



**SILVERCREST MINES INC.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**FORM 51-102F1**  
**DECEMBER 31, 2007**

**SILVERCREST MINES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended December 31, 2007

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**FORWARD LOOKING STATEMENTS**

Certain statements contained in this MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results and performance of achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which are relevant only as of the date the statements were made.

**PRELIMINARY INFORMATION**

The Management Discussion and Analysis (MDA) is an overview of the activities of **SilverCrest Mines Inc.** (the "Company") for the year ended December 31, 2007. The MDA should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2007 and the notes attached thereto which are available on the Company's website [www.silvercrestmines.com](http://www.silvercrestmines.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The effective date of this Management Discussion & Analysis is April 9, 2008.

**OVERALL PERFORMANCE**

- New Corporate resource estimates increases total gold and silver resources by 117% as of December 31, 2007.
- Santa Elena Project moves toward a production decision.

**Santa Elena Project**

- A total of 29 core holes (3,785 metres) drilled, sampled and analyzed with positive results for resource expansion in 2008.
- Positive results from extensive metallurgical test work show amenability for heap leaching.
- Environmental baseline studies indicate no significant risk for project area.
- Updated resource estimate announced November 15, 2007 and filed on SEDAR December 30, 2007.
- Land occupation agreement signed in November 2007. The term of agreement is 20 years and involves up to 841 hectares.
- Surface reconnaissance and geophysics have defined several potential targets for resource expansion.

**Cruz De Mayo Project**

- New resource estimate reported with NI 43-101 report filed on SEDAR in December 2007.

SilverCrest Mines Inc. is an active exploration and development company with its prime focus on the acquisition of high grade, low cost silver/gold resources with expansion potential and properties with substantial exploration potential. The Company's immediate initiative is to become a significant silver/gold asset based company by acquiring and developing substantial silver/gold resources and ultimately to operate high grade silver/gold mines throughout North, Central and South America. The Company is currently active in Mexico and El Salvador and has a substantial reported silver and gold 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 Minera Atlas S.A. de C.V. the Company has established a significant silver resource base and acquired properties with substantial exploration potential in El Salvador. Indicated and inferred resources of 15.8 million ounces of silver and 78.9 million pounds of zinc have been established at El Zapote project in El Salvador. A feasibility study was commenced in June of 2004 at the El Zapote property in El Salvador and is nearing completion. Through its wholly owned subsidiary, Nusantara de Mexico S.A. de C.V., the Company has assembled a substantial land position in Mexico. The Company has been exploring its Silver Angel property and has acquired the Cruz de Mayo and Santa Elena properties in Sonora, Northern Mexico. Indicated resources and inferred resources of 43.3 million and 13.0 million ounces of silver and silver equivalent respectively have been established at Santa Elena. Indicated resources and inferred resources of 15.2 million ounces of silver respectively have been reported at Cruz de Mayo. Several equity financings have provided sufficient working capital to advance the Company's projects to their next respective stage of exploration.

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**LIQUIDITY AND CAPITAL RESOURCES**

The Company received proceeds of \$322,000 from the exercise of warrants and \$17,500 from the exercise of stock options during the year.

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

The following table contains selected financial information of the Company's liquidity:

	<b>December 31, 2007</b>	<b>December 31, 2006</b>
Cash and cash equivalents	\$ 3,008,558	\$ 230,724
Short-term investments	\$ -	\$ 6,052,625
Working capital	\$ 2,762,574	\$ 6,296,634

The Company estimates it may spend approximately \$2.5 million on its exploration projects in 2008. The planned amounts for 2008 may not all be incurred, and are subject to management discretion and may change depending on the circumstances encountered.

**FINANCIAL SUMMARY**

***Year ended December 31, 2007***

General and administrative expenses, net of stock-based compensation, increased approximately \$350,000 in 2007 compared to 2006. Stock-based compensation declined by \$357,801 as the Company did not grant new stock options during the year. General exploration increased by \$38,506 as the Company evaluated various projects in Chile and in the United States. Investor relations and travel increased by \$230,543 related to travel and presentation expenses in Europe, web and print based advertising campaigns to increase investor awareness of the Company.

***Quarter ended December 31, 2007***

The most significant difference during the fourth quarter was in increase in investor relations and travel of \$78,228 related to web and print based advertising campaigns.

