DIA BRAS EXPLORATION INC.

MANAGEMENT DISCUSSION AND ANALYSIS
Second Quarter ended September 30, 2005
(UNAUDITED)

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis follows rule 51-102A of Canadian Securities Administrator regarding continuous disclosure for reporting issuers. It is a complement and supplement to the interim unaudited financial statements 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 this MD&A are expressed in Canadian dollars.

This MD&A contains forward-looking statements that express, as at the date of this report, 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 outcome and results may differ materially from those expressed in these forward looking statements and readers should not place undue reliance on such statements.

1.1 DATE:

This Management discussion and analysis for the six-month period ended September 30, 2005 is as of November 28, 2005.

1.2 OVERALL PERFORMANCE:

Dia Bras Exploration Inc. (the "Company") is a mining exploration company with rights and options on 22 properties covering 12,027 hectares in the State of Chihuahua in Mexico.

During the three-month period ended September 30, 2005, all activities of the Company focused on the Bolivar mine project. The Company continued its pilot mining program and as at September 30th, 2005, total combined sales of zinc and copper concentrate produced from the Bolivar mine amounted to $2,303,502. The program has yet to generate positive cash-flow from its operation.

The Company is not considered to be in commercial production since there are no reserves and the economic status of the project has not been established.

Bolivar property:

As mentioned, the Bolivar property remains the main exploration target in the Cieneguita region where the Company has spent to date over $7 million in exploration and development costs, net of sales of concentrate.

The Company continued work to increase the Malpaso mill capacity, which reached 300 tpd in September 2005. The expected average production capacity with the mill operating 26 days per month, is 270 tpd.

This pilot program will provide important production cost data which will be useful at the pre-feasibility study stage. The average grade of ore milled during the quarter ended September 30, 2005, mainly composed of development ore, was below expectations at 1.51% copper and 5.98% zinc and this had a negative impact on the Company's consolidated cash position. The grades started increasing at the end of September and averaged 2.43% for copper and 12.4% for zinc in October. The Company processed 17,780 tons of ore during the quarter, including 6,624 tons in September when it reached the highest productivity since the start of the program. The Company still intends to finance the development and exploration program at the Bolivar mine and in the Bolivar area with the cash flows resulting from the production of copper and zinc concentrate. However, in order to generate sufficient funds to achieve that goal, the Company needs to access, mine and process high grade ore on a steady basis in the coming months.

Promontorio:

With the actual focus on the Bolivar project, and in order to manage its financial resources, management has decided to stop, on a temporary basis, the exploration work at Promontorio. However, management still has high expectations concerning the exploration on Promontorio and is looking at different strategies to develop this potential as soon as possible.

Outlook:

Base metal, copper and zinc market prices are carrying on their spectacular rise. Copper is currently trading over US$2.00/lb and zinc around US$0.73/lb. The Company is in an excellent position to benefit from the current high prices.

Management is currently analyzing the results from its pilot mining operation in order to increase its productivity and benefit from the actual market conditions. The Company incurred transportation and mining problems which contributed to lower than expected ore throughput in October and November 2005 and therefore the Company cash position. In November 2005, the Company completed a series of private placements totaling $4.5 million which will be used for additional capital expenditures relating to transportation and milling activities, development and exploration activities, future property payments and working capital needs both in Mexico and at the corporate level.

The objectives for 2005-2006 remain as follows:

- Mine higher grade ore at Bolivar Mine to self finance exploration and development activities. (Grades have considerably increased since the end of September).
- Undertake a regional exploration program to locate additional ore deposits on the Bolivar property.
- Pursue exploration at Bolivar Mine to secure 300-500,000 tonnes of high grade copper-zinc ore and commission a feasibility study in late 2006 directed at constructing a large mill on the mine site.
- Launch an exploration program at Promontorio to expand the known resource, evaluate the new discovery area, and bring the property to production.

1.3 SELECTED ANNUAL INFORMATION:

			Year ended March 31 (Audited)
	2005	**2004**	**2003**
	$	**$**	**$**
Sales	-	-	-
Write-off of mining assets	481,706	-	-
Net loss	2,095,804	1,176,702	685,484
Net loss per share	0.05	0.05	0.07
Total assets	20,668,572	11,910,623	163,164
Working capital	3,649,779	8,139,983	32,241
Cash and cash equivalents	2,954,870	4,707,091	96,747

1.4 RESULTS OF OPERATIONS:

Results of the pilot-mining program at Bolivar

The production at the Malpaso mill increased to 6,624 tonnes during September when 258 dry metric tons (DMT) of copper concentrate and 601 DMT of zinc concentrate were produced. Mining has entered the Brecha Linda zone on Level 1, a zone of high grade copper-zinc mineralization that has been a primary target for access during development and ore is being removed from three stopes. Mining also continues on Level 4 from the Foto Manto zone. Brecha Linda and Foto Manto ore is being milled at an averaged 2.21% Cu and 11.5% Zn since October 1st, 2005.

As at September 30, 2005, a total of 33,746 tonnes of ore had been processed at the Malpaso mill at an average head grade of 1.79% Cu and 6.62% Zn. Total production amounted to 3,320 DMT of zinc concentrate and 1,534 DMT of copper concentrate for total sales of $2,303,502 including $1,140,354 during the quarter ending September 30, 2005. The average recovery rate is 83.74% for zinc and 73.76% for copper.

As at September 30, 2005, the Company had ore and concentrate inventories valued at $250,600. During pre-commercial production phase, all income from the pilot-mining program is accounted for as a deduction against deferred exploration expenses on the balance sheet.

Acquisition of the Malpaso Mill

In September 2005, the Company has exercised its option to acquire the Malpaso mill. Remaining monthly payments of US$25,000 per month will be paid over the next eleven months. The Company controls all operations at the mill. Since the start-up of the pilot program, the mill capacity has been increased from 100 tpd to 300 tpd. The mill is expected to process 7,500 tonnes per month starting in early 2006.

1.5 Summary of quarterly results:

Quarter ended	Net loss	Net loss per share
	$	$
September 30, 2005	471,501	0.01
June 30, 2005	337,432	0.01
March 31, 2005	496,456	0.01
December 31, 2004	1,201,814	0.02
September 30, 2004	254,940	0.01
June 30, 2004	142,594	0.01
March 31, 2004	521,083	0.02
December 31,2003	540,914	0.03

During the quarter ended September 30, 2005, the Company incurred a loss of $471,501 ($0.01 per share) (cumulative loss of $808,933 for the six-month period) compared to a loss of $254,940 ($0.01 per share) (cumulative loss of $397,534) for the same period in 2004. This loss includes a stock-based compensation non cash cost of $140,885 and an unrealized loss on currency exchange of $40,899 on monetary items in Mexico. All other costs are corporate related expenses.

The increase in administrative expenses is due to the increase in personnel including the hiring of a chief financial officer and accounting and technical information employees on a full time basis.

The increase in professional and consulting fees compared to the last quarter is due to an accrual for part of the 2005 year end audit ($50,000) and the final 2004 audit billing. The remaining portion of the provision for year end audit will be accounted for in the next quarter. Promotion expenses were lower during the quarter due to the timing of targeted activities. In 2004, promotion expenses were significantly higher due to a European tour which had been organized to showcase the Company projects. Those activities had been followed up by the closing in November 2004, of private placements exceeding $9 million.

1.6 Liquidity:

As at September 30, 2005, the Company has a working capital of $673,230 including $591,377 in cash and cash equivalent compared to $ 3,649,779 as at March 31, 2005, including $2,954,870 in cash and cash equivalent.

During the quarter, the Company raised $1,262,189 following the exercise of 7,424,645 warrants.

As at September 30, 2005, sales tax and other receivables amount to $1,363,399 and are mostly comprised of Mexican recoverable input tax credit. The Company is still facing delays in recovering the IVA (local sales tax) however it still expects full recovery shortly. The Company is regularly monitoring with local Mexican tax authorities as the tax credit represents an important amount of funds unavailable.

During the quarter, following a decrease of its liquidity, the Company completed several transactions. The Company negotiated with the buyer of its concentrate a revolving credit facility in the amount of US$500,000. The facility is alternately obtained by tranches of US$250,000 through the issuance of a holding certificate for 6,000 DMT of zinc/copper ore in the name of the financing bank and reimbursed from the delivery of zinc concentrate. The loan must be repaid in full in December 2005. Financial costs are absorbed by a US$1.00 per ton increase of the concentrate treatment charges for the first 30,000 tonnes of zinc concentrate delivered since the implementation of the loan facility.

It also disposed of 821,500 common shares of Ecu Silver Mining Inc. (temporary investment) for total proceeds of $215,489..

Current liabilities also include the obligation related to the plant under capital lease for which the Company has exercised its purchase option.

