



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

Interim Consolidated Financial Statements

For the three- and nine-month periods ended September 30, 2008

(Unaudited)



NOTICE TO READERS OF THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim consolidated financial statements of Dia Bras Exploration Inc. for the three- and nine-month periods ended September 30, 2008 have not been reviewed by the Company's external auditors.

A handwritten signature in black ink, appearing to read "E. Gonzalez", written over a horizontal line.

EDUARDO GONZALEZ, Director

A handwritten signature in blue ink, appearing to read "Arved Marin", written over a horizontal line.

ARVED MARIN, Financial Controller

Montréal, Québec
November 25, 2008

Dia Bras Exploration Inc.

(an exploration-stage company)

Consolidated Balance Sheets

	As at September 30, 2008 \$ (unaudited)	As at December 31, 2007 \$ (audited)
Assets		
Current assets		
Cash and cash equivalents	1,427,708	6,700,016
Sales tax and other receivables	1,298,968	1,609,506
Income tax receivable	876,854	722,515
Inventories from the pilot-mining program, at cost (note 7)	257,453	608,885
Temporary investment (note 8)	79,325	167,000
Prepaid expenses	73,843	12,839
	<u>4,014,151</u>	<u>9,820,761</u>
Property, plant and equipment (note 9)	178,975	233,000
Mining assets (note 11)	<u>43,094,024</u>	<u>36,837,706</u>
	<u>47,287,150</u>	<u>46,891,467</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	3,461,078	2,254,123
Advance payable (note 10)	1,098,074	-
Mining concessions payable (note 11 (a) (ii), (iii) and (vi) (b) (d))	1,751,656	-
Trade payables (note 6)	1,576,693	1,368,164
Income taxes payable	-	42,166
Deferred tenant allowance	19,188	19,188
	<u>7,906,689</u>	<u>3,683,641</u>
Long-term liabilities		
Advance payable (note 10)	1,051,257	-
Mining concessions payable (note 11 (vi) (d))	1,091,527	-
Excess cost recovery – pilot mining (note 11 (a))	2,707,742	4,263,442
Deferred tenant allowance	54,365	68,756
	<u>12,811,580</u>	<u>8,015,839</u>
Shareholders' Equity		
Share capital (note 12)	53,291,786	53,218,198
Contributed surplus (note 15)	8,254,963	8,169,052
Deficit	<u>(27,071,179)</u>	<u>(22,511,622)</u>
	<u>34,475,570</u>	<u>38,875,628</u>
	<u>47,287,150</u>	<u>46,891,467</u>
Commitments and Contingency (notes 21 and 22)		

Dia Bras Exploration Inc.

(an exploration-stage company)

Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Income				
Interest income	9,953	106,864	71,724	438,963
Miscellaneous revenues	11,918	4,252	76,430	5,021
	<u>21,871</u>	<u>111,116</u>	<u>148,154</u>	<u>443,984</u>
Expenses				
Administrative expenses	445,485	383,605	1,558,890	1,357,718
Stock-based compensation costs (note 14)	20,142	112,200	94,235	880,346
Interest expenses	36,455	7,138	44,439	32,559
Amortization of property, plant and equipment	19,130	18,278	56,940	45,654
Loss on disposal of land, exploration buildings and equipment	-	-	5,339	-
Write-off of mining assets	162,225	-	913,309	1,199,891
Net loss on variation of commodity market prices	2,597,153	663,807	1,826,499	994,459
Other project costs	-	11,997	-	18,077
Loss on change in value of temporary investment	29,225	561,000	87,675	76,500
Loss on currency exchange	237,964	389,605	64,883	1,109,915
	<u>3,547,779</u>	<u>2,147,630</u>	<u>4,652,209</u>	<u>5,715,119</u>
Loss before income taxes for the period	(3,525,908)	(2,036,514)	(4,504,055)	(5,271,135)
Future income tax provision (recovery) (note 17)				
Current	(342)	73,000	55,502	203,000
Future	-	(224,363)	-	30,637
	<u>(342)</u>	<u>(151,363)</u>	<u>55,502</u>	<u>233,637</u>
Loss and comprehensive loss for the period	(3,525,566)	(1,885,151)	(4,559,557)	(5,504,772)
Deficit – Beginning of period	(23,545,613)	(16,947,544)	(22,511,622)	(13,727,423)
Change in accounting policy related to financial instruments (note 4)	-	-	-	399,500
Deficit – End of period	<u>(27,071,179)</u>	<u>(18,832,695)</u>	<u>(27,071,179)</u>	<u>(18,832,695)</u>
Basic and diluted loss per share	<u>(0.03)</u>	<u>(0.02)</u>	<u>(0.04)</u>	<u>(0.05)</u>
Basic and diluted weighted average number of outstanding shares	<u>111,501,269</u>	<u>111,029,994</u>	<u>111,451,123</u>	<u>110,300,419</u>

Dia Bras Exploration Inc.

