EAGLECREST EXPLORATIONS LTD.
Management Discussion and Analysis (Form 51-102F1)
For The Year Ended September 30, 2010

The management discussions and analysis ("MD&A"), prepared as of January 31, 2011, reviews and summarizes the activities of Eaglecrest Explorations Ltd. ("Eaglecrest" or the "Company") and compares the financial results for the year ended September 30, 2010 with those from September 30, 2009. The following information should be read together with the audited consolidated financial statements for the years ended September 30, 2010 and 2009 and the related notes attached thereto, which have been prepared in accordance with Canadian Generally Accepted Principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Except for the historical statements contained herein, this management's discussion and analysis presents "forward-looking statements" within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of gold and other minerals and metals, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "proposed" "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Eaglecrest to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to international operations, risks related to the integration of acquisitions; risks related to joint venture operations; actual results of current or future exploration activities; actual results of current or future reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold and other minerals and metals; possible variations in ore reserves, resources, grade or recovery rates; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the management and officers of Eaglecrest believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Eaglecrest does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

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 September 30, 2010. 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 and budgets 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.

Limitations of Controls and Procedures

It must be recognized that any implemented system of disclosure controls and procedures or internal controls over financial reporting can only provide reasonable and not absolute assurance that the objectives of the control system are met. While designing such control systems, resource constraints cannot be ignored and the benefits of controls must be considered relative to their costs. All control systems are subject to limitations and as such, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. Breakdowns within the system can occur due to simple human error or mistakes. Furthermore, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Overview

Eaglecrest is involved in the acquisition and exploration of gold resource properties in South America. The Company has exploration and production rights to 16 contiguous mineral concessions on the San Simon plateau located in the Department of Beni in northeast Bolivia. The concessions cover 120.5 square kilometers and are referred to as the San Simon property. The Company first worked at San Simon in 1995. The concessions have two main areas of known gold mineralization called Doña Amelia (or Trinidad-Manganeso) and San Simon (or Paititi-Buriti).

Since October 20, 2008, the Company has concentrated on district-wide evaluation and compilation of data from the 14 years of exploration at San Simon. Additionally, based on historic data compiled by the Company, mapping, sampling, and trenching in the Paititi - Buriti area also became a priority. Based on the progress of this work, management had set for drilling in the Paititi - Buriti area to commence in late summer of 2010. Unfortunately, the plan to drill failed to materialize due to lack of funds. However, management has completed a financing in December, 2010 and preparations for drilling are once again under consideration.

In November 2010, the Company's Bolivian subsidiary provided notice to Bolivian property owners that it is removing six concessions from the exploration and option agreements. The change will reduce the Company's holdings to a total of 52.5 square kilometres from the prior 120.5 square kilometres. The decision to reduce the size of the San Simon holdings was based on the results of exploration work conducted from 2008 to 2010 and took all prior data into consideration. The reduction will reduce future holding costs and enable the Company to focus exploration on the areas that are known to have significant gold mineralization or are considered to have good exploration potential.

In August 2009, the Board of Directors advised Management to move toward diversifying exploration assets by reviewing opportunities for gold exploration in Colombia. Exploration activities in Colombia have resumed after a dramatic easing of 45 years of political turmoil and security concerns, and Colombia was identified as having high exploration priority for reasons including the following:

- Colombia is the least explored of the mineral rich Andean countries;
- It has modern infrastructure and a skilled workforce;
- It has a pro-mining government;
- Colombia has the longest running democracy in South America, 150+ years.

Further, in 2010, Colombia was rated the 7th best mining jurisdiction in the world by Behre Dolbear.

On December 8, 2009, the Company announced that it executed a Letter of Intent ("LOI") to purchase and earn up to a 75% interest in the mineral title of the Fredonia Area ("Fredonia"), located in Antioquia, Colombia. Fredonia is a property package owned or controlled by Grupo de Bullet, S.A. ("Bullet") and consists of approximately 15,000 hectares (150 square kilometers) of mineral title and applications covering additional land. The definitive agreement with Bullet was executed on August 13, 2010. Fredonia is the first acquisition among several projects the Company has been evaluating in the 300-kilometre long Middle Cauca Gold Belt that extends northward from the 13 million ounce La Colosa gold resource, owned by AngloGold-Ashanti, toward Medellín (Colombia's second largest city).

On September 30, 2010, the Company executed a Letter of Intent ("LOI") to purchase and earn up to a 75% interest in the mineral title of the Venecia property ("Venecia"), located in Antioquia, Colombia. Venecia is a mineral property (concession) application owned or controlled by Colombian Mines Corporation ("CMJ") that covers approximately 1,980 hectares (19.8 square kilometers) and is the Company's second acquisition in the geologically-favorable belt it has been evaluating. Venecia was selected because of its strategic location west of Bellhaven Resources La Mina project, and because up to 3.8 grams per tonne gold and up to 0.6 percent copper had been sampled by CMJ on surface, thus suggesting a good exploration target exists on the project.

The Board of Directors and the Company's technical team in Bolivia remain confident that San Simon, with further drilling, may yield a significant gold discovery. The acquisition of mineral property in Colombia and initiation of exploration programs will allow the Company to geographical diversify its holding as well as add value to Eaglecrest. While capital markets have improved, obtaining funding for junior exploration companies remains competitive and accordingly is somewhat difficult. The Board believes the Company can raise funds from institutional and retail investors that will enable it to move forward and achieve its exploration objectives.

San Simon Property, Bolivia

In March 2010, the Company's Bolivian subsidiary provided notice to four of the six Bolivian property owners that it was removing various concessions from the exploration and option agreements. The agreements allow the Company to remove or drop concessions unilaterally and at no cost. The owners acknowledged receipt of the notices. As announced in a News Release dated May 25, 2010, the property reduction left the Company's holdings at 16 concessions that total 120.5 square kilometers.

The decision to reduce the size of the San Simon holdings was based on the results of the district-wide evaluation and exploration work conducted in 2008 and 2009 and took all prior data into consideration. The Company considered that the removed concessions did not have potential for economically recoverable mineral resources. All of the concessions in the Doña Angela and Marco Maria zones were removed. Accordingly, the deferred exploration expenses attributed to these two zones have been written-off in the Company's balance sheet.

The property reductions reduce future holding costs and enable the Company to focus exploration on the areas with significant gold mineralization and good exploration potential.

