

SILVERCREST MINES INC.
MANAGEMENT DISCUSSION & ANALYSIS
December 31, 2004

DATE

The Management Discussion and Analysis (MDA) is an overview of the activities of SilverCrest Mines Inc. (the "Company") for the year ended December 31, 2004. The MDA should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2004 and the notes attached thereto. The effective date of this Management Discussion & Analysis is April 27, 2005.

OVERALL PERFORMANCE

SilverCrest Mines Inc. is an active exploration and development company with its prime focus on the acquisition of high grade, low cost silver resources with expansion potential and properties with substantial exploration potential. The Company's immediate initiative is to become a significant silver asset based company by acquiring and developing substantial silver resources and ultimately to operate high grade silver mines throughout North, Central and South America. The Company is currently active in El Salvador and Mexico and has a substantial reported silver resource base.

Since the reactivation of the Company in May, 2003 there has been considerable progress towards the stated goals of the Company. Through the acquisition of NorCrest Silver Inc. and Minera Atlas S.A de C.V the Company has established a significant silver resource base and acquired properties with substantial exploration potential in Honduras and El Salvador. Through its wholly owned subsidiary, Nusantara de Mexico S.A. de C.V., the Company acquired a substantial land position in Mexico. A feasibility study has been commenced at the El Zapote property in El Salvador. A drill program is under way in El Salvador and drilling is about to commence in Mexico. The Company completed a drill program on the Blackstone, Idaho property. Several equity financings have provided sufficient working capital to advance the Company's projects to their next respective stage of exploration.

During the period the Company received an administrative resolution issued by La Dirección Ejecutiva de Fomento a la Minería (DEFOMIN) of Honduras which purported to cancel the Metallic Mineral Concession "El Ingenio" granted in January, 2003 by DEFOMIN to the Company's Honduran wholly owned subsidiary Compania Minera Maverick S.A. de C.V.(Maverick). DEFOMIN is the department of the government of Honduras responsible for the administration of the country's mineral resources. The principal reasons cited in the resolution for the supposed cancellation of the rights granted under the Concession are that a) the Concession lies within the "Guisayote" biological reserve and b) the Company defaulted on its obligations with respect to the Concession by amending its work program without the prior authorization of DEFOMIN.

The Company believes strongly that DEFOMIN's contentions are unfounded and is contesting any attempts to expropriate its rights to the El Ingenio Concession and the 20 million ounces El OCote silver deposit that lies within its boundaries. The Company's Honduran legal counsel filed the appropriate opposition to DEFOMIN's resolution refuting its administrative decision to cancel the concession. The Company has recently received notification that its appeal had been rejected by DEFOMIN. The Company has since filed suit under the Honduran civil judicial system to have DEFOMIN's administrative resolution declare null and void. The Company also received a second administrative resolution from DEFOMIN purporting to cancel the Company's concession application covering the 200 hectares Arena Blanca project in the Department of Yoro in west-central Honduras. The Company is reviewing the purported cancellation of its application. The Company's property activities in Honduras have been put on hold until such time as the legal and political issues encountered can be resolved to the satisfaction of the Company.

ACQUISITION OF NORCREST SILVER INC. (NORCREST)

Effective May 23, 2003, the Company acquired all of the issued and outstanding common shares of NorCrest. As consideration, the Company issued 5,000,000 common shares which were placed in escrow in accordance with the policies of the TSX Venture Exchange ("TSX-V"). In addition, the Company paid \$75,000 and is also required to pay \$75,000 after a cumulative \$1,000,000 has been expended on exploration and development of the properties acquired through the acquisition of NorCrest and is required to pay a further \$225,000 upon receipt of a bankable feasibility study on any of the acquired properties.

ACQUISITION OF NORCREST SILVER INC. (NORCREST) (cont'd....)

To date, the Company has neither expended the required balance on exploration and development of the acquired properties nor received a bankable feasibility study on any of the acquired properties that would require the above-mentioned amounts to be paid.

Legally, the Company is the parent of NorCrest. However as a result of the share exchange described above, control of the combined companies passed to the former shareholders of NorCrest. This type of share exchange is referred to as a "reverse takeover". A reverse takeover involving a non-public enterprise and a non-operating public enterprise with nominal net non-monetary assets is a capital transaction in substance, rather than a business combination. That is, the transaction is equivalent to the issuance of shares by NorCrest for the net liability of the Company, accompanied by a recapitalization of NorCrest. The net liability of the Company was charged to the consolidated deficit.

The assets of NorCrest included four mineral properties in Honduras that provided the company with substantial silver resources and properties with significant exploration potential.

ACQUISITION OF MINERA ATLAS S.A. de C.V.

On March 17, 2004 the Company announced it had completed the acquisition of Minera Atlas, S.A. de C.V. ("Atlas"), an El Salvadoran subsidiary of Intrepid Minerals Corporation. The principal asset of Atlas is the 5,000 hectare Aldea El Zapote Exploration Concession ("El Zapote") located in the Department of Santa Ana in northern El Salvador.

The consideration paid for Atlas was US \$15,000, to reimburse the vendor for 2004 concession fees, plus a sliding scale royalty varying from US \$0.20 per ounce of silver equivalent to US \$0.60 per ounce based on the price of silver ranging from under US \$10 per ounce to over US \$20 per ounce respectively. The Company is required to complete environmental impact and preliminary feasibility studies to satisfy concession work requirements as defined by El Salvadoran mining law.

