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## Fortuna Silver Updates Reserves and Resources; Silver in Inferred Resources Increases 38%, Gold 26%

VANCOUVER, March 5, 2013 - **Fortuna Silver Mines Inc. (NYSE: FSM) (TSX: FVI) (BVL: FVI (Frankfurt: F4S.F))** is pleased to announce updated Mineral Reserve and Mineral Resource estimates as of December 2012 for the Caylloma Mine located in Arequipa, Peru and for the San Jose Mine located in Oaxaca, Mexico.

### Highlights of Reserve and Resource Update

- Combined Inferred Resources for Caylloma and San Jose increased to 10.9 Mt containing an estimated 46.8 Moz silver and 273.4 koz gold, reflecting year-over-year increases of 38.5 % in contained silver ounces and 26.6 % in contained gold ounces.
- Combined Proven and Probable Reserves for Caylloma and San Jose are reported at 7.6 Mt containing 38.3 Moz silver and 220.6 koz gold, representing year-over-year decreases of 12.6 % in contained silver and 5.4 % in contained gold. These decreases are directly related to depletion resulting from the production of 4 Moz of silver and 20.7 koz of gold in 2012.

"Exploration at the Caylloma Mine in Peru has been successful in significantly expanding the Inferred Mineral Resources. This expansion will directly lead to replacement of the reserves being depleted through production as development workings are extended into the Inferred Resource areas," commented Dr. Thomas Vehrs, Vice President of Exploration for Fortuna Silver. "At the San Jose Mine in Mexico, exploration subsequent to the resource and reserve estimation cutoff date has been successful in identifying high grade silver and gold mineralization associated with the northern extension of the Trinidad structure (see Fortuna news release dated Feb. 4, 2013). Exploration drilling is continuing to expand the Trinidad ore shoot and the results are expected to be included in the 2013 resource, reserve and mine plan updates. In addition, ongoing infill drilling in the area of the existing Inferred Resources below the 1300 m elevation level at San Jose will allow for conversion of those resources to Indicated and Measured categories and subsequently for conversion to reserves."

Mineral Reserves - Proven and Probable							Contained Metal	
Property	Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (Moz)	Au (koz)
Caylloma, Peru	Proven	1,253	99	0.33	1.47	2.19	4.0	13.2
	Probable	3,055	142	0.38	1.55	2.13	14.0	37.8
	Proven + Probable	4,308	130	0.37	1.52	2.15	17.9	51.1
San Jose, Mexico	Proven	51	246	2.31	N/A	N/A	0.4	3.8

	Probable	3,283	189	1.57	N/A	N/A	20.0	165.7
	Proven + Probable	3,335	190	1.58	N/A	N/A	20.4	169.5
<b>Total</b>	<b>Proven + Probable</b>	<b>7,643</b>	<b>156</b>	<b>0.90</b>	<b>N/A</b>	<b>N/A</b>	<b>38.3</b>	<b>220.6</b>

Mineral Resources - Measured and Indicated							Contained Metal	
Property	Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (Moz)	Au (koz)
Caylloma, Peru	Measured	431	72	0.30	0.88	1.53	1.0	4.2
	Indicated	1,170	82	0.34	0.75	1.40	3.1	12.8
	Measured + Indicated	1,601	79	0.33	0.79	1.43	4.1	17.0
San Jose, Mexico	Measured	3	71	0.66	N/A	N/A	0.0	0.1
	Indicated	53	74	0.60	N/A	N/A	0.1	1.0
	Measured + Indicated	56	74	0.61	N/A	N/A	0.1	1.1
<b>Total</b>	<b>Measured + Indicated</b>	<b>1,656</b>	<b>79</b>	<b>0.34</b>	<b>N/A</b>	<b>N/A</b>	<b>4.2</b>	<b>18.1</b>

Mineral Resources - Inferred							Contained Metal	
Property	Classification	Tonnes (000)	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)	Ag (Moz)	Au (koz)
Caylloma, Peru	Inferred	6,633	101	0.27	1.84	2.58	21.5	58.5
San Jose, Mexico	Inferred	4,257	185	1.57	N/A	N/A	25.3	214.9
<b>Total</b>	<b>Inferred</b>	<b>10,890</b>	<b>134</b>	<b>0.78</b>	<b>N/A</b>	<b>N/A</b>	<b>46.8</b>	<b>273.4</b>

Notes:

