

DENVER GOLD FORUM 2010



Building the Foundations of A Leading Silver Miner



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



FORTUNA
SILVER MINES INC.

>> 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.

Donald F. Earnest (REI) and Michael J. Lechner (RMI) served as the Qualified Persons responsible for preparing the Technical Report for the San Jose Project as defined by the National Instrument 43-101.

Mr. Richard L. Nielsen PhD., Steve Milne P.E. and Robert Sandefur, P.E. of Chlumsky, Armbrust and Meyer, LLC served as the Qualified Persons responsible for the Technical Report for the Caylloma Mine as defined by the National Instrument 43-101.





Corporate Objective

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

Caylloma Mine, Peru

>> Core Assets

PRODUCTION

Caylloma Mine, Peru

CONSTRUCTION

San Jose Project, Mexico

- Operating in the two largest silver producing countries in the world
- Focused on increasing silver production in Latin America



>> Consolidated Financial Highlights

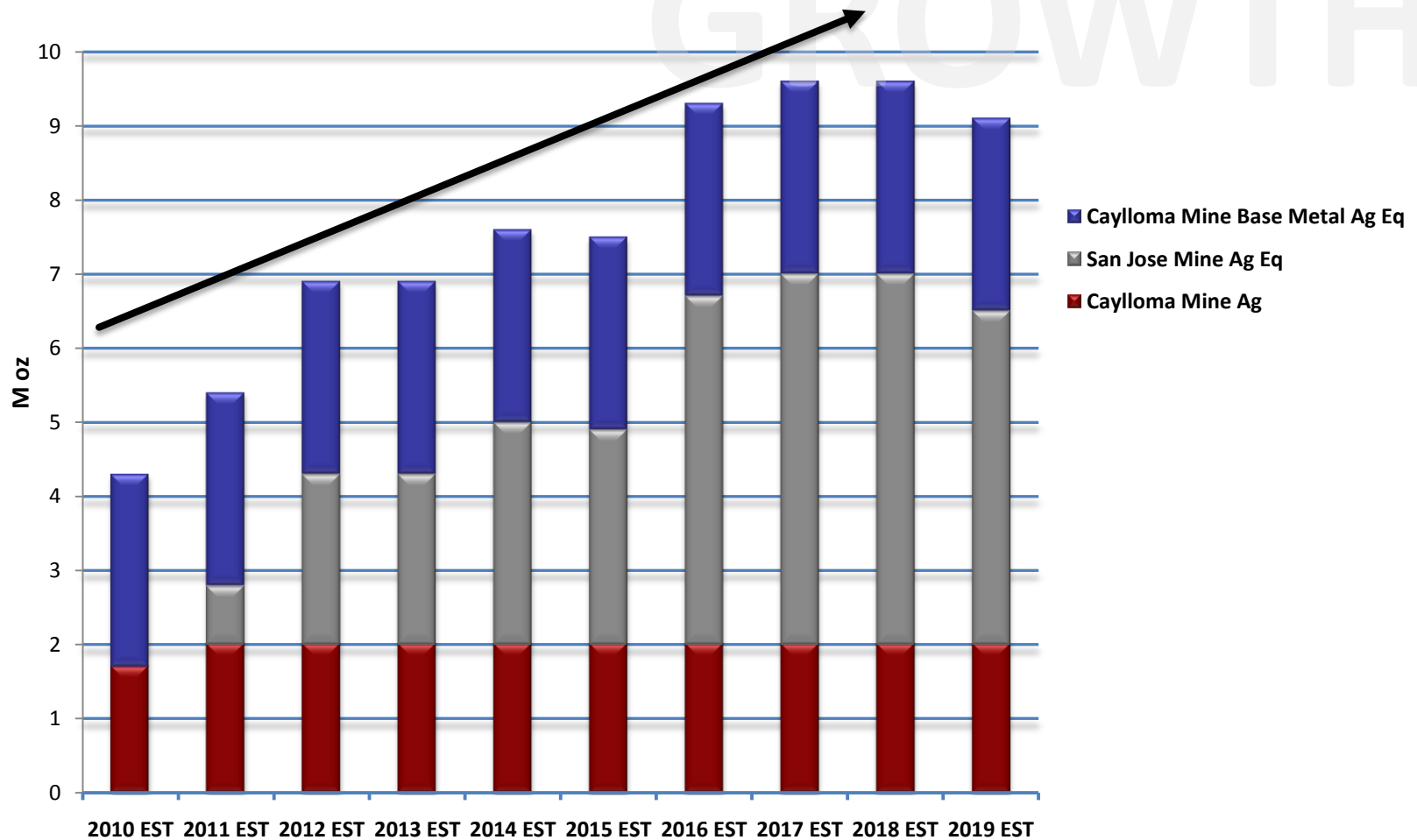
Expressed in US\$ 000's, except per share data

	6 MONTHS	YEARS ENDED		
	2010	2009	2008	2007
Cash	64,937	30,763	29,454	44,171
Revenue	32,108	51,428	24,867	29,610
Income from operations	14,863	14,383	(5,593)	100
Net income (loss)	11,276	623	(910)	(2,607)
Operating cash flow	8,868	13,686	8,356	12,377
Earnings (loss) per share - diluted	0.10	0.01	(0.01)	(0.04)



>> Silver Equivalent Production Forecast

GROWTH



>> Expanding Reserves and Resources

Property	Location	2P Reserves Contained Metal		M + I Resources Contained Metal		Inferred Resources Contained Metal	
		Ag (Moz)	Au (koz)	Ag (Moz)	Au (koz)	Ag (Moz)	Au (koz)
Caylloma	Peru	20.30	70.9	0.55	2.7	7.69	11.9
San Jose	Mexico	23.17	180.9	--	--	21.94	177.9
Total		43.47	251.8	0.55	2.7	29.63	189.8



>> Company Snapshot

EXCHANGE

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

SHARE STRUCTURE

- Outstanding: 110 million
- Fully Diluted: 116 million

STRONG BALANCE SHEET

- US\$ 65 million in cash
- US\$ 20 million undrawn credit facility
- US\$ 8.9 million Operating cash flow (6 months 2010)
- No hedging of precious metals



CAYLLOMA MINE: 1,250 tpd processing plant

>> Building a Leading Silver Miner in LatAm

At maximum planned capacity, Fortuna will produce 7M Ag Eq ounces (Ag + Au) annually from both mines plus base metal credits.