Acquisition of Atlas established the Company's corporate presence in El Salvador and provides an advanced stage project that adds low cost silver resources to its current silver resource in neighboring Honduras. The El Zapote concession, is strategically located approximately 40 kilometres from the Company's El Ocote silver deposit in Honduras.

LIQUIDITY AND CAPITAL RESOURCES

The Company is currently in a strong financial position with working capital of \$3,870,826 including cash and short term investments of \$4,246,126. Planned property expenditures for the upcoming fiscal year are estimated at \$1,769,000 which management believes can be met from existing cash resources. However, as a junior mineral exploration company the Company is reliant upon equity financings to fund its exploration activities. There can be no assurance that the Company will be successful in obtaining additional future financing.

LIQUIDITY AND CAPITAL RESOURCES (cont'd....)

Summary of Planned Resource Expenditures

El Zapote Project, El Salvador	\$1,322,000
Silver Angel Project, Mexico	447,000
Total	\$1,769,000

The planned amounts may not all be incurred in the 2005 fiscal year, are subject to management discretion and may be significantly altered depending on results obtained.

FINANCIAL SUMMARY

Three months ended December 31, 2004

The loss for the three months ended December 31, 2004 was \$(909,504) comprised of general and administrative expenses of \$608,170, interest income of \$11,616, a foreign exchange loss of \$12,583 and a write down of mineral property expenditures of \$300,367. This compares to a loss of \$(524,136) comprised of general and administrative expenses of \$532,165, interest income of \$9,588, and a foreign exchange loss of \$1,559 for the three months ended December 31, 2003.

General and administrative expenses decreased by \$89,306 in the three months ended December 31, 2004. The decrease in expenses was mainly attributed to a decline in investor relations expense of \$165,568 and a decline in stock-based compensation expense of \$210,752. Partially offsetting these declines was an increase of \$171,558 in general exploration expense. General exploration expense for the three months ended December 31, 2004 was \$197,494 of which \$191,079 was incurred in drilling the Blackstone Prospect located in Idaho, USA. Certain general and administrative expenses previously reported for the three months ended September 30, 2004 have been reclassified to conform with the presentation used for the year ended December 31, 2004.

During the period \$3,174,371 was realized from the issuance of share capital and \$757,883 was incurred on mineral property expenditures and \$693 was incurred acquiring capital assets.

Twelve months ended December 31, 2004

The loss for the twelve months ended December 31, 2004 was \$(1,737,657) comprised of general and administrative expenses of \$1,484,497, interest income of \$47,207, and a write down of mineral property expenditures of \$300,367. This compares to a loss of \$(689,668) comprised of general and administrative expenses of \$704,972 and interest income of \$15,304 for 2003.

Exclusive of stock-based compensation, general and administrative expenses increased by \$469,283 compared to the comparative period ended December 31, 2003. The increase in expenses was attributed mainly to increased activity at the Company's El Zapote and Silver Angel Projects. Administrative services increased by \$38,922, reflecting the increased services provided by the Company's administrative personnel. Consulting expenses increased by \$44,453 as the Company investigated various sources of financing to develop its El Zapote Project. General exploration costs increased by \$208,446 due mainly to \$191,079 in expenditures related to drilling of the Blackstone Prospect located in Idaho, USA. Investor relations expense declined by \$135,815 during the year as the need for a high level investor awareness program diminished. Management fees increased by \$100,000 due to the longer comparative time frame (12 months vs 7 months) and increased monthly fees as a direct result of increased activity levels. Management fees are paid to companies controlled by two directors of the Company. Office and miscellaneous expenses increased by \$40,464 as a result of increased activity and professional fees increased \$25,617 as a result of a longer comparative period. Trade shows and conferences expense increased by \$65,230 as a result of attending and presenting the Company at precious metal trade shows.

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FINANCIAL SUMMARY (cont'd....)

Twelve months ended December 31, 2004 (cont'd....)

Stock-based compensation increased by \$310,242 during the year to \$583,283 from \$273,041 in the comparative year. \$365,692 of the stock-based compensation is attributable to 750,000 stock options granted on March 24, 2004.

During the year \$466,317 was utilized in operating activities and \$3,918,356 was realized from financing activities. Short term investments were purchased for \$3,917,296, \$1,991,264 was incurred on mineral property expenditures and \$16,835 expended on capital assets resulting in cash used in investing activities of \$5,925,395.

SELECTED ANNUAL INFORMATION

The consolidated financial statements for December 31, 2004 and December 31, 2003 are those of the Company and for December 31, 2002 are those of NorCrest Silver Inc.

