

SILVERMEX RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
for the three and nine month period ended January 31, 2008

Date of Report

The following Management Discussion and Analysis (“MD&A”) for Silvermex Resources Ltd. (“Silvermex” or the “Company”) is prepared as of March 31, 2008, and should be read in conjunction with the interim consolidated financial statements for the nine month periods ended January 31, 2008 and 2007, and the audited consolidated financial statements and related notes for the years ended April 30, 2007, and 2006. The reader is also referred to the Company’s Annual Information Form dated August 27, 2007 for additional information. 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. Please refer to the discussion of risks and uncertainties contained in the Company’s Annual Information Form dated August 27, 2007.

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. No changes were made to the Company’s system of internal controls in the current period.

Nature of Business and Overall Performance

Silvermex Resources Ltd. is a junior resource company engaged in the acquisition, exploration and development of gold properties in Mexico. To date the Company has measured its success through the growth in its mineral resources, in particular silver resources, at reasonable discovery and/or acquisition cost. The Company has its

corporate office in Vancouver and administrative office in Hermosillo, Sonora, Mexico. The Company also has field offices in Magdalena, Sonora, and Guadalajara, Jalisco, Mexico. The Company currently has no revenue from operations and will continue to incur negative cash flow for the foreseeable future. The interim consolidated financial statements include the accounts of Silvermex Resources Inc. and its wholly owned subsidiary, Minera Terra Plata, S.A. de C.V. (the "Subsidiary").

The Company's currently has six projects, two of which are considered material for purposes of NI 43-101. These are the Peñasco Quemado Project located in northern Sonora, and the recently acquired San Marcial Property located in Sinaloa. In July 2006, the Company completed its initial public offering ("IPO") and raised gross proceeds of \$2,070,000. The funds raised by way of prospectus offering at the time of the IPO were primarily used to fund the drill program and mineral resource estimate on the Peñasco Quemado Project. In March 2007, the Company completed a private placement financing raising an additional \$2,000,000. Proceeds from this private placement were used to fund the drill program on the Cerro de Plata Project. In November 2007 the Company completed a financing by way of a Short Form Offering Document. The approximate \$2,000,000 in proceeds from the offering were used to eliminate the Company's accumulated working capital deficit, fund general and administrative expenses in Vancouver and Hermosillo and commence a third phase drill program on the Peñasco Quemado Project.

Silver prices have been volatile yet strong over the last year reaching spot prices not enjoyed for nearly 30 years. The Company believes that silver prices have benefited from declining silver resources, a general weakening of the US dollar against other major currencies, a reduction or elimination of hedging programs by major producers and an increase in physical demand. The Company is not able to predict future silver prices or other metal prices or their impact or future operations.

Corporate developments

As reported above, in November 2007 the Company raised approximately \$2,000,000 by way of a Short Form Offering Document with the proceeds used to eliminate the Company's accumulated working capital deficit, fund general and administrative expenses in Vancouver and Hermosillo and fund a third phase drill program on the Peñasco Quemado Project. The principal objective of the program was to expand the current mineral resource by completing an infill drill program on the PQ Zone. In addition, several holes were completed along strike from the edge of the current resource base at line 320W towards hole PQD5 at line 750W. The objective of these holes was to test the continuity and displacement of the mineralization both along strike and between two faults identified through geophysics within this zone. The results of this program are discussed below under "Mineral Projects"

Mineral Projects

The Company considers its Peñasco Quemado Property located in Sonora, and its San Marcial Property located in Sinaloa to be material for purposes of NI 43-101. During the interim period the Company completed a first phase drill program on its Cerro de Plata Property, also located in Sonora, Mexico. While encouraged by the results obtained from an initial surface sampling program, the Company does not consider this property to be material at this time.

1. PEÑASCO QUEMADO PROPERTY, SONORA, MEXICO

During May and June 2007, an airborne magnetic and radiometric geophysical survey was completed over the 20,000 hectare Peñasco Quemado Property located in Northern Sonora, Mexico. Several new anomalies/targets were identified that will be the subject of a follow up reconnaissance program. In August 2007, an induced polarization (IP)-resistivity (R) survey was initiated. A two line NSAMT survey was also completed to the east of the Peñasco Quemado Zone. The objective of the program was to confirm the extension of the high grade silver mineralization previously intersected in the PQ Zone and to identify extensions to the system. The program successfully met its objectives and the information gained has been used to locate several of the holes completed during the drill program that commenced in December 2007 (detailed description and discussion of the results

from the ground geophysical program is available in the Management Discussion & Analysis for the three and six month interim periods ended July 31, 2007 and October 31, 2007).