Doña Amelia (or Trinidad - Manganeso) zone. From 2003 to early 2008, the Company's drilling and development activities at San Simon were focused along a nearly four kilometer long east-west vein trend. This trend is known as the Trinidad - Manganeso trend or as the Amelia area. It includes the location of the original gold discovery at San Simon which was made in 1742 by Jesuit priests in the Mina Vieja ("old mine") area, adjacent to the Trinidad Vein. For almost 30 years, beginning in the mid-1980's, artisanal (informal) miners have extracted gold from shallow workings in several sectors of the Trinidad - Manganeso trend and as many as 1,000 informal miners were working there in the mid-1990s. The artisanal workings on the Trinidad Vein coincide with near-surface part of the L463 Gold Shoot defined by Eaglecrest's drilling.

In mid-2008, using the results from detailed drilling at Trinidad, the Company completed an in-house geologic and gold resource model for the L463 Gold Shoot for internal planning purposes. As announced in a News Release dated May 25, 2010, the Company retained SRK Consulting (Canada) Ltd. to prepare a Mineral Resource Estimate and NI 43-101 independent Technical Report for the L463 Gold Shoot. The study to be presented was completed as at December 14, 2010. See Subsequent Operating Event below for details of report.

San Simon (or Paititi - Buriti) zone.

As a result of the Company's district-wide evaluation of 2008 and 2009, our geologic team has identified multiple new target zones, one of which appears to be a one kilometer-long eastward extension of the Trinidad Vein (Amelia zone). The large Paititi - Buriti trend was also identified as a priority target area Fifty-two holes were drilled in the Paititi area between 1996 and 2000 and Eaglecrest spent $15 million on geologic and engineering studies of this area by 2002 without finishing exploration.

In 2001, Kilborn Engineering created the first geologic model for the Paititi zone, which showed potential for a near-surface gold resource. At the same time, 197 tonnes of bulk samples were collected from the surface with an average gold grade of 1.64 grams per tonne. The preliminary model demonstrated Paititi's potential for an open-pit gold resource. Based on the drill and surface sampling information, the Company began building a geologic model for the Paititi zone in 2009. The new model also suggests potential for an open-pit style gold resource at Paititi.

Mapping, sampling, and limited trenching have been undertaken in the Paititi - Buriti trend since late 2008. A new zone of significant gold mineralization was discovered near Buriti, located about four kilometers west of Paititi. On January 14, 2009, the Company announced that assay results from 68 surface rock chip samples collected in the Buriti area in November and December 2008 returned gold values from below detection to 16.2 grams gold per tonne. Five of the samples assayed greater than 1.2 grams gold per tonne.

On March 2, 2010, the Company announced that the Buriti and Paititi zones are connected and that mineralization occurs along a total length of approximately seven kilometers. Of 122 new rock chip and channel samples collected near the high-grade surface gold zone at Buriti, 30 had results greater than 1 gram gold per tonne. Assay results varied from below detection to 160 grams gold per tonne.

In addition to the rock chip sampling at Buriti, 10 trenches were dug between the Buriti and Paititi zones in areas with thicker cover or considerable surface disturbance from previous activities. The trenches exposed notable structures with quartz veins or vein stockworks. Gold assay values from trench samples ranged from below detection to 13 grams gold per tonne.

Drill sites in the Paititi - Buriti trend have been located on the basis of the recent work and the compilation and modeling of the prior data. The Company had expected to start a drill program in the quarter ending September 30, 2010, but, the drilling again was deferred pending adequate financing. The drill program would have consisted of approximately 1200 metres of core drilling to test the bulk-tonnage low-grade gold mineralization at Paititi. Positive results would enable planning further drilling to enable preparation of a resource estimate for Paititi and to test the secondary target of high-grade vein mineralization in the Buriti area.

Informal Miners

Gold was discovered near San Simón in the 17th century by Jesuit monks, who conducted mining operations in the area called "Mina Vieja" from about 1688 to 1767. On account of the remote location and difficult access, the district was mostly dormant until the mid to late 1970's. Informal mining was then largely confined to the Mina Vieja area, and other parts of the Trinidad-Manganeso trend, until the Paititi discovery in the 1990's. The informal miner's village of San Simon is located in the project area. In the last 20 years its population has fluctuated from a low of about 80 persons to be in excess of 1,500 or 2,000, and currently is about 500. The population decreased as the easily recovered gold at Paititi was exhausted and the gold price declined in the late 1990's and early 2000's. The local population has increased since 2007 with the rising gold price, and most of the recent informal mining has been in the areas near Paititi where the total number of miners has varied depending on their successes and the gold price.

During the last four years, Eaglecrest has documented the activities and noted their migration from the Aguila 5 concession east of our camp to the much more extensive Paititi-Buriti trend. During their migration, and expansion, Eaglecrest has remained in good communications with the various mining groups, and with the Bolivian Government to keep all parties informed.

It is this community relations program that led to an agreement with the informal miners in the mid-2000's in the Mina Vieja area - when Eaglecrest began their work drilling and going underground, they struck an agreement whereby the miners did not use dynamite or hydraulic machines above Eaglecrest's activities, and the miners were asked to work only on selected concessions.

The environmental liabilities attached to the property as a result of these informal miners are unknown. However, the Bolivian Environmental legislation states that neither the concession owner nor the operator would be held responsible for any of these conditions. All drill sites and access roads will be reclaimed by re-contouring and transplanting local vegetative species. The portal of the decline has been permanently closed. There are no plans to reclaim any of the pits and declines operated by the local informal miners as that would result in social conflict with the local miners and reclamation responsibilities do not lie with Eaglecrest.

Colombia

Fredonia Project

The acquisition of the Fredonia Property in Colombia will provide Eaglecrest a significant land position in an unexplored portion of a world-class gold belt with gold production dating back 500 years. Fredonia is the first acquisition among several projects Eaglecrest has been evaluating in the gold-rich 300-kilometre long Middle Cauca Belt that extends from AngloGold-Ashanti’s 13 million ounce La Colosa gold deposit northward beyond Medellín.

The Fredonia area is located between the Cauca River Valley and the city of Medellín, in the Department or province of Antioquia. Fredonia was selected as part of Eaglecrest’s project generation program, employing experience at the management and Board level with porphyry gold discoveries from Argentina to Alaska that range in size from three to 17 million ounces of gold. Eaglecrest is evaluating other projects in the Middle Cauca Belt.

