



QUADRA MINING LTD.
Q1 2008 CONFERENCE CALL
May 13th, 2008 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 financial results, as well as update you on the Robinson operation, the Carlota project, exploration at our Sierra Gorda project in Chile and the Malmbjerg project in Greenland. With me today on the call are Jack Miller, COO] and Stuart McDonald, CFO. We will all 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 2008 was the best so far Quadra in terms of pretty much any metric that you care to pick, including record production, the lowest unit costs and highest earnings in any quarter since the inception of the Company in 2004. Clearly the high metal prices during the first quarter had a lot to do with the excellent financial result, but the performance at Robinson was also an important component.

- Earnings were \$79.8 million or \$1.44 per share
- Net revenues were \$198 million compared to \$136 million a year earlier from sales of similar amounts of copper and gold
- Our EBITDA was \$117 million or \$2.11 per share (basic) compared to \$66.7 million or \$1.75 per share (basic) for the same period in 2007. As previously, I'd remind you that EBITDA is a non-GAAP measure but is of course a popular metric for evaluating financial performance.
- And, with our quarter end cash position robust with \$305 million on hand, we are well positioned to execute our growth strategy in terms of completing Carlota, moving forward our pipeline projects at Sierra Gorda and Malmbjerg as well as continuing our pursuit of M&A opportunities.

As previously indicated, the main driver for the improvement in earnings was the realized copper price received and the mark to market adjustment gain of \$24 million related to the fourth quarter provisional sales that were finally settled during the first quarter. As earnings are driven by sales, the impact of the great performance at Robinson is mostly yet to come.

I walked you through the impact of provisional pricing in the last quarter, where we saw a downward movement in copper price negatively affect our earnings. In this quarter, we saw the trend reverse, affecting both the provisional price received for sales made in the quarter and the accounting revaluation of receivables. There was a significant upward swing in the copper price from \$3.04 to \$3.82 during the quarter so that we recorded higher revenue for deliveries made and also recorded favourable adjustments as a result of the revaluation of the receivables.

ROBINSON: Looking at our core operation, this was obviously a very good quarter for Robinson with the mine producing 42.0 million pounds of copper and nearly 38 thousand ounces of gold. As indicated both copper and gold production were quarterly records for the mine, exceeding any previous quarterly production as operated by Quadra or by any previous owner of the mine come to that.

The production results were driven by a number of factors, but the main contributors were the mineralogy and the blending strategies developed in 2007. The gold grade was once again higher than expected, even with adjustments made based on results from 2007.

Elaborating on the metallurgical results, we were in hypogene ore throughout the quarter. What we are finding is that careful blending of two quite different ore types of hypogene, each of which has issues, although nothing like we see in supergene, coupled with tight pH control is giving a result that is better than either treated in isolation. In other words one plus one is adding up to three.

All of this is very much a work in progress.

Of course, it would be remiss not to re-iterate that Robinson is a skarn deposit with inherent variable mineralogy and that will continue to result in uneven production quarter over quarter. As such, we are currently not in a position to revise guidance but management will continue to assess the impact of new strategic initiatives on production going forward.

With increases in copper production and a significant revenue stream from our by-product

gold production, our cash costs per pound produced improved significantly in Q1 as compared to the same period in 2007. For the quarter end March 31, 2008 the cash cost per pound of copper produced was \$1.01 compared to \$1.22 for the equivalent quarter in 2007 and \$1.47 for in whole year. The on site costs themselves were \$10 million higher at \$55.5 million than those for the same period in 2007. The increase primarily relates to mine equipment maintenance programmes as well as the cost of fuel and mill supplies and increases in royalty costs.

The Robinson offsite costs were just under \$18 million for the three months ended March 31, 2008, similar to the \$21 million of a year earlier,

While we don't give guidance on costs, I would note that but as the fuel hedges that we had in place until January of this year have now expired so that we are now exposed to the full price of diesel. Based on current prices for oil and gas we expect to incur about an additional \$8 million in costs compared to last year and that there will be a knock-on effect on all energy intensive operating supplies. I should add that by 'current', I'm talking about prices at the end of April.