	December 31, 2004	December 31, 2003	December 31, 2002
(a) Total revenues	Nil	Nil	Nil
(b) Loss before discontinued operations and extraordinary items in total and on a per-share and diluted per-share basis	\$(1,737,657) per-share (\$0.08)	\$(689,668) per-share (\$0.07)	\$(2,200) per share (\$0.00)
(c) Net loss in total and on a per-share and diluted per-share basis	\$(1,737,657) per-share (\$0.08)	\$(689,668) per-share (\$0.07)	\$(2,200) per-share (\$0.00)
(d) Total assets	\$6,378,504	\$3,202,704	\$25,847
(e) Long-term financial liabilities	Nil	Nil	Nil
(f) Cash dividends declared per-share for each class of share	Nil	Nil	Nil

The increases in the net loss and total assets for 2004 are a result of the Company incurring a net loss of \$1,737,657 comprised of general and administrative expenditures and a write down of carrying values of mineral properties, raising \$3,918,356 from financing activities and expending \$1,991,264 on mineral property expenditures during the year.

The increases in the net loss and total assets for 2003 are a result of the reactivation of the Company and the closing of the reverse take-over transaction on May 23, 2003.

SUMMARY OF QUARTERLY RESULTS

The Company is an exploration company and has no operations from which to derive revenues. It raises equity capital through the sale of its common shares. It receives minor income from interest on cash balances.

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SUMMARY OF QUARTERLY RESULTS (cont'd....)

Summary Financial Information for the eight Quarters ended December 31, 2004

Period	Revenues	Net Earnings (Loss)	Net Earnings (Loss) per Share
Q-4 2004	Nil	(\$909,504)	(\$0.04)
Q-3 2004	Nil	(\$156,435)	(\$0.01)
Q-2 2004	Nil	(\$211,146)	(\$0.01)
Q-1 2004	Nil	(\$460,572)	(\$0.02)
Q-4 2003	Nil	(\$524,136)	(\$0.03)
Q-3 2003	Nil	(\$80,898)	(\$0.01)
Q-2 2003	Nil	(\$84,634)	(\$0.01)
Q-1 2003	Nil	Nil	(\$0.00)

The increases in quarterly losses are reflective of the increased activity levels at the Company's El Zapote and Silver Angel Projects and increased stock-based compensation charges. Due to the requirements of reverse takeover accounting, the periods prior to the second quarter of 2003 are those of NorCrest Silver and not the Company. The net loss for the third quarter, 2004 has been restated to conform to presentation used for the year ended December 31, 2004.

OUTSTANDING SHARE DATA

The Company has 100,000,000 common shares without par value authorized. As of December 31, 2004 there were 25,591,958 shares issued and subsequent to the year end 191,111 common shares were issued pursuant to a Private Placement and 42,200 common shares were issued pursuant to the exercise of warrants and stock options. As of the date of this report, the Company had 25,825,269 common shares issued and outstanding. There are no other classes of shares. As of the date of this report, the Company also had 4,046,732 warrants and 1,770,000 share purchase options outstanding at various exercise prices and future dates. If all these securities were exercised, a total of 31,642,001 common shares would be issued and outstanding.

PROPOSED TRANSACTIONS

In the normal course of business, the Company evaluates property acquisition transactions and, in some cases, makes proposals to acquire such properties. These proposals, which are usually subject to Board, regulatory and, sometimes, shareholder approvals, may involve future payments, share issuances and property work commitments. These future obligations are usually contingent in nature and generally the Company is only required to incur the obligation if it wishes to continue with the transaction. As of this date, the Company has a number of possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$170,000 (2003-\$70,000) for management fees to companies controlled by two directors.
- b) Paid or accrued \$85,000 (2003-\$35,000) for project management fees to a company controlled by an officer of the Company and are included in deferred exploration costs.

RELATED PARTY TRANSACTIONS (cont'd....)

- c) Paid or accrued \$25,603 (2003-\$Nil) to a company controlled by an officer for reimbursement of general exploration expenses.
- d) Paid or accrued \$Nil (2003-\$3,500) for consulting fees to a former director of the Company.
- e) Recorded \$488,519 (2003 - \$232,085) for stock-based compensation expense on stock options granted to directors and officers.
- f) Paid or accrued \$36,381 (2003 - \$28,571) for legal fees which were included in professional fees and \$14,918 (2003 - \$105,003) for share issuance costs to a law firm of which an officer of the Company is a partner.

Included in accounts payable and accrued liabilities at December 31, 2004 is \$17,297 (2003-\$17,423) due to a law firm of which an officer of the Company is a partner.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

INVESTOR RELATIONS

Management currently performs investor relation services and there were no external investor relation contracts or commitments during the period. Shareholder communications comprises communicating with existing shareholders, broadcasting news releases, printing, production work for the Company's website, and direct website expenses. The Company attended trade shows in Vancouver, London, Idaho and New Orleans to present the affairs and merits of the Company to potential investors.

SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2004:

- a) On January 18, 2005 the Company issued 191,111 units at a price of \$.90 per unit for gross proceeds of \$172,000. Each unit was comprised of one common share and one-half of one non-transferable share purchase warrant. One whole warrant entitles the holder to acquire one common share at a price of \$1.20 expiring January 18, 2007. As at December 31, 2004 the Company had received share subscriptions of \$72,000 towards this issuance.
- b) The Company issued 25,000 shares for proceeds of \$11,250 pursuant to the exercise of stock options.
- c) The Company issued 17,200 shares for proceeds of \$12,040 pursuant to the exercise of warrants.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

Certain factors affect the Company's ability to finance and to carry on normal business. These include precious metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in providing high-risk equity capital to exploration companies, and the availability of qualified staff and drilling equipment to conduct exploration. For the Company, which is focus almost exclusively on exploration and development of silver resources, silver prices, and the availability of equity funds are important factors.

