

EAGLECREST EXPLORATIONS LTD.
Management Discussion and Analysis (Form 51-102F1)
For the Nine Months Ended June 30, 2005

The following discussions and analysis, prepared as of August 25, 2005, should be read together with the unaudited consolidated financial statements for the nine months ended June 30, 2005 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 for the years ended September 30, 2004 and 2003 and the Management Discussion and Analysis for those years. All amounts are stated in Canadian dollars unless otherwise indicated.

General

Eaglecrest Explorations Ltd. ("Eaglecrest" or the "Company") is involved in the acquisition, exploration and development of resource properties. The Company has exploration and production rights to 34 mineral concessions on Serrania San Simon located in the Canton of Mantuega, Province of Itenez, and Department of Beni in northeast Bolivia. There are four areas of known gold mineralization (Doña Amelia, San Simon, Marco Maria and Doña Angela (Campo Nuevo) within the 298.84 km² San Simon property which the Company has worked on since 1995.

Fiscal 2004 was a successful year in terms of accomplishing the objectives as set by management during the previous year and formed the basis of the work to be continued in fiscal 2005.

Management

Mr. Carl Erickson took over the responsibilities of President and CEO of Eaglecrest in the fourth Quarter of fiscal 2002. With his years of business experience, his mandate was to breathe new life into the Company.

Mr. Paul Zdebiak was added to the Board as a director to assist the Company in corporate strategies and communications, investor awareness and fund raising. The Company draws on his 15 years experience within the equity industry.

Another key member to join the new team was Mr. Tor Bruland, a professional geologist and the Company's "Qualified Person". Mr. Bruland is now engaged on a full-time basis by the Company as the Project Manager for the Company's San Simon project. Mr. Bruland's 28 years of experience include six years as Project Manager with Teck Corporation on exploration program in Canada and Ecuador and four years as Exploration Manager for Ecuator ASA (Norway) on its projects in Ecuador.

Also added to this new team is Donald G. Allen, a Professional geological engineer and the Company's second "Qualified person". Mr. Allen is now engaged on a full-time basis by the Company as the Project Manager for the Company's San Simon project. Mr. Allen's 41 years of experience include working for major mining companies such as Kennecott and Amax as well as over 20 years as an independent consultant through his own consulting companies in Canada and Ecuador.

Mr. J. Frank Callaghan was appointed a director of the Company in February, 2005. Mr. Callaghan is currently President and Chief Executive Officer of several resource exploration and development companies that are all listed on the TSX Venture Exchange. His vast experience in business and management will definitely be an asset to the Company.

These new additions to the management team have strengthened the Company ability to build shareholders' value.

San Simon Property, Bolivia:

(a) Doña Amelia zone

The Doña Amelia zone is located in the center of the San Simon property and covers 40 km². By the end of the previous Quarter the Company has completed 16,000 metres of the Phase I drill program and 7,981 metres of the 20,000 metres Phase II drill program, on the Manganeso-Trinidad vein structure. Drilling resumed in late April, and technical problems with one of the drills limited the drilling for the Quarter to 2,222.3 metres in 16 holes including 6 pilot holes for the TD-1 decline shaft in the Trinidad area. Ground condition also resulted in 4 holes being abandoned prior to reaching the main quartz vein/structure (MQV).

Drilling and surface mapping has defined the main east-west structure as a south dipping thrust fault that has an indicated north-northwest movement with conjugate sets of strike-slip ductile shear zones. Auxiliary faults occur at stratigraphically higher levels along strike within the hanging wall of the host sediments. The thrust fault is occupied by a quartz vein with dimensions of less than 1 metre to 16 metres. Movements along the thrust fault during at least two stages of deformation have created several dilation zones where the quartz vein has widths of 4 metres or more. Dilation zones have been identified at surface in the Trinidad pit and in the Las Rosas area and down dip in the Trinidad and Manganeso areas.