PRODUCTION

Caylloma Mine, Peru

- 1,250 tpd u/g operation
- 2010 **EST** Ag production = 1.9M oz
- Consistent year-on-year reserve replacement
- Reserve life = 8 years

CONSTRUCTION

San Jose Mine, Mexico

- Q2 2010: Construction initiated
- Q3 2011: Commissioning
- At 1,500 tpd:
 - Production = 5M oz Ag Eq/year
 - Cash cost = US\$ 6.20/oz Ag Eq
- Reserve life = 9 years



CAYLLOMA MINE: Cash Generation

AREQUIPA, PERU



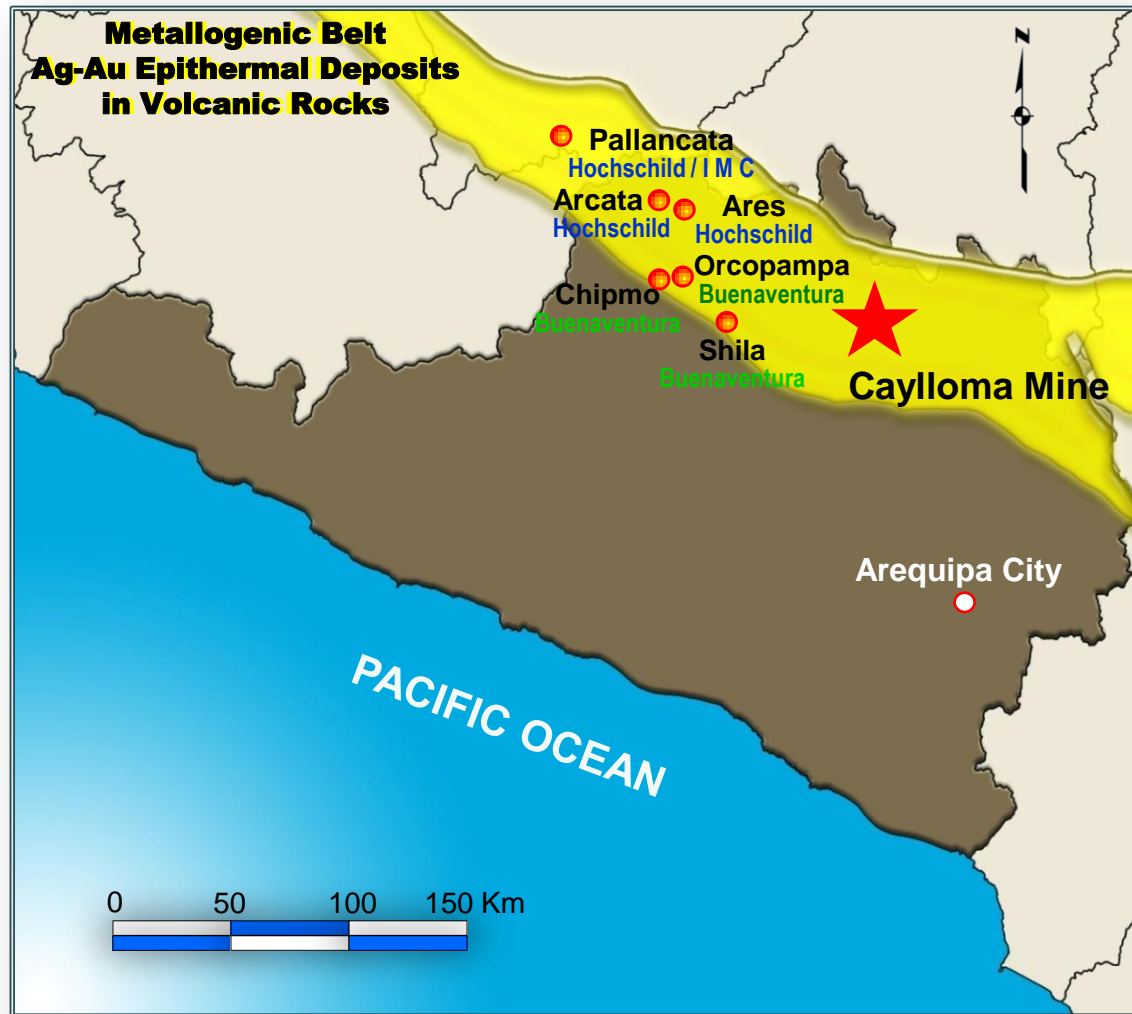
FORTUNA
SILVER MINES INC.

TSX: FVI, BVL: FVI

BUILDING THE FOUNDATIONS OF A LEADING SILVER MINER

10

>> Caylloma Mining District



>> Mine Snapshot

- 100% owned
- Successful expansion from 500 tpd to current 1,250 tpd
- Concentrate production: Ag – Pb, Ag – Cu and Zn
- Ag accounts for 45% of revenue (*6 months 2010*)
- Low cost silver producer: **negative US\$ 8.43/oz Ag** (*6 months 2010*)
- 2P Reserves: 20.3M Ag oz

