

MANAGEMENT DISCUSSION AND ANALYSIS MARCH 11, 2005

The following Management Discussion and Analysis (“MD&A”) of Quadra Mining Ltd. (“Quadra” or the “Company”) is intended to supplement and complement the accompanying audited annual financial statements and notes for the period ended December 31, 2004.

All financial information in this MD&A is prepared in accordance with the Canadian Generally Accepted Accounting Principles and all dollar amounts are expressed in thousands of United States dollars unless otherwise indicated.

DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Quadra was formed as a private company on May 15, 2002 under the British Columbia Company Act, and commenced business on that date. The Company was private and had no material assets or transactions until 2004 when the Company sold and issued 1,000,000 Special Warrants at a price of C\$2.00 per Special Warrant for aggregate proceeds of C\$2,000. On April 8, 2004 the Company completed an initial public offering (“IPO”) and raised gross proceeds of C\$144,936. The Company issued 1,449,360 brokers warrants as part of the offering. These warrants have an exercise price of C\$6.00 and expire on April 8, 2006. These warrants were valued at \$1,403 using The Black-Scholes method. All of these warrants are outstanding at December 31, 2004. The Company is in the business of acquiring mineral properties, with the intention of mine development and operations.

Quadra is a mine operating and mine development company that acquired through its subsidiaries one hundred percent of the BHP Billiton Robinson Mine (the “Mine”) in Ely, Nevada for a cash consideration of \$14,763 upon completion of the IPO. In addition to this mine, the Company secured an option on the Sierra Gorda Project, a group of late stage contiguous exploration properties near Antofagasta, Chile and is currently involved in the assessment and evaluation of its several known deposits. The Company is a reporting issuer in all provinces and territories of Canada and trades on the Toronto Stock Exchange under the symbol: QUA.

COMPARABILITY OF RESULTS

During 2003 the Company was private and had no material assets or transactions and comparisons between the financial results in 2004 or period to period variations between 2004 and 2003 may not be meaningful as a result of the significant impact of the Company’s IPO and commencement of operation at the Mine in 2004. Comparative analysis has been provided where it is considered meaningful.

OVERALL PERFORMANCE

Financial Highlights

- For the twelve months ended December 31, 2004 the Company had a net loss of \$2,375 compared to a net loss of \$308 for the twelve months ended December 31, 2003.
- Net revenues were \$11,932 which arose in December 2004. The Company’s realized copper price averaged \$1.47 per pound from the sale of 14,343 dry metric tonnes of concentrate. The Company had an operating loss of \$221.
- During 2004 cash used by the Company in operating activities was \$11,081 including the funding of a build up in working capital of \$11,137.
- On April 8, 2004 the Company raised a net \$103,879 and used these proceeds to fund the following matters related to the Mine: the purchase of \$15,707, start up costs of \$17,949, security and bonding deposits of \$36,134 and equipment purchases of \$7,089. The use of proceeds was in line with purposes as discussed in the IPO with the exception of security deposits that were higher than originally anticipated.

Operational Highlights

- The Mine reached commercial production on October 1, and the fourth quarter ended December 31, 2004, saw the ramp up of production and resolution of a number of technical start up issues. The Mine produced 23.6 million pounds of copper and 10,490 ounces of gold. The copper head grade was 0.51% while the gold grade was 0.291 g/tonne. The concentrate grade averaged 24.7%.
- The average daily mill throughput rate was 30,660 tonnes and the plant operating time was 92.1%. Copper recoveries for the reporting period were 74.9% with gold recoveries at 39.8%.
- Ore reserve reconciliations for 2004 have shown excellent agreement with actual production results. Ore reserve tonnes and copper grade are within 1.2% and 3.3% of the mill actuals, respectively.
- Direct on site operating costs arising during the fourth quarter of 2004 were \$ 24,041 while the offsite costs were \$4,361. Unit mining and milling costs were \$1.04 per tonne mined and \$3.36 per tonne milled respectively while unit general and administrative costs were \$1.16 per tonne milled. The cash operating cost per pound produced was \$1.16.

