



QUADRA MINING LTD.

Sierra Gorda – Scoping Study

Conference Call

July 23rd 2009, 11.00am ET

Slide 1 - Title

Good morning ladies and gentlemen. I'd like to welcome you to this conference call, during which we will discuss the results of the Sierra Gorda scoping study and what it means as we move the project forward. With me today on the call are Jack Miller COO and Derek White, our Executive Vice President, Corporate Development as well as other members of the project team and we will all be available to answer any questions following my overview. A copy of our presentation and slide show are being simultaneously webcast on our website at: www.quadramining.com as well as www.InvestorCalendar.com.

Slide 2 – Forward Looking Statements

During the course of this conference call, we may make forward-looking statements that are subject to risks and uncertainties that may cause actual results to differ from

those expressed or implied by such statements. Statements relating to production, revenues, growth, profits, and operating expenses depend on future market conditions and risks, and are considered forward-looking, thereby providing no guarantee that they will be realized. In this regard, I also refer you to the cautionary statement relating to forward looking information included in the Press Release and the Technical Report. Those statements apply to this call as well. Please also note that all monetary amounts are US\$ unless otherwise stated.

As you will have gathered from this morning's press release, we have completed the Sierra Gorda scoping study. This provides a preliminary economic assessment of the project as well as a new NI 43-101 compliant resource. The study clearly demonstrates the potential value of this project to Quadra as a large scale, long life, low cost operation. Incidentally, the report is apparently not yet uploaded on SEDAR, this often takes a few hours to post.

Slide 3 - Overview

We have gone with a “scoping study”, also referred to as a “preliminary economic assessment”, because a pre-feasibility study is prescribed in content and when we embarked on the exercise we had no certainty as to whether we could put all the components together.

In fact, there are many components of this study that are up to at least a prefeasibility standard. There are, however, issues that we would like to have further definition or additional progress on, including permitting, resolution of the ongoing litigation and perfection of surface rights, as well as some areas of better technical definition before we are at a prefeasibility or feasibility level on an overall basis.

Based on our study, Sierra Gorda is expected to produce 306 Million lbs of copper, 16 Million lbs of molybdenum and 36 thousand ounces of gold per annum which is over 400 million pounds of copper equivalent production over a 25 year mine life. During the first eight years of the mine life, molybdenum production is much higher than average and expected to be approximately 33 million pounds produced per annum.

Using a long term copper price of US \$2.00 per pound, molybdenum price of US \$12 per pound and gold price of US \$800 per ounce, the project produces an after-tax net present value or NPV of US \$622 million (at a 10% discount) and an internal rate of return of 16% with life of mine cash costs estimated at \$0.79/lb

Incidentally, the impact of the higher molybdenum production during the first eight years, reduces the cash costs [during this period] to \$0.34/lb of copper production.

Slide 4 – Location map

The project is located in Region II, Chile at a relatively low elevation of 1900 m. This is a prestigious area for copper production. Nearby neighbours would include BHP Billiton’s Spence mine and Antofagasta’s Minerals El Tesoro mine. There is substantial infrastructure in place including power, road, and rail lines. Water is an issue and I will walk through our thinking in a few minutes.

Slide 5 – Project History

To provide some detail and context of this deposit and the story so far, Quadra optioned Sierra Gorda in 2004 and

exercise these option rights in early 2008 to own 100% of the project. Since 2004, we have completed considerable exploration and development work, including nearly 100,000 metres of drilling. Quadra's plan initially was to further evaluate and develop the established oxide copper resource however, it was also recognized that there in the beginning there had been no drilling for an underlying sulphide deposit and in 2006 a specific program was initiated, resulting in drill-hole 281 intersecting a very substantial new zone of sulphide copper, molybdenum and gold mineralization. This discovery led to a substantial exploration program that subsequently defined the resource that we now have, evolving from two distinct smaller deposit areas to one very large deposit area, and one smaller satellite-like deposit.