The most recent program consisted of a 32 hole, 3,227 metre reverse circulation drill program. The final hole was completed subsequent to the period end in early February 2008. The program was designed to increase the resource in the Peñasco Quemado zone and to drill test five separate anomalies identified both from the previous year's drill program and the induced polarization survey detailed above. The Peñasco Quemado Zone and other drill targets are all at or near surface. More specifically the drill program focused on expanding the resource base by confirming the extension of the Peñasco Quemado Zone and refining the regional and local geologic model(s). Several infill holes were also completed to increase the drill hole density. Technical staff believes the increased density will allow for the inclusion of significant drill hole intercepts previously not included in the resource estimate because of the lack of confidence between intersections. The Company also hopes to establish the continuity of the San Luis, Low Angle and Stockwork Zones through detailed geological mapping and geophysical and drill programs. 600 metres of drilling in four holes were completed in these zones. Technical staff believes these anomalies could be the source of the silver-gold and copper mineralization identified in the outcrops in this area and at the San Luis Zone. In addition 600 metres in four holes were completed to test the IP anomaly and follow up the encouraging results from the area of drill hole PQD-05, completed during the 2006 program.

Fourteen infill and extension drill holes totalling 1,254 metres were completed with the objective of increasing the current resource at the Peñasco Quemado zone. Initial results and geological interpretation confirm the down dip and lateral extension of the silver resource along strike to the southeast. A new resource estimate will be commissioned once Company geologists have had an opportunity to thoroughly review and assess the results. Six drill holes totalling 540 metres were completed near Hole PQD 5 from the 2007 drill program (Hole PQD 5 intersected 7.5 metres grading 110 g/t Ag approximately 300 metres southeast of the edge of the current mineral resource). The assay results from holes RCPQ-36 and RCPQ-37 confirm the continuity of the silver mineralization between the current mineral resource and PQD5. RCPQ-37 was particularly encouraging as it intersected 27 metres grading 46.1 g/t Ag (including 12 metres grading 83 g/t Ag). Hole 36 intersected very anomalous silver grades that require additional drilling to extend the resource in this area.

Two drill holes totalling 285 metres were completed to test the IP anomalies along the east margin of Guadalupe creek and the eastern edge of cross section 360SE. The objective was to confirm the continuity of the known ore deposit beneath a strong color anomaly located in the small valley. Nine drill holes totalling 372 metres were completed in the San Luis (pink breccia) Zone where the 2006 drill program intersected 10.4 metres of 734.9 g/t Ag. Four holes totalling 576 metres were completed in the La Fortuna Zone where induced polarization and resistivity surveys confirmed the down dip existence of a mineral structure previously exploited at surface by a number of shallow adits, trenches and open cuts. One drill hole totalling 200 metres was completed on the Loma Negra Zone to test the down dip extent of several strong geochemical anomalies identified in previous programs.

A detailed discussion and analysis of the project including assay results are disclosed in the Company's news release dated March 17, 2008 ("Silvermex Drills 52.5 Meters with 122 g/t Ag and 0.14% Cu on its Peñasco Quemado Property") The new results will be incorporated into an updated mineral resource estimate. The current total measured and indicated mineral resource estimate on Peñasco Quemado is 2.565 million tonnes grading 116.8 g/t silver containing 9.631 millions ounces of silver (measured mineral resource = 0.123 million tonnes grading 151.9 g/t Ag and indicated mineral resource = 2.442 million tonnes grading 115.0 g/t Ag).

2. SAN MARCIAL PROPERTY, SINALOA, MEXICO

On October 9, 2007, the Company announced the execution of a term sheet with Silver Standard Resources Inc. to earn a 100% interest in the 1,250 hectare, San Marcial silver property located in Sinaloa, approximately 150 kilometres east of Mazatlan in west central Mexico.

