
SILVERCREST MINES INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

SEPTEMBER 30, 2004
THIRD QUARTER

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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)

	September 30, 2004	December 31, 2003 (audited)
ASSETS		
Current		
Cash and equivalents	\$ 2,154,561	\$ 2,802,185
Advances	-	21,540
Receivables	39,225	11,705
Prepaid expenses and deposits	<u>20,011</u>	<u>22,624</u>
	2,213,797	2,858,054
Equipment (Note 4)	46,864	40,974
Mineral properties (Note 5)	<u>1,544,118</u>	<u>303,676</u>
	<u>\$ 3,804,779</u>	<u>\$ 3,202,704</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ <u>282,757</u>	\$ <u>48,113</u>
Shareholders' equity		
Capital stock (Note 6)	4,239,450	3,162,200
Contributed surplus (Note 6)	1,217,689	1,022,584
Deficit	<u>(1,935,117)</u>	<u>(1,030,193)</u>
	<u>3,522,022</u>	<u>3,154,591</u>
	<u>\$ 3,804,779</u>	<u>\$ 3,202,704</u>

Nature of operations (Note 1)

Subsequent events (Note 12)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative services	\$ 19,218	10,500	\$ 48,383	\$ 14,000
Amortization	1,146	573	3,192	1,345
Consulting	58,095	-	70,095	3,500
General exploration	7,523	8,044	48,824	11,936
Investor relations	21,697	3,350	33,103	3,350
Management fees	45,000	30,000	125,000	40,000
Office and miscellaneous	8,781	5,421	31,142	7,091
Professional fees	6,140	8,451	29,629	18,610
Regulatory and transfer agent fees	3,419	1,698	22,888	2,328
Rent and telephone	8,969	5,616	25,929	7,183
Shareholder communications	1,280	7,748	19,999	14,881
Stock-based compensation	-	-	386,170	41,811
Trade shows and conferences	12,489	-	47,733	-
Travel and accommodation	36,388	2,864	36,388	2,864
	<u>230,145</u>	<u>84,265</u>	<u>928,475</u>	<u>168,899</u>
Loss before other items	230,145	84,265	928,475	168,899
OTHER ITEMS				
Interest income	(9,277)	(5,716)	(35,591)	(5,716)
Foreign exchange	<u>12,338</u>	<u>2,349</u>	<u>12,040</u>	<u>2,349</u>
Loss for the period	<u>(233,206)</u>	<u>(80,898)</u>	<u>(904,924)</u>	<u>(165,532)</u>
Deficit, beginning of the period	<u>(1,701,911)</u>	<u>(86,834)</u>	<u>(1,030,193)</u>	<u>(2,200)</u>
Deficit, end of the period	\$ <u>(1,935,117)</u>	\$ <u>(167,732)</u>	\$ <u>(1,935,117)</u>	\$ <u>(167,732)</u>
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.02)
Weighted average number of shares outstanding	<u>21,005,469</u>	<u>12,483,848</u>	<u>20,261,094</u>	<u>8,403,105</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period:	\$ (233,206)	\$ (80,898)	\$ (904,924)	\$ (165,532)
Items not affecting cash:				
Amortization	1,146	573	3,192	1,345
Stock-based compensation	-	-	386,170	41,811
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(20,754)	(30,162)	(27,520)	(23,835)
(Increase) decrease in advances	25,595	-	21,540	-
(Increase) decrease in prepaid expenses and deposits	(7,435)	-	2,613	-
Increase (decrease) in accounts payable and accrued liabilities	201,886	10,180	234,643	(26,062)
Decrease in due to related parties	-	-	-	(25,817)
Net cash used in operating activities	(32,768)	(100,307)	(284,286)	(198,090)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of capital stock	148,330	1,239,935	886,185	1,246,935
Net cash provided by financing activities	148,330	1,239,935	886,185	1,246,935
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of cash on purchase of subsidiary	-	-	-	597,941
Capital assets acquired	(9,935)	(33,564)	(16,142)	(35,159)
Mineral properties and deferred costs	(761,731)	(124,936)	(1,233,381)	(142,817)
Net cash used in investing activities	(771,666)	(158,500)	(1,249,523)	419,965
Increase (decrease) in cash during the period	(656,104)	981,128	(647,624)	1,468,810
Cash and equivalents, beginning of the period	2,810,665	487,712	2,802,185	30
Cash and equivalents, end of the period	\$ 2,154,561	\$ 1,468,840	\$ 2,154,561	\$ 1,468,840

Supplemental disclosure with respect to cash flows (Note 9)

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

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

1. NATURE OF OPERATIONS

The Company is engaged in the acquisition and exploration of mineral properties in Mexico, El Salvador and Honduras.

