



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED MARCH 31, 2007

The following Management Discussion and Analysis (“MD&A”) of Quadra Mining Ltd. and its wholly owned subsidiaries (“Quadra” or the “Company”) has been prepared as at April 20, 2007 and is intended to supplement and complement the accompanying unaudited financial statements and notes for the three months ended March 31, 2007. This discussion includes certain statements that may contain ‘forward looking’ information and reference to the cautionary statement at the end of this MD&A is advised. Additional information relating to the Company, including its Annual Information Form (“AIF”), is available on the SEDAR website at: [www.sedar.com](http://www.sedar.com). The Company is a reporting issuer in all provinces and territories of Canada and trades its common shares on the Toronto Stock Exchange under the symbol: QUA.

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 is a base metal producing company that owns and operates the Robinson copper mine (“Robinson Mine”) near Ely, Nevada. In addition, Quadra holds a 100% interest in the Carlota Copper Project (“Carlota”), a heap leach - SX/EW copper project under construction in Arizona. The Company also has an option to purchase the Sierra Gorda Project, a late stage exploration property near Antofagasta, Chile. The strategic plan of the Company includes growth by optimising operations, developing projects and pursuing merger and acquisition opportunities.

#### First Quarter Highlights

- The Robinson mine generated revenue of \$136,455 from the sale of 40.5 million pounds of copper and 31,238 ounces of gold in concentrates compared to revenue of \$83,936 from the sale of 31.0 million pounds of copper and 24,825 ounces of gold in the same quarter in 2006.
- Operating income for the quarter ended March 31, 2007 was \$64,972 compared to \$27,060 for the quarter ended March 31, 2006.
- During the quarter ended March 31, 2007 the Company incurred a realized loss on derivatives of \$22,226 and an unrealized gain on derivatives of \$19,714 compared to a realized loss of \$9,985 and an unrealized loss of \$59,063 in the quarter ended March 31, 2006.
- Earnings for the quarter ended March 31, 2007 were \$43,111 or \$1.13 per share-basic and \$1.12 per share-diluted compared to a loss of \$35,163 or \$1.15 per share for the quarter ended March 31, 2006.
- Production for the quarter was 36.6 million pounds of copper and 31,040 ounces of gold compared to 25 million pounds of copper, 14,471 ounces of gold and 144,000 pounds of molybdenum for the first quarter of 2006.
- Onsite and offsite costs were \$45,424 and \$20,666 respectively for the quarter ended March 31, 2007 compared to \$40,546 and \$22,076 respectively for the same period in 2006.\*
- There were no lost time accidents in the quarter as the Robinson Mine continues to focus on safety and training.
- The Company completed a \$200,000 secured term loan financing for the construction of the Carlota project, repayment of the Company’s working capital facility and general corporate purposes.
- Quadra announced its intention to make an offer to acquire all of the issued share capital and traded warrants of International Molybdenum Plc (“**Intermoly**”) in exchange for the issuance of 3.9 million Quadra shares valued at CAD\$34,447 based on the price of Quadra shares at market close on March 28, 2007.

\*Under Canadian Generally Accepted Accounting Principles, offsite and onsite cost terms are not defined terms. Onsite costs consist of mining costs, equipment operating lease costs, mill costs, mine site general and administration costs, royalties and

environmental costs. For financial statement reporting purposes, royalties are reported separately from cost of goods sold. Offsite costs consist of the costs associated with the transportation, smelting and refining of concentrate.

## OVERALL PERFORMANCE

### Financial Results

<b>For the quarter ended March 31,</b>	<b>As restated</b>		<b>As restated</b>
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Concentrate production (DMT)	65,147	50,229	48,862
Concentrate sales (DMT)	76,722	58,036	52,725
<b>Statement of operations (\$000)</b>			
Revenues from concentrate sales	136,455	83,936	43,474
Cost of sales	62,234	51,188	35,199
Amortization, depletion and depreciation	3,565	2,857	1,653
Accretion of asset retirement obligations	479	524	486
Royalties and mineral taxes	5,205	2,307	76
Operating income	64,972	27,060	6,060
General and administrative	2,300	1,773	1,546
Realized loss on derivatives	22,226	9,985	-
Stock-based compensation	383	227	625
Foreign exchange loss	19	276	29
Net interest and other (income) expense	(118)	812	(49)
Earnings before other items	40,162	13,987	3,909
Unrealized (gain) loss on derivatives	(19,714)	59,063	(599)
Earnings (loss) before income taxes	59,876	(45,076)	4,508
Income tax - current	3,150	1,870	-
Future income tax expense (recovery)	13,615	(11,783)	720
Earnings (loss)	43,111	(35,163)	3,788
Basic earnings (loss) per share	\$ 1.13	\$ (1.15)	\$ 0.14
Diluted earnings (loss) per share	\$ 1.12	\$ (1.15)	\$ 0.14
<b>Financial positions (\$000)</b>			
Total assets	531,266	308,182	161,691
Total long-term financial liabilities	221,642	50,230	29,123

### Revenues

Revenue is primarily affected by sales volumes and commodity prices. All of the Company's revenues are currently generated by the Robinson Mine.

Revenues from concentrate sales were \$136,455 for the quarter ended March 31, 2007 compared with \$83,936 in the same quarter in 2006. The increase in revenue in 2007 over 2006 was due to a combination of: the average copper price received upon shipment for 2007 being \$2.66 compared to a price of \$2.22 in 2006; a 31% increase in pounds of copper sold in the first quarter of 2007 compared to the same period in 2006; a 26% increase in the ounces of gold sold in the first quarter of 2007 compared to the first quarter of 2006. The average LME copper price was \$2.69 in 2007 compared to \$2.23 in 2006. Refining and treatment charges, which are deducted in arriving at revenue, were \$10,408 for the quarter ended March 31, 2007 compared to \$12,973 in 2006 (see **Offsite Costs**).

### Cost of Sales and Expenses

Cost of sales for the quarter ended March 31, 2007 were \$62,234 compared to \$51,188 in 2006 reflecting the 32% increase in volume of concentrate sold in the first quarter of 2007 compared to the first quarter of 2006.

Amortization, depletion and depreciation for the quarter ended March 31, 2007 was \$3,565 compared to \$2,857 in 2006 reflecting higher sales volumes and increases in depreciable assets.

Royalties and mineral taxes for the quarter ended March 31, 2007 were \$5,205 compared to \$2,307 in 2006. Higher copper and gold prices impacted royalty expense and Nevada net mining proceeds tax.