During the current period the Company filed a report titled NI 43-101 Technical Report for the San Marcial Property, La Rastra Mining District, Sinaloa, Mexico, prepared by independent Qualified Persons, William J. Lewis, B.Sc. P.Geo., and Nathan Eric Fier, C.P.G., P.Eng. of Micon International Limited (the Report). The Report confirmed a resource estimate previously completed for Silver Standard on the San Marcial Property. The estimate states the property currently hosts a mineral resource of 14.26 million ounces of silver, 33 million lbs of zinc and 16 million lbs of lead (2.31 million tonnes grading 191.79 g/t silver, 0.66% zinc and 0.32% lead). In addition, it notes that a number of silver targets that may be amenable to bulk mining methods have been identified at San Marcial. The most advanced of these targets being the San Marcial South East (SE) and North West (NW) zones, which extend for 450 metres and are open in both directions along strike and at depth. The Report is available on SEDAR.

The mineralization at San Marcial is typical of the low sulphidation, epithermal vein systems hosted near the contact of the Tertiary, Upper and Lower Volcanic units in the Sierra Madre Occidental Geologic Province. This Province hosts many important precious metal mines and prospects along its 1,500 km long, 250 km wide extent.

The Report states *The San Marcial project should be regarded as a mid-stage project which may have a significant economic potential, should the mineralization prove to be more extensive than is presently indicated by the current resource estimate. Given the prospective nature of the San Marcial project and the current metal prices, it is Micon's opinion that the project is worthy of further exploration work.*

Micon concurs with the Company's plans to complete a US\$883,000 first phase, 3,000 metre diamond drill/surface exploration program. The Report also makes recommendations regarding the consolidation and compilation of all available data; completion of a number of twin diamond drill holes to validate historical data; re-logging of the core; documentation of the Company's QA/QC program; and increased sampling and specific gravity testing. Contingent upon favorable results a US\$1,168,000 second phase program is proposed. Silvermex's objective will be to define an inferred silver resource in excess of 50 million ounces of silver. The Company recently completed road repairs and a surface sampling and detailed mapping program and anticipates the first phase diamond drill program will begin in late March or early April 2008. Funds from the recently announced financing will be required to complete the proposed program.

As previously reported the best drill hole intercepts to date were from a January 2001 drill program on the SE zone completed by Gold Ore Resources Ltd with Holes SM-4 and SM-5 returned the following intercepts:

Drill Hole	From	To	Interval (m)	Ag Grade (g/t)	Ag Grade (oz/t)
SM-4	3.0	69.0	66.0	205.9	6.0
includes	6.0	21.0	15.0	637.0	18.6
SM-5	1.4	36.0	34.6	205.3	6.0
includes	1.4	9.0	7.6	415.1	12.1
Includes	15.0	21.0	6.0	342.7	10.1

3. CERRO DE PLATA PROPERTY, SONORA, MEXICO

On November 27, 2006, the Company announced the signing of an option to acquire a 100% interest in the 10,000 hectare "Cerro de Plata" silver project. The property 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.

A first phase exploration program was conducted at the Company's Cerro de Plata project in northern Sonora between May and August 2007. The program consisted of drilling 1,528 metres of core in nine holes, a 10 kilometre Controlled Response Induced Polarization geophysical survey, a 600 kilometre airborne magnetic and radiometric survey, 2.5 kilometres of road construction and trenching and detailed surface and underground mapping and sampling. A detailed discussion and analysis of the results of the program are provided in a news release dated September 13, 2007.

Highlights from the drill program included a 16.8 metre interval averaging 190.9 g/t silver, 0.37% copper and 0.105% lead from surface in hole CP-02, 4.5 metres grading 139 g/t silver in hole CP-03, 13.65 metres grading 78 g/t silver in hole CP-04 and a 4.50 metre intersection grading 125.8 g/t silver, and 0.28% copper in hole CP-07. Complete results for the drill program can be found in a news release dated September 13, 2007.

The main area of interest now appears to be in the northern portion of the survey area. The information also suggests the region has a volcanic cover that locally has been pierced by the porphyry and/or epithermal systems. As the volcanic cover masks a significant portion of the porphyry system the surface values are often inconsistent and erratic. The high aluminium content in both the quartz porphyry and the highly altered granodiorite may indicate the mineralization formed in a volcanic to sub-volcanic environment similar to those hosting many of the major copper-molybdenum porphyry deposits of northwest Sonora and southern Arizona.

