

SAMEX



2010 ANNUAL REPORT

For The Year Ended

December 31, 2010

*INCLUDES
CONSOLIDATED FINANCIAL STATEMENTS
AND
MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL STATEMENTS
AND
MINERAL PROPERTY SUMMARIES AND NEWS RELEASE LIST*

Date of Report – April 28, 2011

SAMEX

S A M E X M I N I N G C O R P .

SAMEX MINING CORP.
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CANADA

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WEB: www.samex.com
TRADING SYMBOLS:
SXG - TSX Venture Exch.
SMXMF - OTC BB

S A M E X M I N I N G C O R P .

2010

Exploration/Mineral Interest Costs – \$1,523,911

Los Zorros Property, Chile - Drilling Commenced On Multiple Projects

Proceeds of \$1,094,200 From Private Placement of 3,647,334 Units At \$0.30/Unit
and
Proceeds of \$8,791,860 From Private Placement of 17,583,720 Units At \$0.50/Unit

Proceeds of \$276,000 From Exercise of Warrants

\$4 Million Used To Purchase Gold and Silver Bullion To Hold In Lieu Of Cash
Market Value Of \$4,107,333 at December 31, 2010

THIS REPORT INCLUDES:

CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT DISCUSSION & ANALYSIS OF FINANCIAL STATEMENTS

MINERAL PROPERTY SUMMARIES, NEWS RELEASE LIST

SAMEX is exploring in the mineral-rich country of Chile that hosts some of the world's largest ore bodies.

SAMEX MINERAL EXPLORATION PROPERTIES IN CHILE

LOS ZORROS PROPERTY - Gold, Silver, Copper Prospects

The Los Zorros Property covers an old mining district of small gold, silver and copper mines and showings. SAMEX is currently conducting a number of individual exploration projects within this single property holding to test for multiple gold ore bodies:

MILAGRO PROJECT

NORA PROJECT

CINCHADO PROJECT

MILAGRO PAMPA PROJECT

The Los Zorros Property also includes other project areas yet to be systematically explored by SAMEX including: **LA FLORIDA** and **LORA** (gold and copper-gold), **VIRGEN DE CARMEN** and **COLORINA** (copper-silver; possible deeper-seated gold and copper-gold), **SALVADORA** and **CRESTA DE GALLO** (barite vein systems with possible deeper-seated gold and copper-gold).

CHIMBEROS PROPERTY - Gold, Silver, Copper Prospects

INCA PROPERTY - Copper, Gold, Silver, Moly Prospects

ESPEJISMO PROPERTY - Gold Prospects

SAMEX

Website - www.samex.com

SAMEX trades in Canada on the TSX Venture Exchange - symbol: **SXG**

SAMEX is quoted in the United States on the OTC Bulletin Board - symbol: **SMXMF**

PRESIDENT'S LETTER TO THE SHAREHOLDERS

To Our Shareholders, *Onward To Our Goals*

The early part of this past year was focused on preparing drill programs for several gold projects located within our extensive land holdings at the Los Zorros district. We grew eager with anticipation as we progressed with defining targets, building roads and drill pads, all the while broadening our understanding of the geologic, alteration, and geochemical complexities of the area.

As is often the case in the industry, our work-plan ideas were bigger and more costly than our cash on hand. Therefore we tailored our initial drilling programs to our available working capital and then strived to attract additional funding. In this we succeeded, when late in the year we completed a large financing and secured nearly CDN\$9 million in private placement funding. We were able to achieve a private placement above the market price, which substantially reduced dilution and worked to protect our long-standing shareholders, whose long-term commitment to SAMEX we value greatly. Now we are in a very strong position to advance our large exploration agenda on a more vigorous and continuous basis.

On a side note, one of the biggest challenges we continue to face, and it is a sector wide issue, is the shortage of capable, highly trained exploration personnel. The very long cyclical bear market in commodities that we survived has resulted in a dearth of available geologists. However, the ample working capital that SAMEX now possesses puts us in an excellent competitive position to attract the right professionals for our projects and we are in the process of doing so.

Due to our successful funding late in the year we were able to budget for a very sophisticated state-of-the-art geophysical survey at Los Zorros utilizing "Titan 24 deep-earth-imaging" technology. This proprietary type of survey is considerably more expensive per line kilometer than the regular IP-geophysics we have utilized on other projects in the past. However the survey results are demonstrating that we made the right decision. Although we contracted the program in late 2010 the survey was not initiated until the first quarter of 2011 due to high demands on the service company and their proprietary equipment. The wait was well worth it and we expect to expand the geophysics program in 2011.

We view the opportunity to utilize some of the most sophisticated exploration techniques in conjunction with core drilling and the patient application of tried and true geology practices as the most assured path to discovery success. As many of you know, we long ago set the bar for our corporate success very high (i.e. discovery of multi-million ounce gold deposits), and now there are indications that we are closer than ever to attaining it.

Last but not least, we are pleased to see continued strength in the metals markets, and steady progress in our vision for gold and silver to be brought back into their more historic monetary roles as honest weights and measures. We remain grateful for the service that the Gold Anti-Trust Action Committee (GATA) has rendered to our sector and expect to see even greater victories ahead. On a corporate level, Management has taken advantage of our understanding of the markets in order to protect our working capital from the current environment of monetary debasement and converted a large portion of excess working capital into gold and silver physical bullion holdings which has already, and should continue to, protect our purchasing power for future operations.

Above all, I would like to express continuing gratitude to our loyal shareholders for their interest and support, and a huge thank you to our employees and consultants for their diligent and faithful service this past year—we could not have flourished without you. It goes without saying that mineral exploration is a challenging endeavor and full of risk, but that is countered with outsized potential, which we are close to achieving stay tuned!

*Jeffrey Dahl, President
April 28th, 2011*

GOLD AND SILVER ARE PRECIOUS AND SCARCE!

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Samex Mining Corp.

We have audited the accompanying consolidated financial statement of Samex Mining Corp., which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations and deficit, comprehensive loss and accumulated other comprehensive income and cash flows for the years ended December 31, 2010, 2009 and 2008, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to note 1 to the consolidated financial statements, which describe certain conditions that give rise to substantial doubt about the entity's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not qualified in respect of this matter.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Samex Mining Corp. as at December 31, 2010 and 2009 and the results of its operations, and its cash flows for the years ended December 31, 2010, 2009 and 2008 in accordance with Canadian generally accepted accounting principles.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
April 28, 2011

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CONSOLIDATED FINANCIAL STATEMENTS

**SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)**

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 2010	DECEMBER 31, 2009
ASSETS		
CURRENT		
CASH	\$ 4,870,337	\$ 1,020,863
GOLD AND SILVER BULLION	4,107,333	757
OTHER CURRENT ASSETS	32,551	39,983
	9,010,221	1,061,603
MINERAL INTERESTS (NOTE 3)	10,299,789	9,021,953
EQUIPMENT (NOTE 4)	56,445	70,482
	\$ 19,366,455	\$ 10,154,038
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
CURRENT		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 91,890	\$ 73,718
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (NOTE 6)	44,702,328	34,543,268
CONTRIBUTED SURPLUS (NOTE 6)	5,094,793	4,968,258
ACCUMULATED OTHER COMPREHENSIVE INCOME	109,275	463
DEFICIT	(30,631,831)	(29,431,669)
	19,274,565	10,080,320
	\$ 19,366,455	\$ 10,154,038
CONTINGENCY (NOTES 1 AND 3)		
COMMITMENTS (NOTE 3)		

APPROVED BY THE DIRECTORS

"Jeffrey P. Dahl"

Jeffrey P. Dahl

"Larry D. McLean"

Larry D. McLean

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE YEARS ENDED

	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008
GENERAL AND ADMINISTRATIVE EXPENSES			
ACCOUNTING AND AUDIT	\$ 42,805	\$ 60,098	\$ 59,422
AMORTIZATION	38,769	35,944	44,902
BANK CHARGES (INTEREST INCOME)	5,169	2,469	(38,535)
CONSULTING (NOTE 6)	71,380	67,126	105,764
FINANCE FEE (NOTE 6)	-	269,415	-
FOREIGN EXCHANGE LOSS (GAIN)	(10,310)	(30,447)	44,211
LEGAL (NOTE 5)	82,224	63,111	46,644
MINERAL INTERESTS ADMINISTRATION AND INVESTIGATION COSTS	208,939	242,082	328,444
OFFICE, SUPPLIES, AND MISCELLANEOUS REGULATORY FEES	102,474	82,577	85,808
SALARIES, BENEFITS AND STOCK- BASED COMPENSATION (NOTE 5 AND 6)	487,938	734,820	375,853
TRANSFER AGENT	11,906	10,069	13,234
TRAVEL AND PROMOTION	66,582	31,690	64,223
NET LOSS FROM OPERATIONS	<u>1,163,026</u>	<u>1,591,785</u>	<u>1,154,945</u>
GAIN ON SALE OF ASSETS	-	(39,444)	-
MINERAL INTERESTS WRITTEN OFF (NOTE 3)	37,136	2,730,429	1,416,792
NET LOSS	<u>1,200,162</u>	<u>4,282,770</u>	<u>2,571,737</u>
DEFICIT, BEGINNING	<u>29,431,669</u>	<u>25,148,899</u>	<u>22,577,162</u>
DEFICIT, ENDING	<u><u>\$ 30,631,831</u></u>	<u><u>\$ 29,431,669</u></u>	<u><u>\$ 25,148,899</u></u>
BASIC AND DILUTED NET LOSS PER SHARE	<u><u>\$ 0.01</u></u>	<u><u>\$ 0.05</u></u>	<u><u>\$ 0.03</u></u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u><u>102,615,952</u></u>	<u><u>89,367,606</u></u>	<u><u>80,612,960</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS AND
ACCUMULATED OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED**

	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008
NET LOSS FOR THE YEAR	\$ (1,200,162)	\$ (4,282,770)	\$ (2,571,737)
OTHER COMPREHENSIVE INCOME			
UNREALIZED FINANCIAL INSTRUMENT GAIN	<u>108,812</u>	<u>33</u>	<u>14,978</u>
COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (1,091,350)</u>	<u>\$ (4,282,737)</u>	<u>\$ (2,556,759)</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME, BEGINNING OF THE YEAR	\$ 463	\$ 32,705	\$ 17,727
UNREALIZED FINANCIAL INSTRUMENT GAIN	108,812	33	14,978
REALIZED FINANCIAL INSTRUMENT (LOSS)	<u>-</u>	<u>(32,275)</u>	<u>-</u>
ACCUMULATED OTHER COMPREHENSIVE INCOME, END OF THE YEAR	<u>\$ 109,275</u>	<u>\$ 463</u>	<u>\$ 32,705</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED STATEMENTS OF MINERAL INTERESTS
FOR THE YEARS ENDED

	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008
DEFERRED EXPENDITURES			
CHIMBEROS - CHILE	\$ 32,937	\$ 34,143	\$ 31,516
ESPEJISMO - CHILE	4,016	469	5,611
INCA - CHILE	157,494	351,889	1,283,770
LOS ZORROS - CHILE	1,087,405	636,181	266,122
MISCELLANEOUS PROPERTIES - CHILE	2,547	6,671	15,188
EL DESIERTO - BOLIVIA	1,282	698	-
ESKAPA - BOLIVIA	29,291	20,328	18,754
EXPENDITURES	<u>1,314,972</u>	<u>1,050,379</u>	<u>1,620,961</u>
WRITTEN OFF			
ESPEJISMO – CHILE	(4,016)	(469)	(5,611)
INCA - CHILE	-	(2,699,263)	-
MISCELLANEOUS PROPERTIES – CHILE	(2,547)	(6,671)	(15,188)
EL DESIERTO - BOLIVIA	(1,282)	(698)	-
ESKAPA - BOLIVIA	(29,291)	(20,328)	(1,395,993)
WALTER - BOLIVIA	-	(1,000)	-
WARA WARA - BOLIVIA	-	(1,000)	-
YARETANI - BOLIVIA	-	(1,000)	-
	<u>1,277,836</u>	<u>(1,680,050)</u>	<u>204,169</u>
BALANCE, BEGINNING	<u>9,021,953</u>	<u>10,702,003</u>	<u>10,497,834</u>
BALANCE, ENDING	<u>\$ 10,299,789</u>	<u>\$ 9,021,953</u>	<u>\$ 10,702,003</u>
SUMMARY OF DEFERRED EXPENDITURES			
CHILE			
CHIMBEROS	\$ 168,185	\$ 135,248	\$ 101,105
ESPEJISMO	1,000	1,000	1,000
INCA	3,657,494	3,500,000	5,847,374
LOS ZORROS	6,469,110	5,381,705	4,745,524
MISCELLANEOUS PROPERTIES	1,000	1,000	1,000
BOLIVIA			
EL DESIERTO	1,000	1,000	1,000
ESKAPA	1,000	1,000	1,000
SANTA ISABEL	1,000	1,000	1,000
WALTER	-	-	1,000
WARA WARA	-	-	1,000
YARETANI	-	-	1,000
	<u>\$ 10,299,789</u>	<u>\$ 9,021,953</u>	<u>\$ 10,702,003</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)

CONSOLIDATED STATEMENTS OF MINERAL INTERESTS (CONTINUED)
FOR THE YEARS ENDED

	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008
DETAILS OF EXPENDITURES - CHILE			
CHIMBEROS – CHILE			
DRILLING AND SUB-CONTRACTS	\$ 12,473	\$ 12,753	\$ 4,160
FIELD SUPPLIES	-	96	-
GEOLOGY, MAPPING, AND SURVEYS	-	10,073	-
MINERAL INTERESTS ACQUISITION COSTS	2,260	3,216	1,442
PROPERTY PATENT PAYMENTS	12,092	1,599	17,835
SITE ADMINISTRATION	6,112	6,406	8,079
	<u>\$ 32,937</u>	<u>\$ 34,143</u>	<u>\$ 31,516</u>
ESPEJISMO - CHILE			
DRILLING AND SUB-CONTRACTS	\$ 206	\$ -	\$ -
MINERAL INTEREST ACQUISITION COSTS	-	-	66
PROPERTY PATENT PAYMENTS	3,810	-	3,829
SITE ADMINISTRATION	-	469	1,716
	<u>\$ 4,016</u>	<u>\$ 469</u>	<u>\$ 5,611</u>
INCA - CHILE			
DRILLING AND SUB-CONTRACTS	\$ 47,588	\$ 102,359	\$ 318,576
FIELD SUPPLIES	15,236	20,234	42,434
FOOD AND LODGING	-	-	254
GEOLOGY, MAPPING, AND SURVEYS	-	42,901	353,984
LEGAL	3,958	6,734	24,000
MINERAL INTERESTS ACQUISITION COSTS	4,734	109,983	392,653
PROPERTY PATENT PAYMENTS	59,884	6,870	70,314
SITE ADMINISTRATION	26,094	32,738	64,728
TRAVEL	-	919	5,263
VALUE ADDED TAXES	-	29,151	11,564
	<u>\$ 157,494</u>	<u>\$ 351,889</u>	<u>\$ 1,283,770</u>
LOS ZORROS - CHILE			
ADVANCE NET SMELTER ROYALTY PAYMENTS	\$ 106,203	\$ 122,429	\$ 99,574
DRILLING AND SUB-CONTRACTS	446,025	47,046	62,995
FIELD SUPPLIES	26,678	17,987	16,717
GEOLOGY, MAPPING, AND SURVEYS	263,573	311,608	-
LEGAL	4,068	-	-
MINERAL INTERESTS ACQUISITION COSTS	14,759	1,725	11,812
PROPERTY PATENT PAYMENTS	57,982	65,508	55,491
SITE ADMINISTRATION	43,589	19,604	19,533
TRAVEL	-	4,756	-
VALUE ADDED TAXES	124,528	45,518	-
	<u>\$ 1,087,405</u>	<u>\$ 636,181</u>	<u>\$ 266,122</u>
MISCELLANEOUS PROPERTIES – CHILE			
DRILLING AND SUB-CONTRACTS	\$ 199	\$ 171	\$ 3,795
FIELD SUPPLIES	-	-	121
MINERAL INTERESTS ACQUISITION COSTS	1,935	273	1,151
PROPERTY PATENT PAYMENTS	413	6,173	9,759
SITE ADMINISTRATION	-	54	362
	<u>\$ 2,547</u>	<u>\$ 6,671</u>	<u>\$ 15,188</u>
EXPENDITURES - CHILE	<u>\$ 1,284,399</u>	<u>\$ 1,029,353</u>	<u>\$ 1,602,207</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)**

**CONSOLIDATED STATEMENTS OF MINERAL INTERESTS (CONTINUED)
FOR THE YEARS ENDED**

	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008
DETAILS OF EXPENDITURES - BOLIVIA			
EL DESIERTO - BOLIVIA			
PROPERTY PATENT PAYMENTS	\$ 1,282	\$ 698	\$ -
ESKAPA - BOLIVIA			
AMORTIZATION	\$ 5,287	\$ 5,286	\$ 5,287
DRILLING AND SUB-CONTRACTS	-	1,319	-
FUEL	46	-	1,893
LEGAL	97	773	2,373
PROPERTY PATENT PAYMENTS	23,861	12,875	-
REPAIRS AND MAINTENANCE	-	-	887
TRAVEL	-	75	8,314
	<u>\$ 29,291</u>	<u>\$ 20,328</u>	<u>\$ 18,754</u>
EXPENDITURES - BOLIVIA	<u>\$ 30,573</u>	<u>\$ 21,026</u>	<u>\$ 18,754</u>
EXPENDITURES - CHILE	\$ 1,284,399	\$ 1,029,353	\$ 1,602,207
EXPENDITURES - BOLIVIA	<u>30,573</u>	<u>21,026</u>	<u>18,754</u>
TOTAL EXPENDITURES	<u>\$ 1,314,972</u>	<u>\$ 1,050,379</u>	<u>\$ 1,620,961</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

**SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)**

**CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED**

	DECEMBER 31, 2010	DECEMBER 31, 2009	DECEMBER 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
NET LOSS	\$ (1,200,162)	\$ (4,282,770)	\$ (2,571,737)
ADD NON-CASH ITEMS			
AMORTIZATION	38,769	35,944	44,902
FINANCE FEES	-	269,415	
GAIN ON SALE OF ASSETS	-	(39,444)	-
MINERAL INTERESTS AND DEFERRED EXPLORATION COSTS WRITTEN OFF	37,136	2,730,429	1,416,792
STOCK-BASED COMPENSATION	126,535	409,996	5,873
CHANGES IN NON-CASH WORKING CAPITAL ITEMS			
OTHER CURRENT ASSETS	7,432	(4,335)	32,987
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	18,172	(30,510)	(2,235)
NET CASH USED IN OPERATING ACTIVITIES	<u>(972,118)</u>	<u>(911,275)</u>	<u>(1,073,418)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
COMMON SHARES – FOR CASH	<u>10,159,060</u>	<u>2,582,550</u>	<u>1,539,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>10,159,060</u>	<u>2,582,550</u>	<u>1,539,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
MINERAL INTERESTS	(1,309,685)	(937,900)	(1,565,216)
EQUIPMENT	(30,019)	5,077	(666)
GOLD AND SILVER BULLION	<u>(3,997,764)</u>	<u>75,219</u>	<u>(17,678)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(5,337,468)</u>	<u>(857,604)</u>	<u>(1,583,560)</u>
NET CHANGE IN CASH	3,849,474	813,671	(1,117,978)
CASH, BEGINNING	<u>1,020,863</u>	<u>207,192</u>	<u>1,325,170</u>
CASH, ENDING	<u><u>\$ 4,870,337</u></u>	<u><u>\$ 1,020,863</u></u>	<u><u>\$ 207,192</u></u>
SUPPLEMENTARY CASH FLOW INFORMATION			
CASH PAID FOR INTEREST	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH PAID FOR INCOME TAXES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

**SAMEX MINING CORP.
(AN EXPLORATION STAGE COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

1. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of SAMEX Mining Corp. (the "Company") and its subsidiaries. The Company is incorporated in British Columbia and trades on the TSX Venture Exchange (the "Exchange"). The Company is engaged in the acquisition and exploration of mineral properties. The Company's subsidiaries are:

<u>NAME</u>	<u>LOCATION</u>	<u>OWNERSHIP</u>
South American Mining & Exploration Corp. ("S.A.M.E.X.")	Canada	100%
Samex International Ltd.	Bahamas	100%
Samex S.A.	Bolivia	98%
Minas Bolivex S.A. ("Bolivex")	Bolivia	98%
Empresa Minera Boliviana S.A. ("Emibol")	Bolivia	98%
Minera Samex Chile S.A.	Chile	99.9%

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars.

Going Concern - These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at December 31, 2010, the Company had incurred losses since inception totalling \$30,631,831. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2010, the Company had not advanced its projects to commercial production and is not able to finance day-to-day activities through operations.

The Company's continued existence as well as the recovery of amounts capitalized as mineral property interests, is dependent upon the Company raising additional funds through issuance of its common stock, obtaining debt financing, selling a portion of its mineral property interests, or entering into joint venture agreements with other parties. Management is currently evaluating other sources of financing, but there is no assurance that additional financing will be available, if needed, on terms acceptable to the Company. These uncertainties represent liquidity risks and may impact the Company's ability to continue as a going concern in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

- a. Principles of Consolidation – These consolidated financial statements include the accounts of the Company and its subsidiaries. All inter-company transactions and balances have been eliminated upon consolidation.
- b. Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions, including fair value of financial instruments, stock-based compensation, determination of impairment of assets, carrying value of mineral interests and estimating future income tax rates, that affect the amounts reported in the financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates.
- c. Financial Instruments – The Company follows Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855, "Financial Instruments - Recognition and Measurement". Under Section 3855, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are measured at the balance sheet date at fair value except for loans and receivables, held-to-maturity investments, and other financial liabilities which are measured at amortized cost. The Company's financial instruments consist of cash, gold and silver bullion and accounts payable. Cash, which is measured at its face value, representing fair value, is classified as held for trading. Gold and silver bullion, which are measured at fair value, are classified as available-for-sale financial assets. Accounts payable, which are measured at amortized cost, are classified as other financial liabilities. The Company has determined that it does not have derivatives or embedded derivatives.

The CICA Handbook Section 3862, Financial Instruments – Disclosure, requires an entity to classify fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value. The levels and inputs which may be used to measure fair value are as follows:

Level 1 – fair values are based on quoted prices in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – applies to assets and liabilities for inputs that are not based on observable market data, which are unobservable inputs.

Financial instruments classified as level 1 include cash and gold and silver bullion.

- d. Mineral Interests - The Company is engaged in the exploration of mineral interests and records its investment in mineral interests at the lower of acquisition and capitalized mineral exploration expenditures or estimated recoverable value. Where specific exploration programs are planned and budgeted by management, mineral exploration costs are capitalized until the properties are placed into commercial production, sold, abandoned or determined by management to be impaired in value. Costs incurred for acquisition, including where applicable, lease and option payments made on properties that are held under lease and option agreements, are capitalized until such time as the related interest is placed into production, sold, abandoned, or management has determined that impairment in value has occurred. "Mineral Property Acquisition Costs" include the following: third party acquisition costs, property option payments and third party staking costs.

In addition, the Company incurs certain value added taxes in connection with its Chilean exploration activities. These costs are initially capitalized. When the recoverability of these amounts has been established, the amount determined to be recoverable is recorded as a reduction of the carrying value of the related property.

Management evaluates each mineral interest on a reporting period basis or as events and circumstances warrant; and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether costs are capitalized or impaired. Mineral interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

Capitalized expenditures as reported on the balance sheet represent acquisition and capitalized mineral exploration expenditures incurred to date or estimated recoverable value if lower than cost. The carrying values of Mineral Interests are not reflective of current or future values of the interests. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the mineral interests.

Upon the establishment of commercial production, carrying values of deferred acquisition and exploration expenditures will be amortized over the estimated life of the mine on the units of production method.

"Mineral Interest Investigation Costs" are expensed as incurred and are not capitalized to mineral interests, and include operating costs related to the Company's exploration activities that do not specifically relate to one of the Company's mineral interests and include generative exploration or investigating and evaluating mineral interests not acquired by the Company.

- e. Foreign Currency Translation – These financial statements are presented in Canadian dollars. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates in effect at the balance sheet date. Non-monetary items are translated at historical exchange rates. Expenses are translated at average rates of exchange during the year. Exchange gains and losses arising on foreign currency translation are included in the determination of operating results for the year.
- f. Loss Per Share – The Company uses the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from in-the-money stock options and other dilutive instruments are used to repurchase common shares at the prevailing market rate.

Basic loss per share figures have been calculated using the weighted average number of shares outstanding during the respective years. Diluted loss per share figures are equal to those of basic loss per share for each year since the effects of the stock options and share purchase warrants have been excluded as they are anti-dilutive.