Both the conjugate ductile shear zones are occupied by quartz veins with width of normally less than 1 metre. The north-northeast ductile shear zones dips to the southeast and have a sinistral movement while the northwest ductile shear zones dips to the southwest and have a dextral movement. These conjugate ductile shear zones offset and displace the MQV and thrust fault.

Indications suggest up to three phases of quartz that might be closely related in time followed by hematite and finally gold. The gold mineralization appears to be related to reactivation of the thrust fault and the conjugate ductile shear zones when narrow shear zones developed within the quartz vein and gold was deposited after hematite and sericite. Arsenopyrite and pyrite were deposited prior to the hematite and gold in the MQV and the host sediments (dissemination coarse crystals up to 1 cm) while the gold to date only has been identified in the MQV. The gold can be coarse (up to 3 mm) and occurs either as free individual grains, associated with hematite or on fractures in arsenopyrite. Metallurgical testing by the Company's Mineral Processing Engineer Gary Hawthorn, P.Eng. (B.C.) indicate an overall gold recovery of 95% divided between approximately 50% gold concentrate and approximately 50% gold bullion. Although the ductile shear zones are commonly mineralized, the bulk of the gold mineralization is restricted to the MQV in the east-west thrust fault and auxiliary faults in the hanging wall sediments.

The Environmental and Impact Assessment report for the underground development and gold recovery pilot plant operation was filed with the Bolivian government in late April, 2005. The report has been approved without any amendments and the Environmental License was issued August 10, 2005.

Trinidad area

The strike of the MQV in this area is now confirmed by drilling over 1,400 metres strike length and up to 560 metres of down dip extension. About a quarter of the drilling during the Quarter was directed towards pilot holes for the TD-1 decline adit to compare results of drill hole sampling with underground bulk sampling. Due to limitation of the drilling equipment (could not drill at an angle equal to the dip of the MQV) none of the six holes were able to stay within the MQV for their full length. However, this did supply additional information about the hanging wall and footwall contacts of the MQV and get a better three dimensional control of the MQV. The remaining drilling was directed towards tracing the MQV both along strike and down dip.

The MQV is confined to the thrust fault with isolated auxiliary thrust faults/reverse faults in the hanging wall. These auxiliary thrust faults/reverse faults are narrow with insignificant volume resources. The thrust fault and MQV are located in the hinge part of an anticline and are folded along strike in open folds with wave length of 50 to 250 metres and amplitude of 10 to 50 metres. These secondary anticlines and synclines plunge to the southeast approximately perpendicular to the thrust movement direction. The hinge of both the anticlines and synclines has increased width of the MQV, and these hinge zones appears to be traceable down plunge. However, the width varies along the individual hinge lines from less than a metre to 16 metres suggesting a secondary control which could be either dilation zones related or stratigraphic related.

Drilling in the Trinidad area has identified three dilation zones down dip from the Trinidad pit. The dilation zones appear to plunge to the southwest perpendicular to the anticline-syncline plunge and parallel to the movement along the thrust fault.

Dilation Zone A: Shallow (180 metres down dip or 140 metres below surface) in the west, defined by holes TRD03-026, TRD003-032 and TRD04-086 with grades of 1.2 grams per tonne gold over 2.0 metres, 3.7 grams per tonne over 3.0 metres and 8.3 grams per tonne gold over 1.2 metres, respectively. This zone is open down dip to the south and southwest.

Dilation Zone B: Deep (450 metres down dip or 360 metres below surface), defined by holes TRD04-051, TRD04-066, TRD04-070, TRD04-072 and TRD04-076 that is open to the southwest and northeast. The widest quartz vein intersection to date: 15.9 metres was encountered in hole TRD04-072 averaging 1 gram per tonne gold and a 1.95 metre section along the footwall contact assaying 6.35 grams per tonne gold. This hole intersected the quartz vein at the same elevation as holes TRD04-051, TRD04-066, TRD04-070 and TRD04-076 indicating a 350 metres mineralized strike length with true width quartz vein intersections ranging from 4.8 to 15.9 metres, averaging 8.5 metres wide and 2.4 grams per tonne gold.

