



QUADRA MINING LTD.
Q2 2007 CONFERENCE CALL
August 15th, 2007 – 11.00am ET

Good morning ladies and gentlemen. I'd like to welcome you to this conference call, during which we will discuss Quadra Mining's second quarter 2007 financial results, as well as update you on the Robinson operation, the Carlota project, exploration at our Sierra Gorda project in Chile and the Malmbjerg project in Greenland. With me today on the call are Derek White, Chief Financial Officer and Stuart McDonald VP, Finance and we will be available to answer any questions following my overview.

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

The second quarter of 2007 was the fourth consecutive quarter at the Robinson Mine with copper production in excess of 30 million pounds, the mine producing 32.2 million pounds, together with 26 thousand ounces of gold. The quarter also saw the settlement of the last of the forward sales contracts from the 2006 hedging programme, so that we are now positioned to reap the full benefits of the continuing strong copper price as we go forward. During the quarter we advanced our strategic growth plan on a number of fronts, with the finalization of the International Molybdenum plc acquisition and initiation of work at Malmbjerg, the commencement of on-the-ground construction at Carlota and the continuation of a major drill campaign at Sierra Gorda. We also closed the CDN\$150 million bought deal equity financing that has contributed to our current stronger balance sheet.

In the second quarter, net revenues were \$141 million and earnings were \$37 million or \$0.78 per share. This compares to a loss of \$ 22 million or (\$0.59) per share in the three months ended June 30, 2006. The most significant contributing factor to this improvement was obviously the impact of the loss on derivatives of some \$ 101 million in 2006 as compared to \$ 10 million in 2007, but other factors include the improved production and overall cost performance at Robinson. The realized provisional price for copper was \$3.43 and for gold was \$668 per ounce.

Operating Income was \$ 73 million for second quarter some 12% higher than the first quarter and the same as the comparable period in 2006. This increase was attributable to higher metal prices

whilst cost of sales, non cash costs and royalties remain at similar levels to the first quarter.

Operating cash flow before working capital was \$43.4 million or \$0.92 per share. Operating cash flow after working capital was \$22.4 million, driven to a large extent by final settlement of the remaining hedge position.

As our core operation, Robinson has continued to perform very much in line with plan and our expectations during the second quarter in terms of all production parameters, other than gold. While the grade profile of Robinson will always vary as a result of its complex mineralogy and metallurgy – we are seeing the mine operating with an increasing level of predictability

Looking at gold, with a total of 56,933 ounces of gold produced in the first two quarters of the year 2007, we recently increased our annual gold production from 60,000 ounces to approximately 90,000 ounces and I use the word approximately advisedly. I think that it is important to bear in mind that the whole process of developing a view on production is not an exact science and that we are always endeavouring to provide a number that we have a reasonably high probability of delivering against. Clearly the block model is understating the level of gold production in the Veteran Pit and we are working on methods of improving the precision of the gold grade prediction and therefore production estimates.

The precision available for assays associated with the drilling campaigns in the 1950's to 1970's was less than current methodology and gold was not

assayed for by all previous operators. The result has been that the current gold grade estimates are missing the mark. As part of our technical review, historical pulps are being re-assayed and a limited amount of new drilling is being done.

Molybdenum head grades are expected to be low and erratic for 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. This said, we still expect a significant level of molybdenum production from the Ruth pit from 2010 onwards,

The most important contribution to the improved production performance at the mine is the skill and experience of the workforce, which has moved us to where we are now. Safety is of course the number one job of everyone and Robinson achieved two important milestones during the second quarter. On May 10, 2007, Robinson reached one million man hours without a Lost Time Accident – a milestone few mines reach. On May 14th, the mine achieved one year without a lost time accident. These are achievements that we are all proud of.

Turning to unit costs, while the cost per pound for the quarter at \$1.63 was substantially better than a year ago, it was higher than the \$1.22 per pound in the first quarter, and brings us to \$ 1.41 per pound for the six months ended June 30th,

On site costs are driven primarily by tons of ore and waste mined and tons of ore milled., The actual operating components of these costs are reasonably constant with the maintenance component more

variable depending on events. The mine fleet at Robinson was purchased new in 2004 and by the fourth quarter of 2006 had reached the point where normal course scheduled replacement of many large drive train components was required. Careful attention to maintenance and operating practices allowed deferral of replacement costs in the first quarter of 2007, but prudence now requires the programme to be implemented and it will extend from the second quarter into the fourth quarter of 2007.

During the first half of the year on site costs were \$99 million as compared to \$85 million for the first half of 2006. A good portion of the increased costs in the first half of 2007 relate to an additional \$4.2 million of costs for tire replacements on haul trucks and an additional \$2.4 million of costs for the scheduled replacements of major components on the haul trucks. The other significant factor was 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 chargeable, whereas previously a portion went to the closure trust fund, until this became fully funded in the second quarter of last year.

