



INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

JUNE 30, 2005
SECOND QUARTER

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor

SILVERCREST MINES INC.
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited - Prepared by Management)

| | June 30, 2005 | December 31, 2004 |
|---|--------------------------|------------------------------|
| | | (audited) |
| ASSETS | | |
| Current | | |
| Cash and equivalents | \$ 109,907 | \$ 328,830 |
| Short-term investments (Note 3) | 2,629,647 | 3,917,296 |
| Receivables and advances | 42,109 | 51,699 |
| Prepaid expenses and deposits | <u>20,213</u> | <u>32,931</u> |
| | 2,801,876 | 4,330,756 |
| Equipment (Note 4) | 40,979 | 42,718 |
| Mineral properties (Note 5) | <u>3,088,716</u> | <u>2,005,030</u> |
| | <u>\$ 5,931,571</u> | <u>\$ 6,378,504</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | <u>\$ 157,777</u> | <u>\$ 459,930</u> |
| Shareholders' equity | | |
| Capital stock (Note 6) | 7,349,407 | 7,144,759 |
| Contributed surplus (Note 6) | 1,786,354 | 1,469,665 |
| Share subscriptions | - | 72,000 |
| Deficit | <u>(3,361,967)</u> | <u>(2,767,850)</u> |
| | <u>5,773,794</u> | <u>5,918,574</u> |
| | <u>\$ 5,931,571</u> | <u>\$ 6,378,504</u> |

Nature of operations (Note 1)

Subsequent event (Note 10)

On behalf of the Board:

"J. Scott Drever" Director

"Barney Magnusson" Director

See accompanying notes.

SILVERCREST MINES INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Prepared by Management)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|------------------------------------|-----------------------|----------------------------------|-----------------------|
| | 2005 | 2004 | 2005 | 2004 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| Administrative services | \$ 16,449 | \$ 13,915 | \$ 46,224 | \$ 29,165 |
| Amortization | 1,031 | 1,101 | 2,249 | 2,046 |
| Consulting | - | 10,000 | - | 12,000 |
| Foreign exchange | 2,275 | 171 | 4,272 | (298) |
| General exploration | 4,702 | 35,721 | 6,439 | 41,301 |
| Investor relations | 16,116 | 6,602 | 33,893 | 11,406 |
| Management fees | 45,000 | 45,000 | 90,000 | 80,000 |
| Office and miscellaneous | 14,489 | 11,692 | 30,297 | 22,361 |
| Professional fees | 8,500 | 17,945 | 13,854 | 23,489 |
| Regulatory and transfer agent fees | 9,206 | 8,822 | 14,744 | 19,469 |
| Rent and telephone | 8,884 | 8,839 | 17,862 | 16,960 |
| Shareholder communications | 23,937 | 13,829 | 29,552 | 18,719 |
| Stock-based compensation | 256,514 | 20,478 | 328,254 | 386,170 |
| Trade shows and conferences | 9,705 | 29,072 | 14,325 | 35,244 |
| | <u>416,808</u> | <u>223,187</u> | <u>631,965</u> | <u>698,032</u> |
| Loss before other item | (416,808) | (223,187) | (631,965) | (698,032) |
| OTHER ITEM | | | | |
| Interest income | <u>15,693</u> | <u>12,041</u> | <u>37,848</u> | <u>26,314</u> |
| Loss for the period | <u>(401,115)</u> | <u>(211,146)</u> | <u>(594,117)</u> | <u>(671,718)</u> |
| Deficit, beginning of the period | <u>(2,960,852)</u> | <u>(1,490,765)</u> | <u>(2,767,850)</u> | <u>(1,030,193)</u> |
| Deficit, end of the period | <u>\$ (3,361,967)</u> | <u>\$ (1,701,911)</u> | <u>\$ (3,361,967)</u> | <u>\$ (1,701,911)</u> |
| Basic and diluted loss per share | \$ (0.01) | \$ (0.01) | \$ (0.02) | \$ (0.03) |
| Weighted average number of shares outstanding | 25,827,137 | 20,314,279 | 25,798,370 | 19,884,817 |

See accompanying notes.