Dilation Zone C: Shallow (180 metres down dip or 150 metres below surface) in the east, defined by holes TRD04-100, TRD04-110, TRD04-118 and TRD04-126 that is open to the southwest (plunging toward Dilation Zone B), south and southeast and east with MQV widths of up to 3.8 metres and gold values of up to 44.2 grams per tonne over 0.3 metres. This zone has been extended down plunge and connected to Dilation Zone B by the drilling during the Quarter (TRD04-124 & TRD05-139) with apparent increased widths down dip toward the 15.9 metre intersection in hole TRD04-072. The geometry of the combined zone will be defined by additional drilling during the completion of Phase II drilling this year.

The decline adit TD-1 will be directed toward Dilation Zone A and down the plunge of an anticline. Once within in the zone as defined by the drill holes two drifts along strike will explore the zone for about 300m east-west. The quartz vein material and the internal dilution from the host sediments with the decline shaft and drift profiles will be transported to the gold recovery plant in the Manganeso area where it will be processed on a round by round or batch basis to determine the true in-situ gold grade of the MQV for resource calculation purposes.

Manganeso area

The strike of the MQV in this area is now confirmed by drilling over 1,000 metres strike length and as much as 470 metres down dip extension. However no additional drilling was done in the area during the last Quarter with drilling focused around the TD-1 decline adit.

The MQV is confined to the thrust fault and several auxiliary thrust faults/reverse faults in the hanging wall that gives the appearance of a stacked system of quartz veining. The thrust fault and MQV are located in the hinge part of an anticline that plunges to the west leaving the exposed and drilled parts of the Manganeso area at a stratigraphically higher level within the sedimentary sequence than at the Trinidad area. The auxiliary thrust/reverse faults are up to 10.7 metres wide and could add significant volume to the resource potential. The MQV and the thrust fault are cut and offset by seven conjugate ductile shear zones that are all northwest to southeast striking with a dextral movement and dips to the southwest. The conjugate ductile shear zones are up to 1.3 metres wide and carry gold values of up to 2.1 grams per tonne.

The drilling has to date identified two dilation zones in the Manganese area.

Dilation Zone D: Shallow (200 metres down dip or 200 metres below surface), defined by drill holes TRD04-057, TRD04-060, TRD04-075, TRD04-077, TRD04-087 and TRD04-095 with widths ranging from 1.0 to 6.4 metres along about 300 metres of strike with average gold grades of 1.2 to 11.8 grams per tonne. This dilation zone is cut and offset by the northwest ductile shear zones both to the east and to the west, but can be traced down dip for approximately 200 metres. This dilation zone will be the target for the decline adit MD-1 scheduled to be collared in January 2006.

Dilation Zone E: Shallow to deep (120 metres down dip or 160 metres below surface), defined by drill holes TRD03-044, TRD04-071, TRD04-104, TRD04-105, TRD04-106, TRD04-116 and TRD04-121 with widths ranging from 1.1 to 6.9 metres along about 150 metres of strike with average gold grade intercepts ranging from 1.2 to 6.3 grams per tonne. This dilation zone is cut and offset by the northwest ductile shear zones to the east. It is open to the west and down dip.

In the western part of the Manganese area four northwest ductile shear zones have been identified within 200 metres of strike, and additional drilling is needed to define the quartz vein in three dimensions and determine whether the quartz vein intersections from the drill holes are from the more favorable thrust fault or are hosted by the ductile shear zones.

Underground Exploration Development

The contract for the underground development of the two decline shafts was signed June 1, 2005 with AMTRAC Ltda. of Bolivia. AMTRAC Ltda. is managed by Peter O'Toole, an Irish Civil Engineer, has been involved in the mining industry in Bolivia for over 15 years. AMTRAC Ltda. and Mr. O'Toole have extensive experience in underground development in Bolivia, including projects in both the Andean plateau and the Amazon basin.

