

SILVERMEX RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
for the period ended January 31, 2009

Date of Report

The following Management Discussion and Analysis (“MD&A”) for Silvermex Resources Ltd. (“Silvermex” or the Company) is prepared as of March 30, 2009, and should be read in conjunction with the unaudited Consolidated Financial Statements (“Financial Statements”) and related notes for the three and nine month periods ended January 31, 2009, the comparative period ended January 31, 2008, and the audited financial statements and MD&A for the year ended April 30, 2008. Except as noted, all dollar amounts contained in this discussion and analysis and in the Financial Statements are in Canadian dollars.

Forward-Looking Statements

This MD&A contains certain statements that may be deemed “forward-looking statements”. All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward looking statements are based on the beliefs, estimates and opinions of the Company’s management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management’s beliefs, estimates or opinions, or other factors, should change.

Management’s Responsibility for Financial Statements

The information provided in this MD&A, including the interim consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of the future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company’s assets are safeguarded and to facilitate the preparation of relevant and timely information.

Overall Performance

The Company is a junior resource company engaged in the acquisition, exploration and development of silver properties in Mexico. To date the Company has measured its success through the growth of its mineral resources, in particular silver resources, at reasonable discovery and/or acquisition cost. The Company has its corporate office in Vancouver and its administrative office in Hermosillo, Sonora, Mexico. The Company also has a field office near Estacion Llano, Sonora. The Company currently has no revenue from operations and will continue to

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incur negative cash flow for the foreseeable future. The Company currently has three material properties for purposes of National Instrument 43-101, the Peñasco Quemado Property located in Sonora, the La Frazada property located in Nayarit, and the San Marcial Property located in Sinaloa. These properties have mineral resources as defined by current Canadian Institute of Mines (CIM) definitions. Details of each of these and the Company's other projects are discussed in Mineral Properties.

As disclosed in news releases dated October 9, October 14 and October 15, 2008, the Company's silver mineral resources by project are (ounces):

Category	San Marcial	La Frazada	Peñasco Quemado	Totals
Measured:	0	2,615,493	2,591,752	5,207,245
Indicated:	18,021,221	2,156,335	7,468,166	27,645,722
Total M&I:	18,021,221	4,771,828	10,059,918	32,852,967
Inferred:	4,371,018	4,132,520	1,366,749	9,870,287

The Company's total mineral resources are:

Category	Silver (ozs)	Gold (ozs)	Lead (lbs)	Zinc (lbs)
Measured:	5,207,245	1,797	5,657,445	15,834,150
Indicated:	27,645,722	1,264	35,230,132	71,123,399
Total M&I:	32,852,967	3,061	40,887,577	86,957,549
Inferred:	9,870,287	2,231	30,054,276	65,499,878

Very little work was performed on the Company's resource properties during the quarter as the Company did not have the funds available. During the period, the Company completed a private placement financing of \$1.8 million (gross). Now that the Company has funds available, its principal objectives are resource expansion, metallurgical testing, and economic assessment of its three principal properties. The funds are also being used to make property payments, for general working capital requirements, and to satisfy accounts payable.

Pursuant to National Instrument 43-101, Lawrence A. Dick, Phd, P.Geo is the Qualified Person ("QP") responsible for the technical disclosure in this MD&A.

The Company has contracted Mr. Bruce Bried, BSc, PEng, as senior mining consultant. Mr. Bried will oversee the evaluation and economic assessments of the Company's advanced stage projects, focusing initially on San Marcial and La Frazada silver projects. Mr. Bried is a professional engineer with over 25 years experience in engineering and operating mines, his specialty is underground vein gold and silver mines.

Impact of Market Volatility on Operations

The recent capital market volatility that is being experienced worldwide has had a significant impact on the Company's operations during the most recently completed interim period and to the date of this management discussion and analysis. Effects that have been encountered include, but are not limited to, a reduction in silver and other commodity prices, significant volatility in foreign exchange rates, including a drop in excess of 20% in the value of the Canadian dollar against the US dollar, a reduction in the Company's share price, depressed equity and credit markets, and an increase in the cost of capital.

