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

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine-month period ended September 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 consolidated financial statements for the nine-month period ended September 30, 2007 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.

1.1 DATE OF MD&A

The MD&A for the nine-month period ended September 30, 2007 is as of November 27, 2007.

1.2 FORWARD-LOOKING STATEMENTS

The MD&A contains forward-looking statements that express, as at the date thereof, the Company's expectations, estimates and projections regarding its business, the mining industry and the economic environment in which it operates. Forward-looking statements are reasonable, but involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements, and readers should not place undue reliance on such statements.

1.3 Q3- 2007 HIGHLIGHTS

- The exploration drilling program generates excellent results at both the Bolivar and Cusi projects;
- The Company obtains a favourable preliminary assessment from an independent engineering firm in respect to its Bolivar project;
- Pilot mining at Bolivar generates sales of concentrate of $7.03 million in the third quarter;
- Following quarter-end, the Company announces the nomination of Daniel Tellechea as new President and CEO.

1.4 NATURE OF ACTIVITIES AND OVERALL PERFORMANCE

Dia Bras Exploration Inc. (the "Company") is an exploration-stage company which owns and/or controls, through its wholly owned Mexican subsidiary Dia Bras Mexicana, more than 15,000 hectares of mining concessions in the State of Chihuahua, Mexico, all currently at the exploration stage.

Until it is determined that the mining 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 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.

EXPLORATION ACTIVITIES DURING THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2007

Exploration continued on both the Cusi and Bolivar properties to fully evaluate their economic potential. The core drilling program initiated at the beginning of February 2007 called for 50,000 metres of drilling to be performed equally between the Cusi and Bolivar projects. In the third quarter, 13,054 metres (7,766 Bolivar and 5,288 Cusi) were drilled, bringing the year-to-date production to 33,413 metres of core drilling since the inception of the program (as corrected on October 1, 2007).

Other exploration work included surface and underground mapping, sampling and aerial photo interpretation.

a) Cusi Project

The Cusi project is covered by different purchase and option agreements all entered into in 2006.

Minera Cusi agreement

In 2006, the Company entered into an option agreement to earn a 100% interest in several properties (1,133.5 hectares) with Compañia Minera Cusi ("Minera Cusi"), a private Mexican company, for US$5,000,000 payable over three years of which US$1,000,000 has been paid. 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 US$11.00 per ounce or 3% NSR if the price of silver exceeds US$11.00 per ounce. The Company may withdraw from its option agreement under the proposed acquisition, over the three-year period, by simple notice to Minera Cusi and the forfeiture of payments.

A US$2,000,000 payment was due in August 2007. This payment was postponed as follows: US$1,000,000 was paid in September 2007 and US$1,000,000 will be paid once some mining concession registration issues are settled.

Villalobos and Rodriguez purchase agreement

In 2006, the Company entered into a purchase agreement with Hector Sanchez Villalobos and Carmen Saenz Rodriguez ("Villalobos and Rodriguez") to acquire properties (La Marisa and La India) covering 21.08 hectares. The properties are subject to a 1.5% NSR of up to a maximum of US$1,500,000 in favour of Villalobos and Rodriguez with a US$1,000,000 buy-back option.

Pershimco option agreement

In 2006, the Company entered into an option agreement with Pershimco Resources Inc. ("Pershimco") pursuant to which the Company could earn up to a 70% interest in the San Miguel-La Bamba property covering 36 hectares located in the Cusi District. The property is subject to a 2% NSR of which 1% may be bought back for US$1,000,000. As at September 30, 2007, the Company had earned a 50% interest in the project. Official legal transfer of titles remains to be completed.

Holguin Aragonez purchase agreement

In 2006, the Company entered into a purchase agreement with Manuel Holguin Aragonez ("Holguin") to acquire mining concessions covering 1,676 hectares. The properties are subject to a 1.5% NSR up to a maximum of US$1,500,000 in favour of Holguin with US$1,000,000 buy-back option.

As of this date, the majority of the mining concessions have been registered in the Company's name with some still in the process of registration.

Exploration

The Cusi project is at an advanced exploration stage. Large-scale geological mapping combined with resource evaluation and reconnaissance drilling completed in 2006 has identified a number of historical workings and prospects with significant mineralized structures, worthy of follow-up.

Fractures, veins, and mine workings occur almost continuously within a 10 km² surface, with a number of N/S, NW/SE and NE/SW trending zones of outcropping veins and breccias mineralized with silver and minor-to-disseminated and semi-massive veins of sulphide (Zn-Pb), found within a thick sequence of ignimbrite of Eocene age known as the Bufa Ignimbrite. This unit shows various states of surface alteration, with important zones of up to 100 metres wide intensely altered and believed to be related to fracturing or some brecciation.