Operating income for the quarter ended March 31, 2007 was \$64,972 compared with \$27,060 in 2006. The increase in operating income in the first quarter of 2007 compared to the same period in 2006 was primarily driven by higher sales volumes and commodity prices.

General and administrative expenses were \$2,300 in 2007 compared to \$1,773 in 2006 due to increased activities at the corporate office associated with the Term Loan Financing and the InterMoly Offer.

The realized loss on derivatives was \$22,226 in 2007 compared to \$9,985 in 2006. The increase in realized losses in 2007 compared to 2006 reflects the impact of the copper hedging program entered into in the fourth quarter of 2005 and higher copper prices relative to the hedge price in 2007 compared to 2006. (see **Financial Instruments and Other Instruments**)

Net interest and other income were \$118 in 2007 compared to an expense of \$812 in 2006 due to higher cash balances and reduced usage of the short-term debt facility.

Earnings before income taxes were \$59,876 in 2007 compared to a loss of \$45,076 in 2006.

The Company recorded current and future income tax expenses of \$3,150 and \$13,615 respectively for the quarter ended March 31, 2007 compared with a current tax expense of \$1,870 and a recovery of \$11,783 in 2006. The tax provision was recorded based on an effective tax rate of 28% in the quarter ended March 31, 2007 compared to 22% in 2006. The increase in the effective tax rate is due to the movement in earnings before tax from a loss position in 2006 to an earnings position in 2007.

For the quarter ended March 31, 2007, the Company reported earnings of \$43,111 or \$1.13 per share – basic and \$1.12 per share - diluted as compared to a loss of \$35,163 or \$1.15 per share for the quarter ended March 31, 2006.

### **Financial Position**

Total assets as at March 31, 2007 were \$531,266 compared with \$335,966 at December 31, 2006. The increase in assets during the quarter ended March 31, 2007 was primarily due to the following;

- increases in cash arising from operations and the term loan financing (see **“Term Loan Facility”**), and
- increase in receivables and prepaid expenses due to the impact of the increase in copper price on the marked to market value of expected final settlements for shipments.

Total long-term financial liabilities as at March 31, 2007 were \$221,642 compared with \$37,061 as at December 31, 2006. The increase in long-term liabilities is due to the issuance of the term loan financing.

### **ROBINSON MINE**

#### **Operational Results for the Robinson Mine for the Quarter Ended March 31, 2007**

The performance of the Robinson Mine, when considered quarter on quarter, or quarter to quarter, varies as a result of changes in head grade, metal recovery and waste stripping requirements. Comparative production statistics are as follows:

	2007			2006		
	Q1	Total	Q4	Q3	Q2	Q1
<b>Copper production (million lbs)</b>	36.6	121.4	35.3	33.3	27.8	25
<b>Gold production (ozs)</b>	31,040	75,074	27,646	20,425	12,532	14,471
<b>Waste mined (tonnes 000's)</b>	16,249	59,212	13,964	14,425	16,605	14,218
<b>Ore mined (tonnes 000's)</b>	3,068	15,281	4,121	4,175	3,274	3,711
<b>Ore milled (tonnes 000's)</b>	3,302	13,860	3,919	3,426	3,422	3,093
<b>Onsite costs</b>	\$45,424	\$181,962	\$46,250	\$50,287	\$44,879	\$40,546
<b>Offsite costs</b>	\$20,666	\$80,024	\$17,916	\$16,932	\$23,100	\$22,076
<b>Total costs</b>	\$66,090	\$261,986	\$64,166	\$67,219	\$67,979	\$62,622
<b>Capital expenditure</b>	\$4,039	\$11,555	\$4,100	\$3,573	\$3,074	\$808
<b>By-product credits</b>						
- Gold and silver	\$21,397	\$44,100	\$16,441	\$7,421	\$8,713	\$11,525
- Molybdenum	-	\$6,075	\$334	\$1,063	\$1,527	\$3,151
<b>Copper grade (%)</b>	0.67	0.61	0.67	0.69	0.52	0.53
<b>Gold grade (g/t)</b>	0.46	0.31	0.41	0.32	0.24	0.27
<b>Copper recovery</b>	75.0%	65.4%	61.0%	63.4%	70.3%	69.5%
<b>Gold recovery</b>	63.1%	53.6%	53.7%	57.9%	47.5%	54.5%
<b>Mill operating time</b>	88%	90%	95%	89%	89%	89%

During the quarter ended March 31, 2007, mining activity took place in the Veteran area of the Tripp – Veteran pit whereas mining activity for the first two months of the quarter ended March 31, 2006 took place in the Tripp area. During the quarter a total of 19,317 tonnes of ore and waste were mined. This is an 8% increase over the 2006 quarter of 17,929 tonnes, and represents an average mining rate of approximately 215,000 tonnes per day. The increase in mining rate was a result of increased efficiencies due to improved operator skills and mining largely in the Veteran area of the pit which was not subject to the slope stability issues encountered in the Tripp area in 2006.

Copper production for the quarter ended March 31, 2007 was 36.6 million pounds, a record quarter for the mine as operated by Quadra, compared to 25 million pounds for the same quarter in 2006. The increase in copper production in the first quarter of 2007 compared to the first quarter of 2006 was due to the combination of an increase in copper head grade of 26% and an increase in copper recovery of 8%.

Gold production was 31,040 ounces, a record quarter for the mine, compared to 14,471 ounces in the same quarter in 2006. The increase in gold production in the first quarter of 2007 compared to the first quarter of 2006 was due to the combination of an increase gold head grade of 70% and an increase in gold recovery of 16%. Due to low molybdenum head grades there was no molybdenum production in the first quarter of 2007 compared to 144,000 pounds in the first quarter of 2006.

## Operating Costs

### Onsite Costs

The key drivers of onsite costs are;

- The volume of waste and ore moved,
- Salaries, wages and benefits,
- Equipment maintenance costs and consumables, and
- Royalty costs, which in turn are driven by mineral production and metal price.

Onsite costs for the quarter ended March 31, 2007 were \$45,424 compared to \$40,546 for the quarter ended March 31, 2006. Royalty costs accounted for \$2,751 of the increase of \$4,878 due to higher copper prices (which averaged \$2.69 per pound in 2007 compared to \$2.23 per pound in 2006) and the impact of the royalty costs now fully payable (See **Cost of Sales and Expenses**).

## Offsite Costs

The key drivers of offsite costs are;

- Smelting and refining charges from customers, together with customer price participation,
- The volumes of concentrate transported and sold, and
- Freight rates, both rail to the port facility in Vancouver, Washington and ocean to smelter destinations in Asia.

