



MANAGEMENT DISCUSSION & ANALYSIS
FORM 51-102F1

DECEMBER 31, 2005
(TSX-V: SVL)

SILVERCREST MINES INC.
MANAGEMENT DISCUSSION & ANALYSIS – FORM 51-102F1
For the year ended December 31, 2005

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, 2005. The MDA should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2005 and the notes attached thereto. The effective date of this Management Discussion & Analysis is April 27, 2006.

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. 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. See “Results of Operations” for disclosure title issues related to the Honduras properties and resources.

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 has assembled a substantial land position in Mexico. A feasibility study was commenced in June of 2004 at the El Zapote property in El Salvador and is nearing completion. The drill program at El Zapote is complete and drilling has commenced in Mexico. Several equity financings have provided sufficient working capital to advance the Company’s projects to their next respective stage of exploration.

LIQUIDITY AND CAPITAL RESOURCES

The Company has working capital of \$1,592,320 at December 31, 2005 including cash, equivalents and short term investments of \$1,643,164. Exploration expenditures for the year were \$1,812,835. The Company raised \$204,916 during the year through the issuance of share capital net of share issuance costs and the conversion of share subscriptions. Subsequent to December 31, 2005 the Company realized gross proceeds of \$4,160,000 upon the issuance of 5,200,000 Units at a price of \$0.80 per Unit. Refer to Subsequent Events for additional information.

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.

SUMMARY OF PLANNED RESOURCE EXPENDITURES FOR 2006

El Zapote Project, El Salvador	\$ 340,000
Silver Angel Project, Mexico	960,000
Santa Elena Project, Mexico	1,090,000
General exploration, including Chile	65,000
Total	\$2,455,000

The planned amounts for 2006 may not all be incurred in the current fiscal year, are subject to management discretion and may change depending on the circumstances encountered.

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FINANCIAL SUMMARY

Year ended December 31, 2005

The loss for the year ended December 31, 2005 was \$894,402 comprised of general and administrative expenses of \$652,781, stock-based compensation of \$299,317, and foreign exchange of \$6,077 less interest income of \$63,773. This compares to a loss of \$1,737,657 comprised of general and administrative expenses of \$876,591, stock-based compensation of \$583,283, foreign exchange of \$24,623, and write-down of mineral properties of \$300,367 less interest income of \$47,207 for the year ended December 31, 2004.

Exclusive of stock-based compensation, general and administrative expenses decreased by \$223,810 for the year ended December 31, 2005. Investor relations increased by \$29,420 and trade shows and conferences declined by \$44,734 as the Company reduced its attendance at several trade shows and spent more funds on advertising through various web sites and publications. General exploration expenditures, related to project evaluations, due diligence and miscellaneous declined by \$167,794 as the Company reduced activities on properties it did not maintain.

Stock-based compensation, which includes the granting of new stock options and also the vesting of previously granted stock options, decreased by \$283,966 compared to 2004.

Quarter ended December 31, 2005

Office and general expenses declined by \$13,386 due partly to less language translation requirements, and investor relations, shareholder communications and trade shows declined collectively by \$16,517 as fewer trade shows were attended.

SELECTED ANNUAL INFORMATION

	2005	2004	2003
(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	(\$894,402) per share (\$0.03)	(\$1,737,657) per share (\$0.08)	(\$689,668) per share (\$0.07)
(c) Net loss in total and on a per-share and diluted per-share basis	(\$894,402) per share (\$0.03)	(\$1,737,657) per share (\$0.08)	(\$689,668) per share (\$0.07)
(d) Total assets	\$5,585,084	\$6,378,504	\$3,202,704
(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 and 2003 are a result of the reactivation of the Company, exploration activities in El Salvador and Mexico and the write-down of Honduran exploration expenditures in 2004.

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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 and receives minor income from interest on cash balances.

Summary Financial Information for the eight Quarters ended December 31, 2005:

Period	Revenues	Net Loss	Net Loss per Share ⁽¹⁾
4 th Quarter 2005	Nil	(\$151,997)	(\$0.00)
3 rd Quarter 2005	Nil	(\$148,288)	(\$0.01)
2 nd Quarter 2005	Nil	(\$401,115)	(\$0.01)
1 st Quarter 2005	Nil	(\$193,002)	(\$0.01)
4 th Quarter 2004	Nil	(\$832,733)	(\$0.04)
3 rd Quarter 2004	Nil	(\$233,206)	(\$0.01)
2 nd Quarter 2004	Nil	(\$211,146)	(\$0.01)
1 st Quarter 2004	Nil	(\$460,572)	(\$0.02)

(1) Calculated on a basic and fully diluted per share basis.