**SELECTED ANNUAL INFORMATION**

	<b>2007</b>	<b>2006</b>	<b>2005</b>
Total revenues	Nil	Nil	Nil
Loss for the year and on a per-share and per-share basis	(\$815,297) per share (\$0.02)	(\$832,771) per share (\$0.03)	(\$894,402) per share (\$0.03)
Total assets	\$12,018,455	\$12,063,676	\$5,585,084
Long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared per-share for each class of share	Nil	Nil	Nil

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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, 2007:

<b>Period</b>	<b>Revenues</b>	<b>Net Loss</b>	<b>Net Loss per Share <sup>(1)</sup></b>
4 <sup>th</sup> Quarter 2007	Nil	(\$385,537)	(\$0.01)
3 <sup>rd</sup> Quarter 2007	Nil	(\$49,412)	(\$0.00)
2 <sup>nd</sup> Quarter 2007	Nil	(\$278,684)	(\$0.01)
1 <sup>st</sup> Quarter 2007	Nil	(\$101,664)	(\$0.00)
4 <sup>th</sup> Quarter 2006	Nil	(\$141,002)	(\$0.01)
3 <sup>rd</sup> Quarter 2006	Nil	(\$424,244)	(\$0.01)
2 <sup>nd</sup> Quarter 2006	Nil	(\$137,257)	(\$0.00)
1 <sup>st</sup> Quarter 2006	Nil	(\$130,268)	(\$0.01)

(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 expenses.

**SHARE CAPITAL**

	<b>Number of Shares</b>	<b>Capital Stock</b>	<b>Contributed Surplus</b>	<b>Total</b>
Authorized unlimited common shares without par value				
<b>Balance at December 31, 2005</b>	25,844,675	\$ 7,365,311	\$ 1,753,346	\$ 9,118,657
Warrants exercised	334,000	427,348	(93,548)	333,800
Stock options exercised	345,000	311,950	(103,200)	208,750
Stock-based compensation	-	-	387,801	387,801
Private placements	8,200,000	7,010,000	-	7,010,000
Finder's fees for cash	-	(414,960)	-	(414,960)
Share issuance costs	-	(346,250)	146,312	(199,938)
<b>Balance at December 31, 2006</b>	34,723,675	\$ 14,353,399	\$ 2,090,711	\$ 16,444,110
Warrants exercised	322,000	330,190	(8,910)	322,000
Stock options exercised	25,000	23,000	(5,500)	17,500
Stock-based compensation	-	-	30,000	30,000
<b>Balance at December 31, 2007</b>	35,070,675	\$ 14,706,589	\$ 2,107,021	\$ 16,813,610

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**OUTSTANDING SHARE CAPITAL**

*Stock options*

Stock option transactions for the year's financials ended December 31, 2007 and 2006 are summarized as follows:

	<b>Number of Options</b>	<b>Weighed Average Exercise Price Per Option</b>
As at December 31, 2005	2,400,000	\$ 0.83
Granted	950,000	0.73
Exercised	(345,000)	0.61
Cancelled	(75,000)	1.41
As at December 31, 2006	2,930,000	0.81
Exercised	(25,000)	0.70
Expired	(150,000)	0.87
Balance, December 31, 2007	2,755,000	\$ 0.81
Options currently exercisable	2,755,000	\$ 0.81

*Warrants*

Warrant transactions for the year's financials ended December 31, 2007 and 2006 are summarized as follows:

	<b>Number of Warrants</b>	<b>Weighed Average Exercise Price Per Warrant</b>
As at December 31, 2005	2,049,555	\$ 1.18
Issued	7,101,200	1.05
Exercised	(334,000)	1.00
Expired	(1,700,000)	1.20
As at December 31, 2006	7,116,755	1.06
Exercised	(322,000)	1.00
Expired	(95,555)	1.20
As at December 31, 2007	6,699,200	\$ 1.06

*Fully Diluted Share Capital at December 31, 2007*

	<b>2007</b>	<b>2006</b>
Common shares issued	35,070,675	34,723,675
Stock options outstanding	2,755,000	2,930,000
Warrants outstanding	6,699,200	7,116,755
	44,524,875	44,770,430

