



FORTUNA
SILVER MINES INC.

>> Building the Foundations of a Leading Silver Miner

EUROPEAN GOLD FORUM APRIL 2011

TSX: FVI | www.fortunasilver.com | Lima Stock Exchange: FVI

» Regulatory Disclaimer

Certain statements in this presentation 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.

Mr. Miroslav Kalinaj, M.Sc. P.Geo., exploration consultant, is the Qualified Person for Fortuna, as defined by National Instrument 43-101. Mr. Kalinaj was also responsible for ensuring that the information contained in this presentation is an accurate summary of the original reports provided to Fortuna.





Corporate Objective

Through organic growth and acquisitions, we are building Fortuna into a leading silver miner in Latin America

Caylloma Mine, Peru



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» Core Assets

Operating and exploring in Latin America

PRODUCTION

Caylloma Mine, Peru

CONSTRUCTION

San Jose Mine, Mexico

EXPLORATION

Peru and Mexico

- Exploring in the two largest silver producing countries in the world
- 30,000 meter drill program underway around our two key assets



» Company Snapshot

Exchange

- Toronto Stock Exchange: FVI
- Lima Stock Exchange: FVI

Share Structure

- Outstanding: 122.5 million
- Fully Diluted: 127.1 million

Strong Balance Sheet

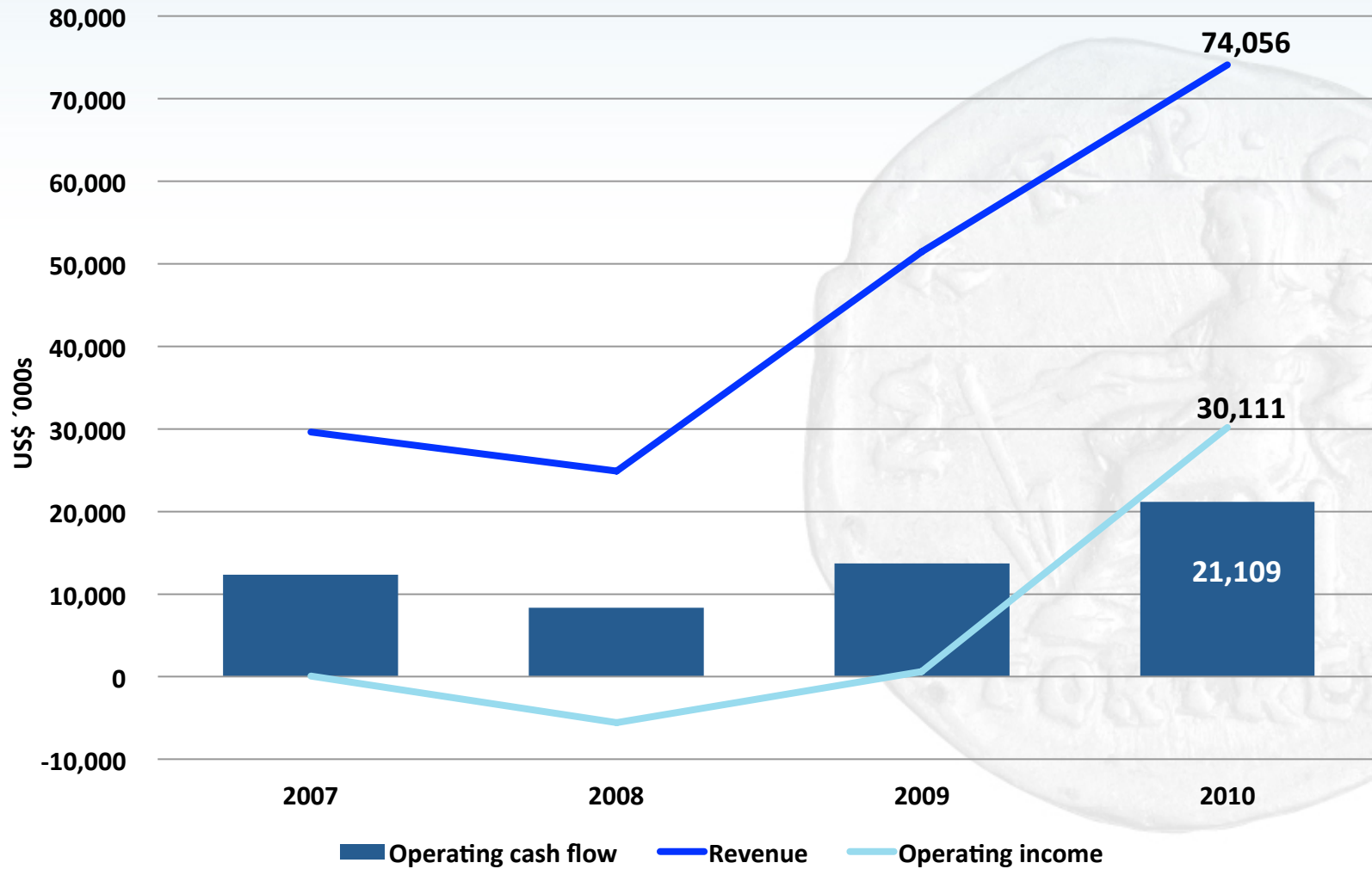
- US\$91 million in cash
- US\$20 million undrawn credit facility
- No long term debt
- No hedging



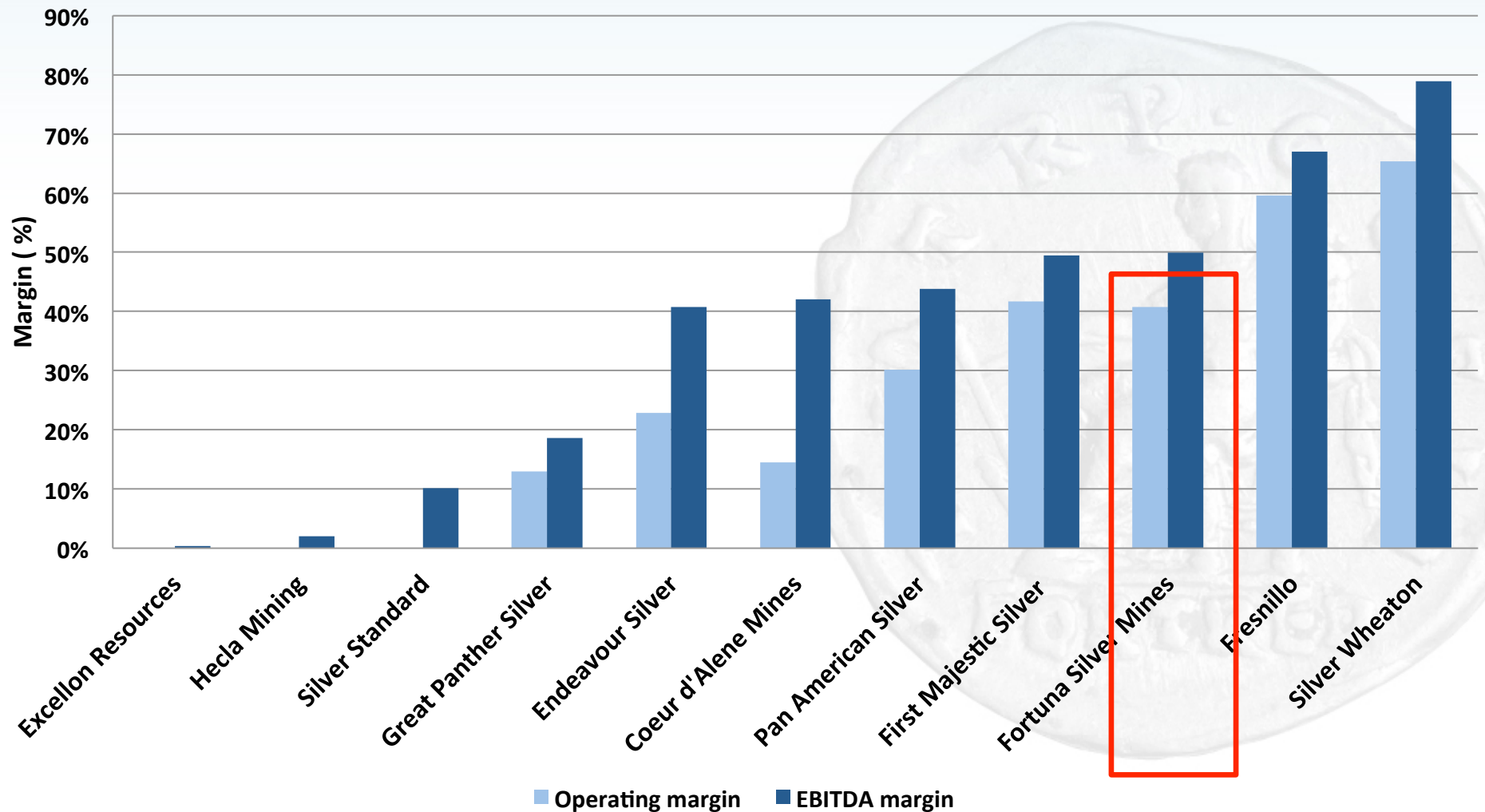
CAYLLOMA MINE: 1,250 tpd processing plant



