

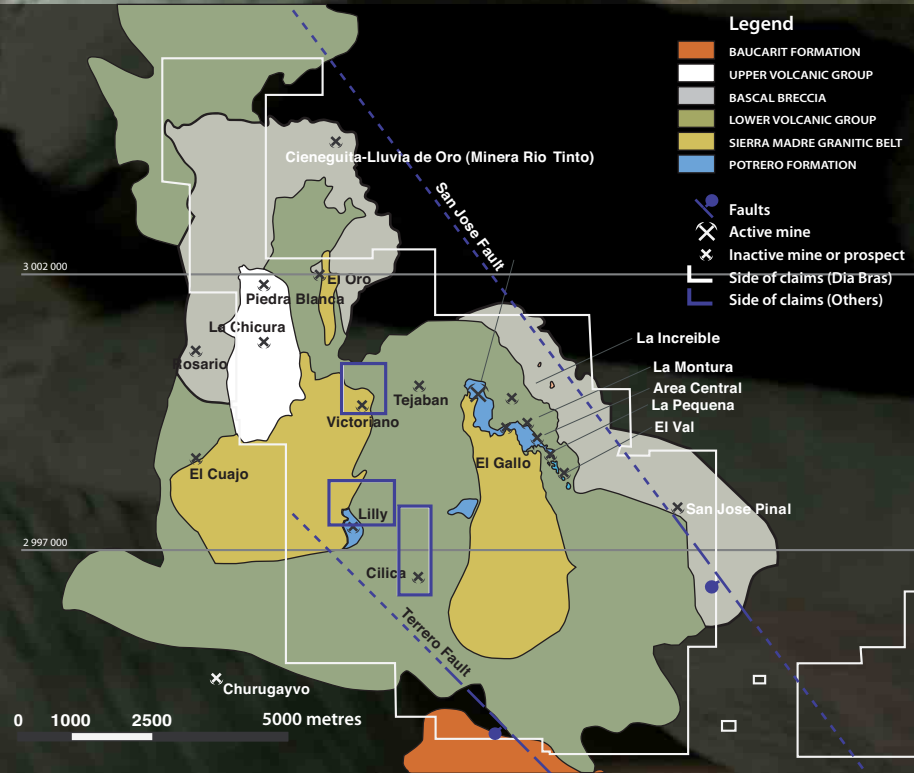
BOLIVAR PROJECT

.: BOLIVAR mine

The Bolivar Mine is the Company's most advanced asset. The former zinc-copper producer is located in the Piedras Verdes mining district, which has a long mining history and significant potential for new discoveries. Several companies are operating or developing mines in the region, while many others are exploring early-stage prospects.

In 2004, the Company acquired an option over the Bolivar Mine for a total of US\$1.2 million, free of royalties from private owners, of which US\$162,500 remains to be paid in 2006. The low-entry-cost acquisition is reflective of management's expertise in financing and developing mining assets that offer a rare opportunity for near-term production from high-grade ore. The mine was fully permitted, but had not operated for more than five years. Geological and technical data, including mine plans and assay results, was scant or not available. To remedy this, the Company investigated the geology of the district, carried out early-stage exploration programs, including drilling, and compiled and digitized a database incorporating results from these programs. A pilot-mining program was then launched to confirm tonnage, grade, and recoveries, and determine mining and milling costs. A major benefit of this strategy was that the sale of concentrates would make the program self-funding, even profitable.

Initial drilling programs were aimed at defining resources for the pilot-mining program, focused on areas that could be easily accessed from existing infrastructure. Since then, the Company has greatly increased its understanding of the geological potential of the



Level I Portal
Bolivar Mine





. : André St-Michel
Executive Vice-President &
Chief Operating Officer



property. This knowledge will guide ongoing exploration efforts to test known deposits and newly identified prospects within a large, copper porphyry-skarn system. Recent mineralogical and field reports by Lawrence D. Meinert, an internationally known expert on skarn deposits, have concluded that the Bolivar property is a copper-skarn system with high zinc in distal regions, rather than a zinc-skarn system. This is a significant finding as copper skarns have greater potential for bulk-tonnage discoveries. Copper skarns associated with porphyritic intrusions can be much larger, and often exceed 100 million tonnes in size. Several well-known examples in the 500-million-tonne range are the Bingham, Morenci, and Santa Rita deposits, which were developed into major producing mines in the western United States.

A major development in 2005 was the receipt of a National Instrument 43-101 technical report for the Bolivar deposit from the independent consulting firm of Roscoe Postle Associates. The study included resource estimates for two main zones comprising the Bolivar deposit, the north-trending Rosario Trend and the east-trending Fernandez Trend. Together they host indicated resources of 360,000 tonnes grading 2.61% copper, 8.79% zinc, 63.46 grams silver and 0.41 gram gold per tonne, plus limited resources in other categories. The estimate was based on 133 drill holes completed by the Company in 2004.

The authors of the study recommended a systematic exploration program, including drilling to expand resources, and a scoping study to determine the economic potential of the project. The exploration program is focused on defining sufficient resources to launch before year-end a feasibility study for a larger mine. The study would examine a mine and on-site mill sized at between 2,000 tonnes and 3,500 tonnes per day. Assuming positive results, construction would start in 2007, with production starting in 2008.


. : BOLIVAR Mine pilot-mining program

Pilot-mining activity at the Bolivar deposit is focused on two main mineralized trends, Rosario and Fernandez, which includes the Brecha Linda zone. Both are accessible from existing workings and were defined by exploration drilling and underground development. Before the program began, two levels situated 50 metres apart were rehabilitated and widened so mechanized equipment could access and mine the zones, which range from 2 to 15 metres wide. A second access from Level 1 will be developed in the Brecha Linda area to allow access to newly discovered high-grade zones below those presently exploited in the pilot-mining program.

The 2005 pilot-mining program resulted in the production of 6,218 tonnes of zinc concentrate and 2,608 tonnes of copper concentrate from 50,371 tonnes of development rock averaging 8.07% zinc and 1.89% copper. The sale of concentrates generated revenue of \$5.6 million in 2005. The program achieved positive cash flow in December and produced \$1.1 million worth of zinc and copper concentrates from mining and milling of 5,837 tonnes averaging 10.29% zinc and 2.49% copper. Direct operating costs amounted to \$780,000.

Ore is processed at the Malpaso mill, 320 kilometres from the mine (65 kilometres by truck and 255 kilometres by train). In 2005, Dia Bras increased the capacity of the mill to 300 tonnes per day. The mill is fully permitted and at year-end 2005, Dia Bras is in the process of completing its acquisition.






The pilot-mining program has reached its targeted daily production rate of 300 tonnes and is expected to operate on a cash-flow positive basis this year. Dia Bras is on track to produce 16,200 dry metric tonnes of zinc concentrates and 5,800 dry metric tonnes of copper concentrates during the fiscal year 2006.

In the next phase of operations, the Company aims to double its monthly concentrate production by late 2006. The Malpaso mill would be expanded to 600 tonnes per day, at an estimated capital cost of US\$2.5 million. The ore feed would come from the Bolivar Mine at a rate of 300 tonnes per day and the additional ore feed would come from already targeted strategic property acquisitions which could be brought into low scale production.

. : BOLIVAR Property > rich potential for new discoveries

The Bolivar property hosts multiple prospects and exploration targets within a large footprint of alteration and mineralization stretching for four kilometres that has yet to be thoroughly explored. The Bolivar deposit and the recently discovered South Bolivar target are related to a single copper-porphyry skarn and breccia-pipe mineralized system. This suggests potential for additional discoveries beyond known deposits and prospects at Bolivar.



In the mine site area, exploration will focus on defining resources for a larger mining operation. A priority is the Brecha Linda zone where drilling and work to date indicate 148,000 tonnes of minable material, with potential for up to 250,000 tonnes at 12-15% zinc and 2-3% copper.

Exploration will also test promising targets elsewhere on the project:

:: The South Bolivar copper-magnetite skarn is a priority target. Previously released drilling results show potential for a significant resource. This drilling program will be accelerated in 2006.

:: La Montura is one of several mirror-image Bolivar-type copper-zinc skarns identified on the property. This target is one of several skarns (including the Bolivar mine) that adjoin the South Bolivar skarn, and may be of similar scale as the Bolivar mine.

:: La Increible is a Cananea-type, breccia-pipe target. Drilling has confirmed high-grade mineralization, with values up to 3% copper.

The Bolivar South area has been tested with 22 holes. The zone is about 200 metres wide and 400 metres long, dips gently (20°) to the north east and is open at depth in that direction. The thickness of the body goes from 1 metre on its edge to 23 metres, with an average of 9 metres.



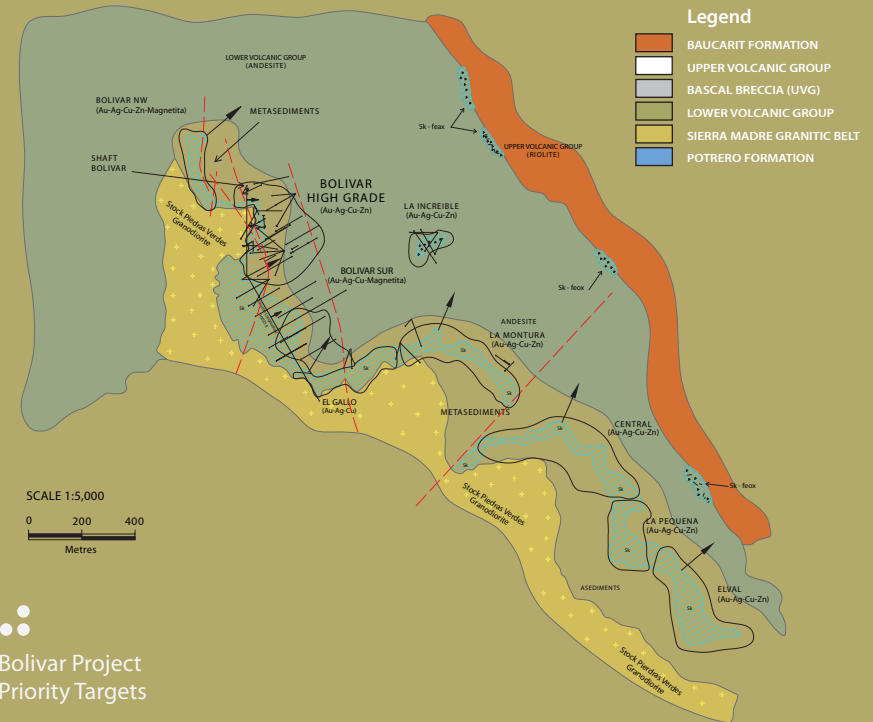


Copper values vary from 0.8% to 4.0% and average 1.5%, the magnetite contents vary from 11% to 40% with an average of 26%, silver varies from 11% to 104 g/t and averages 31.5 g/t while gold varies from 0.1 to 3 g/t and averages 0.4 g/t. Highlights are:

- 2.1% Cu, 0.1 g/t Au and 45.2 g/t Ag over 12 metres in Hole DB04B005
- 1.8 % Cu, 0.4 % Zn, 0.5 g/t Au, 28.9 g/t Ag, 22.9% Fe over 14 metres in Hole DB04B124
- 2.1% Cu, 0.2 % Zn, 0.3 g/t Au, 49.2 g/t Ag and 17.5 % Fe over 19 metres in Hole DB05B56
- 4.0 % Cu, 3.0 % Zn, 0.4 g/t Au, 81.9 g/t Ag and 20.5 % Fe over 7 metres in Hole DB04B158

A number of early-stage prospects have been identified, including skarn prospects related to a buried intrusion. Additional work is planned to pursue these targets, which offer bulk-tonnage potential, typical of skarn deposits found in the western United States and Mexico (and elsewhere) at the peripheries of large porphyry copper deposits. This potential adds an exciting new exploration dimension to the Bolivar property.

The Company's exploration efforts are guided by reports commissioned to assess the property's potential. Bolivar is a district-scale property considered prospective for new discoveries, including bulk-tonnage copper-skarn deposits, as confirmed by recent technical reports and field visits by Lawrence D. Meinert. Exploration and development of bulk-tonnage deposits is an essential component of the Company's strategy to become a mid-tier copper-zinc producer.

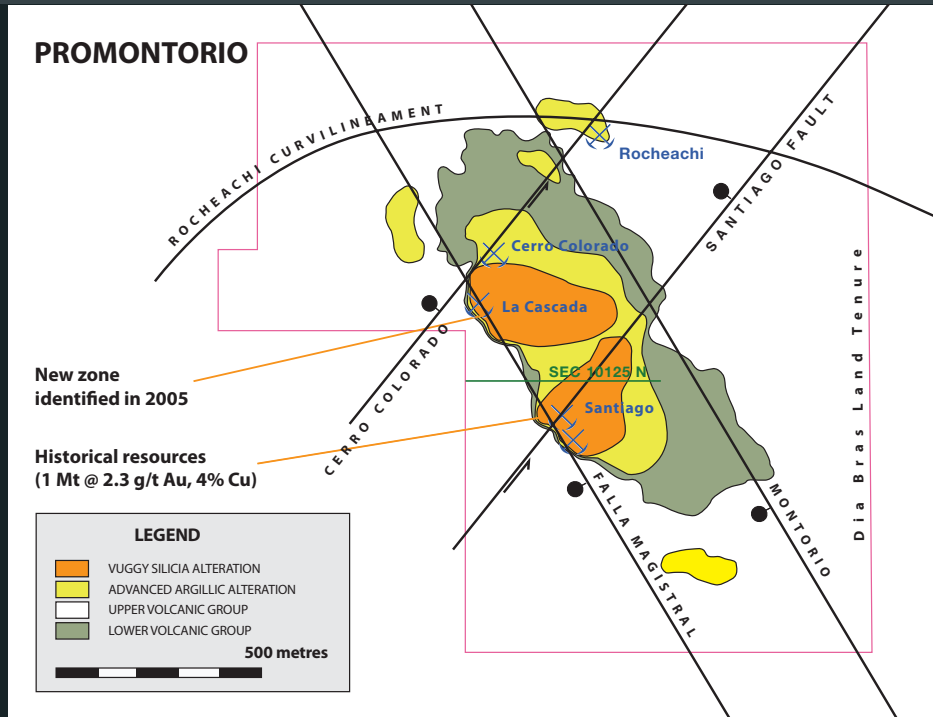


Bolivar Project
Priority Targets



Lawrence D. Meinert





PROMONTORIO PROJECT

Dias Bras acquired an option on the Promontorio project in 2004 for US\$3 million, payable over five years. An amount of US\$2.9 million (including US\$2.5 million in 2009) still remains to be paid. Numerous other resource companies are successfully advancing mineral projects in the immediate region.

In August 1997, the Reno-based Mine Development Associates calculated total resources of one million tonnes at Promontorio. This includes an indicated resource of 625,000 tonnes grading 4.04% copper, 2.61 grams gold and 65.79 grams silver per tonne, plus an inferred resource of 398,000 tonnes grading 3.87% copper, 2.19 grams gold and 59.16 grams silver per tonne. A higher-grade indicated resource of 201,000 tonnes at 9.06% copper, 3.82 grams gold and 116.21 grams silver per tonne was also defined within the total resource. An estimated 50% of these resources are amenable to open-pit mining techniques.*

The 2006 ongoing drilling program will expand resources and test new discoveries, such as La Cascada, a coincident geophysical and geochemical anomaly where high gold values were obtained from sampling.

* Notwithstanding anything mentioned above or previously disclosed, readers should be cautioned that Dia Bras has not done the work necessary to verify the classification of the resource and is therefore not treating the reported resource as an indicated resource within the meaning of NI 43-101 and that the historical estimate should not be relied upon.

10