- g. Equipment - Equipment is recorded at cost. The cost, less the salvage or residual value, is charged to operations or exploration activities over the useful life of the asset on a straight line basis: Office equipment - 4 to 10 years; Exploration equipment - 4 to 8 years; Vehicles - 5 years.
- h. Stock-Based Compensation – The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expenses over the vesting period of the stock options.
- i. Future Income Taxes – The Company follows CICA Section 3465 "Income Taxes" in accounting for income taxes. The Company accounts for income taxes whereby the cost (benefit) of current and future income taxes is recognized as income tax expense in the determination of results of operations for the year. Future income tax liabilities (assets) are the amount of income taxes arising from taxable temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. Income tax liabilities and assets are recognized when they are more likely than not to be realized and are measured using the income tax rates and laws that are expected to apply at the time of settlement or realization.
- j. Asset Retirement Obligations - The Company follows the accounting guidelines of the CICA Handbook Section 3110, relating to the recognition and disclosure of liabilities for long lived asset retirement obligations and associated asset retirement costs. A liability for future site reclamation costs, or other obligation, would be recorded at its fair value when determinable and a corresponding increase to the asset carrying value would be amortized over the useful life of the asset. Management has reviewed the anticipated obligations and retirement costs of long lived assets for known

obligations under contract, common practice, or laws and regulations in effect or anticipated and has concluded that the Company has no material obligations relating to asset retirement obligations.

- k. **Impairment of Long-Lived Assets** - The carrying value of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate the recoverable value may be less than the carrying amount. Recoverable value determinations are based on management's estimates of undiscounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

Assets with indefinite or indeterminable lives are not amortized and are reviewed for impairment on a reporting basis using fair value determinations through management's estimate or recoverable value.

- l. **Comprehensive Income** – The Company adopted CICA Handbook Section 1530, "Comprehensive Income". Section 1530 establishes standards for the reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss.
- m. **Comparative Figures** – Certain accounts in the prior years' financial statements have been re-classified for comparative purposes to conform with the presentation in the current financial statements.
- n. **Recent Accounting Policies, Not Yet Adopted** - For interim and annual financial statements relating to fiscal years commencing on or after January 1, 2011, the Company will be required to adopt new CICA Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 "Business Combinations" and International Accounting Standard ("IAS") 27 "Consolidated and Separate Financial Statements" respectively. Management does not consider that the adoption of these standards will have a significant impact on the Company's financial statements.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is currently evaluating the impact of adopting IFRS on its consolidated financial statements. The Company will address the design, planning, solution development and implementation of the conversion in the first quarter of 2011.

Other pronouncements issued by the CICA or other authoritative standards groups with future effective dates are neither applicable or are not expected to be significant to the financial statements of the Company.

3. MINERAL INTERESTS

The Company has invested in various mineral interests located in Chile and Bolivia. The mineral interests have been acquired by purchase agreements, staking, option agreements, purchase at government auctions, or by earning a percentage interest in certain properties pursuant to a joint venture or other type of agreement. Government patent fees must be paid each year in order to keep the mineral concessions valid and in effect.

CHILE

- i. **Los Zorros Property** – The Company has 100% interest in approximately 7,782 hectares of mineral concessions acquired by staking, purchase at government auction, purchase agreement, and by two purchase option contracts:

Minera Ojos del Salado Purchase – The Company acquired 100% interest in 1,429 hectares of mineral interests for US\$50,000 (paid). The vendor retained a back-in option to earn a 30% to 51% interest in the event that the Company discovers a deposit containing not less than 2,000,000 tonnes of contained equivalent copper on the property.

Hochschild Option – The Company acquired 100% interest in 209 hectares of mineral interests for consideration of option payments totaling US\$230,000 (paid). The concessions are subject to an NSR of up to 2%. The Company has the option to buyout the NSR at any time for US\$1,800,000. As the concessions were not in production as at December 31, 2007, the Company is required to pay annual advance NSR payments of US\$100,000 per year from February 29, 2008 to March 1, 2012 to a maximum of US\$500,000 (US\$300,000 paid). The advance NSR payments are recoverable from future NSR payments. The Company is not obligated to make the advance NSR payments if it elects to return the concessions to the previous owner.

San Estaban Option - The Company acquired 100% interest in 95 hectares of mineral interests for consideration of option payments totaling US\$200,000 (paid). A 1.5% NSR retained by the vendor.

Geosupply Servicios Bonus and Royalty - Pursuant to a consulting agreement dated September 25, 2002 the concessions comprising the Los Zorros property are subject to a bonus of US\$150,000 payable within one year from the date of commencement of commercial production on the concessions; and to a 0.25% NSR.

- ii. **Chimberos Property (formerly Tres Puntas/Chimbero)** – The Company has 100% interest in approximately 1,672 hectares of mineral concessions acquired by staking and purchasing concessions at government auction.

iii. *INCA Property* – The Company has a 100% interest in approximately 3,493 hectares of mineral concessions acquired by staking, purchase at government auction, a purchase agreement, and exercise of an option agreement:

Araya Option – The Company acquired 100% interest in 45 hectares of mineral interests (the Providencia Mine concessions situated within the greater INCA project area) for consideration of option payments totaling US\$300,000 (paid). A 1% NSR retained by the vendor for a period of 20 years. The Company has the option to buyout the NSR at any time for US\$500,000.

The Company also has the option to acquire additional concessions of mineral interests in the INCA project area pursuant to the Minera Porvenir Option and the Rojas Option agreements:

Minera Porvenir Option - Option to acquire 2,138 hectares of mineral interests for consideration of US\$2,000,000 (US\$1,000,000 paid). Option payment due: US\$1,000,000 comprised of US\$38,500 (has not been paid) payable on behalf of the optionor to a third party when they resolve certain title issues on a 85-hectare portion of the property, and US\$961,500 that was due March 31, 2009 (has not been paid). A 1% NSR has been retained by the vendor and the vendor has the right to purchase up to 50% of any oxide-copper production at cost from the Company (to a limit of 10,000 tonnes per month) and subject to a cumulative maximum of 1,200,000 tonnes or ten years, which ever is reached first.

Rojas Option - Option to acquire 20 hectares of mineral interests for consideration of US\$300,000 (US\$150,000 paid). The option payment was due: April 30, 2009 - US\$150,000 (has not been paid).

The Company has not made the option payment of US\$1,000,000 that was due March 31, 2009 pursuant to the Minera Porvenir Option, therefore the owner may terminate the option by giving 30 days written notice. Also, the Company has not made the option payment of US\$150,000 that was due April 30, 2009 pursuant to the Rojas Option, therefore the owner may terminate the option by giving 30 days written notice. The Company has not received written notice of default with respect to non-payment of the option payments that were due under the Minera Porvenir Option and the Rojas Option. The Company has determined that, in light of economic and market conditions, exploration results to date on these concessions and other factors, expenditures on these option payments are not justified at this time. As a result, these options may be terminated and the Company may be required to relinquish these portions of the INCA property. Accordingly, the recoverability of the carrying value on these portions of the INCA property is dependent on the outcome of the above contingencies. Due to the possibility of relinquishing these portions of the INCA property, the Company wrote-off a \$2,699,263 portion of the deferred expenditures on the INCA property at December 31, 2009.

iv. *Espejismo Prospects* – The Company has 100% interest in approximately 817 hectares of mineral concessions acquired by staking and purchasing concessions at government auction. The property is currently inactive and consequently the interest has been written down at December 31, 2010 to a nominal value of \$1,000.

v. *Miscellaneous Property Interests* - The Company holds mineral concessions (approximately 25 hectares) for possible future evaluation. The property is inactive and no exploration is currently planned, consequently the interest has been written down at December 31, 2010 to a nominal value of \$1,000.

BOLIVIA

i. *Eskapa Property* – The Company has a 99% interest in 3,700 hectares of mineral concessions. The concessions are owned by Empresa Minera El Roble S.A. (“El Roble S.A.”), a company controlled by a Bolivian national, Patricio Kyllmann, a former director of the Company. Emibol earned a 99% interest in any mining operations that may be established on the concessions pursuant to an agreement dated April 16, 1996, and as amended November 23, 1998 with El Roble S.A. The property is subject to a 0.06% NSR and to a US\$2,000,000 cash royalty, to be paid out of production on the property in eight equal quarterly payments of US\$250,000 beginning after the ninth month of continuous commercial mining operations on the property. The property is currently inactive and consequently the interest has been written down at December 31, 2010 to a nominal value of \$1,000.

ii. *El Desierto Property* - The Company has a 99% interest in 319 hectares of mineral concessions. The concessions are owned by El Roble S.A. Emibol earned a 99% interest in any mining operations which may be established on the concessions pursuant to an agreement dated April 16, 1996 and as amended November 23, 1998 with El Roble S.A. The property is subject to an NSR of 0.6%. The property is currently inactive and consequently the interest has been written down at December 31, 2010 to a nominal value of \$1,000.

iii. *Santa Isabel Property* – The Company has an interest in 1,803 hectares of mineral concessions covering a portion of the Goya I and El Bonete concessions pursuant to an agreement between Corporation Minera de Bolivia (“Comibol”) and the Company’s Bolivian subsidiary, Samex S.A. Comibol owns the Goya I and Bonete concessions and pays the annual patents on these concessions. The concessions are subject to a royalty payable to Comibol, equal to 5.5% of net positive cash flow until recovery of capital investment and thereafter 16% of net positive cash flow. The concessions are also subject to a 1.2% Net Profits interest based on Samex S.A.’s net profits interest in the property. Subsequent to 1998, the Company suspended its activities on the property due to certain legal proceedings between Comibol and a third party. Comibol confirmed that a 10-hectare and a 24-hectare portion of the property was subject to a claim by a third party. Samex S.A. advised Comibol that it considered Comibol to be in default of its obligations under the Comibol Agreement because of the dispute, but agreed to await the results of legal proceedings before taking further action. Issues concerning

the Agreement between Comibol and Samex S.A. have not yet been resolved. Due to the inactivity on the property, the interest has been written down to a nominal value of \$1,000 pending resolution of these issues.

iv. *Walter Property, Wara Wara Property, and Yaretani Property Abandoned In 2009* - the Company abandoned these three low-priority, inactive properties in Bolivia in 2009. The \$1,000 deferred expenditure carrying value for each of the Walter, Wara Wara and Yaretani properties was written off during the year ended December 31, 2009.

4. EQUIPMENT

	AT DECEMBER 31, 2010			AT DECEMBER 31, 2009		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Office equipment	\$ 132,321	\$ 113,053	\$ 19,268	\$ 128,379	\$ 104,838	\$ 23,541
Exploration equipment	61,329	59,544	1,785	61,169	47,476	13,693
Vehicles	150,225	114,833	35,392	124,308	91,060	33,248
	<u>\$ 343,875</u>	<u>\$ 287,430</u>	<u>\$ 56,445</u>	<u>\$ 313,856</u>	<u>\$ 243,374</u>	<u>\$ 70,482</u>

5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, a director charged the Company \$28,387 for legal services (2009 - \$17,650). Employees who are also directors or officers of the Company were paid a total of \$466,691 during the year ended December 31, 2010, of which \$137,791 was capitalized to mineral interests (2009 - \$434,000 of which \$130,400 was capitalized).

6. SHARE CAPITAL

a. Authorized

Unlimited Common Shares without par value.
Unlimited Preferred Shares

b. Issued

Common Shares

	NUMBER OF SHARES	VALUE
Balance at December 31, 2008	81,261,165	31,960,718
Private Placement		
At \$0.10 per share	7,830,500	783,050
At \$0.20 per share	3,000,000	600,000
Financing Costs		
Cash	-	(3,500)
Warrants exercised		
At \$0.20 per share	2,265,000	453,000
At \$0.30 per share	2,500,000	750,000
Balance at December 31, 2009	96,856,665	34,543,268
Private Placement		
At \$0.30 per share	3,647,334	1,094,200
At \$0.50 per share	17,583,720	8,791,860
Financing Costs		
Cash	-	(3,000)
Warrants exercised		
At \$0.20 per share	1,380,000	276,000
Balance at December 31, 2010	<u>119,467,719</u>	<u>\$ 44,702,328</u>

Preferred Shares

In addition to common shares, the Company's authorized share capital includes preferred shares without par value, none of which are issued. The board of directors is authorized, without further action by the shareholders, to issue preferred shares in one or more series and to set the number of shares constituting any such series and the designation, rights, privileges, restrictions and conditions attaching to the shares of such series including dividend rights and rates, redemption provisions (including sinking fund provisions), rights of conversion or exchange, liquidation preferences and voting rights, if any. The preferred shares as a class are entitled to priority over the common shares if the board of directors decides to pay any dividends, and, if the Company is dissolved, liquidated or wound up, the preferred shares are entitled as a class to priority in respect of return of capital. Except as required by law or the

provisions of any designated series of preferred shares, the holders of preferred shares as a class is not entitled to receive notice of, attend or vote at any meeting of the Company's shareholders.

c. Warrants and Stock Options

(i) Share Purchase Warrants

BALANCE DEC 31, 2008	ISSUED	(EXERCISED) OR {EXPIRED}	BALANCE DEC 31, 2009	ISSUED (EXERCISED)	BALANCE DEC 31, 2010	EXERCISE PRICE	TERM TO
400,000	-	{400,000}	-	-	-	\$ 1.10	Aug 25, 2009
1,744,000	-	-	1,744,000	-	1,744,000	\$ 0.78	Feb 13, 2011
2,871,250	-	-	2,871,250	-	2,871,250	\$ 1.00	Mar 16, 2011
1,282,500	-	-	1,282,500	-	1,282,500	\$ 0.70	Apr 15, 2011
-	-	-	-	1,823,668	1,823,668	\$ 0.35	Jul 8, 2012
-	7,830,500	(2,265,000)	5,565,500	(1,380,000)	4,185,500	\$ 0.20	Mar 24, 2014
-	3,000,000	(2,500,000)	500,000	-	500,000	\$ 0.30	Jun 29, 2014
-	-	-	-	17,583,720	17,583,720	\$ 0.60	Dec 31, 2010
						or 0.65	to Nov 1, 2011
						or 0.70	to Nov 1, 2012
<u>6,297,750</u>	<u>10,830,500</u>	<u>(5,165,000)</u>	<u>11,963,250</u>	<u>18,027,388</u>	<u>29,990,638</u>		

As at December 31, 2010, the weighted average remaining life of the share purchase warrants is 1.71 years and the weighted average exercise price is \$0.61.

During the year ended December 31, 2009, the Company extended the term of 4,615,250 warrants by two years. This resulted in an incremental increase in the fair value of the warrants of \$269,415 which was expensed as a finance charge in the statement of operations and deficit.

(ii) Stock Options

The Company has adopted a stock option plan for which options to acquire up to 10% of the common shares outstanding at the time of the grant may be granted to eligible optionees. The exercise price may not be less than the discounted market price, as prescribed by the policies of the Exchange.

BALANCE DEC 31, 2008	GRANTED (EXERCISED) (EXPIRED) OR (CANCELLED)	BALANCE DEC 31, 2009	GRANTED (EXERCISED) (EXPIRED) OR (CANCELLED)	BALANCE DEC 31, 2010	EXERCISE PRICE	TERM TO
205,000	(205,000)	-	-	-	\$ 1.00	Feb 3, 2009
60,000	(60,000)	-	-	-	\$ 0.50	Aug 5, 2009
945,000	(945,000)	-	-	-	\$ 1.10	Aug 6, 2009
50,000	-	50,000	-	50,000	\$ 0.80	Sep 24, 2012
60,000	-	60,000	-	60,000	\$ 0.70	Dec 20, 2012
150,000	-	150,000	(150,000)	-	\$ 0.65	May 1, 2013
-	60,000	60,000	-	60,000	\$ 0.20	Jan 15, 2014
-	-	-	110,000	110,000	\$ 0.35	Jan 29, 2015
1,955,000	-	1,955,000	-	1,955,000	\$ 0.40	Apr 20, 2015
-	-	-	430,000	430,000	\$ 0.35	Sep 16, 2015
1,820,000	(180,000)	1,640,000	-	1,640,000	\$ 0.85	May 2, 2016
1,295,000	(125,000)	1,170,000	-	1,170,000	\$ 0.84	Feb 23, 2017
-	3,555,000	3,555,000	-	3,555,000	\$ 0.20	Sep 2, 2019
<u>6,540,000</u>	<u>2,100,000</u>	<u>8,640,000</u>	<u>390,000</u>	<u>9,030,000</u>		

As at December 31, 2010, the weighted average remaining contractual life of the options is 6.43 years and the weighted average exercise price is \$0.46. All options have fully vested as at December 31, 2010.

Stock-Based Compensation - During the year ended December 31, 2010, the Company granted stock options to employees and consultants on a total of 540,000 shares at \$0.35 per share with a fair value on the grant dates of \$126,535. A \$76,530 portion of this stock-based compensation expense was expensed in the statement of operations in the category "Salaries, Benefits and Stock-Based Compensation" and \$50,005 was expensed in the category "Consulting". The following assumptions were used for the Black-Scholes valuation of the stock options granted during 2010: Expected dividend yield – 0%; Expected stock price volatility – varying from 81 to 89%; Risk-free interest rate – varying from 2.25 to 3.00%; Expected life of options – 5 years.

By comparison, during the year ended December 31, 2009, the Company granted stock options to consultants, employees, directors and officers of the Company on a total of 3,615,000 shares at \$0.20 per share with a fair value on the grant dates of \$522,475. Of this stock-based compensation expense, a \$362,834 portion was expensed in the statement of operations and deficit in the category "Salaries, Benefits and Stock-Based

Compensation”, \$47,162 was expensed in the category “Consulting”, and \$112,479 was capitalized to mineral interests in the category “Geology, Mapping and Surveys” in relation to grants to geologists working on the Los Zorros Property. The following assumptions were used for the Black-Scholes valuation of the stock options granted during 2009: Expected dividend yield – 0%; Expected stock price volatility – varying from 104 to 109%; Risk-free interest rate – varying from 0.50 to 1.25%; Expected life of options – varying from 5 to 10 years.

d. Contributed Surplus

	FOR THE YEAR ENDED DEC 31, 2010	FOR THE YEAR ENDED DEC 31, 2009
Contributed surplus balance, beginning	\$ 4,968,258	\$ 4,176,368
Stock based compensation	126,535	522,475
Warrant extension	-	269,415
Contributed surplus balance, ending	<u>\$ 5,094,793</u>	<u>\$ 4,968,258</u>

7. SEGMENTED INFORMATION

The Company is in the business of exploring and developing mineral resource properties located in South America. The Company has operations and incurs costs associated with assets in different geographic locations. Segmented information on the Company's sole industry segment reported by geographic area is as follows:

<u>At December 31, 2010</u>	<u>CANADA</u>	<u>SOUTH AMERICA</u>	<u>TOTAL</u>
Operating expenses			
Amortization	\$ 6,128	\$ 32,641	\$ 38,769
Foreign exchange gain	-	(10,310)	(10,310)
Mineral interests administration and investigation costs	-	208,939	208,939
Salaries, benefits and stock-based compensation	487,938	-	487,938
Administration and general	354,235	83,455	437,690
Net loss from operations	848,301	314,725	1,163,026
Mineral interests and deferred exploration costs written off	-	37,136	37,136
Net loss	<u>\$ 848,301</u>	<u>351,861</u>	<u>1,200,162</u>
Expenditure for equipment and mineral interests	<u>\$ 3,297</u>	<u>\$ 26,722</u>	<u>\$ 30,019</u>
Equipment and mineral interests	<u>\$ 14,456</u>	<u>\$ 10,341,778</u>	<u>\$ 10,356,234</u>
Total assets	<u>\$ 8,918,599</u>	<u>\$ 10,447,856</u>	<u>\$ 19,366,455</u>
<u>At December 31, 2009</u>	<u>CANADA</u>	<u>SOUTH AMERICA</u>	<u>TOTAL</u>
Operating expenses			
Amortization	\$ 6,228	\$ 29,716	\$ 35,944
Foreign exchange gain	-	(30,447)	(30,447)
Mineral interests administration and investigation costs	-	242,082	242,082
Salaries, benefits and stock-based compensation	734,820	-	734,820
Administration and general	544,764	64,622	609,386
Net loss from operations	1,285,812	305,973	1,591,785
Gain on sale of assets	(39,444)	-	(39,444)
Mineral interests and deferred exploration costs written off	-	2,730,429	2,730,429
Net loss	<u>\$ 1,246,368</u>	<u>3,036,402</u>	<u>4,282,770</u>
Expenditure for equipment and mineral interests	<u>\$ -</u>	<u>\$ 1,050,588</u>	<u>\$ 1,050,588</u>
Equipment and mineral interests	<u>\$ 17,287</u>	<u>\$ 9,075,148</u>	<u>\$ 9,092,435</u>
Total assets	<u>\$ 1,055,926</u>	<u>\$ 9,098,112</u>	<u>\$ 10,154,038</u>

8. INCOME TAXES

The Company has incurred resource-related expenditures and operating losses which are available to reduce future years' taxable income in Canada. As of December 31, 2010, the Company had Canadian operating losses of approximately \$4,325,825. These operating losses expire as follows: 2014 - \$560,000; 2026 - \$720,000; 2027 - \$720,000; 2028 - \$1,050,000; 2029 - \$405,000; 2030 - \$870,835. Resource-related expenditures available for carry-forward in Canada amount to approximately \$6,648,000. No future tax benefits have been recognized in the accounts for these Canadian losses and resource related expenditures and they are not transferable to the Company's corporate entities in foreign tax jurisdictions. The Company also has resource-related expenditures and operating losses which are available to reduce future years' taxable income in Chile and Bolivia. No future tax assets have been recognized due to the Company taking full valuation allowances in the accounts for these operating and foreign losses and resource-related expenditures.

9. FINANCIAL INSTRUMENTS

Financial Risk Management - The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk – Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with a major bank in Canada, a major bank in Chile which is a subsidiary of a major Canadian bank, and a bank in Bolivia. The Company's cash is held by the major bank in Canada, and specific amounts are transferred to the bank in Chile or Bolivia as and when required to fund the Company's budgeted exploration activities in these countries. As the majority of the Company's cash is held by one bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company is not exposed to credit risk.

Currency Risk - The Company operates in Canada, Chile and Bolivia and is consequently exposed to foreign exchange risk arising from transactions denominated in foreign currency. The Company's functional currency is the Canadian dollar, and it has obligations and commitments in other currencies including United States dollars, Chilean Pesos and Bolivian Bolivianos. Fluctuations in foreign currency exchange rates may affect the Company's results of operations and the value of the Company's foreign assets. The Company manages currency risk by closely monitoring relevant exchange rates and when possible, executes currency exchange transactions at times when exchange rates are most advantageous for the Company. The Company does not use hedging to manage its currency risk.

Liquidity Risk - Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and gold and silver bullion holdings.

Commodity Risk - Commodity price risk is the risk that market values and future incomes will fluctuate because of changes in commodity prices. The Company is exposed to significant commodity price risk through its gold and silver bullion holdings.

Interest Rate Risk - Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant interest rate risk.

10. CAPITAL MANAGEMENT

The Company identifies capital as cash and share capital. The Company raises capital through private placement and public share offerings. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing are analyzed by management and approved by the board of directors. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance mineral interests. The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditures and the scope of operations during periods of commodity pricing decline and economic downturn. There are no externally imposed capital restrictions.

11. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND PRACTICES

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("CDN GAAP") which differ in certain material respects from those principles and practices that the Company would have followed had its consolidated financial statements been prepared in accordance with United States generally accepted accounting principles ("US GAAP"). Had the Company followed US GAAP, certain items on the consolidated statements of operations and cash flow and consolidated balance sheets would have been reported as follows:

Gains and losses on inter-company foreign currency transactions are excluded from net income and deferred as Other Comprehensive Income.

Mineral interests acquisition costs are accounted for in accordance with CDN GAAP as disclosed in Note 2.d. For US GAAP, mineral interest acquisition costs are capitalized in accordance with EITF 04-2 when management has determined that probable future benefits consisting of a contribution to future cash inflows have been identified and adequate financial resources are available or are expected to be available as required to meet the terms of property acquisition and budgeted exploration and development expenditures. Mineral property acquisition costs are impaired if the criteria for capitalization are not met. For US GAAP, mineral property exploration costs are expensed as incurred. When mineral properties are acquired under option agreements with future acquisition payments to be made at the sole discretion of the Company, those future payments are recorded only when the Company has made or is obliged to make the payment or issue the shares. Because the Company has not yet earned the legal rights to its mineral interests under option agreements, all option payments have been expensed to date for US GAAP purposes. When it has been determined that a mineral interest can be economically developed as a result of establishing proven and probable reserves and pre feasibility, the costs incurred to develop such property are capitalized. As of the date of these financial statements, the Company has incurred only acquisition and exploration costs. To date the Company has not established any proven or probable reserves on its mineral interests.

Under US GAAP the Company needs to complete an analysis which involves determining whether it is more likely than not that a tax position would be sustained on audit based solely on its technical merits. The amount of benefit recognized in the financial statements is the maximum amount which is more likely than not to be realized based on a cumulative probability approach. FIN 48 became effective for the Company on January 1, 2007. The Company's Bolivian and Chilean subsidiaries have not filed income tax returns for several years. Upon filing there could be penalties and interest assessed. Such penalties vary by jurisdiction and by assessing practices and authorities. As the Company's Bolivian and Chilean subsidiaries have incurred losses since inception there are no known or anticipated exposure to corporate income taxes. However, certain jurisdictions may assess penalties for failing to file returns and other disclosures and for failing to file other supplementary information associated with foreign ownership, debt and equity positions. Inherent uncertainties arise over tax positions taken with respect to intercompany charges and allocations, fees, related party transactions, and stock based transactions. Management has considered the likelihood and significance of possible penalties, based on their assessment, any such penalties, if any, would not be expected to be material.