CARLOTA: Turning to progress at **Carlota**, construction activities during the first quarter continued across the board, covering liner

installation, which passed the halfway mark, infrastructure construction including maintenance facilities and the main substation and mechanical, piping and electrical installation in the SX-EW plant. Preproduction mining moved 4.2 million tons of material. The three Komatsu trucks from Robinson were successfully moved to Carlota and are up and running.

With respect to the National Pollution Discharge Elimination ("NPDES") permit for Carlota, which was vacated and returned to the Environmental Protection Agency by the United States Court of Appeals for the 9th Circuit last year. On March 7, 2008, the 9th Circuit denied our petition for rehearing so now, we are appealing the 9th Circuit's decision to the United States Supreme Court. The permit remains in effect during the appeal process.

To remind you, the decision of the 9th Circuit is not expected to have any immediate impact, as the primary purpose of the permit is to deal with the situation where, after operations commence, there is a major storm event that gives rise to excess water that requires discharge and does not meet Clean Water Act specifications. Notwithstanding the appeal, the Company has elected to the design of the mine site run off collection system, at an additional cost of \$4.4 million, to ensure that the probability of a need to discharge is as close to

zero as you can get. This should obviate the need for an NPDES permit. It should also be recognized that the “zero discharge” strategy has potential short term continuity repercussions to operations in the event of a major storm.

While the project remains on schedule to commence production in the third quarter of 2008 , we will now be slightly over the original budget of \$218 million (including \$29 million of working capital) We expect to overrun this budget by 5% including the \$4.4 million related to the run off modifications just mentioned.

There has been industry wide concerns regarding the supply of acid, and while we have in place a contract and a secured supply, like others we are seeing very substantial increases in the cost of acid, the price having moved from \$100/ton to \$300/ton over the past few months. The acid consumption at Carlota is low as these things go – approximately 10 pounds per ton of ore leached – but combined with the upward pressures on fuel – the operating costs have, I think not surprisingly increased significantly since the Technical Report was issued in 2006. The original LOM unit cost estimate was then \$0.99/lb produced but we believe that in the current conditions, a number of \$1.55 per pound of copper produced is more realistic. The 99 ¢ by the way did not have a royalty component. Of course, while

the costs have increased from the 2006 Technical Report, so has the price of copper and the margins for the project are at least as good as those envisioned by the report

SIERRA GORDA: Turning to **Sierra Gorda**, during the first quarter we continued the drilling programme with infill and step out drilling. Yesterday, as you probably saw, we were able to release a new 43-101 Technical Report. The same release also contained some subsequent significant results which were not included in the resource calculation as published.

With an indicated mineral resource estimate of 10.6 billion pounds of copper and 474 million pounds of molybdenum and an inferred mineral resource estimate of 5.5 billion pounds of copper and 211 million pounds of molybdenum, we have increased the resource estimate by a factor of four from the previous report, published in July 2005.

This updated resource estimate confirms the significance of the deposit as a major pipeline project for Quadra. The continuity of mineralization and the presence of potential by-product molybdenum and gold are both very encouraging. We therefore plan to move forward to the next stage, which will comprise further drilling, primarily to increase our confidence in the resource and move more of it into the measured and indicated category,

metallurgical studies, infrastructure studies and cost and project execution studies aimed at producing pre-feasibility and feasibility studies. We will also be preparing the requisite EIS. As announced the Board has approved a development budget of \$37 million through to March 200 for these purposes.

We came to the conclusion that now is appropriate acquisition of the principal mineral properties making up the Sierra Gorda project by exercising the option agreements and have made accelerated payments totaling \$22.5 million to exercise core eight of the Sierra Gorda option agreements. The Company therefore now has a 100% ownership interest in the project. We have and may continue to add further optioned properties at the periphery of the project.

