

**SILVERCREST MINES INC.**

(formerly Strathclair Ventures Ltd.)

**MANAGEMENT DISCUSSION & ANALYSIS - FORM 51-102F1**

For the Three Month Period ended March 31, 2004

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**DATE**

The Management Discussion and Analysis (MDA) is an overview of the activities of SilverCrest Mines Inc. (the "Company") for the three-month period ended March 31, 2004 and incorporates certain information for the 2003 fiscal year ended December 31, 2003. The MDA should be read in conjunction with the Company's unaudited consolidated financial statements for the period ended March 31, 2004 and the notes attached thereto. The effective date of this Management Discussion & Analysis is May 22, 2004.

**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 that may be expanded 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 Mexico, El Salvador, Honduras and Guatemala and has a substantial reported silver resource base.

Since the reactivation of the Company in May, 2003 there has been considerable progress towards the stated goals of the Company. Through the acquisition of NorCrest Silver Inc. and Minera Atlas S.A de C.V the Company has established a significant silver resource base and acquired properties with substantial exploration potential in Honduras and El Salvador. Examination of its proprietary data bases has led to the further land acquisition in Mexico and applications for a concession in Guatemala. Several equity financings have provided sufficient working capital to advance the Company's projects to their next respective stage of exploration.

**ACQUISITION OF NORCREST SILVER INC. (NORCREST) (formerly 4023307 Canada Inc.)**

Effective May 23, 2003, the Company acquired all of the issued and outstanding common shares of NorCrest. As consideration, the Company issued 5,000,000 common shares which were placed in escrow in accordance with the policies of the TSX Venture Exchange ("TSX-V"). In addition, the Company paid \$75,000 and is also required to pay \$75,000 after a cumulative \$1,000,000 has been expended on exploration and development of the properties acquired through the acquisition of NorCrest and is required to pay a further \$225,000 upon receipt of a bankable feasibility study on any of the acquired properties. To date, the Company has neither expended the required balance on exploration and development of the acquired properties nor received a bankable feasibility study on any of the acquired properties that would require the above mentioned amounts to be paid.

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

The assets of NorCrest included four mineral properties in Honduras that provided the company with substantial silver resources and properties with significant exploration potential. (See property descriptions below).

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

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

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

Acquisition of Atlas established the Company's corporate presence in El Salvador and provides an advanced stage project that adds low cost silver resources to its current silver resource in neighboring Honduras. The El Zapote concession (see Property descriptions below), is strategically located approximately 40 kilometres from the Company's El Ocote silver deposit in Honduras and 20 kilometres from its 15,000 hectare Concepcion Concession application in Guatemala.

**FINANCIAL CONDITION**

Reverse takeover accounting principles require that the consolidated statements of operations and deficit and cash flows for the year ended December 31, 2003 include NorCrest's results from January 1, 2003 to December 31, 2003 and the Company's results of operations and cash flows from May 23, 2003 (date of acquisition) to December 31, 2003. Comparative figures as at December 31, 2003 and for the year ended December 31, 2002 are those of NorCrest. Due to the requirements of reverse takeout accounting there are no comparative figures for the three month period ended March 31, 2003. The following analysis is based on comparing the interim financial statements for the period ended March 31, 2004 to the three months ended December 31, 2003.

The Company is an exploration company and has no operations from which to derive revenues. It raises equity capital through the sale of its common shares. It receives minor income from interest on cash balances. Since the closing of the Company's reverse take over transaction on May 2003, the financial condition of the Company has improved dramatically.

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2004 the Company's working capital had increased by \$234,241 to \$3,044,182 compared to working capital of \$2,809,941 at December 31, 2003. Cash increased by \$247,590 from \$2,802,185 at December 31, 2003 to \$3,049,775 at March 31, 2004.

The increase in working capital of \$234,241 during the three months ended March 31, 2004, was due primarily to proceeds of \$515,852 from the issuance of share capital less \$80,586 utilized in operating activities and \$185,610 expended on deferred exploration expenditures. The issuance of share capital was comprised of 1,266,077 common shares on the exercise of warrants for proceeds of \$471,427 and of 92,500 common shares on the exercise of stock options for proceeds of \$44,425.