Slide 6 – Operation Overview

The mining operation as envisioned will process approximately 1 billion tonnes of material over the mine life in a conventional truck-shovel operation utilizing 340 tonne haul trucks. The planned ore processing rate is 111,000 tonnes per day. For reference, for those of you familiar with our Robinson operation,

it is approximately double the daily throughput of Robinson.

In the study we have taken a different direction for processing the ore, in the sense that the study considers several stages of crushing followed by ball mill grinding as opposed to the more normal SAG mill - ball mill grinding. This is not new, but rather "old" technology but we feel it is appropriate at Sierra Gorda given the range of hardnesses and the pressure in Chile on energy costs.

The rest of the mill is conventional with flotation producing copper and molybdenum concentrates. The molybdenum would be dried on site while the copper would be piped to a port facility near Antofagasta where it would be filtered and dried prior to shipping.

Metallurgically, this is a simple ore to process, giving copper recoveries in the high 80s and concentrate grades in the 28% range. Molybdenum recoveries are expected to be in a fairly typical 65-70% range, and while we do not expect any molybdenum concentrate grade issues, this

is one area that needs verification through additional sample testing of a larger, yet to be taken by drilling sample or samples.

Slide 7 – Operation – Water

As you know, the Sierra Gorda project is in the Atacama Desert in northern Chile – one of the driest regions on earth. Over the years we have concentrated almost as many resources and money securing water as we have on expanding the resource and securing ownership. However, you may notice that the study assumes the water supply for the project will be seawater – this is because the 475 lps of water rights that we own is not yet permitted and we have preferred to use the safe call of sea water until we have more clarity and certainty around this. This is not to say that we don't think that the rights can be permitted, but it is a sensitive issue and one that we do not want to take for granted. Clearly this approach increases both the project's capital and operating costs not insignificantly, and one of the objectives in the next stage is to resolve the permitting of our upstream water resources as a lower cost alternative.

Slide 8 – Additional Value Potential

The Sierra Gorda project, as currently scoped, considers approximately one billion tonnes of material for processing through the mill, representing 74% of the total measured and indicated sulphide resources. As well, there are approximately 456 million tonnes of inferred sulphide resources, which of course are not considered in the study. We believe there is the potential to add to the resources both through further exploration and through the conversion of indicated resources to higher level of confidence implied by measured. These additional resources could allow either a longer life or larger scale operation or both but most likely the former.

There are also over 200 million tonnes of measured and indicated oxide resources at Sierra Gorda, a portion of which is in the scoping study pit shell. The study assumes that there will be no oxide recovery plant (e.g. no heap leach, SX/EW plant) and that any oxide mined is treated as waste, as at the base case copper price used, these resources don't deliver an acceptable return. There is the potential to process this material at one of the nearby SXEW operations or, at a

standalone SXEW operation, if conditions in the copper market allowed it to be processed economically.

Slide 9– Project Comparison - Copper

I'd like to provide some context to where the project sits in the hierarchy of recent developments. It actually compares well to some of the largest projects that have been developed or are under construction this decade – in terms of overall production, mine life, and cash cost. Sierra Gorda is unusual too in that it is not in the hands of a major or sovereign equivalent and is in a low political risk jurisdiction.

Slide 10 – Project Comparison – Molybdenum

Possibly a surprise to you is the amount of molybdenum that would be produced at Sierra Gorda. The molybdenum production of approximately 30 million pounds per year during the first eight years of the project would actually rank the project as the third largest molybdenum mine in the world across those years. If we were to move forward with the development of our Malmbjerg

molybdenum project, Quadra would then be one of the world's largest producers of molybdenum during that period.