The underground development has been started in the Trinidad area where AMTRAC Ltda. has mobilized equipment and erected surface installations and collared the TD-1 decline shaft July 29, 2005. The TD-1 decline adit will be developed along plunge of a syncline down dip toward dilation Zone A defined by diamond drill holes TRD03-026 (7.2 metres of 5.18 grams per tonne gold) and TRD04-086 (2.25 metres of 4.6 grams per tonne gold). At the foot of the decline shaft, calculated to be about 250 metres below the portal drifts will be developed along strike to the east and west within the MQV. The decline adit will be collared at an angle of 23 degrees and steepening to about 41 degrees. Advances of the decline shaft are initially slow with the installation of the portal support sets and the hoisting rail, winch and loading facilities. By early September it is expected that AMTRAC Ltda. will manage two rounds per day. It is estimated that the TD-1 decline shaft is completed by the middle of December 2005. An estimated 10,000 tonnes of quartz vein material with some dilution from the host rock will be hoisted from the decline shaft and drifts and trucked to the gold recovery plant (distance of about 8 kilometres). The material will be processed in the gold recovery plant to determine the true in-situ gold grade of the MQV in dilation Zone A. TD-1 will be developed principally during the dry season with little or no precipitation and lowering of the ground water table so water is not expected to be a problem.

The MD-1 decline adit will be developed in the Manganese area during the first half of 2006 following the completion of the TD-1 underground work in the Trinidad area. The MD-1 will target a Dilation Zone E defined by diamond drill hole TRD04-057 (3.25 metres of 10.66 grams per tonne gold). The design of the MD-1 is similar to the TD-1 with a decline adit down dip along the MQV and drifts along strike at the foot of the decline adit.

Gold Recovery Plant

The gold assays continue to range from low (less than 1.0 gram per tonne) to very high (44.2 gram per tonne in hole TRD04-100). The coarse nature and erratic distribution of the gold grains within the MQV make it impossible to determine the true average gold grade from the relative small drill core sample (maximum about 8 kg). The Company decided in the second Quarter of Fiscal 2004 to initiate an underground bulk sampling program with a gold recovery plant. Mineral Processing Engineer Gary Hawthorn, P.Eng. (B.C.), has designed a 150 tonne per day gold recovery plant comprising of a crushing section, ball mill, gravity circuit and flotation circuit. The crushing circuit has a jaw crusher and cone crusher with capacity of 450 tonne per day while the milling circuit has a 1.8 by 2.4 metre ball mill, gravity jig, shaking table, coarse and fine flotation cells and vacuum filter with capacity of 150 tonnes per day. Metallurgical testing by Mr. Hawthorn indicate an overall gold recovery of 95% divided between approximately 50% gold concentrate and approximately 50% gold bullion, both of which will be sold to an international smelter.

The various components of the gold recovery plant were moved to the site in Manganese and installed during the Quarter. Commissioning is underway, and is estimated to be completed by the end of August 2005. During the driving of the decline shaft it is expected that the plant will be running below capacity, but full capacity is expected when the underground development advances the two drifts simultaneously.

The underground development material will be processed in batches by the gold recovery plant to establish the true average in-situ gold grade of the MQV. Initially the processing will be done on a round by round basis, but as more information is gained about the gold mineralization it is expect that several rounds will be processed together.

Independent Standard Fire Assay Laboratory

To be able to calculate daily metallurgical balances for the gold recovery plant Mr. Hawthorn recommended the installation of an on-site laboratory. Mr. Hawthorn designed a laboratory with two Fire assay furnaces and a sample preparation facility. The Company constructed a building for the laboratory in a fenced off secure area adjacent to the Company's camp on the San Simon Project. The contract for independent operation of the laboratory was awarded to ANALAB S.R.L. of Peru who installed all the equipment and commenced regular operation August 3, 2005. The laboratory is designed for up to 100 samples per day, but during the initial week it will operate below capacity to allow for training of the sample preparation crew. It is expected that the laboratory will operate at design capacity by the end of August 2005 prior to normal operation of the underground development and the gold recovery plant.