RISK FACTORS

Mineral exploration and development involves a high degree of risk and few properties are ultimately developed into producing mines. Several of the Company's properties have silver resources; however, substantial expenditures will be required to confirm sufficient reserves required to commercially mine its current properties and to obtain the environmental approvals and permitting required to commence commercial operations. Should any resource be defined on other properties there can be no assurance that the mineral resources can be commercially mined or that the metallurgical processing will produce economically viable, saleable products.

ENVIRONMENTAL RISKS AND OTHER REGULATORY REQUIREMENTS

Future operations, if any, of the Company, including development activities and commencement of production on its properties, will require permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the construction of any mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

MANAGEMENT

The Company is dependent on three key personnel, the loss of any of whom could have an adverse effect on the Company's performance and its ability to achieve its stated goals.

RESULTS OF OPERATIONS

The Company currently holds mineral property interests in El Salvador, Mexico, and Honduras. On May 17 2004, the Company updated its resource estimation for its properties and the results are set out in the following table. The new estimates categorize the resources as Indicated and Inferred and have not broken out Measured Resources in any of the calculations. The El Zapote resources are expected to be revised upon the completion of the drill program currently underway (See below for disclosure of title issues related to the Honduras properties)

RESULTS OF OPERATIONS (cont'd....)

SilverCrest Silver Resources

Property	Resource Category*	Tonnes	Ag gpt	Tons	Ag opt	Contained Silver Ounces
El Zapote	Indicated	2,285,648	163.4	2,519,470	4.80	12,007,378
	Inferred	743,243	95.8	819,273	3.10	2,288,007
El Ocote	Indicated	2,263,418	233.0	2,494,966	6.80	16,954,714
	Inferred	295,663	307.4	325,909	9.00	2,922,281
Opoteca	Indicated	1,298,955	123.2	1,431,838	3.59	5,147,280
	Inferred	1,739,907	125.5	1,917,900	3.66	7,022,266
Total	Indicated	5,848,021	181.4	6,446,274	5.31	34,109,372
Total	Inferred	2,778,813	136.9	3,063,082	4.08	12,232,554

*conforms to NI 43-101, 43-101CP, and current CIM definitions for resources, cut off grade at 34 g/t Ag, numbers are rounded

The El Zapote resource estimate was prepared by Tim Sadler-Brown, P.Geo, Independent Qualified Person and N. Eric Fier, CPG, P. Eng, Qualified Person and Chief Operating Officer (COO) of the Company. Details of the El Zapote resource were set out in a news release dated April 6, 2004 and are supported by a detailed Technical Report dated April 6, 2004 that was filed on SEDAR on May 6, 2004. The El Zapote property is located in El Salvador, CA.

The original El Ocote and Opoteca resource estimates were prepared by C. Stewart Wallis, P.Geo, Independent Qualified Person and N. Eric Fier, CPG, P. Eng, Qualified Person and COO of the Company and are detailed in a Technical Report filed January 17, 2003 on SEDAR. El Ocote and Opoteca are located in Honduras, CA.

The revised El Ocote resource estimate used the following key assumptions; silver grades exceeding 1000 g/t were cut to 1000 g/t based on log probability; raw data was composited to statistical relevant lengths of 1 metre; a 5 metre block size was used based on geological constraints and potential future mining method; an inverse distance to the 5th power interpolation method was used to create the silver block model; block models were classified into Indicated and Inferred Resources according to appropriate criteria based on sample sets and search radii; parameters used for resource estimation are 25 metres for Indicated Resources and 100 metres for Inferred Resources; a minimum of three sample points were required to interpolate grade; and a specific gravity of 2.6 was assumed.

The revised El Ocote resource estimate was completed by N. Eric Fier, CPG, P. Eng, Qualified Person and COO of the Company. This new estimate utilized new information including revised geologic interpretations, a topographic survey, the addition of previous RVC drill data, and the addition of prior underground and surface continuous channel sampling results. The revised estimates will be supported by a Technical Report to be filed on or before June 17, 2004.

The Qualified Person, as defined by Material Policy 43-101, responsible for the preparation of the technical information included in this MDA and for supervision of field activities related to the Company's projects is N. Eric Fier, CPG. Mr. Fier is also the Chief Operating Officer for the Company.

HONDURAS CONCESSIONS - SUMMARY

Compania Minera Maverick S.A. de C.V. was acquired as a result of the reverse take over of NorCrest Silver Inc. described in detail above and is the corporate vehicle for the Company's activities in Honduras. At the time of the acquisition of NorCrest it held four properties.

In November 2003, at the request of the Honduran Department of Mines (DEFOMIN), the Company delayed its planned drilling at its 100% owned El Ocote and Opoteca Projects pending completion of DEFOMIN's discussions with local governmental authorities regarding permitting requirements and procedures.

The Secretary General of DEFOMIN confirmed on December 23, 2003 by a "Constancia", which is a written statement of fact, that the concessions held by the Company covering the El Ocote and Opoteca Projects were in good legal standing and the concessions covering the La Pochota and Arena Blanca Projects had been accepted as filed in all legal respects and were awaiting final signature from the Director of DEFOMIN. Local opposition to exploration and mining activities, supported and encouraged by various Non Governmental Groups throughout Honduras, was becoming an increasing concern to the Company and the mining industry in general.

