

-- =DJ CANADA VENTURE: Dia Bras Self-Sufficient In Mexico --

By Brian Truscott  
Of DOW JONES NEWSWIRES

VANCOUVER (Dow Jones)-Venture-listed Dia Bras Exploration Inc. (DIB.V) is taking a somewhat unique route to becoming a full-fledged mining company: it's relying on small-scale mining production to fund ongoing exploration efforts in three significant sites in northern Mexico.

The Montreal-based company is already churning out copper and zinc at a pilot mine at its Bolivar-based project, then shipping the ore to its Malpaso mill, where copper and zinc concentrate is produced. That's then been sold to the MRI Group, a Swiss-based concentrate broker and buyer - a relationship that started back in March 2005.

Executive Chairman Thomas Robyn said Dia Bras has been generating positive cash flow since December and should produce 22,000 tons of concentrate this year.

"We're currently generating about US\$1 million a month from the private mining exercise in Bolivar - that's free cash flow which we're plowing back into drilling, exploration and so forth," he said. "We acquired the Bolivar mine in October 2004, so it only took us 15 months to go from acquisition, when there was no data at all, to positive cash flow. Our focus has been on our ability to be self-sufficient."

There's also hope that its Promontorio copper-gold property will develop into a pilot-mining project once evaluation is completed this year.

Robyn said Dia Bras management realized that commodity prices - coupled with a mine that could produce high-grade ore - meant small-scale mining would raise the kind of capital that most junior exploration miners have to obtain through frequent forays to capital markets. "We have become self-sufficient and that has made us more independent," he said.

It's also one reason why the company is, for the moment, content to remain a Tier Two Venture-listed company. Robyn understands that a TSX main board listing could generate greater interest and financing opportunities and there's also been some consideration for a listing on London's AIM exchange, but there aren't any plans at this time to pursue alternative listings, he said.

#### Mexico Laws, Higher Prices Aided Development

The Dia Bras quest for a self-sufficient exploration strategy, then, couldn't have come at a better time as it started operating in politically stable Mexico. The country has changed dramatically - in terms of being open to the development of its natural resources - since national laws were overhauled back in the early 1990s, when the government realized that nationalizing assets hadn't and wouldn't work.

Unfortunately, back then, commodity prices had gone south, meaning the appetite for investment and development didn't really take off. That's clearly changed in the past few years as commodity prices have skyrocketed.

It's clearly one of the reasons why Dia Bras was able to buy the Cusihiachi, or Cusi, silver district in Chihuahua state last month from a collection of Mexican families, companies and another Venture-listed company, Pershimco Resources Inc. (PRO.V).

"This is probably the first time in 30 or 40 years that (these owners) had an opportunity to sell the land," Robyn said. "And commodity prices, combined with the more favorable business climate, means companies such as Dia Bras are willing to go in and invest capital."

The Cusi district - covering about 75 kilometers in the Sierra Madre - is just 40 kilometers away from its Malpaso mill, which means that's where the ore will head as a pilot mine is launched in much the same way that Dia Bras handled its Bolivar project. Robyn expects the ore will start being shipped from Cusi to the Malpaso mill by the end of the year.

As for Bolivar, another 16,000 meters will be drilled this year as the company strives to get the project ready for a feasibility study.

"We've been doing this pilot-mine exercise there, which has generated all sorts of information essential to a feasibility study - such as operating costs, metallurgical studies and average grades," Robyn said. "This is all part of our pre-feasibility exercise."

And now that Dia Bras has its hands firmly on the Cusi site, drilling will also commence there - about 10,000 meters this year.

"We intend to drill and explore extensively underground, to establish a reserve base, which we can show as a significant asset to the investment community," he said, noting that Cusi had already generated 50 million ounces of silver in past production efforts.

Apart from the monthly cash flow generated from its pilot mine, Dia Bras is sitting on C\$5.8 million in working capital, more than enough to meet US\$3.5 million in property and work commitments over the next 12 months, Robyn said.

A medium-term goal at Dia Bras is to develop a mill at the Bolivar site.

The reasoning is simple enough: Bolivar is 140 kilometers away from the Malpaso mill, but the transport distance works out to a 300-kilometer haul.

"Our objective is to build a large mill on the Bolivar site; this would cut out unit costs for mining and milling and grossly reduce transport costs,"

Robyn said. "And Malpaso, at that time, will be sitting there as an asset that mills ore exclusively from the Cusi project."

And given the added tonnage that will be heading to Malpaso over the medium and longer term, Dia Bras is already in the process of ramping up production at the mill to 600 tons a day from 350 tons a day - another step in the direction of turning Dia Bras into a full-fledged mining company.

Company Web Site: [www.diabras.com](http://www.diabras.com)

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