The fluctuations in the Net Losses per quarter are due mainly to stock-based compensation charges and the fourth quarter 2004 write down of mineral properties of \$300,367.

SHARE CAPITAL

Issued	Number of Shares	Capital Stock	Contributed Surplus	Total
Authorized 100,000,000 common shares without par value				
Issued				
Balance at December 31, 2004	25,591,958	\$ 7,144,759	\$ 1,469,665	\$ 8,614,424
Warrants exercised	36,606	34,433	(8,810)	25,623
Stock options exercised	25,000	18,075	(6,826)	11,250
Stock-based compensation	-	-	299,317	299,317
Private placements	191,111	172,000	-	172,000
Share issuance costs	-	(3,957)	-	(3,957)
Balance at December 31, 2005	25,844,675	\$ 7,365,311	\$ 1,753,346	\$ 9,118,657

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OUTSTANDING SHARE CAPITAL

Stock options

Stock option transactions for the year ended December 31, 2005 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2004	1,795,000	\$ 0.86
Issued	650,000	0.75
Exercised	(25,000)	0.45
Expired	(20,000)	1.02
Balance, December 31, 2005	2,400,000	\$ 0.83
Options currently exercisable	2,300,000	\$ 0.83

Warrants

Warrant transactions for the year ended December 31, 2005 are summarized as follows:

	2005	2004
Balance, beginning of year	3,968,377	5,174,982
Issued	95,555	1,954,000
Exercised	(36,606)	(3,160,605)
Expired	(1,977,771)	-
Balance, end of year	2,049,555	3,968,377

Fully Diluted Share Capital at December 31, 2005

	2005	2004
Common shares issued	25,844,675	25,591,958
Stock options outstanding	2,400,000	1,795,000
Warrants outstanding	2,049,555	3,968,377
	30,294,230	31,355,335

Fully Diluted Share Capital at April 27, 2006

	2005
Common shares issued	31,044,675
Stock options outstanding	2,500,000
Warrants outstanding	7,482,755
	41,027,430

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

Two separate companies owned respectively, by the President and Chief Financial Officer of the Company each receive management fees for executive and financial management services rendered pursuant to management services agreements entered into in May, 2003. During the year ended December 31, 2005 each company was paid \$90,000. The management of the Company's exploration activities is conducted by a company, owned by the Chief Operating Officer pursuant to a management services agreement entered into in May, 2003, and was paid \$90,000 during the year for services rendered. This latter amount has been capitalized as deferred exploration expenditures. These transactions are in the normal course of operations and the consideration has been 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. Investor relations activities consist of web-site and print advertising. Shareholder communications comprises communicating with existing shareholders, broadcasting news releases, printing, production work for the Company's website, and direct website expenses. The Company also attends trade shows on a regular basis to present the affairs and merits of the Company to potential investors.

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 focused almost exclusively on exploration and development of silver resources, silver prices and the availability of equity funds are important factors.

RISK FACTORS AND UNCERTAINTIES

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.

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RISK FACTORS AND UNCERTAINTIES (cont'd...)

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.

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 estimations. The El Zapote resources were revised upon the completion of an extensive drill program carried out during the period.

SilverCrest Silver Resources

Property	Resource Category*	Tonnes	Ag gpt	Tons	Ag opt	Contained Silver Ounces
El Zapote	Indicated	1,925,251	177.7	2,111,182	5.2	10,941,333
	Inferred	1,086,420	101.6	1,197,561	3.0	3,550,565
Opoteca**	Indicated	1,298,955	123.2	1,431,838	3.6	5,147,280
	Inferred	1,739,907	125.5	1,917,90	3.7	7,022,266
El Ocote**	Indicated	2,263,418	233.0	2,494,966	6.8	16,954,714
	Inferred	295,663	307.4	325,909	9.0	2,922,281

*conforms to NI 43-101, 43-101CP, and current CIM definitions for resources, cut off grade at 34 g/t Ag, numbers are rounded
** refer to section C for disclosure of Honduras title issues.

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RESULTS OF OPERATIONS (cont'd)

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 original 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 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 revised El Ocote and El Zapote resource estimates 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 (El Ocote) and 2.7 (El Zapote) was assumed.

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.

