INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(*Unaudited – Prepared by Management*)

MARCH 31, 2009
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.
BALANCE SHEETS
(Unaudited - Prepared by Management)

	March 31, 2009	December 31, 2008 (audited)
ASSETS		
Current		
Cash and cash equivalents	$ 2,760,601	$ 3,868,799
Amounts receivable	123,225	37,767
Value added tax receivable	179,344	393,894
Prepaid expenses	10,039	11,063
	3,073,209	4,311,523
Plant and equipment (note 4)	4,302,319	4,300,638
Mineral properties (note 5)	12,747,312	12,004,001
	$ 20,122,840	$ 20,616,162
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 359,149	$ 668,811
Long term debt (note 6)	3,000,000	3,000,000
Shareholders' equity		
Capital stock (note 7)	25,250,963	25,250,963
Contributed surplus (note 7)	4,022,528	3,961,715
Deficit	(12,509,800)	(12,265,327)
	16,763,691	16,947,351
	$ 20,122,840	$ 20,616,162

Nature of operations (note 1)
Subsequent events (note 13)

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.
STATEMENTS OF OPERATIONS and DEFICIT
(Unaudited - Prepared by Management)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative services	$ 16,641	$ 15,300
Depreciation	1,378	1,574
Investor relations and travel	88,736	51,452
Interest on long term debt	30,176	-
Management fees	87,500	51,000
Office and miscellaneous	18,689	19,667
Professional fees	9,019	15,629
Regulatory and transfer agent fees	7,455	18,712
Rent and telephone	8,957	10,344
Shareholder communications	9,543	11,258
Stock-based compensation (note 8)	60,813	674,500
Trade shows and conferences	8,625	30,105
LOSS BEFORE OTHER ITEMS	347,532	899,541
OTHER ITEMS		
Interest income	4,367	35,262
Foreign exchange gain (loss)	98,692	(43,142)
	103,059	(7,880)
LOSS FOR THE THREE MONTH PERIOD	(244,473)	(907,421)
DEFICIT, beginning of period	(12,265,327)	(5,310,320)
DEFICIT, end of period	$ (12,509,800)	$ (6,217,741)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	45,499,489	36,768,206

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

SILVERCREST MINES INC.
STATEMENTS OF CASH FLOW
(Unaudited – Prepared by Management)

		Three Months Ended March 31, 2009		2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$	(244,473)	$	(907,421)
Items not affecting cash:				
Depreciation		1,378		1,574
Stock-based compensation		60,813		674,500
Changes in non-cash working capital items:				
Amounts receivable		(85,458)		(30.290)
Value added tax receivable		(214,550)		(48,010)
Prepaid expenses		1,024		2,842
Accounts payable and accrued liabilities		(73,167)		25,453
Net cash used in operating activities		(125,333)		(281,352)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of capital stock for cash		-		9,378,185
Share issuance and finders' fee costs, net of non-cash items		-		(235,658)
Net cash provided by financing activities		-		9,142,527
CASH FLOWS FROM INVESTING ACTIVITIES				
Equipment acquired		(3,059)		(11,829)
Mineral properties		(979,806)		872,775
Short term investments		-		6,052,625
Net cash provided by (used in) investing activities		(982,865)		3,301,793
Change in cash and cash equivalents, during the period		1,108,198		7,988,400
Cash and cash equivalents, beginning of period		3,868,799		3,008,558
Cash and cash equivalents, end of period	$	2,760,601	$	10,996,958
Cash and cash equivalents is represented by:				
Cash	$	503,070	$	97,558
Cash equivalents		2,257,531		2,911,000
	$	2,760,601	$	3,008,558

Supplemental disclosure with respect to cash flows (Note 10)

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. 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.