Going Concern Issues

While the Company has been previously successful in funding ongoing exploration programs and operations through equity financings, management is concerned with the Company's ability to continue as a going concern should minimum short term funding not be secured. As discussed above, should capital market volatility continue to erode investor and creditor confidence and/or should silver prices decline significantly, the Company may not be able to secure financing to complete its planned programs or fund general and administrative expenses. If the financing is not completed as required, management will have to reassess the Company's ability to continue as a going concern.

Selected Annual Information

The following is a summary of the Company's financial results for the Company's three most recently completed financial years:

	2008	2007	2006
Total revenues	\$11,465	\$11,184	Nil
Net loss	(\$2,364,336)	(\$1,114,629)	(\$217,882)
Basic and diluted loss per share	(\$0.10)	(\$0.06)	(\$0.03)
Total assets	\$8,150,588	\$3,681,684	\$772,204
Total long term liabilities	Nil	Nil	Nil
Dividends declared	Nil	Nil	Nil

MINERAL PROPERTIES

1. PEÑASCO QUEMADO PROPERTY, SONORA, MEXICO

The Peñasco Quemado property is located in the north-central portion of the state of Sonora, Mexico, approximately 70 kilometres southwest of the Mexico-Arizona border. No significant exploration work was conducted on this property during the quarter as the Company did not have sufficient funds. The Company does not have any plans to conduct exploration on this property in the near future.

Subsequent to the quarter end, the Company made the final payment due on this property, and exercised its option to acquire the property.

2. SAN MARCIAL PROPERTY, SINALOA, MEXICO

The 1,250 hectare, San Marcial Property is located approximately 150 kilometres east of Mazatlan in west central Mexico. Subsequent to the quarter end the Company announced that it has finalized its formal agreement with Silver Standard Resources Inc. ("Silver Standard"). Under the terms of the formal agreement with Silver Standard, Silvermex can acquire a 100-per-cent interest by issuing three million common shares in three stages by Feb. 1, 2011, at a deemed share value of 75 cents per share for the first one million shares and based on the market price of the shares of Silvermex at the time of each subsequent issuance. Silvermex must also pay \$15-million (U.S.) (less the deemed value of the three million common shares issued) in either cash or shares at the election of Silver Standard, by Feb. 1, 2012. The \$15-million (U.S.) purchase price is based on Silver Standard's resource estimate of 14.26 million ounces of inferred silver resources on the property, prior to additional drilling by Silvermex. Silvermex must also expend \$1-million (U.S.) on exploration by Feb. 1, 2011.

The Company did not conduct any exploration work on this property in the current quarter due to lack of funds. However, management was pleased with the results obtained from the last exploration program which resulted in the expanded silver resource. The Company has now initiated preliminary economic assessment studies on this project. The economic assessment will define the mining limits based on scoping level studies of the metallurgical, processing, mining and infrastructure requirements for potential mining and mill operations. The assessment will also focus on defining the economic viability of the project and will take advantage of the existing underground infrastructure and near surface nature of the potentially mineable silver deposit. Reconstruction and improvements to the access roads are underway and a mining contractor has been commissioned to restore access to the mine and main portal.

The completed preliminary economic assessment studies will determine additional infill drilling and sampling required for the necessary upgrading of the existing resource, targets for additional resource potential, preliminary mine designs, production schedules, metallurgy, process and project infrastructure design, development of environmental management and permitting programs, estimated project capital and operating costs, pre-tax cash flows, project schedule and recommendations for additional work so the project can proceed to pre-feasibility.

A metallurgical test program has also been initiated and preliminary results are expected in May 2009. The Company will take additional representative samples and the resulting material will be shipped to an independent metallurgical laboratory to optimize processing and metal recoveries. The results of these tests will be used to determine flow process, plant design and equipment selection, this work is expected to be completed in the third quarter of 2009. The plans detailed above will work toward satisfying the exploration work requirements on this project.

