

MATERIAL CHANGE REPORT

FORM 51-102F3

National Instrument 51-102

This is a Material Change Report Under Section 7.1 of National Instrument 51-102.

ITEM 1: NAME AND ADDRESS OF COMPANY

Fortuna Ventures Inc.
840-355 Burrard Street
Vancouver, BC V6C 2G8

ITEM 2: DATE OF MATERIAL CHANGE

June 8, 2005

ITEM 3: PRESS RELEASE

June 8, 2005, Vancouver, British Columbia by CCN Matthews, Stockwatch and Market News.

ITEM 4: SUMMARY OF MATERIAL CHANGE

The Company has signed a Purchase Agreement to acquire 100% of the Caylloma Silver Mine in Peru. The Company will also change its name to Fortuna Silver Mines Inc.

The Caylloma acquisition includes a National Instrument 43-101 compliant Resource Estimate of 7 million ounces silver in proven and probable reserves, plus 14 million ounces silver in inferred resources, for a total resource of 21 million ounces of silver; a 600 tonne per day processing plant; and more than 8,000 hectares of mining concessions. Furthermore, all the required permits and infrastructure are in place to re-start production.

The Caylloma Silver Mine

Caylloma ranks among the most prolific silver producers in Peru, with a 400 year history and over 250 million ounces of silver mined to date. Located only 4.5 hours from Arequipa, the second largest city in Peru, it lies within 60 km of four other operating silver and gold mines, owned by local companies. The district is connected to the national power grid and has all the required infrastructure and services to support mining operations.

The last year of operation at Caylloma was 2002, when 2.6 million ounces of silver were produced. The current owners temporarily halted operations in 2003 due to depressed metal prices, and in order to revamp the Caylloma mill.

Concurrently, a major exploration program was undertaken in the area of the mine which resulted in the discovery of significant silver and base metal resources.

Fortuna anticipates that production will recommence within 12 months, achieving a production rate of approximately 2 million ounces of silver per year in 2006, at an estimated cash cost of less than US\$ 4.00 per ounce of silver, net of byproduct credits. A 5,000 meter exploration drill program will also be conducted, targeting underexplored veins and high grade ore shoots.

Transaction Details

Under the terms of the Purchase Agreement between the Company and two private Peruvian companies, Compañia Minera Arcata S.A. and Compañia Minera Ares S.A.C. (the “Vendors”), the Company will acquire all of the shares of a company that owns the Caylloma assets and liabilities for a purchase price of US\$7.55 million plus 10.803% of the fully diluted capital of the Company. A 2% net smelter returns royalty payable to the Vendors will accrue after 21 million ounces of silver have been recovered from the property.

The Company plans to complete a US\$10 million financing to pay the deferred cash portion of the purchase price and for working capital required to reopen the mine. This financing will be completed at prices and on terms in the context of the market at that time.

The Company will also complete a non brokered private placement financing of C\$1,050,000 prior to or at the closing. The private placement will involve the sale of 1,500,000 units at the price of \$0.70 per unit, with each unit being comprised of one common share and one warrant. Each warrant will be exercisable to purchase a further common share for one year at a price of \$0.75.

The mine acquisition, financing and name change are subject to acceptance by the TSX Venture Exchange and/or shareholder approval. Closing of the acquisition will occur as soon as possible after receipt of those approvals, and is expected to occur before the end of June, 2005.

Trading Resumption

Trading in the shares of the Company on the TSX Venture Exchange was halted, at the Company’s request, in late December 2004 pending the completion of the negotiations on the Caylloma Mine acquisition. With the issuance of this news release, trading is anticipated to resume shortly.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

The Company has signed a Purchase Agreement to acquire 100% of the Caylloma Silver Mine in Peru. The Company will also change its name to Fortuna Silver Mines Inc.

The Caylloma acquisition includes a National Instrument 43-101 compliant Resource Estimate of 7 million ounces silver in proven and probable reserves,

plus 14 million ounces silver in inferred resources, for a total resource of 21 million ounces of silver; a 600 tonne per day processing plant; and more than 8,000 hectares of mining concessions. Furthermore, all the required permits and infrastructure are in place to re-start production.

The Caylloma Silver Mine

Caylloma ranks among the most prolific silver producers in Peru, with a 400 year history and over 250 million ounces of silver mined to date. Located only 4.5 hours from Arequipa, the second largest city in Peru, it lies within 60 km of four other operating silver and gold mines, owned by local companies. The district is connected to the national power grid and has all the required infrastructure and services to support mining operations.