While technical staff and our consultants continue to analyse the geological and geophysical data to help refine targets for a second phase drill program, no additional work on the Cerro de Plata Property is contemplated in the current fiscal year.

4. LOBOS PROPERTY, SONORA, MEXICO

During the current interim period the Company announced the results from a first phase surface exploration program on its 100% owned, 2,830 hectare Lobos project located in northwestern Sonora, Mexico. The property lies along the Sea of Cortez, approximately 90 km from Puerto Peñasco, the largest major center in the region.

The sampling program returned several high grade silver and zinc results over appreciable widths. From these results the Company determined a systematic channel sampling program along the exposed breccia zone was justified. The results of 327 channel samples taken along 350 m of strike identified a 200 metres long, 42 metres wide mineralized zone averaging 184.6 g/t Ag, 0.53% Zn, 0.29% Pb and 0.026% Cu. The highest values returned 2.74 kg/t Ag across 3.0 m. The mineralized zone appears to be open in both directions along strike.

A review of the property geology indicates a sequence of Tertiary volcanic flows and agglomerates varying in composition from andesite to rhyolite overly a granitic basement with the entire sequence being subjected to severe tectonic forces producing wide breccia zones, faults and fractures that are often intruded by dikes. In many locations this sequence is masked by Quaternary conglomerates and basalts and recent alluvial sediments. Rhyolite dikes and tectonic breccias are often hosted in zones of weakness in the granite. The regional north-west to south-east trend is exposed for 350 metres before plunging below the volcanic sequence. The tectonic breccias zones are important controls on the mineralization as they host stockworks of quartz-chalcedony veins and veinlets and black calcite that appear to be related to the silver, lead, zinc sulphide (shalerite), zinc oxide (calamine) and copper grades. Moderate to strong oxidation of pyrite, forming boxworks of limonite, and sericite are common alteration products in the breccias. In the southern portion of the claim a similar mineralized breccia zone with strong oxidation and quartz-chalcedony veins and veinlets has been identified. Management is very

encouraged with the preliminary results and is confident a mineral resource will be delineated on the property. In addition, Company geologists believe the mineralized breccias zone extends below the volcanic cover, further enhancing the economic potential of the property. A first phase drill program proposed for May 2008 will test this theory.

5. EL RAYO PROPERTY, SONORA, MEXICO

On November 27, 2007, the Company announced it had entered into an agreement to acquire a 100% interest in the 150 hectare El Rayo Claims 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. The property is easily accessible from the Pan American Highway and high voltage power lines bisect the north-west corner of the claim block. To exercise the option the Company must pay a total of US\$315,000 over a period of two years. In addition, the Company is required to issue 250,000 common shares for every 10 million ounces silver identified in measured and/or indicated mineral resource categories (CIM definition). The vendor is an arm's-length party and retains no royalties on the claims.

During the period the Company completed a short first phase surface and underground exploration and sampling program on the claim block including prospecting, and reconnaissance mapping along 750 metres of intermittent exposures of the brecciated, shear zone that varies from 0.50 to 15 metres in width. Mineralization consists of pyrite, galena and sphalerite hosted in a volcanic breccia. A total of 60 samples including eight channel samples from the underground workings were taken. The assays returned 665 g/t silver, 0.83% lead, 0.50% copper and 0.43% zinc across 12 metres (approximate true width) in the underground workings.

A detailed description of the results obtained to date, including assay and analytical results, are available in the news release dated November 27, 2007. A more extensive surface and underground program consisting of detailed geological mapping, sampling and trenching is planned for April/May 2008. The objective of the program will be to identify parallel structures and confirm the continuity of the known mineralized systems.