The Fredonia property is a large area of principally unexplored ground within the "Middle Cauca Belt", so named because of the predominant Tertiary-age volcanic and intrusive rocks. A number of significant projects in the belt are being advanced by multi-national exploration and mining companies. Located in the northern portion of the Fredonia Project area are the historic producing mines of Titiribi, Cerro Vetas and El Zancudo, which produced gold from high-grade vein structures. Located south of the project area is Quebradona, an apparent cluster of deposits recently discovered by AngloGold Ashanti and B2Gold. Gold grades from drill holes at Quebradona have included intervals longer than 300 metres at grades over 1 gram gold per tonne.
Located south of Quebradona in the Middle Cauca Belt is the famous 500-year-old Marmato mining district,

which has produced significant gold, zinc, lead and silver from high-grade vein structures. The Belt extends as far south as the giant La Colosa gold project. Based on the experience of senior management of Eaglecrest, the initial reconnaissance exploration by Bullet, the proximity to significant gold resources, and the preliminary geophysical work, it is the Company`s view that there is a high probability for the discovery of one or more porphyry gold deposits in the property area.

Infrastructure in the Fredonia property area is excellent, with vehicle access by both asphalt and dirt road and electrical lines crossing the property in various locales. The mineral title consists of approximately 15,000 hectares. Because several areas within the property package are under application, the Company anticipates that the acreage of granted mineral title covered by the Agreement will increase.

Under the definitive agreement for Fredonia was signed on August 13, 2010, the Company can acquire a 75% interest in the Fredonia Property as follows:

Date	Expenditures (US$)	Common Shares or Warrants Issuance	Cash (US$)	Interest Earned (%)
Upon signature of Letter of Intent ("LOI")	$ 52,500	-	$ 10,000	-
By September 28, 2010	-	1,000,000 shares and 1,000,000 warrants*	-	-
By October 28, 2010	$97,500 (paid Via issuance of 319,922 shares) $ 32,500(i)	319,922 shares	-	-
By March 28, 2011	47,500	-	50,000	12.5%
By September 28, 2011	902,500	-	27,500	25.0%
By September 28, 2012	1,100,000	-	-	50.0%
By September 28, 2013	600,000	-	-	50.0%
Total	$ 2,832,500		$ 87,500	50.0%
By September 28, 2018, upon completion of a positive feasibility study				75.0%

* Each warrant exercisable to purchase an additional share of the Company at $0.40 per share expiring September 28, 2012.

(i) By agreement with both parties, time for payment has been extended (paid subsequently).

In the event that any of the above-noted expenditures are not made within the timeframe specified above, the Company will be required to pay the portion of expenditures unspent directly to the Optionor in cash.

Venecia Project

On September 30, 2010, Eaglecrest signed a binding letter agreement pursuant to which it has been granted an option (the "Option") to acquire a 75% interest in the mineral title of the Venecia Project ("Venecia"), located in Antioquia, Colombia. Venecia is a property package owned by Colombian Mines Corporation which consists of 1,985 hectares of mineral title. Management is in the process of performing its due diligence and working on finalizing a definitive agreement. All preliminary expenditures relating to the Venecia have been deferred. In the event the transaction is not completed, all expenditures deferred will be expensed at that time.
The Company can acquire a 75% interest in the Venecia Project as follows:

Date	Expenditures (US$)	Common Shares or Warrants Issuance	Cash (US$)	Interest Earned (%)
Upon signature of Letter of Intent ("LOI")	$ -	-	$ 30,000(i)	-
During six months after TSX-V's acceptance of the LOI	50,000	-	-	-
Upon signature of* Definitive Agreement (the "Signature Date")	-	250,000 shares and 250,000 warrants**	-	12.5%
At the end of the 12 months after the Signature Date	950,000	125,000 shares and 125,000 warrants***	80,000	25.0%
During 24 months after the Signature Date	1,000,000	125,000 shares and 125,000 warrants***	75,000	37.5%
During 36 months after the Signature Date	1,000,000	125,000 shares and 125,000 warrants***	350,000	75.0%
Total	$ 3,000,000		$ 535,000	75.0%

* The Definitive Agreement must be signed by March 31, 2011.

** Subject to regulatory approval each warrant will have an exercise price equal to the closing price ("Minimum Price") of the Company's common shares on the day preceding the date of the issue of a news release regarding the Definitive Agreement plus a 25% premium. The warrants will have an expiry date of 2 years.

*** Each warrant will have an exercise price equal to the greater of the closing price of the Company's common shares at the date of execution plus a 25% premium or the Minimum Price plus a 25% premium. The warrants will have an expiry date of 2 years.

(i) By agreement with both parties, time for payment has been extended (paid subsequently).

In the event that any of the above-noted expenditures are not made within the timeframe specified above, and the Option has not been terminated, the Company will be required to pay the portion of expenditures unspent directly to the optionor in cash.

Upon Eaglecrest exercising the Option and acquiring a 75% interest in the property, a joint venture will be formed and Colombian Mines Corporation will have the option to either fund its 25% of expenses, sell its interest in the property at its fair market value or have Eaglecrest fund Colombian Mines Corporation's share of expenses, in which event Eaglecrest will receive 100% of proceeds from production until it has been repaid such funds plus interest at the U.S. Prime Rate plus 5%.

The Venecia project was selected as part of Eaglecrest's project generation program which is focused on multi-million ounce porphyry-gold resources. The property adjoins the western edge of the La Mina concession, where Bellhaven Resources has recently announced drill intercepts of 72.7 to 142.5 metres of 0.7 to 1.07 grams per tonne gold (see Bellhaven Resources news release of September 9, 2010). Recent work by Colombian Mines' geologic team has identified mineralized rock outcrops that have up to 3.8 grams per tonne gold, and up to 0.6 percent copper over a one metre channel width in an area of very sparse outcrop (see Colombian Mines Corporation news release of September 1, 2010).

Paved and gravel roads provide excellent year-round access to the both Venecia and Fredonia. The Vencia property is 2½ hours from Medellín while the northernmost concessions of Fredonia are only 1/2 hour from Medellín. Adequate supplies of power and water are situated on and near the property, and an adequate workforce is readily available from the nearby towns of Venecia, Fredonia and Bolombolo. The primary surface use of the property is agricultural, consisting of cattle grazing, coffee plantations and citrus groves.

