

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 Silver Mines Inc.
840-355 Burrard Street
Vancouver, BC V6C 2G8

ITEM 2: DATE OF MATERIAL CHANGE

October 7, 2005

ITEM 3: PRESS RELEASE

October 12, 2005, Vancouver, British Columbia by CCN Matthews, Stockwatch and Market News.

ITEM 4: SUMMARY OF MATERIAL CHANGE

The Company has closed the non-brokered private placement previously announced on August 3, 2005. The Company sold 4.0 million Units at a price of \$0.75 per Unit to raise gross proceeds of \$3.0 million.

In connection with certain of the subscriptions received, the Company paid finder's fees totalling \$153,587 cash and warrants to purchase up to 231,056 shares exercisable at \$0.80 per share for two years.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

The Company has closed the second tranche of its private placement previously announced on August 3, 2005 raising an additional \$3.0 million. In total, the placement raised \$10.2 million and was oversubscribed by \$1.2 million.

In the second tranche, the Company sold 4.0 million units via a non-brokered private placement at a price of \$0.75 per unit to raise gross proceeds of \$3.0 million. Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share of the Company at \$1.00 in the first year and \$1.25 in the second year. In connection with certain of the subscriptions received, the Company paid finder's fees totalling \$153,587 cash and warrants to purchase up to 231,056 shares exercisable at \$0.80 per share for two years.

All of the above securities have a four-month hold period from the date of issuance, expiring on February 8, 2006.

The net proceeds of the placement will be used to make payments related to the acquisition of the Caylloma Mine in Peru, for exploration and development of the property, and for general working capital purposes.

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

October 17, 2005

Date

"signed"

Signature

Peter Thiersch

Name of Executive Officer

President

Title of Officer

Vancouver, British Columbia

Place of Making the above statement