

SILVERMEX RESOURCES LTD
(AN EXPLORATION STAGE COMPANY)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2008

(UNAUDITED)

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Silvermex Resources Ltd.
(An Exploration Stage Company)
Interim Consolidated Balance Sheets

<u>ASSETS</u>	<u>January 31, 2008 (Unaudited)</u>	<u>April 30, 2007 (Audited)</u>
Current		
Cash and cash equivalents	\$ 360,283	\$ 1,223,282
Accounts receivable (Notes 3)	305,639	151,453
Prepaid expenses (Note 7)	<u>75,070</u>	<u>40,591</u>
	740,992	1,415,326
Equipment (Note 5)	103,722	105,700
Resource properties (Note 6)	<u>5,262,802</u>	<u>2,160,658</u>
	<u>\$ 6,107,516</u>	<u>\$ 3,681,684</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 226,905	\$ 123,826
Due to related parties (Note 7)	<u>8,503</u>	<u>48,010</u>
	235,408	171,836
Shareholders' equity		
Share capital (Note 8)	8,215,331	4,645,643
Contributed surplus (Note 8)	692,020	196,716
Deficit, per accompanying statement	<u>(3,035,243)</u>	<u>(1,332,511)</u>
	<u>5,872,108</u>	<u>3,509,848</u>
	<u>\$ 6,107,516</u>	<u>\$ 3,681,684</u>

Continuance of operations (Note 1)

Commitments (Note 11)

Contingencies (Note 12)

Subsequent events (Note 13)

Approved by the Board:

"Bruce Bragagnolo"
 Director

"Darcy Krohman"
 Director

The accompanying notes are an integral part of these consolidated financial statements

Silvermex Resources Ltd.
(An Exploration Stage Company)
Interim Consolidated Statements of Operations and Deficit
(Unaudited)

	For the three months ended January 31		For the nine months ended January 31	
	2008	2007	2008	2007
General and administrative expenses				
Accounting and audit fees (Note 7)	\$ 21,442	\$ 14,159	\$ 114,090	\$ 29,966
Amortization	8,196	4,695	23,812	10,060
Consulting (Note 7)	36,000	26,250	156,600	67,996
Bank charges and interest	16,888	6,835	42,128	19,680
Foreign exchange loss/(gain)	(44,439)	(39,409)	(2,164)	(14,820)
Investor relations	141,900	55,277	303,145	109,742
Legal (Note 7)	11,117	6,581	40,668	53,986
Management fees (Note 7)	-	1,077	-	65,466
Office and miscellaneous (Note 7)	32,249	16,404	89,743	29,424
Property investigation	-	2,807	-	2,807
Rent (Note 7)	10,008	4,979	30,345	18,125
Regulatory and filing fees	17,591	1,805	52,364	16,322
Salaries and wages	138,315	71,577	285,162	87,396
Stock-based compensation expense (Note 8)	165,402	30,950	457,075	263,770
Telephone	22,076	9,758	27,105	19,676
Travel	43,571	179	91,212	22,772
	(620,316)	(213,924)	(1,711,285)	(802,368)
Interest income	3,035	7,878	8,553	7,878
Net loss for the period	(617,281)	(206,046)	(1,702,732)	(794,490)
Deficit, beginning of period	(2,417,962)	(806,326)	(1,332,511)	(217,882)
Deficit, end of period	\$ (3,035,243)	\$ (1,012,372)	\$ (3,035,243)	\$ (1,012,372)
Loss per share – basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.07)	\$ (0.05)
Weighted average number of shares outstanding	25,617,333	19,775,579	23,690,134	17,110,704

The accompanying notes are an integral part of these consolidated financial statements

