



April 9th, 2009

President's Letter to the Shareholders

Dear Shareholders:

We look back at 2008 as a year of exceptional operational performance, of promises that we delivered on, of sound financial decisions and the continued pursuit of opportunities to grow in accordance with our strategic plan. Our largest asset, the Robinson Mine delivered record copper and gold production; we commenced our second operation at Carlota as planned, on schedule and within budget; we significantly advanced our pipeline portfolio and we pursued a number of M&A opportunities, culminating in the acquisition of Centenario Copper Corporation and their nearly complete Franke Mine.

We also have to look back at 2008 as a period of unprecedented economic volatility. Metal prices are often thought of as proxies for the global economy and so it is no surprise that as a sector we fared poorly during the latter half of the year as the recession that began in the United States became global in scope. As a result, in late 2008 we saw many investors leaving the base metal sector as demand for commodities declined, inventories rose and metal prices plunged.

The range of copper prices was extremely variable with a high of \$4.07 and a low of \$1.26 per pound. Year-over-year, copper lost 46% of its value and had the steepest decline of all the base metals over the third to the fourth quarter of 2008. This volatility, not surprisingly, adversely impacted virtually every aspect of our business not least of all our financial results for the year, including earnings, share price and our balance sheet. Notwithstanding the challenges experienced during the latter half of the year, the decision to eliminate our debt through an equity raise in May during a period of strong market conditions, left us in an excellent position to continue the execution of our strategic plan and to maintain production from our operations.

A major impact of the economic downturn was that we had to develop strategies for a range of copper price outcomes, with a key objective of maintaining adequate cash balances, even if this meant we had to move one or both operations to care and maintenance, the thinking being that an appropriate cash reserve would allow us to rapidly return to full production as and when prices recovered. In the end, innovative thinking to revise mine plans and minimize costs, coupled with a rising copper price allowed uninterrupted production.

Earnings for 2008 were \$38 million or \$0.61 per share, a significant decrease over 2007, when we earned over \$134 million or \$2.80 per share. It should be noted that a significant component of the decrease in earnings for 2008 was the decline in the realized copper price received and the significant negative market adjustments as a result of this decline. Also significant was a one-time \$96 million non-cash write down of the Malmbjerg project.

As a subsequent event to 2008, and in no small part because of our strong balance sheet, we were able to continue our strategic growth plan and signed a plan of arrangement for the acquisition of Centenario Copper Corporation and their substantially complete Franke Mine in northern Chile. With this transaction now finalized, Quadra will have an asset portfolio of three operating mines and two world class development projects – all located in jurisdictions of low political risk. Your company thus continues to move towards mid tier status and the potential for the market re-rating that this implies.

Safety First as Always:

We have been very clear that the safest mines are the best mines and that the best mines are the safest mines. Robinson has continued to deliver not only on production performance but has also delivered one of the best safety records in our sector of the industry. The Total Recordable Injury Rate (TRIR) at Robinson was reduced from 0.97 in 2007 to 0.80 in 2008, well below the MSHA national average of 3.4. Robinson also completed the year with over 1.4 million man hours without a Lost Time Accident (LTA). Carlota recorded a Total Recordable Injury Rate of 1.6 again well below the national average and one lost time accident since construction commenced. We are very proud of these most important accomplishments, recognizing the great effort required to achieve them.

Another key priority of the organization is to safeguard the environment. We are proud of our record to date, with no environmental incidents of note since Quadra re-started the Robinson Mine in 2004 and the commencement of construction at Carlota in early 2007.

Robinson Mine

The Robinson Mine continued to generate strong revenue from record copper and significant by-product gold production.

We have always characterised Robinson as a challenging deposit, because of the complex mineralogy and difficult ground conditions, and our experience has been no different in this regard than that of our predecessors, including Kennecott and BHP. Notwithstanding this, our operations team has mined and milled the deposit with an increased confidence since we acquired Robinson in 2004, resulting in a year on year improvement in operating performance and metal recovery, culminating in record production for both copper and gold in 2008.

This record was not an accident, but the result of a combination of measures that we have taken including ore blending and quite radical reagent strategies, helped by better than indicated head grades. With increases in copper production and a significant revenue stream from our by-product gold production, our 2008 cash costs per pound produced of \$1.15 was a significant improvement over 2007, when costs were \$1.49 per pound produced.