Securing water rights has been a focus since we began work Sierra Gorda in 2004 and the recent acquisition of 319 l/s of permitted water rights in the Calama area to the north of and up gradient of the project represents a big step forward in moving the project forward. While there are no hard numbers or concepts in place, our current thinking is that the Sierra Gorda project could comprise both an oxide heap leach operation as well as a large primary sulphide production facility and require in the range of 600 to 700 lps based on a conceptual 120,000 tonnes per day mill capacity.

Clearly, we are expending a significant investment of capital on this project. We believe that we have the makings of a very substantial long life project at Sierra Gorda, and one that would be pivotal to the growth and future of the Company.

MALMBJERG: Moving on to **Malmbjerg**, our molybdenum project in Greenland, during the first quarter, engineering and cost studies reached the point where we were able to submit an application to the Greenland Bureau of Minerals and Petroleum, the BMP for short, for an exploitation license along with an environmental impact study. The application includes a feasibility level study. We are currently in discussions with the BMP on the various issues that affect the project. As these discussions may impact our execution plan, we are not in a position to release the study until our application is approved. The proposal considers a project producing about 25 million pounds of molybdenum per year and costing \$1 billion.

I'd like to wrap up by taking this opportunity to express my sincere appreciation to the teams that all contributed to this past quarters success. At Robinson the operations team continually demonstrates an ability to manage and squeeze the best from a technically difficult deposit. At Carlota the team has kept the project on schedule – and essentially on budget – during a period of substantial

inflationary pressures. At our development projects, the teams have continued to add value to the pipeline projects that could eventually be the Company's future. All this has been accomplished while maintaining a safety record that is world class in the industry – something we consider paramount to the success of each project.

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

CORPORATE PARTICIPANTS

Paul Blythe
President & Chief Executive Officer

Stuart McDonald
Chief Financial Officer

Jack Miller
Chief Operating Officer

Q&A SESSION PARTICIPANTS

Tom Meyer
Raymond James

David Charles
GMP Securities

Gary Kennedy
Kennedy Investment

Mike Collison
Dundee Securities

Steve Laciak
Dundee

Frank Trask Jr.
Consulting Geologist

QUESTION AND ANSWER SESSION

Operator

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

Tom Meyer, Raymond James

Good morning. Could you provide a little bit more detail on the Robinson? I know you're in hypogene now and you mention in the release the second half you will be into the supergene, but can you give a month as to when you enter the supergene and then when you exit and get back into the hypogene?

Paul Blythe, President & Chief Executive Officer

Sure. Good morning, Tom.

The pit that we're in, the Veteran pit, is a series of push-backs, and each pushback (inaudible) top to bottom we go through supergene and back into hypogene. We progressively get into more supergene in the second half of the year, so by the last quarter will be mostly supergene, very little hypogene, and as we work through that we'll get back into hypogene again next year, which should be the last time through the cycle, and then we'll be going over to the Ruth pit in 2010.

Tom Meyer, Raymond James

Okay. And then I noticed with the Sierra Gorda release that you made the comment that there's insufficient data to use the gold. Will you be increasing the density of that database to allow a gold resource estimate to combine with the copper and the moly at Sierra Gorda?

Paul Blythe, President & Chief Executive Officer

Absolutely. Yes. As we worked through it we determined that the historical data by the previous drilling from Outokumpu and others didn't have, ah, didn't pass muster in terms of QA/QC, so we're putting that right. We didn't want to delay the report further because it

wasn't as significant obviously as the copper and the molybdenum, but we will be dealing with the gold issue and the next 43-101 will contain a resource regard.

Tom Meyer, Raymond James

Okay. And then would you characterize the Sierra Gorda project as core to Quadra Mining or as something that is important but not that important?

Paul Blythe, President & Chief Executive Officer

I think I would class it as core. You know, in terms of our strategic plan we have an operation, we have an operation in development, and we have a pipeline of projects. This I would see as core. Having said that, are we in a position to build it on our own right now? Probably not. Could we be in the future? Possibly. So it's core, but we may or may not consider a partner for it as we go forward.

