



Quadra Mining Ltd.

Consolidated Financial Statements

March 31, 2009

(Expressed in thousands of U.S. dollars, except where indicated)

(Unaudited)

Quadra Mining Ltd.

CONSOLIDATED BALANCE SHEETS

(US Dollars in Thousands)
(Unaudited)

		March 31, 2009	December 31, 2008
ASSETS			
Current			
Cash and cash equivalents	Note 5	111,014	107,797
Receivables		23,143	19,505
Inventory	Note 6	102,464	88,257
Derivative instruments	Note 11	6,319	31,814
Other current assets	Note 7	38,026	23,442
Total Current Assets		280,966	270,815
Environmental trust and bond		59,694	55,404
Mineral properties, plant and equipment	Note 8	516,223	506,921
Other non-current assets		3,072	3,109
Future income tax assets		15,468	15,718
Total Assets		875,423	851,967
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		25,930	49,448
Other current liabilities	Note 10	14,815	10,052
Future income tax liabilities		15,551	14,493
Total Current Liabilities		56,296	73,993
Asset retirement obligations		41,697	40,969
Obligations under capital leases		5,037	5,473
Total Liabilities		103,030	120,435
Shareholders' Equity			
Share capital	Note 12(a)	578,474	578,474
Stock options and warrants	Note 12(b)	37,024	35,253
Accumulated other comprehensive loss	Note 7	(27,746)	(40,181)
Retained earnings		184,641	157,986
Total Shareholders' Equity		772,393	731,532
Total Liabilities and Shareholders' Equity		875,423	851,967

Contingencies (Note 17), Subsequent Events (Note 1 and 18)

The accompanying notes are an integral part of these financial statements.

Quadra Mining Ltd.**CONSOLIDATED STATEMENTS OF EARNINGS**

(US Dollars in Thousands)

(Unaudited)

		Three months ended March 31, 2009	Three months ended March 31, 2008
			As restated (Note 3)
Revenues	Note 13	106,316	198,032
Cost of sales		56,721	67,220
Reversal of start-up inventory adjustment	Note 6	(5,305)	-
Amortization, depletion and depreciation		4,360	4,435
Accretion of asset retirement obligations		969	807
Royalties and mineral taxes		3,327	9,194
		<u>60,072</u>	<u>81,656</u>
Operating income		46,244	116,376
General and administrative		3,493	4,575
Stock-based compensation	Note 12(b)	1,520	1,211
Loss on derivatives	Note 11	8,810	9,460
Foreign exchange (gain) loss		(340)	1,548
Net interest and other income		(62)	(919)
Earnings before income taxes		<u>32,823</u>	<u>100,501</u>
Income tax expense	Note 9	6,168	21,938
Earnings for the period		<u>26,655</u>	<u>78,563</u>
Retained earnings - beginning of period		157,986	119,377
Retained earnings - end of period		<u>184,641</u>	<u>197,940</u>
Earnings per share			
Basic earnings per share		\$ 0.40	\$ 1.42
Diluted earnings per share		\$ 0.40	\$ 1.39
Weighted average shares outstanding - basic		66,001	55,496
Weighted average shares outstanding - diluted		66,001	56,603

The accompanying notes are an integral part of these financial statements.

Quadra Mining Ltd.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(US Dollars in Thousands)

(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
		As restated (Note 3)
Net earnings	26,655	78,563
Other comprehensive income		
Unrealized gain on marketable securities (Note 7(b))	12,435	-
Reversal of unrealized gain on marketable securities	-	(599)
Total comprehensive income	<u>39,090</u>	<u>77,964</u>

**CONSOLIDATED STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY**

(US Dollars in Thousands)

(Unaudited)

	Three months ended March 31, 2009	Year ended December 31, 2008
Share capital		
Balance - beginning of year	578,474	336,031
Shares issued for cash, net of issue costs	-	183,621
Shares issued for InterMoly acquisition	-	16,324
Shares issued for water rights acquisition	-	30,171
Stock options exercised	-	4,747
Warrants exercised	-	7,580
Balance - end of period	<u>578,474</u>	<u>578,474</u>
Stock options and warrants		
Balance - beginning of year	35,253	27,034
Stock-based compensation	1,771	10,701
Transfer to share capital for stock options and warrants exercised	-	(2,482)
Balance - end of period	<u>37,024</u>	<u>35,253</u>
Accumulated other comprehensive loss		
Balance - beginning of year	(40,181)	599
Realized gain on available-for-sale investments	-	(599)
Unrealized gain (loss) on available-for-sale investments (Note 7(b))	12,435	(40,181)
Balance - end of period	<u>(27,746)</u>	<u>(40,181)</u>
Retained earnings		
Balance - beginning of year	157,986	119,377
Earnings for the period	26,655	38,609
Balance - end of period	<u>184,641</u>	<u>157,986</u>
Total shareholders' equity	<u>772,393</u>	<u>731,532</u>

The accompanying notes are an integral part of these financial statements.