SILVERCREST MINES INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Prepared by Management)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|------------------------------------|---------------------|----------------------------------|---------------------|
| | 2005 | 2004 | 2005 | 2004 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss for the period: | \$ (401,115) | \$ (211,146) | \$ (594,117) | \$ (671,718) |
| Items not affecting cash: | | | | |
| Amortization | 1,031 | 1,101 | 2,249 | 2,046 |
| Stock-based compensation | 256,514 | 20,478 | 328,254 | 386,170 |
| Changes in non-cash working capital items: | | | | |
| (Increase) decrease in receivables and advances | 55,936 | (18,582) | 9,590 | (10,821) |
| (Increase) decrease in prepaids and deposits | (3,674) | 12,042 | 12,718 | 10,048 |
| Increase (decrease) in accounts payable and accrued liabilities | <u>(10,328)</u> | <u>25,175</u> | <u>(302,153)</u> | <u>32,757</u> |
| Net cash used in operating activities | <u>(101,636)</u> | <u>(170,932)</u> | <u>(543,459)</u> | <u>(251,518)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of capital stock | 1,750 | 222,003 | 197,040 | 737,855 |
| Redemption of short term investments | 490,031 | - | 1,287,649 | - |
| Share issuance costs | - | - | (3,957) | - |
| Share subscriptions | <u>-</u> | <u>-</u> | <u>(72,000)</u> | <u>-</u> |
| Net cash provided by financing activities | <u>491,781</u> | <u>222,003</u> | <u>1,408,732</u> | <u>737,855</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Capital assets acquired | - | (4,141) | (4,740) | (6,207) |
| Mineral properties and deferred costs | <u>(608,770)</u> | <u>(286,040)</u> | <u>(1,079,456)</u> | <u>(471,650)</u> |
| Net cash used in investing activities | <u>(608,770)</u> | <u>(290,181)</u> | <u>(1,084,196)</u> | <u>(477,857)</u> |
| Increase (decrease) in cash during the period | (218,625) | (239,110) | (218,923) | 8,480 |
| Cash and equivalents, beginning of the period | <u>328,532</u> | <u>3,049,775</u> | <u>328,830</u> | <u>2,802,185</u> |
| Cash and equivalents, end of the period | <u>\$ 109,907</u> | <u>\$ 2,810,665</u> | <u>\$ 109,907</u> | <u>\$ 2,810,665</u> |

Supplemental disclosure with respect to cash flows (Note 9)

See accompanying notes.

1. NATURE OF OPERATIONS

The Company is engaged in the acquisition and exploration of mineral properties in El Salvador, Mexico and Honduras. To date, the Company has not achieved commercial production and is considered to be in the exploration stage.

The Company's emergence from the exploration stage and the recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the quantity of economically recoverable reserves, on the ability of the Company to obtain financing to complete exploration and development of the properties, on the timing of legislative or regulatory developments relating to environmental protection, and on future profitable operations or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These interim consolidated financial statements should be read in conjunction with the most recent annual financial statements. The significant accounting policies follow that of the most recently reported annual financial statements.

Mineral properties

The Company capitalizes all acquisition, exploration and development costs related to exploration and development of mineral properties on a property-by-property basis. The costs of abandoned properties are charged to income in the year of abandonment or when it is determined that potential for discovery of economic mineralization is limited.

The costs of producing properties are amortized using the unit of production method based upon estimated reserves. The amounts recorded as mineral properties represent costs to date and do not necessarily reflect present or future values.

Cash and short-term investments

Cash and equivalents include highly liquid investments with original maturities of three months or less.

Short-term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificates with terms to maturity greater than ninety days, but not more than one year, that are readily convertible to contracted amounts of cash. Short-term investments are carried at the lower of cost or recoverable amount.

3. SHORT-TERM INVESTMENTS

Short-term investments comprise highly liquid Canadian dollar denominated guaranteed investment certificates with term to maturity of greater than ninety days but not more than one year, that are readily convertible to contracted amounts of cash.

