

EAGLECREST EXPLORATIONS LTD.
Management Discussion and Analysis (Form 51-102F1)
For the Nine Months Ended June 30, 2007

The management discussions and analysis, prepared as of August 15, 2007, review and summarize the activities of Eaglecrest Explorations Ltd. ("Eaglecrest" or the "Company") and compare the financial results for the period ended June 30, 2007 with those from June 30, 2006. The following information should be read together with the un-audited consolidated financial statements for the nine months ended June 30 2007 and related notes attached thereto, which were prepared by management in accordance with Canadian Generally Accepted Principles. The reader should also refer to the annual audited financial statements of the Company for the years ended September 30, 2006 and 2005 and the related notes attached thereto. All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on such forward-looking statements.

Disclosure Controls and Procedures

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at June 30, 2007. Although certain weaknesses such as lack of segregation of duties are inherent with small office operations, management has implemented certain controls such as frequent reviews and regular preparations of reconciliations of transactions to ensure absence of material irregularities. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are designed to ensure effective information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Overview

Eaglecrest is involved in the acquisition, exploration, and development of resource properties. The Company has exploration and production rights to 38 mineral concessions on the San Simon plateau located in the Department of Beni in northeast Bolivia. Collectively, the concessions cover 296.75 km² and are referred to as the San Simon property. The Company first worked in the area of the San Simon property in 1995. The property has four areas of known gold mineralization called Doña Amelia, San Simon, Marco Maria, and Doña Angela.

Highlights for the three months ended June 30, 2007 are:

- Underground bulk samples yielded an average gold grade that is 312% higher than the diamond drill hole grades for the same intersections.
- The Company sent its fourth shipment of high-grade gold flotation concentrate to the Peñoles smelter in Mexico.
- Diamond drilling resumed in the Trinidad area of the Dona Amelia zone on March 27, 2007.
- The Company received confirmation from Bolivian legal counsel that the mining law decree announced May 1, 2007 will have no impact on San Simon project.

- In May 2007, Eaglecrest announced that infill and delineation drilling of the L463 shoot intersected more high grade gold values. Salient results included 1.0 metres at 27.5 g/t Au from hole 229 and 0.9 metres at 59.1 g/t from hole 237.
- In June 2007, Eaglecrest announced that bulk sampling of the L463 shoot intersected the highest grade interval of gold mineralization in the underground development to date. Bulk samples totaling 151 tonnes represented a length of 11.7 metres in the L463 drift and averaged 10.0 g/t gold .

San Simon Property, Bolivia

Since 2003, the Company's exploration and development activities at San Simon have been focused on the Doña Amelia zone. The original gold discovery on the San Simon plateau was made in 1742 by Jesuit priests, who found gold in a northeast-striking shear zone. The area of that discovery is now called Mina Vieja ("old mine") and it is adjacent to the Trinidad sector, where the Company's underground development is located and where drilling has been concentrated to date in 2007.

Gold mineralisation in the San Simon property is mostly found in or near quartz veins emplaced in a moderately South-dipping thrust fault zone (previously referred to as the "TMT"). The thrust fault zone is a curvilinear structure that generally strikes east-northeast. Numerous subordinate and subparallel thrust faults as well as a variety of conjugate shear zones and other faults are developed in the footwall and the hanging wall of the TMT. Quartz veins are found within the TMT and subordinate structures.

Since the mid-1980's, artisanal or informal miners have extracted gold from shallow workings along the TMT, mostly in the Trinidad and Mina Vieja sectors, and from lesser structures and quartz vein stockworks in the Paititi area seven kilometers to the east of Mina Vieja. As many as 1,000 informal miners were working in these areas in the mid-1990s.

Diamond drilling and surface mapping have traced the TMT along more than four kilometres of strike length and more than 700 metres down-dip. The quartz vein along the TMT, previously referred to as the "Main Quartz Vein", varies in thickness from less than one to over 15 metres. This vein locally splits into multiple veins that vary in thickness down-dip and along strike. The Company intends to thoroughly evaluate the thickness and grade of gold mineralisation along the TMT and expects that closely-spaced drilling will be required to define gold resources.