(an exploration-stage company)

Consolidated Statements of Cash Flows

	2008	For the three-month period ended September 30, 2007	2008	For the nine-month period ended September 30, 2007
	\$	\$	\$	\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from				
Operating activities				
Loss for the period	(3,525,566)	(1,885,151)	(4,559,557)	(5,504,772)
Adjustments for				
Stock-based compensation costs (note 14)	20,142	112,200	94,235	880,346
Amortization of property, plant and equipment	19,130	18,278	56,940	45,654
Amortization of deferred tenant allowance	(4,797)	(4,799)	(14,391)	(11,195)
Loss on disposal of land, exploration buildings and equipment	-	-	5,339	-
Write-off of mining assets	162,225	-	913,309	1,199,891
Unrealized (gain) loss on variation of commodity market prices	(713,502)	663,807	(830,022)	994,459
Loss on change in value of temporary investment	29,225	561,000	87,675	76,500
Loss on currency exchange	-	389,605	-	1,109,915
Future income taxes	-	(224,363)	-	30,637
	(4,013,143)	(369,423)	(4,246,472)	(1,178,565)
Changes in noncash working capital items (note 19)	635,277	2,017,595	(964,448)	2,494,509
	(3,377,866)	1,648,172	(5,210,920)	1,315,944
Financing activities				
Advance payable	2,149,331	-	2,149,331	-
Issuance of share capital	-	329,227	44,000	1,363,814
	2,149,331	329,227	2,193,331	1,363,814
Investing activities				
Increase in mining assets (excluding land, exploration buildings and equipment)	(3,235,125)	(7,955,362)	(17,876,480)	(25,111,134)
Increase in land, exploration buildings and equipment	(265,763)	(589,712)	(819,339)	(5,593,451)
Proceeds from sales of concentrates	3,755,547	4,119,038	16,419,826	17,547,051
Disposal of land, exploration buildings and equipment	-	-	24,189	-
Acquisition of property, plant and equipment	-	(1,068)	(2,915)	(187,113)
	254,659	(4,427,104)	(2,254,719)	(13,344,647)
Decrease in cash and cash equivalents during the period	(973,876)	(2,449,705)	(5,272,308)	(10,664,889)
Cash and cash equivalents – Beginning of period	2,401,584	11,489,403	6,700,016	19,704,587
Cash and cash equivalents – End of period	1,427,708	9,039,698	1,427,708	9,039,698
Additional cash flow information (note 19)				

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

1 Nature of operations

Dia Bras Exploration Inc. (the “Company”), an exploration-stage company, incorporated under the *Canada Business Corporations Act* on April 11, 1996, is principally in the business of acquisition, exploration and development of mineral properties.

The Company, through its wholly owned Mexican subsidiary Dia Bras Mexicana, owns or controls several mining concessions located in the States of Chihuahua and Jalisco, Mexico, which are presently at the exploration stage. Until it is determined that the properties contain mineral reserves or resources that can be economically mined, they are classified as mining properties. The economic viability of these mining properties has not yet been assessed. The recoverability of costs relating to the mining properties, including deferred exploration expenses, is dependent upon the discovery of economically recoverable reserves and resources, confirmation of the Company’s interest in the underlying mineral concessions, receipt of necessary permits and the ability of the Company to obtain the necessary financing to complete the development and construction of processing facilities, on-site where applicable, as well as future profitable production or, alternatively, upon disposal of such properties at an amount equal to the Company’s investment therein.

In accordance with industry standards for properties at that stage of exploration, the Company is taking reasonable measures 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, among other things, by undetected defects (refer to notes 11 and 22).

2 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. These interim 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.

3 Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned foreign subsidiaries, Dia Bras Mexicana S.A. de C.V., Servicios de Minería de la Sierra S. de R.L. de C.V and Bolivar Administradores S.A. de C.V.

Asesores Administrativos y Recursos Humanos S. de R.L. de C.V. is consolidated in the accounts of the Company as it is a variable interest entity (“VIE”) and the Company is the primary beneficiary of this entity.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

4 Significant accounting policies and new accounting standards

(a) Significant accounting policies

The interim consolidated financial statements of the Company have been prepared following the same accounting policies and methods of computation as the annual audited consolidated financial statements of the Company as at December 31, 2007, except as noted hereafter. The disclosure provided hereafter is incremental to that included in the annual audited consolidated financial statements. These interim consolidated financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual consolidated financial statements and should be used in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

(b) New accounting standards

As of January 1, 2008, the Company adopted the following CICA new Handbook Sections:

Section 3862, "Financial Instruments – Disclosures"

This section describes the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which entity is exposed and how the entity manages those risks.

Section 3863, "Financial Instruments – Presentation"

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments – Disclosure and Presentation".

Section 1535, "Capital Disclosures"

This section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital, the quantitative data about what the entity regards as capital, whether the entity has complied with any capital requirements, and, if it has not complied, the consequences of such non-compliance.

Section 1400, "General Standards of Financial Statement Presentation"

Section 1400 was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. These new requirements will not have any impact on the consolidated financial statements as the Company is already assessing its ability to continue as a going concern.