The last year of operation at Caylloma was 2002, when 2.6 million ounces of silver were produced. The current owners temporarily halted operations in 2003 due to depressed metal prices, and in order to revamp the Caylloma mill. Concurrently, a major exploration program was undertaken in the area of the mine which resulted in the discovery of significant silver and base metal resources.

Fortuna anticipates that production will recommence within 12 months, achieving a production rate of approximately 2 million ounces of silver per year in 2006, at an estimated cash cost of less than US\$ 4.00 per ounce of silver, net of byproduct credits. A 5,000 meter exploration drill program will also be conducted, targeting underexplored veins and high grade ore shoots.

All resource and reserve figures presented in this press release have been independently verified by consulting firm Chlumsky, Armbrust and Meyers (CAM) in an NI 43-101 compliant Technical Report, dated April 22, 2005.

Table of Reserves and Resources

RESERVES	tonnes	contained Ag oz	Ag oz/t	Au g/t	Pb %	Zn %	Cu %
Traditional Silver Veins							
Proven	230,946	3,355,645	14.53	0.87	0.02	0.04	0.02
Probable	88,192	1,306,124	14.81	0.74	0.14	0.2	0.03
<i>Total In-situ Reserves</i>	319,138	4,659,415	14.6	0.84	0.06	0.08	0.02
Polymetallic Vein – Animas							
Proven	316,418	1,752,956	5.54	0.35	3.01	4.86	0.23
Probable	140,794	726,497	5.16	0.37	3.18	4.94	0.22
<i>Total In-situ Reserves</i>	457,212	2,482,661	5.43	0.35	3.06	4.88	0.23
<i>Total Mineable Reserves</i>	776,350	7,142,420	9.2	0.55	1.83	2.91	0.14
INFERRED RESOURCE	tonnes	contained Ag oz	Ag oz/t	Au g/t	Pb %	Zn %	Cu %

Traditional Silver Veins	454,947	6,878,799	15.12	0.38	0.32	0.7	0.16
Polymetallic Vein - Animas	691,652	7,338,428	10.61	0.61	3.62	5.49	0.5
<i>Total Inferred Resource</i>	1,146,599	14,217,828	12.4	0.52	2.31	3.59	0.37

Transaction Details

Under the terms of the Purchase Agreement between the Company and two private Peruvian companies, Compañía Minera Arcata S.A. and Compañía Minera Ares S.A.C. (the “Vendors”), the Company will acquire all of the shares of a company that owns the Caylloma assets and liabilities for a purchase price of US\$7.55 million plus 10.803% of the fully diluted capital of the Company.

The Company will pay the purchase price to the Vendors as follows: 1) US\$100,000 at signing of the purchase agreement, which has been paid; 2) US\$2.95 million by the issuance at closing of a convertible promissory note that is payable on or before the sixth month anniversary of closing; 3) US\$4.5 million payable on the first year anniversary of closing; and 4) 10.803% of the outstanding capital of the Company, calculated on a fully diluted basis. A 2% net smelter returns royalty payable to the Vendors will accrue after 21 million ounces of silver have been recovered from the property.

The Company plans to complete a US\$10 million financing to pay the deferred cash portion of the purchase price and for working capital required to reopen the mine. This financing will be completed at prices and on terms in the context of the market at that time.

The agreement with the Vendors requires that on completion of the US\$10 million financing, the Vendors will own shares and warrants equal to 10.803% of the Company on a fully diluted basis, at an expected ratio of 40% and 60% respectively.

The Company will also complete a non brokered private placement financing of C\$1,050,000 prior to or at the closing. The private placement will involve the sale of 1,500,000 units at the price of \$0.70 per unit, with each unit being comprised of one common share and one warrant. Each warrant will be exercisable to purchase a further common share for one year at a price of \$0.75.

The mine acquisition, financing and name change are subject to acceptance by the TSX Venture Exchange and/or shareholder approval. Closing of the acquisition will occur as soon as possible after receipt of those approvals, and is expected to occur before the end of June, 2005.

Trading Resumption

Trading in the shares of the Company on the TSX Venture Exchange was halted, at the Company’s request, in late December 2004 pending the completion of the negotiations on the Caylloma Mine acquisition. With the issuance of this news release, trading is anticipated to resume shortly.

ITEM 6: RELIANCE OF SUBSECTION 7.1(2) or (3) of NATIONAL INSTRUMENT 51-102

Not applicable.

ITEM 7: OMITTED INFORMATION

Not applicable.

ITEM 8: EXECUTIVE OFFICER

Peter Thiersch
Telephone: 604-484-4085

ITEM 9: DATE OF REPORT

June 8, 2005

Date

"signed"

Signature

Peter Thiersch

Name of Executive Officer

President

Title of Officer

Vancouver, British Columbia

Place of Making the above statement