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## **Fortuna Silver Increases Indicated Resources at San Jose by 112% to 37.6 Million Ag Eq ounces**

**October 26, 2009: Fortuna Silver Mines Inc. (TSX.V: FVI / Lima Exchange: FVI)** – is pleased to announce an updated NI 43-101 compliant mineral resource estimate for the San Jose Project located in southern Mexico. Indicated Resources have increased 83% to 2.69 million tonnes with contained silver equivalent ounces increasing 112% to 37.6 million. Silver and gold grades in the Indicated Resource category have increased by 12% to 295 g/t and 4% to 2.27 g/t, respectively. The new resource estimate will serve as the basis for pre-feasibility level engineering studies projected for completion by year end.

At a cut-off grade of 150 g/t Ag Equivalent, the Indicated and Inferred Mineral Resources for the Trinidad Zone at San Jose are estimated at:

**Indicated Mineral Resource: 2.69 million tonnes grading 295 g/t Ag and 2.27 g/t Au containing 37.6 million Ag Equivalent<sup>1</sup> ounces**

**Inferred Mineral Resource: 2.41 million tonnes grading 262 g/t Ag and 2.11 g/t Au containing 30.4 million Ag Equivalent<sup>1</sup> ounces**

<sup>1</sup>Silver equivalency estimates were derived using metal prices of US\$13.75/oz for silver and US\$856.16/oz for gold (36-month average + 24 month future metal prices as of July 31, 2009). Metallurgical recoveries were estimated at 92.5% for silver and 91.5% for gold based on metallurgical testing completed by Metcon Research of Tucson, Arizona.

A detailed table of the estimated mineral resources by resource category and by silver equivalent cut-off grade is included below under the heading “San Jose Resource Estimate”.

The resource estimate incorporates data from 196 core drill holes totaling 64,204 meters and 908 underground channel samples. Previously reported NI 43-101 compliant resources for San Jose were estimated at 1.47 million tonnes grading 263 g/t Ag and 2.19 g/t Au in the Indicated category and 3.9 million tonnes grading 261 g/t Ag and 2.57 g/t Au in the Inferred category (see March 31, 2007 Technical Report available on the company website ([www.fortunasilver.com](http://www.fortunasilver.com)) and on SEDAR).

Mr. Jorge Ganoza, CEO and Director of the Company commented: “Although the resource estimation process suffered delays, the wait has been worthwhile. Our staff and consultants have delivered good news with overall improvements to the quality of the San Jose resource. We look forward to the granting of environmental approvals and construction permits in the coming weeks as the next milestones for the project.”

### *San Jose Resource Estimate*

The updated mineral resource estimate for San Jose was prepared by Michael J. Lechner of Resource Modeling Inc. and by Donald F. Earnest of Resource Evaluation Inc. Mr. Lechner and Mr. Earnest have acted as independent qualified persons as defined by the Canadian National Instrument 43-101. The Mineral Resources reported herein were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves. This resource estimate is based on all data available through June 30, 2009.

Indicated Mineral Resources							
Ag Eq Cutoff (g/t)	Tonnes (000)	Ag Eq (g/t)	Ag (g/t)	Au (g/t)	Contained Metal		
					Ag Eq Ozs (000)	Ag Ozs (000)	Au Ozs (000)
50	4,636	292	196	1.56	43,465	29,163	232
75	4,018	327	220	1.74	42,231	28,422	224
100	3,478	364	246	1.92	40,725	27,486	215
125	3,043	400	271	2.10	39,153	26,497	205
<b>150</b>	<b>2,690</b>	<b>435</b>	<b>295</b>	<b>2.27</b>	<b>37,596</b>	<b>25,504</b>	<b>196</b>
175	2,370	471	321	2.45	35,930	24,429	187
200	2,102	508	346	2.63	34,314	23,382	177
225	1,883	542	370	2.79	32,823	22,416	169
250	1,685	578	396	2.96	31,315	21,433	160