The objectives for Cusi during 2007 are twofold: 1) run a classic exploration program with the aim of discovering a high-value deposit and 2) start a bulk-sampling program and pilot-mining activities. In view of these objectives, the following activities were performed:

- Regional mapping,
- Definition drilling,
- Development (dewatering, rehabilitation of old underground workings, etc.) of the previously exploited mines and identification of potential unknown resources.

Geology

The geology program initiated in 2006 continued and consisted mostly of detailed follow-up mapping and sampling at a scale of 1:200 in areas of interest, which included the Gloria, Milagro and San Nicolas area, all situated in the central Cusi camp. Partial results from the sampling of some of these structures appear very promising. Table 1 below lists some of the best results from grab samples taken in these areas and reported in Press Release #24 (September 13, 2007):

Samples	**Length (m)**	**Summary**	**Au (g/ton)**	**Ag (g/ton)** AA	**Ag* (g/ton)** FA	**Pb (%)**	**Zn (%)**	**Cu (%)**
DC077JP187-A	0.1	Vn Qtz Si++ Fx++ Hm	0.01	211	230	0.25	0.07	0.01
DC077JP201-A	0.2	Vn Qtz (LmMnO)	Ind.	Ind.	20	Ind.	Ind.	0.03
DC077JP201-B	0.2	Vn Qtz (LmMnO)	Ind.	145	150	Ind.	Ind.	0.04
DC077JP201-C	0.2	Vn Qtz (LmMnO)	0	183	70	0.29	0.01	0.04
DC077JP201-D	0.25	Vn Qtz (LmMnO)	Ind.	Ind.	20	0.05	0.09	0.02
DC077JP202	0.25	Vn Qtz Bx Vt MnO	0.01	211	230	0.25	0.07	0.01
DC077JP210	0.3	Vn Qtz	Ind.	Ind.	30	0.02	Ind.	Ind.
DC077JP213	0.1	Vn Qtz	Ind.	103	110	0.13	0.05	Ind.

These results are very important as they show an important gold mineralisation trend in the central Cusi camp sector and will enable the development of a detailed exploration program focus on precious metal.

Drilling

From July 2007 to September 2007, 5,288 metres of diamond core drilling was performed on the Cusi project (5,159 metres from surface and 129 from underground), and 1,155 split core samples were sent for analysis. Drilling was performed as follows: 1,950 metres at Santa Edwiges from surface and 129 metres from underground, 876 metres along the San Marina trend (surface), and some 2,333 metres at Promontorio (surface).

Highlights of the drilling in the Cusi area came from the San Antonio – San Marina trend where hole DC07B102 was drilled to test the area between the San Antonio structure and the San Marina veins system at the 1700 level. The hole intersected a 4.5 metre interval (core length) which assayed 248 g/t Ag, and 0.9% Zn and 0.9% Pb. A second, sulphide rich zone, was intersected from 342 to 357 metres core length (estimated true width of 10.6 metres) which assayed 24 g/t Ag, 1.6% Pb and 1.9% Zn.

In the Promontorio area, hole DC07B117, drilled to intersect the El Gallo vein structure assayed 115 g/t Ag over 12 metres core length (156.5 to 168.5), which is estimated at 11.8 metres true width.

La India (refer to Villalobos and Rodriguez purchase agreement)

Minimal work has been carried out in this area during the third quarter ended September 30, 2007.

Santa Edwiges (refer to the Minera Cusi option agreement)

Work performed at Santa Edwidges was mainly of mining development essence in order to improve access. In excess of 300 metres of drifts were completed and over 10,000 tonnes of material were extracted and sent to the Malpaso milling facilities for further tests.

Promontorio Mine (refer to the Minera Cusi option agreement)

Work performed at the Promontorio Mine was mainly of mining development essence as a ramp is being developed to access the target sections.

San Juan property (refer to the Holguin Aragonez purchase agreement)

Minimal work has been carried out in this area during the third quarter ended September 30, 2007.

b) Bolivar Projects – Exploration

The Bolivar project is covered by different purchase and option agreements:

Bolivar III and IV (Bolivar mine property) option agreement

In 2004, the Company entered into a commercial agreement with the owners of the Bolivar Mine property (Bolivar III and Bolivar IV). The agreement provides for the acquisition by the Company of 100% of the Bolivar Mine property for a consideration of US$1,200,000 payable over a two-year period. 50% of the remaining payment of US162,500 was made subsequent to quarter end.

Legal proceeding in Mexico over this property is pending against one of the Company's subsidiaries, Dia Bras Mexicana S. de R.L. de C.V. (refer to note 18 on Contingency in the 2006 year-end audited financial statements).

Piedras Verdes option agreement

In 2004, the Company entered into an option agreement to acquire a 100% interest in the Piedras Verdes property for a cash consideration of US$200,000 payable over a two-year period. The remaining payment of US$10,000, in agreement with the optionor, will be made at the time of transfer of the property titles.