Offsite costs were \$20,666 for the quarter ended March 31, 2007 as compared to \$22,076 for the quarter ended March 31, 2006. The decrease in offsite costs consisted primarily of a decrease of \$2,565 in the charges from customers for conversion of concentrate to refined metal and an increase in transportation costs of \$1,222. Conversion charges from customers decreased, despite an increase in concentrate sold of 32% and higher copper prices, due to downward pressure on treatment charges arising from surplus smelting capacity. Transportation costs increased due to an increase in the volume of concentrate sold, and an increase in ocean freight rates, reflecting a general tightening in the ocean freight market.

For the quarter ended March 31, 2007 the cash cost per pound of copper produced, including stripping costs, was \$1.22 per pound compared to \$1.92 per pound in 2006. Although total costs remained broadly in line between the first quarter of 2007 and 2006; the cash cost per pound of copper produced decreased due to the increase in copper production and the increase in by product revenue which was driven by increased gold production and gold price. The cash cost per pound of copper produced is a non-GAAP term and consists of onsite and offsite costs, less by product revenue, divided by the pounds of copper produced in the period.

## Outlook

### Mining

Development of the Veteran Pit is currently planned in two phases. The first phase is expected to be completed by mid-year 2007 at which time the second phase will provide ore for the remainder of the year. The geology is such that the second stage will encounter a supergene zone of secondary enrichment in the upper portion of the deposit, where the ore grade will be higher and the metallurgical recovery lower. This is similar to the occurrence of supergene in the last two quarters of 2006, except that based on historical records, it is expected that minimal underground workings will be encountered in 2007. The expected supergene material represents approximately 15% of the ore planned to be mined in 2007 and this impact has been recognized in production guidance.

There continues to be a global shortage of large off-road tires. Special emphasis has been placed on tire life and performance, and the mine has made arrangements to procure an adequate supply for 2007. To control the input cost of tires and fuel the Company has entered into fixed price contracts for their supply. By the fourth quarter of 2006, elements of the primary haulage fleet had reached the hours of use at which major engine and drive train components required replacement in accordance with the manufacturers' normal maintenance programme schedules. This replacement programme is expected to continue in 2007.

### Processing

Mill recoveries are expected to follow the trends seen in 2006 and the first quarter of 2007, with variable recoveries in the upper benches of the ore body, lower recoveries but higher grades in the supergene material and higher recoveries in the hypogene material below the supergene. A lime slaking system was built and is expected to be fully operational in the second quarter of 2007. It is expected that this system will increase the ability to control chemical conditions when processing the supergene material. This may result in improved metallurgical performance.

Molybdenum head grades are expected to be low and erratic during 2007. The current database and operating experience indicates that there may not be significant molybdenum production from the Veteran pit, which will be the primary production pit until 2009, when the operation will begin transitioning to the Ruth pit.

**Offsite Costs**

Smelting costs have fallen significantly in the latter part of 2006 and early 2007. This will impact operating costs on a go forward basis. There is expected to be upward pressure on freight rates, as a result of port congestion in Australia.

**CARLOTA**

During the quarter ended March 31, 2007 the Company completed a \$200 million term loan financing, the use of which includes the construction of the Carlota project. In addition the Company incurred \$798 of acquisition costs, representing the increase in the value of the deferred gold consideration during the quarter, and \$3,028 of development costs on the Carlota project, of which \$1,253 were capitalized interest and costs associated with the secured term loan, compared to acquisition costs of \$3,201 and development costs of \$1,357 during the same period in 2006. Acquisition costs were higher in 2006 due to the payment of 6,250 ounces of gold while higher development costs in 2007 reflect higher levels of activity.

Development activities in the quarter ended March 31, 2007 consisted of drilling additional monitoring wells, water supply system development, site access roads development, ordering of mining and processing equipment, the development of detailed engineering and preparation of construction schedules and detailed cost estimates for the project.

At March 31, 2007 an additional four quarterly gold payments of 6,250 ounces of gold remain to be completed in accordance with the Purchase and Sale agreement.

Permitting and related activities included completion of the Gibson Mine Clean-Up Project. During the quarter the Project received verification from the Environmental Protection Agency (EPA) that the clean-up met the Carlota NPDES permit conditions.

During the quarter ended March 31, 2007 the Company purchased the first 3 of 7 Komatsu 830E AC haul trucks. At March 31, 2007 the Company had commitments associated with the project totalling \$34,000.

**Outlook**

Subsequent to March 31, 2007 the Company completed commitments totalling \$11,445 in connection with the purchase of a loader, 4 crawler tractors and an additional 3 haul trucks.

Construction contracts and final pricing on all major supplies are expected to be complete during the second quarter of 2007. Land clearing for the leach pads is scheduled to start shortly and preproduction mining activities are expected to commence in the second half of 2007.

Management estimates that the project has an eleven year life and an estimated operating cost of \$0.99 per pound of copper produced. The Company continues to progress the development of the project and anticipates some copper production in the second half of 2008.

**SIERRA GORDA**

During the first quarter of 2007, \$711 was spent on the project compared to \$387 in 2006. The work focused on arranging personnel and drill equipment.

**Outlook**

The results from the deep sulphide drilling have moved the focus from an oxide heap-leach project to a potentially larger project that would encompass both heap leaching and primary sulphide production.

Follow-up drill programs commencing in April 2007 are designed to extend the deep sulphide mineralization, evaluate the targets under the colluvium cover and provide enough data to establish an inferred resource. Also

favourable alteration identified during the shallow hole grid program of last year will be followed up with a detailed evaluation programme to define an inferred soluble resource. Management has plans to spend \$10,700 and has approval to spend up to \$15,000 in 2007 if warranted. Two drills are currently at the site with another four drills expected to arrive in the next few months.

A study of all process water options is expected to be completed in 2007.

