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## Fortuna's San Jose Mine Updated Mine Plan and Consolidated Production Forecast

**June 1, 2011: Fortuna Silver Mines Inc. (TSX: FVI / Lima Stock Exchange: FVI)** is pleased to release an updated optimized mine plan for the San Jose Mine in Mexico, and a new consolidated production forecast for the Company based on the mineral reserves reported in Fortuna's news release dated April 12, 2011.

Highlights of the San Jose Mine updated mine plan:

- 3.8 million tonnes of probable reserves with 24.5 million ounces of contained silver and 191,600 ounces of contained gold at average grades of 202 g/t Ag and 1.58 g/t Au.
- Start-up production rate of 1,000 tpd compared to 750 tpd as stated in the pre-feasibility study (PFS) news release published in April of 2010.
- Ramp-up to design capacity of 1,500 tpd by the fourth quarter of 2013 compared to the beginning of 2016 as stated in the PFS news release published in April of 2010.
- Total metal production from 2011 to 2019 of 21.6 million ounces of silver and 172,815 ounces of gold.
- Life of mine average cash cost per silver ounce net of by-product credits of US\$2.84 or US\$7.84 per silver equivalent ounce.
- 3.1 million tonnes of inferred resources with 22 million ounces of contained silver and 178,000 ounces of contained gold at average grades of 222 g/t Ag and 1.80 g/t Au, not included in the reserves or the economic model. Management expects to upgrade and convert these inferred resources to reserves as is typical for an operating mine.

Jorge Ganoza, President and CEO, commented, "Our engineering team has delivered an optimized development and production plan at San Jose. We believe we are now in a position to achieve the maximum 1,500 tpd design capacity only 18 months after the start up of operations in the third quarter of this year. This should translate into higher initial silver and gold output in a very favorable metal price environment. Our start-up ore stock pile is currently at 33,000 tonnes – just over one month of mill feed at 1,000 tpd – and our mining team continues to build the stockpile up as we get ready for commercial operation."

## 2011 – 2019 Mine Plan

The increase of the start-up production rate from 750 tpd to 1,000 tpd at San Jose has been made possible by recent underground development accessing approximately 255,000 tonnes of resources above level 1400, the first production level. The updated mine plan allows for an increase in the production and treatment rate to 1,500 tpd by the third quarter of 2013, two and a half years ahead of the PFS schedule.

### San Jose Mine's Production Schedule Breakdown

	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
<b>Tonnes (milled)</b>	120,000	360,000	422,300	540,000	540,000	540,000	540,000	540,000	168,719	3,771,019
<b>Ag grade (g/t)</b>	153	169	185	196	204	211	233	215	196	202
<b>Au grade (g/t)</b>	1.32	1.47	1.51	1.47	1.51	1.57	1.79	1.76	1.59	1.58
<b>Ag recovery (%)</b>	88	88	88	88	88	88	88	88	88	88
<b>Au recovery (%)</b>	90	90	90	90	90	90	90	90	90	90
<b>Ag production (oz)</b>	520,613	1,726,134	2,206,967	2,993,336	3,120,446	3,228,191	3,553,770	3,286,027	933,358	21,568,842
<b>Au production (oz)</b>	4,584	15,326	18,429	23,004	23,607	24,579	27,987	27,527	7,771	172,815

### San Jose Mine Projected Operating Cost and Life of Mine Capital Expenditure

	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Total Cash Cost per Tonne (US\$/t)</b>	51	50	45	43	44	43	43	43	56
<b>CAPEX (US\$M)</b>	5.7	13.4	21.4	13.1	8.4	6.9	7.0	5.9	5.8

### Fortuna's Consolidated Production Forecast for the Period 2011 – 2015

	2011	2012	2013	2014	2015
<b>Silver (million oz)</b>	2.4	3.7	4.1	4.9	4.9
<b>Gold (oz)</b>	7,368	18,041	21,143	25,948	27,083
<b>Zinc (lbs)</b>	22,387,109	23,227,528	21,934,455	22,559,726	19,745,217
<b>Lead (lbs)</b>	16,011,069	16,615,757	15,863,412	16,152,207	14,196,226

*Qualified Person*

Mr. Edgar Vilela, Fellow AusIMM, is the Company's Qualified Person as defined by the NI 43-101 and has verified 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 selectively pursuing additional acquisition opportunities. For more information, please visit our website at [www.fortunasilver.com](http://www.fortunasilver.com).

ON BEHALF OF THE COMPANY

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

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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 estimation 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.*