San José project

In 2003, the Company entered into an option agreement with El Paso Partners, Ltd. to acquire a cumulative interest of up to 100% in the San José silver and base metal property by incurring exploration expenditures of US$1,638,000 and cumulative option payments.

Exploration

The Bolivar project is at an advanced exploration stage with pilot mining of approximately 350 tonnes per day of Cu-Zn (Ag) material. Large-scale geological mapping combined with resource definition and reconnaissance drilling completed in 2006 had identified a number of potentially economical bodies and significant mineralized structures, which will be followed up on during the 2007 exploration program.

Skarn and mine workings occur almost continuously along a NW/SE trending zone of outcropping mineralization with a minimum 3 km strike length. From NW to SE, they are: the Bolivar mine (divided into Bolivar NW; Bolivar, with three high-grade trends termed Fernandez, Rosario-Rodolfo and Breccia Linda; and Bolivar Sur, with indicated resources of magnetite-Cu), El Gallo, where drilling is presently in progress, La Increíble, with Cu-Zn hosted by highly fractured and brecciated andesitic volcanic rock (currently being drilled), La Montura, which has a couple of drill holes, and Area Central, La Pequeña, Arizona and El Val/Aliso.

Geophysical and geological information, as well as underground workings, tend to indicate that NW/SE and NE/SW cross-structures host a number of higher grade ore shoots. The pattern can also be observed on the surface when lines are traced from Bolivar to El Gallo and from La Increíble to El Gallo. It is thought that the NW/SE fractures could have been feeders along which the mineralized fluid could have percolated.

A NI43-101-compliant resources evaluation was conducted by Geostat International during this quarter and resulted in the identification of some 597,000 tonnes (in all categories) of Cu – Zn resources at an average grade of 5.4% CuEq in the Upper Skarn of the Bolivar Project and of 936 000 tonnes at 1.99% CuEq.

Resources of the Upper Skarn of the Bolivar Project
Calculated by Yann Camus, Geostat Systems International Inc., 2007-09-22
The cutoff grade applied in the Upper Skarn is 2.5% Cueq

Classification	Mineralized Areas	Tonnes	SG (t/m^3)	Cu %	Zn %	Au (g/t)	Ag (g/t)	% Fe	% Cueq*
Total Measured	All areas	85,900	3.52	1.75	7.01	0.11	25.7	6.04	5.46
Total Indicated	All areas	236,400	3.52	1.84	5.63	0.30	45.2	6.58	5.05
Measured+ Indicated	All areas	322,400	3.52	1.82	6.00	0.25	40.0	6.44	5.16
Total Inferred	All areas	274,600	3.52	2.04	6.36	0.35	50.5	6.73	5.67

Resources of the Lower Skarn of the Bolivar Project *The cutoff grade applied in the Lower Skarn (%Cueq) is variable*									
Cutoff on the %Cueq	**Classification**	**Tonnes**	**SG (t/m³)**	**% Cu**	**% Zn**	**Au (g/t)**	**Ag (g/t)**	**% Fe**	**% Cueq***
0.00	Inferred	22,230,000	3.27	0.32	0.08	0.09	6.4	6.58	0.43
0.25	Inferred	13,280,000	3.27	0.49	0.11	0.13	9.7	9.43	0.65
0.50	Inferred	6,114,000	3.27	0.76	0.13	0.20	15.1	12.50	0.99
0.75	Inferred	3,248,000	3.27	1.04	0.14	0.27	20.5	15.26	1.34
1.00	Inferred	2,320,000	3.27	1.19	0.15	0.31	23.2	16.79	1.52
1.25	Inferred	1,438,000	3.27	1.39	0.17	0.38	26.4	18.43	1.77
1.50	Inferred	936,000	3.27	1.57	0.17	0.45	29.3	19.22	1.99

Inferred resources of the Lower Skarn and Upper Skarn of the Bolivar Project									
Cutoff on the %Cueq LS - US	**Classification**	**Tonnes**	**SG (t/m³)**	**% Cu**	**% Zn**	**Au (g/t)**	**Ag (g/t)**	**% Fe**	**% Cueq***
0.00 - 2.50	Inferred	22,505,000	3.27	0.34	0.16	0.09	6.98	6.58	0.50
0.25 - 2.50	Inferred	13,555,000	3.27	0.52	0.23	0.14	10.55	9.38	0.75
0.50 - 2.50	Inferred	6,389,000	3.28	0.82	0.39	0.21	16.60	12.25	1.19
0.75 - 2.50	Inferred	3,523,000	3.29	1.12	0.63	0.28	22.88	14.59	1.67
1.00 - 2.50	Inferred	2,595,000	3.30	1.28	0.81	0.31	26.08	15.72	1.96
1.25 - 2.50	Inferred	1,713,000	3.31	1.49	1.16	0.37	30.26	16.55	2.40

A positive preliminary economic assessment report was delivered in early November and should allow for a positive outlook for the continuation of this project.