The consolidated financial statements have been prepared assuming the Company will continue on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration and development programs.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

		March 31, 2009		December 31, 2008
Working capital	$	2,714,060	$	3,642,712
Deficit	$	(12,509,800)	$	(12,265,327)

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include equipment, mineral properties, stock-based compensation, foreign currency translations and future income taxes.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries NorCrest Silver Inc., a company incorporated under the laws of Canada, Minera Atlas S.A. de C.V., a company incorporated under the laws of El Salvador, and Nusantara de Mexico S.A de C.V. and Santa Elena Oro y Plata S.A. de C.V., companies incorporated under the laws of Mexico. All significant inter-company transactions and balances have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Plant and equipment and amortization

Plant and equipment is recorded at cost and amortized over its estimated useful life using the declining balance method at the following annual rates:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment	12%
Mining equipment	12%
Equipment and furniture	20%
Computer hardware	30%
Computer software	100%

Mineral properties and deferred exploration costs

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties and deferred exploration costs do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability. The Company does not have any significant asset retirement obligations.

Foreign currency translation

The Company's subsidiaries are considered integrated operations and are translated into Canadian dollars using the temporal method. Under this method, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollar equivalents at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at exchange rates prevailing on the respective transaction dates. Exchange gains and losses arising on translation are included in the statement of operations.

Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense over the vesting period of the stock options.

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 common 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 period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year and does not include outstanding options and warrants. Dilutive loss per common share is not presented separately from loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share (continued)

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 common 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 period.

Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year and does not include outstanding options and warrants. Dilutive loss per common share is not presented separately from loss per share as the conversion of outstanding stock options and warrants into common shares would be anti-dilutive.

Financial instruments, comprehensive income and hedges

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value, except for loans and receivables, held-to maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company classified its cash and equivalents as held-for-trading which is measured at fair value. Amounts receivable and value added tax receivable are classified as loans and receivable and accounts payable and accrued liabilities and long-term debt are classified as other liabilities, all of which are measured at amortized cost.

Transaction costs related to held-for-trading financial assets and other financial liabilities that are long-term are expensed as incurred.

3. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company' ability to continue as a going concern in order to pursue the development of its mineral properties. The Company considers as its capital its shareholders' equity, cash and equivalents and long-term debt.

The Company manages and adjusts its capital structure when changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may attempt to issue new equity, dispose of certain of its assets or issue or repay debt.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. Annual and materially updated budgets are approved by the Board of Directors'.

There are no external restrictions on management of capital.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest any excess cash in liquid short-term interest-bearing instruments. When utilized, these instruments are selected with regard to the expected timing of expenditures from continuing operations. The Company currently has sufficient capital resources to meet its planned operations and administrative overhead expenses through its current operating period. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. The Company believes it will be able to raise capital as required in the long term, but recognizes there will be risks involved that may be beyond its control.

4. PLANT AND EQUIPMENT

	March 31, 2009			December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Mining equipment	$ 3,721,779	$ -	$ 3,721,779	$ 3,721,779	$ -	$ 3,721,779
Plant and equipment in progress	563,374	-	563,374	563,374	-	563,374
Equipment and furniture	17,534	11,823	5,711	17,534	11,538	5,996
Computer hardware	19,469	10,691	8,778	19,469	9,980	9,489
Computer software	25,485	22,808	2,677	22,426	22,426	-
	$ 4,347,641	$ 45,322	$ 4,302,319	$ 4,344,582	$ 43,944	$ 4,300,638

Amortization of mining equipment and plant and equipment in progress will commence when placed into service and prior to achieving commercial production amortization expense will be capitalized to mineral properties.

On September 30, 2008, the Company entered into an agreement to have a heap leaching processing plant and refinery constructed for a total price of US$1,253,070. The Company paid a deposit of US$501,228 (CDN$563,374) and is required to pay US$689,188 upon substantial completion, less any amount held back for deficiencies and the final amount of US$62,653, on acceptance of performance testing.

5. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing except as otherwise disclosed. However, this should not be considered as a guarantee of title. The mineral properties may be subject to prior claims or agreements, or transfers and rights of ownership may be affected by undetected defects.