(b) San Simon zone, Bolivia

The San Simon zone is located in the southeastern part of the San Simon property with specific focus on the Paititi area. The zone was explored during the period 1999 to 2002 by trenching, diamond drilling and underground development and bulk sampling. The high-grade "12/17" target was intersected at the east end of the 690 m decline adit in November of 2002 at a depth of 80 m below surface. The underground workings established that the "12/17" target was a 0.2 to 0.5 m thick quartz vein that had been offset by a fault and the previous diamond drilling had intersected the vein on both side of the fault in both drill holes. The decline adit exposed the quartz vein over a total strike length of 14.5 m and determined that the true average grade was 1.25 g/t gold.

The "12/17" target is located in the center of the 7 km strike length of the Paititi-Buriti structure of the San Simon zone. Extensive surface bulk sampling of the Paititi area averaged 1.6 g/t gold within 0.4 km² including the pit worked by the local, illegal miners. The gold grade has been very erratic and the work to date has failed to identify any major gold resource.

(c) Marco Maria zone, Bolivia

The Marco Maria zone includes both the Marco Maria and Max areas that are located in the north and northeast part of the San Simon property. Evaluation of the paleoplacer potential of the zone was completed in 2001 and 2002. Bulk sampling of the coarse sediments and conglomerate established an average gold grade below 0.1 g/t.

(d) Doña Angela (Campo Nuevo) zone

The Doña Angela (Campo Nuevo) zone is located in the northwest part of the San Simon property. Gold mineralization has been identified in several quartz veins over a 4 km² area and placer mining has operated intermittently over the past 20 years in the creek that drains the Serrania San Simon to the south. There are similarities between the Doña Angela and Doña Amelia zones. Several extensive quartz reef cover the plateau of the Serrania San Simon, and sheet, stacked or en echelon quartz veins outcrop the southern slope of the Serrania San Simon. The quartz veins are hosted by the Bonanza Formation arkoses, greywackes and conglomerates as is the MQV in the Doña Amelia zone. Two major structures were identified on the plateau during mapping by the British Geological Survey in the early 1980s. The potential of this zone is unknown at the present time, but an initial evaluation is planned for 2005.

Current Review

New management has worked hard to revitalize the Company. Since taking over slightly more than two years ago, management has raised close to US\$13,000,000 in financing, settled debts, reduced current liabilities, and has improved the overall position of the balance sheet, which allowed the successful completion of an aggressive and concentrated drilling program for 2004. With current working capital surplus of \$1,775,125 the Company is poised to continue in its ambitious exploration and development program for 2005.

Shareholders will remember that the early excitement in Eaglecrest was due to the 1996 exploration program on the Trinidad property, where a significant number of samples yielded gold grades in the 10 to 38 gm/t range and a 1.1 metre channel sample returned 486 gm/t of gold. After establishing the presence of gold bearing ore on the Trinidad property, former management moved on to pursue a series of exploration programs on other areas of the San Simon property, which, coupled with a bear gold market, ultimately placed the Company in financial difficulty. The Company reported in April 2003 that it has re-acquired the "High Grade Trinidad Zone". The San Pedro, Mina Vieja, Trinidad ("High Grade Trinidad Zone"), Las Rosa, Manantial and Manganeso areas which has now been expanded to a strike length of 4.2 Km, have been re-named the Doña Amelia zone. The Doña Amelia zone, which, is considered by current management to be the Company's principal target and exploration will focused on that zone throughout 2005. The current plan for 2005 is to continue the development the Doña Amelia zone through diamond drilling, surface trenching, underground exploration development and bulk sampling for processing in the gold recovery pilot plant to determine the true in-situ average gold grade of the MQV in two of the five identified dilation zones. The Environmental License for bulk sampling and gold recovery program was issued August 10, 2005. Management will continue its funding raising efforts with the intention of completing the 20,000 metres diamond drilling Phase II of the 4.2 kilometres strike length of the Doña Amelia zone, approximately 1,000 metres of underground exploration development in two declines and the processing of about 15,000 to 20,000 tonnes in the gold recovery plant. Completion of Phase II exploration program is estimated to take eight to nine months to complete. Diamond drilling with two drills is ongoing, the TD-1 decline shaft was collared July, 2005, the gold recovery plant is being commissioned and the on-site standard Fire Assay laboratory has been in regular operation since August 3, 2005.