PROPERTY SUMMARIES

A. EL SALVADOR - EL ZAPOTE CONCESSIONS

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 Company currently has reported resource estimate for the El Zapote Project as follows:

Resource Category	Tonnes metric	Tons short	Ag G/t	Ag oz/t	Au g/t	Zn %	Contained Ag Ounces	Contained Zn Pounds
Indicated*	1,925,251	2,111,182	177.7	5.2	0.19	1.17	10,941,333	44,995,650
Inferred **	1,086,420	1,197,561	101.6	3.0	0.18	1.22	3,550,565	26,542,274

*Indicated includes Measured resources which represents a majority of this category, figures are rounded

** The Tajado resource is currently considered all inferred, figures are rounded

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PROPERTY SUMMARIES (cont'd)

A. EL SALVADOR - EL ZAPOTE CONCESSIONS

The resources set out in the above table are based on the results obtained by SilverCrest and previous operators which include 87 drill holes totaling 8,662.2 metres and 23 trenches totaling 446.9 metres. The El Zapote resources are contained 65% in the main Cerro Colorado III deposit, 7% in the San Casimiro satellite deposit, and 29% the Tajado satellite deposit. The Tajado deposit is located within the El Zapote Concession and is approximately 2.5 kilometres southeast of the Cerro Colorado III deposit.

Indicated Resources at El Zapote are estimated at 2.11 million tonnes grading 177.7 g/t Ag, 0.19 g/t Au, 1.17% Zn, and contain 10.9 million ounces of silver based on a 34 g/t silver cut-off grade. Inferred Resources are estimated at 1.19 million tonnes grading 101.6 g/t Ag, 0.18 g/t Au, 1.22% Zn and contain 3.55 million ounces of silver. N. Eric Fier, CPG, P.Eng. and QP and Chief Operating Officer for the Company completed the El Zapote resource estimation.

The deposits also contain a significant amount of zinc. The Indicated Resources contain 45 million pounds of zinc and Inferred Resources contain 26.5 million pounds of zinc.

The Company retained SRK Consulting (Canada) Inc. ("SRK") in 2004 to complete a Feasibility Study on the El Zapote Project. SRK work was completed to a pre-feasibility by January 2006. Further feasibility work will be completed by the Company and its consultants. 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.

The Feasibility Study continued during the period and focused on continued definition drilling, environmental baseline work, detailed surveying, metallurgical test work 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 late 2006 with the incorporation of the Tajado resources, metallurgical test work on heap leachability, and a full year of environmental baseline data completed.

During 2005, extensive metallurgical test work was completed on composite samples of oxide, mixed (oxide and sulphide) and sulphide mineralization from the Cerro Colorado and San Casimiro. This test work focused on the utilization of a conventional mill circuit with cyanide vat leaching and flotation. Work was supervised by Westcoast Mineral Testing Inc. of Vancouver, BC under the direction of Gary Hawthorn, P.Eng. and completed by International Plasma Labs (IPL) and PRA Labs in Vancouver, B.C. Multiple tests and scenarios were conducted on composite samples selected from core. A summary of results is presented as follows:

Material Type	Deposit	Average Ag Recovery (%)			Average Au Recovery (%)			Average Zinc Recovery (%)
		Cyanide	Flotation	Total	Cyanide	Flotation	Total	Flotation
Oxide	CC III	87	na*	87	66	na	66	na
Mixed	CC III	87	na	87	66	na	66	na
Sulphide	CC III	82	5	87	57	5	62	75
Sulphide	SC	73	4	77	73	4	77	75

*not amenable

PROPERTY SUMMARIES (cont'd)

A. EL SALVADOR - EL ZAPOTE CONCESSIONS

The samples were initially subjected to cyanide leaching and subsequent standard flotation. The oxide and mixed material demonstrated high silver recoveries at 87%. As anticipated, flotation of both oxide and mixed materials produced negligible silver and zinc recoveries. Flotation of the sulphide material demonstrated further recovery for both silver and gold (4 to 5%) and zinc recovery of 75%. Test work yielded an average zinc concentrate of 40% with up to 10% lead which could be further concentrated with subsequent increase in zinc concentrate grade. The average cyanide consumption rate was relatively high at 2.6 kg/t for all material types tested which is a direct result of the presence of zinc.