CONSOLIDATED BALANCE SHEETS	2010		2009	
	CDN GAAP	US GAAP	CDN GAAP	US GAAP
Assets				
Current	\$ 9,010,221	\$ 9,010,221	\$ 1,061,603	\$ 1,061,603
Mineral interests	10,299,789	-	9,021,953	-
Equipment	56,445	56,445	70,482	70,482
	<u>\$ 19,366,455</u>	<u>\$ 9,066,666</u>	<u>\$ 10,154,038</u>	<u>\$ 1,132,085</u>
Liabilities				
Current	\$ 91,890	\$ 91,890	\$ 73,718	\$ 73,718
Shareholders' equity	19,274,565	8,974,776	10,080,320	1,058,367
	<u>\$ 19,366,455</u>	<u>\$ 9,066,666</u>	<u>\$ 10,154,038</u>	<u>\$ 1,132,085</u>
CONSOLIDATED STATEMENTS OF OPERATIONS	2010	2009	2008	
Net loss as shown on the financial statements – CDN GAAP	\$ (1,200,162)	\$ (4,282,770)	\$ (2,571,737)	
Deferral of translation (gain) loss on inter-company transactions of a long-term investment nature	118,189	135,148	44,142	
Mineral interests costs expensed	(1,277,836)	1,680,050	(204,169)	
Net loss – US GAAP	(2,359,809)	(2,198,157)	(2,731,764)	
Other Comprehensive income (loss)	(118,189)	(135,148)	(44,142)	
Comprehensive loss	<u>\$ (2,477,998)</u>	<u>\$ (2,333,305)</u>	<u>\$ (2,775,906)</u>	
Basic and diluted loss per share – US GAAP	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>	
Weighted average number of common shares outstanding	<u>102,615,952</u>	<u>89,367,606</u>	<u>80,619,915</u>	

CONSOLIDATED STATEMENTS OF CASH FLOW	2010	2009	2008
Net cash flows from operating activities under Canadian GAAP	\$ (972,118)	\$ (911,275)	\$ (1,073,418)
Mineral Interest Expenditures	(1,309,685)	(937,900)	(1,565,216)
Net cash used in operating activities under US GAAP	(2,281,803)	(1,849,175)	(2,638,634)
Net cash flows from financing activities under CDN GAAP and US GAAP	10,159,060	2,582,550	1,539,000
Net cash flows used in investing activities under CDN GAAP	(5,337,468)	(857,604)	(1,583,560)
Mineral Interest Expenditures	1,309,685	937,900	1,565,216
Net cash provided by (used in) investing activities under US GAAP	(4,027,783)	80,296	(18,344)
Net change in cash	3,849,474	813,671	(1,117,978)
Cash, beginning	1,020,863	207,192	1,325,170
Cash, ending	\$ 4,870,337	\$ 1,020,863	\$ 207,192

US Recent Accounting Pronouncements

The Company has reviewed recently issued accounting pronouncements and plans to adopt those that are applicable to it. The Company does not expect the adoption of these pronouncements to have a material impact on its financial position, results of operations or cash flows.

12. SUBSEQUENT EVENTS

Warrants Exercised - Subsequent to the year ended December 31, 2010, the Company received proceeds of \$2,157,300 from the exercise of warrants for the purchase of: 195,000 shares at \$0.20 per share; 500,000 shares at \$0.30 per share; 1,282,500 shares at \$0.70 per share; and 1,372,500 shares at \$0.78 per share.

MANAGEMENT DISCUSSION

DATE: April 28, 2011

SAMEX Mining Corp. is a junior resource company engaged in the acquisition and exploration of mineral properties in South America, particularly in the country of Chile. The Company focuses its exploration activities on the search for deposits of precious and base metals. SAMEX management is motivated by a strong conviction that gold and silver are precious, valuable "hard assets". SAMEX has persistently maintained and declared its strong belief that gold and silver prices are significantly undervalued. Our objective is to be well-positioned to benefit from increases in the value of gold and silver and a strong demand for copper.

In Chile, the Company holds an interest in the Los Zorros district gold-copper-silver prospects, the Chimberos gold-silver prospects, the Inca copper, gold, silver and molybdenum prospects, and the Espejismo gold prospects. See the section in this report titled "Mineral Property Summaries" for individual property details. The company also holds an interest in mineral exploration properties in Bolivia, however in 2009, the Company suspend exploration activities in Bolivia and put all of the Bolivian properties on "care and maintenance" status. We are an exploration stage company and have no mineral producing properties at this time. All of our properties are exploration projects, and we receive no revenues from production. All work presently planned by us is directed at defining mineralization and increasing our understanding of the characteristics and economics of that mineralization. There is no assurance that a commercially viable ore deposit exists in any of our properties until further exploration work and a comprehensive evaluation based upon unit cost, grade, recoveries and other factors conclude economic feasibility. The information contained herein respecting our mineral properties is based upon information prepared by, or the preparation of which was supervised by, Robert Kell, a Director and the Vice President-Exploration of SAMEX, and SAMEX geologist, Philip Southam, P.Geo. Mr. Kell and Mr. Southam are "qualified persons" pursuant to Canadian Securities National Instrument 43-101 concerning Standards Of Disclosure For Mineral Projects.

The Company carries out all normal procedures to obtain title and make a conscientious search of mining records to confirm that the Company has satisfactory title to the properties it has acquired by staking, purchase or option, and/or that satisfactory title is held by the optionor/owner of properties the Company may acquire pursuant to an option agreement, and/or that satisfactory title is held by the owner of properties in which the Company has earned a percentage interest in the property pursuant to a joint venture or other type of agreement. However, the possibility exists that title to one or more of the concessions held by the Company, or an optionor/owner, or the owner of properties in which the Company has earned a percentage interest, might be defective for various reasons. The Company will take all reasonable steps to perfect title to any particular concession(s) found to be in question.

SAMEX is a reporting issuer in British Columbia and Alberta and trades in Canada on the TSX Venture Exchange under the symbol **SXG** . The Company is also quoted in the United States on the OTC Bulletin Board under the symbol **SMXMF** .

This discussion contains forward-looking statements, the accuracy of which involves risks and uncertainties and our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including, but not limited to, those risk factors described elsewhere in this report. See note "Forward Looking Statements" at end of this report.

OVERVIEW OF RESULTS FOR THE YEAR ENDED DECEMBER 31, 2010

The following section contains a summary of our operating results for the year ended December 31, 2010, which is qualified by detailed descriptions that follow elsewhere in this document. This section also contains a number of 'forward looking statements' which, although intended to be accurate, may be affected by a number of risks and uncertainties that may cause them to be materially different from actual outcomes. See "Forward Looking Statements" at the end of this report.

As a junior exploration company, our operations are significantly affected by a number of external factors, particularly those that affect the price of the commodities we explore for or those that affect the market for our securities. The principal external factors in 2010 resulted from the lingering effects of the severe global financial crisis which took place in the two preceding years, and various government responses to it. During late 2008, the world experienced a number of adverse events in the financial sector including the failure, forced takeover or government bailout of a number of major financial institutions in September-October 2008 and the start of a deep world-wide financial crisis - considered by many to be the worst since the Great Depression. These events brought about a major decline in stock markets, which fell almost 45% from their 2007 high, and a sharp decline in the price of a number of commodities, including copper and gold, which, although usually thought to be a counter-cyclical commodity, fell at the deepest point in the crisis in October, 2008 to almost US\$700 per ounce. Prices for copper continued to remain soft during 2009, but the price of gold, likely due in large part to continuing uncertainty in the US and global economy, continued to climb throughout 2009, breaking the historical US\$1,000 per ounce level in October, 2009. While 2010 saw significant economic improvement in certain parts of the world, particularly in developing countries, the effects of the financial crisis continued in many places - particularly the United States and Euro-zone countries, which have continue to suffer from slow growth and high levels of unemployment. Further, likely due in part to high levels of government fiscal stimulus and other responses to the financial crisis, a new range of issues began to emerge in 2010, including extraordinarily high levels of government debt, major currency instability and a growing sovereign debt crisis. These factors in turn resulted in international bailouts of Greece and Ireland, and growing concern over the fiscal stability of Spain and Portugal. In the US, the effect of unprecedented levels of government funded stimulus, institutional bailouts, repeated "quantitative easing" and other expansionist monetary policies has led to deterioration of the US dollar and its role as a reserve currency, and serious concern over economic retrenchment. At the same time, likely in response to global economic conditions, the price of gold soared during 2010 from a low of \$1,058 in February, 2010 to over \$1,400 in December 2010, climbing even further to a record price of over

\$1,500 in April of this year. Silver had an even more spectacular climb from a low of \$15.14 in February 2010 to over \$30 in December, reaching over \$46 by April. Further, the market for the shares of junior precious metal explorers also improved significantly, offering greater access to capital to fund exploration of our gold and silver projects in Chile.

During the first quarter ended March 31, 2010 we continued exploration work in the Nora, Cinchado and Milagro Project areas of our Los Zorros gold property in preparation for a drill program to test these various project areas for multiple large gold targets. We also made an advance royalty payment (US\$100,000) related to the "Hochschild Purchase" by which we acquired concessions that are part of our Los Zorros Property in Chile. During the first quarter ended March 31, 2010, the Company received proceeds of \$177,000 from the exercise of warrants for the purchase of 885,000 shares at \$0.20 per share. As a result of the Company's activities during the three months ended March 31, 2010, exploration/mineral interests costs totaled \$328,197 at March 31, 2010 as compared to \$594,469 for the first quarter ended March 31, 2009.

During the second quarter ended June 30, 2010 we continued exploration work on the Nora, Cinchado, Milagro and Milagro Pampa Projects at our Los Zorros gold property in preparation for a drill program to test these various project areas for multiple large gold targets. During the second quarter ended June 30, 2010, the Company received proceeds of \$10,000 from the exercise of warrants for the purchase of 50,000 shares at \$0.20 per share. As a result of the Company's activities during the three months ended June 30, 2010, exploration/mineral interests costs for the second quarter totaled \$194,281 as compared to \$243,404 for the second quarter ended June 30, 2009.

During the third quarter ended September 30, 2010 we continued exploration work at four individual projects situated within our Los Zorros gold property holdings in Chile. Work was focused on constructing roads and drill pads at the Milagro, Nora, Cinchado and Milagro Pampa Projects in preparation for drilling programs to test these projects for multiple precious metal deposits. By the end of the third quarter we had commenced exploration core drilling at Cinchado that is only one of the numerous project areas in the Los Zorros district. Our exploration/mineral interests costs for the third quarter totaled \$286,519 for the three months ended September 30, 2010, as compared to \$239,275 for the third quarter ended September 30, 2009. During the third quarter of 2010, the Company received proceeds of \$20,000 from the exercise of warrants for the purchase of 100,000 shares at \$0.20 per share. Also, during the third quarter, the Company completed a private placement of 3,647,334 units at a price of \$0.30 per unit for gross proceeds of \$1,094,200.

During the fourth quarter ended December 31, 2010 we were core drilling at the Cinchado Project and Milagro Pampa Project situated within our Los Zorros property holdings. Our exploration/mineral interests costs for the fourth quarter totaled \$714,914 for the three months ended December 31, 2010, as compared to \$215,313 for the fourth quarter ended December 31, 2009. During the fourth quarter 2010 the Company completed a private placement of 17,583,720 units at a price of \$0.50 per unit for gross proceeds of \$8,791,860. During the fourth third quarter, the Company also received proceeds of \$69,000 from the exercise of warrants for the purchase of 345,000 shares at \$0.20 per share.

As a result of our activities throughout 2010 our exploration/mineral interests costs totaled \$1,523,911 for the fiscal year ended December 31, 2010 as compared to \$1,292,461 for the fiscal year ended December 31, 2009.

Los Zorros Property, Chile – Our Los Zorros property holding consists of multiple project areas that cover approximately 80 square kilometers within a district of scattered numerous small mines and prospects where there was sporadic attempts at small-scale production for gold and copper-silver in the past. Systematic exploration by SAMEX has revealed that the Los Zorros district is situated at the convergence of important geologic and structural features:

- the property covers the breadth of a regional anticlinorium with bedrock of calcareous sediments and diorite sills.
- the property is diagonally crossed by an 8-kilometer-long trend of barite veins which appears to comprise an extensive sigmoidal (S-shaped) fracture system.
- the property is also the locus of younger porphyry intrusions.
- clay-sericite-pyrite alteration is superposed on the porphyry intrusions in four areas that have been identified so far - much of these altered areas and parts of the barite vein swarm, are largely concealed beneath a thin veneer of gravel and wind-blown silt. Trenching and a gravity survey have helped better outline the extent of the altered intrusions.
- the style of mineralization at Los Zorros varies from steep crosscutting veins and breccia to bedded mantos-like occurrences – hosted within sedimentary rocks outboard to the altered porphyritic intrusions. There is widespread occurrence of gold-bearing barite veins and altered fault zones; common, widespread occurrence of jasperoid silica; large areas/intersections of anomalous gold and the presence of important pathfinder metals (Hg, As, Sb) often found in association with gold mineralization.

Metal-laden hydrothermal fluids thought to be derived from the younger porphyritic intrusions, likely expelled out along fault structure pathways and into favorable sedimentary intervals to form the significant gold and copper-silver mineralized areas of Cinchado, Nora, Milagro, and Milagro Pampa. There are also many outlying mineral occurrences at Los Zorros yet to be systematically explored by SAMEX including: La Florida and Lora (gold and copper-gold), Virgen de Carmen and Colorina (copper-silver; possible deeper-seated gold and copper-gold), and Salvadora and Cresta de Gallo (barite vein systems with possible deeper-seated gold and copper-gold).

What has been revealed geologically at Los Zorros has provided SAMEX with strong impetus to explore for multiple precious metal deposits that may be clustered beneath the widespread precious metal occurrences in this little-explored district of historic small mining activity.

Subsequent to the year ended December 31, 2010 we continued drilling at projects situated within our Los Zorros property holdings and in late January 2011 commenced a substantial geophysical survey over portions of the Los Zorros district. The survey, which included five survey lines totaling over 20 line-kilometers, was conducted by Quantec Geoscience utilizing their proprietary Titan 24 technology. The Titan 24 Magnetotellurics and IP/Resistivity survey is a deep-earth-imaging technology system for detecting conductive mineralization, disseminated mineralization, alteration, structure and geology which can help target and direct exploration drilling to depth. Data from the Titan 24 survey will be correlated with data from earlier exploration and current drilling to help guide ongoing exploration throughout the extensive Los Zorros gold district.

Trends and Financing - Over the past several years, we have experienced a number of important external changes in the market place that had an affect on our overall performance. In the latter part of 2008, commodity prices, particularly the price of copper, began a serious decline, eventually falling to a five year low. Shortly thereafter, we found ourselves in the middle of a global economic crisis, with its actual or threatened bank failures, major international liquidity issues, and a general slowdown leading to a global recession. These events also fed into both the decline in commodity prices and a decline in the share prices of most public companies including in particular junior resource stocks such as ours, which greatly reduced our ability to raise capital. During that time, we were able to raise additional capital by private placements, but at lower prices and less favourable terms than our private placements completed in the previous several years. While many parts of the world - particularly developing countries - had largely recovered from the financial crisis by 2010, many countries - particularly the US and Euro-zone countries - were still experiencing slow growth, high unemployment and other factors. In addition, due in part to excess government funded stimulus measures, institutional bailouts, and expansionist monetary policies effected in response to the financial crisis, the many countries were left with extraordinarily high levels of government debt, weakened currencies and, in the Euro-zone, a growing sovereign debt crisis. In the US, expansionist monetary policies have resulted in a weakening of the US dollar as a reserve currency and inflationary concerns. These and other factors have led to a price resurgence for many commodities, particularly gold and silver, which are trading at successively new historic highs, and appear to be showing further strength. Along with this, the market for the shares of junior precious metal explorers has also significantly improved, offering us greatly improved access to capital to fund our gold and silver exploration projects.

We believe these economic trends are likely to continue through the next year and possibly beyond and may result in a significant increase in the demand for, and in the price of, gold and silver, and an improved market and price for shares of companies focused on precious metals.

These trends during 2010 improved our ability to raise capital at higher prices, on more favourable terms, and in greater amounts. For example, during 2009 we raised a total of \$2,586,050 through two private placements at a price of \$0.10 per unit and at \$0.20 per unit and from the exercise of warrants. By comparison, during fiscal 2010 we raised a total of \$10,162,060 from two private placements at a price of \$0.30 per unit and at \$0.50 per unit and from the exercise of warrants.

Upon completing a major private placement of 17,583,720 units at \$0.50 per unit during the fourth quarter of 2010, SAMEX President, Jeff Dahl said; *"We're pleased to raise this substantial funding which will allow us to not only expand, but accelerate our exploration efforts in general and in particular, at our projects within the Los Zorros district where we have just commenced drilling. Mineral exploration is a challenging endeavor and having adequate capital is a strategic advantage.*

We have the utmost respect and appreciation for our many supportive shareholders and in consideration have arranged this funding above market prices. We also believe that the decade long bull market in precious metals may be entering an accelerating up-phase which should encourage the markets to more fully recognize the value and opportunity that exploration companies represent."

Gold and Silver Holdings - During the third and fourth quarters of fiscal 2010 the Company used a portion of its cash assets to purchase approximately \$1.8 million worth of silver bullion and \$2.2 million worth of gold bullion to hold in lieu of cash. By the fiscal year-end, the Company's "Gold and Silver Holdings" of 48,193.324 grams of gold and 63,498.734 ounces of silver had a market value of \$4,107,333 at December 31, 2010

INCA Property, Chile - Option Payments Not Made On Minera Porvenir Option and Rojas Option - Back in fiscal 2009, we made some important decisions concerning the INCA Property. From the results of the Phase I exploration that we conducted at INCA from 2006 to 2008, it became apparent that, although some of the results (particularly in the area around the Providencia mine) were very promising, the first phase of exploration did not identify the presence of the wide-spread, near-surface porphyry copper deposit that we had hoped for. We concluded that, although the possibility still existed to find a large-scale copper deposit at INCA, considerable more exploration work and expenditures would be required to do so. Further, certain portions of the INCA property were covered by option agreements for which payments came due in March and April of 2009. Under the "Minera Porvenir Option", which covers a 2,138-hectare portion of the INCA project, a final payment of US\$1,000,000 (which would entitle us to 100% of the Property) was due March 31, 2009, less an amount required to resolve certain title issues on a 85-hectare portion of the property (which remains unresolved). Under the "Rojas Option" which covers a 20-hectare portion of the INCA project, a final payment of US\$150,000 was due April 30, 2009. As disclosed in Note 3 of the financial statements, the Company has not made these payments. In the case of the Porvenir Option, we considered, among other things, the fact that the Optionor had not resolved title issues with respect to a portion of the property covered by the option and therefore was not able to deliver title to the entire optioned property, or for us to determine the appropriate adjustment to the final option price. We also determined, for this and the other option, that, in light of economic and market

conditions, exploration results to date on these particular concessions and other factors, payment of these option payments was not economically justified at the time. These two option agreements provide that the owner may terminate the option on default by giving 30 days written notice. At the date of this report, we have not received written notice of default under the Minera Porvenir Option and the Rojas Option. We are of the view that the optionor cannot at this time give valid notice of termination under the Minera Porvenir Option, since it is unable to deliver title to the entire optioned property, however, if for any reason, notice of termination is given for these properties, which is held to be valid, we may be required to relinquish the options on these portions (2,138 hectares and 20 hectares) of the INCA property. Due to the possibility of relinquishing these portions of the INCA property, we wrote-off a \$2,699,263 portion of the deferred expenditures on the INCA property at December 31, 2009.

Our landholdings at the INCA project consist of approximately 3,493 hectares of prospective and strategic concessions including the Providencia Mine concessions that we acquired in 2009 pursuant to the "Araya Option". In addition, the Company also has the option to acquire another 2,158 hectares of mineral interests in the INCA project area pursuant to the Minera Porvenir Option and the Rojas Option agreements, however, as disclosed above and in Note 3 of the financial statements, the Company has not made the final option payments on these options.

The Company is conducting meetings and property tours with interested parties in its continuing efforts to arrange a joint venture or sale of all or a portion of the INCA property. Of note, several kilometers to the west, the Codelco/PanAust joint venture is conducting a feasibility study on their Inca de Oro copper-gold ore body, which could serve to further enhance the value of our INCA property.

Plans and Projections – SAMEX exploration activities will continue to be focused on its high quality gold and silver projects in Chile including the Los Zorros property and the Chimberos property. The Company will also conduct meetings and property tours with parties interested in our INCA copper-gold-moly property in Chile in an effort to arrange a joint venture or sale of all or a portion of the INCA property. See "Liquidity and Capital Resources" and "Anticipated Capital Requirements". See note "Forward Looking Statements" at the end of this report.

Bolivia: Bolivian Properties Remain In "Care And Maintenance" Status – Back in 2009, the Company suspended exploration activities in Bolivia and put the Bolivian properties on "care and maintenance" status. For several years, we had been monitoring with concern a number of changes in the political climate in Bolivia. Over that time, the political climate for resource companies continued to deteriorate with events such as the nationalization of Bolivia's natural gas resources, a moratorium on the grant of new mineral exploration licenses, a national referendum that resulted in constitutional changes and requirements that all mining projects be conducted only in partnership with the state mining company – on economically unfavorable terms. In light of these and other factors we decided that Bolivia currently carried a significant risk for development of future mineral projects. Accordingly in 2009 we minimized our activities in Bolivia by suspending exploration activities, putting all of our Bolivian projects on "care and maintenance" status, and reducing our Bolivian office, staff, and operating expenses. While we hope we will be able to return to exploring our remaining Bolivian properties at some time in the future, we do not anticipate we will be able to do so as long as current political conditions persist.

ANALYSIS OF FINANCIAL STATEMENTS

The following discussion of our operating results explains material changes in our consolidated results of operations for the fiscal year ended December 31, 2010. In order to synchronize the difference in quarter ends, these consolidated financial statements include the accounts of the Bolivian subsidiaries for a 12 month period that includes their second, third and fourth quarters from January 1, 2010 to September 30, 2010 and the first quarter of their 2011 fiscal year from October 1, 2010 to December 31, 2010. The discussion should be read in conjunction with the consolidated financial statements to December 31, 2010 and the related notes included in this report. Management's discussion and analysis of our operating results in this section is qualified in its entirety by, and should be read in conjunction with, the consolidated financial statements and notes thereto. This discussion contains forward-looking statements, the accuracy of which involves risks and uncertainties and our actual results could differ materially from those anticipated in the forward-looking statements for many reasons, including, but not limited to, those risk factors described elsewhere in this report. Our consolidated financial statements have been prepared in Canadian dollars and in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), which differ in significant respects from accounting principles generally accepted in the United States ("U.S. GAAP"). As such, this discussion of our financial condition and results of operations is based on the results prepared in accordance with Canadian GAAP.

Overview - Our business is exploration for minerals. We do not have any properties that are in production. We have no earnings and, therefore, finance these exploration activities by the sale of our equity securities or through joint ventures with other mineral exploration companies. The key determinants of our operating results include the following:

- a) our ability to identify and acquire quality mineral exploration properties on favorable terms;
- b) the cost of our exploration activities;
- c) our ability to finance our exploration activities and general operations;
- d) our ability to identify and exploit commercial deposits of mineralization; and
- e) the write-down and abandonment of mineral properties as exploration results provide further information relating to the underlying value of such properties.

These determinates are affected by a number of factors, most of which are largely out of our control, including the following:

- a) the competitive demand for quality mineral exploration properties;
- b) political and regulatory climate in countries where properties of interest are located;

- c) regulatory and other costs associated with maintaining our operations as a public company;
- d) the costs associated with exploration activities; and
- e) the cost of acquiring and maintaining our mineral properties.

Our primary capital and liquidity requirements relate to our ability to secure funds, principally through the sale of our securities, to raise sufficient capital to maintain our operations and fund our efforts to acquire mineral properties with attractive exploration targets and conduct successful exploration programs on them. We anticipate this requirement will continue until such time as we have either discovered sufficient mineralization on one or more properties with sufficient grade, tonnage and type to support the commencement of sustained profitable mining operations and are thereafter able to place such property or properties into commercial production or until we have obtained sufficient positive exploration results on one or more of our properties to enable us to successfully negotiate a joint venture with a mining company with greater financial resources than us or some other suitable arrangement sufficient to fund our operations.

Our success in raising equity capital is dependent upon factors which are largely out of our control including:

- a) market prices for gold, silver, copper and other metals and minerals;
- b) the market for our securities; and
- c) the results from our exploration activities.

Significant factors affecting our operations over the past several years has been the instability in the global financial situation and the related volatility in the demand for, and in the prices of precious and base metals. However, during 2010, lingering effects of the financial crisis and government responses to it - including high levels of government debt, adoption of expansionist monetary policies, Eurozone instability, the decline of the US dollar as a reserve currency and a growing sovereign debt crisis - contributed to spectacular increases in the price of gold and silver and a corresponding improvement in the market for securities of precious metal exploration companies. These trends improved our ability to raise capital during 2010 at higher prices, on more favourable terms, and in greater amounts than in previous years. We believe this trend is likely to continue through the next year and possibly beyond and may result in a significant increase in the demand for, and in the price of, gold and silver, and an improved market and price for shares of companies focused on precious metals which should enable us to secure additional equity financing. Metal prices cannot be predicted with accuracy and our plans will be largely dependent upon the timing and outcome of metal markets, particularly the price of gold, silver and copper which is entirely outside of our control. We also anticipate that our operating results would be significantly affected by the results of our exploration activities on our existing properties. See note titled "Forward Looking Statements" at the end of this report.