Tom Meyer, Raymond James

Okay. And then finally on Malmbjerg, do you have a better sense of when you'll be able to release the study or is that subject to the Greenland bureaucracy?

Paul Blythe, President & Chief Executive Officer

Well we have a good working relationship but at the end of the day we don't control events there. At the moment discussions have been positive and everything appears on track for them to feel comfortable with what we're proposing. But as always in these things, it's never over until it's over. So we're hoping to hear something or to reach a resolution of the issues by the end of this quarter, but there's no guarantees on that of course.

Tom Meyer, Raymond James

Okay. Thank you very much. I'll pass it on.

Operator

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

David Charles, GMP Securities

Yes, good morning, Paul. I'm just, you know, obviously your patience at Robinson is starting to pay off in terms of the operating performance and clearly, as you said, you had

record operating performance this year. A little bit like Tom, I'm just wondering how should we as analysts sort of model the project going forward. I mean can you repeat this quarter's numbers until, let's say, the fourth quarter, or do you think there's going to be a lot more variability in things like recoveries and grades as you move out for the rest of the year?

Paul Blythe, President & Chief Executive Officer

As I indicated to Tom, as the year progresses we get back into more supergene, which has much greater volatility in terms of recovery and concentrate grade. At the moment we have, as you know, 130 million pounds out there as guidance. We're of course pleased with what (inaudible) accomplished in terms of the results in the first quarter; we want to see another quarter before we change our guidance.

In terms of how should you deal with it, I think at this point I would caution anybody against taking the first quarter and multiplying it by four. You know, we have to be somewhat circumspect. This is a very difficult ore body and we don't like to make predictions that we're not very confident we can meet. So I just have to leave it at that I think. you know, it's a case of so far so good, but we have to

wait until the end of this quarter before we know where we stand.

David Charles, GMP Securities

Maybe then just to maybe ask the question another way, ah, clearly the recoveries on the gold side are way in excess of any number you've had in the past. You know, again, for the next couple of quarters, do you think you can maintain recoveries like that? Do you have a better feel now why the recoveries have jumped from, you know, jumped over 70 percent from sort of the 50s at one point and then 60 percent or 63 percent at one point as well.

Paul Blythe, President & Chief Executive Officer

Yeah, we're in hypogene through to the middle of the yea and then we start working through supergene and there'll be a blend of supergene and hypogene so that as we get towards the end of the year it'll be mostly supergene. The gold recoveries that we're seeing generally are associated with the hypogene.

What we found and continue to find is that the head grade in the block model is just basically understating the case and most of it seems to be a grade recovery relationship, the higher the

head grade, the higher the recovery with respect to gold.

We've been working on trying to play catch-up; the trouble is, of course, the mine's progressing at the rate it's progressing and the whole thing becomes moot in a year or two when we're out of this pit. But we are still working on trying to play catch-up in terms of being able to better predict gold by upgrading the block model. But there's a lot of assaying required to do that.

David Charles, GMP Securities

And maybe just a confirmation, you did say, if I heard you correctly, that on Sierra Gorda that the sort of conceptual throughput rate that you're looking for is 120,000 tonnes a day.

Paul Blythe, President & Chief Executive Officer

That's yeah—don't write that down and underline it twice or anything, but that's our current thinking is that that would be the range of project that the resource could carry.

David Charles, GMP Securities

Okay, then. Thank you very much.

Operator

Thank you. The next question is from Gary Kennedy of Kennedy Investment. Please go ahead.

Gary Kennedy, Kennedy Investment

Good morning. What type of production do you expect from Carlotta in the fourth quarter? Do you have any numbers?

Paul Blythe, President & Chief Executive Officer

We have not given guidance for the fourth quarter with Carlotta. It'll be more token than hugely significant is our thinking at this time in terms of realizing sales, but we're not going to give any guidance. Until we actually put acid on the heaps and do the thing for real at a commercial level, we're not comfortable with providing that sort of guidance.

