QUADRA MINING LTD.
Q1 2007 CONFERENCE CALL
April 23rd, 2007 – 11.00am ET

Good morning ladies and gentlemen. I'd like to welcome you to this conference call, during which we will discuss Quadra Mining's first quarter 2007 financial results, as well as update you on the Robinson operation, the Carlota project, exploration at our Sierra Gorda project in Chile and the status of the International Molybdenum acquisition. With me today on the call is Jack Miller, Chief Operating Officer and we will be available to answer any questions following my overview.

During the course of this conference call, we may make forward-looking statements that are subject to risks and uncertainties that may cause actual results to differ from those expressed or implied by such statements. Statements relating to production, revenues, growth, profits, and operating expenses depend on future market conditions and risks, and are considered forward-looking, thereby providing no guarantee that they will be realized. In this regard, I also refer you to the cautionary statement relating to forward looking information included in the Press Release and MD&A. Those statements apply to this call as well. Please also note that all monetary amounts are US$ unless otherwise stated.

The first quarter of 2007 was quite a busy one for Quadra, between the financing of Carlota through a term loan facility, the bid for International Molybdenum and its Malmbjerg primary molybdenum deposit in Greenland, and a best quarter so far for Robinson under the Quadra flag. As a subsequent event, we raised $150 million of equity in a bought deal, strengthening our balance sheet and allowing us to retire debt.

The financials for the quarter were very satisfactory. First quarter earnings were $43 million or $1.13 per share and EBITDA was $44.5 million. We are still settling the hedges from the 2006 production as we reach final settlements with the smelters, and will continue to do so into the next quarter. Without these hedges, EBIDTA would have been $66.7 million. There was little impact from the hedges on earnings as the realized losses were essentially offset by unrealized gains driven by the lower copper price than that at which we took unrealized losses last year.

Net revenues of $136 million for the quarter were generated from the Robinson Mine and the sale of 40 million pounds of copper and 31 thousand ounces of gold. This was 37% higher than the Q4 2006 figure and 62% higher than the figure for the same period in 2006.

As at the end of the first quarter, the company still has 47 million pounds of 2006 copper production hedged at a price of $2.26 per pound which will be settled in the second quarter. The hedge settlements were matched to specific shipments when they were rolled forward and additional material was added to the hedge book in late 2006. The apparent mismatch between copper sold (40 million pounds) and copper settled (20 million pounds) is a result of only 20 million pounds, produced in 2006, reaching final settlement. The 40 million pounds that we sold won't reach final settlement until June or July. Obviously Robinson has the potential to generate substantial cash flow going forward if the present copper price stays with us. However, we will only begin to see this at a significant level in the second half of the year once the last of the hedge position is closed out during the second quarter.

It is probably worth spending a few minutes talking through the two financings that we have completed the first during the quarter and the second as a subsequent event.

During the first quarter, we were able to secure a term loan of $200 million, comprising two tranches, a first tranche of $150 million at about 11½% interest and a second tranche of $50 million at about 15% interest. While the latter seems expensive, we viewed it as an optional bridge to equity, recognizing that at the time our share price, hovering in the $7½ to $8 range, did not in our minds justify approaching the equity markets. This piece of the debt package was structured to allow repayment from equity at any time. Beyond this, the financing contained two elements that were important to us. The first was that there was no requirement or obligation to hedge. Experience has demonstrated beyond all reasonable doubt that this is a value destroying exercise in the present volatile and heavily backwardised market. The second element was the ability to repay part or all of the term loan from cash flow at any time. The financing was raised primarily for the development of Carlota, but also to repay the working capital facility. We felt it was important to put the financing for Carlota in place in the first quarter, notwithstanding short term negative market sentiment on copper, which incidentally was shorter than we expected so that we could have production from the second half of 2008 and into 2009, a period where we see a continuing shortfall in supply and therefore robust copper prices.

