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Fortuna Silver Reports Increase in Reserves and Resources

April 12, 2011: Fortuna Silver Mines Inc. (TSX: FVI / Lima Stock Exchange: FVI) is pleased to announce updated mineral reserve and mineral resource estimates for the Caylloma Mine located in southern Peru and for the San Jose Project located in southern Mexico.

Highlights of Combined Reserve and Resource Update

- Proven + Probable Reserves increased by 4.8% in terms of tonnes and 3.7% in contained silver, after replacement of 675,000 tonnes consumed through production at Caylloma. Contained gold decreased by 5.1%.
- Measured + Indicated Resources increased by 750% in terms of tonnes and 1790% and 1550% with respect to contained silver and gold.
- Inferred Resources increased by 47% in terms of tonnes and 17% and 14% with respect to contained silver and gold.
- Proven + Probable Reserves total 7.9M tonnes containing 45.1M oz silver and 238.9k oz gold.
- Measured + Indicated Resources total 2.3M tonnes containing 10.4M oz silver and 44.6k oz gold.
- Inferred Resources total 6.4M tonnes containing 34.7M oz silver and 215.9k oz gold.

“Both the Caylloma Mine in Peru and the San Jose Project in Mexico offer excellent potential for additions to our current reserve and resource base and we are pursuing a number of targets which if successful, could have material impact on the two properties” commented Dr. Thomas Vehrs, Vice President for Exploration for Fortuna Silver. “In 2009 and 2010, we have been successful in replacing reserves consumed through production at Caylloma and believe that with our improving understanding of ore controls in the district, we should be able to continue to add to the resource and reserve base. At San Jose, now that construction is well advanced, we are focusing our exploration efforts on testing the southern extension of the San Jose system as well as vein targets in the San Jeronimo Taviche area and prominent geochemical anomalies associated with silica-replaced carbonates in the El Rancho area.”

Mineral Reserves – Proven and Probable

Property	Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cont. Ag (Moz)	Cont. Au (koz)
Caylloma, Peru								
Silver Veins	Proven	403	394	0.34	0.03	0.04	5.1	4.5
	Probable	111	457	0.90	0.11	0.04	1.6	3.2
	Proven + Prob.	515	407	0.47	0.05	0.04	6.7	7.7
Polymetallic Veins	Proven	1,316	115	0.35	1.96	2.92	4.9	14.6
	Probable	2,305	121	0.34	1.80	2.64	9.0	25.0
	Proven + Prob.	3,622	119	0.34	1.86	2.74	13.9	39.6
Combined-All Veins	Proven	1,720	180	0.35	1.50	2.24	10.0	19.1
	Probable	2,417	137	0.36	1.72	2.52	10.6	28.2
	Proven + Prob.	4,136	155	0.36	1.63	2.40	20.6	47.3
San Jose, Mexico	Probable	3,771	202	1.58	N/A	N/A	24.5	191.6
Total Reserves	Proven + Prob.	7,908	177	0.94	N/A	N/A	45.1	238.9

Mineral Resources – Measured and Indicated

Property	Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cont. Ag (Moz)	Cont. Au (koz)
Caylloma, Peru	Measured	463	94	0.27	1.00	1.66	1.4	4.1
	Indicated	1,423	131	0.33	0.84	1.37	6.0	14.9
	Measured + Ind.	1,887	122	0.31	0.88	1.44	7.4	18.9
San Jose, Mexico	Indicated	376	243	2.12	N/A	N/A	2.9	25.6
Total	Measured + Ind.	2,263	142	0.61	N/A	N/A	10.4	44.6

Mineral Resources - Inferred

Property	Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Cont. Ag (Moz)	Cont. Au (koz)
Caylloma, Peru	Inferred	3,332	119	0.35	1.05	2.02	12.8	37.9
San Jose, Mexico	Inferred	3,074	222	1.80	N/A	N/A	22.0	178.0
Total	Inferred	6,406	168	1.05	N/A	N/A	34.7	215.9

Notes: 1. Mineral Reserves and Mineral Resources are as defined by the CIM Definition Standards on Mineral Resources and Mineral Reserves.

2. Mineral Resources are exclusive of Mineral Reserves.

3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

4. Caylloma Mineral Reserves are estimated and reported as of June 30, 2010 using break-even cut-off grades based on estimated NSR values using assumed metal prices of US\$16.63/oz Ag, US\$1066.68/oz Au, US\$1984/t Pb and US\$1962/t Zn; historic metallurgical recovery rates of 87% for Ag, 43% for Au, 91% for Pb and 89% for Zn; and historic operating costs adjusted for inflation. Caylloma Mineral Resources are reported as of June 30, 2010 based on estimated NSR values using the aforementioned assumed metal prices and a cut-off grade of US\$30/t.