OPERATIONAL HIGHLIGHTS

The following table shows the financial performance of the following business segments: the Mine, the Sierra Gorda project and the corporate office.

ANNUAL INFORMATION AND OPERATING RESULTS							
\$ US 000s	2002	2003	2004				Total
	Total	Total	Q1	Q2	Q3	Q4	
Revenue:							
Robinson	-	-	-	-	-	11,932	11,932
Total	-	-	-	-	-	11,932	11,932
Costs:							
Robinson	-	-	-	-	-	12,153	12,153
Sierra Gorda	-	-	-	39	55	(199)	(105)
Corporate	24	327	743	1,870	1,863	2,366	6,842
Total	24	327	743	1,909	1,918	14,320	18,890
Other income:							
Robinson	-	-	-	-	-	91	91
Corporate	-	19	2,502	148	165	90	2,905
Earnings before tax	(24)	(308)	1,759	(1,761)	(1,753)	(2,207)	(3,962)
Earnings after tax							
Robinson	-	-	-	-	15	1,457	1,472
Sierra Gorda	-	-	-	(39)	(55)	199	105
Corporate	(24)	(308)	1,672	(1,635)	(1,713)	(2,276)	(3,952)
Total	(24)	(308)	1,672	(1,674)	(1,753)	(620)	(2,375)
Loss and							
diluted loss per share \$	(0.02)	(0.15)	0.55	(0.06)	(0.06)	(0.15)	(0.11)
Cash							
Robinson	-	-	-	160	453	3,567	3,567
Sierra Gorda	-	-	-	120	143	54	54
Corporate	40	-	2,945	53,493	34,134	8,648	8,648
Total	40	-	2,945	53,773	34,730	12,269	12,269
Total Assets							
Robinson	-	-	-	73,794	94,900	123,756	123,756
Sierra Gorda	-	-	-	2,022	2,483	3,376	3,376
Corporate	44	248	4,201	53,945	39,844	13,685	13,685
Total	44	248	4,201	129,761	137,227	140,817	140,817
Total Liabilities							
Robinson	-	-	-	24,605	32,340	35,046	35,046
Sierra Gorda	-	-	-	-	34	69	69
Corporate	5	503	1,234	399	1,408	2,583	2,583
Total	5	503	1,234	25,004	33,782	37,698	37,698
LME \$ / Lb. Average Copper price	0.71	0.81	1.24	1.27	1.29	1.40	1.30

The Robinson Mine

Quadra acquired its one hundred percent interest in the Robinson Mine on April 8, 2004 for approximately \$14,763 in cash and further acquisition costs of \$944. Quadra was also obliged to replace a reclamation letter of credit of approximately \$17,884.

Management believed that in order to re-start mining operations quickly it was necessary to appoint a mining contractor and the Mine awarded a five-year target price contract to Washington Group International (“WGI”) to mine approximately 67 million tonnes of ore and waste annually at the Mine. The mining contract runs through mid-2009 and the contract value is estimated at US\$228 million. WGI executed a final agreement with the Mine in August 2004 to undertake all aspects of the mining operation including drilling, blasting, loading, and hauling approximately 200,000 tonnes per day of ore and waste. WGI quickly mobilised on site and began mining waste in late May of 2004 and now employs a work force of approximately 184 workers who operate on a two 12 hour shift per day basis, seven days a week. Quadra’s employees, numbering around 159 at year end, perform and manage all mine design, engineering and production-oversight activities. WGI also mobilised on site some key pieces of mobile equipment including one Bucyrus 49RIII blasthole drills, a LeTourneau L-1800 wheel loader, 9 haul trucks and a reconditioned 35-yd³ P&H 2300 rope shovel.

In addition to the WGI equipment, and to improve tonnage capacity and operating costs, the Mine arranged operating leases of the following mobile equipment: sixteen CAT 793 haulage trucks, a new Bucyrus 495HR rope shovel equipped with a 56-yd³ bucket and a new 35-yd³ Hitachi EX5500 hydraulic excavator. Despite very tight market conditions for large mining equipment, the delivery of all equipment was achieved by December 31, 2004 with the exception of eight 793 haulage trucks and one blasthole drill that are expected to be delivered between January and mid March 2006.