Slide 11 – Going Forward

Looking forward now - and based on this preliminary assessment - Quadra intends to advance the project through a prefeasibility and feasibility study. This will cost approximately \$40 million. The next steps include the already mentioned need to include further metallurgical test-work to better define molybdenum recovery and concentrate grade which will require more drill samples, progression of the Environmental Impact Study and the associated permits, evaluation of all water supply options, infill drilling to move more material into the Measured category, and obviously, further trade-off and optimization studies to continue to improve project economics. While Quadra has applied for and received provisional surface rights for the area required for the project and the project infrastructure, we will continue land acquisition activities with a view to securing all surface rights and right of

ways necessary for the project. We also will continue to pursue the lawsuits through the court and arbitration system, noting that one of the four has now been settled.

Slide 12 - Summary

In summary – the scoping study confirms that Sierra Gorda is a significant copper project that has the potential to create substantial value for Quadra shareholders and will further contribute to move Quadra up the ranks of copper and molybdenum producers. In order to put in place the finance required for the development of Sierra Gorda, Quadra will need a financial partner. We have been in discussion with several interested groups, but now that we have this study in place, we are now well placed to move these discussions forward to a conclusion.

I'd like to take this opportunity to congratulate the discovery and development team, as well as our technical team for all of the work that has got us this far. We see Sierra Gorda as world class and potentially one of the largest greenfield copper project developments this decade.

I would now like to hand the call over to the Operator who can open up the lines for questions. Thank you.

Operator

The first question is from Tom Meyer from Raymond James. Please go ahead.

Tom Meyer, Raymond James

Thank you. Good morning, Paul. I'll limit it to two. The first is the concentrate. What does the quality look like from an impurity standpoint? And also is there any rhenium associated with the molybdenum?

Paul Blythe, President & Chief Executive Officer

Okay. With respect to the concentrate, at this point all the test work says that it will be a pretty clean, incurring no penalties, 28 percent-ish copper concentrate is sort of being expected out of these porphyries.

With respect to the molybdenum and the rhenium, the test work we've done, and bear in mind (inaudible) able to get good quality concentrate at the level we've been

testing you require much larger samples of almost (inaudible) to get to that point, but we don't think there's significant rhenium. Certainly not the sort of rhenium that we get in our molybdenum concentrate at Robinson.

Tom Meyer, Raymond James

And then how should we look at the timing of moving the studies forward, the pre-feas to feas, and then do you have an internal guess, considering that Chile is kind of well established from a permitting of mine standpoint, ah, what would be reasonable to assume for first years of production.

Paul Blythe, President & Chief Executive Officer

Our schedule, and clearly the word 'finance' has to come up in these conversations, but assuming we have a clear line of sight to finance that our expectation is that we'll know where we're going certainly by the end of 2010 in terms of pre-feasibility and feasibility study. This study actually is an important

steppingstone from a permitting point of view in the sense that it's a key document in preparing the EIA, the impact statement study, for the regulators in Chile. So we're aiming to have (inaudible) or permit applications in place at the end of this year or in the first quarter next year.

And I have to keep emphasizing that clearly, you know, we don't have the balance sheet to finance this on our own, we need a financial partner, and we're in discussions. Obviously those discussions will colour where we go in terms of timing.

Tom Meyer, Raymond James

Okay but at this stage are you more inclined to have a feasibility study in hand before kind of going down to the final dotting the Is and crossing the Ts and bring in the financial partner?

Paul Blythe, President & Chief Executive Officer

We're more inclined right now to try and find a financial partner to work with us on

the project, recognizing that there are still holes, and perhaps on an option basis, because if we wait until we finish the feasibility study then we still would have in front of us a significant period of time, I would guess off the top of my head at least six months and it could be up to a year of negotiations, and we can bring a financial partner with us through the feasibility study process. We think we can move that much more quickly once that's in place, Tom.

Tom Meyer, Raymond James

Okay, thanks. I'll pass it on.

Operator

Thank you. The next question is from David Lu from Hedgehog Capital. Please go ahead.

David Lu, Hedgehog Capital LLC

Actually my question was just answered there so thanks.

Paul Blythe, President & Chief Executive Officer

Okay. Thank you.