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005

4. EQUIPMENT

| | June 30, 2005 | | | December 31, 2004 | | |
|-------------------------|--------------------------|-----------------------------|-------------------|------------------------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Equipment and furniture | \$ 24,915 | \$ 7,329 | \$ 18,586 | \$ 22,665 | \$ 4,968 | \$ 17,697 |
| Computer hardware | 11,521 | 3,915 | 7,606 | 9,021 | 2,573 | 6,448 |
| Computer software | 2,597 | 2,597 | - | 2,597 | 2,597 | - |
| Automotive | 28,453 | 12,666 | 15,787 | 28,453 | 9,880 | 18,573 |
| | <u>\$ 67,485</u> | <u>\$ 26,506</u> | <u>\$ 40,979</u> | <u>\$ 62,736</u> | <u>\$ 20,018</u> | <u>\$ 42,718</u> |

5. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing except as otherwise disclosed.

| | El Zapote, El Salvador | Silver Angel, Mexico | Total |
|-------------------------------------|-----------------------------------|---------------------------------|------------------|
| Balance , December 31, 2004 | \$ 1,612,754 | \$ 392,276 | \$ 2,005,030 |
| Amortization | 4,230 | - | 4,230 |
| Assays | 58,285 | 5,673 | 63,958 |
| Casual labour | 15,850 | - | 15,850 |
| Concession fees and mining licenses | - | 15,109 | 15,109 |
| Drilling | 254,566 | 6,252 | 260,818 |
| Engineering consulting | 126,706 | 628 | 127,334 |
| Environmental consulting | 126,094 | - | 126,094 |
| Field supplies | 24,753 | - | 24,753 |
| Foreign exchange | - | (20,272) | (20,272) |
| Geological services | 47,089 | 28,498 | 75,587 |
| IVA taxes | 23,344 | - | 23,344 |
| Maps and digital imagery | - | 9,026 | 9,026 |
| Metallurgical testing | 13,080 | - | 13,080 |
| Miscellaneous | 16,266 | 5,881 | 22,147 |
| Office and communications | 26,191 | 7,986 | 34,177 |
| Professional fees | 66,433 | 21,052 | 87,485 |
| Project management | 37,500 | 7,500 | 45,000 |
| Property access and rental | 8,860 | 9,546 | 18,406 |
| Rent and supplies | 48,379 | - | 48,379 |
| Travel and accommodation | 52,606 | 12,184 | 64,790 |
| Vehicles | 13,179 | 11,212 | 24,391 |
| | <u>963,411</u> | <u>120,275</u> | <u>1,083,686</u> |
| Balance, June 30, 2005 | \$ 2,576,165 | \$ 512,551 | \$ 3,088,716 |

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005

5. MINERAL PROPERTIES (con't...)

| | Four Projects, Honduras | El Zapote, El Salvador | Silver Angel, Mexico | Total |
|-------------------------------------|------------------------------------|-----------------------------------|---------------------------------|------------------|
| Balance December 31, 2003 | \$ 242,191 | \$ - | \$ 61,485 | \$ 303,676 |
| Amortization | 1,997 | 8,460 | - | 10,457 |
| Assays | - | 38,585 | 33,909 | 72,494 |
| Casual labour | 790 | 20,655 | - | 21,445 |
| Concession fees and mining licenses | 369 | 25,020 | 4,108 | 29,497 |
| Drilling | - | 581,828 | 76,592 | 658,420 |
| Drill contractor expense | 17,230 | - | - | 17,230 |
| Engineering consulting | - | 316,529 | - | 316,529 |
| Environmental consulting | - | 211,101 | - | 211,101 |
| Field supplies | - | 27,039 | 1,675 | 28,714 |
| Geological consulting | - | 16,368 | - | 16,368 |
| Geological services | 14,838 | 67,653 | 97,975 | 180,466 |
| IVA taxes | - | 39,363 | - | 39,363 |
| Maps and photos | 9 | 7,606 | 1,472 | 9,087 |
| Metallurgical testing | - | 18,715 | - | 18,715 |
| Miscellaneous | 3,012 | 22,095 | 4,378 | 29,485 |
| Office and communications | 4,483 | 16,816 | 389 | 21,688 |
| Professional fees | 3,760 | 39,514 | 29,262 | 72,536 |
| Project management | - | 50,000 | 35,000 | 85,000 |
| Property access and rental | 667 | 9,017 | 12,029 | 21,713 |
| Rent and supplies | 4,877 | 29,195 | - | 34,072 |
| Travel and accommodation | 4,169 | 45,712 | 31,709 | 81,590 |
| Vehicles | 1,975 | 21,483 | 2,293 | 25,751 |
| | <u>58,176</u> | <u>1,612,754</u> | <u>330,791</u> | <u>2,001,721</u> |
| Less write-down | <u>(300,367)</u> | <u>-</u> | <u>-</u> | <u>(300,367)</u> |
| Balance, December 31, 2004 | \$ - | \$ 1,612,754 | \$ 392,276 | \$ 2,005,030 |