The Mine concentrator began processing ore on August 31, 2004 approximately two months ahead of schedule and reached commercial production on October 1, 2004. The concentrator has conventional crushing, grinding and flotation circuits that produce a copper concentrate which is marketed to domestic and offshore smelters. The gold is recovered in the copper concentrate and as of January 2005, via a gravity circuit. During the fourth quarter ended December 31, 2004

the Mine produced 23.6 million pounds of copper and 10,490 ounces of gold.

Between June and November 2004, the Mine entered sales agreements regarding the future sales of copper concentrate at fixed terms with four companies for a two year period ending December 2006. Under these arrangements the Mine will sell 205,000 dry metric tonnes of copper concentrate in 2005 and 180,000 metric tonnes of copper concentrate in 2006. Terms are negotiated annually. Additional concentrate will be produced and sold in the spot market.

The consolidated financial statements of the Company record the costs associated with the restart period as a deferred start-up cost. During the restart period from April 8, 2004 to September 30, 2004 the operation incurred \$17,949 of start-up costs that were deferred. These costs will be amortized on a unit of production basis over the life of the Mine with a balance of \$17,557 as of December 31, 2004.

Net Revenues in 2004 were \$11,932 resulting from the sale of 14,343 dry metric tonnes of copper concentrate sold in December 2004. The operation experienced a temporary shortage of rail cars during the fourth quarter which delayed the shipment of concentrate to Quadra’s customers and resulted in a build up to 34,807 dry metric tonnes of concentrate inventory. During the fourth quarter the operation temporarily utilized a manifest train service and expects to start hauling concentrate on a unit train basis in March, 2005.

Operating costs after the start-up period ended September 30, 2004 were \$12,153. The cost of sales included all the cash operating costs of the Mine site and the freight and storage costs associated with transporting concentrate to customers. During the year the company incurred an operating loss of \$221.

Increased Mineral Reserves:

Quadra revised and updated the mineral reserves in accordance with National Instrument 43-101 on June 30th, 2004. Mr. Scott Hardy, P. Eng (Mining) of Mine Development Associates, Inc. of Reno, Nevada updated the Mineral Reserve and is a Qualified Person as defined in National Instrument, 43-101.

The Tripp-Veteran proven and probable reserves are based on a \$0.95 per pound copper and \$350 per ounce gold price and a complete review and update of the parameters used for the design. The reserves in the Ruth Pit, which will be mined after the Tripp Veteran pit, were not recalculated. Production from 2004 was subtracted from these reserves to generate the following reserve statement.

Proven & Probable Reserves as of December 31, 2004								
Resource Classification	Material Above Cutoff					Material Below Cutoff (tonnes) (000)	Total Material (tonnes) (000)	Strip Ratio
	Tonnes (000)	Copper (%)	Gold (g/tonne)	Contained Metal				
				Copper (tonnes) (000)	Gold (ounces) (000)			
Proven	125,144	0.69%	0.29	863	1,156			
Probable	4,282	0.70%	0.23	30	31			
Proven & Probable	129,426	0.69%	0.29	893	1,187	422,356	551,780	3.3

The Mineral reserves were estimated by Jack Henris, Technical Services Superintendent of Robinson Nevada Mining Company under the direction of Jack Miller, Vice President of Operations an employee of Quadra Mining Ltd. Mr Miller is a Professional Engineer and is a Qualified Person as defined by National Instrument 43-101. Reserves are based on a net value calculation that includes all cash mining costs. Measured and indicated material with a net value greater than zero are called Proven and Probable Reserves.