Currency Risk - Currency exchange rate fluctuations could adversely affect our operations. Our functional currency is the Canadian dollar, and we have obligations and commitments in other currencies including United States dollars, Chilean Pesos and Bolivian Bolivianos. Fluctuations in foreign currency exchange rates may affect our results of operations and the value of our foreign assets, which in turn may adversely affect reported financial figures and the comparability of period-to-period results of operations.

Accounting Policies - We have adopted a number of accounting policies and made a number of assumptions and estimates in preparing our financial reporting, which are described in Note 2 to the consolidated financial statements. These policies, assumptions and estimates significantly affect how our historical financial performance is reported and also your ability to assess our future financial results. In addition, there are a number of factors which may indicate our historical financial results, but will not be predictive of anticipated future results. You should carefully review the following disclosure, together with the attached consolidated financial statements and the notes thereto, including, in particular, the statement of significant accounting policies set out in Note 2 to such statements.

Going Concern Assumptions - As described in Note 1 to our consolidated financial statements, our consolidated financial statements have been prepared on the assumption that we will continue as a going concern, meaning that we will continue in operation for the foreseeable future and will be able to realize assets and discharge our liabilities in the ordinary course of operations. We do not have any mineral properties in production, and have not yet generated any revenues and have a history of losses. Our continuation as a going concern is uncertain and dependent on our ability to discover commercial mineral deposits on our properties and place them into profitable commercial production and our ability to sustain our operations until such time. This, in turn depends on our ability to continue to fund our operations by the sale of our securities and other factors which are largely out of our control. Although we have been successful in the past in obtaining financing, it cannot be assured that adequate financing or financing on acceptable terms can be obtained in the future. In the event we cannot obtain the necessary funds, it will be necessary to delay, curtail or cancel further exploration on our properties. Our consolidated financial statements do not reflect adjustments to the carrying values and classifications of assets and liabilities that might be necessary should we not be able to continue in our operations, and the amounts recorded for such items may be at amounts significantly different from those contained in our consolidated financial statements.

Treatment of Mineral Property Costs - As we are at the exploration stage, we capitalize the acquisition and exploration costs of our mineral properties under Canadian GAAP. Should any of these properties be placed into production, such costs would be amortized over the life of the properties on a unit-of-production basis. Should exploration results of any of our properties prove unsatisfactory, we would then abandon such property or properties, and write off costs incurred up to that time. The impact on our net loss for the fiscal period would be dependent upon the amount of costs deferred up to the time of the write-off.

Accounting Estimates and Assumptions - The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make a wide variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and (ii) the reported amounts of expenses during the reporting periods covered by the consolidated financial statements. Our

management routinely makes judgements and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increases, these judgements become even more subjective and complex. We have identified certain accounting policies that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in Note 2 of notes to our consolidated financial statements, which should be read in conjunction with this Report.

Among other things, we determine our stock-based compensation costs using an option pricing model which involves the selection of highly subjective assumptions, including an assumption as to price volatility. Changes in these assumptions can materially affect the fair value estimate and therefore the current model does not provide a consistently reliable measure of the fair value cost of the Company's outstanding stock options.

Stock-Based Compensation - We have a stock option plan whereby we grant incentive stock options as partial compensation to our directors, officers, employees and consultants. Based on recommendations of the CICA Handbook - Section 3870, effective December 1, 2002, we adopted a new method to account for stock-based compensation and other stock-based payments that is described in note 2.h to our consolidated financial statements. Under the new standard, any stock-based payments to non-employees, and any employee awards involving direct awards of stock, call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments will be accounted for using the fair value based method. The fair value of the options at the grant date is determined using the Black-Scholes option pricing model.

Selected Annual Information & Summary of Quarterly Results

Selected Annual Information	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Revenue	\$ -	\$ -	\$ -
Net loss from operations	(1,163,026)	(1,591,785)	(1,154,945)
Net loss for the year/period	(1,200,162)	(4,282,770)	(2,571,737)
Net loss per share	(0.01)	(0.05)	(0.03)
Total assets	19,366,455	10,154,038	11,125,120
Long-term liabilities	-	-	-

Quarterly Results	Dec 31, 2010	Sep 30, 2010	June 30, 2010	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009
Revenue \$	-	-	-	-	-	-	-	-
Net loss \$	(424,473)	(260,240)	(227,520)	(287,929)	(3,201,627)	(695,600)	(278,368)	(107,175)
Net loss /share \$	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)

Net losses are due in part to "Stock-Based Compensation" expenses related to stock options granted. For example, the net loss for the third quarter ended September 30 2009 includes stock-based compensation expenses of \$362,834 and \$40,637 in relation to the grant of options during the third quarter. The net loss for the fourth quarter ended December 31, 2009 includes the write-off of a \$2,699,263 portion of the deferred expenditures on the INCA property (see Note 3 to the Consolidated Financial Statements). The net loss for the fourth quarter ended December 31, 2009 also includes a financing charge related to the extension of warrant terms resulting in an incremental increase in the fair value of the warrants of \$269,415 which was expensed as a finance fee. The net loss for the first quarter ended March 31, 2010 includes a stock-based compensation expense of \$26,815 in relation to a stock option granted on 110,000 shares at \$0.35 per share to a consultant on the Company's Advisory Board (see Note 6.c (ii) to the Consolidated Financial Statements). The net loss for the third quarter ended September 30, 2010 includes a stock-based compensation expense of \$99,720 in relation to stock options granted on 430,000 shares at \$0.35 per share to three employees and a consultant (see Note 6.c (ii) to the Consolidated Financial Statements). The net loss for the fourth quarter ended December 31, 2010 includes increased expenses incurred during the fourth quarter in the categories "Legal", "Office, Supplies, and Miscellaneous", "Regulatory Fees", "Salaries, Benefits and Stock-based Compensation", "Travel and Promotion", and "Mineral Interests Written Off".

Operating Results

During the first quarter ended March 31, 2010 we continued exploration work in the Nora, Cinchado and Milagro Project areas of our Los Zorros gold property in preparation for a drill program to test these various project areas for multiple large gold targets. We also made an advance royalty payment (US\$100,000) related to the "Hochschild Purchase" by which we acquired concessions that are part of our Los Zorros Property in Chile. During the first quarter ended March 31, 2010, the Company received proceeds of \$177,000 from the exercise of warrants for the purchase of 885,000 shares at \$0.20 per share. As a result of the Company's activities during the three months ended March 31, 2010, exploration/mineral interests costs totaled \$328,197 at March 31, 2010 as compared to \$594,469 for the first quarter ended March 31, 2009.

During the second quarter ended June 30, 2010 we continued exploration work on the Nora, Cinchado, Milagro and Milagro Pampa Projects at our Los Zorros gold property in preparation for a drill program to test these various project areas for multiple large gold targets. During the second quarter ended June 30, 2010, the Company received proceeds of \$10,000 from the exercise of warrants for the purchase of 50,000 shares at \$0.20 per share. As a result of the Company's activities during the three months ended June 30, 2010, exploration/mineral interests costs for the second quarter totaled \$194,281 as compared to \$243,404 for the second quarter ended June 30, 2009.

During the third quarter ended September 30, 2010 we continued exploration work at four individual projects situated within our Los Zorros gold property holdings in Chile. Work was focused on constructing roads and drill pads at the Milagro, Nora, Cinchado and Milagro Pampa Projects in preparation for drilling programs to test these projects for multiple precious metal deposits. By the end of the third quarter we had commenced exploration core drilling at Cinchado that is only one of the numerous project areas in the Los Zorros district. Our exploration/mineral interests costs for the third quarter totaled \$286,519 for the three months ended September 30, 2010, as compared to \$239,275 for the third quarter ended September 30, 2009. During the third quarter of 2010, the Company received proceeds of \$20,000 from the exercise of warrants for the purchase of 100,000 shares at \$0.20 per share. Also, during the third quarter, the Company completed a private placement of 3,647,334 units at a price of \$0.30 per unit for gross proceeds of \$1,094,200

During the fourth quarter ended December 31, 2010 we were core drilling at the Cinchado Project and Milagro Pampa Project situated within our Los Zorros property holdings. Our exploration/mineral interests costs for the fourth quarter totaled \$714,914 for the three months ended December 31, 2010, as compared to \$215,313 for the fourth quarter ended December 31, 2009. During the fourth quarter 2010 the Company completed a private placement of 17,583,720 units at a price of \$0.50 per unit for gross proceeds of \$8,791,860. During the fourth third quarter, the Company also received proceeds of \$69,000 from the exercise of warrants for the purchase of 345,000 shares at \$0.20 per share.

Summary for fiscal 2010 - As a result of the activities on our mineral exploration properties throughout 2010, our expenditures on mineral interests and exploration costs for the fiscal year totaled \$1,523,911 at December 31, 2010 as compared to \$1,292,461 for the 2009 fiscal year ended December 31, 2009. A \$208,939 portion of the mineral interests and exploration costs for 2010 was expensed in the Statement of Operations and Deficit as "Mineral Interests Administration and Investigation Costs". The remaining \$1,314,972 comprises the "Deferred Expenditures" in the Statements of Mineral Interests.

Our assets categorized in the consolidated financial statements as "Mineral Interests" increased to \$10,299,789 at December 31, 2010 as compared to \$9,021,953 at December 31, 2009. Certain costs related to mineral interests were written off December 31, 2010 on the Espejismo Property (\$4,016), the Miscellaneous Properties-Chile (\$2,547), El Desierto (\$1,282) and the Eskapa Property (\$29,291) since no current exploration is being conducted on these properties. These mineral interests were written down to a nominal value of \$1,000 each (see category "Summary of Deferred Expenditures") until exploration activity is resumed on the respective properties.

The amount of cash on hand at December 31, 2010 was \$4,870,337 compared to \$1,020,863 at December 31, 2009 and the Company's "Gold and Silver Holdings" had a market value of \$4,107,333 at December 31, 2010 as compared to a \$757 market value at December 31, 2009. The Company's assets were \$19,366,455 at December 31, 2010 compared to \$10,154,038 at December 31, 2009. At December 31, 2010, we were debt-free, apart from accounts payable and accrued liabilities of \$91,890 compared to \$73,718 at December 31, 2009.

The following comments relate to certain categories in the consolidated financial statements to December 31, 2010:

Consolidated Balance Sheet

"Gold and Silver Bullion" - During the third and fourth quarters of fiscal 2010 the Company used a portion of its cash assets to purchase \$1,799,925 worth of silver bullion and \$2,200,000 worth of gold bullion to hold in lieu of cash. By the fiscal year-end, the Company's "Gold and Silver Bullion" holdings of 48,193.324 grams of gold and 63,498.734 ounces of silver had a market value of \$4,107,333 at December 31, 2010 (the unrealized gain on the gold and silver holdings at December 31, 2010 is \$108,812 – see "Unrealized Financial Instrument Gain" in Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Income and also see comment below concerning "Accumulated Other Comprehensive Income") (also see Note 2 c. to the Financial Statements – "Financial Instruments" ... "Gold and silver bullion, which are measured at fair value, are classified as available-for-sale financial assets" ...).

"Contributed Surplus" – The contributed surplus includes a stock-based compensation expense of \$26,815 in relation to a stock option granted during the first quarter of 2010 on 110,000 shares at \$0.35 per share to a consultant and also includes a stock-based compensation expense of \$99,720 in relation to stock options granted on 430,000 shares at \$0.35 per share to three employees and a consultant during the third quarter of 2010 (see Note 6.c (ii) "Stock Options" and Note 6.d "Contributed Surplus" to the consolidated financial statements).

"Accumulated Other Comprehensive Income" - \$109,275 includes an unrealized gain of \$108,812 at December 31, 2010 on the Company's gold and silver holdings (see comment concerning "Gold and Silver Bullion" holdings above and see "Unrealized Financial Instrument Gain" in Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Income).

Consolidated Statements of Operations and Deficit

"Consulting" – includes \$50,005 of stock-based compensation expense comprised of \$26,815 in relation to a stock option granted to a consultant during the first quarter of 2010 on 110,000 shares at \$0.35 per share and \$23,190 in relation to a stock option granted to a consultant during the third quarter on 100,000 shares at \$0.35 per share (also see Note 6.c (ii) to the Consolidated Financial Statements).

"Finance Fees" - \$269,415 at December 31, 2009 - The extension of warrant terms during the 2009 fiscal year resulted in an incremental increase in the fair value of the warrants of \$269,415 which was expensed as a finance charge in the statement of operations and deficit.

“Mineral Interests Administration and Investigation Costs” - are expensed as incurred and are not capitalized to mineral interests and include operating costs related to the Company’s activities in Chile and Bolivia that are not allocated to one of the Company’s specific mineral properties, and include generative exploration or investigating and evaluating mineral properties not acquired by the Company.

“Office, Supplies and Miscellaneous” - includes rent and utilities for the Canadian corporate office, book-keeping/accounting, office supplies, telephone, postage, couriers, parking, mileage, and printing. Included is a miscellaneous cost of US\$5,487 to subscribe for Buyins.net research and reports concerning short-selling of SMXMF.

“Salaries, Benefits and Stock-Based Compensation” – The amount at December 31, 2010 includes a stock-based compensation expense of \$76,530 in relation to stock options granted during fiscal 2010 (see Note 6.c (ii) “Stock Options” to the Consolidated Financial Statements). The larger comparative amount of \$734,820 at December 31, 2009 includes stock-based compensation expenses of \$362,834 related to stock options granted during 2009. These stock-based compensation expenses were determined using the Black-Scholes option-pricing model. The existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options.

“Gain On Sale Of Assets” – \$(39,444) at December 31, 2009 - During the first quarter of 2009, the Company sold 2,000 grams of its gold holdings for proceeds of \$75,224 resulting in a \$39,444 “gain on sale of assets”.

“Mineral Interests Written Off” - \$2,730,429 at December 31, 2009 includes the following write-off: Due to the possibility of relinquishing certain portions of the INCA property, the Company wrote-off a \$2,699,263 portion of the deferred expenditures on the INCA property at December 31, 2009 (see Mineral Interests Note 3 iii. “INCA Property” to the Consolidated Financial Statements).

Consolidated Statements of Mineral Interests

“Geology, Mapping and Surveys” – includes salaries and expenses for geologists, support staff and geologic consultants doing work related to the respective mineral properties.

Liquidity and Capital Resources - We are an exploration company and do not have any mineral properties in production and, therefore, did not generate any revenue from operations during the fiscal year ended December 31, 2010. We realized a net loss of \$1,200,162 for the fiscal year ended December 31, 2010 or \$0.01 per share compared to a net loss of \$4,282,770 for the fiscal year ended December 31, 2009 or \$0.05 per share. The net loss for the year ended December 31, 2010 includes stock-based compensation expenses totaling \$126,535 in relation to the grant of options to consultants and employees during the 2010 fiscal year (see Note 6.c (ii) to the Consolidated Financial Statements). The unusually large net loss for fiscal 2009 included the write-off of a \$2,699,263 portion of the deferred expenditures on the INCA property at December 31, 2009 (see Note 3 to the Consolidated Financial Statements). Losses are a reflection of our ongoing expenditures on our mineral properties which are all currently in the exploration stage. Since we have no source of operating revenues, no lines of credit and no current sources of external liquidity, our ability to continue as a going concern is dependent upon our ability to raise equity capital, enter into joint ventures or borrow to meet our working capital requirements. Based on the funds on hand at the date of this report, we believe we have sufficient funds to conduct our ongoing general operations and to fund our proposed exploration programs at the Los Zorros property in Chile over the next year. The Company plans to focus its exploration activities over the next year on its high quality gold and silver projects in Chile including several project areas at Los Zorros. See note “Forward Looking Statements” at end of this report.

In the coming years, we will require substantial additional capital to achieve our goal of discovering significant economic mineralization on one or more of our properties. Until such time as we are able to make such a discovery and thereafter place one or more of our properties into commercial production or negotiate one or more joint venture agreements, we will be largely dependent upon our ability to raise capital from the sale of our securities to fund our operations. We do not anticipate being able to obtain revenue from commercial operations in the short term and anticipate we will be required to raise additional financing in the future to meet our working capital and on-going cash requirements. We intend to raise such financing through sales of our equity securities by way of private placements, and/or the exercise of warrants. We may also secure additional exploration funding through option or joint venture agreements on our mineral properties; or through the sale of our mineral properties, royalty interests or capital assets, or borrow to meet our working capital requirements. While we have in the past been able to raise sufficient funds to sustain our exploration programs, there is no assurance that we will continue to be able to do so. If, for any reason, we are not able to access the capital market, our resources during this period will be limited to cash on hand and any revenues we are able to generate from joint venture or similar arrangements we may hereafter enter into. If we are unable to secure sufficient funds to pursue such proposed acquisitions and exploration to the level desired, we will adjust our proposed activities to reflect the amount of capital available to us after providing for sufficient working capital to maintain our existing operations. See note titled “Forward Looking Statements” at the end of this report.

Financing - In the past, we have relied in large part on our ability to raise capital from the sale of our securities to fund the acquisition and exploration of our mineral properties. During the second quarter of 2008 we raised proceeds of \$1,539,000 from the sale of our securities through a private placement of 2,565,000 units at \$0.60 per unit. In the latter part of 2008, commodity prices, particularly the price of copper, began a serious decline, eventually falling to a five year low. Shortly thereafter, we found ourselves in the middle of a global economic crisis, with its actual or threatened bank failures, major international liquidity issues, and a general slowdown leading to a global recession. These events also fed into both the decline in commodity prices and a decline in the share prices of most public companies including in particular junior resource stocks such as ours. This greatly reduced our ability to raise capital, however, we were able to raise additional capital during 2009 in private placements, but only

at significantly lower prices, with less favourable terms, with smaller amount of proceeds and significantly higher dilution than our private placements completed in the previous several years. During the first quarter of 2009 we raised gross proceeds of \$783,050 from the sale of our securities through a private placement of 7,830,500 units at \$0.10 per unit. During the second quarter of 2009, we raised additional capital through a private placement of 3,000,000 units at a price of \$0.20 per unit for proceeds of \$600,000. During the fourth quarter of 2009 the Company received proceeds totaling \$1,203,000 from the exercise of warrants for the purchase of 2,265,000 shares at \$0.20 per share and 2,500,000 shares at \$0.30 per share.

2010 saw a significant increase in the demand for, and in the price of, gold and silver, and an improved market and price for shares of companies focused on precious metals. These trends during 2010 improved our ability to raise capital at higher prices, on more favourable terms, and in greater amounts than in previous years. For example, during 2009 we raised a total of \$2,586,050 through two private placements at a price of \$0.10 per unit and at \$0.20 per unit and from the exercise of warrants. By comparison, during fiscal 2010 we raised a total of \$10,162,060 from two private placement at a price of \$0.30 per unit and at \$0.50 per unit and from the exercise of warrants as follows:

During the first quarter ended March 31, 2010, the Company received proceeds of \$177,000 from the exercise of warrants for the purchase of 885,000 shares at \$0.20 per share. During the second quarter ended June 30, 2010 the Company received proceeds of \$10,000 from the exercise of warrants for the purchase of 50,000 shares at \$0.20 per share. During the third quarter ended September 30, 2010, the Company completed a private placement of 3,647,334 units at a price of \$0.30 per unit for gross proceeds of \$1,094,200 and received proceeds of \$20,000 from the exercise of warrants for the purchase of 100,000 shares at \$0.20 per share. During the fourth quarter ended December 31, 2010, the Company completed a private placement of 17,583,720 units at a price of \$0.50 per unit for proceeds of \$8,791,860 and received proceeds of \$69,000 from the exercise of warrants for the purchase of 345,000 shares at \$0.20 per share.

Use Of Proceeds - During fiscal 2008, we completed a private placement and in regulatory filings disclosed that the intended use of the \$1,539,000 proceeds would be \$800,000 for expenditures/exploration on our mineral properties and \$739,000 for general working capital. This intended use of proceeds was more than fulfilled as expenditures/exploration on our mineral properties totaled \$1,949,405 for the fiscal year ended December 31, 2008. During the first quarter of 2009, we completed a private placement and in regulatory filings disclosed that the intended use of the \$783,050 proceeds would be \$400,000 for expenditures/exploration on our mineral properties and \$383,050 for general working capital. This intended use of proceeds was more than fulfilled as exploration/mineral interests costs totaled \$594,469 for the first quarter ended March 31, 2009. During the second quarter of 2009 we raised proceeds of \$600,000 through a private placement and disclosed in regulatory filings that the intended use of proceeds would be \$350,000 for expenditures/exploration on our mineral properties and \$250,000 for general working capital. This intended use of proceeds was more than fulfilled as exploration/mineral interests costs totaled \$243,404 for the second quarter ended June 30, 2009, \$239,275 for the third quarter ended September 30, 2009, and \$215,313 for the fourth quarter ended December 31, 2009.

In 2010 we completed a private placement in the third quarter and in regulatory filings disclosed that the intended use of the proceeds of \$1,094,200 would be \$800,000 for expenditures/exploration on our mineral properties and \$294,200 for general working capital. This intended use of proceeds was more than fulfilled as exploration/mineral interests costs totaled \$328,197 for the first quarter ended March 31, 2010; \$194,281 for the second quarter ended June 30, 2010; \$286,519 for the third quarter ended September 30, 2010; and \$714,914 for the fourth quarter ended December 31, 2010 for a total of \$1,523,911 exploration/mineral interests costs for the 2010 fiscal year. During the fourth quarter of 2010 we completed a private placement and in regulatory filings disclosed that the intended use of the proceeds of \$8,791,860 would be \$5,000,000 for expenditures/exploration on our mineral properties and \$3,791,860 for general working capital. We are in the process of using these proceeds during 2011.

Anticipated Capital Requirements - Based on the funds on hand at the date of this report, we believe we have sufficient funds to conduct our ongoing general operations and to fund our proposed exploration programs at the Los Zorros property in Chile over the next year.

While we have in the past been able to raise sufficient funds to sustain our exploration programs, there is no assurance that we will continue to be able to do so. If, for any reason, we are not able to secure equity financings, our resources during this period will be limited to cash on hand and any revenues we are able to generate from joint venture or similar arrangements we may hereafter enter into. If we are unable to secure sufficient funds to pursue exploration to the level desired, we will adjust our proposed activities to reflect the amount of capital available to us after providing for sufficient working capital to maintain our existing operations. Since we own our interests in the majority of our mineral properties, we do not have any significant capital obligations to third parties to maintain our property interests other than the payment of periodic patent and other government fees and the payments listed under the "Table of Contractual Obligations" (see below). Our anticipated cash requirements for the year are primarily comprised of the anticipated costs of conducting our exploration programs, our administrative overhead and the obligations listed under the "Table of Contractual Obligations" (see below) and other operating expenses in the normal course of business. See note titled "Forward Looking Statements" at end of this report.

Table of Contractual Obligations - The following table summarizes our contractual obligations at April 28, 2011 and the effect these obligations are expected to have on our liquidity and cash flows in future periods.

Contractual Obligations	Payment Due By Period				
	Total	Less than a year	1-3 Years	4-5 Years	After 5 Years
Porvenir Option ⁽¹⁾ Optional Payment	US\$1,000,000	US\$1,000,000			
Rojas Option ⁽²⁾					

Optional Payment	US\$150,000	US\$150,000			
Hochschild Purchase ⁽³⁾ Advance Royalty	US\$100,000	US\$100,000			
Capital (Finances) Lease Obligations	NIL				
Operating Lease Obligations	NIL				
Purchase Obligations Equipment	NIL				
Other Long-term Liabilities	NIL				
Total Contractual Obligations and Commitments	Option Payments US\$1,150,000 Advance Royalty US\$100,000 ⁽³⁾	Option Payments US\$1,150,000 Advance Royalty US\$100,000 ⁽³⁾			

(1) This is an option payment pursuant to an option to purchase mineral property forming a 2,138-hectare portion of our INCA Property under the Unilateral Option Purchase Contract dated March 31, 2006 and as revised March 31, 2008 between Sociedad Contractual Minera Porvenir and our subsidiary Minera Samex Chile S. A. While we are not obliged to make this payment, it will be necessary to do so if we wish to preserve our interest in this portion of the property (see Note 3 "Mineral Interests" to the Consolidated Financial Statements) (see "Mineral Property Summaries" – "INCA Project" for details).

(2) This is an option payment pursuant to an option to purchase mineral property forming a 20-hectare portion of our INCA Property under the Unilateral Option Purchase Contract dated May 25 2006 between Oscar David Rojas Garin and our subsidiary, Minera Samex Chile S.A. While we are not obliged to make this payment, it will be necessary to do so if we wish to preserve our interest in this portion of the property (see Note 3 "Mineral Interests" to the Consolidated Financial Statements) (see "Mineral Property Summaries" – "INCA Project" for details).

(3) Pursuant to the exercise of an option and the related Purchase Contract dated October 27, 2006 between our subsidiary, Minera Samex Chile S.A. and Compañía Minera y Comercial Sali Hochschild S.A., SAMEX holds 100% interest (subject to an NSR royalty) in concessions covering a 209-hectare portion (Milagro area) of our Los Zorros Property. Pursuant to the option/purchase agreement, if the concessions are not in production by December 31, 2007, advance royalty payments of US\$100,000 per year are required for five years (by February 29, 2008 (paid), by March 1, 2009 (paid), by March 1, 2010 (paid), by March 1, 2011 (which has been paid), and by March 1, 2012) to a maximum of US\$500,000, or until the commencement of commercial exploitation. The advance royalty payments are recoverable from future royalty payments. SAMEX is not obligated to pay the advance royalty if it elects to return the concessions to the previous owner (see "Mineral Property Summaries" – "Los Zorros Property" for details).