3. LA FRAZADA PROPERTY, NAYARIT, MEXICO

The Company's staked 360 hectare concession encompasses the past producing La Frazada Silver Mine. It is located approximately 300 kilometres northwest of Guadalajara and less than 100 kilometres south of the Company's San Marcial project, in the state of Nayarit.

Company geologists are confident that future exploration programs will significantly expand the resource base detailed in the *Technical Report & Preliminary Mineral Resource Estimate for the La Frazada Silver Property, El Zopilote Mining District, Nayarit, Mexico* authored by William J. Lewis, B.Sc., P.Geo. (Micon International Limited) dated November 24, 2008). Minimal work was performed on this property in the current quarter, however, the Company recently announced that it has initiated a preliminary economic assessment study on the project. The economic assessment will include metallurgical, processing, mining and infrastructure requirements for potential mining and mill operations. It will also focus on defining the economic viability of the project and

will take advantage of the existing underground infrastructure as well as define the near surface potential of the deposits.

The completed preliminary economic assessment studies will include information from additional infill drilling and sampling, additional resource estimation, preliminary mine designs, production schedules, metallurgy, process and project infrastructure design, development of environmental management and permitting programs, estimated project capital and operating costs, pre-tax cash flows, project schedule and recommendations for additional work so the project can proceed to pre-feasibility.

A metallurgical test program has been initiated, and preliminary results are expected in mid-April 2009. The Company will take additional representative bulk samples and the resulting material will be shipped to an independent metallurgical laboratory to optimize processing and metal recoveries. The results of these tests will be used to determine flow process, plant design and equipment selection. This work is expected to be completed in late in the third quarter of 2009.

4. CERRO DE PLATA PROPERTY, SONORA, MEXICO

The Company's 10,000 hectare Cerro de Plata silver project is located in the Sierra Madres Mountains approximately 50 kilometres south of the Mexico/Arizona border at Nogales, Mexico, and is 45 kilometres east of the Company's Peñasco Quemado project. No work was performed on this property during the quarter. Although technical staff believes that an extensive program of detailed geological mapping, geophysics and geochemistry followed by a second phase 5,000 metre diamond drill program is required to progress the project to the next decision point, no exploration work will be performed on this property in this next quarter.

5. LOBOS PROPERTY, SONORA, MEXICO

The Company's 100% owned 2,830 hectare Lobos project is located in northwestern Sonora, Mexico, approximately 90 kilometers south of Puerto Peñasco. No work was conducted on this property in the previous quarter as the Company did not have the funds available. No exploration work is planned for this property in this next quarter.

6. EL RAYO PROPERTY, SONORA, MEXICO

The 150 hectare El Rayo Claims are located less than 10 kilometres from the city of Magdalena de Keno, Sonora, Mexico. The Company has staked an additional 2,200 hectares to ensure the mineral rights to any extensions to the known mineralization are secured. No additional work has been performed on this property since the short reverse circulation drill program of July 2008. While the drill program failed to return economic grade intersections, Company geologists believe additional surface work and a second phase is warranted, however no exploration work is planned for this property in the next quarter.

7. LETY PROPERTY, DURANGO, MEXICO

The Lety property is located near Santa Maria del Oro, Durango, Mexico. The Company has also staked a 5,000 hectare claim fully surrounding the Lety property and has included it in this project. The Company did not perform any work on this property during the quarter, and no work is planned for the next quarter either.

Results of Operations

Nine months ended January 31, 2009, compared with nine months ended January 31, 2008:

During the nine month period ended January 31, 2009, the Company reported a net loss of \$1,458,532 (\$0.05 per share) compared to a net loss of \$1,702,732 (\$0.07 per share) for the nine months ended January 31, 2008. The net loss for the period was \$1,231,281 (2008: \$1,224,009) excluding non-cash charges to income of stock based compensation, amortization, and foreign exchange losses or gains.