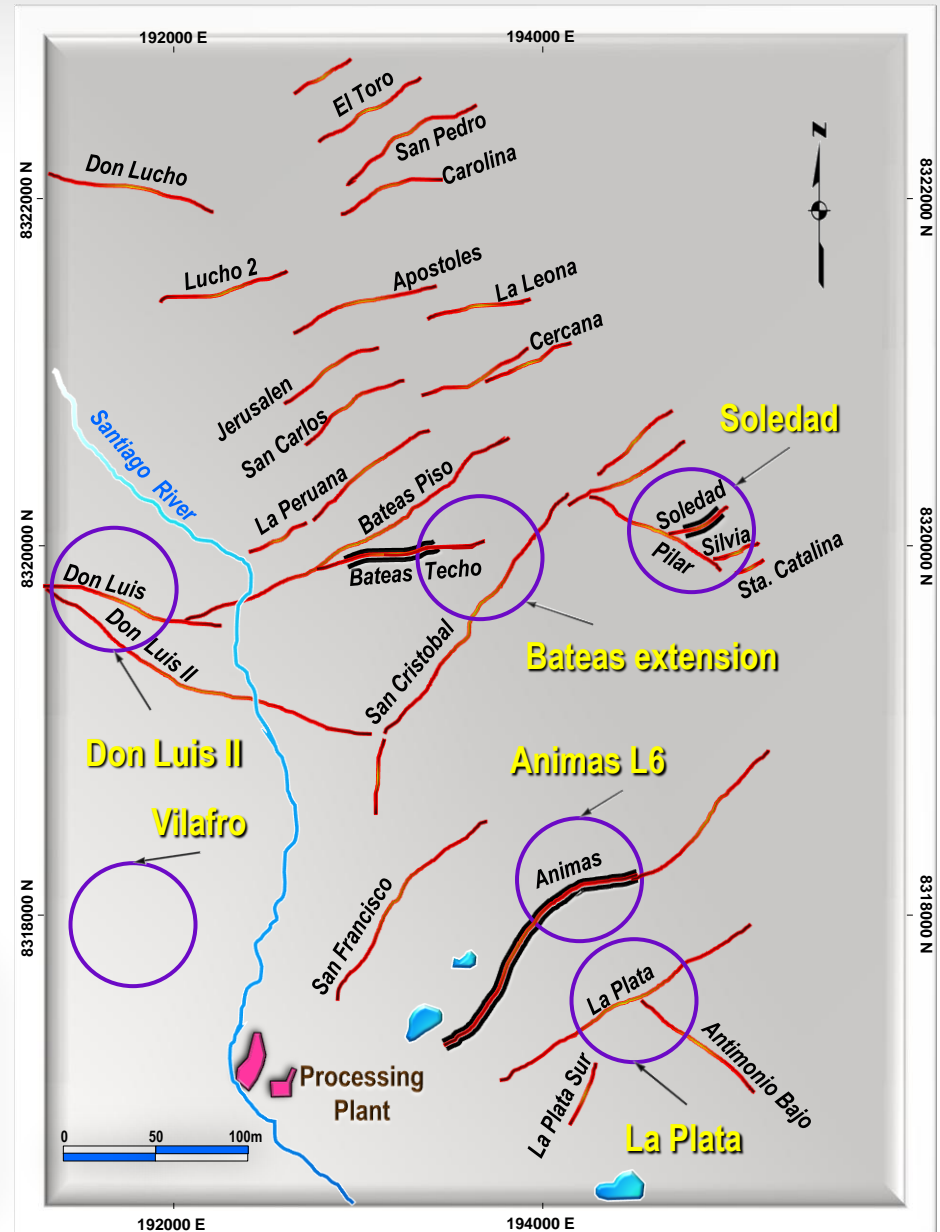
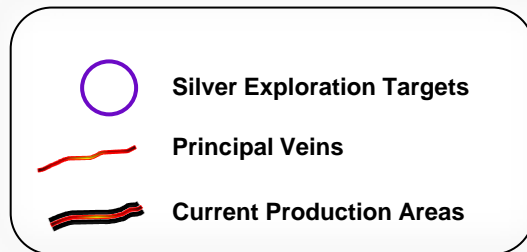