Gary Kennedy, Kennedy Investment

Okay. And second question: are you still completely unhedged on your copper?

Paul Blythe, President & Chief Executive Officer

We have in place a (inaudible) money floor puts, but other than that we're completely unhedged.

Gary Kennedy, Kennedy Investment

Thank you very much and congratulations on a good quarter.

Paul Blythe, President & Chief Executive Officer

Thank you.

Operator

Thank you. The next question is from Mike Collison of Dundee Securities. Please go ahead.

Mike Collison, Dundee Securities

Good morning. Just a couple of kind of maintenance kind of questions. First off on the cost at Robinson you've got a maintenance cost in there; was that a one-time or is that going to be repeated in subsequent quarters this year?

Paul Blythe, President & Chief Executive Officer

It was a number of components. Part of it, about half of it was the increased cost of fuel and mill supplies, and I talked a little bit about that.

The mill supplies basically relate back to energy, things like lime, steel balls, everything gets—they're energy intensive, ah, things that (inaudible). And then there was maintenance cost. There was a shovel rebuild in the quarter. So—

Mike Collison, Dundee Securities

So that shovel rebuild—

Paul Blythe, President & Chief Executive Officer

The shovel rebuild is a one-shot deal—well I won't say a one-shot deal, obviously shovel rebuilds come up fairly regularly, but it's a mixture of additional maintenance cost and inflationary cost pressures due to fuel, Mike, if that helps.

Mike Collison, Dundee Securities

Yeah, okay. I missed what you said about the Malmbjerg study won't be released until, um, is this the EIS goes through or is there some sort of negotiations with the Danish/Greenland authorities? What's the--?

Paul Blythe, President & Chief Executive Officer

We actually deal with the Bureau of Minerals and Petroleum BMP, which is the Greenland Homeland Authority, so Greenland basically controls the show and then Denmark provides assistance and support. But the process is that we have to get an exploitation license before we can do any work on the ground.

We've prepared a study based on a number of assumptions. If any of those assumptions change then the costs and maybe the outcomes of the project change, so before we're in a position to disclose what the project is going to look like we have to get to the point where everybody's on board in terms of the way the project's going to be executed and we have an exploitation license in our hand.

Mike Collison, Dundee Securities

Okay, and you're hoping to get that by the end of Q2.

Paul Blythe, President & Chief Executive Officer

That would be our ideal outcome. As I say, things are very cordial, very positive at this point, but I always like to get the piece of paper in my hand.

Mike Collison, Dundee Securities

That's an understandable thing. And I'm struggling here a little bit with the first lien secured credit facility. Do interest costs on that not start until production starts at Carlotta or have you capitalized the interest payments until production starts at Carlotta or...? I can't seem to find them in the financials.

Paul Blythe, President & Chief Executive Officer

Let me pass you over to Stuart McDonald.

Stuart McDonald, Chief Financial Officer

Yeah, we are paying interest on that facility and we are capitalizing it and once we start production at Carlotta we'll begin expensing it. So I believe in the footnotes we lay out the amount that's been capitalized. About \$3.9 million has been capitalized in the quarter.

Mike Collison, Dundee Securities

Okay. And the floor that you, the new LIBOR floor that you put in that and the cash payment of the \$7.5 million, that was, if I've got that right, that's to avoid the call that the debt holders have on excess capital. Is that correct?

Paul Blythe, President & Chief Executive Officer

That was to defer, yes. That was to induce them not to call, as was their right, in March.

Stuart McDonald, Chief Financial Officer

But they still retain the right to those cash flow suites in the future. It was a one-time waiver that they gave us.

Mike Collison, Dundee Securities

Okay. Even the new minimum LIBOR floor, that's a one-time waiver. So Q2 or—

Stuart McDonald, Chief Financial Officer

No, the LIBOR floor will stay there for the remainder of the loan.

Mike Collison, Dundee Securities

Right. Okay. I think that covers it for me then. Thanks very much guys.

Operator

Thank you. The next question is from Steve Laciak of Dundee Securities. Please go ahead.

Steve Laciak, Dundee

Yeah, it's the Dundee prop(sp.). Thank you. Can you just run through the metrics on Sierra Gorda again? The CapEx and the copper and the moly production and when would the earliest production—I'd presume it'd be some SX/EW at the beginning on the oxide.

Paul Blythe, President & Chief Executive Officer

We don't have any hard metrics on CapEx. We're benchmarking off of Antofagasta Holdings Esperanza project, which is nearby, in terms of our thinking. If I could refer you to that to get some sense of where capital for that sort of project in Chile sits at the moment, but we're not at a point where we've done any of the studies to give a releasable number for CapEx or OpEx. Our thinking is along the lines that you're suggesting is that oxide on top

of the sulphide, our thinking is that an oxide project would probably precede a sulphide project in that we'd be looking at something of the order of a 120,000 tonne a day operation for the sulphides eventually.

We're only at the point now where we've got a resource that's got a reasonable amount of indicated in it. We're in a position to start moving forward on scoping and pre-feasibility studies with some sensible numbers in place. But it'll be 2010 before we'd have a feasibility study would be our best estimate at the moment. And remember all this is a work in progress. The key to this point has been getting the resource in place and beginning all the engineering studies.

Steve Laciak, Dundee

And this project that's nearby, what are its metrics? Just for, ah, because I don't have the information.

Paul Blythe, President & Chief Executive Officer

Oh, okay, so this is in the second region of Chile. It is immediately adjacent to a village called Sierra Gorda, hence the name of the

project. The Spence project BHP Billiton has is about 7 kilometres north, the El Tesoro is about 15 kilometres west northwest, and the Esperanza project is just south of that. So they're all in the second region, all within a fairly small radius.

Steve Laciak, Dundee

And what are their planned production rates or milling rates and what are the CapEx? Just as rough guidelines.

Paul Blythe, President & Chief Executive Officer

Now you're asking. The Spence project was about \$1 billion. It came into production a couple of years ago. It's a heap leach project. El Tesoro was built in the 90s, so I think the costs are pretty much irrelevant now.

Steve Laciak, Dundee

Okay, right. Okay. All right, thank you very much.

Operator

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

The next question is from Frank Trask Jr. of Consulting Geologist. Please go ahead.

Frank Trask Jr., Consulting Geologist

Good morning, Paul. I've got two questions concerning Sierra Gorda. Is it true that Quadra can't drill in some of the Sierra Gorda properties because of an injunction granted by Chilean courts?

Paul Blythe, President & Chief Executive Officer

No. We have the right to drill in any of the projects. To the best of my knowledge there's been no injunctions concerning Sierra Gorda.

Frank Trask Jr., Consulting Geologist

Concerning the same issue, is it true that because of a lawsuit Quadra may lose all of the properties at Sierra Gorda?

Paul Blythe, President & Chief Executive Officer

Sorry, would you mind repeating that again?

Frank Trask Jr., Consulting Geologist

I'm asking is it true that because of the lawsuits pending on Sierra Gorda that Quadra may lose all the Sierra Gorda projects.

Paul Blythe, President & Chief Executive Officer

Again, we don't have any, you know, as far as I'm concerned we have paid for and own the key leases at Sierra Gorda. I don't really understand your question.

Frank Trask Jr., Consulting Geologist

Well there are lawsuits pending on Sierra Gorda properties. Is it true?

Paul Blythe, President & Chief Executive Officer

Lawsuits? Not that I'm aware of. There are a couple of court cases at any given time on different parts of Sierra Gorda, but we believe none of them have merit.

Frank Trask Jr., Consulting Geologist

Okay, thank you.

Operator

Thank you. There are no further questions registered at this time. I would now like to turn the meeting back over to Mr. Blythe.

Paul Blythe, President & Chief Executive Officer

Okay, thank you very much for attending today. Appreciate your time. If you have any further questions, please feel free to give us a call here in Vancouver. Thank you.

Operator

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