Section 3031, "Inventories"

This section replaces the existing section 3030. Under the new section, inventories are required to be measured at the "lower of cost and net realizable value", which is different from the existing guidance of the "lower of cost and market". The new section also requires, when applicable, the reversal of any write-downs previously recognized. The adoption of this policy has had no material impact on the Company's financial statements.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

Section 3064, “Goodwill and intangible assets”

Effective January 1, 2009, the Company will adopt Section 3064, “Goodwill and intangible assets”, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets.

Concurrent with the introduction of this standard, the CICA withdrew EIC 27, “Revenues and expenses during the pre-operating period”. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

The Company continues to evaluate the impact of this standard on future transactions.

5 Financial instruments and risk management

(a) Financial Instruments

The Company has classified financial instruments as follows:

	As at September 30, 2008	As at December 31, 2007
	<u>\$</u>	<u>\$</u>
Financial Assets		
Held-for-trading, measured at fair value		
Cash and cash equivalents	1,427,708	6,700,016
Temporary investments	79,325	167,000
Loans and receivable – measured at amortized costs		
Sales tax and other receivables	1,298,968	1,609,506
Income tax receivable	876,854	722,515
Financial Liabilities		
Held-for-trading, measured at fair value		
Trade payables	1,576,693	1,368,164
Other liabilities, measured at amortized costs		
Advance payable	2,149,331	-
Mining concessions	2,843,183	-
Accounts payable and accrued liabilities	3,480,266	2,315,477

The Company had no held-to-maturity financial instruments during the quarter ended September 30, 2008 nor during the year ended December 31, 2007.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

(b) Allowance account for credit losses

	As at September 30, 2008	As at December 31, 2007
	\$	\$
Sales tax and other receivables	1,298,968	1,609,506
Income tax receivable	876,854	722,515
Allowance for doubtful accounts	-	-
	<u>2,175,822</u>	<u>2,332,021</u>

As at September 30, 2008, management considers none of the accounts receivable doubtful and therefore no allowance has been registered.

(c) Fair value

The Company has determined the estimated fair value of its financial instruments based on estimates and assumptions. The 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 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.

(d) Risk management policies and hedging activities

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 certain revenues and expenses, include amounts that are exposed to currency fluctuations.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

As at September 30, 2008, the following balance sheet items included amounts in foreign currencies as follows:

	As at September 30, 2008		
	US\$	Mx Pesos	Equivalent CA\$
Cash and cash equivalents	377,380	47,301	404,553
Sales tax and other receivables	-	13,449,645	1,298,968
Accounts payable and accrued liabilities and income tax receivable and payable	(2,353)	(26,757,314)	(2,584,224)
Mining concessions payable	(2,682,500)	-	(2,843,183)
Advance payable	(2,028,178)	-	(2,149,331)
Trade payable	(1,487,587)	-	(1,576,693)
Net balance	<u>(5,823,238)</u>	<u>(13,260,368)</u>	<u>(7,449,910)</u>

	As at December 31, 2007		
	US\$	Mx Pesos	Equivalent CA\$
Cash and cash equivalents	1,122,440	619,342	1,164,824
Trade receivables	-	-	-
Sales tax and other receivables	-	16,858,433	1,525,520
Accounts payable and accrued liabilities and income tax receivable and payable	(12,788)	(16,452,464)	(1,501,416)
Trade payables	(1,384,958)	-	(1,368,103)
Net balance	<u>(275,306)</u>	<u>1,025,311</u>	<u>(179,175)</u>

Credit risk

The Company is subject to concentrations of credit risk through cash and cash equivalents, trade receivables (payables), and sales tax 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.

Commodity price risk

The Company is exposed to commodity price risk for variations in concentrate prices, as final prices are determined by quoted market price in a period subsequent to the date of sale. 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. During the

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

third quarter, the Company initiated a quotational period (“QP”) hedging program for a portion of its open copper and zinc positions.

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. To the extent the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity or debt transactions.

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. Metal prices will continue to be the most significant factor influencing the Company’s operation going forward. 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, 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. 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 our 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 our cash flow from operations and may also be required to look for alternatives other than cash flow to maintain its liquidity.

6 Trade receivables (payables)

The Company’s trade receivables (payables) are detailed as follows:

	As at September 30, 2008	As at December 31, 2007
	\$	\$
Receivables from pilot mining	805,433	1,048,690
Provision for final settlement*	(2,382,126)	(2,416,854)
	<u>(1,576,693)</u>	<u>(1,368,164)</u>

*The provision for final settlement represents the estimated amount which would be recovered or paid back as at September 30, 2008 on shipments of concentrates for which the Company received provisional payments of approximately 90% of the shipment value at the date of shipment. As at September 30, 2008, shipments that had not reached the final settlement stage comprised approximately 12,470 tonnes of zinc concentrate (4,447,716 lbs. payable), 981 tonnes of copper concentrate (2,164,184 lbs. payable) and 69 tonnes of lead concentrate (150,400 lbs. payable) (4,634 tonnes (10,213,000 lbs. payable), 1,590 tonnes (3,503,000 lbs. payable) for copper and zinc, respectively, as at December 31, 2007). Final settlement value will be determined at the quotational period under the terms of the arrangement and may vary significantly from the current provisional amount.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

