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SILVERMEX RESOURCES LIMITED

UPDATED NI 43-101 TECHNICAL REPORT FOR THE SAN MARCIAL PROPERTY LA RASTRA MINING DISTRICT SINALOA, MEXICO

Prepared By:

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1.0 SUMMARY

Silvermex Resources Limited (Silvermex) has retained Micon International Limited (Micon) to review the San Marcial silver project (San Marcial project) in the state of Sinaloa, Mexico. The review of this property is being performed in support of Silvermex's disclosure of an updated mineral resource estimate based on the historical drill holes and the results obtained during its 2008 exploration program.

This updated resource estimate for the San Marcial project was completed by the geological personnel of Silvermex and audited by Micon as part of the review of the project. The updated resource estimate supersedes the previous resource estimate for the project released by Silver Standard Resources Inc. (Silver Standard) and contained in an October, 2002 Technical Report.

Finally, this report also comments on Silvermex's exploration program designed to follow-up on the results obtained by its 2008 exploration program.

The San Marcial property is located in the Sierra Madre mountains in the state of Sinaloa, Mexico. The property is approximately 100 kilometres (km) south 75° east of Mazatlan in the La Rastra mining district. The term San Marcial project refers to the area covered by the historical exploration programs and Silvermex's 2008 exploration program, while the term San Marcial property refers to the entire land package optioned by Silvermex.

Silvermex advises that it holds the San Marcial project through its wholly owned Mexican subsidiary Minera Terra Plata S.A. de C.V. (Terra Plata) via two mineral concessions. The two mineral concessions are contiguous and are 119 ha and 1,131 ha in size, for a total property area of 1,250 ha. The older and smaller "Mina San Marcial" mineral concession is contained within the newer and larger "Ampliacion San Marcial" mineral concession which completely surrounds the original concession. The concessions are subject to a bi-annual fee and the filing of reports in May of each year covering the work accomplished on the property between January and December of the preceding year.

Silvermex advises that on October 5, 2007 it entered into an option agreement with Silver Standard to purchase a 100% interest in the San Marcial property held by its wholly owned subsidiary Silver Standard Mexico S.A. de C.V. (Silver Standard Mexico). According to the term sheet signed between Silvermex and Silver Standard, the property is "free from any liens, encumbrances or rights of others, subject only to a 3% Net Smelter Return Royalty (NSR) in favour of a previous owner that can be purchased for $600,000 for each 1 percent and a payment ("Payment") of $100,000 due to International American Resources Inc. upon commercial production."

Silvermex has made the offer to Silver Standard to acquire a 100% interest in the San Marcial property subject to the NSR and the Payment on the following terms:

1) The base purchase price is US $15,000,000 which will be paid over 36 months according to the parameters outlined in the term sheet. In the event that the price of silver is above US $15/oz at the time that the final payment is made, the purchase price will be increased to US $18,000,000.

2) In addition to the purchase price, Silvermex shall assume the obligation to pay the NSR and make the Payment.

3) Silvermex shall also be obligated to expend the sum of US $3,500,000 on exploration of the property within 36 months of the date of execution of the formal agreement and deliver to Silver Standard an updated resource estimate within 39 months of the execution date of the formal agreement.

4) Silver Standard shall have the right to review and revise all exploration programs proposed by Silvermex on the property and shall have the right to make the final decision with respect to all work programs.

5) In the event that the resource estimate determines that there are 100,000,000 oz or more of silver equivalent (based on silver and gold) present on the property, Silver Standard may elect to exercise a back-in right for 50% of the property. The back-in right shall be exercised by Silver Standard incurring exploration expenditures on the property equal to three times the costs expended by Silvermex on exploration. In addition, Silvermex shall pay Silver Standard US $0.50/oz for 50% of the silver ounces in the resource estimate less 14.26 Moz.

6) In the event the back-in right is exercised, the parties shall form a joint venture with Silver Standard being the operator. The operator shall present work programs and budgets to the management committee for approval. In the event of a tie vote, the operator shall have the deciding vote.

Other terms and conditions related to press releases, due diligence and entering into the formal agreement are also included in the term sheet.

The San Marcial project area is situated along the western edge of the Sierra Madre Occidental geological province. This linear belt of volcanic rocks, approximately 1,500 km long by 250 km wide, is known to host many important gold and silver producing mines and prospects. The province is divided into two main Tertiary volcanic units referred to as the Upper and Lower Volcanic groups, both of which are separated unconformably by a period of erosion and associated with local felsic intrusive activity. The contact between the two volcanic groups is highly prospective for precious metal mineralization, as a majority of the other known gold and silver mines and prospects in the belt occur close to, if not just below, the contact interval.

The geology at the San Marcial project can be sub-divided into two distinct rock types. The Upper Volcanic group, composed of basal conglomerates, rhyolites and dacites, occurs in the

higher and more mountainous portions of the property in the northeast. The basal conglomerate lies on the erosional surface above the Lower Volcanics. Basaltic to andesitic dykes and sills intrude into the Upper Volcanic group.

Unconformably underlying the Upper Volcanic group is the Lower Volcanic group of andesites and dacites which occur at lower elevations in the southwest. The known silver prospects on the San Marcial property are hosted along what appears to be a narrow set of northwest trending fault structures with a 60° northeast dip which is in close proximity to the prospective unconformity. Along the trend and within the local area are prominent outcrops of highly weathered hydrothermal breccia and relatively fresh dacite porphyry intrusives. The volcanics vary from andesitic to dacitic ash tuffs, banded rhyolite flows interbedded with lapilli tuffs grading to agglomerate and andesitic conglomerate/agglomerate.

Faulting is common within the San Marcial area and is an important structural feature relating to the silver mineralization. There are at least four orientations of structural breaks or features interpreted from satellite imagery, trending primarily northwest, with fewer trending east, west, north and northeast. Movement along the northwest feature is normal but the displacement is unknown. The intersections of the east-west with northwest features are considered the most prospective areas for mineralization at San Marcial.

Prior to 2005, exploration concessions were valid for six years and could not be extended. However, the exploration concession could be converted into one or more exploitation concessions after the six-year period concluded provided the bi-annual fee and work requirements were in good standing. Exploitation concessions were the only concessions that were valid for a period of 50 years. Exploitation concessions were extendable provided that the application was made within the five-year period prior to the expiry of the concession and the bi-annual fee and work requirements were in good standing.

When the Mexican mining laws were changed in 2005, all mineral concessions granted by the Dirección General de Minas (DGM) became simple mining concessions and there were no longer separate specifications for mineral exploration or exploitation concessions. A second change to the mining laws resulted in all mining concessions being granted for a period of 50 years provided the concessions remained in good standing. As part of the second change all former exploration concessions that were previously only granted for a period of 6 years became eligible for the 50 year term.

For any concessions to remain valid the bi-annual fees must be paid and a report has to be filed by May of each year that covers the work conducted during the preceding year. Concessions remain extendable provided that the application is made within the five-year period prior to the expiry of the concession and the bi-annual fee and work requirements are in good standing.

The bi-annual fees are based on a number of factors. Prior to January, 2006, exploration and exploitation mineral concessions had two different fees per hectare based on the type of mineral concession they were and the amount of time since they were issued. After January,

2006, in accordance with the mining laws changed in 2005, a single fee per hectare was implemented with the fees continuing to escalate based on the age of the title.

The original resource estimation for San Marcial property was completed by Jim Cuttle, P.Geo., a consultant employed by Gold-Ore in 2002. This resource was reviewed and updated by N. Eric Fier in 2002 and reported in the October, 2002 Technical Report as being compliant with the CIM standards and definitions required by NI 43-101 regulations. In 2007, the October, 2002 resource estimate was reviewed and was reported in Silvermex's November, 2007 San Marcial Technical Report. At the time of the November, 2007 Technical Report no further relevant exploration work had been completed on the project since the 2002 resource estimation. Based on Silvermex's 2008 exploration and drilling program Silvermex has now conducted an updated mineral resource estimate for the San Marcial project.

Silvermex's 2008 exploration program was successful in confirming the historical exploration results and further defining the known mineralization located on the San Marcial property, sufficient to conduct a new resource estimate. Based on the drill hole spacing, the number of intercepts on a section and the irregular nature of the veins, both along strike and down dip, it is Micon's opinion that the 2008 mineral resources should be classified as Indicated and Inferred Mineral Resources.

The following criteria were used to classify the estimated resources according to the current CIM definitions:

1. Measured Mineral Resources: No measured blocks were defined in the estimate.

2. Indicated Mineral Resources: Those blocks constructed with assay results and geological data collected from surface (trench sampling) and 2 or more drill holes in either the same cross-section or within the nearest 10 m. There is demonstration of the continuity of the mineral structure, both in its down dip projection for a maximum distance of 50 m and along strike for a maximum distance of 45 m. The search ellipse forms an ellipsoid of 45 m along strike and 30 m down dip, with the width defined by intersection of the drill hole corrected for the angle of the hole and the general dip of the mineral structure.

3. Inferred Mineral Resources: Those blocks constructed based on either geological data and assays composited from 1 or more drill holes interpreted congruently and/or adjacent to the indicated blocks in the direction of the general strike of the mineral structure or down dip, within a distance of 30 m along strike and 50 m down dip.

Old underground workings exist within the area of the resource estimate. However, these are poorly documented and presently largely inaccessible. Silvermex is currently reviewing the problems with access and the possibility of cleaning out the workings. These workings are generally small and not considered to significantly affect the resource estimate. They were not factored into the estimate.

Table 1.1 summarizes the mineral resource estimate for the San Marcial project. The figures in Table 1.1 have been rounded to reflect that they are an estimate.

Table 1.1
Indicated and Inferred Mineral Resources on the San Marcial Property (30 g/t Silver Cut-Off), as at October 1, 2008.

Resource Classification	Tonnes	Grade			Contained Ounces Silver	Contained Pounds of Lead	Contained Pounds of Zinc
		Silver (g/t)	Lead (%))	Zinc (%)			
Indicated	3,756,000	149.20	0.36	0.67	18,021,000	29,932,000	55,328,000
Inferred	3,075,000	44.21	0.29	0.51	4,371,000	19,526,000	34,691,000

The San Marcial property contains an Indicated Mineral Resource of 3,756,000 t at a grade of 149.20 g/t silver, 0.36% lead and 0.67% zinc, containing 18.021 Moz of silver, 29.932 Mlbs lead and 55.328 Mlbs of zinc. The San Marcial property contains an Inferred Mineral Resource of 3,075,000 t at a grade of 44.21 g/t silver, 0.29% lead and 0.51% zinc, containing 4.371 Moz of silver, 19.526 Mlbs lead and 34.691 Mlbs of zinc.

The stated resources are not materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues, unless stated in this report, to the best knowledge of the author. There are no known mining, metallurgical, infrastructure or other factors that materially affect this resource.

The resource estimate by Silvermex and audited by Micon is compliant with the current CIM standards and definitions required by NI 43-101 and is, therefore, reportable as a mineral resource by Silvermex. However, the reader should be cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. There are currently no mineral reserves on the San Marcial property.

Further resource estimations should consist of increased data collection (sampling), capping of silver grades, variography and continued reclassification of the mineral resource.

Since the mineral resource is compliant with the current CIM standards it can be used as the basis for Silvermex to conduct further exploration to build upon this existing resource base and to conduct further economic evaluations on the deposit.

Based on the results obtained from the 2008 surface exploration and drilling programs Silvermex has outlined the following objectives for the next phase of the exploration program at San Marcial:

- Re-construct the access road from La Rastra to the San Marcial project site. Due to last season's strong rains, the road is presently considered to be almost destroyed. However, the ground conditions are such that it should not be to difficult to re-habilitate the road at a low cost

- Conduct infill drilling to upgrade the current inferred mineral resource into the an indicated resource and upgrade the indicated category into measured.

- Re-habilitate the old underground workings in order to conduct chip sampling and surveying. The surveying will be beneficial in determining the extent of the previous mining operations.

- Select samples in order to conduct a series of investigations based on fluid inclusions, salinity measurements and metal ratios in order to define the best sites from which to drill at the extension of the mineral trend in its projection along strike.

- Implement a drilling program to explore the continuity of the San Marcial mineral structure, both along its strike projection towards the northwest where the structure is hosted in the Lower Volcanics and to the southeast. Silvermex is looking to define a bulk tonnage and low grade silver, lead and zinc deposit which would be hosted in the volcano-sedimentary sequence, where the mineralization is basically contained in a stockwork within the old sediments.

- Conduct further check assaying in order to compare the assay results from the 2008 drilling programs against the assay results from the previous drilling and also to compare further sampling results with those previously obtained from the IPL laboratory assaying. Silvermex believes that the IPL assays may have underestimated the metal content based on the assaying conducted on the standards included in the sample stream during the drilling.

Silvermex plans to spend an estimated US $1,441,445 during the next phase of exploration to complete the infill and exploration drilling on the portion of the San Marcial mineralized structure containing the current estimated resources to upgrade the resource categories and explore the continuity of the silver mineralization at depth in the high grade blocks. In addition, exploration drilling will be conducted along a 1,200 m section of the northwest projection of the San Marcial mineral structure and to the southeast to explore the mineralization along the San Marcial fault and in the footwall host rocks. Further exploration may be proposed depending on the results of the 2009 exploration program, but further work will be considered as a part of a preliminary economic assessment study.

Micon agrees with the general direction of Silvermex's exploration programs for the San Marcial project and makes the following additional recommendations.

1. Micon recommends that Silvermex continues with the entry of all available exploration data into its computer database. This will allow Silvermex to evaluate the existing exploration data together with future data. An electronic database will also allow computer-generated resource estimates to be conducted in the future.

2. Micon recommends that Silvermex periodically review its general QA/QC program and modify it if appropriate to do so. .

3. Micon recommends that further resource estimations should consist of increased data collection (sampling), additional specific gravity testwork, reviewing the statistics regarding the capping of the silver grades, running variography models for the deposit, and reviewing its geological interpretation as needed.

The San Marcial project should be regarded as a mid-stage exploration 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 has reviewed the results of the 2008 exploration programs and has audited the current mineral resource estimate and, in light of the observations made in the Conclusions and Recommendations Sections of this report, supports the concepts outlined by Silvermex for further exploration. It is Micon's opinion that the property merits further exploration and that Silvermex's proposed exploration plans are properly conceived and justified.

2.0 INTRODUCTION AND TERMS OF REFERENCE

At the request of Mr. Arturo Bonillas, a director and President, and Mr. Bruce Bragagnolo, a director and CEO of Silvermex Resources Limited (Silvermex), Micon International Limited (Micon) has been retained to provide an independent summary and review of the San Marcial silver project (San Marcial project) located in the state of Sinaloa, Mexico, to audit the updated resource estimate based on the results obtained from the 2008 exploration program and to comment on the propriety of Silvermex's exploration program and budget for further work on the project.

This report also presents an audit of the updated mineral resource estimate for the San Marcial project conducted by Silvermex personnel. Micon conducted the audit of the mineral resource which incorporates the information obtained during Silvermex's 2008 exploration program. The updated resource estimate supersedes the 2002 mineral resource estimate and is compliant with the current Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and definitions required by Canadian National Instrument 43-101 (NI 43-101) "Standards of Disclosure for Mineral Projects".

The geological setting of the property, mineralization style and occurrences, and exploration history were described in reports that were prepared by Southworth, J.R., (1905), Vargas, J.C., et al, (1992), Wallis and Fier (2002), Lewis and Fier (2007) and in various government and other publications listed in Section 21 "References". The relevant sections of those reports are reproduced herein.

All currency amounts are stated in US dollars or Mexican pesos, as specified, with costs and commodity prices typically expressed in US dollars. Quantities are generally stated in metric (SI) units, the standard Canadian and international practice, including metric tons (tonnes, t) and kilograms (kg) for weight, kilometres (km) or metres (m) for distance, hectares (ha) for area, grams (g) and grams per metric tonne (g/t) for gold and silver grades (g/t Au, g/t Ag). Wherever applicable, imperial units have been converted to Système International d'Unités (SI) units for reporting consistency. Precious metal grades may be expressed in parts per million (ppm) or parts per billion (ppb) and their quantities may also be reported in troy ounces (ounces, oz), a common practice in the mining industry. Table 2.1 summarizes a list of the various abbreviations used throughout this report.

Table 2.1
List of the Abbreviations

Description	Abbreviation
Above sea level	asl
Canadian Institute of Mining, Metallurgy and Petroleum	CIM
Canadian National Instrument 43-101	NI 43-101
Centimetre(s)	cm
Cubic feet per minute	cfm
Day	d
Degree(s)	^{o}
Degrees Celsius	^{o}C

Description	Abbreviation
Digital elevation model	DEM
Dirección General de Minas	DGM
Dollar(s), Canadian and US	$, Cdn $ and US $
Gold Ore Resources Ltd.	Gold Ore
Gram(s)	g
Grams per tonne	g/t
Greater than	>
Hectare(s)	ha
Insituto Nacional de Estadistica, Geografia e Informatica	INEGI
InterGeografica de Mexico, S.A. de C.V.	InterGeografica
Internal rate of return	IRR
Kilogram(s)	kg
Kilometre(s)	km
Less than	<
Litre(s)	L
Metre(s)	m
Mexican peso	peso
Micon International Limited	Micon
Million ounces	Moz
Million pounds	Mlbs
Million tonnes	Mt
Million years	Ma
Million tonnes per year	Mt/y
Milligram(s)	mg
Millimetre(s)	mm
Minera Terra Plata, S.A. de C.V.	Terra Plata
Net present value	NPV
Net smelter return	NSR
North American Datum	NAD
Not available/applicable	n.a.
Ounces	oz
Ounces per year	oz/y
Parts per billion	ppb
Parts per million	ppm
Percent(age)	%
Quality Assurance/Quality Control	QA/QC
Rock Quality Designation	RQD
Second	s
SGS Mineral Services	SGS
Silvermex Resources Limited	Silvermex
Silver Standard Resources Inc.	Silver Standard
Specific Gravity	SG
System for Electronic Document Analysis and Retrieval	SEDAR
Système International d'Unités	SI
Tonne (metric)	t
Tonnes (metric) per day	t/d
TSL Laboratories Inc.	TSL
Universal Transverse Mercator	UTM
Year	y

Micon conducted its first site visit to the San Marcial property between October 12 and 15, 2007, with the assistance of Raphael Gomez a geologist with Silvermex. The purpose of the site visit was to review the state of the core storage, independently verify the geology and mineralization, and locate the previous drilling sites. All of these objectives were completed.

Micon conducted a second visit to the project on September 8, 2008. During the second visit Micon did not re-visit the site as the access to the property had been washed out due to the very heavy rains. However, Micon did visit La Rastra where the core shack is located and reviewed a number of the drill holes against both the drill logs and assay certificates.

The review of the San Marcial project was based on published material researched by Micon, as well as data, professional opinions and unpublished material submitted by the professional staff of Silvermex or its consultants. Much of these data came from reports prepared and provided by Silvermex.

The Qualified Person responsible for the preparation of this report is William J. Lewis, B.Sc., P.Geo. Mr. Lewis, a Senior Geologist with Micon, is responsible for the audit of Silvermex's mineral resource estimate and the comments on the propriety of Silvermex's plans and budget for the next phase of exploration.

Mr. Lewis was a co-author of the previous Micon Technical Report on the San Marcial project which was dated November 23, 2007 and entitled "NI 43-101 Technical Report for the San Marcial Property, La Rastra Mining District, Sinaloa, Mexico." This report was filed on the System for Electronic Document Analysis and Retrieval (SEDAR) website by Silvermex on November 23, 2007.

3.0 RELIANCE ON OTHER EXPERTS

Micon has reviewed and analyzed data provided by Silvermex, its consultants and the previous operator of the property, and has drawn its own conclusions therefrom, augmented by its direct field examination. Micon has not carried out any independent exploration work, drilled any holes or carried out any sampling and assaying on the property. No sampling of the mineralization was conducted during the site visit by Micon. However, the core from both the previous and 2008 drilling programs, which is located in La Rastra, was reviewed and the descriptions of the geology and mineralization were found to be consistent with the logs.

While exercising all reasonable diligence in checking, confirming and testing it, Micon has relied upon Silvermex's presentation of the project data for the San Marcial property, including data from the previous operator, in formulating its opinion.

The English translations of the various agreements under which Silvermex and Terra Plata hold title to the mineral lands for this project have been reviewed by Micon. Micon, however, offers no legal opinion as to the validity of the mineral title claimed. A description of the property, and ownership thereof, is provided for general information purposes only. The existing environmental conditions, liabilities and remediation have been described where required by NI 43-101 regulations. However, these statements are provided for information purposes only and Micon offers no opinion in this regard.

The description of geology, mineralization, exploration and mineral resource estimation methodology used in this report are taken from reports prepared by various companies or their contracted consultants, as well as from various government and academic publications. The conclusions of this report rely on data available in published and unpublished reports supplied by the various companies which have conducted the exploration on the property, and information supplied by Silvermex. The information provided to Silvermex was supplied by reputable companies and Micon has no reason to doubt its validity.

To complete the audit of Silvermex's 2008 mineral resource estimate on the San Marcial project, Mr. Lewis reviewed the core, drill logs, assay sheets, parameters and geological interpretation. These data were reviewed on September 8, 2008 during the site visit to La Rastra and again on September 28 and 29, 2008 during a series of meetings held over 3 days in Hermosillo, Mexico. The details of this review are discussed in Section 17 of this report

The author is pleased to acknowledge the helpful cooperation of Silvermex's management and consulting field staff, all of whom made any and all data requested available and responded openly and helpfully to all questions, queries and requests for material. The maps and some of the tables and figures for this report were supplied by Silvermex staff. The majority of the photographs were taken by Mr. Lewis but where these have been obtained from other sources, the sources are credited.

4.0 PROPERTY DESCRIPTION AND LOCATION

Silvermex's San Marcial silver project is located in the western Mexican state of Sinaloa. Specifically, the project is located within the south-eastern corner Sinaloa, approximately 12.5 km south of the town of Las Rastra within the La Rastra mining district. The San Marcial project is centred at UTM coordinates 451000E and 2545700N with datum WGS-84 used. The elevation of the property is approximately 900 m above sea level. The location of the San Marcial project is shown in Figure 4.1.

Silvermex advises that it holds its option on the San Marcial project through its wholly owned Mexican subsidiary Minera Terra Plata S.A. de C.V. (Terra Plata) via two mineral concessions. The two mineral concessions are contiguous and are 119 ha and 1,131 ha in size, for a total property area of 1,250 ha. The older and smaller "Mina San Marcial" mineral concession is contained within the newer and larger "Ampliacion San Marcial" mineral concession which completely surrounds the original concession. The concessions are subject to a bi-annual fee and the filing of reports in May of each year covering the work accomplished on the property between January and December of the preceding year. The information for the individual mineral concessions is listed in Table 4.1.

Table 4.1
Summary of the Mineral Concession Information for the San Marcial Project

Licence Name	Title Number	Location (UTM NAD 27 Mex.	Type of Concession	Area (ha)	Date Granted	Expiry Date	Bi-Annual Fee ($US)
Mina San Marcial	180998	451,032.3300E 2,545,695.245N	Exploitation	119	Aug. 13, 1987	Aug. 13, 2037	1,300
Ampliacion San Marcial	211650	451,032.3300E 2,545,695.245N	Exploitation	1,131	June 22, 2000	June 22, 2050	6,500
Total				**1,250**			**7,800**

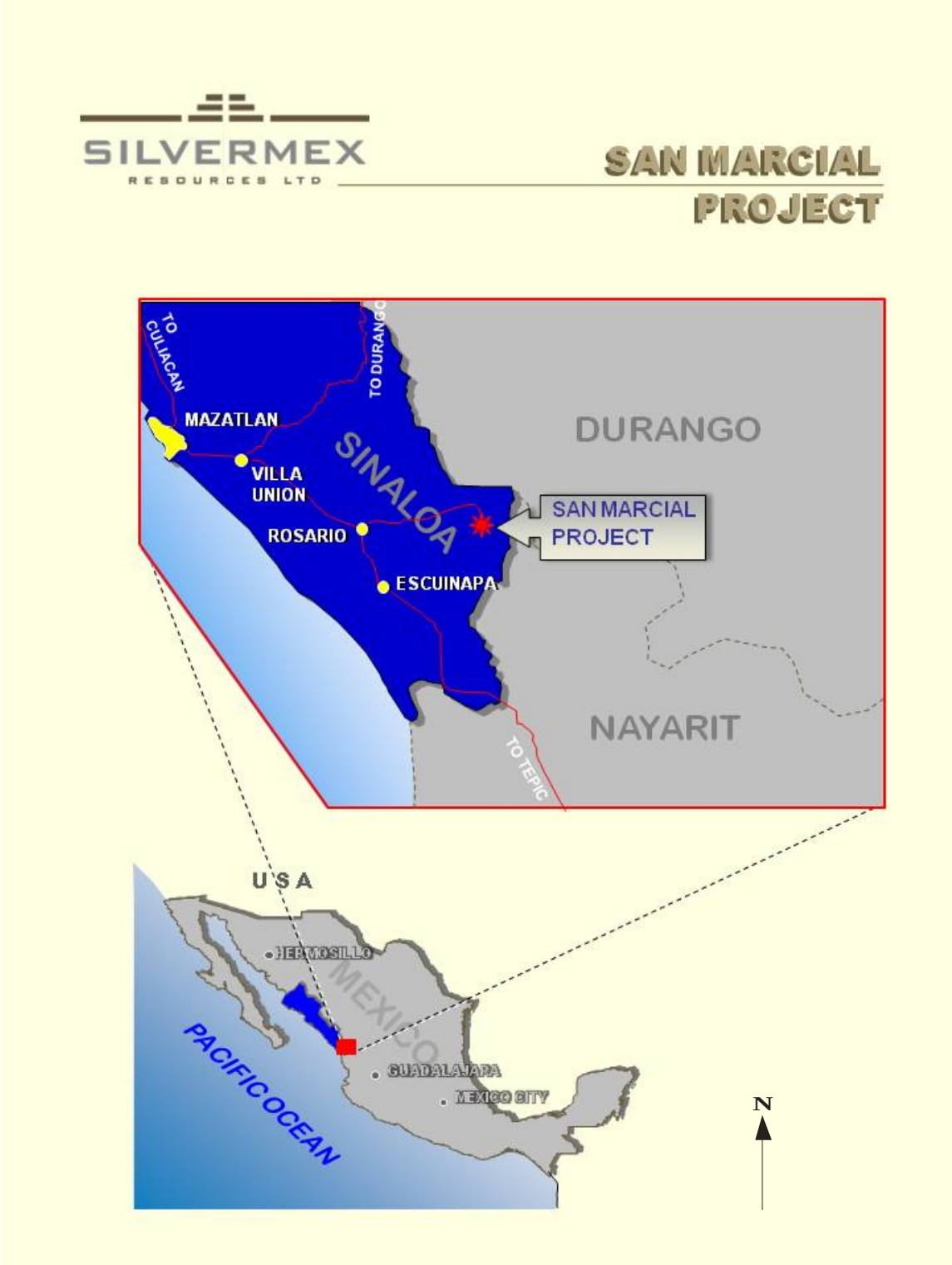
Table supplied by Silvermex Resources Ltd.

Figure 4.2 is a map of the mineral concessions held by Silvermex and Terra Plata incorporated into the San Marcial property.

An investigation conducted recently in the Agency of Durango resulted in the indication that the UTM coordinates are 451,032.030E and 2,545,694.245N (datum NAD 27) for the "primary post' of both claims.

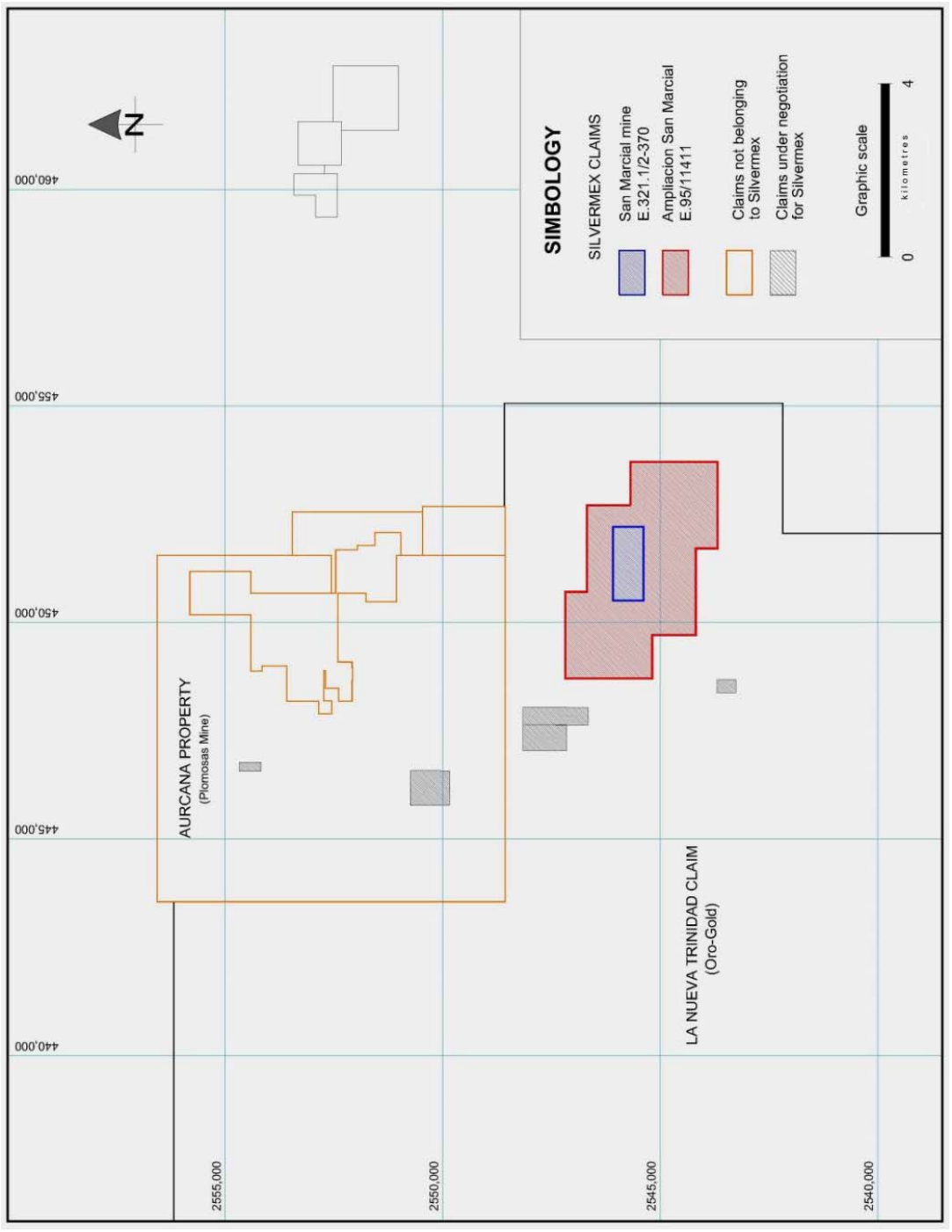
Silvermex advises that on October 5, 2007 it entered into an option agreement with Silver Standard Resources Inc. (Silver Standard) to purchase a 100% interest in the San Marcial project held by its wholly owned subsidiary Silver Standard Mexico S.A. de C.V. (Silver Standard Mexico) According to the "term sheet" signed between Silvermex and Silver Standard, the property is "free from any liens, encumbrances or rights of others, subject only to a 3% Net Smelter Return Royalty ("NSR") in favour of a previous owner that can be purchased for $600,000 for each 1 percent and a payment ("Payment") of $100,000 due to International American Resources Inc. upon commercial production."

