

EAGLECREST EXPLORATIONS LTD.
Management Discussion and Analysis (Form 51-102F1)
For Six Months Ended March 31, 2010

The management discussions and analysis, prepared as of May 27, 2010, review and summarize the activities of Eaglecrest Explorations Ltd. (“Eaglecrest” or the “Company”) and compare the financial results for the period ended March 31, 2010, with those from March 31, 2009. The following information should be read together with the un-audited consolidated financial statements for the three months ended March 31, 2010 and related notes attached thereto, which were prepared by management in accordance with Canadian Generally Accepted Principles. The reader should also refer to the annual audited financial statements of the Company for the years ended September 30, 2009 and 2008 and the related notes attached thereto. 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 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. 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 March 31, 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 to ensure absence of material irregularities. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are designed to ensure effective information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

Overview

Eaglecrest is involved in the acquisition and exploration of gold resource properties in South America. The Company has exploration and production rights to 34 contiguous mineral concessions and properties on the San Simon plateau located in the Department of Beni in northeast Bolivia. Collectively, the concessions and properties cover 296.75 square kilometers and are referred to as the San Simon property. The Company first worked in the area of the San Simon property in 1995. The properties have four areas of known gold mineralization called Doña Amelia, San Simon (Paititi-San Francisco-Buriti), Marco Maria, and Doña Angela.

In the fall 2008 massive market sell-off and capital market implosion it became apparent that a dramatically reduced exploration program was necessary to conserve cash and still continue basic exploration in the San Simon district. This slowdown enabled the company to complete district-wide evaluation and data compilation of the 14 years of exploration history at San Simon. The cost savings enabled the Company to continue exploration until spring 2009 at which time additional funds were sought to continue moving the San Simon project forward.

More recently, Eaglecrest's San Simon technical team has focused on the completion of an on-going trenching program between Paititi and Buriti as well as sampling, mapping and geologic compilation in preparation for drilling. Based on the progress of this work in the quarter ended March 31, 2010, the Company's management expects that drill sites in the Paititi-Buriti area will be defined in the subsequent quarter and the necessary environmental permit will quickly be obtained. Drilling could then commence, depending on the financial capital available from the market.

As presently contemplated, the drill program will test both high-grade vein and bulk-tonnage, open pit targets in the Paititi-San Francisco-Buriti trend, with the goal of completing sufficient drilling to allow for the preparation of a resource estimate. Also, the Company is planning to commence a resource estimate on the L463 gold shoot located along the Trinidad Vein system of the Doña Amelia zone.

In March 2010, the Company's Bolivian subsidiary provided notice to four of the six Bolivian property owners that it is removing various concessions from the exploration and option agreements, which allow the Company to do so unilaterally and at no cost. The reduction will leave 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 exploration work conducted in 2008 and 2009 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. Notifying the Bolivian Mining Registry of the reduction is not mandatory, and the Company's Bolivian counsel is determining how best to effect such notification so that the Company can consider all relevant parties to have been duly advised. The Company expects to consider the reduction effective in the quarter ending June 30, 2010.

The Board of Directors and technical team in Bolivia remain confident than ever that San Simon will grow into a significant gold district with further exploration and definition drilling in 2010 and 2011, at a time when gold increasingly becomes the investment of choice above all other asset classes. Additionally, the equity and capital markets are beginning to reward positive exploration results. The addition of our Colombian exploration project should also add value to Eaglecrest as we begin to initiate exploration programs. While capital markets have improved, funding for junior exploration companies remains competitive. However, the Board is more confident we can now raise funds through Canadian sources, both institutional and retail, enabling the Company to move forward and achieve its exploration objectives.

San Simon Property, Bolivia

Since 2003, the Company's drilling and development activities at San Simon have been focused along 3.5 kilometres of surface gold mineralization in the Doña Amelia zone. The original gold discovery on the San Simon plateau was made in 1742 by Jesuit priests. The area of that discovery is now called Mina Vieja ("old mine") and it is 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 Doña Amelia zone. As many as 1,000 informal miners were working in the mid-1990s. Gold mineralization is exposed over widths of one to 20 metres in the Trinidad-Mina Vieja zone, and the artisanal workings are concentrated on the near-surface part of the L463 Gold Shoot, as defined by Eaglecrest's drilling, along the Trinidad Vein. Rock chip and soil sampling in 2007-2008 indicated another kilometre of strike length east of the Trinidad-Mina Vieja sector; thus, the entire Doña Amelia zone is now believed to be at least 4.5 kilometres long.

During early calendar 2008, using the successful drill results from detailed drilling at Trinidad, the Company completed its first in-house geologic and gold resource model for the L463 Gold Shoot using Gemcom resource modeling software. While the information cannot be made public until an eventual independent NI43-101-compliant gold resource estimate is completed, the three-dimensional model of gold mineralization greatly assists the exploration team in drilling the adjacent gold shoots, referred to L484 and San Pedro West, in the Doña Amelia zone. The Gemcom model can be transferred to a third-party engineering group once the Company decides to commission an NI 43-101-compliant gold resource model and estimate.

In late 2008, the Company recognized the massive sell-off in exploration company equities and the evacuation of funding that was previously available for equity or debt financing. On October 20, 2008, the Company issued a press release shareholder letter that highlighted a dramatically reduced exploration program moving forward to conserve cash and still continue basic exploration in the San Simon district. This slowdown enabled the company to complete district-wide evaluation of the multiple zones with reported gold showings.

As a result of this disciplined approach to systematic exploration at San Simon, our geologic team has identified multiple new target zones, one of which appears to be a one kilometre extension of gold mineralization that has been drilled at the Trinidad Vein in the Doña Amelia zone. A second, very large area is the Paititi-San Francisco-Buriti trend. Based on drill hole assays and geologic logs that were assembled prior to 2002, the Company began building an in-house geologic resource model for the Paititi zone. Multiple gold-mineralized horizons were previously identified. Based on the new compilation, it is possible that an open-pit style gold resource can be drill tested in 2010 at the Paititi zone. All of these new zones are contained within only 20% of the entire land package at San Simon.

As the team began work on the Paititi-San Francisco-Buriti trend, it became obvious there was tremendous value in prior drilling and surface work done. Eaglecrest's prior management (before 2002) had spent \$15 million on geologic and engineering studies of this area, but never finished exploration of the zone. Fifty-two holes were drilled from 1996 to 2000. Data from the earlier programs has been recompiled and an in-house 3D model of the gold mineralization has been created to assist future drilling.

In 2001, Kilborn Engineering created the first geologic model for the Paititi zone, which clearly 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 1.64 grams per tonne. With gold mineralization on surface at Paititi, the preliminary geologic model demonstrates Paititi's potential for an open-pit gold resource, similar to the Sao Francisco gold mine in Brazil (average gold grade of 0.9 grams per tonne), which is located about 150 kilometres to the southeast of San Simon.

With the geologic team actively sampling the highest priority zones along the Paititi-San Francisco-Buriti trend, a new zone of significant gold mineralization was discovered near Buriti. On January 14, 2009, the Company announced that new assay results had highlighted the Buriti gold target. In the Buriti portion of the trend, a total of 68 surface rock chip samples were collected in November-December 2008 and returned gold values that varied from below detection (0.3 grams per tonne gold) to 16.2 grams per tonne gold. Five of the samples were greater than 1.2 grams per tonne gold. This work has raised the priority of the entire Paititi-San Francisco-Buriti trend. Based on these new results, as well as samples collected east of Paititi, the zone now been extended to seven kilometres of strike length east-west.

Additionally, along the seven-kilometre Paititi-San Francisco-Buriti gold trend, new mapping and sampling revealed that gold-mineralization at surface may be wider than previous identified, with width greater than the 200-metres mapped at Paititi. In the Buriti zone, several new outcrops and sub-cropping rocks that have been exposed by hand-dug pits and trenches have visible gold in hand sample and in panned, crushed rock samples, leading Eaglecrest to conclude that the area hosts extensive previously unknown gold mineralization. The Buriti zone began to expand with persistence in the sampling program.

On March 2, 2010, the Company announced that the Buriti and Paititi zones are connected through the San Francisco zone that lies in between both Buriti and Paititi zones. The Buriti - San Francisco - Paititi trend lies across a mineralized width of up to 1.5 km, along a total length of approximately 7 km. Rock chip sampling from the surface high-grade gold zone at Buriti has helped to define the limits of the gold enrichment in and around the Buriti prospect. Of 122 samples, 30 had results greater than 1 gram per tonne gold. Assay results from surface rock chip and channel samples varied from below detection to 160 grams per tonne gold. The most promising results came from between the east-west trending faults that lie north and south of the mineralized areas.

In addition to the rock chip sampling at Buriti described above, 10 trenches (2,200 metres) were dug with a backhoe to test between the Buriti and Paititi zones, in areas with thicker cover or considerable surface disturbance from previous activities. While there was little natural outcrop on the surface, the trenches all intercepted notable gold mineralized structures with quartz veins, veinlets or stockwork zones. Gold assay values from channel-chip samples in the trenches ranged from below detection to 13 grams per tonne gold in vein or stockwork samples. Follow up and additional trenches are planned for the coming months to help identify drill targets.

The Buriti zone continues to expand as the Company dedicates more time to mapping and sampling between the Buriti and Paititi areas. These new results also validate our focus on our district-wide data compilation, mapping and sampling program that was initiated in October 2008.

With an experienced and dedicated Board guiding the Company, and a strong technical team already in place, management expects continued positive results improving both investor confidence and equity market support and assisting with fund raising endeavours during 2010. The Company's objective remains to develop the San Simon project to a level sufficient to attract a mining company or institutional partner which would continue to fund the advancement of the project.

Fredonia Project, Colombia

In August 2009, the Board or Directors advised the Company to move towards diversifying exploration assets by reviewing opportunities to explore for gold in Colombia. Modern exploration in the gold belts of Colombia has just recently resumed after a dramatic easing of 45 years of political turmoil and security concerns. For several reasons, Colombia was elected by the Board as a high priority for acquiring a new project:

- It is the least explored of the mineral rich Andes Cordillera;
- Colombia has modern infrastructure & skilled workforce;
- Colombia has a pro-mining government, promoting rapid growth;
- Major mining companies have presence or are reviewing acquisitions;
- In 2010, Colombia is rated the 7th best mining jurisdiction in the world by Behre Dolbear;
- And, Colombia has the longest running democracy in South America, 150+ years.

In addition, senior management's deep level of experience and expertise in the Andes Mountains of South America solidified the Board's decision to focus Eaglecrest's diversification efforts on the Central Cordillera of Colombia.

On December 8th, the Company announced that it has executed a Letter of Intent ("LOI") to purchase up to a 75% interest in the mineral title of the Fredonia Area ("Fredonia"), located in Antioquia, Colombia. Fredonia is a property package owned by Grupo de Bullet, S.A. ("Bullet"), which consists of approximately 18,000 hectares of mineral title. This is the first of several projects the Company has been evaluating for acquisition in a 300-kilometre long gold belt that extends from the La Colosa gold resource, owned by AngloGold-Ashanti, through Medellín (Colombia's second largest city). Management pleted its due diligence in March and is currently working to complete the definitive agreement with Bullet.

The Company can acquire a 75% interest in the Fredonia Property as follows:

| Date | Expenditures (US\$) | Shares or Warrants Issuance | Cash (US\$) | Interest Earned (%) |
|--|------------------------|--|----------------------|---------------------------|
| Upon signature of Letter of Intent | \$ - | - | \$ 10,000 52,500* | - |
| Upon signature of Definitive Agreement (the "Signature Date") | - | 1,000,000 shares and 1,000,000 warrants** | - | - |
| During 6 months after the Signature Date | 100,000 | - | 50,000 | 12.5% |
| At the end of the 12 months after the Signature Date | 1,000,000 | - | 60,000 | 25.0% |
| During 24 months after the Signature Date | 1,100,000 | - | - | 50.0% |
| During 36 months after the Signature Date | <u>600,000</u> | <u>-</u> | <u>-</u> | <u>50.0%</u> |
| Total | <u>\$ 2,800,000</u> | | <u>\$ 120,000</u> | <u>50.0%</u> |
| Upon completion of a positive feasibility study | | | | <u>75.0%</u> |

* Refundable if no Definitive Agreement is reached. The Definitive Agreement must be reached no later than 90 days after the signature of letter of intent (date has subsequently been extended to July 17, 2010)

** Subject to Exchange acceptance, each warrant will have an exercise price equal to the closing price of the Company's common shares on the Signature Date plus a 25% premium. The warrants will have an expiry date of 2 years

Upon acquisition of 75% interest in the Fredonia Property, the parties will form a 75/25 joint venture and funding of further exploration and development of the project will be based on the parties' percentage interest. After completion of a detailed feasibility study (National Instrument 43-101 compliant), each party will be required to fund its pro-rata share of future costs. If the Optionor chooses not to contribute to funding such work its interest will be diluted based on an industry standard dilution formulae to a minimum 2.5% net smelter royalty.

The agreement is subject to approval by the regulatory authorities.

The Fredonia area was selected as part of Eaglecrest's project generation program, which the Board of Directors approved for central Colombia in August 2009. Several other projects are also currently being evaluated in the same Central Cordillera porphyry gold belt. Fredonia is a large area of principally unexplored ground, but, based on the experience of senior management of Eaglecrest, initial reconnaissance exploration by Bullet, the proximity to significant proven gold resources, and preliminary geophysical work, it has a high-probability for the discovery of one or more large porphyry-style gold deposits.

The Fredonia project provides an extraordinary opportunity for Eaglecrest to acquire a significant land position within an unexplored portion of a famous gold belt with a 500-year history of gold production. With an area as large as Fredonia, there is the possibility for multiple porphyry-style gold deposits located near the established infrastructure south of Medellín. Known discoveries in this belt range from two to twelve million ounces of gold, so we are confident there is significant potential for discovery of additional gold resources in the belt.

The mineral title consists of more than 18,000 hectares located in the Cauca River Valley, between the Eastern and Western Cordillera of the Andes Mountains, northwestern Colombia. Situated approximately 40 kilometres south of Medellín, the property is located in one of the most prospective and productive gold belts of Colombia, with more than 500 years of gold mining history and a number of significant modern day discoveries.

Surrounding the property to the north and south are a number of projects currently being advanced by multi-national exploration and mining companies. Significant new projects include AngloGold Ashanti / B2Gold's Quebradona project which is located to the south of the project area. The area also includes the historic producing mines of Titiribi, Cerro Vetas and El Zancudo, which are located southwest of Medellín. Farther south of Quebradona and in the same geologic belt lies the famous 500-year-old Marmato mining district.

Subsequent Operating Events

On May 10, 2010, the Company closed the 1st tranche of the previously proposed \$6 million private placement for \$2,319,000. Management intends to complete the remaining \$3,681,000 financing in order to fund its full 2010 exploration program.

Meanwhile, these initial funds will allow the Company to get started on the resource calculation at the Doña Amelia zone, San Simon Project, Bolivia. A work program is planned for San Simon, including: (i) the completion of the NI 43 -101 for the Trinidad-Mina Vieja gold shoots at the Dona Amelia zone; and (ii) to drill the Paititi-Buriti zone to a maximum of 200 m initially, followed by deeper and more detailed drilling to verify the potential for an open-pit-style gold resource.

Trenching is currently underway in an effort to better expose and map the extent of gold mineralization between Buriti and Paititi. The trenching program is also focused on locating areas of disseminated gold mineralization between the high-grade gold structures that we are finding and sampling. All of these steps will enable management to better target the drilling efforts, which is anticipated to resume once funding is achieved in early fiscal 2011.

Based on the in-house geologic model for Paititi and new surface sampling, the Company concludes that at least two open-pit style gold resources may exist along the Paititi-San Francisco-Buriti zone, one at Paititi and one at Buriti. While the zone at Paititi has a size of about 200 metres width by 800 metres east-west strike, as discussed above, the Buriti zone continues to grow with new sampling and trenching.

Management is also ramping up our exploration program at the Fredonia Project, Colombia, employing these funds to begin geologic mapping and sampling. Eaglecrest is utilizing management's extensive experience with major mining companies to acquire and explore strategic gold and gold-copper projects in Colombia. The first of these projects includes the newly acquired 18,000-hectare Fredonia project area, located in a prolific Central Cauca gold belt south of Medellin that hosts the 13-million ounce gold resource called La Colosa, owned by AngloGold-Ashanti, and the 500-year-old Marmato gold district.

Future Outlook

The forward-looking annual budget for district exploration and completion of the detailed drilling in the gold shoots of the Trinidad, and surface mineralization in Paititi and Buriti is estimated to be US\$4 million for calendar 2010. Additionally, a minimum of US\$1 million is required to begin exploration and drill in the second half of calendar 2010 in Colombia. Management is confident that it can leverage its geologic knowledge at San Simon and Fredonia, generate successful drilling results, move the company towards its first gold resources in Bolivia along with initial evaluations of new gold targets in Colombia, and improve market recognition through its newly implemented marketing program:

During fiscal 2010:

- Raise sufficient funding to complete the Company's objectives.
- Complete trenching, mapping and sampling in strategic areas along the Paititi-San Francisco-Buriti trend in preparation for drilling.
- Once funding is secured, begin drilling at the Paititi-San Francisco-Buriti trend.
- Drill first at Paititi to determine best method of drilling a resource – put data in Gemcom model.
- Drill second phase at Paititi to achieve resource calculation.
- Complete an NI43-101 resource calculation for the Trinidad-Mina Vieja gold shoots and drilled portions to the east by mid-2010.
- Implement an aggressive exploration program in the newly-acquired Fredonia area, Colombia, including aerial geophysics, ground mapping and sampling, followed by a drill program in the second half 2010.
- Continue to build the team, including a new geologic team in Colombia and potentially improving the depth of experience of the Board of Directors.

International Financial Reporting Standards

By 2011, Canadian publicly traded companies 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 will evaluate the effects that are particular to the Company's situation as well as options that are available to it. Consultations with experts within the field are being sought and management aims to be ready and compliant by the end of fiscal 2010.

Selected Annual Information

| | Year Ended September 30 2009 \$ | Year Ended September 30 2008 \$ | Year Ended September 30 2007 \$ |
|------------------------------|--|--|--|
| Interest income | 346 | 16,700 | 19,507 |
| Net loss | (1,609,609) | (2,283,563) | (2,527,412) |
| Basic loss per share * | (0.04) | (0.07) | (0.09) |
| Total assets | 45,678,847 | 44,133,195 | 40,519,660 |
| Current liabilities | 483,547 | 1,326,511 | 2,108,561 |
| Working capital (deficiency) | 237,433 | (304,377) | (1,068,205) |
| 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.

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. The significant working capital deficiency in 2007 was a result of the incurrence of over a million dollars in short term loan financing and accumulation of considerable accounts payable due mainly to the Company's aggressive drilling and underground bulk-sampling program. As of 2009, both drilling and the underground work have been suspended and the short-term debt financing has been settled. Limited surface exploration activities continued at San Simon.

Consolidated net loss for the Company in fiscal 2009 was considerably lower than in 2008 and 2007 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. For a more detailed explanation on this item, see "Consolidated Results" below.

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.

Year-to-Date Consolidated Results

For the six months ended March 31, 2010 the Company incurred a consolidated net loss of \$1,447,225 as compared to a net loss of \$494,182 for the same period of the previous year - an increase of 193% or \$953,043.

The main factor for the significant loss incurred in 2010 was the recognition of \$811,191 in stock-based compensation due to the granting of options. Nil options were granted during the 2009 fiscal period.

Due to cash constraints, drilling and other major exploration activities have been curtailed the past two years. During this time, management utilized the situation to reassess its work program. Certain strategies have been revised and the Company is now prepared to proceed with the new plans. However, sufficient capital is required. Management has made a concerted effort in 2010 to raise the necessary financing so that the full exploration operation can be resumed. As a result, expenditures such as; corporate development, consulting and travel and promotion have increased during the 2010 period:

- Consulting \$49,699 (2009 – nil).
- Corporate development \$155,911 (2009 - \$86,376).
- Travel and promotion \$91,625 (2009 - \$48,387).

Other significant accounts and/or deviations:

Accounting and audit fees \$24,352 (2009 - \$22,939).

Administration – \$60,000 (2009 – \$60,000) - administration fees are paid or accrued to an officer of the Company.

Filing fees/transfer agent \$49,581 (2009 - \$13,994) – these fees increased in 2010 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.

Insurance \$12,988 (2009 - \$24,515) – due to the stoppage of drilling and other major exploration activities, certain insurance coverage were not renewed in 2010.

Interest \$nil (2009 - \$77,086) – nil in 2010 as interest relates to a convertible debenture that matured in 2009.

Legal \$22,698 (2009 - \$10,618) – higher legal costs in 2010 due to such events as the Company consolidating its capital share structure and conversion of a convertible debt financing.

Management fees \$93,854 (US\$90,000) (2009 - \$111,123 (US\$90,000)) – 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.

2nd Quarter Review:

For the second quarter ended March 31, 2010, the Company recorded a consolidated net loss of \$1,122,534 as compared to a net loss of \$259,616 for the same quarter ended in 2009. The sole reason for the significant increase was due to the recognition of \$811,191 in stock-based compensation as a result of options granted during the 2010 quarter. No stock-based compensation was recorded during the same period for 2009.

Due to management’s continuing efforts to raise the necessary funding to re-start its exploration operation, related costs such as; consulting, corporate development and travel and promotion have increased:

- Consulting \$27,553 (2009 – nil).
- Corporate development \$69,462 (2009 - \$42,845).
- Travel and promotion \$48,488 (2009 - \$7,903).

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 - \$27,553 (2009 – \$nil) – 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. Management has engaged this service to enhance its fund raising efforts for 2010.

Corporate development – \$69,462 (2009 - \$42,845) – such fees were paid to a Director of the Company in charge of corporate development \$36,000 (2009 - \$42,845). 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 is enlisting more assistance in its added efforts to raise the substantial funds needed to initiate the Company’s anticipated exploration program for fiscal 2010.

Filing fees - \$13,321 (2009 - \$8,341) – costs are higher in 2010 due mainly to a spill over invoicing of legal fees relating to the Company’s shares consolidation in December of 2009.

Foreign exchange loss - \$6,702 (2009 – \$18,627) – financing are raised are in US funds and CAD 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. 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.

Interest - \$nil (2009 – \$38,756) – interest relates to a convertible debenture as follows:

| | | |
|--------------------------------------|---------------|----------------------------|
| | <u>2010</u> | <u>2009</u> |
| - 8% rate per annum | \$ - | \$15,122 (US\$12,000) |
| - accretion of convertible debenture | <u>-</u> | <u>23,634</u> (US\$23,790) |
| - | <u>\$ Nil</u> | <u>\$ 38,756</u> |

The convertible debenture was settled during the 3rd quarter of fiscal 2009.

Management fees – \$46,321 (US\$45,000) (2009 - \$56,709 (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 – \$48,488 (2009 – \$7,903) – costs were significantly higher in 2010 due to considerable travels incurred during February and March of 2010 by two directors in securing a private placement financing in which a first tranche was eventually closed in May, 2010.

Resource Property Values

Deferred mineral property costs increased by \$902,388 during the period ended March 31, 2010 (2009 - \$1,189,005). These costs are significantly lower when compared to the fiscal 2007 prior periods as the underground bulk sampling work and gold processing plant operations have been terminated since 3rd quarter of 2008. In addition, drilling activities were suspended in April 2008 to allow management time to relog old drillholes, and to begin an in-house resource model for the L463 gold shoot. Due to tight cash constraints, certain camp and field activities have also been curtailed.

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

Summary of Selected Quarterly Information

| Quarter Ended | March 31 2010 | Dec. 31 2009 | Sept. 30 2009 | June 30 2009 | March 31 2009 | Dec. 31 2008 | Sept. 30 2008 | June 30 2008 |
|---------------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Current assets | 244,982 | 992,536 | 720,980 | 1,904,671 | 221,189 | 271,615 | 1,022,134 | 428,167 |
| Resource assets | 45,821,257 | 45,324,180 | 44,918,869 | 44,426,042 | 44,157,033 | 43,647,033 | 42,968,028 | 42,545,415 |
| Current liabilities | 420,067 | 355,317 | 483,547 | 1,591,958 | 1,392,234 | 1,159,766 | 1,326,511 | 1,136,793 |
| Shareholders' Equity | | | | | | | | |
| Capital stock | 68,649,330 | 68,649,330 | 67,689,035 | 63,779,147 | 63,779,147 | 63,779,147 | 63,779,147 | 60,461,025 |
| Share subscriptions | 1,156,000 | 1,156,000 | 1,156,000 | 3,462,252 | 1,600,980 | 1,156,000 | 1,156,000 | 2,580,237 |
| Contributed surplus | 4,175,607 | 3,352,521 | 3,352,521 | 3,088,439 | 3,088,439 | 3,088,439 | 3,088,439 | 3,020,039 |
| Deficit | (28,253,303) | (27,130,769) | (26,806,078) | (25,366,560) | (25,232,199) | (24,972,583) | (24,738,017) | (24,266,288) |
| Net loss | (1,122,534) | (324,691) | (978,066) | (134,361) | (259,616) | (234,566) | (471,729) | (641,023) |
| Working capital (deficit) | (175,085) | 637,219 | 237,433 | 312,713 | (1,171,045) | (888,151) | (304,377) | (708,626) |
| Basic loss per share * | (\$0.03) | (\$0.01) | (\$0.02) | (\$0.01) | (\$0.01) | (\$0.00) | (\$0.01) | (\$0.02) |

* 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.

Significant Item(s) Within the Quarter:

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

For the three months ended December 31, 2009:

- \$80,000 in share subscription receivable outstanding
- deferred resource property costs increased by \$405,311
- incurred \$31,681 in other deferred property charges relating to due diligence re: Columbia property
- working capital of \$637,219

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

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

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

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

For the three months ended September 30, 2008:

- \$555,885 in share subscription receivables outstanding
- deferred resources property costs increased by \$422,613
- recorded stock-based compensation adjustment of \$68,400
- wrote off \$51,366 in general exploration costs and option fee on new property
- working deficit of \$304,377

For the three months ended June 30, 2008:

- deferred resources property costs increased by \$492,309
- recorded stock-based compensation of \$164,300
- working deficit of \$708,626

Corporate Development

In addition to in-house corporate development activities such as answering telephone and email enquiries, dissemination of Company material, attending trade shows, and maintenance of the Company's website, Management has appointed CHF Investor Relations ("CHF"), an established investor relations consulting firm based in Toronto (with international affiliations) and specializing in serving emerging public companies as its head advisor. CHF has been under the same management for the past 17 years and its outreach program will bring the Eaglecrest news and highlights to the attention of brokers who specialize in merging exploration companies much like Eaglecrest. CHF is also an integral part of the Company's program to pursue both Canadian institutional and retail funding sources through their network of contacts in Toronto, Vancouver, and Calgary. For further information on CHF Investor Relations, visit www.chfir.com.

In December, 2009, ProActiveinvestors ("ProActive"), an on-line company that provides business, financial and stock-market news throughout North American, Europe and parts of Asia was engaged for a one-year period to expand the Company's audience. All news releases, presentations, interviews, etc., will be syndicated to various outlets through ProActive's distribution network. As Eaglecrest is also listed on the Frankfurt Exchange, the Company's news releases will be translated into German for our German investors. Furthermore, ProActive operates and maintains its own web page where subscribers can access information about Eaglecrest.

The Company has also engaged WSI Webpro a US-based company to modify its website and to position Eaglecrest for a new image based on the contemplated Columbian projects. Wespro 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.

On February 16th, 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. His addition 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.

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. Management plans to continue to raise the working capital required in the usual manner for 2010.

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. 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 2010 fiscal year. Additional funds will be required to continue operations and meet Company objectives.

In the first quarter of 2010, two private placements have been closed: one for US\$550,000 and another for CAD\$580,000. Subsequent to the current quarter ended, the 1st tranche of a proposed private placement (up to \$6 million) was closed for \$2,319,000. Management is continuing and determined in completing the remaining \$3,381,000.

On March 16, 2010, management announced a proposed non-brokered private placement of up to 12,000,000 units at a price of \$0.50 per unit for gross proceeds of \$ 6,000,000. Each unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional common share at \$0.75 per share expiring 24 months after the closing of the private placement; provided that at any time the Company's shares have a closing price higher than \$1.10 per share for a period of 20 consecutive trading days on the TSX Venture Exchange, the Company shall be entitled to give notice to the holders of warrants that the warrants will expire 21 days after the date of such notice unless exercised before the expiry of that period. Finders' fees may be payable in accordance to TSX Venture Exchange policies.