Highlights of the 2005 program were:

- the verification of the high grade silver caps on all three deposits,
- the potential for expansion of resources at Tajado,
- the identification of significant gold zones within the San Casimiro deposit,
- the potential to expand resources down dip and along strike at Cerro Colorado III 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, and
- amenability of materials for process design.
- completion of scoping level economic analyses.

The Mina San Juan area is located immediately northwest of Tajado and is considered an extension of the deposit. Geology and mineralization is similar to Tajado.

Three holes have been completed at Mina San Juan. The initial hole, SJ04-01, penetrated an anomalous Zn/Ag zone. Assay results for the remaining holes (SJ05-02, 03) showed anomalous silver and zinc. Follow up work has been recommended.

The Cerro Colorado II target is located southeast of Cerro Colorado III and has similar geology and alteration to the Cerro Colorado III deposit. Initial drill holes showed significant clay alteration but subsequent assay results provided no significant values. No further work recommended at this time.

Future Developments

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. A budget of approximately \$340,000 for metallurgical work, surface work and final feasibility is anticipated for 2006.

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PROPERTY SUMMARIES (cont'd)

A. EL SALVADOR - EL ZAPOTE CONCESSIONS

Exploration Expenditures for El Salvador

	2005	2004
Assays	\$ 75,232	\$ 38,585
Drilling	303,044	581,828
Engineering & geological services	564,211	661,651
Exploration & general	346,057	291,176
Professional fees	96,798	39,514
	\$ 1,385,342	\$ 1,612,754

B. MEXICO

i) Silver Angel Concessions

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.

In December 2004, SVL expanded its Silver Angel concession to the north with the addition of the "Silver Angel North" concession. This concession encompasses approximately 7,750 hectares for a total concession coverage of over 18,000 hectares at Silver Angel

The Silver Angel and Silver Angel North Concessions contain 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 North Concession is the "Murucutachi" 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.

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 at are multiple quartz-sericite veins up to 3 metres wide. Wallrock adjacent to veining exhibits quartz-limonite stockwork.

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PROPERTY SUMMARIES (cont'd)

i) Silver Angel Concessions

A drill program, consisting of 6 core holes totaling 700 metres, was conducted in the third quarter at the Mina Murucutachi prospect. Drill results are as follows;

DH Hole #	From (metres)	To (metres)	Interval (metres)	Interval (feet)	Weighted Average Grades		
					Au g/t	Ag g/t	Ag Opt
APN-1	5.65	6.45	0.8	2.62	trace	41.2	1.20
APN-5	15.53	14.00	3.47	11.38	trace	136	3.98
APN-6	86.3	88.09	1.79	5.87	trace	40.9	1.19

Drill holes APN 2, 3, and 4 showed no significant results. Analysis for all samples was completed by ALS-Chemex in Hermosillo, Mexico and North Vancouver, BC.

Follow up work at Silver Angel North will focus on numerous altered areas proximal to Murucutachi.

Cruz de Mayo

The Cruz de Mayo concession was acquired in 2004 as part of the Silver Angel concession. The acquisition came with extensive exploration data. After compilation of the data, the information was used to drill three initial core holes for a total of 379.4 metres in the 4th quarter of 2005. Drill results are as follows;

DH Hole #	From (metres)	To (metres)	True Thickness	True Thickness	Weighted Average Grades		
			Interval (metres)	Interval (feet)	AG g/t	AG Opt	Au g/t
CM-01*	0.0	9.65	9.65	31.6	10.2	0.30	trace
CM-02	40.7	45.4	4.7	15.3	76.3	2.22	0.08
CM-02	60.6	69.4	8.7	28.7	343.6	10.02	0.43
Includes	62.8	68.2	5.4	17.7	515.4	15.03	0.76
CM-03	73.5	81.3	7.8	25.8	83.0	2.42	0.12

*CM-01 over shot the main zone and drilled the footwall mineralization.

Analysis for all samples was completed by ALS-Chemex in Hermosillo, Mexico and North Vancouver, BC.

Numerous small historic mines and one significant historic mine, the “El Gueriguito” exist along the surface exposure of the Cruz de Mayo mineralized unit. A historic unclassified resource at El Gueriguito is estimated at 2 million tonnes grading 149.5 gpt (4.36 opt) silver and 0.5 gpt (0.014 opt) gold. The historic resource was based on 16 core holes and underground sampling carried out by Tormex Mining Developers Ltd. in the 1970’s. This resource is considered historic in nature, does not comply with NI 43-101 standards, has not been verified by the Company and therefore should not be relied upon.