Last week we were offered and accepted an equity bought deal in the amount of CDN$130 million at a share price of $12.60 with a ½ long dated warrant that could fit well with future capital plans. We saw acceptance of this offer at this price as appropriate as it allows us to repay the higher interest $50 million tranche of the term loan, as well as to move forward aggressively with our pipeline projects of Sierra Gorda and Malmbjerg and to provide working capital support for Robinson without having to maintain a hedge collateralized working capital facility as previously. It also obviously strengthens our balance sheet. While the $50 million second tranche will have been short-lived - and quite beneficial to its holders - that is the nature of optionality. Its existence, although brief, has allowed us to commit on equipment and contracts at Carlota that will allow us to stay on schedule.

Moving to Robinson, copper production of 36.6 million pounds was a quarterly record for the operation as operated by Quadra while gold production of 31,000 ounces was an all time record for the mine. We have good momentum in terms of production with improvements quarter over quarter for the last five quarters. This is a great accomplishment for the operating team at Robinson and goes hand in hand with a significantly better than industry average safety record, with another quarter with no lost time accidents.

The first quarter of 2007 saw the expected improvement in recovery as we mined below the supergene layer that gave us so many issues last year. As I always reiterate on these occasions, Robinson is a skarn deposit and as such has erratic grades and recoveries within the pit. We are getting in front of the issues, but I continue to emphasize that results will vary from quarter to quarter and even month to month. We have put out guidance for the year of 125 million pounds of copper and 60,000 ounces of gold. While there are always a range of possible outcomes and while we select our guidance numbers probabilistically and at the high probability of success end of the scale, it is important to remember these guidance numbers in looking at Quadra going forward. We will be mining ore from the next pushback later in the year, meaning that we will be encountering our old friends, “Supergene” and “Nasox”.

There are a couple of differences this time round, which may or may not have an impact. The first is that there are no historical workings. These, you may recall, had led to significant post mining oxidation with both recovery impacts and pH control impacts. We have also invested in a new lime slaking system that is expected to increase our ability to control pH when processing the supergene material.

Having said all this about guidance, you will have noticed that gold production in the first quarter has already exceeded half of our annual gold production guidance. This is a result of higher head grades than estimated in the block model and higher than historical recoveries. As we gain confidence on sustainability, we will revisit our expectations and if necessary, adjust our gold production guidance following the second quarter results.

Such high production numbers of course impact unit costs positively. Our on site costs are substantially constant, being driven primarily by tons mined and tons milled. Off site costs do vary based on tons of concentrate sold, but are a smaller portion of the whole. The increased copper production and significant by product revenue from the gold sales have resulted in costs for the quarter of $1.22 per pound of copper produced, numbers that are significantly lower than previous quarters. I should incidentally, emphasize that the concept of deferred stripping cannot be used under recent revised GAAP provisions and that all the numbers for Q1 2007 do not incorporate this concept.

Unit offsite costs for the quarter were lower than those incurred in 2006. Despite higher copper prices and sales of 40 million pounds, a number some 33 % greater than in the comparative quarter of 2006, offsite costs were actually lower, at $20 million versus $22 million. There has been considerable downward pressure on smelting costs as a result of a concentrate supply – demand imbalance in the concentrate market, both in the tolling charges and in the price participation component. These cost reductions were low enough to more than offset the transportation costs which increased this quarter due to the volume of concentrate sold, and to an increase in ocean freight rates, reflecting a general tightening in the ocean freight market, largely we understand as a result of congestion off Australia.

We have seen unprecedented operating cost increases across the board over the last several years and cost containment and reduction remains a priority, although many elements just simply won't be going back to where they were during the period of depressed commodity prices. We have locked in our 2007 fuel requirements at significantly lower prices than seen during 2006, and have entered into longer term tire supply contracts. The reduction of smelting and price participation rates should also impact our cost profile positively as we go forward.

