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Fortuna discovers high-grade silver mineralization in initial drilling at Don Luis II Vein, Caylloma Mine

August 30, 2010: Fortuna Silver Mines Inc. (TSX: FVI / Lima Stock Exchange: FVI) is pleased to announce the results of initial drilling completed in the Don Luis II vein at the Caylloma Mine located in southern Peru. The Don Luis II vein is located in the western portion of the Caylloma District where no prior development or mining has taken place. The vein outcrops over a strike length of approximately 400 meters and ranges from approximately 1 to 3 meters in width at the surface (see Fortuna news release dated May 12th, 2010). Twelve diamond drill holes totalling 2,283 meters have been completed to test the vein from near surface to approximately 200 meter depth.

Highlights of the drilling include:

- DLUS000110 816 g/t Ag and 0.27 g/t Au over 3.05m from 148.75m**
- DLUS000410 864 g/t Ag and 0.07 g/t Au over 0.50m from 93.30m**
- DLUS000910 639 g/t Ag and 0.18 g/t Au over 3.40m from 232.90m**
- DLUS001010 621 g/t Ag and 1.41 g/t Au over 1.00m from 140.00m**

Widths given are drill hole widths with the drill holes in general oriented sub-perpendicular to the strike of the vein. Assay results from the twelve drill holes are summarized below with length-weighted assay averages calculated for the principal mineralized intervals.

Assay Results:

Hole Id	From (m)	To (m)	Interval (m)	Estimated True Width (m)	Ag (g/t)	Au (g/t)
DLUS000110	148.75	151.80	3.05	1.97	816	0.27
DLUS000210	89.95	91.90	1.95	1.95	142	1.81
DLUS000310	127.85	131.20	3.35	3.13	163	0.58
DLUS000410	93.30	93.80	0.50	0.35	864	0.07
DLUS000510	117.60	118.00	0.40	0.35	69	1.20
DLUS000610A	96.10	97.15	1.05	0.91	255	2.58
DLUS000710	106.05	107.5	1.45	1.44	144	2.25
DLUS000810	144.00	144.70	0.70	0.37	238	0.17
DLUS000910	232.90	236.30	3.40	1.60	639	0.18
DLUS001010	140.00	141.00	1.00	0.91	621	1.41
DLUS001110	229.00	230.80	1.80	1.79	323	0.61
DLUS001210	137.70	139.55	1.85	1.81	149	1.49

A drill hole location map and longitudinal section illustrating the drill results are available on the Company's website:

<http://www.fortunasilver.com/s/Caylloma.asp>

The full results of the drilling are currently being compiled and interpreted. The mineralization is open to depth and further drilling is warranted to test for favorable structural environments within the main mineralized horizon in the Caylloma District.

Vilafro Exploration Drilling

Two drill holes totaling 304 meters were completed in the Vilafro target at Caylloma to test for extensions of high grade silver mineralization encountered in surface outcrops. Although weak silver anomalies were encountered in the drilling, no significant mineralization was detected and no further drilling is planned in the Vilafro area.

Background

During the second quarter of 2010, the Caylloma Mine reported silver production of 470,310 ounces, a 5% increase over the corresponding period in 2009, along with significant quantities of lead, zinc and copper (see Fortuna news release dated July 13th, 2010). Current production at the Caylloma Mine comes primarily from the polymetallic Animas Vein supplemented with the production of high-grade silver ores from the Bateas and Soledad veins.

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 laboratory in Lima, Peru. The remaining half core is retained on-site for verification and reference purposes. Following preparation, the samples are assayed for gold by standard fire assay methods and for silver and base metals by ICP and atomic absorption methods utilizing an aqua regia digestion. The QA-QC program at Caylloma includes the blind insertion of certified reference standards 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. Drill results reported in this news release correspond to HQ 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 Ag-Pb-Zn-Cu mine in Arequipa, Peru and the San Jose Ag-Au Project in Oaxaca, Mexico. The Company is selectively pursuing additional acquisition opportunities. For more information, please visit our website at www.fortunasilver.com.

ON BEHALF OF THE BOARD

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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.