6. LETY PROJECT, DURANGO, MEXICO

In July 2007 the Company entered into an option agreement to acquire a 100 percent interest in the Lety property located in the municipality of Santa Maria del Oro, Durango, approximately 230 kilometres north west of the city of Durango, Mexico. The 5,130 hectare property consists of three mining concessions in northern Durango located near the historical mining districts of Magistral del Oro, Santa Maria del Oro and Guanacevi, in the Sierra Madre Occidental of Mexico. The project is 17 kilometres north of Silver Standard Resources Inc.'s Pitarilla deposit which hosts a mineral resource in excess of 500 million ounces of silver. To exercise the option the Company must pay a total of US\$250,000 and issue 250,000 shares over a two year period. The Company must also spend as a minimum of US\$500,000 in each of the first two years of the option. The vendor also has the right to be paid an additional 250,000 shares or US\$1,000,000 at the vendor's option, on or before the earlier of the commencement of commercial production or five years from the date of signing of the option agreement. The vendor is an arm's-length party and retains no royalty interest. The Company is also obligated to pay a finder's fee of 250,000 shares to Guillermo Garcia Hoyos. 25,000 of these shares were issued on Exchange acceptance. Six additional releases of 37,500 shares every six months from the date of Exchange acceptance are also required.

The regional geology consists of rhyolitic and andesitic rocks overlaying cretaceous limestones and metamorphic rocks. The mineralization is controlled by a system of north-west trending regional faults. Specifically the mineralized structures lie along the Great Rodeo regional fault, known to host over 200 small bonanza grade mines that have operated intermittently since Spanish Colonial times. Preliminary reconnaissance work completed by the Company identified two highly oxidized and altered silver mineralized rhyolitic breccia structures. The structures trend NW 30, vary in width between 10 to 15 metres and outcrop for more than 1,000 metres along strike. The system is exposed over a vertical extent of over 150 metres. Preliminary sampling by Silvermex on both structures returned assays ranging from 80 to 150 g/t Ag and 0.5 g/t Au. A 15 metre wide andesitic dyke that also outcrops for more than 1,000 metres was identified with samples returning grades of up to

45 g/t Ag. The Company believes this system is related to similar mineralized structures exposed in the Guanacevi, Santa Maria del Oro and Magistral del Oro mining districts Zones where highly of oxidized and supergene enriched sedimentary cretaceous rocks have locally been subjected to contact metamorphism. The first phase surface sampling program completed during the most recent interim period returned assays as high as 137.8 g/t silver and 17.85% zinc over 1.55 metres from a channel sampling program on several old workings and breccia zones. Over 187 samples were collected during the program with several new anomalous zones being identified. The highlight of the program was the results received from the Verdosa zone (See news release titled *Grades of 137.8 g/t silver and 17.85% zinc over 1.55 metres returned from preliminary surface sampling at Lety Project in Durango Mexico*, dated February 21, 2008 for a detailed description of specific results from sampling of this zone).

A drill program is scheduled to commence the second quarter of 2008.

Results of Operations

Nine months ended January 31, 2008, compared with nine months ended January 31, 2007:

During the nine month period ended January 31, 2008, the Company reported a net loss of \$1,702,732 (\$0.07 per share) compared to a net loss of \$1,012,372 (\$0.05 per share) for the nine months ended January 31, 2007. The major items for the nine month period ended January 31, 2008, compared to January 31, 2007, were:

- a. Accounting and audit fees of \$114,090 (2007: \$29,966) – approximately \$60,000 related to audit fees, and \$46,000 related to fees paid for accounting services. This latter fee was not incurred in the equivalent period in 2007.
- b. Consulting fees of \$156,600 (2007: \$67,996) primarily incurred for increased market activity and contracting out to marketing and promotional consultants. Of this, \$65,000 was paid to a company controlled by its corporate secretary. This company provides promotional expertise to the Company. This expense was not incurred in the prior year.
- c. Investor relation charges of \$303,145 (2007: \$109,742) were incurred for corporate communications work performed. This can be attributed to a dedicated marketing and promotions campaign in North America and Europe, and two contracts for \$10,000 per month each, and 37,000 paid to investor relations firms in Europe.
- d. Salaries and wages expense totaled \$285,162 (2007: \$87,396). The increase was a result of increased activities and associated administrative expenses in the Company and, in particular, the addition of the Company's CEO, CFO and Executive Vice President, corporate development staff, and office manager, and also includes a bonus paid to a director and officer of the Company pursuant to the terms of his employment agreement. These expenses were incurred for the full nine months whereas in the comparative period they were not incurred for the full period. Salaries and wages directly related to exploration and development activities are capitalized as deferred exploration expenses and are included in "Mineral Properties".
- e. Charges for stock-based compensation increased to \$457,075 (2007: \$263,770). These charges are non-cash transactions and are based on the fair value of 1,950,000 options at an exercise price of between \$0.30 and \$1.11 using the Black-Scholes option pricing model. Please refer to Note 8 of the interim consolidated financial statements for further details.