» Financial Performance Growth

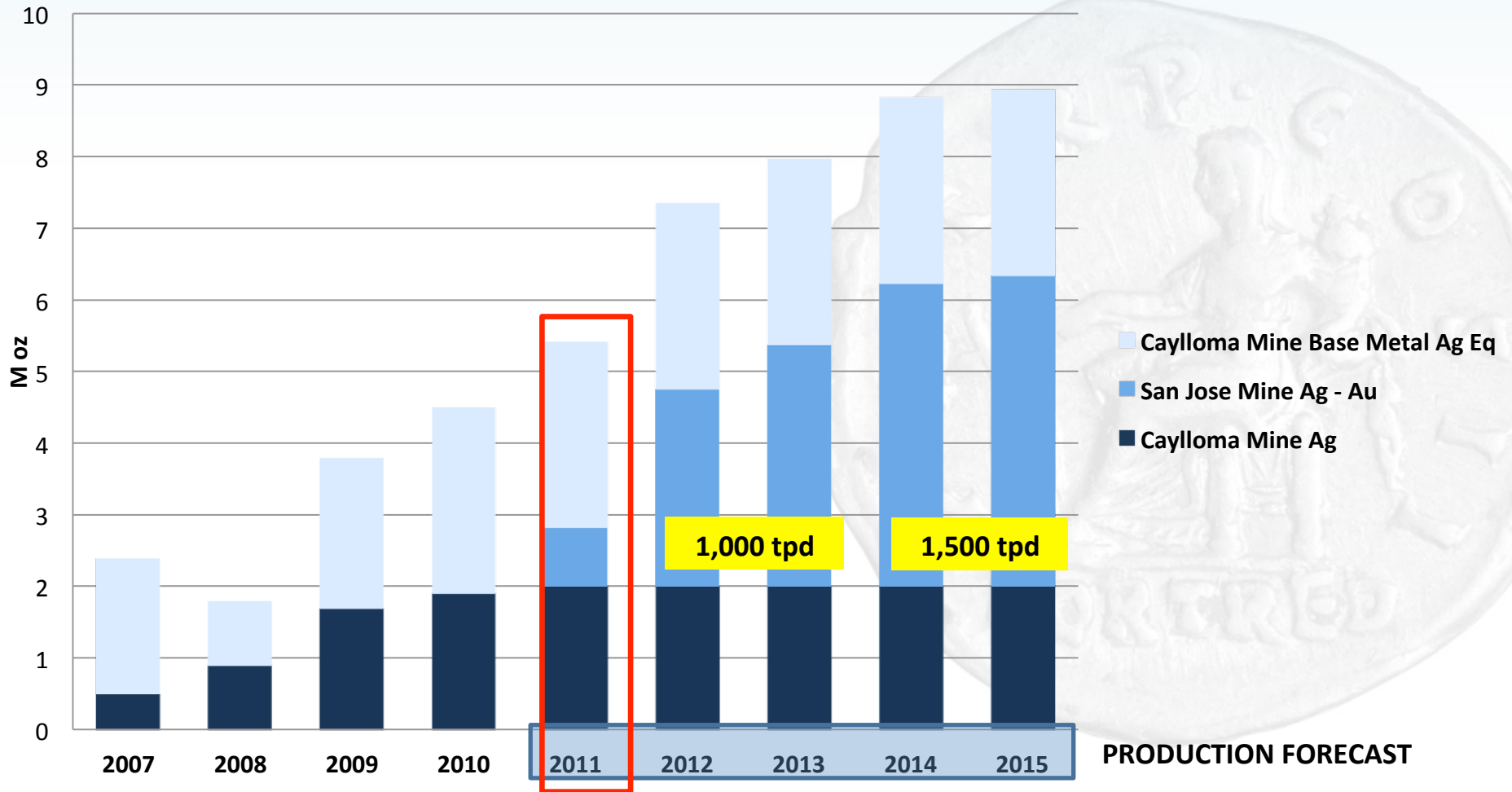


» 2010 Operating and EBITDA Margin Comparison



» 2011 – 2015 Production Forecast

Increasing shareholder exposure to silver



» NI 43-101 Reserve and Resource Estimates Caylloma Mine, Peru

Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Contained Metal	
						Ag (Moz)	Au (koz)
Proven & Probable Reserves	4,136	155	0.36	1.63	2.40	20.6	47.3
Measured & Indicated Resources	1,887	122	0.31	0.88	1.44	7.4	18.9
Inferred Resources	3,332	119	0.35	1.05	2.02	12.8	37.9

Notes to Mineral Reserve and Mineral Resource Table:

- Mineral Reserves and Mineral Resources are as defined by the CIM Definition Standards on Mineral Resources and Mineral Reserves
- Mineral Resources are exclusive of Mineral Reserves
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability



» NI 43-101 Reserve and Resource Estimates

San Jose Mine, Mexico

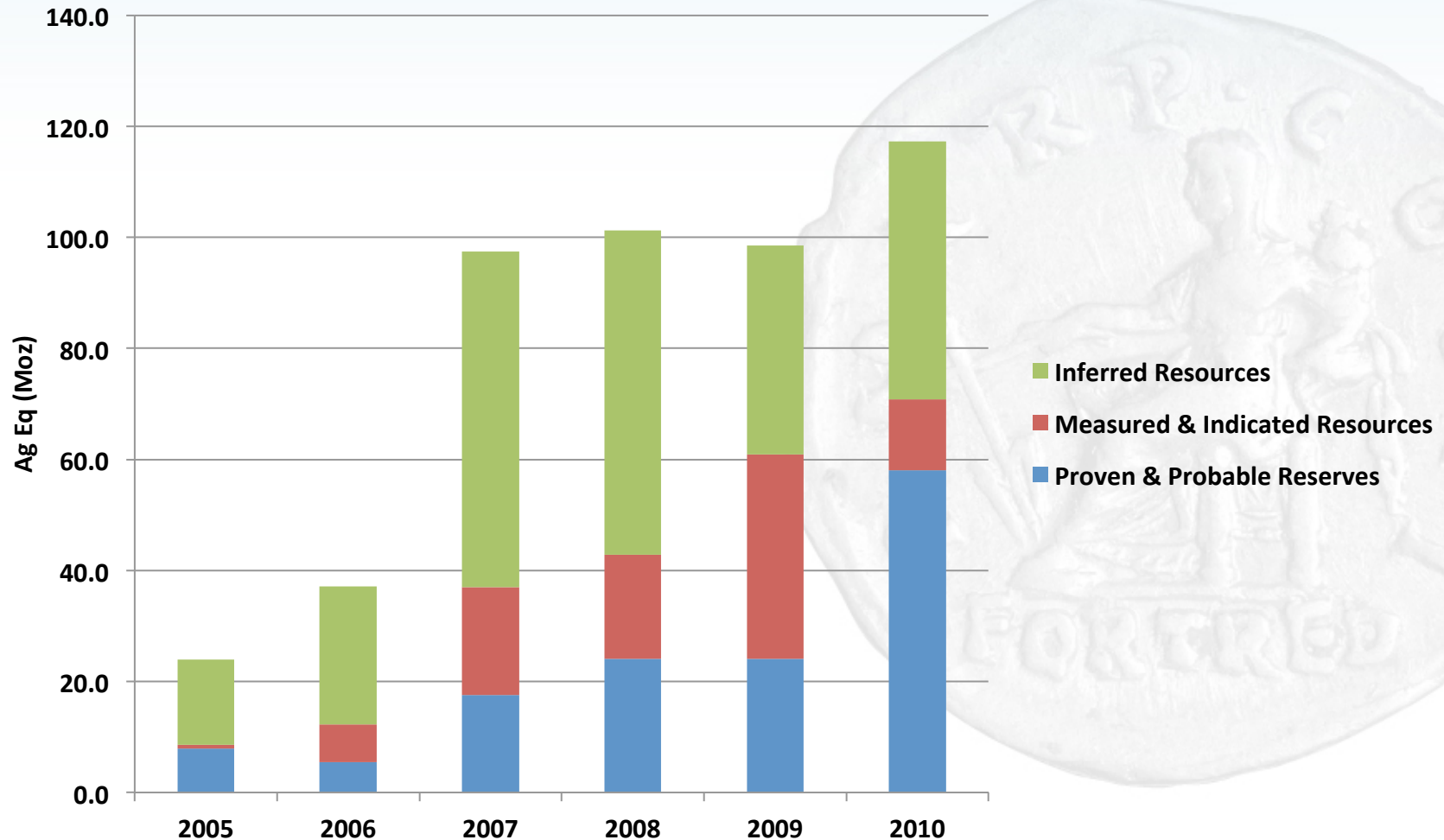
Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Contained Metal	
				Ag (Moz)	Au (koz)
Probable Reserves	3,771	202	1.58	24.5	191.6
Indicated Resources	376	243	2.12	2.9	25.6
Inferred Resources	3,074	222	1.80	22.0	178.0