El Zapote Project, El Salvador

The Company acquired a 100% interest in the properties located in El Salvador by acquiring 100% of the share capital of Minera Atlas S.A. de C.V. ("Atlas") an El Salvadoran corporation which owns the Aldea El Zapote Exploration Concession located in the Department of Santa Ana in Northern El Salvador. The purchase price for Atlas was US\$15,000 and a sliding scale royalty, payable from production, varying from US\$0.20 per ounce of silver equivalent to US\$0.60 per ounce depending on the silver price. The transaction has been accounted for as an asset purchase since Atlas is not considered a business. The Company is also required to complete environmental impact and preliminary feasibility studies to satisfy concession work requirements as defined by El Salvador mining law.

Silver Angel Project, Mexico

The Company acquired a 100% interest in mineral properties located in the Northern Sierra Madre range in Mexico by concession applications.

El Ocote Project, Arena Blanca Project, Opoteca Project, La Pochota Project, Honduras

The Company acquired a 100% interest in certain properties located in Honduras by concession application. Due to title uncertainty, the Company has decided to write down the carrying values of the Honduran mineral property expenditures. The Company has filed a claim against the government of Honduras, amongst others, to protect its legal and property interests.

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

| | Number of Shares | Capital Stock | Contributed Surplus | Total |
|--|---------------------|---------------------|------------------------|---------------------|
| Authorized 100,000,000 common shares without par value | | | | |
| Balance at May 23, 2003 | 4,204,046 | \$ 30 | \$ - | \$ 30 |
| Common shares issued pursuant to acquisition of NorCrest (Note 4) | 5,000,000 | - | - | - |
| Short-form prospectus | 2,070,000 | 552,827 | 130,273 | 683,100 |
| Warrants exercised | 774,500 | 366,260 | (95,185) | 271,075 |
| Finders' fees | | | | |
| Cash | - | (62,981) | - | (62,981) |
| Non-cash | 50,000 | (38,735) | 55,235 | 16,500 |
| Finders' warrants exercised | 394,000 | 182,587 | (52,567) | 130,020 |
| Private placement | 1,900,000 | 721,317 | 228,683 | 950,000 |
| Finders' fees | | | | |
| Cash | - | (26,875) | - | (26,875) |
| Non-cash | 88,750 | (20,493) | 64,868 | 44,375 |
| Finders' warrants exercised | 16,000 | 13,612 | (3,852) | 9,760 |
| Private placement | 1,431,927 | 1,378,489 | 411,420 | 1,789,909 |
| Finders' fees | | | | |
| Cash | - | (88,908) | - | (88,908) |
| Non-cash | 9,630 | 1,370 | 10,668 | 12,038 |
| Share issuance costs | - | (236,050) | - | (236,050) |
| Stock-based compensation | - | - | 273,041 | 273,041 |
| Conversion of special warrants | 2,500,000 | 325,000 | - | 325,000 |
| Warrants exercised | 350,000 | 83,500 | - | 83,500 |
| Stock options exercised | 25,000 | 11,250 | - | 11,250 |
| Balance at December 31, 2003 | 18,813,853 | 3,162,200 | 1,022,584 | 4,184,784 |
| Warrants exercised | 3,160,605 | 1,275,323 | (195,452) | 1,079,871 |
| Stock options exercised | 117,500 | 89,973 | (34,298) | 55,675 |
| Stock-based compensation | - | - | 583,283 | 583,283 |
| Private placements | 3,500,000 | 3,150,000 | - | 3,150,000 |
| Finders' fees for cash | - | (214,200) | - | (214,200) |
| Share issuance costs | - | (318,537) | 93,548 | (224,989) |
| Balance at December 31, 2004 | 25,591,958 | \$ 7,144,759 | \$ 1,469,665 | \$ 8,614,424 |
| Warrants exercised | 19,700 | 18,530 | (4,740) | 13,790 |
| Stock options exercised | 25,000 | 18,075 | (6,825) | 11,250 |
| Stock-based compensation | - | - | 328,254 | 328,254 |
| Private placements | 191,111 | 172,000 | - | 172,000 |
| Share issuance costs | - | (3,957) | - | (3,957) |
| Balance at June 30, 2005 | 25,827,769 | \$ 7,349,407 | \$ 1,786,354 | \$ 9,135,761 |