7 Inventories from the pilot-mining program

	As at September 30, 2008	As at December 31, 2007
	\$	\$
Broken material (at plant site)	-	37,600
Concentrate	257,453	571,285
	<u>257,453</u>	<u>608,885</u>

8 Temporary investment

	As at September 30, 2008	As at December 31, 2007
	\$	\$
Pershimco Resources Inc. ("Pershimco") 835,000 common shares – at quoted market value (December 31, 2007 – 835,000 common shares at quoted market value)	79,325	167,000
	<u>79,325</u>	<u>167,000</u>

9 Property, plant and equipment

	As at September 30, 2008			Estimated useful life
	Cost	Accumulated amortization	Net	
	\$	\$	\$	
Computer equipment	87,036	52,540	34,496	3 years
Office equipment	71,133	40,576	30,557	3 years
Leasehold improvements	160,976	47,054	113,922	over the term of the lease
	<u>319,145</u>	<u>140,170</u>	<u>178,975</u>	
	As at December 31, 2007			Estimated useful life
	Cost	Accumulated amortization	Net	
	\$	\$	\$	
Computer equipment	84,121	35,672	48,449	3 years
Office equipment	71,133	22,792	48,341	3 years
Leasehold improvements	160,976	24,766	136,210	over the term of the lease
	<u>316,230</u>	<u>83,230</u>	<u>233,000</u>	

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

10 Advance payable

On July 14, 2008, the Company's wholly owned subsidiary Dia Bras Mexicana S.A. de C.V. entered into a US\$ 2,000,000 working capital loan facility with MRI Trading AG ("MRI"). This advance credit facility bears interest at the 3-month LIBOR rate plus 4% payable monthly over an 18-month period starting 6 months after the reception of the funds.

Along with this agreement, the Company has agreed to sell to MRI its full production of zinc, copper and lead-silver concentrates up until mid-2010.

	As at September 30, 2008	As at December 31, 2007
	<u>\$</u>	<u>\$</u>
Advance payable	2,149,331	-
Less: short-term period	<u>1,098,074</u>	<u>-</u>
Long-term period	<u>1,051,257</u>	<u>-</u>

11 Mining assets

	As at September 30, 2008	As at December 31, 2007
	<u>\$</u>	<u>\$</u>
Costs and deferred exploration expenses (a)	28,774,685	21,470,782
Land, exploration buildings and equipment (b)	11,586,605	13,278,355
Supplies and spare parts inventory	2,136,708	1,812,324
Deposits on mining assets	<u>596,026</u>	<u>276,245</u>
	<u>43,094,024</u>	<u>36,837,706</u>

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

(a) Cost and deferred exploration expenses

	Costs		Deferred exploration expenses		Total	
	As at September 30, 2008	As at December 31, 2007	As at September 30, 2008	As at December 31, 2007	As at September 30, 2008	As at December 31, 2007
	\$	\$	\$	\$	\$	\$
Mexico (State of Chihuahua)						
Bolivar projects						
Bolivar III and IV (Bolivar Mine property)* (iv) (note 22)	-	-	-	-	-	-
Piedras Verdes	357,039	356,917	2,073,771	2,073,771	2,430,810	2,430,688
La Chaparrita (ii)	88,454	-	-	-	88,454	-
Bolivar (iii)	88,344	-	41,484	-	129,828	-
San José (v)	-	243,835	-	506,009	-	749,844
Other	105,512	102,688	121,407	121,407	226,919	224,095
Cusi projects (vi)						
India – Marisa (a)	241,168	240,920	1,706,162	1,706,147	1,947,330	1,947,067
Holguin – San Juan (b)	1,460,421	1,545,056	21,182	13,112	1,481,603	1,558,168
San Miguel – La Bamba (c) (option)	222,089	221,726	2,542,252	2,532,400	2,764,341	2,754,126
Mineria Cusi – Santa Edwiges/ San Nicolas (d) (option)	5,340,848	2,162,028	14,289,031	9,576,131	19,629,879	11,738,159
DBM	32,710	25,883	42,811	42,752	75,521	68,635
La Engañososa (i)	-	-	-	-	-	-
	7,936,585	4,899,053	20,838,100	16,571,729	28,774,685	21,470,782

	Costs		Deferred exploration expenses		Total	
	As at September 30, 2008	As at December 31, 2007	As at September 30, 2008	As at December 31, 2007	As at September 30, 2008	As at December 31, 2007
	\$	\$	\$	\$	\$	\$
*Bolivar III and IV (Bolivar Mine property)						
Costs and deferred exploration expenses	1,833,750	1,797,655	78,108,007	59,146,680	79,941,757	60,944,335
Less: accumulated sales of concentrates from pilot mining	(1,833,750)	(1,797,655)	(80,815,749)	(63,410,122)	(82,649,499)	(65,207,777)
	-	-	(2,707,742)	(4,263,442)	(2,707,742)	(4,263,442)
Less: transfer to excess cost recovery – pilot mining	-	-	2,707,742	4,263,442	2,707,742	4,263,442
	-	-	-	-	-	-

(i) La Engañososa

In February 2008, the Company entered into an option agreement with Arnaldo Castañeda Martínez and Consorcio Minero Latinoamericano, S.A. de C.V. (“Martinez-Consorcio Minero”) whereby it could earn a 100% interest in the La Engañososa 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 \$317,970⁽¹⁾ (US\$300,000) per year over the same three-year period.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

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 and deferred exploration expenses in the amount of \$162,225 were written off during the third quarter of 2008.