Research and Development, patents and licenses, etc. - We are a mineral exploration company and we do not carry on any research and development activities.

Trend Information - We anticipate that the price of gold, silver, and copper will continue to be volatile, but will generally increase over the next year due in large part to prevailing global economic imbalances and other continuing economic conditions which should enable us to secure additional equity financing. Metal prices cannot be predicted with accuracy and our plans will be largely dependent upon the timing and outcome of metal markets, particularly the price of gold, silver and copper which is entirely outside of our control. See note titled "Forward Looking Statements" at the end of this report.

The prices of precious metals and base metals fluctuate widely and are affected by numerous factors beyond our control, including expectations with respect to the rate of inflation, relative strength of the U.S. dollar, Chilean Peso and of other currencies as against the Canadian Dollar, interest rates, and global or regional political or economic crisis. The demand for and supply of precious metals and base metals may affect precious metals and base metals prices but not necessarily in the same manner as supply and demand affect the prices of other commodities. If metal prices are weak, it is more difficult to raise financing for our exploration projects. There is no assurance our attempts to attract capital will be successful. Failure to attract sufficient capital may significantly affect our ability to conduct our planned exploration activities. Conversely, when metal prices are strong, competition for possible mineral properties increases as does the corresponding prices for such prospective acquisitions and the cost of drilling and other resources required to conduct exploration activities.

We have followed the policy of, at year end, writing down to nominal value any of our mineral properties on which we have not conducted any significant exploration activities during that fiscal year and do not plan to conduct exploration activities within the current year, regardless of our long term view of the prospects of the particular property. Since our future exploration activities are dependent upon a number of uncertainties including our ability to raise the necessary capital (which is in turn affected by external factors such the prices of precious and base metals), we may be required, by application of this accounting policy, to write down other properties now shown as an asset in our consolidated financial statements to nominal value, even though we may intend to conduct future exploration activities on them after the current fiscal period.

Off Balance Sheet Arrangements - We do not have any material off-balance sheet arrangements out of the ordinary course of business other than verbal employment or consulting agreements with our executives.

No Exposure to Non-Recourse Loans, Derivatives or Liquidity Problems – Our working capital, excess cash, and gold and silver bullion holdings are redeemable at any time and are not exposed to the liquidity problems associated with certain short-term investments such as asset-backed securities. The Company does not have any joint venture agreements on any of its mineral properties whereby the Company is exposed to non-recourse loans. SAMEX Mining Corp. is not a party to, nor bound by any agreement, document or instrument whereby the Company's interest in mineral properties may be reduced or diluted, or whereby the Company may incur any other liabilities or obligation as a direct or indirect result of any derivative embedded in any agreement, document or instrument.

Disclosure Controls and Procedures - The Chief Executive Officer and Chief Financial Officer of the Company evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2010 and concluded that as of such date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities. During the period covered by this report, there were no significant changes in the Company's internal controls or in other factors that materially adversely affected, or are reasonably likely to materially adversely affect, the Company's internal control over financial reporting.

Stock Options - Under the Company's "rolling" Stock Option Plan approved by shareholders and accepted by the TSX Venture Exchange, the Company may reserve up to 10% of its issued and outstanding shares for issuance (less any shares already issued under existing stock options). At December 31, 2010, 7.56% of the Company's issued and outstanding shares were reserved for stock options. At December 31, 2010 options were outstanding to acquire 9,030,000 shares as follows:

Optionee	Date of Option	# of Shares	Price	Expiry Date
Jeffrey Dahl	April 20, 2005	350,000	\$0.40	April 20, 2015
	May 2, 2006	300,000	\$0.85	May 2, 2016
	Feb 23, 2007	270,000	\$0.84	Feb 23, 2017
	Sep 4, 2009	625,000	\$0.20	Sep 4, 2019
Peter Dahl	April 20, 2005	350,000	\$0.40	April 20, 2015
	May 2, 2006	150,000	\$0.85	May 2, 2016
	Feb 23, 2007	150,000	\$0.84	Feb 23, 2017
	Sep 4, 2009	400,000	\$0.20	Sep 4, 2019
Robert Kell	April 20, 2005	350,000	\$0.40	April 20, 2015
	May 2, 2006	300,000	\$0.85	May 2, 2016
	Feb 23, 2007	275,000	\$0.84	Feb 23, 2017
	Sep 4, 2009	625,000	\$0.20	Sep 4, 2019
Larry McLean	April 20, 2005	350,000	\$0.40	April 20, 2015
	May 2, 2006	300,000	\$0.85	May 2, 2016
	Feb 23, 2007	250,000	\$0.84	Feb 23, 2017
	Sep 4, 2009	625,000	\$0.20	Sep 4, 2019
Allen Leschert	April 20, 2005	350,000	\$0.40	April 20, 2015
	May 2, 2006	150,000	\$0.85	May 2, 2016
	Feb 23, 2007	150,000	\$0.84	Feb 23, 2017
	Sep 4, 2009	400,000	\$0.20	Sep 4, 2019
Brenda McLean	April 20, 2005	175,000	\$0.40	April 20, 2015
	May 2, 2006	150,000	\$0.85	May 2, 2016
	Feb 23, 2007	75,000	\$0.84	Feb 23, 2017
	Sep 4, 2009	250,000	\$0.20	Sep 4, 2019
Philip Southam	April 20, 2005	30,000	\$0.40	April 20, 2015
	May 2, 2006	70,000	\$0.85	May 2, 2016
	Sep 4, 2009	150,000	\$0.20	Sep 4, 2019
	Sep 16, 2010	150,000	\$0.35	Sep 16, 2015
Francisco Vergara	May 2, 2006	50,000	\$0.85	May 2, 2016
	Sep 4, 2009	150,000	\$0.20	Sep 4, 2019
	Sep 16, 2010	100,000	\$0.35	Sep 16, 2015
Manuel Avalos	May 2, 2006	100,000	\$0.85	May 2, 2016
	Sep 4, 2009	150,000	\$0.20	Sep 4, 2019
	Sep 16, 2010	150,000	\$0.35	Sep 16, 2015
Jorge Humphreys	May 2, 2006	20,000	\$0.85	May 2, 2016
Jean Nicholl	May 2, 2006	20,000	\$0.85	May 2, 2016
	Sep 4, 2009	50,000	\$0.20	Sep 4, 2019
	Sep 16, 2010	30,000	\$0.35	Sep 16, 2015
Jorge Espinoza	May 2, 2006	30,000	\$0.85	May 2, 2016
Gerald Rayner	Sep 24, 2007	50,000	\$0.80	Sep 24, 2012
Adrian Douglas	Dec 20, 2007	60,000	\$0.70	Dec 20, 2012
	Jan 15, 2009	60,000	\$0.20	Jan 15, 2014
	Sep 4, 2009	30,000	\$0.20	Sep 4, 2019
	Jan 29, 2010	110,000	\$0.35	Jan 29, 2015
Patricio Kyllmann	Sep 4, 2009	100,000	\$0.20	Sep 4, 2019

Audit Committee & Compensation Committee - The Audit Committee is governed by the Company's Audit Committee Charter. The Audit Committee is composed of director, Larry McLean, Vice President, Operations and Chief Financial Officer of the Company who is not independent, and independent directors, Allen Leschert and Malcolm Fraser, who the Board of Directors have determined to be independent in accordance with the requirements of our Audit Committee Charter. Larry McLean and Allen Leschert have been directors of the Company since 1995 and Malcolm Fraser was appointed to the Board on January 6, 2011, and all three have, in the course of their duties, engaged in the review and analysis of - and/or have actively supervised persons engaged in the preparation, auditing and analysis of - numerous interim and annual financial statements for

the Company, as well as for other public companies for which they have served as directors or officers. Allen Leschert, who serves as committee chairman, also has more than 20 years experience as a securities lawyer. In addition to holding a law degree, he also holds a B. Comm. (with distinction), specializing in Corporate Finance and Accounting. All three of the Audit Committee members are “financially literate”. The Audit Committee’s primary function is to review the annual audited financial statements with the Company’s auditor prior to presentation to the Board. The audit committee also reviews the Company’s interim un-audited quarterly financial statements prior to finalization and publication.

Our Compensation Committee is composed of independent directors of the Company, Allen Leschert and Malcolm Fraser, and executive director, Larry McLean. The Compensation Committee was established to assist and advise the Board of Directors with respect to any and all matters relating to the compensation of the executive officers of the Company or other such persons as the Board may request from time to time.

Employees, Salaries, Payments to Related Parties – During 2010 we had from 18 to 23 employees, the majority of which were involved in activity related to our mineral properties in Chile. By comparison, we had from 18 to 21 employees during 2009. Employees who are also directors or officers of the Company were paid a total of \$466,691 during the year ended December 31, 2010, a \$137,791 portion of which was capitalized to mineral interests (2009 - \$434,000, of which \$130,400 was capitalized). Allen D. Leschert, one of our directors, provides legal services to us through Leschert & Company Law Corporation. Leschert & Company charged \$28,387 for legal services during the fiscal year ended December 31, 2010.

Additional Disclosure For Venture Issuers Without Significant Revenue – The information required by National Instrument 51-102 is disclosed in the attached consolidated financial statements to which this Management Discussion & Analysis relates.

QUARTER BY QUARTER SUMMARY

Summary For The First Quarter Of 2010 - For The Three Months Ended March 31, 2010

During the first quarter ended March 31, 2010 we continued exploration work in the Nora, Cinchado and Milagro Project areas of our Los Zorros gold property in preparation for a drill program to test these various project areas for multiple large gold targets. We also made an advance royalty payment related to the “Hochschild Purchase” by which we acquired concessions that are part of our Los Zorros Property in Chile. During the first quarter ended March 31, 2010, the Company received proceeds of \$177,000 from the exercise of warrants for the purchase of 885,000 shares at \$0.20 per share.

Advance Royalty Payment Made On Los Zorros Property, Chile – On February 26, 2010 the Company made an advance royalty payment of US\$100,000 (in Chilean peso equivalent) in relation to a 209-hectare-portion of the Los Zorros property which the Company purchased pursuant to the “Hochschild Purchase”. Pursuant to the option/purchase agreement, if the concessions are not in production by December 31, 2007, advance royalty payments of US\$100,000 per year are required for five years (by February 29, 2008 (paid), by March 1, 2009 (paid), by March 1, 2010 (paid), and by March 1, 2011, and March 1, 2012) to a maximum of US\$500,000 or until the commencement of commercial exploitation. The advance royalty payments are recoverable from future royalty payments.

Directors and Officers of the Company during the first quarter of 2010 were: Jeffrey P. Dahl – President, CEO & Director, Peter J. Dahl - Chairman & Director, Robert E. Kell - Vice President Exploration & Director, Allen D. Leschert - Director, Larry D. McLean - Vice President Operations, CFO & Director, Brenda L. McLean - Corporate Secretary.

Investor Relations – Investor relations activities during the first quarter were handled by management and included telephone contacts and “Glance” desk-top-sharing presentations and in-person meetings with shareholders, brokers and investors.

Stock Options – During the first quarter ended March 31, 2010, the Company granted a consultant on the Company’s Advisory Board stock options on 110,000 shares at \$0.35 per share with a fair value on the grant date of \$26,815. This stock-based compensation expense of \$26,815 was expensed in the category “Consulting” in the consolidated statement of operations and deficit. Also, during the first quarter of 2010, options expired on 150,000 shares at \$0.65 per share.

Warrants – During the first quarter of 2010, warrants were exercised for the purchase of 885,000 shares at \$0.20 per share for proceeds of \$177,000.

SECURITIES ISSUED DURING THE FIRST QUARTER ENDED MARCH 31, 2010

Outstanding shares at December 31, 2009 – 96,856,665							
Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Total Proceeds	Type of Consideration	Commission/ Finder’s Fees
Jan 4/10	Common Shares	Warrant Exercise	35,000	\$0.20	\$7,000	Cash	N/A
Jan 14/10	Common Shares	Warrant Exercise	750,000	\$0.20	\$150,000	Cash	N/A
Feb 15/10	Common Shares	Warrant Exercise	100,000	\$0.20	\$20,000	Cash	N/A
Outstanding shares at March 31, 2010 – 97,741,665							

Summary For The Second Quarter Of 2010 - For The Three Months Ended June 30, 2010

During the second quarter we continued exploration work at four individual projects (the Milagro, Nora, Cinchado and Milagro Pampa Projects) situated within our Los Zorros gold property holdings in Chile. The Company held its Annual General Meeting during the second quarter and the directors were again elected for the ensuing year. We also arranged a private placement to fund our gold exploration in Chile.

Private Placement – During the second quarter, the Company received share subscriptions totaling \$1,034,200 towards a private placement that was completed just subsequent to the second quarter. The completed private placement raised gross proceeds of \$1,094,200 by placement of 3,647,334 units comprised of one common share and one-half of a share purchase warrant at a price of \$0.30 per unit. One full warrant entitles the holder to purchase an additional common share at a price of \$0.35 per share if exercised at any time during the two year term of the warrant which expires July 8, 2012. The units (3,647,334 shares and 1,823,668 warrants) were issued July 8, 2010 and are subject to a hold period until November 9, 2010. A cash finder's fee of \$3,000 was paid to Raymond James Ltd. in relation to the placement of 200,000 of the units. The proceeds of the private placement will be used for gold exploration on the Nora, Cinchado, Milagro and Milagro Pampa Projects at the Los Zorros Property in Chile and for general working capital.

Annual Meeting – The Company's Annual General Meeting was held in Abbotsford, BC on May 26, 2010. The shareholders passed an ordinary resolution at the meeting to determine the number of directors of the Company at five (5). The following five directors of the Company were again elected for the ensuing year. Directors and Officers of the Company are: Jeffrey P. Dahl – President, CEO & Director, Peter J. Dahl - Chairman & Director, Robert E. Kell - Vice President Exploration & Director, Allen D. Leschert - Director, Larry D. McLean - Vice President Operations, CFO & Director. Brenda L. McLean was again appointed as Corporate Secretary. Audit Committee member are: Larry McLean, Peter Dahl and Allen Leschert. Compensation Committee members are: Peter Dahl, Allen Leschert and Larry McLean.

Annual Approval of Stock Option Plan –The TSX Venture Exchange (the "Exchange"), under its Stock Option Policy requires listed companies to adopt a stock option plan which must be approved annually by the Company's shareholders and by the Exchange. At the Annual General Meeting held on May 26, 2010 the shareholders passed an ordinary resolution giving annual approval to the Company's "rolling" Stock Option Plan and, subsequently the Exchange also accepted the yearly filing of the Stock Option Plan. Under the Company's "rolling" Stock Option Plan, the Company may reserve up to 10% of its issued and outstanding shares for issuance (less any shares already issued under existing stock options).

Form 20F Annual Report Filed With the U.S. SEC – During the second quarter we completed and filed our Form 20F Annual Report, a detailed disclosure document the Company files annually with the United States Securities and Exchange Commission ("SEC") to register its securities in the US (Form 20-F Registration #0-13391).

Investor Relations – Investor relations activities during the second quarter were handled by management and included telephone contacts and "Glance" desk-top-sharing presentations and in-person meetings with shareholders, brokers and investors.

Directors and Officers of the Company during the second quarter of 2010 were: Jeffrey P. Dahl – President, CEO & Director, Peter J. Dahl - Chairman & Director, Robert E. Kell - Vice President Exploration & Director, Allen D. Leschert - Director, Larry D. McLean - Vice President Operations, CFO & Director, Brenda L. McLean - Corporate Secretary.

Stock Options – There were no stock options granted, exercised, or expired during the second quarter ended June 30, 2010.

Warrants – During the second quarter ended June 30, 2010, the Company received proceeds of \$10,000 from the exercise of warrants for the purchase of 50,000 shares at \$0.20 per share. No warrants were issued during the second quarter.

SECURITIES ISSUED DURING THE SECOND QUARTER ENDED JUNE 30, 2010

Outstanding shares at March 31, 2010 – 97,741,665							
Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Total Proceeds	Type of Consideration	Commission/ Finder's Fees
Apr 12/10	Common Shares	Warrant Exercise	50,000	\$0.20	\$10,000	Cash	N/A
Outstanding shares at June 30, 2010 – 97,791,665							

Summary For The Third Quarter Of 2010 - For The Three Months Ended September 30, 2010

During the third quarter we continued exploration work at four individual projects situated within our Los Zorros gold property holdings in Chile. Work was focused on constructing roads and drill pads at the Milagro, Nora, Cinchado and Milagro Pampa Projects in preparation for drilling programs to test these projects for multiple precious metal deposits. By the end of the third quarter we commenced exploration core drilling at Cinchado which is only one of the numerous project areas in the Los Zorros district.

Private Placement Completed In Third Quarter – Late in the second quarter, the Company arranged a private placement which was subsequently completed during the third quarter. The Company raised gross proceeds of \$1,094,200 by a private

placement of 3,647,334 units comprised of one common share and one-half of a share purchase warrant at a price of \$0.30 per unit. One full warrant entitles the holder to purchase an additional common share at a price of \$0.35 per share if exercised at any time during the two year term of the warrant which expires July 8, 2012. The units (3,647,334 shares and 1,823,668 warrants) were issued July 8, 2010 and were subject to a hold period until November 9, 2010. A cash finder's fee of \$3,000 was paid to Raymond James Ltd. in relation to the placement of 200,000 of the units. The proceeds of the private placement will be used for gold exploration on the Nora, Cinchado, Milagro and Milagro Pampa Projects at the Los Zorros Property in Chile and for general working capital.

Investor Relations – Investor relations activities during the third quarter were handled by management and included telephone contacts and “Glance” desk-top-sharing presentations and in-person meetings with shareholders, brokers and investors.

Directors and Officers of the Company during the third quarter of 2010 were: Jeffrey P. Dahl – President, CEO & Director, Peter J. Dahl - Chairman & Director, Robert E. Kell - Vice President Exploration & Director, Allen D. Leschert - Director, Larry D. McLean - Vice President Operations, CFO & Director, Brenda L. McLean - Corporate Secretary.

Stock Options – During the third quarter ended September 30, 2010, the Company granted three employees and a consultant stock options on 430,000 shares at \$0.35 per share with a fair value on the grant date of \$99,720. No stock options were exercised or expired during the third quarter.

Warrants – During the third quarter ended September 30, 2010, the Company received proceeds of \$20,000 from the exercise of warrants for the purchase of 100,000 shares at \$0.20 per share. Warrants were issued for the purchase of 1,823,668 shares exercisable at a price of \$0.35 per share pursuant to a private placement completed during the third quarter.

SECURITIES ISSUED DURING THE THIRD QUARTER ENDED SEPTEMBER 30, 2010

Outstanding shares at June 30, 2010 – 97,791,665							
Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Total Proceeds	Type of Consideration	Commission/ Finder's Fees
Jul 8/10	Common Shares	Private Placement	3,647,334 Shares	\$0.30	\$1,094,200	Cash	\$3,000
	Warrants		1,823,668 Warrants				
Sep 23/10	Common Shares	Warrant Exercise	100,000	\$0.20	\$20,000	Cash	N/A
Outstanding shares at September 30, 2010 – 101,538,999							

Summary For The Fourth Quarter Of 2010 - For The Three Months Ended December 31, 2010

During the fourth quarter we were core drilling at the Cinchado Project and Milagro Pampa Project situated within our Los Zorros property holdings. Our exploration/mineral interests costs for the fourth quarter totaled \$714,914 for the three months ended December 31, 2010, as compared to \$215,313 for the fourth quarter ended December 31, 2009. During the fourth quarter we raised \$8,791,860 through a major private placement and also received proceeds of \$69,000 from the exercise of warrants.

Major Private Placement Funding – During the fourth quarter, the Company raised proceeds of \$8,791,860 through a private placement of 17,583,720 units comprised of one common share and one share purchase warrant at a price of \$0.50 per unit. The warrant has a term of two (2) years and each warrant entitles the holder to purchase an additional common share at a price of \$0.60 per share if exercised by December 31, 2010; or at \$0.65 per share if exercised by November 1, 2011; or at \$0.70 per share if exercised by November 1, 2012. The units (17,583,720 shares and 17,583,720 warrants) were issued November 1, 2010 and were subject to a hold period until March 2, 2011. The proceeds of the private placement are for exploration on the Company's precious metal properties in Chile and for general working capital.

Investor Relations – Investor relations activities during the fourth quarter were handled by management and included telephone contacts and “Glance” desk-top-sharing presentations and in-person meetings with shareholders, brokers and investors.

Directors and Officers of the Company during the fourth quarter of 2010 were: Jeffrey P. Dahl – President, CEO & Director, Peter J. Dahl - Chairman & Director, Robert E. Kell - Vice President Exploration & Director, Allen D. Leschert - Director, Larry D. McLean - Vice President Operations, CFO & Director, Brenda L. McLean - Corporate Secretary.

Stock Options – No stock options were granted, exercised, or expired during the fourth quarter ended December 31, 2010.

Warrants - During the fourth quarter ended December 31, 2010, the Company received proceeds of \$69,000 from the exercise of warrants for the purchase of 345,000 shares at \$0.20 per share. Warrants were issued for the purchase of 17,583,720 shares exercisable at a price of \$0.60, or \$0.65 or \$0.70 per share pursuant to a private placement completed during the fourth quarter.

SECURITIES ISSUED DURING THE FOURTH QUARTER ENDED DECEMBER 31, 2010

Outstanding shares at September 30, 2010 – 101,538,999							
Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Total Proceeds	Type of Consideration	Commission/ Finder's Fees
Oct 19/10	Common Shares	Warrant Exercise	100,000	\$0.20	\$20,000	Cash	N/A
Nov 1/10	Common Shares Warrants	Private Placement	17,583,720 Shares 17,583,720 Warrants	\$0.50	\$8,791,860	Cash	N/A
Nov 3/10	Common Shares	Warrant Exercise	47,000	\$0.20	\$9,400	Cash	N/A
Nov 9/10	Common Shares	Warrant Exercise	20,000	\$0.20	\$4,000	Cash	N/A
Nov 15/10	Common Shares	Warrant Exercise	78,000	\$0.20	\$15,600	Cash	N/A
Dec 2/10	Common Shares	Warrant Exercise	100,000	\$0.20	\$20,000	Cash	N/A
Outstanding shares at December 31, 2010 – 119,467,719							

SUBSEQUENT TO THE YEAR ENDED DECEMBER 31, 2010

New Director Added To Board - January 6, 2011, the Company appointed Malcolm Fraser of Vancouver, British Columbia as an additional director to the Board, which increased the Board to six directors. Mr. Fraser has over 50 years experience in all aspects of mineral exploration, production, concentrates marketing, product sales, and project evaluation for non-ferrous, ferrous and precious metals, industrial minerals, energy and other natural resource products, including over 20 years experience as a senior officer and/or director of Canadian public companies in the minerals and energy sectors and over 10 years practice in all aspects of mining, energy and commercial law, both domestically and internationally. He holds degrees from Queen's University (B.Sc. (Geol. Eng.)), Harvard (M.A. (Econ. Geology)), and Osgoode Hall Law School in Toronto (L.L.B.). Pursuant to the appointment as director, the Company granted an option to Mr. Fraser for the purchase of 200,000 shares at a price of \$0.70 per share for a ten-year term.

Drilling and Geophysics At Los Zorros - The Company is conducting a multi-project, multi-faceted exploration program at its large, wholly owned, Los Zorros property holdings in Chile. Subsequent to the year ended December 31, 2010 we continued drilling projects at Los Zorros and in late January 2011 commenced a substantial geophysical survey over portions of the Los Zorros district. The survey, which included five survey lines totaling over 20 line-kilometers, was conducted by Quantec Geoscience utilizing their proprietary Titan 24 technology. The Titan 24 Magnetotellurics and IP/Resistivity survey is a deep-earth-imaging technology system for detecting conductive mineralization, disseminated mineralization, alteration, structure and geology which can help target and direct exploration drilling to depth. Data from the Titan 24 survey will be correlated with data from earlier exploration and current drilling to help guide ongoing exploration throughout the extensive Los Zorros gold district. The major funding secured in the fourth quarter of 2010 has facilitated a significant expansion and extension of the exploration programs on our various projects in the Los Zorros gold district.