5. Caylloma Mineral Resources include oxide material that is not amenable to processing in the existing flotation plant. Measured and Indicated oxide resources are estimated at 831,100 tonnes averaging 200 g/t Ag, 0.38 g/t Au, 1.10% Pb and 1.30% Zn. Inferred oxide resources are estimated at 677,000 tonnes averaging 176 g/t Ag, 0.30 g/t Au, 0.50% Pb and 0.91% Zn.

6. San Jose Reserves are estimated and reported as of Dec. 31, 2010 using break-even cut-off grades based on assumed metal prices of US\$15.12/oz Ag and US\$897.51/oz Au, estimated metallurgical recovery rates of 88% for Ag and 90% for Au and projected operating costs. San Jose Resources are estimated and reported at a Ag Equivalent cut-off grade of 100 g/t, with Ag Eq in g/t = $Ag (g/t) + Au (g/t) * ((US\$856.16/US\$13.75) * (91.5/92.5)) = Ag (g/t) + Au (g/t)*61.6$.

7. Totals may not add due to rounding procedures.

8. N/A = Not Applicable

Caylloma Mine

Through exploration and development activities, reserves consumed through production at Caylloma were replaced and Proven and Probable Mineral Reserves increased by 3% in terms of tonnes and 2% in terms of contained silver ounces relative to the Mineral Reserves previously reported as of Dec. 31, 2008. Contained gold ounces decreased by 34% but are not of material significance to the Caylloma operation. As of June 30, 2010, the Caylloma Mine had Proven and Probable Mineral Reserves containing 20.6M oz of silver, in addition to Measured and Indicated Resources containing 7.4M oz of silver and Inferred Resources containing a further 12.8M oz of silver. Variations from previously announced reserves and resources are the result of exploration drilling results, advances in mine development, differences in resource and reserve classification methodology and changes in metal prices. Inferred Resources increased by 161% in terms of tonnes and 66% in terms of contained silver, providing support for potential future reserve increases. An aggressive exploration program is in-progress at Caylloma testing for lateral and depth extensions of known veins.

San Jose Project

Construction at the San Jose Project was initiated in mid-2010 and is currently on schedule with production projected for commencement in the 3rd quarter of 2011. Development of the underground mine is proceeding and improvements to the Pre-feasibility mine plan have resulted in an increase of 7.3% in the Mineral Reserve tonnes and increases of 5.7% and 5.9% in the contained silver and gold ounces, respectively. Further increases in the Mineral Reserves are expected in the future as mine development is extended below the level of the historic workings and existing Inferred Resources are upgraded to Measured and Indicated Resource classifications through in-fill drilling and direct development of the deeper portions of the mineral deposit. The San Jose mineralized structure remains open to the south and exploration drilling is planned for the 2nd quarter of 2011 to follow-up on mineralized intercepts encountered in past drilling campaigns. Additional drilling is also planned on other targets identified on the Company's extensive property position in the San Jose area.

Qualified Persons

The Mineral Resource estimate for the Caylloma Mine has been prepared by the Caylloma mine staff members and has been reviewed by M. Lechner of Resource Modeling Inc. The Mineral Reserve estimate and the Mineral Resource estimate exclusive of Mineral Reserves for Caylloma was prepared under the supervision of E. Vilela and reviewed by D. Earnest of Resource

Evaluation Inc. The Mineral Resource estimate for the San Jose Project was prepared by M. Lechner of Resource Modeling Inc. and D. Earnest of Resource Evaluation Inc. The updated Mineral Reserve estimate and the Mineral Resource estimate exclusive of Mineral Reserves for the San Jose Project was prepared under the supervision of E. Vilela and T. Kelly.

M. Lechner, D. Earnest, E. Vilela and T. Kelly are all Qualified Persons as defined by the National Instrument 43-101. Mr. Miroslav Kalinaj, P. Geo., is the Company's Qualified Person as defined by the National Instrument 43-101 and has verified the technical information contained 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 selectively pursuing additional acquisition opportunities. For more information, please visit our website at www.fortunasilver.com.

ON BEHALF OF THE COMPANY

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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 the time of commencement, commissioning and full production, 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.