Quadra Mining Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(US Dollars in Thousands)

(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
		As restated (Note 3)
OPERATING ACTIVITIES		
Earnings (loss) for the period	26,655	78,563
Adjustment for items not involving cash from operating activities:		
Stock-based compensation	1,520	1,211
Amortization, depletion, depreciation and accretion	5,329	5,242
Reversal of start-up inventory adjustment	(5,305)	-
Loss on derivatives	25,495	9,460
Future income tax expense (recovery)	1,308	(18)
Other	9	613
	<u>55,011</u>	<u>95,071</u>
Net changes in non-cash working capital:	(27,194)	(5,390)
Cash provided from operating activities	27,817	89,681
INVESTING ACTIVITIES		
Additions to mineral properties, plant and equipment	(17,170)	(57,271)
Increase in environmental bond and trust	(4,290)	(181)
Loan to Centenario	(2,800)	-
Proceeds from sale of marketable securities	-	9,517
Payment of deferred gold consideration	-	(5,906)
Refund of security deposit	-	8,900
Decrease (increase) in other assets	38	(507)
Cash used in investing activities	(24,222)	(45,448)
FINANCING ACTIVITIES		
Proceeds from issue of common shares, net of issue costs	-	5,857
Payment of loan amendment and prepayment fees	-	(7,500)
Decrease in obligations under capital leases	(378)	(884)
Cash used in financing activities	(378)	(2,527)
Net increase in cash and cash equivalents during the period	3,217	41,706
Cash and cash equivalents, beginning of period	107,797	263,586
Cash and cash equivalents, end of period	111,014	305,292

The accompanying notes are an integral part of these financial statements.

Quadra Mining Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(US Dollars in Thousands)
Three months ended March 31, 2009
(Unaudited)

1. NATURE OF OPERATIONS

Quadra Mining Ltd. ("Quadra" or the "Company") was incorporated on May 15, 2002 under the British Columbia Company Act and is continued under the British Columbia Business Corporations Act. The Company is in the business of developing and operating mines, with a focus on base metals, particularly copper. In 2004, the Company acquired the Robinson mine, an open pit copper mine, with gold and molybdenum by-product credits, located in Nevada in the United States. The Company's Carlota mine was acquired in 2005, and the sale of copper cathode from the mine has commenced in the first quarter of 2009. On April 8, 2009, the Company completed the acquisition of Centenario Copper Corporation ("Centenario") and its 100% owned Franke project, a heap leach SX-EW project in the start-up phase, located in northern Chile (Note 4).

The Company also owns an advanced exploration project in Chile ("Sierra Gorda") and has a 99% interest in the Malmbjerg molybdenum project in Greenland.

2. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in Canada ("Canadian GAAP"). They do not include all the disclosures required by Canadian GAAP for annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2008. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Other than as described in Note 3, these financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's consolidated financial statements for the year ended December 31, 2008.

Certain prior year balances have been reclassified to conform to the current year presentation.

3. CHANGE OF ACCOUNTING POLICY

Goodwill and Intangible Assets

In the fourth quarter of 2008, the Company adopted CICA Handbook Section 3064 "*Goodwill and Intangible Assets*". Accordingly, certain start up costs at the Robinson mine and the changes in value of the deferred gold consideration related to the Carlota mine that were previously capitalized to mineral properties have been expensed. This change in accounting policy has been applied retroactively and the financial statements for the three month ended March 31, 2008 have been restated. A summary of the effect of this change is shown below:

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(US Dollars in Thousands)
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Effect on the consolidated statements of earnings for the three months ended March 31, 2008:

Decrease in depreciation, depletion and amortization	(487)
Increase in interest and other expense	2,406
Decrease in future income tax expense	<u>(672)</u>
Decrease in earnings and comprehensive income	<u>1,247</u>
Decrease in earnings per share - basic	\$ 0.02
Decrease in earnings per share - diluted	\$ 0.02