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» Mineral Reserve and Mineral Resource Growth 2005 - 2010



» Building the San Jose Ag-Au Mine, Mexico

Company changer

- Fortuna's annual production forecast: 7M Ag Eq oz + base metal credits
- At current metal prices, revenue forecast north of US\$150 million

CONSTRUCTION

San Jose Mine, Mexico

- 100% owned
- Fully funded
- Q3 2011: Commissioning
- Concentrate production: Ag - Au
- At 1,500 tpd, full design capacity:
 - 4.6M Ag Eq oz/year
 - 3.2M oz Ag
 - 24,303 oz Au
 - Cash cost /Ag Eq oz = US\$6.20
- Reserve life = 9 years

PRODUCTION

Caylloma Mine, Peru

- 100% owned
- Successful plant expansion: 500 to 1,250 tpd
- Concentrate production: Ag – Pb, Ag – Cu & Zn
- Consistent year-on-year reserve replacement
- 1,250 tpd u/g operation
 - 2011 EST Ag production = 1.9M oz + BM
- Reserve life = 8 years

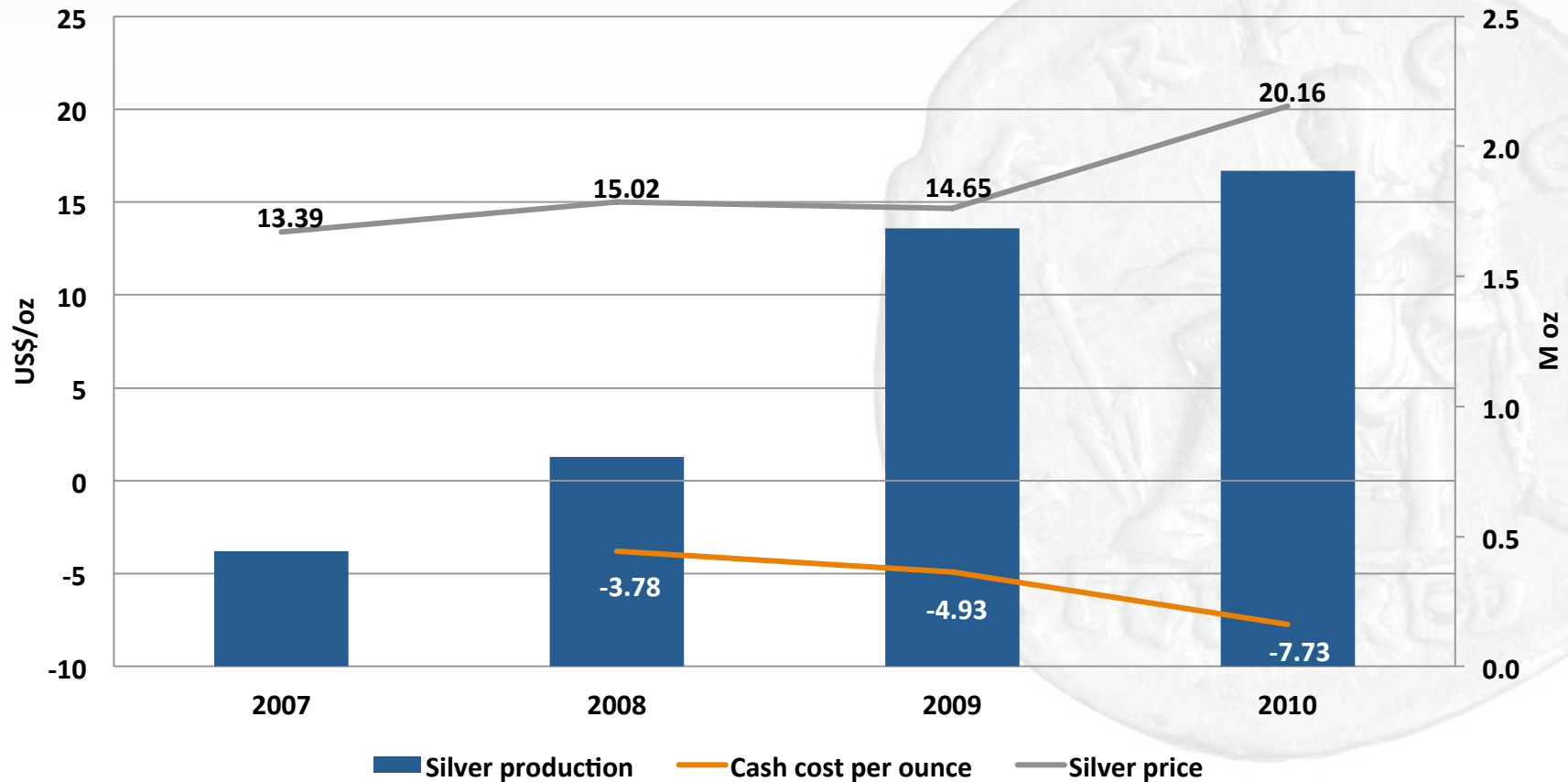




» Caylloma Mine, Peru

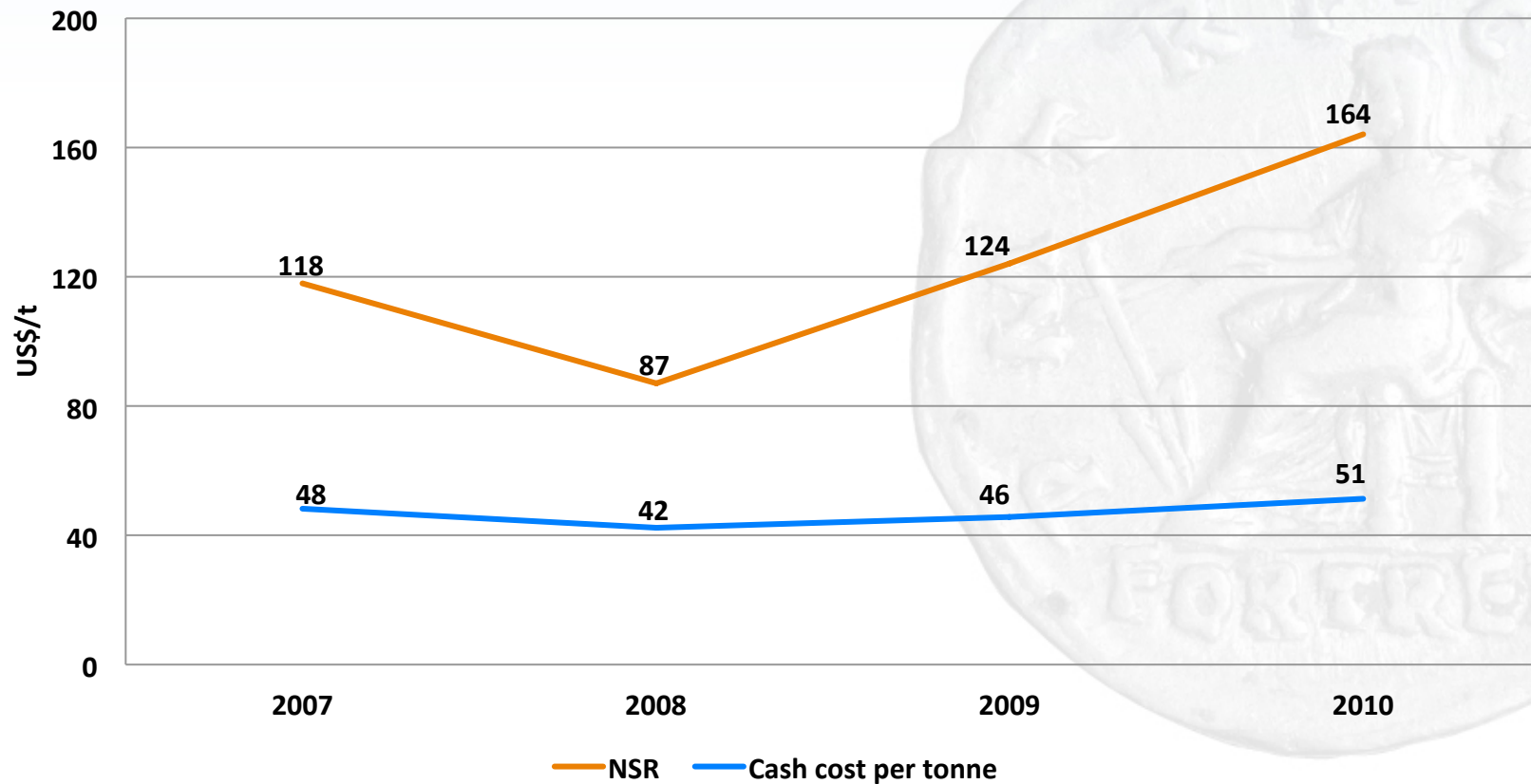
Silver production growth and declining cash cost