Selected Annual Information

	Year Ended September 30 2004 \$	Year Ended September 30 2003 \$	Year Ended September 30 2002 \$
Total revenues	-	-	-
Net loss	(2,044,968)	(295,175)	(266,005)
Basic loss per share	(0.02)	(0.00)	(0.01)
Total assets	23,287,706	16,132,644	14,874,530
Current liabilities	745,632	373,564	2,817,913
Working capital (deficiency)	543,706	(165,129)	(2,592,105)
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.

The Company has not paid any dividends on its common shares. Until such time the Company is able to earn substantial revenues, there are no plans of paying out dividends in the near future. 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.

Consolidated Results

For the period ended June 30, 2005, the Company realized a consolidated net loss of \$1,122,081 as compared to a consolidated net loss of \$1,768,302 during the same period of the previous year. Significant accounts are as follows:

\$45,000 in administration fees were paid to an officer of the Company.

Foreign exchange gain of \$15,105 was realized in 2005 whereas, in 2004, fluctuations between the US dollar and the CAD dollar resulted in a foreign exchange loss of \$73,860.

Consulting fees of \$43,748 in 2005 were significantly higher due to an aggressive fund raising program that enlisted assistance from various financial consultants. 2004 - \$7,083.

In its efforts to locate more financing and new investors, the Company has engaged major investor relations companies locally and abroad. In addition to the TSX Venture Exchange, Eaglecrest is also listed on the Frankfurt Exchange. During the 2005 period, investor relations expenses amounted to \$217,320, with \$92,116 being paid to a director in charge of investor relations; \$82,481 to an IR firm in Germany and the remainder (\$42,723) to four various investor relations companies in the U.S. 2004 - \$173,625.

Legal expenses of \$55,300 during the current period pertained to the preparation and filing of private placement documents, convertible loan agreements, option documents, concession agreements and other legal matters concerning the Company's operations. 2004 - \$80,603.

Management fees of \$125,064 were paid to a private company controlled by the President of the Company. 2004 - \$53,812.

During the current period, stock-based compensation of \$430,380 was recorded as a result of stock options granted to insiders and services providers of the Company. The offsetting entry was a credit to contributed surplus in the balance sheet. 2004 - \$998,351.

Travel and promotion of \$71,016 pertain mainly to trips by the President and a director throughout the US and Europe meeting with potential investors in their efforts to procure financing. Costs of attending conferences and shows are also included. 2004 - \$161,238.

3rd Quarter Review

During the quarter ended June 30, 2005, the Company posted a consolidated net loss of \$440,236 as compared to a consolidated net loss of \$1,238,231 for the same quarter ended of 2004. Significant differences between the two quarters are as follows:

Consulting expenses – current quarter - \$43,748; 2004 - \$2,083. In 2005, management engaged several financial consulting firms to assist in its effort of continuing to raise the necessary required capital to carry out the Company's exploration program.

Foreign exchange loss and gains – current quarter - foreign exchange gain of \$37,851; 2004 - loss of \$65,484. All funding raised are in US funds and most of the cash are kept in US deposits as the majority of the Company's exploration activities are transacted in US dollars. Because the financial statements are reported in Canadian dollars, the Company will experience gains or losses due to the fluctuations of the Canadian to the US dollar.