Sivermex Resources Ltd.
(An Exploration Stage Company)
Interim Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ended January 31,		For the nine months ended January 31,	
	2008	2007	2008	2007
Cash flows provided by (used in)				
Operating activities				
Loss for the period	\$ (617,281)	\$ (206,046)	\$ (1,702,732)	\$ (794,490)
Add items not affecting cash:				
Amortization	8,196	4,695	23,812	10,060
Stock-based compensation expense	165,402	30,950	457,075	263,770
	(443,683)	(170,401)	(1,221,845)	(520,660)
Changes in non-cash working capital items:				
Accounts receivable	(43,407)	(6,885)	(154,186)	(75,594)
Prepaid expenses	(36,904)	3,025	(34,479)	(15,158)
Deferred costs	-	-	-	141,300
Accounts payable and accrued liabilities	(551,512)	(33,670)	103,079	(139,071)
Due to related parties	(100,244)	-	(39,507)	-
	(1,175,750)	(207,931)	(1,346,938)	(609,183)
Investing activity				
Purchase of equipment	-	(4,219)	(21,834)	(111,322)
Expenditures on resource properties	(581,487)	(321,658)	(1,694,894)	(910,449)
	(581,487)	(325,877)	(1,716,728)	(1,021,771)
Financing activities				
Loans payable	-	-	-	(65,000)
Issuance of common shares	2,261,250	137,600	2,425,200	1,986,360
Share issue cost	(213,931)	-	(224,533)	-
Share subscriptions	-	21,150	-	30,000
Proceeds from promissory notes	-	-	195,000	-
Repayment of promissory notes	(195,000)	-	(195,000)	-
	1,852,319	158,750	2,200,667	1,951,360
Increase (decrease) in cash and cash equivalents during the period	95,082	(375,058)	(862,999)	320,406
Cash and cash equivalents, beginning of period	265,201	716,407	1,223,282	20,943
Cash and cash equivalents, end of period	\$ 360,283	\$ 341,349	\$ 360,283	\$ 341,349
Cash consists of :				
Cash and cash equivalents	\$ 289,499	\$ 274,604	\$ 289,499	\$274,604
Cash – restricted (Note 4)	70,784	66,745	70,784	66,745
	\$ 360,283	\$ 341,349	\$ 360,283	\$ 341,349
Cash paid during the period for bonuses on promissory notes	\$ 19,500	\$ -	\$ 19,500	\$ 13,100
Cash paid during the period for income taxes	\$ -	\$ -	\$ -	\$ -
Non – cash activities				
Shares issued on acquisition of resource property	\$ 1,380,000	\$ 300,000	\$ 1,407,250	\$ 300,000
Fair value of securities granted	\$ -	\$ 112,356	\$ 86,875	\$ 112,356
Fair value of securities exercised	\$ 48,151	\$ -	\$ 48,646	\$ -

The accompanying notes are an integral part of these consolidated financial statements

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

1. COMPANY ACTIVITY AND CONTINUANCE OF OPERATIONS

Silvermex Resources Ltd. (the “Company”) was incorporated on April 17, 2005 under the laws of the Province of British Columbia. The Company is in the business of acquiring, exploring and evaluating mineral resource properties in Mexico, through its wholly-owned subsidiary, Minera Terra Plata, S.A. de C.V (“Subsidiary”). The Company is listed for trading on the TSX Venture Exchange (“TSX-V”). The Company is in the exploration and development stage. The recovery of the Company's investment in its resource properties is dependent upon the discovery, development and sale of mineral products, and the ability to raise sufficient capital to finance this activity

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management will need to target sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which could assure continuation of the Company’s operations and exploration programs. The Company is dependent upon its ability to generate such financing in order for it to meet its liabilities as they come due, and to continue its operations. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. The net realizable value of the Company’s assets may be materially less than the amounts recorded in these financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business.

	January 31, 2008	April 30, 2007
Working capital (deficit)	\$ 505,548	\$ 1,243,490
Deficit	\$ (3,035,243)	\$ (1,332,511)

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The consolidated financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

(a) Interim financial statements

These interim consolidated financial statements have been prepared in accordance with GAAP and follow the same accounting policies and methods of application as the annual financial statements. These interim consolidated financial statements do not include in all respects the annual disclosure requirements of GAAP and should be read in conjunction with the most recent annual statements.

(b) Principle of consolidation

These financial statements include the accounts of the Company and its Subsidiary. The Subsidiary was incorporated on March 23, 2005. All significant inter-company balances and transactions have been eliminated.

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

(c) Basis of presentation

The interim financial statements do not include in all respects the annual disclosure requirements of GAAP and should be read in conjunction with the most recent annual statements.

(d) Cash and cash equivalents

Cash and cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a maturity of 3 months or less at acquisition, that are readily convertible to contracted amounts of cash. Cash of \$289,499 as of January 31, 2008, consists of deposits in bank, GIC and trust accounts with no restriction for disposals of cash flow.

(e) Equipment

Equipment is recorded at cost less accumulated amortization. Additions made during the year are amortized at one-half rates. Amortization is provided annually over the estimated useful life using the following methods:

Computer equipment	45% declining balance method
Leasehold improvements	20% straight line method
Office furniture and equipment	10% - 20% declining balance method
Vehicles	25% declining balance method

(f) Resource properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value.

Costs of producing properties will be amortized on a unit of production basis and the costs of abandoned properties are written-off in the period in which the decision by management is made. Proceeds received on the sale of interests in mineral properties will be credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to an impairment in value will be charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize an impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property, or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

(g) Income taxes

Future income taxes are recorded using the asset and liability method. Using this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company provides a valuation allowance against the excess to the extent that it does not consider it more likely than not a future tax asset will be recovered. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

(h) Impairment of long-lived assets

Long-lived assets, such as equipment and resource properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized by the amount by which the carrying amount of the asset exceeds its fair value. Assets to be disposed of are reported at the lower of their carrying amount, or fair value less costs to sell, and amortization of these assets ceases.

(i) Commitments and contingencies

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until their realization is virtually assured.