Silver production vs. Cash cost / Silver price



» Caylloma Mine, Peru Expanding operating margin

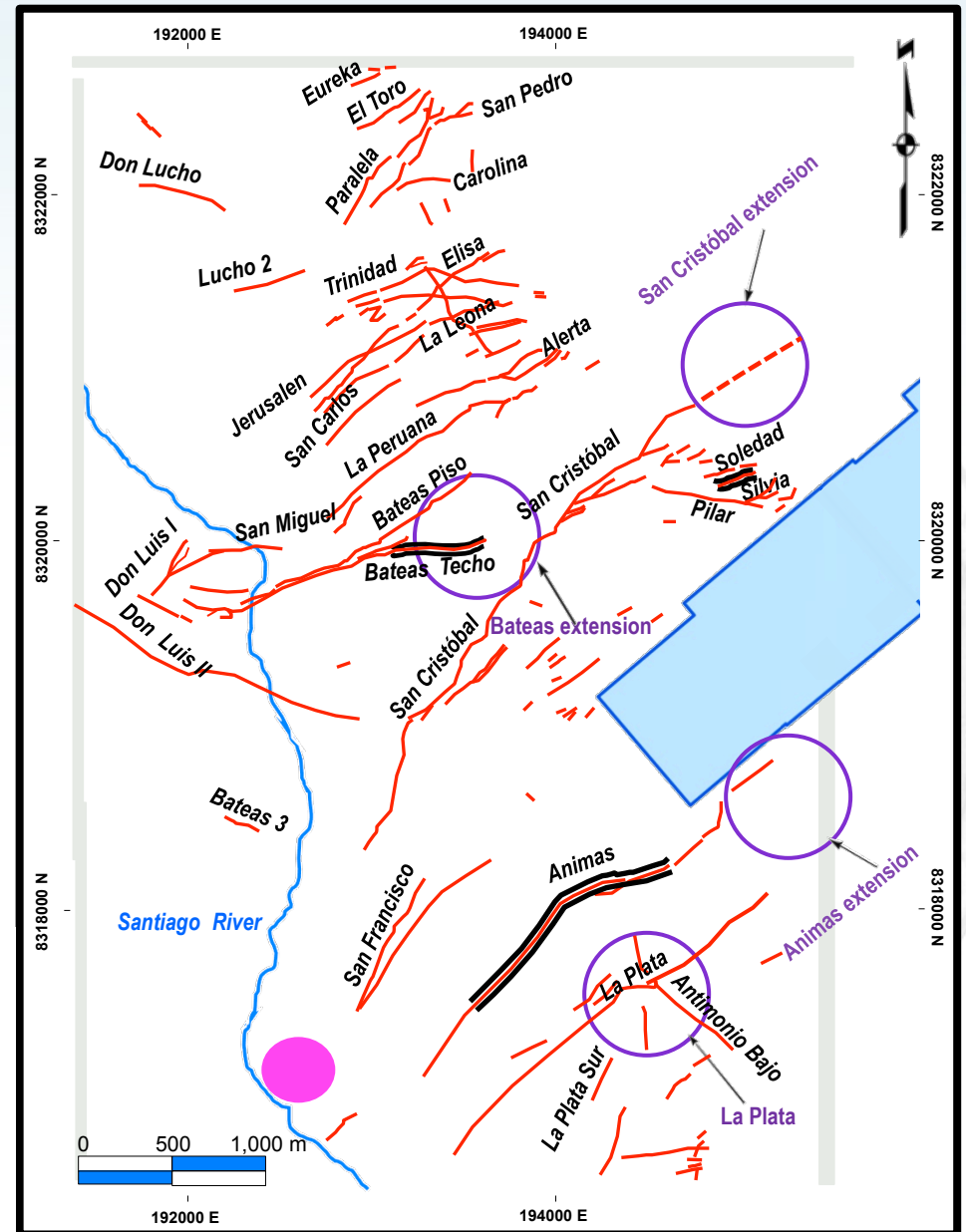
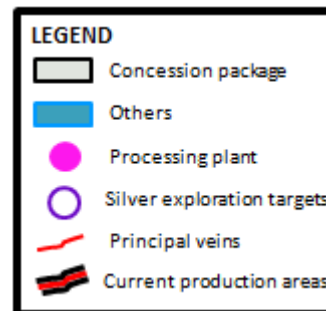
NSR vs. Cash cost per tonne



» Caylloma Mine, Peru

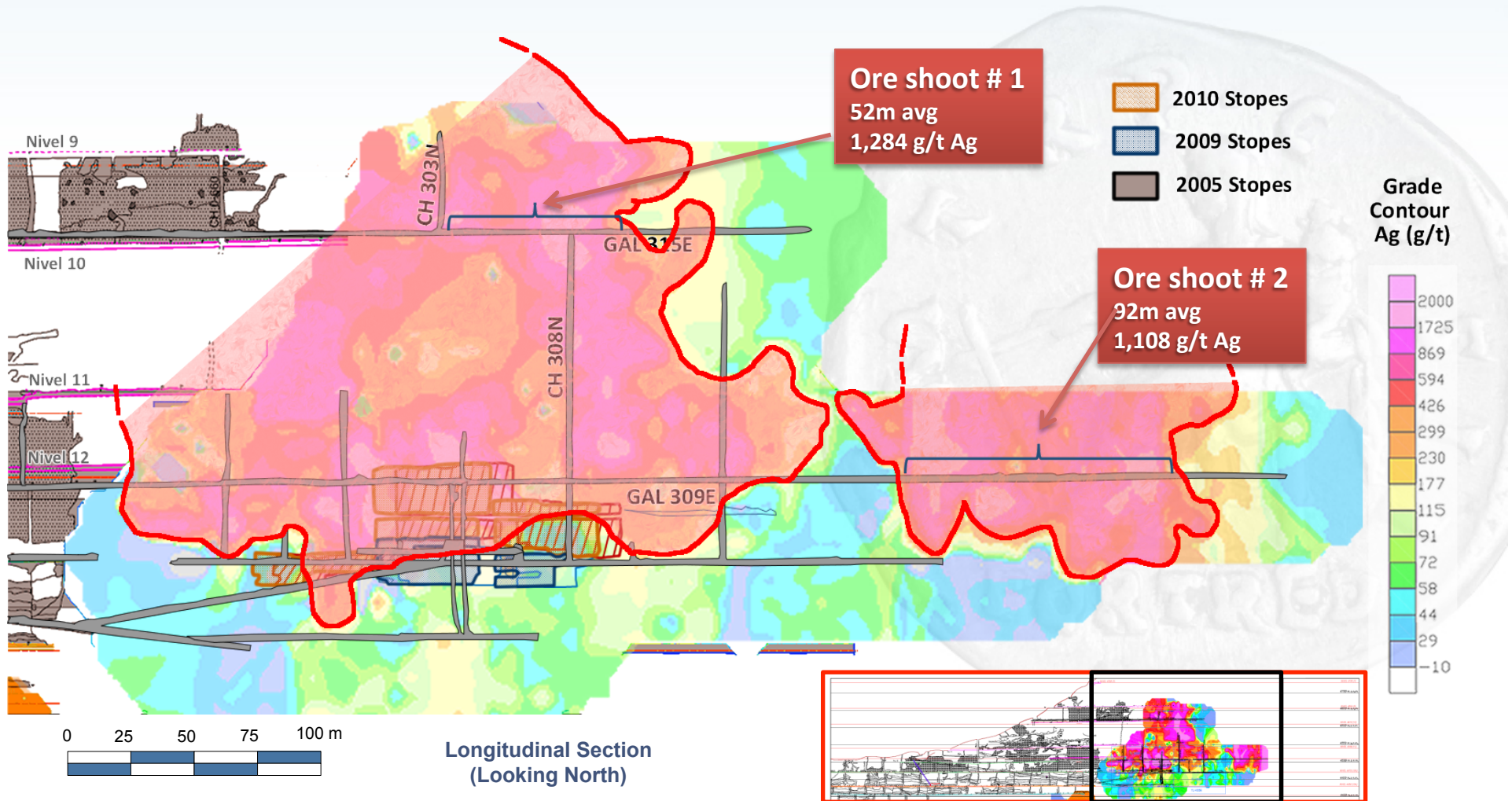
Exploration success fueling growth

- 16,800 ha concession package
- Expand resource base through exploration of principal veins in the southern half of Caylloma district
- Exploration priority given to silver opportunities