Pursuant to the above proposed private placement, in May of 2010, the Company closed the first tranche and issued 4,638,000 units at \$0.50 per unit for total proceeds of \$2,319,000. Each unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional common share at \$0.75 expiring May 10, 2012; provided that at any time the Company's shares have a closing price higher than \$1.10 per share for a period of 20 consecutive trading days on the TSX Venture Exchange, the Company shall be entitled to give notice to the holders of warrants that the warrants will expire 21 days after the date of such notice unless exercised before the expiry of that period

Relating to the first tranche of the private placement, \$7,700 cash was paid, 394,296 common shares will be issued and 15,400 agent warrants were issued as finders' fees. Each warrant is exercisable to purchase one common share at \$0.50 per share expiring May 10, 2012; provided that at any time the Company's shares have a closing price higher than \$1.10 per share for a period of 20 consecutive trading days on the TSX Venture Exchange, the Company shall be entitled to give notice to the holders of warrants that the warrants will expire 21 days after the date of such notice unless exercised before the expiry of that period.

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

The Company will continue to complete the remaining units to achieve the initial target of \$6 million as previously announced, to fund the full 2010 exploration program. While management has successfully raised the necessary capital to finance the Company's operations in the past, there is no assurance that it will continue to be able to do so in the future.

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 Monday, December 14, 2009.

On a post consolidation basis, the following securities were outstanding as at May 27, 2010:

| Securities | Number | Weighted-Average Exercised Price | Expiry Date |
|--------------------------------------|------------|-------------------------------------|-----------------------------|
| Common shares issued and outstanding | 50,230,234 | N/A | N/A |
| Share purchase options | 2,600,000 | CAD\$1.32 | May 29, 2010 – Jan 19, 2015 |
| Share purchase warrants (US\$) | 5,581,900 | US\$1.00 | Aug 13, 2010 – Dec 4 2010 |
| Share purchase warrants (CAD\$) | 5,855,700 | CAD\$0.75 | Dec 24, 2011 - May 10, 2012 |
| Fully diluted share capital | 64,267,834 | N/A | N/A |

For a more detailed breakdown of the securities – refer to the notes to the 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 period ended March 31, 2010:

- A director of the Company was paid or accrued \$66,000 (2009: \$86,376) for corporate development fees and one officer of the Company was paid or accrued \$60,000 (2009: \$60,000) for accounting and administration services. At March 31, 2010, the related parties were owed \$61,787 (2009: \$99,065) 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 \$93,854 (2009: \$111,123) in management fees. At March 31, 2010, the related party was owed \$38,493 (2009: \$75,612) for the unpaid portions of these amounts and reimbursement of expenditures made on behalf of the Company, which is included in accounts payable.
- An officer of the Company and a private company controlled by a director of the Company were paid or accrued \$12,637 (2009: \$36,385) for geological consulting services. At March 31, 2010, the related parties were owed \$6,770 (2009: \$19,303) for the unpaid portion of the amount, which is included in accounts payable.

As at March 31, 2010, accounts payable are inclusive of \$107,050 (2009: \$244,520) due to related parties.

Subsequent Events

The following occurred during the period subsequent to March 31, 2010:

- Pursuant to a proposed a non-brokered private placement of up to 12 million units at a price of \$0.50 per unit for gross proceeds of \$6,000,000, the Company closed the first tranche and issued 4,638,000 units at \$0.50 per unit for total proceeds of \$2,319,000. Each unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional common share at \$0.75 per share expiring May 10, 2012; provided that at any time the Company's shares have a closing price higher than \$1.10 per share for a period of 20 consecutive trading days on the TSX Venture Exchange, the Company shall be entitled to give notice to the holders of warrants that the warrants will expire 21 days after the date of such notice unless exercised before the expiry of that period.

Relating to the first tranche of the private placement, \$7,700 cash was paid, 394,296 common shares will be issued and 15,400 agent warrants were issued as finders' fees. Each warrant is exercisable to purchase one common share at \$0.50 per share expiring May 10, 2012; provided that at any time the Company's shares have a closing price higher than \$1.10 per share for a period of 20 consecutive trading days on the TSX Venture Exchange, the Company shall be entitled to give notice to the holders of warrants that the warrants will expire 21 days after the date of such notice unless exercised before the expiry of that period.