(j) Foreign currency translation

The Subsidiary's financial statements were prepared in Mexican pesos, and have been translated into Canadian dollars using the temporal method. Any conversion differences have been reported as exchange gains or losses in the statement of loss and deficit. The temporal method involves translating assets, liabilities, revenues and expenses in a manner that retains their basis of measurement in terms of the Canadian dollar, the parent company's reporting currency. Under this method:

- i) Monetary items are translated at the exchange rate in effect at the balance date;
- ii) Non-monetary items, principally the resource properties, are translated at historical exchange rates; and
- iii) Revenue and expenses are translated at the average rates of exchange during the period, other than depletion and amortization which are translated at historical rates.

(k) Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

(l) Environmental expenditures and asset retirement obligations

The operations of the Company may be affected by changes in environmental regulations, including those relating to future reclamation and site restoration. Both the likelihood of new regulations and their overall effect upon the Company are unknown and unpredictable. The fair value of a liability for an asset retirement obligation will be recognized in the year in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement costs will be capitalized as part of the carrying amount of the long-lived asset and will subsequently be amortized over the asset's useful life. As at January 31, 2008, the Company has made no provision for site restoration costs or potential environmental liabilities as all its properties are still in the exploration stage. Factors such as further exploration, inflation and changes in technology may materially change a cost estimate previously made.

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES - (continued)

(m) Loss per share

Basic loss per share is calculated using the weighted average number of shares and special warrants outstanding during the year. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon the exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year.

(n) Stock-based compensation

The Company accounts for options granted under its stock option plan (the "Plan") using the fair value based method of accounting for stock-based compensation. Accordingly, the fair value of the options at the date of the grant is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(o) Financial instruments

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 1530, Comprehensive Income; Section 3251, Equity; Section 3855, Financial Instruments - Recognition and Measurement; and Section 3865, Hedges, retroactively without restatement. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments, and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with GAAP. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening deficit.

Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading, financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, due to/from related parties, and promissory notes are classified as other financial liabilities. The Company had neither available-for-sale, nor held-to-maturity instruments during the year ended April 30, 2007, or the period ended January 31, 2008.

The Company had no "other comprehensive income or loss" transactions during the period ended January 31, 2008, and no opening or closing balances for accumulated other comprehensive income or loss.

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

3. ACCOUNTS RECEIVABLE

	January 31, 2008	April 30, 2007
Interest receivable	\$ 431	\$ -
GST and IVA	305,208	151,453
	<u>\$ 305,639</u>	<u>\$ 151,453</u>

The Company can request that IVA paid to suppliers be refunded by the tax authorities when such tax exceeds IVA charged to clients. Since the Company is in the development stage, all IVA paid to suppliers should be refunded to the Company subject to restrictions imposed by the tax authorities.

4. CASH - RESTRICTED

Funds were placed in trust in accordance with an employment agreement with a director and officer of the Company. These funds will only be distributed to the director if certain specified events occur. These funds were subsequently released to the Company, to be included with the Company's unrestricted cash balances.

5. EQUIPMENT

	Net Book Value, April 30, 2007	Additions	Accumulated Amortization	Net Book Value, January 31, 2008
Computer equipment	\$ 17,401	\$ 825	\$ 5,086	\$ 13,140
Leasehold improvements	8,419	-	1,578	6,841
Office furniture and equipment	41,945	458	6,652	35,751
Vehicle	37,935	20,550	10,495	47,990
	<u>\$ 105,700</u>	<u>\$ 21,833</u>	<u>\$ 23,811</u>	<u>\$ 103,722</u>

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

6. RESOURCE PROPERTIES

Schedule of Resource Property Costs

	Balance April 30, 2007	Expenditures for the period	Balance January 31, 2008
PEÑASCO QUEMADO PROJECT (Note 6a)			
Acquisition and holding costs			
Acquisition costs	\$ 678,635	\$ 103,124	\$ 781,759
Claim staking	19,380	-	19,380
Mining taxes	22,270	20,978	43,248
Surface rights and rights of way	38,031	17,294	55,325
	<u>758,316</u>	<u>141,396</u>	<u>899,712</u>
Deferred exploration costs			
Assaying	106,769	6,261	113,030
Camp and accommodation	41,959	5,258	47,217
Communications	1,211	756	1,967
Drafting, reporting and reproduction	12,513	83	12,596
Drilling	321,015	112,974	433,989
Engineering and feasibility	5,053	-	5,053
Equipment rental	11,906	-	11,906
Geophysics	-	110,517	110,517
Legal cost	33,514	7,938	41,452
Miscellaneous exploration expenses	115,339	20,370	135,709
Office expenses	604	-	604
Other	7,538	354	7,892
Salaries and consulting fees	339,057	186,838	525,895
Travel expenses	45,191	-	45,191
Trenching and road construction	40,108	2,512	42,620
	<u>1,081,777</u>	<u>453,861</u>	<u>1,535,638</u>
Total Peñasco Quemado Project	<u>1,840,093</u>	<u>595,257</u>	<u>2,435,350</u>
LOBOS PROJECT (Note 6b)			
Acquisition and holding costs			
Claim staking	7,257	-	7,257
Mining taxes	2,686	4,129	6,815
	<u>9,943</u>	<u>4,129</u>	<u>14,072</u>
Deferred exploration costs			
Assaying	-	1,390	1,390
Camp and accommodation	94	2,643	2,737
Miscellaneous exploration expenses	5,215	1,056	6,271
Salaries and consulting fees	-	1,542	1,542
Other	19	-	19
	<u>5,328</u>	<u>6,631</u>	<u>11,959</u>
Total Lobos Project	<u>\$ 15,271</u>	<u>\$ 10,760</u>	<u>\$ 26,031</u>