The major items for the nine month period ended January 31, 2009, compared to January 31, 2008, were:

- a. Consulting fees of \$124,319 (2008: \$156,600) decreased slightly primarily due to a decrease in market activity and contracting out of marketing and promotional consultants.
- b. Investor relation charges of \$272,736 (2008: \$303,145) for corporate communications also decreased due to a reduction in the Company's marketing and promotions campaign.
- c. Salaries and wages expense totaled \$577,825 (2008: \$285,162). The increase was partially due the company being fully staffed for the full period (as compared to the prior nine months). It was also due to a bonus paid to a director and officer of the Company pursuant to the terms of his employment agreement to reimburse him for his tax liability relating to options granted on the commencement of his employment. Salaries and wages expense also includes an amount paid to a former employee, director and officer in settlement of a claim.

Three months ended January 31, 2009, compared with three months ended January 31, 2008:

During the three month period ended January 31, 2009, the Company reported a net loss \$399,280 or \$0.01 per share, compared to a net loss of \$617,281 or \$0.02 per share for the three months ended January 31, 2008. The net loss for the period was \$370,416 (2008: \$488,122) excluding stock based compensation, amortization, and foreign exchange gains or losses.

The major items for the three month period ended January 31, 2009, compared to January 31, 2008, were:

- a. Consulting fees of \$39,390 (2008: \$36,000) for the current period are consistent with previous periods.
- b. A foreign exchange loss of \$21,291 (2008: foreign exchange gain \$44,439) incurred due to the weakening of the Canadian dollar against the US dollar, and the Mexican peso against the US dollar. The Company's Subsidiary is required to make most of its payments to property optionors, suppliers and contractors in US funds.
- c. Investor relation charges of \$140,021 (2008: \$141,900) for corporate communications work performed is consistent with that spent in the equivalent period in 2008.
- d. Salaries and wages expense totaled \$145,793 (2008: \$138,315). This expense is comparable to that incurred in the equivalent period last year.

Property Expenditures

The Company's expenditures on its properties reflect its focus in the last nine months. The Company's primary focus was its San Marcial Project, on which \$742,454 was spent. Of this amount, \$374,886 was spent on drilling, and \$184,958 on salaries and consulting fees. \$268,548 was spent on the Peñasco Quemado Project, \$80,328 of which went to salaries and consulting fees, and \$54,586 to assaying.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

	Q3 January 31, 2009	Q2 October 31, 2008	Q1 July 31, 2008	Q4 April 30, 2008	Q3 January 31, 2008	Q2 October 31, 2007	Q1 July 31, 2007	Q4 April 30, 2007
Total revenues	\$337	\$1,030	\$12,037	\$2,912	\$3,035	\$832	\$4,686	\$3,306
Net loss	(\$399,280)	(\$480,825)	(\$578,427)	(\$661,604)	(\$617,281)	(\$621,843)	(\$463,608)	(\$331,323)
Basic loss per share (1)	(\$0.01)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.03)	(\$0.02)	(\$0.02)

(1) Loss per share on a diluted basis is not disclosed as it is anti-dilutive due to losses incurred.

The expenses incurred by the Company are those typical of junior exploration companies that have not established mineral reserves. In some quarters more expenses are incurred than in others, as a result of non-recurring activities or events.

Liquidity

The interim consolidated financial statements for the nine month period ended January 31, 2009, have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses since inception, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to further explore its mineral property projects and to cover general and administrative expenses necessary to maintain a public company.

During the period the Company closed a brokered private placement of 15,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,500,000, and a non-brokered portion consisting of 3,635,000 units at a price of \$0.10 per unit for gross proceeds of \$363,500. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share for a period of 18 months from closing at a price of \$0.15 per share.

The agent for the brokered private placement was Canaccord Capital Corporation. The agent's compensation consisted of a cash commission of 9% of the gross proceeds of the brokered private placement. The agent was also issued 100,000 corporate finance units and a compensation option exercisable to acquire that number of units equal to 9% of the number of units sold pursuant to the brokered private placement. The agent also received a corporate finance fee of \$25,000 and a work fee of \$5,000. The Company paid cash finders' fees totaling \$29,550 in connection with the non-brokered portion of the private placement.