CAYLLOMA MINE: Animas Vein mechanization

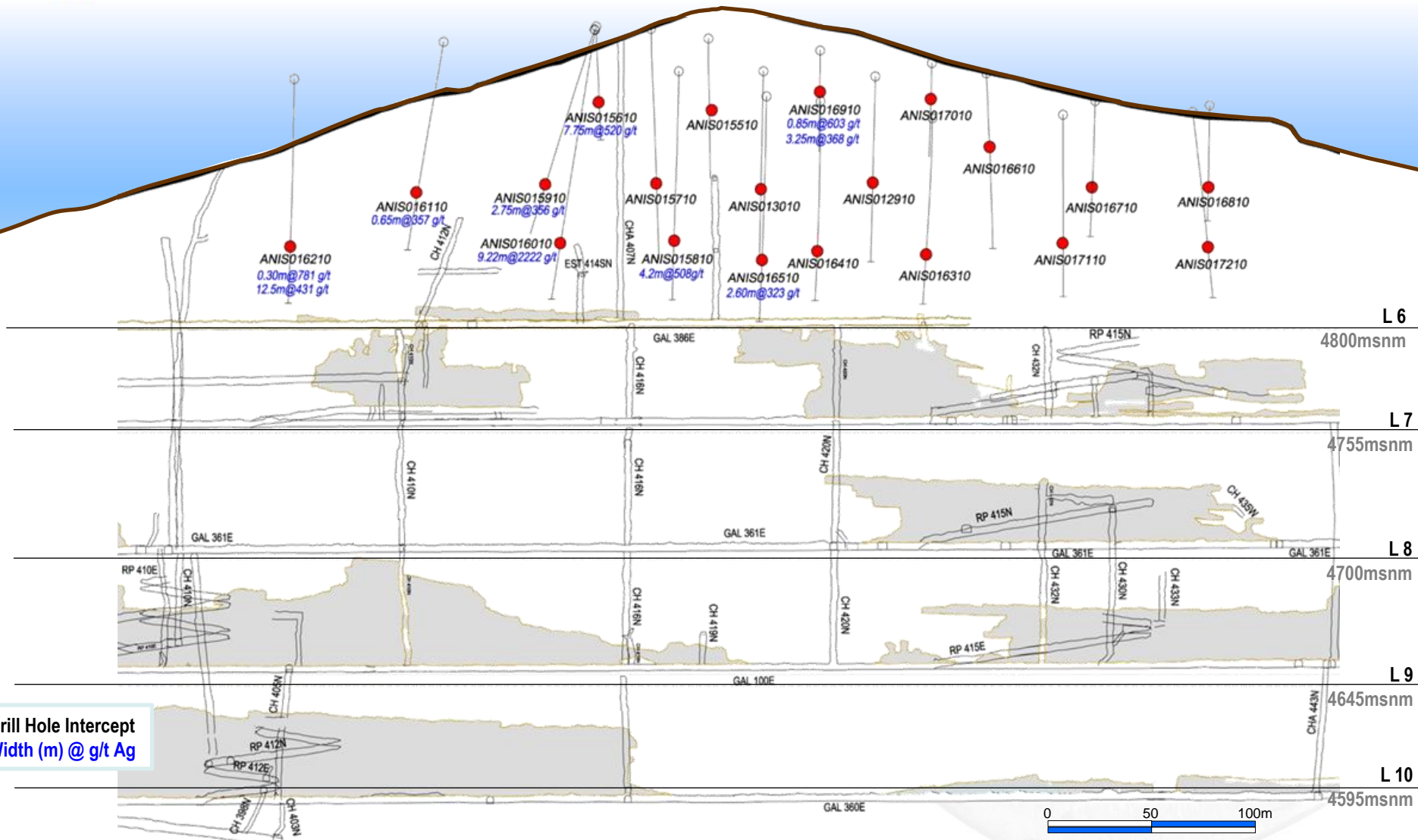


» Brownfields Exploration

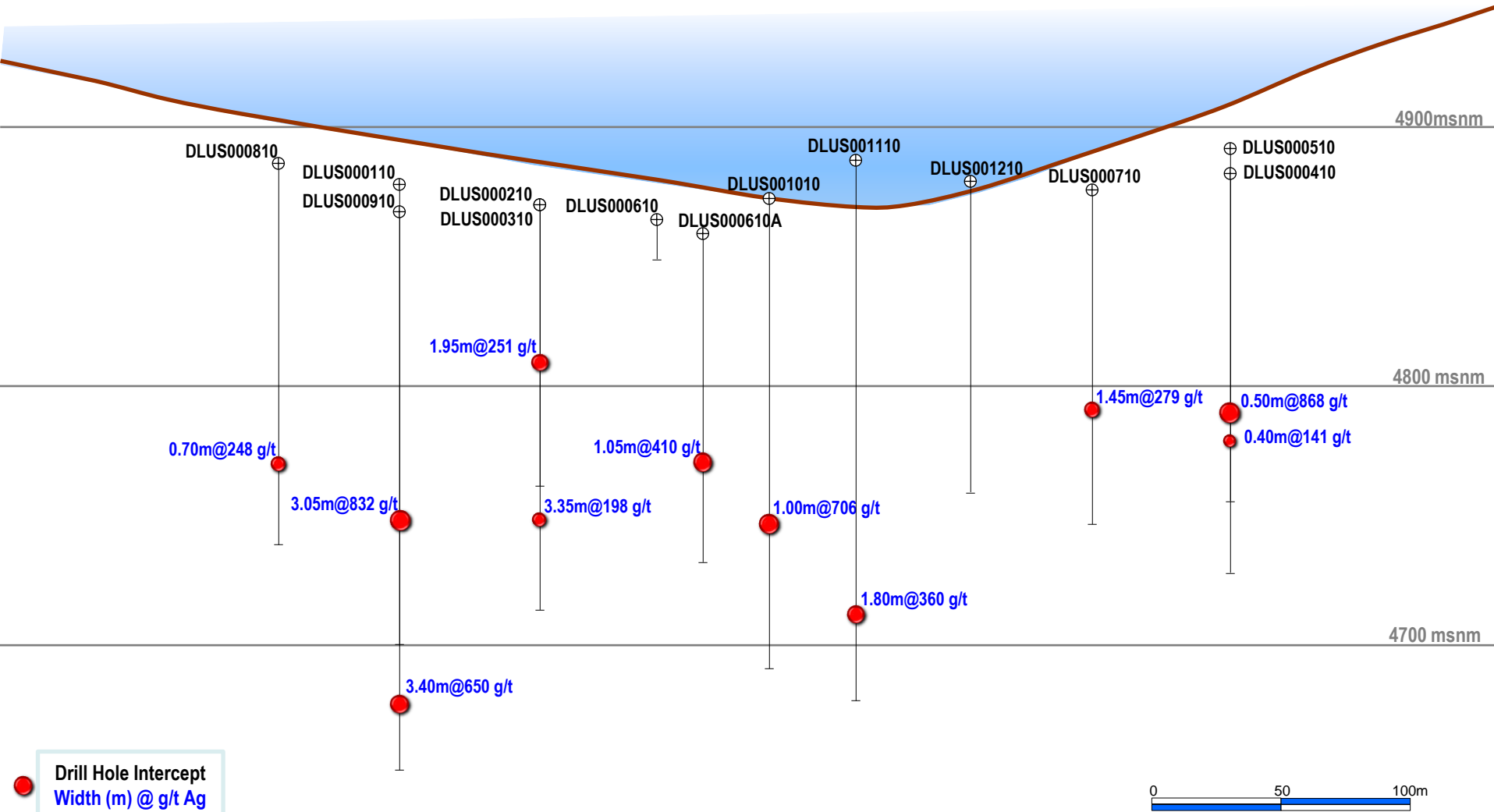
- 8,000 ha concession package
- Exploration focused on replacing reserves year-on-year



>> Brownfields Exploration: Animas L6, High Grade Ag Mineralization (Looking NW)



>> Brownfields Exploration: Don Luis II Longitudinal Section (Looking NE)



SAN JOSE PROJECT: The Next Mine

OAXACA, MEXICO



FORTUNA
SILVER MINES INC.

TSX: FVI, BVL: FVI

BUILDING THE FOUNDATIONS OF A LEADING SILVER MINER

16

>> San Jose Ag-Au Project Location Map



>> San Jose Ag-Au Mine Snapshot

- 100% owned
- All permits in place
- Pre-operational CAPEX: US\$ 55 million
- Construction of a 1,500 tpd u/g mine and processing plant underway
- Concentrate production: Ag-Au
- 2P Reserves: 3.5M tonnes @ 205 g/t Ag, 1.6 g/t Au
- Estimated cash cost: US\$ 6.20/Ag Eq oz