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

6. **RESOURCE PROPERTIES - (continued)**

Schedule of Resource Property Costs - (continued)

	Balance April 30, 2007	Expenditures for the period	Balance January 31, 2008
CERRO DE PLATA PROJECT (Note 6c)			
Acquisition and holding costs			
Acquisition costs	\$ 62,339	\$ 141,205	\$ 203,544
Claim staking	6,441	4,497	10,938
Mining taxes	149	18,853	19,002
	<u>68,929</u>	<u>164,555</u>	<u>233,484</u>
Deferred exploration costs			
Assaying	5,739	39,743	45,482
Camp and accommodation	8,432	15,946	24,378
Communications	46	3,021	3,067
Drafting, reporting and reproduction	1,561	1,955	3,516
Drilling	33,611	244,199	277,810
Equipment rental	-	431	431
Geophysics	-	106,469	106,469
Legal cost	1,830	22,262	24,092
Field work	-	11,650	11,650
Miscellaneous exploration expenses	17,999	59,268	77,267
Other	303	606	909
Salaries and consulting fees	63,833	247,495	311,328
Travel expenses	13,852	18,029	31,881
Trenching and road construction	-	118,839	118,839
	<u>147,206</u>	<u>889,913</u>	<u>1,037,119</u>
Total Cerro de Plata Project	<u>216,135</u>	<u>1,054,468</u>	<u>1,270,603</u>
LETY PROJECT (Note 6d)			
Acquisition costs and holding costs			
Acquisition costs	57,856	78,545	136,401
Claim staking	8,520	1,760	10,280
Mining taxes	-	4,102	4,102
	<u>66,376</u>	<u>84,407</u>	<u>150,783</u>
Deferred exploration costs			
Camp and accommodation	-	1,191	1,191
Communications	-	82	82
Miscellaneous exploration expenses	-	4,218	4,218
Salaries and consulting fees	-	7,562	7,562
	<u>-</u>	<u>13,053</u>	<u>13,053</u>
Total Lety Project	<u>\$ 66,376</u>	<u>\$ 97,460</u>	<u>\$ 163,836</u>

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

6. **RESOURCE PROPERTIES** – (continued)

Schedule of Resource Property Costs – (continued)

	Balance April 30, 2007	Expenditures for the period	Balance January 31, 2007
EI RAYO PROJECT (Note 6e)			
Acquisition and holding costs			
Acquisition costs	\$ 17,177	\$ 20,512	\$ 37,689
Claim staking	5,606	-	5,606
Mining taxes	-	2,575	2,575
	22,783	23,087	45,870
Deferred exploration costs			
Miscellaneous exploration expenses	-	3,808	3,808
Total El Rayo Project	22,783	26,895	49,678
SAN MARCIAL PROJECT (Note 6f)			
Acquisition and holding costs			
Acquisition costs	-	1,280,000	1,280,000
Mining taxes	-	7,236	7,236
	-	1,287,236	1,287,236
Deferred exploration costs			
Geological	-	11,494	11,494
Field work	-	7,422	7,422
Miscellaneous exploration expenses	-	8,173	8,173
Trenching and road construction	-	2,979	2,979
	-	30,068	30,068
Total San Marcial Project	-	1,317,304	1,317,304
Total Resource Property Costs	\$ 2,160,658	\$ 3,102,144	\$ 5,262,802

Silvermex Resources Ltd.
(An Exploration Stage Company)
Notes to the Interim Consolidated Financial Statements
January 31, 2008
(Unaudited)

6. **RESOURCE PROPERTIES** - (continued)

(a) **Peñasco Quemado Project**

On October 29, 2004, Francisca Adelina Salgado Valle, the owner of three exploration concessions (the Lista Negra, Peñasco Quemado and Ballesteros properties) located in Tubutama, in Sonora, Mexico, entered into an exploration option agreement (the Salgado Agreement) with the option to acquire a 100% undivided interest in such properties with Santos Jaime Castillo Romo. In consideration for this interest, a total of US\$600,000 has to be paid by Francisca Adelina Salgado Valle as follows:

i)	US\$	5,000	on letter of intent agreement (paid);
ii)	US\$	10,000	on closing (paid);
iii)	US\$	20,000	on April 29, 2005 (paid);
iv)	US\$	30,000	on October 29, 2005 (paid);
v)	US\$	30,000	on April 29, 2006 (paid);
vi)	US\$	70,000	on October 29, 2006 (paid);
vii)	US\$	70,000	on April 29, 2007 (paid);
viii)	US\$	100,000	on October 29, 2007 (paid);
ix)	US\$	100,000	on April 29, 2008;
x)	US\$	165,000	on October 29, 2008.

