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

December 11 and 12, 2006

ITEM 3: PRESS RELEASE

December 11 and 12, 2006, Vancouver, British Columbia by CCN Matthews, Stockwatch and Market News.

ITEM 4: SUMMARY OF MATERIAL CHANGE

The Company has entered into an agreement with a syndicate of Agents to raise up to $34.2 million by way of a private placement. The agreement provides for the placement of up to 18,000,000 units ("Units") priced at $1.90 per Unit, with each Unit consisting of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share for 18 months from the closing date at a price of $2.30. The Company will pay the Agents a commission of 7.0% of the gross proceeds of the offering, payable in a combination of cash or Units, at the election of the Agents. In addition, the Agents will receive compensation options equal to 7.5% of the Units sold, with each option exercisable into one common share at a price of $2.30 for 18 months from closing.

ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE

The Company has entered into an agreement with a syndicate of agents co-led by Pacific International Securities Inc. and Sprott Securities Inc., and including Salman Partners Inc. (the "Agents"), to raise up to $34,200,000 by way of a private placement. The agreement provides for the placement of up to 12,000,000 units ("Units") priced at $1.90 per Unit, with each Unit consisting of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable into one common share for 18 months from the closing date at a price of $2.30. The Company has also granted the Agents an over-allotment option exercisable at any time prior to closing for the placement of up to an additional 6,000,000 Units. The Company will pay the Agents a commission of 7.0% of the gross proceeds of the offering, payable in a combination of cash or Units, at the election of the Agents. In addition, the Agents will receive compensation options equal to 7.5% of the aggregate Units sold, with each option exercisable into one common share at a price of $2.30 for 18 months from closing. Closing of the private placement is anticipated to be on January 11, 2007.

The net proceeds of the placement will be used for advancement of the Company's San Jose Project in Mexico, to repay a credit facility recently issued to the Company in connection with its acquisition of a 76% interest in the San Jose Project, 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

Jorge Ganoza Durant
Telephone: 604-484-4085

ITEM 9: DATE OF REPORT

December 12, 2006	***"Jorge Ganoza Durant"***
Date	Signature
Jorge Ganoza Durant	**President**
Name of Executive Officer	Title of Officer

Vancouver, British Columbia
Place of Making the above statement