Bolivar Mine property (refer to the Bolivar III and IV (Bolivar Mine property) option agreement)

The Bolivar property and extensions continue to be the main exploration targets in the Cieneguita region. During the nine-month period ended September 30, 2007, total investment in property costs and exploration and development expenses on the Bolivar project and the pilot-mining program amounted to approximately $20.0 million.

Geology

During the third quarter, more geological mapping was conducted south and west of the main Bolivar Mine area, in the El Gallo area, and was initiated in the La Montura area.

Diamond Drilling

From July to September 2007, 5,259.8 metres had been drilled from the surface and 2,506 metres underground (corrected as of October 1, 2007). All underground drilling was performed at Bolivar Alta Ley. One surface drill rig, and two underground diamond core drills were dedicated to drill in the Bolivar Alta Ley area, while two drills were adding more metrage in the El Gallo area and one drill was dedicated to the El Val – La Montura area, where favourable geology had been identified during the surface geological mapping program.

Bolivar Alta Ley area

During the third quarter, more drilling was conducted both from underground and surface, which enabled a better definition of the newly discovered resources area.

Some 2,095 metres of drilling took place from the surface and 2,568 metres underground to assess potential ore bearing structures and lenses in the Fernandez, Selena and San Francisco area trend.

Most of the work in the third quarter was directed towards the evaluation of the resources at the mine. All drilling and underground data were compiled into the Geostat International GeoBase software and then sections were generated with the Geostat SetCad software. Once geological interpretation and wire frame were constructed, Geostat BlokCad software was used to define individual composites.

El Gallo area

In the El Gallo area, more drilling was done to assess the potential of the area. Some 1,272 metres of drilling was performed. Production was hampered by the move of one drill rig to the Bolivar Alta Ley.

Almost every drill hole in this area intersected both Upper and Lower Skarn type mineralisation, and some of the best results were observed in holes DB07B198, 199 and 202. Examples are given in the table below:

Drill hole	From	To	Interval	Cu (%)	Zn (%)	Au (ppm)	Ag (ppm)	Zone
DB07B198	126.0	127.0	1.0	0.01	1.61	2.48	5	US
	153.0	167.0	14.0	1.16	0.07	0.08	28	LS
including	153.0	157.0	4.0	2.23	0.16	0.09	43	
	202.0	209.0	7.0	1.00	0.02	0.44	30	LS
	213.0	221.0	8.0	1.26	0.04	0.14	22	LS
including	214.0	215.0	1.0	3.60	0.13	0.53	54	LS
DB07B199	116.0	119.0	3.0	0.19	10.36	0.02	6	US
	233.0	252.0	19.0	1.39	0.11	0.67	27	LS
including	237.0	238.0	1.0	3.46	0.19	1.43	61	
DB07B201	Pending							
DB07B202	63.5	66.8	3.3	0.18	6.9	0.03	7	US
	79.7	82.7	3.0	0.42	12.4	0.02	7	US
	85.0	97.5	12.5	1.3	Nil	0.05	23	LS

El Val area

Drilling resumed in this area during the third quarter and resulted in the discovery of a new mineralized unit. Drill hole DB07B209 intersected 2.0 metres of 7.7% Zn in an Upper Skarn type environment, contained within a much broader mineralized section of some 30 metres (89 to 123 metre core length). This unit appears very promising.

Pilot-mining program

During the quarter, the Company continued its pilot-mining program at the Bolivar Mine project. The program generated sales of $7.0 million during that period, $17.7 million for the nine-month period ended September 30, 2007 ($15.0 and $26.5 million in 2006).

Pilot-mining direct operating cash costs increased due to higher tonnages of material being transported from the Bolivar site and processed at the Company's Malpaso milling facilities, higher transport costs due to the inconsistent availability of railroad services and increased labour costs.

During the quarter, the zinc market price has declined 19.2% from an average price of $1.61 per lb. in July to $1.30 in September and 4.1% for copper from an average price of $3.62 in July to $3.47 in September. This decline impacted negatively the final settlement provision as at September 30, 2007.

As at September 30, 2007, 11.8 million payable lbs. of zinc and 2.8 million payable lbs. of copper remained open for future final settlement representing an estimated provision value of $889,327 as at that date.

Below is a summary of the Bolivar pilot-mining program results for the nine-month period ended September 30, 2007.