Overall, the Company's general and administrative expenses increased significantly due to its increased activity on its Cerro de Plata and Peñasco Quemado silver project in Sonora, Mexico, the review and acquisition/staking of several early stage exploration properties, and increased marketing and investor relation activities.

Three months ended January 31, 2008, compared with three months ended January 31, 2007:

During the three month period ended January 31, 2008, the Company reported a net loss of \$620,316 (\$0.02 per share) compared to a net loss of \$213,924 or (\$0.01 per share) for the three months ended January 31, 2007. The major items for the three month period ended January 31, 2008, compared to January 31, 2007, were:

- a. Investor relation charges of \$141,900 (2007: \$55,277) for corporate communications work performed by the Company's investor relation consultants. This can be attributed to a dedicated marketing and promotions campaign in North America and Europe. The Company currently pays two investor relations contractors a combined amount of \$10,000 per month. It also paid approximately \$37,000 for marketing in Europe.
- b. Salaries and wages expense totaled \$138,315 (2007: \$71,577). The increase was principally a result of bonus paid to an officer to cover the cost of the options he exercised. The bonus payment was a term of his employment agreement.
- c. Charges for stock-based compensation amounted to \$165,402 (2007: \$30,950). These charges are non-cash transactions. Please refer to Note 8 of the interim consolidated financial statements for further details. No stock options were granted in this period.
- d. Travel expenses were \$43,571 (2007: \$179) principally to attend trade shows, arrange financings, perform investor relations activities and negotiate property agreements.

Overall, the Company's general and administrative expenses increased significantly due to its increased activity on its Cerro de Plata and Peñasco Quemado silver project in Sonora, Mexico, the review and acquisition/staking of several new early stage exploration properties, and increased marketing and investor relation activities. As the Company had only completed its initial public offering and TSX-V listing in July 2006, the Company believes any comparative analysis for comparable periods would be inappropriate.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the seven most recently completed quarters. Quarterly information for the remaining quarter is not available as the Company was not a reporting issuer at that time.

	Q3 January 31, 2008	Q2 October 31, 2007	Q1 July 31, 2007	Q4 April 30, 2007	Q3 January 31, 2007	Q2 October 31, 2006	Q1 July 31, 2006
Total revenues	\$ Nil	\$ Nil	\$ Nil	\$ 2,814	\$ 7,878	\$ Nil	\$ 492
Net loss	\$617,281	\$ 621,843	\$463,608	\$ 56,656	\$ 206,046	\$ 686,450	\$ 165,477
Basic loss per share (1)	\$ 0.02	\$ 0.03	\$ 0.02	\$ 0.00	\$ 0.01	\$ 0.04	\$ 0.01

(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.

The table below details the proposed versus actual use of proceeds of the funds raised in the November 15, 2007, private placement:

		Proposed Use of Proceeds (CDN\$)	Actual Use of Proceeds* (CDN\$)
(a)	To pay the costs of the private placement	\$185,000	\$311,408
(b)	To fund drilling and related expenses on Peñasco Quemado	800,000	488,929
(c)	To repay promissory notes and bonuses	100,000	214,500
(d)	To pay administrative expenses	315,000	499,353
(e)	To fund working capital deficit & accrued expenditures on the Cerro de Plata Project	550,000	451,466
(f)	To make property payments	50,000	34,344
		\$2,000,000	\$2,000,000

- (a) The actual legal costs associated with the preparation of the short form offering document and commissions paid to agents were significantly higher than anticipated.
- (b) The Company has had to accrue amounts payable related to the drilling and exploration program on the Peñasco Quemado Project. As a result actual expenditures to March 31, 2008 are less than initially proposed.
- (c) Prior to closing of the Short Form Offering Document the Company issued a second promissory note for \$100,000. Actual amounts paid also include bonuses not considered under the proposed use of proceeds.
- (d) Administrative expenses were significantly higher than proposed as the Company embarked on an aggressive promotional and investor relations program in Europe and Southern Ontario.
- (e) Actual Use of Proceeds related to funding the working capital deficit is less than anticipated as the Company overestimated the amount of unbilled payments related to the Cerro de Plata Project.

