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 Alberto Ganoza Durant
President, CEO and Director
Fortuna Silver Mines Inc.

Symbol: TSX-V: FVI / Lima Exchange: FVI

Investor Relations:
*Lima office:* Carlos Baca - Tel: 51.1.616.6060
*Vancouver office:* Erin Ostrom - Tel: 604.484.4085