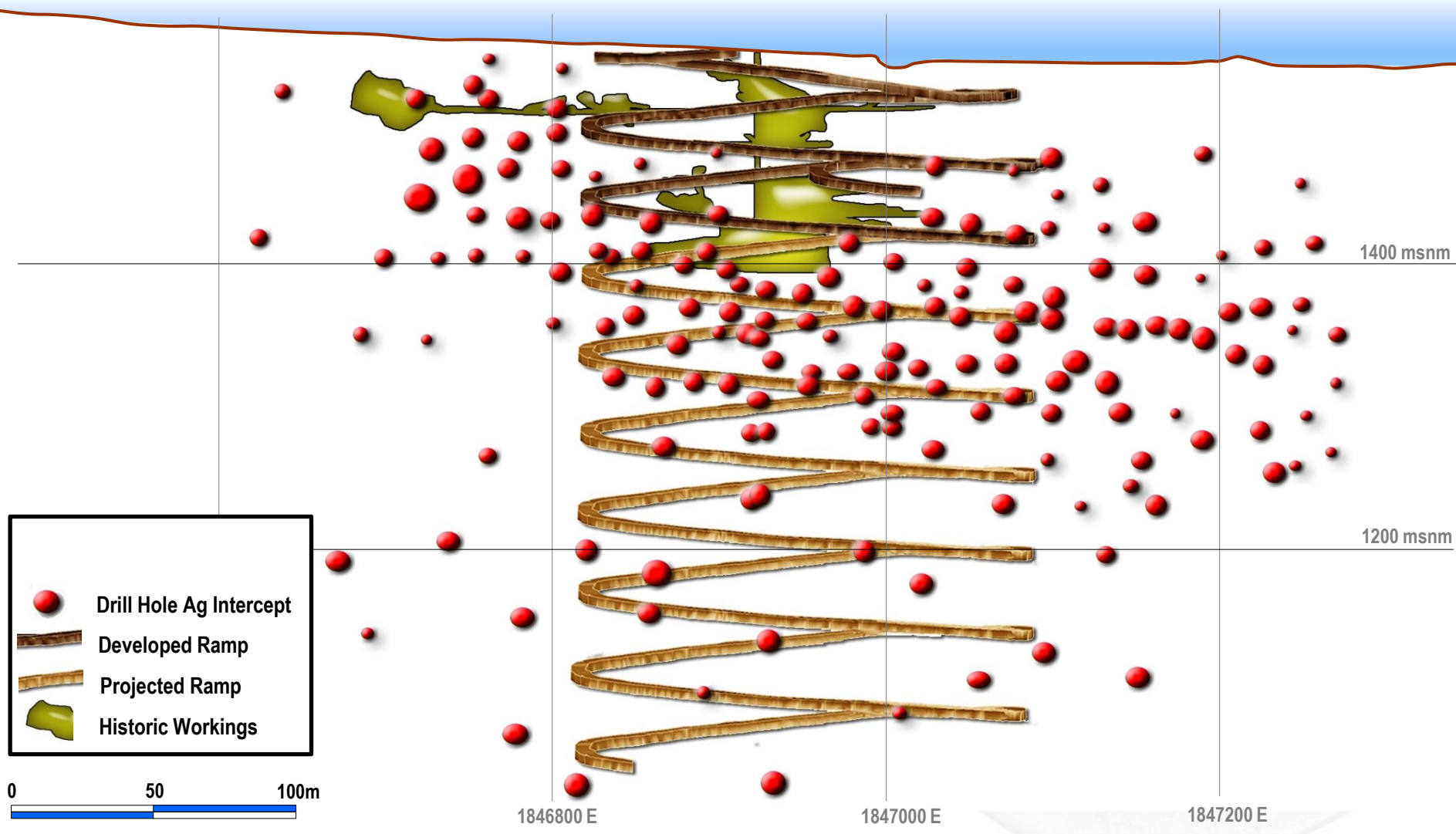
» San Jose Ag-Au Mine Development

- Decline development on-going :
1,265 meters developed to date
- Average mining widths between
4 and 6 meters
- Reserves and resources concentrated
in a relatively restricted area