Sierra Gorda:

Following negotiations in 2003, Quadra optioned six contiguous properties in Region II of Chile, collectively the "Sierra Gorda" project, in January 2004. Sierra Gorda is located in the Atacama Desert, 140 km northeast of the port city of Antofagasta, and 4 km north of the town of Sierra Gorda, which lies on the highway and rail line connecting Antofagasta and Calama. The project covers an area of approximately 19 km² in a region that has significant copper mines and resources including BHP Billiton's Spence project 10 km to the northeast, Antofagasta Holdings PLC's El Tesoro mine approximately 15 km to the southeast and the Lomas Bayas and Mantos Blancos mines to the southwest.

One of Quadra's properties, the Santa Catalina project, was previously held by Outokumpu Oyj ("Outokumpu"), which carried out extensive exploration in the 1990's. Work included 63,000 meters of drilling, a 1,400 meter decline and metallurgical studies. Chevron and Rio Tinto also carried out exploration on the properties. A number of copper and mineralized intrusives have been identified.

During the fourth quarter ended December 31, 2004, Quadra completed a reverse-circulation ("RC") drill program with approximately 10,712 metres drilled in 50 holes on this

breccia, porphyry-style copper-molybdenum property and two new significant zones of copper oxide mineralization were discovered. The objective of the RC drill campaign was to extend and explore for additional oxide copper resources outside of the Catalina deposit defined by the previous owner/operator, Outokumpu. The holes were stopped when sulphide material was encountered and will be available for deeper drilling in the future.

During the year ended December 31, 2004 Quadra also surveyed underground workings, completed a ground magnetics and IP geophysical survey, conducted a geochemical soil survey over the property and completed the drill program. All work will provide the basis for an NI43-101 compliant resource model estimate to be completed by April 2005. Mine and Quarry Engineering Services Inc. of San Mateo, California ("MQes") completed a preliminary assessment of the geological models for the Catalina and Salvador Cu-Mo deposits. MQes believes the geological models for Catalina and Salvador deposits can be improved substantially by implementing a comprehensive program of data compilation, drill core re-logging, re-assaying, data verification and geological modeling.

Field work is being supervised by Mr. John (Jack) Currie, a Canadian geologist with several years experience in Chilean copper exploration, including working at the nearby Spence deposit for Rio Algom. Brian P. Fowler, P.Geo is Manager, Exploration for Quadra and is the Qualified Person for the project.

Quadra spent \$1,800 in option payments and \$1,400 on direct project costs on the Sierra Gorda project in 2004. These costs have been capitalised in mineral properties during the period.

Corporate:

The corporate office activities include: management services, business development and general administration. Corporate costs during the twelve months ended December 31, 2004 amounted to \$6,842 as compared to a cost of \$327 in 2003. Corporate costs include non cash items of employee stock options valued at \$1,870 and an unrealised loss of \$1,899 related to the accounting for forward gold sales. The corporate head office is located in Vancouver, Canada and opened in mid May of 2004. During the year the management completed an IPO raising gross proceeds of C\$144,936 and with the incomplete purchase of an interest in the Highland Valley Copper Partnership (“HVC”) received a break fee of \$2,500 in connection with a non-completed purchase of an interest in the Highland Valley Copper Partnership.

LIQUIDITY AND FINANCIAL RESOURCES

At December 31, 2004 the Company had consolidated working capital of \$26,439 and cash on hand of \$12,269 as compared to nominal amounts in 2003. At the year end the Company had no debt and had a current ratio of 3.5:1. The following table shows the sources and uses of cash during the fourth quarter and for the twelve months ended December 31, 2004 by business segment.

Sources and uses of cash and cash position for the fourth Quarter and Year ended Dec. 31 2004

	Fourth quarter		Year ended	
	2004	2003	2004	2003
Cash provided by (used in)				
Operating activities				
Robinson	(12,013)	-	(10,062)	-
Sierra Gorda	155	-	45	-
Corporate	(62)	20	(1,064)	(25)
Total Operating activities	(11,920)	20	(11,081)	(25)
Cash provided by (used in)				
Investing and financing activities				
Increase in security deposits and environmental bond	(3,214)	-	(36,134)	-
Acquisition of Robinson Mine	-	-	(15,707)	-
Additions to property, plant and equipment	(3,621)	(1)	(8,691)	(1)
Additions to mineral properties	(4,068)	(26)	(20,671)	(26)
Shares issued	-	-	111,549	-
Share issue costs	-	-	(7,670)	-
Cash provided/used	(22,823)	(8)	11,595	(52)
Effect of foreign exchange rates on cash and cash equivalents	379	-	674	9
Cash balance beginning of the period	34,712	8	-	43
Cash balance end of the period	12,269	-	12,269	-