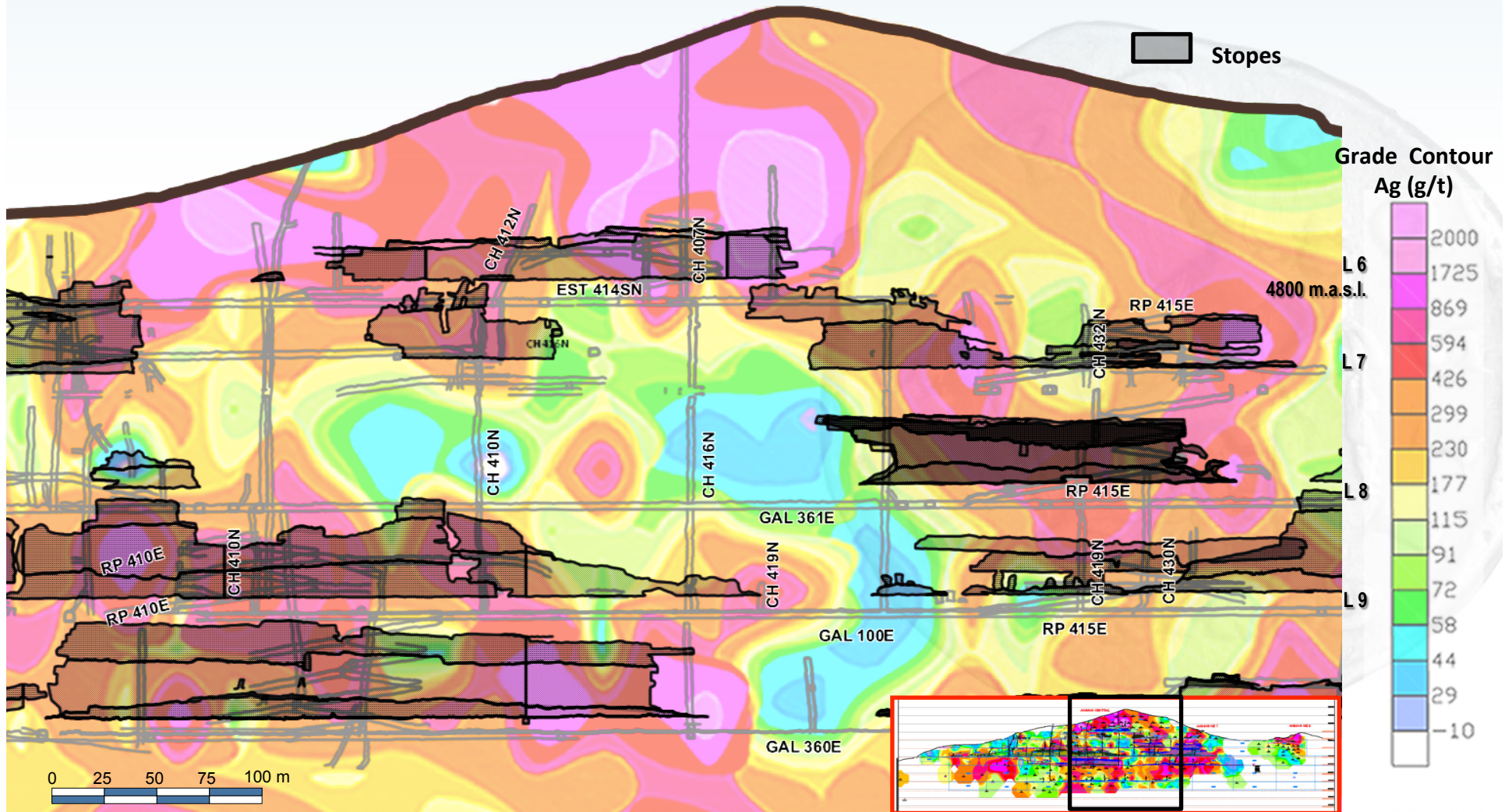
» Caylloma Mine, Peru

Discovery: Two new high grade silver ore shoots at the Bateas Vein



» Caylloma Mine, Peru

Discovery: Animas Vein, level 6 (Longitudinal Section Looking NW)



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San Jose Ag-Au Mine, Mexico

Location map



Epithermal Silver Deposits Belt

ATLANTIC OCEAN

Mexico City

PACIFIC OCEAN

0 300 600 900 Km



San Jose Ag-Au Project

Source: Mexican Geological Society



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» San Jose Ag-Au Mine, Mexico

Game changer

- Permits in place
- Construction of a 1,500 tpd u/g mine and processing plant underway
 - Construction activities on-time and on-budget
 - All equipment arriving on-site as scheduled
- Pre-operational CAPEX: US\$ 55 million
 - US\$ 23.5M invested in construction as of the end of December 2010
- Start-up of operations at 1,000 tpd in 3Q 2011
 - Scheduled to achieve 1,500 tpd in late 2013



8 MW Power Substation
Switching Station / Transformer Station



Processing Plant
Crushing Area



1,500 tpd Processing Plant



Ancillary Facilities



San Jose Mine
Main Access Ramp



» San Jose Ag-Au Mine, Mexico 2011 - 2012 production forecast

- 2011 Production: 824,158 Ag Eq* oz
 - 542,420 Ag oz
 - 4,816 Au oz

- 2012 Production: 2.75M Ag Eq* oz
 - 1.79M Ag oz
 - 16,283 Au oz

() Based on Ag= US\$ 23.60/oz, Au= US\$ 1,350/oz and metallurgical recoveries of 88% and 90% for Ag and Au respectively*