1.7 CAPITAL RESOURCES:

The availability of funds is highly dependent upon the capital markets. The main source of financing of the Company is the issuance of equity shares. In November 2005, the Company completed a series of private placements of common shares. A total of 22,500,000 common shares at a price of $0.20 per share were issued for a total consideration of $4,500,000. The net proceeds of this private placement will be used to improve the Malpaso mill by increasing the capacity by about 10% and improving the recovery and the quality of the copper and zinc concentrates currently being produced. Capital will also be expended on mine development, transportation upgrades and on the pilot-mining program at the Bolivar mine until it reaches positive cash flow.

As at September 30, 2005, there were 21,107,732 warrants outstanding expiring between October 2005 and November 2006 at an average exercise price of $1.27. None of these warrants were exercised and some warrants have expired (See section 1.13 ii).

The Company still intends to self-finance its exploration and development effort with the cash flow generated from its pilot-mining program at the Bolivar property.

Financial commitment:

The Company's financial commitments are as follow:

- A five-year lease signed jointly with two other companies in February 2004, at an annual rent of $150,000. The rent is equally divided among the three companies.
- Property payments;

In order to exercise its various options on the properties, the Company will have to make the following payments:

2005	$US 140,000
2006	$US 635,500
2007	$US 400,000
2008	$US 550,000
2009	$US 3,125,000

1.8 OFF-BALANCE:

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

1.9 Related party transactions:

During the six-month period ended September 30, 2005, companies controlled by officers of the Company charged consulting fees amounting to $214,534 (2004 - $156,875), including $140,340 capitalized to deferred exploration expenses (2004 - $136,168). There is no balance owing to these companies as at September 30, 2005.

During the six-month period ended September 30, 2004, a company controlled by a director of the Company charged $11,431 for sample analysis. These costs were capitalized as deferred exploration costs (nil in 2005).

The 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.

1.10 Proposed transactions (follow-up):

At the shareholders meeting held on August 30, 2005, the Board of directors approved the increase of the maximum number of shares reserved for issuance under the Stock Option Plan to 5,100,000, representing approximately 10% of the issued and outstanding shares.

The Company changed its financial year end to December 31 to coordinate accounting and reporting with its Mexican subsidiaries which have a statutory December year end.

1.11 Changes in accounting policies including initial adoption:

There were no changes in accounting policies

1.12 Financial instruments and other

The Company does not use financial or other instruments.

1.13 OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS:

(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 cost and deferred exploration expenses

	Six-month period ended September 30, 2005 (unaudited) $	**Six-month period ended September 30, 2004** (unaudited) $
Balance at beginning of period	10,197,775	2,552,001
Property acquisition and related costs	282,922	876,178
Sampling	95,347	117,885
Geology consulting	361,398	351,048
Geophysical survey	27,927	74,931
Drilling and development	896,378	617,003
Pilot-milling	854,295	-
Supervision and local administrative costs	74,665	195,782
Transportation costs	1,734,950	354,571
Roads	41,725	119,742
Camp costs	196,908	-
Capitalized amortization of exploration building and equipment	547,506	59,651
Stock compensation costs	159,999	48,155
	5,946,006	2,814,946
Inventory and concentrate net sale proceeds	(2,303,502)	-
	3,642,504	2,814,946
Balance at end of the period	13,840,279	5,366,947

(ii) National instrument 51-102 – Section 5.4

Disclosure of Outstanding Securities as at November 28, 2005

Common shares: 81,724,769

Warrants (each warrant entitles the holder to purchase one common share of the Company at the exercise price indicated until expiry date): **16,922,037**

Number of warrants	Exercise price	Expiry date
4,919,969	$2.50	December 2005
12,002,068	$0.90	November 2006

Options outstanding: **4,786,250**

Number of options	Exercise price	Expiry date
6,250	$0.15	February 2008
980,000	$0.85	October 2008
40,000	$1.30	January 2009
1,320,000	$0.75	August 2009
500,000	$0.75	February 2010
1,790,000	$0.30	September 2011
150,000	$0.22	September 2011

1.14 RISK AND UNCERTAINTIES:

Business risk:

The exploration 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 in 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.

The Company has taken reasonable measure 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.

The market price of base and precious metals is also a factor of risk that can have a direct impact on the success of the Company operations.

Foreign exchange rate risk:

The Company is operating in a foreign country and with foreign currencies and is therefore subject to exchange rate risk. It buys its currencies based on its exploration budget.

Interest rate risk:

The Company's tax and other receivables and accounts payable and accrued liabilities are non-interest bearing. The cash and cash equivalents bear interest at variable rates. The short term loan financing costs were implemented through an increase of US$1.00 per ton on the concentrate treatment charge.

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