MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SECOND QUARTER ENDED JUNE 30, 2007

The following Management Discussion and Analysis ("MD&A") of Quadra Mining Ltd. and its subsidiaries ("Quadra" or the "Company") has been prepared as at August 14, 2007 and is intended to be read in conjunction with the accompanying unaudited consolidated financial statements for the three and six month periods ended June 30, 2007. This MD&A contains '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, is available on the SEDAR website at www.sedar.com. The Company is a reporting issuer in all provinces and territories of Canada and its common shares are traded 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 mining 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 has an option to purchase the Sierra Gorda project ("Sierra Gorda"), a late stage exploration property near Antofagasta, Chile. The Company has also recently acquired an 82% interest in International Molybdenum Plc. ("InterMoly") which holds the rights to the Malmbjerg molybdenum project ("Malmbjerg") in Greenland. The strategic plan of the Company includes growth by optimising operations, developing projects, and pursuing merger and acquisition opportunities.

SECOND QUARTER HIGHLIGHTS:

- Earnings for the quarter ended June 30, 2007 were $36,556 or $0.78 per share (basic) compared to a loss of $21,997 or $0.59 per share for the quarter ended June 30, 2006.
- The Robinson Mine generated revenue of $141,139 in the second quarter of 2007 from the sale of 32.3 million pounds of copper and 23,607 ounces of gold in concentrates compared to revenue of $142,225 from the sale of 33 million pounds of copper and 17,574 ounces of gold in the second quarter of 2006.
- The Company has settled the last of the forward sale contracts related to 2006 production, and 2007 metal production is unhedged. The Company incurred a loss on derivatives of $10,267 in the second quarter of 2007 compared to a loss of $101,360 in the second quarter of 2006.
- The Company completed a bought-deal equity financing for gross proceeds of $136 million ($Cdn 150 million) and used a portion of the proceeds to repay $50 million of debt.
- Production for the quarter was 32.2 million pounds of copper and 25,893 ounces of gold compared to 27.8 million pounds of copper and 12,532 ounces of gold for the second quarter of 2006.
- Onsite and offsite costs* were $53,716 and $15,681 respectively for the quarter ended June 30, 2007 compared to $44,879 and $23,100 respectively for the same period in 2006.
- The Robinson Mine continues to focus on safety and training and operated with no lost time accidents in the quarter. During the quarter, the mine also passed 1 million man-hours and 12 months without a lost time accident.
- The acquisition of InterMoly was completed in the second quarter with the Company obtaining 82% of InterMoly's outstanding shares in exchange for the issuance of 3.2 million Quadra shares.
- InterMoly commenced the feasibility level studies required to make a development decision for the Malmbjerg molybdenum project.
- The Company ended the second quarter with working capital of $290 million.

**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.*

FINANCIAL PERFORMANCE

Earnings

Earnings for the quarter ended June 30, 2007 were $36,556 or $0.78 per share (basic) compared to a loss of $21,997 or $0.59 per share in the second quarter of 2006. Earnings for the first six months of 2007 were $79,667 or $1.87 per share (basic) compared to a loss of $57,160 or $1.62 per share for the same six month period in 2006. The increased earnings in 2007 are primarily due to the lower derivative losses in 2007 as the Company has closed out its remaining forward sale contracts in the current year. Earnings for the six month period in 2007 also benefited from higher revenues due to increased production and higher average metal prices in 2007.

Operating income for the quarter ended June 30, 2007 was $72,618 compared with $72,431 in 2006. Operating income for the first six months of the year increased to $137,590 in 2007 from $99,492 in 2006, primarily due to higher revenues generated in the first quarter of 2007.

Revenues

All of the Company's revenues are generated by the Robinson Mine. Revenue is primarily affected by sales volumes and commodity prices. Revenues from sales of concentrate are generally recognized at the time of shipment; however, final pricing is not determined until a future period. As a result, quarterly revenues include estimated prices for sales in the quarter as well as pricing adjustments for sales that occurred in previous quarters.

Revenues from concentrate sales were $141,139 for the quarter ended June 30, 2007 compared with $142,225 for the same quarter in 2006. Revenues realized upon shipment of concentrate in the second quarter of 2007 were approximately $15 million higher than in the second quarter of 2006, primarily due to higher copper prices and increased gold production in the current year. Offsite processing costs, which are deducted in determining revenue, were $9 million lower in the second quarter of 2007 than in 2006 and therefore also contributed to higher revenues in the current year. These factors were offset by higher revenue from final pricing adjustments that occurred in the second quarter of 2006 as a result of a significant increase in the price of copper during that period.