## Market Trends and Fundamentals

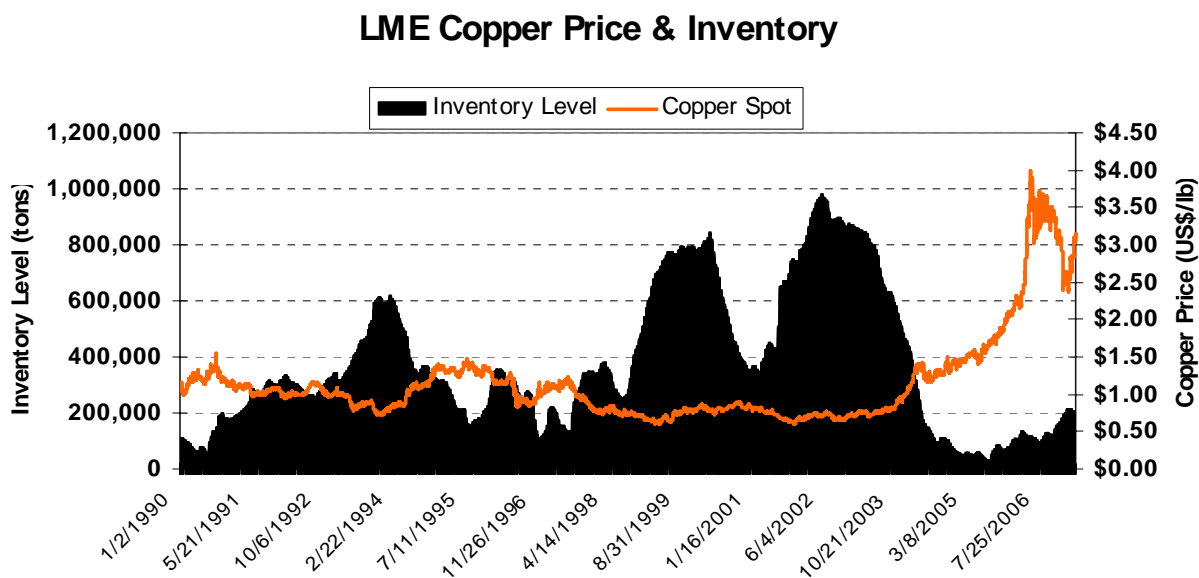
### Copper Uses

Management estimates that global copper consumption was approximately 17.5 million tonnes in 2006 and is expected to be 3% to 4% higher in 2007. Growth in the demand for copper has been accelerated by the rapid industrialization of emerging economies in Asia, particularly China, and is spurred by expansion of domestic and foreign demand for manufactured products, growth in the housing market and expansion of power infrastructures.

### Copper Price

Since 2003, the growing demand for copper, particularly in China, coupled with an inability of the copper industry to increase supply due to a lack of immediate development projects, has resulted in decreased inventories of copper. These low inventories, together with a weakening U.S. dollar, have led to a substantial increase in the copper price. On May 11, 2006, the spot price of copper on the LME rose peaked at \$3.99/lb.

The following graph shows the LME inventory level of copper and the spot price of copper from 1990 to March 30, 2007.



Inventories published on the LME declined to a 30 year low of only 25,525 tonnes on July 22, 2005 but they have since rebounded to 178,075 tonnes as of March 30, 2007.

The copper price increased by 28% during the past 12 months with prices increasing from \$2.46 per pound on March 31, 2006 to \$3.15 per pound on March 31, 2007 and had increased to \$3.60 per pound on April 19, 2007.

The reference price of copper metal is determined by trading on the LME, where the price is set in U.S. dollars at the end of each business day. Changes in the price of copper may therefore differ when expressed in other currencies as the result of a relative weakening of the U.S. dollar.

## Operating Results by Segment

The only operating segment of the Company is the Robinson Mine. The Company is also beginning the construction of the Carlota Project in Arizona and is developing the Sierra Gorda Project in Chile.

## OFFER FOR INTERNATIONAL MOLYBDENUM

On March 30, 2007 Quadra announced its intention to make an offer (the “**Offer**”) to acquire all of the issued share capital (the “InterMoly Shares”) and traded warrants (the “InterMoly Warrants”) of International Molybdenum Plc (“**InterMoly**”), a company listed on the Alternative Investment Market in London whose principal asset is a molybdenum exploration project in Greenland.

The Offer is based on InterMoly shareholders receiving one Quadra share for each 36.22 InterMoly shares and InterMoly warrant holders receiving one Quadra share for each 99.23 InterMoly warrants. Based on the market close for Quadra shares on March 28, 2007 of CAD\$8.79 the Offer values the combined shares and warrants of InterMoly at CAD \$34,447. (CAD\$48,202 based on closing price of CAD\$12.30 on March 19, 2007) This represents a premium of 77.9% over the share price on March 6, 2007, the last trading day prior to the increase in the InterMoly share price which led to the announcement by InterMoly on March 8, 2007 that it was in preliminary discussions concerning a possible offer.

An irrevocable undertaking to accept the Offer has been received from Galahad Gold plc (“Galahad”) in respect of 106,666,700 InterMoly Shares and 3,333,350 InterMoly Warrants, representing approximately 78% of the InterMoly Shares and 25% of the InterMoly Warrants. This irrevocable undertaking will continue to be binding even in the event of a competing offer being made for InterMoly.

The InterMoly Directors consider the terms of the Offer to be fair and reasonable and have agreed to recommend the Offer to holders of InterMoly Shares and InterMoly Warrants.

InterMoly is the owner of the Malmbjerg molybdenum project in Greenland which, based on a December 2005 technical report prepared for InterMoly, has a NI 43-101 compliant Measured and Indicated resource of 217 million tonnes at 0.12% Mo and containing 560 million pounds of molybdenum. Management consider Malmbjerg to be one of the more significant known high grade advanced stage primary molybdenum projects that is being considered for development.

InterMoly has stated that they believe it may be possible to develop an open pit mine that would operate 365 days per year at a scale of 25,000 tonnes per day mill feed. Processing of the ore would be by standard flotation procedures resulting in an expected annual production of approximately 10,000 tonnes of molybdenum.

Quadra will prepare and mail to all InterMoly shareholders and warrant holders an Offer Document describing the terms of the Offer. The Offer is subject to a number of conditions including;

- acceptance of the Offer by holders of not less than 90% of the holders of shares and warrants of InterMoly,
- approval by the TSX of the issuance of the shares issuable by Quadra in connection with the Offer,
- the Greenland Home Rule Government having approved the indirect transfer to Quadra of the principal license issued in connection with the project in form and substance satisfactory to Quadra, and
- other conditions typical for a transaction of this nature.

The conditions to the Offer will be further described in the Offer Document, copies of which, together with other related documents, will be filed on SEDAR and available on the Company's website.

## SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operating results of the most recent eight quarters:

SUMMARY OF QUARTERLY RESULTS								
	2007		2006 (As retated)		2005 (As restated)			
\$ US 000s	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<b>Statement of Operations</b>								
Revenues	136,455	99,173	67,923	142,225	83,936	65,331	63,432	55,998
Operating income (loss)	64,972	30,713	24,005	72,431	33,181	29,757	11,021	9,376
Earnings (loss) before other items	40,162	2,930	(22,138)	4,863	20,108	12,642	(1,429)	7,472
Unrealized (gain) loss on derivatives	(19,714)	(53,543)	(34,626)	36,559	59,063	20,788	4,527	7,746
Earnings (loss) before income taxes	59,876	56,375	26,960	(31,696)	(45,076)	(8,982)	(16,489)	(274)
Earnings (loss)	43,111	50,960	20,634	(21,998)	(35,163)	(5,609)	(13,384)	1,782
Basic earnings (loss) per share	\$ 1.13	\$ 1.34	\$ 0.55	\$ (0.59)	\$ (1.15)	\$ (0.20)	\$ (0.49)	\$ 0.07
Diluted earnings (loss) per share	\$ 1.12	\$ 1.32	\$ 0.54	\$ (0.59)	\$ (1.15)	\$ (0.20)	\$ (0.49)	\$ 0.07
<b>Financial Position</b>								
Cash	224,252	47,774	37,864	50,211	24,421	9,128	9,413	18,427
Total Assets	531,266	335,966	328,426	347,894	308,182	250,642	178,716	166,756
Total Liabilities	318,461	170,850	214,592	259,062	203,468	157,890	80,768	55,783
Shareholders' equity	212,805	165,116	113,834	88,832	104,714	92,752	97,948	110,973

Due to the complex nature of the ore body, volatility in metal prices, and industry cost pressures the results have varied from quarter to quarter, and are expected to vary from quarter to quarter in the future.

## LIQUIDITY

### Sources and Uses of Cash

Quarter ended March 31	2007	2006
Cash received from operations	14,905	(5,325)
Cash used in investing	(11,504)	(11,228)
Cash provided by financing	173,077	31,486

Cash from operations was higher in the first quarter of 2007 compared to the first quarter of 2006 primarily due to higher earnings (see **“Financial Results”**), partially offset by adjustments for non cash unrealized changes in the marked to market value of derivatives.

Investing activity of \$11,504 for the quarter ended March 31, 2007 reflects an increase in plant and equipment at Carlota associated with the purchase of 3 haul trucks, additional plant and equipment at Robinson and additions to mineral properties. These investments were partially offset by the return of a portion of the security deposits held in connection with leased equipment. This compares to investing activity of \$11,228 for the quarter ended March 31, 2006 relating to the increase in mineral properties, arising primarily from the payment of deferred consideration and security deposits.

Financing activities in the first quarter of 2007 consisted of the \$200,000 term loan financing (see **“Term Loan Facility”**), repayment of the short-term debt facility and repayment of notes associated with leased equipment. In 2006, financing activity consisted primarily of an equity offering which raised \$45,544 and repayment of the \$15,000 bridge facility.

At March 31, 2007 the Company had working capital of \$208,480 and cash of \$224,252 as compared to a working capital deficiency of \$18,698 and cash of \$47,774 at December 31, 2006. The increase in the working capital

position is due to the \$200,000 term loan financing and an increase in accounts receivable due to the impact of rising copper prices on the marked to market value.

### Current assets

The total current assets were \$305,299 at March 31, 2007 compared to \$115,091 at December 31, 2006, mainly due to the increase in the cash position.

### Current liabilities

Current liabilities were \$96,819 at March 31, 2007 compared to \$133,789 at December 31, 2006. The decrease in current liabilities is mainly due to repayment of \$16,900 under the short-term debt facility combined with a decrease of \$12,093 in accounts payable and accrued liabilities due to the impact of rising copper prices on the marked to market value of customer balances.

### 2006 Equity Financing

In February 2006 the Company completed an equity offering of 7.2 million common shares at a price of CAD\$6.30 per common share. In connection with the equity offering the Company granted the underwriters an option to purchase an additional 1,080,000 common shares at the same price. This option was subsequently exercised and the aggregate net proceeds from the offering were \$42,240.

### Outlook

At March 31, 2007 the Company had a working capital position of \$208,480. Management expects that at current copper prices funds generated from mining operations will be sufficient to meet its operating requirements for 2007.

### CAPITAL RESOURCES

At March 31, 2007 the Company had cash on hand of \$224,252. The Company has aggressive expansion plans, including but not limited to, construction of the Carlota project with a projected capital cost of \$189,000, associated working capital requirements related to Carlota mine start up of \$29,000, and exploration and development activities related to Sierra Gorda and InterMoly. Management expects that the proceeds from the term loan financing, as well as the 2007 equity financing, (see “**Subsequent Events**”), together with funds generated from mining operations at current copper prices will be sufficient to meet its capital requirements.

### Commitments

(\$ thousands)	Payment Due By Period						Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
Senior secured credit facility	-	-	-	-	150,000	50,000	200,000
Deferred gold consideration	16,131	-	-	-	-	-	16,131
Equipment purchase	34,000	-	-	-	-	-	34,000
Derivative instrument liability	38,841	-	-	-	-	-	38,841
Minimum lease payments (capital and operating)	8,948	11,503	11,428	14,426	6,006	320	52,631

### Term Loan Facility

On March 6, 2007, the Company completed a \$200,000 syndicated private loan financing. The financing consists of a \$150,000 First Lien Senior Secured Credit Facility (the “First Facility”) and a \$50,000 Second Lien Junior Secured Credit Facility (the “Second Facility”) (together, the “Facilities”). The First Facility has a 5 year term and bears interest at LIBOR + 650 basis points. The Second Facility has a 7 year term and bears interest at LIBOR + 1,000 basis points. The Second Facility lenders received 2,027,776 warrants to purchase common shares of the Company

at an exercise price of CDN \$9.24 per share that expire March 1, 2012. These warrants were assigned a fair value of \$4,166.

The Facilities are fully secured over the assets and shares of, and guaranteed by, all Quadra companies, other than those directly associated with the Sierra Gorda project in Chile and, if completed, International Molybdenum Plc. The security is effective immediately after all obligations under the Corporate Facility and hedging facilities are extinguished. The Facilities mature on March 5, 2012 and 2014 respectively, but Quadra will be obligated to make a semi-annual offer to purchase the Facilities in an amount equal to 50% of excess cash flow as computed under the terms of the Facilities.

