



DIA BRAS EXPLORATION INC.
(AN EXPLORATION-STAGE COMPANY)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month period ended March 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 29, 2009

This management's discussion and analysis ("MD&A") follows rule 51-102A of Canadian Securities Administrator regarding continuous disclosure for reporting issuers. It is a complement and supplement to the unaudited interim consolidated financial statements for the three-month period ended March 31, 2009 and should be read in conjunction with those statements. It represents the view of management on the Company's current activities and its past and current financial results, as well as an outlook of the coming months. Unless otherwise specified, all dollar amounts in the MD&A are expressed in Canadian dollars. Additional information on Dia Bras is available on our website at www.diabras.com and on the Canadian Securities Administrators' website at www.sedar.com.

Although these unaudited interim consolidated financial statements have been prepared on a going concern basis in accordance with generally accepted accounting principles ("GAAP"), there is a significant doubt on the reasonableness of this assumption.

For the three-month period ended March 31, 2009, the Company had negative working capital of \$5,619,120 and incurred a loss of \$1,928,493. In addition to working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs, property payments, and for general and administrative expenses.

The Company is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Company will be successful in these actions, management is confident that it will be able to secure the necessary financing through the issuance of new equity and/or debts. The Company will also need to finance the construction of a mill that it plans to build on site at Bolivar Mine that will reduce significantly direct operating cash costs.

There is significant doubt at March 31, 2009 as to the Company's ability to meet its commitments and continue its administrative and exploration activities. There can be no assurance that the Company will be able to execute on its plans and there is no guarantee that measures taken by management will be successful. Without new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these unaudited interim consolidated financial statements.

Forward-Looking Statements

This MD&A contains certain statements that constitute forward-looking statements. Forward-looking information includes, but is not limited to, information concerning Dia Bras's 2009 guidance respecting pilot-mining production, and potential plans for Bolivar and Cusi projects. Forward-looking statements are subject to a variety of risks and uncertainties, which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in the mining industry including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties or shortages of labour or interruptions in production; actual rocks mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of pilot-mining activities and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties. Refer to "Risk and Uncertainties".

Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long-term price of zinc, copper, lead and silver; the regulatory and governmental approvals for the Company's projects and other operations on a timely basis; access to financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot guarantee that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this MD&A, and the Company does not assume any obligation to update or revise them to reflect new events or circumstances, except as required under applicable securities regulations.

Notice to Readers

Until it can be determined that the mining properties contain mineral reserves or resources that can be economically mined, they are classified as mining properties. The recoverability of costs relating to the mining properties is dependent upon the discovery of economically recoverable reserves and resources, confirmation of the Company's interest in the underlying mineral mining concessions, receipt of necessary permits, the ability of the Company to obtain the necessary financing to complete the development and construction of processing facilities, as well as future profitable production or, alternatively, upon disposal of such properties at an amount equal to the Company's investment therein.

Bolivar Mine has not yet reached the commercial production stage. Although the construction of a mill at Bolivar Mine is required to bring the property to a commercial operation, nothing guarantees that the Company will reach the commercial production stage at Bolivar Mine. Recently, the Company initiated early-stage activities for construction on the Bolivar property and extensions. The economic viability of the Cusi mining properties has not yet been assessed.

The results of the Company's operations are significantly affected by the market prices of base and precious metals, which are cyclical and subject to substantial price fluctuations. Metal prices will continue to be the most significant factor influencing the Company's operation going forward. The Company's revenues are particularly sensitive to the change in the market prices of zinc, copper, lead and silver. Market prices can be affected by numerous factors beyond our control, including levels of supply and demand for a broad range of industrial products, expectations with regard to the rate of inflation, the relative strength of the U.S. dollar and of certain other currencies, interest rates, global or regional political or economic crises and sales of precious and base metals by holders in response to such factors. The prices of zinc, copper and other metals have fluctuated widely in recent months. It is difficult to forecast the expected duration of the current down-cycle for metal prices as it is being driven by both slowing economic growth and negative sentiment with respect to the commodity markets. Future price declines may materially reduce our cash flow, and the Company may have to consider putting the mines on care and maintenance or ceasing operations at the mines and plant, all of which could reduce our cash flow from operations and may also require the Company to look for alternatives other than cash flow to maintain its liquidity.

Responsibility of Management and the Board of Directors

Management is responsible for the information disclosed in this MD&A and the accompanying unaudited interim consolidated financial statements and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company and has reviewed and approved this MD&A and the accompanying unaudited interim consolidated financial statements.

NI 43-101 Compliance

Unless otherwise indicated, the technical information in this MD&A ("Technical Information") is based on information contained in the technical reports and news releases (the "Disclosure Documents") available under the Company's profile (as indicated) on SEDAR at www.sedar.com. Each Disclosure Document was prepared by or under the supervision of a qualified person (a "Qualified Person") as defined in National Instrument 43-101 standards ("NI 43-101"). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The Technical Information contained in this MD&A was reviewed by Thomas L. Robyn, Ph.D., P. Geo., Chairman of the Company, Qualified Person of Dia Bras Exploration.

First Quarter 2009 Highlights

- » Bolivar Mine generated sales of \$2.88 million for the quarter, down 56.75% compared with \$6.66 million in the first quarter of 2008. The decline is primarily due to lower realized prices for zinc and copper during the first quarter of 2009 but also reflects a lower volume of copper concentrate.
- » During the first quarter of 2009, the production of zinc increased 25% while copper decreased by 40% compared with the first quarter of 2008.
- » Operating cash costs decreased by 26.85% per metric tonne to \$71.28 during the first quarter compared with the same period in 2008 for Bolivar pilot-mining activities. This decrease in operating cash costs is primarily due to the cost improvement program and cost control initiatives which involved, amongst other, a reduction in number of contractors for the transportation of mineralized rocks.
- » During the first quarter of 2009, the Company recorded a gain on final settlements of \$519,038 on variations of final commodity market prices for shipments of 2009. This positive settlements results from QP (quotational period) fixing at the time of shipment of the concentrates.

Corporate Overview and Business

Headquartered in Montreal, Canada, Dia Bras Exploration (TSX-V:DIB) is an exploration-stage mining company with rights and options on approximately 96 properties covering 18,430 hectares in the State of Chihuahua, in northern Mexico. The Company is committed to developing and adding value to its assets – the Bolivar copper-zinc project and the Cusi silver project.

Dia Bras's goal is to become a low-cost and mid-tier producer of copper, zinc, silver and lead.

Operational Performance – First Quarter 2009

EXPLORATION, PILOT MINING AND MINING DEVELOPMENT ACTIVITIES

Bolivar Project

Bolivar is the Company's most advanced project. It comprises twelve mineral concessions covering approximately 6,616 hectares within the municipality of Urique in the Piedras Verdes mining district of Chihuahua. The Bolivar, Bolivar III, Bolivar IV, and La Chaparrita concessions are held under mining (exploitation) licences while the remaining concessions are held with exploration licences.

Dia Bras purchased the Bolivar Mine in 2004. The surface rights form an "ejido" (land communally held) and cover all of the current mining and related infrastructures at the Bolivar Mine, which comprises the Bolivar, Bolivar III and Bolivar IV concessions.

The Bolivar Cu-Zn skarn deposit is one of many copper, base and precious metal deposits in the north-northwest trending Sierra Madre Belt. The Bolivar Cu-Zn deposit is located within the 63.5-hectare Bolivar mineral concession that expires in 2030. Production from the Bolivar Mine, an old copper-zinc producer, is not subject to any royalties.

Since the acquisition of the Bolivar properties and the Bolivar Mine, the Corporation has conducted detailed exploration and pilot mining of the old mine workings within the immediate surface area of the Bolivar Mine. Exploration consists of detailed core drilling (both surface and underground), detailed geologic mapping, topographic surveying, surface and underground drilling, underground core drilling, geologic mapping, surveying, engineering, and development of previously known and recently discovered mineralized areas.

Bolivar III and IV

In August 2004, the Company entered into a commercial agreement with the owners of Bolivar III and Bolivar IV ("Bolivar Mine property"). The agreement provides for the acquisition by the Company of 100% of these two concessions for a consideration of US\$1,200,000 payable over a two-year period. The last payment scheduled in 2006 was delayed due to legal issues (refer to note 22 in the unaudited consolidated financial statements for the three-month period ended March 31, 2009).

In October 2007, the Company entered into a termination and transfer of rights agreement in reference to the commercial agreement and, upon signature, made a payment of \$164,272 (US\$166,250). As at March 31, 2009, an amount of \$35,443⁽¹⁾ (US\$28,125) remains to be paid and is included in mining concessions payable.

Surface Land to accommodate the Bolivar mill

In March 2009, the Company's wholly owned subsidiary Dia Bras Mexicana S.A. de C.V. entered into a lease agreement (the "Lease") with the owners of the surface rights (ejido) for a long-term lease of the surface land that will be used to accommodate the Bolivar mill and a new tailings dam adjacent to the Bolivar mill to be located approximately 5 kilometres from the Bolivar Mine. The Lease covers 50 hectares and provides for annual payments of \$16,644 (MX\$188,000) over a 30-year term renewable without approval for another 30 years.

Bolivar Pilot Mining / Summary of the First Quarter 2009

For the first quarter of 2009, material processed decreased by 14.14% compared with the same period in 2008. Zinc head grade was 42.67% higher, while copper head grade was 25.56% lower. Recovery of zinc was 9.38% higher, while recovery of copper was 4.53% lower.

For the first quarter of 2009, the Company produced 866,488 lbs. of copper and 5,287,765 lbs. of zinc, a decrease of 38.48% for copper while zinc production increased by 30.68%, from the production levels of the three-month period of 2008.

The Company recognizes that the significant downturn in base metal market prices represents a challenge due to the negative impact on cash flow generated by pilot-mining operations. In 2008, the Company implemented a cost improvement program in all areas. During the first quarter of 2009, this program reduced by 26.90% the direct operating cash costs per tonne compared with the equivalent period in 2008.

A summary of comparative statistics for the first quarters of 2009 and 2008 is reflected in the following table.

	Actual Q1-2009	Actual Q1-2008	% Variation 2008
Tonnes processed	27,987	32,595	(14.14)
Daily throughput	320	373	(14.21)
Copper grade	1.66%	2.23%	(25.56)
Zinc grade	9.63%	6.75%	42.67
Copper recovery	84.33%	88.33%	(4.53)
Zinc recovery	88.39%	80.81%	9.38
Copper concentrate production DMT	1,420	2,366	(39.98)
Zinc concentrate production DMT	4,074	3,260	24.97
Total production of copper (pounds)	866,488	1,408,355	(38.48)
Total production of zinc (pounds)	5,287,765	4,046,315	30.68
Average price of copper per pound, US\$	\$1.55	\$3.54	(56.21)
Average price of zinc per pound, US\$	\$0.53	\$1.10	(51.82)
Operating cash costs/DMT (including development)	\$71.28	\$97.44	(26.85)

As metal prices remained low during the first quarter of 2009, the Company was unable to meet its obligation with the providers of transportation services during the month of May 2009. Therefore, the transportation of mineralized rock from the Bolivar Mine to the Malpaso mill was suspended during the past 10 days. The Company is actively negotiating payments of the outstanding debt and new terms with its transportation service providers to restore the service. Management is confident this situation will be resolved during June 2009.

Pilot-mining activities, such as mining, development and exploration, are still continuing. Consequently, management revised its production forecast for Bolivar pilot-mining production to approximately 100,000 tonnes at average grades of 1.47% Cu and 9.16% Zn for 2009.

Bolivar Pilot Mining - Highlights

	Q1 2009	Year 2008	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Copper (US\$ per pound)	1.55	3.15	1.77	3.48	3.83	3.54
Zinc (US\$ per pound)	0.53	0.85	0.54	0.80	0.96	1.10
Production volume highlights						
Copper (DMT)	1,420	6,454	1,240	1,172	1,676	2,366
Copper (pounds)	866,488	3,854,658	749,963	698,725	997,635	1,408,335
Zinc (DMT)	4,074	15,355	4,603	2,912	4,580	3,260
Zinc (pounds)	5,287,765	19,077,613	5,743,770	3,602,827	5,684,701	4,046,315

Bolivar Exploration – Q1-2009

During the first quarter of 2009, a total of 2,103 metres of diamond drilling was carried out at Bolivar (1,710 metres from surface and 393 metres underground). This compared to 6,182 metres drilled on the first quarter of 2008 (4,375 metres from surface and 1,807 metres underground). In addition, a total of 478 metres of underground development was completed.

In April, 2009, the Company discovered six occurrences of disseminated copper-silver. Together, these suggest that copper-silver mineralization continues for over two kilometres along strike of the garnet skarn with the potential for a low-cost, open-pit mining operation to feed Dia Bras's proposed new on-site mill (refer to the news release of April 10, 2009). Areas of interest will receive reconnaissance drilling to outline the extent of mineralization and plan future definition and development drilling.

Bolivar 2009 Exploration Program

The main focus of the Company's exploration program at Bolivar will be to provide a continued source of feed for the Malpaso mill. Favorable results of disseminated copper-silver mineralization prompted the exploration team to increase exploration efforts on the Bolivar NW, Bismarck, San Francisco and El Gallo Areas for an open pit project.

An exploration drilling program of 5,300 metres will focus on locating high-grade copper zinc mineralization.

A further 4,700 metres of drilling is planned to increase and upgrade the inferred resources of the disseminated copper-silver mineralization to indicated and measured categories.

Cusi Project

The history of the Cusi silver district spans over more than three hundred years. The abundance of silver initially attracted Spanish explorers to Cusi in the late 1600s. The District's central location and silver production was important to silver mining in the northern Mexican silver province during the subsequent 300 years and the overall economic development of Chihuahua. These former mines historically produced high-grade silver but became inactive during plummeting silver prices; most have never been explored for disseminated open-pit resources, which outcrop on the property, and none with modern techniques. The acquired assets include 12 inactive mines, each located on a mineralized structure.

The Cusi project is subject to different purchase and option agreements all entered into in 2006.

Due to the size of the property and the high number of potential targets, the Company decided to concentrate its efforts on four interconnecting former mines out of twelve situated in the northwestern area of the property. Most of the drilling has been aimed at discovering and defining mineralized structural trends and veins within two major sectors of the Cusi Project, Santa Eduwiges and Promontorio, both historical producers.

Since the acquisition of the Cusi silver district, the Company has conducted detailed geologic mapping, detailed core drilling (both surface and underground), metallurgical testing and pilot mining in the old mine workings.

Minera Cusi Agreement

On June 14, 2006, the Company signed a letter of intent to enter into an option agreement to earn a 100% interest in several mining concessions with Compañia Minera Cusi ("Minera Cusi"), a private Mexican company, for \$5,561,000 (US\$5,000,000) payable over three years.

In April 2008, the Company negotiated new terms of agreement with Minera Cusi in order to redefine the schedule of payments. The new agreement represents a purchase agreement for a total amount of \$3,102,473 (US\$3,060,000) to be paid as follows: \$506,940 (US\$500,000) (paid at the date of signing), \$609,150 (US\$500,000) in November 2008 (paid on December 11, 2008) and four quarterly instalments of \$649,003⁽¹⁾ (US\$515,000) in March, June, September and December 2009. As at March 31, 2009, an amount of \$2,343,972⁽¹⁾ (US\$1,860,000) is included in mining concessions payable.

In January 2009, the Company negotiated new terms with Minera Cusi in order to redefine the schedule of payments as follows: \$126,020⁽¹⁾ (US\$100,000) (paid on the date of signature of the new terms), 19 monthly payments of \$126,020⁽¹⁾ (US\$100,000) and a final payment of \$75,612⁽¹⁾ (US\$60,000) for a total purchase price of \$2,596,012⁽¹⁾ (US\$2,060,000).

The properties are subject to a sliding scale royalty in favour of Minera Cusi as follows: 2% NSR if the price of silver is equal to a maximum of \$13.86⁽¹⁾ (US\$11.00) per ounce or 3% NSR if the price of silver exceeds \$13.86⁽¹⁾ (US\$11.00) per ounce.

The Company is in the process of completing the transfer of four property titles following the signature of the purchase agreement.

Cusi Exploration – Q1-2009

During the first quarter of 2009, a total of 2,602 metres of diamond drilling was performed on the Cusi project (1,915 metres from surface and 687 metres from underground). This is compared to the 6,476 metres drilled on the first quarter of 2008 (4,467 metres from surface and 2,009 metres from underground). In addition to pilot-mining exploration, an area of 300 by 300 metres was mapped over Minerva Zone with the objective to identify the drill targets on this area.

Metres per zone	Q1 2009
Santa Marina Vein	462
Santa Eduwiges Vein	54
Tascates Vein	171
Total Underground	687
San Antonio-Santa Marina Vein	1,609
Promontorio Area	306
Total Surface	1,915
Grand Total	2,602

Cusi 2009 Exploration Program

The objectives of 2009 are twofold: 1) define and expand the resources along the Santa Marina and San Antonio veins, along vein intersections Santa Marina and Rosario, Santa Marina and San Bartolo and along the Tascates and Mexicana veins and 2) evaluate and test the Promontorio vein intersections and the Santa Rosa Chimney with the objective of defining and expanding resources in this sector.

Pershimco Joint Venture Agreement

On May 31, 2006, the Company entered into an option agreement with Pershimco Resources Inc. ("Pershimco") to earn a 50% interest in the San Miguel-La Bamba properties.

In June 2008, the Company and Pershimco Resources Inc. entered into a joint venture agreement ("JVA") for the San Miguel and La Bamba properties. Pursuant to the terms of the JVA, Pershimco must incur \$1,890,300⁽¹⁾ (US\$1,500,000) of expenditures on the properties before having the right to acquire an additional 20% interest on the properties at a cost of \$1,260,200⁽¹⁾ (US\$1,000,000). The JVA provides for Pershimco being the operator for all exploration and development of the properties which will be managed through a jointly owned Mexican subsidiary. Pershimco and Dia Bras each hold a 50% interest in the properties. The properties are subject to a 2% NSR of which 1% may be bought back for \$1,260,200⁽¹⁾ (US\$1,000,000). As at March 31, 2009, the jointly owned Mexican subsidiary has not been constituted.

As at March 31, 2009, the transfer of 50% of the property title of San Miguel had not been completed due to a legal issue that Pershimco has on the ownership of the property.

La Engañosa Property

In February 2008, the Company entered into an option agreement with Arnoldo Castañeda Martínez and Consorcio Minero Latinoamericano, S.A. de C.V. ("Martinez-Consorcio Minero") whereby it could earn a 100% interest in the La Engañosa property by paying a total amount of \$1,289,134 (US\$1,265,000) over a three-year period including \$66,814 (US\$65,000) paid at the date of signing and by incurring minimum exploration expenditures of \$378,060⁽¹⁾ (US\$300,000) per year over the same three-year period.

In August 2008, after the first phase of exploration, management decided not to pursue this option further. Therefore, the Company abandoned the project, and all costs in the amount of \$68,536 were written off during the third quarter of 2008.

Outlook - 2009

Construction of a mill near the Bolivar Mine

On January, 2009, the Company announced its intention to construct a 500-tonne-per-day mill near the Bolivar Mine (the "Bolivar mill"). The Company estimated that the construction of the Bolivar mill would reduce direct operating costs of production of the concentrates by approximately 50% since the mineralized rock will be transported over a distance of five (5) kilometres instead of the current distance of 250 kilometres from mine site to the Malpaso mill. A preliminary economic assessment^{1 2} dated November 9, 2007, by SGS Geostat determined that the Bolivar property and extensions are potentially viable with the construction of a 500- or 1000-tonne-per-day mill on site. (Yann Camus, Eng., SGS Geostat (formerly Geostat Systems International Inc.), Preliminary Economic Assessment, November 2007, Bolivar Project, Chihuahua, Mexico, dated November 9, 2007). Due to subsequent changes in general financial conditions, the Corporation does not consider this assessment to be current as to its conclusions on the potential viability of the Bolivar property with the construction of a mill on site and does not rely on it. The Company produced its own internal cost estimate for the construction of a mill on site which was not independently validated.

The internal cost estimate produced by the Company includes equipment from the existing Malpaso mill and other used equipment, as well as local manpower. The Company estimates the overall cost in this scenario to be approximately \$8.19 million⁽¹⁾ (US\$6.5 million), including \$1.89 million⁽¹⁾ (US\$1.5 million) for preliminary studies and initial works such as engineering, permitting, site preparation, tailings dams and water and energy facilities. Following the preliminary studies, the Company could revise its cost estimate for some of the elements, if necessary.

The use of equipment from the Malpaso mill will require the temporary shutdown of the Cusi pilot-mining program. During the construction period of the Bolivar mill, the El Triunfo circuit at Malpaso will remain in operation to maintain revenues. During 2009, management forecasts pilot-mining production at the Malpaso mill of 116,117 tonnes at average grades of 1.47% Cu and 9.16% Zn.

In order to finance the construction of the Bolivar mill, the Company will have to issue additional equity and borrow funds from third parties. There can be no assurance that sufficient funding will be available to the Company or available on terms that will not adversely affect the projected economic return of the development of the Bolivar project.

The Company cautions that although economic viability of the mineral resources on the Bolivar property has not been determined, the Company and its management intend to proceed with the construction of a 500-tpd mill near the Bolivar Mine using, in part, equipment from the existing Malpaso mill. Until the economic viability of the Bolivar project has been determined and mineral resources have been converted to mineral reserves by a least a preliminary feasibility study and confirmed in a technical report, as required by NI 43-101, there can be no assurance that the new mill will be economically viable.

¹ The study includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them and that would enable them to be categorized as mineral reserves.

² Due to the preliminary nature of the report, there is no certainty that the preliminary assessment can be realized.

Cusi Project

During the temporary shutdown of pilot-mining activities at the Santa-Eduwiges Mine, Dia Bras will continue exploration and development works at Santa-Eduwiges as well as at the mill site, including permitting, in order to further define new sulfide resources and outline a leaching project at the mine site.

The Company plans to restart pilot-mining activities at Santa-Eduwiges late in 2009, at a rate of 6,000 tonnes per month.

The Company has not completed a preliminary feasibility study and, consequently, there is no certainty that the stated objectives will be met or that the operations will be profitable.

Selected Quarterly Information

	2009	2008	2008	2008
	Q1	Q4	Q3	Q2
	\$	\$	\$	\$
			<i>(restated)</i>	<i>(restated)</i>
Sales of concentrate	2,876,064	3,580,538	4,452,750	6,616,659
Net income (loss)	(1,928,493)	(12,189,829)	(7,517,228)	(3,081,382)
Loss per share (basic and diluted)	(0.01)	(0.10)	(0.07)	(0.03)
Total assets	21,568,404	21,526,867	28,282,800	31,894,126
Long-term liabilities	901,785	1,157,307	2,142,784	1,049,060

	2008	2007	2007	2007
	Q1	Q4	Q3	Q2
	\$	\$	\$	\$
	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>	<i>(restated)</i>
Sales of concentrate	6,656,841	6,092,141	7,033,910	4,962,750
Net income (loss)	47,259	(3,183,104)	(7,031,176)	(6,053,551)
Loss per share (basic and diluted)	0.00	(0.03)	(0.06)	(0.05)
Total assets	31,428,918	31,821,508	39,023,509	41,790,346
Long-term liabilities	-	-	-	-

Results of Operations

During the quarter ended March 31, 2009, the Company incurred a loss of \$1,928,493 (\$0.01 per share) compared with a profit of \$47,259 (\$0.00 per share) for 2008.

The period results are explained as follows:

Income

Total revenues decreased to \$2,876,064 compared with \$6,656,841 for the three-month period ended March 31, 2008. The decline is primarily price driven and also due to lower volumes of copper concentrates. The Company's concentrates are sold under pricing arrangements whereby final settlement prices are determined by quoted market prices in a period subsequent to the date of sale. Concentrates are provisionally priced at the time of shipment using forward prices for the expected month of final settlement. Subsequent variations of the price are recorded in the Consolidated Statement of Operations.

Interest income amounted to \$1,512 compared with \$43,705 in 2008. This decrease in interest revenue is due to a lower average level of cash on hand in 2009 compared to 2008.

Expenses

The costs of production decreased to \$2.3 million compared with \$4.1 million for the three-month period ended March 2008. The decreased in costs of production is primarily attributable to the cost improvement plan implemented by the Company during 2008 in all areas.

Exploration and mine development expenditures decreased to \$791,059 in the first quarter of 2009 from \$1,229,859 during the first quarter of 2008.

For the three-month period ended March 31, 2009, stock-based compensation costs amounted to \$42,596 compared with nil for the three-month period ended March 31, 2008.

The effect of the global recession on market prices for base metals significantly impacted financial results in the first quarter of 2009. Realized prices for zinc and copper were significantly lower than in the first quarter of 2008. During the quarter, the Company recorded a gain on the variation of commodity market prices of \$519,038 related to final settlement billings and unsettled shipment provision change in value during the quarter compared with a gain on the variation of commodity market prices of \$1,373,705 related to final settlement billings and unsettled shipment provision change in value during the same period in 2008.

- » In the first quarter of 2009, the average realized copper price was US\$1.55/lb. compared with US\$3.54/lb. in the first quarter of 2008.
- » The average realized copper price was US0.53/lb. in the first quarter of 2009 compared with US\$1.10/lb. in the first quarter of 2008.

Although management is concerned about current global economic conditions, management believes that the long-term price environment for zinc and copper remains favourable.

Other

During the period, the Company recorded a noncash gain on change in value of the temporary investment in Pershimco Resources Inc. of \$16,700 compared to a noncash loss of \$66,800 in 2008. The Company still owns 835,000 common shares of Pershimco that are stated at fair market value.

During the three-month period ended March 31, 2009, the Company recorded a loss on currency exchange of \$269,394 (gain of \$91,199 in 2008). This loss is mainly attributable to the conversion into Canadian currency of the monetary assets and liabilities in Mexico and on advance payable, mining concessions and outstanding negative final settlement provision, as both the U.S. dollar and Mexican peso gained value over the Canadian dollar.

Liquidity and Working Capital

The Company's liquidity position is directly related to the level of concentrate production, the cost of this production and the final settlement billing adjustments recorded for zinc, copper, lead and silver in concentrate that is sold. As at March 31, 2009, the Company's working capital amounted to a negative amount of \$5,619,120, including \$983,426 in cash and cash equivalents compared with a negative amount of \$7,479,345 as at December 31, 2008, including \$1,097,569 in cash and cash equivalents. The Company's cash and working capital position will be materially lower if current zinc, copper and lead market prices remain at this level.

As at March 31, 2009, sales tax and other receivables amounted to \$1,726,586 (\$1,493,918 as at December 31, 2008) and are mostly comprised of Mexican recoverable Value Added Tax credits "IVA". Income tax receivable in the amount of \$186,225 (\$70,664 as at December 31, 2008) represents provisional tax instalments receivable from the Mexican tax authorities.

As at March 31, 2009, accounts payable and accrued liabilities amounted to \$4,489,004 (\$4,608,826 as at December 31, 2008) which represents mostly current usual business transaction balances.

Also, included in current and long-term liabilities is the impact of the conversion of the Minera Cusi agreement from an option to a property purchase agreement entered into in the second quarter of 2008 and for which \$2,667,943 is included in mining concessions payable as at March 31, 2009 compared to \$2,954,034 as at December 31, 2008. In January 2009, the Company negotiated new terms with Minera Cusi in order to redefine the schedule of payments as follows: \$126,020⁽¹⁾ (US\$100,000) (paid on the date of signature of the new terms), 19 monthly payments of \$126,020⁽¹⁾ (US\$100,000) and a final payment of \$75,612⁽¹⁾ (US\$60,000) for a total purchase price of \$2,596,012⁽¹⁾ (US\$2,060,000).

As at March 31, 2009, the Company had a net payable position of \$2,894,971 with MRI (payable of \$3,948,891 as at December 31, 2008), resulting from a decrease of market prices of copper and zinc during 2008 and included in working capital. This payable is disclosed separately as trade payables.

The decrease of \$1,053,920 is due to the payments discounted from the provisional invoices of the first quarter of 2009 and the gain in commodity market prices. Actual final settlement billings will not differ significantly from the current provision due to the fact that the Company has fixed the prices for most of its unsettled lots.

On July 14, 2008, the Company's wholly owned subsidiary Dia Bras Mexicana S.A. de C.V. entered into a \$2,012,200 (US\$ 2,000,000) working capital loan facility with MRI, which is also the sole client of the Company. This advance credit facility bears interest at the 3-month LIBOR rate plus 4% payable monthly over an 18-month period starting six months after the reception of the funds. Such reimbursement shall be made of 17 monthly instalments of \$137,155 (US\$112,000) and a final instalment of \$117,562 (US\$96,000).

To secure the repayment of advances made under this advance credit facility, the Company signed a letter of credit as a guarantee in favour of Credit Agricole (Suisse) S.A. (the "Bank"). The letter is governed by Swiss law and gives the right to the Bank to take legal action against the Company before any other competent court or jurisdiction. In addition, the Company had made a commitment to sell exclusively to MRI its future production of zinc, copper and lead concentrates up until mid-2010. Along with this agreement, the Company agreed to deliver to MRI monthly lots estimated at approximately 1,500 - 1,750 metric tonnes of zinc, 500 - 700 metric tonnes of copper and 150 - 200 metric tonnes of lead-silver concentrates. If MRI terms and conditions cannot be met, Dia Bras may have to reimburse the loan facility in its entirety or in part, upon first demand.

During March 2009, the Company negotiated new terms to pay the outstanding debt with MRI and the Company is working on the formal Agreement. The new terms stated that 25% of the payments of the future provisional invoices will be retained by MRI to offset first the monthly payment of the advance payable. Any remaining amount will be used to offset the negative settlements balance. The Company has extended the commitment to sell its future production of zinc, copper and lead concentrates exclusively to MRI up until 2014.

As of March 2009, the Company was in default of delivering such quantities of concentrate to MRI and could therefore be required to repay the loan facility in its entirety or in part, upon first demand. Therefore, the advance payable of \$2,096,973 is shown under current liabilities.

During the first quarter of 2009, the Company paid a total amount of \$404,045 (US\$336,000) which represents the first three instalments of the advance payable according to the schedule of payments of the loan.

Capital Resources, Investing and Financing Activities

The mineral properties of the Company are at the exploration stage. The exploration and development of the Company's properties depend on the Company having sufficient funds to carry out its plans. Although it is conducting a pilot-mining program at the Bolivar Mine property, thereby providing a source of income through the sales of concentrates, the Company is not yet considered as being at the commercial production stage.

The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. The Company will continue to seek financing in the near future to fund mill construction on site at Bolivar that will reduce significantly direct operating cash costs. There is no assurance that sufficient funds can or will be raised. Accordingly, doubt exists as to whether the Company will be able to continue as a going concern.

Furthermore, the Company will continue to periodically reassess the amount and timing of its currently planned expenditures to increase operating efficiencies. At the same time, management will continually assess its capital requirements that may require issuance of equity or debt.

In February, 2009, the Company closed a private placement of \$1.84 million and issued 30,750,000 units at \$0.06 per unit. Each unit is composed of one common share and one purchase warrant. Each warrant entitles the holder thereof to subscribe to one common share of the Company at a price of \$0.15 for a period of 18 months. The proceeds are used for the engineering study for the construction of the Bolivar mill and for general corporate and working capital purposes.

In March 27, 2009, the Company closed a private placement of \$1.96 million and issued 35,712,818 units at \$0.055 per unit. Each unit is composed of one common share and one purchase warrant. Each warrant entitles the holder thereof to subscribe to one common share of the Company at a price of \$0.11 for a period of twelve months, expiring on March 25, 2010. The net proceeds are allocated to finance general corporate purposes.

The Company incurred in share issue expenses a total amount of \$75,324 related to the two private placements closed during the first quarter of 2009.

Capital Expenditures, Deferred Exploration Expenses and Property Payments

Capital expenditures during the first quarter of 2009 amounted \$0.6 million and consisted in mining concessions payments to Minera Cusi, Bolivar and La Chaparrita. In addition, the capital expenditures include 50% payment of the land at the Malpaso mill and 50% payment of a new crusher.

Currently, the Company has the necessary equipment to continue its exploration program and the expected mining and development activities on both the Bolivar and Cusi projects. Other than the construction of the mill on site at the Bolivar Mine, capital expenditures will be limited to environmental capital expenditure investment at Malpaso and the purchase of the Malpaso superficial land.

Financial Commitments

- (a) In January 2008, the Company entered into a promise to purchase agreement with the state of Chihuahua to purchase the land at the Malpaso milling facility for a total amount of approximately \$270,000 (MX\$2,874,144). Payments will be over a two-year period including 50% at the signature of the sale agreement. The sale agreement was signed in February 2009.
- (b) The Company has elaborated an environmental capital expenditure program estimated at \$350,000 in order to secure an appropriate area for the management of its tailings at the Malpaso mill facility. The costs related to this program will be capitalized as they are incurred. Therefore, as at March 31, 2009, no provision is recorded in accounts payable and accrued liabilities.
- (c) In December 2006, the Company signed a five-year lease for office premises. The annual rent is approximately \$60,000.
- (d) In February 2004, the Company and two other companies jointly signed a five-year lease for the former office premises for an annual rent of approximately \$150,000. The lease expired in February 2009.

Off-Balance

The Company did not enter into any off-balance sheet arrangement other than the one indicated in (b) of the above section.

Subsequent Events

- (a) As metal prices remained low during the first quarter of 2009, the Company was unable to meet its obligation with the providers of transportation services during the month of May 2009. Therefore, the transportation of mineralized rock from the Bolivar Mine to the Malpaso mill was suspended during the past 10 days. The Company is actively negotiating payments of the outstanding debt and new terms with its transportation service providers to restore the service. Management is confident this situation will be resolved during June 2009.

Pilot-mining activities, such as mining, development and exploration, are still continuing. Consequently, management revised its production forecast for Bolivar pilot-mining production to approximately 100,000 tonnes at average grades of 1.47% Cu and 9.16% Zn for 2009.

- (b) In light of historically low valuations for exploration stage mining companies, the Company, with the support of a major shareholder, has been evaluating the opportunity for potential acquisitions. This process includes discussions with parties interested in considering a potential transaction with the Company, including parties that have entered into confidentiality agreements. There can be no assurance that these discussions or due diligence investigations will result in a transaction.
- (c) Management decided to postpone the Rights Offering later this year mainly because the Company is currently investigating a number of alternatives to raise sufficient capital with lenders or potential investors to fund construction of the Bolivar mill and to repay accrued liabilities. There is no assurance that sufficient funds can or will be raised. Accordingly, there can be no assurance once a decision is made with respect to future activities that the Company will be able to execute its plans.

Related Party Transactions

Some officers of the Company provide their services as officers through companies they control. During the three-month period ended March 31, 2009, companies controlled by officers of the Company charged consulting fees amounting to \$71,277 (for the three-month period ended March 31, 2008 – \$104,377). As at March 31, 2009, the balance due these companies amounted to \$14,955 (as at March 31, 2008 – nil).

Related party transactions occurred in the normal course of business and were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

Accounting standards issued but not yet adopted

In January 2009, the CICA issued Section 1582, "Business Combinations", which replaces Section 1581, "Business Combinations". The Section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), "Business Combinations". The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted.

In January 2009, the CICA issued Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", which together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), "Consolidated and Separate Financial Statements". The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company is currently evaluating the impact of the adoption of these new sections on the consolidated financial statements.

Changes in accounting policies

Revenues and expenditures during the pre-operating period

CICA Handbook Section 3064, "Goodwill and Intangible Assets", establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard requires expenditures incurred to provide future economic benefits to an entity in order to be capitalized as an intangible asset. On adoption of this new standard, EIC 27, "Revenues and Expenditures during the Pre-operating Period", is withdrawn. As a result, start-up costs that were previously capitalized are required to be expensed as incurred unless these expenditures are included in the cost of an item of property, plant and equipment in accordance with Section 3061, "Property, Plant and Equipment". The new standard applies to fiscal years beginning on or after October 1, 2008, and early adoption is encouraged.

In December 2008, the Company adopted this new standard with retrospective application. Accordingly, revenues and expenditures before commencement of commercial production at the Bolivar Mine that were previously capitalized to mining assets have been expensed as incurred. This change in accounting policy has been applied retroactively, and the financial statements for the year ended December 31, 2007 have been restated. The effect of this change decreases the deficit at the beginning of the year ended December 31, 2008 by \$14,831,711.

Exploration and mine development expenditures

During the year ended December 31, 2008, the Company retrospectively changed its accounting policy regarding exploration and mine development expenditures to more appropriately align itself with policies applied by other comparable companies at a similar stage in the mining industry. Prior to the year ended December 31, 2008, the Company capitalized such costs to mining assets and only wrote down capitalized costs when the property was abandoned or if the capitalized costs were not considered to be economically recoverable. Exploration and mine development expenditures are now charged to earnings as incurred until the exploration and mine development expenditures meet the definition of an asset, which is when the mineral property has mineralization identified as proven and probable reserves. Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Management judges that this policy provides reliable and more relevant information because it results in a more transparent treatment of exploration and mine development expenditures and is consistent with the industry practice for companies at a similar stage, making the Company's consolidated financial statements more comparable. The effect of this change increases the deficit at the beginning of the year ended December 31, 2008 by \$25,658,169.

Accounting standards issued but not yet adopted

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the use of IFRS would be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. We have established a changeover plan to adopt IFRS by 2011. Management has started the process of assessing the impact of the conversion on our business activities including the effect on information technology and data systems, internal controls over financial reporting and disclosure controls. We will continually review and adjust our changeover plan to ensure our implementation process properly addresses the key elements of the plan.

The changeover plan includes: i) education and awareness ii) identifying major differences between current Canadian GAAP and IFRS iii) impact on systems and processes. At the date of this report, the education and awareness phase is completed while the other segments of the plan are at the early stages. The impact of the changeover from Canadian GAAP to IFRS cannot be reasonably estimated at this time.

Critical Accounting Policies

Financial Instruments – Recognition and Measurement

This represents a critical accounting policy since it has an impact on the consolidated financial statements, given the embedded derivative included in the sales agreement for concentrate is recorded at the fair value at each balance sheet date with the corresponding change in fair value recorded in the Consolidated Statements of Operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas where management judgment is applied are allowance for doubtful accounts, valuation of embedded derivatives, fair value of temporary investments, mining asset valuations, contingent liabilities, future income taxes, valuation of warrants and stock-based compensation costs. Actual results could differ from those estimates, and such differences could be material.

Mining Assets

Mining assets include the cost to acquire mining concessions and options in mining properties, and property, plant and equipment used in mining operations. Until it is determined that the properties contain mineral reserves or resources that can be economically mined, they are classified as mining assets.

(a) Mining concessions

Costs are deferred until the economic viability of the project has been established, at which time costs are added to property, plant and equipment used in mining operations. Specific costs are written off when properties are abandoned or when cost recovery is uncertain. Management has defined uncertainty as either there being no financial resources available for development in an area of interest over a period of three consecutive years or results from exploration work not warranting further investment. Areas of interest are defined by project.

Proceeds from the sale of a mining asset are applied against related carrying costs, and any excess is reflected as a gain in the Consolidated Statement of Operations. In the case of a partial sale, if carrying costs exceed the proceeds, only the loss is reflected.

(b) Property, plant and equipment used in mining operations

Property, plant and equipment used in mining operations are recorded at cost.

Amortization is computed using the following methods and rates or period:

	Method	Rate/Period
Buildings	Declining balance	10%
Equipment and rolling stock	Declining balance	30%
Computers and office furniture	Straight-line	3 years

Exploration and mine development expenditures

Exploration and mine development expenditures include engineering and metallurgical studies, drilling and other related costs to delineate an ore body, and the building of access ways, shafts, lateral access, drifts, ramps and other infrastructures at underground mines. Costs incurred before mineralization is classified as proven and probable reserves are expensed and classified as *Exploration and mine development expenditures* in the Consolidated Statement of Operations. Capitalization of exploration and mine development expenditures that

meet the definition of an asset begins once mineralization is classified as proven and probable reserves. Drilling and related costs are capitalized for an ore body where proven and probable reserves exist and the activities are directed at obtaining additional information on the ore body or converting non-reserve mineralization to proven and probable reserves and the benefit is expected to be realized over a period beyond one year. All other drilling and related costs are expensed as incurred.

Revenue recognition

Revenue from the sale of concentrates is recorded in the Consolidated Statement of Operations as sales and is recognized when the following conditions are met:

- persuasive evidence of an arrangement exists;
- delivery has occurred under the terms of the arrangement;
- the price is fixed or determinable; and
- collection is reasonably assured.

The Company's concentrates are sold under pricing arrangements whereby final settlement prices are determined by quoted market prices in a period subsequent to the date of sale. The concentrates are provisionally priced at the time of shipment using forward prices for the expected month of final settlement. Subsequent variations of the price are recorded in the Consolidated Statement of Operations.

Asset retirement obligations

Asset retirement obligations are recognized at fair value in the year in which the Company incurs a legal obligation associated to the retirement of an asset. The associated costs are capitalized as part of the carrying value of the related asset and amortized over its remaining useful life. The liability is accreted using a credit-adjusted, risk-free interest rate.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when changes in circumstances suggest their carrying value has become impaired. Where conditions suggest impairment, management assesses whether carrying value can be recovered by determining fair value without first performing a test for recoverability given that the Company has insufficient information about its mineral properties to estimate future cash flows. When it is determined that a long-lived asset is impaired, it is written down to its estimated fair value.

Financial Instruments and Risk Management

The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. Actual results may differ from those estimates, and the use of different assumptions or methodologies may have material effects on the estimated fair value amounts.

The fair value of cash and cash equivalents, receivable from pilot mining, accounts payable, advance payable and accrued liabilities is comparable to their carrying value due to the relative short period to maturity of the instruments.

The temporary investment and provision for final settlement are measured at their fair market value.

The fair value of mining concessions payable was measured at fair value at the initial recognition using prevailing market interest rates for a similar instrument with a similar credit rating as. The fair value is comparable to its carrying value due to the absence of significant change in the market interest rates for similar instruments.

The Company is sensitive to changes in commodity prices, foreign exchange and interest rates. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Although the Company has the ability to address its price-related exposures through the use of options, future and forward contracts, it does not generally enter into such arrangements. Similarly, derivative financial instruments are not used to reduce these financial risks.

Interest rate risk

The Company's trade receivables (payables), accounts payable and accrued liabilities and mining concessions payable are non-interest bearing. The advance payable bears interest at the 3-month LIBOR rate plus 4%. Cash and cash equivalents bear interest at variable and fixed rates.

Foreign exchange risk

The Company's sales of concentrates and part of its purchases are denominated in foreign currencies, primarily in U.S. dollars and Mexican pesos. Consequently, certain assets and liabilities namely cash and cash equivalents, trade receivables and payables, sales tax and other receivables, income tax receivable and payable, accounts payable and accrued liabilities, advance payable, mining concessions payable, as well as revenues and certain expenses, include amounts that are exposed to currency fluctuations.

Credit risk

The Company is subject to concentrations of credit risk through cash and cash equivalents, trade receivables (payables), and other receivables. The Company maintains substantially all of its cash and cash equivalents with major financial institutions in Canada and in Mexico. Therefore, according to management, credit risk of counterparty non-performance is remote. The totality of the Company's trade receivables (payables) is with a sole client and is subject to normal credit risks. The totality of sales tax receivable is with the Government of Mexico, and, as such, management believes it also represents a normal credit risk.

As at March 31, 2009, management considers none of the accounts receivable doubtful and therefore no allowance has been registered.

Commodity price risk

The Company is exposed to commodity price risk for variations in concentrate prices for sales for which the prices are not fixed, as final prices are determined by quoted market price in a period subsequent to the date of sale. As a result, the values of the unsettled sales of concentrate change as the underlying commodity market prices vary. This component of the contract is an embedded derivative, which is recorded at fair value with changes in fair value recorded in net earnings. The Company has the ability to address its price-related exposure through the limited use of options, future and forward contracts. At the date of the balance sheet, the Company does not use derivative instruments to mitigate this risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. The Company does not believe it has sufficient liquidity to meet these obligations and will consider securing additional funds through equity or debt transactions. The Company is seeking financing in the near future to fund the construction of a mill on site at Bolivar Mine that will reduce significantly direct operating costs.

The Company's results are significantly affected by the market price of base and precious metals which are cyclical and subject to substantial price fluctuations. Metal prices will continue to be the most significant factor influencing the Company's operation going forward. The Company's revenues are particularly sensitive to the change in the market prices of zinc, copper, lead and silver. Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and of certain other currencies, interest rates, global or regional political or economic crises and sales of precious and base metals by holders in response to such factors. The price of zinc, copper and other metals has fluctuated widely in recent months. It is difficult to forecast the expected duration of the current down-cycle for metal prices as it is being driven by both slowing economic growth and negative sentiment in the commodity markets. Future price declines may materially reduce the Company's cash flow and the Company may consider putting the mines on care and maintenance or ceasing operation at the mines and plant, all of which could reduce the Company's cash flow from operations and may also be required to look for alternatives other than cash flow to maintain its liquidity.

Risk and Uncertainties

Going Concern

The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due. The Company is seeking near-term financing to fund construction of a mill on site at Bolivar mine that will reduce significantly direct operating cash costs. There is no assurance that sufficient funds can or will be raised. There can be no assurance once a decision is made with respect to future activities that the Company will be able to execute on its plans. The consolidated financial statements do not include any adjustments related to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Business Risks

The exploration for and development of mineral deposits involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. All of the Company's mining properties are at the exploration stage. There is no assurance that the Company's exploration programs will result in any discoveries of commercial ore bodies.

The Company has numerous competitors with greater financial, technical and other resources.

Estimates of future production from the Bolivar pilot-mining operations derived from the mine plan prepared in fiscal 2009 and subsequently reviewed and/or revised by management. These estimates are subject to change. The Company cannot give any assurance that it will achieve its production estimates. Failure to achieve the anticipated production estimates could have a material and adverse effect on any or all of the Company's future cash flows, results of the pilot-mining operations and financial condition.

Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above and as set out below:

- » Actual mineralized rocks mined varying from estimates in grade, tonnage and metallurgical and other characteristics;
- » Mining dilution;
- » Ramp wall failures or cave-ins;
- » Ventilation and adverse temperature levels underground;
- » Industrial accidents;
- » Equipment failures;
- » Natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes;
- » Encounter of unusual or unexpected geological conditions;
- » Changes in power costs and potential power shortages;
- » Shortages of principal supplies needed for operation, including explosives, fuel, chemical reagents, water, equipment parts and lubricants; and
- » Restrictions imposed by government agencies.

Land Title

The Company is taking reasonable measures, in accordance with industry standards, for properties at that stage of exploration to ensure proper title to its properties. However, there is no guarantee that title to any of its properties will not be challenged or impugned. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected, amongst other things, by undetected defects (refer to note 10 of the three-month period ended March 31, 2009, unaudited interim consolidated financial statement). As at March 31, 2009, some of the Company's property titles are in the process of being registered in the name of the Company's Mexican subsidiary at the Mexico Mining registry office.

Capital Needs

The exploration, development, mining and processing of the Company's properties will require substantial additional financing. The only current sources of future funds available to the Company are the sale of additional equity capital, the borrowing of funds and sales of concentrates through its pilot-mining activities. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest.

Regulation and Environmental Requirements

The activities of the Company require permits from various governmental authorities and are subject to bylaws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, environmental protection and other matters. Increased costs and delays may result from the need to comply with applicable laws and regulations. If the Company is unable to obtain or renew licenses, approvals and permits, it may be curtailed or prohibited from proceeding with exploration or development activities.

Metal Price Volatility

Metal prices will continue to be the most significant factor influencing the Company's operation going forward. The results of our operations are significantly affected by the market price of base and precious metals which are cyclical and subject to substantial price fluctuations. Our revenues are particularly sensitive to the change in the market prices of zinc, copper, lead and silver. Market prices can be affected by numerous factors beyond our control, including levels of supply and demand for a broad range of industrial products, substitution of new or different products in critical applications for our existing products, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and of certain other currencies, interest rates, global or regional political or economic crises and sales of precious and base metals by holders in response to such factors. The price of zinc, copper and other metals has fluctuated widely in recent weeks. Future price declines may materially reduce our cash flow and could cause us to reduce output at our operations (including, possibly, closing one or more of our pilot-mining activities), all of which could reduce our cash flow from operations and may also require the Company to look for alternatives other than cash flow to maintain its liquidity.

2009 Priorities

Dia Bras's biggest current challenge is the financing and construction of the Bolivar mill near the Bolivar Mine. Completion is anticipated in late 2009 or during quarter of 2010. In parallel, the Company's plans for 2009 include processing higher-grade material with the goal of producing positive cash flow at forecasted metal prices.

Dia Bras will focus on key priorities for the foreseeable future:

- » Maximizing cash flow in this uncertain economic environment;
- » Reducing direct operating costs;
- » Exploration program to expand and upgrade resources at Bolivar and Cusi projects;
- » Positioning the Company for the economic recovery.

(ii) NATIONAL INSTRUMENT 51-102 – SECTION 5.4

Disclosure of Outstanding Securities as at May 29, 2009

Common shares: 202,964,087

Warrants outstanding: 91,462,818

Options outstanding: 7,950,000

Warrants: (each warrant entitles the holder to purchase one common share of the Company at the exercise price indicated until expiry date):

Number of Warrants	Exercise Price	Expiry Date
	\$	
25,000,000	0.20	November 2010
30,750,000	0.15	August 2010
35,712,818	0.11	March 2010

Number of Options	Exercise Price	Expiry Date
	\$	
500,000	0.75	August 2009
250,000	0.75	February 2010
920,000	0.30	September 2010
100,000	0.22	September 2010
1,575,000	0.40	February 2011
735,000	0.90	September 2011
1,100,000	1.10	April 2012
100,000	1.28	June 2012
150,000	1.25	July 2012
300,000	0.89	October 2012
330,000	0.61	April 2013
300,000	0.45	June 2013
50,000	0.30	August 2013
540,000	0.10	November 2013
1,000,000	0.15-0.20-0.25	March 2014

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President and Chief Executive Officer

Arved Marin
Financial Controller

Luce L. Saint-Pierre, LL.B., C.A.
Corporate Secretary