At March 31, 2007, the end of the previous quarter, accounts receivable and revenues included approximately 45.5 million pounds of copper provisionally valued at $3.12 per pound. During the second quarter, 34 million pounds of copper that was provisionally valued at March 31, 2007 was settled at an average final price of $3.14 per pound.

At June 30, 2007, accounts receivable and revenues includes approximately 41.4 million pounds of copper provisionally valued at $3.47 per pound.

For the six month period ended June 30, 2007 revenues were $277,594 compared to $226,161 for the same period in 2006. The increase is primarily due to increased production of copper and gold and higher average metal prices in the current year.

Cost of Sales and Expenses

Cost of sales for the quarter ended June 30, 2007 was $57,103 compared to $60,639 for the second quarter of 2006. For the six months ended June 30, 2007, cost of sales increased to $119,337 from $111,826 in the same period of 2006. The changes in costs of sales are generally in line with changes in sales volumes. Amortization, depletion and depreciation for the quarter ended June 30, 2007 was $3,118 compared to $2,912 in 2006.

Royalties and mineral taxes for the quarter ended June 30, 2007 were $7,811 compared to $5,708 in 2006. For the six months ended June 30, 2007, royalties and mineral taxes were $13,016 compared to $8,015 in 2006. Higher copper and gold prices impacted royalty expense and Nevada net mining proceeds tax. In addition, in the first six months of 2006, royalty costs of $3,677 were paid into a trust for qualified rehabilitation expenditures, and therefore did not impact the statement of operations.

General and administrative expenses for the quarter ended June 30, 2007 were $2,243 in 2007 compared to $2,205 in the second quarter of 2006. General and administrative expenses for the first six months of 2007 increased to $4,535 from $3,980 in 2006 due to increased activities at the corporate office associated with the debt financings and the InterMoly acquisition.

The loss on derivatives was $10,267 in the second quarter ended June 30, 2007 compared to $101,360 in 2006. Derivative losses are lower in the current year as the Company settled the final contracts in June 2007 (see **Financial Instruments and Other Instruments**).

During the quarter ended June 30, 2007, the Company retired its second lien secured credit facility and incurred a loss on settlement of debt of $11,039. This loss is comprised of a $5,000 prepayment premium payable to the lenders, and the write-off of unamortized debt issue and warrant costs of $6,039.

Net interest and other income totalled $1,711 in the second quarter of 2007 compared to an expense of $69 in 2006. The increase was primarily due to increased interest income from the higher cash balances and a $950 gain on asset disposition that was recognized in the current quarter.

The Company recognized a foreign exchange gain of $2,888 in the second quarter of 2007 compared to $533 in the second quarter of 2006. The proceeds of the May 2007 equity financing were denominated in Canadian dollars and the Company benefited from a strengthening Canadian dollar in May and June.

The Company recorded an income tax expense of $14,216 for the quarter ended June 30, 2007 compared with a recovery of $9,699 in 2006. The tax provision for the first six months of 2007 was recorded based on an estimated annual effective tax rate of 28% compared to an effective rate of 26% for the first six months of 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.

SUMMARY OF QUARTERLY RESULTS

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

SUMMARY OF QUARTERLY RESULTS								
	2007		2006 (As restated)				2005 (As restated)	
$ US 000s	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Statement of Operations								
Revenues	141,139	136,455	99,173	67,923	142,225	83,936	65,331	63,432
Operating income (loss)	72,618	64,972	30,713	24,005	72,431	33,181	29,757	11,021
Earnings (loss) before income taxes	50,772	59,876	56,375	26,960	(31,696)	(45,076)	(8,982)	(16,489)
Earnings (loss)	36,556	43,111	50,960	20,634	(21,997)	(35,163)	(5,609)	(13,384)
Basic earnings (loss) per share	$ 0.78	$ 1.13	$ 1.34	$ 0.55	$ (0.59)	$ (1.15)	$ (0.20)	$ (0.49)
Diluted earnings (loss) per share	$ 0.76	$ 1.12	$ 1.32	$ 0.54	$ (0.59)	$ (1.15)	$ (0.20)	$ (0.49)
Financial Position								
Cash	278,462	224,252	47,774	37,864	50,211	24,421	9,128	9,413
Total Assets	687,457	531,266	335,966	328,426	347,894	308,182	250,642	178,716
Total Liablities and non-controlling interest	263,687	318,461	170,850	214,592	259,062	203,468	157,890	80,768
Shareholders' equity	423,770	212,805	165,116	113,834	88,832	104,714	92,752	97,948
Production Statistics - Robinson mine								
Copper production (million lbs)	32.2	36.6	35.3	33.3	27.8	25.0	31.6	36.5
Gold production (ozs)	25,893	31,040	27,646	20,425	12,532	14,471	22,262	24,666
Copper grade (%)	0.59	0.67	0.67	0.69	0.52	0.53	0.57	0.60
Gold grade (g/t)	0.36	0.46	0.41	0.32	0.24	0.27	0.34	0.39
Copper recovery	71.4%	75.0%	61.0%	63.4%	70.3%	69.5%	73.5%	79.5%
Gold recovery	64.0%	63.1%	53.7%	57.9%	47.5%	54.5%	61.5%	57.3%
Total onsite and offsite costs	69,397	66,090	64,166	67,219	67,979	62,622	52,328	58,250