The Company has the right under the Facilities to prepay the First Facility at a price of 103% of the face value anytime and the Second Facility at a price of 104% of the face value commencing March 5, 2008.. Notwithstanding, at anytime Quadra has the right to prepay the Second Facility with proceeds of an equity financing at a price of 110% of the face value. A working capital and hedging facility are permitted on a *pari passu* basis with the First Facility, in the amount of \$80,000, with the working capital component not to exceed \$40,000. Payments outside of Quadra and the Quadra subsidiaries that form the security package are limited to a restricted payment build-up. Such payments can cover dividends, investment in Sierra Gorda, and other limited purposes. The Facilities require that Quadra enter into interest rate protection arrangements for at least 50% of the Facilities for at least three years. (see **“Subsequent Event”**)

The fair value of the Facilities and the related direct costs are as follows:

First Facility:

Senior Secured Credit Facilities	150,000
Direct costs	(5,803)
Amortization of direct costs	97
Balance at March 31, 2007	<u>144,294</u>

Second Facility:

Junior Secured Credit Facility	50,000
Direct costs	(1,945)
Warrant issued	(4,166)
Amortization of direct costs and warrant issued	72
Balance at March 31, 2007	<u>43,961</u>

Subsequent to March 31, 2007, as a result of improving market conditions, the Company completed an equity financing of CAD\$131,040. Management announced its intention to exercise its right to prepay the Second Facility from proceeds of the equity financing. As a result, the Company will charge the difference between the retirement and carrying value of the Second Facility of \$55,000 and \$43,961 respectively to the Statement of Operations during the second quarter of 2007.

### Short-Term Debt and Derivative Instrument Liability

On March 10, 2005, Quadra arranged a revolving Working Capital Facility and a margin free uncommitted hedge line of credit facility with Macquarie Bank Ltd. (“Macquarie”). The Working Capital Facility and the hedge line of credit are secured by all of the assets of Quadra and a guarantee from Quadra. During the quarter ended March 31, 2007 the Company repaid \$16,900 outstanding under the facility. The working capital facility expired on March 31, 2007 and all obligations under the hedge line of credit facility (see **“Financial Instruments and Other Instruments”**) must be extinguished by June 30, 2007.

### Deferred Gold Consideration

Deferred gold consideration represents the net present value of the remaining 25,000 oz of gold based on a price of \$680 per ounce to be delivered to IamGold Corp. (formerly Cambior) in four quarterly equal amounts beginning on

the earlier of the date on which Quadra is satisfied that certain outstanding litigation matters can no longer be reasonably expected to inhibit development of the Carlota Project, and June 30, 2010.

The deferred gold consideration is secured over the assets of the Carlota project.

### **Notes Payable**

During the quarter ended March 31, 2007 the Company repaid the balance of \$2,668 due to Caterpillar Financial Services Corporation.

### **Take or Pay Supply Contracts**

On March 21, 2007 the Company signed a three year contract which fixed the price, subject to certain input cost inflation factors, of 120 tires per year required for the Company's mining equipment at Robinson and Carlota. Robinson has entered into a one year agreement, starting February 1, 2007, that fixed the price of 504,000 gallons of diesel per month.

### **CONTINGENCIES**

The Company is aware of the following proceeding:

Certain litigation is in progress whereby the Friends of Pinto Creek et al as plaintiffs have challenged components of a water discharge permit, the NPDES permit, as issued by the Environmental Protection Agency. The plaintiff's position is that the EPA did not consider all issues as required by their own regulations prior to issuing the permit. The complaint has been heard, and is being considered by the Ninth Circuit Court of Appeal. If the court determines that the permit was issued improperly, the EPA would likely need to review the outstanding issues, making such studies as are required to provide resolution, prior to re-issuing the permit. In the event that the permit is held to be improperly issued, and no solutions to the issues can be found that are satisfactory to the EPA, the design of the mine site with respect to run-off would have to be changed so that the permit would not be required. Management is of the view that such a redesign solution is available and that the cost of this additional work is approximately \$5,000. There can also be no assurance that, in the event of a favourable ruling, such ruling will not be appealed further to a higher court. There can be no assurance that additional permits required for the development and operation of Carlota will not be challenged in the future.

### **TRANSACTIONS WITH RELATED PARTIES**

One of the Directors of the Company is a partner of an affiliate of Blake, Cassels & Graydon LLP and one is a partner of Chancellor Partners Management Consultants Inc. During the quarter ended March 31, 2007 the Company incurred legal fees of \$189 and recruiting and human resources consulting fees of \$123 (March 31, 2006: \$161 and \$92 respectively).

### **PROPOSED TRANSACTIONS**

There are no proposed asset or business acquisitions or dispositions, other than in the ordinary course, before the Board of Directors for consideration.

### **CRITICAL ACCOUNTING ESTIMATES**

In preparing financial statements management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates and actual results may differ materially from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management.

### **Mineral Properties and Deferred Start-up Costs**

The Company capitalizes the development costs of mining projects commencing when economically recoverable reserves as shown by an economic study are believed to exist. Upon commencement of commercial production these costs are written off over the life of the mine based on proven and probable reserves. The determination of the extent of reserves is a complex task in which a number of estimates and assumptions are made. These involve the use of geological sampling and models as well as estimates of future costs. New knowledge derived from further exploration and development of the ore body may also affect reserve estimates. In addition the determination of economic reserves depends on assumptions on long-term commodity prices and in some cases exchange rates.

### **Revenue Recognition and Inventory Valuation**

Revenue is recognized when title passes and payment is reasonably assured. Final metal prices for determining revenue can be a number of months after the point of recognition and price changes subsequent to the date of sale could have a material impact on final settlement.

### **Economic Life**

Management's estimate of the remaining economic life of the Robinson Mine is approximately 9 years based on the updated resource statement provided in accordance with NI 43-101 while the economic life of the Carlota project is approximately 11 years. Based on management's view of future metal prices, the carrying value of these assets was not impaired at March 31, 2007.

### **Asset Retirement Obligations, Reclamation and Mine Closure**

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 for 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.

### **Future Income Taxes and Resource Tax Asset and Liabilities**

The Company has recognized a current future income tax asset of \$12,072 and a non-current future tax asset of \$3,609 that relates to the temporary difference created between the tax and accounting basis of assets and liabilities of operations based in the United States. Management estimates that, using long term copper prices in line with its mine plan estimates, the future taxable income will be sufficient to utilize the tax asset which has been recognized.

