Fortuna Reports Record Net Income of US$ 5.30 Million on Revenue of US$ 17.53 million in Q1 of 2010

April 29, 2010: Fortuna Silver Mines Inc. (TSX: FVI / Lima Stock Exchange: FVI) – is pleased to announce that it has filed its financial statements and MD&A for the three months ended March 31, 2010. The full documents are available on SEDAR and have also been posted on the Company's website at www.fortunasilver.com.

First quarter 2010 highlights:

- Historic record net income of US$ 5.30 million, compared to a net loss of US$ 1.06 million in Q1 2009
- Historic record revenue of US$ 17.54 million, compared to US$ 8.98 million in Q1 2009
- Historic record operating income of US$ 7.89 million, compared to US$ 0.08 million in Q1 2009
- Cash flow from operations before changes in non-cash working capital of US$ 4.88 million, compared to US$4.23 million in Q1 2009
- Record silver production of 479,821 oz, up 30% over Q1 2009
- Cash position and working capital as at March 31, 2010 were US$ 69.26 million (including short term investments) and US$ 72.73 million respectively

Jorge Ganoza, President, CEO and Director, commented, “Caylloma’s financial performance keeps adding to our Company’s strong cash position. With construction activities commencing at San Jose, Fortuna is on a clear path to materially increase its silver production and become a low cost leading silver miner. Looking further ahead, exploration activities for high grade silver mineralization have been reinitiated at our highly prospective land packages around San Jose and Caylloma, which will set the stage for a next phase of expansion.”

A conference call has been scheduled for Tuesday, May 4, 2010 at 12:00 p.m. (Eastern Time), 11:00 a.m. (Lima Time) and 9:00 a.m. (Pacific Time) to discuss the financial results of the first quarter of 2010 and the pre-feasibility study. Call details are available at the end of this news release.

Financial Results

During the first quarter of 2010, the Company generated record net income of US$ 5.30 million compared to a net loss of US$ 1.06 million in Q1 2009. This increase is attributable to a higher price environment, increased silver output and the addition of copper production as reflected by the strong operating income of $7.89 million in Q1 2010 compared to US$ 0.08 million in the same period of 2009.
The Company’s price protection program generated a gain on commodity contracts of US$ 1.75 million during the first quarter of 2010. Adjusting for the mark-to-market effect on the gain on commodity contracts, a non-GAAP measure, the first quarter of 2010 resulted in adjusted net income of US$ 4.38 million compared to a net loss of US$ 0.79 million in Q1 2009.

*Summary of financial results:*

<table>
<thead>
<tr>
<th>US$ 000s</th>
<th>Three months ended March 31, 2010</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>17,543</td>
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<tr>
<td>Operating Income</td>
<td>7,891</td>
</tr>
<tr>
<td>Net Income</td>
<td>5,296</td>
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<tr>
<td>Cash Flow from Operations before changes in non-cash working capital items</td>
<td>4,881</td>
</tr>
<tr>
<td>Cash Cost per Ag oz net of by-product credits (US$/oz)</td>
<td>(11.41)</td>
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*Operating Results*

During the first quarter ended March 31, 2010, the Company achieved record silver production of 479,821 ounces, compared to 367,986 ounces in Q1 2009, with a negative cash cost per ounce of payable silver of US$ 11.41, net of by-product credits. In the first quarter of 2010, 101,503 tonnes of ore were treated, compared to 91,449 tonnes in the same period of 2009, and the cash cost per tonne of treated ore was US$ 48.33*.

The 30% increase in silver production over the corresponding period of 2009 is attributable to a 13% increase in silver head grade, an 11% increase in throughput and a 4% increase in silver recoveries.

The first quarter of 2010 was the first full quarter of production for the copper circuit, which is now operating within design parameters.

(*) Cash cost is a non-GAAP measure. Please refer to page 8 of the MD&A for reconciliation of cash cost to the cost of sales in the consolidated statement of operations.

*San Jose Project*

On April 26, 2010, Fortuna issued a press release with the results of the prefeasibility study.

Fortuna has already been granted all of the necessary permits to commence construction at San Jose. Project staffing for the construction phase is currently being finalized and the Engineering Procurement Construction Management (EPCM) contract for the construction of the plant and ancillary facilities has been awarded to M3. M3 is an international engineering and construction company out of Tucson, Arizona with ample experience in Mexico. The Company has also initiated pre-construction activities for the water project, tailings facilities and power connection.

The Company anticipates commissioning San Jose in the third quarter of 2011.
Conference Call to Review First Quarter 2010 Financial Results and Pre-Feasibility Study

The Company will hold a conference call to discuss the financial results and the pre-feasibility study on Tuesday, May 4, 2010 at 12:00 p.m. (Eastern Time), 11:00 a.m. (Lima Time) and 9:00 a.m. (Pacific Time). Hosting the call will be Jorge Ganoza, President, CEO and Director, and Luis Dario 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=158207 or over the phone by dialing just prior to the starting time.

Conference call details:

Date: Tuesday, May 4, 2010
Time: 12:00 p.m. (Eastern Time) / 11:00 a.m. (Lima 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 number: 286
   Conference ID number: 350239

Playback of the webcast will be available until August 5, 2010. Playback of the conference call will be available until 11:59 p.m. (Eastern Time) on May 18, 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.

Symbol: TSX: FVI / Lima Stock Exchange: FVI

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