Figure 4.1
San Marcial Project Location Map



Map provided by Minera Terra Plata, SA de CV.

Figure 4.2
Mineral Concession Map for the San Marcial Project



Map provided by Minera Terra Plata, SA de CV.

Silvermex has made the offer to Silver Standard to acquire a 100% interest in the San Marcial property subject to the NSR and the Payment on the following terms:

1) The base purchase price is US $15,000,000 which will be paid in the following manner:

    a. The issuance of 1,000,000 common shares to Silver Standard at a deemed price of $1.00 per share immediately upon the receipt of regulatory acceptance of the transaction and the execution of a formal agreement.

    b. The issuance of a further 1,000,000 common shares within 12 months of the execution date of the formal agreement with the shares issued at a deemed price equal to the market price of Silvermex's shares at the time of the issuance.

    c. The issuance of a further 1,000,000 common shares within 24 months of the execution date of the formal agreement with the shares issued at a deemed price equal to the market price of Silvermex's shares at the time of the issuance.

    d. The balance of the outstanding purchase price within 36 months of the date of execution after deducting the deemed price of the above shares, at the election of Silver Standard to be paid in whole or in part, in cash, or shares at a deemed price equal to the market price of Silvermex at the time of the issuance.

    e. In the event that the price of silver is above US $15/oz at the time that the final payment is made, the purchase price will be increased to US $18,000,000.

2) In addition to the purchase price, Silvermex shall assume the obligation to pay the NSR and make the Payment.

3) Silvermex shall also be obligated to expend the sum of US $3,500,000 on exploration of the property within 36 months of the date of execution of the formal agreement and deliver to Silver Standard an updated resource estimate within 39 months of the execution date of the formal agreement.

    a. A minimum of US $500,000 shall be expended in the first year.

    b. A minimum of US $1,000,000 shall be expended in the second year.

    c. A minimum of US $2,000,000 shall be expended in the third year.

    d. "Resource estimate" shall mean an estimate of the measured, indicated and inferred resources of silver in ounces for the property based on a silver cut-off of 30 g/t prepared by an independent qualified person in accordance with NI 43-101.

e. Within 90 days of the delivery of the resource estimate Silvermex shall pay Silver Standard US $0.50/oz for every ounce of silver in excess of 14.26 Moz determined by the resource estimate to be present on the property.

f. The formal agreement shall contain a mechanism to resolve any dispute by Silver Standard over the amount of silver determined to be present on the property by the resource estimate.

4) Silver Standard shall have the right to review and revise all exploration programs proposed by Silvermex on the property and shall have the right to make the final decision with respect to all work programs.

5) In the event that the resource estimate determines that there are 100,000,000 oz or more of silver equivalent (based on silver and gold) present on the property, Silver Standard may elect to exercise a back-in right for 50% of the property. The back-in right shall be exercised by Silver Standard incurring exploration expenditures on the property equal to three times the costs expended by Silvermex on exploration. In addition, Silvermex shall pay Silver Standard US $0.50/oz for 50% of the silver ounces in the resource estimate less 14.26 Moz, instead of 100%.

6) In the event the back-in right is exercised, the parties shall form a joint venture with Silver Standard being the operator. The operator shall present work programs and budgets to the management committee for approval. In the event of a tie vote, the operator shall have the deciding vote.

Other terms and conditions related to press releases, due diligence and entering into the formal agreement are also included in the term sheet.

Other parties control a number of mineral concessions which occur alongside the boundaries of the San Marcial property, but none of these concessions impacts the main area of the San Marcial project.

Prior to 2005, exploration concessions were valid for six years and could not be extended. However, the exploration concession could be converted into one or more exploitation concessions after the six-year period concluded provided the bi-annual fee and work requirements were in good standing. Exploitation concessions were the only concessions that were valid for a period of 50 years. Exploitation concessions were extendable provided that the application was made within the five-year period prior to the expiry of the concession and the bi-annual fee and work requirements were in good standing.

When the Mexican mining laws were changed in 2005, all mineral concessions granted by the Dirección General de Minas (DGM) became simple mining concessions and there were no longer separate specifications for mineral exploration or exploitation concessions. A second change to the mining laws resulted in all mining concessions being granted for a period of 50 years provided the concessions remained in good standing. As part of the

second change all former exploration concessions that were previously only granted for a period of 6 years became eligible for the 50 year term.

For any concessions to remain valid the bi-annual fees must be paid and a report has to be filed by May of each year that covers the work conducted during the preceding year. Concessions remain extendable provided that the application is made within the five-year period prior to the expiry of the concession and the bi-annual fee and work requirements are in good standing.

The bi-annual fees are based on a number of factors. Prior to January, 2006, exploration and exploitation mineral concessions had two different fees per hectare based on the type of mineral concession they were and the amount of time since they were issued. After January, 2006, in accordance with the mining laws changed in 2005, a single fee per hectare was implemented with the fees continuing to escalate based on the age of the title. See Table 4.2 for the present fee rates per hectare.

Table 4.2
San Marcial Project Present Fee Rates Per Hectare

Year	Type of Concession	Fee for the period after issue	Fee (pesos/ha)
Prior to January, 2006	Exploration	For the first year	2.0230
		For the second through fourth years	6.01
		After the fifth year of issue	12.43
	Exploitation	For the first and second years	25.06
		For the third and fourth years	50.34
		After the fifth year of issue	88.29
After January, 2006	All concessions are mining concessions	For the first and second years	4.60
		For the third and fourth years	6.88
		For the fifth and sixth years	14.24
		For the seventh and eighth years	28.64
		For the ninth and tenth years	57.26
		After the tenth year of issue	100.79

Table supplied by Minera Terra Plata, SA de CV.

All mineral concessions must have their boundaries orientated astronomically north-south and east-west and the lengths of the sides must be one hundred metres or multiples thereof, except where these conditions cannot be satisfied because they border on other mineral concessions. The locations of the concessions are determined on the basis of a fixed point on the land, called the starting point, which is either linked to the perimeter of the concession or located thereupon. Prior to granting a concession the company must present a topographic survey to the DGM within 60 days of staking. Once this is completed the DGM will usually grant the concession.

In order to begin an exploration program on a mineral concession upon which no substantial mining has been conducted, Silvermex is required to file a "Notice of Initiation of Exploration Activities" with the local authorities to inform them of the scope and environmental impact of the exploration work.

Prior to beginning exploration Silvermex will have to enter into surface access agreements with the owners of the surface rights covering the property. In this regard, a permit was obtained from the Ejido of Tebairas, which owns the land upon which the San Marcial project lies. The permit covers all exploration activities including surface mapping, sampling, drilling, construction and rehabilitation of roads and drill sites, and the construction of such infrastructure as core and sample storage and camps. In general the negotiated permit covers all exploration activities that would allow the company to adequately evaluate the mineralization on the project. As compensation for obtaining this permit, Silvermex will collaborate with the Ejido through in-kind contributions to support the Social Development and improvement of life in the community. Examples of the contributions could range from assisting with various construction projects, equipment use or school improvements, construction and/or rehabilitation of roads, water purification, and the settling of cattle in safe pastures away from areas where Silvermex vehicles frequently transit. The requests for the contributions in-kind are to be reasonable and in accordance with the ability of Silvermex to assist the Ejido at the moment of the request.

A final decision regarding any negotiations for the definitive right to use the land for mining is subject to obtaining positive exploration results which will allow for a preliminary assessment to be conducted on the property which will allow Silvermex to determine the potential economic viability of the project and lead to further studies which will determine the feasibility for the exploitation of the mineralization located at the project site.

Terra Plata presented an environmental “Baseline Study” report to the Mexican Environmental Agency (SEMARNAT) regarding the status of the land at the beginning of its exploration program. The report concluded that the project area had been aversely impacted environmentally in part because of the previous drilling program, but primarily due to the fires caused by the farmers of the region as part of the ground preparation prior to planting their crops.

Micon is unaware of any outstanding environmental liabilities attached to the San Marcial project and is unable to comment on any remediation that may have been undertaken by previous companies.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

The San Marcial property is accessible from Mazatlan, in Sinaloa, via both paved and good quality dirt roads. Access is primarily via the Mexican State Highway 15 south from Mazatlan to the city of El Rosario. From El Rosario it is a 2 hour drive east to the small mining community of La Rastra by paved (15 km) and dirt roads (35 km). La Rastra is located 12 km to the north of the San Marcial property. The main international airport for Sinaloa and one of the two main ports are located in Mazatlan.

The major population centre and supply centre for the region is El Rosario which has a population of approximately 50,000. The closest accommodations are located in La Rastra which offers numerous houses for rent with electricity and telephone, but accommodations could be set-up on site if necessary. Figure 5.1 is a view of the community of La Rastra.

The owner of the land upon which the San Marcial project is located is the Ejido Tebaira, and it controls the surface rights. If an economic discovery were to be made, negotiations with the owner would need to be conducted to acquire the surface rights. Although water wells and creeks exist on the property, Micon has not investigated the issues regarding Silvermex's ability to acquire water use rights for the project in the long term, should a commercial mining operation be developed.

Figure 5.1
View of the Community of La Rastra

Exploration work can generally be conducted year round with the exception of certain times from July to November during the rainy season when heavy rainfall can hamper exploration. During the rainy season 4-wheel drive vehicles are required and access may be delayed if the river crossings are flooded or the road is washed out. The climate at the project site ranges from semi-warm to sub-humid with the vegetation ranging from a medium forest to a pine and oak forest.

The San Marcial property is situated in the west limit of the sub-province of Zona de Barrancas which is part of the Sierra Madre Occidental physiographic province, very close to the plains and rolling hills of the coastal plain. The Sierra Madre Occidental physiographic province is characterized by a relief of high and large volcanic plateaus, dissected by deep gorges which drain towards the Pacific Ocean. San Marcial is located in an area of high relief where the topography averages approximately 900 m above sea level.

Figures 5.2 and 5.3 are views of the topography at the San Marcial property.

The state of Sinaloa is well known for its mining industry and best known for its gold, silver, lead, copper and zinc deposits.

Figure 5.2
View of the Topography Surrounding the San Marcial Property

Figure 5.3
Another View of the Topography Surrounding the San Marcial Property

6.0 HISTORY

6.1 GENERAL PROPERTY AND EXPLORATION HISTORY

The San Marcial property is located in the southeast corner of Sinaloa State, western Mexico, in the Mining District of La Rastra. While this district is known historically as a significant area for silver, gold, lead and zinc production as early as the 1600's, little is known about the exact discovery of San Marcial itself. However, during the 1780's and well into the early 1900's there are several local references from the library in El Rosario which indicate that the La Rastra to San Marcial corridor was an active silver-gold camp with over 20 known prospects and mines within a 15 km radius. Specifically these would include prospects such as Plomosas, El Saltito, Papayal and San Marcial. Table 6.1 summarizes the recent chronology of work at the San Marcial property

Table 6.1
Recent Chronology of Exploration on the San Marcial Property

Year	Company/Individual	Work	Target	Conclusion	Reference
1930's	American Company from Texas	Approximately 277 m of underground drifting and a 54 m shaft.	Veins 1 and 2 at San Marcial Silver.		Former property owner Jose Ruis Armenta.
1985 to 1988	Armenta Family	Hand sorted "hi-grade" silver ore from underground workings.	Veins 1 and 2 at San Marcial Silver.	+1 kg silver in hand sorted ores.	Former property owner Jose Ruis Armenta.
1988	Frisco, S.A de C.V	Underground and surface sampling of vein.	Veins 1 and 2 at San Marcial Silver.	Resource estimate of 504,250 t at 320 g/t silver.	Internal maps and report by Jose Veldzquez B.
1984 to 1990	Grupo Mexico, S.A de C.V	Underground and surface sampling of vein structures and mapping.	Veins 1 and 2 at San Marcial Silver.		Internal maps and report.
1999	CDE Mexico, S.A de C.V	Underground and surface sampling of vein structures.	Veins 1 and 2 at San Marcial Silver.	Resource estimate of 0.5 Mt on high grade oxide silver.	Internal maps and report by Guillermo Florenzani.
2000 to 2002	Gold-Ore Resources Ltd.	Stream sediments, 1,282 m trenching and 601.7 m of core drilling in 6 drill holes.	Veins 1 and 2 at San Marcial Silver.	Resource estimation 2.3 Mt @ 191 g/t silver, 0.32% lead, and 0.66% zinc.	August, 2002 report by J. Cuttle.
2002	Silver Standard Resources Inc.	2,526.8 m core drilling in 14 drill holes.	Veins 1 and 2 at San Marcial Silver.		October, 2002 report by C.S. Wallis and N.E. Fier.
After 2002	No work conducted by Silver Standard after exercising the option				
2007	Silvermex Resources Ltd.	Optioned property and commissioned preliminary NI 43-101 Technical Report.	Review of exploration targets.	Conduct exploration surface and drilling program.	November, 2007 report by W.J. Lewis and N.E. Fier.
2008	Silvermex Resources Ltd.	7 drill holes totaling 1,756.55 m.	Confirmation drilling and surface exploration.	Continue to explore the property.	

Modified from Table 2 contained in August, 2002 Cuttle report

As indicated by Table 6.1 prior to 2008 the most recent work on the San Marcial property was conducted by Gold-Ore Resources Ltd. (Gold-Ore) and Silver Standard between 2000 and 2002. The following sections describe the exploration work conducted by both companies.

From June, 2008 to August, 2008, Silvermex drilled 7 holes totalling 1,756.55 m and averaging 251 m in depth. The details for Silvermex's 2008 exploration program are contained in Sections 10 and 11 of this report.

6.2 GOLD-ORE AND SILVER STANDARD EXPLORATION PROGRAMS (2000 TO 2002)

The text contained in this section has been extracted from the August, 2002 report on the "Exploration Activities to July, 2002" prepared by Cuttle and the October, 2002 Technical Report prepared by Wallis and Fier for Silver Standard.

6.2.1 Regional Exploration

Regional structural interpretation conducted by Gold-Ore of Ikonos satellite imagery over the San Marcial property identified at least 14 structural targets which were similar to the San Marcial project. Only two of the targets were investigated in the field. The two targets were named the Las Cuadrillas Gold and Las Cuadrillas Gold North and are located 1,200 m west and 1,500 m northwest of the San Marcial project, respectively. The Las Cuadrillas Gold target area consists of several old pits, a caved shaft, and possibly two levels of caved underground workings. Extensive hydrothermal alteration and local bleaching occurs over an area of approximately 500 m by 1,000 m which appears to flank the Las Cuadrillas Gold area. A 25 m hand trench (Tr-5) was cut through the northeast trending quartz veinlets in silicified breccias and assayed 2.95 g/t gold over 27.5 m. This location is bound between two well defined northwest and east-west regional structures. The second prospect at Las Cuadrillas Gold North hosts a northeast trending quartz vein with widths up to 2.0 m and assays up to 3.39 g/t gold over 0.40 m.

Gold-Ore obtained 23 stream sediment samples from a creek north and northeast of the old workings at Las Cuadrillas Gold which returned several anomalous values in gold and silver, with values up to 105 ppb gold and 6.6 ppm silver. The creek is situated in a dominant northwest trending structure and results appear to suggest that mineralization could easily flank this location. Float samples picked up by Gold-Ore in the same creek, including red jasperoid, and hematized breccias assayed up to 1.5 g/t gold and 7.4 g/t silver.

Gold-Ore also took other anomalous samples, from areas close to or on the strike extension of the San Marcial project and its fault structure. Included in this sampling were samples from the hydrothermal breccias at Rio Rayado and the highly altered and impressive quartz vein stockwork at La Mariposa occurring approximately 800 m to the west and northwest of the San Marcial project which returned anomalous values as well. See Table 6.2 for the regional sampling conducted by Gold-Ore.

Table 6.2
Regional Sampling Conducted by Gold-Ore

Location	Rock Type/Description	Sample Number	Easting	Northing	Gold (ppb)	Silver (ppm)
Las Cuadrillas Gold North	Qtz vein and breccia	751	449472	2546467	3,390	12.0
Las Cuadrillas Gold	Red andesite breccia, qtz healed, diss py	753	449387	2546030	1,510	7.4
Las Cuadrillas Gold	Qtz stockwork in volcanics (27.5 m chip sample in trench Tr 5,)	685 – 704	449405	2545766	2,950	
Rio Rayado	Hydrothermal breccia (approx 200m SE along strike from San Marcial	475	451353	2545531	20	21.6
Rio Rayado	"	476	451354	2545529	10	5.2
Rio Rayado	"	477	451355	2545527	135	28.6
Rio Rayado	"	478	451356	2545518	20	5.2
Rio Rayado	"	479	452040	2545330	45	1.3
Esperence	Highly altered volcanics (south of San Marcial Silver	168	451141	2545279	225	7.2
San Marcial Silver North	Weathered hydrothermal breccia	786	450618	2545774	90	1.4
San Marcial Silver North	"	787	450577	2545781	15	0.6
La Mariposa	Quartz veining,	773	450015	2545686	310	45.8
La Mariposa	"	781	449902	2545469	1,185	42.5
La Mariposa	"	768	450334	2545749	225	1.0

Table extracted from Cuttle, 2002

6.2.2 Trenching

A total of nine trenches were opened between March and May, 2000 on the San Marcial property. The trenches comprised two small hand trenches (Tr-4 and Tr-5) at Las Cuadrillas and seven mechanically excavated trenches (Tr-1 to Tr-3, and Tr-6 to Tr-9) in the San Marcial Silver project. The trenching was supervised by Gold-Ore.

The trenches exposed silver mineralization in oxidized and moderately fractured, brecciated and silicified volcanic rocks, intermittently over a total strike distance of 330 metres. The leach cap varied from one to three metres thick. Assay results from the trench sampling identified a core zone of higher grade silver veins which is surrounded by a lower grade envelope zone of fracture filled and disseminated silver mineralization located within the hanging wall portion of the northwest trending structure. Results of the trenching are summarized in Table 6.3. Figure 6.1 shows the trench locations.

Table 6.3
Trench Sampling Assay Results (March to May 2000)

Trench	Location	Silver (g/t)	Width (m)	True Width (m)	Comments
Tr-1	SE area	192	38	35	Envelope
Including		258	13	13	Core
Tr-2	SE area	193	65	40	Envelope
Including		326	25	20	Core
Tr-9	SE area	55	155	110	Envelope
Including		174	30	26	Core
Tr-6	Central	274	15	15	Open
Including #735		332	5	5	"Hanging wall"
Tr-7	Central	No significant assays			Anomalous Ba, Mn
Tr-8	Central	32	10	10	Open
Tr-3	NW area	196	190	75	Envelope
Including		402	70	45	Core
Chip 1	NW area	387	28	18	Core

Table extracted from Cuttle, 2002.

Figure 6.1
Plan View Indicating the Locations of the Trenches

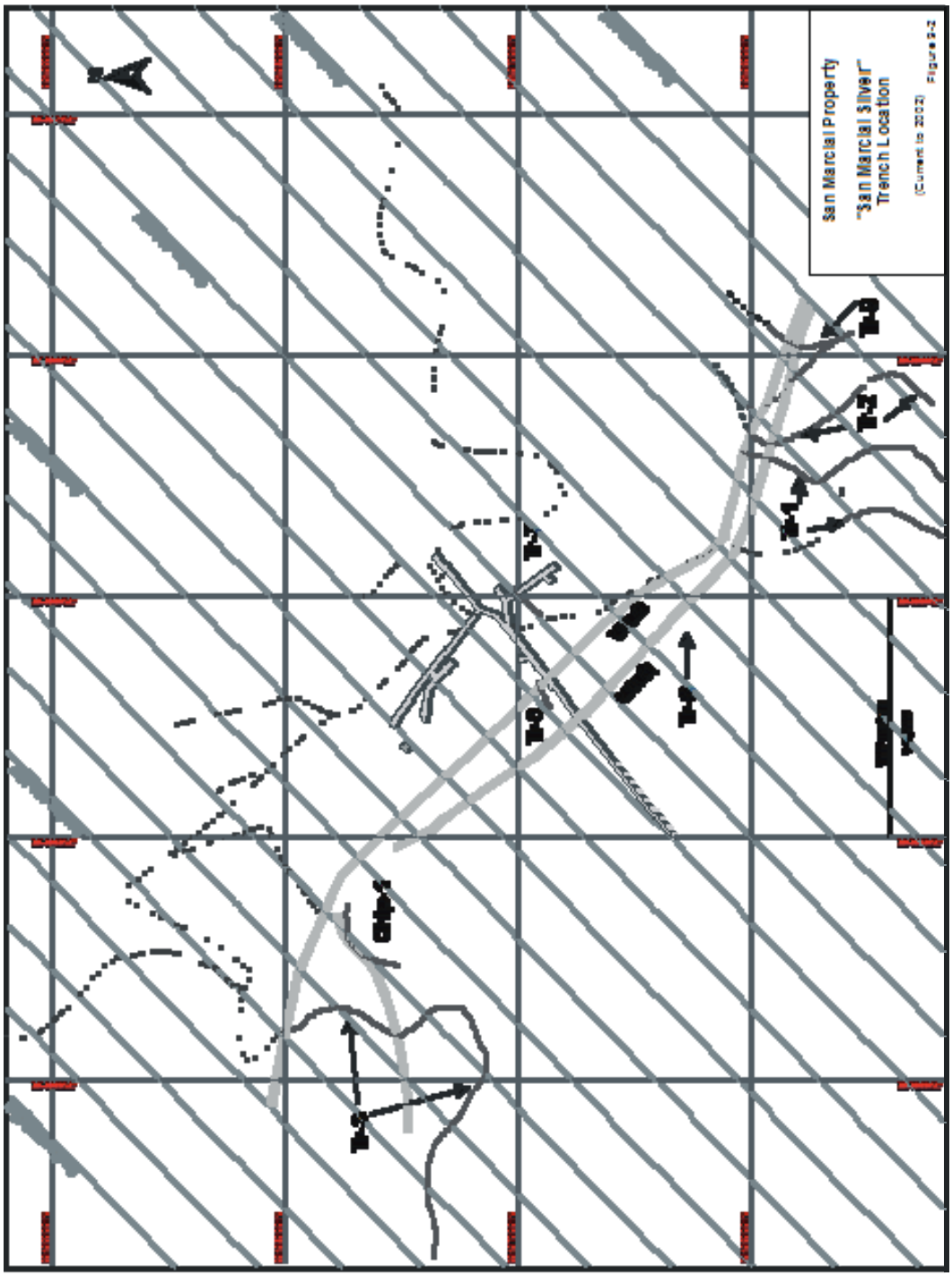


Figure obtained from Wallis and Fier, 2002 Technical Report.

6.2.3 Drilling

Gold-Ore and Silver Standard completed a three phase drilling program totalling 3,128.47 metres in 22 drill holes with the holes specifically targeting the two parallel silver veins at the San Marcial project. Six holes (SM-1 thru SM-6) totalling 601.7 metres were drilled in January, 2001, eight holes (SM-7 thru SM-14) in March, 2002 and eight holes (SM-15 thru SM-22) in June, 2002. Major Drilling de Mexico S.A de C.V completed all drilling with Longyear 38 and Christensen CS1000 drill rigs. All drill hole collars were surveyed and a down hole single-shot Ausmin system was used to survey the down hole dip and azimuth. Measurements were generally taken at 100 m depth and at the bottom of the holes. A summary of the drill holes completed in 2001 and 2002 is provided in Table 6.4. Figure 6.2 is a plan view of the drill hole locations.

Table 6.4
Summary of the 2001 and 2002 Drill Hole Information

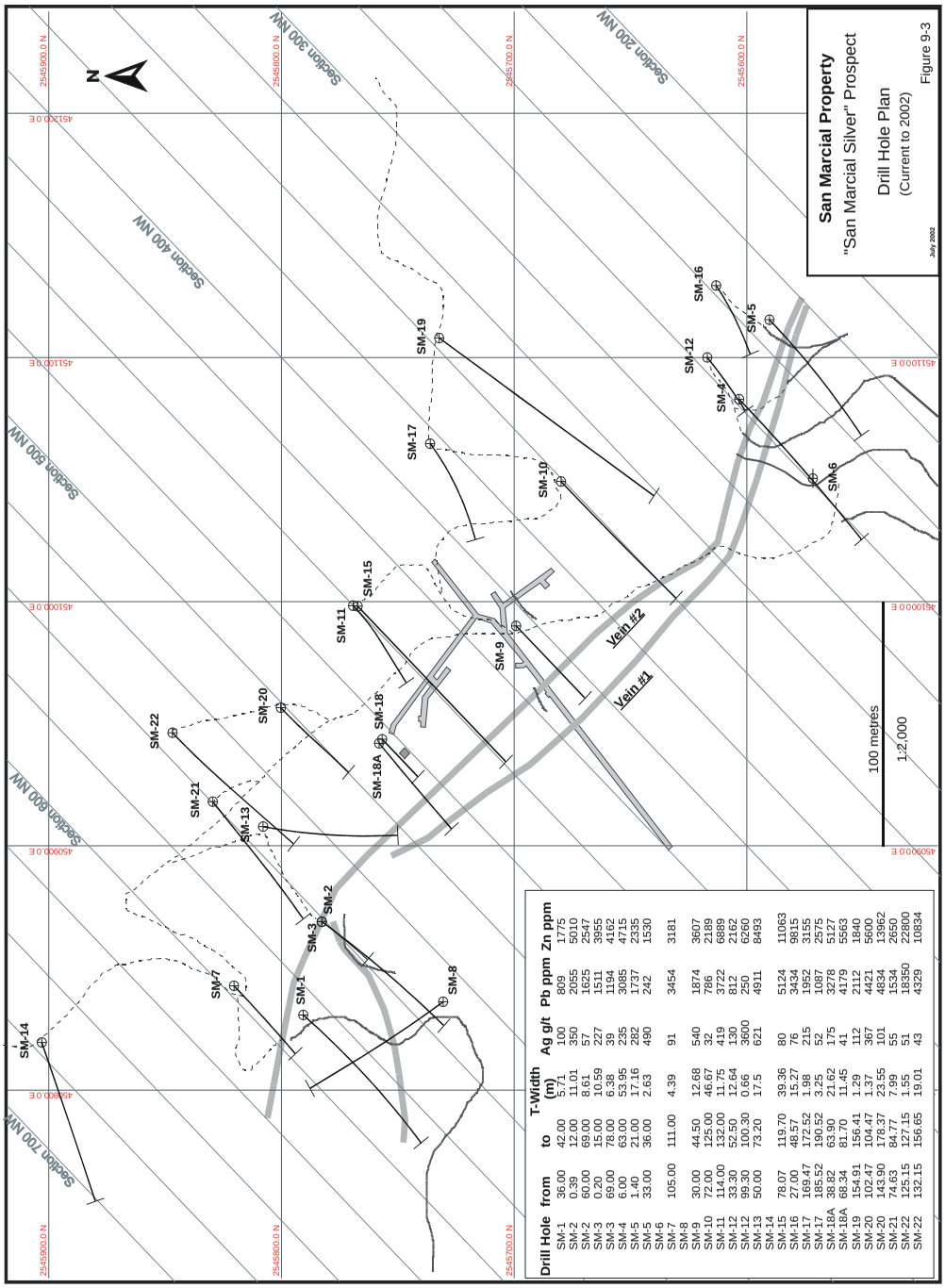
Drill Hole Number	Easting	Northing	Elevation (m)	Length (m)	Dip	Azimuth
SM-1	450830.75	2545790.65	908.66	110.03	-48	220
SM-2	450868.95	2545782.68	896.7	100.28	-48	215
SM-3	450868.95	2545782.68	896.7	100.28	-75	215
SM-4	451082.91	2545603.3	881.25	120.09	-50	225
SM-5	451115.45	2545590.28	857.87	120.4	-60	225
SM-6	451050.45	2545571.62	903.57	50.6	-90	0
SM-7	450842.69	2545820.4	918.19	139.29	-74	225
SM-8	450836.16	2545730.51	917.59	104.85	-50	325
SM-9	450990.09	2545699.18	920.63	83.82	-60	225
SM-10	451049.22	2545679.86	945.09	135.64	-60	225
SM-11	450998.35	2545769.21	926.24	225.55	-80	225
SM-12	451100	2545617	880.67	150.57	-80	230
SM-13	450907.9	2545807.88	906.88	124.36	-62	190
SM-14	450819.51	2545903	932.72	120.4	-55	250
SM-15	450998.13	2545767.22	927	140.21	-50	225
SM-16	451129.46	2545613.17	851.93	121.92	-76	235
SM-17	451064.7	2545736.11	949.7	244.8	-80	232
SM-18	450943.66	2545756.74	916.88	43.59	-60	225
SM-18A	450942	2545758.06	916.87	97.54	-60	229
SM-19	451107.97	2545732.2	944.35	230.31	-60	215
SM-20	450956.59	2545800.28	921.7	185.82	-78	225
SM-21	450918.12	2545829.53	914.48	170.69	-68	230
SM-22	450946.33	2545846.84	929.94	207.43	-72	225

Table extracted from Wallis and Fier, 2002

Phase 1 consisted of 601.7 m of NQ size core drilling in six holes. Holes SM-1, 2 and 3 were collared on the north-western end of the vein structures to test silver mineralization under trenches Tr-3 and Chip-1 where previous chip samples assayed 402 g/t silver over 45 m and 387 g/t silver over 18 m, respectively. Holes SM-4, 5 and 6 were drilled approximately 300 m to the southeast to test the silver mineralization under trenches Tr-1, 2 and 9. Previous chip samples from these trenches assayed 258 g/t silver over 13 metres, 326 g/t silver over 20 m and 174 g/t silver over 26 m respectively.