While we remain confident in the long term outlook for the copper market, the potential duration of the recent downturn means that every viable option has to be considered to allow continuity of operations at Robinson and Carlota at the lowest possible copper prices. We evaluated a number of mine plans for Robinson to achieve this objective and as a result, the Robinson team came up with a sequencing solution that is expected to achieve our objective of maintaining continuous production at copper prices of approximately \$1.50 per pound.

Mining will transition from the existing Veteran pit to a small satellite pit, Kimbley Wedge, in 2010 and then to Ruth at the end of 2010. The Ruth pit will be mined in two stages, in a way that delivers the blending balance required for optimum metallurgical results. The Veteran extension, which adds two years of additional reserves, will now be deferred until after the ultimate Ruth pit has been completed. This sequencing change significantly reduces stripping requirements in each of 2009 through 2011 together with the associated capital and operating costs.

Carlota Mine

The Carlota Mine was brought into production on schedule and on budget to become our second producing operation in the S.W. United States.

The construction of Carlota was completed as scheduled and on budget during the third quarter of 2008. The application of leaching solutions to the run-of-mine leach pad began immediately and the harvesting of the first copper cathode from processing plant and supporting infrastructure was achieved 60 days later, before year end. This result is a real credit to the construction and operating teams that made it happen, given the supply shortage and cost inflation environment in which it was accomplished.

Production for 2009, the first year of commercial production, is estimated to be 50 million pounds of copper cathode at a total cash cost of \$1.50/lb. From 2010, the head grades will allow the operation to move to the nameplate capacity of approximately 70 million pounds of copper cathode and in the context of the current input cost environment, unit costs are expected to drop to \$1.15/lb produced at this production level.

Sierra Gorda Project

An updated Technical Report confirmed the significance of this deposit as a major pipeline project – one with a substantially long life and one that would be pivotal to the growth and future of the Company.

The company made significant progress at Sierra Gorda during 2008, tripling the previously known mineral resource. The new estimate identified an indicated mineral resource of 10.6 billion pounds of copper and 474 million pounds of molybdenum, with an additional inferred mineral resource of 5.5 billion pounds of copper and 211 million pounds of molybdenum. Due to the potential scale and significant scope of this project, we accelerated payments on the eight core option agreements to acquire the exploitation concessions that comprise Sierra Gorda.

At this point, we envision a project that would encompass both an oxide heap leach operation and a large primary sulphide production facility. We have in place sufficient water rights to support a 100,000 ton per day project and are comfortable that sea water is also a viable option for much of the processing requirements.

The downturn in the economy required us to make some tough decisions and one of those was to terminate site and development work at Sierra Gorda. We did this once we had sufficient data to complete a ‘scoping study’ which will be finished during the second quarter of 2009 and which will establish the basic project parameters and allow us to plan ahead.

This project is among the fifteen largest undeveloped deposits in the world and we have always recognized that to bring it into production, we would need a partner with sufficient financial strength. We will be looking for such a partner in 2009 with a view to move forward to feasibility and to ensure that we are well placed to make a development decision in a future stronger financing and metal price market.

Malmbjerg Deposit

The Company increased its interest from 82.5% to 99% of International Molybdenum and their rights to the Malmbjerg primary molybdenum project in Greenland

As a result of the economic environment, which had the same impact on molybdenum prices as on other base metals, the Company also curbed activity at Malmbjerg. Before this decision was reached however, we advanced engineering and baseline environmental studies and geotechnical work to mitigate the risk associated with some project features including the port and road systems required. We also continued to work with Greenland’s Bureau of Minerals and Petroleum on an Exploitation License for the project, which was granted in early 2009.

Malmbjerg remains one of the highest grade open-pit molybdenum deposits in the world, and now has the advantage of being fully permitted. While the project is on hold, we will be seeking a partner or partners to advance the project, with a view to being well positioned for a development decision in a stronger molybdenum market.


We are Focused on Growth and on Delivering the Shareholder Value that Growth Represents.

Despite the economic downturn, we remain committed to our objective of becoming a multi-asset base metals development and operating company producing 500 million pounds of copper equivalent per year, with a pipeline of development projects to provide sustainability. The Centenario transaction moves us forward towards this objective, as well as giving us an operating mine in Chile, which we can use as a springboard going forward for Sierra Gorda and other opportunities.