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**OUTSTANDING SHARE CAPITAL** (continued)

*Fully Diluted Share Capital at April 9, 2008*

	<b>2008</b>
Common shares issued	44,699,489
Stock options outstanding	4,130,000
Warrants outstanding	4,495,081
	53,324,570

**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 \$204,000 (2006 - \$180,000) for management fees to companies controlled by two directors.
- b) Paid or accrued \$102,000 (2006 - \$90,000) for project management fees to an officer of the Company which are included in deferred exploration costs.
- c) Paid or accrued \$68,902 (2006 - \$14,130) to a company controlled by an officer for deferred exploration expenditures.
- d) Paid or accrued \$23,626 (2006 - \$19,888) for legal fees which were included in professional fees and \$NIL (2006 - \$40,147) for share issuance costs paid to a law firm of which an officer of the Company is a partner.

Included in accounts payable and accrued liabilities at December 31, 2007 is \$1,640 (2006 - \$18,214) due to a law firm of which an officer of the Company is a partner and \$48,902 (2006 - \$7,444) to a company controlled by an officer of the Company.

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

**INVESTOR RELATIONS**

Management currently performs all investor relation services and there were no external investor relation contracts or commitments during the year. Investor relations activities consist mainly 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. During the year the Company presented at four trade shows: Vancouver (2), Coeur d'Alene, and San Francisco. Management also makes presentations to certain brokers and fund managers in the investment industry throughout Canada, USA and Europe.

**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.

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 and Mexico. The Company's current NI43-101 compliant resources are stated as follows:

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**RESULTS OF OPERATIONS (continued)**

SilverCrest Silver and Gold Resources										
Property	Resource Category <sup>1</sup>	Tonnes	Ag gpt	Au gpt	Tons	Ag opt	Au opt	Contained Silver Ounces	Contained Gold Ounces	Contained Silver & Silver Equiv. Ounces <sup>3</sup>
Santa Elena <sup>2</sup>	Indicated	7,378,300	74.20	1.81	8,133,200	2.16	0.053	17,600,900	428,700	43,327,100
	Inferred	2,608,000	73.06	1.37	2,874,800	2.13	0.040	6,125,700	114,800	13,016,700
Cruz de Mayo <sup>2</sup>	Indicated	1,141,000	64.15	RP	1,257,700	1.87	RP	2,353,400	RP	2,353,400
	Inferred	6,065,000	66.50	RP	6,685,500	1.94	RP	12,967,100	RP	12,967,100
El Zapote <sup>2</sup>	Indicated	1,925,200	177.70	0.19	2,122,200	5.20	0.006	11,036,000	13,000	11,816,000
	Inferred	1,086,400	101.60	0.18	1,197,500	3.00	0.005	3,593,000	6,000	3,953,000
Total Indicated Resources								30,990,400	441,700	57,496,500
Total Inferred Resources								22,685,800	120,800	29,936,800

<sup>1</sup> Conforms to NI 43-101, 43101CP and current CIM definitions for resources. All numbers are rounded. Measured resources included in Indicated.

<sup>2</sup> Cutoff grade for Santa Elena and El Zapote is 30 gpt Ag equivalent (0.5 gpt Au equivalent). Cutoff for Cruz de Mayo is 30 gpt Ag.

<sup>3</sup> Conversion of gold to silver based on 60:1 silver to gold ratio, Assumes 100% metal recovery. This does not include zinc resource at El Zapote.

RP= results pending

The Qualified Person, as defined by National 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., P.Eng. Mr. Fier is also the Chief Operating Officer for the Company.

**A. EL SALVADOR - EL ZAPOTE 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 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	11,036,000	49,660,000
Inferred **	1,086,420	1,197,561	101.6	3.0	0.18	1.22	3,593,000	29,220,000

\* 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

\*\*\* 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 deposits contain a significant amount of zinc. The Indicated Resources contain 49.6 million pounds of zinc and Inferred Resources contain 29.2 million pounds of zinc.

The Feasibility Study continued during the period and focused on continued environmental baseline work, metallurgical test work and collection of data to support the evaluation of the economic viability of the project. A revised Technical Study and EIS are being completed for submission in 2008 to the El Salvador Department of Mines as part of the application for an exploitation concession.