In May 26, 2005, Santos Jaime Castillo Romo transferred the contractual rights, obligations and commitments under the Salgado Agreement to the Company. In consideration for this transfer, the Company paid US\$50,000 and issued 500,000 common shares to Santos Jaime Castillo Romo.

On April 28, 2005, the Company entered into a funding agreement (“Funding Agreement”) with Silver Standard Resources Inc. (“Silver Standard”), which granted Silver Standard an option to enter into a joint venture with the Company with respect to the project upon notification by the Company that it has prepared a resource estimate that meets or exceeds an aggregate of 30 million ounces of silver in the measured, indicated and inferred mineral resource categories. Upon such notification, Silver Standard may elect to enter into a joint venture by expending the greater of double the expenditures incurred to that date by the Company or US\$1,000,000. Upon the formation of the joint venture, Silver Standard would acquire a 51% interest and would be the operator of the project. Silver Standard would also be responsible for reimbursing the Company for all property payments made to that date. Silver Standard may increase its interest to 70% by paying all costs required to complete a feasibility study.

The Funding Agreement contains a right of first offer provision whereby Silver Standard has a right of first refusal on the Company’s interest in the property. The Funding Agreement also contains a dilution provision which provides that in the event either party’s interest is diluted below 10%, it shall relinquish its participating interest to the other party in return for a 1% Net Smelter Return.

During the year ended April 30, 2006, the Company staked another three exploration concessions (9,180 hectares) and received property titles issued by the Mexican General Mining Bureau. These concessions are located in Tubutama and Atil in Sonora, Mexico and have been included in the Peñasco Quemado Project.

(b) **Lobos Project**

In January 2006, the Company staked one concession (2,830 hectares) and received a property title issued by the Mexican General Mining Bureau. This concession is located in Caborca and Pitiquito in Sonora, Mexico.

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6. **RESOURCE PROPERTIES** - (continued)

(c) **Cerro de Plata Project**

On October 20, 2006, the Company entered into an option agreement to acquire up to a 100% interest in the 10,000 hectare mining concession located in Sonora, Mexico. In consideration for this interest, the Company will pay a total of US\$400,000 and issue 500,000 common shares as follows:

- i) US\$ 20,000 and 50,000 common shares on Exchange acceptance (paid and issued) (Note 8b);
- ii) US\$ 20,000 six months from Exchange acceptance (paid);
- iii) US\$ 25,000 and 100,000 common shares on or before January 3, 2008 (paid and issued) (Note 8e);
- iv) US\$ 30,000 and 100,000 common shares on or before January 3, 2009;
- v) US\$ 30,000 on or before January 3, 2010;
- vi) US\$ 275,000 and 250,000 common shares (provided that the feasibility study is acceptable) on or before January 3, 2011.

(d) **Lety Project**

In July 2007, the Company signed an option agreement to acquire a 100% interest in the Lety property located in the municipality of Santa Maria del Oro, Durango, Mexico. In consideration for this interest, the Company will pay a total of US\$250,000 (US\$100,000 paid) and issue 250,000 shares over a two year option period, with US\$50,000 payable every six months. In addition, the Company must spend a minimum of US\$500,000 during the first year of the option, and a further US\$500,000 during the second year. The vendor will retain the right to be paid an additional 250,000 shares or US\$1,000,000, at the owner's option, on or before the earlier of commencement of production of the project, or five years as of the date of signing of the option agreement, whichever comes first.

The Company will pay a finder's fee of 250,000 shares to an arm's length third party. 25,000 shares were issued on August 21, 2007 (Note 8e), and six future releases of 37,500 shares (first 37,500 shares were subsequently issued) each are to be made every six months thereafter.

During the year ended April 30, 2007, the Company staked a 5,000 hectare claim fully surrounding the Lety property and has included it in the project.

(e) **El Rayo Project**

On May 28, 2007, the Company concluded the final option agreement for the El Rayo property. In consideration for its interest, the Company will pay US\$315,000 over four years, of which US\$35,000 has been paid, and issue 250,000 shares for every 10,000,000 ounces of measured and indicated silver mineral resources.

During the year ended April 30, 2007, the Company staked a 2,203 hectare claim surrounding the El Rayo and El Viento properties.