Phase 2 (8 holes, 1,084.48 m) and phase 3 (8 holes, 1,442.31 m) were designed to test the down dip continuity of the two vein structures. Both programs were successful in extending the mineralization and providing sufficient data to carry out a resource estimate.

Figure 6.2
Plan View Indicating the Locations of the Diamond Drilling



Drill Hole	from	to	T-Width (m)	Ag g/t	Pb ppm	Zn ppm
SM-1	36.00	42.00	5.71	100	809	1775
SM-2	0.39	12.00	11.01	350	2055	5010
SM-2	60.00	69.00	8.61	57	1625	2547
SM-3	0.20	15.00	10.59	227	1511	3955
SM-3	69.00	78.00	6.38	39	1194	4162
SM-4	6.00	63.00	53.95	235	3085	4715
SM-5	1.40	21.00	17.16	282	1737	2535
SM-6	33.00	36.00	2.83	490	242	1530
SM-7	105.00	111.00	4.39	91	3454	3181
SM-8						
SM-9	30.00	44.50	12.68	540	1874	3607
SM-10	72.00	125.00	46.67	32	786	2189
SM-11	114.00	132.00	11.75	419	3722	6889
SM-12	33.30	52.50	12.64	130	812	2162
SM-12	99.30	100.30	0.66	3600	250	6260
SM-13	50.00	73.20	17.5	621	4911	8493
SM-14						
SM-15	78.07	119.70	39.36	80	5124	11063
SM-16	27.00	48.57	15.27	76	3434	9815
SM-17	165.47	170.52	1.98	215	1052	2555
SM-17	185.52	190.52	3.25	52	1087	2575
SM-18A	38.82	63.90	21.62	175	3278	5127
SM-18A	68.34	81.70	11.45	41	4179	5563
SM-19	154.91	156.41	1.29	112	2112	1840
SM-20	102.47	104.47	1.37	367	4421	5600
SM-20	143.90	178.37	23.55	101	4834	13962
SM-21	74.63	84.77	7.99	55	1534	2650
SM-22	125.15	127.15	1.55	51	18350	22800
SM-22	132.15	156.65	19.01	43	4329	10834

Figure obtained from Wallis and Fier 2002 Technical Report.

6.2.4 Sampling Methodology

During the two initial trenching programs on the San Marcial property in March and May, 2000, Gold-Ore collected 290 continuous 2.5 m to 5.0 m rock chip samples from nine separate hand and mechanically excavated trenches and 56 rock-grab samples from other portions of the property. In addition, 882 half-core samples were collected from 22 NQ and HQ size drill holes during the three phases of drilling at the San Marcial project between January, 2001 and June, 2002.

The geologist on site logged the core and a standardized drill log form was used to record the observed data, including collar data, survey data, sample intervals, rock descriptions, alteration, mineralization, fracture density and orientation, and the rock quality designation (RQD). Core recovery averaged between 90% and 98%. All potentially mineralized rocks were sampled with mineralized intervals sampled at 1 to 2 m intervals using geologic boundaries. The overlying generally barren volcanics were occasionally sampled in 3 to 4 m intervals. The geologist added one blank sample to the samples from each drill hole. The sample intervals were split with a mechanical splitter by two local helpers, bagged in plastic bags, tied, and stored in the office until they were driven to El Rosario where they were loaded on a bus for shipment to the assay laboratory. Pulps and rejects are stored at the assay laboratory.

6.2.5 Sample Preparation, Analysis and Security

All rock and core samples were shipped to ALS-Chemex's preparation laboratory in Guadalajara, Mexico where they were dried, crushed, split and a one kilogram portion was pulverized to 85% passing a 75-micron mesh. A 250 g portion of the pulverized sample was then forwarded to ALS-Chemex Laboratories in Vancouver, Canada. For each gold analysis a 30 g sample was taken from the pulp and run by the fire assay method with an atomic absorption finish. In addition, silver and 26 other elements including arsenic, copper, lead, zinc and barium among others were digested using four different acids and finished with atomic emission, using an inductively coupled plasma (ICP) package. Any silver analysis greater than 100 ppm was subsequently re-run by fire assay and finished by the gravimetric method.

The Technical Report by prepared by Wallis and Fier noted that "although the independent check assays fall well within accepted variances, an appropriate number of duplicate check assays and standards should be submitted into the sample stream for future drill programs."

Wallis and Fier also noted that while four samples of the vein and host rocks were taken for specific gravity measurements only one was of mineralized material. They recommended that due to the variability in the mineralized intervals additional samples should be submitted to provide a better statistical base for the data which would be used in future resource estimates. See Table 6.5 for a summary of the samples submitted for specific gravity testwork and their results.

Table 6.5
Summary of the Specific Gravity Testwork

Sample Number	Weight (kg)	Bulk Density (g/cc)	Rock Type	Description	Location
# 1 HW	0.88	2.54	mCGL	Superior maroon volcanics	From DDH SM-20, at 92.20 m
# 2 FW	0.58	2.75	PKD	Felsic intrusive pebble dyke	From DDH SM-20, at 181.30 m
# 3 BX	0.56	2.82	Brecciated AND	Mineralized andesite breccia	From DDH SM-20, at 107.8 m
# 4 AND	0.24	2.76	AND	Intermediate to mafic volcanics	From DDH SM-20, at 124.5 m

Table extracted from Cuttle, 2002

6.3 HISTORICAL RESOURCE ESTIMATES

A number of historical resource estimates are reported for the San Marcial property. These resource estimates for the most part predate the introduction of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards and definitions. Therefore, the historical resource estimates do not conform to the presently accepted industry standards and definitions as referred to in Canadian National Instrument 43-101 (NI 43-101). Table 6.6 summarizes two historical resource estimates for the San Marcial property

Table 6.6
Summary of the Historical Resource Estimates on the San Marcial Property

Year	Company/Individual	Work	Target	Conclusion	Reference
1988	Frisco, S.A de C.V	Underground and surface sampling of vein.	Veins 1 and 2 at San Marcial Silver.	Resource estimate of 504,250 t at 320 g/t silver.	Internal maps and report by Jose Veldzquez B.
1999	CDE Mexico, S.A de C.V	Underground and surface sampling of vein structures.	Veins 1 and 2 at San Marcial Silver.	Resource estimate of 0.5 Mt on high grade oxide silver	Internal maps and report by Guillermo Florenzani.

Modified from Table 2 contained in August, 2002 Cuttle report

Micon has been unable to confirm these historical estimates and Silvermex should not rely on them as justification for its exploration programs.

A resource estimate was completed by Gold-Ore and Silver Standard in 2002 and was reported by both Cuttle in his August, 2002 report and by Wallis and Fier in their Technical Report of October, 2002. This resource estimate has been reviewed by Mr. Fier and is discussed in Section 17 of this report.

There are no known resource estimates for any of the other portions of the San Marcial property. Further work is required to locate and evaluate the true extent and nature of the mineralization at San Marcial.

6.4 HISTORICAL PRODUCTION

Some historical production has occurred on the San Marcial property as evidenced by the old adits and mention of some old stoping. Also, there is evidence of small scale mining,

probably conducted prior to the 1910 revolution; however, no reliable records remain of the previous mining activities at the San Marcial property.

There are other mines or exploratory shafts within the district but there is very little information published on these workings and production statistics for these mines or exploratory shafts are unavailable.

7.0 GEOLOGICAL SETTING

The text contained in this section has been extracted from the October, 2002 Technical Report prepared by Wallis and Fier for Silver Standard.

7.1 REGIONAL GEOLOGY

The San Marcial project area is situated along the western edge of the Sierra Madre Occidental geological province. This linear belt of volcanic rocks, approximately 1,500 km long by 250 km wide, is known to host many important gold and silver producing mines and prospects. The province is divided into two main Tertiary volcanic units referred to as the Upper and Lower Volcanic groups, both of which are separated unconformably by a period of erosion and associated with local felsic intrusive activity. The Lower Volcanic group is characterized by basal conglomerates, ignimbrites, rhyolites and felsic tuffs. The contact between the two volcanic groups (Lower and Upper) is highly prospective for precious metal mineralization, as a majority of the other known gold and silver mines and prospects in the belt occur close to, if not just below, the contact interval. See Figure 7.1 for the regional geology of the San Marcial area.

7.2 PROPERTY GEOLOGY

The geology at the San Marcial project can be sub-divided into two distinct rock types. The Upper Volcanic group, comprised of basal conglomerates, rhyolites and dacites, occurs in the higher and more mountainous portions of the property in the northeast. Individual lithologies in this group are generally flat lying and trend 052° and dip 28° southeast. The basal conglomerate is a reddish to maroon volcanic conglomerate to agglomerate, with dacitic and rhyolitic fragments derived from the underlying volcanics and hematized fragments from contemporaneous volcanism. Fine grained tuffs and flows are common. The basal conglomerate lies on the erosional surface above the Lower Volcanics. Basaltic to andesitic dykes and sills intrude into the Upper Volcanic group. See Figure 7.2 for the geology of the San Marcial property.

Unconformably underlying the Upper Volcanic group is the Lower Volcanic group of andesites and dacites which occur at lower elevations in the southwest and generally trend 015° and dip 45° to 68° easterly. The known silver prospects on the San Marcial property are hosted along what appears to be a narrow set of northwest trending fault structures with a 60° northeast dip which is in close proximity to the prospective unconformity. Along the trend and within the local area are prominent outcrops of highly weathered hydrothermal breccia and relatively fresh dacite porphyry intrusives. The volcanics vary from andesitic to dacitic ash tuffs, banded rhyolite flows interbedded with lapilli tuffs grading to agglomerate and andesitic conglomerate/agglomerate.

Figure 7.1
San Marcial Regional Geology Map

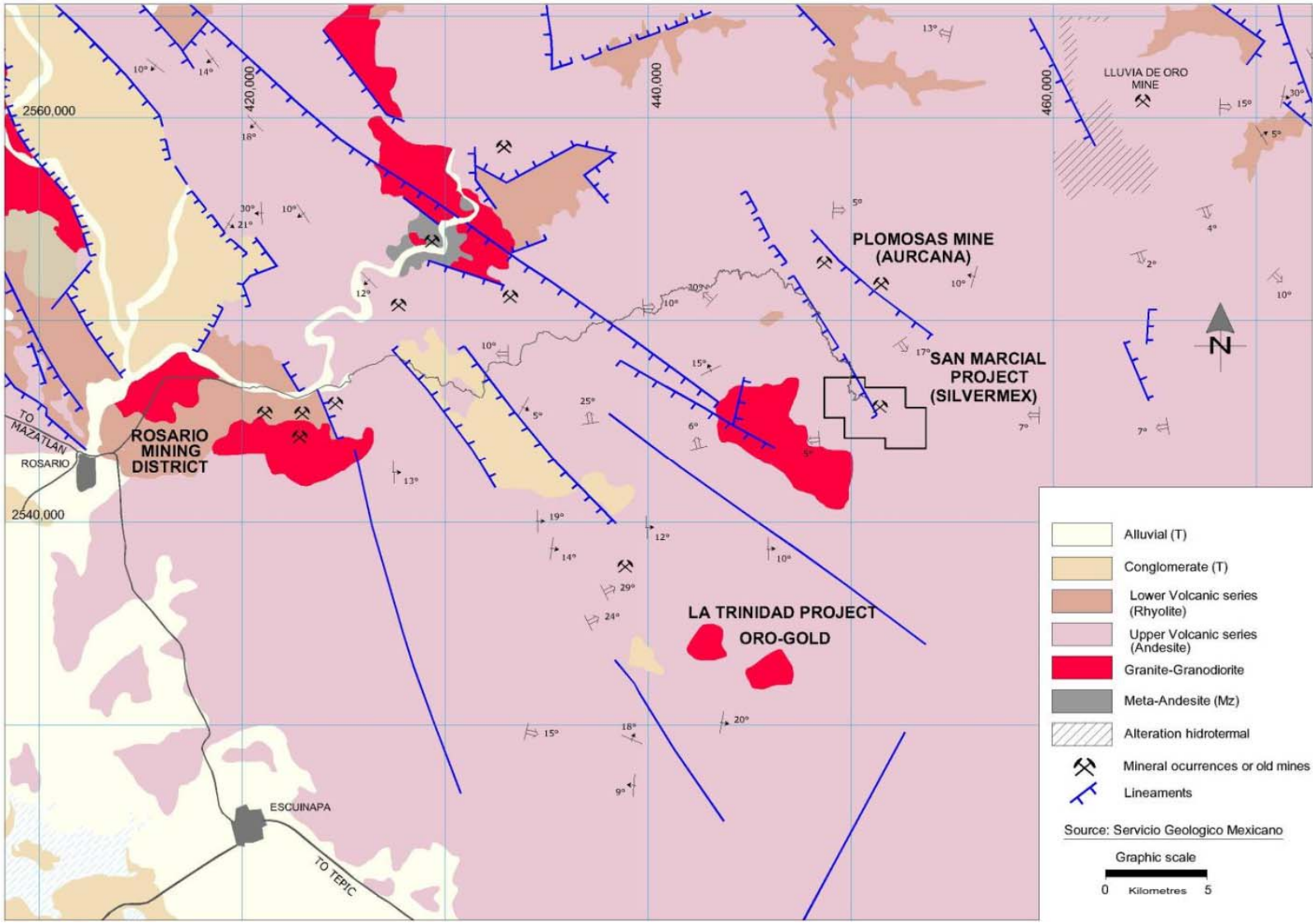


Figure provided by Minera Terra Plata, SA de CV.

Figure 7.2
San Marcial Property Geology Map

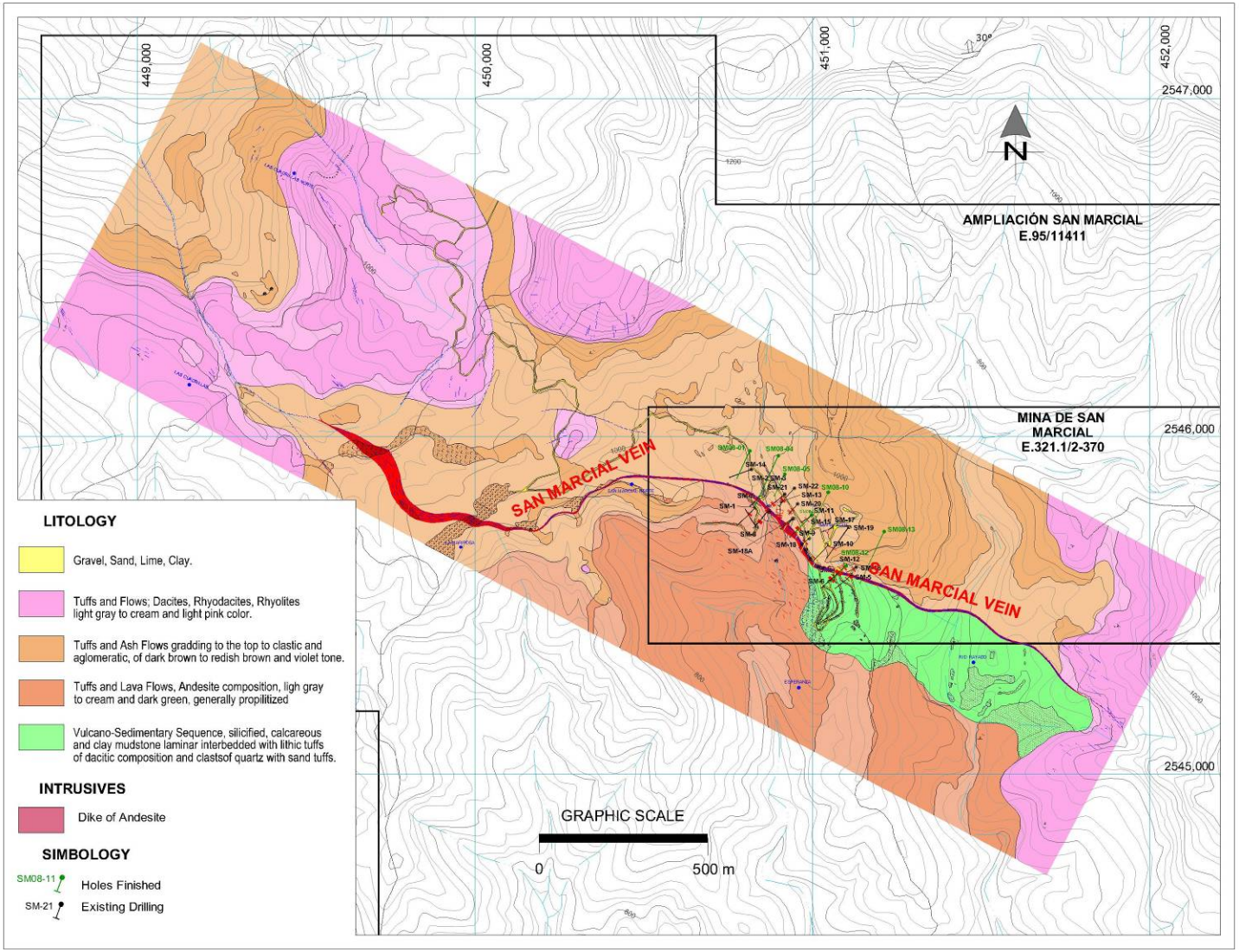


Figure provided by Minera Terra Plata, SA de CV.

Faulting is common within the San Marcial area and is an important structural feature relating to the silver mineralization. There are at least four orientations of structural breaks or features interpreted from satellite imagery, trending primarily northwest, with fewer trending east, west, north and northeast. Movement along the northwest feature is normal but the displacement is unknown. The intersections of the east-west with northwest features are considered the most prospective areas for mineralization at San Marcial.

8.0 DEPOSIT TYPES

Based on the mineralization characteristics, the San Marcial property is considered to belong to the low sulphidation epithermal class of deposits. These deposits form in predominantly felsic to intermediate subaerial volcanic complexes in extensional strike-slip structural regimes. In these regimes regional scale fracture systems and extensional fractures are common and near surface hydrothermal systems are the sites of mineralization. The deposition of the mineralization occurs as the fluids undergo cooling by fluid mixing, boiling and decompression.

Given the positive results from Silvermex's 2008 drilling program, a study to analyze fluid inclusions is being considered. This study will determine the temperature and salinity of the fluids in which the crystals formed which will in turn reveal the thermal zoning and its relationship to the distribution of the mineralization within the deposit. This information will assist future drilling programs by providing a deposit model for the mineralization which will guide the lateral and vertical emplacement of the drill holes.

9.0 MINERALIZATION

The text contained in this section has been extracted from the October, 2002 Technical Report prepared by Wallis and Fier for Silver Standard.

There are two known vein systems, veins 1 (upper vein) and 2 (lower vein), both of which are located in the centre of the Mina San Marcial mineral concession. Both mineralized veins outcrop at surface and can be identified by small historical inclined diggings and holes over a strike length of 300 m. On the south-eastern end of the two vein structures, where the topography becomes steep, small drifts on three levels have sporadically and to a very limited extent developed the silver mineralization. Approximately 120 m to the northwest and roughly in the middle of the structures, the veins were further exposed 83 m below surface by approximately 277 m of underground drifts. There is also a 54 m shaft located over these underground workings which may access old stopes up dip from the drifts but this is unconfirmed.

The main occurrence of mineralization is a vein of hydrothermal origin located in a shear or fault zone. The vein exhibits a fracture filling texture and is locally surrounded by an envelope of brecciation. The vein is continuous along strike, with the mineralization separated into two portions along a 500 m section of the vein, as indicated by both the previous and 2008 drilling programs which also indicate that the mineralization is continuous down dip. The majority of the high grade silver values are hosted in the vein. In the footwall a second vein can be differentiated from assay results. Silvermex is interpreting this footwall vein as a sigmoid loop of restricted extension, in both the vertical and lateral directions.

Both veins occupy the hanging wall portion of a wider envelope of brecciation. The veins vary in width from 0.5 to 8.0 m and have an orientation of 275°- 320° with a 55° to 65° northeast dip. Drilling has confirmed that the silver mineralization is hosted principally in veins 1 and 2 and extends over 350 m along strike. Each vein structure is linear in form with a separation of approximately 20 m between them. Silver is primarily found in silicified and hematized breccias, and to a lesser extent quartz veins, micro fractures and cavity fills. The veins are confined to the intermediate volcanic tuffs of the Lower Volcanic group and to the contact between the volcanics and a volcano-sedimentary sequence with Vein 2 (footwall vein) and other veinlets, stockwork zones and disseminated mineralization hosted in the volcano-sediments.

Mineral associations are commonly argentite, acanthite, native silver, sphalerite, galena, chalcopyrite, pyrite with local bornite and marcasite. Galena is not always linked to high silver assays. Gangue minerals include quartz, calcite, amethyst, barite and hematite. A wider envelope of brecciation with fracture fill galena and yellow sphalerite commonly surrounds these local silver zones and is a distinct marker horizon for the northwest structures. The transition zone of oxide to sulphide mineralization appears to parallel the topography of the present surface with the transition zone decreasing at depth up to 100 m from the outcrops.

The most significant hydrothermal alteration types are propylitization, argillization and silicification. The propylitization alteration is widely exposed in the area and increases in intensity the closer one gets to the mineralized structure. In this case, chlorite and pyrite are common in the form of veinlets associated with white calcite which occurs in irregular patches as well as disseminations. Silicification is related mostly to the footwall of the mineralized structures. Silicification is the strongest and most widely found alteration type in the south-eastern portion of the deposit where this type of alteration is accompanied by fresh and oxidized disseminated pyrite which extends into the volcano-sediments. The fresh and oxidized disseminated pyrite forms a wide colour anomaly with tones ranging from yellow to reddish brown along with the presence of low values of silver, lead and zinc.

The argillization is present in the form of white clay minerals formed by the alteration of the plagioclases and as fault and fracture fillings as a result of an exuberant process. Silicification is also is present in the form of quartz introduced into the host rock and in a minor way as white and crystalline quartz micro-veinlets within and outside of the mineral structure which appears to belong at least to two paragenetic stages.

According to the October, 2002 Technical Report, "insufficient information has been collected from the drill core to define specific alteration halos although in broader terms it has been noted that the footwall zones to veins 1 and 2 are generally dominated by chlorite, calcite and pyrite enrichment, grading upwards into sericite – silica – pyrite near the silver mineralization followed by hanging wall zones enriched with chlorite." The high degree of weathering and leaching seen in the core immediately below the unconformity most likely represents an old erosional surface. Native silver occurs in several locations with open cavity quartz growth as well as very distinctive light grey-green fracture planes of chlorite alteration.

10.0 EXPLORATION

A description of the historical exploration work conducted on the property is provided in Section 6 of this report.

In February, 2008, Silvermex began its first exploration program on the San Marcial project. The program consisted of geological mapping and sampling to check the continuity of the mineralization along the strike of the San Marcial structure. This portion of the exploration program focused particularly on the southern and north-western extremes of the zone explored by the previous operators. Additional channel sampling from both trenches and outcrops of the mineral structure as well as from the host rock along the hanging wall and the footwall was also conducted to determine the continuity of the mineralization.

The geology mapping was done on an area of 300 ha covering a strip of about 3,000 m long following the general strike of the structure, by 1,000 m wide. The San Marcial structure can be observed in interrupted outcrops over 2,500 m, with an azimuth varying from 320° to 280° and dipping 55° to 65° north-northeast. The width of the mineralized zone within the outcrops varies from 3 to 20 m. The San Marcial structure consists of a normal fault displaced by west-east faulting, and it is integrated to a set of echelon blocks formed by a series of normal faults. Two portions of the structure are well mineralized with silver, gold, lead and zinc and correspond to portions of the structure where the azimuth is 315° to 320°. In these portions, the structure looks wide, with breccias, and quartz , stockwork, veins and veinlets emplaced along fissures opened during the process of dilatation. The intermediate zone is possibly an inflexion in the structure which is oriented at an azimuth of 270° to 280° and in general is the narrowest portion of the structure which appears to have a minor possibility of hosting any mineralization, at least close surface. The mineral structure indicates post-mineral displacements to the northwest and sub-parallel to the mineral structure.

The host rock is an andesite in the hanging wall and a volcano-sedimentary sequence including andesite and a package of clastic rocks and mudstone in the footwall. Both units are in clear contact through the San Marcial fault structure and are affected by the mineralization process. The volcano-sedimentary unit in the footwall hosts low grade values of lead, silver and zinc mineralization extending up to 60 to 80 m from the contact. The low grade mineralization could be significant to future exploration programs once the deposition controls of the mineralization, basic structural controls and permeability of the volcano-sedimentary sequence are better understood.

Simultaneously with the geological mapping, channel sampling was conducted on trenches and in the exposed walls along the existing roads. A total of 178 channel samples were acquired during the sampling program with the distribution of the samples covering 2,500 m of the exposed San Marcial mineral structure and Las Cuadrillas exposure.

The results of the channel sampling confirmed that the surface mineralization is up to 22.10 m in width within the San Marcial vein in the southern exposures, very close to the old mine,

and also confirmed the presence of low silver, lead and zinc values hosted in the immediate area next to the vein, within the volcano-sediments. In this case, the mineralization forms oxide bands of up to 100 m wide parallel to the trace of the San Marcial vein and includes tabular breccias containing high silver grades which parallel the main mineral structure. Table 10.1 contains a summary of the channel sampling results. The trench locations are presented in Figure 10.1.

Table 10.1
Summary of the Channel Sampling Results for the Trenches

Trench No.	Width (m)	Gold (ppm)	Silver (g/t)	Copper (ppm)	Lead (ppm)	Zinc (ppm)	Arsenic (ppm)
1	22.10	0.054	449.6	0.011	0.714	0.521	0.013
2	2.20	0.011	912.7	0.012	0.496	0.399	0.011
3	4.00	0.0114	364.6	0.005	0.158	0.214	0.003
4	9.90	0.025	259.3	0.003	0.215	0.283	0.007
5	4.10	0.029	272.0	0.007	0.165	0.464	0.009
6	1.50	0.002	60.0	0.001	0.004	0.010	0.005
	2.00	0.005	76.7	0.001	0.000	0.004	0.005
	2.50	0.002	70.2	0.000	0.001	0.004	0.006
9	1.00	0.137	0.5	0.025	0.011	0.27	0.009
	1.50	1.576	0.5	0.005	0.016	0.008	0.016
	1.00	0.142	1.0	0.013	0.014	0.013	0.013
10	2.00	0.013	10.8	0.001	0.000	0.011	0.004
	1.30	0.117	2.0	0.002	0.030	0.021	0.022
	1.00	0.083	4.0	0.008	0.038	0.013	0.029
17	0.40	0.159	0.5	0.006	0.032	0.021	0.006
	0.40	0.920	1.0	0.014	0.319	0.030	0.010
	0.80	0.124	1.0	0.004	0.028	0.049	0.014
18	3.00	0.069	17.8	0.001	0.011	0.026	0.026
	3.00	0.039	33.4	0.000	0.005	0.031	0.031
19	3.00	0.071	27.8	0.002	0.009	0.018	0.025
	3.00	0.050	21.0	0.002	0.017	0.019	0.032
	3.00	0.158	91.5	0.002	0.016	0.020	0.038
	3.00	0.119	32.5	0.002	0.048	0.016	0.040
	3.00	0.057	42.5	0.002	0.034	0.013	0.021
	3.00	0.061	23.9	0.003	0.010	0.013	0.028
	3.00	0.066	19.7	0.002	0.030	0.022	0.028
23	3.00	0.452	20.8	0.001	0.013	0.018	0.026
	3.00	0.316	32.7	0.001	0.009	0.013	0.015
	3.00	0.176	16.8	0.001	0.008	0.013	0.020
	3.00	0.119	32.5	0.001	0.012	0.012	0.020
	3.00	0.129	9.9	0.001	0.026	0.013	0.015
	3.00	0.098	28.7	0.001	0.016	0.013	0.027
	3.00	0.197	35.4	0.001	0.006	0.023	0.033
	3.00	0.895	29.9	0.002	0.008	0.022	0.016
	3.00	0.091	11.9	0.002	0.036	0.023	0.022
	3.00	0.103	10.8	0.001	0.013	0.090	0.030
	3.00	0.058	29.8	0.001	0.001	0.031	0.062
	3.00	0.062	53.9	0.001	0.009	0.037	0.033
	3.00	0.070	53.4	0.002	0.011	0.026	0.022
	3.00	0.090	2.0	0.001	0.022	0.018	0.012
	3.00	0.064	5.9	0.001	0.011	0.036	0.012
25	2.00	N/A	20.5	0.003	0.014	0.022	0.001
	2.00	N/A	24.5	0.004	0.020	0.022	0.001
	2.00	N/A	25.6	0.004	0.009	0.042	0.001

Trench No.	Width (m)	Gold (ppm)	Silver (g/t)	Copper (ppm)	Lead (ppm)	Zinc (ppm)	Arsenic (ppm)
	2.00	N/A	32.9	0.003	0.012	0.068	0.001
	2.00	N/A	16.1	0.003	0.010	0.029	0.001
	2.00	N/A	23.1	0.003	0.014	0.069	0.001
	2.00	N/A	12.1	0.002	0.016	0.029	0.001
	2.00	N/A	50.7	0.002	0.028	0.054	0.001
	2.00	N/A	12.6	0.003	0.019	0.014	0.001
	2.00	N/A	42.7	0.002	0.031	0.051	0.001
	2.00	N/A	29.7	0.004	0.019	0.065	0.001
	2.00	N/A	37.2	0.005	0.070	0.487	0.001
	1.45	N/A	26.2	0.013	0.200	0.445	0.001
	2.00	N/A	22.9	0.007	0.201	0.515	0.001
	2.00	N/A	23.9	0.004	0.007	0.053	0.001
	3.00	0.010	13.8	0.002	0.008	0.014	0.016
	3.00	0.017	29.7	0.003	0.009	0.030	0.013
	3.00	0.010	59.2	0.005	0.016	0.053	0.017
29	3.00	0.012	14.8	0.004	0.064	0.042	0.018
	3.00	0.011	46.8	0.003	0.038	0.0.23	0.017
	3.00	0.012	7.9	0.002	0.019	0.024	0.011
	3.00	0.016	12.8	0.002	0.040	0.018	0.012

Table supplied by Silvermex Resources Limited.