1. Mineral Reserves and Mineral Resources are as defined by the CIM Definition Standards on Mineral Resources and Mineral Reserves.
2. Mineral Resources are exclusive of Mineral Reserves.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. There are no known legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Resources or Mineral Reserves at Caylloma or San Jose.
5. Mineral Resources and Mineral Reserves are estimated as of June 30, 2012 and reported as of December 31, 2012 taking into account production-related depletion for the period of July 1, 2012 through December 31, 2012 with the exception of the Animas and Animas NE veins at Caylloma which were re-estimated using all exploration drilling information as of December 31, 2012.
6. Metallurgical recovery rates used at Caylloma for estimation of NSR values for sulfide material are 82 % for Ag, 45% for Au, 93 % for Pb, and 88 % for Zn; and for oxide material are 64 % for Ag, 45 % for Au, 46 % for Pb, and 30 % for Zn.
7. Caylloma Mineral Reserves are estimated using break-even cut-off grades based on estimated NSR values using assumed metal prices of US\$29.36/oz Ag, US\$1,544/oz Au, US\$2,245/t Pb and US\$2,139/t Zn; metallurgical recovery rates detailed in footnote 6; and historic operating costs adjusted for inflation. Caylloma Mineral Resources are reported

based on estimated NSR values using metal prices of US\$25.14/oz Ag, US\$1,391.63/oz Au, US\$2,116/t Pb and US\$2,028/t Zn; metallurgical recovery rates detailed in footnote 6; and a NSR cut-off of US\$30/t.

8. San Jose Reserves are estimated using break-even cut-off grades based on assumed metal prices of US\$29.36/oz Ag and US\$1,544/oz Au, estimated metallurgical recovery rates of 88 % for Ag and 89 % for Au and projected operating costs. San Jose Resources are estimated and reported at a Ag Equivalent cut-off grade of 70 g/t, with Ag Eq in  $g/t = Ag (g/t) + Au (g/t) * ((US\$1,391.63/US\$25.14) * (90/88)) = Ag (g/t) + Au (g/t)*56.61$ .
9. Totals may not add due to rounding.
10. N/A = Not Applicable.

### **San Jose Mine**

As of December 31, 2012, the San Jose Mine had Proven and Probable Mineral Reserves containing 20.4 Moz of silver and 169.5 koz of gold, in addition to Inferred Resources containing a further 25.3 Moz of silver and 214.9 koz of gold. Variations from previously announced reserves and resources are the result of depletion through the extraction of ore in 2012 and a change in the cutoff value used for reporting resources from 100 g/t Ag Eq to 70 g/t Ag Eq.

Development of the underground mine continues at San Jose in preparation for the projected 50% expansion of production from 1,000 tpd to 1,500 tpd in the second half of 2013. Further increases in the Mineral Reserves are expected in 2013 from a three drill rig underground in-fill program advancing during the first half of the year for conversion of inferred resources to measured and indicated. The San Jose mineralized structure remains open to the north and at depth and exploration drilling is currently being conducted to follow-up on mineralized intercepts encountered in the second half of 2012.

The 2013 exploration program at San Jose includes 20,000 m of exploration drilling with the principal targets being the northern and southern extensions of the Trinidad vein system. Additional drilling is also planned on other targets identified on the Company's 64,400 hectare property position in the San Jose area.

A NI 43-101 technical report supporting the December 31, 2012 Mineral Reserve and Mineral Resource update at San Jose will be filed on SEDAR and posted on the Company's website upon finalization.

### **Caylloma Mine**

As of December 31, 2012, the Caylloma Mine had Proven and Probable Mineral Reserves containing 17.9 Moz of silver, in addition to Inferred Resources containing a further 21.5 Moz of silver. Inferred Resources increased by 104 % in terms of tonnes and 82 % in terms of contained silver, resulting from a successful and extensive exploration drilling campaign conducted in 2012 to explore the Animas NE and Nancy veins. Other variations from previously announced reserves and resources are the result of depletion through extraction, advances in mine development, changes in metal prices, increased operational costs, and adjustments in metallurgical recoveries and bulk densities for oxide material.

The 2013 exploration program at Caylloma includes 31,000 m of exploration drilling with the program being primarily focused on the resource delineation and exploration of the silver-rich veins in the northern portion of the Caylloma District.

A NI 43-101 technical report supporting the December 31, 2012 Mineral Reserve and Mineral Resource update at Caylloma will be filed on SEDAR and posted on the Company's website upon finalization.

### *Qualified Persons*

The Mineral Resource estimates have been prepared under the supervision of E. Chapman of Fortuna Silver Mines Inc. The Mineral Reserve estimate and the Mineral Resource estimate exclusive of Mineral Reserves were prepared under the supervision of T. Kelly, a director of Fortuna Silver Mines Inc.

E. Chapman and T. Kelly are Qualified Persons as defined by the National Instrument 43-101. Thomas Vehrs, Vice President of Exploration, is the Qualified Person for Fortuna Silver Mines Inc. as defined by the National Instrument 43-101. Dr. Vehrs is a Founding Registered Member of the Society for Mining, Metallurgy, and Exploration, Inc. (SME Registered Member Number 3323430RM) and is responsible for ensuring that the information contained in this news release is an accurate summary of the original reports and data provided to or developed by Fortuna Silver Mines.

### *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 mine 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).

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Forward-Looking Statements

*This news release contains forward-looking statements which constitute “forward-looking information” within the meaning of applicable Canadian securities legislation and “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts and that are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements. When used in this document, the words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “targets”, “intends”, “advance”, “projects”, “calculates” and similar expressions are forward-looking statements.*

*The forward-looking statements are based on an assumed set of economic conditions and courses of actions, including 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 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.*

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