The quarterly performance of the Robinson Mine varies as a result of changes in head grade, metal recovery and waste stripping requirements. Due to the complex nature of the Robinson 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.

REVIEW OF OPERATIONS AND PROJECTS

ROBINSON MINE

	Three months ended June 30		Six months ended June 30	
	2007	2006	**2007**	2006
Copper production (Million lbs)	**32.2**	27.8	**68.8**	52.8
Gold production (ozs)	**25,893**	12,532	**56,933**	27,003
Waste mined (Tonnes 000's)	**15,470**	16,605	**31,717**	30,823
Ore mined (Tonnes 000's)	**3,455**	3,274	**6,523**	6,985
Ore milled (Tonnes 000's)	**3,468**	3,422	**6,770**	6,515
Onsite costs	**$ 53,716**	$ 44,879	**$ 99,140**	$ 85,425
Offsite costs	**$ 15,681**	$ 23,100	**$ 36,347**	$ 45,176
Total costs	**$ 69,397**	$ 67,979	**$ 135,487**	$ 130,601
Capital expenditures	**$ 7,127**	$ 3,074	**$ 11,166**	$ 3,882
By product credits				
- Gold and silver	**$ 15,756**	$ 8,713	**$ 37,153**	$ 20,238
- Molybdenum	**$ 1,109**	$ 1,527	**$ 1,109**	$ 4,678
Copper grade (%)	**0.59**	0.52	**0.63**	0.52
Gold grade (g/t)	**0.36**	0.24	**0.41**	0.25
Copper recovery	**71.4%**	70.3%	**73.3%**	70%
Gold recovery	**64.0%**	47.5%	**63.9%**	50.8%
Mill Operating Time	**94%**	89%	**91%**	89%

During the second quarter of 2007 a total of 18.9 million tonnes of ore and waste were mined from the Veteran area of the Tripp – Veteran pit. Ore mining was from the deeper portion of the Veteran pit, which impacted haulage profiles resulting in a lower average mining rate than in the second quarter of 2006.

Copper production for the quarter ended June 30, 2007 was 32.2 million pounds, compared to 27.8 million pounds for the same quarter in 2006. Copper production for the first half of 2007 was 68.8 million pounds compared to 52.8 million pounds in the first half of 2006. The increased copper production in 2007 is a result of increased copper head grade.

Gold production in the second quarter of 2007 was 25,893 ounces compared to 12,532 ounces in 2006. Gold production for the first half of 2007 now totals 56,933 ounces compared to 27,003 ounces in the first half of 2006. The increase in gold production in 2007 is due to the combination of increased gold head grade and an increase in gold recovery. The increase in gold recovery is directly related to the higher head grade.

Robinson Operating Costs

Operating costs are comprised of onsite and offsite costs. Onsite costs are primarily driven by the volume of waste and ore moved, payroll costs, equipment maintenance costs, and royalties. Onsite costs for the quarter ended June 30, 2007 were $53,716 compared to $44,879 in the second quarter of 2006. Onsite costs for the first half of 2007 were $99,140 compared to $85,425 in the first half of 2006. The increased costs in the first half of 2007 primarily relate to an additional $4.2 million of costs for tire replacements on haul trucks, an additional $2.4 million of costs for scheduled replacements of major components on the haul trucks, and an additional $4.5 million of royalty costs. Royalty costs are higher in 2007 as a result of increased production, higher copper and gold prices and the impact of royalty costs now being fully payable (see "**Costs of Sales and Expenses**").