As part of Silvermex's due diligence of the existing database, and in order to gain a better understanding of the geology, it re-logged the 3,128 m of core from the 22 core holes drilled by the previous operators of the project.

Silvermex's surface exploration was successful in beginning to define the surface extent of the mineralization as well as the geological units located on the San Marcial property. Further surface mapping and sampling will assist in defining the overall extent of the mineralization and favourable geology on the property and surrounding area.

In considering the limited size of the mineral claims on which the project lies, Silvermex conducted a prospecting campaign in order to identify further mineralized areas along the potential strike extension of the San Marcial vein. However, since most of the region has been staked by other companies such as Aurcana (Plomosas mine) and Oro Gold (La Trinidad and other targets within a claim over 65,000 hectares) it appeared that access to conduct further exploration outside the claims is restricted. As a result, Silvermex decided to accept the invitation of a number of small miners presently producing high silver and gold grade mineralized material to do a reconnaissance of their claims. Silvermex is currently in the process of negotiation for the rights and access to 8 claims located along the projected strike of the San Marcial vein. The preliminary reconnaissance completed by Silvermex's staff along with the previous results indicates that systems of narrow high grade veins which can form wider mineral zones could occur along the trend of the San Marcial vein. Also there is the possibility that a better tonnage of low grade, silver and gold deposits could be located in the area. Figure 4.2 indicates the claims under negotiation and their relation with the San Marcial project.

Figure 10.1
Location of Trenches on the San Marcial Property

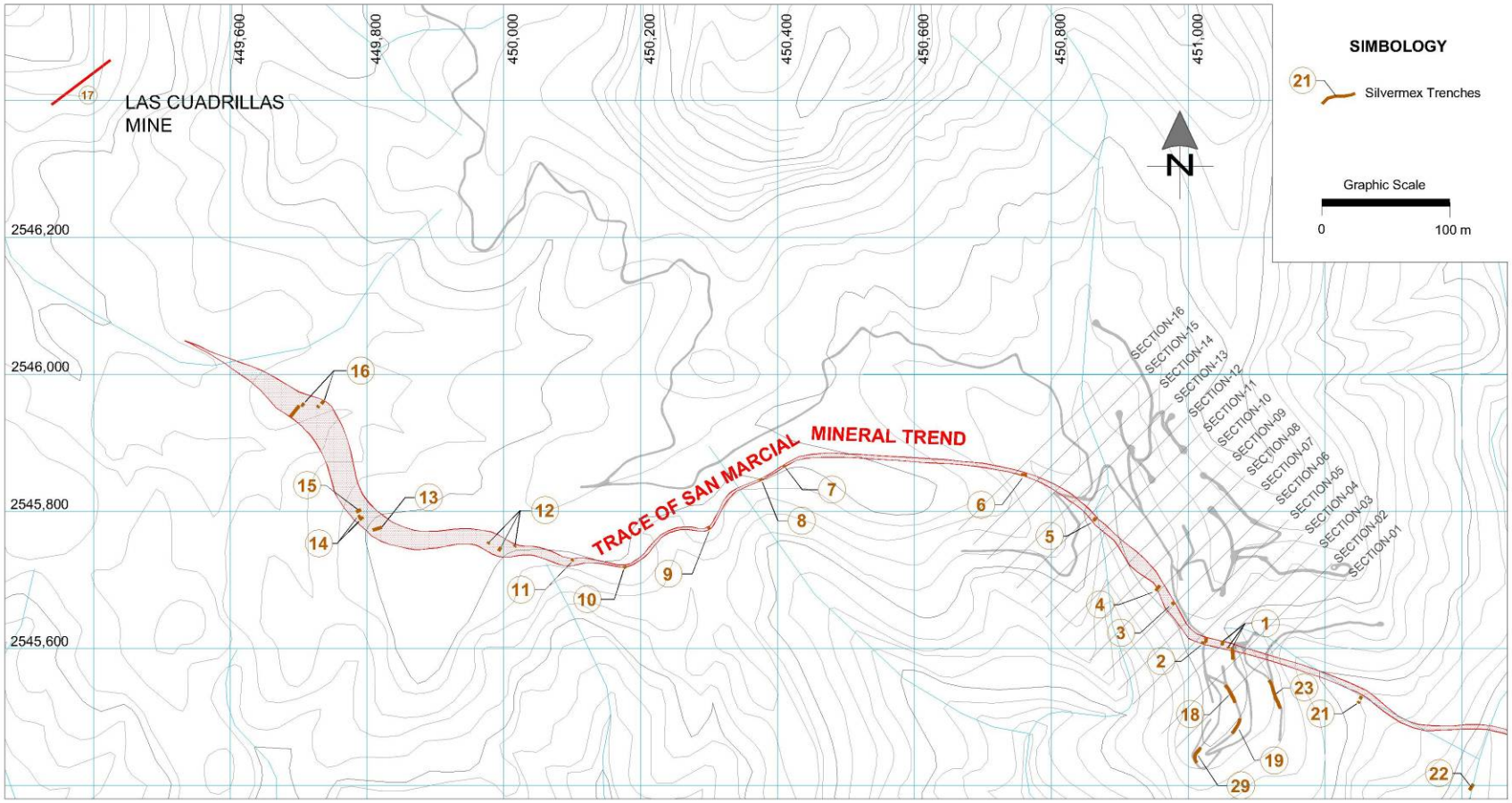


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

11.0 DRILLING

A description of the historical drilling conducted on the property is provided in Section 6.

Based on the exploration completed by the previous operators and a re-interpretation of the previous drilling as well as an increased understanding of the geology, mineralization and structural controls through Silvermex's mapping and sampling program, a drill program was proposed. Although the program was originally scheduled to drill 10,000 m this was decreased in order to focus on confirming the mineral grades published by the previous operators with the objective of upgrading the inferred resource and exploring the extension along strike and down dip of the mineralized structure.

Prior to conducting the drilling program Silvermex rehabilitated the old roads and constructed new roads and drill sites on the project site. In addition, Silvermex was required to totally re-construct the majority of the 15 km access road between the town of La Rastra and the project site.

The objectives of Silvermex's 2008 drilling program were as follows:

- Confirm the mineral intersections encountered during the previous drilling programs conducted by Gold-Ore and Silver Standard during 2001 and 2002.

- Explore the continuity of the mineralization along the strike and at depth along the trend of the known deposit.

- Explore the possibilities of further silver, lead and zinc mineralization located in the footwall host rock at the south-eastern extreme of the trend of the mineralization.

The total expenditure for the exploration and drilling program on the San Marcial project was US $868,987. In general the program was expensive in relation to the number of metres drilled; however, this was not due to the cost of the drilling but was related to the excess cost of maintaining the road and drill sites which were destroyed several times due to the heavy rains which started in July. The other item which substantially added to the total was the cost of transporting water for the drills from a source 15 km away from the project. Table 11.1 summarizes the 2008 program expenditures for the San Marcial property.

The drilling program undertaken by Terra Plata from June to August, 2008 consisted of 7 holes totalling 1,756.55 m of core drilling. The drilling contractor was Construccion, Arrendamiento de Maquinaria y Mineria, S.A. de C.V. (CAMMSA), an independent Mexican company based in the city of Guanajuato. The drilling was conducted using two Long Year model LF-70 drill rigs mounted on skids with the diameter of the diamond drill core either HQ or NQ, depending on the hardness and conditions of the bedrock that was encountered during the drilling. All drill collars were surveyed and down hole surveys were executed at 50 m intervals to determine any deviations to the azimuth and dip of the drill hole. Table 11.2 summarizes the 2008 program on the San Marcial property.

Table 11.1
Summary of the 2008 Program Expenditures for the San Marcial Project

Acct No.	Account	Exploration Expenses (US $)	G&A (US $)	Total (US $)
100	Salaries and Consulting Fees	159,353		159,353
101	Project Management		60,000	60,000
200	Camp and Accommodation	7,098		7,098
300	Exploration Expenses and Supplies	90,789		90,789
400	Drilling	364,810		364,810
500	Trenching and Road Works	61,822		61,822
700	Assaying	30,000		30,000
801	Resource Estimation (consulting fees)	5,000		5,000
802	Surveying (Holes and surface survey)	6,000		6,000
1100	Drafting, Reporting, Reproduction, Maps	131	15,000	15,131
1200	Telecommunications	841		841
1300	Travel	3,432		3,432
1900	Mining Taxes	14,711		14,711
2001	Environmental Permitting	10,000		10,000
	Subtotal Exploration Expenditures	**753,987**	**75,000**	**828,987**
	Value Added Tax Paid (IVA) *			
	Total Project Expenditures	**793,987**	**75,000**	**868,987**

* The IVA is included in the total expenditures.
Expenditures provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 11.2
Summary of the 2008 Drilling Program on the San Marcial Project

Drill Hole No.	Easting	Northing	Elevation (m)	Depth (m)	Dip (°)	Azimuth (°)
SM08-01	450,815.00	2,545,985.00	940.00	261.80	-70°	205°
SM08-04	450,889.00	2,545,943.00	903.00	258.75	-70°	205°
SM08-05	450,918.00	2,545,899.00	945.00	275.90	-75°	205°
SM08-08	450,998.00	2,545,767.00	923.00	215.10	-71°	224°
SM08-10	451,047.00	2,545,835.00	865.00	322.30	-68°	205°
SM08-12	451,100.00	2,546,616.00	879.00	121.45	-60°	224°
SM08-13	451,213.00	2454,719.00	939.00	301.45	-56°	205°

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 11.1 is a view of the drill rig set-up on one of the drill holes completed during the 2008 drilling program at the San Marcial project.

Figure 11.2 is a plan view of the existing drill holes on the property, including the previous drilling and the drilling by Terra Plata in this year.

Two holes (SM08-08 and SM08-12) were drilled on cross-sections 02 and 08, respectively to confirm the silver grades intercepted by previous drill holes.

Figure 11.1
Drill Rig Set-up on the San Marcial Project during the 2008 Drilling Program

Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Drill hole SM08-08 was the first hole drilled on cross-section 8 which is approximately the mid-point of the mineralized block inferred by the previous exploration programs. Hole SM08-08 was drilled between holes SM-15 and SM-11 drilled by the previous operators Gold-Ore and Silver Standard. The hole was initially planned to a depth of 150 m but, since the mineralization continued beyond this depth, the hole was completed at 215 m. The drill hole intersected a mineralized interval of 93.30 m averaging 104.2 g/t silver, 0.474% lead and 0.786% zinc. The silver grades in the 93.30 m interval ranged from a low of 21 g/t to a high of 580 g/t. See Figure 11.3 for a sectional view of both the historical and 2008 drilling on cross-section 8.

Hole SM08-12 was drilled on cross-section 2, 180 m from cross-section 8 and drill hole SM08-08, in the south-eastern portion of the San Marcial mineralized trend. This drill hole intersected an interval of 43.60 m grading 140 g/t silver, 0.136% lead and 0.349% zinc. The hole was drilled between holes SM-04 and SM-12, previously drilled by Gold-Ore and Silver Standard, and confirmed the high silver values intersected by both holes. Drill hole SM04, located between surface and drill hole SM08-12 intersected a mineralized interval of 15 m grading 637 g/t silver and drill hole SM-12 intersected 2.50 m grading 1,179 g/t silver and is located down dip from SM08-12. See Figure 11.4 for a sectional view of both the historical and 2008 drilling on cross-section 2.

Figure 11.2
Location of the Historical and 2008 Silvermex Drill Holes on the San Marcial Property

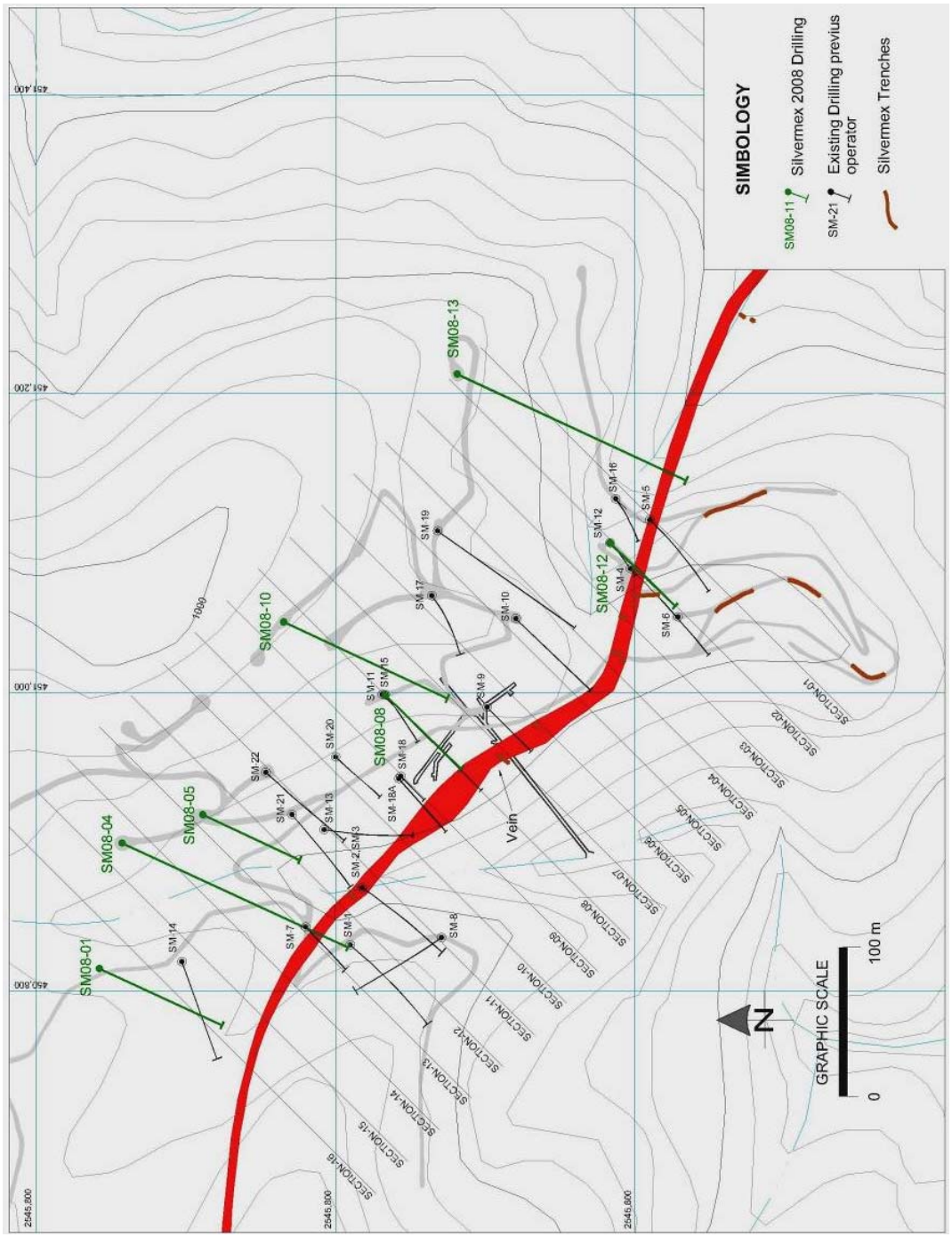


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 11.3
View of the Historical and 2008 Silvermex Drill Holes near and on Cross-Section 8

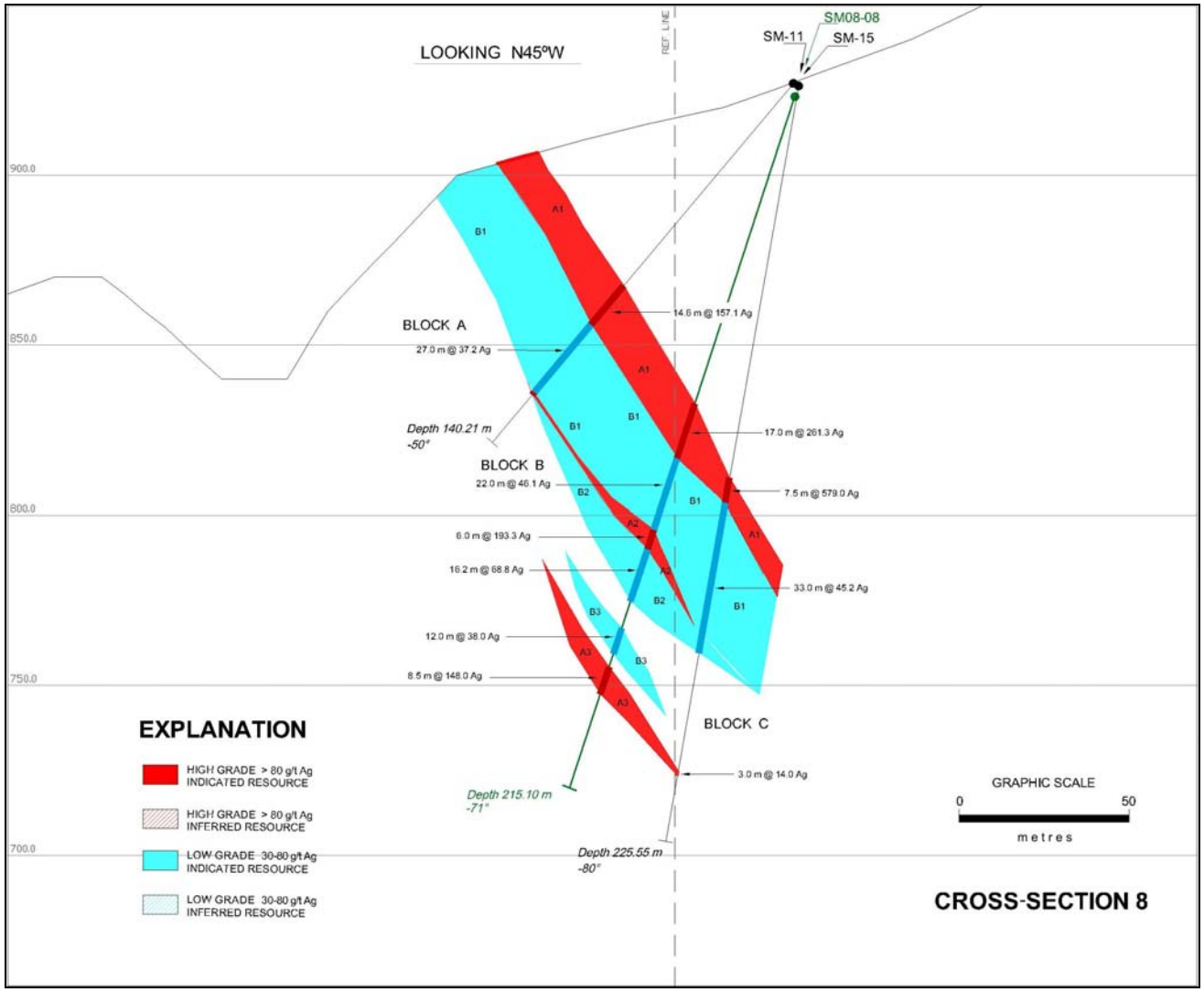


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 11.4
View of the Historical and 2008 Silvermex Drill Holes near and on Cross-Section 2

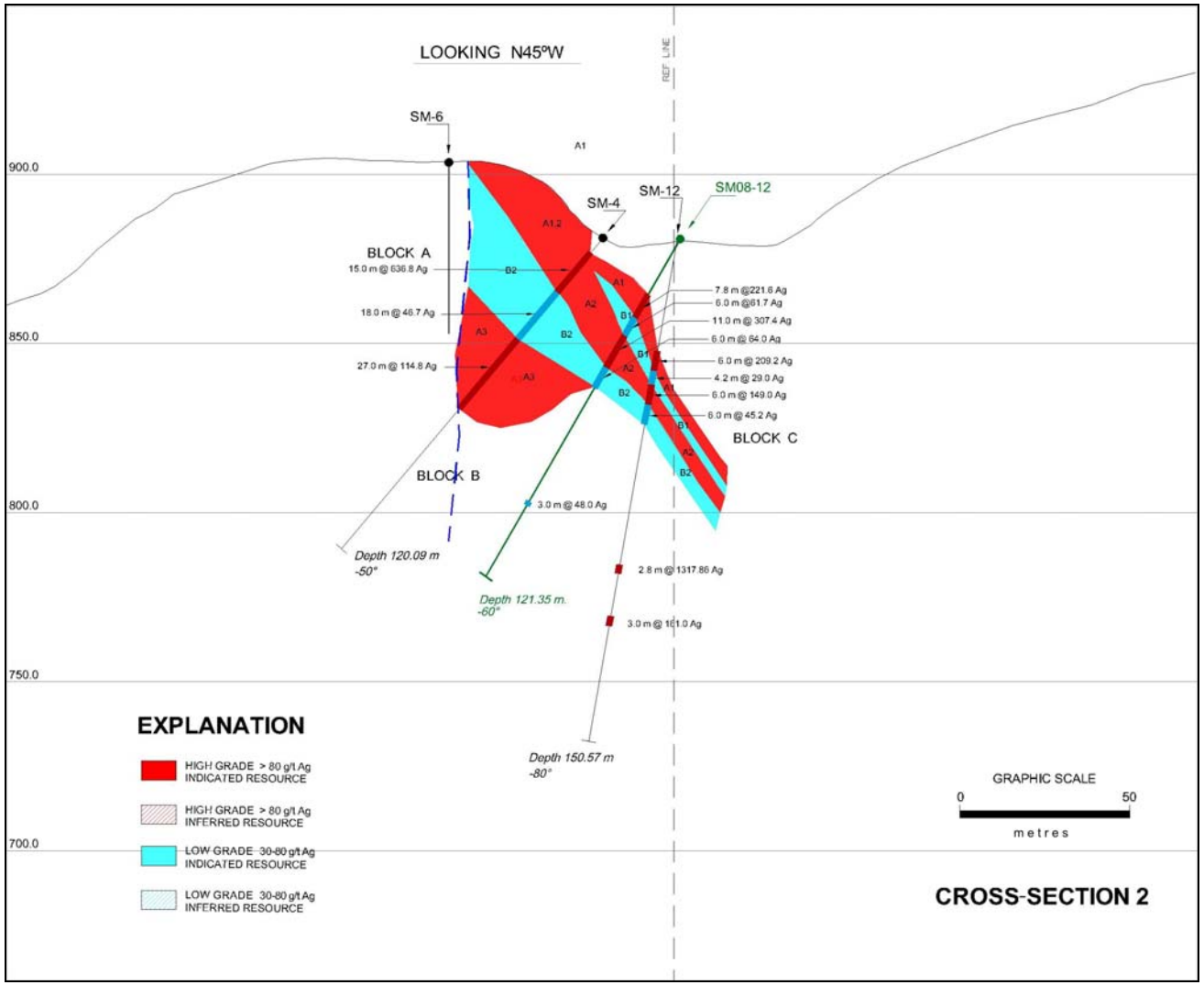


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Five regular core holes were drilled on cross-sections 2, 9, 13 15 and 16 covering a area of 500 m along the projected strike of the mineral structure as well as down-dip to explore below the mineralization intersected by the previous drilling campaigns. The results from these 5 holes are as follows:

Hole SM-08-01 was drilled on the cross-section 16, 100 m north of the interpretated limit of the mineralized zone explored by the previous drilling. This hole was drilled to explore continuity of the mineralization down to the 830 m asl elevation or 75 m beneath the surface. The assay results for this hole were negative with the drill hole intersecting the down dip projection of the brecciated structure at hole depth of 190 m. The intersection was comprised of a one metre wide structure with a poor sulphide presence prior to entering the sedimentary sequence containing zones of brecciation characterized by the strong presence of pyrite, along with sparcely disseminated lead and zinc sulphides.

Holes SM08-04 and SM08-05 were drilled close to cross-sections 13 and 14, respectively. These holes were drilled to intersect the mineral structure to the northwest of the known mineralization and at elevations of 800 m and 750 m asl, respectively. The assay results indicate primarily lead and zinc mineralization with silver mineralization appearing to be restricted to the upper level of the system in this portion of the deposit. See Figure 11.5 for a sectional view of both the historical and 2008 drilling on cross-section 13.

Drill hole SM08-10 was located on cross-section 7 (Figure 11.6), to explore the continuity of the mineral structure down dip, at an elevation of 675 m asl. This hole was the deepest drilled during the program and intersected several mineralized intervals starting at 224.20 m and up to 273.65 m down the hole. This drill hole confirmed the presence of silver, lead and zinc values in the San Marcial structure 60 m below the lower limit of the previously reported inferred mineral resources.

Finally, hole SM08-13 was collared near cross-section 2 at the south-eastern extreme of the mineral trend. This hole was drilled to look for the extension of the mineralization 50 m southeast of the intersections contained in drill hole SM-16 located on cross-section 1. Therefore, the drill hole was angled such that it would intersect cross-section 1 and continue until it intersected the mineralization up to 50 m southeast of cross-section 1. The assays indicated a mineralized interval of 31.35 m grading an average of 50 g/t silver, 0.089% lead and 0.414% zinc. The silver assays indicate a regular distribution with the mineralization occurring as very fine veinlets and disseminated sulphides hosted in a brecciated quartz structure from 214.25 m to 228.50 m, along with additional mineralization observed in the host rock which is strongly brecciated and affected by a stockwork of quartz and disseminated sulphides. However, drill hole SM08-13 encountered very hard ground conditions and ended up using diameter BQ rods for the drilling which included the zone of mineralization. There is a possibility that the drilling and the time it took to penetrate the hard ground could have led to the low silver, lead and zinc values detected as some mineralization may have been washed out during the time it took to drill this hole. See Figure 11.7 for a sectional view of both the historical and 2008 drilling on and across cross-section 1.

