

CUSI EPITHERMAL Ag-Au DISTRICT, CHIHUAHUA, MEXICO

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Prepared for:

Dia Bras Exploration and Dia Bras Mexicana

Prepared by:

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EXECUTIVE SUMMARY

Cusi, short for Cusihuriachic, district was discovered and developed by the Spaniards soon after their conquest of Mexico in the 16th century. Numerous sinuous veins with enriched bonanza-grade silver chloride mineralization in their upper part no doubt led to an early silver rush by the Spanish. This early phase of mining was followed by various other episodes of exploitation aimed at mining lesser veins and lower grade oxide and sulfide ore by various Mexican mining companies. Dia Bras acquired the property in 2006 and have been conducting exploration and development of the veins on multi fronts including extraction from open pits (e.g., La Bamba pit), drilling to test down-dip extension of ores and underground development. The veins occur over a large area, such that Dia Bras has control of >100 Km² of ground and are concentrating on a main area of 30 Km² with numerous veins and old workings.

The veins fill nearly vertical, ENE, NNW faults and lesser NNE and NE structures that cut welded tuff (ignimbrite) of Tertiary age. The ignimbrite is overlain by andesite volcanic rock along an irregular contact that has an approximately N-S local trend that forms the eastern limit of the vein district. The veins have been developed by adits and stopes that often breach to the surface and small open pits where the ore widens along intersecting veins and vein inflections.

Applying an aggressive exploration/development program typical of Dia Bras, new ore is being developed. I noted a couple variables that should bode well for success at Cusi:

- The vein character is typical of the upper level of mineralization of low-sulfidation veins that may have bonanza grades at some depth (usually the depth of fluid boiling). This depth usually occurs above 500 meters depth below the paleosurface and typically at depths of 200-400 meters below that surface.
- The veins widen at vein intersections and vein flexures, with widths that can be exploited by small pits from surface and large stopes below. The presently active La Bamba pit, which occurs at a vein flexure and vein intersection, is such a case (Photo 1).
- The large size of the district and abundance of veins with some workings will produce many targets worthy of drill testing.

RECOMMENDATIONS

The Cusi district appears ideal for exploration by Dia Bras with their talent of aggressively exploring and developing ore. Multi drill targets will be readily developed. I recommend that these vein targets be tested by a vertical fan-type array of three core holes from a single drill site on the hanging wall side of dipping veins. The fan should be designed to achieve three vein penetrations at depths of about 100-150m, 200-250m and 300-400m depths below the paleosurface.

Early drill tests should be picked where the known vein had good grade, where veins intersect or at strike and dip inflection points of veins. These are the sites where higher grade and greater vein widths can be predicted. Consideration should be given to employing a structural geologist to note vein displacement directions from slickensides and determine the stress field that produced the Cusi veins. Using these data, one could predict extensional areas along undulatory veins and drill test those zones.

As soon as ore is indicated by drilling, consideration should be given to underground access and development.

INTRODUCTION

As required by Canadian stock market regulations, Dia Bras Exploration and Dia Bras Mexicana have my permission to use this report and all associated figures and photos for their purposes and release to the investing public as they may choose.

I spent one day at Cusi, less travel time from Cieneguita and to Chihuahua City, with Jacques Marchand, Exploration Manager for Dia Bras Exploration.

HISTORY & DEVELOPMENT

Although I do not know the history of Cusihiuriachic district (Cusi), the little history that I have heard and my observations indicate that Cusi is a large district, but probably a moderate producer with episodes of exploitation beginning with the Españoles, and followed by Mexican and perhaps companies of other nationalities. The earliest mining exploited very rich enriched oxide silver ores (native silver and silver chloride minerals). Mining became more complex at depth as the ores changed to sulfides and sulfosalts of silver, grade diminished and dewatering and haulage costs increased. Only the widest and highest grade veins were exploited into sulfides. The mines must have closed during the 20th century as a consequence of political instability and low metal price.

The combination of present high silver price, political stability and the presence of a capable aggressive company intent on developing the riches that were left have given a new life to the district. As Larry Meinert stated (unpublished report to Dia Bras, 2005), this large district with abundant untested potential at depth is an ideal setting for Dia Bras to apply their skills in drilling, underground development and mining to determine what riches have been left behind.

GEOLOGY

Cusi is a classical epithermal silver vein district, of the type that has made Mexico famous. Most veins are steep (60-90 degrees), with dominant ENE and N-S strike directions, but locally E-W, NE and WNW veins are known. The veins are generally narrow, vuggy and chalcedonic and fill major structures that have dominantly oblique-slip slickensides. These structures probably relate to compressive stress (strike slip

movement) and later extension (normal movement), but more study is necessary to determine the stress field that formed these structures.

The faults that host veins are undulatory in both strike and dip and it appears that fracturing and brecciation increase at inflection points that often correlate with cross structures/veins. The inflection/cross structure association with widened ore deposition is well exposed in the La Bamba pit (Photo 1), and along the San Miguel and La India veins (Photos 4 & 5).

Meinert (2005) noted that some veins are more mesothermal in character with semi-massive galena-sphalerite. He notes that these veins suggest a sub-class of epithermal related to the distal portions of porphyry systems. He also notes that epithermal veins often exhibit vertical zoning. Together these characteristics favor the exploration program presently being implemented by Dia Bras at Cusi. I recommend that Dia Bras focus on vertical vein zonation along the most prospective parts of known veins with the objective of finding high-grade intervals. If, over time, this exploration indicates a skarn or porphyry target at depth, deep drilling may be warranted to test such targets.

PHOTOS



Photo 1. Aerial view of the San Miguel vein (foreground) with numerous wide parts corresponding to vein flexures. A major vein flexure occurs in the middle ground at a vein intersection, which form the Bamba pit, site of past and present open pit mining. The vein continues into the background under the name Candelaria vein. Total strike length of the vein system is in the range of 2.5 Km.



Photo 2. View within the Bamba pit, looking NE along the main San Miguel fault (N40E), which hosts a 3 cm thick quartz veinlet at this point, but silver occurs in the brecciated wall rocks.



Photo 3. San Miguel vein, looking NE, showing stope widening at vein flexures and an old colonial church in the background.



Photo 4. Main N5E La India vein showing vertical structure with minor quartz vein filling. Oblique slip slickensides show movement had both a vertical and horizontal component.

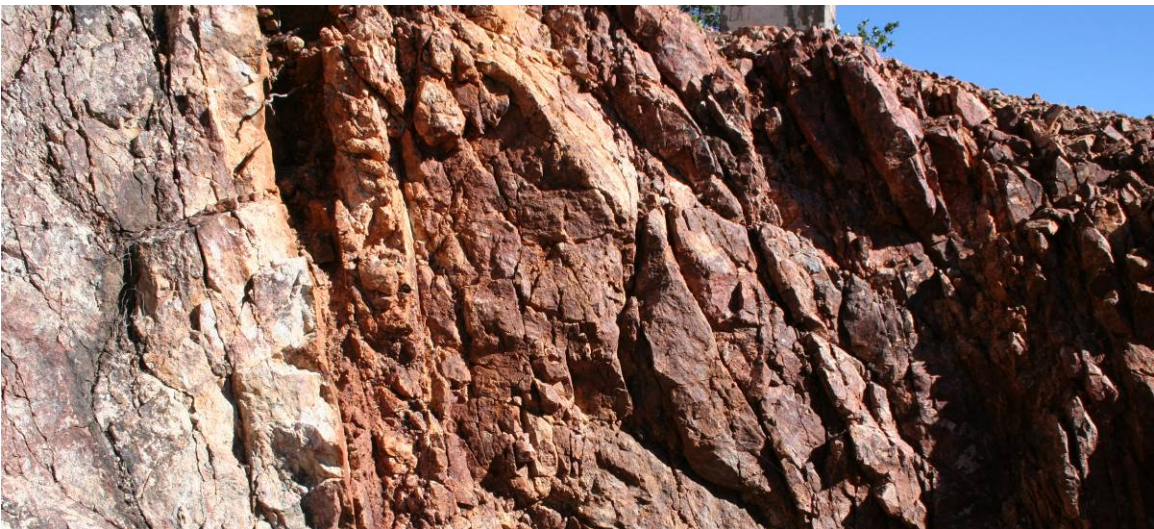


Photo 5. N30E Cross structure seen in plane of La India fault vein, near site of photo 4.



Photo 5a. East limb of the Reina Vein (N10W, 66W), located about 15 Km south of the San Miguel/La Bamba area, with Jacques Marchand for scale. Note sharp hangingwall and footwalls with dip slope slickensides bounding the central breccia zone. 5b. West limb Reina vein (~10m W of 5a, N10W, 77W) breccia vein with oblique-slip slickensides on the west wall.