Offsite costs are primarily driven by smelting and refining charges, the volume of concentrate transported, and rail and ocean freight rates. Offsite costs were $15,681 for the quarter ended June 30, 2007 as compared to $23,100 in the second quarter of 2006. The decrease in offsite costs is primarily due to lower rates for smelting and refining charges which have continued to fall as a result of surplus smelting capacity. This cost reduction was partially offset by an increase in ocean freight rates, reflecting a general tightening in the ocean freight market. Smelting costs have fallen significantly in the latter part of 2006 and early 2007 and this will impact operating costs in the future. There has been upward pressure on freight rates through 2007, reportedly as a result of port congestion in Australia, which has partially offset the fall in smelting costs.

For the quarter ended June 30, 2007 the cash cost per pound of copper produced, including stripping costs, was $1.63 compared to $2.07 in the second quarter of 2006. For the first six months of 2007, the cash cost per pound of copper produced was $1.41 compared to $2.00 for the same period in 2006. These reductions are primarily a result of increased copper production, increased gold by product revenue, and lower refining and smelting costs. Cash costs per pound in the second quarter of 2007 have increased to $1.63 from $1.22 in the first quarter of 2007 primarily due to the tire replacements and other scheduled maintenance activities on mining equipment that occurred in the second quarter. 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.

Robinson Production Outlook

The first phase of mining in the Veteran Pit is expected to be completed in July, at which time the second phase will provide all of the ore for the remainder of the year. The anticipated supergene zone of secondary enrichment in the upper portion of the deposit was reached in the second quarter and mining will continue through this zone during the third quarter. This zone typically shows higher ore grade and lower metallurgical recovery, and is expected to perform similarly to the supergene encountered during the last two quarters of 2006. The Company’s forecast of 125 million pounds of copper production in 2007 reflects the expected impact of the supergene material.

Gold production exceeded expectations in the first half of 2007 and the Company recently revised its annual gold guidance upwards to approximately 90,000 ounces. Technical studies are underway to evaluate methods of improving the gold grade estimated in the Veteran pit. Molybdenum head grades are expected to be low and erratic in the remainder of the Veteran pit. The current database and operating experience indicates that there is not likely to be significant molybdenum production from this pit.

The global shortage of large off-road tires is being addressed by improvements in operating practices which are extending the useful life of all tires. The Company also entered into a tire supply agreement to help meet 2007 requirements.

Mill recoveries are expected to follow the trends observed in the first phase of the Veteran pit, 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 blanket. An automated lime slaking system has been installed and is providing improved chemical control in the flotation circuit.

Exploration drilling in 2007 has focused on the potential for additional reserves in the Veteran pit, with the accumulated data expected to be converted into a resource estimate by early next year. Drilling to provide metallurgical samples has begun and will continue in Ruth, as will exploration drilling following completion of the Veteran drilling.

Robinson Cost Outlook

By the fourth quarter of 2006, elements of the primary haulage fleet, which was new at the commencement of operations in 2004/5, had reached the hours of use at which major engine and drive train components are normally replaced. Improved control of maintenance and operating practices allowed some deferral of replacement costs in the first quarter of 2007. In the second quarter of 2007, these replacement costs had a significant impact on the mine’s operating costs and the replacement programme is expected to continue into the fourth quarter of 2007.

CARLOTA COPPER PROJECT

During the quarter ended June 30, 2007 the Company initiated construction activities at the Carlota Copper Project. Prior to June 1, 2007, development activities consisted of drilling additional monitoring wells, water supply system development, site access road development, ordering of mine and processing equipment, the continued development of detailed engineering and the ordering of long lead time equipment and mechanical items. Since June 1, 2007, construction activities included the development of primary access and haul roads, vegetation removal and initial grading of mine facilities sites, testing of the water supply system and the delivery and erection of mine equipment.

In the first six months of 2007, the Company has incurred capital expenditures of $41 million on the project, including $10 million on construction activity and $31 million for mining equipment.

Carlota Outlook

Construction service and supply contracts will continue to be negotiated and awarded during the third quarter of 2007. Leach pad grading and development activities, SX-EW plant construction and ancillary facilities development and pre production mining activities will take place in the second half of 2007.

The Company reports the development of the project to be on schedule and anticipates commencement of copper production in the second half of 2008.

SIERRA GORDA

During the first half of 2007, $3,389 was spent on the Sierra Gorda exploration project compared to $1,081 for the first half of 2006. Work in the second quarter was primarily related to the drill program. The Company also spent $927 on claim option payments and $734 on water right option payments in the first half of 2007.

The results from last years 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. The priority for the first half of 2007 has been to evaluate and extend sulphide and oxide mineralization in the “281 Zone” - the area around the discovery hole from last year. In addition, the program will evaluate covered oxide and sulphide targets generated by last year’s shallow grid drilling, and other sulphide targets within the claim block. Data from this year and prior years drilling will contribute to new resource estimates for sulphide and oxide material. The Company has approved expenditures of up to $15 million in 2007. At the end of the quarter there were five drill rigs on site. This drill programme is expected to be completed by the end of the year.

MALMBJERG MOLYBDENUM PROJECT

The Company has acquired 82% of the outstanding shares of International Molybdenum Plc (“InterMoly”) which holds the rights to the Malmbjerg molybdenum project (see **InterMoly Acquisition**). The Malmbjerg project is located on the east coast of Greenland and is one of the highest grade molybdenum projects amenable to open pit mining that is currently being considered for development. The studies carried out by InterMoly before the acquisition proposed a conventional open pit operation with a production rate of approximately 23 million pounds per year of molybdenum commencing in 2011. In July 2007, the Company announced that InterMoly had commenced the feasibility level studies required to make a development decision for the project. Work includes in-fill and geotechnical drilling, pilot plant testing of a bulk sample, environmental permitting applications, basic engineering and cost studies.

The budget through to the end of the study period is US$15 million with a completion target for the first half of 2008. As of June 30, 2007 the Company had incurred costs of approximately $3 million on the project.

InterMoly Acquisition

On March 30, 2007 Quadra announced its intention to make an offer (the “**Offer”**) to acquire all of InterMoly’s issued share capital (the “InterMoly Shares”) and traded warrants (the “InterMoly Warrants”)**.**

The Offer was 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. An irrevocable undertaking to accept the Offer was received from Galahad Gold plc ("Galahad") in respect of approximately 78% of the InterMoly Shares and 25% of the InterMoly Warrants. The InterMoly directors considered the terms of the Offer to be fair and reasonable and agreed to recommend the Offer to holders of InterMoly Shares and InterMoly Warrants. The Offer, which was subject to a number of conditions, was mailed to InterMoly Shareholders and Warrant holders on April 27, 2007 along with a prospectus equivalent document.

On May 11, 2007 the Company announced all of the conditions of the Offer had either been satisfied or waived and extended the Offer to June 12, 2007. The Offer was further extended to June 22, 2007 and closed on that date with Quadra having validly received approximately 82.5% of InterMoly Shares and 90.8% of InterMoly Warrants.

The admission of InterMoly to the Alternative Investment Market of the London Stock Exchange was cancelled on June 25, 2007 and trading of the InterMoly Shares and InterMoly Warrants ceased at that time. The Company intends to exercise its right to acquire compulsorily all of the remaining outstanding InterMoly Warrants that it does not already hold.

A total of 3,238,696 common shares of the Company were issued in exchange for the interest in InterMoly. The fair value of the acquisition was $39.8 million, which includes transaction costs of $2.6 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company's source of cash flow from operations is the Robinson Mine. The Company generated cash flow from operations (excluding working capital changes) of $43.4 million in the second quarter of 2007 compared to $9.3 million in the second quarter of 2006. The increased cash flow primarily relates to the lower realized loss on derivatives in the current year, as the forward sale contracts entered into in 2006 were settled and not replaced. The Company also benefited from higher metal production and prices in the first six months of 2007 which contributed to an increase in cash flow from operations (excluding working capital changes) to $85.0 million from $25.1 million in the first half of 2006.

The Company incurred capital expenditures of $40 million at the Carlota project in the first six months of 2007, primarily related to equipment purchases and construction costs. The Company also spent $8 million on exploration and development of Sierra Gorda and Malmbjerg and invested $11 million in capital expenditures and development at the Robinson Mine.

In March 2007 the Company completed a $200 million syndicated private loan financing, consisting of a $150 million First Lien Secured Credit Facility ("First Facility") and a $50 million Second Lien Junior Secured Credit Facility ("Second Facility"). The First Facility has a 5 year term and bears interest at LIBOR + 6.5%. The Second Facility had a 7 year term and bore interest at LIBOR + 10%. The Second Facility was repaid in full in June 2007. With respect to the First Facility, the Company has certain prepayment options and the lenders have the ability to call a portion of the debt on a semi-annual basis (see **Commitments and Contractual Obligations**). The First Facility is secured by all Company assets except Sierra Gorda and payments and distributions outside of the secured group of assets are subject to certain restrictions. The Company paid fees and other transactions costs of $7.7 million in connection with arranging the Facilities, and also issued 2,027,776 warrants to the Second Facility Lenders. Each warrant entitles the holder to purchase a common share of the Company at an exercise price of $Cdn9.24 per share before March 1, 2012.

In the first quarter of 2007, the Company repaid the $16,900 balance that was outstanding under its working capital facility with Macquarie Bank Ltd. ("Macquarie"), and this facility expired on March 31, 2007. The Company's hedge line of credit facility with Macquarie also expired on June 30, 2007 following settlement of the remaining forward sale contracts in the second quarter (see section below "**Financial Instruments and Other Instruments**").

In May 2007, the Company completed an equity financing with a syndicate of underwriters through which the Company issued 11.96 million units at a price of $Cdn12.60 per unit for gross proceeds of $Cdn150.7 million. Each unit consisted of one common share of the Company and one-half of a warrant, with each whole warrant entitling the holder to purchase an additional common share at an exercise price of $Cdn20.00 for a period of three years. The Company incurred share issue costs of $5.8 million in connection with this offering.

A portion of the proceeds of the equity financing was used to repay the $50 million Second Facility which was retired in June 2007. Under the terms of the Second Facility, the Company was required to pay a prepayment premium of $5 million to retire this debt.

At June 30, 2007 the Company had working capital of $290 million as compared to a working capital deficiency of $18.7 million at December 31, 2006. The increase in the working capital position is primarily due to the equity financing completed in May 2007, the long-term debt financing completed in March 2007, the settlement of the forward sale position, and the impact of improving metal prices. At June 30, 2007, accounts receivable and revenues includes approximately 41.4 million pounds of copper provisionally valued at $3.47 per pound. The final pricing for these provisionally priced sales is expected to occur between July and October of 2007. Changes in the price of copper from the amounts used to calculate the provisional values will impact the Company's revenues and working capital position in future periods.

At June 30, 2007 the Company had cash on hand of approximately $278 million. The Company has expansion plans, including but not limited to, construction of the Carlota project by the fourth quarter of 2008 with a projected capital cost of $189 million, working capital requirements related to Carlota mine start up of $29 million, and exploration and development activities related to Sierra Gorda and Malmbjerg where the Company expects to spend a total of $30 million in 2007.

Management expects that, at current copper prices, the cash on hand and funds generated from mining operations will be sufficient for the Company to complete construction of the Carlota project and the current planned programs at Sierra Gorda and Malmbjerg.

Commitments and contractual obligations

	Payment Due By Period						
($ thousands)	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**After 5 years**	**Total**
Senior secured credit facility and interest payments (a)	17,250	17,250	17,250	17,250	150,000	-	219,000
Deferred gold consideration (b)	15,773	-	-	-	-	-	15,773
Equipment purchase (c)	7,980	-	-	-	-	-	7,980
Reclamation liabilities (d)	-	-	-	-	-	87,262	87,262
Take or pay contract (e)	13,656	6,600	6,600	-	-	-	26,856
Minimum lease payments (capital and operating)	5,803	11,503	11,386	14,300	5,917	320	49,230
Total	60,462	35,353	35,236	31,550	155,917	87,582	406,101

(a) Senior secured credit facility

Interest on the Company's $150 million First Facility is payable quarterly based on an annual interest rate of LIBOR + 6.5%. The Company is obligated to make a semi-annual offer to the lenders to repay an amount equal to 50% of excess cash flow, as computed under the terms of the First Facility. The Company also has the right to prepay the First Facility at a premium of 103% for the first three years, 102% in the fourth year and 101% in the fifth year.

(b) Deferred Gold Consideration

The Company is obligated to deliver 25,000 ounces of gold to Iamgold Corp (formerly Cambior) in connection with its acquisition of the Carlota project in 2005. The deferred gold consideration was calculated based on the forward price of gold for the four quarterly payments. Based on the terms of the purchase contract, the Company expects that the first quarterly payment of 6,250 ounces will be made in the third quarter of 2007.

(c) Capital commitments

As of June 30, 2007 the Company had committed to capital expenditures of $8 million primarily related to equipment for the Carlota project.

(d) Reclamation liabilities

The Company has estimated total future reclamation costs of $87.3 million (undiscounted), primarily related to the closure of the Robinson Mine.

(e) Take or Pay Contracts

In 2007 the Company entered into an agreement to purchase, on a take or pay basis, 504,000 gallons of fuel per month until February 2008. The Company has also signed a three year tire supply contract for a total commitment of approximately $6,600 per year.

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 closing spot price of copper on the LME peaked at $3.99/lb.

The following graph shows the inventory level, as published by the London Metal Exchange (“LME”), of copper and the spot price of copper from 1990 to June 30, 2007.

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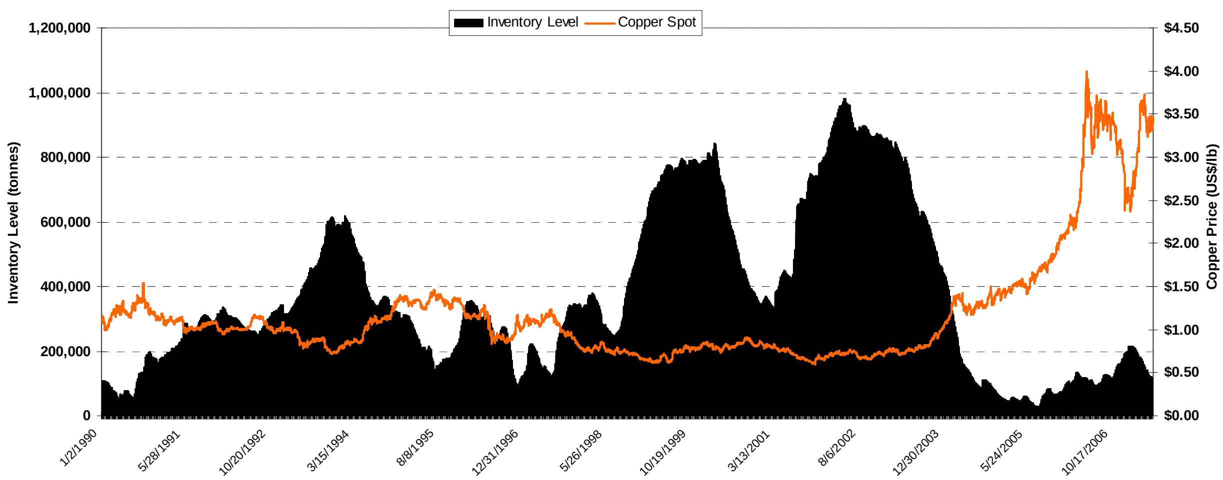
LME Copper Price & Inventory



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 112,600 tonnes as of June 30, 2007.

The copper price has remained volatile over the past 12 months with the spot price ranging from a low of $2.37 per pound to a high of $3.73 per pound during this period. During the second quarter of 2007, the spot price ranged from a low of $3.13 to a high of $3.73 per pound. At June 30, 2007 the closing spot price was $3.47 per pound. At August 13, 2007, the closing spot price was $3.49 per pound.

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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's revenues and cash flows are subject to fluctuations in the market price of copper and gold. In addition, there is a time lag between the time of initial payment on shipment and final pricing, and changes in the price of copper and gold during this period impact the Company's working capital position.

As of June 30, 2007 the Company has no outstanding forward sales contracts for copper or gold. As at December 31, 2006 the Company had forward contracts outstanding to sell 67 million pounds of copper at an average price of $2.26 per pound and 24,000 ounces of gold at an average price of $429/oz. The outstanding copper contracts related to metal produced in 2006 but the final pricing of the sales and settlement of the contracts did not occur until 2007. At December 31, 2006 the Company recorded a liability of $46.5 million based on the fair value of the outstanding forward contracts at that time. In the first six months of 2007, the Company recorded realized derivative losses of $54.4 million on the income statement, based on the difference between the actual sales prices and the forward contracted prices.

No 2007 production has been sold forward. However, in order to protect against commodity price volatility and to ensure that the Company can complete construction of the Carlota project, the Company has instituted a floor price protection program. Under this program, the Company has purchased put options for approximately 80 million pounds of copper with an average strike price of US$2.27 until May 2008. The cost of the purchased puts was approximately $2 million. The fair value of these put options at June 30, 2007 was $0.5 million. The $1.5 million reduction in the fair value of the put options has been recognized as an unrealized derivative loss on the statement of operations in the second quarter.