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PROPERTY SUMMARIES (cont'd)

Cruz de Mayo (cont'd)

The Company's drilling at Cruz de Mayo intercepted the mineralized unit approximately 300 metres along strike from previously defined mineralization at El Gueriguito nearly doubling the strike length of drill-defined silver-gold mineralization. The most significant drill intercept is 8.75 metres (28.7 feet) grading 343 gpt (10 opt) silver and 0.43 gpt (0.01 opt) gold in drill hole CM-02.

The company is planning significant surface work and drilling for 2006 including a Phase I 15-hole drill program. Expenditures for the Cruz de Mayo are included as Silver Angel project expenditures due to proximity of the properties.

ii) Santa Elena Acquisition

Hermosillo, Sonora, Mexico

The Company has the right to acquire a 100% interest in the Santa Elena property by making staged option payments of US\$4,000,000 over a period of 5 years as follows: on signing \$10,000 (December 8, 2005), sixty days \$60,000, six months \$60,000, twelve months \$60,000, eighteen months \$60,000, twenty-four months \$50,000, thirty months \$500,000, thirty-six months \$500,000, forty-two months \$600,000, fifty-four months \$600,000, sixty months \$500,000 and the final US\$1,000,000 payment is conditional upon receipt of a Feasibility Study and all operating and environmental permits. Approximately 40% of the acquisition costs are payable in common shares at the Company's option. There are no applicable work commitments or underlying royalties to the property owners.

The historical unclassified resource at Santa Elena has been estimated at approximately 1 million tonnes grading 102 gpt silver (3.0 opt) and 3.5 gpt gold (0.102 opt). This resource contains an estimated 3.3 million ounces of silver and 112,288 ounces of gold, which equates to approximately 10 million ounces of silver equivalent using a 60:1 silver to gold ratio. The resource is based on channel sampling of accessible workings along a strike length of 400 metres (half the length of the mineralized surface exposure) and to a depth of 100 metres. No modern exploration drilling has been completed on the project. This resource is considered historic in nature, does not comply with NI 43-101 standards, has not been verified by the Company and therefore should not be relied upon.

The Company's target for the Santa Elena Project is to initially develop a 30 million ounce silver equivalent resource by increasing the strike length and depth of the deposit and developing resources in the untested footwall zone. The recent discovery of silver mineralization in the footwall shows significant potential with true widths up to 18.5 metres grading 316 gpt silver and 0.4 gpt gold.

The Company completed a Phase I drill program consisting of approximately 19 core holes (2,500 metres) during the first quarter 2006 as a first step towards defining the target resource.

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PROPERTY SUMMARIES (cont'd)

ii) Santa Elena Acquisition

The Company completed a Phase I drill program consisting of approximately 19 core holes (2,500 metres) during the first quarter 2006 as a first step towards defining the target resource.

Future Developments - Mexican Projects

The initial results from the Mexican Projects are encouraging and management believes that the concession areas have considerable potential. The Company has budgeted approximately \$2 million for follow-up surface work and drilling for 2006. Refer to Liquidity and Capital Resources for an estimate of 2006 expenditures.

Exploration Expenditures for Mexico

	2005	2004
Assays	\$ 10,577	\$ 33,909
Drilling	171,467	76,592
Engineering & Geological services	94,103	132,975
Exploration & general	97,509	58,053
Professional fees	42,177	29,262
	\$ 415,833	\$ 330,791

C. HONDURAS CONCESSIONS

Title Issues

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.

The Company has received an administrative resolution issued by La Dirección Ejecutiva de Fomento a la Minería (DEFOMIN) which purports 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")

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 acts of this government authority. The Company is pursuing all legal and political remedies available to protect the value of its shareholders assets.

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.

SILVERCREST MINES INC.
MANAGEMENT DISCUSSION & ANALYSIS
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SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2005:

Private Placement

Subsequent to December 31, 2005 the Company completed a non-brokered private placement of 5,200,000 Units at \$0.80 per Unit for gross proceeds of \$4,160,000. Each Unit consisted of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant will be exercisable for one common share for a period of two years at a price of \$1.00.

Where applicable, the Company paid a finder's fee consisting of cash equal to 8% of the gross proceeds for any Units sold through a finder, and common share purchase warrants equal to up to 8% of the number of Units sold through a finder, each such warrant entitling the holder to purchase one common share of the Company for a period of 24 months at a price of \$1.00.

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.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com and at the Company's website www.silvercrestmines.com.