Agreement with San Simon Resources LLC ("SSR")

Under an April 15, 2003 agreement (the "Agreement") with SSR, by expending US\$500,000 in exploration costs and other expenses, and making certain property payments, the Company acquired from SSR an 80% interest in 82.00 square kilometers of the Company's total of 296.75 square kilometers of concessions held under a total of six (6) Joint Venture agreements. The Agreement with SSR stipulates that the cost of exploration subsequent to the first \$500,000 spent by the Company is to be split according to the relative interests of SSR and the Company, and that if either party does not contribute to an exploration budget, its interest in the subject concessions "... will be diluted according to the industry standard dilution formula based initially on SSR and Eaglecrest having been deemed to have made 20% and 80% respectively of US\$2,000,000." During fiscal 2005, a letter was delivered to SSR on behalf of the Company advising SSR that SSR must pay US\$1,079,126.51 (being 20% of what the Company had spent on the concessions since earning its 80% interest) if SSR wished to maintain its 20% interest in the property.

In July 2005, SSR responded by letter, claiming in effect that SSR is not obligated to fund any portion of exploration expenses on the San Simon mineral concessions to maintain its percentage interest in those concessions.

SSR alleges that the Company was obligated to prepare a formal joint venture agreement and to inform SSR when the Company incurred sufficient exploration expenses to earn the Company's 80% interest. The Company denies that it had any such obligations under the Agreement or otherwise and points out that the sole provision in the Agreement dealing with a formal agreement states simply that: "Certain aspects of this agreement will be replaced by a formal agreement, the terms of which will supersede (sic) this agreement. All parties agree to negotiate in good faith to complete and execute formal agreement."

That clause does not impose any greater obligation on the Company than it imposes on SSR. The Company does not consider the SSR claim to be meritorious or material. It is the Company's position that it is in compliance with all provisions of the Agreement and SSR has failed to notify the Company of any valid grounds for SSR's claim and the Company will continue with its planned exploration program.

Drilling

Since diamond drilling was reactivated in late March, 2007, the Company's drilling contractor has completed the following work:

	<u>number of drill holes</u>	<u>metres drilled</u>
March 2007	3	574.9
April to June, 2007	52	9537.9

Results for the some of the first eleven holes drilled in 2007 were made public in a May 2007 press release, as mentioned in the preceding Overview section of this report. Due to the May 2007 resignation of the Company's Bolivian operations manager and the departure of several geologists, much of the drill core had not been logged and sampled by the end of the quarter. By the date of this report, the Company had replaced its Bolivian operations manager and employed two geologists; and the Company expects that complete results for the drilling through June will be made public in September, 2007.

Bulk Sampling Plant

Material extracted from the Company's ongoing underground development at Trinidad is transported to the Company's bulk sampling plant where it is crushed and milled on a batch basis to determine its in-situ average grade. The plant was commissioned in September 2005 and initial operations did not show significant coarse gold in the mill discharge samples. Consequently, the Company decided to recover gold using the flotation circuit only. The coarse to fine gold ratio is under constant review and if it increases the gravity circuit of the plant can be activated.

To date, four shipments of flotation concentrates have been sent for smelting to Peñoles in Mexico. As the underground development work was inactive during the quarter ending March 31, 2007, the plant did not have material to process. The underground work and plant were reactivated in May, 2007. Mill throughput was 770 tonnes in May and 1647 tonnes in June.

Subsequent Operating Events

During the period of July 1 to August 15, 2007, the Company's drill contractor completed seven holes with a total of 2,222.8 metres drilled. All of these holes were drilled in the Trinidad sector of the Doña Amelia zone.

During the period of July 1 to August 15, 2007, the bulk sampling plant processed 2,022 tonnes of material extracted by the underground bulk-sampling and development work.

In July 2007 the Company announced it had identified five new exploration targets at San Simon on the basis of analytical results for gold and arsenic from surface samples collected during the quarter ending March 31, 2007. 150 rock and more than 2,600 soil samples were analyzed. One of the targets is in the Doña Angela zone in the northwestern part of the San Simon property. The other four targets are located between Trinidad and Paititi, and one of them is considered as having high priority for follow-up work and drilling.