Moving on to Carlota, development activities during the quarter consisted of commencing infrastructure development, including water supply and site access roads, payment for and shipping of mining equipment, ordering of mine support equipment, detailed engineering and preparation of detailed construction schedules and project management systems.

Construction contracts and final pricing on all major supplies should be completed during the second quarter of 2007. Land clearing for the leach pads is scheduled to start shortly and preproduction mining activities should commence in the second half of 2007. Production remains scheduled for the second half of 2008.

Turning to Sierra Gorda, during the first quarter, we announced results from a drill campaign that spatially extended a new mineralized zone that has the potential to be a large porphyry deposit. The campaign built on the discovery hole drilled late in 2006 that identified significant copper and gold grades over substantial intervals including 340 metres of 1.05% Cu.

Clearly we are encouraged by the 2006 work and with board approval of an augmented annual exploration budget of $15 million – we plan to move the project forward aggressively in 2007. Currently we have two rigs on site with another four scheduled to arrive during the second quarter. We have two primary objectives this year. The first is to bring the sulphide up to a defined resource and the second is to capitalize on the short hole drilling that we did to establish the geology below cover, and chase down the targets that fell out of this work.

As many of you will have noted, we implemented a shareholder rights plan as a subsequent event to the quarter. There were two drivers for this. One was as a proactive defense in the face of our share price in the early part of the year and the second was a recognition that there may be significant value at Sierra Gorda and that we need time to establish this and ensure that shareholders receive the full benefit of that value. I would hasten to add that we are not aware of any interest in Quadra at this time.

The Company announced on March 30th, 2007 that it had made an offer to acquire all the shares and traded warrants of International Molybdenum Plc. or "Intermoly". InterMoly is listed on AIM in the United Kingdom and is the owner of the Malmbjerg molybdenum project in Greenland.

Based on a technical report prepared for Intermoly, Malmbjerg has a National Instrument 43-101 compliant resource of 217 million tonnes at 0.12% Mo, equating to 570 million pounds of contained molybdenum, making it one of the more significant, high grade advanced stage primary molybdenum projects in the world that can be open pit mined.

We see the Malmbjerg project as a good fit in our strategic plan of becoming a multi-asset base metals producer. It is well advanced, having already been drilled off to the point where most of the resource is in the Measured or Indicated category.

The InterMoly Directors have recommended the Offer to their share and warrant holders. As an irrevocable undertaking to accept the offer has been received from Galahad Gold which as the majority shareholder holds 78% of the InterMoly Shares and 25% of the InterMoly Warrants. The offer documentation will be mailed out this week and will be open, as per UK regulations, for 21 days, with the option to extend. Assuming we are successful, closing is expected to be in July, 2007.

The Malmbjerg project has the potential to become another significant pipeline project for the Company, and production would potentially be 2010 or 2011.

The acquisition provides us with exposure to what we anticipate will be a strong molybdenum market going forward and is part of Quadra's strategy of building the company's profile through commodity and geographical diversification.

Considering next steps, we are evaluating ways that we fund a 2007 drill programme. This is required for definition drilling of material currently considered waste at the top of the ore body and for environmental evaluation of waste and tailings. Beyond this, the immediate task is the development of an engineering solution to the development of the project, with all the attendant trade-off studies and thinking.

Summing up, we have got off to a good start this year, we are prepared for the next encounter with the supergene zone and are on track at Robinson to meet or exceed guidance.

We are proceeding with Carlota with a view to being in production in the second half of 2008.

We will be building on last years drill programme at Sierra Gorda with a substantial drill programme this year.

We anticipate that the Intermoly transaction will close towards the end of July, 2007 and are planning to move forward rapidly with the project.

As always, we continue to drive forward on our plan to grow towards having critical mass through a diversified multi asset base, and continue to keep pursuing merger and acquisition opportunities with a preference for additional current production.

I thank you for listening and we'd be pleased to take any questions that you may have.