Main access ramp portal

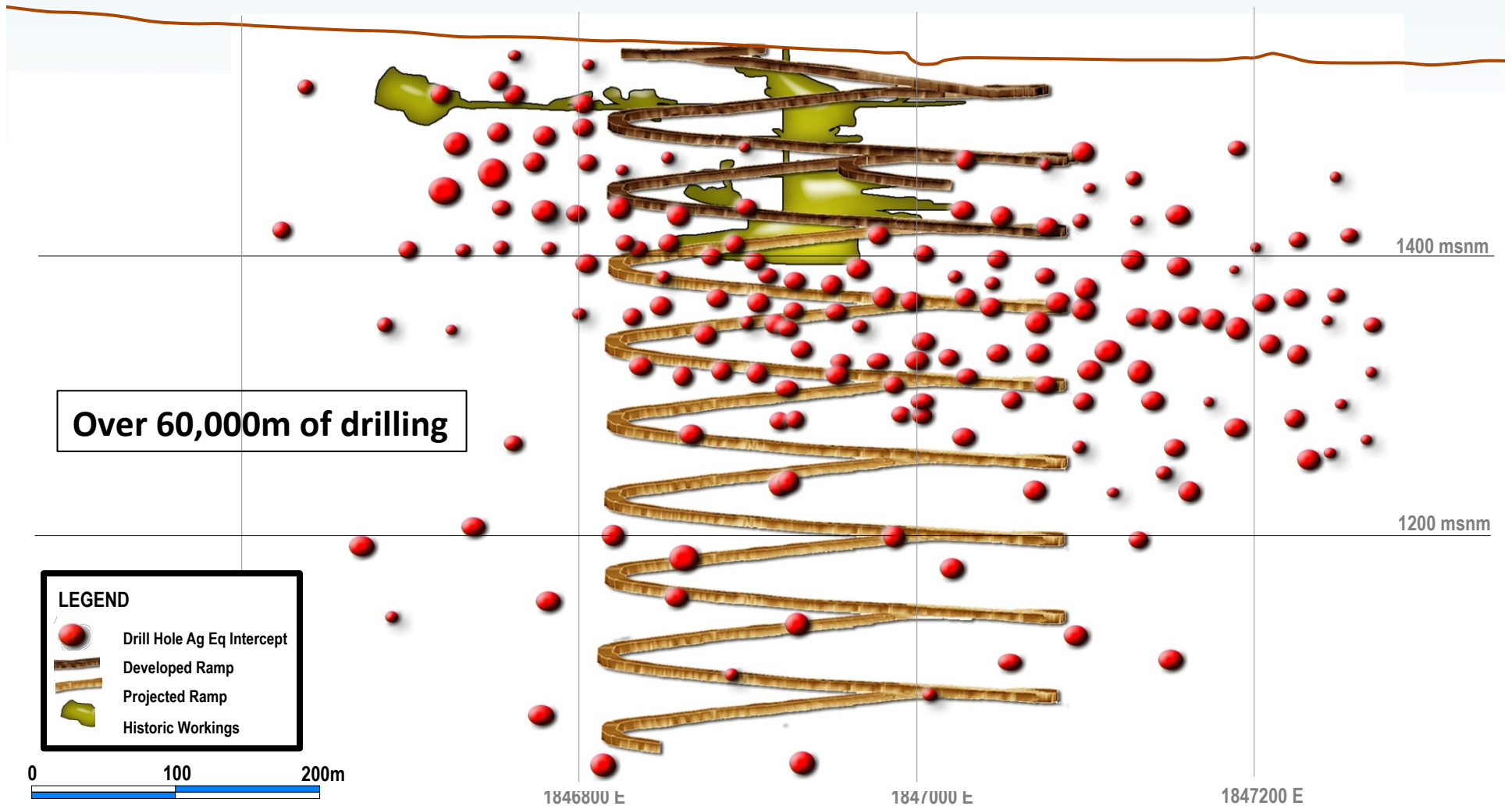


Mine development



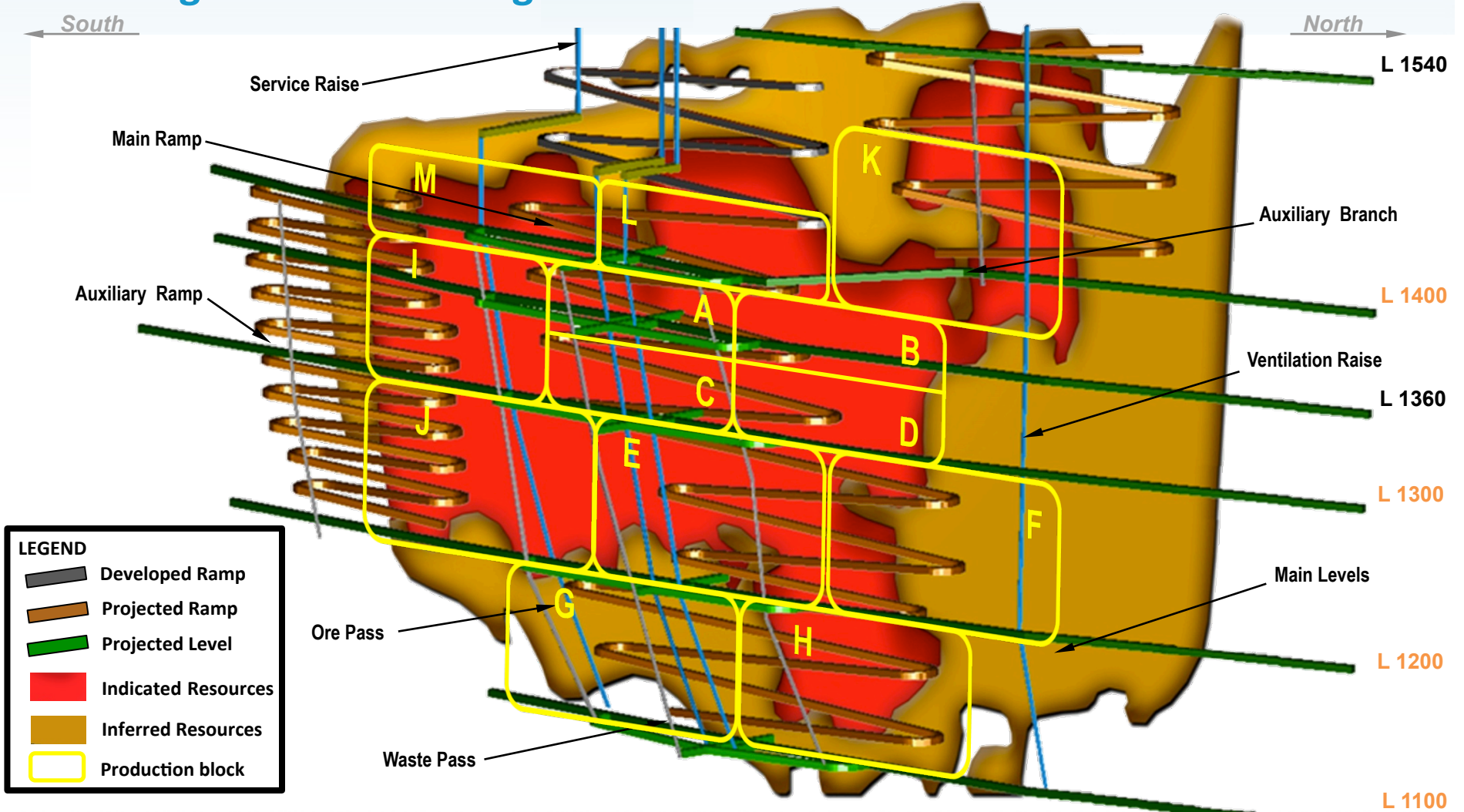
» San Jose Ag-Au Mine, Mexico

Bonanza Vein longitudinal section (Looking W)



» San Jose Ag-Au Mine, Mexico

Underground Mine Design



» San Jose Ag-Au Mine Construction, Mexico

Mine development: Initial mining rate of 1,000 tpd



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» San Jose Ag-Au Mine Construction, Mexico

1,500tpd processing plant: Scheduled for completion in August 2011



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» San Jose Ag-Au Mine Construction, Mexico

Tailings dam: **Completed in February 2011**



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» San Jose Ag-Au Mine Construction, Mexico

Power substation: **Connected to national power grid in March 2011**



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» San Jose Ag-Au Mine Construction, Mexico

Grey water treatment plant: Project completed in September 2010



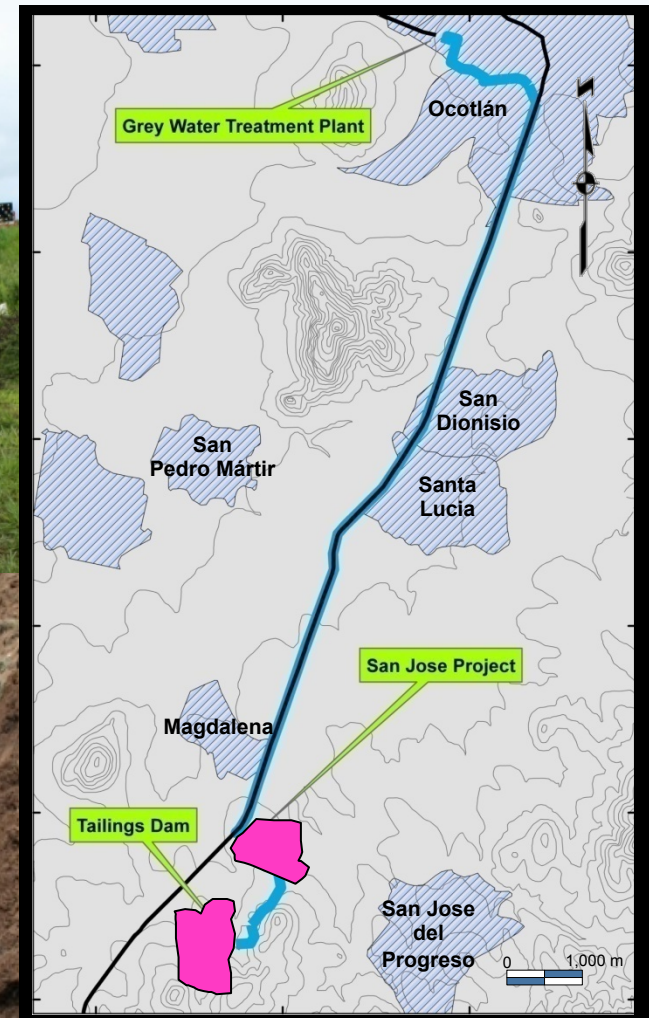
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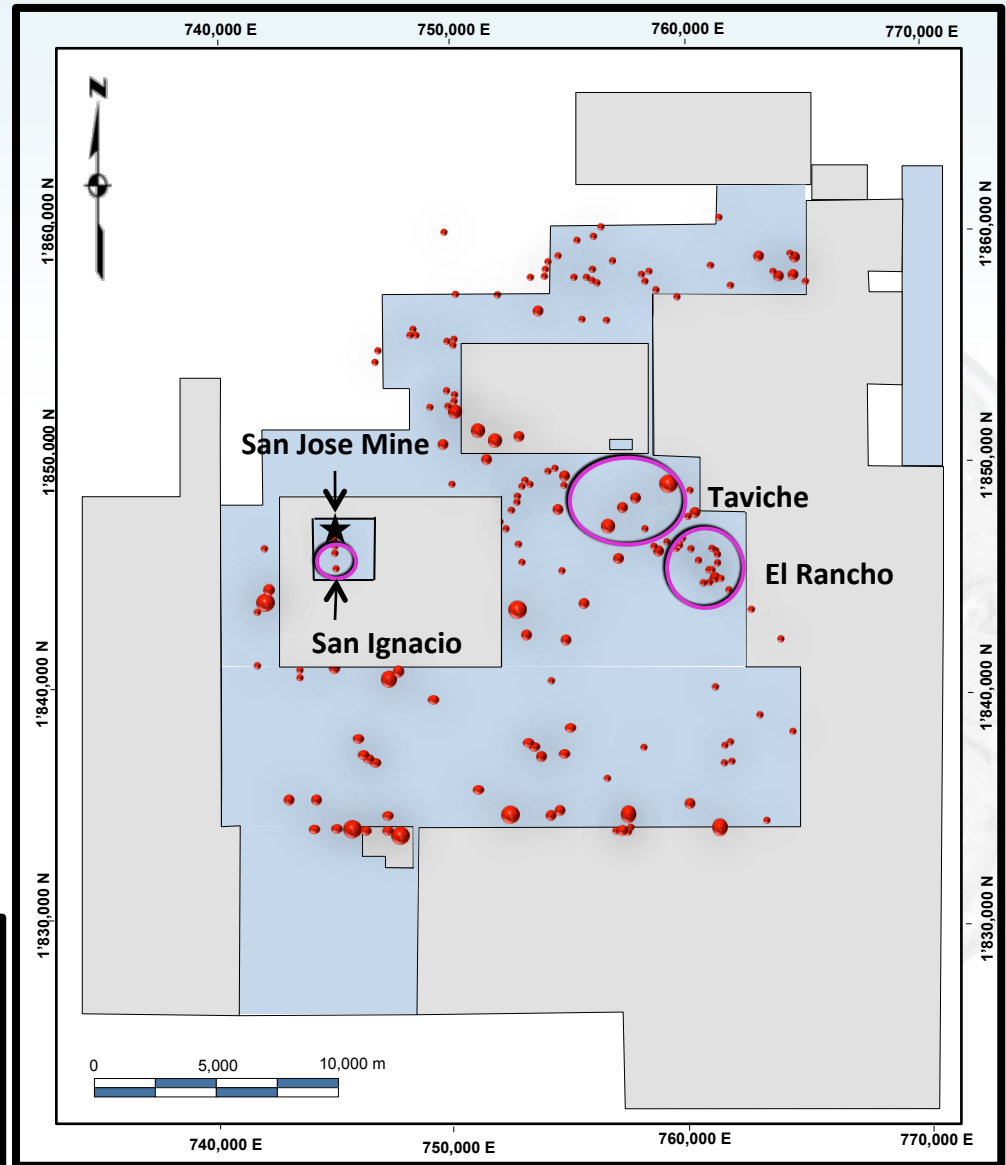
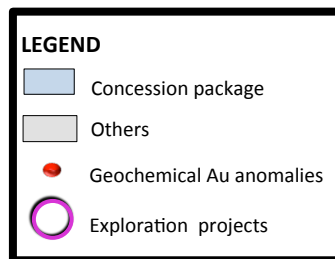
» San Jose Ag-Au Mine Construction, Mexico