(ii) La Chaparrita

In January 2008, the Company entered into a right purchase agreement with Minera Senda de Plata regarding the La Chaparrita property covering 10.0 hectares for a total amount of US\$85,000 to be paid as follows:

- \$15,419 (US\$15,000) at the date of signing (paid),
- \$15,279 (US\$15,000) in July 2008 (paid),
- \$58,295⁽¹⁾ (US\$55,000) in January 2009.

As at September 30, 2008, an amount of \$58,295⁽¹⁾ (US\$55,000) is included in mining concessions payable.

(iii) Bolivar

In January 2008, the Company entered into a right purchase agreement with the Fernandez Group regarding the Bolivar property covering 63.56 hectares for a total amount of US\$85,000 to be paid as follows:

- \$15,419 (US\$15,000) at the date of signing (paid),
- \$15,279 (US\$15,000) in July 2008 (paid),
- \$58,295⁽¹⁾ (US\$55,000) in January 2009.

As at September 30, 2008, an amount of \$58,295⁽¹⁾ (US\$55,000) is included in mining concessions payable.

(iv) Bolivar III and IV (the “Bolivar Mine property”)

In August 2004, the Company entered into a commercial agreement with the owners of the 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 (note 22).

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 September 30, 2008, an amount of \$29,810⁽¹⁾ (US\$28,125) remains to be paid.

(v) San José properties

In July 2003, the Company entered into an option agreement with El Paso Partners, Ltd. (“EPP”) and its wholly owned subsidiary Polo y Ron Minerales S.A. de C.V. to acquire a cumulative interest of up to 100% in the San José silver and base metal properties covering 823.16 hectares, in the State of Chihuahua, Mexico, for a total consideration of US\$349,500 and exploration expenditures of \$1,736,116⁽¹⁾ (US\$1,638,000) until July 2009. The remaining payment of \$38,546 (US\$37,500) for the San José project was made in February 2008, and the Company concluded that the recognition of an impairment charge for this project was not required as at December 31, 2007.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

On May 30, 2008, the Company decided to abandon the San José properties. Consequently, all costs and deferred exploration expenses accumulated on the related mining concessions as at that date amounting to \$751,084 were written off in the second quarter of 2008. EPP has yet to officially accept the Company's option termination letter.

(vi) Cusi Project

In May and June 2006, the Company staked ground and entered into different agreements in order to earn interest in more than 7,500 hectares of contiguous mining concessions (the "Cusi Properties"), including 12 former mines, in the Cusi district in Chihuahua State, Mexico, located within 40 kilometres of the Company's Malpaso mill, as follows:

- (a) La India and La Marisa properties are subject to a 1.5% NSR of up to a maximum of \$1,589,850⁽¹⁾ (US\$1,500,000) with a \$1,059,900⁽¹⁾ (US\$1,000,000) buy-back option.
- (b) The Holguin properties, including the San Juan property, covering 1,676 hectares, are subject to a 1.5% NSR of up to a maximum of \$1,589,850⁽¹⁾ (US\$1,500,000). The NSR can be purchased for \$1,059,900⁽¹⁾ (US\$1,000,000). As at September 30, 2008, an amount of \$13,249⁽¹⁾ (US\$12,500) remains to be paid. This amount is included in mining concessions payable. The majority of the property titles have been transferred to the Company and the others are in the process of being transferred.
- (c) On May 31, 2006, the Company entered into an option agreement with Pershimco Resources Inc. ("Pershimco"). As at September 30, 2008, the Company had earned 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, which cover 36 hectares in the Cusi Silver Mining District. Pursuant to the terms of the JVA, Pershimco must incur US\$1.5 million of expenditures on the properties before having the right to acquire an additional 20% interest on the properties at a cost of US\$1.0 million. 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 \$1,059,900⁽¹⁾ (US\$1,000,000). As at September 30, 2008, the jointly owned Mexican subsidiary has not been constituted.

- (d) 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 (1,133.5 hectares) with Compañía Minera Cusi ("Minera Cusi"), a private Mexican company, for 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 US\$3,060,000 to be paid as follows: US\$500,000 (paid at the date of signing), \$529,950⁽¹⁾ (US\$500,000) in November 2008 and four quarterly instalments of \$545,849⁽¹⁾ (US\$515,000) in March, June, September and December 2009. As at September 30, 2008, an amount of \$2,713,344⁽¹⁾ (US\$2,560,000) is included in mining concessions payable.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

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 \$11.66⁽¹⁾ (US\$11.00) per ounce or 3% NSR if the price of silver exceeds \$11.66⁽¹⁾ (US\$11.00) per ounce.