Just 20 kilometres south of both Venecia and Fredonia lies AngloGold Ashanti/B2Gold's Quebradona gold – copper porphyry project, where drill intercepts of up to 380 m of 1.15 g/t gold have been reported. To the north, the historic producing mines of Titiribi, Cerro Vetas and El Zancudo are found.

Eaglecrest will continue to focus on its existing projects and new projects in Colombia`s prolific Middle Cauca Gold Belt.. The belt hosts the 500 year-old Marmato mining district with NI 43-101 compliant resources currently at 9.7 million ounces of gold (see Medoro Resources Ltd website for the NI 43-101 report) and the 13 million ounce La Colosa project (see AngloGold Ashanti news release of May 6, 2008).

Subsequent Operating Events

On December 14, 2010, the Company announced that SRK Canada ("SRK") completed a National Instrument 43-101 ("NI 43-101") resource estimate for the Doña Amelia Zone, San Simon Project, Bolivia. SRK carried out a site visit in July examining drill core, reviewing sampling intervals and protocols, confirming drill collar locations, and reviewing the local geology.

The capped Indicated Mineral Resources show 262,300 tonnes grading 5.15 grams per tonne gold, and the capped Inferred Mineral Resources show 251,800 tonnes grading 5.46 grams per tonne gold classified, at a 3 grams per tonne cut-off. According to SRK, these resources include mineralization along an 800 m long section of the main quartz vein structure (MQV), which has been traced for 4.5 km strike length. The 800 m section includes three distinctive mineralized shoots referred to as L463, L484, and San Pedro West.

The L463 shoot was the main focus of Eaglecrest's underground exploration and bulk sampling, which was conducted from mid-2005 until late 2007. SRK estimated the capped Mineral Resources contained within the L463 shoot, at a 3 g/t cut-off, as 188,500 tonnes grading 5.39 g/t (Indicated) and 61,300 tonnes grading 4.0 g/t (Inferred).

Based on their study, SRK recommends that future drill holes maintain a nominal spacing of 25 metres and that drilling be concentrated in areas where the strike and/or dip of the MQV changes abruptly, as such changes may represent dilation zones favorable for gold deposition.

Future Outlook

The forward-looking annual budget for maintenance of the San Simon project in Bolivia and drilling in the Paititi area is estimated at US$0.7 million for calendar 2011. Additionally, a minimum of US$1 million will be budgeted for exploration in Colombia. Management is confident that it can leverage the first publishable gold resource estimate for Trinidad with its geologic knowledge of the San Simon area in Bolivia, complete initial evaluations of gold targets at Fredonia and Venecia in Colombia, and improve market recognition through its newly implemented marketing program. The Company's goals for 2011 include the following:

- Finalize all title work for Fredonia.
- Build a geologic team in Colombia
- Implement an aggressive exploration program in the Fredonia-Venecia area, including aerial geophysics, ground mapping, and sampling.
- Continue to monitor new projects that might be available in the Middle Cauca Gold Belt.
- Drilling in 2011 on targets defined in the Fredonia or Venecia projects, if the targets are defined and represent top priority in terms of potential for discovery of a porphyry-related gold deposit.
- Raise additional funding end-2011 to accelerate discovery on any of the targets identified and drilling successfully in the first pass.

Recent Pronouncements Affecting Changes in Accounting Policies:

International Financial Reporting Standards

Canadian publicly traded companies with fiscal years beginning on or after January 1, 2011, are required to adopt accounting standards that are currently used by other publicly listed companies in Europe and many other countries around the world under a global standard termed as the International Financial Reporting Standards ("IFRS"). Depending on circumstances, there will be significant difference between Canadian Generally Accepted Accounting Principles and IFRS and the conversion could be complex.

Under an international standard with the purpose of enhancing comparability and transparency can facilitate Canadian companies in accessing international funding opportunities.

The Company has initiated its procedures in gaining familiarity and knowledge regarding the changeover of reporting in compliance to the IFRS. Management is currently studying the new requirements and is evaluating the effects that are particular to the Company's situation as well as options that are available to it.

Currently, the only applicable issue identified is the determination of the Company's functional currency. As most of the Company's exploration activities in Bolivia and Colombia are transacted in US dollars, the functional currency of the Company may be deemed to be in US dollars. As such, the resources properties may be revised with an adjustment of a portion of the deferred property value to a foreign exchange gain or loss. The exact impact to the Company's financial statements has not been quantified. The next phase of this process will entail the review of past years' transaction along with historical Canadian to US dollar foreign exchange rates to arrive at the appropriate adjustment.

In terms of timing for the Company, with all quarters of fiscal 2011, the Company will still be preparing its financial statements in accordance with Canadian GAAP. For the 1st quarter ended, December 31, 2011, the Company's financial statements must conform to the IFRS along with the comparative first quarter ended of December 31, 2010.

Subsequent to the completion of the audit of its 2010 financial statements, management will be working intensely with IFRS accountants to be in a state of full readiness to comply with the new standards well before December 31, 2011.

Business Combination, Consolidated Financial Statements and Non-controlling interest

For interim and annual financial statements relating to fiscal years commencing on or after January 1, 2011, companies will be required to adopt new CICA Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 "Business Combinations" and International Accounting Standard ("IAS") 27 "Consolidated and Separate Financial Statements" respectively. The impact of adopting these new standards will have nil effect to the Company as its subsidiary is wholly owned.

Selected Annual Information

	Year Ended September 30 2010 $	Year Ended September 30 2009 $	Year Ended September 30 2008 $
Interest income	-	346	16,700
Net loss	(4,121,825)	(1,609,609)	(2,283,563)
Basic loss per share *	(0.09)	(0.04)	(0.07)
Total assets **	62,972,165	63,201,847	60,522,195
Current liabilities	585,674	483,547	1,326,511
Working capital (deficiency)	327,717	237,433	(304,377)
Cash dividends	Nil	Nil	Nil

* On December 10, 2009, the Company consolidated its issued common shares on a 10:1 basis. Basic loss per share calculated based on adjusted weighted average number of post consolidated shares outstanding.

** 2009 and 2008 restated by an increase of $17,523,000 and $16,389,000 respectively to resource properties as the future income tax liability and resource balances were each understated by that amount.

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 have been spent on the development of the Company's properties in the past several years, thus resulting in the sizable increases in the Company's total asset base.

Large current liabilities and a working capital deficiency in 2008 was mainly due to the reclassifying $535,000 of accredited convertible debenture payable to current liabilities as it was falling due in 2009. The convertible debt was settled in 2009 through the issuance of Company stock as described in full detail in a following paragraph.