Detailed metallurgical results show positive results for cyanide leach. Column testing is ongoing.



**RESULTS OF OPERATIONS** (continued)

**A. EL SALVADOR - EL ZAPOTE PROJECT** (continued)

*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. Any substantial programs will be contingent upon the permitting process with respect to the application for an exploitation concession and the issue of environmental permits for exploration.

**B. MEXICO**

**i). Silver Angel Project - Sonora, Mexico**

The Company incorporated Nusantara de Mexico, S.A de C.V. on November 26, 2003 for the purpose of holding the Silver Angel Project 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, the Company 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 Project contains an area of intense alteration that is approximately 35 kilometers long by 3 kilometers wide with major structural features that host six past producing, high grade silver-gold deposits.

Re-assaying of previous drilling at the Murucutachi and Granititas prospects was completed to review potential silver grade increases utilizing a 4 acid digest method. This is the same process that resulted in significant silver grade increases when used at the Cruz de Mayo project. Preliminary results were mixed. There was no significant work carried out during the period.

**ii). Cruz de Mayo Project - Sonora, Mexico**

The Cruz de Mayo concession was acquired in 2004 and came with an extensive exploration data package. After compilation of the data, the information was used to drill three initial core holes for a total of 379.4 metres in the fourth quarter of 2005. Drill results are provided in MDA annual 2005. Subsequent to this initial drilling, a Phase I - 20 core hole program was completed totaling 1,813 metres (MDA December 31, 2006).

The Company completed a Phase II drill program in the first quarter of 2007 which included a 27 reverse circulation (RC) drill hole program totaling 2,907 metres. No further drilling was completed in 2007. A follow up RC drill program is planned for 2008 to potentially expand resources.

The Phase II drill program was designed to re-confirm the widths and grades of the silver mineralized zone previously encountered in the first phase core drill program as well as to test the overall dimensions of the zone along strike and down dip. The information derived from the two phases of drilling provided the basis for a Technical Report and NI 43-101 resource estimate the results of which were announced on November 15, 2006 and are shown in the following table:

<b>Cruz de Mayo Silver Resources</b>										
<b>Property</b>	<b>Resource Category<sup>1</sup></b>	<b>Tonnes</b>	<b>Ag gpt</b>	<b>Au gpt</b>	<b>Tons</b>	<b>Ag opt</b>	<b>Au Opt</b>	<b>Contained Silver Ounces</b>	<b>Contained Gold Ounces</b>	<b>Contained Silver Equiv. Ounces<sup>3</sup></b>
<b>Cruz de Mayo<sup>2</sup></b>	Indicated	1,141,000	64.15	RP	1,257,700	1.87	RP	2,353,400	RP	2,353,400
	Inferred	6,065,000	66.50	RP	6,685,500	1.94	RP	12,967,100	RP	12,967,100

<sup>1</sup> Conforms to NI 43-101, 43101CP and current CIM definitions for resources. All numbers are rounded. Measured resources included in Indicated.

<sup>2</sup> Cutoff for Cruz de Mayo is 30gpt Ag. RP=Results Pending; <sup>3</sup> Conversion of gold to silver based on 60:1 silver to gold ratio, Assumes 100% metal recovery.

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**RESULTS OF OPERATIONS** (continued)

**ii). Cruz de Mayo Project - Sonora, Mexico** (continued)

The resource estimate for Cruz de Mayo was completed N. Eric Fier, CPG, P.Eng and reviewed by C. Stewart Wallis, P.Geo., independent qualified person (QP) from Scott Wilson Roscoe Postle and Associates of Toronto, Ontario. A Technical Report adhering to the disclosure requirements of NI 43-101 was filed on SEDAR in December 2007. Mr. Fier is the Chief Operating Officer and QP for the Company.

The gold resources are yet to be estimated but are expected to average around 0.1 gpt Au. The Company expects to carry out additional drilling along the 2.5 kilometer strike length of the known silver mineralized horizon to target a potential resource of 30-50 million ounces of silver.