The Company has entered into an agreement to acquire a 100% interest in the 150 hectare El Rayo claims located in the municipalities of Santa Ana and Magdalena de Kino, Sonora, Mexico. The Company has staked an additional 2,200 hectares. 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. The vendor is an arm's-length party and retains no royalties on the claims.

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6. **RESOURCE PROPERTIES** - (continued)

(f) **San Marcial Project**

On October 5, 2007, the Company entered into an option agreement with Silver Standard to purchase a 100% interest in the San Marcial silver project located in Sinaloa, Mexico.

In consideration for this interest, the Company issued 1,000,000 common shares (Note 8e) upon Exchange acceptance, a further 1,000,000 shares will be issued on each of the first and second anniversaries, and a lump sum payment in either cash or shares at the election of Silver Standard, on the third anniversary. The lump sum payment will be calculated by deducting the deemed value of the above share issuances from either US\$15,000,000 if the price of silver is \$15.00 per ounce or less, or US\$18,000,000 if the price of silver is above US\$15.00 per ounce. The Company must also expend US\$3.5 million on exploration over three years and provide Silver Standard with an updated resource estimate based on such expenditures. The Company is also obligated to pay Silver Standard an additional US\$0.50 per ounce of silver in any resource category in excess of 14.26 million ounces. Further, if the resource increases to 100 million ounces of silver equivalent (silver and gold), Silver Standard has the option to back-in for 50% of the property by spending an additional \$10.5 million on exploration. Silver Standard will then become the operator of the project.

7. **RELATED PARTY TRANSACTIONS**

During the period the Company entered into the following transactions with related parties:

- (a) The Company incurred \$156,245 for services related to resource property development (2006 - \$68,765 of management fees) to the president and director and a director and officer of the Company. As of January 31, 2008, \$655 was owed to the president and director and \$1,550 advanced to a director and officer was included in prepaid expenses.
- (b) The Company incurred \$Nil of legal fees (2006 - \$115,630 legal fees and share issue costs) to a company controlled by a director and officer. As of January 31, 2008, \$Nil (April 30, 2007 - \$5,650) was owed to this company, and \$Nil (April 30, 2007 - \$50) was held in trust by this firm.
- (c) During fiscal 2007, \$90,000 was placed in trust with a law firm pursuant to the Company's employment agreement with a director and officer (Note 4). As of January 31, 2008, \$70,784 (April 30, 2007 - \$68,334) was held in trust by the law firm. Subsequently, that amount was returned to the Company.
- (d) During the period ended January 31, 2008, \$10,000 of consulting fees (2006 - \$3,000) were paid to a director and an officer of the Company.
- (e) As of January 31, 2008, an amount of \$Nil (April 30, 2007 - \$48,010) is due to directors and officers of the Company. The amount was non-interest bearing and has no terms of repayment.
- (f) During the period ended January 31, 2008, rent and other administrative expenditures of \$36,916 (2006 - \$Nil) was charged by a company related by common directors and officers for shared office premises. As of January 31, 2008, \$2,073 (April 30, 2007 - \$Nil) was owed to this company.
- (g) During the period ended January 31, 2008, the Company incurred \$46,000 (2006 - \$Nil) for accounting services provided by a private company of which a director of the Company is a vice-president. As of January 31, 2008, \$5,775 (April 30, 2007 - \$Nil) was owed to that company.

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7. RELATED PARTY TRANSACTIONS - (continued)

- (h) During the period ended January 31, 2008, the Company incurred \$65,000 of consulting fees (2006 - \$Nil) to a company controlled by its corporate secretary. As of January 31, 2008, \$Nil (April 30, 2007 - \$Nil) was owed to this company.
- (i) 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.

8. SHARE CAPITAL

	<u>Number</u>	<u>Amount</u>	<u>Contributed Surplus</u>
Authorized:			
Unlimited number of common shares			
Balance, April 30, 2006	11,240,001	\$ 682,050	\$ 79,657
Issued:			
IPO (Note 8a)	6,900,000	2,070,000	-
Agent's corporate finance shares (Notes 8a and c)	180,000	69,000	-
Agent's commission shares (Notes 8a and c)	470,000	221,000	-
Property acquisition (Note 8b)	1,050,000	340,000	-
Private placement (Note 8c)	2,000,000	1,600,000	-
Options exercised (Note 8d)	425,000	160,000	-
Agent's warrants exercised (Note 8a)	386,500	115,950	-
Share issue costs (Notes 8a and c)	-	(741,436)	180,846
Fair value on stock options and agent's warrants exercised (Notes 8a and d)	-	129,079	(129,079)
Stock-based compensation	-	-	65,292
Balance, April 30, 2007	22,651,501	4,645,643	196,716
Issued:			
Private placement (Note 8f)	2,197,500	2,197,500	-
Property acquisition (Note 8e)	1,125,000	1,407,250	-
Warrants exercised (Note 8c)	162,750	162,750	-
Agent's warrants exercised (Note 8a)	76,500	22,950	-
Options exercised (Note 8g)	75,000	42,000	-
Share issue costs (Note 8f)	-	(311,408)	86,875
Fair value on stock options and agent's warrants exercised (Notes 8a and g)	-	48,646	(48,646)
Stock-based compensation	-	-	457,075
Balance, January 31, 2008	26,288,251	\$ 8,215,331	\$ 692,020