Offsite costs relate to the transportation and smelting and refining of metal concentrates. The Robinson offsite costs were \$ 36 million for the six months ended June 30, 2007 as compared to \$ 45 million incurred in the same period of 2006. The decrease in costs is a result of the reduction of smelting and refining charges in 2007, a global market driven gain... These costs have been offset to some extent by higher ocean shipping costs, a

result - as we understand it - of congestion issues off Australia.

Looking forward at Robinson, we are now mining ore from the next pushback in the Veteran pit, which means that we have reached the ore that has given us issues in the past, including high oxide, copper coated pyrite and as we get into the supergene zone, the Nasox material that typically shows higher ore grade but lower metallurgical recovery. This zone will provide the ore feed during the third quarter and into the fourth quarter. We have a good handle on what is coming and how it will perform, following the drill programme completed last year and, as previously indicated have built all that we know into our guidance and our forecast of 125 million pounds of copper production in 2007 does reflect the expected impact of the supergene material,

There are a couple of differences this year as compared to last year which we have yet to assess the impact of. The first is that there are no historical workings. These, you may recall, had led to significant post mining oxidation with both recovery impacts and pH control impacts. We have also invested in a new lime slaking system that is expected to increase our ability to control pH when processing the supergene material.

A large focus at Robinson this year has been exploring for additional reserves in the Veteran Pit. A resource estimate is scheduled for completion very early next year and as this program is completed, drilling to provide metallurgical samples and for exploration purposes will continue at the Ruth pit. Current pit development continues

to assume that mining will transition from the Veteran pit to the Ruth pit following the next pushback in Veteran. This would result in stripping at Ruth commencing in the fourth quarter of 2008 with ore production beginning in 2009.

Moving on to the development projects within the Company's asset portfolio, we have continued to make good progress in our growth plan during the quarter.

As mentioned at the beginning of the call, we closed the bought deal equity offering for gross proceeds of CDN \$150 million during the second quarter and used a portion of the proceeds to repay \$50 million of the \$200 million term loan previously raised for the development of the Carlota project.

Other uses of the proceeds were allocated to move our pipeline projects forward as well as providing working capital support at Robinson.

Beginning with Carlota: with the project fully funded, on-the-ground construction at Carlota commenced in the second quarter. The major components of the mine fleet arrived and we are on track to begin pre-stripping in this third quarter. Engineering and procurement is well advanced. Construction activities during the second quarter included development of primary access and haul roads, vegetation removal and the initial grading of mine facility sites, as well as installation of access and water supply infrastructure. We have in place an experienced management team who are overseeing the construction and can report that we are on schedule and on budget.

Looking forward, leach pad grading and SX/EW plant construction, together with continuing pre-stripping will be the major activities during the second half of 2007.

Turning to Sierra Gorda, during the second quarter we continued an extensive drill campaign that is designed to spatially extend the new mineralized zone – known as the 281 Zone - that has the potential to be a large porphyry deposit.

At the end of the quarter we had five rigs on site with two primary objectives; one to bring the sulphide up to a defined resource and two to chase down targets that resulted from the short hole drilling we did previously to establish the geology below cover.

While a defined resource won't be finalized until later on in the year for the 281 zone, we recognise that there is significant interest in this project and we will be issuing drill results from the 281 zone component upon its completion. We will take the same approach with the other component of the programme. As we've said in the past while access to water is difficult, we do not see it as a fatal flaw. We are still working on water supply for any project, and are weeks rather than months away from a progress report.

Moving on to our most recent M&A transaction, during the quarter the Company acquired 82.5% of the outstanding shares of International Molybdenum Plc. or "Intermoly" which holds the rights to the Malmbjerg project in Greenland. In consequence, Intermoly was delisted from the AIM. We also acquired over 90% of the warrants,

allowing us to commence compulsory acquisition of the balance.

We have commenced feasibility level studies at Malmbjerg with a view to being able to make an internal decision on how to proceed – or whether to - by the end of the first quarter of next year. Work in progress includes an infill drill program designed to add drill density and convert some of the material previously categorized as waste to ore. The reported resource as prepared for Intermoly already identifies 217 million tonnes at 0.12% Mo or 560 million pounds of contained molybdenum, making it one of the more significant, high grade advanced stage primary molybdenum projects in the world that can be open pit mined.

In addition to the infill drilling, work also includes geotechnical drilling, pilot plant testing of a bulk sample, environmental permitting applications, basic engineering and cost and trade-off studies.

Summing up, now that we have settled our 2006 hedge position, we expect to see cash flow generation from Robinson at a significant level in the second half of the year, subject of course to the whims of the copper price.

Bit by bit, we are putting together the pieces that will allow us to move towards mid tire status through organic growth and M&A activities.

We continue to look actively for acquisitions that meet our strategy, but of course we are also determined be disciplined in this as we go forward.

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