Future Outlook

The budget for completion of the underground development and bulk sampling program in the Trinidad area and Phase IV diamond drilling is estimated to be \$8.8 (US\$8.0) million. Management is confident that it can leverage its drilling results and land position by completing the following objectives:

During the fourth quarter of fiscal 2007:

- Complete an NI 43-101 property report on San Simon.
- Complete an in-house resource calculation on San Simon.
- Drill one of the new exploration targets at San Simon.

The Company further intends to complete its first NI 43-101 gold resource on San Simon in the first quarter of 2008 and to then obtain listing on the TSX Exchange.

Selected Annual Information

	Year Ended September 30 2006 \$	Year Ended September 30 2005 \$	Year Ended September 30 2004 \$
Interest revenues	41,719	12,062	-
Net loss	(1,592,579)	(1,433,839)	(2,044,968)
Basic loss per share	(0.01)	(0.01)	(0.02)
Total assets	35,567,409	27,550,804	23,287,706
Current liabilities	825,262	528,074	745,632
Working capital (deficiency)	1,635,581	421,193	543,706
Cash dividends	Nil	Nil	Nil

The Company has been and is still in the stages of exploring and developing its mineral properties. To date, the Company has not been in a position to earn any revenues from its projects.

Accounting policy is to record the Company's mineral properties at cost. Exploration and development expenditures are deferred until the properties are brought into production, and at which time, they will be amortized on a unit of production basis. In the event, the properties are sold or abandoned, the deferred cost will be written off. Considerable sums were spent on the development of the Company's properties in fiscal 2006, thus resulting in the sizable increases in the Company's total asset base. Working capital was significantly higher in 2006 as in excess \$2.9 (US \$2.6) million in warrants were exercised during the fourth quarter.

Consolidated net losses for the Company during 2004 was substantially higher than fiscal 2005 and 2006 as stock-based compensation recognized in 2004 was \$998,351 as compared to \$430,380 and \$465,765 for 2005 and 2006 respectively.

The Company has not paid any dividends on its common shares and does not intend to pay dividends until such time as the Company is able to earn substantial revenue. All available funds and resources are intended for use in exploring and developing the Company's properties and to finance the operations of the Company.

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Overall Consolidated Results

As of the nine months ended June 30, 2007, the Company incurred a consolidated net loss of \$1,849,343 as compared to a net loss of \$1,204,153 for the same period of the previous year, an increase of \$645,190. Significant increases occurred to the following accounts:

- Due to management's concentrated effort to raise the necessary funds to continue an aggressive drilling program combined with a major bulk underground sampling project, the Company engaged substantial assistance in the following areas during fiscal 2007:

Advertising \$50,144 (2006 – nil)
Corporate development \$267,119 (2006 – \$208,641)

- Stock-based compensation pertains to options granted during the period using the Black-Scholes Option Pricing Model.

Stock-based compensation \$515,600 (2006 - \$400,095)

- During 2007, the incumbent president was replaced with a new president with substantially more experience within the resources exploration industry. As a result, there was an overlapping of payments of management fees as well as an increase in the fees of the new president.

Management fees \$181,156 (2006 - \$141,015)

- Management and appointed consultants incurred significant traveling and promotion expenditures during the current period while seeking out capital sources and potential investors.

Travel and promotion \$281,533 (2006 - \$106,157)

3rd Quarter Review:

During the third quarter ended June 30, 2007, the Company posted a consolidated net loss of \$544,128 as compared to a net loss of \$312,818 for the same quarter ended of 2006. Significant accounts and deviations between the quarters are as follows:

Accounting & audit \$20,000 (2006 - \$4,000) - additional reviews and audit procedures are now required in connection with the Company's exploration subsidiary company, thus resulting in a significant increase in audit fees.

Administration – \$25,500 (2006 – \$16,500) - administration fees are paid to an officer of the Company.

Bank charges and interest - \$14,587 (2006 - \$1,732) – increase in 2007 due to interest on bridge loan financing.

Consulting – \$39,191 (2006 – \$20,738) – details are as follows:

- JAST, LLC - \$31,956 paid to company owned by the former president. Contractual fees call for US\$5,000 per month and the payments covering six months from January, 2007 to June, 2007 was paid in the month of June.