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8. **SHARE CAPITAL** - (continued)

- a) On July 10, 2006, the Company completed its IPO and issued 6,900,000 common shares at a price of \$0.30 per unit for gross proceeds of \$2,070,000. The Company paid an agent's fee of \$93,300 in cash and 310,000 agent's commission shares, and issued 828,000 non-transferable agent's warrants which are exercisable into one common share at a price of \$0.30 up to July 31, 2008. The fair value of the agent's warrants of \$102,522 was recognized. The agent was also paid a corporate finance fee of 150,000 common shares. During fiscal 2007, 386,500 agent's warrants issued under the IPO were exercised for total proceeds of \$115,950 and fair value of \$47,856, using Black-Scholes, was recognized on these exercised warrants. During the period ended January 31, 2008, 76,500 agent's warrants were exercised for total proceeds of \$22,950 and fair value of \$9,472 was recognized on these exercised warrants.
- b) During the year ended April 30, 2007, 1,000,000 common shares at a price of \$0.30 were issued on the Peñasco Quemado property acquisition and 50,000 shares at a price of \$0.56 were issued for the Cerro de Plata property acquisition.
- c) On April 4, 2007, the company closed a brokered private placement of 2,000,000 units at a price of \$0.80 per Unit (the "Units") for total gross proceeds of \$1,600,000. Each Unit consists of one common share and one-half non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of \$1.00 per share until April 4, 2009. During the period ended January 31, 2008, 162,750 of these warrants were exercised.

The agent's compensation consisted of a total of 190,000 units (160,000 agent's commission units and 30,000 corporate finance units) under the same terms as the Units, and 160,000 agent's warrants exercisable into one common share at a price of \$0.80 up to April 4, 2009. The fair value of the agent's warrants of \$78,324 using Black-Scholes was recognized.

- d) During the year ended April 30, 2007, 125,000 stock options at a price of \$0.56 were exercised for gross proceeds of \$70,000 and 300,000 stock options at a price of \$0.30 were exercised for gross proceeds of \$90,000. The fair value of \$81,223 was transferred from contributed surplus on the exercise of these options.
- e) During the period ended January 31, 2008, the Company issued 25,000 common shares valued at \$27,250 as a finder's fee for the acquisition of the Lety project, 1,000,000 common shares with a fair value of \$1,280,000 were issued for the San Marcial property acquisition, and 100,000 shares with a fair value of \$100,000 were issued for the Cerro de Plata property acquisition (Note 6).
- f) On November 15, 2007, the Company closed a brokered private placement of 2,000,000 units at a price of \$1.00 per unit for gross proceeds of \$2,000,000. Each unit consists 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 at a price of \$1.25 per share until November 15, 2008. The agent's compensation consisted of a total of 197,500 units (160,000 agent's commission units and 37,500 corporate finance units) under the same terms as the units, and 160,000 agent's warrants exercisable into one common share at a price of \$1.00 up to November 15, 2008. The fair value of the agent's warrants of \$86,875 using Black-Scholes was recognized.
- g) During the period ended January 31, 2008, 75,000 stock options at a price of \$0.56 were exercised for gross proceeds of \$42,000. The fair value of \$39,174 was transferred from contributed surplus on the exercise of these options.

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8. **SHARE CAPITAL** - (continued)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, April 30, 2006	-	\$ -
Issued	2,083,000	0.70
Exercised	(386,500)	0.30
Outstanding, April 30, 2007	1,696,500	0.80
Issued	1,258,750	1.22
Exercised	(239,250)	0.78
Outstanding, January 31, 2008	2,716,000	\$ 1.00

Warrants outstanding at January 31, 2008 are as follows:

Number of Warrants	Exercise Price	Expiry Date
365,000	\$ 0.30	July 31, 2008
932,250	\$ 1.00	April 4, 2009
160,000	\$ 0.80	April 4, 2009
1,098,750	\$ 1.25	November 15, 2008
160,000	\$ 1.00	November 15, 2008
2,716,000		

Stock Options

The Company has a Plan for directors, senior officers, employees, consultants and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the company. Options are granted for a term not exceeding five years. Options granted to directors, senior officers, employees and consultants vest fully upon the expiry of the four month hold period. Options granted to consultants performing investor relation activities vest over a period of twelve months.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Shares	Weighted Average Exercise Price
Outstanding, April 30, 2006	1,500,000	\$ 0.30
Granted	1,150,000	0.85
Exercised	(425,000)	0.38
Cancelled	(200,000)	0.30
Outstanding, April 30, 2007	2,025,000	0.60
Exercised	(75,000)	0.56
Outstanding, January 31, 2008	1,950,000	\$ 0.60

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8. **SHARE CAPITAL** - (continued)

Stock options outstanding at January 31, 2008 are as follows:

Number of Options	Exercise Price	Expiry Date
1,000,000	\$ 0.30	July 31, 2011
300,000	\$ 0.56	September 22, 2011*
550,000	\$ 1.11	April 12, 2012
100,000	\$ 0.96	April 12, 2012
<u>1,950,000</u>		

* Subsequently, 75,000 of these options were exercised.