Investor Relations – current quarter - \$79,776; 2004 - \$111,181. Investor relations (IR) expenses decreased in 2005 as management replaced certain IR funds for financial consulting firms to assist in seeking out equity financing.

Stock-based compensation – current quarter - \$158,355; 2004 - \$867,401. Lower stock-based compensation recorded in 2005 due to a lower amount of options being granted during that period as opposed to 2004.

Resource Property Values

Mineral property costs increased by \$3,327,493 for the nine months ended June 30, 2005; 2004 - \$2,926,990.

Summary of Selected Quarterly Information

Quarter Ended	June 30 2005	March 31 2005	December 31 2004	September 30 2004	June 30 2004	March 31 2004	December 31 2003	September 30 2003
Current assets	1,231,933	2,195,545	302,120	1,289,338	897,718	1,101,259	330,098	208,435
Resource assets	24,570,750	22,916,992	22,147,574	21,243,257	18,766,246	17,236,235	16,505,479	15,839,256
Current liabilities	435,601	420,420	544,274	745,632	477,434	376,673	749,253	373,564
Shareholders' Equity								
Capital stock	41,536,212	37,638,903	36,903,461	36,903,461	33,335,004	31,603,922	29,993,676	29,458,736
Share subscriptions	1,156,000	4,085,665	1,849,650	1,540,886	1,831,500	1,156,000	1,156,000	1,156,000
Contributed surplus	1,428,731	1,270,376	1,270,376	998,351	998,351	130,950	130,950	-
Deficit	(18,022,705)	(17,582,469)	(17,356,981)	(16,900,624)	(16,623,958)	(15,385,727)	(15,117,649)	(14,855,656)
Net loss	(440,236)	(225,488)	(456,357)	(276,666)	(1,238,231)	(268,078)	(261,993)	(150,354)
Working capital (deficit)	796,332	1,775,125	(242,164)	543,706	420,284	724,616	(419,155)	(165,129)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)

Significant Item(s) Within the Quarter:

For the three months ended June 30, 2005:

- working capital surplus of \$796,332
- deferred resource property costs increased by \$1,653,758
- stock-based compensation of \$158,355 was expensed as a result of option granted

For the three months ended March 31, 2005:

- working capital surplus of \$1,775,125
- deferred resource property costs increased by \$769,418

For the three months ended December 31, 2004:

- stock-based compensation of \$272,025 was expensed as a result of option granted
- deferred resource property costs increased by \$904,317
- purchased fixed assets in the amount of \$50,168

For the three months ended September 30, 2004:

- deferred resource property costs increased by \$2,477,011
- purchased fixed assets in the amount of \$489,197

For the three months ended June 30, 2004:

- stock-based compensation of \$867,401 was expensed as a result of options granted
- deferred resource property costs increased by \$1,530,011
- purchased fixed assets in the amount of \$294,081

For the three months ended March 31, 2004:

- deferred resource property costs increased by \$730,756

For the three months ended December 31, 2003:

- stock-based compensation of \$130,950 was expensed as a result of options granted.
- deferred resource property costs increased by \$666,223

For the three months ended September 30, 2003:

- deferred resource property costs increased by \$678,619.

Investor Relations

In addition to investor relation activities being managed by the directors, the Company also employs investor relation companies in both Europe and the United States. Services include maintaining contact with the shareholders, dissemination of Company material, attending trade shows, and maintaining the Company's web site.

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. Over US\$6 million was raised during fiscal 2004 using these methods and over US\$3.5 million in private placements have been closed during the period ended June 30, 2005.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable 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 the future profitable or sufficient proceeds from the disposition of its mineral properties.