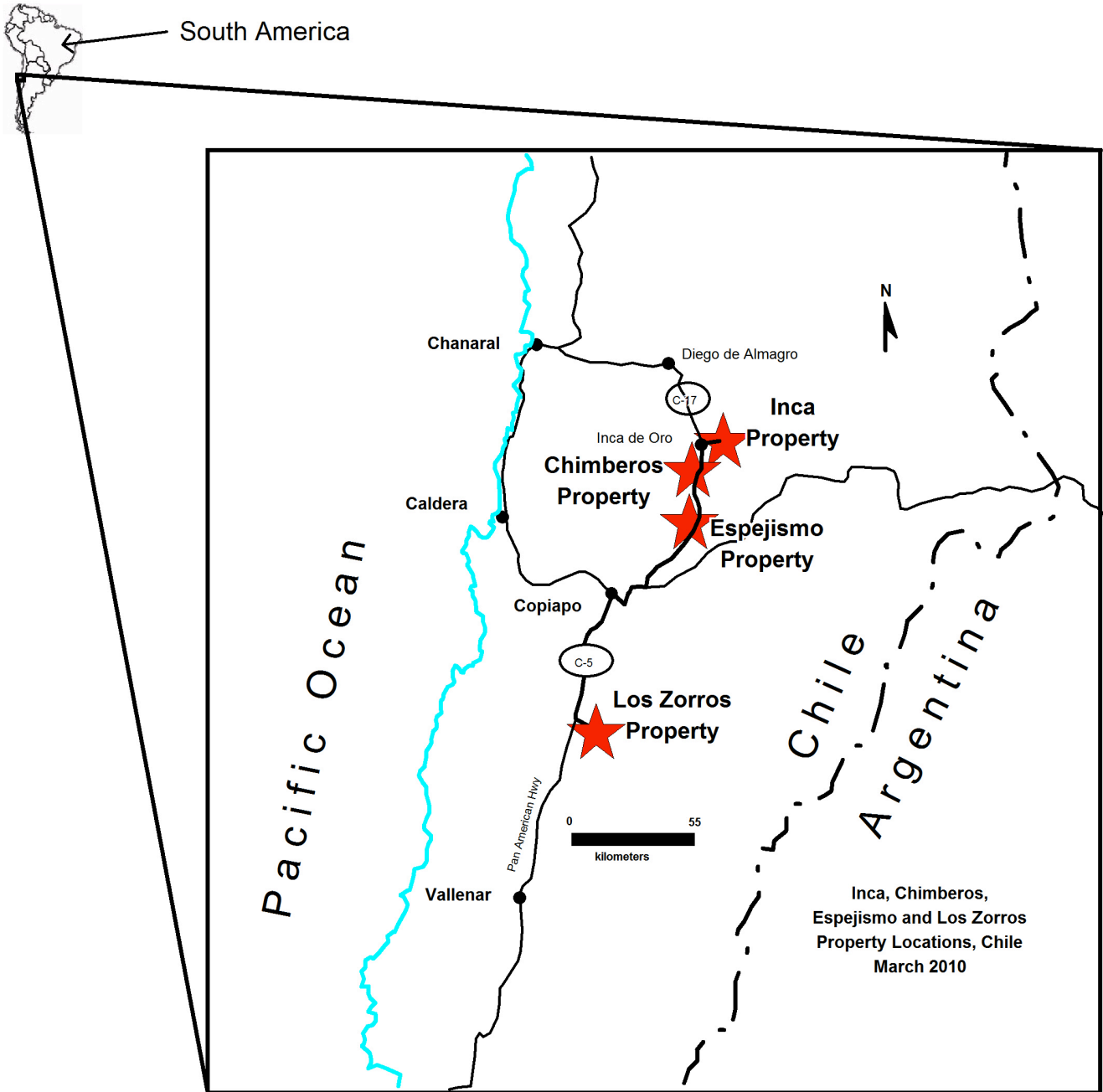
Warrants Exercised – Subsequent to the year ended December 31, 2010, the Company received proceeds of \$2,157,300 from the exercise of warrants as detailed below in the table of Securities Issued.

SECURITIES ISSUED SUBSEQUENT TO THE YEAR ENDED DECEMBER 31, 2010

Outstanding shares at December 31, 2010 – 119,467,719							
Date of Issue	Type of Security	Type of Issue	Number of Shares	Price	Total Proceeds	Type of Consideration	Commission/ Finder's Fees
Jan 4/11	Common Shares	Warrant Exercise	20,000	\$0.20	\$4,000	Cash	N/A
Feb 10/11	Common Shares	Warrant Exercise	110,000	\$0.78	\$85,800	Cash	N/A
Feb 14/11	Common Shares	Warrant Exercise	750,000	\$0.70	\$525,000	Cash	N/A
Feb 14/11	Common Shares	Warrant Exercise	500,000	\$0.30	\$150,000	Cash	N/A
Feb 14/11	Common Shares	Warrant Exercise	1,262,500	\$0.78	\$984,750	Cash	N/A
Feb 22/11	Common Shares	Warrant Exercise	100,000	\$0.20	\$20,000	Cash	N/A
Mar 2/11	Common Shares	Warrant Exercise	50,000	\$0.20	\$10,000	Cash	N/A
Mar 16/11	Common Shares	Warrant Exercise	25,000	\$0.20	\$5,000	Cash	N/A

Apr 14/11	Common Shares	Warrant Exercise	482,500	\$.70	\$337,750	Cash	N/A
Apr 18/11	Common Shares	Warrant Exercise	50,000	\$.70	35,000	Cash	N/A
Outstanding shares at April 18, 2011 – 122,817,719							

MINERAL PROPERTY SUMMARIES



LOS ZORROS PROPERTY, Chile

The Los Zorros Property in the Atacama region of northern Chile is located approximately 60 kilometers south of the city of Copiapo, Chile. The property is accessed by vehicle by driving approximately 60 kilometers south of the city of Copiapo on the paved, two-lane Pan American Highway (Highway 5) then traveling 5.5 kilometers east on a government maintained dirt road to the western boundary of the property and a further 4 kilometers to the Company's exploration camp. Although gold is the primary focus of SAMEX's exploration at Los Zorros, important values of silver and copper are also present in certain target areas.

The Los Zorros property holding consists of multiple project areas that cover approximately 80 square kilometers within a district of scattered numerous small mines and prospects where there was sporadic attempts at small-scale production for gold and copper-silver in the past. Systematic exploration by SAMEX has revealed that the Los Zorros district is situated at the convergence of important geologic and structural features:

- the property covers the breadth of a regional anticlinorium with bedrock of calcareous sediments and diorite sills.

- the property is diagonally crossed by an 8-kilometer-long trend of barite veins which appears to comprise an extensive sigmoidal (S-shaped) fracture system.
- the property is also the locus of younger porphyry intrusions.
- clay-sericite-pyrite alteration is superposed on the porphyry intrusions in four areas that have been identified so far - much of these altered areas and parts of the barite vein swarm, are largely concealed beneath a thin veneer of gravel and wind-blown silt. Trenching and a gravity survey have helped better outline the extent of the altered intrusions.
- the style of mineralization at Los Zorros varies from steep crosscutting veins and breccia to bedded mantos-like occurrences – hosted within sedimentary rocks outboard to the altered porphyritic intrusions. There is widespread occurrence of gold-bearing barite veins and altered fault zones; common, widespread occurrence of jasperoid silica; large areas/intersections of anomalous gold and the presence of important pathfinder metals (Hg, As, Sb) often found in association with gold mineralization.

Metal-laden hydrothermal fluids thought to be derived from the younger porphyritic intrusions, likely expelled out along fault structure pathways and into favorable sedimentary intervals to form the significant gold and copper-silver mineralized areas of Cinchado, Nora, Milagro, and Milagro Pampa. There are also many outlying mineral occurrences at Los Zorros yet to be systematically explored by SAMEX including: La Florida and Lora (gold and copper-gold), Virgen de Carmen and Colorina (copper-silver; possible deeper-seated gold and copper-gold), and Salvadora and Cresta de Gallo (barite vein systems with possible deeper-seated gold and copper-gold).

What has been revealed geologically at Los Zorros has provided SAMEX with strong impetus to explore for multiple precious metal deposits that may be clustered beneath the widespread precious metal occurrences in this little-explored district of historic small mining activity.

During 2004, we completed 8,617 meters of diamond core drilling in 26 holes, 10,800 meters of bulldozer trenching in 65 trenches and more than 3,100 trench and surface samples/assays; and an additional 1,865 meters of trenching (10 trenches/559 samples) during 2005. Phase I exploration work was conducted on only a portion of the target/project areas that we have identified to-date at Los Zorros. During Phase I exploration, SAMEX utilized a numbering system (ie. Exploration Area I, II, III, IV, etc) to designate the numerous target areas, in part because broader strategic land acquisition activities were ongoing. With the Company's land position now satisfactorily expanded, the Company is using the historic names of the various mines and landmarks to identify the various project areas: Exploration Area I is now Lora and Lora S.E.; Exploration Area II is now Milagro, Milagro Pampa, Florida and West Florida; Exploration Area III is now Nora; Exploration Area IV is now Cinchado; Exploration Area V is now Salvadora; Exploration Area VI is now Colorina; and Exploration Area VII is now Virgen del Carmen.

Our Phase I exploration yielded significant results including: **Nora** - DDH-N-04-05 with 15.96 g/mt gold over 7.66 meters, Trench TN-9 with 0.757 g/mt gold over 131 meters, and Trench TN-3 with 0.558 g/mt gold over 117 meters; **Milagro** - DDH-ML-04-01 with 2.579 g/mt gold over 4.4 meters true width; **West Florida** - trench TMW-10 with .405 g/mt gold over 138 meters; **Cinchado** - values ranging from 0.05 to 9.5 g/mt gold in 151 rock-chip samples of breccia in the open-cut of the old San Pedro mine.

SAMEX resumed exploration at the Los Zorros Property in 2009. The encouraging results from phase I exploration, trenching and drilling during 2004-2005 provide important guides for our current exploration that is focused on designing future exploration drilling programs for these areas. As described below, the Los Zorros property contains numerous significant project areas on a single property holding and thus represents a very important, strategic opportunity for SAMEX.

Cinchado - Our exploration work at the Los Zorros Property during 2009 identified a significant Carlin-type breccia- and sediment-hosted gold exploration target in the Cinchado Project area. The target is positioned in a large down-faulted structural block adjacent to an up-thrown fault block containing a wedge-shaped breccia body. This 40-meter thick breccia was historically exploited for gold on a small scale at the San Pedro mine. Detailed exploration work by SAMEX indicates that the gold-mineralized breccia of the San Pedro mine may be a small, faulted-off portion of a more extensive breccia body beneath the Cerro (Mt.) Cinchado area.

The San Pedro Mine is situated at the south end of Cerro Cinchado, a prominent, isolated mountain. A review of the results of numerous surface, underground chip and bulk samples taken by the previous owner during underground mining activities between 1979 and 1987, and before the onset of open-cut mining, show historical gold grades in the breccia ranging from 0.2 to 37 grams/tonne with an average grade of around 3.2 grams/tonne. A former mine operator who conducted open cut mining of the breccia from 1991 to 1993 also reported an average grade of just over 3 grams/tonne. These historic results have not been verified by SAMEX. However, continuous rock-chip sampling by SAMEX of breccia exposures left around the pit walls (71 samples) gave an average gold content of 1.905 g/mt and a range of gold values of 0.037 to 9.5 grams/tonne with 38 of the samples (53%) containing greater than 1 gram/tonne gold.

The breccia of the San Pedro mine is composed of clasts including jasperoid silica, altered calcareous siltstone, skarn, several igneous rock types, limestone, and breccia. The gold-mineralized breccia body is a nearly flat to gently dipping wedge-shaped body which can be traced out eastward to distal parts with negligible gold content, but containing a characteristic suite of anomalous Cu, Ag, Zn and anomalous pathfinder metals (As, Sb, Hg) with much coarse-bladed barite deposition.

Of particular importance, geologic mapping has found that these same distal features (including a zone of breccia/brecciated limestone in-filled with abundant coarse-bladed barite, jasperoid mantos layers, jasperoid (+/-barite) veins/veinlets with

anomalous copper and pathfinder metal content) can be traced in outcrop in continuous fashion for 1,200 meters semi-circular distance around the entire east and north sides of Cerro Cinchado (the down-faulted block). The evidence in these distal outcrops provides significant credence for the gold exploration target defined at Cinchado. Jeffrey Dahl, President and CEO remarked, *"The San Pedro breccia and these distal breccia outcrops could be the flared-out edge to a large, central, mineralized breccia beneath the dome-shaped Cerro Cinchado – this may be just the tip of the iceberg. If our exploration confirms this model, it could have a very positive impact on the Company."*

Cinchado is only one of several highly prospective project areas that SAMEX is exploring at the Los Zorros Property.

Below are summaries/histories of other important exploration project areas within the Los Zorros property that we identified during our first phase of exploration in 2004 and 2005 and that we will be further exploring:

NORA, High-Grade Gold Target – Nora is a large area hosting a complex swarm of numerous copper-gold-mineralized barite veins and a series of broad zones of anomalous gold we exposed by trenching. The upper oxide parts of some principal veins of the swarm have been mined historically on a small scale for gold, copper and barite. Exploration work we carried out at Nora during 2004 included: geologic mapping and surface outcrop rock-chip sampling mostly across principal vein structures (193 samples), approximately 2,000 meters of trenching (14 trenches/520 channel samples), and 3,799.5 meters of core drilling in 10 holes, and during 2005, an additional 1,865 meters of trenching (10 trenches/559 samples).

During phase I drilling at Nora, an impressive, mantos-style (layered), high-grade gold intersection (15.96 g/mt gold over 7.66 meters or 0.51 oz/mt over 25.12 ft.) was made in drill hole DDH-04-05. The intersected gold mineralization occurs in a complicated package of volcanoclastic detrital rocks, volcanic breccia, and minor siliclastic sedimentary rocks. The highest grades of gold occur within a distinctly layered clastic sequence and specifically within two, closely spaced, unique black-matrix breccia sub-intervals which have been silicified and contain abundant disseminated pyrite and minor chalcocopyrite. A 250-meter wide alteration halo surrounds the gold mineralized interval and consists of a narrow outer chloritic zone and thick interior zone of silica-clay-pyrite with scattered veinlets of quartz-pyrite+/-chalcocopyrite. Coincident with the alteration halo are numerous anomalous to highly anomalous values of copper, mercury, and silver and many elevated (>25 ppb to <100 ppb range) to anomalous (>100 ppb range) gold values. This alteration and geochemical expression suggests strong and widespread mineralizing processes were associated with the deposition of the gold-rich interval.

Importantly, the high-grade, gold-mineralized interval is possibly widespread beneath the NORA area. The substantial width of the haloes of both the associated hydrothermal alteration and anomalous values of copper, mercury, and silver, plus elevated to anomalous gold surrounding the gold-mineralized interval in DDH-N-04-05, indicate a strong mineralizing system that could have produced an extensive gold ore body of moderate- to high-grade nature. This may be supported by the presence at the surface, of numerous copper-gold-mineralized barite veins and a series of north-trending broad zones of anomalous gold exposed by trenching which may be leakage up from the deeper seated, high-grade, gold-mineralized mantos. These anomalous gold zones may prove to comprise an important guide to deeper seated high-grade gold mineralization. The area of veins and anomalous gold zones measures 1,200 meters by 1,000 meters and if the gold-rich mantos layer extends beneath much of this prospective area, a large target could be present. This target potential is conceptual in nature, there has been insufficient exploration to define a mineral resource at Nora and it is uncertain if further exploration will result in discovery of a mineral resource within the NORA area.

The high-grade gold mineralization at NORA is only one of several very exciting exploration project areas at the Los Zorros Property.

Milagro – Milagro is an area where gold was previously mined on a small scale at the Milagro Mine via open cut methods. The gold mineralization within the small local mine workings occurs with distinct clay alteration and silicification and may be much more extensive beneath surrounding areas to the previous mining activity. PIMA analyses of altered tuff samples from the mine area show mineral assemblages typical of high-level epithermal gold-mineralized systems (opaline, silica, silica-jarosite, alunite-halloysite-montmorillonite, smectite-kaolinite, sericite-pyrophyllite, illite-silica, gypsum-silica and jarosite silica).

During recent exploration during the first quarter of 2010 in the Milagro Project area, an elongate outcrop of jasperoid/silica breccia was sampled and returned precious metal values ranging from 0.39 to 2.01 grams/tonne gold and 3.1 to 28 grams/tonne silver (eight chip samples, each across approx. 0.5 meters). The discovery of this Carlin-style jasperoid/silica breccia occurrence may have positive implications for the overall extent and target size of the Milagro Project area, where our phase I drill hole ML-04-01 encountered 97.3 meters averaging 0.302 g/t gold, including 2.579 g/t gold over 4.7 meters (previously reported in 2005).

Importantly, the outcropping gold-bearing leakage features provide strong credence to extend the area previously considered prospective at the Milagro Project, an additional kilometer to the southeast. The target implications will be incorporated into the ongoing exploration program and be reported on in greater detail in the future.

At the Milagro Project, a dense gabbro sill caps gold mantos layers and a +/-90-meter-thick underlying breccia, which also contains highly anomalous gold. The capping gabbro sill appears to have acted as a barrier to ascending mineralizing fluids, which then pooled and spread out beneath it in favorable stratigraphic intervals producing gold-mineralized mantos and a thick breccia layer. The gabbro and underlying thick gold-mineralized package of mantos and breccia are open down-dip in a southeast direction and have not yet been drill tested.

At the northwest end of the project area one of the gold-mineralized mantos layers is exposed in shallow open cuts at the

historic Milagro mine. Earlier phase I exploration drilling was limited to only two core holes near the Milagro mine to initially determine the character and geologic features of the gold mineralization. It is highly encouraging to observe Carlin-style precious metal mineralized jasperoid/silica breccia in outcrop more than a kilometer away to the southeast. It demonstrates that mineralizing fluids leaked upwards along fault-controlled pathways through the capping gabbro and suggests the area of gold mineralization beneath the gabbro may be more extensive.

Similar Carlin-style gold mineralization and alteration features have also been observed at the neighbouring Nora and Cinchado Project areas of the Los Zorros Property. Importantly, SAMEX's exploration work at the Los Zorros property has corroborated many geologic features as being analogous to the Carlin Trend district in Nevada. These observations and results have significant implications for target models and exploration programs going forward. Geologic fieldwork, in part is focused on finding and mapping the distribution of these leakage features to help guide future exploration drilling efforts.

The Milagro, Nora, Cinchado and Milagro Pampa projects are being simultaneously advanced and prepared for a drilling program to test multiple large gold targets for Carlin-style ore bodies. A "Milagro Gold Project" graphics plate with map-views, cross-section and photos has been posted on the SAMEX website at www.samex.com for viewing in conjunction with this summary information.

Milagro Pampa – The Milagro Pampa area hosts a stockwork-veined, sericite-clay-quartz-altered/pyritized gabbro sill with strongly anomalous copper-gold-silver and mercury content which is concealed beneath pampa cover and was discovered during Phase I drilling in hole ML-04-03. The strong alteration, anhydrite and quartz-pyrite stockwork veining, and highly anomalous copper content intersected suggests that Milagro Pampa is near the center of the intrusive porphyry source of the mineralizing system. The hole did not quite reach and penetrate through the floor of an altered and mineralized gabbro body, but garnet skarn xenolith blocks comprising the last twenty meters suggest that the hole was stopped near the floor contact with underlying rock. The strong alteration, pyritization and variable anomalous copper over the entire length of the hole may comprise the outer halo to substantial gold-copper mineralization hosted in altered porphyry and layered skarnoid sedimentary and volcanoclastic rocks that likely underlie the gabbro body.

In light of the gold mineralization being concentrated just below the floor of the gabbro unit at the Milagro Mine, exploration results make a strong case to test for copper-gold mineralization underlying the gabbro in the Milagro Pampa area. The fault-bounded prospective area of Milagro Pampa measures 1000 meters by 500 meters with the top of the target becoming progressively deeper in a down-dip direction to the east (ranging approximately 400 to 500 meters vertical depth).

West Florida – West Florida is an area where Phase I trenching and sampling exposed silicified and clay-altered quartz-eye porphyritic intrusion with significantly anomalous gold content including a 138-meter interval averaging 0.405 g/mt. The gold mineralized/altered intrusion intrudes up through a little-altered, thick diorite sill and coincides with a well-defined gravity low. The surface outcropping, oval-shaped area of gold mineralized quartz-eye porphyritic dacite intrusion encompasses approximately 200 meters wide by 400 meters long. Similar altered/mineralized porphyritic intrusion outcrops/daylights elsewhere in the vicinity, indicating the target extends over a much greater distance beneath the surrounding area.

Lora – The Lora project at Los Zorros is situated in an area of pampa and low-lying hills with numerous prospected showings of fault-hosted, fracture-controlled and veinletted, oxide-copper mineralization. Bulldozer trenching exposed a large copper-gold-molybdenum anomaly within variably leached rocks over an area measuring approximately 1,000-meters long and 800-meters wide (open-ended to the east) with anomalous copper (>250 ppm), gold (>100 ppb) and elevated molybdenum (>10 ppm) in trench (see table below) and outcrop samples.

Trench	Length In Meters	Average Copper %	Average Gold ppm*	Average Molybdenum ppm
P-1	106.0	0.105	0.039	20
P-2	219.0	0.252	0.103	13
P-3	213.4	0.186	0.212	33
P-5	67.0	0.266	0.189	20
P-6	110.8	0.145	0.256	12
P-9b	104.3	0.066	0.069	18
P-9c	89.0	0.077	0.018	51
P-16	129.4	0.277	0.149	12
P-18	207.3	0.102	0.081	<2
C-1	199.0	0.069	0.100	<6
LR1-17	51.0	0.051	0.580	17
Weighted average of trench samples in target area		0.151	0.143	17

* Analytical results are reported in parts per million (ppm). 1 ppm = 1 gram/metric tonne (g/mt)

The geologic setting of this target has been disclosed by trenching to be porphyritic diorite and quartz diorite which has been strongly hypogene altered (clay-silica and sericite-pyrite) and cut by later igneous dikes. Strong supergene effects have produced secondary clays plus iron-oxide and oxide-copper minerals. The oxide-copper mineralization occurs in all rock types mostly as copper wad and chrysocolla along abundant fractures, structurally controlled wide zones of multiple orientation, and as strong disseminations in altered diorite. The original copper mineralization appears likely to have been comprised of gold-bearing, copper sulfide (chalcopyrite) associated with the hypogene alteration within the porphyritic dioritic rocks.

During our phase-one drilling program in 2004, six core drill holes tested only a portion of the porphyry intrusions, encountering long intervals of low-grade copper/gold mineralization (see table below) in each hole. Drilling was principally along a 500-meter long fence of four inclined holes (P1, P2, P3, P4) which were spaced on an east-west line, systematically testing across the central part of the large copper/gold anomaly defined earlier by trenching. Two additional inclined holes (P5 and P6) were drilled 200-meters southwest, and 400-meters south of the fence, respectively.

Hole #	From	To	Interval (m)	Cu %	Au ppm
P1	5.45	228	222.55	0.163	0.061
including	16.7	37	20.3	0.499	0.051
	14	86	69.3	0.236	0.045
AND incl.	206.5	227	20.5	0.404	0.276
P2	7.5	245.8	238.3	0.144	0.117
including	178	204	26	0.31	0.216
P3	2.1	330	327.9	0.175	0.147
including	2.1	72	69.9	0.29	0.243
P4	6.5	306	299.5	0.163	0.108
including	9.5	86.75	77.25	0.249	0.145
OR incl.	9.5	132	122.5	0.237	0.152
P5	6.3	293.2	286.9	0.035	0.03
P6	7.5	221.5	214	0.083	0.057

Evaluation of the drill data suggests that this mineralization may represent the low-grade, distal zone or outer halo to more intensely altered and better mineralized parts of the porphyry copper/gold system within the Lora area. Further exploration is required in the Lora area to search for higher grade oxide and secondary sulfide mineralization which may be advantageously positioned at shallow depths and for proto-ore zones of combined high copper/gold grade with significant width.

Our first phase exploration, trenching and drilling during 2004 and 2005 was conducted in the Nora, Milagro, and Lora areas, which are only a portion of the project areas at the Los Zorros property. The Cinchado, Colorina, Virgin del Carmen, and Salvadora areas at Los Zorros have yet to be explored by drilling. Following are brief summaries of the Colorina, Virgin del Carmen, and Salvadora areas:

Colorina – Colorina is an area of strong hydrothermal alteration with geochemical values of gold, silver and copper that are characteristic of the high-level part, or outer halo, of a possible deeper seated epithermal, precious metal system. A unique feature of the alteration found in the Colorina area is its unusually high sodium enrichment which is similarly reported to occur associated with the large copper/gold deposits of the Candelaria and Punta del Cobre District situated 40 kilometers north of Los Zorros. The area of alteration is hosted in a thick diorite sill and measures 1500-meters (north-south) by 400- to 800-meters across (east-west). The center of the alteration is just outboard in low-lying pampa to the west of a higher, range-front mine where barite breccia and mantos-hosted oxide-copper-silver mineralization was exploited on a small scale. The alteration is characterized by hematite-clay-silica with later fracture-controlled superimposed clay-silica. This style of alteration and weakly anomalous gold, silver, copper suggests a position above perhaps deeper seated, gold-copper-silver (Candelaria-type), or gold-silver (Andacollo-type) mantos- and related vein zone-hosted mineralization similar to other ore bodies in this lower Cretaceous geologic belt.