Bolivar Pilot-Mining Program – Q3-2007

			Cumulative 9 months	
	Q3-2007	Q3-2006	2007	2006
Tonnes processed	34,841	23,588	93,095	68,633
Grade zinc	7.70%	9.63%	6.66%	11.44%
Grade copper	1.37%	2.12%	1.29%	2.27%
Zn recovery	88.55%	91.96%	87.03%	91.98%
Cu recovery	81.71%	85.96%	80.61%	81.29%
Average price zinc per lb.	$1.46	$1.54	$1.56	$1.29
Average price copper per lb.	$ 3.51	$3.53	$3.22	$2.96
Total zinc concentrate produced (DMT)	4,121	3,504	9,363	12,288
Total zinc produced (in million of lbs.)	5.25M	4.62M	11.9M	16.1M
Total copper concentrate produced (DMT)	1,450	1,497	3,498	4,393
Total copper produced (in million of lbs.)	0.86M	0.94M	2.1M	2.8M

The Company's total pilot-mining production of concentrate is sold to MRI Trading AG (MRI), a Swiss-based, privately owned commodity trading company, pursuant to a standard concentrate purchase agreement. Total billings to MRI during the quarter amounted to US$6.2 million (a cumulative US$15.7 million for the nine month period ended September 30, 2007). For the corresponding period in 2006 total billings amounted to US$9.4 million and a cumulative US$21.8 million. Those amounts were higher in 2006 since the Company had completed final settlement billings of US$3.7 million including US$2.3 million in the third quarter of 2006, compared with US$1.0 million and none during the third quarter of 2007.

The pilot-mining program provides essential data on costs, logistics, grade, recovery and metallurgy that will serve for a feasibility study on the Bolivar property. The objective of the program is to generate sufficient cash flow from zinc and copper concentrate production to help finance development and exploration at the Bolivar project.

It is important to note that the Bolivar Mine property has not yet reached the commercial production stage. The completion of a feasibility study is required to confirm the economic viability of a property before a property is brought into commercial production. The pilot-mining program will end with the completion of the feasibility study. Until the Company reaches the commercial production stage, revenue from sales of concentrate from a pilot-mining program prior to commencement of commercial production is recorded as a reduction of the related costs and deferred exploration expenses capitalized to the Bolivar Mine property.

If the accumulated revenue from sales of concentrate from the pilot-mining program exceeds the related accumulated costs and deferred exploration expenses, then the excess cost recovery is included in long-term liabilities until (i) the situation is reversed, or (ii) commercial production has begun, at which time it will be net against construction costs, if any, of the new facilities, or (iii) the property is abandoned.

1.5 Results of Operations

Corporate

During the three-month period ended September 30, 2007, the Company incurred a loss of $1,885,151 ($0.02 per share) (a cumulative loss of $5,504,772 ($0.05 per share) for the nine-month period ended September 30, 2007) compared with a loss of $406,545 ($0.01 per share) (a cumulative loss of $1,495,951 ($0.02 per share)) for the corresponding periods of 2006.

The increase in the quarterly and a cumulative loss is explained as follows:

Income

Interest income amounted to $106,864 (cumulative $438,963) ($89,723 and a cumulative $159,478 for the corresponding 2006 periods) due to higher average level of cash on hands and increased interest rates.

Expenses

During the quarter, due to the adoption as of January 1, 2007 of the new accounting principles related to financial instruments, the Company recorded a loss of $663,807 (a cumulative loss of $994,459 for the nine-month period ended September 30, 2007) on the variation in value of financial instruments (imbedded derivative included in the Company's concentrate sales agreements) reflected in the final settlement billings and provision change in value. Prior to January 1, 2007, any changes in value at the final settlement billing stage or final settlement provision revaluation were recorded as a sales adjustment. As the Company is applying sales of concentrate against the costs of exploration before commencement of commercial production, those changes did not have any effect on the results of operations.

Also following the new rules, the Company recorded, during the quarter, a non monetary loss on change of value of the temporary investment of $561,000 (cumulative loss of $76,500 for the nine-month period ended September 30, 2007).

During the quarter, the Company also recorded a loss on currency exchange of $389,605 due to a decrease in the value of the Mexican peso and the US dollar against the Canadian dollar (a cumulative loss of $1,109,915 for the nine-month period ended September 30, 2007) (a gain of $250,473 and a cumulative loss of $342,936 for the same period in 2006). This loss is mainly attributable to the conversion value of the outstanding final settlement provision into Canadian dollars and of the conversion of monetary assets in Mexico.

During the quarter, the Company recorded a stock-based compensation non-cash cost of $112,200 related to the grant of 150,000 entirely vested options (a cumulative cost of $880,346 for the nine-month period ended September 30, 2007 – 2,215,000 options granted). For the same period in 2006, stock-based compensation costs amounted to $445,185 for a cumulative expense of $761,917 – 4,700,000 options granted).

Total administrative expenses for the quarter amounted to $383,605 (a cumulative amount of $1,357,718 for the nine-month period ended September 30, 2007) compared with $406,234 and a cumulative $1,167,755 for the corresponding period in 2006. This cumulative increase is explained by increased salaries and personnel, increased office expenses related to the moving of premises, network and communication project expenses.

