



Dear Shareholder,

We are pleased to be able to bring you our first ever Fortuna Monthly Shareholder Update. This is a feature that we have been doing for our associated companies, Northland Resources Inc. and Radius Gold Inc. and Management thought that it would be a nice idea to be able to reach Fortuna's shareholders through the same medium. We will try to put together a summary of what is going on with Fortuna every month or two, so you will have some extra insight to the Company, what Management are doing and other non-material "goings-on".

We recently reached what we believe are some key milestones in the advancement of the company, not least of which was the announcement of production at Caylloma, in September in Peru.

Share Price

Fortuna has been trading an average of 113,489 shares per day over the past two months and at one point traded as low as \$1.48. We are relatively pleased that the stock price managed to remain flat over this period as most precious metals stocks have been feeling the pinch of a declining gold and silver price. Thankfully the gold and silver prices seem to have turned back in our favor over the past few sessions and with the announcement of the start up of production at Caylloma, the share price has begun to gradually tick up and we're now in the \$1.80s. We believe in long term fundamentals of both gold and silver and feel that Fortuna is poised to do well in the bullish climate.





Project Updates

Caylloma in Production

We were pleased to announce last month that production has begun at Caylloma where ore is currently being processed at a rate of 500 tonnes per day (tpd). Things have been running smoothly and we look forward to increasing the through-put to 700 tpd in 2007. The first sales of Silver-Lead and Zinc concentrate are expected shortly at which point your company will be generating revenue finally. The concentrate appears to be an “in demand” product with the metal traders because of its low content of what we call “deleterious elements” (or “nasties” such as heavy metals and other contaminants that cause environmental issues for smelters.)

Re-commissioning mines, and start up of new mines, invariably takes time as the bugs are worked through and sorted out. We’re very happy with the way that Caylloma has been –to date at least- relatively trouble free. Our next milestone will be stepping up the throughput to 700 tpd next year.

San Jose Silver-Gold Project

Fortuna and Continuum Resources Ltd. agreed to purchase a 100% interest in the San Jose silver-gold project in Mexico from the underlying property owner, with 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.

We are also looking forward to a new 43-101 Technical Report which is due out on San Jose in the up coming month.

New Acquisitions

Fortuna’s business development team is constantly evaluating mine acquisition opportunities. Our focus remains privately held operating mines and advanced projects located in Peru and Mexico.

Corporate Activities

We have had a few corporate changes over the last couple months. Peter Thiersch stepped down as Vice President Exploration to attend to family matters, but will remain as a director with us. Tom Vehrs has come aboard as the new VP Exploration. We wish Peter good luck and look forward to working with Tom.



Press Coverage

Sprott Securities Inc. has once again covered Fortuna in their in-house analyst coverage. If you'd like to read their recent note, please call them directly at 1-877-390-777 to request a copy.

What's Coming Up

In the up coming months we expect a steady flow of company news with the impending 43-101 Technical Report for the San Jose project, as well as production numbers from Caylloma.

We are also working to update the Fortuna website to reflect the transition from explorer to producer. The reworking of the website will take a bit of time, but we expect to have it completed by the end of November.

We are also looking forward to taking part in the following conferences during November:

New Orleans Investment Conference

November 15-19, 2006 - *New Orleans Marriott Hotel*

Fortuna will share a booth with Northland Resources and Radius Gold Inc.

San Francisco San Francisco Hard Assets Investment Conference

November 26 - 27, 2006 – *San Francisco Marriott Hotel*

Booth number 418

And one final item, for those shareholders who may have missed it, a Peruvian film company produced a short information film on Fortuna which is available on the website under the investor's section.

As usual, if you have any questions please feel free to call our investor relations team in Vancouver, Warwick Smith and Karen Davies will be happy to take your calls. The number they can be reached at is + 1 604 484 4085.

Yours,

Jorge Ganoza Durant
President