Liquidity

The interim consolidated financial statements for the nine month period ended December 31, 2007 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 the general and administrative expenses necessary to maintain a public company.

The Company had cash of \$360,283 as at January 31, 2008 compared to \$1,223,282 at April 30, 2007. The Company had a working capital deficiency of \$3,035,243 as at January 31, 2008 compared to working capital \$1,332,511 at April 30, 2007. (See Capital Resources.)

Capital Resources

Silvermex has historically relied upon equity financings and shareholder loans 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. At various times it requires additional capital to finance ongoing exploration of its properties. This capital could be derived from the exercise of outstanding stock options and warrants, and/or the completion of private placements.

During the prior quarter and prior to closing the financing detailed below, the Company obtained interim financing in the form of issued \$195,000 in promissory notes. These notes were repaid (along with bonuses of 10%, totalling \$19,500) during the period.

During the period, on November 16, 2007, the Company completed a short form offering of 2,000,000 units at a price of \$1.00 per unit for gross proceeds of \$2,000,000. Each unit consisted of one common share and one half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a period of 12 months at a price of \$1.25 per share. The securities issued to purchasers who have subscribed for 40,000 units or more (a total of 425,000 units) and the agent's corporate finance fee are subject to restrictive legends expired on March 16, 2008. The proceeds of the offering have been used to pay the expenses of the offering, including the agent's commission, eliminate the Company's working capital deficit at the time of closing of the offering, fund exploration of the Company's properties (principally the Peñasco Quemado Project), make property payments, and provide general working capital.

Subsequent to the period end, on February 26, 2008, the Company announced that it had entered into an agreement to complete a brokered private placement to raise gross proceeds of up to \$7,500,000 through the distribution of up to 7.5 million Units at \$1.00 per Unit. The offering is to be lead by Versant Partners and Canaccord Adams. Each Unit consists of one common share and one-half of a transferable common share purchase warrant. Each whole warrant will entitle the holder to subscribe for one additional common share at a price of \$1.25 for a period of 12 months from the date of closing. As consideration, the agents will receive a cash commission of 8% of the total proceeds raised and warrants ("Agent's Warrants") equal to 10% of the total Units distributed. Each Agent's Warrant will be exercisable to acquire one common share for a period of 24 months from the closing at a price of \$1.25. The Agent will receive a corporate finance fee of \$25,000 payable in Units.

On the same date, the Company also announced it had arranged to complete a non-brokered private placement of up to 2,000,000 units ("Non Brokered Units") to raise gross proceeds of up to \$2,000,000. The Non Brokered Units have the same terms as the Units. The Company will pay a finder's fee of 8% in cash or shares or a combination of both, in connection with the non-brokered private placement. All of the securities distributed have a hold period in Canada of four months from the date of closing of the private placements. The net proceeds of the private placements will be used to fund work programs on the Company's Peñasco Quemado, San Marcial, Lobos, El Rayo and Lety properties, and for general working capital purposes.

Transactions with Related Parties

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

	Nine months ended <u>January 31, 2008</u>
Mineral property costs:	
- field work and consulting	\$156,245
Accounting	\$46,000
Rent for shared premises and related administrative expenses	\$36,916
Consulting	<u>\$75,000</u>

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

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 October 31, 2007 are the following related party amounts:

	Nine months ended <u>January 31, 2008</u>
Accounts payable and accrued liabilities	<u>\$ 8,503</u>

The details of the above transactions with related parties are as follows:

- (a) The Company incurred \$156,245 for services related to resource property development to the president and director and a director and officer of the Company.
- (b) During the period ended January 31, 2008, a \$10,000 in consulting fees was paid to a director and an officer of the Company.
- (d) During the period ended January 31, 2008, rent and other administrative expenditures of \$36,916 was charged by a company related by common directors and officers for shared office premises.
- (e) During the period ended January 31, 2008, the Company incurred \$46,000 for accounting services provided by a private company of which a director of the Company is a vice-president.
- (c) During the period ended January 31, 2008, the Company incurred \$65,000 of consulting fees to a company controlled by its corporate secretary.
- (d) During the period ended January 31, 2008, a director and Chief Executive Officer loaned \$20,000 to the Company. The loan was evidenced by way of a promissory note, was unsecured and non-interest bearing. It was repaid in full.

The transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

Commitments

Please refer to Note 6 to the financial statements for information on the Company's commitments relating to its exploration properties, and to Note 11 for other commitments.

Proposed Transactions

Other than as disclosed in this Management Discussion and Analysis the Company does not have any significant or material proposed transactions at this time.

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 nine month period ended January 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, including 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.

Investor Relations Agreements

During the nine month period ended January 31, 2008, the Company entered into an investor relations agreement for an initial term of six months for \$10,000 plus GST per month. This agreement was subsequently renewed for a four month period and will continue to be renewed for four month periods until terminated by either party.

Directors and Officers

Arturo Bonillas	Director, President
Bruce Bragagnolo	Director, CEO (appointed May 1, 2007)
Miguel Soto	Director & COO
Duane Nelson	Secretary
Darcy Krohman	Director, Vice President & CFO
Hallein Darby	Director (appointed May 1, 2007)

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.

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 & 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 27, 2007. 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

During the nine month period ended January 31, 2008, the Company initiated and completed a first phase exploration program on its Cerro de Plata mineral property. The Company is encouraged with the initial results however management does not expect a second phase program will be completed prior to the end of the current fiscal year end because of a lack of human and financial resources.

During the period the Company also completed induced polarization and NSAMT geophysical surveys and initiated a third phase RC drill program on its Peñasco Quemado mineral property. The principal focus of the next phase of exploration on the property is to expand the resource base identified on the Peñasco Quemado Zone, and identify the geological and structural controls responsible for the mineralization at the Stockwork, San Luis and Low Angle Zones. The RC drill program was completed in early February 2008 subsequent to the period end. The Company is currently compiling and assessing the significance of the results it has received. Once all results have been received and compiled they will be incorporated into an updated mineral resource estimate. A detailed discussion and analysis of the project including assay results are disclosed in the Company’s news release dated March 17, 2008 (“Silvermex Drills 52.5 Meters with 122 g/t Ag and 0.14% Cu on its Penasco Quemado Property”).

During the previous quarter the Company entered into an option agreement to acquire a 100% interest in the San Marcial Property and during the current period filed a technical report prepared in accordance with NI 43-101 confirming the property hosts an Inferred Mineral Resource of 14.26 million ounces of silver (2.31 million tonnes grading 191.79 g/t silver). Road rehabilitation, surface sampling and detailed geological mapping are either

completed or nearing completion. A first phase drill program is planned for April 2008. The objective of the program will be to expand the current resource.

The Company is also very encouraged with the initial results from its early stage Lobos, El Rayo and Lety Projects. Access to the Lobos property is restricted until March 2008, however the Company is planning an extensive surface sampling, geological mapping and, should the results warrant, a drill program for the second quarter of 2008. Surface and underground sampling and detailed geological mapping of the El Rayo property is currently underway.

On February 26, 2008, subsequent to the period end the Company announced it had entered into an agreement Versant Partners Inc. of Toronto to raise by way of a brokered private placement \$5 million with an option to increase the offering to \$7.5 million. At the same time the Company also announced it would raise by way of a non-brokered private placement, up to \$2 million (see Capital Resources for a complete description of the terms and details of the offering). Upon closing of the offering the Company is confident it will have sufficient funds to complete its intended exploration programs including extensive drill programs and updated mineral resource estimates on its San Marcial and Peñasco Quemado projects. Intensive surface exploration, geophysical surveys and first phase drill programs will also be commissioned on the Lety, Lobos and El Rayo properties

The Company continues to review various opportunities for mineral resource expansion at reasonable acquisition and/or exploration costs.

OTHER INFORMATION

For information about the Company and its projects please visit the Company's website at www.silvermexresources.com. Other information relating to the Company may be found on the SEDAR website www.sedar.com.