The market price of metals is highly speculative and volatile. Instability in metal prices may affect the interest in mining properties and the development of and production from such properties. Although recently metal prices are on the rise this trend may not be sustained and any down turn 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. Currently, there are sufficient funds to meet the Company's property exploration commitments and payments, and to cover administrative and office expenses for the remainder of the next quarter. Additional funds will be required to continue operations to the end of the fiscal year. Management is actively seeking additional financing, and while it has successfully done this 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 year end balances referred to below are payable on demand and have arisen from the provision of services described:

During the period ended June 30, 2005, the Company

- incurred administration fees of \$45,000 (2004 - \$35,000) and investor relations costs of \$92,116 (2004 - \$59,770) with an officer and a director.
- incurred management fees of \$125,064 (2004 - \$53,812) and legal fees of \$55,300 (2004 - \$78,054) to private companies related by a director-in-common and an officer.

As at June 30, 2005, accounts payable and accrued liabilities is inclusive of \$30,241 (2004 - Nil) due to a private company related by an officer.

Subsequent Events

The following occurred during the period subsequent to June 30, 2005:

- In July, 2005, Amtrac Ltda. began mobilizing personnel and equipment for development of the decline shafts in the Trinidad area (TD-1) and Manganese area (MD-1) to the Dona Amelia Zone. Both declines in the Dona Amelia Zone cover an area of 40 square km within the Company's 298.84 square km San Simon project in northeast Bolivia.
- In August, 2005, independent on site fire assay laboratory commenced operations. ANALAB S.R.L. of Peru operates the laboratory independently under the overall supervision of Mineral Processing Engineer Gary Hawthorne, P.Eng. (BC) who is the Qualified Person for the laboratory.

Summary and Future Outlook

Diamond drilling of the minimum 4.2 km east-west thrust fault that host the MQV in the Doña Amelia zone have intersected true widths of up to 15.9 metres of the in the Trinidad area and define the strike extent at depth to 1,400 metres and the down dip extent up to 560 metres. In the Manganese area, diamond drilling has intersected MQV width up to 6.8 metres and defined the strike length at depth to 1,000 metres with a down dip extension up to 470 metres. Drilling is continuing with two diamond drills.

The Environmental License for the underground bulk sampling and gold recovery program was issued August 10, 2005.

AMTRAC Ltda. of Bolivia has mobilized crew and equipment to site and installed surface support facilities for the development of the TD-1 decline shaft in the Trinidad area. The portal for the TD-1 decline was collared July 29, 2005. With the completion of portal support installation, rail and hoisting system it is expected that AMTRAC will be advancing the decline shaft on an average two rounds per day by the end of August.

The gold recovery pilot plant has been installed in the Manganese area and commissioning is partly completed with regular operation scheduled for September 2005. The start up tailings dam is completed at a height of 3.25 metres .

ANALAB S.R.L. of Lima, Peru has commenced regular operation of the on-site standard Fire Assay laboratory under the overall supervision of Gary Hawthorn, P.Eng. (B.C.).

Construction to increase the camp capacity to 200 persons to house the additional personal for the underground bulk sampling and gold recovery program is near completion with only a couple of crew cabins and the additional warehouse/storage depot remaining to be completed.

The Company has commissioned ALS Peru, a division of ALS Chemex in Vancouver, to prepare analytical standards from drill core rejects. These standards should be available by the time the laboratory is fully operational.

Baseline water, soil and sediment sampling is continuing in accordance with the recommendations by Klohn Crippen of Vancouver for the environmental monitoring of the project.

The 3D model of the MQV prepared by Snowden Mining Industry Consultants of Vancouver is being updated to include the latest drilling and structural information collected from the MQV and the thrust fault.

The budget for the gold recovery pilot plant and the underground exploration bulk sampling program and drilling in the Trinidad area is estimated to be approximately US\$4 million. Demand and prices for precious metals remain high and this trend is expected to continue. Therefore, management is confident that its past success in raising capital to carry out the Company's goals will also continue to be successful.