The common share, warrants and units are subject to a hold period expiring June 1, 2009. The proceeds of the private placements are intended to be used to fund work programs on the Company's San Marcial Property in Mexico, to fund economic assessment studies and for general working capital purposes.

The Company had cash of \$1,204,332 at January 31, 2009 compared to \$1,455,130 as at April 30, 2008. The Company had working capital surplus of \$788,841 as at January 31, 2009 compared to working capital surplus of \$1,770,034 at April 30, 2008.

Capital Resources

Silvermex has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms.

The Company has successfully renegotiated several of its option contracts. The optionor of the Peñasco Quemado Project agreed to extend the final payment to May 2009. This amount has since been paid and the Company's option to acquire the property has been exercised.

The agreement for Cerro de Plata Project was amended. The complete payment schedule is as follows:

		on signing letter of intent (paid) and 50,000 common shares on TSX-V acceptance
	US\$ 20,000	(issued);
<u>ii)</u>	US\$ 20,000	six months from Exchange acceptance (paid);
<u>iii)</u>	25,000	and 100,000 common shares on or before January 3, 2008 (paid and issued) (Note
	US\$	6c);
<u>iv)</u>	US\$ 30,000	on or before September 3, 2009;
<u>v)</u>	US\$ 30,000	and 100,000 common shares on or before May 3, 2010;
<u>vi)</u>	US\$ 275,000	and 250,000 common shares (provided that the feasibility study is acceptable) on or
		before May 3, 2011.

Prior to May 3, 2011, the Company may exercise its option to purchase the concession by paying the optionor a total of US\$400,000 and issuing 500,000 shares, less payments made and shares already issued.

The agreement for the Lety Project has also been amended. The complete payment schedule is as follows:

<u>i)</u>	US\$ 50,000	on signing (paid);
<u>ii)</u>	US\$ 50,000	by November 17, 2007 (paid);
<u>iii)</u>	US\$ 50,000	by May 17, 2008 (paid);
<u>iv)</u>	US\$ 10,000	by November 17, 2008 (paid);
<u>v)</u>	US\$ 20,000	on or before February 28, 2009 (subsequently paid);
<u>vi)</u>	US\$ 20,000	on or before July 28, 2009;
<u>vii)</u>	US\$ 50,000	and 250,000 common shares on December 28, 2009.

The agreement for the El Rayo Project was also amended. The complete payment schedule is as follows:

<u>i)</u>	US\$	15,000	on signing (paid);
<u>ii)</u>	US\$	20,000	by November 28, 2007 (paid);
<u>iii)</u>	US\$	25,000	by November 28, 2009 (US\$6,000 paid)
<u>iv)</u>	US\$	30,000	by May 28, 2010;
<u>v)</u>	US\$	35,000	by November 28, 2010
<u>vi)</u>	US\$	40,000	by May 28, 2011;
<u>vii)</u>	US\$	45,000	by November 28, 2011;
<u>viii)</u>	US\$	50,000	by May 28, 2012;
<u>ix)</u>	US\$	55,000	by November 28, 2012.

The formal agreement with Silver Standard for the San Marcial Project was finalized. Under this agreement, the Company can acquire a 100% interest by issuing three million common shares in three stages by February 1, 2011 at a deemed share value of \$0.75 per share for the first 1 million shares and based on the market price of the shares of the Company at the time of each subsequent issuance. The Company must also pay US\$15 million (less the deemed value of the 3 million common shares issued) in either cash or shares at the election of Silver Standard, by February 1, 2012. Silvermex must also expend US\$1 million on exploration by February 1, 2011.