The two main causes for the significant increase in consolidated net loss in 2010 were due to:

- the writing off of mineral properties $3,228,439 (2009: $Nil; 2008: $51,366)
- recording of stock-based compensation $811,191 (2009: $Nil; 2008: $419,245)

Another significant item occurring in 2010 was the recognition of $1.2 million in recovery of future income taxes, which had the effect of lowering the 2010 net loss by that amount. Refer to notes 11 and 17 in the notes to the 2010 audited financial statements for more detail. These three transactions are all non-cash items.

Consolidated net loss for the Company in fiscal 2009 was the lowest in years as advertising, corporate development, legal, stock-based compensation, travel and other financing related costs were curtailed due to the economic downturn. The 2009 loss would be further reduced if the non-cash item charge of $478,704 in debt settlement expense were removed. During the fiscal 2009 year, convertible debt with a face value of US$600,000 was settled and converted into 12 million units with each unit consisting of 12 million common shares of the company and 12 million warrants each exercisable to purchase an additional common share for US$.10 until October 19, 2010. Through a calculation based on the Black-Scholes formula an amount of $460,000 was been recorded to debt settlement expense. This amount relates to the incremental value of warrants attached to the units used to settle the convertible debt. A further amount of $18,704 was also charged to debt settlement expense due to the difference of the liability component of the convertible debt at the date of the settlement and the face value of the debenture (the entire amount of $478,704 was a non-cash item).

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.

Consolidated Results

For fiscal year ended September 30, 2010 the Company incurred a consolidated net loss of $4,121,825 as compared to a net loss of $1,606,609 of the previous fiscal year - an increase $2,515,216.

The two main factors for this substantial increase in net loss in 2010 was the recognition of $811,191 in stock-based compensation due to the granting of options and the write-off of $3,228,439 in mineral properties. These two items total $4,039,630. Nil options were granted and no write-off occurred during the 2009 fiscal year. Another significant non-cash entry, which had the effect of lowering the loss was the recognition of $1.2 million in recovery of future income taxes in 2010 (2009 – $Nil).

Due to cash constraints, drilling and other major exploration activities have not been conducted since early 2008. During this time, less expensive exploration activities continued and management has reassessed the Company's work program. Certain strategies have been revised and the Company is now prepared to proceed with the new plans. However, sufficient capital is first required. Management has made a concerted effort in 2010 to raise the necessary financing so that a full exploration operation can be resumed. Furthermore, management has negotiated certain mineral projects in Colombia and is continuing to investigate others. As a result, expenditures such as corporate development and travel and promotion have increased during the 2010 period:

- Corporate development $359,950 (2009 - $188,551).
- Travel and promotion $175,845 (2009 - $105,595).

Other significant accounts and/or deviations:

Accounting and audit fees $44,352 (2009 - $47,343).

Administration $120,000 (2009 – $120,000) – administration/accounting fees are paid or accrued to an officer of the Company.

Consulting $102,331 (2009 - $136,437) – relate mainly to financial consulting services to assist the efforts of the CEO in fund raising for the Company.

Filing fees/transfer agent $78,882 (2009 - $38,813) – in addition to higher filing fees due to more private placement financing in 2010, these fees increased in 2010 mainly due to events such as; consolidation of the Company's share capital structure, conversion of a convertible debt financing and the granting of options. No such events occurred during 2009.

Foreign exchange loss $19,285 (2009 – gain $15,660) – financing was raised in US funds and CAD funds and most of the cash was and is kept in US dollar deposits as the majority of the Company's exploration activities are transacted in US dollars. As such, there could also be significant amounts of US dollar accounts payable. Because the financial statements are reported in Canadian dollars, the Company will experience gains or losses due to the fluctuations of the Canadian to the US dollar. Another factor that determines a gain or a loss because of currency fluctuations will depend on the relative US$ based assets to US$ based liabilities ratio.

Insurance $27,533 (2009 - $44,787) – due to the stoppage of drilling and other major exploration activities, certain insurance coverage were not renewed in 2010. Due to more shopping around in 2010, current premiums have been lowered from the previous years.

Interest $Nil (2009 - $117,320) – nil in 2010 as interest (actual face value rate and accretion) relates to a convertible debenture that matured in 2009.

Legal $58,810 (2009 - $32,005) – higher legal costs in 2010 due to such events as the Company consolidating its capital share structure and conversion of a convertible debt financing. Due to securing new projects in Colombia, legal advice was also sought regarding reviewing and drafting of agreements.

Management fees $187,515 (US$180,000) (2009 - $212,069 (US$180,000)) – paid to a private company owned by the president and CEO of the Company for management services. Fees are US$15,000 per month and as these figures are reported in Canadian dollars, amounts will fluctuate in accordance to changes in exchange rates.

Office and printing $91,119 (2009 - $80,758) office space rental is approximately $36,000 per annum. Other office costs include telephone answering service; telephone, cellular and long-distance; postage & courier; computer and Internet support; R&M; website design and maintenance; printing; AGM printing and mailing; etc. Office expenses were higher in 2010 as the Company's website was re-designed for $10,000.

Overall, expenses are expected to increase in fiscal 2011 as management will continue to seek out new projects as well as maintain its aggressive trend in promoting the Company and in pursuit of financing to fund its exploration programs.

4th Quarter Review:

For the fourth quarter ended September 30, 2010, the Company recorded a consolidated net loss of $984,427 as compared to a net loss of $978,066 for the same quarter ended in 2009. Three significant non-cash items affecting each of the two quarters are as follows:

Loss increasing entries in 2010 and 2009:
Write-off of mineral properties $1,894,984 (2009 - $Nil)
Debt settlement expense $Nil (2009 - $478,704)

Loss decreasing entry in 2010:
Recovery of future income taxes $1,200,000 (2009 - $Nil)

Write-offs of $1,894,984 in mineral properties in 2010 were due to the dropping certain concessions from property contracts in Bolivia within the San Simon and Dona Amelia Zones. The $478,704 in debt settlement expense during 2009 relates to the incremental value of warrants attached to the units issued to settle a convertible debt.

Recovery of future income taxes is as a result of differences between the amounts of deferred mineral properties recorded as opposed to the base for tax purposes.

Other significant accounts and deviations between the quarters are as follows:

Administration – $30,000 (2009 – $30,000) - administration fees are paid or accrued to an officer of the Company.