In June of 2004, the Company received an administrative resolution issued by La Dirección Ejecutiva de Fomento a la Minería (DEFOMIN) of Honduras which purported to cancel the Metallic Mineral Concession "El Ingenio" granted in January, 2003 by DEFOMIN to the Company's Honduran wholly owned subsidiary Compania Minera Maverick S.A. de C.V. (Maverick). DEFOMIN is the department of the government of Honduras responsible for the administration of the country's mineral resources. The principal reasons cited in the resolution for the supposed cancellation of the rights granted under the Concession are that a) the Concession lies within the "Guisayote" biological reserve and b) the Company defaulted on its obligations with respect to the Concession by amending its work program without the prior authorization of DEFOMIN.

The Company believes that DEFOMIN has acted outside its authority in a capricious and arbitrary manner and has deprived Maverick of any due legal process by failing to grant a right to a hearing or to allow the Company to defend itself against the unilateral actions of this governmental authority. The Company received a second administrative resolution from DEFOMIN purporting to cancel the Company's concession application covering the 200 hectares Arena Blanca project in the Department of Yoro in west-central Honduras. The Company intends to pursue all legal and political remedies available to protect the value of its shareholders assets.

Subsequent to the reporting period, the Company received notification from DEFOMIN that the appeal of the administrative resolution had been denied by DEFOMIN. The Company has filed suit in the civil judicial system of Honduras against DEFOMIN to have the administrative resolution of DEFOMIN declared null and void. This suit states that the concession was legally issued by DEFOMIN in 2003 and that DEFOMIN's purported cancellation is illegal under Honduran law. The Company is seeking reinstatement of its rights under the terms of the concession or in the alternative, restitution of its investments in Honduras plus the estimated value of the El Ocote deposit. The Company's property activities in Honduras have been put on hold until such time as the legal and political issues encountered can be resolved to the satisfaction of the Company.

PROPERTY SUMMARIES

Complete property summaries for the Honduran projects were provided in the MD&A for the three month period ended March 31, 2004. Further details can be reviewed on the Company's web site and in technical reports filed on SEDAR.

MEXICO

A. SILVER ANGEL (ANGEL DE PLATA) CONCESSION

The company incorporated Nusantara de Mexico, S.A. de C.V. on November 26, 2003 for the purpose of holding the Silver Angel Concession located in the northern Sierra Madre Range in the State of Sonora, Mexico. The concession was granted by the Mexican government in February, 2004 and encompasses approximately 10,300 hectares.

The focus of the Silver Angel Concession is an area of intense alteration (silicification, limonite, argillic) that covers an area of approximately 8 kilometres long by 3 kilometres wide. This area of alteration includes high grade structures hosting seven past producing silver/gold mines.

The deposit type is currently expected to be a combination of high angle epithermal veining and stockwork with subsequent stratigraphically-controlled mineralization (manto) related to a 200 metres thick unit. The manto mineralization is considered a priority exploration target for potential delineation of a large bulk tonnage deposit. Geologically, the area consists of a Cretaceous volcanic package with inter-layering of volcanic units and conglomerates. Evidence of major structural features is prevalent with significant intersecting northwest and northeast trending fault systems within the major zone of alteration.

Exploration Results

During the third quarter of 2004, SilverCrest contracted Sonora Minerale, a Mexican-based geologic consulting company, to complete a Phase I drilling program. This program consisted of 11 reverse circulation (RVC) drill holes within a 400m by 400m area in which high-grade silver mineralized structures and lower grade disseminated silver mineralization within receptive andesitic to rhyolitic bedding were previously defined. A total of 1,101metres were completed. The most significant drill results are presented below.

DH Hole Number	From (metres)	To (metres)	Interval (metres)	Interval (feet)	Weighted Average Grades		
					Ag (gpt)	Ag (opt)	Au (gpt)
AP3	0.0	2.0	2.0	6.5	98.0	2.86	trace
AP4	0.0	2.0	2.0	6.5	Trace	Trace	1.38
AP9	10.0	14.0	4.0	13.1	196.0	5.70	trace
AP10	2.0	20.0	18.0	59.0	18.0	0.50	0.20
AP11	0.0	10.0	10.0	32.8	31.5	0.92	0.15

Drill holes AP 1, 2, 5 – 8 had numerous intersections of 6 to 20 gpt silver and 0.1 to 1 gpt gold that outline a low grade mineralized area. This mineralization defines the quartz stockwork zone with previous surface sampling showing 1 to 20 opt silver. The differences between the drill results and surface sampling may suggest a surficial supergene-enrichment zone.

Drill hole AP9 intersected 4 metres of 5.70 opt silver and represents an intercept within the high-grade target as defined previously by surface and underground sampling.

All holes are reverse circulation and were drilled by Dateline Drilling of Hermosillo, Mexico. All analysis of samples was completed by ALS-Chemex Labs in Hermosillo, Mexico and North Vancouver, British Columbia.

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PROPERTY SUMMARIES (cont'd....)