- (e) During the third quarter, the Company continued processing material from Cusi at its Malpaso mill facilities in order to achieve further metallurgical testing. During this period, the Company processed 2,264 tonnes of material producing 103 DMT of lead/silver concentrate and 18 DMT of zinc concentrate that were sold to MRI Trading for approximately \$196,000. In accordance with the Company's accounting policy, revenue from sales of concentrates prior to the commencement of commercial production is accounted for as a reduction of related costs and deferred exploration expenses.

⁽¹⁾ Converted at the rate of exchange in effect as at September 30, 2008.

(b) Mining concessions payable

The total mining concessions payable are included in the financial statements as follows:

	As at September 30, 2008	As at December 31, 2007
	\$	\$
Mining concessions	2,843,183	-
Less: short-term period	1,751,656	-
Long-term period	1,091,527	-

(c) Land, exploration buildings and equipment

	As at September 30, 2008		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Land	273,813	-	273,813
Buildings			
Plant	2,016,734	460,498	1,556,236
Camp	420,520	179,467	241,053
Machinery and equipment	13,250,620	5,720,381	7,530,239
Computers and office furniture	1,012,413	595,495	416,918
Rolling stock	3,444,577	1,876,231	1,568,346
	20,418,677	8,832,072	11,586,605

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

	Cost	Accumulated amortization	As at December 31, 2007
	\$	\$	Net \$
Land	273,813	-	273,813
Buildings			
Plant	1,808,410	386,648	1,421,762
Camp	404,802	115,329	289,473
Machinery and equipment	12,754,949	3,936,585	8,818,364
Computers and office furniture	940,400	415,206	525,194
Rolling stock	3,445,913	1,496,164	1,949,749
	<u>19,628,287</u>	<u>6,349,932</u>	<u>13,278,355</u>

12 Share capital

Authorized

An unlimited number of common shares without par value

Issued

Changes in the Company's share capital were as follows:

	For the nine-month period ended September 30, 2008		For the year ended December 31, 2007	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance – Beginning of the period	111,371,269	53,218,198	109,550,905	51,308,067
Issued following exercise of compensation options (note 13)	-	-	996,364	1,181,141
Issued following exercise of stock options (notes 14 and 15)	130,000	73,588	824,000	728,990
Balance – End of the period	<u>111,501,269</u>	<u>53,291,786</u>	<u>111,371,269</u>	<u>53,218,198</u>

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

13 Compensation options

Changes in the Company's outstanding compensation options in 2007 were as follows:

	For the year ended December 31, 2007	
	Number of compensation options	Amount \$
Balance – Beginning of the period	1,046,500	193,603
Exercised (note 12)	(996,364)	(184,328)
Expired (note 15)	(50,136)	(9,275)
Balance – End of the period	-	-

As at September 30, 2008, there are no outstanding compensation options.

During the year ended December 31, 2007, 996,364 compensation options were exercised for total cash proceeds of \$996,364, and consequently the Company issued 996,364 common shares. The remaining 50,136 compensation options expired on August 16, 2007.

14 Stock option plan

The Company maintains a stock option plan (the "Plan") whereby the Board of Directors may, from time to time, grant to employees, officers, directors or consultants options to acquire common shares of the Company on such terms and at such exercise prices as may be determined by the Board. As at September 30, 2008, the Plan provides that: i) the maximum number of common shares in the capital of the Company that may be reserved for issuance under the Plan shall be equal to 10,900,000 (as of December 31, 2007 – 10,900,000) common shares, and ii) that the maximum number of common shares that may be reserved for issuance to any one optionee pursuant to a share option may not exceed 5% of the common shares outstanding at the time of grant.

The options must be exercised within five years of grant. The exercise price may not be lower than the market price of the common shares at the time of grant. Beginning September 2006, up until November 2007, options granted were entirely vested at the date of grant. All options granted after November 2007 have a vesting period of two years as follows: 33 1/3% on the grant of the options, 33 1/3% one year after the grant and 33 1/3% two years after the grant of the options.

On August 28, 2008, the Board granted a total of 50,000 options to purchase common shares of the Company to an officer.

On June 11, 2008, the Board granted a total of 300,000 options to purchase common shares of the Company to its new directors and a consultant.