The Company's year end cash resources will be largely utilised to finance the costs of the corporate office and exploration activities relating to the Sierra Gorda project and other exploration and development projects. The Mine is expected to generate sufficient funds from operations to finance its operations and capital requirements during 2005. Subsequent to the year end, the Company is negotiating a Credit Facility to finance the timing differences between production and shipment of concentrate inventory and provide additional working capital liquidity.

The Company's issued, and outstanding shares at December 31, 2004 were 27,156,000 and that remains unchanged at the date of this analysis.

For the year ended December 31, 2004, the Company granted 1,737,500 stock options to directors, contractors and employees with an estimated weighted-average fair value of C\$1.53 per stock option for a total of \$1,870 for the year. The fair value of each option is estimated as at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Expected volatility	30%
Risk-free interest rate	5%
Expected lives (year)	5
Dividend yield	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the estimated fair value of options granted.

CONTRACTUAL OBLIGATIONS

During the year ended December 31, 2004 the Company entered a number of contractual commitments which are summarized in the following table:

	Mining Equipment	Promissory Notes
2005	5,783	353
2006	5,742	530
2007	5,661	1,264
2008	5,661	288
2009	5,661	-
	<u>28,510</u>	<u>2,435</u>

The operating leases relate to mobile mining equipment. The lease arrangement is with Caterpillar Financial Services Corporation and Wells Fargo Equipment Finance Inc. The

lease costs are approximately \$700 per month and are recorded as part of mining cost. The term of the leases ranges from 72 – 84 months and provides Robinson the option to purchase the equipment at fair market value at the end of the lease.

On August 31, 2004, the Mine entered into an agreement with Mt. Wheeler Power, Inc. to purchase electrical power until May 31, 2006. Under the terms of the agreement, the maximum liability is up to \$9,000 for the entire contractual period. The agreement required a security deposit of \$2,000 and the Company has guaranteed, on an unsecured basis, the payment obligations of the Mine.

Production at the Robinson Mine is subject to a three percent net smelter return royalty (the "Kennecott Royalty") The proceeds of the Kennecott Royalty are required to be contributed to the Robinson Restoration Trust until a total of \$20,000 in principal, interest and credits has been accumulated after which the royalty will be charged to expense.

In addition to the Kennecott Royalty, Newmont Mining Corporation of Canada Limited is entitled to receive royalties from the production of the Robinson Mine. The royalties payable consist of:

- (1) A 10% royalty on net smelter returns on 51% of the production of gold from the Mine in excess of 60,000 troy ounces per calendar year;
- (2) A royalty on 51% of copper production in excess of 130 million pounds of copper, payable in any calendar year in which the price of copper exceeds US\$1.00 at the end of the year (adjusted for inflation from 1990, estimated at US\$1.50 at December 31, 2004) (the "Trigger Price"), in an amount equal to US\$0.05 per pound plus an incremental amount equal to 40% of the amount by which the price of copper exceeds the Trigger Price; and
- (3) A 0.225% royalty on net smelter returns of all minerals extracted from the Mine.

The Bureau of Land Management (BLM) requires that companies recalculate the amount of the Environmental Bond at least every three years and submit the recalculation to the BLM for approval. Initial estimates, which have not been approved by the BLM, indicate that the amount of the bond may have to increase by some \$1,500 to \$3,000 and this amount is expected to be funded by operating cash flow at the Mine.