Initial reconnaissance chip sampling (44 samples) of scattered outcrops of clay-red hematite altered and silicified porphyry and diorite in the area showed common elevated (0.022 to 0.082 ppm) levels of gold with anomalous silver (1 to 6.1 ppm). Eight samples contained weakly to moderately anomalous gold values (0.173 to 1.22 ppm) with anomalous silver (1.9 to 8.4 ppm), and mercury (110 to 1180 ppb). Higher gold values (two samples, 4.73 ppm and 5.19 ppm) are restricted to a meter-wide, oxide copper-mineralized (to 3.04% copper) northeast-trending structure. High sodium values (most >3%) and strongly depleted calcium (most <0.5%) and magnesium (most <0.2%) in the samples suggest the colorful alteration includes a peculiar sodic metasomatism which is noted to importantly occur associated with the copper-gold deposits at Punta del Cobre and Candelaria located in this same geologic belt. Also in this area, barite-bearing mantos-hosted and breccia-hosted silver and oxide-copper mineralization to several meters thick occurs, replacing a limestone unit just above the zone of altered porphyritic rock. Samples across the mantos and breccia are polymetallic in character containing anomalous copper (0.32% to 1.06%), silver (11.1 to 49.3 ppm), and zinc (1365 ppm to 9230 ppm). Detectable elevated gold values (0.011 to 0.055 ppm) are also present with markedly anomalous amounts of arsenic (2490 ppm to 2560 ppm), mercury (260 to 950 ppb), and antimony (112 to 304 ppm). An intensive program of detailed sampling and trenching has not yet been conducted. However, spot, outcrop chip sampling was extended northward, and a channel cut was taken along a 300-meter-long reconnaissance trench, located 400 meters north of the core area. This east-west oriented bulldozer trench exposed numerous altered zones with widths from a meter to over 50 meters which are separated by intervals of weakly altered to unaltered diorite. Continuous sampling along the trench wall was carried out at 5-meter-long intervals across all rock types. The geochemical analytical results from this trench and other samples within the target area show the common presence of elevated to anomalous gold and silver, high amounts of sodium, and many samples also contain low-level anomalous copper and mercury.

Virgin del Carmen – The Virgin del Carmen area is situated along the same range front as the Colorina area and includes an area of previous small mining of oxide-copper-silver-mineralized mantos and breccia which is similar to that exploited at the

small mine in the Colorina area. Additional exploration is required to further evaluate the outlying pampa to the west of the Virgen del Carmen mine for alteration/geochemical indications of a target of deeper seated, epithermal, gold-silver-copper mineralization.

Salvadora – The Salvadora area is a barite vein system hosted in andesite and volcanoclastic rocks. The system is +700 meters long and nearly 300 meters wide. Historic barite mining activity to shallow depths (+/- 15 meters) focused on steep-dipping veins that averaged a meter in width. Barite is commonly associated with gold, silver and gold-silver deposits in epithermal environments. This area requires drilling to test the down-dip character of the veins for possible gold, silver, and copper content. The presence of complicated minor veining locally in outcrops suggests potential for a bulk-tonnage target comprised of spaced major veins with intervening rocks containing abundant minor veins/veinlets.

In summary, the Los Zorros property contains numerous large-sized gold, silver and copper targets on a single property holding and thus represents a very important, strategic opportunity for SAMEX. The property is geologically well-situated within the highly prospective mining belt that contains the copper-gold ore bodies of the Punta del Cobre District (150 million cumulative tonnes with an average grade of 1.5% copper, 0.2 to 0.6 g/mt gold, 2 - 8 g/t silver), the large Candelaria mine (460 million tonnes containing 0.82% copper, 0.22 g/mt gold, 3.1 g/mt silver), the large, mined-out Chanarcillo silver deposit (+100 million ounces of silver), plus many smaller copper-gold and gold ore bodies which still locally support mining operations. Infrastructure for large mining activity is readily available in the area with power, transportation, water, communications and manpower all within advantageously close distances. Because of the large size of the property, and the fact that our exploration is still in progress, the information and ideas behind the targets currently being developed must be considered as an evolving picture. The possibility of defining further new targets and project areas on the property remains strong.

Sampling, analytical procedures, controls - Geochemical analyses on samples were performed by ALS Chemex, an independent, internationally recognized and ISO certified laboratory complying with the international standards ISO 9001:2000 and ISO 17025:1999. In preparing drill core samples for analysis, the core is cut or split in half, with one half kept for reference and re-analysis if necessary, while the other half is bagged and sealed as a sample for analysis. To provide quality control, pre-packaged, sealed, certified standard (include low and medium grade copper-gold pulps) and blank pulps are included for analysis by inserted them as samples in random order at approximately 1 per every 30 samples. To ensure chain of custody, the bagged samples for analysis are picked up by an agent of ALS Chemex and transported directly to the ALS Chemex laboratory at Antofagasta or at La Serena, Chile.

Except where otherwise noted, the analytical and test data underlying the information disclosed herein was verified by or under the supervision of Robert Kell, Vice-President Exploration for SAMEX Mining Corp. and Phil Southam, Geologist, who are “qualified persons” pursuant to Canadian Securities National Instrument 43-101 concerning Standards Of Disclosure For Mineral Projects.

The Company's Chilean subsidiary, Minera Samex Chile, S.A., has mineral rights to 65 exploitation mining concessions that cover an area of approximately 7,782 hectares that comprise the Los Zorros property in Chile. The Company acquired the concessions by a combination of staking and acquisition through government auctions (approximately 6,049 hectares), a purchase agreement (1,429 hectares), and by the exercise of two purchase option contracts (209 hectares and 95 hectares). The Company holds 100% interest in the concessions subject to the terms described below in the Purchase and Sale Agreement with Compania Contractual Minera Ojos del Salado, the Purchase Option Contract with Comercial Sali Hochschild S.A., the Purchase Option Contract with Compania Minera San Estaban Primera S.A., and subject to the Finder's Fee, Bonus and Royalty described below:

Purchase and Sale Agreement dated January 29, 2003 between our subsidiary, Minera Samex Chile S.A. and Compania Contractual Minera Ojos del Salado - We entered into a purchase agreement dated January 29, 2003, with the vendor, Compania Contractual Minera Ojos del Salado, to acquire approximately 1,429 hectares of mineral concessions covering old goldmines and gold showings in the Los Zorros district for US\$50,000 cash (which has been paid). Because of the vendor's interest in copper, under the purchase agreement, the vendor retained a back-in right to earn an interest in the property in the event that we discover a copper deposit containing not less than two million tonnes of contained equivalent copper on or within a half kilometer of the property. The vendor can elect to exercise the back-in right to earn a 30% interest by reimbursing us three times the expenditures incurred, and up to 51% interest by expending 100% of all further costs necessary to complete a bankable feasibility study on the property. Thereafter, the parties would negotiate a joint venture to carry out development and mining of the property.

Purchase Option Contract dated November 6, 2003, between our subsidiary, Minera Samex Chile S.A. and Compañia Minera y Comercial Sali Hochschild S.A. – In October 2006 we completed the acquisition of mineral concessions covering a 209-hectare-portion of the Los Zorros property (covers portions of the Milagro and Lora areas of the Los Zorros property). Under the Option, SAMEX acquired the concessions by making option payments totaling US\$230,000 as follows: US\$30,000 upon signing of the Option Agreement (paid); US\$50,000 by October 31, 2004 (paid); US\$50,000 by October 31, 2005; (paid); US\$100,000 by October 31, 2006 (paid).

Pursuant to the exercise of the option and the related Purchase Contract dated October 27, 2006, SAMEX holds 100% interest in the concessions subject to a Net Smelter Return Royalty of 2% on gold and silver, 1.5% on copper, and 1.5% on other payable minerals, if the US\$ price per pound of the mineral is less than US\$1 or 2% if the US\$ price per pound of the mineral is US\$1 or greater. SAMEX has an option to buyout the Royalty at any time for US\$1,800,000. Pursuant to the option/purchase agreement, if the concessions are not in production by December 31, 2007, advance royalty payments of US\$100,000 per year are required for five years (by February 29, 2008 (paid), by March 1, 2009 (paid), by March 1, 2010 (paid), by March 1, 2011 (paid), and by March 1, 2012) to a maximum of US\$500,000, or until the commencement of commercial exploitation. The

advance royalty payments are recoverable from future royalty payments. SAMEX is not obligated to make the advance royalty payments if it elects to return the concessions to the previous owner.

Purchase of Mineral Concessions Completed – Re: Unilateral Purchase Option Contract dated June 29, 2005 between our subsidiary, Minera Samex Chile S.A. and Compañía Minera San Estaban Primera S.A. – In December 2006 we completed the acquisition of mineral concessions covering a 95-hectare-portion of the Los Zorros property by making option payments totaling US\$200,000 over 18 months as follows: US\$75,000 upon signing the Option Agreement (paid); US\$25,000 by December 20, 2005 (paid); US\$50,000 by March 20, 2006 (paid); and US\$50,000 by December 20, 2006 (paid). SAMEX now holds 100% interest in the concessions subject to a Net Smelter Return Royalty of 1.5% on copper, gold, silver, and other payable minerals. SAMEX has an option to buyout the Royalty at any time for US\$1,000,000.

Finder's Fee, Bonus and Royalty - Pursuant to a Consulting Agreement dated September 25, 2002 between SAMEX and Geosupply Servicios de Geología & Minería & Sondajes de Diamantina, the concessions in the Los Zorros district are subject to the following finder's fee, bonus and royalty:

- a) A finder's fee of US\$10,000 payable within 90 days of commencement of a drilling program on the concessions (which has been paid);
- b) A bonus of US\$150,000 payable within one year from the date of Commencement of Commercial Production on the concessions; and
- c) Net Smelter Return royalty equal to 0.25% of Net Smelter Returns.

Patent payments must be paid annually to the Chilean government during the month of March in order to maintain the mining concessions. Patent fee are calculated based upon the value of the Chilean Monthly Tax Unit ("M.T.U.") which varies from month to month. In the case of an exploitation concession the annual patent fee is calculated as one-tenth ($1/10^{\text{th}}$) of the Monthly Tax Unit per hectare (for example, in March 2010 the M.T.U. was 36,752 x $1/10^{\text{th}}$ = 3,675.2 Chilean Pesos per hectare which, at the Observed US\$/Peso exchange rate of 516.33 at March 15, 2010 equated to approximately US\$7.11 per hectare for exploitation concessions). In the case of an exploration concession the annual patent fee is calculated as one-fiftieth ($1/50^{\text{th}}$) of the Monthly Tax Unit per hectare (for example, in March 2010 the M.T.U. was 36,752 x $1/50^{\text{th}}$ = 735.04 Chilean Pesos per hectare which, at the Observed US\$/Peso exchange of 516.33 rate at March 15, 2010 equated to approximately US\$1.42 per hectare for exploration concessions).

The Los Zorros Property is without a known body of commercial ore and our activities to date have been exploratory in nature.

INCA PROPERTY, Chile

Location and means of access - The INCA property in the Atacama region of Chile is located approximately 90 kilometers north of the city of Copiapo, Chile and 6.0 kilometers east of the paved highway that connects Copiapo to Diego Del Amargo and the El Salvador Mine. The property is accessed by vehicle by driving north from Copiapo on paved, two-lane highway (Highway C-17) to the village of Inca de Oro. The INCA property and the Company's exploration camp are located about 6 kilometers east of the village of Inca de Oro along a government maintained gravel road leading to the San Pedro de Cachiyuyo district. The INCA property is favorably situated from both a geological and a logistical perspective, being close to important transportation routes, power lines and general mining infrastructure.

Historically, the INCA project area has been the center of small mining activity primarily for production of oxide-copper and some secondary enriched copper sulfide ores. This area hosts variably sized breccia pipes with outcropping, or historically mined copper, molybdenum and gold mineralization and the exploration objective has been to search beneath and around this area for substantial deposits of copper with important gold, silver and molybdenum credits.

During 2006 we completed the construction and equipping of a camp and exploration office at the INCA project and compiled extensive maps of the project area. We also conducted more than 30 line-kilometers of IP geophysical survey over six survey lines. In 2007 we conducted additional geophysical surveys and a program of bulldozer trenching, sampling and assaying was completed. Blasting and bulldozer work was conducted to prepare access roads and drill pads for a Phase I core drilling program. The core-drilling program completed 10,309 meters of drilling in 35 holes, with an average hole length of approximately 300 meters. Generally the program was designed to test shallow targets proximal to existing historic mine workings and coincident with IP geophysical anomalies, for areas of stock-work veining, breccia bodies, and disseminated and/or porphyry style copper-gold-molybdenum mineralization. More specifically the program was set up to test, in systematic fashion, two principal target zones including: the Delirio-Tucumana breccia complex (14 holes) and the Puntilla-San Antonio vein system with a coincident strong IP expression (8 holes). Other target areas received more cursory drilling attention and these include: San Antonio-Providencia (7 holes), Magallanes (2 holes), Manto Cuba-San Pedro (2 holes) and Jardinera (2 holes).

From the results of the Phase I exploration, it became apparent that, although some of the results (particularly in the area around the Providencia mine) were very promising, the first phase of exploration did not discover the presence of a wide-spread, near-surface porphyry copper deposit that we had hoped for. We concluded that, although the possibility still existed to find a large scale copper deposit at INCA, considerable more exploration work and expenditures would be required to do so, which exceeded our available resources. Further, we faced option payments on certain concessions covering portions of the INCA property which came due in March and April of 2009, which have not been paid: As disclosed in Note 3 of the financial statements, the Company has not made an option payment of US\$1,000,000 that was due March 31, 2009 pursuant to the "Minera Porvenir Option" by which the Company can acquire a 2,138-hectare portion of the INCA project, therefore, under the terms of the option, the owner may terminate the option upon default of payment by giving 30 days written notice. We are of the view that, the owner is in default of the agreement in that the owner has not to date resolved certain title issues on a 85-hectare portion of the property and is therefore, not able to validly terminate the option, however, if the owner is able to correct this

defect or if our position is not upheld on arbitration, we may face termination of this option. Also, the Company has not made an option payment of US\$150,000 that was due April 30, 2009 pursuant to the "Rojas Option" by which the Company can acquire a 20-hectare portion of the INCA project, therefore, the owner may terminate the option by giving 30 days written notice. We determined that, regardless of our legal position under the Minera Porvenir Option, in light of economic and market conditions, exploration results to date on these particular concessions and other factors, expenditures on these option payments were not justified at this time. At the date of this report, the Company had not received written notice of default with respect to non-payment of the option payments that were due under the Minera Porvenir Option and the Rojas Option. During 2009, the Company also decided not to make an option payment of US\$80,000 due April 9, 2009 pursuant to the "Parra Option" by which the Company could acquire an interest in a 21-hectare portion of the INCA project, and subsequently, the owner delivered the Company written notice terminating the "Parra Option".

As a result of non-payment of the Minera Porvenir Option payment and the Rojas Option payment, the Company may be required to relinquish the options on these portions (2,138 hectares and 20 hectares) of the INCA property. Due to the possibility of relinquishing these portions of the INCA property, we wrote-off a \$2,699,263 portion of the deferred expenditures on the INCA property at December 31, 2009.

The INCA property consists of concessions covering approximately 3,493 hectares. In addition, the Company also has the option to acquire another 2,158 hectares of mineral interests in the INCA project area pursuant to the Minera Porvenir Option and the Rojas Option agreements, however, as disclosed above and in Note 3 of the financial statements, the Company has not made the final option payments on these options.

"Araya Option" Exercised To Acquire the Providencia Mine Concessions - Of importance, during 2009 we completed the final option payment under the "Araya Option" to acquire the Providencia Mine concessions situated within the greater INCA project area. These concessions cover one of the stronger mineralized areas identified during phase I exploration at the INCA project including the Providencia copper breccia pipe, a swarm of sheeted veins, and other tourmalinized/silicified breccia bodies and pipes. With this acquisition and its other land holdings, SAMEX holds what we consider to be the most prospective and strategic concessions within the INCA project area.

The size and shape of the Providencia mine breccia pipe is not fully exposed by mining and could be over 80 meters across. The pipe is well mineralized with chalcopyrite and abundant accessory pyrite; our initial rock chip-channel samples in the mined areas were taken as a series of both vertical and several horizontal oriented lines. The copper (total) grade of initial chip-channel sampling (25 samples) shows a range via mine level of 1.24% to 2.94% copper with an overall average of 2.16% copper. The presence of strong sericite alteration, anomalous amounts of silver, lead, zinc, and antimony and position of the roof indicate that this level is at the top of the pipe and that very little of the pipe has actually been mined out. A target size of over 10 million metric tonnes is tentatively outlined for this mine-exposed breccia pipe.

The Providencia mine breccia pipe has a distinct IP signature and occurs within what appears to be a cluster of additional concealed, possibly well-mineralized breccia pipes with similar or stronger IP responses, which were disclosed by our regional IP survey. The Providencia breccia cluster is a highly prospective area 1600 meters long by 500 meters across – with several separate IP targets for copper-molybdenum-gold mineralization hosted by sulfide-bearing breccia pipes/elongate tapered bodies and perhaps out into surrounding veinletted zones. One set of our exploration core drill tests on one of the IP anomalies discovered a concealed, faulted part of a breccia pipe (Providencia West) with indications that it contains significant copper and molybdenum mineralization and anomalous silver, lead, and zinc content. This breccia pipe is positioned 700 meters to the west of the Providencia mine where an outcropping sheeted vein swarm with oxide-copper mineralization and tourmalinized/silicified pods of breccia are present over a large area in the monzonite cap above the pipe. Additional drilling is required in the Providencia area to test for other concealed breccia pipes with the objective of discovering multiple ore bodies and the potential deeper source from which these pipes have emanated.

The Company plans to conduct additional meetings and property tours with interested parties in its continuing efforts to arrange a joint venture or sale of all or a portion of the INCA property. Of note, several kilometers to the west, Chilean miner, Codelco, is planning to advance the development of their Inca de Oro ore body, which could serve to further enhance the value of our prospects.

Mineral Interests - The Company's Chilean subsidiary, Minera Samex Chile S.A. has mineral rights to mining concessions covering approximately 3,493 hectares acquired by staking, purchase at government auction, a purchase agreement, and exercise of the Araya Option agreement:

Araya Option – Pursuant to a Unilateral Option Purchase Contract dated April 4, 2006 with Malvina del Carmen Araya Santander the Company acquired 100% interest in 45 hectares of mineral interests (the Providencia Mine concessions situated within the greater INCA project area) for consideration of option payments totaling the Chilean Peso-equivalent of US\$300,000 (paid). A 1% NSR retained by the vendor for a period of 20 years. The Company has the option to buyout the NSR at any time for US\$500,000.

Vizcacha I Purchase – In September 2007, the Company purchased the Vizcacha I mineral concession covering a 3-hectare-portion of the INCA project for a total consideration of US\$32,938 (17,000,000 Chilean Pesos). No royalty is payable on this concession.

The Company also has the option to acquire an additional 2,158 hectares of mineral interests in the INCA project area pursuant to the Minera Porvenir Option and the Rojas Option agreements:

Minera Porvenir Option - Under the Unilateral Option Purchase Contract dated March 31, 2006 between Sociedad Contractual Minera Porvenir ("Optionor") and our subsidiary Minera Samex Chile S. A., SAMEX can acquire 100% interest in concessions covering a 2,138-hectare portion of the INCA project for consideration of the Chilean Peso-equivalent of US\$2,000,000 (US\$1,000,000 paid). Option payment due: US\$1,000,000 comprised of US\$38,500 (has not been paid) payable on behalf of the optionor to a third party when they resolve certain title issues on a 85-hectare portion of the property, and US\$961,500 that was due March 31, 2009 (has not been paid) (See Note 3 of the financial statements). A 1% net smelter royalty ("NSR") has been retained by the vendor and the vendor has the right to purchase up to 50% of any oxide-copper production at cost from the Company (to a limit of 10,000 tonnes per month) and subject to a cumulative maximum of 1,200,000 tonnes or ten years, which ever is reached first.

Rojas Option - Under the Unilateral Option Purchase Contract dated May 25, 2006 between Oscar David Rojas Garin and our subsidiary Minera Samex Chile S. A., SAMEX can acquire 100% interest in concessions covering a 20-hectare portion of the Inca project for consideration of the Chilean Peso-equivalent of US\$300,000 (US\$150,000 paid). A final option payment was due April 30, 2009 - US\$150,000 (has not been paid) (See Note 3 of the financial statements). No NSR is payable on these concessions.

Patent payments must be paid annually to the Chilean government during the month of March in order to maintain the mining concessions. Patent fee are calculated based upon the value of the Chilean Monthly Tax Unit ("M.T.U.") which varies from month to month. In the case of an exploitation concession the annual patent fee is calculated as one-tenth ($1/10^{\text{th}}$) of the Monthly Tax Unit per hectare (for example, in March 2010 the M.T.U. was $36,752 \times 1/10^{\text{th}} = 3,675.2$ Chilean Pesos per hectare which, at the Observed US\$/Peso exchange rate of 516.33 at March 15, 2010 equated to approximately US\$7.11 per hectare for exploitation concessions). In the case of an exploration concession the annual patent fee is calculated as one-fiftieth ($1/50^{\text{th}}$) of the Monthly Tax Unit per hectare (for example, in March 2010 the M.T.U. was $36,752 \times 1/50^{\text{th}} = 735.04$ Chilean Pesos per hectare which, at the Observed US\$/Peso exchange of 516.33 rate at March 15, 2010 equated to approximately US\$1.42 per hectare for exploration concessions).

Sampling, analytical procedures, controls at INCA - Geochemical analyses on samples were performed by ALS Chemex, an independent, internationally recognized and ISO certified laboratory complying with the international standards ISO 9001:2000 and ISO 17025:1999. In preparing drill core samples for analysis, the core is cut or split in half, with one half kept for reference and re-analysis if necessary, while the other half is bagged and sealed as a sample for analysis. To provide quality control, pre-packaged, sealed, certified standard (include low and medium grade copper-gold pulps) and blank pulps are included for analysis by inserted them as samples in random order at approximately 1 per every 30 samples. To ensure chain of custody, the bagged samples for analysis are picked up by an agent of ALS Chemex and transported directly to the ALS Chemex laboratory at Antofagasta or at La Serena, Chile.

Except where otherwise noted, the analytical and test data underlying the information disclosed herein was verified by or under the supervision of Robert Kell, Vice-President Exploration for SAMEX MINING CORP. and Phil Southam, Geologist, who are "qualified persons" pursuant to Canadian Securities National Instrument 43-101 concerning Standards Of Disclosure For Mineral Projects.

The INCA property is without a known body of commercial ore and our activities to date have been exploratory in nature.

ESPEJISMO PROSPECTS, Chile - Gold Prospects, Inca de Oro region, Chile. SAMEX has acquired rights to approximately 817 hectares of mineral concessions covering gold prospects by purchasing concessions at a government auction and by staking. No exploration is planned for these gold prospects until additional concessions are acquired.

CHIMBEROS PROPERTY, Chile (we formerly referred to this jointly as our Tres Puntas/Chimberos prospects) – A number of years ago, SAMEX began patiently accumulating concessions in two historic mining districts, "Tres Puntas", and "Chimberos", which are situated adjacent to one another along a significant trend of old silver mines in north central Chile. Subsequently, we decided that our landholdings in the Chmiberos district are the most prospective and consequently we now refer to this property as the "Chimberos Gold/Silver Property".

The Chimberos Property is located about 75 kilometers north of the city of Copiapo and is situated in the historic Chimberos mining district which was one of Chile's largest silver producing areas. We recognized the potential of this old mining district and began quietly accumulating concessions by purchasing concessions at government auctions and by staking. SAMEX now holds an important land position totaling approximately 1672 hectares in this highly prospective, but little-explored Chimberos area. These strategic concessions cover a significant, but partial, portion of the Company's exploration objectives in this district.

SAMEX reconnaissance work indicates that the geologic setting of the Chimberos District includes widespread sericite-pyrite alteration of volcanic rocks cut by a principal silver-mineralized fissure vein zone, and complete garnet skarn replacement of a thick calcareous sedimentary unit, which also hosts oxide-copper mineralization. Although SAMEX has only conducted preliminary sampling and limited detailed mapping in the area, some of the acquired concessions are clustered and cover much of the core of a complex fissure fault zone which controlled the enriched silver mineralization that was mined in the Buena Esperanza mines at Chimberos. Historically, mining was focused along discrete narrow vein structures of this zone, but SAMEX has been studying the property with a view to defining important targets of shallow bulk-tonnage gold and/or gold-silver mineralization, and also looking for deeper, higher-grade, gold-silver/copper sulfide mineralization – perhaps as an underground, bulk-tonnage target comprised of mineralized anastomizing veins. Potential for extensive, deeper-seated, mantos-style, more-disseminated style, copper-sulfide mineralization with important gold-silver content hosted by the skarn replacement has also been identified. Other SAMEX concessions at Chimberos are over projected extensions of the principal fissure fault zone, parts of large areas of sericite-pyrite alteration, and outlying garnet skarn with oxide-copper showings, which are areas where additional targets might be outlined in the future.

Mineral Interests At the Chimberos Property - the Company's Chilean subsidiary, Minera Samex Chile S.A. has mineral rights to concessions covering approximately 1,672 hectares acquired by staking and purchase at government auction.

Patent payments must be paid annually to the Chilean government during the month of March in order to maintain the mining concessions. Patent fee are calculated based upon the value of the Chilean Monthly Tax Unit ("M.T.U.") which varies from month to month. In the case of an exploitation concession the annual patent fee is calculated as one-tenth ($1/10^{\text{th}}$) of the Monthly Tax Unit per hectare (for example, in March 2010 the M.T.U. was $36,752 \times 1/10^{\text{th}} = 3,675.2$ Chilean Pesos per hectare which, at the Observed US\$/Peso exchange rate of 516.33 at March 15, 2010 equated to approximately US\$7.11 per hectare for exploitation concessions). In the case of an exploration concession the annual patent fee is calculated as one-fiftieth ($1/50^{\text{th}}$) of the Monthly Tax Unit per hectare (for example, in March 2010 the M.T.U. was $36,752 \times 1/50^{\text{th}} = 735.04$ Chilean Pesos per hectare which, at the Observed US\$/Peso exchange of 516.33 rate at March 15, 2010 equated to approximately US\$1.42 per hectare for exploration concessions).