- Other consultant fees - \$7,235

Insurance \$35,400 (2006 - \$11,874) – additional coverage required for the underground project in 2007 as well as procuring directors and officers liability insurance.

Corporate development – \$88,882 (2006 - \$93,587) - \$39,939 was paid to a Director of the Company in charge of corporate development. The remaining amount of \$48,943 was paid to several corporate development companies for development and distribution of Company information material.

Legal - \$114,417 (2006 - \$10,879) – during 2007, a one-time lump sum amount of \$103,301 was paid to a third party lawyer to settle the cancellation of an agreement involving the purchase of the gold concentrate currently recovered from the Company’s underground bulk sampling project in Bolivia.

Management fees – \$49,416 (2006 - \$48,162) - fees paid to the president of the Company.

Travel & promotion – \$91,650 (2006 – \$27,581) pertain to shows and conventions and trips by Company personnel throughout the US and Europe meeting with potential investors in their efforts to procure financing. Such costs were significantly higher in 2007 as frequent traveling occurred not only with management but also with consultants engaged by the Company to seek financing.

Resource Property Values

Mineral property costs increased by \$2,395,984 during the quarter ended June 30, 2007 (2006 - \$1,789,376). For a detailed breakdown, see the mineral property schedule in the Company’s financial statements.

Summary of Selected Quarterly Information

Quarter Ended	June 30 2007	March 31 2007	December 31 2006	September 30 2006	June 30 2006	March 31 2006	December 31 2005	September 30 2005
Current assets	1,199,610	872,307	368,831	2,460,843	1,867,389	2,345,045	1,805,261	949,267
Resource assets	37,533,256	35,137,272	34,088,282	32,579,485	30,581,497	28,792,121	26,856,494	25,902,523
Current liabilities	1,745,894	1,299,850	501,559	825,262	899,177	618,163	435,875	528,074
Shareholders' Equity								
Capital stock	55,479,776	52,821,541	51,679,629	51,668,343	48,652,438	47,110,958	42,882,757	42,772,462
Share subscriptions	1,303,068	1,185,268	1,156,000	1,156,000	1,184,935	1,416,415	3,098,962	1,156,000
Contributed surplus	2,354,876	2,360,446	1,844,846	1,844,846	1,836,868	1,844,068	1,428,731	1,428,731
Deficit	(21,776,385)	(21,232,257)	(20,248,746)	(19,927,042)	(19,538,616)	(19,225,798)	(18,518,406)	(18,334,463)
Net loss	(544,128)	(983,511)	(321,704)	(388,426)	(312,818)	(707,392)	(183,943)	(311,758)
Working capital (deficit)	(546,284)	(427,543)	(132,728)	1,635,581	968,212	1,726,882	1,369,386	421,193
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Significant Item(s) Within the Quarter:

For the three months ended June 30, 2007

- deferred resource property costs increased by \$2,395,984
- working capital deficit of \$546,284

For the three months ended December 31, 2006

- deferred resource property costs increased by \$1,048,990
- recorded stock-based compensation of \$515,600
- working capital deficit of \$427,543

- \$10,039 in earned interest as a result of cash deposits with bank.
- deferred resource property costs increased by \$1,508,797
- working capital deficit of \$132,728

For the three months ended September 30, 2006

- \$16,829 in earned interest as a result of cash deposits with bank.
- issued 26,263,938 shares pursuant to the exercise of warrants at average price of US\$0.10
- stock-based compensation of \$65,670 was expensed as a result of options granted
- deferred resource property costs increased by \$1,997,988
- working capital surplus of \$1,635,581

For the three months ended June 30, 2006

- \$14,334 in earned interest as a result of cash deposits with bank.
- issued 13,066,482 shares through the exercise of warrants at average price of US\$0.11
- deferred resource property costs increased by \$1,789,376

For the three months ended March 31, 2006:

- issued 14,860,875 shares pursuant to a private placement at US\$0.16
- issued 15,003,115 shares through the exercise of warrants at average price of US\$0.10
- stock-based compensation of \$407,295 was expensed as a result of options granted
- deferred resource property costs increased by \$1,935,627