4. AGREEMENT TO ACQUIRE CENTENARIO

On February 8, 2009, the Company and Centenario entered into a definitive agreement whereby Quadra agreed to acquire all the outstanding common shares of Centenario through a plan of arrangement (“Arrangement”) under provisions of the Business Corporations Act. Under the terms of the Arrangement, the Centenario shareholders would receive 0.28 of a Quadra common share for each common share of Centenario. Outstanding options to acquire Centenario shares would also be exchanged for options to acquire Quadra shares, based on the same exchange ratio. Completion of the Arrangement was subject to certain conditions, including Centenario shareholder approval. On April 8, 2009, the Arrangement was completed (Note 18(a)).

In connection with the transaction and to provide Centenario with liquidity support, the Company issued a convertible loan to Centenario to provide interim unsecured financing of \$12,500 to assist with funding requirements for the completion of its Franke mine construction. The principal and interest of the loan is convertible at Quadra’s option into common shares of Centenario at a conversion rate price of CAD\$1.03 per share but subject to Quadra not exceeding a 20% shareholding in Centenario. The loan bears interest at LIBOR plus 4.75% and is available for drawdown until the completion of the Plan of Arrangement. The Company advanced a loan of \$2,800 to Centenario in March 2009, and the remainder of the \$12,500 loan facility was funded in April 2009.

On April 7, 2009 the Company reached an agreement with Centenario’s lenders whereby Centenario’s copper hedge positions would be closed upon completion of the acquisition, and the proceeds applied against to reduce Centenario’s existing long-term debt (Note 18 (b)).

Quadra Mining Ltd.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(US Dollars in Thousands)
Three months ended March 31, 2009
(Unaudited)

5. CASH AND CASH EQUIVALENTS

	March 31, 2009	December 31, 2008
Cash deposits, bankers acceptances and term deposits	71,014	80,797
Government money market investments	40,000	27,000
Total	111,014	107,797

Cash equivalents consist of highly liquid investments, which are readily convertible into cash with maturities of three months or less when acquired. At March 31, 2009, the Company's cash and cash equivalents were yielding a weighted average interest rate of 0.49%. At March 31, 2009, the majority of the Company's cash and cash equivalents were denominated in U.S. dollars.

6. INVENTORY

	March 31, 2009	December 31, 2008
Copper concentrate	19,012	25,584
Copper cathode	2,831	1,151
Carlota leach pad inventory	55,398	38,839
Supplies	25,223	22,683
Total	102,464	88,257

In the fourth quarter of 2008 the Company recorded an adjustment of \$15,429 to reduce the carrying value of Carlota's copper cathode and leach pad inventory to net realizable value. In the first quarter of 2009 the Company reversed \$5,305 of this adjustment due to the increased copper price during the period.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(US Dollars in Thousands)
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7. OTHER CURRENT ASSETS

	March 31, 2009	December 31, 2008
Prepaid expenses	4,035	4,676
Prepaid royalties	4,381	4,391
Loan to Centenario (a)	2,800	-
Marketable securities (b)	26,810	14,375
Total other current assets	38,026	23,442

(a) As of March 31, 2009, the Company had advanced \$2,800 to Centenario under the convertible loan facility (Note 4).

(b) The fair value of the available-for-sale marketable securities at March 31, 2009 was \$26,810 compared to \$14,375 at December 31, 2008, resulted in an unrealized gain of \$12,435 for the quarter ended March 31, 2009. This unrealized gain has been recorded in shareholders' equity as a component of other comprehensive income.

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	March 31, 2009	December 31, 2008
Mineral property acquisition and development costs	403,209	390,954
Plant, buildings and equipment	223,357	218,426
Equipment under capital leases	11,354	11,354
Asset retirement cost	31,348	31,348
	669,268	652,082
Accumulated depreciation, depletion, amortization and impairment:		
Mineral property acquisition and development costs	(105,160)	(103,031)
Plant, buildings and equipment	(29,530)	(24,737)
Equipment under capital leases	(6,264)	(5,787)
Asset retirement cost	(12,091)	(11,606)
	(153,045)	(145,161)
	516,223	506,921

Quadra Mining Ltd.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(US Dollars in Thousands)
Three months ended March 31, 2009
(Unaudited)

Mineral properties, plant and equipment are allocated by project as follows:

			March 31, 2009
	Cost	Accumulated depreciation, depletion, amortization and impairment	Net book value
Robinson mine (Nevada) (a)	170,918	(52,334)	118,584
Carlota copper mine (Arizona) (b)	266,505	(4,487)	262,018
Sierra Gorda (Chile) (c)	130,580	(146)	130,434
Malmbjerg molybdenum project (Greenland)	100,887	(95,858)	5,029
Other	378	(220)	158
	669,268	(153,045)	516,223

			December 31, 2008
	Cost	Accumulated depreciation, depletion, amortization and impairment	Net book value
Robinson mine (Nevada) (a)	159,345	(48,995)	110,350
Carlota copper mine (Arizona) (b)	263,639	-	263,639
Sierra Gorda (Chile) (c)	127,871	(123)	127,748
Malmbjerg molybdenum project (Greenland)	100,835	(95,835)	5,000
Other	392	(208)	184
	652,082	(145,161)	506,921

(a) Robinson mine

During the three months ended March 31, 2009, the Company incurred capital expenditures of \$3,136 (three months ended March 31, 2008: \$6,889) related to mill upgrades and Ruth Pit development works. The Company also capitalized \$8,451 of pre-production stripping costs related to the Ruth pit area of the Robinson mine.

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(b) Carlota mine

During the three months ended March 31, 2009, the Company incurred \$2,836 related to the construction of Pinto Creek Diversion and the acquisition of mining equipment for the Carlota mine (three months ended March 31, 2008: \$39,350).

(c) Sierra Gorda

During the three months ended March 31, 2009, the Company incurred \$1,708 (three months ended March 31, 2008 - \$4,758) for exploration and development costs on the Sierra Gorda project and made option payments for land totaling \$1,000 (three months ended March 31, 2008 - \$50).

9. INCOME TAXES

For the three month period ended March 31, 2009, the Company recognized a current income tax expense of \$4,860 and a future income tax expense of \$1,308. The income tax expense for the quarter ended March 31, 2009, has been recorded based on a forecasted effective income tax rate of 19% for 2009 (2008: 23%). For the three months ended March 31, 2008, the Company recognized current income tax expense of \$21,956 and a future income tax recovery of \$18 respectively.

The forecast of the annual effective income tax rate includes assumptions regarding metal prices, mine production and costs. At March 31, 2009 the Company has \$18.8 million of Alternative Minimum Tax credits for U.S income tax purposes, the tax benefit of which has not yet been recognized.

10. OTHER CURRENT LIABILITIES

	March 31, 2009	December 31, 2008
Taxes payable	13,226	8,521
Obligations under capital lease - current portion	1,589	1,531
Total other current liabilities	14,815	10,052

Quadra Mining Ltd.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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(Unaudited)

11. DERIVATIVE INSTRUMENTS

Derivative instruments are carried on the balance sheets at fair value and are comprised as follows:

	March 31, 2009	December 31, 2008
Copper puts (a)	11,708	38,481
Fuel contracts (b)	(5,389)	(6,667)
Total fair value of the derivative instruments	6,319	31,814

The loss on derivatives is comprised as follows:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Copper puts (a)	10,087	8,880
Fuel contracts (b)	(1,277)	486
Interest rate cap	-	94
Loss on derivatives	8,810	9,460

(a) Copper Puts

The Company has a floor price protection program for a portion of its anticipated copper sales through June 2009. At March 31, 2009 the following copper put options remain outstanding (December 31, 2008 – 35 million pounds):

Expiry	Pounds (millions)	Strike price	Fair value
April to June 2009	17.2	\$ 2.50	11,708

During the first quarter of 2009, 17.8 million pounds of copper put options were settled and the Company received cash payments of \$16,685 from the counterparties. The Company also recorded an unrealized derivative loss of \$26,772 in the first quarter of 2009 related to the decrease in the fair value of copper put options during the period.

Subsequent to March 31, 2009, the Company purchased an additional 65 million pounds of copper put options with a strike price of \$1.50/lb at a cost of \$2,193. The expiry dates of these options are between May and October 2009 (Note 18(d)).

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(b) Fuel Contracts

During 2008, the Company entered into NYMEX heating oil futures contracts for 7.8 million gallons at a strike price of \$2.51/gallon. During the quarter ended March 31 2009, the Company settled 650,000 gallons of NYMEX heating oil with cash payments to the counterparty of \$2,270, which were recorded in cost of sales on the statement of earnings. At March 31, 2009, the fair value of the fuel contract liabilities decreased to (\$5,388). As a result, the Company recorded an unrealized derivative gain of \$1,277.