2009	MEXICO			2009 Total
	Santa Elena	Silver Angel	Cruz de Mayo	
Additions				
Deferred development costs:	$	$	$	$
Assays	3,298	-	-	3,298
Operations	13,689	-	-	13,689
Professional fees	40,872	-	-	40,872
Salaries	100,568	-	-	100,568
Technical services and consulting	568,419	-	-	568,419
	726,846	-	-	726,846
Deferred exploration costs:				
Exploration and general	-	15,703	762	16,465
Subtotal	726,846	15,703	762	743,311
Balance, December 31, 2008	9,746,471	948,439	1,309,853	12,004,001
Balance, March 31, 2009	$ 10,473,317	$ 964,142	$ 1,309,853	$ 12,747,312

5. MINERAL PROPERTIES (continued)

2008	MEXICO Santa Elena	Silver Angel	Cruz de Mayo	EL SALVADOR El Zapote	2008 Total
Additions					
Option payments	$ 1,248,929	$ -	$ -	$ -	$ 1,248,929
Deferred exploration costs					
Assays	85,262	-	6,806	-	92,068
Drilling	2,057,243	-	181,546	-	2,238,789
Technical consulting and services	1,986,287	-	-	98,837	2,085,124
Exploration and general	1,167,958	38,376	1,422	144,310	1,352,066
Professional fees	176,717	-	-	56,886	233,603
	6,722,396	38,376	189,774	300,033	7,250,579
Write-off of mineral property	-	-	-	(3,966,743)	(3,966,743)
Balance, December 31, 2007	3,024,075	910,063	1,119,317	3,666,710	8,720,165
Balance, December 31, 2008	$ 9,746,471	$ 948,439	$ 1,309,091	$ -	$ 12,004,001

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	(paid)
December 8, 2008		$500,000	(paid)
June 8, 2009		$600,000	
June 8, 2010		$600,000	
December 8, 2010		$500,000	
TOTAL	US $	$3,000,000	

The payments totaling US $1.7 million due from June 8, 2009 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. MINERAL PROPERTIES (continued)

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 was accounted for as an asset purchase since Atlas was not considered a business.

As a result of delays encountered in El Salvador in the permitting process and the political risk in the country, the Company has elected to write-off the accumulated mineral property expenditures of $3,966,743 to operations.

6. LONG-TERM DEBT

By agreement dated for reference July 3, 2008 the Company entered into a $3,000,000 Credit Agreement with Macquarie Bank Limited ("MBL"). The loan is secured by the assets of the Company, bears interest at LIBOR ("London Interbank Offered Rate) plus 2.75% and is due May 28, 2010 or in the event the Company elects to proceed with (excluding an equity transactions) an alternative financial transaction the loan will be repayable on the closing of such a transaction. A facility fee of $120,000 was paid to MBL and 2,307,692 warrants to purchase common shares at $1.30 per share expiring on May 28, 2010 were issued. The fair value of the warrants was calculated at $900,000 which has been allocated to transaction costs and contributed surplus. Proceeds received from any exercise of the warrants will be applied to repayment of the long term debt.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

Risk free rate	2.56%
Expected dividend yield	-
Expected volatility	75.32%
Expected life	2 years

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus	Total
Authorized				
Unlimited number of common shares without par value				
Unlimited number of preferred shares without par value (none outstanding)				
Balance at December 31, 2007	35,070,675	14,706,589	2,107,021	16,813,610
Warrants exercised	4,066,600	4,124,926	(37,076)	4,087,850
Private placement	5,562,214	6,118,435	-	6,118,435
Finder's fees	-	(144,072)	-	(144,072)
Share issuance costs and finders' warrants	-	(133,315)	37,215	(96,100)
Stock options exercised	800,000	578,400	(218,400)	360,000
Stock-based compensation	-	-	1,172,955	1,172,955
Fair value of warrants	-	-	900,000	900,000
Balance at December 31, 2008	45,499,489	$ 25,250,963	$ 3,961,715	$ 29,212,678
Stock based compensation	-	-	60,813	60,813
Balance at March 31, 2009	45,499,489	25,250,963	4,022,528	29,273,491

7. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

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 consisted 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.

In 2008 the Company paid finders fees of $144,072 and issued 130,974 warrants exercisable into one common share of the Company at a price of $1.40 per share until September 12, 2009 (103,854 warrants) and September 19, 2009 (27,120 warrants). The fair value of the warrants of $37,215 was allocated to capital stock and contributed surplus. The weighted average assumptions used for the Black-Scholes valuation of warrants were annualized volatility of 75.85%, risk-free interest rate of 2.65%, expected life of 24 months, dividend rate of Nil. The Company incurred share issuance costs of $96,100.