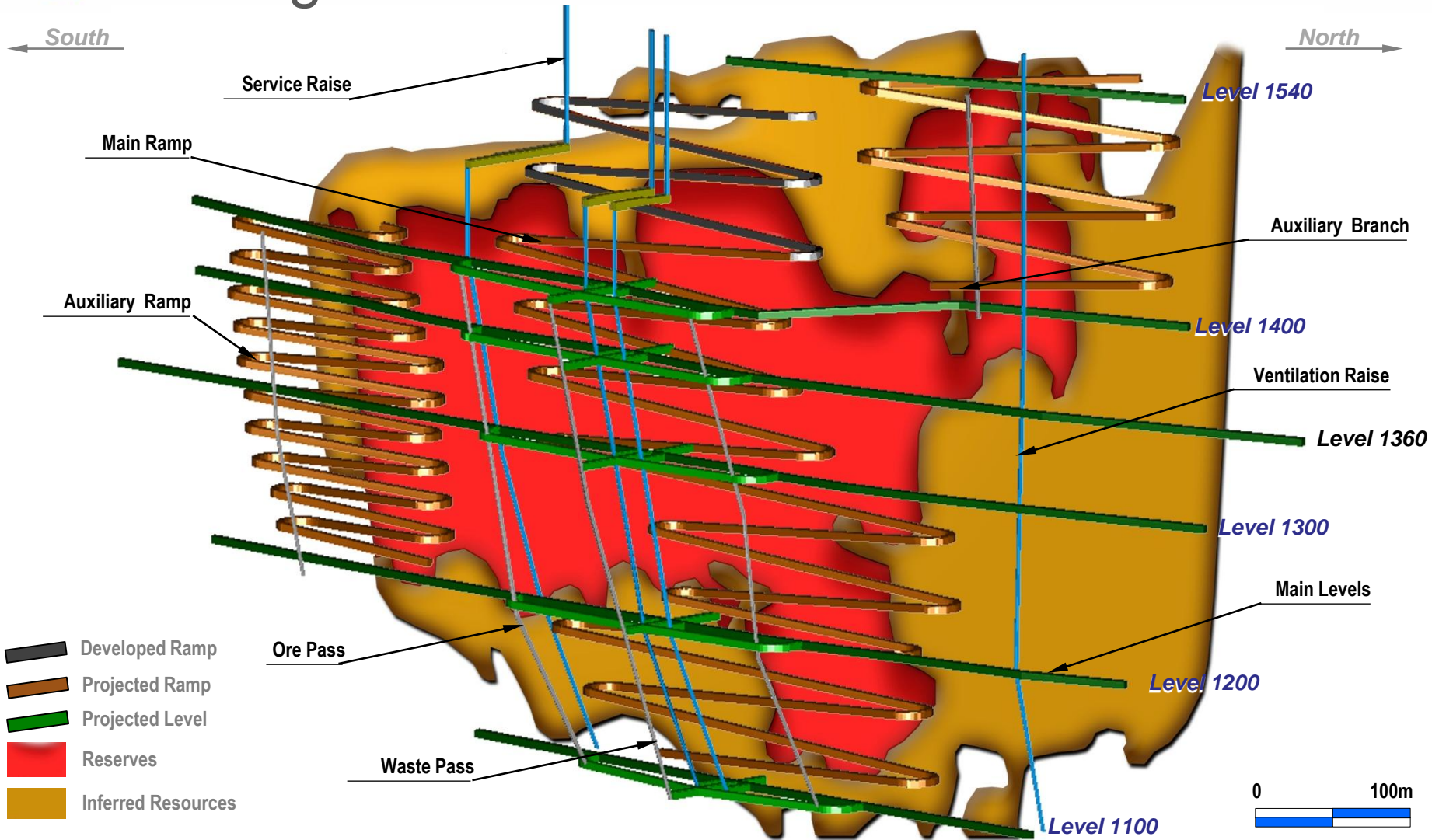


SAN JOSE MINE: High level of mechanization

>> Bonanza Vein Longitudinal Section (Looking W)



