

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 5, 2006

ITEM 3: PRESS RELEASE

October 5, 2006, Vancouver, British Columbia by CCN Matthews.

ITEM 4: SUMMARY OF MATERIAL CHANGE

Subject to acceptance by the TSX Venture Exchange, an agreement has been reached between the Company and Continuum Resources Ltd. to purchase a 100% interest in the high grade San Jose silver-gold project in Mexico from the underlying property owner.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

Subject to acceptance by the TSX Venture Exchange, an agreement has been reached between the Company and Continuum Resources Ltd. to purchase a 100% interest in the high grade San Jose silver-gold project in Mexico from the underlying property owner.

Under the terms of the agreement, the Company will pay the full purchase price of US\$8,000,000 cash, US\$250,000 in shares of the Company, and US\$250,000 in shares of Continuum currently owned by the Company. The previous option agreement between the Company and Continuum dated November 10, 2005 will be superseded by this agreement, and a joint venture will be formed, the Company having a 76% interest and Continuum a 24% interest. Continuum will contribute to the joint venture additional concessions in the area on which it has option agreements, as well as any other concessions that Continuum may acquire within the greater area that will be known as the Taviche joint venture area.

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

Jorge Ganoza Durant
Telephone: 604-484-4085

ITEM 9: DATE OF REPORT

October 5, 2006

Date

Jorge Ganoza Durant

Name of Executive Officer

Vancouver, British Columbia

Place of Making the above statement

"Jorge Ganoza Durant"

Signature

President

Title of Officer