Figure 11.5
View of the Historical and 2008 Silvermex Drill Holes Cross-Section 13

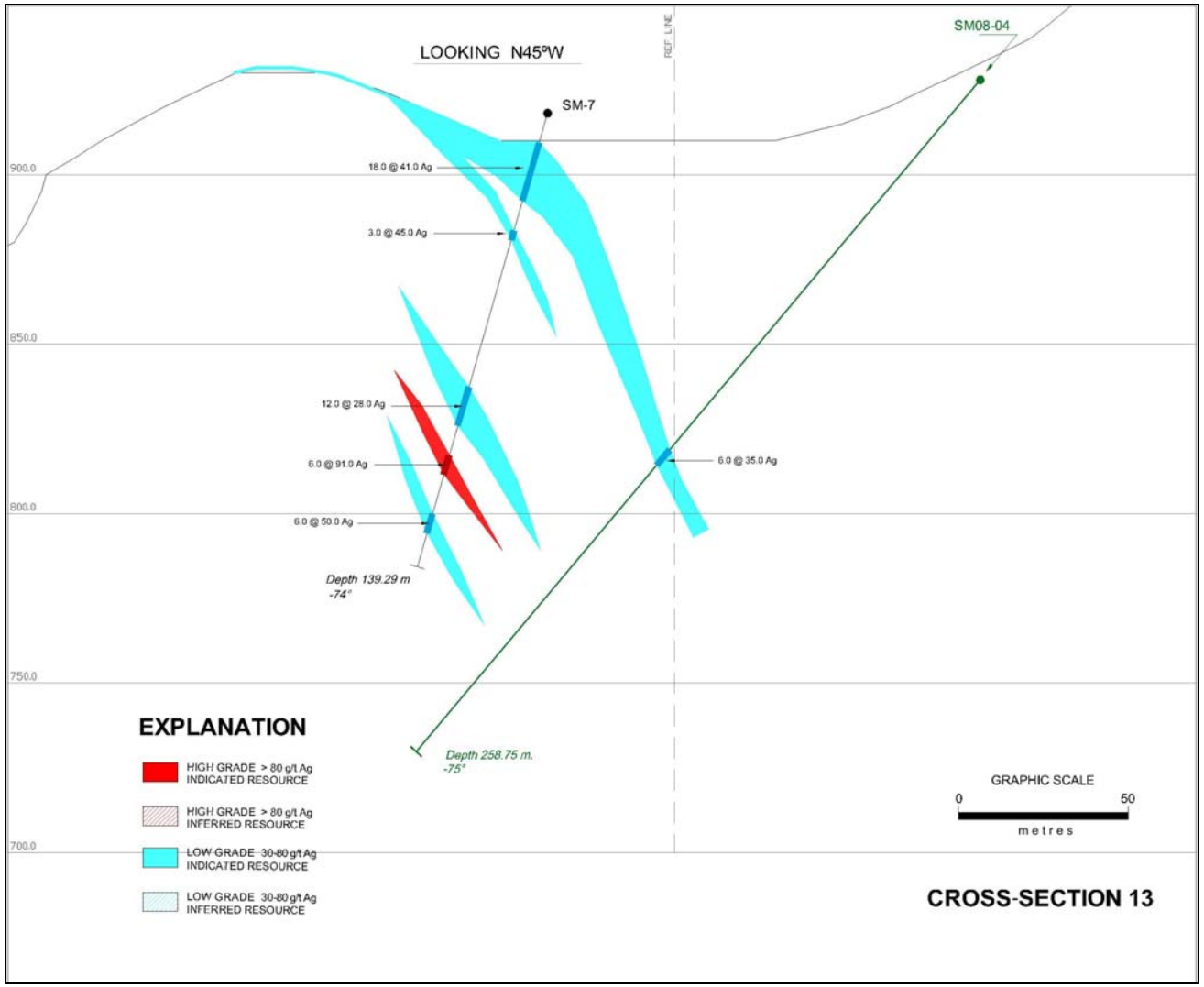


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 11.6
View of the Historical and 2008 Silvermex Drill Holes on Cross-Section 7

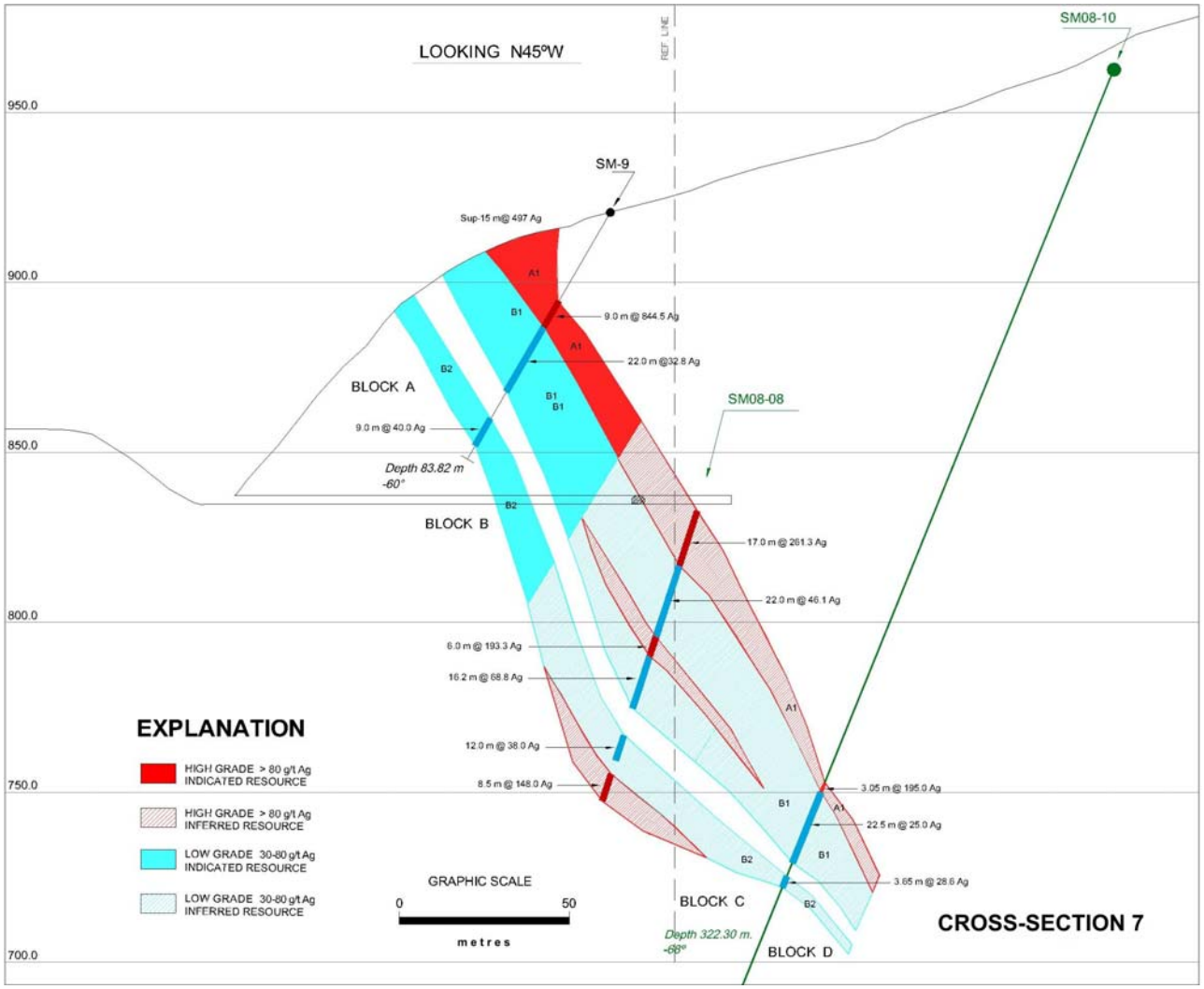


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 11.7
View of the Historical and 2008 Silvermex Drill Holes near and on Cross-Section 1

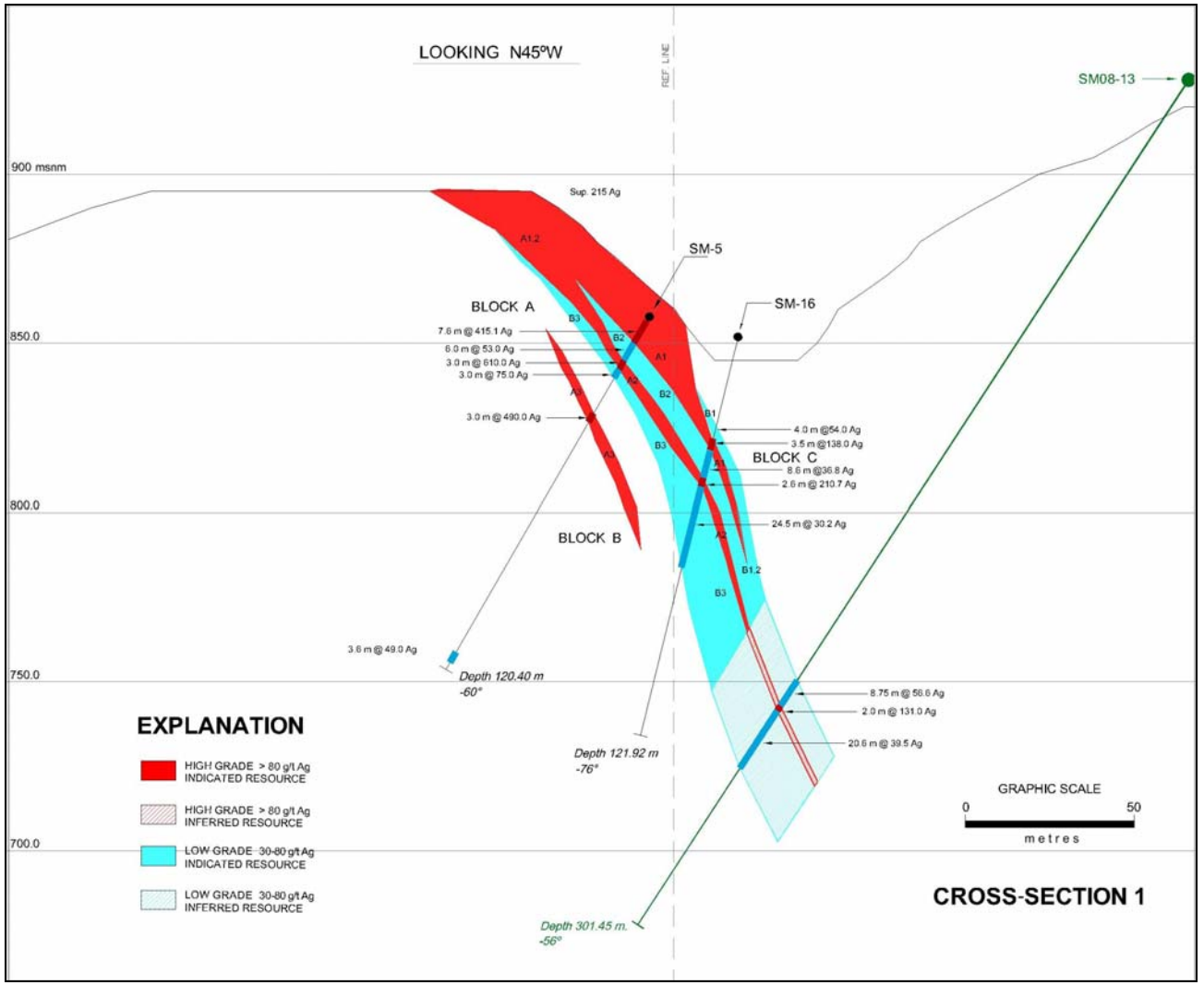


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

The Table 11.3 summarizes the significant mineral intervals encountered during the 2008 drilling program on the project.

Table 11.3
Summary of the Significant Assay Intervals for the 2008 Drilling Program on the San Marcial Project

Drill Hole Number	Drill Hole Depth (m)	Drill Hole Angle	Azimuth (°)	Cross Section	Mineral Interval (m)				Drill Hole Assay Results			Comments
					From	To	Core Length	True Width	Silver (g/t)	Lead (%)	Zinc (%)	
SM08-01	261.80	-70°	205°	16								Non significant results.
SM08-04	258.75	-70°	205°	15	142.45	153.40	10.95	10.95	24.6	0.045	0.230	A wide zone with low values of zinc lead.
				Includes	142.45	148.45	6.00	6.00	35.0	0.045	0.237	
				and	153.40	258.75	105.35	105.35	4.5	0.115	0.283	
				Includes	239.40	241.30	1.90	1.90	60.3	0.055	0.230	This is the projection at depth of the San Marcial Vein.
SM08-05	275.9	-75°	205°	13	135.50	242.50	107.00	107.00	7.1	0.321	0.574	An interval of 107 m alternating low and non significant values of silver, lead and zinc in the volcano-sedimentary sequence.
				Includes	135.50	158.80	23.30	23.30	19.9	0.631	0.964	
				or	145.50	166.40	20.90	20.90	15.3	0.869	1.379	
				includes	191.00	202.50	11.50	11.50	5.3	0.881	1.427	
				and	258.75	261.40	2.65	2.65	51.3	0.026	0.029	
SM08-08	215.1	-75°	224°	8	93.00	186.30	93.30	93.30	104.2	0.474	0.786	The intermediate zones between the high silver zones averaged above of 40 g/t Ag.
				Includes	98.55	118.00	19.45	19.45	234.4	0.641	1.337	
				Includes	134.00	140.00	6.00	6.00	193.3	0.640	0.516	
				Includes	150.00	152.00	2.00	2.00	168.6	0.345	0.540	
				Includes	178.40	184.90	6.50	6.50	169.3	0.021	2.416	
SM08-10	322.3	-68°	205°	9	224.20	228.85	4.65	4.65	156.1	0.550	0.920	Continuous mineralization from the footwall of the main vein into the volcano-sediments, in form of veinlets and dissemination.
				Includes	225.80	228.85	3.05	3.05	213.9	0.822	1.381	
				and	236.85	238.85	2.00	2.00	132.7	0.136	0.275	
				and	238.85	246.30	7.45	7.45	24.2	0.068	0.173	
				and	249.30	251.30	2.00	2.00	26.5	0.075	0.372	
				and	256.00	259.65	3.65	3.65	28.7	0.297	0.876	
				and	271.65	273.65	2.00	2.00	25.1	0.146	0.227	
SM08-12	121.45	-60°	224°	2	17.40	61.00	43.60	43.60	140.0	0.136	0.349	Continuous mineralization from the footwall of the main vein into the volcano-sediments, in form of veinlets and dissemination.
				Includes	21.95	26.75	4.80	4.80	346.0	0.526	0.932	
				Includes	26.75	32.75	6.00	6.00	61.7	0.109	0.264	
				Includes	32.75	34.75	2.00	2.00	346.0	0.234	1.430	
				Includes	34.75	36.83	2.08	2.08	75.8	0.146	0.373	
				Includes	36.83	43.80	6.97	6.97	365.5	0.186	0.254	
				Includes	43.80	61.00	17.20	17.20	33.1	0.037	0.155	
SM08-13	301.45	-56°	205°	2	214.25	245.60	31.35	31.35	50.0	0.089	0.414	Varying to regular dissemination of sulphides in the volcano-sedimentary sequence.
				Includes	214.25	228.50	14.25	14.25	61.8	0.017	0.647	

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

A review of the historical and 2008 Silvermex drilling results indicates that the mineralization is continuous for at least a strike length of 500 m and remains open in the south-eastern direction where the topographic relief descends abruptly, possibly due to a movement of blocks along of a northwest- southeast fault. In this direction the San Marcial vein, in the strictest sense, disappears; however, the structure continues as a fault which is the contact between the volcanic rocks with the volcano-sedimentary sequence. The structure can be distinguished by a wide strip of argillization developed in the volcano-sedimentary sequence with disseminated silver, lead and zinc mineralization hosted in a quartz stockwork and a very fine stockwork of sulphides within the volcano-sedimentary sequence. This continuation is important because the trace of the fault can be followed laterally for 600 m until it is buried beneath the volcanic rocks of the Upper Volcanic series. Of greater importance is the presence of mineralization in the volcano-sedimentary sequence which could indicate that the structure is favourable for hosting further low to medium grade silver-lead-zinc deposits of various sizes.

To the northwest the structure is also continuous as indicated in a number of interrupted outcrops; however, it suffers a strong deflection to the northwest which converts it into a narrow structure approximately 500 m in length before widening up to 20 m again in the extreme northwest. This does not have any significant silver-lead-zinc values, but further mineralized zones or shoots could be located at depth.

Silvermex's 2008 exploration drilling program has met its objectives in confirming and adding to the previously known mineralization on the San Marcial property. The program has also met its objective in defining the extent of the San Marcial structure and defining the extent of the mineralization located within the footwall host rock in the south-eastern portion of the deposit.

The behaviour observed both along strike and down-dip along the mineral structure at San Marcial is typical of the hydrothermal vein systems where the mineralization of economical importance is normally not continuous along of the total length of a structure but concentrated in a number of zones or shoots. The structure at San Marcial is currently identified over a length of 2.5 km and further concentrations of mineralization could be identified through further trace element studies, fluid inclusion investigations and geological mapping, but most of all by drilling further targets.

12.0 SAMPLING METHOD AND APPROACH

If known, a description of the historical sampling methods conducted on the project is provided in Section 6.

The main occurrence of mineralization is a vein of hydrothermal origin located in a shear or fault zone. The vein exhibits a fracture filling texture and is locally surrounded by an envelope of brecciation. The vein is continuous along strike, with the mineralization separated into two portions along a 500 m section of the vein, as indicated by the previous and the 2008 exploration programs which also indicate that the mineralization is continuous down dip. The majority of the high grade silver values are hosted in the vein and, in the footwall, a second vein can be differentiated from assay results. Silvermex is interpreting this footwall vein as a sigmoid loop of restricted extension, in both the vertical and lateral directions.

Both the chip and core sampling procedures respect the mineralization and geology with the length of the sample dependent on the extent of the mineralization and geological boundaries between separate units. The minimum and maximum sample lengths vary between chip and drill core as well as between the different drill core sizes. However, generally smaller samples are taken in the zones of mineralization than in un-mineralized areas.

12.1 CHANNEL SAMPLING

Silvermex took advantage of the existing road rehabilitation covering the previously drilled areas along with the new road construction to the northwest and southeast of the identified mineral belt on the San Marcial property to conduct channel sampling in these areas. The channel sampling was done along the walls of the road cut where the mineralized zones and neighbouring host rock were cross-cut. A total of 178 channel samples were taken from 25 trenches totalling 371.55 m distributed along 1,800 m of the San Marcial mineral trend and neighbouring host rock.

The channel sampling procedure consisted of totally cleaning the loose rock off the wall after the dozer finished the rehabilitation or construction of the road. The wall cleaning was done for both safety reasons and in order to stop large fragments from falling into the sample while the geologist was taking the definitive sample. The sample size is based on the geological features within the exposed rock such as the type and intensity of alteration of the host rock, differentiation of the mineral veins, breccias or any other occurrences with which it is possible to separate features. Once the previous parts of the sampling procedures are completed then a strip of 20 to 30 cm in width is marked generally transverse to the general strike direction of the mineralization and up to a maximum of 3 m in length. The channel sampling is conducted using a chisel and hammer, with the collection of sample taking place on a tarpaulin approximately 1.5 m x 1.5 m in area. The general sampling objective is to try to collect regular sized fragments, nominally no more than 4 inches. Once the sample is completed, the fragments greater than 1 inch are crushed manually to minus ½ inch and re-incorporated into the main sample. The sample is then homogenized on the same tarpaulin

through rhythmic movements of the tarpaulin using the two helpers. Upon completion of the homogenization the sample is passed through a Jones Riffle Splitter with 1 inch riffles where the sample undergoes two or three splits to obtain a sample of 3 to 5 kg which is then sent to the assay laboratory. All channel samples were assayed using the same method as the drill core samples.

The resultant reject sample from the initial split is discarded, but the rest is stored in the camp site.

Channel sampling can at times be a somewhat selective sampling method since it is occasionally difficult to take a representative sample due to the hardness of the material being sampled. However, the practice of channel sampling is common around the world for sampling surface trenches and the practice of systematically sampling can generate a very large set of samples which is in most cases statistically representative of the material being sampled. Channel sampling is a routine sampling method used in exploration projects in order to identify the extent of the mineralization in the trenches sampled. The channel sampling is generally submitted to the primary commercial laboratory chosen by a company to assay its samples. The channel sample results obtained from the commercial laboratory are commonly used in the estimation of the mineral resources of a project.

Micon reviewed Silvermex's channel sampling procedures for the surface sampling program during its visits to the site and in discussions with Silvermex's geological personnel. Micon believes that the channel sampling procedures used by Silvermex are conducted in a manner such that they are representative of the mineralization identified at the San Marcial property, and they meet the current industry best practices guidelines for this type of sampling. Therefore, Micon believes that they can be used for the resource estimations conducted on the San Marcial property.

12.2 CORE DRILLING SAMPLING

Silvermex, through its subsidiary in Mexico, Terra Plata, has conducted several drilling exploration programs based on both core drilling and/or reverse circulation drilling at other properties in Mexico. In all cases Silvermex applied and in some cases improved its sampling procedures. The 2008 core drilling program on the San Marcial project was not the exception to this rule. All of the holes drilled on the project from June to August, 2008 were logged and sampled as the drilling was in progress (Figure 12.1). At the same time, all of the information contained in the hand written drill logs (field logs) was transcribed into an Excel spreadsheet. The field log is designed in part as a check list of the data which needs to be collected during the logging procedure. The description of the core which is plotted on a section and which forms the basis of the geological interpretation can reveal important geological controls which can in turn reveal the possibility of mineralized zones. Therefore, the field log and in turn the Excel spreadsheet contain the basic information obtained from the drill hole such as the codes and descriptions used to determine the lithology, alteration and mineralization as well as the individual sample data (from, to, width) and assay results. The Excel database can be converted into an ASCII format or any other format which would

be needed as the basis for any computer software used for block modelling or it can be simply used to do basic statistics.

Figure 12.1
Core Logging on the San Marcial Property during the Drilling Program

Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

The control of the drilling starts with the positioning of the collar for each hole which is initially marked in accordance with Silvermex's approved procedures. The collar is positioned using a hand GPS Garmin 60Cxs instrument and then the direction of the drill hole is set using a compass followed by marking the drilling direction with a ribbon which is stretched between two sticks. When the drill rig is setting up the operation is supervised by the project geologist who also ensures that the inclination of the drill is correct by measuring both before and after the drilling begins. Each time that a drilling run is completed the rods are pulled out of the drill hole, the core is removed from the core barrel and placed in a plastic core box. The plastic core box stores a length of core according to with the diameters of the core used, for HQ diameter core it is 2.40 m, for NQ diameter it is 3.00 m and for BQ diameter it is 3.60 m.

An initial measurement of the core run is conducted when the total length of the core is removed from the core barrel by the drill helper and placed into a half pipe (media caña) prior to placing the core in the core box. This intermediate step allows both the driller and project geologist to examine the core run in its entirety and address any problems which have been encountered. Prior to placing the core in the plastic core boxes, small wooden tags are

used to mark the distance drilled at the end of each run. On the wooden tags are also marked the length of core recovered, and the interval drilled (from, to). The drill hole number and the box number are marked on the top of each core box filled, by the drill helper and this process is supervised by the site geologist. Each time that a core box has been filled at the drill site it is covered with a lid and tied with a rope to protect the core from moving or the box from opening during transport to the core logging facility for further processing.

During the re-logging of the prior core it was decided that in addition to the lithology, the presence of mineralization and/or distribution of geological units having the possibility to contain mineralization should also be considered as criteria when defining the sample interval. The maximum sample length was 2 m and the minimum of 0.90 m which was further restricted by the possibility that different concentrations of mineralization could occur in two units that were in contact. In general, the core recovery was better than 95%. When serious problems were found it was decided to repeat the drill hole, as in the case of SM08-13 where the final drilling diameter of the hole was changed to BQ because the intensity of fracturing created problems for the continuation of the last drill interval using the NQ diameter drill rods.

Sampling was conducted on core not only with visible evidence of mineralization, such as veins and stringers, but also on barren core to preserve the sampling continuity in between mineralized zones and to test for broad zones of lower grade material as well. The sampling of the wall rock next to the zone of mineralization also assists Silvermex in understanding the grade of the external dilution associated with mining some of the mineralized zones on the San Marcial property.

A common feature in the sampling process is that a unique sample tag was inserted into the sample bag with each sample and each bag was marked with its sample number. Sample bags containing blanks, standards and duplicates were inserted into the stream of sequential numbering prior to being shipped to the assay preparation facilities of International Plasma Laboratories (IPL) in Hermosillo. IPL uses, through a services contract and the corresponding supervision, the Sonora Sampling Preparation, SA de CV., (Sonora Sampling) facility in Hermosillo to prepare the samples for its laboratory. The drilling duplicate samples were identified at the time the core logging was conducted and the half portion of the sawn core chosen as the assay sample was quartered, sequentially numbered and placed into the sampling stream.

The use of a saw to cut the core to be sampled can be subject to a number of sampling biases based usually on the amount of mineralization contained in the material being sent for assaying. It is therefore up to the site geologist to ensure that a representative portion of mineralization is contained not only in the piece of core sent for assaying but in the piece which remains behind in the core box. In addition, if the core is soft, highly sheared or highly fractured, some of the mineralization may be washed away in the cutting process which would unduly bias the assay results. Also, to prevent contamination, the saw must be cleaned after each sample is cut. Despite the potential to introduce a bias into the sampling procedure as a result of unevenly cutting or washing out the mineralization, the sawing of

drill core continues to remain one of the common practices in the exploration and mining industries. Silvermex recognized these potential problems and has put into place procedures to ensure that the saw is cleaned between samples and that the sample is split in such a way as to best represent half of the core.

The drill core sampling procedures practiced by Silvermex are among the commonly practiced procedures used throughout the mineral industry. Along with standards, blanks and duplicates included in the sample stream, routine check assays are conducted on the samples by a second laboratory as well.

Micon has reviewed the drill core sampling practices of Silvermex and finds that the sampling quality is both representative of the mineralization identified at the San Marcial property and of a sufficient nature upon which to base a mineral resource estimate.

Due to the large number samples and composites which are relevant to Silvermex's resource estimate it is not possible to tabulate these here in this section or report. Table 10.1 and Table 11.3 summarize the channel sampling results and the significant mineral intervals encountered during the 2008 drilling program on the San Marcial project.

13.0 SAMPLE PREPARATION, ANALYSES AND SECURITY

If known, a description of the historical sampling methods conducted on the project is provided in Section 6.

13.1 SAMPLE COLLECTION AND TRANSPORTATION

The following section outlines the sample preparation procedures and security of the samples taken on the San Marcial property by Silvermex. Sampling at Silvermex's San Marcial property is conducted by the exploration geological personnel as part of their routine duties.

The 2008 core drilling program was overseen by two geologist assistants under the close supervision of the Silvermex/Terra Plata's staff geologist who is in charge of the program on site. The geologists are responsible for the integrity of the samples from the time that they are taken until they are delivered to the preparation facilities in Hermosillo.

To collect the samples, a truck was dedicated while the drilling was in progress to collect the core boxes from the drill site at regular intervals during the day (24 hours). The boxes were loaded into the back of the truck and placed in a criss-cross pattern and then secured to the truck by ropes to prevent movements on the short drive back to the core logging facilities. The on-site core logging facilities were installed in the closest ranch (Llano Grande) to the project site which is situated on the top of the hill 600 m from the project site.

Once the core boxes arrived at the logging facility, they were laid out in order, the lids were removed and the core was washed to remove any grease and dirt which may have entered into the boxes. The depth markers were checked by the geologist and the depth "from" and "to" for each box marked with permanent marker on both the top and bottom covers of each core box to ensure that the boxes were correctly recorded.

The sampling of the core for the 2008 drilling program was comprised of sampling from 20 m to 30 m before the projected intersection of the mineralized structure based on the interpretation derived from the existing 22 holes. However, the geologists carefully checked for evidence of any potential mineralization, alteration, etc, from the beginning to end of the drill hole and not just the previously interpreted intervals. As part of this process the total length of the hole was sawn in order to observe and analyze the geology more completely. In addition, once that the core sampling was started it was completed to the toe of the hole.

The standard sampling intervals varied from 1 m to 2 m depending on the geological boundaries and other features observed during the logging. Occasionally, some samples were limited to the geological or mineral limits and were less than 1 m. The geologist logging the core began the process by first examining it to ensure the core was intact. Additionally, the geologist defined the sample contacts and designated the axis along which to cut the core with special attention paid to the mineralized intervals to ensure a representative split. The sample limits were marked on the core as well as on the side of the core box with the sample numbers marked on the core boxes next to the sample limits at the beginning, end or centre

of each interval. The sample numbers, interval length and limits were recorded into the Excel spreadsheet to ensure that a complete logging and sampling record of the drill hole was available in one file.

Once that the core was logged and the samples marked, the core boxes were sent to the splitting area where a gasoline diamond saw was set-up to cut the core. In the core splitting area the samples were processed and the core was sawn into two equal haves according to the geologists mark-up. Once the core was cut, one half was placed into a plastic sample bag while the remaining half was returned to its core box as the reference sample. The geologist had previously marked the sample bags with the corresponding sample number as well as inserting each sample tag into the plastic bag. Once the entire sample had been placed into the plastic bag, it was sealed with plastic ties to ensure that sample integrity was maintained. Silvermex assigned a geologist to supervise the core cutting and sampling activities to ensure both the quality of the sample and the integrity of the process. This proactive practice assists Silvermex in eliminating mistakes in the initial core sampling process and maintains consistency in its procedures. The boxes containing the remaining reference core were stacked with the lower numbers at the bottom and the higher at the top, initially at the on site logging facility. However, for long term secure storage the core was transported to a site within the community of La Rastra.

The plastic bags containing the half core to be assayed were placed into large canvas sacks with each sack generally containing from 7 to 10 samples. Once a number of the canvas sacks were prepared they were transported directly by Terra Plata personnel to the city of Mazatlan where they were shipped by courier (DHL) to the Sonora Sampling facility in Hermosillo. The transit time for the sack from Mazatlan to Hermosillo averaged 2 days.

13.1.1 General Procedures

As part of Silvermex's Quality Assurance/Quality Control (QA/QC) procedures, a set of samples comprised of a blank sample, a standard reference sample and a field duplicate sample, were inserted into the sampling sequence. The rate of insertion for the blank, standard and duplicate samples was one in twenty-five.

All bags containing the blank and standard samples were added into the sequential numbering system prior to being shipped to the assay preparation facility in Hermosillo. Samples selected as duplicate samples were split into two separate sequentially numbered samples during the sampling process at the logging facility.

13.1.1.1 Blank Samples

The blank samples used during the San Marcial project drilling program were prepared at the assay preparation facilities of the San Francisco mine, in the state of Sonora. The material comprising the blank samples was previously prepared and has been used in a number of other Silvermex drilling programs including two at the Peñasco Quemado project. The sample was obtained from a tonalite dike which outcrops at the south-eastern end of the

existing open pit located at the San Francisco mine, 2 km west of the town of Estacion Llano. Initially the decision to take this rock as a blank was based on the experience of the geologist at the mine with this lithology unit, and the barren nature of this material was confirmed by subsequent assays for the different drill campaigns in the Peñasco Quemado project and in the San Francisco project for Timmins Gold Corp.

The preparation process of the blank samples consisted of taking a large sample of the tonalite dike which was then washed with fresh water to remove any dust that could have contaminated the rock due to its location in relation to the open pit at the mine. Once the rock was washed and dried it was crushed to minus 1 inch in size. This material was homogenized in a gyratory tank for a 12 hour period before being passed through a splitter to obtain 1 kg sample lots. The bags containing the 1 kg sample were sealed with tie wraps and then transported to the San Marcial project directly by Silvermex's technical personnel.

13.1.1.2 Standard Samples

The standard reference samples used for the San Marcial drilling program are commercial standard reference material (SRM) acquired from CDN Resource Laboratories of Delta, B. C., Canada.

The specifications of the SRM samples acquired are as follows:

Ore Reference Standard: CDN-HZ-2

Recommended values and the "Between Lab" two standard deviations:

Gold: 0.124 ± 0.024 g/t *** provisional value only (RSD = 9.67%)
Silver: 61.1 ± 4.1 g/t
Copper: 1.36 ± 0.06 %
Lead: 1.62 ± 0.11 %
Zinc: 7.20 ± 0.35 %

Prepared by: CDN Resource Laboratories Ltd.
Certified by: Duncan Sanderson, B.Sc., Licensed Assayer of British Columbia and independent geochemist Dr. Barry Smee, Ph. D., P.Geo.
Date of Certification: August, 2008.

Origin of Reference Material

Standard CDN-HZ-2 was made by compositing 700 kg of ore from three different properties with 100 kg of two high sulphide concentrates.

Method of Preparation

Reject ore material was dried, crushed, pulverized and then passed through a 200 mesh screen. The +200 mesh material was discarded and the -200 mesh material was mixed for 5 days in a V- mixer. Splits were taken and sent to twelve laboratories for round robin assaying. The material has been packaged in nominal 100 g lots in tin-top kraft bags which have been individually vacuum-sealed in polyethylene bags.

Statistical Procedures

The mean and standard deviation for all data were calculated. Outliers were defined as samples beyond the mean ± 2 standard deviations from all data. These outliers were removed from the data and a new mean and standard deviation were determined. This method is different from that used by government agencies in that the actual "between laboratory" standard deviation is used in the calculations. This produces upper and lower limits that reflect actual individual analyses rather than a grouped set of analyses. The limits can therefore be used to monitor accuracy from individual analyses, unlike the confidence limits published on other standards.

Assay Procedures

Gold: Fire assay pre-concentration, AA or ICP finish (10 g sub-sample).
Silver, copper, lead and zinc: 4-acid digestion, AA or ICP finish.