Surface sampling of another high-grade structure called El Pavo located on the concession showed the following results;

Sample Length (metres)	Ag (gpt)	Ag (opt)	Au (gpt)
1.5	129	3.7	trace
1.0	72	2.1	0.36
2.0	302	8.8	0.56
2.0	804	23.4	0.17

Further work on El Pavo will consist of detailed mapping and sampling.

Subsequent to this quarter, SVL has expanded its Silver Angel concession to the north with the addition of the "Silver Angel Norte" concession. This concession encompasses approximately 7,750 hectares.

The Silver Angel and Silver Angel Norte Concessions contains an area of intense alteration that is approximately 18 kilometers long by 3 kilometers wide with structural features that hosts six past producing, high grade silver-gold mines. The focal point of the Silver Angel Norte Concession is 2 historic mines ("Murucutachi" and "Gilberto") within the area of intense alteration that extends through the concessions area. The area of alteration includes major structural features that host the 2 past producing, high-grade silver-gold-lead-zinc mines.

Two new targets along this trend include the Mina Murucutachi and the nearby Mina Gilberto. Both targets show significant silver mineralization. Reconnaissance surface sampling identified occurrences of high-grade silver mineralization at Mina Murucutachi over a strike length of 800 metres and silver-lead-zinc at Mina Gilberto over a strike length of 800 metres. Initial sampling results are presented in the following tables.

Murucutachi Samples

Sample Number	Length (Metres)	Ag (gpt)	Ag (opt)	Pb (%)	Zn (%)
341657	2.1	951.0	27.7	0.52	0.09
341658	2.0	25.2	0.7	2.46	1.56
341659	3.7	667.0	19.5	0.19	0.84
341660	2.5	944.0	27.5	0.48	0.29
341661	1.7	328.0	9.6	0.30	0.21
341662	2.3	493.0	14.4	0.11	0.56
341663	2.0	349.0	10.2	0.16	0.42
341664	3.0	3.8	0.1	0.29	0.08
341665	3.0	3.4	0.1	0.08	0.19
341666	1.4	396.0	11.6	0.05	0.20
341667	2.0	1.9	0.1	0.11	0.08
341668	2.0	0.8	0.0	0.00	0.01
341669	1.7	172.0	5.0	0.08	0.24
341670	0.5	0.9	0.0	0.04	0.07
341671	2.0	10.6	0.3	0.52	0.23
341672	1.0	643.0	18.8	0.10	0.41
341673	1.2	228.0	6.7	0.44	0.24

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PROPERTY SUMMARIES (cont'd....)

Gilberto Samples

Sample Number	Length (Metres)	Ag (gpt)	Ag (opt)	Pb (%)	Zn(%)
341678	2.0	94.7	2.8	0.46	1.33
341679	2.0	12.2	0.4	0.47	1.36
341680	2.0	100.0	2.9	0.66	1.15
341681	1.5	87.2	2.5	0.50	0.77
341682	1.5	1945.0	56.7	0.46	1.37
341683	dump	942.0	27.5	0.36	0.87

All samples are representative chip/channel samples from surface outcrops and exposed mine workings except for one sample from a dump at Gilberto. Analysis was completed at ALS Chemex in Hermosillo, Mexico and North Vancouver, BC.

Murucutachi is considered a shear zone in Tertiary volcanics up to 100 metres width with a minimum strike length of 800 metres. Within the shear zone are multiple quartz-sericite veins up to 3 metres wide. Wallrock adjacent to veining exhibits quartz-limonite stockwork.

Mina Gilberto is potentially considered a carbonate-siderite massive sulfide system with a minimum strike length of 800 metres. Mineralized host beds are interlayered with Tertiary rhyolitic to dacitic volcanic units. Individual silver-lead-zinc rich horizons are up to 15 metres thick.

The Phase I program will include detailed surface and underground work, trenching, surveying, geologic mapping, rock chip sampling and soil sampling. This program will better define the structural and stockwork relationships to known silver mineralization at Murucutachi and potential continuous massive sulfide mineralization at Gilberto. Specific locations will be detailed and prioritized for initial drill programs in 2005.

N. Eric Fier, CPG, P.Eng., Chief Operating Officer is Company's Qualified Person that supervised and managed the above exploration program.

Future Developments

The initial results from the Silver Angel Project are encouraging and management believes that the concession areas have considerable potential. Additional land acquisition is being considered proximal to the Silver Angel concession within similar favorable geologic features. The Company has budgeted approximately \$450,000 for follow-up surface work and drilling.

Deferred Expenditures

	December 31, 2004	
	Three months ended	Twelve months ended
	\$	\$
Assays	19,624	33,909
Drilling	51,760	76,592
Geological services	7,477	97,975
Professional fees	6,564	29,262
Project management	7,500	35,000
Travel & accommodation	6,424	31,709
All other	1,339	26,344
	\$ 100,688	\$ 330,791

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EL SALVADOR

A. EL ZAPOTE CONCESSION Effective March 4, 2004 the company acquired 100% of Minera Atlas, S.A. de C.V. ("Atlas"), an El Salvadoran corporation. The principal asset of Atlas is the 4,200 hectare Aldea El Zapote Exploration Concession ("El Zapote") in the Department of Santa Ana in northern El Salvador, C.A.