Consulting fees - $30,512 (2009 – $136,437) – are mainly for preparation of due diligence packages and profiles of the Company and other financial consulting services relating to the procurement of private placements. In 2009, the Company had just closed off an approximately $2.3 million dollar financing which resulted in a significant amount of consulting fees payable for the quarter.

Corporate development – $89,936 (2009 - $54,571) – such fees were paid to a Director of the Company in charge of corporate development $36,000 (2009 - $30,000). The remaining amounts were paid to various organizations for: development and maintenance of the Company website and other on-line hosting advertising activities; printing and distribution of Company information material and; assisting in making introductions and presentations to potential investors. These costs were higher in 2010 as management engaged more assistance in its added efforts to raise the substantial funds needed to initiate the Company's anticipated exploration programs into Colombia for fiscal 2010 and fiscal 2011.

Filing and transfer fees - $5,615 (2009 - $17,953) – costs were higher in 2009 due mainly to the filing fees ($13,000) of an in excess of $2 million private placement during that period.

Foreign exchange loss - $1,649 (2009 – $108,149) – In the past, financing were mainly raised in US funds. Part way into 2010 the private placements are now raised Canadian dollars. As the exploration activities are transacted in US dollars, substantial cash on deposit and accounts payable are denominated in US funds. Because the financial statements are reported in Canadian dollars, the Company will experience gains or losses due to the fluctuations of the Canadian to the US dollar. Another factor that determines a gain or a loss because of currency fluctuations will depend on the relative US$ based assets to US$ based liabilities ratio.

During the 2010 period, the CAD to US rate fluctuated very little, hence resulting in a small foreign exchange loss. However during the same period in 2009, the Canadian dollar - US dollar varied much more significantly. 1.08 (US to CDN) average for month of September, 2009 as compared to a 1.22 average for the month of April, 2009, and as a result of the amount of US cash held, a significant foreign exchange loss was recorded.

Management fees – $46,584 (US$45,000) (2009 - $48,634 (US$45,000)) – paid to a private company owned by the president of the Company for management services. Fees are US$15,000 per month and as these figures are reported in Canadian dollars, amounts will fluctuate in accordance to changes in exchange rates.

Travel & promotion – $24,494 (2009 – $33,705) – costs relate to trips across Canada and the USA for administration duties and to meet existing investors and/or potential new investors; for attending industry trade shows and conventions; for visiting the Company's Bolivian site and; for evaluation of acquisition opportunities in Colombia.

Resource Property Values

In 2010, $3,199,542 (2009 - $Nil) in deferred mineral costs were written off due to management's decision to drop certain concessions from the Company's mineral property inventory in Bolivia. Actual exploration expenditures were significantly lower when compared to prior years as the underground bulk sampling work and processing plant operations were terminated during the 3rd quarter of 2007. In addition, drilling activities were suspended in April 2008 to review old drillholes, and to begin an in-house resource model for the L463 gold shoot. Due to cash constraints, certain camp and field activities were also curtailed during 2010.

In 2010, the Company determined that the September 30, 2009 and 2008 tax balances for exploration and development expenses were overstated by $17,523,000 and $16,389,000 respectively. The 2009 and 2008 future income tax liability and resource properties balances were each understated by $17,523,000 and $16,389,000 respectively. These corrections have been adjusted in the comparative figures in the financial statements.

For a detailed breakdown, see the mineral property schedule in the Company's financial statements.

Summary of Selected Highlights for the Last Eight Quarters

Description	Sept 30, 2010 $	Jun 30, 2010 $	Mar 31, 2010 $	Dec 31, 2009 $
Balance Sheet:				
Current assets	913,391	1,768,483	244,982	992,536
Resources assets **	62,012,705	62,579,018	63,558,257	63,061,180
Current liabilities	585,674	407,297	420,067	355,317
shareholders' Equity				
Capital stock	71,060,057	70,706,556	68,649,330	68,649,330
Shares subscribed	1,156,000	1,356,000	1,156,000	1,156,000
Contributed surplus	4,481,337	4,180,159	4,175,607	3,364,416
Deficit	(30,927,903)	(29,943,476)	(28,253,303)	(27,130,769)
Working capital (deficit)	327,717	1,361,186	(175,085)	637,219
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(984,427)	(1,690,173)	(1,122,534)	(324,691)
Basic per share	(0.03)	(0.03)	(0.02)	(0.01)

Description	Sept 30, 2009 $	Jun 30, 2009 $	Mar 31, 2009 $	Dec 31, 2008 $
Balance Sheet:				
Current assets	720,980	1,904,671	221,189	271,615
Resources assets ***	62,441,869	61,949,042	61,680,033	61,170,033
Current liabilities	483,547	1,591,958	1,392,234	1,159,766
shareholders' Equity				
Capital stock	67,689,035	63,779,147	63,779,147	63,779,147
Shares subscribed	1,156,000	3,462,252	1,600,980	1,156,000
Contributed surplus	3,352,521	3,088,439	3,088,439	3,088,439
Deficit	(26,806,078)	(25,366,560)	(25,232,199)	(24,972,583)
Working capital (deficit)	237,433	312,713	(1,171,045)	(888,151)
Operations:				
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(978,066)	(134,361)	(259,616)	(234,566)
Basic per share	(0.02)	(0.01)	(0.01)	0.00

* On December 10, 2009, the Company consolidated its issued common shares on a 10:1 basis. Basic loss per share calculated based on adjusted weighted average number of post consolidated shares outstanding.

** Dec 31, 2009 – Jun 30, 2010 restated by an increase of $17,737,000 as the future income tax ("FIT") liability and resource balances were each understated by that amount. The FIT was subsequently lowered in the 4th quarter by $1.2 million with an entry of the same amount being credited to the consolidated statement of operations.

*** Dec 31, 2008 – Sept 30, 2009 restated by an increase of $17,523,000 as the future income tax liability and resource balances were each understated by that amount.