On April 15, 2004, Quadra entered into six agreements (the "Option Agreements") with six separate vendors under

which Quadra could elect to purchase six contiguous mining properties in Chile. The Options Agreements have differing terms, conditions and adjustments. The total purchase price of all six properties is \$24,975. The payment schedules are structured so that there are initial payments, further payments upon entering into the Option Agreements and annual and semi-annual payments thereafter until the full purchase price is paid. The initial amount paid upon entering into the Option Agreements was \$1,675, with an additional \$994 payable to the vendors during the first two years of the Option Agreements. Quadra would provide the additional funding to meet these obligations either from the issue of equity or from internal cash flow.

SUBSEQUENT EVENTS

The Company and some of its subsidiaries are negotiating a working capital facility and hedge line of credit arrangement with Macquarie Bank Ltd. (the "Lender"). As part of these arrangements the Mine is expecting to provide a fixed and floating charge over the assets of the Mine, and a pledge of the shares of Robinson Nevada Mining Company.

On March 3, 2005, the Company, Inca Pacific Resources Inc. ("Inca") and Minera Ancash Cobre SA ("Ancash") entered into an Investment and Operating Agreement. Under the terms of the agreement, the Company paid \$1,833 and issued 183,264 shares and two special warrants each of which can be exercised for the greater of 183,264 Company shares or the Company shares with a value of \$1,000 to Inca in exchange for 1 million Inca shares and a vested 50.1% interest in the Magistral copper – molybdenum project in Central Peru by completing a pre-feasibility study by February 28, 2006 and a "bankable" feasibility study by November 30, 2006. On the completion of the arrangement of project financing by June 30, 2007, the Company will earn a further 14.9% interest in the project and Inca will have a one-time right to put their remaining 35% interest to the Company based on a net present value formula. In accordance with the underlying agreement with Minera Peru, the project must be in production by June 30, 2009 and each party shall be responsible for its share of the project development costs.

TRANSACTIONS WITH RELATED PARTIES

Of the Directors of the Company, one is a Partner of an affiliate of Blake, Cassels & Graydon LLP and one is a partner of Chancellor Partners Management Consultants Inc. During the year ended December 31, 2004 the Company paid legal fees of \$733 which includes \$7 in payables and recruiting and human resources consulting fees of \$211 respectively to those entities [2003: nil].

FINANCIAL INSTRUMENTS - HEDGING

Quadra's hedging strategy is to enter a hedge when it is required to preserve financial liquidity and, when appropriate, to offsetting the commodity price risk volatility. In circumstances when the company uses financial leverage for financing expansion or material business transaction hedging may be required. Management is concerned with the significant backwardation curve often associated with future copper prices contracts and considers shorter term hedging arrangements when possible. At December 31, 2004 no copper production was hedged.

On July 22, 2004 the Company bought gold forward sales contracts for a total of 60,000 oz. in conjunction with a potential commodity linked financing of a material transaction. This transaction did not proceed and management has been rolling over the position on a monthly basis. As at December 31, 2004, the weighted-average price on the forward contracts was \$404/oz. The unrealized loss resulting from the mark-to-market of the contracts was \$1,899 based on the gold price of \$435.60/oz.

CRITICAL ACCOUNTING ESTIMATES

Revenue recognition and inventory valuation

Metal concentrate production is subject to long-term contracts for sale, and revenue is recognized when title passes and collectibility is reasonably assured. Final metal prices for determining revenue are generally three months after the point of recognition and price change subsequent to December 31, 2004 could have a material impact on final settlement. In addition, net realizable value for the purposes of inventory valuation is also based on estimated metal price and future change could have an impact of the inventory valuation.

Economic life

Management's estimate of the economic life of the Mine is ten years based on the updated resource statement provided in accordance with National Instrument 43-101. Based on Management's view of future metal prices the carrying value of the assets was not impaired at year end.

Asset retirement obligations, reclamation and mine closure

The Company has adopted the new recommendations of The Canadian Institute of Chartered Accountants for the accounting for asset retirement obligations. The recommendation requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred or acquired. Also, when a liability is initially recorded, a corresponding increase to the carrying amount of the related asset is recorded.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total liability of future site restoration costs is subject to change based on amendments to laws and regulations and as new information concerning the Company's operations becomes available.