## **CHANGE IN ACCOUNTING POLICIES**

### **Deferred stripping**

The Emerging Issues Committee of the CICA issued Abstract 160 "Stripping Costs Incurred in the Production Phase of a Mining Operation" (EIC 160), which indicates that generally, stripping costs should be accounted for as variable production costs unless the costs result in a betterment of the mineral property by providing access to additional sources of ore, in which case they can be capitalized and amortized over the additional reserves directly impacted by the stripping activities. The new standard applies to fiscal years beginning on or after July 1, 2006. Effective January 1, 2007, the Company changed its method of accounting for stripping costs to the method described in EIC 160. Previously, the Company deferred stripping costs incurred in excess of the life-of-pit average strip ratio. This change in accounting policy has been applied retroactively and the comparative financial statements have been restated as noted below:

**Effect on consolidated balance sheet as at December 31, 2006:**

Increase in concentrate inventory	2,618
Increase in future income tax assets	15,205
Decrease in other asset and deferred charges	<u>(47,014)</u>
Decrease in retained earnings	<u><u>29,191</u></u>

**Effect on consolidated statements of operations:**

	<b>Three months ended March 31, 2006</b>	<b>Year ended December 31, 2006</b>	<b>Year ended December 31, 2005</b>
Increase in cost of sales	6,121	27,004	17,392
Increase in future income tax recovery	2,088	9,213	5,992
Increase in loss/decrease in earnings	<u>4,033</u>	<u>17,791</u>	<u>11,400</u>

**Effect on consolidated statement of cash flows:**

	<b>Three months ended March 31, 2006</b>	<b>Year ended December 31, 2006</b>	<b>Year ended December 31, 2005</b>
Decrease in cash received from/increase in cash used in operating activities	(6,120)	(25,591)	(20,294)
Decrease in cash used in investing activities	6,120	25,591	20,294

**Financial Instruments**

Effective January 1, 2007, the Company adopted CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement, Section 3865 Hedges and Section 1530 Comprehensive Income (the “Financial Instrument Standards”). The adoption of these new standards had no impact on the Company’s financial statements on or before December 31, 2006 as the standards require adjustments to the carrying value of financial assets and liabilities to be recorded within retained earnings or, in the case of available-for-sale assets, accumulated other comprehensive income on transition.

All financial assets, except those classified as held to maturity, and derivative financial instruments, are measured at fair value.

Gains and losses associated with financial assets designated as held for trading are recorded in the income statement, separate from any interest or dividends earned on these investments. Gains and losses on derivative financial instruments are also recorded in the statement of operations in the period in which they arise. Gains and losses associated with financial assets classified as available for sale will be separately recorded as unrealized within other comprehensive income until such time the investment is disposed of or incurs a decline in fair value that is on an other-than-temporary basis, at which time any gains or losses will then be realized and reclassified to the income statement.

Financial liabilities are measured initially at fair value including any directly attributable transaction costs. After initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method, except for financial liabilities that are classified as held for trading.

The Company currently does not apply hedge accounting to its derivative instruments and accordingly is not impacted by CICA 3865 Hedges.

Upon adoption of the Financial Instrument Standards, all regular-way purchases of financial assets are accounted for at the settlement date. Transaction costs on financial assets and liabilities classified other than as held for trading are treated as part of the investment cost.

## FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's revenues and cash flows are subject to fluctuations in the price of copper and gold. In addition there is a time lag between initial payment on shipment and final pricing which impacts its working capital position. To reduce the volatility in the expected final pricing of shipments the Company has entered into forward sales contracts for copper and gold and may enter into additional hedging contracts from time to time in the future.

At March 31, 2007 the Company's derivative positions and the associated unrealized losses were as follows:

### Derivative Liability Positions as at March 31, 2007

Forward Contracts	Metal under contract (Note 2)	Average Forward Price	Spot Price	Marked to Market Loss (Note 1)
Copper	21,300 tonnes	\$2.26/pound	\$3.11 (three month)/pound	\$35,958
Gold	18,000 ounces	\$431/ounce	\$662/ounce	\$4,150
Total				\$40,108

The copper hedges are expected to settle by the end of the second quarter of 2007 and are associated with 2006 production that has been shipped but whose final pricing has not yet occurred. No 2007 production is hedged. At the close of business on April 19, 2007 the marked to market value of the un-priced portion copper derivative liability had increased by \$10,637 due to increasing copper prices and the marked to market value of unpriced receivables from customers had increased by \$20,723.

The Company monitors the volume of copper and gold subject to final pricing. If the volume subject to final pricing in a given month varies from that previously estimated, the Company will amend the derivative contracts to match the month of final pricing.

Macquarie Bank Limited has provided the Company with a hedge line of credit, free from margin calls, on terms and conditions related to annual production which is agreed upon from time by time. The hedge line of credit is secured as part of the security arrangements in the amended credit agreement dated March 10, 2005. All amounts outstanding under the hedge line of credit must be extinguished by June 30, 2007.

The Company marks to market the outstanding derivative position at each reporting date in its financial statements. This may result in significant derivative assets or liabilities arising in the Company's balance sheet during the second quarter of 2007, as well as the associated significant earnings volatility.

### Derivative Liability Positions as at December 31, 2006

Forward Contracts	Metal under contract	Average Forward Price	Spot Price	Marked to Market Loss (Note 1)
Copper	30,400 tonnes	\$2.26/pound	\$2.87 (three month)/pound	\$41,485

Gold	24,000 ounces	\$429/ounce	\$636 /ounce	\$4,983
Total				\$46,468

Note:

- 1) The marked to market gain or loss is computed by computing the difference between the forward contract price and the fair value based on the forward curve for the metal at March 31, 2007.
- 2) A portion of the derivative liability at March 31, 2007 was not subject to future price fluctuations. This portion consisted of 11,000 tonnes of copper and 2,000 ounces of gold.

The volume of copper contracts outstanding at March 31, 2007 decreased compared to December 31, 2006 due to the settlement of hedges associated with the quotational periods of shipments. The volume of gold sold forward decreased due to the settlement of contracts during the first quarter of 2007. The marked to market loss for copper and gold hedges decreased at March 31, 2007 compared to December 31, 2006 due to the reduction in the volume of copper of copper and gold, partially offset by increases in the price of copper and gold. .

#### Income Statement Presentation – Quarter ended March 31

Forward Contracts	2007 Realized Loss	2006 Realized Loss	2007 Unrealized Loss (Gain)	2006 Unrealized Loss
Copper	\$20,905	\$8,896	\$(17,573)	\$56,964
Gold	\$1,321	\$1,089	\$(873)	\$2,099
Total	\$22,226	\$9,985	\$(18,446)	\$59,063

#### SUBSEQUENT EVENTS

Subsequent to March 31, 2007 the Company purchased a three year interest rate cap with a strike rate at 5.35%, on a notional amount of \$100,000.