During the quarter ended March 31, 2007 the Company entered into an agreement to purchase, on a take or pay basis, 504,000 gallons per month of diesel fuel for the 12 month period beginning February 1, 2007. As at June 30, 2007, the fair value of the contract was $1.1 million, resulting in an unrealized derivative gain of $0.2 million in the second quarter.

The Company's $150 million senior secured credit facility bears interest at a variable rate of LIBOR + 6.5%. As a condition of the $150 million credit facility, the Company purchased a contract which provides an interest rate cap. The contract effectively caps LIBOR at 5.35% for $100,000 of debt for a period of three years**.** The cost of the interest rate cap was $0.5 million. As at June 30, 2007, the fair value of the interest rate cap was $0.8 million, resulting in an unrealized gain of $0.3 million during the three month period ended June 30, 2007.

CONTINGENCIES

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 ("EPA"). 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.

In July 2007 the Company received a notice that a claim had been filed in Chilean courts against the Company's wholly-owned Chilean subsidiary, Minera Quadra Chile Limitada. The claimant is a 5.33% shareholder in a corporation (the "Optionor") with which the Company signed an option agreement in 2004. The claimant is seeking to nullify the option agreement on the basis that the Optionor did not obtain proper shareholder approval of the agreement. This agreement is one of the six option agreements that the Company holds with respect to its Sierra Gorda mineral property. Based on advice received from Chilean counsel the Company believes that the option agreement is valid and that the claim is without merit.

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 three months ended June 30, 2007, the Company incurred legal fees of $572 and consulting fees of $Nil respectively to those entities (three months ended June 30, 2006: $38 and $Nil respectively). During the six months ended June 30, 2007, the Company incurred legal fees of $761 and consulting fees of $11 respectively to those entities (six months ended June 30, 2006: $199 and $29 respectively).

CRITICAL ACCOUNTING POLICIES AND 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 policies and estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management.

Mineral Properties

Exploration and development costs relating to specific properties are capitalised and deferred until the project to which they relate is sold, abandoned, impaired or placed into production. 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

Revenue is recognized when title passes, the rights and obligations of ownership pass to the customer, and payment is reasonably assured. The majority of the Company's concentrate is sold under pricing arrangements where final pricing is not determined until a number of months after the point of recognition. The Company estimates provisional pricing for its concentrate based on forward prices for the expected date of the final settlement. Adjustments are recorded in future periods for metal price changes subsequent to the date of the sale. As a result, quarterly revenues include estimated prices for sales in the quarter as well as pricing adjustments for sales that occurred in previous quarters. These types of adjustments can have a material impact on the revenues within a quarter.

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 National Instrument 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 June 30, 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 Tax Assets

The Company has recognized a net current future income tax asset of $4.0 million and a net non-current future income tax liability of $10.7 million 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 net tax assets which have 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 described in Note 3 of the interim financial statements.

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". These new standards were adopted on a prospective basis in 2007 with no restatement of prior period financial statements.

In accordance with these standards the Company classified all financial instruments as either held-to-maturity, available-for-sale, held for trading, or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized on the statement of operations. Transaction costs on financial assets and liabilities classified other than as held for trading are treated as part of the investment cost. The Company currently does not apply hedge accounting to its derivative instruments.

OUTSTANDING SHARE DATA

The Company's issued and outstanding shares at June 30, 2007 totalled 53,991,284. As of August 14, 2007 the Company's issued and outstanding shares are 54,063,777.

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 would indicate that any potential weakness in the mine's internal controls over information technology has resulted in a material misstatement of the financial statements of the Company.

August 14, 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 Quadra's 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.
* Provisional payments on concentrate material that the Company sells; 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 licences, 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 or postponement of development projects or even a loss of the mineral 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 Quadra’s 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 Quadra’s operations are located;
> the protection of the health and safety of mine workers; and
> mineral rights ownership in countries where Quadra’s 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 including truck tires, 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 derivative 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 used to report Quadra’s 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 in which Quadra operates.
* Labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which Quadra operates 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 Quadra’s mines or interrupt the delivery of Quadra’s product to customers.
* Quadra’s reliance on a single producing property.
* Uncertainties relating to acquisitions, including whether the recently acquired Carlota copper project and Malmbjerg molybdenum 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 Annual Information Form. 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.