Looking forward now, despite an uncertain outlook for the global economy, the copper market is beginning to find some support as economic stimulus programs are announced and as some of the less well understood drivers, particularly scrap metal, come into play. We are cautiously optimistic that there will be a resumption of growth with an increase in end-use demand, particularly in China. We are well positioned to sell copper into the rising market that we expect going forward.

On behalf of the Board, I would like to thank you our shareholders for your ongoing support especially during these extremely volatile times. I would also like to thank our employees for their commitment and operational ingenuity in delivering the results that generate value for our shareholders. We have deliberately created a corporate culture of sound decision-making with a solid, business-first attitude and we believe this culture sets us apart among mining companies. Our shared values, our dedication and our experience has equipped us to judge properties, events and situations, to take carefully calculated risks, and to make decisions that deliver. Our adaptability has lent itself well to this global economic volatility and uncertainty, and while metal prices show signs of recovery, we will continue to observe and adjust short term strategies to changing market conditions.

To summarize, as we celebrate our fifth year anniversary, I see a Company that has matured with a clearly articulated vision and a proven track record of promise and delivery, and I believe we are poised to become a leading consolidator and a premier investment vehicle in the mid-tier copper space.

A handwritten signature in black ink, appearing to read 'Paul M. Blythe', with a horizontal line extending to the right.

Paul M. Blythe, President & CEO

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This letter contains “forward-looking statements” concerning Quadra’s plans at the Robinson Mine, the Carlota Mine, the Sierra Gorda Project and the Malmbjerg Project, estimated production, capital and operating cash flow estimates, the proposed acquisition of Centenario and its operations, and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in these forward-looking statements.

Statements concerning mineral resource estimates may also be deemed to constitute “forward-looking statements” to the extent that they involve estimates of the mineralization that will be encountered if a given property is developed. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects”, “is expected”, “anticipates”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to materially differ from those reflected in the forward-looking statements, and are developed based on assumptions about such risks, uncertainties and other factors set out herein including, without limitation:

- uncertainties relating to fluctuations copper and other metal prices;
- uncertainties related to the possible recalculation or reduction in the Company's mineral reserves and resources;
- uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns from the Company’s mining projects;
- uncertainties related to the current global financial conditions;
- uncertainties related to the availability of future financing necessary to undertake mining, processing, development and exploration activities on Quadra’s properties;
- Quadra's substantial reliance on the Robinson Mine for revenues;
- uncertainties related to Quadra's ability to expand or replace depleted reserves;
- risks related to the integration of businesses and assets acquired by Quadra;
- inherent hazards and risks associated with mining operations;
- inherent uncertainties associated with mineral exploration;
- uncertainties related to the competitiveness of the mining industry;
- risks associated with Quadra being subject to government regulation, including changes in regulation;
- risks associated with Quadra being subject to extensive environmental laws and regulations, including a change in regulation;
- risks associated with Quadra's need for governmental license and permits;
- risks that Quadra's title to its property could be challenged;
- political and country risk;
- risk of water shortages and risks associated with competition for water;
- Quadra's need to attract and retain qualified personnel;
- risk of shortages of key supplies, including tires;
- increases in off-site transportation and concentrate processing costs;
- Quadra’s dependence on one railroad and one port to ship copper from the Robinson Mine;
- risks associated with the mineralogy, and particularly complex mineralogy at the Robinson Mine;
- risks related to the stability of mine pit walls;
- risks related to the need for reclamation activities on Quadra's properties, including the nature of reclamation required and uncertainty of costs estimates related thereto;
- uncertainties related to production ramp-up at the Carlota Mine;
- risks associated with costs of operating supplies, including sulphuric acid;
- inherent risks associated with existing and future litigation; and
- risks associated with taxation;

A discussion of these and other factors that may affect Quadra's actual results, performance, achievements or financial position is contained in the filings by Quadra with the Canadian provincial securities regulatory authorities, including Quadra's annual information form dated March 18, 2009 for the year ended December 31, 2008. This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. Investors should carefully consider the risks set out below under the heading "Risk Factors" as well as those contained in the annual information form incorporated by reference in this short form prospectus.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.