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

Cash outflows are expected to increase in subsequent quarters as exploration activities for planned work programs on the Company's projects are put into effect. The Company believes it has sufficient working capital on hand to fund its activities for the upcoming fiscal year. However, as a junior mineral exploration company the Company is reliant upon equity financings to fund its exploration activities. There can be no assurance that the Company will be successful in obtaining additional future financing.

**SUMMARY OF PLANNED RESOURCE EXPENDITURES**

El Zapote Project, El Salvador	\$1,032,000
Silver Angel Project, Mexico	344,000
Honduran Projects, Honduras (remainder of expenditures on the El Ocote and Opoteca Projects and 100% of the La Pochota and Arena Blanca Projects)	455,500
Concepcion Project, Guatemala	50,000
Total	\$1,881,500

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

**GENERAL & ADMINISTRATIVE EXPENSES**

The loss for the three months ended March 31, 2004 was \$460,572 comprised of general and administrative expenses of \$109,153, stock-based compensation of \$365,692 and interest income of \$14,273. This compares to a loss of \$524,136 comprised of general and administrative expenses of \$302,494, stock-based compensation of \$231,230 and interest income of \$9,588 for the three months ended December 31, 2003. The fourth quarter of 2003 is being used as the comparative quarter because of reverse takeover accounting policies.

Exclusive of stock-based compensation, general and administrative expenses declined by \$193,341 to \$109,153 in the three months ended March 31, 2004 compared to \$302,494 for the three months ended December 31, 2003. The main reason for the decline in expenses was a reduction in investor relations expenses of \$169,681 due to a reduction of investor mail-out and web based advertising activities during the period. Other items contributing to the decline in expenses was a reduction in general exploration expenses of \$20,356 attributable to Company personnel turning their attention to our wholly owned El Zapote and Silver Angel Projects and a reduction in professional fees of \$19,246 during the period. Professional fees declined during the period mainly due to reduced financing activities.

Stock-based compensation increased by \$134,462 during the period to \$365,692 from \$231,230 in the fourth quarter of 2004. \$358,698 of the stock-based compensation is attributable to 750,000 stock options granted on March 24, 2004 and \$6,994 is attributable to stock options vesting during the period that were granted in the 2003 fiscal year.

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**SELECTED ANNUAL INFORMATION**

The Company was reactivated as a result of the reverse takeover transaction in May, 2003 and therefore has no meaningful annual information.

**SUMMARY OF QUARTERLY RESULTS**

The Company is an exploration company and has no operations from which to derive revenues. It raises equity capital through the sale of its common shares. It receives minor income from interest on cash balances. Quarterly losses for the years 2003 and 2004 are as follows:

Summary Financial Information for the Four Quarters ended March 31, 2004

<b>Period</b>	<b>Revenues</b>	<b>Net Earnings (Loss)</b>	<b>Net Earnings (Loss) per Share</b>
1st Quarter 2004	Nil	(\$474,845)	(\$0.02)
4th Quarter 2003	Nil	(\$524,136)	(\$0.03)
3rd Quarter 2003	Nil	(\$80,898)	(\$0.01)
2nd Quarter 2003	Nil	(\$84,634)	(\$0.01)

The increases in quarterly losses are reflective of the levels of exploration in 2003 as the Company and began to initiate exploration programs on newly acquired properties. Due to the requirements of reverse takeover accounting there are no meaningful quarterly numbers prior to the second quarter of 2003.

**OUTSTANDING SHARE DATA**

The Company has 100,000,000 common shares without par value authorized. As of March 31, 2004 there were 20,172,430 shares issued and subsequently 201,800 were issued pursuant to the exercise of warrants. As of the date of this report, the Company had 20,374,230 common shares issued and outstanding. There are no other classes of shares. As of the date of this report, the Company also had 3,707,105 warrants and 1,800,000 share purchase options outstanding at various exercise prices and future dates. If all these securities were exercised, a total of 25,881,335 shares would be issued and outstanding.

**PROPOSED TRANSACTIONS**

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

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**RELATED PARTY TRANSACTIONS**

Companies owned 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 period each company was paid \$17,500. 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 \$17,500 during the period for services rendered. This amount is capitalized as deferred exploration expenditures. During the period the Company increased the fees payable under the management services agreements from \$5,000 per month to \$7,500 per month for each company to reflect the increased level of services required to manage the affairs of the Company.

**INVESTOR RELATIONS**

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

**SUBSEQUENT EVENTS**

The Company issued 201,800 common shares pursuant to the exercise of warrants for proceeds of \$88,648 subsequent to March 31, 2004 and up to the date of this report.

**INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE**

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

**RISK FACTORS**

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

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**ENVIRONMENTAL RISKS AND OTHER REGULATORY REQUIREMENTS**

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

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

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

**MANAGEMENT**

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

**RESULTS OF OPERATIONS**

The Company currently holds mineral property interests in El Salvador, Mexico and Honduras with pending applications for a concession in Guatemala. On May 17 2004, the Company updated its resource estimation for its properties and the results are set out in the following table. The new estimates categorize the resources as Indicated and Inferred and have not broken out Measured Resources in any of the calculations.

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

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

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

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

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

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

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

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

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**HONDURAS CONCESSIONS - SUMMARY**

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

In November 2003, at the request of the Honduran Department of Mines (DEFOMIN), the Company delayed its planned drilling at its 100% owned El Ocote and Opeteca Projects pending completion of DEFOMIN's discussions with local governmental authorities regarding permitting requirements and procedures. This requested delay is ongoing and the Company, in cooperation, is waiting to receive a written response from DEFOMIN regarding the outcome of the discussions and recommendations by DEFOMIN to proceed with proposed work programs.

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

**PROPERTY SUMMARIES**

A. **EL OCOTE PROJECT** has indicated resources estimated at 2.26 million tonnes grading 233 g/t silver containing 16.9 million ounces of silver based on a 34 g/t silver cut-off grade. Inferred resources are estimated at 294,700 tonnes grading 307 g/t silver containing 2.9 million ounces of silver. These resources have been restated from previously reported resources and will be detailed in a technical report to on or before June 17, 2004.

The deposit is an elliptical breccia pipe that measures 160 meters by 90 meters and is defined to a depth of 100 meters from surface. Silver grades improve upwardly, from approximately 30 g/t at depth to in excess of 400 g/t near surface. The pipe forms a topographic high, making it potentially amenable to low strip ratio, open pit extraction. An initial work program of in-fill and resource expansion drilling is expected to confirm the higher grade surface, starter pit material, and provide information for metallurgical and engineering studies.

**Exploration Program**

In an Offering Memorandum dated August 8, 2003 the Company proposed an exploration program of \$660,000 on its Honduran properties. The amount proposed for the El Ocote project was \$420,000. The program proposed defining and expanding the current resource, converting inferred resources into indicated resources with infill drilling. In addition the program proposed additional metallurgical test work on a bulk sample, commencement of environmental baseline studies, detailed underground surveying and geologic mapping, systematic channel sampling and mapping of underground workings and conducting area-wide soil sampling.

The exploration program was recommended in a Technical Report prepared by C. Stewart Wallis, P.Geo. an independent Qualified Person, dated October 29, 2002. Nathan Eric Fier, P.Eng. and Chief Operating Officer (COO) for the Company, supervised the fieldwork and was the Company's Qualified Person on the property.



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**EXPLORATION PROGRAM (cont'd....)**

*Reconciliation of Proposed and Actual Expenditures*

	<b>Proposed</b>	<b>Actual</b>	<b>Variance</b>
RC Drilling	90,000	-	(90,000)
	\$	\$	\$
Metallurgical testing	50,000	5,344	(44,656)
Geological services	30,000	25,235	(4,765)
Surface work	12,000	3,616	(8,384)
Road improvement	12,000	1,169	(10,831)
Baseline studies	20,000	-	(20,000)
Permitting	13,000	3,668	(9,332)
Other	-	38,843	38,843
Travel & vehicles	-	16,536	16,536
Engineering consulting	-	9,204	9,204
Project management	-	19,083	19,083
Feasibility study	170,000	-	(170,000)
	397,000	122,698	(274,302)
Contingency	23,000	-	(23,000)
Total	420,000	122,698	(297,302)
	\$	\$	\$

Much of the planned program expenditures have not been carried out pending resolution of the inter-governmental and local issues as described in the summary above.

**Exploration Results**

Until recently, the mineralized breccia pipe was considered to be well defined by underground sampling and drilling, and had approximate dimensions of 90 metres wide x 160 metres long x 150 metres vertical extent. The 2003 surface exploration program identified a major extension to the El Ocote breccia pipe. The discovery of the "Rosita Extension" shows the mineralized breccia extending to the southwest, well beyond the previously assumed boundary.

Initial mapping and sampling of the newly discovered exposures has determined that the "Rosita Extension" has an approximate width of at least 60 metres, a current minimum strike length of 60 metres and is open along strike and to depth. The apparent structure, within which the mineralization of the Rosita Extension was found, continues up-slope for approximately 1000 meters. This area needs to be explored for additional exposures of breccia and silver mineralization to further define the surface strike length and width of the extension. (refer to press release dated September 2, 2003 filed on SEDAR for details).

The results of metallurgical testing on three bulk samples by Westcoast Laboratories of North Vancouver indicate that the silver mineralization will be amenable to standard milling using cyanide leach. Metal recoveries were found to be within a range of 85 to 95% and are grind dependent. Cyanide consumption is considered high due to the presence of copper oxides. Rates of cyanide consumption are estimated at 3 to 4 kilos per tonne but manageable. Further optimization of the process may reduce this consumption rate.

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**EXPLORATION RESULTS (cont'd....)**

The El Ocote property is at the pre-feasibility stage of development. The January 17, 2003 Technical Report filed on SEDAR recommended a certain work program be carried out. Subsequent to the date of the Technical Report, the Company developed and acquired sufficient additional information to conclude that by expanding the scope of the recommended work it would be reasonable to proceed directly to a full feasibility study and secured two bid proposals from qualified engineering firms to complete the feasibility study.

Most of the work recommended in the Technical Report plus the contemplated expanded scope of work would have to be completed to finalize the feasibility study for the El Ocote property. Based on the information available, management of the Company is reasonably confident of a positive outcome to the study but there can be no assurances of this until all of the necessary work is completed. This work is currently in abeyance pending resolution of the issues disclosed in the summary hereto and in a press release dated March 11, 2004 filed on SEDAR.

**Further Developments**

The proposed 2003 work program related to El Ocote has been on hold pending the resolution of the inter-governmental and local issues. The Company, despite repeated requests has not received any official documentation from DEFOMIN as to the nature or status of the issues. The principal concerns appear to be the proximity of the Concession to a two kilometer buffer zone surrounding a bio-reserve and a conflict between the rights of local and federal Honduran governmental agencies to administer mineral exploration and development in the area.. In addition local opposition to mineral exploration and development activities has been initiated and supported by various non-governmental organizations in the El Ocote region.

The Company is monitoring the situation and examining all its options with respect to access and title. The Company is prepared to complete the originally proposed exploration program when access to the property is available.

**B. OPOTECA PROJECT** has indicated resources estimated at 1.3 million tonnes grading 123 g/t silver and 0.17 g/t gold containing 5.1 million ounces of silver based on a 34 g/t silver cut-off grade. Inferred resources are estimated at 1.7 million tonnes grading 126 g/t silver and 0.10 g/t gold, containing 7.0 million ounces of silver. The previous resource estimates for the Opoteca property were restated to reflect the removal of the silver equivalent of the gold component of the deposit from the total contained ounces. This restatement did not reduced the tonnes or grade of the indicated and inferred resources previously reported but has reduced the number of contained ounces of silver reported in each category.

This deposit is a manto-style, carbonate replacement deposit, with mineralization hosted in folding sediments and higher grade angle faults. An oxidized horizon is measured as 800 meters long, 100 meters wide with an average thickness of 15 and is considered potentially amenable to open pit mining at a low strip ratio.

**Exploration Program**

In an Offering Memorandum dated August 8, 2003 the Company proposed an exploration program of \$660,000 on its Honduran properties. The amount proposed for the Opoteca project was \$130,000. The program proposed defining and expanding the current resource, converting inferred resources into indicated resources with infill drilling. In addition the program proposed carrying out preliminary metallurgical test work, commencement of preliminary environmental baseline studies, complete underground surveying, mapping and sampling, systematic channel sampling and mapping of trenching.

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**EXPLORATION PROGRAM (cont'd....)**

The exploration program was recommended in a Technical Report prepared by C. Stewart Wallis, P.Geo. an independent Qualified Person, dated October 29, 2002. Nathan Eric Fier, P.Eng., Chief Operating Officer (COO) for the Company, supervised the fieldwork and was the Company's Qualified Person on the property.

***Reconciliation of Proposed and Actual Expenditures***

	<b>Proposed</b>	<b>Actual</b>	<b>Variance</b>
RC Drilling	48,000	-	(48,000)
	\$	\$	\$
Metallurgical testing	20,000	-	(20,000)
Geological services	15,000	19,082	4,082
Surface work	11,000	8,950	(2,050)
Road improvement	5,000	737	(4,263)
Baseline studies	10,000	-	(10,000)
Permitting	9,000	11,127	2,127
Other	-	15,644	15,644
Travel & vehicles	-	10,353	10,353
Project management	-	15,917	15,917
	118,000	81,810	(36,190)
Contingency	12,000	-	(12,000)
Total	130,000	81,810	(48,190)
	\$	\$	\$

Much of the planned program expenditures have not been carried out pending resolution of the inter-governmental and local issues as detailed in the summary above.

**Exploration Results**

A program of expanded soil sampling and geologic mapping was completed in 2003. This included collection of approximately 150 soil samples using a 50 metre wide grid. This program identified the potential southerly extension of the Opoteca Deposit, which shows a silver anomaly (>10 g/t Ag) with estimated dimension of 400 metres long and 300 metres wide. Further exploration is required in this area. In preparation for drilling, approximately 500 metres of road construction was completed.

The Opoteca property is at the advanced exploration stage of development. The January 17, 2003 Technical Report filed on SEDAR recommended a certain work program be carried out. Subsequent to the date of the Technical Report, the Company developed and acquired sufficient additional information to conclude that by expanding the scope of work it would be reasonable to proceed with a pre-feasibility study.

Most of the work recommended in the Technical Report plus the contemplated expanded scope of work would have to be completed to finalize the pre-feasibility study for the Opoteca property. Based on the information available, management of the Company is reasonably confident of a positive outcome to such a study but there can be no assurances of this until all of the necessary work is completed. This work is currently in abeyance pending resolution of the issues disclosed in the summary hereto and a press release dated March 11, 2004 filed on SEDAR.

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**Further Developments**

As detailed above at the request of DEFOMIN, the Company delayed its planned drilling at its Opoteca Project pending completion of DEFOMIN's discussions with local governmental authorities regarding permitting requirements and procedures. This requested delay is ongoing and the Company, in cooperation, is waiting to receive a written response from DEFOMIN regarding the outcome of the discussions and recommendations to proceed.

C. **LA POCHOTA PROJECT** is a 400-hectare concession. La Pochota is an intermediate exploration property currently having no qualified resources or pending resource estimations. Details regarding La Pochota prospects can be reviewed in the Technical Report dated January 17, 2003 filed on SEDAR.

Work by prior operators included 800 metres of under ground development, 100 under ground and trench samples, 1,000 soil samples and 18 drill holes totaling 2,437 metres. The deposit is an epithermal vein system with existing but currently inaccessible underground workings.

Various previous operators and engineering reports show the vein ranging between 1 to 4 metres in width. The vein appears to strike along a dip slope for 600 metres and is measured down dip for 125 metres. The weighted average grade of 9 underground samples collected in 1975 by Mayoral & Associates in the Western workings was 332 g/t silver. The weighted average grade of 34 underground samples collected by the same company in 1975 in the Eastern workings averaged 514 g/t silver. The Eastern and Western workings are approximately 300 metres apart.

18 core holes were completed during 1996-1997 by Link Honduras within the mineralized area and over a strike length of approximately 600 metres. The drill results generally are of a lower grade than those of the underground sampling. A drill program will be required to test the strike and depth extensions as well as test several parallel structures.

The above information regarding La Pochota is of a historical nature, has not been verified by the Company's QP and should not be relied upon. This deposit is a target for further exploration. However, the deposit is conceptual in nature and there has been insufficient sampling or measurement of the deposit to define a mineral resource. It is uncertain whether further work will result in the definition of a mineral resource on the property.

**Exploration Program**

In an Offering Memorandum dated August 8, 2003 the Company proposed an exploration program of \$660,000 on its Honduran properties. The amount proposed for the La Pochota project was \$90,000. The program proposed defining a resource through systematic surface sampling and drilling and included drilling, trenching, rehabilitation of the La Pochota decline and general reconnaissance.

The exploration program was recommended in a Technical Report prepared by C. Stewart Wallis, P.Geo. an independent Qualified Person, dated October 29, 2002. Nathan Eric Fier, P.Eng., Chief Operating Officer (COO) for the Company, was the Company's Qualified Person on the property.

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**Exploration Results**

The Company has not yet conducted the proposed exploration program on the La Pochota property pending final execution of the concession by DEFOMIN. For the year ended December 31, 2003 the Company had expended \$4,855 on legal, filing and general costs. Minimal expenditures were incurred during the three month period ended March 31, 2004

**FURTHER DEVELOPMENTS**

The Company is prepared to conduct the proposed exploration program when final approval of the concession is granted.

**D. ARENA BLANCA PROJECT** is an early stage exploration project with high grade potential. The mineralization occurs in a quartz vein/shear zone hosted in granodiorite. The 5 to 6 meter wide quartz vein occurs on a dip slope and work by previous operators accessed the vein by an adit and sampled an up dip exposure where the zone outcrops on a hilltop. The Company previously reported “grades ranging from 1,945 g/t to 7,600 g/t silver” were encountered on the property. These values were derived from a 1967 United Nations report that indicated that the 1,945 g/t value came from a pit where the vein outcropped at surface and the 7,600 g/t value was from a 40 metre adit that intersected the vein down dip of the surface pit. The documentation provided no information as to sample type, width, number of samples or the area or dimensions tested. The adit was inaccessible so the values have not yet been verified. In 2002, two samples collected by an Independent QP for the Company from the dump matter outside the Arena Blanca adit and one sample from the rock face above the entrance to the adit returned silver values of 280 g/t, 316 g/t and 1.63 g/t respectively.

The Company confirms that the information from the UN report regarding Arena Blanca is of a historical nature, has not been verified by the Company’s QP and should not be relied upon. This deposit is a target for further exploration. However, the deposit is conceptual in nature and there has been insufficient sampling or measurement of the deposit to define a mineral resource. It is uncertain whether further work will result in the definition of a mineral resource on the property.

**Exploration Program**

In an Offering Memorandum dated August 8, 2003 the Company proposed an exploration program of \$660,000 on its Honduran properties. The amount proposed for the Arena Blanca project was \$20,000. The program proposed basic exploration sampling and mapping to delineate potential drill targets, including soil and rock sampling, trenching, rehabilitation of the adit to carry out sampling and area reconnaissance.

The exploration program was recommended in a Technical Report prepared by C. Stewart Wallis, P.Geo. an independent Qualified Person, dated October 29, 2002. Nathan Eric Fier, P.Eng., Chief Operating Officer (COO) for the Company, was the Company’s Qualified Person on the property.

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**Exploration Results**

The Company has not yet conducted the exploration program on the Arena Blanca property pending final execution of the concession by DEFOMIN. For the year ended December 31, 2003 the Company expended \$4,854 on legal, filing and general costs. Minimal expenditures were incurred during the three month period ended March 31, 2004

**Further Developments**

The Company is prepared to conduct the proposed exploration program when final approval of the concession is granted.

**MEXICO**

**A. SILVER ANGEL (ANGEL DE PLATA) CONCESSION**

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

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

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

**Exploration Results**

During the first quarter of 2004, SilverCrest contracted EXLA S.A. de C.V., a Mexican-based geologic consulting company, to complete a Phase I surface program. This program consisted of surface and underground surveying, establishing permanent survey control points, grid soil and rock chip sampling with geologic mapping of a one kilometer square area and underground channel sampling with complementary geologic mapping.

A total of 121 soil samples were collected on a 100m spaced grid covering an area of approximately one kilometer square. A total of 95 surface rock chip samples were collected during surface mapping at a scale of 1:2000. Approximately 600 meters of underground workings were surveyed, mapped at a scale of 1:500 and sampled. A total of 147 underground channel samples were collected at an average length of 2 meters. All samples were sent to ALS-Chemex in Hermosillo, Mexico for preparation and shipped to North Vancouver, BC., Canada, for analysis. Most results are pending as of March 31.

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

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**EXPLORATION RESULTS** (cont'd....)

The Company confirms that the mine dumps located on the Silver Angel Concession and previously reported "to exceed 100,000 tonnes with preliminary sampling returning values from 51 to 150 g/t silver" do not constitute a mineral resource but can be considered a target for further exploration. The potential quantity and grade of the dumps is conceptual in nature and there has been insufficient sampling or measurement of the dumps to define a mineral resource. It is uncertain whether further work will result in the definition of a mineral resource.

**Future Developments**

The initial results from the Silver Angel Project are encouraging and management believes that the concession area has considerable potential. The Company completed a detailed surface and underground mapping and sampling program in the first quarter of 2004 as described above the results of which will be used to optimize a drill program planned for the second quarter of 2004.

N. Eric Fier the Company's Qualified Person, has proposed a program with a budget of US\$250,000. Initial reverse circulation drilling will include 2,500 metres at a cost of US\$100,000. Also budgeted is \$150,000 for field/support costs, additional surface exploration within the concession, additional land acquisition and contingencies.

**EL SALVADOR**

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

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

The Company has recently reported (refer to press release dated April 6, 2003 filed on SEDAR for details) the completion of a resource estimate for the El Zapote Project. Indicated Resources at El Zapote are estimated at 2.29 million tonnes grading 163.4 g/t Ag, 0.13 g/t Au, 1.35% Zn, 0.36% Pb and contain 12.0 million ounces of silver based on a 34 g/t silver cut-off grade. Inferred Resources are estimated at 743,000 tonnes grading 95.8 g/t Ag, 0.12 g/t Au, 1.44% Zn, 0.37% Pb and contain 2.28 million ounces of silver.

Tim Sadlier-Brown, P.Geo., independent Qualified Person (QP) and N. Eric Fier, P. Eng. and QP and Chief Operating Officer for the Company completed the El Zapote resource estimation, details of which can be reviewed in a technical report dated May 6, 2004 filed on SEDAR

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**EL SALVADOR (cont'd)....)****Future Developments**

The Company expects that there is considerable potential to expand the current resource and to identify additional mineral deposits. The Company plans on completing a feasibility study with a complementary environmental impact study in 2004. The results of this study will be used to determine the economic viability of the current resources and provide development recommendations. A confirmation and expansion drill program of 2,000 metres will be undertaken as soon as permitting is obtained.

N. Eric Fier, the Company's Qualified Person has proposed a program with a budget of US\$750,000. Drilling will include 2,000 metres (core and RVC) at a cost of US\$150,000. Included in this proposed budget is US\$300,000 for the feasibility study by a reputable international consultant, and \$300,000 for field and/support costs, environmental baseline and EIS work, additional metallurgical work, and additional concession exploration. The Company announced the commencement of the drill program by press release date May 25, 2004 filed on SEDAR.

**GUATEMALA****Concepcion Concession (Application)**

The company incorporated Compania Maverick de Guatemala S.A. de C.V. in 2003 for the purpose of holding the Concepcion Concession located in the southern Guatemala. The application consists of 15,000 hectares and is currently being reviewed by the Department of Mines prior to issuance by way of a concession grant or bid process.

Geologically, the area is underlain by a Tertiary volcanic package with rhyolitic to dioritic intrusives. Structurally, the area shows strong northwest trending faults and shear zones, which appear to be related to mineralization. The deposit type of mineralization is expected to occur in a high angle epithermal system consisting of veining, shears and stockwork. The most significant mineralization has been traced along surface for over five kilometres. The Company confirms that the resource of 1.9 million tonnes grading 86.0 g/t (2.5opt) silver previously reported for the Concepcion Concession application, prepared by Compania Minas de Oriente S.A. in 1975, is historical in nature, does not conform to the requirements of NI-43-101, has not been verified by the Company's qualified person, and should not be relied upon.

**Exploration Results**

Initial review of government documents concerning exploration potential was completed in 2003. Historical information suggested significant silver mineralization within the area of investigation. Preliminary site investigation by SilverCrest confirmed extensive alteration with subsequent mineralization.

**Future Developments**

Subject to the granting of the concession, N. Eric Fier, P. Eng. Qualified Person and Chief Operating Officer for the Company, has proposed a program with a budget of US\$50,000 to complete preliminary surface exploration work. This cost includes field/support, surface sampling and mapping, and contingencies.



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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.

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.