12. SHARE CAPITAL

(a) Common Shares

The Company has authorized share capital of 1,000,000,000 common shares (“Shares”) with no par value.

As at March 31, 2009, the Company had 66,000,747 common shares outstanding (December 31, 2008 – 66,000,747).

(b) Stock options and warrants

The following table summarizes information relating to stock options outstanding and exercisable at March 31, 2009 (in Canadian dollars):

Exercise price per share	Options outstanding			Options exercisable	
	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price C\$	Number exercisable	Weighted-average exercise price C\$
\$3.54 - \$7.76	715,500	2.00	6.02	529,667	6.68
\$9.18 - \$11.91	603,704	2.38	10.59	598,704	10.56
\$12.10 - \$15.35	1,693,173	3.16	13.18	1,002,833	13.12
\$16.50 - \$20.86	628,000	3.74	18.69	383,997	18.73
\$20.90 - \$24.60	1,262,500	4.12	24.51	420,821	24.51
	4,902,877	3.22	15.44	2,936,022	13.80

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(US Dollars in Thousands)
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(Unaudited)

The following tables summarize the stock option activity for the three months ended March 31, 2009:

		2009
	Options	Weighted-average exercise price (C\$)
Outstanding at January 1, 2009	4,958,277	15.63
Granted	112,500	3.61
Forfeited	(167,900)	13.10
Outstanding at March 31, 2009	4,902,877	15.44

During the quarter ended March 31, 2009, 112,500 stock options were granted to employees (March 31, 2008 – 252,500). The weighted-average fair value of these stock options is estimated to be \$1.47 each (March 31, 2008 - \$5.42). The total fair value of the stock options granted is amortized over the two year vesting period. The stock-based compensation amortization for the three months ended March 31, 2009 was \$1,771 (March 31, 2008: 1,626) of which \$251 was capitalized to inventory (March 31, 2008: \$415 capitalized to mineral properties).

The fair value of each option is estimated as at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	<u>2009</u>	<u>2008</u>
Expected Volatility	78%	49%
Risk-free interest rate	1.55%	2.96%
Expected Life	3.1 years	2.1 years
Dividend Yield	Nil	Nil

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

Warrants

The following warrants were outstanding and exercisable at March 31, 2009:

	Common shares to be issued on exercise	Exercise price C\$	Expiry date
Traded warrants	5,980,000	20.00	May 9, 2010
Lender warrants	1,297,767	9.24	March 1, 2012
Exercisable at March 31, 2009	7,277,767	18.08	

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(US Dollars in Thousands)
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13. REVENUES FROM CONCENTRATE SALES

	Three months ended March 31, 2009	Three months ended March 31, 2008
Copper revenues	60,783	138,497
Gold revenues	27,435	31,130
Molybdenum revenues	561	547
Price adjustments	22,952	33,567
Refining and treatment charges	(5,415)	(5,709)
	106,316	198,032

Revenues from concentrate sales are recorded provisionally at the time of sale based on forward prices for the expected date of the final settlement. Subsequent variations in price are recognized as price adjustments as they occur until the price is finalized. At March 31, 2009, working capital and revenues include 27.7 million pounds of copper which has been provisionally valued at an average price of \$1.83 per pound (December 31, 2008 – 43.2 million pounds at \$1.33 per pound). Accounts receivable at March 31, 2009 includes an amount for these positive price adjustments of \$10,456 at March 31, 2009. The final pricing for these provisionally priced sales is expected to occur between April and June 2009.

14. SEGMENTED INFORMATION

The Company's reportable operating segments are individual mine operations and development projects, being Robinson, Carlota, other mineral properties and Corporate. Each mine and development project is managed and reports information separately to the chief operating decision maker.

The corporate segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance and corporate administration.

Quadra Mining Ltd.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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For the three month period ended March 31, 2009, segmented information is presented as follows:

	Robinson	Carlota	Other mineral properties	Corporate	Total
Revenues	97,276	9,040	-	-	106,316
Cost of sales	47,653	9,068	-	-	56,721
Reversal of inventory adjustment	-	(5,305)	-	-	(5,305)
Amortization, depletion and depreciation	4,702	627	-	-	5,329
Royalties and mineral taxes	2,917	410	-	-	3,327
Operating income	42,004	4,240	-	-	46,244
Total assets	318,084	334,147	136,383	86,809	875,423
Capital expenditures	11,587	2,836	2,736	11	17,170

For the three month period ended March 31, 2008, segmented information is presented as follows:

	Robinson	Carlota	Other mineral properties	Corporate	Total
Revenues	198,032	-	-	-	198,032
Cost of sales	67,220	-	-	-	67,220
Amortization, depletion and depreciation	5,242	-	-	-	5,242
Royalties and mineral taxes	9,194	-	-	-	9,194
Operating income	116,376	-	-	-	116,376
Total assets	338,711	212,053	231,322	73,875	855,961
Capital expenditures	6,889	39,350	11,032	-	57,271

15. RELATED PARTY TRANSACTIONS

One of the directors of the Company is a partner of an affiliate of Blake, Cassels & Graydon LLP. During the three months ended March 31, 2009, the Company incurred legal fees of \$129 with that entity (three months ended March 31, 2008: \$154), all of which were at normal business terms.

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16. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital consisted of the following:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Increase in receivables	(3,638)	(25,219)
(Increase) decrease in inventory	(5,153)	4,526
Decrease (increase) in other current assets	651	(137)
Decrease in accounts payable and accrued liabilities	(23,518)	(8,578)
Increase in other current liabilities	4,464	24,018
Net changes in non-cash working capital	(27,194)	(5,390)
Other supplemental information:		
Interest paid	489	4,814
Income tax paid	32	2,417

17. CONTINGENCIES

The Company is subject to four lawsuits that have been filed in Chilean courts against the Company's wholly-owned Chilean subsidiary, Minera Quadra Chile Limitada. The lawsuits were filed on August 13, 2007, April 2, 2008, June 20, 2008 and July 10, 2008. Based on advice of Chilean counsel, Quadra believes that the option agreements are valid and that the legal claims are without merit.

The plaintiffs are minority shareholders in the "sociedades legales mineras" (SLM) or legal mining companies that owned certain of the mining tenements that were optioned to Quadra in 2004. In three of the cases, the plaintiffs are requesting that the option agreements to purchase the mining tenements be declared null and void. The plaintiffs in these cases are claiming that the SLM's were not authorized to sell the mining tenements. In the fourth case, the plaintiffs argue that if any of the first three cases are successful, then further option agreements are invalid by virtue of the fact that the option agreements were intended to be exercised in either all or none of the cases.

The first three lawsuits relate to three of the ten option agreements that the Company entered into with respect to its Sierra Gorda mineral property. Although Quadra believes that the option agreements are

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(US Dollars in Thousands)
Three months ended March 31, 2009
(Unaudited)

valid and that the legal claims are without merit, the outcome is uncertain. The proceedings are subject to the procedural and substantive laws of Chile, and the allegations are based on the actions of the SLM's, in respect of which Quadra has no direct knowledge. The Company intends to vigorously defend these claims; however, there is no assurance that it will be successful. A negative outcome in these proceedings could have a material adverse effect on Quadra.

18. SUBSEQUENT EVENTS

- (a) On April 8, 2009, the Company completed the acquisition of Centenario (Note 4). A total of 14,368,563 common shares and 574,000 stock options of the Company were issued in exchange for all of the outstanding common shares and stock options of Centenario. Based on the closing Quadra share price on April 8, 2009, the fair value of the consideration, excluding transaction costs, was \$65,298.
- (b) Centenario's copper hedge positions were closed out on April 8, 2009 immediately after completion of the acquisition. The hedge proceeds were used to repay a portion of Centenario's existing long-term debt, and the Company made an additional debt repayment of \$9 million, leaving a remaining loan balance of \$30 million that is required to be repaid by Quadra on May 14, 2009.
- (c) On April 15, 2009, the Company purchased an additional 65 million pounds of copper put options with a strike price of \$1.50/lb at a cost of \$2,193. The expiry dates of these put options are between May and October 2009.
- (d) On April 16, 2009, the Company completed a bought-deal equity financing with a syndicate of underwriters through which the Company issued 16,200,000 common shares at a price of C\$4.65 per common share for gross proceeds of \$62,275 (C\$75,330). The underwriters also exercised an option to acquire an additional 2,430,000 common shares which increased the gross proceeds of the offering to \$71,617 (C\$86,630).