Table 13.1 summarizes the information for the SRM sample used during the 2008 San Marcial drilling program. While the material of the sample is not the same as the San Marcial material due to the mixing of 3 different types of material in order to form the SRM sample, it is close in relation to the type of mineralization found on the project. In addition the SRM sample appears to be close to the San Marcial material due to its high sulphide content.

Table 13.1
Summary of the Standard Reference Material Sample Information

Supplier	Standard ID	Matrix	Silver	Confidence	Lead Grade	Confidence	Zinc Grade	Confidence
CDN	Medium grade	Material formed by the mixing of material from 3 different origins	61.1g/t	+/- 4.1g/t	1.62%	+/- 0.11%	7.20%	+/- 0.35%

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

13.1.1.3 Duplicate Samples

The samples identified as duplicates were sawn in half in the same manner as the regular samples. However, the half sample which was identified as the assay portion was further sawn to obtain two quarter samples. The quarter samples were each placed in individual

plastic bags with one of the quarters identified as the original sample and the second quarter sample identified as the duplicate. A tag denoting the sample number was placed in the bag with the original sample and a tag with the consecutive sample number was placed in the bag containing the duplicate.

13.1.1.3 Sonora Sampling Preparation Facilities

IPL based in Richmond, B. C. Canada, conducts its sample preparation through the Sonora Sampling preparation facilities in Hermosillo. While Sonora Sampling preparation still does not have its own ISO certification, it operates under the IPL ISO certification and purportedly full time supervision of the Sonora Sampling facilities is conducted by IPL personal.

IPL is officially registered and certified with the BC Ministry of Environment, Land and Parks and the Canadian Association for Environmental Analytical Laboratories. IPL also takes part in regular CEAL performance evaluation programs. Since October, 1997, it has participated in the Proficiency Testing Program for Mineral Analysis Laboratories (PTP-MAL) which is offered by CANMET. KPMG Quality Registrar Inc. (KPMG.QRI) approved IPL's quality system (ISO 9002:1994) in November, 1997. Intertek Testing Services NA Ltd. approved IPL's quality system (ISO 9001:2000) in November, 2003.

Once the samples arrive at the Sonora Sampling preparation facility in Hermosillo, they undergo the following process:

Stage 1: Sample Reception

When the samples are received, the client is also asked to deliver a requisition sheet, which must detail the type of analysis, preparation code, address to which the results and receipt are to be delivered, as well as any special instruction.

Once the client agrees to the above, a control number is provided to the client along with a stamped and signed copy of what was requested and delivered.

In cases where samples are received without an accompanying requisition they are not processed until the requisition is received.

Stage 2: Arrangement, Weighing and Drying of Samples

At this stage the samples are arranged. If during this process it is observed that the bags in which the samples are stored are in poor condition, the samples are immediately deposited in new bags, labelled, and the original bag the client used is deposited in the bag as additional proof. This is done in order to try to avoid contamination of the sample.

Every sample is weighed and the information is described on forms which the preparation laboratory calls oven forms. The samples are set on stainless steel sheets, which are free

of contamination, and they are arranged in order on special heat resistant cars, which are numbered to avoid confusion.

Samples in the oven are subjected to a temperature of 60º C (for both soil and rock) for 4 hours to dry the sample. In some cases, if the samples are very wet they may be left in the oven for longer periods.

Once the samples are removed from the ovens, they are allowed to cool for a half hour after which they proceed to the packaging area where they are arranged according client's order specifications. From this point the samples proceed to stage 3.

Prior to starting to work on the samples all equipment is adjusted and calibrated in order to obtain the maximum levels of efficiency and accuracy during the sample preparation.

Stage 3: Crushing

Once it is verified that the samples are completely dry and arranged chronologically, they proceed to the crushing area where they are crushed using a Rhino jaw crusher.

During the crushing process the sample is crushed completely to a size of 75% passing a 10 mesh screen.

After the crushing has been completed the sample is then passed through a Jones Riffle Splitter where it is split to obtain a 250 g portion which is deposited in an envelope that has been previously marked with the sample identifier.

The jaw crushers are cleaned between samples by passing gravel through them.

Stage 4: Pulverization

Once the sample arrives in the pulverization area it is deposited in a Labtech stainless steel ring pulverization unit. The pulverization ring unit is used to process the sample so that it meets a fineness of 95% passing 150 mesh.

Once the pulverization process is complete the sample is placed in a clean container from which 100 g of the sample are obtained and deposited in a new envelope that was previously marked with the client's sample designation. The remaining portion of the pulverized sample is deposited in a separate envelope which has also been marked with the client's sample designation. This second envelope is retained as a reference.

The pulverizers are cleaned between samples with gravel.

Stage 5: Sample Storage

Once the sample preparation process ends, the samples are deposited in clean sacks which are marked with the name of the client / company, a control number and the details of the samples deposited in the sack.

Once the sacks are ready, they are stored in Sonora Sampling's warehouses, pending delivery to the assay laboratory.

Stage 6: Shipping

The assay samples are packed in cardboard carton boxes, which also contain a copy of the requisition from the client. The boxes are sealed, and labelled with the specific laboratory to which DHL or United Parcel Services (UPS) is delivering the samples.

Once the samples are shipped, a list of the boxes in the shipment, specifying the samples sent in each box, date of the shipment, and tracking number given by DHL or UPS (or waybill number), is sent by e-mail and/or fax to the client. This procedure enables the client to have all of the information necessary to track the pulp samples.

The delivery of the assay results is sent electronically to the client or by any method requested by the client.

The IPL assaying procedure used to analyze the San Marcial project drill samples was P1720 ICP(MuAc)30. This assay procedure consists of a multi-acid digestion using 4 acids and Inductively Coupled Plasma-Atomic Emissions spectrometry Analysis (ICP-AES). This digestion method is suitable for high sulphide/oxide/silicate content mineral samples and is especially good for elements such as silver, lead, zinc, copper, barium, tungsten, titanium, calcium, magnesium, potassium, sodium, etc.

In this procedure, 0.5 g is digested with nitric, perchloric, hydrofluoric and hydrochloric acids, and then evaporated to incipient dryness. Hydrochloric acid and demineralized water are added for further digestion, and further heated for an additional allotted time, cooled and transferred to a 100-millilitre (ml) volumetric flask. The resulting solution is diluted to volume with demineralized water, homogenized and the solution is analyzed by ICP-MS.

The check assays were conducted by ALS-Chemex using four-acid digestion and ICP-AES.

13.2 RESULTS OF THE QA/QC PROGRAM

13.2.1 Check Assaying

A total of 28 samples were selected and sent to a second laboratory to check the assay results against the ones obtained from IPL. However out of the 28 samples chosen only 22 were available for the comparison since 6 samples were either lost by IPL or there was not enough

pulp remaining after the original assay run for ALS-Chemex to conduct the check assay. The group of samples selected to be sent out for check assaying included samples from 7 of the 2008 drill holes. The silver grades of samples sent out for check assaying range from a minimum detection limit of <2 g/t up to 580 g/t along with associated lead and zinc values. The laboratory chosen to conduct the check assaying was ALS-Chemex in Vancouver, B.C.

Table 13.2 shows the correlation between the mean grade for IPL assays and ALS-Chemex assays for the 28 regular duplicate pulps of the core drilling. Table 13.3 lists the check assay results for the individual samples.

Table 13.2
Check Assay Results for the 2008 San Marcial Drilling Program

Description	Silver	Lead	Zinc
Number of samples	22	22	22
IPL Analytical mean grade	84.4 g/t silver	0.271	0.699
ALS-Chemex mean grade	81.6	0.262	0.672
Difference between grades	2.7	0.009	0.027
Mean difference	-3.22%	-3.47%	-3.91%
Correlation factor	0.993	0.995	0.998

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 13.3
Individual Check Assay Results for the 2008 San Marcial Drilling Program

	Drill Hole Number	IPL Job Number	Sample Number	IPL Assay Results			ALS-Chemex Assay Results		
				Silver (g/t)	Lead (%)	Zinc (%)	Silver (g/t)	Lead (%)	Zinc (%)
1	SM 08-01	08H3934	8398	0.5	0.003	0.009	1	0.01	0.01
2	SM 08-04	08G3515	8406	38.5	0.036	0.152	44	0.04	0.15
3		08G3515	8407	37.4	0.070	0.433	41	0.08	0.41
4		08G3515	8417	6.5	0.256	0.500	7	0.23	0.46
5		08G3515	8435	2.0	0.078	0.824	2	0.09	0.79
6		08G3515	8462	60.3	0.055	0.230	49	0.07	0.22
7	SM 08-05	08G3086	8201	22.1	0.115	0.141	23	0.11	0.14
8		08G3086	8206	56.6	1.029	1.910	65	1.08	1.93
9		08G3086	8209	36.1	0.637	1.315	45	0.6	1.32
10		08G3086	8236	26.1	0.205	0.628	28	0.19	0.60
11		08G3086	8271	26.6	0.037	0.028	29	0.05	0.05
12	SM 08-08	08F2925	8044	580.1	0.943	3.714	493	0.85	3.35
160		08F2925	8045	193.7	0.306	0.948	160	0.27	0.90
14		08F2925	8046	269.4	0.305	1.288	245	0.28	1.24
15		08F2925	8054	55.5	0.182	0.423	54	0.2	0.40
16		08F2925	8063	259.1	0.858	0.933	267	0.77	0.90
17		08F2925	8071	75.9	0.162	0.128	92	0.15	0.15
18		08F2925	8094	6.9	0.027	0.051	8	0.03	0.07
19	SM 08-10	08G3195	8339	46.1	0.031	0.42	58	0.04	0.05
20		08G3195	8347	21.8	0.081	0.227	35	0.09	0.21
21		08G3195	8352	5.6	0.013	0.035	14	0.02	0.04
22		08G3195	8360	28.9	0.540	1.425	36	0.51	1.39
23	SM 08-12	08G3082	8127	346.0	0.234	1.430	Lost by IPL or not enough		

	Drill Hole Number	IPL Job Number	Sample Number	IPL Assay Results			ALS-Chemex Assay Results		
				Silver (g/t)	Lead (%)	Zinc (%)	Silver (g/t)	Lead (%)	Zinc (%)
							pulp.		
24		08G3082	8131	506.0	0.181	0.270	Lost by IPL or not enough pulp.		
25		08G3082	8138	7.8	0.008	0.054	Lost by IPL or not enough pulp.		
26	SM 08-13	08H3835	8568	14.0	0.029	0.021	Lost by IPL or not enough pulp.		
27		08H3835	8570	57.4	0.138	0.489	Lost by IPL or not enough pulp.		
28		08H3835	8571	131.4	0.641	2.625	Lost by IPL or not enough pulp.		

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

13.2.2 Standards

A commercial standard labelled CDN HZ-2 with grades of 61.1 g/t silver, 1.62% lead, 7.20% zinc and 1.36% copper was used as the Standard Reference Material sample (SRM) for the 2008 drilling program at the San Marcial project. The origin of the SRM is virtually unknown since the geological material is described, by the supplier, as a mix of material from three different sources. However, the chemical composition has certain similarities with the geological material from the San Marcial property.

The SRM was inserted into the sequential sampling stream by relabeling the sample with one of Silvermex's own sample tags. The insertion rate for the SRM was one sample for every set of twenty-five core samples. The insertion of the SRM into the sample stream was used in order to check the preparation and assaying procedures and accuracy at the primary assay laboratory used to prepare and assay the samples.

Table 13.4 summarizes the combined results for all of the silver, lead and zinc assaying conducted by IPL on the SRM during the 2008 drilling program. Tables 13.5, 13.6 and 13.7 provide the assay results conducted by IPL on the individual SRM inserted into the sample stream for silver, lead and zinc, respectively.

Table 13.4
IPL Assay Results for the Standard Reference Material Samples

Standard ID	CDN HZ-2		
Number of samples	19	19	19
Mineralization type	Silver	lead	zinc
Standard grade	61.1 g/t	1.720%	7.200%
Average grade (IPL)	53.4 g/t	1.611%	7.077%
Absolute difference	-7.747	-0.109	-0.123
% Difference	-14.52%	-6.79%	-1.74%
Correlation factor			

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 13.5
IPL Silver Assay Results for the Individual Standard Reference Material Samples

Hole Number	Sample Number	IPL Silver (g/t)	Standard Silver (g/t)	Range Error (-)	Range Error (+)	Origin of the Standard
SM08-01	8486	58.5	61.1	57.0	65.2	CDN-HZ2
	8528	55.2	61.1	57.0	65.2	CDN-HZ2
SM08-04	8403	55	61.1	57.0	65.2	CDN-HZ2
	8444	54.1	61.1	57.0	65.2	CDN-HZ2
	8468	54.3	61.1	57.0	65.2	CDN-HZ2
SM08-05	8204	64.8	61.1	57.0	65.2	CDN-HZ2
	8222	54.1	61.1	57.0	65.2	CDN-HZ2
	8241	52.1	61.1	57.0	65.2	CDN-HZ2
SM08-08	8025	53.5	61.1	57.0	65.2	CDN-HZ2
	8043	52.3	61.1	57.0	65.2	CDN-HZ2
	8069	50.4	61.1	57.0	65.2	CDN-HZ2
	8090	50.6	61.1	57.0	65.2	CDN-HZ2
SM08-10	8297	52.8	61.1	57.0	65.2	CDN-HZ2
	8318	50	61.1	57.0	65.2	CDN-HZ2
	8348	50	61.1	57.0	65.2	CDN-HZ2
	8392	50.7	61.1	57.0	65.2	CDN-HZ2
SM08-12	8125	53.2	61.1	57.0	65.2	CDN-HZ2
	8157	53.1	61.1	57.0	65.2	CDN-HZ2
SM08-13	8560	49	61.1	57.0	65.2	CDN-HZ2

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 13.6
IPL Lead Assay Results for the Individual Standard Reference Material Samples

Hole Number	Sample Number	IPL Lead (%)	Standard Lead (%)	Range Error (-)	Range Error (+)	Origin of the Standard
SM08-01	8486	1.600	1.620	1.510	1.730	CDN-HZ2
	8528	1.608	1.620	1.510	1.730	CDN-HZ2
SM08-04	8403	1.605	1.620	1.510	1.730	CDN-HZ2
	8444	1.635	1.620	1.510	1.730	CDN-HZ2
	8468	1.621	1.620	1.510	1.730	CDN-HZ2
SM08-05	8204	1.622	1.620	1.510	1.730	CDN-HZ2
	8222	1.648	1.620	1.510	1.730	CDN-HZ2
	8241	1.653	1.620	1.510	1.730	CDN-HZ2
SM08-08	8025	1.627	1.620	1.510	1.730	CDN-HZ2
	8043	1.617	1.620	1.510	1.730	CDN-HZ2
	8069	1.593	1.620	1.510	1.730	CDN-HZ2
	8090	1.622	1.620	1.510	1.730	CDN-HZ2
SM08-10	8297	1.606	1.620	1.510	1.730	CDN-HZ2
	8318	1.584	1.620	1.510	1.730	CDN-HZ2
	8348	1.613	1.620	1.510	1.730	CDN-HZ2
	8392	1.568	1.620	1.510	1.730	CDN-HZ2
SM08-12	8125	1.596	1.620	1.510	1.730	CDN-HZ2
	8157	1.611	1.620	1.510	1.730	CDN-HZ2
SM08-13	8560	1.574	1.620	1.510	1.730	CDN-HZ2

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 13.7
IPL Zinc Assay Results for the Individual Standard Reference Material Samples

Hole Number	Sample Number	IPL Zinc (%)	Standard Zinc (%)	Range Error (-)	Range Error (+)	Origin of the Standard
SM08-01	8486	7.084	7.200	6.850	7.550	CDN-HZ2
	8528	7.118	7.200	6.850	7.550	CDN-HZ2
SM08-04	8403	7.053	7.200	6.850	7.550	CDN-HZ2
	8444	7.136	7.200	6.850	7.550	CDN-HZ2
	8468	7.083	7.200	6.850	7.550	CDN-HZ2
SM08-05	8204	7.102	7.200	6.850	7.550	CDN-HZ2
	8222	7.191	7.200	6.850	7.550	CDN-HZ2
	8241	7.202	7.200	6.850	7.550	CDN-HZ2
SM08-08	8025	7.145	7.200	6.850	7.550	CDN-HZ2
	8043	7.117	7.200	6.850	7.550	CDN-HZ2
	8069	7.022	7.200	6.850	7.550	CDN-HZ2
	8090	7.140	7.200	6.850	7.550	CDN-HZ2
SM08-10	8297	7.077	7.200	6.850	7.550	CDN-HZ2
	8318	6.950	7.200	6.850	7.550	CDN-HZ2
	8348	7.020	7.200	6.850	7.550	CDN-HZ2
	8392	6.895	7.200	6.850	7.550	CDN-HZ2
SM08-12	8125	7.001	7.200	6.850	7.550	CDN-HZ2
	8157	7.112	7.200	6.850	7.550	CDN-HZ2
SM08-13	8560	7.008	7.200	6.850	7.550	CDN-HZ2

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Since only one SRM was used for the drilling program no regression curve graphics were constructed to obtain a correlation factor. However, a strong difference was detected between the silver, lead and zinc grades conducted by IPL when compared to the SRM assays. The difference between the IPL assays and the certified SRM value for silver indicates that the reported IPL assays are approximately 14.5% below the SRM accepted value. Silvermex has contacted IPL and is waiting for an explanation from the laboratory at this time. However, while the assays appear to indicate that there is a significant bias present, the bias is in Silvermex's favour because it potentially indicates that Silvermex is reporting silver grades which may be up to 14.5% lower than the actual grades. Figures 13.1, 13.2 and 13.3 are scatter plots showing the differences for the three elements (silver, lead and zinc).

As indicated by the plot only one sample for silver is above of the SRM grade (+3.7 g/t). The rest plot on average approximately 7.47 g/t beneath the lower error limit as indicated in the description and statistical analysis of the SRM assay results, which represents a negative difference of almost 15%. However, if it is considered that the range of the SRMS is within the lowest assay range for the silver assays on the San Marcial deposit then it is possible that the assay method could be the cause of the poor correlation results. The laboratories suggest that for grades below 100 g/t silver, assay determination using aqua regia digestion works better while, for grades above 100 g/t silver, four-acid digestion is preferred.

Figure 13.1
Scatter Plot for the Silver Standard Reference Material Sample Assay versus IPL Assays

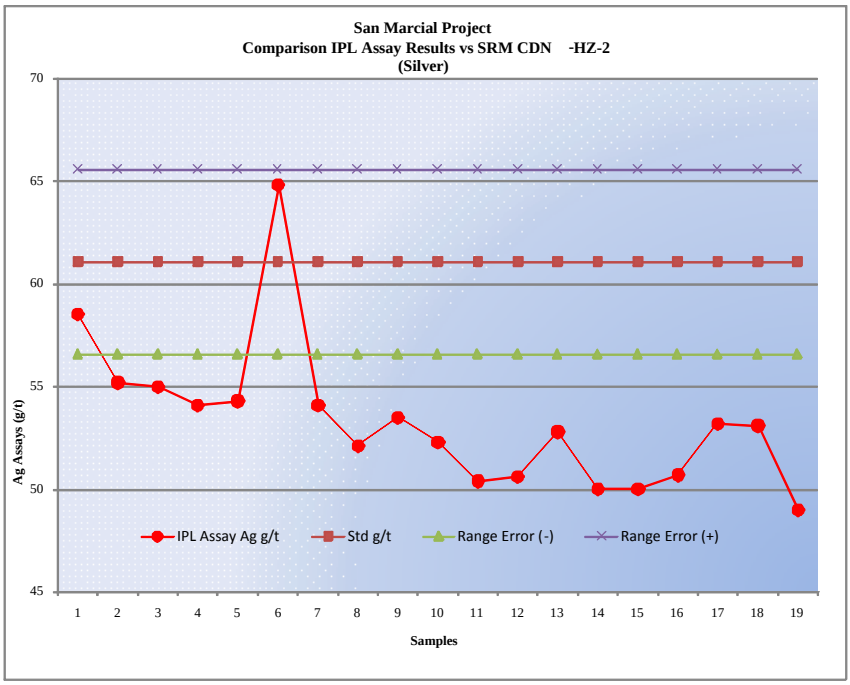


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 13.2
Scatter Plot for the Lead Standard Reference Material Sample Assay versus IPL Assays

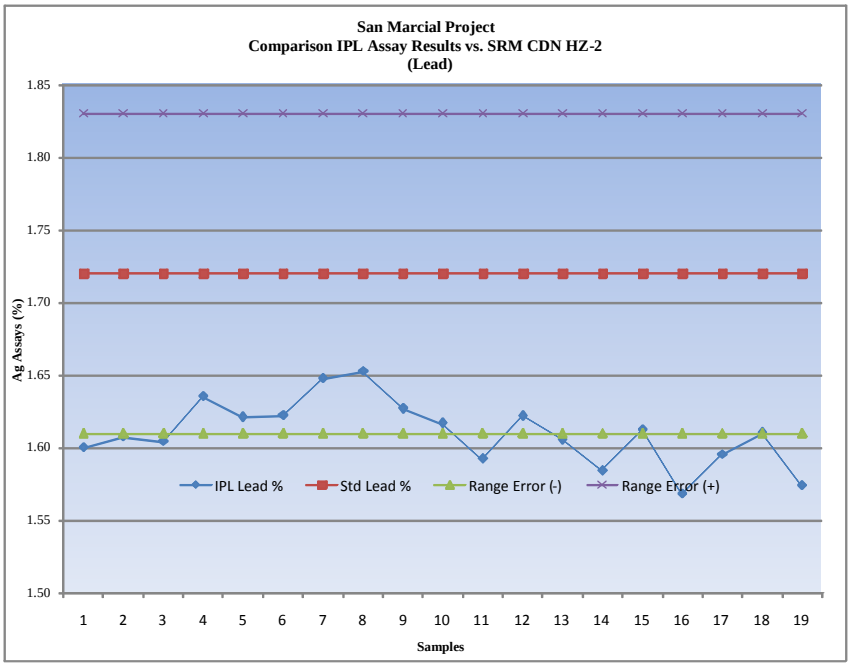


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 13.3
Scatter Plot for the Zinc Standard Reference Material Sample Assay versus IPL Assays

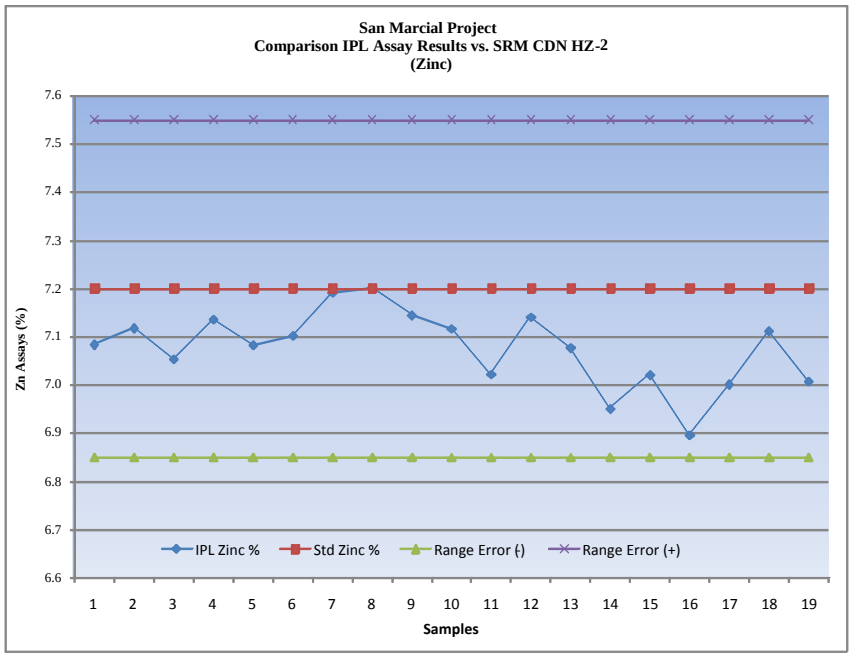


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

In virtually all cases, the IPL assays for lead and zinc are also below the accepted value for the SRM, but the difference is not as pronounced as it is for silver.

13.2.3 Blanks

As mentioned previously, the material used for the blank samples was obtained from sampling a tonalite dike which outcrops at the San Francisco mine in northern Sonora. A total of 22 blank samples were added into the sampling sequence generated during the San Marcial drilling program. Table 13.8 summarizes the overall assay results for the blank assays. Table 13.9 provides the assay results for each individual blank sample.

Table 13.8
Summary of the 2008 Blank Sample Assay Data for the San Marcial Drilling Program

Description	Silver (g/t)	Lead (ppm)	Zinc (ppm)
Samples	22	22	22
Mean Grade	<0.5	30.2	100.9
Maximum Grade	<0.5	75	157
Minimum Grade	<0.5	8	69

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 13.9
Summary of the Individual 2008 Blank Sample Assay Data for the San Marcial Drilling Program

Drill Hole Number	Sample Number	Silver (ppm)	Lead (ppm)	Zinc (ppm)
SM08-01	8497	<0.5	23	100
	8507	<0.5	44	69
	8536	<0.5	2	87
SM08-04	8423	<0.5	170	157
	8453	<0.5	37	106
SM08-05	8186	<0.5	<2	126
	8232	<0.5	43	134
	8261	<0.5	21	104
	8270	<0.5	<2	115
SM08-08	8004	<0.5	37	72
	8034	<0.5	43	74
	8060	<0.5	56	129
	8100	<0.5	46	138
SM08-10	8288	<0.5	<2	79
	8334	<0.5	<2	73
	8356	<0.5	<2	92
	8375	<0.5	<2	73
SM08-12	8115	<0.5	10	88
	8142	<0.5	18	100
	8171	<0.5	8	87
SM08-13	8569	<0.5	<2	106
	8589	<0.5	<2	111

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

The silver assay results for the blank sample are clearly satisfactory. The assays for lead and zinc, however, are highly variable and suggest that the sample used is neither barren nor homogeneous in these elements.

13.2.4 Duplicates

During the drilling program the insertion rate for the duplicate samples was one for every twenty-five core samples. The duplicate samples were created by taking the sawn half core samples and sawing them a second time to produce quarter core samples. A total of 22 duplicate samples were taken during the drilling program on the San Marcial project.

The duplicate samples were assigned sequential numbers in the numbering sequence so that the laboratory did not know that it was receiving duplicate samples. These samples were submitted in the same shipment as the matching original samples; however, they were not necessarily placed in the same furnace load as the original samples.

The 22 sample pairs were assayed systematically for silver, lead and zinc. One sample was not reported by the laboratory, and it was assumed that it was lost. Table 13.10 summarizes the results of the comparison between the duplicate sample assays for silver, lead and zinc. Table 13.11 lists the results of the individual assays for the duplicate sample pairs for silver,

lead and zinc. Figures 13.4, 13.5 and 13.6 plot the assay results for the duplicate sample pairs on scatter plots for each element along with the best fit regression lines.