Inferred Mineral Resources							
Ag Eq Cutoff (g/t)	Tonnes (000)	Ag Eq (g/t)	Ag (g/t)	Au (g/t)	Contained Metal		
					Ag Eq Ozs (000)	Ag Ozs (000)	Au Ozs (000)
50	4,020	272	181	1.48	35,199	23,389	192
75	3,497	304	202	1.65	34,151	22,735	185
100	3,074	334	222	1.80	32,963	21,988	178
125	2,681	366	244	1.97	31,545	21,061	170
<b>150</b>	<b>2,411</b>	<b>392</b>	<b>262</b>	<b>2.11</b>	<b>30,357</b>	<b>20,293</b>	<b>164</b>
175	2,137	421	282	2.26	28,922	19,351	155
200	1,883	452	304	2.41	27,393	18,379	146
225	1,696	479	321	2.56	26,113	17,522	140
250	1,545	503	337	2.69	24,958	16,747	133

\*Estimates of contained metal may vary due to rounding errors.

### Resource Estimation Methodology

Three-dimensional wireframe envelopes were constructed for each vein in the San Jose deposit based on a combination of lithology and silver equivalent grades. Block grades were estimated inside of the three-dimensional wireframes by inverse distance interpolation methods using two-meter-long composites of drill hole and underground channel samples. Voids created by historic underground mining of the deposit were also modeled with three-dimensional wireframes where cavity survey data were available and these voids were deleted from the resource model. Above the 1450m elevation level, all material within the vein wireframes was excluded from the resource model due to incomplete coverage of the cavity survey data in areas with inaccessible mine workings. MineSight® software was used to construct the block model which consists of blocks with a dimension of 2 meters along each side. The percentage of each block contained inside of each wireframe was stored for computing tonnage. A dynamic anisotropy search ellipse method which matched drill hole composite and block centroid distances from the hanging wall surfaces was used for the primary veins (Bonanza, Trinidad, Paloma, and Fortuna). These four veins represent 86% of the total San Jose wireframe volume. A single pass inverse distance-cubed method was used to estimate block grades for the secondary veins. A bulk density factor of 2.61 g/cm<sup>3</sup> based on systematic density determinations was used to tabulate resource tonnage. Mineral resources were classified into Indicated and Inferred categories using the distance to composite sample data and the number of drill holes containing the composites used to estimate each block. Blocks with three holes within 33m, two holes within 23m or one hole within 13 meters were classified as Indicated Resources with Indicated Resources being further restricted to the Bonanza, Trinidad, Paloma, and Fortuna vein structures. All other blocks within the wireframes were classified as Inferred Resources. Resources were tabulated using silver equivalent cutoff grades.

A full NI 43-101 compliant report authored by M. Lechner of Resource Modeling Inc. and D. Earnest of Resource Evaluation Inc. will be available on [www.sedar.com](http://www.sedar.com) within 45 days of 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 selectively pursuing additional acquisition opportunities. For more information, please visit our website at [www.fortunasilver.com](http://www.fortunasilver.com).

*Qualified Persons*

Michael J. Lechner of Resource Modeling Inc. and Donald F. Earnest of Resource Evaluation Inc. are the Qualified Persons as defined by National Instrument 43-101 and are responsible for the accuracy of the technical information in this news release.

*Forward-Looking Statements*

Certain statements in this press release constitute forward-looking statements and as such are based on an assumed set of economic conditions and courses of action. These include estimates of future production levels, expectations regarding mine production costs, expected trends in mineral prices and statements that describe Fortuna's future plans, objectives or goals. There is a significant risk that actual results will vary, perhaps materially, from results projected depending on such factors as changes in general economic conditions and financial markets, changes in prices for silver and other metals, technological and operational hazards in Fortuna's mining and mine development activities, risks inherent in mineral exploration, uncertainties inherent in the calculation of mineral reserves, mineral resources, and metal recoveries, the timing and availability of financing, governmental and other approvals, political unrest or instability in countries where Fortuna is active, labor relations and other risk factors.

*Neither the TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy or accuracy of this release.*

ON BEHALF OF THE BOARD

Jorge Ganoza  
President, CEO and Director  
Fortuna Silver Mines Inc.

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