Stock-based Compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock option granted is recognized in income on a straight line basis over the vesting period. Total fair value of stock options vested during the period ended January 31, 2008 was \$457,075 (2007 - \$263,770).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and agents' compensation options granted during 2007 and 2006:

	2007	2006
Risk-free interest rate	3.76%	3.92%
Expected life of options	2 - 5 years	5 years
Annualized volatility	84%	80%
Dividend rate	0.00%	0.00%

Escrow

6,000,000 common shares were placed in escrow in accordance with the escrow agreement dated February 17, 2006. 1,500,000 common shares were released in fiscal 2007, and 1,800,000 common shares were released in the period ended January 31, 2008, leaving a balance of 2,700,000 common shares held in escrow (April 30, 2007 - 4,500,000).

9. **PROMISSORY NOTES**

During the period ended January 31, 2008, the Company issued three promissory notes (the "Notes") totalling \$195,000. The Notes were unsecured, paid a bonus of 10% of the principal amount, and were paid in full during the period with bonuses totalling \$19,500. The Notes were convertible, at the option of the holders, at any time and in any amount into shares or warrants of the Company.

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10. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties. However, the Company operates in two geographical segments, Canada and Mexico. Geographic information is as follows:

	Total Assets	Equipment	Resource Properties	Other Assets
January 31, 2008				
Canada	\$ 218,423	\$ 48,421	\$ -	\$ 170,002
Mexico	5,889,093	55,301	5,262,802	570,990
	<u>\$ 6,107,516</u>	<u>\$ 103,722</u>	<u>\$ 5,262,802</u>	<u>\$ 740,992</u>
April 30, 2007				
Canada	\$ 774,505	\$ 60,365	\$ -	\$ 714,140
Mexico	2,907,179	45,335	2,160,658	701,186
	<u>\$ 3,681,684</u>	<u>\$ 105,700</u>	<u>\$ 2,160,658</u>	<u>\$ 1,415,326</u>

11. COMMITMENTS

The Company has agreed to reimburse a company with directors in common one-half of its rental cost of the Vancouver office. The Company's portion amounts to \$45,773 annually, from March 1, 2007 to March 31, 2011.

On July 1, 2007, the Company entered into a consulting agreement with Share Capital Advisors ("SCA") to perform public and investor relations and communications. The Company pays SCA consulting fees of \$10,000 per month.

12. CONTINGENCIES

A former director, officer and employee, and a former consultant of the Company have separately initiated action against the Company for damages for breach of contract/wrongful dismissal and for the right to the exercise their stock options originally granted under the Company's stock option plan. The Company cancelled these options when the individuals were dismissed. The Company has commenced an action against the former director, officer and employee and the Company's transfer agent seeking cancellation of performance shares granted to this individual. Legal counsel to the Company is unable to assess the Company's potential liability, if any, resulting from these actions. Any settlement will be reflected as a charge to deficit in the year incurred. No provision for possible loss has been included in these financial statements.

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13. SUBSEQUENT EVENTS

- a) The Company announced that it has arranged a brokered private placement to be led by Versant Partners Inc. (the "Agent"). This offering is expected to raise gross proceeds of \$5,000,000, with an option to increase the size of the Offering by up to an additional \$2,500,000 prior to closing, which is expected to be on or about April 2, 2008.

Each unit will consist of one common share and one-half of one share purchase warrant at a price of \$1.00 per unit. Each warrant will entitle the holder to purchase one additional common share of the Company at a price of \$1.25 per share for a period of 12 months from the date of issuance. The Agent will receive cash commission of 8% of the gross proceeds, and broker warrants equal to 8% of the number of units issued. Each broker warrant entitles the Agent to subscribe for one unit at the offering price. The Agent will also receive a corporate finance fee of \$25,000.

The Company has also announced a non-brokered private placement of up to 2,000,000 units to raise gross proceeds of up to \$2,000,000. These units have the same terms as the brokered units. Commissions will be 8% of the gross proceeds, payable in cash.

- (b) The Company staked a 360 hectare concession known as the La Frazada Property. The Property is located along the south west margin of the Sierra Madre Occidental, in the state of Nayarit, Mexico.