



**SILVERCREST MINES INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
*(Unaudited – Prepared by Management)*

**MARCH 31, 2008**  
**FIRST QUARTER**

***Notice of no Auditor review of Financial Statements.***

*The accompanying unaudited 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 financial statements by an entity's auditor.*

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

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
		(audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 10,996,958	\$ 3,008,558
Accounts receivable	85,780	55,490
Value added tax receivable	248,651	200,641
Prepaid expenses	10,208	13,050
	11,341,597	3,277,739
<b>Equipment</b> (note 3)	18,977	20,551
<b>Mineral properties</b> (note 4)	9,919,348	8,720,165
	\$ 21,279,922	\$ 12,018,455
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 867,025	\$ 515,165
<b>Shareholders' equity</b>		
Capital stock (note 5)	23,838,422	14,706,589
Contributed surplus (note 5)	2,792,216	2,107,021
Deficit	(6,217,741)	(5,310,320)
	20,412,897	11,503,290
	\$ 21,279,922	\$ 12,018,455

**Nature of operations** (note 1)  
**Subsequent events** (note 10)

**On behalf of the Board:**

\_\_\_\_\_  
*"J. Scott Drever"* Director

\_\_\_\_\_  
*"Barney Magnusson"* Director

*The accompanying notes are an integral part of these consolidated financial statements*

**SILVERCREST MINES INC.**

## CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited – Prepared by Management)

	Three Months Ended March 31,	
	2008	2007
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Administrative services	\$ 15,300	\$ 12,690
Amortization	1,574	750
General exploration	-	4,559
Investor relations and travel	51,452	13,779
Management fees	51,000	51,000
Office and miscellaneous	19,667	16,978
Professional fees	15,629	1,533
Regulatory and transfer agent fees	18,712	8,721
Rent and telephone	10,344	8,570
Shareholder communications	11,258	6,792
Stock-based compensation (note 6)	674,500	10,000
Trade shows and conferences	30,105	12,494
<b>Loss before other items</b>	<b>(899,541)</b>	<b>(147,866)</b>
<b>OTHER ITEMS</b>		
Interest income	35,262	60,242
Foreign exchange gain (loss)	(43,142)	(14,040)
<b>NET AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(907,421)</b>	<b>(101,664)</b>
<b>DEFICIT, beginning of period</b>	<b>(5,310,320)</b>	<b>(4,495,023)</b>
<b>DEFICIT, end of period</b>	<b>\$ (6,217,741)</b>	<b>\$ (4,596,687)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.02)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>	<b>36,768,206</b>	<b>34,724,092</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**SILVERCREST MINES INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited – Prepared by Management)

	<b>Three Months Ended March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period:	\$ (907,421)	\$ (101,664)
Items not affecting cash:		
Amortization	1,574	750
Stock-based compensation	674,500	10,000
Changes in non-cash working capital items:		
Accounts receivable	(30,290)	(55,036)
Value added tax receivable	(48,010)	-
Prepaid expenses	2,842	10,609
Accounts payable and accrued liabilities	25,453	(7,374)
	<u>(281,352)</u>	<u>(142,715)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of capital stock for cash	9,378,185	8,750
Share issuance and finder costs, net of non cash items	(235,658)	-
	<u>9,142,527</u>	<u>8,750</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mineral properties and deferred costs	(872,775)	(450,952)
	<u>(872,775)</u>	<u>(450,952)</u>
<b>Increase (decrease) in cash and cash equivalents during the period</b>	<b>7,988,400</b>	<b>(84,917)</b>
<b>Cash and cash equivalents beginning of period</b>	<b>3,008,558</b>	<b>230,724</b>
<b>Cash and cash equivalents end of period</b>	<b>\$ 10,996,958</b>	<b>\$ 145,807</b>

**Supplemental disclosure with respect to cash flows (Note 11)***The accompanying notes are an integral part of these consolidated financial statements.*

## **1. NATURE OF OPERATIONS**

SilverCrest Mines Inc. (the “Company”) is incorporated under the jurisdiction of the Province of British Columbia, Canada pursuant to the British Columbia Business Corporations Act.

The Company is engaged in the acquisition and exploration of mineral properties in Mexico and Central America. At the date of these financial statements, the Company has not identified a known body of commercial grade ore on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its development costs and to resolve any environmental, regulatory or other constraints, which may hinder the successful development of the property.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements for the year ended December 31, 2007 and have been consistently followed in the preparation of these consolidated interim financial statements except that the company has adopted the following CICA standards effective for the Company’s first quarter commencing January 1, 2008.

Effective January 1, 2008, the Company adopted the following accounting standards updates issued by the Canadian Institute of Chartered Accountants (“CICA”).

### **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. The adoption of this standard did not have an impact on these financial statements.

### **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 (See Note 7).

### **iii). Financial Instruments – Disclosure (Sections 3862) and Presentation (Section 3863)**

These new standards require additional disclosures to enable users to evaluate the significance of financial instruments for an entity’s financial position and performance. In addition, qualitative and quantitative disclosures are provided to enable users to evaluate the nature and extent of risks arising from financial instruments (See Note 7).

