



FORTUNA
SILVER MINES INC.

Suite 840-355 Burrard Street
Vancouver, BC Canada V6C 2G8
T 604 484 4085 F 604 484 4029
info@fortunasilver.com
www.fortunasilver.com

TSX-V: FVI

Fortuna and Continuum acquire 100% interest in the San Jose Ag-Au project, Mexico

October 5, 2006: Fortuna Silver Mines Inc. (FVI:TSX-V “Fortuna”). Mr. Jorge Ganoza, President of Fortuna, is pleased to announce that, subject to acceptance by the TSX Venture Exchange, an agreement has been reached between Fortuna 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, Fortuna will pay the full purchase price of US\$8,000,000 cash, US\$250,000 in shares of Fortuna, and US\$250,000 in shares of Continuum currently owned by Fortuna. The previous option agreement between Fortuna and Continuum dated November 10, 2005 will be superseded by this agreement, and a joint venture will be formed, Fortuna having a 76% interest and Continuum a 24% interest.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.

San Jose currently has an inferred resource of 527,283 tonnes grading 396 g/t Ag, 3.5 g/t Au (20 oz Ag eq.). The NI 43-101 compliant technical report is dated March 2006 and available on SEDAR. Drilling by Fortuna during the first half of the year has significantly extended known mineralization with multiple high grade intercepts over vein widths exceeding 10 meters, defining a bonanza-style high-grade mineralized shoot that remains open at depth. For complete drill results please refer to our news release dated September 5, 2006, available at www.fortunasilver.com.

Highlights of the 2006 drill program include:

DDH	From (m)	To (m)	Interval (m)*	Ag (g/t)	Au (g/t)
SJO-18	240.92	251.48	10.56	638	8.2
SJO-20	368.90	373.01	4.11	1772	10.5
SJO-21	246.50	255.00	8.50	522	2.9
SJO-39	42.75	47.65	4.90	843	5.9
SJO-46	414.60	424.82	10.22	347	5.3
SJO-51	429.17	440.16	10.99	2106	20.9

*True width is estimated at 70 – 85 per cent of interval.

Fortuna completed a total of 11,904m of core drilling in 37 holes between January and June of 2006. The program was designed to test the San Jose vein system over 2km strike distance, on 100m sections, to depths of 300 to 400 meters below surface. A new resource estimation for the San Jose project is in preparation.

Mr. Jorge Ganoza, President of Fortuna, commented “Management is excited to see the project progress to the next stage. Fortuna is committed to advancing San Jose to a production decision. Continuing work will focus on expansion and upgrading of the resource base, and mine and process design.”

Background

Fortuna is a growth oriented, near term silver producer focused on mining opportunities in Latin America. Our primary assets are the Caylloma Silver Mine in southern Peru and the San Jose Silver-Gold Project in Mexico. The Company is aggressively pursuing additional acquisition opportunities. For more information, please visit our website at www.fortunasilver.com.

The TSX Venture Exchange has not reviewed and does not take responsibility for the adequacy or accuracy of this release.

ON BEHALF OF THE BOARD

Jorge Ganoza Durant, President
Fortuna Silver Mines Inc.
Tel: 604-484-4085
Symbol: TSX-V:FVI