On April 14, 2008, the Board granted a total of 330,000 options to purchase common shares of the Company to a director and officer, an officer and an employee.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

A summary of changes in the Company's stock options outstanding is presented below:

	For the nine-month period ended September 30, 2008		For the year ended December 31, 2007	
	Number of options	Average exercise price \$	Number of options	Average exercise price \$
Beginning of the period	10,318,333	0.72	8,957,333	0.60
Granted	680,000	0.52	2,515,000	1.10
Exercised (note 12)	(130,000)	0.34	(824,000)	0.60
Cancelled	(510,000)	0.88	(330,000)	0.91
End of the period	<u>10,358,333</u>	<u>0.70</u>	<u>10,318,333</u>	<u>0.72</u>

A summary of options outstanding and exercisable as at September 30, 2008 is presented below:

Exercise price \$	Number of options		Expiry date
	Outstanding	Exercisable	
0.85	600,000	600,000	October 2008
0.75	930,000	930,000	August 2009
0.75	400,000	400,000	February 2010
0.30	1,253,333	1,253,333	September 2010
0.22	125,000	125,000	September 2010
0.40	2,435,000	2,435,000	February 2011
0.90	1,650,000	1,650,000	September 2011
1.10	1,585,000	1,585,000	April 2012
1.28	250,000	250,000	June 2012
1.25	150,000	150,000	July 2012
0.89	300,000	300,000	October 2012
0.61	330,000	110,000	April 2013
0.45	300,000	100,000	June 2013
0.30	50,000	16,667	August 2013
	<u>10,358,333</u>	<u>9,905,000</u>	

During the nine-month period ended September 30, 2008, stock-based compensation costs amounted to \$115,499 including \$21,264 capitalized to mining assets, compared with \$1,653,244, including \$772,898 capitalized to mining assets for the same period in 2007, on the basis that the options were granted to officers and consultants involved in the exploration program in Mexico, and the balance of \$94,235 (\$880,346 in 2007) was recorded in the Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit.

The weighted average of estimated fair value of each option granted was estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

	For the nine-month period ended September 30, 2008	For the nine-month period ended September 30, 2007
Average dividend per share	Nil	Nil
Estimated volatility	74.87%	78%
Risk-free interest rate	2.89%	4.00%
Expected life of options granted	4 years	4 years
Options granted which exercise price equals the market price of the stock on the grant date:		
Estimated fair value of option	\$0.30	\$0.75
Exercise price	\$0.53	\$1.25
Options granted which market price exceeds the exercise price of the stock on the grant date:		
Estimated fair value of option	\$0.18	
Exercise price	\$0.30	
Stock price at date of grant	\$0.31	

15 Contributed surplus

	For the nine-month period ended September 30, 2008	For the year ended December 31, 2007
	\$	\$
Balance – Beginning of the period	8,169,052	6,590,223
Stock-based compensation costs (note 14)	115,499	1,806,544
Exercise of options (note 12)	(29,588)	(236,990)
Compensation options expired (note 13)	-	9,275
Balance – End of the period	<u>8,254,963</u>	<u>8,169,052</u>

16 Capital disclosure

In the definition of capital the Company includes: Deficit, share capital, current liabilities, advance payable, mining concessions payable, temporary investments and cash and cash equivalents.

The Company's objectives when managing capital are as follows:

- (a) To safeguard its ability to continue as a going concern,
- (b) To secure sufficient capital to be able to develop its mining projects and potentially bring them to the commercial production stage.

The Company monitors capital on an ongoing process by keeping close control over expenditures and adjusting when necessary its exploration and development program as it progresses.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

As at September 30, 2008, the Company was not subject to any externally imposed capital requirements other than the mining concessions payable as described in note 11 (a) (ii), (iii) and (vi) (b), (d). However, it has committed to an environmental capital expenditure program at its Malpaso mill (see note 21 (c)).

17 Income taxes

The provision for income taxes is different from what would have resulted from applying the combined Canadian statutory tax rate as a result of the following:

	For the nine-month period ended September 30, 2008	For the nine-month period ended September 30, 2007
	\$	\$
Loss before income taxes	(4,504,055)	(5,271,135)
Combined federal and provincial income tax benefit at 31.9% (32% in 2007)	(1,436,794)	(1,686,763)
Income tax rate differential in Mexico	120,627	145,873
Expired tax losses	64,757	-
Stock-based compensation costs	30,061	281,711
Increase in temporary investment	27,968	24,480
Increase (decrease) in the valuation allowance	2,096,825	2,478,001
Write-off of mining properties	255,726	383,965
Foreign exchange gain (loss) taxable (deductible) in Mexico	(1,264,796)	(1,602,074)
Inflation taxable on losses and net financial liabilities in Mexico	102,412	161,715
Non-deductible items in Mexico	59,900	29,411
Increase in taxable loss	-	17,318
Other	(1,184)	-
	<u>55,502</u>	<u>233,637</u>

18 Asset retirement obligations

As at September 30, 2008 and December 31, 2007, based on its review of the status of its operations under the current Mexican environmental legislation, the Company determined it does not carry any asset retirement obligation and, therefore, has not recognised such an obligation.

In view of the upcoming feasibility study, the Company will commission an environmental impact study at the Bolivar project from which asset retirement obligations may arise.

A liability stemming from any asset retirement obligation will be recorded in the year in which such obligation arises.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

19 Statements of cash flows

	For the nine-month period ended September 30, 2008	For the nine-month period ended September 30, 2007
	\$	\$
(a) The changes in noncash working capital items are as follows:		
Sales tax and other receivables	310,538	2,352,996
Inventories from the pilot-mining program	351,432	208,828
Prepaid expenses	(61,004)	(291,311)
Accounts payable and accrued liabilities	(1,368,909)	223,625
Income tax receivable/payable	(196,505)	371
	<u>(964,448)</u>	<u>2,494,509</u>
	\$	\$
(b) Additional information – noncash transactions		
Stock-based compensation costs capitalized into mining assets (note 14)	21,264	772,898
Additions of mining assets included in accounts payable and accrued liabilities	2,575,864	890,864
Variation in trade receivables included in mining assets	1,038,551	1,958,232
Capitalized amortization of exploration buildings and equipment	2,481,561	2,534,989
	\$	\$
(c) Interest and income taxes		
Interest paid	44,439	32,559
Income taxes paid and prepaid instalments	85,889	144,925

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

20 Related party transactions

During the nine-month period ended September 30, 2008, companies controlled by officers of the Company charged consulting fees amounting to \$275,354 (for the nine-month period ended September 30, 2007 – \$651,828), including \$186,652 capitalized to deferred exploration costs (for the nine-month period ended September 30, 2007 – \$492,413). As at September 30, 2008, the balance due these companies amounted to \$1,558 (as at September 30, 2007 – \$36,524).

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.

21 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). The State congress approved the transaction, and contracts are now being prepared. Payments will be over a two-year period including 50% at the signature of the sale agreement.
- (b) In 2007, in the normal course of business, the Company guaranteed financial lease for the purchase of transportation equipment by a third party (the “Borrower”) for an amount of approximately \$400,000 (MX 4,420,380) in favour of the Borrower’s lender. The original financial lease agreement had a duration of 12 months from the date of its signature in May 2007 and the Borrower’s debt is secured by the transportation equipment. In addition, the Company advanced \$113,600 (US\$115,000) to the Borrower. The Borrower provides transportation services to the Company pursuant to a transportation agreement. In March 2008, the Company was informed that the Borrower was in default of payments of its obligation. The Company does not have any recourse over any assets of the Borrower. The Company reached an agreement with the Borrower to secure repayment of the Borrower’s debt directly from the proceeds of the Company’s payment of transportation charges.

In addition, on April 15, 2008, the Borrower signed a promissory note in favor of the Company in the amount of \$494,000 (US\$500,000) to secure any potential obligation for the Company. As of August 15, 2008, the Company has paid, on behalf of the Borrower, the full amount due on the financial lease and increased the advance due from the Borrower which stands at approximately \$123,500 (MX 1,249,323). The Company is confident it will not incur any loss resulting from this transaction and as such, no provision for contingent loss has been recorded under the guarantee in the consolidated financial statements of the Company as at September 30, 2008 and December 31, 2007.

- (c) 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 September 30, 2008 and December 31, 2007, no provision is recorded in accounts payable and accrued liabilities.
- (d) In December 2006, the Company signed a five-year lease for office premises. The annual rent is approximately \$60,000.

Dia Bras Exploration Inc.

(an exploration-stage company)

Notes to the Interim Consolidated Financial Statements (unaudited)

For the three- and nine-month periods ended September 30, 2008

- (e) In February 2004, the Company and two other companies jointly signed a five-year lease for the former office premises. The annual rent is approximately \$150,000 which is divided on a pro rata basis among the three companies. The Company's annual gross commitment is approximately \$50,000. Subsequent to year-end, the Company and the other interested parties entered into a full sublease agreement over the remainder of the original lease period but remain responsible until expiry in February 2009.
- (f) On July 14, 2008, the Company's wholly owned subsidiary Dia Bras Mexicana S.A. de C.V. entered into a US\$2,000,000 working capital loan facility with MRI Trading AG. 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. Along with this agreement, the Company has agreed to sell to MRI its full production of zinc, copper and lead-silver concentrates up until mid-2010.

22 Contingency

In 2005, a personal action was filed in Mexico against one of the Company's subsidiaries, Dia Bras Mexicana, S.A. de C.V. ("DBM"), by an individual claiming the annulment and revocation of the purchase contracts of two mining concessions, Bolivar III and IV (see note 11 (iv)), entered into between DBM and Mr. Javier Octavio Bencomo Muñoz and Minera Senda de Plata, S.A. de C.V. Following the notification of said claim against DBM, a defense was filed based on the questionable legal standing of the claimant to file a lawsuit on behalf of the former owner. Although there can be no assurance regarding the outcome of such proceeding, management and its external legal advisors believe that, as the claimant purports the annulment and revocation of the purchase contracts, it will have no significant effects in the financial condition or results of operation of DBM. The remote success of such legal proceedings could result in an impairment of the value of the Bolivar Mine property.

23 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

24 Subsequent event

On November 20, 2008, the Company closed a private placement of \$2 million and has issued 25,000,000 units at \$0.08 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 \$0.20 for a period of two years. The net proceeds will be used for general corporate purposes.