>> Underground Mine Architecture



>> Mine Development



>> Processing Plant & Ancillary Facilities



>> Tailings Dam



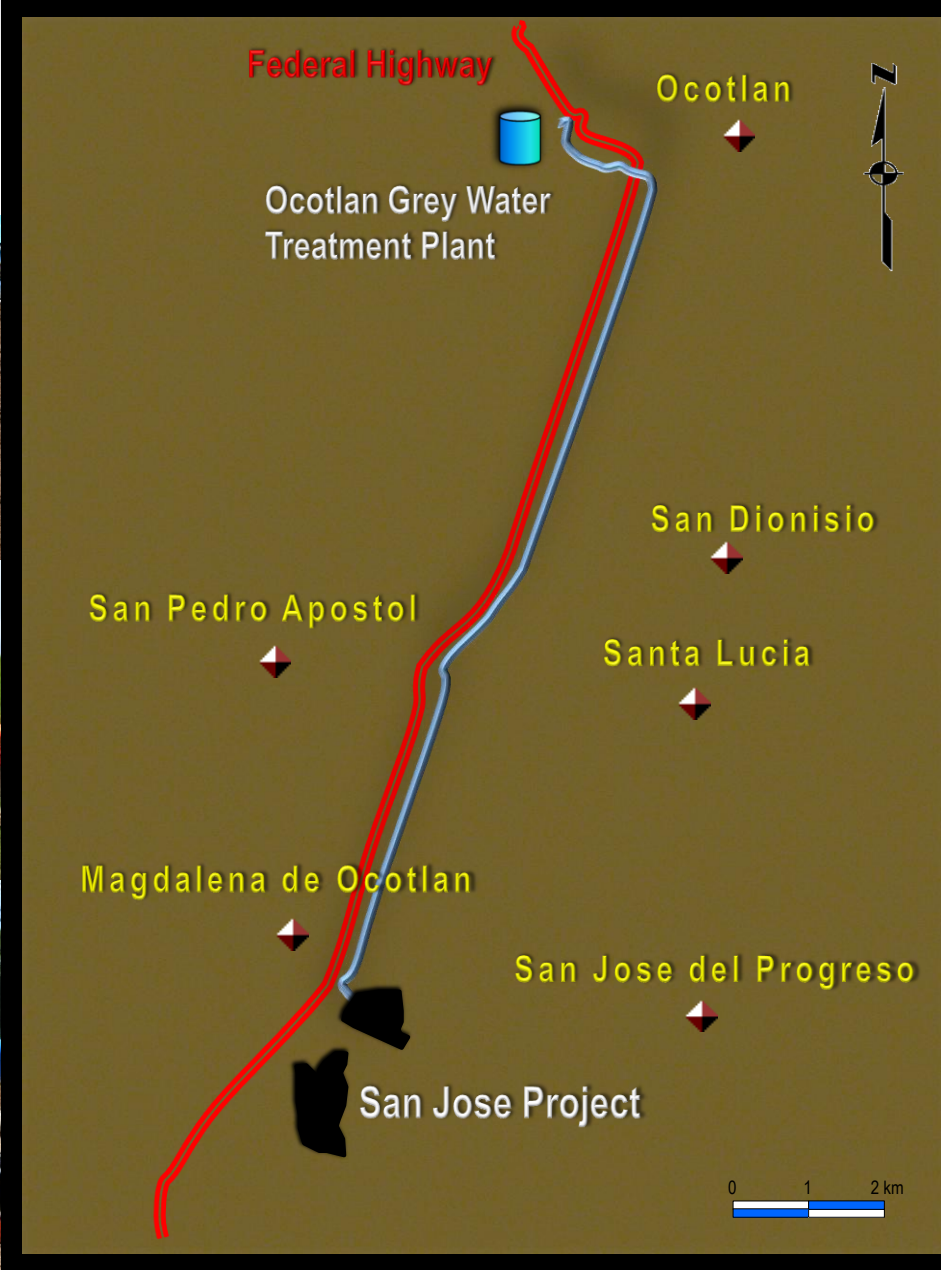
>> 5MW Electric Power Substation



>> Ocotlan Grey Water Treatment Facility

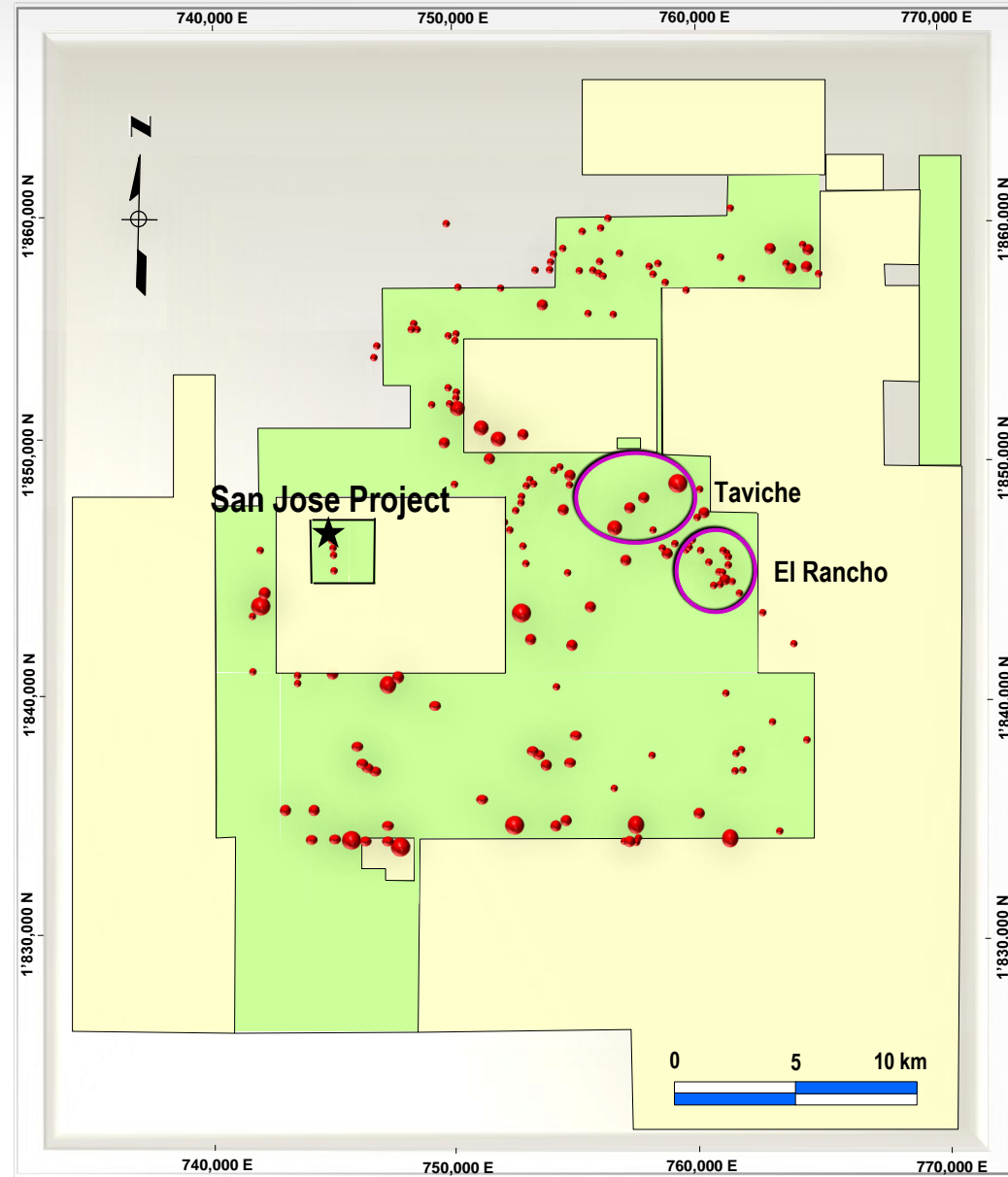
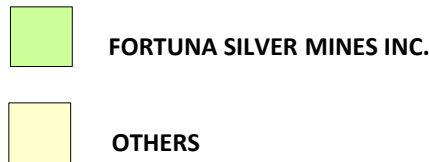