Operator

Thank you. The next question is from David Charles from GMP Securities. Please go ahead.

David Charles, GMP Securities

Yes, good morning, Paul. I came into the conference call a little bit late so you may have dealt with some of these questions prior, but maybe you can help me out. I was just wondering you talk about using seawater and you talk about the impact it might have on CapEx, can you give me some guidance as to what this might mean to the \$1.7 billion in CapEx, i.e. how much would the conversion plan cost you.

And I suppose seeing as I'm on the line I'll ask a second question as well: What would be sort of your best guess that once you sort of pull the trigger on this and have everything lined up, a partner,

financing, etcetera, how long would it take you to construct a mine like this to give sort of a rough start-up date? I'm just wondering are we talking about 2012 or something like that at the moment.

Paul Blythe, President & Chief Executive Officer

Okay, let's just start with the water. I'm not sure whether you're looking for the cost of seawater but basically if we could get away from seawater and go to using the water reserves we've got it would be in the range of \$150 million, somewhere between \$100 and \$200 million of capital saving. There would be some operating cost saving too but by no means as huge as the capital cost saving. And in terms of the timing going forward, we would see the project getting into production somewhere in the 2013/2014, second half of 2013 to the first half of 2014 is our current thinking. There's no way we can get the permitting and (inaudible) studies and other issues resolved in time to get going by 2012.

David Charles, GMP Securities

And construction would take about how long?

Paul Blythe, President & Chief Executive Officer

It could be 24 months. At the moment deliveries are excellent for all the bits we need to make this happen. I'm a bit cautionary I'm putting too hard a number on the table. We all saw what happened in the last few years before this in terms of trying to get equipment and so on. So our current thinking is that it'll take a couple years to construct.

David Charles, GMP Securities

Excellent. Thank you very much.

Paul Blythe, President & Chief Executive Officer

Thank you, David.

Thank you. The next question is from Alex Terentiew from Scotia Capital. Please go ahead.

Alex Terentiew, Scotia Capital

Hi guys. Thank you for taking my call. I have just two quick questions. The 2.5 to 1.0 stripping ratio you mentioned there, does that include the stripping of the oxide material or is the oxide material all pre-stripped and capitalized?

Paul Blythe, President & Chief Executive Officer

That's really, I guess, two separate questions (inaudible). The stripping is all out. The study assumes that any oxide that we encounter is waste, so it's included in the stripping as waste, and there's only limited pre-stripping—and actually to be honest I don't have the number in front of me—pre-stripping costs that are capitalized. Most of the cost is operating costs.

Alex Terentiew, Scotia Capital

Okay.

Paul Blythe, President & Chief Executive Officer

That is all quite early on in this.

Alex Terentiew, Scotia Capital

Okay, thanks. And the second question, you know, you say you're going to spend around \$40 million to advance this with further studies; how much of that can you estimate would be spent this year and next?

Paul Blythe, President & Chief Executive Officer

Sort of probably one third, two thirds, something like 10 this year, 30 next—25 percent, sorry. 10 this year and 30 next year.

Alex Terentiew, Scotia Capital

Okay, great. Thank you.

Paul Blythe, President & Chief Executive Officer

Thank you.

Operator

Thank you. The next question is from Simon Tonkin from Thomas Weisel. Please go ahead.

Simon Tonkin, Thomas Weisel Partners Group

Good morning, Paul. I just wondered how long is the strip going to take and can you just elaborate on litigation claims?

Paul Blythe, President & Chief Executive Officer

Sorry, how long is the pre-strip going to take?

Simon Tonkin, Thomas Weisel Partners Group

Yes.

Paul Blythe, President & Chief Executive Officer

I don't have that in the room. Maybe somebody can just look that up. I'll get back to you on that. And what was the second question?

Simon Tonkin, Thomas Weisel Partners Group

Just to elaborate on the litigation claims.

Paul Blythe, President & Chief Executive Officer

Where are we on the litigation?

Simon Tonkin, Thomas Weisel Partners Group

Yes.