For the three months ended December 31, 2005:

- 950,000 warrants exercised at US\$0.10 per share
- working capital surplus of \$1,369,386
- deferred resource property costs increased by \$953,971

For the three months ended September 30, 2005:

- working capital surplus of \$421,193
- deferred resource property costs increased by \$1,331,773

Corporate Development

In addition to in-house corporate development activities such as answering telephone and email enquires, dissemination of Company material, attending trade shows, and maintenance of the Company's website, management in July, 2007, appointed Barnes McInerney Inc., an established investor relations consulting firm based in Toronto as its head advisor. Barnes McInerney Inc. has served the needs of more than 500 public companies in every sector of Canada's capital markets by providing effective strategic consulting and shareholder communications services supported by leading-edge multi-media capabilities. For further information on Barnes McInerney Inc., visit www.barnesmcinerney.com.

Liquidity and Solvency

At this time, the Company has no operating revenues and does not anticipate any operating revenues until the Company is able to find, acquire, place in production and operate a mining property. Historically, the Company has raised funds through loans, shares for debt settlements, private placements and the exercise of options and warrants. US\$8 million was raised during fiscal 2006 using these methods and management plans to continue to raise the working capital required in the usual manner for 2007.

The Company has not yet determined whether its properties contain ore reserves. The recoverability of amounts shown for mineral properties is dependent upon the discovery of ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases, and upon sufficient future profits or proceeds from the disposition of its mineral properties.

The market price of metals is highly speculative and volatile. Instability in metal prices may affect interest in mining properties and the development of and production from such properties. Although recent metal prices

have been high, they may not be sustained, and lower metal prices may adversely affect the Company's ability to raise capital to explore existing or new mineral properties.

The Company has incurred losses since inception, and the long term survival of the Company depends on the ability of management to continue raising capital. Due to an aggressive exploration program, without further financing, there will not be sufficient funds to meet the Company's property exploration commitments and payments, and to cover administrative and office expenses for the 2007 fiscal year. Additional funds will be required to continue operations and meet Company objectives. As at the third quarter ended June 30, 2007, the Company has received in excess of US\$4 million in financing. Management is presently actively seeking additional funding and a substantial private placement is expected to be completed during the month of August 2007. While management has successfully raised the capital to finance the company's operations in the past, there is no assurance that it will continue to be able to do so in the future

Related Party Transactions

All transactions with related parties have occurred 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. The unpaid period end balances referred to below are payable on demand and have arisen from the provision of services described:

During the period ended June 30, 2007, the Company:

- incurred administration fees of \$61,500 (2006 - \$47,000) with an officer of the Company.
- incurred consulting fees of \$21,948 (2006 - nil) with a private company related by a director-in-common.
- incurred corporate development costs of \$122,227 (2006 - \$123,174) with a director of the Company.
- incurred management fees of \$194,286 (2006 - \$141,015) with two private companies related by two directors-in-common.
- incurred legal fees of \$38,490 (2006 - \$42,394) with a law firm in which an officer of the Company is a partner.

As at June 30, 2007, accounts payable and accrued liabilities is inclusive of \$34,269 (2006 - \$22,064) due to two private companies related by two directors-in-common.

As at June 30, 2007, accounts receivable is inclusive of \$1,100 (2006 - nil) in travel advances to a director.

Subsequent Events

The following occurred during the period subsequent to June 30, 2007:

- The Company issued 1,380,000 shares pursuant to the exercise of warrants and received US\$2,103,000 from the exercising of warrants of which share certificates have not been issued.
- The Company issued 100,000 shares pursuant to the exercise of options by a director.
- The TSX Venture Exchange has accepted the Company's proposed non-brokered private placement of 1,987,500 units having an aggregate issue price of US\$318,000.00. Each unit subscribed for will be comprised of one common share and one warrant exercisable to purchase one additional common share in the capital of the Company for US\$0.20 until February 7, 2008 and, thereafter for US\$0.40 until on August 7, 2009. A cash finder's fee of US\$29,400 is payable in connection with this private placement.