>> Water Pipeline

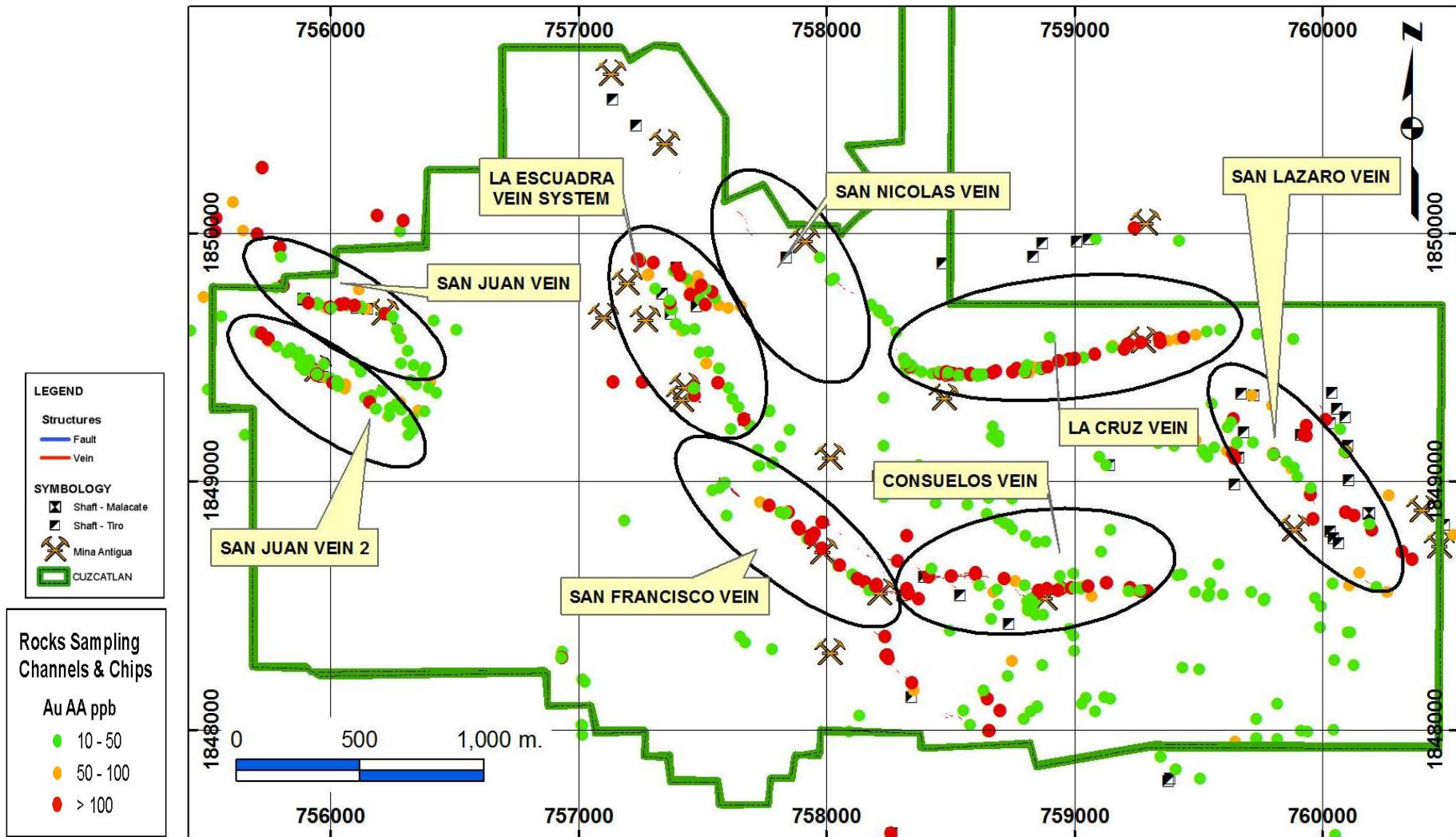


>> Brownfields Exploration

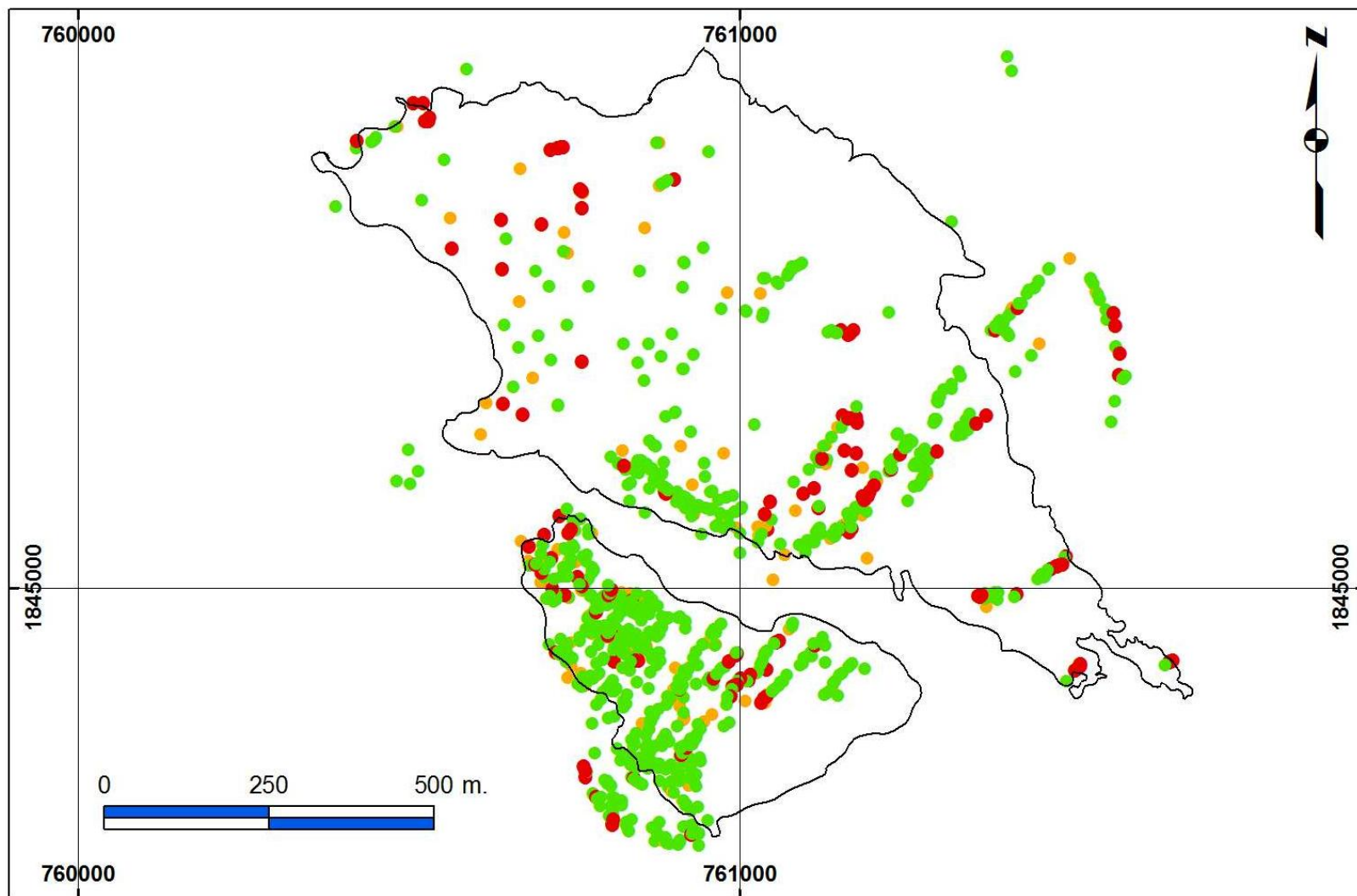
- 58,000 ha concession package
- Extensive soil and stream sediment sampling identified multiple geochemical gold anomalies
- Significant resource growth potential within trucking distance to processing plant



>> Brownfields Exploration: Taviche



>> Brownfields Exploration: El Rancho



**Rocks Sampling
Channels & Chips**

Au AA ppb

- 10 - 50
- 50 - 100
- > 100



>> Senior Management

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 Resources

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



FORTUNA
SILVER MINES INC.

TSX: FVI, BVL: FVI

BUILDING THE FOUNDATIONS OF A LEADING SILVER MINER

33

Management Head Office

Carlos Baca

T: +51.1.616.6060, ext. 2

Corporate Office

Erin Ostrom

T: +1.604.484.4085

info@fortunasilver.com



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



FORTUNA
SILVER MINES INC.