Table 13.10
Summary of the 2008 Duplicate Sample Assay Data for the San Marcial Drilling Program

Description	Silver Assay (g/t)		Lead Assay (ppm)		Zinc Assay (ppm)	
	Original	Duplicate	Original	Duplicate	Original	Duplicate
No. of Pairs	21.0	21.0	21.0	21.0	21.0	21.0
Average Grade	18.9	19.1	665.7	747.3	1,503.5	1,552.1
Maximum Grade	208.0	198.8	5,960.0	6,720.0	11,509.0	11,408.0
Minimum Grade	0.5	0.5	1.9	1.9	50.0	53.0
Absolute Difference Between Avg Grades		-0.2		-81.6		-48.6
Difference %		1.16		12.25		3.23
Correlation Factor		**0.9965**		**0.9995**		**0.9944**

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 13.11
Summary of the Individual 2008 Blank Sample Assay Data for the San Marcial Drilling Program

Drill hole Number	Original Sample				Duplicate Sample			
	Sample Number	Silver (g/t)	Lead (%)	Zinc (%)	Sample Number	Silver (g/t)	Lead (%)	Zinc (%)
SM08-01	8476	0.5	0.002	0.014	8477	0.49	0.003	0.014
	8518	0.5	0.043	0.214	8519	3.3	0.043	0.210
SM08-04	8413	3.7	0.030	0.167	8414	3.3	0.030	0.175
	8433	0.7	0.029	0.213	8434	0.6	0.037	0.334
	8459	6.3	0.000	0.011	8460	8.5	0.000	0.011
SM08-05	8193	0.5	0.469	1.151	8194	0.49	0.544	1.141
	8211	0.5	0.036	0.133	8212	0.49	0.045	0.161
	8250	8.2	0.002	0.012	8251	14.2	0.002	0.014
	8279	0.5	0.002	0.010	8280	0.49	0.002	0.010
SM08-08	8013	0.5	0.596	0.618	8014	0.49	0.672	0.615
	8049	208.0	0.043	0.085	8050	198.8	0.058	0.076
	8079	9.9	0.034	0.051	8080	11.9	0.022	0.033
	8105	8.0	0.000	0.008	8106	4.9	0.000	0.008
SM08-10	8306	0.5	0.000	0.008	8307	0.49	0.000	0.008
	8325	0.5	0.011	0.063	8326	0.49	0.009	0.055
	8363	26.0	0.001	0.019	8364	35.2	0.001	0.021
	8382	0.5	0.070	0.199	8383	0.49	0.073	0.205
SM08-12	8133	76.9	0.006	0.026	8134	82.1	0.004	0.018
	8148	7.4	0.000	0.005	8149	0.49	0.000	0.005
SM08-13	8549	0.5	0.024	0.135	8550	0.49	0.023	0.131
	8577	36.4	0.000	0.016	8578	35.6	0.000	0.015
	8604	0.5	0.000	0.000	8605	1.0	0.000	0.000

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 13.4
Scatter Plot for the IPL Duplicate Samples for Silver

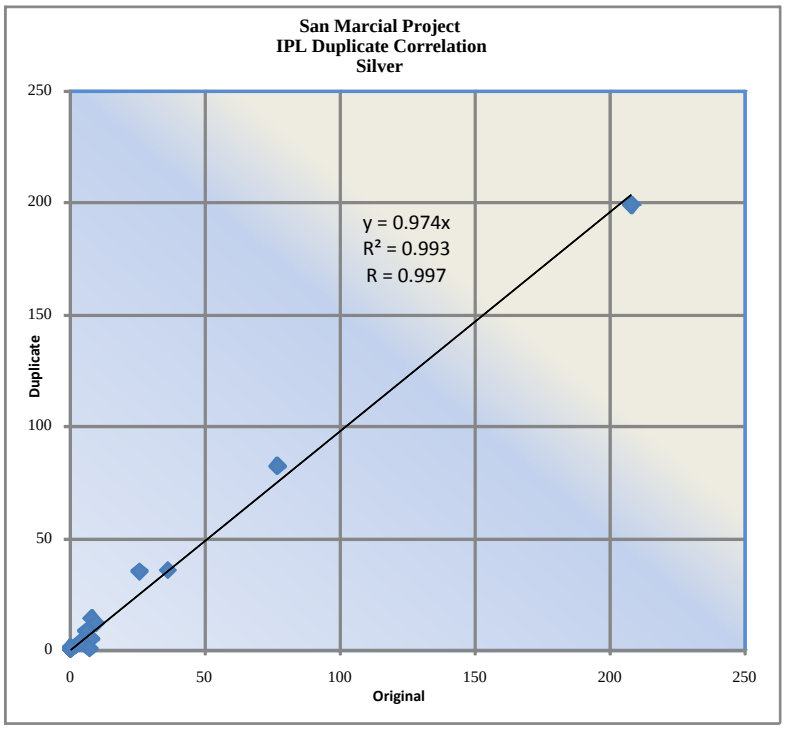


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 13.5
Scatter Plot for the IPL Duplicate Samples for Lead

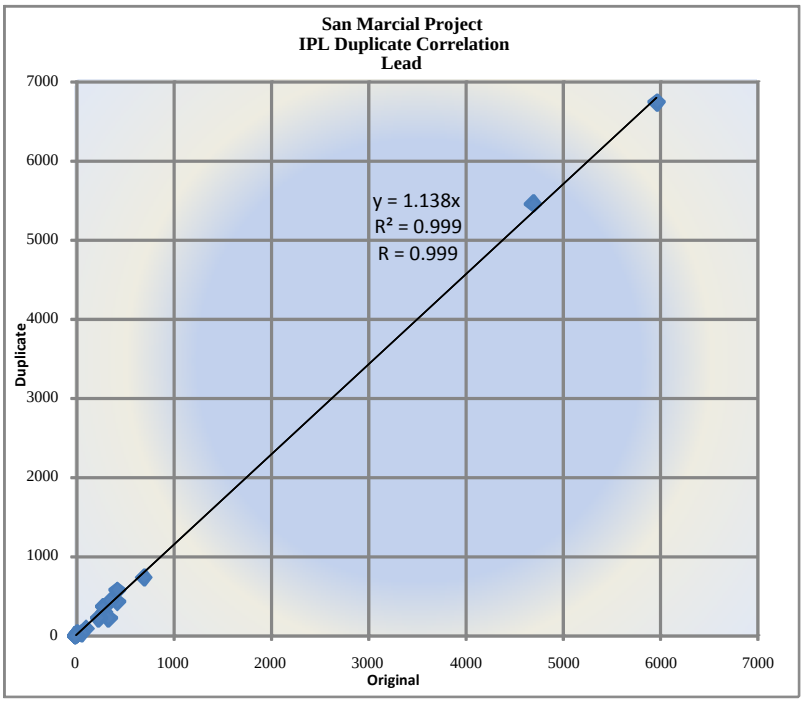


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 13.6
Scatter Plot for the IPL Duplicate Samples for Zinc

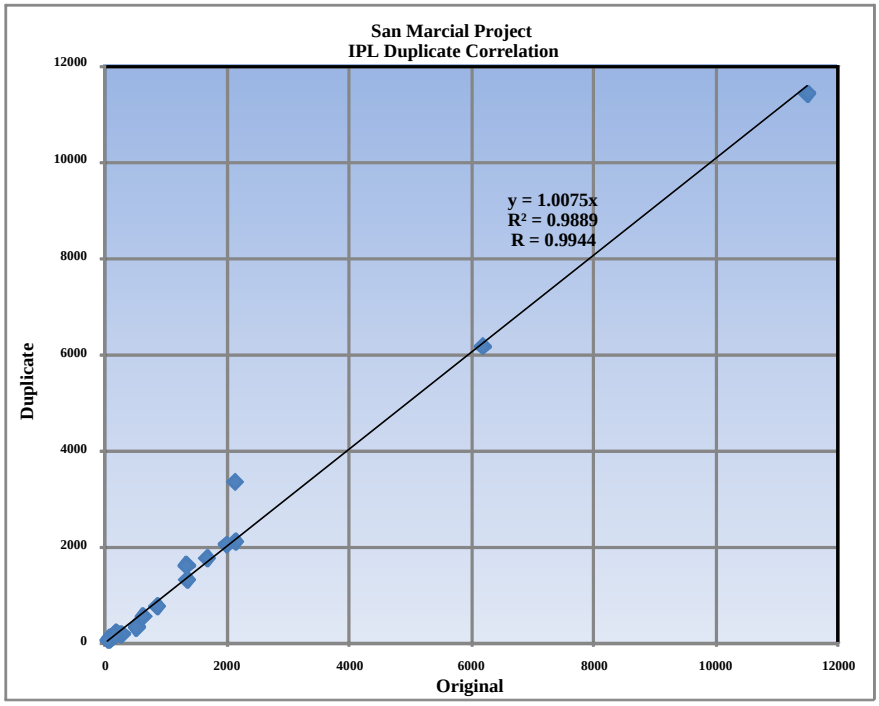


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

As indicated in Table 13.10 the correlation factors for silver, lead and zinc duplicate assays are very good. The close correlation is probably due to a decision to convert, in the case of the silver, the determined values below of the limit of detection to the lowest immediate number which meant that the all values reported by IPL as less than 0.5 ppm silver were converted by Silvermex to 0.49 ppm. The conversion of the less than 0.5 ppm silver assay results into a true number resulted in a correlation factor of 1 for all samples in this range. The number of assays converted constituted 11 out of a total of 21 but, while this statistically represents more than 50% of the duplicate samples, the rest of the samples do not show a significant enough bias to skew the regression line into reflecting any problem with the sample preparation or assaying.

In the case of the lead and zinc assays the correlation factors show similar numbers. For lead 4 of the 21 duplicated assays were below the detection limit of 2 ppm, and these were converted to a lower immediate number (1.9 ppm). Most of the rest of the samples are too low-grade, and their contents are confined within a very well defined range of detection for the assay method used. Thus, the correlation factor obtained can be considered governed by the original values reported by IPL. For zinc, the correlation factor of 0.9944 is well supported since all of the values reported by IPL are in the detectable range with a high degree of confidence in the assaying method used. Micon believes that any bias which exists in the silver, lead and zinc assaying is related to the differences in the precision of the

instrumentation used for the assaying. Additionally there appears to be no significant bias in the sampling process conducted by Silvermex during the drilling or in the preparation of the samples in the facilities of Hermosillo.

Micon believes that, based on a review of the QA/QC program and data and on discussions with Silvermex personnel, Silvermex applies a reasonable degree of care and diligence in monitoring the sample results on the property. Micon considers that in general, the QA/QC procedures and protocols employed at the San Marcial project were rigorous enough to ensure that the sample data are appropriate for use in mineral resource estimations. It is Micon's opinion that the database and the procedures in-place at the San Marcial project are appropriate for use in a mineral resource estimate except that the standard is of too low a silver grade and the blank is not a blank in lead and zinc.

14.0 DATA VERIFICATION

14.1 2007 MICON VERIFICATION

Micon conducted its first site visit to the San Marcial property between October 12 and 15, 2007, with the assistance of Raphael Gomez, a geologist with Silvermex. The purpose of the site visit was to review the current state of the core storage, independently verify the geology and mineralization, and locate the previous trenches and drill sites.

The core is currently stored in a securely locked addition to a house located behind the church in La Rastra. Figures 14.1 and 14.2 are photographs of the 2007 core storage area.

In general the core was found to be in good condition. However, the core boxes were found to be labelled inconsistently with the drill hole labelling contained in Table 10.1 of the October, 2002 Technical Report, which summarizes the drill holes completed by previous operators. After a thorough investigation and comparison of the drill hole numbers and their stated length, it was determined that all of the core boxes for the drill holes mentioned in the October, 2002 Technical Report were contained in the storage area. Table 14.1 outlines the discrepancies between Table 10.2 of the October, 2002 report and the actual labelling on the core boxes in storage.

The error in core box labelling has not resulted in any other errors such as mis-plotting the hole locations as this error only affected the core boxes.

Figure 14.1
2007 Core Storage at La Rastra

Figure 14.2
View of the Interior of the 2007 Core Storage

Table 14.1
Summary of the Drill Hole Identification Discrepancy October, 2002 Technical Report vs Core Boxes

Drill Hole Identification From Table 10.1 (October, 2002 Technical Report)		Drill Hole Identification According To Core Boxes in Storage (Micon October, 2007)	
Table 10.1 Drill Hole ID	Length of Drill Hole (m)	Core Box Drill Hole ID	Length of Drill Hole (m)
SM-7	139.29	SM-02-1	139.29
SM-8	104.85	SM-02-02	104.85
SM-9	83.82	SM 02-3	83.82
SM-10	135.64	SM 02-4	135.64
SM-11	225.55	SM 02-5	225.55
SM-12	150.57	SM 02-6	150.57
SM-13	124.36	SM-02-7	124.36
SM-14	120.4	SM 02-8	120.4

Micon recommends that Silvermex re-box the core and note the discrepancy on the core boxes in order to be able to identify the core correctly when referring to the labelling contained in prior Technical Reports. This will hopefully avoid confusion in the future when referencing the core.

The core from a number of drill holes was extracted from the storage building and reviewed against the data contained within the respective drill logs. The geology and mineralization seen in the drill core was found to correspond to the geology and mineralization identified in the drill logs.

Micon also visited the San Marcial property which is located approximately 12.5 km from the community of La Rastra. The road was in a major state of disrepair and the last half of the journey was facilitated by the use of a front-end loader as transportation as the road was not passable even with a 4-wheel drive vehicle. The exploration sites and workings are fairly overgrown; however, a number of drill holes were located and one of the historical colonial adits was identified. The main two adits on the property which access the No. 1 and 2 veins and are mentioned in the Technical Reports were not visited due to the disrepair and overgrown nature of the access to them. See Figure 14.3 for a photograph of the historical colonial adit.

Figure 14.4 is a photograph of the cement markers and casing for drill holes SM-18 and SM-18A located in a corn field. The collar of drill hole SM-18 is located in the foreground of the photograph with the collar of drill hole SM-18A located in the background. Unlike the majority of the drill holes in which the collar locations are identified by cement markers, in the case of drill holes SM-18 and SM-18A only the drill casing remains in the hole. Figure 14.5 is a typical cement collar marker, which in this case denotes the collar location for drill hole SM-21.

Figure 14.3
Old Colonial Adit

Figure 14.4
Collars of Drill Holes SM-18 and SM-18A

Figure 14.5
Drill Hole Collar Marker for SM-21

14.2 2008 MICON VERIFICATION

Micon conducted a second visit to the project on September 8, 2008. During this visit Micon did not inspect the San Marcial property as the access had been washed out due to the very heavy rains. However, Micon did visit La Rastra where the core shack is located and reviewed a number of the drill holes against both the drill logs and assay certificates. Figure 14.6 is a view of Silvermex's secure core storage site in La Rastra

Figure 14.6
Secure Storage Site in La Rastra

Micon conducted its second site visit to the core shack in La Rastra with the assistance of Miguel Angel Soto y Bedolla, the Chief Operating Officer of Silvermex. The purpose of the visit was to review the state of the core storage, independently verify the geology and mineralization. These objectives were completed during the trip to La Rastra.

To complete the audit of Silvermex's 2008 mineral resource estimate on the San Marcial project, Mr. Lewis reviewed the core, drill logs, assay sheets, parameters and geological interpretation. These data were reviewed on September 8, 2008 during the visit to La Rastra and again on September 28 and 29, 2008 during a series of meetings held over 3 days in Hermosillo, Mexico. The details of this review are discussed in Section 17 of this report.

15.0 ADJACENT PROPERTIES

The San Marcial property is located in the mining district of La Rastra which is nestled within the Sierra Madre mountains in the south-eastern corner of Sinaloa. The district has been known historically as a significant area for silver, gold, lead and zinc production as early as the 1600's; however, little is known about the exact discovery of San Marcial itself. During the 1780's and well into the early 1900's there are several local references from the library in El Rosario which indicate that the La Rastra to San Marcial corridor was an active silver-gold camp with over 20 known prospects and mines within a 15 km radius. Specifically these would include prospects such as Plomosas, El Saltito, Papayal and San Marcial. Figure 15.1 is a view of the muck pile from a small mine worked by individuals located close to La Rastra. Table 15.1 is a list of some of the mines in the La Rastra mining district.

Figure 15.1
Muck Pile from a Small Mine close to La Rastra

Table 15.1
List of Mines, La Rastra Mining District

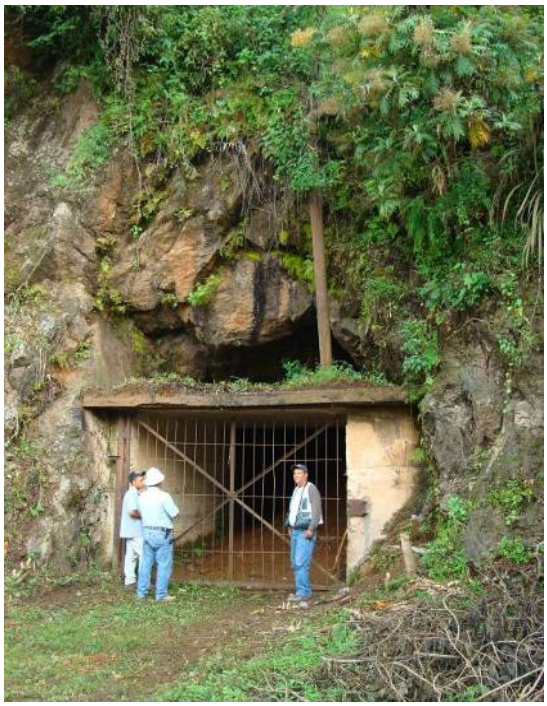
Name	Strike and Dip	Width (m)	Length (m)	Hosting Rock	Mineralogy	Grades	Mining Works
Jorge Luis	S 25°W, 70°SE	4.00	450	Baryte	Gold and silver in quartz	Gold = 11.0 g/t Silver 27.4 g/t	450 m level
El Magistral	N-S, vertical	2.00	750	Andesite	Gold, silver, copper	Gold = 6.29 g/t Silver 34.0 g/t	3-levels (900 m)
Charco Verde	S 02°E, 62°NW	1.00	20	Andesite	Gold in quartz	Gold = 2.93 g/t Silver 6.28 g/t	Shallow trial pits
La Gloriosa	N 05°W, 64°SW	1.00	50	Andesite	Gold, lead, zinc	Silver = 130 g/t Lead = 3.5% Zinc = 11.3%	Front and well
El Salto	N 40°W, 50°NE	1.50	170	Rhyolitic tuff	Gold and silver in quartz	Gold = 13.5 g/t Silver = 152.4 g/t	Two 85-m levels
PaPayal	N 10°W, 75°NE	1.30	80	Rhyolitic tuff	Gold and silver in quartz	Gold = 0.13 g/t Silver = 8.33 g/t	Trial pits and wells
Plomosas	N 10°W, 80°NE	6.0	400	Rhyolitic tuff	Lead, zinc,silver, copper	Silver = 250 g/t Lead = 4% Zinc = 6%	IMMSA unit 700 t/d plant

Table taken from the Geological-Mining Monograph of the State of Sinaloa (Vargas, 1992)

The mineralization in the La Rastra district belongs to primarily hydrothermal deposits in the epithermal to mesothermal range. The primary mineralization is gold and silver along with copper and zinc which is generally related to rich shoots or pockets found within vein-fault-type structures. These structures vary in thickness from 0.50 to 1.50 m and occasionally up to 3.50 m with their continuity known to range up to 750 m along strike based on mining, although they are known to continue to outcrop on surface for greater distances.

Figure 15.2 is a view of Grupo Mexico's Mina San Juan portal on the road to the San Marcial property and near Las Rastra. This property was reported to have produced from 50 t/d to 80 t/d for a bulk sample, but was never in production (conversation with local miner).

Figure 15.2
Grupo Mexico's Mina San Juan Portal



16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Silvermex has performed no metallurgical testwork on the mineralization at the San Marcial property. However, according to the October, 2002 Technical Report prepared by Wallis and Fier for Silver Standard, Gold-Ore submitted five oxide and sulphide samples for cyanide leach tests. The metallurgical testwork conducted by Gold-Ore is discussed below in Section 16.1

Silvermex's focus, through its Mexican subsidiary Terra Plata, will be concentrated on conducting further exploration programs to evaluate the known silver mineralization at the San Marcial property. In addition, Silvermex will prospect and explore the remaining portions of the property to locate any secondary areas of mineralization. Therefore, the economic and technical evaluation of metallurgical processing options will likely be required in the future.

16.1 GOLD-ORE METALLURGICAL TESTING

The text contained in this section has been extracted from the October, 2002 Technical Report prepared by Wallis and Fier for Silver Standard.

> "In March, 2001, Gold-Ore submitted five specific oxide and sulphide samples from holes SM-2, SM-4 and AM-5 to ALS-Chemex in Reno NV for cyanide leach tests. The original reject split was pulverized to 90% passing minus 200 mesh and subject to cyanide leaching in vats for a 72 hour period. Recoveries ranged from 80 to 120 percent. The recoveries greater than 100 percent reflect a common 3-7 percent Loss on Ignition during the original fire assays on the core samples."
>
> "Additional preliminary metallurgical testwork was carried out on four samples made up of drill core rejects that were submitted to Process Research Associates Ltd. in Vancouver. Composites were made up from the mineralized intervals in holes SM-3, SM-5, SM-6, and SM-7. Overall recovery using flotation followed by cyanidation ranged from 90 to 97.9 percent with an average of 94.8 percent. The flotation concentrate grades following one stage of cleaning varied from 900 g/t to 54,000 g/t silver. The lead varied from 0.48 to 12.3 percent and the zinc grade varied from 1.17 to 16.2 percent. The lower grade concentrate corresponds to high pyrite content. Only one-half of the metal content was recovered to the cleaned concentrates. No fatal flaws in the metallurgy are indicated. Additional testwork is required to determine optimum conditions for flotation, particularly in terms of the concentrate grade."

17.0 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

The original resource estimation for San Marcial property was completed by Jim Cuttle, P.Geo. a consultant employed by Gold-Ore in 2002. This resource was reviewed and updated by N. Eric Fier in 2002 and reported in the October, 2002 Technical Report as being compliant with the CIM standards and definitions required by NI 43-101 regulations. In 2007 the resource estimate was reviewed and was reported in Silvermex's November, 2007 San Marcial Technical Report. At the time of the November, 2007 Technical Report no further relevant exploration work had been completed on the project since the 2002 resource estimation.

The updated 2008 mineral resource estimate discussed in this report is compliant with the current CIM standards and definitions required by NI 43-101 regulations.

17.1 2008 MINERAL RESOURCE ESTIMATE

From June to August, 2008, Silvermex drilled 7 holes, averaging 251 m in depth for a total of 1,756.55 m of drilling. The drilling focused on exploring both the continuity down dip and along strike of the San Marcial mineralized structure. The drilling program's other objective was to confirm the silver, lead and zinc values intersected in the drill holes reported by the previous operators.

All the information generated by the 2008 drilling program was added to the existing database constructed using the hard copies depicting the previous drilling campaigns done on the property from up to 2002, which were given to Silvermex by the exploration staff of Silver Standard once the option agreement was signed. Upon reviewing the Silver Standard data comprised of drilling, geological mapping and surface sampling it was decided to construct a new geological model to support the new resource estimation. The resource estimation was done manually by the exploration staff of Silvermex and audited by Micon.

17.1.1 Database and Statistics

The collection and compilation of all information with respect to the resource estimation for San Marcial was previously completed by Gold-Ore. This information was retrieved from Silver Standard and reviewed in light of current economic conditions. The information generated during the 2008 drilling program, surface sampling from the trenches and the new geological interpretation based on the surface mapping were incorporated into the new geological model. The new geological model was used as the basis for the updated resource estimate.

The database used for the 2008 resource estimation consists of 29 core drill holes for a total of 4,885.02 m drilled and 6 trenches from which 48 3-m channel samples were collected. Table 17.1 summarizes the significant drill intercepts from the 2000 to 2002 drilling. Table 17.2 summarizes the significant drill intercepts from the 2008 drilling program. The drilling results from both periods of drilling were used in estimating the mineral resources.

Table 17.1
Summary of the Significant Drill Hole Intercepts for the 2000 to 2002 Drilling Programs

Drill Hole	Significant Intercepts (m)				Assays		
	From	To	Interval	True Width	Silver (g/t)	Lead (ppm)	Zinc (ppm)
SM-1	36	42	6	5.71	99.8	809	1,775
SM-2	0.39	12	11.61	11.61	350.2	2,055	5,010
	60	69	9	8.61	56.8	1,625	2,547
SM-3	0.2	15	14.8	10.59	227	1,511	3,955
	69	78	9	6.38	39	1,194	4,162
SM-4	6	63	57	53.95	235	3,095	4,715
SM-5	1.4	21	19.6	17.16	282	1,737	2,335
	33	36	3	2.63	490	242	1,530
SM-7	105	111	6	4.39	91	3,454	3,181
SM-9	30	44.5	14.5	12.68	540	1,874	3,607
SM-10	72	125	56	46.67	32	786	2,189
SM-11	114	132	18	11.75	419	3,722	6,889
SM-12	33.3	52.5	19.5	12.64	130	812	2,162
	99.3	100.3	1	0.66	3600	250	6,260
SM-13	50	73.2	23.2	17.50	621	4,911	8,493
SM-15	78.07	119.7	40.93	39.36	80	5,124	11,063
SM-16	27	48.57	21.57	15.27	76	3,434	9,815
SM-17	169.47	172.52	3.05	1.98	215	1,952	3,155
	185.52	190.52	5	3.25	52	1,087	2,575
SM-18A	38.82	63.9	25.08	21.62	175	3,278	5,127
	68.34	81.7	13.36	11.45	41	4,179	5,563
SM-19	154.91	156.41	1.5	1.29	112	2,112	1,840
SM-20	102.47	104.47	2	1.37	366.5	4,421	5,600
	143.9	178.37	34.47	23.55	101	4,834	13,962
SM-21	74.63	84.77	10.14	7.99	54.9	1,534	2,650
SM-22	125.15	127.15	2	1.55	50.5	18,350	22,800
	132.15	156.65	24.5	19.01	43	4,329	10,834

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Table 17.2
Summary of the Significant Drill Hole Intercepts for the 2008 Drilling Programs

Drill Hole	Significant Intervals (m)				Drill Hole Assay Results		
	From	To	Interval	True Width	Silver (g/t)	Lead (%)	Zinc (%)
SM08-04	142.45	153.40	10.95	10.95	24.6	0.045	0.230
	239.40	241.30	1.90	1.90	60.3	0.055	0.230
SM08-05	135.50	242.50	107.00	107.00	7.1	0.321	0.574
	258.75	261.40	2.65	2.65	51.3	0.026	0.029
SM08-08	93.00	186.30	93.30	93.30	104.2	0.474	0.786
SM08-10	224.20	228.85	4.65	4.65	156.1	0.550	0.920
	236.85	238.85	2.00	2.00	132.7	0.136	0.275
	238.85	246.30	7.45	7.45	24.2	0.068	0.173
	249.30	251.30	2.00	2.00	26.5	0.075	0.372
	256.00	259.65	3.65	3.65	28.7	0.297	0.876
	271.65	273.65	2.00	2.00	25.1	0.146	0.227
SM08-12	17.40	61.00	43.60	43.60	140.0	0.136	0.349
	43.80	61.00	17.20	17.20	33.1	0.037	0.155
SM08-13	214.25	245.60	31.35	31.35	50.0	0.089	0.414

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Previously, all available data were compiled and entered into Excel data spreadsheets and then imported into a MineSight database by Silvermex. All of the surface sampling in the trenches was converted into vectorial data which consider the length of the trenches and samples included in each trench along with their assigned azimuth and dip such that this information is in agreement with the sample's position in the trench.

Composites were generated using a nominal 30 g/t silver cut-off, although most of the mineralized intervals are veins with sharp contacts and appear to have a natural 50 g/t cut-off. Maximum composite length was 2 m.

A specific gravity of 2.82 g/cc was used as determined by the testwork completed in 2002. There are insufficient samples to determine an accurate specific gravity. However, the number used is close to the value of quartz and is considered appropriate at this stage of exploration. No underground samples were used in the resource estimation.

None of the high-grade silver assays have been capped for the resource estimation. A review by Wallis and Fier in 2002 shows geostatistically that there are three populations of silver values. If the high values were to be cut at the 97.5 percentile, this would equate to a value of about 300 g/t silver. Cutting the high grades to this value reduces the contained ounces by about 20 percent. It is also noted that the probability plot indicates breaks at 600 (12 samples above) and 1,800 g/t silver (4 samples above) and with more data, the higher cuts may be more appropriate. While it is considered appropriate to cap the silver grades for resource estimation, the current estimate is acceptable for indicated resources since there are higher grade areas or zones within the deposit and these areas need to be identified separately within the overall estimate.

17.1.2 Modelling and Interpretation

A grid consisting of 16 cross-sections oriented on a 45° azimuth was designed to plot all the information from the 2000 to 2002 and 2008 drill programs, covering 540 m along the strike of the San Marcial mineral trend and a width of 400 m. The spacing between cross-sections is 30 m. All of the drill holes were projected onto the cross-sections and the intercepts projected up and down dip in accordance with the nearest hole to the same cross-section and, when no hole occurred in the projection (primarily in the down dip direction), the existing information was projected up to a maximum of 30 m. Each drill hole was limited in average to a maximum influence of 15 m in the horizontal direction with the exception the drill holes located at the extremes of the set of cross-sections. The maximum influence in the horizontal direction applied only to cross-section 1, at the south-eastern extreme of the mineralized zone.

Cross-sections for both geology and assay results were plotted by MineSight and interpreted manually for both. The mineralized intervals were selected from the database in accordance with the following criteria:

High Grade: >80 g/t silver.

Low Grade: >30<80 g/t silver.

Barren Zone: <30 g/t silver.

The mineralized intervals also doubled as the cut-off grades for the interpretation with a cut-off grade of 30 g/t silver used for an open pitable resource and a cut-off grade of 80 g/t silver used for an underground resource estimate.

In addition to the silver resource, the lead and zinc content for the San Marcial deposit were estimated and reported in pounds. The lead and zinc content are reported in the mineral resource however; these have not been converted into a silver equivalent at this time.

A general envelope was created which included both the high and low grade zones. Within the general envelope the high grade zones were differentiated using a contour which was coloured on the inside in red. A silver grade was obtained for each delimited interval from the Excel database. Then, in agreement with the interpreted limits of the mineral zones and drill holes intersections, the area in square metres was determined directly from the AutoCad drawings and tabulated in an Excel spreadsheet. The silver, lead and zinc grades correspond to the assay intervals from the drill hole(s) which delimit the mineralized zone, including all holes on the same cross-section and/or nearest to the cross-section interpreted.

On the cross-sections where the mineral zones reached the surface and sampling existed, the assay results from the trenches were converted to vectorial data and included in the interpretation and resource estimate. All the information was tabulated in Excel spreadsheets where the low grade zones and high grade zones were separated from each other.

Individual blocks are delineated on each cross section, as follows: Block A includes the cross-sectional area between the topographic surface and the shallowest line of drill holes on that section. Block B includes the cross-sectional area between the shallowest and second-shallowest line of drill holes on the section, and so on. See Figure 17.1 for an example of the interpreted blocks. See Table 17.3 for a summary of the mineral resource estimate, by block, for cross-section 2.

Figure 17.1
View of the Interpreted Blocks for Cross-Section 2

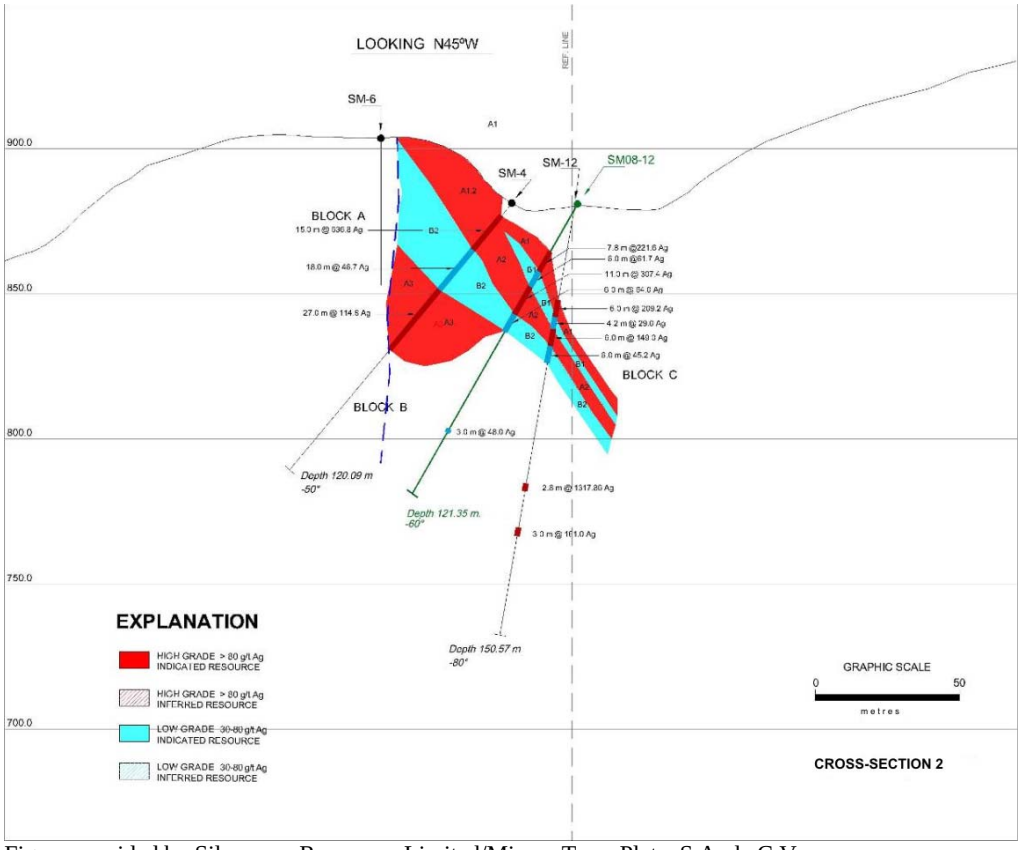


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

17.1.3 Classification and Mineral Resource

Based on the drill hole spacing, the number of intercepts on a section and the irregular nature of the veins, both along strike and down dip, it is Micon's opinion that the 2008 mineral resources should be classified as Indicated and Inferred Mineral Resources.