Significant Item(s) Within the Quarter:

For the three months ended September 30, 2010:
-wrote off $1,894,984 in deferred mineral property costs
-recognition of recovery of future income taxes of $1,200,000
-working capital of $327,717

For the three months ended June 30, 2010:
-wrote off $1,333,455 in deferred mineral property costs
-$72,000 in share subscription receivable outstanding
-working capital of $1,361,186
-restated – increase in future income tax liability and resource properties by $17,737,000

For the three months ended March 31, 2010:
- recorded $811,191 in stock-based compensation
- deferred resource property costs increased by $497,077
- $72,500 in share subscription receivable outstanding
- working capital deficit of $175,085
- restated – increase in future income tax liability and resource properties by $17,737,000

For the three months ended December 31, 2009:
- $80,000 in share subscription receivable outstanding
- deferred resource property costs increased by $619,311
- incurred $31,681 in other deferred property charges relating to due diligence re: Columbia property
- working capital of $637,219
- restated – increase in future income tax liability and resource properties by $17,737,000

For the three months ended September 30, 2009:
- $276,178 (US$258,750) in share subscription receivables outstanding
- deferred resources property costs increased by $492,827
- working capital of $237,433
- recorded $478,704 in debt settlement expense on conversion of debenture
- charged $461,452 to deficit in settling of debenture through issuance of shares
- restated – increase in future income tax liability and resource properties by $17,523,000

For the three months ended June 30, 2009:
- $263,597 (US$226,750) in share subscription receivables outstanding
- deferred resources property costs increased by $269,009
- received $1,861,272 (US$1,817,500) in share subscriptions paid
- working capital of $312,713
- restated – increase in future income tax liability and resource properties by $17,523,000

For the three months ended March 31, 2009:
- $285,750 (US$226,750) in share subscription receivables outstanding
- deferred resources property costs increased by $510,000
- working deficit of $1,171,045
- restated – increase in future income tax liability and resource properties by $17,523,000

For the three months ended December 31, 2008:
- $278,290 in share subscription receivables outstanding
- deferred resources property costs increased by $679,005
- working deficit of $888,151
- restated – increase in future income tax liability and resource properties by $17,523,000

Corporate Development

To supplement in-house corporate development activities, Management has newly retained the services of Progressive IR Consultants Corp. (“Progressive”) as its investor relations and corporate communication service provider, and will be responsible for managing the flow of Company information to the shareholders.

Progressive is a Vancouver based company providing investor relations services for public companies. Progressive approaches the task of providing investor relations with emphasis on multi-level communication, regular updates and thorough record keeping. Progressive employs traditional marketing techniques and augments them with modern technological communication. Their marketing technique strengthens lines of communication with existing shareholders, presents the Company's story to the large pool of qualified investors in a proprietary database, and reaches out to financial advisors and other important members of the investment community. For more information, please visit the website www.progressive-ir.com.

For its services, Progressive will receive $7,500.00 (plus H.S.T) per month. The Company will grant Progressive stock options with an expiry period of two years (subject to early termination) to acquire 200,000 shares in the capital of the Company at an exercise price of $0.45 per share. The options will vest over one year with 50,000 options becoming exercisable every three months. The term of the arrangement is for one year with a minimum period of six months, after which, the Company may terminate the agreement with 30 day's written notice. An additional 50,000 options with a two year expiry period (subject to early termination) will be granted at the end of the first six months of the agreement with an exercise price equivalent to the closing price of the Company's shares on the TSX Venture Exchange on the immediately preceding day. The agreement and the granting of options are subject to acceptance by the TSX Venture Exchange.

The Company has engaged Blender Media Inc. ("Blender"), a Canada-based company to handle the Company's website management. In addition to having extensive experience in website maintenance and management, Blender is also focused on dealing with mining clients. Blender employs a new technology referred to as search engine recognition, which will bring Eaglecrest to the top of any search page for gold exploration in Bolivia or Colombia. Blender has also re-designing the Company's website that was launched in September, 2010.

The Company has also signed with Vantage Communications Ltd. ('Vantage") a 12 month marketing campaign to enhanced Eaglecrest's corporate profile on his financial communication service website Vantagewire.com. In addition to other web-hosting services, Vantage will disseminate the Company's news releases to its database of investors.

Additions to the Board of Directors

On February 16, 2010, the Company announced the addition of Carl B. Hansen to the Board of Directors. Mr. Hansen brings a depth of experience in managing and financing exploration companies. He will be a tremendous asset to Eaglecrest as we move towards more institutional and retail-based financing in Canada to develop our projects in Colombia and Bolivia.

Mr. Hansen is currently the President and CEO of Atacama Pacific Gold Corporation, a private company with exploration activities in Chile. Prior to that, from December 2003 to January 2009, Mr. Hansen was Co-Founder, President and Chief Executive Officer of Andina Minerals Inc., a public company listed on the TSX Venture Exchange (ADM). A geologist with over 20 years of international experience in the exploration and mining industry, his career has encompassed various exploration, operational and head office positions with both junior exploration and senior mining companies including INCO, TVX Gold, and Kinross. He is also a director of Solfotara Mining Corporation and a number of private resource and technology companies.

To further bolster the strength of the Board of Directors of the Company, newly added members to the board include: Mr. Chris Mckellar, Mr. Jeff Palmer and Mr. Tom Pladsen.

Mr. Mckellar is President of Capella, a real estate development company based in San Diego Californa. His developments have been constructed primarily in San Diego, Orange County, Reno and Sacramento. In March, 2009, Mr. McKellar established LightStream, L.P., a company manufacturing a product consisting of ultraviolet cured resin reinforced with fiberglass, to reline large diameter sewer pipes in need of rehabilitation or replacement. His current clients are underground contractors in the U.S., Canada and Chile, working for municipalities and public utilities. Mr. McKellar serves on the boards of the Bishop's School, the Neurosciences Institute, Scripps Institute of Oceanography (Director's Cabinet) and Pastors to Prisoners. He is a member of the Coastal San Diego chapter of the Young Presidents Orgization (YPO).

Mr. Palmer began his career at Peat Marwick, Mitchell & Company in the late 1970's. He graduated from the University of Southern California with a B.S in Accounting and is a certified public accountant in the state of California. Mr. Palmer has 30 years of extensive experience in finance; specializing in cash management and investment planning, and tax planning. Palmer provides controllership to business clients and business management services to high net worth persons including actors, directors and producers in the entertainment business. He has been a committed investor in Eaglecrest Explorations for seven years.

Mr. Pladsen has extensive experience in corporate finance and financial reporting for public and private companies. Mr. Pladsen received his Chartered Accountant designation with KPMG LLP in Toronto in the mid 1980's and has since held various financial positions with TSX listed, TSX-V listed and private mining and technology companies. These positions include CFO of Katanga Mining Limited from 2004 to 2006, Andina Minerals Inc. from 2005 to 2008 and Merc International Minerals Inc. from 2008 to 2010. He is currently the CFO of Atacama Pacific Gold Corporation, a Chilean focused gold exploration company. Mr. Pladsen holds a BBA degree from Wilfred Laurier University and is a director of several TSX and TSX-V listed resource companies.

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. Due to the economic downturn during fiscal 2009, approximately US$2.24 million was raised as compared to in excess of US$7.93 million raised in 2008 using these methods.

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 the interest in mining properties and the development of and production from such properties. 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. As at September 30, 2010, the Company has cash of $853,679 and working capital of $327,717. Without further financing, there will not be sufficient funds to meet the Company's planned property exploration commitments and payments, and to cover administrative and office expenses for the 2011 fiscal year. Additional funds will be required to continue operations and meet Company objectives.

In the first quarter of 2010, two private placements were closed: one for US$550,000 and another for $580,000. During the third quarter a 3rd private placement was closed for $2,269,478 bringing to a gross total of approximately $4.4 raised for fiscal 2010.

During the first quarter of 2011, the Company proposed a $6,441,778 non-brokered private placement and on December 30, 2010, the first tranche in the amount of $3,443,477 was closed. The second tranche was delayed due to office closures in Colombia over the holidays and the Company expects to receive the required Colombian documentation shortly and hopes to announce the completion of the second trance soon after.

The proceeds from the Private Placement will be used for exploration of gold properties in Bolivia and Colombia and for general working capital purposes.

Industry and Economic Factors Affecting Eaglecrest Explorations Ltd.

The Company's future performance is largely tied to the outcome of its exploration programs, the price of precious and base metals, and the overall health and stability of junior capital markets, inclusive of the TSX Venture Exchange. The financial markets upon which the Company is reliant are widely expected to experience continued volatility potentially through 2011, reflective of investor anxiety with regard to the strength and longevity of the global economy, global growth prospects, and their associated impact upon liquidity, security and return. This uncertainty has led to continued volatility in commodity markets. Furthermore, unprecedented uncertainty in the credit markets has also led to increased difficulties in accessing capital.

Junior exploration companies worldwide have been hit particularly hard by these trends. Accordingly, the Company may have difficulty raising additional equity financing for the purposes of gold and other precious mineral exploration without significantly diluting the position of its current shareholders. With continued market volatility and slower worldwide economic growth anticipated, the Company's strategy is to manage its treasury in a planned, deliberate and prudent manner while attempting to limit any future offering to a point in time where the associated capital markets have favourably stabilized. The Company believes this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining the momentum on key initiatives. The Company has a strong belief in the exploration potential of its property and aims to emerge from the current economic situation in a solid financial position.

Foreign Countries and Laws and Regulations

The Company has interests in properties that are located in developing countries of Bolivia and Colombia, and the mineral exploration and mining activities of the Company may be affected in varying degrees by political instability and government regulations relating to foreign investment and the mining industry. Any changes in regulations or shifts in political conditions or attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Off-Balance Sheet Arrangements

Eaglecrest does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Outstanding Share Capital

On December 10, 2009, shareholders approved a 10 for one share consolidation by a 98% vote. The consolidation was effective on the TSX Venture Exchange on December 14, 2009.

On a post consolidation basis, the following securities were outstanding as at January 31, 2011:

Securities	Number	Weighted-Average Exercised Price	Expiry Date
Common shares issued and outstanding	62,810,620	N/A	N/A
Common shares accrued as finder's fees	400,000	N/A	N/A
2nd tranche private placement	9,864,336	0.30	N/A
Share purchase options	2,400,000	CAD$1.36	Sept 13, 2011 – Jan 19, 2015
Share purchase warrants (US$)	4,481,900	US$1.00	August 13. 2012
Share purchase warrants (CAD$)	30,567,523	CAD$0.51	Dec 4, 2011 - Jan 28, 2013
Fully diluted share capital	110,524,379	N/A	N/A

For a breakdown of the securities as at the fiscal 2010 year-end – refer to the notes to the Sep. 30, 2010, financial statements.

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 year ended September 30, 2010:

- A director of the Company was paid or accrued $138,000 (2009: $158,226) for corporate development fees and one officer of the Company was paid or accrued $120,000 (2009: $120,000) for accounting and administration services. At September 30, 2010, the related parties were owed $28,765 (2009: $38,027) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company, which is included in accounts payable.
- A Private company owned by a director of the Company was paid or accrued $187,516 (2009: $212,069) in management fees. At September 30, 2010, the related party was owed $32,287 (2009: $24,125) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company, which is included in accounts payable.
- Officers of the Company and a private company controlled by a director of the Company were paid or accrued $113,139 (2009: $44,040) for geological consulting services. At September 30, 2010, the related parties were owed $18,428 (2009: $Nil) for the unpaid portion of the amount, which is included in accounts payable.

As at September 30, 2010, accounts payable are inclusive of $79,480 (2009: $62,152) due to related parties.

Subsequent Events

The following occurred during the period subsequent to September 30, 2010:

- The TSX Venture Exchange accepted the Company's proposed a non-brokered private placement of 21,472,594 units at a price of $0.30 per unit for gross proceeds of $6,441,778.

  Each unit is comprised of one common share of the Company and one share purchase warrant exercisable to purchase an additional share of the Company at a price of $0.45 per share for a period of 24 months from the date the warrants are issued, or, if after the issuance of the warrants the average closing trading price of the common shares of the Company is $ 0.75 or higher for a period of 20 consecutive trading days, the Company may issue a notice to have the warrants exercised within 21 days of the date of the notice or expire at the end of that 21 day period.

  Finders' fees will be paid in accordance with TSX Venture Exchange policies.

- Pursuant to the closing of the first tranche of the Company's private placement, the Company issued 11,478,258 units and received gross proceeds of $3,443,477.

  Cash of $207,427 has been paid and 671,426 in share purchase warrants have been issued as finders' fees. The finders' fees warrants have the same exercise terms as the private placement warrants. All shares issued as part of the first tranche, and all shares which are issued pursuant to the exercise of warrants issued as part of the first tranche, are subject to a hold period expiring on April 30, 2011.

- Pursuant to an escrow agreement dated September 19, 1999, 18,750 post-consolidated escrow shares that have expired have been cancelled and returned to the Company's treasury.

Additional Information

Additional information relating to the Company is available on the SEDAR website www.sedar.com, or on the Company's corporate website www.eaglecrestexplorations.com.