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Fortuna Reports Operating Income of US\$ 14.38 Million and Net Income of US\$ 0.62 Million on Revenue of US\$ 51.43 Million for 2009

March 22, 2010: Fortuna Silver Mines Inc. (TSX: FVI / Lima Stock Exchange: FVI) has filed its audited financial statements and MD&A for 2009. The full documents are available on SEDAR and have also been posted on the Company's website at www.fortunasilver.com.

2009 Financial Statements and MD&A Highlights:

- Operating income of US\$ 14.38 million, compared to a loss of US\$ 5.59 million in 2008
- Net cash provided by operating activities of US\$ 13.69 million, compared to US\$ 8.36 million in 2008
- Cash cost of negative US\$ 4.93 per silver ounce, net of by product credits
- Cash production cost per tonne of ore was US\$ 46 and the corresponding unit net smelter return (NSR) was US\$ 124
- Sales of US\$ 51.43 million compared to US\$ 24.87 million in 2008
- Record metal production: 1,685,026 ounces of silver, 11,485 tonnes of lead and 12,901 tonnes of zinc; up 109%, 52% and 22% respectively over 2008
- Net income of US\$ 0.62 million, compared to a loss of US\$ 0.91 million in 2008
- The Company's cash position and working capital as at year end were US\$36.79 million and \$36.13 million respectively

Jorge Ganoza, President, CEO and Director, commented: "In 2009, Fortuna delivered its third consecutive year of production expansion and improved financial performance. 2010 is an even more exciting year for the Company as we are already working on pre-construction activities with the aim of commissioning our second underground mine at San Jose in Mexico in the third quarter of 2011. Management is focused on building Fortuna into a leading silver miner with a commitment to profitability, growth of silver reserves and annual production; all within a framework that fosters the well being of our workers, the environment and neighboring communities."

Financial Results

	Expressed in millions	
	Year ended December 31,	
	2009	2008
Revenue	US\$ 51.43	US\$24.87
Mine operating income	27.73	3.90
Operating income (loss)	14.38	(5.59)
Net income (loss)	0.62	(0.91)
Cash flow from operations before changes in non-cash working capital items	15.91	8.65
Cash cost per Ag oz net of by-product credits (US\$/oz)	(4.93)	(3.78)

Summary of financial results (US\$):

During 2009, the Company generated US\$ 51.43 million of sales compared to US\$ 24.87 million in 2008. This increase in revenues was mainly driven by higher silver and lead head grades (up 64% and 25% respectively), higher throughput and reduced treatment charges.

Fortuna recorded an operating income of US\$ 14.38 million for 2009 compared to a loss of US\$ 5.59 million in 2008. This result was partially offset by a loss on the Company's commodity hedging contracts of US\$ 7.36 million, which includes a mark-to-market component of US\$ 2.17 million (US\$ 1.36 million net of tax). Net Income for the period was US\$ 0.62 million after deducting an income tax provision of US\$5.87 million.

Adjusting for the mark-to-market effect on hedging contracts, 2009 resulted in adjusted net income of US\$ 1.98 million compared to a loss of US\$ 1.30 million for the same period in 2008.

Reconciliation of adjusted net income to net income in the consolidated statement of operations (US\$):

	Expressed in millions	
	Years ended December 31,	
	2009	2008
NET (LOSS) INCOME FOR THE PERIOD	\$ 0.62	\$ (0.91)
Items of note, net of tax:		
Mark to Market effect on derivatives	1.36	(0.39)
ADJUSTED NET INCOME (LOSS) FOR THE PERIOD ⁽¹⁾	\$ 1.98	\$ (1.30)

⁽¹⁾ A non-GAAP measure

Operating Results

In 2009, throughput increased at Caylloma to 395,560 tonnes of ore; up 19% compared to 2008. Silver production was 1,685,026 oz; increased 109% with respect to 2008 and 5.3% above the 2009 production guidance. Lead and zinc metal production also increased 52% and 22% respectively.

Fortuna concluded two material investment projects in 2009: the expansion of the processing plant capacity from 1,000 tpd to 1,200 tpd and the commissioning of the copper flotation circuit. Of particular importance as a driver of improved operating margins and silver metal output during the period is the 64% increase in silver head grades and the associated improvement in metallurgical recoveries.

The average cash cost per tonne of treated ore for the year was US\$ 46 and the corresponding unit net smelter return (NSR) was US\$ 124.

San Jose Project

Fortuna has all of the key permits for construction at San Jose. Project staffing for the construction phase is currently being conducted and the EPCM contract for the construction of the plant and ancillary facilities is in the process of being granted. The Company has initiated pre-construction activities in the field for the water project and tailings facilities.

The Company plans to publish a pre-feasibility study and commence with full construction activities in late March. Commissioning of San Jose is planned for the third quarter of 2011; driving further growth in Fortuna's silver production.

Conference Call to Review 2009 Year End Financial Results

The Company will hold a conference call to discuss the financial results on Wednesday, March 24, 2010 at 12:00 p.m. (Eastern Time) / (9:00 a.m. Pacific Time). Hosting the call will be Jorge Ganoza, President, CEO and Director, and Luis Ganoza, Chief Financial Officer.

Shareholders, analysts, media and interested investors are invited to listen to the live conference call by logging onto the webcast at <http://www.investorcalendar.com/IC/CEPage.asp?ID=156726> or over the phone by dialling just prior to the starting time.

Conference call details:

Date: Wednesday, March 24, 2010

Time: 12:00 p.m. (Eastern Time) / 9:00 a.m. (Pacific Time)

Dial in number (Toll Free): 1-877-407-8035

Dial in number (International): 1-201-689-8035

Replay number (Toll Free): 1.877.660.6853

Replay number (International): 1.201.612.7415

Replay Passcodes (both are required for playback):

Account #: 286

Conference ID #: 347550

Playback of the webcast will be available until June 25, 2010. Playback of the conference call will be available until 11:59 p.m. (Eastern Time) on April 7, 2010. In addition, the call will be archived in the Company's website.

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 BOARD

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

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