Transactions with Related Parties

- a) The Company was charged the following by directors, a former director of the Company or companies with common directors:

	Nine months ended January 31, 2009	Nine months ended January 31, 2008
Mineral property costs:		
- field work and consulting (1)	\$ 53,669	\$ 156,245
Accounting (2)	41,000	46,000
Office expenses (3)	198,342	36,916
Property acquisition (4)	21,157	-
Consulting (5)	90,000	75,000

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

- (1) Mexican geologists are paid as consultants, rather than as employees.
- (2) A company that was related to the Company by virtue of a director, provides day-to-day accounting services for the Company.
- (3) A Company related by virtue of directors in common incurs office expenses (such as rental of the Vancouver office) on behalf of the Company. The related company is reimbursed for all such expenses.
- (4) The Company acquired the La Frazada Project for US\$20,000 from a company related by common directors and common officers. The company had staked the project as the Company's agent.
- (5) The Company contracts its corporate secretary to perform corporate development functions, and some investor relations activities.

- b) Accounts payable and accrued liabilities outstanding with related parties are unsecured, non-interest bearing and have no fixed terms of repayment. Included in accounts payable and accrued liabilities at January 31, 2009 and January 31, 2008 are the following related party amounts:

	January 31, 2009	April 30, 2008
Accounts payable and accrued liabilities	\$ 122,873	\$ 5,250

- This amount includes \$45,000 due to the company related by virtue of common directors for office expenses incurred on the Company's behalf.
- This balance also includes \$2,500 owed to a director and officer was a loan made to the Company by way of a promissory note.
- This amount includes \$47,500 to the Company's corporate secretary for consulting fees.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the interim consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred expenditures as well as the value of stock-based compensation. These estimates involve considerable judgement and are, or could be, affected by factors beyond the Company's control. The factors affecting stock-based compensation include estimates of when the stock options might be exercised and the stock price volatility.

The Company's recoverability of the recorded value of its mineral properties and associated deferred expenses is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves and the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds of disposition thereof.

Changes in Accounting Policies

The interim consolidated financial statements for the six month period ended October 31, 2008 have been prepared in accordance with Canadian generally accepted accounting principles. The accounting policies and methods remain consistent with the previous period.

Financial Instruments and Other Instruments

The carrying value of financial instruments, which includes cash, accounts payable and accrued liabilities, approximate fair value because of the short-term maturity of those instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Disclosure of Outstanding Share Capital

The Company's outstanding share capital as at March 30, 2009, is as follows:

Common shares	48,631,751
Stock options	4,200,000
Share purchase warrants	11,862,750
Brokers' options	1,542,880

Investor Relations Agreements

The Company has two month-to-month investor relation agreements totalling \$16,500 plus GST per month.

Legal matters

The Company reached a settlement with a former consultant in a wrongful dismissal suit. The amount of the settlement was charged to operations in the current period.

Directors and officers

The Company is dependent on a small number of key directors and officers. Loss of any one of those persons could have an adverse affect on the Company. The Company does not maintain "key-man" insurance with respect to any of its management.

Other information

Additional information relating to the Company, including the Company's AIF, is filed on Sedar.com and on the Company's website at www.silvermexresources.com.

Conflicts of interest

Certain officers and directors of the Company are officers and/or directors of, or are associated with other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

Risks and uncertainties

The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this document. The reader should also refer to the discussion of risks contained in the Company's Annual Information Form dated August 7, 2008. The Company's financial success is subject to, among other things, fluctuations in silver, gold and other commodity prices that may affect current or future operating results and may affect the economic value of its mineral properties. The Company is exposed to currency fluctuations against the Mexican peso and United States dollar that could affect capital and operating costs, but may choose to mitigate the risk through forward purchase of these currencies. The Company must comply with environmental

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regulations governing air and water quality and land disturbance. The Company's ability to obtain financing to explore and develop its mineral properties is not assured; nor is there assurance that the expenditure of funds will result in the discovery and development of an economic mineral deposit. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

Outlook

The Company had not conducted any exploration activities on its properties since the work performed which resulted in updated National Instrument 43-101 resource estimates on its three primary, advanced-stage properties, as it did not have the funds available. However, now that the Company has completed a private placement of \$1,863,000 (gross), it is moving forward with preliminary economic assessment studies on the San Marcial and La Frazada projects.