The oxidized stockwork zone that contains the silver mineralization at Cruz de Mayo has been drill delineated over a minimum strike length of 1,700 metres and 200 metres down dip. The zone ranges in thickness from 20 to 45 metres in the southeast to 40 to 60 metres in the central and northwest portion of the deposit. Within the much broader zone of lower grade silver mineralization is a narrower higher grade zone that is 3.0 to 10.5 metres thick which appears to grade between 106.2 g/t (3.1 oz/t) to 393 g/t (11.4 oz/t) silver. The favorable host for stockwork silver mineralization is a rhyolite bed which dips at about 25° to the southwest nearly parallel to the slope of the topography. This “dip slope” makes for potentially low strip ratios for the deposit. The deposit remains open to the north with an additional 800 metres of strike length that requires initial drilling.

**iii). Santa Elena Project - Sonora, Mexico**

On December 8, 2005 the Company entered into an option agreement to acquire the Santa Elena Project located northeast of Hermosillo, Sonora State, Mexico. The Company has the right to acquire a 100% interest in the Santa Elena property by making the following staged option payments totalling U.S. \$3,000,000 over a period of 5 years and by making a final U.S. \$1,000,000 payment conditional upon receipt of a Feasibility Study and all operating and environmental permits relating to the project.

December 8, 2005	US \$	\$10,000	(paid)
February 8, 2006		\$60,000	(paid)
June 8, 2006		\$60,000	(paid)
December 8, 2006		\$60,000	(paid)
June 8, 2007		\$60,000	(paid)
December 8, 2007		\$50,000	(paid)
June 8, 2008		\$500,000	
December 8, 2008		\$500,000	
June 8, 2009		\$600,000	
June 8, 2010		\$600,000	
December 8, 2010		\$500,000	
<b>TOTAL</b>	US \$	\$3,000,000	

The payments totalling US \$2.2 million due from December 8, 2008 through December 8, 2010 inclusive, as well as the U.S \$1,000,000 conditional payment are payable, at the Company’s option, either wholly in cash or up to 50% of each payment in the common shares of the Company at the average price per share for the previous ten trading days.

There are no applicable work commitments or underlying royalties to the property owners.

The Company’s target for the Santa Elena Project was to initially develop a 30 million ounce silver equivalent resource by increasing the strike length and depth of the deposit and developing resources in an untested footwall zone. As of July 2008, the Company commenced drilling additional holes (estimated 4,000m) to upgrade and expand the currently stated resources. The drilling and resource expansion efforts were completed in 2007.

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**RESULTS OF OPERATIONS** (continued)

**iii). Santa Elena Project - Sonora, Mexico** (continued)

Based on the results of a total 40 drill holes and extensive underground sampling, the results of an up-date resource estimate were released on November 15, 2007 and are shown in the following table:

Santa Elena Silver and Gold Resources										
Property	Resource Category <sup>1</sup>	Tonnes	Ag gpt	Au gpt	Tons	Ag opt	Au opt	Contained Silver Ounces	Contained Gold Ounces	Contained Silver & Silver Equiv. Ounces <sup>3</sup>
Santa Elena <sup>2</sup>	Indicated	7,378,300	74.20	1.81	8,133,200	2.16	0.053	17,600,900	428,700	43,327,100
	Inferred	2,608,000	73.06	1.37	2,874,800	2.13	0.040	6,125,700	114,800	13,016,700

<sup>1</sup> Conforms to NI 43-101, 43101CP and current CIM definitions for resources. All numbers are rounded. Measured resources included in Indicated.

<sup>2</sup> Cutoff grade for Santa Elena is 30 gpt Ag equivalent (0.5 gpt Au equivalent).

<sup>3</sup> Conversion of gold to silver based on 60:1 silver to gold ratio, Assumes 100% metal recovery.

A Technical Report for this resource estimation was completed by N. Eric Fier, CPG, P.Eng and Chief Operating Officer for the Company is dated December 30, 2007 and was filed on SEDAR on December 30, 2007.

As of December 31, 2007, the Company has reported the results of 48 core holes (SE06-01 to SE07-48) in a continuing program of in-fill and expansion drilling for the Santa Elena Main Zone. The drill program was completing hole SE07-66 at the end of the year.