The purchase price for Atlas was US\$15,000 plus a royalty of US\$0.20 per ounce silver equivalent produced from the Concession until the price of silver reaches US\$10 per ounce. The royalty will escalate to US\$0.30, US\$0.45 and US\$0.60 per ounce silver equivalent when the price of silver exceeds US\$10, US\$15 and US\$20 per ounce respectively. The Company will be required to complete environmental impact and preliminary feasibility studies to satisfy concession work requirements.

The Company has reported a resource estimate for the El Zapote Project (refer to press release dated April 6, 2003 filed on SEDAR for details).

Resources	Resource Category*	Tonnes	Ag gpt	Tons	Ag opt	Contained Silver Ounces
El Zapote	Indicated	2,285,648	163.4	2,519,470	4.80	12,007,378
	Inferred	743,243	95.8	819,273	3.10	2,288,007

Indicated Resources at El Zapote are estimated at 2.29 million tonnes grading 163.4 g/t Ag, 0.13 g/t Au, 1.35% Zn, 0.36% Pb and contain 12.0 million ounces of silver based on a 34 g/t silver cut-off grade. Inferred Resources are estimated at 743,000 tonnes grading 95.8 g/t Ag, 0.12 g/t Au, 1.44% Zn, 0.37% Pb and contain 2.28 million ounces of silver. Tim Sadlier-Brown, P.Geo., independent Qualified Person (QP) and N. Eric Fier, P. Eng. and QP and Chief Operating Officer for the Company completed the El Zapote resource estimation, details of which can be reviewed in a technical report dated May 6, 2004 filed on SEDAR

The Company has retained SRK Consulting (Canada) Inc. ("SRK") to complete a Feasibility Study on the El Zapote Project. SRK is a world leader in providing technical consulting services to the mining industry. The Feasibility Study is intended, among other things, to establish mineable reserves, optimize process design, verify capital and operating costs and evaluate the economic viability of the project. Detailed drilling has identified 3 silver-zinc deposits, Cerro Colorado III, San Casimiro and Tajado. These three deposits are the most advanced of several known deposits on the El Zapote concession.

The Feasibility Study, which commenced in June, 2004 continues with work during the 4th quarter focused on continued definition drilling, environmental baseline work, detailed surveying, metallurgical testwork and collection of data to support the evaluation of the economic viability of the project. Internal scoping studies have been submitted to the El Salvador Department of Mines as part of the application for a mining concession. The final Feasibility Study and Environmental Impact Assessment are projected to be completed by mid-2005 once a full year of environmental baseline data has been collected.

As of December 31st, a total of 4,300 metres had been drilled in 41 holes. These included 18 holes within the Cerro Colorado III deposit, 10 holes within the San Casimiro deposit and 13 holes in the Tajado deposit primarily for verification and expansion of current resources and conversion of inferred resources to indicated resources. The deposits are potentially amenable to open pit mining and present considerable potential for resource expansion (see news release dated October 13, 2004). The results of the drilling program are being incorporated into a revised resource estimate that will be reported as soon as it is completed. The highlights of these results are:

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EL SALVADOR (cont'd....)

- the verification of the high grade silver caps on all three deposits,
- the potential for expansion of resources on the southwest margins of Cerro Colorado III,
- the identification of significant gold zones within the San Casimiro deposit,
- the potential to expand resources down dip and along strike at San Casimiro and Tajado,
- the identification of volcanogenic massive sulphide mineralization in all three deposits,
- the increase in zinc grades at depth at both Cerro Colorado III and San Casimiro and a significant parallel zinc zone at Tajado.

The Tajado deposit is located within the El Zapote Concession and is approximately 2.5 kilometres southeast of the Cerro Colorado III deposit. The results of the Company's initial drill program are presented in the table below.

A resource model has been designed on the basis of the results of this initial drilling of Tajado and will be integrated into the ongoing Feasibility Study for the project. The computer model will assist in better defining mineral zonation, possible high-grade ore shoots and potential inferred resources. The surface expression of Tajado has been traced along a continuous strike length of approximately one kilometre. All intersections are near surface and the mineralization presents a potential initial open pitable target.

Geologically, the Tajado Prospect is located along the sheared contact zone between a Cretaceous granodiorite and volcanics. Silver and gold mineralization appears to be associated with quartz veining, quartz stockwork, and breccia. The silver mineralized zone is up to 30 metres wide at the surface and open to depth.

A zinc-rich zone (**Hole T04-03; 40 metres of 2.54% zinc**), that parallels the silver zone, is up to 30 metres wide near the surface and open to depth. This new zone expands the potential combined width of the silver and zinc mineralization at surface to approximately 60 metres (see cross section C-C' on the right).

The holes drilled in Tajado intersected a significant mineralized zone up to thirty metres wide with a strike length over 500 metres and open to depth (see news release dated November 2, 2004). Results of the Tajado drilling are presented below.