In 2008 4,066,600 warrants were exercised for cash proceeds of $4,087,850. As a result, $37,076 was transferred to capital stock from contributed surplus.

In 2008 800,000 stock options were exercised for cash proceeds of $360,000. As a result, $218,400 was transferred to capital stock from contributed surplus.

8. 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 and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at December 31, 2007	2,755,000	$0.81
Issued	2,225,000	$1.19
Exercised	(800,000)	$0.45
Balance December 31, 2008	4,180,000	$1.08
Issued	200,000	$0.45
Expired	(625,000)	$1.41
Cancelled	(300,000)	$1.27
Balance March 31, 2009	3,455,000	$0.97
Exercisable at March 31, 2009	3,398,750	$0.97

8. STOCK OPTIONS AND WARRANTS (continued)

Number of Shares	Exercise Price	Expiry Date
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
850,000	$1.03	July 14, 2013
200,000	$0.45	January 8, 2014
3,455,000		

Stock-based compensation

The total stock-based compensation recognized during the period ended March 31, 2009 under the fair value method was $46,566 (2008 - $674,500). The weighted average fair value per option granted during the period was $0.23 (2008 - $0.62). The Company expensed $60,813 (2008 - $674,500) and in addition cancelled $37,160 (2008 - $Nil) of stock-based compensation leaving an unamortized balance of $28,495 (2008 - $267,750).

	2009	2008
Risk-free interest rate	1.82%	2.90%
Expected dividend yield	-	-
Expected stock price volatility	67%	78%
Expected option lives	4 years	3.25 years

Warrants

Warrant transactions and the number of warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
As at December 31, 2007	6,699,200	$1.06
Issued	5,219,773	$1.36
Exercised	(4,066,600)	$1.01
Expired	(2,632,600)	$1.14
As at December 31, 2008 and March 31, 2009	5,219,773	$1.36

Number of Shares	Exercise Price	Expiry Date
1,690,144	$1.40	September 12, 2009
1,221,937	$1.40	September 19, 2009
2,307,692	$1.30	May 28, 2010
5,219,773		

9. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) Paid or accrued $87,500 (2008 - $51,000) for management fees to companies controlled by two directors.

b) Paid or accrued $43,750 (2008 - $25,500) for project management fees to an officer of the Company which are included in mineral property expenditures.

c) Paid or accrued $9,019 (2008 - $59,671) for legal fees which were included in professional fees paid to a law firm of which an officer of the Company is a partner.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		2009		2008
Cash paid during the period for interest	$	40,655	$	-
Cash paid during the period for income taxes	$	-	$	-

Significant non-cash transactions for the Company for the period ended March 31, 2009 were as follows

a) The Company recorded a value of $60,813 for stock options vested during the period in contributed surplus.

b) Included in mineral properties is $236,495 which relates to the decrease in accounts payable and accrued liabilities for the period.

11. FINANCIAL INSTRUMENTS

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. 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 and development stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. 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.

b. Credit Risk

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

Amounts receivable mainly consist of goods and service tax due from the Federal Government of Canada and value added tax receivable is due from the Sonora State in Mexico.

11. FINANCIAL INSTRUMENTS (continued)

c. Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents and fluctuations in the LIBOR rate applicable to its long term debt. 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. Interest expense is calculated at a rate of Canadian LIBOR plus 2.75% which currently is approximately 5.75%.

d. Currency Risk

The Company operates in Canada, United States, Mexico and El Salvador and is therefore exposed to foreign exchange risk arising from transactions denominated in a 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 reporting results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's cash and equivalents, amounts receivable, value added tax receivable and accounts payable and accrued liabilities are held in several currencies and therefore are subject to fluctuations against the Canadian dollar.