The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

Net future income taxes and resource tax asset and liabilities

The Company has recognized \$1,587 as future tax asset. Management estimates that, using long term copper price in line with management life of mine plan estimates, that future taxable income will be sufficient to utilize estimated tax assets.

CHANGES IN REPORTING CURRENCY

During the quarter ended June 30, 2004, the Company changed its reporting currency from the Canadian dollar to the United States dollar. This was done because management now considers the United States dollar to be the functional currency of the Company as the Company's primary assets are based in the United States, the Company's products will be sold in United States dollars and the majority of the Company's transactions will be denominated in the United States dollar.

FUTURE PROSPECTS

Outlook:

The copper price has historically been both cyclical and volatile trading with a range of \$0.60 - \$1.60 per pound with an 8 - 10 year cycle through the 1980's and 1990's. The copper industry is expected to remain strong over the near term as current and future demand growth exceeds supply. Smelting and freight costs have increased significantly over

the last year. They are not expected to decrease during the duration of the current commodities boom.

Mining:

Robinson Mine

The anticipated cash operating costs for 2005 are \$1.09 per pound produced and the expected production is 150 million lbs of copper and 50,000 ounces of gold. The expected strip ratio for 2005 is 4.4:1. The anticipated life of mine costs remain unchanged at \$0.79 per pound of copper produced.

The reserves are currently expected to sustain production for the next 10 years and will vary from year to year based upon metal prices and as ore is mined out or added as a result of definition drilling and exploration work.

Mineral reserves in the current mine plan total 129,426 million tonnes grading 0.69% copper and 0.29 grams per tonne gold with over 97% of the mineral reserves in the proven category. The reserves in the Ruth Pit were not recalculated under the revised mine plan but as the reserve increases substantially based on copper prices above \$0.95 per pound, Quadra is planning to review and update the design parameters of the pit shell.

There is significant potential for additional reserves and leachable copper and gold resources at the Mine. This potential is being evaluated.

A study has been initiated to investigate the economic feasibility of adding a molybdenum flotation circuit to the plant and, if positive, the Mine could be producing molybdenum by year end, 2005. Initial estimates indicate capital is in the range of \$10,000

Initiatives are being implemented to attain optimal mill performance and optimize throughput, recovery and concentrate grades. In these activities Quadra will manage its mining operations with the emphasis on reducing operating costs by containing energy costs, controlling consumable costs, establishing material and transport contracts and initiating unit train rails shipment to lower transportation costs of the copper concentrate.

Exploration and Development:

Sierra Gorda

Quadra is planning to spend a minimum of \$5,000 during 2005 advancing the Sierra Gorda project by completing a work program to complete the re-logging the entire Sierra Gorda drill core inventory, undertake a substantial drilling program, perform metallurgical test work and other scoping studies.. The Company expects to complete a NI 43-101 compliant resource estimate by the end of April, 2005.

Magistral

Previously disclosed Measured and Indicated Resources at the Magistral project were 76 Million Tonnes at 0.76% Cu and 0.055% Mo and Inferred Resources were 39 Million Tonnes at 0.71% Cu and 0.039% Mo using a 0.5% Cu cut off.

Quadra can earn a 50.1% interest in Ancash Cobre S.A., the 100% owner of the Magistral project, by completing a bankable feasibility study for a minimum 15,000 tonnes per day operation by November 30, 2006. Quadra can increase its ownership from 50.1% to 65% by arranging project financing on or before 30th June 2007. Once Quadra has met its obligations with respect to the feasibility study and financing, and has reached 65% ownership, each party will be responsible for its share of the project development costs.

Quadra expects to expend \$5,000 during 2005 on infill drilling, metallurgical testing, geological modeling, resource estimation, environmental studies, community relations and development of infrastructure strategies.

The above Management and Discussion analysis may contain some 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 revenues, growth profits, operating expenses depend on future market conditions and risks, and are considered forward-looking thereby providing no guarantee that they will be realized. The corporation disclaims any intention or obligation to update or revise forward looking information, whether as a result of new information, future events or otherwise.