Water pipeline: Scheduled for completion in 2011



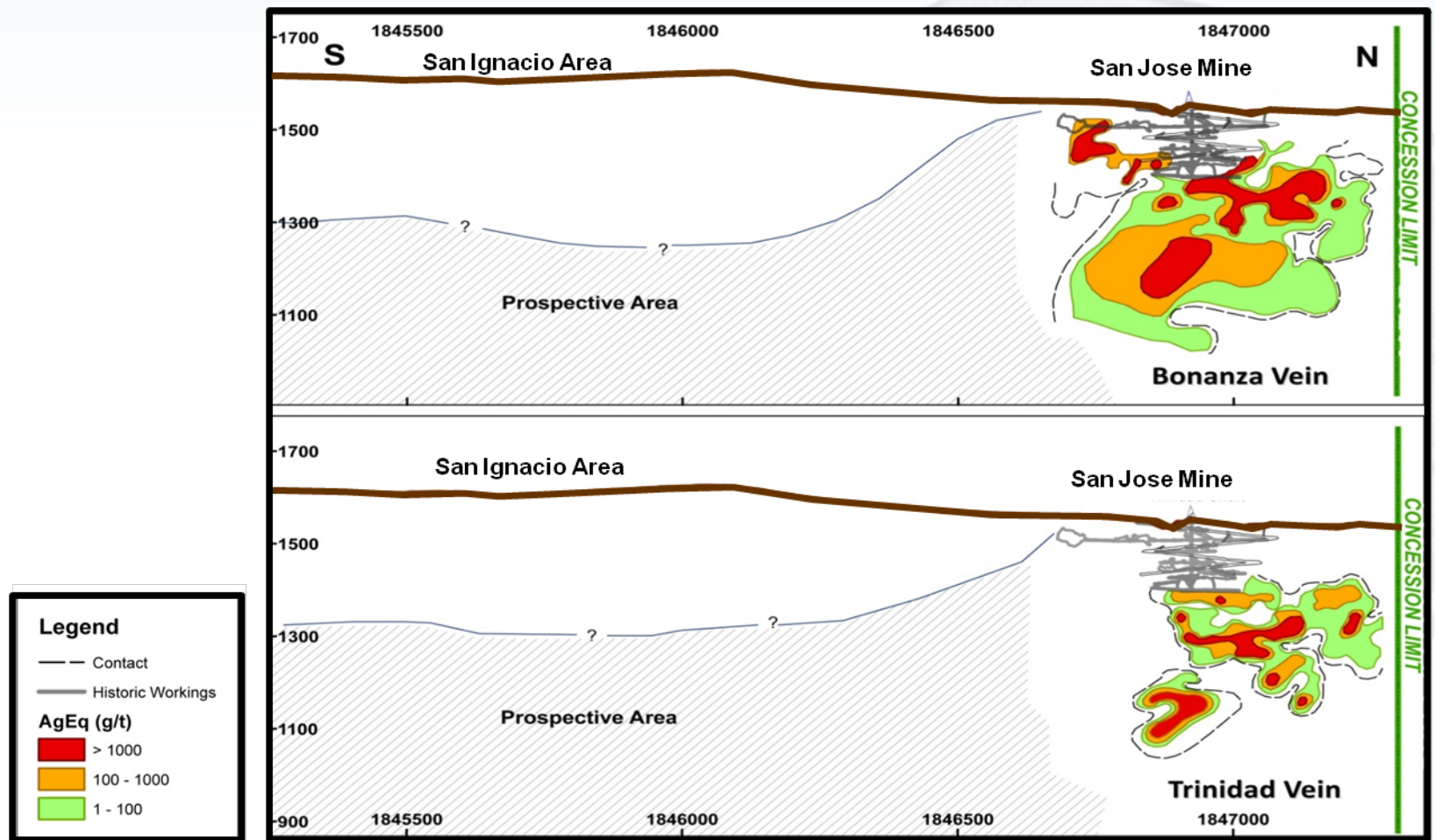
» San Jose Ag-Au Project Exploration potential

- 58,000 ha concession package
- Soil and stream sediment sampling identified multiple geochemical gold anomalies
- Significant resource growth potential within trucking distance to processing plant