### **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 non-financial item such as a commodity is routinely denominated in a particular currency in commercial transactions around the world. The adoption of this standard did not have impact in these financial statements.

**SILVERCREST MINES INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2008

---

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Effective January 1, 2009, the Company is required to adopt the following accounting standards update issued by the CICA:

i). Goodwill and intangible assets (Section 3064)

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standards provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, "Revenue and Expenditures in the Pre-operating Period", will be withdrawn. The impact of this new accounting standard on future financial statements is currently being assessed.

**3. EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>March 31, 2008 Net Book Value</b>	<b>December 31, 2007 Net Book Value</b>
Equipment and furniture	\$ 17,534	\$ 10,414	\$ 7,120	\$ 9,494
Computer hardware	18,020	7,108	10,912	11,797
Computer software	22,426	21,481	945	1,260
	\$ 57,980	\$ 39,003	\$ 18,977	\$ 20,551

**4. 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.

**SILVERCREST MINES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 March 31, 2008

**4. MINERAL PROPERTIES (continued)**

2008	EL SALVADOR		MEXICO		March 31	
	El Zapote		Santa Elena	Silver Angel	Cruz de Mayo	Total
Additions						
Option payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred exploration costs						
Assays	-	20,964	-	-	-	20,964
Drilling	-	889,217	-	-	-	889,217
Technical consulting and services	33,546	66,649	-	-	-	100,195
Exploration and general	32,715	97,574	18,970	939	-	150,198
Professional fees	12,878	25,731	-	-	-	38,609
	79,139	1,100,135	18,970	939	-	1,199,183
<b>Balance, December 31, 2007</b>	<b>3,666,710</b>	<b>3,024,075</b>	<b>910,063</b>	<b>1,119,317</b>	<b>-</b>	<b>8,720,165</b>
<b>Balance, March 31, 2008</b>	<b>\$3,745,849</b>	<b>\$ 4,124,210</b>	<b>\$ 929,033</b>	<b>1,120,256</b>	<b>-</b>	<b>9,919,348</b>

2007	EL SALVADOR		MEXICO		2007	
	El Zapote		Santa Elena	Silver Angel	Cruz de Mayo	Total
Additions						
Option payments	\$ -	\$ 114,510	\$ -	\$ -	\$ -	\$ 114,510
Deferred exploration costs						
Assays	-	27,958	-	-	64,661	92,619
Drilling	-	1,243,698	-	-	356,707	1,600,405
Technical consulting and services	87,939	433,503	-	-	109,094	630,536
Exploration and general	123,012	296,780	50,518	20,778	-	491,088
Professional fees	76,572	55,569	-	-	19,530	151,671
	287,523	2,172,018	50,518	570,770	-	3,080,829
<b>Balance, December 31, 2006</b>	<b>3,379,187</b>	<b>852,057</b>	<b>859,545</b>	<b>548,547</b>	<b>-</b>	<b>5,639,336</b>
<b>Balance, December 31, 2007</b>	<b>\$ 3,666,710</b>	<b>\$ 3,024,075</b>	<b>\$ 910,063</b>	<b>\$ 1,119,317</b>	<b>-</b>	<b>\$ 8,720,165</b>

**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 certain concessions located in the Department of Santa Ana in Northern El Salvador. The properties are subject to 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 was 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.

**4. MINERAL PROPERTIES (continued)**

**Santa Elena Project, 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 totaling 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>	<b>US \$</b>	<b>\$3,000,000</b>

The payments totaling 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.

**Silver Angel Project, Mexico**

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

**Cruz de Mayo Project, Mexico**

The Company purchased a 100% interest in the mineral concessions located in the Northern Sierra Madre range in Mexico in 2004.

**5. CAPITAL STOCK AND CONTRIBUTED SURPLUS**

	Number of Shares	Capital Stock	Contributed Surplus	Total
Authorized unlimited common shares without par value				
<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
Warrants exercised	3,241,000	3,286,270	(26,520)	3,259,750
Private placement	5,562,214	6,118,435	-	6,118,435
Finder's fees for cash	-	(144,072)	-	(144,072)
Share issuance costs	-	(128,800)	37,215	(91,585)
Stock-based compensation	-	-	674,500	674,500
<b>Balance at March 31, 2008</b>	43,873,889	\$ 23,838,422	\$ 2,792,216	\$ 26,630,638

On March 13, 2008 the Company issued 3,172,580 Units pursuant to a private placement, at a price of \$1.10 per Unit for gross proceeds of \$3,489,838. Each Unit consists of one common Share of the Company and one-half of a common share purchase warrant. Each whole warrant is exercisable into one common share of the Company at a price of \$1.40 per share until September 12, 2009.

On March 20, 2008 the Company issued 2,389,634 Units pursuant to a private placement at a price of \$1.10 per Unit for gross proceeds of \$2,628,597. Each Unit consists of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant is exercisable for one common share of the Company at a price of \$1.40 per share until September 19, 2009.