Paul Blythe, President & Chief Executive Officer

Yeah, we're—I mean we obviously, you know, our position hasn't really changed on that. We went into a binding agreement at the beginning of this thing and we don't think any of these claims have merit. Obviously they're time consuming. As I indicated during the presentation, we've resolved one of them to ours and to counterparty satisfaction. So there are basically three left. Our main thrust is to move them into arbitration rather than before the courts because that obviously gives a faster, (inaudible) obviously, but that gives a faster disposition of the claims. So we have cancelled counsel working on it in Chile on an ongoing basis and we're pushing hard to get to resolution.

Going back to your first question, yeah, the pre-strip takes about a year from get go, from when we have equipment on the ground.

Simon Tonkin, Thomas Weisel Partners Group

Okay, thank you.

Paul Blythe, President & Chief Executive Officer

Okay. Thanks, Simon.

Operator

Thank you. Once again, please press star one at this time if you have a question.

The next question is from David Cotterell from BMO Capital Markets. Please go ahead.

David Cotterell, BMO Capital Markets

Hi, Paul, thanks for taking my question. Just about the water rights that you guys have got to get permitted yet, that 475, will that pretty much be all you need or will you need a big more than that?

Paul Blythe, President & Chief Executive Officer

We need a bit more than that. We need something of the order of about 700 litres a second in total. So it isn't sufficient

itself but it does a lot of damage to the total obviously.

David Cotterell, BMO Capital Markets

And do you think, I mean say you got the 475 permitted, would you still proceed and get, ah, is it easy enough to get the additional 200-odd in fresh water or would you then sort of do some sort of semi seawater/freshwater breakdown?

Paul Blythe, President & Chief Executive Officer

I guess the answer is all of the above. If we can't get all of our water as—and fresh water, you need to put quotes around that. It's ground water; it's not necessarily drinkable or anything close to drinkable. Some of it's pretty close to seawater in terms of total dissolved solids and what have you. But if we can't get it all then we'd use a hybrid scheme. The key for us is obviously the water negotiations have been an ongoing exercise really since 2004.

What the seawater does is it puts a ceiling. There's only so much that's worth paying for in terms of acquiring more water rights. So that's been (inaudible). But we maintain discussions. I never like to get too much into what we're doing on water. Obviously this is a competitive environment and we're banging heads against other people that are looking for the same water.

David Cotterell, BMO Capital Markets

Okay. The other question I had was to do with, um, and you might have spoken about it before, a potential partner and how much you would possibly want to sell down to. Would you be comfortable with, you know, 50 percent, or do you want to go underneath that?

Paul Blythe, President & Chief Executive Officer

Our objective at the moment would be, you know, I always like to qualify this with my 'never say never'. But we'd certainly be very, very reluctant to go under 50 percent. You know, our ideal

outcome would be perhaps 40 percent to a partner and us retaining the rest. We think there's something workable in that range right now but obviously this is all up for grabs and until we have a signed piece of paper we don't know where it's going. But that's our sort of negotiating objectives or that range of numbers.

David Cotterell, BMO Capital Markets

Okay. And just, ah, I know you probably don't want to talk about partners but I know initially you were talking about smelters, aging smelters and possibly oxide feed going to Anto or to BHP. Is that still your sort of thinking?

Paul Blythe, President & Chief Executive Officer

Virtually all of the interesting in working with a financial partner is from Asia, from China, Japan and Korea, and that's quite strong we think. In terms of the oxides, yeah, there may be some routes to work with the other mines in the area. You know, there are a couple of options. There's some smaller scale players too

that might be interested. The point of the thing is that the economics in terms of getting a reasonable rate of return, the capital cost of putting the whole facility, and then the operating costs don't work. That's not to say you can't make a decent buck at the oxide but it doesn't support the capital. There isn't enough of it to support the capital and the sort of returns we would want. So, yeah, that's much less of a priority to us than finding a main financial partner but we're having discussions on whether somebody would be interested in working with us on the oxide.