On May 23, 2003, the Company acquired all of the issued and outstanding common shares of NorCrest Silver Inc. ("Norcrest") (formerly 4023307 Canada Inc.), resulting in a reverse takeover by NorCrest (Note 3).

The amounts shown for mineral properties represent costs incurred to date and do not reflect present or future values. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. Accordingly, the recoverability of these capitalized costs is dependant upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete their development and upon future profitable production.

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.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries NorCrest, a company incorporated under the laws of the province of British Columbia, Compania Minera Maverick S.A. de CV, a company incorporated under the laws of Honduras, Nusantara de Mexico S.A. de C.V., a company incorporated under the laws of Mexico and Minera Atlas S.A. de C.V., a company incorporated under the laws of El Salvador. All significant inter-company transactions and balances have been eliminated upon consolidation.

Mineral Properties

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production. Mineral properties which are sold before that property reaches the production stage will have all revenues from the sale of the property credited against the cost of the property. Properties which have reached the production stage will have a gain or loss calculated based on the portion of that property sold.

The recorded cost of mineral exploration interests is based on cash paid, the value of share considerations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependant on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

2. **SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

Deferred Exploration Costs

The Company defers all exploration costs relating to mineral properties and areas of geological interest until the properties to which they relate are placed into production, sold, abandoned or management has determined there to be an impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

Stock-Based Compensation

Effective January 1, 2002, the Company adopted the new CICA Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments", which recommends that stock options granted to employees and non-employees be accounted for at fair value. This section also permits, and the Company adopted, the use of the intrinsic value-based method for valuing stock options granted to employees. Under this method, compensation cost for options granted to employees is recognized only when the market price exceeds the exercise price at date of grant. However, pro-forma disclosure of earnings and earnings per share as if the fair value method had been adopted is required.

During the previous fiscal year, the Company adopted, on a prospective basis, the fair value based method of accounting for all stock-based compensation.

Loss per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. Existing stock options and share purchase warrants have not been included in the computation of diluted loss per share because to do so would be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the period.

Comparative Figures

Certain comparative figures have been reclassified to conform with the current periods' presentation.

3. **ACQUISITION OF SUBSIDIARY**

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.

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

3. ACQUISITION OF SUBSIDIARY (cont'd...)

To date, the Company has not expended the required balance on exploration and development of the acquired properties or received a bankable feasibility study on any of the acquired properties.

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 statements of operations and cash flows for the period ended September 30, 2003 are those of NorCrest. The equity amounts are those of NorCrest, however, the number of shares outstanding at September 30, 2003 were the Company's.

The results of operations of the Company for the period from January 1, 2003 to May 23, 2003 were as follow and as a result of the above transaction are not included in the comparative amounts.

	Period from January 1, 2003 to May 23, 2003
GENERAL AND ADMINISTRATIVE EXPENSES	
Amortization	\$ 248
Consulting	3,000
Office and miscellaneous	2,817
Management fees	20,000
Professional fees	4,842
Regulatory and transfer agent fees	11,813
Rent and telephone	8,331
Shareholder communications	6,287
Travel and related	726
Loss for the period	\$ (58,064)

4. EQUIPMENT

	September 30, 2004			December 31, 2003		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment and furniture	\$ 21,972	\$ 3,533	\$ 18,439	\$ 9,432	\$ 1,126	\$ 8,306
Computer hardware	9,021	1,861	7,160	5,419	581	4,838
Computer software	2,597	2,272	325	2,596	1,299	1,297
Automotive	28,453	7,513	20,940	28,453	1,920	26,533
	\$ 62,043	\$ 15,179	\$ 46,864	\$ 45,900	\$ 4,926	\$ 40,974

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

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 to the extent granted or as otherwise disclosed.

	El Ocote Project, Honduras	Opoteca Project, Honduras	Other Projects, Honduras	El Zapote Project, El Salvador	Silver Angel Project, Mexico	Total
Balance, December 31, 2003	\$ 129,480	\$ 89,677	\$ 23,034	\$ -	\$ 61,485	\$ 303,676
Amortization	999	998	-	5,064	-	7,061
Assays	-	-	-	9,095	14,285	23,380
Casual Labour	-	790	-	9,665	-	10,455
Community Relations	209	208	-	-	-	417
Concession and Statutory	-	369	-	25,246	4,230	29,845
Drilling	-	-	-	439,443	24,832	464,275
Drill Contractor Expense	17,230	-	-	-	-	17,230
Engineering Consulting	-	-	-	121,886	-	121,886
Environmental Consulting	-	-	-	107,827	-	107,827
Field Supplies	-	-	-	17,370	1,042	18,412
Geological Consulting	-	-	-	7,632	-	7,632
Geological Services	7,419	7,419	-	42,184	90,498	147,520
Land Rental and Storage	667	-	-	7,429	12,029	20,125
Maps and Photos	-	9	-	-	1,473	1,482
Metallurgical Testing	-	-	-	18,715	-	18,715
Miscellaneous	1,233	1,779	-	18,221	499	21,732
Office and Communications	2,033	2,033	-	9,604	186	13,856
Professional Fees	1,880	1,880	-	10,817	22,698	37,275
Project Management	-	-	-	35,000	27,500	62,500
Rent and Supplies	2,438	2,439	-	18,424	-	23,301
Travel and Accommodation	1,988	2,181	-	37,844	25,285	67,298
Vehicles	980	995	-	10,697	5,546	18,218
	<u>37,076</u>	<u>21,100</u>	<u>-</u>	<u>952,163</u>	<u>230,103</u>	<u>,240,442</u>
Balance, September 30, 2004	\$ 166,556	\$ 110,777	\$ 23,034	\$ 952,163	\$ 291,588	\$,544,118

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

5. MINERAL PROPERTIES (cont'd...)

	El Ocote Project, Honduras	Opoteca Projects, Honduras	Other Projects, Honduras	Silver Angel Project, Mexico	Total
Balance, December 31, 2002	\$ 5,704	\$ 6,788	\$ 13,325	\$ -	\$ 25,817
Amortization	1,078	1,079	-	-	2,157
Assays	1,130	3,422	-	358	4,910
Casual labour	313	4,727	-	2,836	7,876
Community relations	15,414	4,136	-	-	19,550
Data acquisition	4,109	-	-	-	4,109
Engineering consulting	9,204	-	-	-	9,204
Facilities	11,802	6,153	1,252	-	19,207
Field supplies	2,173	801	-	3,940	6,914
Geological services	25,235	19,082	-	21,386	65,703
Land rental	308	332	-	-	640
Legal, filing and staking	3,668	11,127	7,337	20,769	42,901
Maps and photos	-	874	-	462	1,336
Metallurgical testing	5,344	-	-	-	5,344
Miscellaneous	59	-	540	-	599
Office and communications	6,301	3,299	391	-	9,991
Professional fees	850	850	-	-	1,700
Project management	19,083	15,917	-	-	35,000
Road improvements	1,169	737	-	-	1,906
Travel and accommodation	9,724	5,953	189	6,975	22,841
Vehicles	6,812	4,400	-	4,759	15,971
	<u>123,776</u>	<u>82,889</u>	<u>9,709</u>	<u>61,485</u>	<u>277,859</u>
Balance, December 31, 2003	\$ 129,480	\$ 89,677	\$ 23,034	\$ 61,485	\$ 303,676

El Ocote Project, Honduras

The Company acquired a 100% interest in certain properties located in Western Honduras by concession application.

Arena Blanca Project, Honduras

The Company has applied for a 100% interest in certain properties located in Western Honduras by concession application.

Opoteca Project, Honduras

The Company acquired a 100% interest in certain properties located in West Central Honduras by concession application.

La Pochota Project, Honduras

The Company has applied for a 100% interest in certain properties located in South Western Honduras by concession application.

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

5. MINERAL PROPERTIES (cont'd...)

Due to potential title uncertainty with respect to the El Ocote Project concession the Company is, effective the second quarter, expensing all ongoing Honduran exploration expenses. The accounting policy of capitalizing exploration expenditures will resume when the issue is resolved to the Company's satisfaction.

Silver Angel Project, Mexico

The Company acquired a 100% interest in certain properties located in the Northern Sierra Madre range in Mexico.

El Zapote Project, El Salvador

The Company acquired a 100% interest in certain properties located in the Department of Santa Ana in northern El Salvador.

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 December 31, 2002	4,104,046	\$ 30	\$ -	\$ 30
Warrants exercised	100,000	-	-	-
Balance at May 23, 2003	4,204,046	30	-	30
Common shares issued pursuant to acquisition of NorCrest (Note 3)	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

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

	Number of Shares	Capital Stock	Contributed Surplus	Total
Warrants exercised	2,232,377	\$ 1,021,575	\$ (191,065)	\$ 830,510
Stock options exercised	117,500	55,675	-	55,675
Stock based compensation	-	-	386,170	386,170
Balance at September 30, 2004	21,163,730	\$ 4,239,450	\$ 1,217,689	\$ 5,457,139

During the nine month period, 2,232,377 warrants were exercised for proceeds of \$830,510. As a result, \$191,065 was reallocated to capital stock from contributed surplus. In addition, 117,500 common shares were issued on the exercise of stock options for proceeds of \$55,675.

Escrow shares

Included in issued capital stock are 2,396,250 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.

At September 30, 2004, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,025,000	\$0.45	June 16, 2008
750,000	1.41	March 24, 2009

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2003	1,142,500	\$ 0.45
Granted	750,000	1.41
Exercised	(117,500)	0.47
As at September 30, 2004	1,775,000	\$ 0.85
Number of options currently exercisable	1,575,000	\$ 0.83

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

7. STOCK OPTIONS AND WARRANTS (cont'd...)

Stock-based compensation

The Company granted 750,000 stock options on March 24, 2004 of which 625,000 stock options vested during the nine month period, resulting in stock-based compensation expense under the Black-Scholes option pricing model of \$358,678, which was recorded as contributed surplus on the balance sheet.. The weighted average fair value of the stock options granted during the current year was \$.49 per share.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options and share purchase warrants issued during the period:

Risk-free interest rate	2.85%
Expected life of options/warrants	2 years
Annualized volatility	107%
Dividend rate	0.00%

Warrants

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2004 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2003	5,174,982	\$ 0.67
Issued	-	
Exercised	(2,232,377)	\$ 0.37
Balance, September 30, 2004	2,942,605	\$ 0.91

At September 30, 2004, the Company had outstanding share purchase warrants, enabling holders to acquire shares as follows:

Number of Shares	Exercise Price	Expiry Date
566,598	\$ 0.70	Aug 29, 2005
910,000	0.26	Dec 16, 2004
24,450	1.25	Dec 18, 2004
1,379,557	1.40	Dec 18, 2004
62,000	1.40	Dec 30, 2004
2,942,605		

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid \$125,000 (2003 - \$30,000) for management fees to companies controlled by two directors. \$20,000 of the comparative amount was paid prior to May 23, 2003.
- b) Paid \$62,500 (2003 - \$15,000) for project management fees to an officer of the Company which are included in deferred exploration costs. \$10,000 of the comparative amount was paid prior to May 23, 2003.
- c) Recorded \$358,698 (2003 - \$Nil) for stock-based compensation expense on stock options granted to directors and officers.
- d) Paid or accrued \$20,629 (2003 - \$10,159) for legal fees which were included in professional fees and (2003 - \$4,842) for legal expenses which was paid prior to May 23, 2003 to a law firm of which an officer of the Company is a partner.

Included in accounts payable and accrued liabilities at September 30, 2004 is \$Nil (December 31, 2003 - \$17,423) 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

	2004	2003
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

There were no significant non-cash transactions for the three month period ended September 30, 2004.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, advances, receivables, deposits and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

11. SEGMENTED INFORMATION

Industry information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by management, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the resource sector. The Company's mining operations are centralized whereby management of the Company is responsible for business results and the everyday decision making.

SILVERCREST MINES INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2004

11. SEGMENTED INFORMATION (cont'd...)

Industry information

The segments' accounting policies are the same as those described in the summary of significant accounting policies except that expenses and other items are not allocated to the individual operating segments when determining profit or loss, but are rather attributed to the corporate head office.

Segmented assets by geographical location are as follows:

	Canada	Honduras	Mexico	El Salvador	Total
September 30, 2004					
Current assets	\$ 2,186,158	\$ 500	\$ 12,709	\$ 14,430	\$ 2,213,797
Equipment	8,921	-	-	37,943	46,864
Mineral properties and deferred exploration costs	-	300,367	291,588	952,163	1,544,118
	<u>\$ 2,195,079</u>	<u>\$ 300,867</u>	<u>\$ 304,297</u>	<u>\$ 1,004,536</u>	<u>\$ 3,804,779</u>
December 31, 2003					
Current assets	\$ 2,857,614	\$ 440	\$ -	\$ -	\$ 2,858,054
Equipment	10,870	30,104	-	-	40,974
Mineral properties and deferred exploration costs	-	242,191	61,485	-	303,676
	<u>\$ 2,868,484</u>	<u>\$ 272,735</u>	<u>\$ 61,485</u>	<u>\$ -</u>	<u>\$ 3,202,704</u>

12. SUBSEQUENT EVENTS

The following events occurred subsequent to September 30, 2004:

The Company issued 175,000 shares for proceeds of \$45,500 pursuant to the exercise of warrants.

The Company granted a stock option to purchase 20,000 common shares at a price of \$1.02 per share for a term of one year expiring October 28, 2005.