All other corporate costs including professional and consulting fees and public company related costs are consistent with last year's expenses and budget.

During the quarter, a future income tax recovery provision was recorded in the amount of $224,363 (a cumulative future income tax provision of $30,637 for the nine-month period ended September 30, 2007).

1.6 SUMMARY OF QUARTERLY RESULTS

Quarter ended	Loss $	Loss per share $
September 30, 2007	1,885,151	0.02
June 30, 2007	2,196,390	0.02
March 31, 2007	1,423,231	0.02
December 31, 2006	417,065	< 0.01
September 30, 2006	406,545	< 0.01
June 30, 2006	709,539	< 0.01
March 31, 2006	379,867	< 0.01
December 31, 2005	1,287,232	0.02

1.7 LIQUIDITY AND WORKING CAPITAL

As at September 30, 2007, the Company's working capital amounted to $11,272,523 including $9,039,698 in cash and cash equivalents compared with $26,977,205 as at December 31, 2006, including $19,704,587 in cash and cash equivalents.

Working capital decreased over the quarter due to exploration and development expenditures incurred on the Cusi and Bolivar projects and additional capital and property payments mainly on the Cusi project which amounted to approximately $10.0 million while sales of concentrate amounted to $7.0 million.

Decrease was also due to the reduction in value of 10.3% of the US dollar and of 5.1% of the Mexican peso against the Canadian dollar which affected mainly the provision for final settlement value.

This level of liquidity is sufficient to meet the current liabilities of $2,022,451 and to support operations, property payments and the exploration program for 2007.

As at September 30, 2007, sales tax and other receivables amounted to $1,628,830 ($3,981,826 as at December 31, 2006) and are mostly comprised of Mexican recoverable input tax credits. The amount of IVA receivable from 2005 has been reduced to approximately $260,000, as the Company recovered two additional months. The 2007 filings have been recovered in proper delays. As at September 30, 2007, no allowance was taken with respect to any of the amounts receivable.

Receivables of $1,388,814 as at September 30, 2007, ($3,347,046 as at December 31, 2006) represent the current billing and the adjusted provision for final settlement billings. The decrease in the price of base metals during the third quarter had a negative impact on the final settlement provision estimate as at September 30, 2007 of $889,327 ($1,778,363 as at December 31, 2006). The actual final settlement billings could be higher or lower depending on the fluctuation of commodity prices.

Accounts payable and accrued liabilities amounted to $2,022,451 ($888,403 as at December 31, 2006) and are mainly comprised of current usual business transaction balances.

1.8 Capital Resources, Investing and Financing Activities

The mineral properties of the Company are in the exploration stage and, as such, the Company has no commercial production revenues. The exploration and development of the Company's properties depend on the Company having sufficient funds to carry out its plans. The availability of funds is partially dependent on capital markets. The Company's main sources of financing are the issuance of equity shares.

The Company also carries a pilot-mining program at its Bolivar Mine property and sales of concentrates proceeds which are disclosed in reduction of accumulated costs capitalized to the project are used to finance part of the Company's exploration activities.

The Company did not complete any private placement during the period. For the nine-month period ending September 30, 2007 a total of 574,000 stock options and 996,364 broker compensation options were exercised raising respectively $367,450 and $996,364.

The pilot-mining program at Bolivar generated sales of $17.7 million during the first nine months of 2007.

During the quarter, the Company invested $10.0 million in cost and deferred exploration expenses and capital expenditures for a total cumulative amount of $30.7 million for the nine-month period ended September 30, 2007.

1.9 Financial Commitments

The Company's financial commitments are as follows:

- A five-year lease signed jointly with two other companies in February 2004, at an annual rent of $150,000. The rent is prorated between the three companies on the basis of space used;
- A five-year lease for office premises at an annual rent of $60,000; and
- In order to exercise its various options on the mining properties, the Company must make the following payments:

Year	Amount US$
2007	1,182,000
2008	2,112,500
2009	75,000

1.10 Off-Balance

The Company did not enter into any off-balance sheet arrangement.

1.11 Related Party Transactions

During the period, the Company paid for services provided by companies controlled by officers of the Company. Those services, relating to project management and corporate activities, are essential to the Company and are recorded at their exchange value.

1.12 New accounting Policies Including Initial Adoption

Effective January 1, 2007, Dia Bras Exploration Inc. adopted the new Canadian Institute of Chartered Accountants ("CICA") handbook sections accounting related to Financial Instruments Section 1530, "Comprehensive Income", Section 3251 "Equity", and Section 3855 "Financial Instruments-Recognition and Measurement".