David Cotterell, BMO Capital Markets

Okay, excellent. Thank you, Paul.

Operator

Thank you. The next question is from Alex Terentiew from Scotia Capital.

Alex Terentiew, Scotia Capital

Hi, guys. I've just got a follow-up question on the lawsuits. Would you guys be looking to settle these claims before you do a whole lot more work on the project or are you going to advance that irrespective of the lawsuits?

Paul Blythe, President & Chief Executive Officer

So just repeating what I said, we don't think these claims have any merit. We have strong legal advice from two sets of counsel giving us the same message. You know, we've done what we said we would do and we've made other payments that we committed to making. We're not letting these get in the way. We haven't really thought about would we settle them at this point. I suppose we'd look at that. We think that we're going to win and, you know, we're going to push forward on that basis.

Alex Terentiew, Scotia Capital

Okay. Do you have an estimate as to what sort of impact it would have on your, ah, well on the project I guess and you guys if

you do? I know you say you believe that you won't but should you lose the lawsuits do you have an estimate of what sort of financial impact that would have?

Paul Blythe, President & Chief Executive Officer

I think it would basically paralyze the project, because if we lost the lawsuits some of the claims would go back to the people that we negotiated with. We haven't worked it out. You know, kind of at the risk of sounding repetitive, these things don't have any merit. We haven't spent a huge amount of time what-ifying that. But basically the project would be paralyzed. We would still have a substantial proportion of the resource and it would be an unworkable proposition unless this thing got sorted out.

Alex Terentiew, Scotia Capital

Okay, thanks.

Operator

Thank you. The next question is from Simon Tonkin from Thomas Weisel. Please go ahead.

Simon Tonkin, Thomas Weisel Partners Group

Hi, Paul, just a follow-up question: How much, ah, how many water rights do you have now? What do you have in terms of litres per second?

Paul Blythe, President & Chief Executive Officer

As I indicated earlier we have about 475 litres a second and sort of the need is 700 litres a second.

Simon Tonkin, Thomas Weisel Partners Group

Okay, thanks.

Operator

Thank you. The next question is from David Charles from GMP Securities. Please go ahead.

David Charles, GMP Securities

Yeah, it's just me again. I'm just wondering if you could sort of walk me through how you might finance this. I know it's very, very early and there's lots of things that have to happen, but if you just look at it from a very simplistic way, you've got a \$1.7 billion project, let's say you have a 50 percent partner, that means that Quadra would look to finance something like \$850 million. I assume you would do a project debt financing somehow on that. Does that mean then that Quadra, at some point, would look to finance their equity share of about \$425 million in this?

Paul Blythe, President & Chief Executive Officer

The model we're working with at this point, David, is we would look to a partner buying a portion of the project. I mean clearly that portion, that price would be

based on the net present value and the negotiation around the net present value.

Clearly the money we put in has been high-risk money and we've got it this far, so it has an intrinsic value at this point in time. So that would... We would also look to a partner, and that's why we use the word financial partner, bringing the debt financing with them, and, you know, the numbers we're working with is perhaps a 46D equity debt ratio on it. That project debt, the quid pro quo for the project debt would be the off take rights on the product. So we'd wind up with perhaps 40 percent equity so our share would be 20 percent equity.

The payment we receive, the buy-in payment we receive would pay down that to a significant extent. So there would be some additional cash but we don't see it as huge in our vision at the moment of how this would be financed.

David Charles, GMP Securities

So let me just—I sort of lost you there a little bit. I mean what you're saying is that you might only have to put up 20

percent of the equity in total and that most of that would maybe be covered by the acquisition price that the potential financial partner might pay.

Paul Blythe, President & Chief Executive Officer

Yeah. Let's assume that we get through the incoming partner. 60 percent of the project is debt. And so the 40 percent left to find, that would mean 20 percent of that is to our account, yes. And we would receive a payment from the partner for his share of the project and that would go towards that 20 percent with maybe some additional cash beyond that. But it's not going to be huge. We're not looking at (inaudible) to get there.