During 2007, total of 3,784.48 metres were drilled in 29 core holes at Santa Elena. The most significant results from drilling up for 2007 are as follows:

Weighted Average Grades									
Drill Hole	From (m)	To (m)	Interval (m)	Interval (ft)	Au gpt	Ag gpt	Au gpt equiv*	Ag opt equiv*	Target
SE07-22	81.15	94.00	12.85	42.15	4.92	205.2	9.02	13.16	in-fill
Includes	83.30	89.20	5.90	19.35	7.41	253.9	12.49	18.21	
SE07-23	71.90	82.00	10.10	33.13	6.53	218.7	10.90	15.90	in-fill
Includes	71.90	76.00	4.10	13.44	11.19	381.4	18.82	27.44	
SE07-24	67.00	76.00	9.00	29.52	4.90	147.4	7.85	11.44	in-fill
Includes	70.00	75.40	5.40	17.71	7.39	215.8	11.71	17.07	
SE07-25	64.85	71.60	6.75	22.14	4.10	105.6	6.21	9.06	Expansion
Includes	67.00	71.60	4.60	15.09	5.91	144.1	8.79	12.82	
SE07-27	7.00	16.00	9.00	29.52	0.50	43.6	1.37	68.53	in-fill
SE07-28	60.40	68.45	7.10	23.29	0.59	76.4	2.12	105.92	in-fill
SE07-29	28.00	32.05	4.05	13.28	0.69	28.6	1.26	63.10	in-fill
SE07-30	16.00	23.86	7.86	25.78	2.90	45.0	3.80	190.00	in-fill
Includes	19.00	20.67	1.67	5.48	7.38	58.9	8.56	427.90	
SE07-31	9.00	19.29	10.29	33.75	1.11	19.1	1.49	74.57	in-fill
SE07-32	26.70	32.70	6.00	19.68	1.59	46.8	2.53	126.27	Expansion
SE07-33	128.55	139.40	10.85	35.59	3.29	139.4	6.08	303.88	Expansion
Includes	130.00	136.00	6.00	19.68	5.29	171.0	8.71	435.50	

**SILVERCREST MINES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the year ended December 31, 2007

**RESULTS OF OPERATIONS** (continued)

**iii). Santa Elena Project - Sonora, Mexico** (continued)

Weighted Average Grades									
Drill Hole	From (m)	To (m)	Interval (m)	Interval (ft)	Au gpt	Ag gpt	Au gpt equiv*	Ag opt equiv*	Target
SE07-34	160.65	182.00	21.35	70.03	2.21	171.7	5.64	282.21	Expansion
Includes	179.00	182.00	3.00	9.84	9.86	320.0	16.26	813.00	
SE07-35	97.00	118.20	21.20	69.54	2.84	101.1	4.86	243.07	Expansion
Includes	97.00	100.00	3.00	9.84	12.65	203.0	16.71	835.50	
SE07-37	125.1	140.5	15.4	50.5	0.51	59.8	1.71	85.30	in-fill
SE07-38	51.8	92.2	42.9	140.7	0.85	61.9	2.10	104.57	in-fill
Includes	59.3	65.0	5.7	18.7	1.61	224.4	6.10	304.79	
Includes	88.0	95.6	7.6	24.9	1.82	79.9	3.41	170.74	
SE07-39	105.6	139.5	33.9	111.2	1.15	94.4	2.72	137.14	in-fill
Includes	109.0	128.0	19.0	62.3	1.61	110.8	3.83	191.65	
SE07-40	108.0	159.4	51.4	168.8	1.53	126.9	4.07	203.42	Expansion
Includes	108.0	138.6	30.6	100.3	2.50	195.9	6.42	321.16	
Includes	111.4	124.8	13.4	43.9	3.80	342.1	10.64	531.92	
Includes	118.7	124.8	6.1	20.0	5.12	646.0	18.04	902.17	
SE07-41	114.05	146.95	32.90	107.91	3.00	187.2	6.11	367.1	Expansion
Includes	137.0	146.95	9.95	32.63	5.56	409.6	12.38	743.3	
SE07-42	28.85	49.0	20.15	66.09	2.42	73.0	3.64	218.6	in-fill
Includes	34.0	43.0	9.0	29.52	4.74	125.4	6.83	410.0	in-fill
SE07-42a	30.0	60.0	30.0	98.40	1.50	47.6	2.29	137.5	in-fill
Includes	30.0	54.0	24.0	78.72	1.84	52.0	2.70	162.4	in-fill
SE07-43	36.58	47.8	11.22	36.80	2.73	28.2	3.21	192.6	in-fill
SE07-43a	43.05	56.0	12.95	42.47	3.54	55.9	4.47	268.3	in-fill
SE07-44	3.0	17.5	14.5	47.56	0.77	28.7	1.25	75.4	Footwall Zone
SE07-45	2.0	15.9	13.3	43.62	0.51	20.1	0.84	50.9	Footwall Zone
SE07-46	2.0	11.0	9.0	29.52	0.90	42.0	1.60	96.1	Footwall Zone
SE07-47	4.5	23.2	18.7	61.33	0.63	74.6	1.88	113.0	Footwall Zone
SE07-48	7.0	16.0	9.0	29.52	0.20	27.3	0.65	39.5	Footwall Zone

\*Conversions are based on a ratio of 1:60 Au:Ag and assume 100% metal recovery. All numbers are rounded.

All sample analysis for Santa Elena was completed by ALS-Chemex in Hermosillo, Mexico and N. Vancouver B.C. Duplicate analysis for QA/QC was completed at ACME Labs in Vancouver and SGS Group labs in Durango, Mexico. All analytical results are considered certified, verified and qualified.

**SILVERCREST MINES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended December 31, 2007

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**RESULTS OF OPERATIONS** (continued)

**iii). Santa Elena Project - Sonora, Mexico** (continued)

A preliminary feasibility study with project economics, detailed metallurgical work and environmental baseline studies was implemented in the fourth quarter of 2006. These studies have been ongoing throughout 2007. The completion of the prefeasibility study is anticipated in the first half of 2008. A production decision on Santa Elena is anticipated in the first half of 2008 conditional upon permitting.

Bulk sample metallurgical test work has been completed at SGS labs in Durango, Mexico. Seven column-percolation tests have been completed. Results show positive gold recoveries and some what lower silver recoveries. Recoveries suggest 60 to 70% for gold and 30 to 40% for silver from -3/8" material. Cyanide and lime consumption rates are considered low. The results will be incorporated into the pre-feasibility study.

Environmental baseline work continued throughout 2007 with all aspects for the study showing no significant risk to the outlined area of impact. Further water quality and quantity sampling is anticipated in 2008. The Land Use Change permit was submitted in December 2007 and awaits approval. An Environmental Impact Study for permits for proposed operations is being prepared as of December 31, 2007 with submission to be made in the first half of 2008.

A program of 33 line kilometres of Induced Polarization and magnetic geophysics were completed to test for the potential extensions of the Main Zone and better define structural features and parallel zones that have been partially identified at surface. Results confirm the approximate 1200 metre strike length of the Main Zone and suggest that several parallel zones are present with geophysical signatures similar to the Santa Elena Main Zone.

A land occupation agreement with the community of Banamichi (Ejido) for the Santa Elena Project was signed in November 2007. This agreement is for a period of 20 years and ensures that the exploration, development and mining activities of the Company may be carried out unimpeded as the exploration and development of the Santa Elena Project continues to move forward with expansion of resources and a production decision. The lease agreement entitles the Company to engage in exploration and mining activities on up to 841 hectares of Ejido lands.

***Future Developments - Mexican Projects***

Results to date from the Mexican Projects are encouraging and management believes that the concession areas have considerable potential. Preliminary metallurgical results show positive results for heap leach ability for both the Cruz de Mayo and Santa Elena Projects. Expansion of the Santa Elena Main Zone continues to the east and to depth. Surface work and geophysics has defined at least 3 more veins located to the south of the Main Zone. These epithermal veins appear to parallel the Main Zone. Drilling will continue at Santa Elena to further define the Main Zone and explore the adjacent potential vein systems and geophysical targets.

**SUBSEQUENT EVENTS**

- (a) On January 7, 2008 the Company granted stock options to consultants and employees to purchase 225,000 common shares at an exercise price of \$1.39 per share for a period of five years. On March 27, 2008 the Company granted stock options to directors and officers to purchase 850,000 common shares at an exercise price of \$1.27 per share for a period of five years and to a consultant to purchase 300,000 common shares at an exercise price of \$1.27 per share for a period of two years.
- (b) The Company issued 4,168,600 common shares pursuant to the exercise of warrants for proceeds of \$4,189,850.
- (c) The Company completed a non-brokered private placement of 5,562,214 units at \$1.10 per unit. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase an additional common share at a price of \$1.40 per share on or before September 19, 2009. Of the total units issued, 1,818,180 units were issued to Macquarie Bank Limited ("MBL") in connection with its commitment to make a \$2.0 million equity investment in the Company.

**SILVERCREST MINES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

For the year ended December 31, 2007

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**SUBSEQUENT EVENTS** (continued)

- (d) The Company accepted a committed letter of offer from MBL for a Cdn \$3.0 million feasibility finance credit facility (the "Finance Facility") and \$2.0 million equity investment ("Equity Investment") to fund expenditures in relation to the completion of feasibility studies at the Company's Santa Elena Project in Mexico. The Finance Facility will bear interest at Canadian Dollar LIBOR rate plus 2.75% per annum on amounts drawn down. Outstanding amounts will be repayable by the earlier of May 28, 2010 and when financing arrangements are made for the development of the Santa Elena project.

In consideration for the provision of the Finance Facility, the Company has agreed to pay MBL certain fees customary for such a facility and to issue 2,307,692 warrants. The warrants will vest pro rata with draw downs under the Finance Facility and will expire on May 28, 2010. Each vested warrant will be exercisable to purchase one common share of the Company at a price of \$1.30. The proceeds of any warrant exercise are to be first applied to repay any outstanding amounts under the Finance Facility.

**DISCLOSURE CONTROLS AND PROCEDURES**

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to them by others particularly during the period in which the annual filings are being prepared, and are disclosed in public documents as required.

As at December 31, 2007, the CEO and CFO, with participation of the Company's management, have concluded that the design and operation of the Company's disclosure controls and procedures were effective.

**CHANGES IN ACCOUNTING POLICIES**

***Financial instruments***

During the year, the Company adopted a new standard, the Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3855, "Financial Instruments – Recognition and Measurement". Under the new standard, all financial instruments are classified as one of the following: held-to-maturity, loans and receivables, held-for-trading, available-for-sale or other financial liabilities. Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and financial liabilities other than those held-for-trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. The standard also permits designation of any financial instrument as held-for-trading upon initial recognition.

Also adopted by the Company during the year was CICA Handbook Section 1530, "Comprehensive Income". As a result of adopting these standards, a new category, Accumulated Other Comprehensive Income, is added to shareholders' equity on financial assets classified as available-for-sale, unrealized foreign currency translation amounts, net of hedging, arising from self-sustaining foreign operations, and changes in fair value of the effective portion of cash flow hedging amounts.

**CHANGES IN ACCOUNTING POLICIES** (continued)

*Financial instruments* (continued)

The adoption of the provisions of these new standards had no effect in the Company's financial statements.

(i) Fair value

The carrying values of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short terms to maturity of the instruments.

(ii) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

(iii) Credit risk

The Company is not exposed to significant credit risk on its financial assets due to cash being placed with Canadian chartered banks and amounts receivable due from government agencies.

*New Accounting Pronouncements*

Effective January 1, 2008 the Company is required to adopt the following new Canadian accounting pronouncements:

(i) Assessing going concern – Section 1400

The Accounting Standards Board (AcSB) amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

(ii) Capital disclosures- Section 1535

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

(iii) Financial Instruments – Sections 3862 & 3863 – Disclosures and Presentation

These new sections 3862 (on disclosures) and 3863 (on presentation) replace Section 3861, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. Section 3862 complements the principles recognizing measuring and presenting financial assets and financial liabilities in Financial Instruments. Section 3863 deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

(iv) Determining whether a contract is routinely denominated in a single currency

This new standard considers 1) how the term "routinely denominated" in Section 3855.A34(d) should be interpreted, and 2) what factors can be used to determine whether a contract for the purchase or sale of a nonfinancial item such as a commodity is routinely denominated in a particular currency in commercial transactions around the world.

The Company is evaluating the impact of these new accounting standards on its consolidated financial statements.

**SILVERCREST MINES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the year ended December 31, 2007

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**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.

**ADDITIONAL INFORMATION**

Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's website [www.silvercrestmines.com](http://www.silvercrestmines.com).