Subsequent to March 31, 2007 Quadra entered into a bought-deal agreement with underwriters under which the underwriters will purchase 10.4 million units of Quadra at a price of \$12.60 per unit for gross proceeds of CAD\$131,040. Each unit consists of one common share of Quadra and one-half of one common share purchase warrant of Quadra, with each whole warrant entitling the holder thereof to acquire a further common share at an exercise price of CAD\$20.00 for a period of three years from the closing date. Quadra has granted the underwriters an overallotment option, to purchase up to an additional 1.56 million units (CAD\$19,656,000), exercisable at the offering price up until 30 days prior to the closing date. The company expects to file a preliminary short form prospectus with the applicable securities regulatory authorities to qualify the units for distribution on April 25, 2007. The net proceeds are intended to be used for repayment of the company's outstanding secondary tranche of debt, exploration and development at Sierra Gorda, exploration and development at the Malmbjerg molybdenum project, and for general working capital and corporate purposes. The transaction is subject to the receipt of all necessary regulatory and stock exchange approvals. The offering is expected to close on or about May 9, 2007.

#### SHARE CAPITAL

The Company's issued and outstanding shares at March 31, 2007 totalled 38,135,690, which was unchanged as of April 20, 2007. (see "Subsequent Events")

For the quarter ended March 31, 2007, the Company granted 110,000 stock options to directors, employees and contractors. All stock options have a two-year vesting period and expire after five years. For accounting purposes the Company estimated a value of \$2.08 per stock option for total value of \$229.

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.

## **CONTROL OVER FINANCIAL REPORTING**

Internal Control over Financial Reporting means a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. The design includes policies and procedures that:

1. pertain to the maintenance of records,
2. provide reasonable assurance that transactions are recorded appropriately and that receipts and expenditures are being made only in accordance with authorizations of management and directors, and
3. provide reasonable assurance regarding prevention or timely detection of material unauthorized acquisition, use or disposition, of the Company's assets.

During the process of management's review and evaluation of the design of the Company's internal control over financial reporting, it was determined that the design and evaluation of internal controls over information technology at the Robinson mine was not completed. The design, evaluation, implementation and testing of these controls is expected to be completed in 2007. Management is committed to improving the controls for information technology and will institute a remediation plan. Nothing has come to the attention of management that has indicated any potential weakness in the mine's internal controls over information technology has resulted in a material misstatement in the financial statements of the Company.

### **April 20, 2007**

This MD&A contains "forward-looking information" that is based on Quadra's expectations, estimates and projections as of the dates as of which those statements were made. This forward-looking information includes, among other things, statements with respect to Quadra's business strategy, plans, outlook, long-term growth in cash flow, earnings per share and shareholder value, projections, targets and expectations as to reserves, resources, results of exploration (including targets) and related expenses, property acquisitions, mine development, mine operations, mine production costs, drilling activity, sampling and other data, estimating grade levels, future recovery levels, future production levels, capital costs, costs savings, cash and total costs of production of copper, gold and other minerals, expenditures for environmental matters and technology, projected life of our mines, reclamation and other post closure obligations and estimated future expenditures for those matters, completion dates for the various development stages of mines, availability of water for milling and mining, future copper, gold, molybdenum and other mineral prices (including the long-term estimated prices used in calculating Quadra's mineral reserves), the percentage of production derived from mechanized mining, the percentage of production from milling, currency exchange rates, debt reductions, timing of expected sales and the percentage of anticipated production covered by forward sale and other option contracts or agreements, anticipated outcome of litigation and personnel issues. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should", "scheduled", "will", "plan" and similar expressions. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause Quadra's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- \* Uncertainties related to the accuracy of reserve and resource estimates and estimates of future production and future cash and total costs of production and the geotechnical or hydrogeological nature of ore deposits, diminishing quantities or grades of reserves and variable metallurgical performance of these reserves.
- \* Uncertainties related to expected production rates, timing of production and the cash and total costs of production and milling.
- \* Uncertainties relating to copper, gold, molybdenum and other mineral prices, which are beyond the Company's control.
- \* The Company sells concentrate material which is subject to provisional payments; uncertainty in the final metal prices used for the computation of final settlement exists such that final settlement could be less than the cost of production plus other liquidity requirements.
- \* Operating and technical difficulties in connection with mining development or production activities.

- \* Uncertainties with respect to the quantity or quality of molybdenum that may be produced at the Robinson Mine.
- \* Uncertainties and costs related to Quadra's exploration and development activities, such as those associated with determining whether copper, gold, molybdenum or other mineral reserves exist on a property.
- \* Uncertainties related to feasibility studies and other studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project.
- \* Uncertainties relating to the availability of adequate water resources for mining and milling operations
- \* Uncertainties related to the ability to obtain and retain necessary licenses, permits, electricity, surface rights and title for development projects and project delays due to third party opposition.
- \* Uncertainties in obtaining additional financing that may result in delay, postponement or even a loss of the property interest.
- \* Uncertainties related to the future development or implementation of new technologies, research and development and, in each case, related initiatives and the effect of those on our operating performance.
- \* Uncertainties related to judicial or regulatory proceedings.
- \* Changes in, and the effects of, the laws, regulations and government policies affecting our mining operations, particularly laws, regulations and policies relating to:
  - > mine expansions, environmental protection and associated compliance costs arising from exploration, mine development, mine operations, reclamation and mine closures;
  - > expected effective future tax rates in jurisdictions in which our operations are located;
  - > the protection of the health and safety of mine workers; and
  - > mineral rights ownership in countries where our mineral deposits are located.
- \* Changes in general economic conditions, the financial markets and in the demand and market price for copper, gold, molybdenum and other minerals and commodities, such as diesel fuel, petroleum, steel, concrete, electricity and other forms of energy, mining equipment, operating supplies, and fluctuations in exchange rates, particularly with respect to the value of the U.S. dollar and Canadian dollar, concentrate and transportation charges.
- \* The effects of forward selling instruments to protect against fluctuations in copper, gold, molybdenum and other metal prices and exchange rate movements and the risks of counterparty defaults, and mark to market risk.
- \* Unusual or unexpected formations, seismic activity, cave-ins, flooding, pressures, pit wall failures and other similar incidents (and the risk of inadequate insurance or inability to obtain insurance to cover these risks).
- \* Changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates.
- \* Environmental issues and liabilities associated with mining including processing and stock piling ore.
- \* Geopolitical uncertainty and political and economic instability in countries which we operate.
- \* Labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate mines, or extreme weather conditions, environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in our mines.
- \* Quadra's reliance on a single producing property.
- \* Uncertainties relating to acquisitions, including whether the recently acquired Carlota Project can be brought into production.
- \* Breaching covenants and undertakings contained in debt facility agreements could result in a significant loss to Quadra

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 AIF. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. Quadra disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise.