



FORTUNA
SILVER MINES INC.

CORPORATE OFFICE:
Suite 650-200 Burrard Street
Vancouver, BC Canada V6C 3L6

Tel: +1.604.484.4085
Fax: +1.604.484.4029

MANAGEMENT HEAD OFFICE:
Piso 5. Av. Jorge Chávez # 154
Miraflores, Lima - Perú

Tel: +51.1.616.6060, ext. 2

TRADING SYMBOL:
NYSE: **FSM**
TSX: **FVI**
BVL: **FVI**
info@fortunasilver.com
WWW.FORTUNASILVER.COM

February 14, 2012

Business & Human Rights Resource Centre

333 Seventh Avenue, 14th floor

New York, NY 10001

Attention: Annabel Short, Program Director

Dear Annabel,

On January 18, 2012, members of the Coordinadora de Pueblos Unidos del Valle de Ocotlán [Coordinator of United Peoples from the Ocotlán Valley] clashed with a group linked to municipal authorities in the Municipality of San Jose del Progreso over installation of a drinking water pipeline in the San Jose community, a public works project funded by the central and local governments. This confrontation claimed the life of a community member.

While Fortuna Silver Mines Inc. and its subsidiary, Compañía Minera Cuzcatlan, regret this unrest and resulting acts of violence, we have no connection or association with either the demonstration or the funding and/or installation of the drinking water pipeline.

Fortuna began working on the San Jose project in 2006. The mine sources 100 percent of its water necessities by capturing seasonal rain water in a reservoir built by the company on mine property. The San Jose mine recovers silver and gold through conventional flotation methods which do not require the use of

cyanide. The mine produces zero effluent discharge and tailings are stored in the company's lined tailings dam.

The company has always been, and continues to be, in compliance with all Mexican environmental regulations. Our permits are part of the public record.

Fortuna Silver is, today, the largest single employer in the area. Of the approximately 450 people employed at the mine, 300 are from San Jose and surrounding communities.

Through annual agreements with the local government, the company funds a number of infrastructure projects. We also collaborate with various local groups, including women's organizations, school parents, artisans, church members, handicapped members of the community and local entrepreneurs, to implement social programs and sustainable development initiatives.

Some of the work done to-date:

- implementation of nursery homes
- improvements to the local electrical grid
- refurbishing and administration of the grey water treatment plant located in the town of Ocotlan
- improvements of the town's social area (for example, a basketball court)
- scholarship programs
- funding of the construction of energy saving kitchens
- donation of wheelchairs
- workshops for artisanal weavers (they now produce 100% of the overalls and safety vests we use).

And we have helped local entrepreneurs develop their businesses—for example, members of the community cater food to our contractors workers, and run the food kiosk located within our facilities.

Fortuna has been, and will continue to be committed to fostering and maintaining collaborative relations with the communities in which we work.

Sincerely Yours,

Carlos Baca

Manager, Investor Relations