DH Hole #	From (metres)	To (metres)	Interval (metres)	Interval (feet)	Weighted Average Grades			
					Au g/t	Ag g/t	Ag opt	ZN %
T04-01 R*	2.0	28.0	26.0	85.3	trace	59.0	1.72	0.32
T04-02*	0.0	24.1	24.1	79.0	trace	117.3	3.42	0.06
Includes	9.0	15.0	6.0	19.6	trace	327.9	9.65	0.13
T04-03*	1.0	11.0	10.0	32.8	trace	40.7	1.19	0.04
T04-03	21.0	61.0	40.0	131.2	trace	18.5	0.54	2.54
Includes	22.0	25.0	3.0	9.8	trace	26.3	0.76	12.73
T04-04*	3.0	28.0	25.0	82.0	0.49	145.7	4.25	0.28
Includes	7.0	9.0	2.0	6.5	4.23	445.0	12.98	0.76
Includes	18.0	20.0	2.0	6.5	1.42	798.6	23.03	0.17
	28.0	39.0	11.0	36.1	trace	41.6	1.17	0.05
T04-05	No sampling (caved)							
T04-06	No significant values							
T04-07	55.0	61.0	6.0	19.6	0.10	71.1	2.07	2.67
T04-08	42.2	58.0	15.8	51.8	trace	60.3	1.76	3.28
T04-09	21.8	34.0	12.2	40.0	trace	21.8	0.63	1.30
T04-10	46.2	75.0	29.0	95.1	trace	8.2	0.24	1.86
Includes	56.0	66.0	10.0	32.8	trace	10.5	0.30	3.87
T04-11	28.0	29.0	1.0	3.3	trace	44.0	1.28	0.46
T04-12	30.0	32.0	2.0	6.5	trace	15.0	0.43	0.30
T04-13	25.0	70.0	45.0	147.6	trace	8.4	0.24	0.30

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EL SALVADOR (cont'd....)

All intersections are near surface and represent a potential initial open pittable target. All analytical work on drill samples was completed by CAS de Honduras (a subsidiary of U.S. based Custom Analytical Services Inc.) and ACME Labs in Vancouver.

Drill holes T04-11, 12, and 13 are considered “wild cat” holes to test mineralization at the postulated ends of the one kilometre long strike length of the exposed structure. All three holes intersected the structure with significant alteration and anomalous mineralization.

Geologically, the Tajado Prospect is located along the sheared contact zone of a Cretaceous granodiorite and volcanics. Silver and gold mineralization appears to be associated with quartz veining, quartz stockwork, and breccia. The surface expression of Tajado has been traced along a continuous strike of over one kilometre. The silver mineralized zone is up to 30 metres wide at the surface and open to depth. A zinc-rich zone has been discovered (hole T04-03 with a true width of approximately 40 metres of 2.54% zinc) that parallels the silver zone and is up to 30 metres wide near the surface and open to depth. This new zone significantly expands the potential width of mineralization at surface to approximately 60 metres (attached section).

2004 results from the drill programs received to date show verification of previous results, an upgrade of inferred resource to measured and indicated resources, expansion of the Cerro Colorado III deposit to the southwest, identification of a “gold overprint” within both the Cerro Colorado III and San Casimiro deposits, and discovery of the Tajado deposit.

Future Developments

Follow-up drilling at Tajado is underway to test the known silver and zinc zones to depth and along strike and to carry out initial drilling at the nearby San Juan deposit.. Considerable potential for new discoveries exists along the Cerro Colorado III – San Casimiro trend. Several exploration targets of known mineralization, in addition to the Tajado deposit, exist within the concession boundaries. The Company expects that there is potential to expand the current resource and to identify additional mineral deposits at El Zapote. The Company has implemented a surface reconnaissance program within the El Zapote Concession which will provide initial data on several other exploration targets.

Deferred Expenditures

	December 31, 2004	
	Three months ended	Twelve months ended
Drilling	\$ 142,385	\$ 581,828
Engineering consulting	194,643	316,529
Environmental consulting	103,274	211,101
Geological services	25,469	67,653
Project management	15,000	50,000
Travel & accommodation	7,868	45,712
All other	171,952	339,931
	<hr/>	<hr/>
	\$ 660,591	\$ 1,612,754

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IDAHO

During the fourth quarter of 2004 the Company conducted a due diligence program on the Blackstone Mine Prospect located east of Mountain Home, Idaho. The drill program commenced on October 8, 2004, and tested previous drill results and deeper geophysical IP anomalies. A total of 3 core holes were completed for a total of 658 metres (2,159 feet) drilled as planned to fulfill the agreement with Blackstone Mining. All holes intersected the Company's defined targets and showed a large altered and sheared zone as previously suggested.

The most significant results from drilling included several discontinuous low-grade silver (5 to 20 gpt) and copper (100 to 700 ppm) intercepts. Hole B04-1 was a near-twin hole of previously drilled S-4, which supposedly intercepted 88 metres of 3.5 ounces per ton silver and 1.5% copper. The Company's drill results and analysis could not confirm this intercept. Drilling was completed by Boart-Longyear from Salt Lake City, Utah and all analysis of samples was completed by ALS-Chemex Labs in Elko, Nevada and North Vancouver, British Columbia.

On the basis of the drilling results and further surface geological mapping, the Company terminated the agreement with Blackstone Mining Company and expensed approximately \$190,000 as general exploration expenses during the fourth quarter of 2004.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: silver exploration and development costs and results, fluctuations of silver prices, foreign operations and foreign government regulations, competition, uninsured risks, recovery of reserves, capitalization and commercial viability and requirement for obtaining permits and licences.

Certain data included in this document may be historical in nature and as such may not conform to the requirements of NI- 43-101, may not have been verified by the Company's qualified person and therefore should not be relied upon.