The following criteria were used to classify the estimated resources according to the current CIM definitions of mineral resources:

1. Measured Mineral Resources: No measured blocks were defined in the estimate.

2. Indicated Mineral Resources: Those blocks constructed with assay results and geological data collected from surface (trench sampling) and 2 or more drill holes in either the same cross-section or within the nearest 10 m. There is a demonstration of the continuity of the mineral structure, both in its down dip projection for a maximum distance of 50 m and along strike for a maximum distance of 45 m. The search ellipse forms an ellipsoid of 45 m along strike and 30 m down dip, with the width defined by intersection of the drill hole corrected for the angle of the hole and the general dip of the mineral structure.

Table 17.3
Mineral Resources for Cross-Section 2 Estimated by Block

Section	Hole No.	Block	Type	Vein or Mineral Zone	Area (m^2)	Length (m)	Specific Gravity	Tonnes	Grades			Metallic Contents		
									Silver (g/t)	Lead (%)	Zn (%)	Ag (oz)	Lead (lbs)	Zinc (lbs)
Cross-Section No. 2	SM-4	A	High Grade	A1,2	592.10	30	2.82	50,092	636.8	0.820	0.750	1,025,556	905,297	828,015
				A3	330.30	30	2.82	27,943	115.0	0.178	2.080	103,316	109,625	1,281,014
			Low Grade	B2	660.20	30	2.82	55,853	46.7	0.050	0.107	83,860	61,550	131,717
	SM-4 and SM08-12	B	High Grade	A1,2	406.80	30	2.82	34,415	433.3	0.500	0.653	479,481	379,445	495,475
				A3	536.20	30	2.82	45,363	115.0	0.178	2.080	167,720	177,963	2,079,563
			Low Grade	B1	60.80	30	2.82	5,144	61.7	0.109	0.264	10,204	12,357	29,929
				B2	311.10	30	2.82	26,319	51.0	0.052	0.164	43,176	29,874	94,987
	SM-12 and SM08-12	C	High Grade	A1	183.44	30	2.82	15,519	216.3	0.243	0.519	107,908	83,112	177,649
				A2	274.00	30	2.82	23,180	251.6	0.144	0.391	187,479	73,629	199,851
			Low Grade	B1	148.53	30	2.82	12,566	48.2	0.093	0.229	19,487	25,740	63,535
				B2	264.60	30	2.82	22,385	54.0	0.050	0.170	38,864	24,668	83,873
TOTAL SECTION 2								**318,779**	**221.2**	**0.268**	**0.778**	**2,267,050**	**1,883,259**	**5,465,607**

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

3. Inferred Mineral Resources: Those blocks constructed based on either geological data and assays composited from 1 or more drill holes interpreted congruently and/or adjacent to the indicated blocks in the direction of the general strike of the mineral structure or down dip, within a distance of 30 m along strike and 50 m down dip.

See Figure 17.2 for a longitudinal view of the location of the higher grade indicated and inferred mineral resources. See Figure 17.3 for a longitudinal view of the location of the low grade indicated and inferred mineral resources.

Old underground workings exist within the area of the resource estimate. However, these are poorly documented and presently largely inaccessible. Silvermex is currently reviewing the problems with access and the possibility of cleaning out the workings. The workings are generally small and not considered to significantly affect the resource estimate. They were not factored into the estimate.

The mineral resource estimate is summarized in Table 17.4. The figures in Table 17.4 have been rounded to reflect that they are estimates. The resource estimate is current as at October 1, 2008.

Table 17.4
Indicated and Inferred Mineral Resources on San Marcial Property (30 g/t Silver Cut-Off), as at October 1, 2008.

Resource Classification	Tonnes	Grade			Contained Ounces Silver	Contained Pounds of Lead	Contained Pounds of Zinc
		Silver (g/t)	Lead (%))	Zinc (%)			
Indicated	3,756,000	149.20	0.36	0.67	18,021,000	29,932,000	55,328,000
Inferred	3,075,000	44.21	0.29	0.51	4,371,000	19,526,000	34,691,000

Figure 17.2
Longitudinal View of the Location of the High Grade Indicated and Inferred Resources

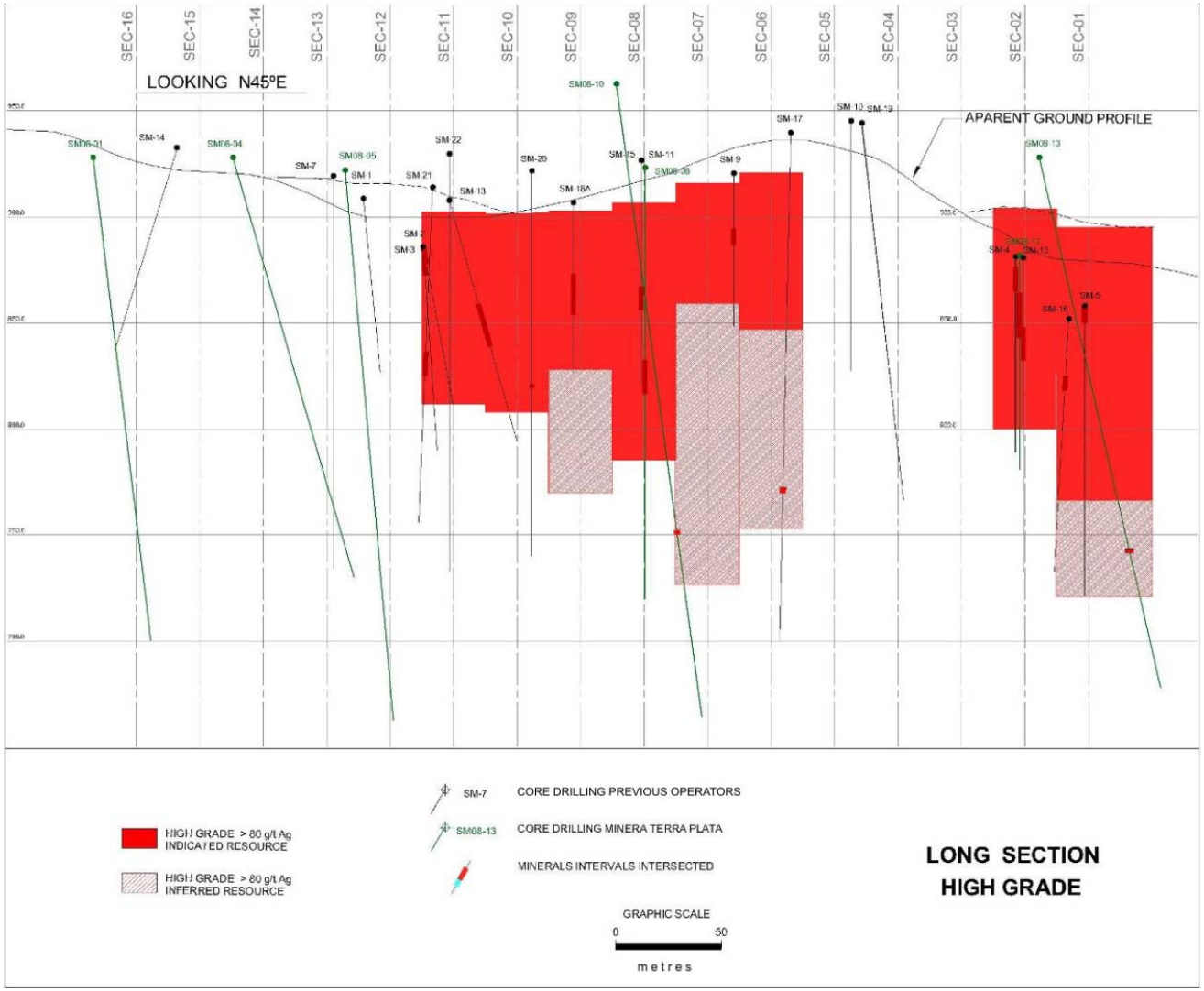


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Figure 17.3
Longitudinal View of the Location of the Low Grade Indicated and Inferred Resources

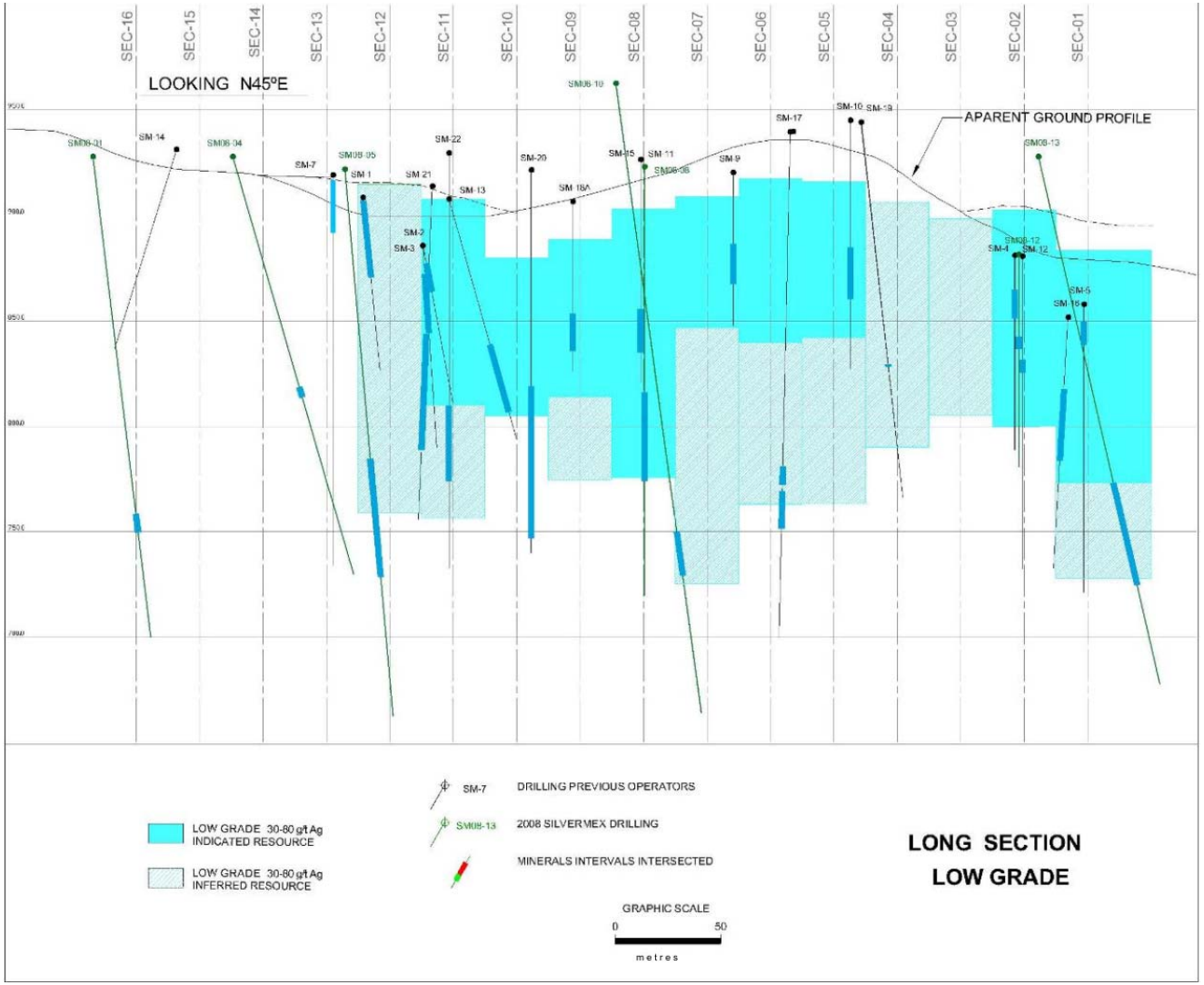


Figure provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

The San Marcial property contains an Indicated Mineral Resource of 3,756,000 t at a grade of 149.20 g/t silver, 0.36% lead and 0.67% zinc, containing 18.021 Moz of silver, 29.932 Mlbs lead and 55.328 Mlbs of zinc. The San Marcial property contains an Inferred Mineral Resource of 3,075,000 t at a grade of 44.21 g/t silver, 0.29% lead and 0.51% zinc, containing 4.371 Moz of silver, 19.526 Mlbs lead and 34.691 Mlbs of zinc.

The stated resources are not materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues, unless stated in this report, to the best knowledge of the authors. There are no known mining, metallurgical, infrastructure or other factors that materially affect this resource.

The resource estimate by Silvermex and audited by Micon is compliant with the current CIM standards and definitions required by NI 43-101 and is, therefore, reportable as a mineral resource by Silvermex. However, the reader should be cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. There are currently no mineral reserves on the San Marcial property.

Further resource estimations should consist of increased data collection (sampling), capping silver grades, variography and continued reclassification of the mineral resource.

17.2 MICON AUDIT OF THE MINERAL RESOURCE ESTIMATE FOR THE SAN MARCIAL PROJECT

Micon reviewed the core logs and assay certificates against the physical core stored in La Rastra. This review was conducted to ensure that geology and the primary mineralized zones in the drill core were correctly and accurately described and identified in the corresponding drill logs. Micon found no differences between the physical core and its description and location of mineralized zones as stated in the written drill logs.

In addition to the review of the drill core the main database was reviewed for errors of data entry. A review of both the sectional interpretation and the Excel spreadsheets for the polygonal mineral resource estimate was conducted for each polygon block to verify that:

- Appropriate methodology and parameters had been used to estimate the resources within each block.
- Estimations had been made correctly.
- Blocks had been correctly categorized as measured, indicated or inferred mineral resources. The mineral resource estimate did not contain measured resources.
- The summary tables had correctly listed total tonnages, grades and contained metal within resource categories.

Micon's independent audit of Silvermex's resource estimate has confirmed that the resource estimate complies with the current CIM standards and definitions for estimating resources and reserves as required by NI 43-101 "Standards of Disclosure for Mineral Projects".

17.3 MINERAL EXPLORATION AND CONCEPTUAL RESOURCES

Based on geological mapping and sampling it has been determined that the San Marcial property could host an additional length of 1,500 to 2,000 m of the San Marcial mineralized structure, in both the south-eastern and north-western directions. In both directions the projected mineralized structure is overlain by a thicker cover of volcanic rocks belonging to the Upper Volcanic series. The assay results from the sampling conducted along the exposures of the projected trend of the San Marcial mineralization in both the north-western and south-eastern directions returned generally low silver, lead and zinc values in contrast to the values found at surface in the drilled area. Silvermex has indicated that it believes that it is necessary that some fluid inclusion and salinity measurements are performed to determine the temperatures of the fluids related to the deposition of the mineralization. Initially the studies would be conducted on material from the area with the known resource in order to identify the depositional temperatures of the mineralization fluids which could then be compared to determinations conducted on samples taken in the non explored portions of the San Marcial mineralized trend. The studies could also assist in determining the depth and position of potential additional ore-shoots. It is common that the types of mineralized structures found on the San Marcial property occur as ore-shoots of limited strike length and depth along a regional structural trend and rarely occur as single entities.

Under these conditions Silvermex believes that the property could host a conceptual mineral deposit of between 7,512,000 t containing 36,042,000 oz of silver and 15,024,000 t containing 72,084,000 oz of silver. The conceptual deposit assumes that within the structural trend located on the San Marcial property Silvermex can find between two and four mineralized shoots which are similar in nature to the mineralized shoot which was the subject of the historical and 2008 exploration programs. Silvermex believes that the best target area for similar mineralized shoots is along the northwest projection of the San Marcial structure.

To the southeast there exists the potential for further conceptual mineralized zones containing lower values of silver, lead and zinc than those found in the San Marcial system. These zones are related to the stockwork and disseminated mineralization located within the neighbouring host rock along the footwall of the projected southeast trend of the San Marcial structure. Low silver, lead and zinc values were confirmed up to a distance of 100 m from the footwall of the San Marcial structure, hosted in a sedimentary sequence formed by sandstones, siltstones and mudstones with strong silicification and disseminated sulphides, mainly pyrite with minor associated galena.

At the Las Cuadrillas site, gold values associated with a quartz stockwork hosted in a very silicified and poorly crackled andesite, have been confirmed. This area still lacks the geological mapping and sampling coverage necessary to estimate the size of the potential mineralization. However, it is important to note that there are a number of occurrences of

high grade gold associated with narrow veins within the district that have been exploited by small miners, including the Plomosas mine (Aurcana) and La Trinidad (Exploraciones El Dorado, now Oro-Gold). The last example mentioned contains a system of narrow veins with high grade gold values and when combined with the low gold values between veins represents a large tonnage deposit.

In conclusion, the property has the potential to host further silver deposits and has a still undefined potential to host a gold deposit which is associated with stockwork zones and narrow veins. In Micon's opinion, further exploration is warranted, but there can be no certainty that a commercially economic mineral deposit will be delineated.

18.0 OTHER RELEVANT DATA AND INFORMATION

All relevant data and information regarding Silvermex's San Marcial project are included in other sections of this report.

19.0 INTERPRETATION AND CONCLUSIONS

On October 5, 2007, Silvermex entered into an option agreement with Silver Standard to purchase a 100% interest in the San Marcial project. At this time Silvermex also acquired all of the available exploration data for the project from Silver Standard.

The San Marcial property acquired by Silvermex contains silver mineralization and associated lead and zinc mineralization hosted in at least two semi-parallel vein systems and within the surrounding hydrothermal breccias which envelop the higher grade silver veins. At the present time the known length of the mineralized zone is approximately 540 m and it is open in all directions. In addition to the semi-parallel vein systems there are approximately 5 other targets on the property which need to be covered by a systematic exploration program in order to prioritize these targets for future programs.

Based on the exploration completed by the previous operators and a re-interpretation of the previous drilling as well as an increased understanding of the geology, mineralization and structural controls through Silvermex's 2008 mapping and sampling program, a drill program was conducted. The drilling program focused on confirming the mineral grades published by the previous operators with the objective of upgrading the inferred resource and exploring the extension along strike and down dip of the mineralized structure.

The total expenditure for the exploration program on the San Marcial project was US $868,987. In general the program was expensive in relation to the number of metres drilled; however, this was not due to the cost of the drilling but was related to the excess cost of maintaining the road and drill sites which were destroyed several times due to the heavy rains which started in July. The other item which substantially added to the total was the cost of transporting water for the drills from a source 15 km away from the project.

The exploration drilling program undertaken by Terra Plata from June to August, 2008 consisted of 7 holes totalling 1,756.55 m of core drilling. The drilling was successful in confirming the mineral grades published by the previous operators and in further defining the mineralization along strike and down dip.

Based on the results obtained from the 2008 surface exploration and drilling programs Silvermex has outlined the following objectives for the next phase of the exploration program at San Marcial:

- Re-construct the access road from La Rastra to the San Marcial project site. Due to last season's strong rains, the road is presently considered to be almost destroyed. However, the ground conditions are such that it should not be to difficult to re-habilitate the road at a low cost

- Conduct infill drilling to upgrade the current inferred mineral resource into the an indicated resource and upgrade the indicated category into measured.

- Re-habilitate the old underground workings in order to conduct chip sampling and surveying. The surveying will be beneficial in determining the extent of the previous mining operations.

- Select samples in order to conduct a series of investigations based on fluid inclusions, salinity measurements and metal ratios in order to define the best sites from which to drill at the extension of the mineral trend in its projection along strike.

- Implement a drilling program to explore the continuity of the San Marcial mineral structure, both along its strike projection towards the northwest where the structure is hosted in the Lower Volcanics and to the southeast. Silvermex is looking to define a bulk tonnage and low grade silver, lead and zinc deposit which would be hosted in the volcano-sedimentary sequence, where the mineralization is basically contained in a stockwork within the old sediments.

- Conduct further check assaying in order to compare the assay results from the 2008 drilling programs against the assay results from the previous drilling and also to compare further sampling results with those previously obtained from the IPL laboratory assaying. Silvermex believes that the IPL assays may have underestimated the metal content based on the assaying conducted on the standards included in the sample stream during the drilling.

Silvermex plans to spend an estimated US $1,441,445 during the next phase of exploration to complete the infill and exploration drilling on the portion of the San Marcial mineralized structure containing the current estimated resources to upgrade the resource categories and explore the continuity of the silver mineralization at depth in the high grade blocks. In addition, exploration drilling will be conducted along a 1,200 m section of the northwest projection of the San Marcial mineral structure and to the southeast to explore the mineralization along the San Marcial fault and in the footwall host rocks. Further exploration may be proposed depending on the results of the 2009 exploration program, but further work will be considered as a part of a preliminary economic assessment study.

The Table 19.1 summarizes Silvermex's estimated budget for the 2009 exploration program on the San Marcial property.

Table 19.1
Estimated Budget for the 2009 Exploration Program on the San Marcial Project and Property

Category	Unit	Unit Cost (US $)	No. of Units	Total Cost (US $)
Geology and Exploration				
Project Management	Monthly	3,000	6	18,000
Geologists	Monthly	8,000	6	48,000
Field Hands	Monthly	4,800	6	28,800
Camp and Accommodation	Monthly	2,500	6	15,000
Kitchener and Helper	Monthly	1,200	6	7,200
Exploration Expenses and Supplies	Lump	10,000	1	10,000
IP-R and Magnetics Ground Survey				
Trenching	Hours-Dozer	90	200	18,000
Core Drilling	Metres	170	5,000	850,000
Assaying (Surface geology mapping and sampling)				
Assaying (Drilling)	Samples	35	3,500	122,500
Access Roads and Drill Sites	Hours-Dozer	90	400	36,000
Gasoline	Monthly	1,400	6	8,400
Vehicles Maintenance	Lump	400	3	1,200
Tires	Lump	1,200	4	4,800
Metallurgical Testwork	Lump	50,000	1	50,000
Drafting, Reporting, Reproduction, Maps	Monthly	1,000	6	6,000
Office Materials (paper for plot maps, inks, etc)	Lump	500	6	3,000
Telecommunications	Monthly	500	6	3,000
Travel Expenses	Lump	1,500	6	9,000
Vehicle Rental				
Scoping Study	Lump	100,000	1	100,000
Other Equipment Acquisition (GPS)	Lump	1,000	3	3,000
Social Security and Administration	Estimated	61,945	1	66,945
Total Geology and Exploration				**1,405,845**
Property Acquisition & Maintenance Costs				
Mining Taxes	Bi-annual	7,800	2	15,600
Surface Rights and Rights of Way	Lump	25,000	1	25,000
Environmental Permitting	Report	10,000	1	10,000
Total Property Acquisition & Maintenance Costs				**35,600**
Total Project Expenditures				**1,441,445**

Table provided by Silvermex Resources Limited/Minera Terra Plata, S.A. de C.V.

Silvermex's 2008 exploration program was successful in confirming the historical exploration results and further defining the known mineralization located on the San Marcial property in order to conduct a new resource estimate. Based on the drill hole spacing, the number of intercepts on a section and the irregular nature of the veins, both along strike and down dip, it is Micon's opinion that the 2008 mineral resources should be classified as Indicated and Inferred Mineral Resources, using the criteria identified in section 17.1.3.

Old underground workings exist within the area of the resource estimate. However, these are poorly documented and presently largely inaccessible. Silvermex is currently reviewing the problems with access and the possibility of cleaning out the workings. These workings are

generally small and not considered to significantly affect the resource estimate. They were not factored into the estimate.

Table 19.2 summarizes the mineral resource estimate for the San Marcial project. The figures in Table 19.2 have been rounded to reflect that they are an estimate.

Table 19.2
Indicated and Inferred Mineral Resources on San Marcial Property (30 g/t Silver Cut-Off), as at October 1, 2008.

Resource Classification	Tonnes	Grade			Contained Ounces Silver	Contained Pounds of Lead	Contained Pounds of Zinc
		Silver (g/t)	Lead (%))	Zinc (%)			
Indicated	3,756,000	149.20	0.36	0.67	18,021,000	29,932,000	55,328,000
Inferred	3,075,000	44.21	0.29	0.51	4,371,000	19,526,000	34,691,000

The San Marcial property contains an Indicated Mineral Resource of 3,756,000 t at a grade of 149.20 g/t silver, 0.36% lead and 0.67% zinc, containing 18.021 Moz of silver, 29.932 Mlbs lead and 55.328 Mlbs of zinc. The San Marcial property contains an Inferred Mineral Resource of 3,075,000 t at a grade of 44.21 g/t silver, 0.29% lead and 0.51% zinc, containing 4.371 Moz of silver, 19.526 Mlbs lead and 34.691 Mlbs of zinc.

The stated resources are not materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues, unless stated in this report, to the best knowledge of the authors. There are no known mining, metallurgical, infrastructure or other factors that materially affect this resource.

The resource estimate by Silvermex and audited by Micon is compliant with the current CIM standards and definitions required by NI 43-101 and is, therefore, reportable as a mineral resource by Silvermex. However, the reader should be cautioned that mineral resources that are not mineral reserves do not have demonstrated economic viability. There are currently no mineral reserves on the San Marcial property.

Further resource estimations should consist of increased data collection (sampling), capping silver grades, variography and continued reclassification of the mineral resource.

Since the mineral resource is compliant with the current CIM standards it can be used as the basis for Silvermex to conduct further exploration to build upon this existing resource base and to conduct further economic evaluations on the deposit.

19.1 CONCLUSIONS

At San Marcial, Silvermex has acquired a project with known silver mineralization and associated base metal mineralization occurring in a series of two parallel veins and intermediate mineralized zones which have been the subject of a number of historical workings and drill holes. The two parallel veins and mineralized zones have been the subject

of an updated mineral resource estimate which is CIM compliant. In addition to the two parallel veins and mineralized zones there are a number of identified but unexplored targets on the property as well. However, very little work has been conducted on the property to adequately determine the true extent of the mineralization either along the veins or in the mineralized zones outside of the veins.

The San Marcial project should be considered as a mid-stage exploration project. Micon believes that a continued exploration program comprised of further surface mapping and sampling combined with a focused exploration program to follow-up on both the historical and 2008 drilling results, is both warranted and justified. Micon considers that the scope of work and budget proposed by Silvermex for its next phase of exploration is appropriate.

20.0 RECOMMENDATIONS

Micon agrees with the general direction of Silvermex's exploration programs for the San Marcial project and makes the following additional recommendations.

1. Micon recommends that Silvermex continues with the entry of all available exploration data into its computer database. This will allow Silvermex to evaluate the existing exploration data together with future data. An electronic database will also allow computer-generated resource estimates to be conducted in the future.

2. Micon recommends that Silvermex periodically review its general QA/QC program and modify it if appropriate to do so. .

3. Micon recommends that further resource estimations should consist of increased data collection (sampling), additional specific gravity testwork, reviewing the statistics regarding the capping of the silver grades, running variography models for the deposit and reviewing its geological interpretation as needed.

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 mineral 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 has reviewed the results of the 2008 exploration programs and has audited the current mineral resource estimate and, in light of the observations made in this report, supports the concepts outlined by Silvermex for further exploration. It is Micon's opinion that the property merits further exploration and that Silvermex's proposed exploration plans are properly conceived and justified.

MICON INTERNATIONAL LIMITED

"William J. Lewis"

William J. Lewis, B.Sc., P.Geo.
Senior Geologist November 5, 2008

21.0 REFERENCES

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CERTIFICATE OF AUTHOR
WILLIAM J. LEWIS

As the author of this report on certain mineral properties of Silvermex Resources Limited, in the state of Sinaloa, Mexico, I, William J. Lewis do hereby certify that:

1. I am employed by, and carried out this assignment for, Micon International Limited, Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2, tel. (416) 362-5135, fax (416) 362-5763, e-mail wlewis@micon-international.com;

2. This certificate applies to the Technical Report titled "Updated NI 43-101 Technical Report for the San Marcial Property, La Rastra Mining District, Sinaloa, Mexico", dated November 5, 2008;

3. I hold the following academic qualifications:

   B.Sc. (Geology) University of British Columbia 1985

4. I am a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of Manitoba (membership # 20480); as well, I am a member in good standing of several other technical associations and societies, including:

   Association of Professional Engineers and Geoscientists of British Columbia (Membership # 20333)
   Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories (Membership # 1450)
   Association of Professional Geoscientists of Ontario (Member #1522)
   The Geological Association of Canada (Associate Member # A5975)
   The Canadian Institute of Mining, Metallurgy and Petroleum (Member # 94758)

5. I have worked as a geologist in the minerals industry for 23 years;

6. I am familiar with NI 43-101 and, by reason of education, experience and professional registration, I fulfill the requirements of a Qualified Person as defined in NI 43-101. My work experience includes 4 years as an exploration geologist looking for gold and base metal deposits, more than 11 years as a mine geologist in underground mines and 5 years as a surficial geologist and consulting geologist on precious and base metals and industrial minerals;

7. I have read NI 43-101 and this Technical Report has been prepared in compliance with the instrument;

8. I visited the San Marcial property between October 12 and 15, 2007; and visited the core shack in La Rastra on September 8, 2008;

9. I am independent of the parties involved in the transaction for which this report is required, other than providing consulting services;

10. I am responsible for all Sections of this report;

11. That, as of the date of this certificate, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make this technical report not misleading;

12. I consent to the filing of the report with any Canadian stock exchange or securities regulatory authority, and any publication by them of the report.

   Dated this 5th day of November, 2008

   "William J. Lewis"

   William J. Lewis, B.Sc., P.Geo.