Escrow shares

Included in issued capital stock are 1,597,500 common shares of the Company that are subject to the time release escrow provisions of the TSX-V. In addition 50,480 common shares are subject to another escrow agreement and may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities.

7. STOCK OPTIONS AND WARRANTS

Stock options

The Company has a stock option plan under which it is authorized to grant stock options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. The exercise price of each option equals the market price of the Company's stock as calculated on the date of the grant. The options can be granted for a maximum term of 5 years and certain options to employees and consultants vest over periods of time, determined by the board of directors.

At June 30, 2005, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|-------------------------|-----------------------|--------------------|
| 20,000 | \$ 1.02 | October 28, 2005 |
| 1,000,000 | \$ 0.45 | June 16, 2008 |
| 750,000 | \$ 1.41 | March 24, 2009 |
| 650,000 | \$ 0.75 | June 1, 2010 |

Stock option transactions 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 |
| Balance, June 30, 2005 | 2,420,000 | \$ 0.83 |

On June 1, 2005 the Company, pursuant to its Stock Option Plan, granted stock options to purchase an aggregate 650,000 common shares at a price of \$.75 per share for a period of 5 years.

Stock-based compensation

The stock-based compensation expense recognized based on vesting for the period was \$328,254 (2004 - \$386,170) leaving an unamortized balance of \$25,205 (2004 - \$47,850).

Warrants

Warrant transactions for the periods ended June 30th are summarized as follows:

| | 2005 | 2004 |
|------------------------------|-------------|-------------|
| Balance, beginning of period | 3,968,377 | 5,174,982 |
| Issued | 95,555 | - |
| Exercised | (19,700) | (1,266,077) |
| Balance, end of period | 4,044,232 | 3,908,905 |

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2005

7. STOCK OPTIONS AND WARRANTS (con't...)

At June 30, 2005, the Company had outstanding share purchase warrants, enabling holders to acquire shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|-------------------------|-----------------------|--------------------|
| 528,670 | \$ 0.70 | August 29, 2005 |
| 24,450 | 1.25 | December 18, 2005 |
| 1,379,557 | 1.40 | December, 2005 |
| 62,000 | 1.40 | December 30, 2005 |
| 1,550,000 | 1.20 | December 3, 2006 |
| 186,000 | 0.95 | December 3, 2006 |
| 200,000 | 1.20 | December 22, 2006 |
| 18,000 | 0.95 | December 22, 2006 |
| <u>95,555</u> | 1.20 | January 18, 2007 |
| <u>4,044,232</u> | | |

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$90,000 (2004 - \$80,000) for management fees to two companies controlled by two officers and directors of the Company.
- b) Paid or accrued \$45,000 (2004 - \$40,000) for project management fees to an officer of the Company which are included in deferred exploration costs.
- c) Recorded \$256,514 (2004 - \$358,698) for stock-based compensation expense on stock options granted to directors and officers.
- d) Paid or accrued \$13,494 (2004 - \$8,560) for legal fees paid to a law firm in which an officer of the Company is an officer, which were included in professional fees.

Included in accounts payable and accrued liabilities at June 30, 2005 is \$8,673 (2004-\$9,118) 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.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | 2005 | 2004 |
|--|-------------|-------------|
| Cash paid during the year for interest | \$ - | \$ - |
| Cash paid during the year for income taxes | \$ - | \$ - |

The significant non-cash transaction for the three month period ended June 30, 2005 consisted of the Company recording stock based compensation expense of \$256,514 (2004 - \$20,478).

10. SUBSEQUENT EVENT

Subsequent to June 30, 2005 the Company issued 2,500 common shares for proceeds of \$1,750 pursuant to the exercise of warrants.