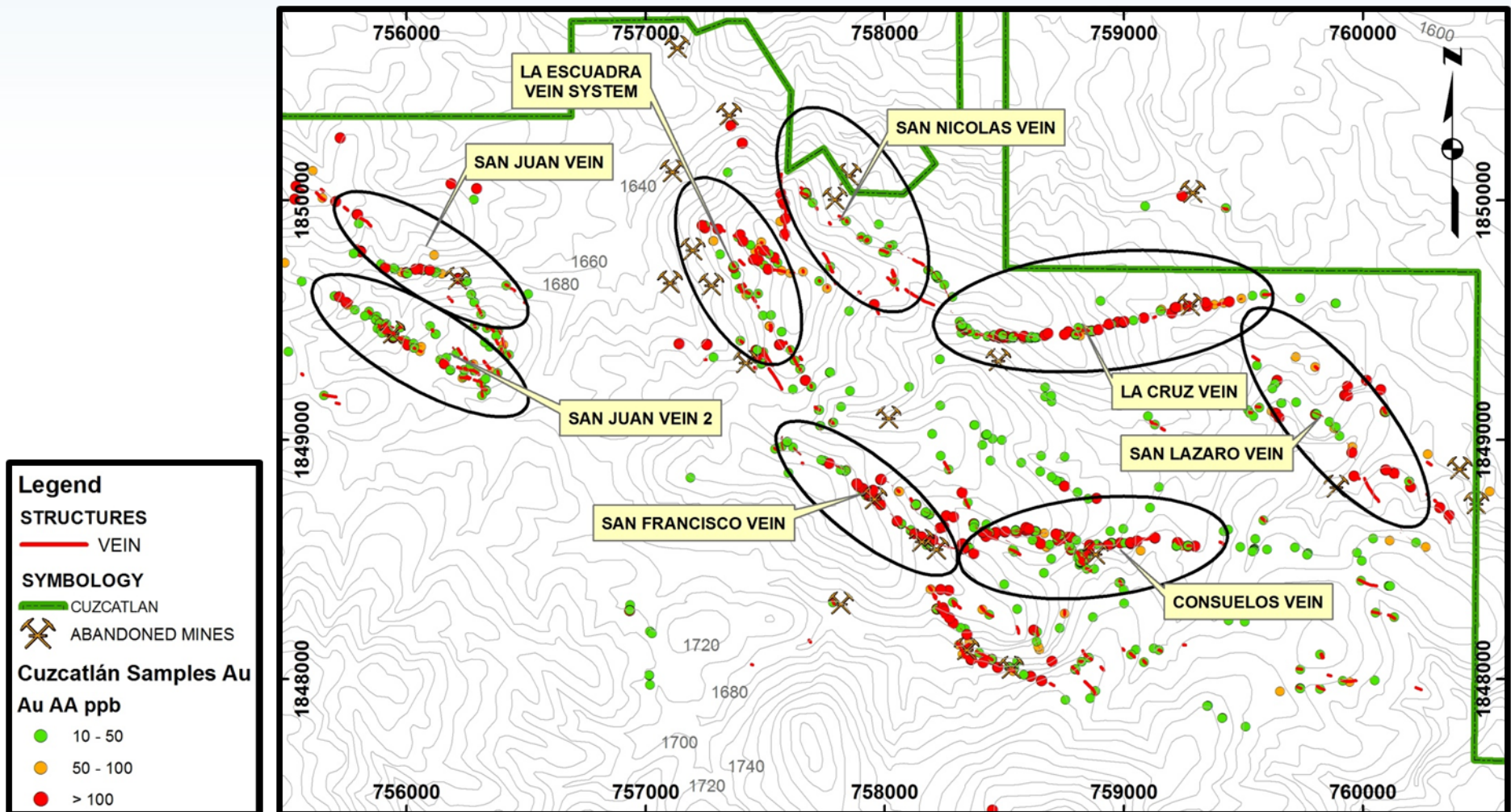
» San Jose Ag-Au Project, Mexico

2011 exploration project: San Ignacio area



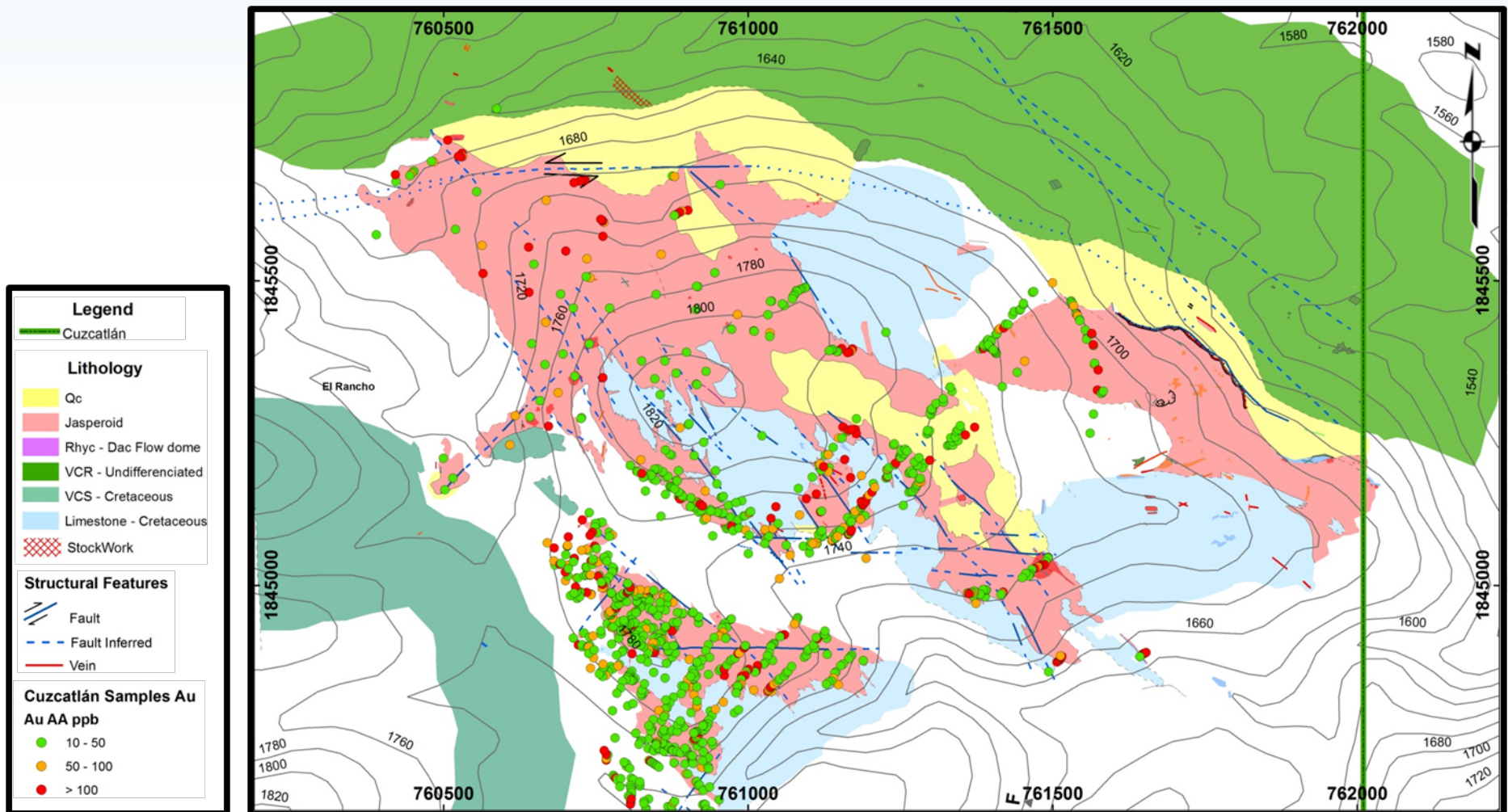
» San Jose Ag-Au Project, Mexico

2011 exploration project: Taviche area



» San Jose Ag-Au Project, Mexico

2011 exploration project: El Rancho area



» Community Relations Program

Forging strategic partnerships

- Programs are based on respect for ethnocultural diversity, open communication and effective interaction with all stakeholders
- We work with communities towards self-development of economically sustainable activities to improve their quality of life



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» Senior Management

Proven mine developers and operators

Jorge A. Ganoza

President, CEO and Director

Co-founder. Peruvian geological engineer. Identified and negotiated purchase of Caylloma, built the Fortuna Silver Mine's team.

Dr. Thomas I. Vehrs

Vice President of Exploration

Over 35 years' experience managing exploration programs in the Americas.

Jorge R. Ganoza

Vice President of Operations

Third generation miner with over 35 years' experience. Family has owned and operated underground Au, Ag and base metal mines in Latin America.

Manuel Ruiz-Conejo

Vice President of Project Development

Over 25 years' experience in the execution of multi-million dollar mining projects and the implementation of community relations programs.

Luis Dario Ganoza

Chief Financial Officer

Over 15 years' experience in the operations and financial management of public mining companies.

Cesar Pera

Vice President of Human and Organizational Development

Over 25 years' experience in organizational development and change in Latin American companies.



» Board of Directors

Simon Ridgway

Chairman of the Board

Founder. Vancouver-based mining financier. Also founded Focus Ventures, Radius Gold, Mar West Resources and Northland Resources.

Jorge A. Ganoza

President, CEO and co-founder

Mario Szotlender

Financier, businessman and co-founder. Director of Radius Gold, Endeavour Silver, Magellan, Focus and Iron Creek.

Robert R. Gilmore

30 years of experience working with resource companies and currently serves as Chairman of the Board for Eldorado Gold Corporation and as a Director for Layne Christensen Company.

Tomas Guerrero

A geological engineer with over 30 years' experience. Served as Director of Explorations for the Hochschild Group.

Mike Iverson

Chief Executive Officer of Fortuna from 1998 to January 2005. President and Director of Niogold Mining Corp. since 1998.

Jeffrey Franzen

Over 35 years' experience in mineral exploration, mine development and operations. Chairman of the Board of Terrane Metals Corp., a TSX.v listed company.



Proven operators and mine builders in Latin America

Consistent cash generation

Organic growth potential



CAYLLOMA MINE: Caylloma community site visit



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