David Charles, GMP Securities

So your leverage is huge in the sense that you're putting up very little of the equity but you're maintaining a 50 percent economic interest in the project.

Paul Blythe, President & Chief Executive Officer

Right. Exactly. And we've put all the high-risk money into getting it this far.

David Charles, GMP Securities

Excellent. I just wanted to understand that. Thank you very much.

Operator

Thank you. The next question is from Tom Meyer from Raymond James.

Tom Meyer, Raymond James

Hi, Paul. Could you briefly expand on the decision to go with a more, let's just say a move away from the SAG milling option towards just a crushing and grinding?

Paul Blythe, President & Chief Executive Officer

Yeah, there's—and of all the areas of the study that's the least cast in stone. We took a fairly wide-ranging view or the team took a fairly wide-ranging view, you

know, the conventional is SAG milling, as you know, ball milling. Energy wise that's the most intensive way of grinding up. So that was one issue. The world is changing and today's a \$0.03 a kilowatt hour (inaudible), especially in Chile, so that was one issue.

The other issue was that some of this ore is very hard, sort of, ah, I don't have the number in front of me, 18 (inaudible) working (inaudible) kilowatt hours per tonne, for those of you that that means anything to. You know, Robinson's typically 10 or 11, just to get some depth perception. It's quite a wide range of hardnesses, which would imply if you use a SAG mill huge swings in throughput on a per-tonne-per-day basis. We thought this gave it a tighter operation and a more effective operation. The world's changed since the 70s when this kind of flow sheet was abandoned in the sense there are much bigger crushers these days that can handle much bigger throughputs on a unit basis. So that was the thinking behind it. It would mean that we could maintain a tighter feed rate to the mill going forward, not have to get into blending, not our favourite hobby as you know, and it appears to us in the calculations we've

done so far that it would be significantly less energy intense.

Tom Meyer, Raymond James

And then, ah, like from a risk mitigation and what we've seen over the years in Chile with constraints on water resources wouldn't it be favourable to the project to stick with like a saltwater float and a desal and then the use of water is just for like gravity at various points just because of, you know, further pressures on the kind of draining resources of water? Wouldn't it favour the project to just step up with higher CapEx on the front end into some of your OpEx just to lower the risk on a longer-term basis?

Paul Blythe, President & Chief Executive Officer

As you gather, this is a pretty sensitive issue in Chile, particularly surface water rights. Ground water rights less so, and bear in mind a good junk of that 475 litres a second is subterranean (inaudible), (inaudible) for water rights rather than surface water rights.

The water doesn't have any value for farming. Yeah, it's an emotive issue. There is a cost saving to be had if we can permit it. And I'm not just going through the motions. If we can do the thing right then it makes sense to us to do it. You know, anything that reduces capital costs and operating costs has to be a sensible thing to do. So on a risk basis, yeah, as we work through and have discussions with the regulators on this water and on harvesting or extracting this water, we'll be taking a look at risk around that. But bear in mind that in Chile water is real property. Once you own it and you have those rights then those rights are fixed. So, yeah, we'll take a view when we get there on what the risk is that the rights can be taken away from us but, as I say, if it's there, if we can do it and we can do it without creating any social issues around it, it has to be the right thing to do for our shareholders.

Tom Meyer, Raymond James

Okay, thank you very much. I'll pass it on.

**Paul Blythe, President & Chief
Executive Officer**

Okay. Thanks, Tom.

Operator

Thank you. There are no further questions registered at this time, Mr. Blythe.

**Paul Blythe, President & Chief
Executive Officer**

Okay. Well thank you all very much and if you want any more information of course feel free to contact any of us here at Quadra.

Operator

Thank you, Mr. Blythe. The conference has now ended. Please disconnect your lines at this time. Thank you for your participation.