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

e. Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The commodity price risk could affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. The Company closely monitors commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

The estimated fair value of financial assets is equal to their carrying values. At March 31, 2009, the Company's financial assets were held in the following currencies:

	Stated in Canadian Dollars			
Carrying Value	**Canadian Dollar**	**US Dollar**	**Mexican Peso**	**Total**
Cash and cash equivalents	$ 475,264	$ 2,233,340	$ 51,997	$ 2,760,601
Amounts receivable	34,527	894	87,804	123,225
Value added tax receivable	-	-	179,344	179,344

The estimated fair value of financial liabilities is equal to their carrying values. At March 31, 2009 the Company's financial liabilities are held in the following currencies:

	Stated in Canadian Dollars			
Carrying Value	**Canadian Dollar**	**US Dollar**	**Mexican Peso**	**Total**
Amounts payable and accrued liabilities	$ 190,337	$ -	$ 168,812	$ 359,149
Long term debt	3,000,000	-	-	3,000,000

11. FINANCIAL INSTRUMENTS (continued)

At December 31, 2008, the Company's financial assets and liabilities were held in the following currencies:

	Stated in Canadian Dollars			
Carrying Value	**Canadian Dollar**	**US Dollar**	**Mexican Peso**	**Total**
Cash and cash equivalents	$ 1,298,756	$ 2,462,649	$ 107,394	$ 3,868,799
Accounts receivable	32,397	3,659	1,711	37,767
Value added tax receivable	-	-	393,874	393,894
Amounts payable and accrued liabilities	192,684	433,589	42,358	688,811
Long term debt	3,000,000	-	-	3,000,000

12. SEGMENTED INFORMATION

The Company operates in one business segment, the exploration and development of mineral properties. At the March 31, 2009, assets by geographic location are as follows:

March 31, 2009	**Canada**	**Mexico**	**El Salvador**	**Total**
Capital Assets				
Equipment	$ 17,166	4,285,153	-	$ 4,302,319
Mineral properties	$ -	12,747,312	-	$ 12,747,312
December 31, 2008				
Capital Assets				
Equipment	$ 15,485	4,285,153	-	$ 4,300,638
Mineral properties	$ -	12,004,001	-	$ 12,004,001

13. SUBSEQUENT EVENTS

The following event occurred subsequent to Mach 31, 2009.

(a) The Company entered into a definitive gold purchase agreement with Sandstorm Resources Ltd. ("Sandstorm") whereby Sandstorm has agreed to purchase 20% of the gold produced (the "produced gold") over the life of the Santa Elena mine for an upfront fee of US$12,000,000 and a payment for each ounce of produced gold of the lesser of US$350 per ounce and the prevailing spot gold market price, subject to an increase equal to 1% per annum beginning on the 3rd anniversary of the date the Santa Elena mine begins commercial production and 3,500,000 common shares of Sandstorm as part of the upfront consideration (the "transaction" or "gold purchase agreement").

The agreement, among other conditions, requires the Company to obtain cash resources from debt or equity sufficient to complete construction of the mine before any draw down of the up front fee.

13. SUBSEQUENT EVENTS (continued)

(b) The Company has filed a preliminary short form prospectus with the securities regulatory authorities in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia in connection with an offering of up to 21,428,571 units each, (a "Unit") at a price of $0.70 per Unit (the "Offering Price") to be marketed on a best efforts basis (the "Offering") by a syndicate of agents led by Jennings Capital Inc. and including Paradigm Capital Inc. (together, the "Agents"). Each Unit will consist of one common share of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant (each such whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one Common Share at an exercise price of $0.90 per Common Share for a period of 18 months following the closing of the Offering, provided that if, at any time, the closing price of the Common Shares on the TSX Venture Exchange (the "TSX-V") is greater than $1.20 per Common Share for 20 or more consecutive trading days, the Company may give written notice to the holders of the Warrants of such event, and the Warrants will expire on the date that is 20 calendar days after the date the Company issues a news release announcing such event. The Company has granted the Agents an option, exercisable by the Agents in whole or in part at their sole discretion upon written notice to the Company at any time up to 48 hours prior to the time scheduled for the closing of the Offering, to increase the size of the Offering by an additional 2,857,143 Units, to be offered and sold at the Offering Price on a reasonable best-efforts basis.

The net proceeds of the Offering will be used to finance the construction and development of the Santa Elena gold-silver mine in Mexico.

The offering is subject to regulatory approval, including approval by the TSX-V.