Section 1530 "Comprehensive Income"

Section 1530 introduced a new requirement to present certain revenues, expenses, gains and losses arising from transactions and other events from non-owner sources, that otherwise would not be immediately recorded in income, in a comprehensive income statement which is now required to constitute a complete set of financial statements. The accumulated effect of comprehensive income or loss can now be found in equity of the Consolidated Balance Sheet as Accumulated Other Comprehensive Income.

Section 3855 "Financial Instruments-Recognition and Measurement"

One of the basic principles of Section 3855 is that fair value is the most relevant measure for financial instruments.

Financial assets must be classified into one of the four following categories:

- Held-to-maturity investments (measured at cost);
- Loans and receivables (measured at amortized cost);
- Held for trading assets (measured at fair value with changes in fair value recognized in earnings immediately);
- Available-for-sale assets, including investments in equity securities, held-to-maturity investments that an entity elects to designate as being available for sale and any financial asset that does not fit into any other category (measured at fair value with changes in fair value accumulated in Other Comprehensive Income until the asset is sold).

Financial liabilities, which include long-term debt and other similar instruments, must be accounted for at amortized cost, except for those classified as held for trading, which must be measured at fair value.

Sales of concentrate: Effective January 1, 2007, final settlement billings adjustments are recorded in the Consolidated Statements of Operations and Deficit instead of an adjustment to sales of concentrate which before commencement of commercial production in accordance with the company accounting policy is recorded as a reduction of the related deferred exploration expenses.

Variation of value provision for final settlement due to commodity prices and exchange rate changes are also recorded in the Consolidated Statements of Operations and Deficit.

1.13 Critical Accounting Policies

Financial Instruments – Recognition and Measurement

Refer to section 1.12 above.

This represents a critical accounting policy since it will have an impact on the consolidated financial statements, as the embedded derivative included in the sales agreement for concentrate will need to be recorded at the fair value at each balance sheet date with the corresponding change in fair value recorded in the Consolidated Statements of Operations and Deficit. Prior to January 1, 2007, change in value was recorded as an adjustment to sales and therefore as a reduction of the related deferred exploration expenses in accordance with the Company accounting policy.

Use of estimates

The preparation of 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 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, asset valuations, contingent liabilities, and future income taxes. Actual results could differ from those estimates, and such differences could be material.

Mining assets

Mining assets include mining rights and options to acquire interests in mining properties, deferred exploration expenses, land, exploration buildings and equipment, supplies inventory that will be used for exploration, and deposits on future mining assets. All costs directly related to foreign projects are capitalized.

Costs and deferred exploration expenses

Costs and exploration expenses are deferred until the economic viability of the project has been established, at which time costs are added to property, plant and equipment. 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 over a period of three consecutive years or results from exploration work not warranting further investment.

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 Statements of Operations and Deficit. In the case of a partial sale, if carrying costs exceed the proceeds, only the loss is reflected.

Revenue from sales of concentrate from a pilot-mining program prior to commencement of commercial production is recorded as a reduction of the related costs and deferred exploration expenses 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 concentrate is sold under pricing arrangements whereby final settlement prices are determined by quoted market prices in a period subsequent to the date of sale. The concentrate is provisionally priced at the time of shipment on known prices at that time and thereafter adjusted to reflect changes using forward prices for the expected month of the final settlement. Subsequent variations of the price are recorded in the Consolidated Statement of Operations and Deficit.

If the accumulated revenue from sales of concentrate from the pilot-mining program exceeds the related costs and deferred exploration costs, then the excess cost recovery is included in long-term liabilities until (i) the situation is reversed, or (ii) commercial production has begun at which time it will be netted against construction costs, if any, of the new facilities, or (iii) the property is abandoned.

The Company assumes that commercial production on the Bolivar project will commence no later than at the end of 2009. Commercial production has been defined as being the stage where the Company reaches a production level of 65% of mill capacity for a consecutive period of 90 days within a maximum period of six months. The production level will be calculated on the rated capacity of an on-site mill.

This represents a critical accounting policy, as it will impact the presentation of revenues and expenses from mining activities, which are currently recorded as a reduction of the related costs and deferred exploration expenses instead of being included in the determination of net income.

The inventory from pilot mining is recorded at the lower of cost and net realizable value.

Asset retirement obligations

Asset retirement obligations are recognized at fair value in the period in which the Company incurs a legal obligation associated with 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.

This represents a critical accounting policy, as the Company, based on its review of the status of its operations under the current Mexican environmental legislation, determined it does not carry any asset retirement obligation and therefore, has not recognized such obligation.

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

1.14 Financial Instruments and Other

The Company does not use financial or other instruments, however management considers that an imbedded derivative is included in the Company's concentrate sales agreements.

1.15 Risk and Uncertainties

Business risk

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 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.

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.

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 concentrate 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.

Commodity prices

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 does not use derivative instruments to mitigate this risk.

Uninsured risks

The Company's business is subject to a number of risks and hazards, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses, and possible legal liability.