**6. 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.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2007	2,755,000	0.81
Issued	1,350,000	1.29
Balance March 31, 2008	4,130,000	0.97
Options currently exercisable	3,661,250	0.92

**6. STOCK OPTIONS AND WARRANTS** *continued*

At March 31, 2008, stock options were outstanding, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
800,000	\$0.45	June 16, 2008
625,000	\$1.41	March 24, 2009
505,000	\$0.75	June 1, 2010
100,000	\$0.96	August 15, 2011
725,000	\$0.70	September 28, 2011
225,000	\$1.39	January 7, 2013
850,000	\$1.27	March 27, 2013
300,000	\$1.27	March 27, 2010
4,130,000		

**Stock-based compensation**

During the three months ended March 31, 2008 the Company granted 1,375,000 stock options to directors, officers and consultants. The weighted average fair value of each option granted was calculated using the Black-Scholes option pricing model at the date of each grant using the following assumptions:

	2008	2007
Expected option lives	3.25 years	-
Risk-free interest rate	2.90%	-
Expected dividend yield	0%	-
Expected stock price volatility	78%	-

During the three months ended March 31, 2008 the Company recognized \$674,500 (2007 - \$10,000) of compensation cost leaving an unamortized balance of \$267,750 (2007 - \$20,000).

**Warrants**

Warrant transactions for the period ended March 31, 2008 are summarized as follows:

	2008	2007
Balance, beginning of period	6,699,200	7,116,755
Issued	2,912,081	-
Exercised	(3,343,000)	(322,000)
Expired	(632,600)	(95,555)
Balance, end of period	5,635,681	6,699,200

At March 31, 2008, the Company had share purchase warrants outstanding enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,130,600	\$1.00	April 4, 2008
1,425,000	\$1.25	December 12, 2008
168,000	\$1.09	December 12, 2008
1,690,144	\$1.40	September 12, 2009
1,221,937	\$1.40	September 19, 2009
5,635,681		

## **7. FEASIBILITY FINANCE CREDIT FACILITY**

The Company accepted a committed letter of offer dated March 11, 2008 from Macquarie Bank Ltd. (“MBL”) for a \$3.0 million feasibility finance credit facility (the “Finance Facility”) 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 or when the first draw down of any financing arrangements 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 MBL certain fees customary for such a facility and to issue 2,307,692 warrants on closing. 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.

## **8. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties during the three months ended March 31, 2008:

- a) Paid or accrued \$51,000 (2007 - \$51,000) for management fees to two companies each of which is controlled by an officer and director of the Company.
- b) Paid or accrued \$25,500 (2007 - \$25,500) for project management fees to a company controlled by an officer of the Company which are included in deferred exploration costs.
- c) Paid or accrued \$59,671 (2007 - \$1,533) for legal fees paid to a law firm in which an officer of the Company is a Partner and which were included in professional fees and share issuance costs.

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. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT**

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, and interest rate risk. Where material these risks are reviewed and monitored by the Board of Directors.

### **a. Capital Risk Management**

The Company manages its capital to safeguard the Company’s ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in the shareholder’s equity as capital. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. As of March 31, 2008 the Company has no debt and is not subject to externally imposed capital requirements.

### **b. Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs.

**9. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (continued)**

b. Liquidity Risk continued

Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash is invested in business accounts with quality financial institutions and which is available on demand for the Company's programs, and is not invested in any asset backed commercial paper.

c. Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, value added tax receivable and accounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents with high-credit quality financial institutions.

The majority of the Company's cash and cash equivalents and short term investment are held with major Canadian based financial institutions.

d. Currency Risk

The Company's operations are in Canada, Mexico and El Salvador. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in foreign currency.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

Taxes receivable due from the Mexican government are denominated in Mexican Pesos which is subject to currency risk arising from the fluctuations in the Mexican Peso.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

e. Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash and cash equivalents as they are generally held with large financial institutions.

The estimated fair value of financial assets is equal to their carrying values. At March 31, 2008, the Company's financial assets were held in the following currencies:

Carrying Value	Stated in Canadian Dollars			Total
	Canadian Dollar	US Dollar	Mexican Peso	
Cash and cash equivalents	\$ 10,919,710	\$ 4,340	\$ 72,908	\$ 10,996,958
Amounts receivable	76,409	-	9,371	85,780
Value added tax receivable	-	-	248,651	248,651

**9. FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT (continued)**

**Stated in Canadian Dollars**

<b>Carrying Value</b>	<b>Canadian Dollar</b>	<b>US Dollar</b>	<b>Mexican Peso</b>	<b>Total</b>
Carrying value	\$	\$	\$	\$
Amounts payable and accrued liabilities	197,747	-	669,278	867,025

**10. SUBSEQUENT EVENTS**

Subsequent to March 31, 2008 warrants to purchase 825,600 common shares were exercised for proceeds of \$828,100 and 315,000 warrants expired. In addition stock options to purchase 200,000 common shares were exercised for proceeds of \$90,000.

**11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	<b>2008</b>	<b>2007</b>
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -