



MANAGEMENT DISCUSSION & ANALYSIS
FORM 51-102F1

SEPTEMBER 30, 2006
THIRD QUARTER

SILVERCREST MINES INC.
MANAGEMENT DISCUSSION & ANALYSIS – FORM 51-102F1
For the three month period ended September 30, 2006

FORWARD LOOKING STATEMENTS

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

PRELIMINARY INFORMATION

The Management Discussion and Analysis (MDA) is an overview of the activities of **SilverCrest Mines Inc.** (the “Company”) for the three month period ended September 30, 2006. The MDA should be read in conjunction with the accompanying unaudited interim consolidated financial statements for the nine months ended September 30, 2006 and the Company’s audited consolidated financial statements for the year ended December 31, 2005 and the notes attached thereto which are available on the Company’s website www.silvercrestmines.com and on SEDAR at www.sedar.com.

The effective date of this Management Discussion & Analysis is November 20, 2006.

OVERALL PERFORMANCE

3rd Quarter Highlights

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| <ul style="list-style-type: none">• 20 hole drill program completed at the Cruz de Mayo Project (Silver Angel Concession), Sonora, Mexico;• NI 43-101 resource estimate reported for the Santa Elena Project, Sonora, Mexico;• Company’s indicated and inferred silver equivalent resources increased by 124% and 464% respectively• George W. Sanders joins SilverCrest Board of Directors. |
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Mr. William MacNeill, who served as Director for the Company since its inception, did not stand for re-election at the last Annual General Meeting in order to pursue his many personal and business interests.

SilverCrest is pleased that at the Company’s recent annual general meeting, George W. Sanders was elected to the Board of Directors. Mr. Sanders is a mining entrepreneur with over 25 years experience in mining and exploration finance and more than 15 years as a registered representative and precious metals specialist with Canaccord Capital Corporation and its predecessor companies. Mr. Sanders has extensive corporate development experience in senior management positions with several of mining companies, most recently Shore Gold Inc. and has served as a director of a number of publicly listed companies. Mr. Sanders’ broad experience in many facets of the junior resource business will add a valuable dimension to the Board of Directors of SilverCrest and his input will be particularly valuable in the areas of corporate finance and investor relations.

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OVERALL PERFORMANCE (continued)

SilverCrest Mines Inc. is an active exploration and development company with its prime focus on the acquisition of high grade, low cost silver resources with expansion potential 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 El Salvador, Mexico and Chile and has a substantial reported silver resource base. The Company's property activities in Honduras have been put on hold until such time as the legal and political issues encountered can be resolved to the satisfaction of the Company. See "Results of Operations" for disclosure title issues related to the Honduras properties and resources.

LIQUIDITY AND CAPITAL RESOURCES

The Company is in a strong financial position with working capital of \$3,976,802 including cash and short-term investments of \$4,004,570. Mineral property expenditures for the first nine months were \$1,568,231 and for the balance of the fiscal year are estimated at approximately \$700,000 depending on the availability of drilling rigs, which management believes can be met from existing cash resources.

The Company raised \$4,160,000 by the issuance of share capital pursuant to a private placement during the first two quarters of 2006 (\$2,980,000 in the first quarter and \$1,180,000 in the second quarter) and raised an additional \$346,300 in the second quarter by the issuance of share capital pursuant to the exercise of warrants and stock options. In the third quarter the Company raised \$108,750 from the exercise of 185,000 stock options.

The Company has entered into an option agreement with respect to the Santa Elena project that involves cash and/or shares of the Company. Refer to Results of Operations (B) (iii) for further details of the option terms.

As a junior mineral exploration company the Company is reliant upon equity financings to fund its exploration activities. There can be no assurance that the Company will be successful in obtaining additional future financing.

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

	September 30, 2006	December 31, 2005	December 31, 2004
Cash and cash equivalents	\$ 396,559	\$ 170,336	\$ 328,830
Short-term investments	\$ 3,608,011	\$ 1,472,828	\$ 3,917,296
Working capital	\$ 3,976,802	\$ 1,592,320	\$ 3,870,826

FINANCIAL SUMMARY

Three months ended September 30, 2006

The loss for the three months ended September 30, 2006 was \$424,244 comprised of general and administrative expenses of \$98,882, stock-based compensation expense of \$349,500, a foreign exchange loss of \$15,902 less interest income of \$40,040. General and administrative expenses declined by \$62,215 compared to 2005.

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FINANCIAL SUMMARY (continued)

The most notable decreases in general and administrative expenses were a decline in administrative services of \$16,324 due mainly to variations in timing of expense recoveries, general exploration expense decline of \$25,327 as the Company concentrated on its existing projects and an investor relations expense decline of \$12,446 as the Company undertook less advertising in the current quarter.

Stock-based compensation expense of \$349,500 resulted from the vesting provisions of the issuance of 850,000 stock options to directors, officers and consultants in the third quarter. The weighed average inputs used for the expense calculation are as follows: term of 4.75 years, volatility of 79.74%, and risk free interest rate of 3.73%.

Interest income of \$40,040 for the third quarter, an increase of \$27,231 over the comparative quarter, reflects the interest return on the Company's cash and equivalents and short-term investments for the quarter.

Nine months ended September 30, 2006

The loss for the nine months ended September 30, 2006 was \$691,769 comprised of general and administrative expenses of \$398,784, stock-based compensation expense of \$377,801, a foreign exchange gain of \$1,780 less interest income of \$83,036. General and administrative expenses declined by \$66,024 compared to 2005.

The most notable decreases in general and administrative expenses were a decline in administrative services of \$26,348 due mainly to variations in timing of expense recoveries, general exploration expense decline of \$31,766 as the Company concentrated on its existing projects and an investor relations expense decline of \$15,095 as the Company undertook less advertising. Trade shows and conferences expense increased by \$26,449 as the Company presented at more trade shows in 2006.

Stock-based compensation expense of \$377,801 resulted from the vesting provisions of the issuance of 850,000 stock options to directors, officers and consultants in the third quarter and from the vesting of certain options granted in the previous year. The weighed average inputs used for the expense calculation are as follows: term of 4.75 years, volatility of 79.74%, and risk free interest rate of 3.73%.

Interest income increased by \$32,379 for the nine month period reflecting the interest return on the Company's higher balances of cash and equivalents, and short-term investments.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities. 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 market value of these financial instruments, approximate their carrying values unless otherwise noted.

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SUMMARY OF QUARTERLY RESULTS

The Company is an exploration company and has no operations from which to derive revenues. It raises equity capital through the sale of its common shares and receives minor income from interest on cash balances.

Summary Financial Information for the eight Quarters ended September 30, 2006:

Period	Revenues	Net Loss	Net Loss per Share ⁽¹⁾
3 rd Quarter 2006	-	(\$424,244)	(\$0.01)
2 nd Quarter 2006	-	(\$137,257)	(\$0.00)
1 st Quarter 2006	-	(\$130,268)	(\$0.01)
4 th Quarter 2005	-	(\$151,997)	(\$0.00)
3 rd Quarter 2005	-	(\$148,288)	(\$0.01)
2 nd Quarter 2005	-	(\$401,115)	(\$0.01)
1 st Quarter 2005	-	(\$193,002)	(\$0.01)
4 th Quarter 2004	-	(\$832,733)	(\$0.04)

(1) Calculated on a basic and fully diluted per share basis.

The fluctuations in the Net Losses per quarter are due mainly to stock-based compensation charges and the fourth quarter 2004 write down of mineral properties of \$300,367.

SHARE CAPITAL

	Number of Shares	Capital Stock	Contributed Surplus	Total
Authorized 100,000,000 common shares without par value				
Balance at December 31, 2004	25,591,958	\$ 7,144,759	\$ 1,469,665	\$ 8,614,424
Warrants exercised	36,606	34,433	(8,810)	25,623
Stock options exercised	25,000	18,076	(6,826)	11,250
Stock-based compensation	-	-	299,317	299,317
Private placement	191,111	172,000	-	172,000
Share issuance costs	-	(3,957)	-	(3,957)
Balance at December 31, 2005	25,844,675	\$ 7,365,311	\$ 1,753,346	\$ 9,118,657
Warrants exercised	324,000	417,348	(93,548)	323,800
Stock options exercised	235,000	209,950	(78,700)	131,250
Stock-based compensation	-	-	377,801	377,801
Private placement	5,200,000	4,160,000	-	4,160,000
Finders' fees for cash	-	(255,360)	-	(255,360)
Share issuance costs	-	(183,594)	60,632	(122,962)
Balance at September 30, 2006	31,603,675	\$ 11,713,655	\$ 2,019,531	\$ 13,733,186

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SHARE CAPITAL (continued)

Stock Options

At September 30, 2006, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
850,000	\$ 0.45	June 16, 2008
675,000	\$ 1.41	March 24, 2009
565,000	\$ 0.75	June 1, 2010
100,000	\$ 0.70	January 23, 2008
100,000	\$ 0.96	August 15, 2011
750,000	\$ 0.70	September 28, 2011
3,040,000		

Warrants

At September 30, 2006, the Company had outstanding share purchase warrants, enabling holders to acquire shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,550,000	\$ 1.20	December 3, 2006
150,000	\$ 1.20	December 22, 2006
95,555	\$ 1.20	January 18, 2007
3,847,600	\$ 1.00	March 24, 2008
1,515,600	\$ 1.00	April 4, 2008
7,158,755		

OUTSTANDING SHARE DATA

Fully Diluted Share Capital, at the date of this report

Common shares issued	31,603,675
Stock options outstanding	3,040,000
Warrants outstanding	<u>7,158,755</u>
	<u>41,802,430</u>

PROPOSED TRANSACTIONS

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

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RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$135,000 (2005 - \$135,000) for management fees to two companies controlled by two officers and directors of the Company.
- b) Paid or accrued \$67,500 (2005 - \$67,500) for project management fees to an officer of the Company which are included in deferred exploration costs.
- c) Recorded \$349,500 (2005 - \$256,514) for stock-based compensation expense on stock options granted to directors and officers.
- d) Paid or accrued \$37,780 (2005 - \$16,105) for legal fees paid to a law firm in which an officer of the Company is a partner, which were included in professional fees and share issue 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.

INVESTOR RELATIONS

Management currently performs investor relation services and there were no external investor relation contracts or commitments during the period. Investor relations activities consist of web-site and print advertising. Shareholder communications comprises communicating with existing shareholders, broadcasting news releases, printing, production work for the Company's website, and direct website expenses. The Company also attends trade shows on a regular basis to present the affairs and merits of the Company to potential investors and during the third quarter attended the Silver Summit Investment Conference in Couer d'Alene, Idaho.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

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

RISK FACTORS AND UNCERTAINTIES

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

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

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RISK FACTORS AND UNCERTAINTIES (continued)

Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the construction of any mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

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

RESULTS OF OPERATIONS

The Company currently holds mineral property interests in El Salvador and Mexico. The Company's current NI43-101 compliant resources are stated as follows:

SilverCrest Resources										
Property	Resource Category*	Tonnes	Ag gpt	Au gpt	Tons	Ag opt	Au opt	Contained Silver Ounces	Contained Gold Ounces	Contained Silver Equiv. Ounces
Santa Elena	Indicated	2,458,900	55.7	2.164	2,710,473	1.62	0.063	4,403,000	171,000	14,663,000
	Inferred	3,510,000	78.3	1.42	3,869,113	2.28	0.041	8,851,000	160,000	18,451,000
El Zapote	Indicated	1,925,251	177.7	0.19	2,122,226	5.20	0.006	10,941,000	10,000	11,541,000
	Inferred	1,086,420	101.6	0.18	1,197,573	3.00	0.005	3,550,000	6,000	3,910,000
Total Indicated Resources								15,344,000	181,000	26,204,000
Total Inferred Resources								12,401,000	166,000	22,361,000

*conforms to NI 43-101, 43-101CP, and current CIM definitions for resources, all figures are rounded.

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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RESULTS OF OPERATIONS (continued)

A. EL SALVADOR - EL ZAPOTE PROJECT

Detailed drilling has identified 3 silver-zinc deposits, Cerro Colorado III, San Casimiro and Tajado. These three deposits are the most advanced of several known deposits on the El Zapote concession.

The Company currently has reported resource estimate for the El Zapote Project as follows:

Resource Category***	Tonnes metric	Tons short	Ag G/t	Ag oz/t	Au g/t	Zn %	Contained Ag Ounces	Contained Zn Pounds
Indicated*	1,925,251	2,111,182	177.7	5.2	0.19	1.17	10,941,333	44,995,650
Inferred **	1,086,420	1,197,561	101.6	3.0	0.18	1.22	3,550,565	26,542,274

* Indicated includes Measured resources which represents a majority of this category, figures are rounded

** The Tajado resource is currently considered all inferred, figures are rounded

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

The deposits also contain a significant amount of zinc. The Indicated Resources contain 45 million pounds of zinc and Inferred Resources contain 26.5 million pounds of zinc.

The Feasibility Study continued during the period and focused on continued environmental baseline work, detailed surveying, metallurgical test work and collection of data to support the evaluation of the economic viability of the project. Internal scoping studies have been submitted to the El Salvador Department of Mines as part of the application for a mining concession. Terms of reference for completing the Environmental Impact Study have been received from the government and are currently under review. The final Feasibility Study and Environmental Impact Assessment are projected to be completed in 2007 with the incorporation of the Tajado resources and metallurgical test work on heap leachability.

Future Developments

Considerable potential for new discoveries exists along the Cerro Colorado III – San Casimiro trend. Several exploration targets of known mineralization, in addition to the Tajado deposit, exist within the concession boundaries. The Company expects that there is potential to expand the current resource and to identify additional mineral deposits at El Zapote. The Company has implemented a surface reconnaissance program within the El Zapote Concession, which will provide initial data on several other exploration targets.

B. MEXICO

i). Silver Angel Project - Sonora, Mexico

The Company incorporated Nusantara de Mexico, S.A de C.V. on November 26, 2003 for the purpose of holding the Silver Angel Project located in the northern Sierra Madre Range in the State of Sonora, Mexico. The concession was granted by the Mexican government in February, 2004 and encompasses approximately 10,300 hectares. In December 2004, SVL expanded its Silver Angel concession to the north with the addition of the “Silver Angel North” concession. This concession encompasses approximately 7,750 hectares for a total concession coverage of over 18,000 hectares at Silver Angel.

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RESULTS OF OPERATIONS (continued)

B. MEXICO (continued)

i). Silver Angel Project - Sonora, Mexico

The Silver Angel Project contains an area of intense alteration that is approximately 18 kilometers long by 3 kilometers wide with structural features that hosts six past producing, high grade silver-gold mines. The area of alteration includes major structural features that host the 2 past producing, high-grade silver-gold-lead-zinc mines.

A reconnaissance program for field review of targets was completed in the 3rd quarter 2006. No significant targets were defined. Re-assaying of previous drilling at Murucutachi and Granititas is underway to review potential silver grade increases due to mineralogy as described under B. (ii).

ii). Cruz de Mayo Prospect (Silver Angel Project - Sonora, Mexico)

The Cruz de Mayo concession was acquired in 2004 as part of the Silver Angel concession. The acquisition came with extensive exploration data. After compilation of the data, the information was used to drill three initial core holes for a total of 379.4 metres in the 4th quarter of 2005. Drill results are provided in MD&A annual 2005.

The Company's drilling at Cruz de Mayo intercepted the mineralized unit approximately 300 metres along strike from previously defined mineralization at El Gueriguito nearly doubling the strike length of drill-defined silver-gold mineralization. The most significant drill intercept is 8.75 metres (28.7 feet) grading 343 gpt (10 opt) silver and 0.43 gpt (0.01 opt) gold in drill hole CM-02.

The company completed significant surface work and drilling in the first half of 2006 including a Phase I, 20 hole core drill program. A total of 1,813 metres were drilled. A summary of results is stated below. Expenditures for the Cruz de Mayo are included as Silver Angel project expenditures due to proximity of the properties.

The first 5 holes of the 20 hole drill program were design to test the current historic resource area which was previously drilled by Tormex Mining Developers Ltd. ("Tormex") in the 1970's. Silver and gold mineralization was previously identified by drilling and underground workings in an area approximately 700 metres long, 150 metres wide and 10 metres wide. The most notable, near surface intercept in this series of holes was in hole CM06-07 which encountered 10.8 metres (34.9 feet) grading 55.8 g/t silver (1.6 opt) at a vertical depth of approximately 15 metres from surface.

The results for 4 twinned holes at Cruz de Mayo are as follows:

SILVERCREST MINES INC.						TORMEX					
Drill Hole Number	From (metres)	To (metres)	Interval (metres)	Wt. Avg. Ag g/t	Wt. Avg. Au g/t	Drill Hole Number	From (metres)	To (metres)	Interval (metres)	Wt. Avg. Ag g/t	Wt. Avg. Au g/t
CM-06-05	10.0	13.4	3.4	78.3	0.15	CM-01	6.8	30.8	24.0	35.0	nr*
CM-06-06	27.1	40.8	13.8	26.9	0.04	CM-04	4.0	42.0	38.0	42.6	nr
CM-06-07	14.8	25.6	10.8	55.8	0.03	CM-02	13.9	31.9	18.0	93.3	nr
CM-06-09	10.3	32.6	22.3	6.0	0.01	CM-05	9.55	29.6	20.0	159	nr

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RESULTS OF OPERATIONS (continued)

ii). **Cruz de Mayo Prospect (Silver Angel Project - Sonora, Mexico)**

Further core drilling to expand the known area of mineralization was completed with the results presented as follows;

SILVERCREST MINES INC.					
Drill Hole Number	From (metres)	To (metres)	Interval (metres)	Wt. Avg. Ag g/t	Wt. Avg. Au g/t
CM06-04	25.6	29.3	3.7	34.0	0.06
CM06-08	51.0	65.2	14.2	37.2	0.10
CM06-11	36.8	37.8	1.0	32.3	0.23
CM06-12	99.8	101.8	2.0	24.8	0.01
CM06-13	92.1	94.5	2.4	247.0	0.64
CM06-15	17.31	17.79	0.5	24.6	0.13
CM06-17	53.02	55.24	2.2	234.0	0.38
CM06-18	24.57	26.66	2.1	43.4	0.03

Drill holes CM06-10, 14 and 16 showed no significant results. Analysis for all samples was completed by ALS-Chemex in Hermosillo, Mexico and North Vancouver, BC.

The four twinned SVL drill holes are compared to the Tormex data in the above table and show some variations in grade and thickness. A review of the SVL geology logs suggests the thickness of mineralization is more comparable to the Tormex drilled thickness. SVL core shows recoveries within the mineralized zone from 0 to 70% averaging approximately 55%. This poor core recovery may account for the grade/thickness discrepancy.

The Company plans on completing a brief reverse-circulation drill program to obtain good volumes of the mineralized material for analysis. A contractor to complete this work is being sourced.

The Company also reviewed the silver mineralogy at Cruz de Mayo which suggested that the current analytical technique of fire assay /AA finish shows conservative results with respect to silver values. ALS-Chemex recommended completing a four acid digest on select samples to evaluate the accuracy of current silver results. Test work was completed in September with the results stated below. This requirement to customize the analytical process is not uncommon for Northern Mexico silver-enriched deposits with Minefinders' Dolores deposit being a recent example where re-assaying increased weighted average silver grades by 36.3% (see Minefinders press releases dated January 3, 2003 and October 23, 2001).

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RESULTS OF OPERATIONS (continued)

ii). Cruz de Mayo Prospect (Silver Angel Project - Sonora, Mexico)

The comparison of the variances between ICP and the 4 acid digest silver results for the previously reported SilverCrest drill intercepts (press release dated August 24, 2006) are shown in the table below. The results of the re-assays are obviously higher in each instance.

Drill Hole Number	From (metres)	To (metres)	Interval (metres)	Interval (feet)	ICP Wt. Avg. Ag g/t	4 Acid Digest Wt. Avg. Ag g/t	% Change
CM-06-05	10.0	13.4	3.4	10.9	78.3	93.6	19.5%
CM-06-06	27.1	40.8	13.8	44.6	26.9	61.6	129.0%
CM-06-07	14.8	25.6	10.8	34.9	55.8	124.3	122.8%
CM-06-08	51.0	65.2	14.2	45.87	37.2	98.9	165.9%
CM-06-09	10.3	32.6	22.3	72.0	6.0	19.6	226.7%

Re-Calculated Drill Intercepts and Weighted Average Silver Grades:

Re-analysis of the complete drill intercepts enabled the intervals of significant silver values to be expanded by 25% to 387% as presented in the following table. Recalculation of the weighted average silver grades resulted in increases of 45.5% to 200% in silver values.

Drill Hole Number	From (metres)	To (metres)	Interval (metres)	Interval (feet)	ICP		4 Acid Digest		% Change Grade	% Change Interval
					Wt. Avg. Ag g/t	Wt. Avg. opt	Wt. Avg. Ag g/t	Wt. Avg. opt		
CM-06-05	9.98	26.53	16.55	53.4	25.70	0.75	37.4	1.09	45.5%	386.8%
CM-06-06	4.57	40.84	36.27	117.1	14.90	0.43	37.2	1.08	149.7%	162.8%
CM06-07	5.54	22.55	17.01	54.9	41.20	1.20	89.5	2.61	117.2%	57.5%
CM06-08	42.04	68.28	26.24	84.7	25.60	0.75	77.0	2.25	200.8%	84.8%
CM06-09	4.75	34.43	27.90	90.1	6.10	0.18	18.9	0.55	200.9%	25.1%

Four of the five (05, 06, 07 and 09) re-tested core holes are within the historic resource area at Cruz de Mayo. The new silver assay results confirm the previous drill results of a core program completed in the 1970's by Tormex Mining Developers Ltd. as compared below:

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RESULTS OF OPERATIONS (continued)

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

SILVERCREST MINES INC.						TORMEX					
Drill Hole Number	From (metres)	To (metres)	Interval (metres)	Interval (ft)	4 Acid Digest Wt. Avg. Ag g/t	Drill Hole Number	From (metres)	To (metres)	Interval (metres)	Interval (feet)	Wt. Avg. Ag g/t
CM-06-05	9.98	26.53	16.55	53.4	37.4	CM-01	6.8	30.8	24.0	77.52	35.0
CM-06-06	4.57	40.84	36.27	117.1	37.2	CM-04	4.0	42.0	38.0	122.74	42.6
CM-06-07	5.54	22.55	17.01	54.9	89.5	CM-02	13.9	31.9	18.0	58.14	93.3
CM-06-09	4.75	34.43	27.90	90.1	18.9	CM-05	9.55	29.6	20.0	64.6	159

The low silver grades in drill hole CM-06-09 may be attributed to extremely poor core recovery. Drill hole CM06-08, which intercepted 26.2 metres (84.7 feet) grading 77 gpt silver (2.25 opt) is outside the historic resource area and is considered a significant extension to the defined mineralization. All analyses were completed by ALS-Chemex in Hermosillo and North Vancouver.

The specific reasons for the grade differences at Cruz de Mayo have not been identified at this time. However, it has been established that where silver halides are present in southwest US and Mexican silver deposits, silver grades are often understated when analysed using ICP analysis. The Company will undertake mineralogical studies and metallurgical work to determine the source of the variances. The Company plans on re-analyzing all the remaining core holes using four-acid digest method and will report the five unreported core holes (CM-06-19 to 23) after these analyses are completed.

The Company plans to retest the areas of poor core with a reverse circulation drill program as soon as a rig becomes available.

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

On December 8, 2005 the Company entered into an option agreement to acquire the Santa Elena Project located northeast of Hermosillo, Sonora State, Mexico. The Company has the right to acquire a 100% interest in the Santa Elena property by making the following staged option payments 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
June 8, 2007		\$60,000
December 8, 2007		\$50,000
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
TOTAL	US \$	\$3,000,000

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RESULTS OF OPERATIONS (continued)

B. MEXICO continued

iii. Santa Elena Project - Sonora, Mexico continued

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.

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

The Company's target for the Santa Elena Project is to initially develop a 30 million ounce silver equivalent resource by increasing the strike length and depth of the deposit and developing resources in an untested footwall zone.

The Company completed a Phase I drill program consisting of 19 core holes (2,579 metres) during the first half of 2006 as a first step towards defining the target resource. Based on this drill program and extensive underground and surface sampling, an NI 43-101 compliant resource was completed in October 2006 and is stated in the following table. The full NI 43-101 technical report is to be filed on SEDAR prior to the end of November 2006.

Santa Elena Resources										
Property	Resource Category*	Tonnes	Ag gpt	Au gpt	Tons	Ag	Au	Contained Silver Ounces	Contained Gold Ounces	Contained Silver Equiv. Ounces
Santa Elena	Indicated	2,458,900	55.7	2.164	2,710,473	1.62	0.063	4,403,000	171,000	14,663,000
	Inferred	3,510,000	78.3	1.42	3,869,113	2.28	0.041	8,851,000	160,000	18,451,000

Holes SE06-8, 9, 14 and 15 showed no significant values due to lack of mineralization (#8 &15), intersection of underground workings (9) or loss of hole due to drilling problems (14).

The Company has plans to drill an additional 18 holes as soon as a rig is available to upgrade and expand the current stated resources.

Future Developments - Mexican Projects

The initial results from the Mexican Projects are encouraging and management believes that the concession areas have considerable potential. The Company has budgeted approximately \$1.0 million for follow-up surface work, drilling, environmental baseline work, and a preliminary assessment for 2007.

C. HONDURAS PROJECTS

Title Issues

The Company previously received an administrative resolution issued by La Dirección Ejecutiva de Fomento a la Minería (DEFOMIN) which purports to cancel the Metallic Mineral Concession "El Ingenio" granted in January 2003 by DEFOMIN to the Company's Honduran wholly-owned subsidiary, Compañía Minera Maverick S.A. de C.V. ("Maverick")

RESULTS OF OPERATIONS (continued)

C. HONDURAS PROJECTS continued

Title Issues

The Company is pursuing all legal and political remedies available to protect the value of its shareholders assets. The Company is seeking reinstatement of its rights under the terms of the concession or in the alternative, restitution of its investments in Honduras plus the estimated value of the El Ocote deposit. The Company's property activities in Honduras have been put on hold until such time as the legal and political issues encountered can be resolved to the satisfaction of the Company.

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.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at www.sedar.com and at the Company's website www.silvercrestmines.com.