Foreign exchange risk

The Company's sales of concentrate 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, receivables, sales tax and other receivables, accounts payable and accrued liabilities, as well as certain revenues and 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, receivables, and sales tax and other receivables. The Corporation maintains substantially all of its cash and cash equivalents with major financial institutions in Canada and in Mexico. Therefore, credit risk of counterparty non-performance is remote. The totality of the Company's receivables 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.

Interest rate risk

The Company's receivables, sales tax and other receivables, and accounts payable and accrued liabilities are non-interest bearing. Cash and cash equivalents bear interest at variable and fixed rates.

1.16 OUTLOOK

The Company is currently planning its 2008 exploration program. Recent excellent results of sampling and analysis at the unexplored Minerva area (Cusi district) has outlined additional drilling target for 2008.

The Company obtained a positive recommendation from the NI43-101 preliminary assessment report from Geostat International and will pursue its plan of action in terms of exploration commitment, to bring the Bolivar project to the next level in view of an eventual commercial production status.

During the fourth quarter, the Company will complete its 2007 drilling program on both Cusi and Bolivar which should bring a total combined of 45,000 metres of drilling just a little bit short of its objectives of 50,000 metres.

The Company will start marketing its produced silver concentrate looking for a selling agreement of its eventual Cusi pilot-mining production.

The Company's objectives for the remainder of 2007 and for 2008 are as follows:

- Plan an aggressive exploration program to expand existing resources at Bolivar;
- Continue pilot production and positive cash flow from Bolivar with the view to move this property into commercial production status;
- Plan a pre-feasibility or feasibility study at Bolivar to build a mill on-site and reduce cash production costs;
- Continue exploration at Cusi for the definition of NI43-101 resource;
- Emphasize cost control in all areas of the organization;
- Blue sky exploration outside Bolivar and Cusi mining areas;
- Initiate pilot mining at Cusi.

1.17 CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that have occurred during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

1.18 OTHER REQUIREMENTS

(a) Additional information is available on SEDAR at www.sedar.com and on the Company's Website at www.diabras.com.

(b) (i) NATIONAL INSTRUMENT 51-102 – SECTION 5.3

Analysis of costs and deferred exploration expenses

	Bolivar $	**Cusi** $	**Promontorio** $	**For the nine-month period ended September 30, 2007 Total** $	**For the year ended December 31, 2006 Total** $
Balance – Beginning of period	3,285,792	7,188,433	1,197,930	11,672,155	13,537,347
Costs and deferred exploration expenses					
Property acquisition and related costs	98,360	1,097,694	-	1,196,054	3,491,849
Sampling	676,329	781,286	-	1,457,615	393,403
Geology consulting and management	671,691	593,391	-	1,265,082	1,361,780
Geophysical survey	-	-	-	-	6,915
Drilling and mining development	3,591,426	3,532,257	-	7,123,683	5,863,818
Pilot milling	3,396,627	130,163	-	3,526,790	3,538,455
Supervision and local administrative costs	451,801	209,205	1,652	662,658	1,341,295
Transportation costs	7,214,898	312,621	-	7,527,519	6,969,213
Roads	827	126,963	-	127,790	15,993
Camp costs	1,351,018	914,247	-	2,265,265	1,430,355
Capitalized amortization of exploration buildings and equipment	1,987,585	578,774	146	2,566,505	1,686,739
Stock-based compensation costs	573,794	198,941	163	772,898	1,001,173
	20,014,356	8,475,542	1,961	28,491,859	27,100,988
Write-off of mining assets – Costs and deferred exploration expenses	-	-	(1,199,891)	(1,199,891)	(147,635)
Sales of concentrate	(17,693,193)	-	-	(17,693,193)	(35,588,838)
	2,321,163	8,475,542	(1,197,930)	9,598,775	(8,635,485)
Transfer to (from) excess cost recovery – pilot mining	(2,247,334)	-	-	(2,247,334)	6,770,293
	73,829	8,475,542	(1,197,930)	7,351,441	(1,865,192)
Balance – End of period	3,359,621	15,663,975	-	19,023,596	11,672,155

(ii) NATIONAL INSTRUMENT 51-102 – SECTION 5.4

Disclosure of outstanding securities as at November 27, 2007

Common shares: 111,371,269

Warrants: nil

Compensation options: nil

Options outstanding: 10,318,333

Number of options	Exercise price $	Expiry date
600,000	0.85	October 2008
930,000	0.75	August 2009
400,000	0.75	February 2010
1,353,333	0.30	September 2010
125,000	0.22	September 2010
2,545,000	0.40	February 2011
1,890,000	0.90	September 2011
40,000	0.98	January 2012
1,735,000	1.10	April 2012
250,000	1.28	June 2012
150,000	1.25	July 2012
300,000	0.89	October 2012

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