The Chimberos Property is without a known body of commercial ore and our activities to date have been exploratory in nature.

MISCELLANEOUS PROPERTIES, Chile - The Company holds mineral concessions (approximately 25 hectares) for possible future evaluation. The property is inactive and no exploration is currently planned.

EL DESIERTO PROPERTY, Bolivia

The El Desierto property is located in southwestern Bolivia at an elevation of about 3,800 meters, near the villages of El Desierto and Abra de Napa, processing centers for sulfur mines in the area. The property is located approximately 25 km north of the Quebrada Blanca and Collahuasi copper porphyry mines in Chile and is readily accessible by road from both Bolivia and Chile. The property is situated along a trend of a geologic belt that is renowned for some of the world's largest porphyry copper-gold mines. Limited exploration on the property from 1997 to 2000 included geologic mapping, sampling and reconnaissance IP surveys. We have not conducted any exploration on the property since that time, however we continue to maintain concessions covering approximately 319 hectares for possible future evaluation.

The El Desierto mineral concessions are owned by Empresa Minera El Roble S.A. ("El Roble"), a company controlled by a Bolivian national, Patricio Kyllmann, a former director of SAMEX Mining Corp. Our Bolivian subsidiary, Emibol S.A. (Empresa Minera Boliviana S.A.) earned a 99% interest in any mining operations which may be established on the concessions pursuant to an agreement dated April 16, 1996 and as amended November 23, 1998 with El Roble. Under the agreements, Emibol S.A. is required to make all expenditures on the concessions in exchange for a 99% interest in any mining operations which may be established on the concessions while El Roble is required to continue to hold the concessions and is entitled to a 1% interest in such operations. The property is also subject to a net smelter royalty of an aggregate of 0.6 % payable to Robert Kell, Front Range Exploration Corp., and El Roble S.A.

Patent fees ranging from approximately US\$1.60 to US\$3.20 per hectare (depending on US\$/Boliviano exchange rate) must be paid annually to maintain the mining concessions. The El Desierto Property is without a known body of commercial ore and our activities to date have been exploratory in nature.

ESKAPA PROPERTY, Bolivia

SAMEX, through its Bolivian subsidiary, EMIBOL S.A., holds a 99% interest in any mining operations which may be established on the 3,700 hectare Eskapa property located in the Enrique Baldevieso Province, Department of Potosi, Bolivia. The Eskapa concession (elevation between 4200 to 4400 meters) is centered over the eroded-out core zone of the extinct Cerro Eskapa stratovolcano which is situated in the southwestern part of Bolivia, approximately 48 airline kilometers east of the frontier with Chile and 55-airline kilometers southeast of Ollague, Chile.

Location and means of access - The Eskapa Property is situated in the southwest part of Bolivia approximately 3 kilometers east of the village of Copacabana. The Eskapa property is accessible from both Bolivia and Chile by four-wheel drive vehicle. The Chile access route is somewhat easier due to the better condition of roads in that country. Starting from the city of Calama, Chile, where air service is available from and to Santiago, Chile, travel is by Route 21 to the border town of Ollague, Chile. After crossing the border into Bolivia, travel is approximately 35 kilometers along dirt road following the railway tracks to the village/military outpost/train station of Chiguana and then a further 35 kilometers on dirt road to the village of Copacabana. The property is accessed from Copacabana by a 3 kilometer dirt road constructed and maintained by the Company. Access within Bolivia - From the town of Uyuni, Bolivia travel is by an improved gravel road for approximately 150 kilometers and by dirt roads for approximately 35 kilometers to the Eskapa Property.

We explored the Eskapa property in sporadic fashion from 1995 to 1998 and carried out a ten-hole core drilling program in 1999. Additional exploration work was conducted during two time periods in 2001 and included drilling six core holes. SAMEX has expended more than one million dollars exploring the Eskapa property since 1995. Since the property is currently inactive, we elected to write down the value of our Eskapa project by \$1,395,993 at December 31, 2008 to a nominal carrying value of \$1,000.

The region, where the Cerro Eskapa prospect is situated, is part of the Cordillera Occidental which consists of numerous extinct or dormant late-Tertiary to early quaternary, andesite-dacite stratovolcanoes positioned on a high plateau (3500 meters mean elevation) of mid- to late-Tertiary volcanic and sedimentary rocks. The Cerro Eskapa stratovolcano is uniquely considerably

eroded such that strong alteration and silver-lead-antimony sulfosalt-mineralized zones are exposed over a large 2 km. by 3 km. area of the core zone.

The strong argillic, advanced-argillic, and vuggy silica alteration are focused on porphyritic dacite and hydrothermal breccia which occupy the stratovolcano core zone. The nature of the alteration and widespread abundant pyrite are characteristic of the high-sulfidation-type of precious-metal mineralizing system, which occur in the Cordillera Occidental of South America. At Cerro Eskapa, silver-lead-antimony sulfosalt-mineralization occurs, at the surface of the eroded-out stratovolcano core zone, in linear/steeply dipping zones of vuggy silica-barite strongly controlled along west-northwest-trending faults. The zones range from 1 to 3 meters in width and several can be traced for up to several thousands of meters. Based on our sampling, grades of this mineralization in dump and rock-chip samples are variable, but typically contain high amounts of silver (>69.3 ppm to 2260 ppm (g/mt), lead (>144 ppm to 23100 ppm) and antimony (165 ppm to 25800 ppm) with anomalous mercury 1140 ppb (to 90000 ppb), but with very low gold values (<5 ppb). Surrounding clay-pyrite-altered porphyritic dacite contains anomalous amounts of mercury, arsenic, and antimony, and low values in gold and silver. The mineralized zones appear to represent the leakage up from more substantial mineralization at depth.

Our exploration of the stratovolcano core zone (1995-1999) included: considerable road building for access, geologic mapping, considerable rock-chip sampling and running IP surveys over long lines. The data from these efforts showed that silver-lead-antimony sulfosalt/sulfide mineralization is tightly restricted to the zones of vuggy silica-barite and no indication could be found of a shallow bulk-tonnage type of deposit. The IP surveys generally detected the high-resistivity expression of the zones and demonstrated a depth extent in excess of the 250-meter search depth limit. The first attempt in 1999 to core drill the zones (March-June, 1999) produced mixed results. Some holes were unfortunately not properly located and aimed, and missed making the intended down-dip intersection. However, two drill holes (DDH-EK-99-02 and -04) did make interesting intersections confirming that the vuggy silica-barite rock does continue to depth, but silver grades were disappointing. DDH-EK-99-02 intersected a thick vuggy silica-barite zone of 13.0 meters true width containing 41.8 ppm (g/mt) silver with low detectable gold (7 ppb) and anomalous copper, lead, antimony with anomalous mercury. However, the intersection was considerably affected by a late oxidation alteration of sulfosalt/sulfide minerals producing abundant limonitic minerals. This suggested that the metal values were much reduced in the intercept due to possible leaching of silver and base and pathfinder metals. Hence, the intersection was not representative of mineralization elsewhere along strike or at depth along the zone. The other intersection (DDH-EK-99-04) was located at high elevations at the east end of the same zone and was complicated by faulting. The recovered fault-bounded sliver of the vuggy silica rock contained 109.2 ppm (g/mt) silver over a 0.30 meter true width. No funding was available to pursue follow-up drilling and consequently, no exploration work was carried out from June, 1999 to December, 2000.

In November 2000, we granted International Chalice Resources ("Chalice") an option to earn up to a 40% joint venture interest in mineral operations on the Eskapa property by making payments totaling US \$500,000 by November 15, 2003. Later, we agreed with Chalice to amend certain terms of the agreement by reducing total option payments required, to US \$461,137.98, by an earlier date, February 28, 2002. Chalice completed option payments totaling US \$461,137.98 by February 28, 2002 and thereby earned the right to receive, upon formation of a joint venture, a 40% joint venture interest with respect to mineral operations on the property. However, in October 2002, we negotiated an agreement to restore our original 99% interest in the Eskapa property by purchasing-back the rights earned by Chalice under the Eskapa Property Option/Joint Venture Agreement. We arranged to purchase-back this right to a 40% interest from Chalice by:

- a) paying Chalice \$50,000 cash (\$25,000 paid on signing and \$25,000 by October 3, 2003 [paid]);
- b) issuing 200,000 of our shares to Chalice (issued November 4, 2002);
- c) granting Chalice a US\$2,000,000 cash royalty, to be paid out of production on the property in eight equal quarterly payments of US\$250,000 beginning after the ninth month of continuous commercial mining operations on the property.

Pursuant to the buy-back agreement, the Eskapa Property Option/Joint venture Agreement with Chalice terminated and we now hold a 99% interest in any mining operations which may be established on the property.

The option payments from Chalice provided us with the funding to resume exploration on the Eskapa property in 2001 to identify and drill new targets for precious-metal mineralization. Compilation of our previous exploration data outlined ten (I-X) prospective mineralized zones within the stratovolcano core zone, but exploration attention was instead focused in the Breccia Area to the southwest where considerable breccia was found and then evaluated using geologic mapping, rock-chip sampling, and running IP surveys. These zones could be interpreted as the fault-offset continuation of those found in the stratovolcano core zone. However, although the breccia zones contain anomalous mercury and, locally, antimony, arsenic, and zinc, no values for gold or silver are present. The only attempt at drilling in the Breccia Area encountered faulting and no indication of precious-metal mineralization was intersected. Exploration for a concealed significant copper deposit related to the oxide-copper-mineralized pebble breccia bodies of the Copper Zone also did not yield positive results from drill testing one of the IP chargeability targets. A cored intersection through one of the pebble breccia bodies (DDH-EK-01-1C) yielded a 1.0 meter true width of 5% copper and 10 ppm (g/mt) silver. The decision was made to locate a deep drill test of one of the vuggy silica-barite zones (Zone III) in the stratovolcano core zone. The test (DDH-EK-01-11) was sited toward the far southeast end of Zone III, using DDH-EK-99-02 as control, and made a complete drill intersection through the vuggy silica target at a depth between 392.70 to 457.10 meters depth. The intersection revealed toward the footwall of the zone, the vuggy silica-barite rock is cut by massive veins/veinlets of gold-bearing, high-grade copper-silver-antimony-bismuth sulfosalt/sulfide mineralization. The analytical results, solely on the recovered part of one of the veins (0.20 meters apparent width), give a glimpse of the tenor of the mineralization which might be more extensive elsewhere along this and similar mineralized zones. This vein sample contains 1890 ppm (g/mt) silver, 6.1% copper, 4.18% antimony, and 2.93% bismuth with 1.180 ppm (g/mt) gold and occurs in an interval (0.75 meters true width) of vuggy silica-barite (445.45 to 446.95 meters) which contains 0.583 ppm (g/mt) gold, 331 ppm (g/mt) silver, 1.04% copper, 0.71% antimony, and 0.43% bismuth. Toward the top of the interval is a silica-barite veinlet interval

with 1.280 ppm (g/mt) gold and 89.0 ppm (g/mt) silver and low copper, antimony, and bismuth. This veinlet is relatively gold-rich and is considered different perhaps reflecting late-stage, secondary gold veins or gold deposition. Although the deep intersection revealed that the mineralizing system below the stratovolcano core zone becomes auriferous and could contain high-grade copper-silver-antimony-bismuth mineralization, no funding was available at that time to continue follow-up drilling elsewhere along the numerous prospective zones.

When the results of DDH-EK-01-11 are combined with those from DDH-EK-99-02, the cross section demonstrates that the vuggy silica rock and contained precious-metal mineralization of Zone III are surrounded by outlying coherent/well-developed haloes of argillic and advanced-alteration and anomalous base- and pathfinder-metal zoning. The spatial relationship of the alteration and base and pathfinder metal zoning in cross section importantly provides a "guide" to the position of the centrally positioned vuggy silica rock and deeper seated gold-silver-copper-antimony-bismuth mineralization. From the cross section, the outlying haloes of pathfinder and base metals surround the target zone and show that, at high levels in the system, anomalous values in outcrop samples, especially for silver, base and pathfinder metals (i.e. mercury, antimony, and arsenic) are the shallow expression of deep-seated, gold-bearing, high-grade, copper-silver-antimony-bismuth sulfosalt-sulfide mineralization. Extrapolated to the other nine mineralized zones in the stratovolcano core zone, whose surface expressions are also marked by anomalous pathfinder metals, suggests that the deep-seated, gold-bearing, high-grade, copper-silver-antimony-bismuth sulfosalt-sulfide mineralization may likely be widely distributed at depth within various zones. The ten zones can be traced confidently across the floor of the eroded stratovolcano core zone for over 11 kilometers of cumulative strike-length distance. Another +3 kilometers of cumulative strike length can be inferred in areas of cover and where zones are open ended. The remaining potential for discovery of substantial amounts of vein, veinlet, and breccia-hosted gold-bearing, high-grade, copper-silver-antimony-bismuth mineralization is considered very good and should be pursued in the future with a rigorous drill testing. The exploration objective is to discover a cumulative resource containing +25M metric tons in the range of +2 to +8 g/mt gold, +1500 g/mt silver, 5% to 8% copper, 2% to +4% antimony, and 2% to 4% bismuth. This target is postulated to occur along parts of the mineralized zones and would be accessible for selective underground mining methods via level tunnels driven underneath the stratovolcano core zone. The next phase of exploration would require a drill program involving several thousand meters of core drilling or the driving of access tunnels to test beneath Zones I-II, III, IV, V, IX, and X. During fiscal 2007 we constructed a new exploration camp, and completed bulldozer work to repair and expand access roads, and build drill pads for the next phase of drill testing proposed for the Eskapa property at a later date.

Sampling, analytical procedures, controls - Geochemical analysis for rock-chip and drill core samples from the Eskapa property were conducted by two major laboratories, Bondar-Clegg (from 1995-1999) and ALS Chemex in 2001. These laboratories subsequently merged as ALS Chemex which is an independent, internationally recognized and ISO certified laboratory complying with the international standards ISO 9001:2000 and ISO 17025:1999. In preparation for analysis, drill core was cut or split in half, with one half kept for reference and re-analysis if necessary, while the other half was bagged and sealed as a sample for analysis. No standards or blanks were submitted with any of the samples for analysis by Bondar-Clegg, whereas the samples for analysis by ALS Chemex in 2001 included blanks and standards to provide quality control and check analysis were run on approximately 10% of the samples for any one submittal.

The Eskapa property covers approximately 3,700 hectares and consists of the "Eskapa" concession (concession #4717), a principal 2885-hectare exploitation concession which covers most of the west half of the Cerro Eskapa stratovolcano. This large concession encompasses two smaller concessions, "Estrella" / "Mi Morena" (concession #4763) which together cover 115 hectares. On the north side of the stratovolcano, the "Eskapa II" concession covers 700 hectares.

The concessions are owned by Empresa Minera El Roble S.A. ("El Roble"), a company controlled by a Bolivian national, Patricio Kyllmann, a former director of SAMEX Mining Corp. Our Bolivian subsidiary, Emibol S.A. (Empresa Minera Boliviana S.A.) earned a 99% interest in any mining operations which may be established on the concessions pursuant to an agreement dated April 16, 1996 and as amended November 23, 1998 with El Roble. Under the agreement, Emibol S.A. is required to make all expenditures on the concessions in exchange for a 99% interest in any mining operations which may be established on the concessions while El Roble is required to continue to hold title to the concessions and is entitled to a 1% interest in such operations.

The property is subject to a net smelter royalty of an aggregate of 0.6 % payable to Robert Kell, Front Range Exploration Corp., and El Roble S.A., and to a US\$2,000,000 cash royalty payable to International Chalice Resources Inc., to be paid out of production on the property in eight equal quarterly payments of US \$250,000 beginning after the ninth month of continuous commercial mining operations on the property.

Patent fees ranging from approximately US\$1.60 to US\$3.20 per hectare (depending on US\$/Boliviano exchange rate) must be paid annually to the Bolivian government in order to maintain the mining concessions. The Eskapa Property is without a known body of commercial ore and our activities to date have been exploratory in nature.

SANTA ISABEL PROPERTY, Bolivia

The Santa Isabel property (1,803 hectares) is located in the Sud Lipez province in the south-central Altiplano of Bolivia. The prospect is approximately 105 kilometers by road west from Tupiza and 150 kilometers east-southeast of the rail station of Chiguana. Surface elevations of the prospect area range from 14,000 feet (4260 m.) to 17,000 feet (5180 m.).

The Santa Isabel property covers a well-mineralized dacitic porphyry intrusive complex with propylitic alteration and widely disseminated sulfide mineralization. Minerals explored for on this property include zinc, silver, lead, indium, copper, gold, antimony and molybdenum. During 1996 and 1997, we drilled 4,704 meters in 15 holes as part of reconnaissance exploration on the Santa Isabel porphyry system. Drilling intersected vein swarms and disseminated sulfides hosting lead, zinc, silver,

copper, gold, antimony and molybdenum. The significant intervals of zinc-lead-silver mineralization in a number of the holes, suggested the potential for bulk tonnage zinc, silver, lead targets on the property. During 1998, an additional 2,537 meters of core drilling was completed on the Vera Cruz West Zone situated within the Candelaria concession which at that time was part of the Santa Isabel property. Results for zinc, silver, lead and indium were encouraging, but declining prices for zinc and other metals through the year forced us to re-evaluate the priority of exploration on the Santa Isabel properties. As a result, effective September 7, 1998, we abandoned our option on the Candelaria concession which covered a 200 hectare portion of the Santa Isabel property. The Candelaria option agreement required us to make substantial cash payments to the owner and, in addition, assume certain debts of the owner related to this concession. Although a significant portion of the work on the Santa Isabel property had been conducted on the Candelaria concession, management concluded that continuing with the Candelaria option agreement on the existing terms could not be justified. We wrote off \$1,551,099 deferred exploration cost related to the Candelaria concession in 1998. In relation to the remaining portion of the Santa Isabel property, a further \$2,113,801 of costs were written off in fiscal 2000 due to inactivity on the property.

The Santa Isabel property consists of our interest in 1,803 hectares covering a portion of the Goya I and El Bonete concessions which are held under an agreement dated March 24, 1995 between the owner of the concessions, Corporation Minera de Bolivia ("Comibol") and our subsidiary, Samex S.A. The agreement was subsequently amended by agreement registered under Transcript Number 408/97 dated November 12, 1997 (the "Comibol Agreement"). Under the terms of the amended Comibol Agreement, Samex S.A. is entitled to explore all or part of the property for a period of 6 years divided into three phases after which it is required to decide whether to enter into commercial production from all or a portion of the property. If a favourable production decision is reached, Samex S.A. will have 3 years to commence production from the property after which it will be entitled to manage the joint venture project and will be required to pay a royalty to Comibol equal to 5.5% of net positive cash flow until recovery of capital investment and thereafter 16% of net positive cash flow. The Goya I/El Bonete concessions are also subject to a 1.2% Net Profits interest in favour of Robert Kell and Front Range Exploration Corp. based on Samex S.A.'s net profits interest in the property. Comibol is the owner of the Goya I and Bonete concessions and pays annual patent payments on these concessions.

In order to earn its interest under the Comibol Agreement, Samex S.A. has completed:

- a) an initial payment of US\$6.00 per hectare (\$14,124.00), which has been paid;
- b) during the first year, a payment of US\$3.00 per Hectare (\$7,062.00), which has been paid;
- c) during the first year, an additional payment of US\$1,000.00/ month to March 1996, which has been paid;
- d) during the second year, an additional payment of US\$2,000.00/ month from April 1996 through March 1997 (which has been paid); and
- e) a payment due March 1997 of US\$100.00 per hectare on property retained for further exploration (US\$180,300 was paid to retain 1,803 hectares); in addition, Samex S.A. was required to fulfill work commitments totaling US\$1,140,000.00 during the first two years of the agreement, which requirement was fulfilled by March, 1997.

In order to maintain its rights under the Comibol Agreement, Samex S.A. is required to make a payment by April 11, 2000 of US\$500.00 per hectare on property which Samex S.A. should decide to exploit (up to US\$901,500 if all 1,803 hectares are retained). This payment, which was due April 11, 2000, has not been made. Samex S.A. suspended any decision with respect to retention of property or delivery of the corresponding payment pending resolution of certain ongoing legal proceedings between Comibol and a third party. Comibol confirmed to Samex S.A. that a portion of the Santa Isabel property was subject to a claim by a third party with respect to two areas covering approximately 10 hectares and 24 hectares of the 1,803 hectares covered by the Goya I/El Bonete concessions. Comibol formally advised Samex that it was taking legal proceedings to resolve the dispute and asked Samex S.A. to wait for it to do so. Comibol advised that it was taking active steps to assert its legal rights to the disputed area and anticipated success in doing so. Samex in turn formally advised Comibol that it considered Comibol to be in default of its obligations under the Comibol Agreement because of the dispute, but agreed to await the results of legal proceedings before taking further action. Comibol was apparently successful in the legal proceedings against the third party's claim to the disputed areas, but Comibol did not advise SAMEX S.A. of this outcome. Instead, Comibol has attempted to terminate the agreement between Comibol and Samex S.A., but has not been successful in doing so. As of December 31, 2010, Comibol had not yet resolved this issue with Samex S.A. We are waiting for resolution of the issue with Comibol before making any further plans concerning the property. Due to the inactivity on the property, and the issue with Comibol, the property interest has been written down to a nominal value of \$1,000.

An oxide target with enriched silver values is present on a portion of the Santa Isabel property. Here, prominent sulfide veins, intervals of vein swarms and disseminated sulfide, have been oxidized to depths of 100 meters or more. Geologic mapping and IP geophysical surveys have outlined a sulfide-mineralized body 1,000 meters long by 900 meters wide beneath the oxide zone. Dump material and surface rock-chip samples of oxide material positioned above the sulfide target contain 119.4 to 754.8 grams/metric ton silver with 1.82% to 8.0% lead, low zinc (0.12% to 27%), 0.054 to 1.233 grams/metric ton gold (most >0.200 grams/metric ton). Some samples contain 0.23% to 0.50% antimony. Further geologic mapping and rock-chip sampling are needed to advance this target to a drill-ready status. We have not conducted any exploration at Santa Isabel since 1998. The Santa Isabel Property is without a known body of commercial ore and activities to date have been exploratory in nature.

NEWS RELEASE LIST

The following news releases can be viewed on the Company's website at www.samex.com or at www.sedar.com

News Release No. 1-10 dated January 21, 2010 - SAMEX DEFINES SIGNIFICANT GOLD EXPLORATION TARGET AT CINCHADO GOLD PROJECT – LOS ZORROS PROPERTY, CHILE

News Release No. 2-10 dated April 14, 2010 - CARLIN-STYLE JASPEROID/SILICA BRECCIA OUTCROP ASSAYS UP TO 2 G/T GOLD AT MILAGRO PROJECT - LOS ZORROS PROPERTY, CHILE

News Release No. 3-10 dated April 29, 2010 - PRESIDENT'S LETTER TO SHAREHOLDERS – “THE TURN IS HERE”, 2009 ANNUAL REPORT, ANNUAL GENERAL MEETING

News Release No. 4-10 dated June 10, 2010 - PRIVATE PLACEMENT TO FUND GOLD EXPLORATION, CHILE

News Release No. 5-10 dated July 12, 2010 - PRIVATE PLACEMENT COMPLETED

News Release No. 6-10 dated September 29, 2010 - DRILLING BEGINS AT CINCHADO GOLD PROJECT – LOS ZORROS, CHILE

News Release No. 7-10 dated October 15, 2010 - MAJOR PRIVATE PLACEMENT FUNDING

News Release No. 8-10 dated November 3, 2010 - MAJOR FUNDING COMPLETED

News Release No. 9-10 dated December 17, 2010 - EXPLORATION UPDATE – LOS ZORROS DISTRICT, CHILE

News Release No. 1-11 dated January 6, 2011 - SAMEX ADDS NEW DIRECTOR

News Release No. 2-11 dated January 26, 2011 - TITAN 24 GEOPHYSICAL SURVEY UNDERWAY – LOS ZORROS DISTRICT, CHILE

News Release No. 3-11 dated March 2, 2011 - WARRANT TERM EXTENSION

News Release No. 4-11 dated April 18, 2011 - SAMEX MAKES EXPLORATION BREAKTHROUGH AT CINCHADO; MULTIPLE GOLD INTERCEPTS AT MILAGRO & MILAGRO PAMPA – LOS ZORROS DISTRICT, CHILE

“QUALIFIED PERSONS”

Information contained herein concerning our mineral properties has been prepared by Robert Kell, Vice President - Exploration for SAMEX MINING CORP. and Philip Southam, P. Geo. Mr. Kell and Mr. Southam are “qualified persons” pursuant to Canadian Securities National Instrument 43-101 concerning Standards Of Disclosure For Mineral Projects. All geochemical analyses were performed by ALS Chemex, an internationally recognized and ISO certified laboratory complying with international standards.

FORWARD LOOKING STATEMENTS

This Report includes certain “forward looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. Without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of the Company are forward-looking statements that involve various risks. Actual results could differ materially from those projected as a result of the following factors, among others: risks inherent in mineral exploration; risks associated with development, construction and mining operations; the uncertainty of future profitability and uncertainty of access to additional capital.

The TSX Venture Exchange has neither approved nor disapproved of the information contained herein.



SAMEX MINING CORP.