



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THIRD QUARTER ENDED SEPTEMBER 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 November 2, 2007 and is intended to be read in conjunction with the accompanying unaudited consolidated financial statements for the three and nine month periods ended September 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. In the first quarter of 2007, the Company also 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.

THIRD QUARTER HIGHLIGHTS:

- Earnings for the quarter ended September 30, 2007 were \$48,755 or \$0.90 per share (basic) compared to \$20,634 or \$0.55 per share (basic) for the quarter ended September 30, 2006.
- The Robinson Mine generated revenue of \$134,587 in the third quarter of 2007 from the sale of 32.5 million pounds of copper and 26,067 ounces of gold in concentrates compared to revenue of \$67,923 from the sale of 19.6 million pounds of copper and 10,132 ounces of gold in the third quarter of 2006.
- Cashflow from operating activities (before working capital changes)* was \$61,806 for the third quarter.
- There were no forward sale contracts in place during the third quarter of 2007.
- Production for the quarter was 30.7 million pounds of copper and 24,138 ounces of gold compared to 33.3 million pounds of copper and 20,425 ounces of gold for the third quarter of 2006.
- Onsite and offsite costs* were \$52,656 and \$16,284 respectively for the quarter ended September 30, 2007 compared to \$50,287 and \$16,932 respectively for the third quarter of 2006.
- On October 4, 2007 the U.S. Court of Appeals for the 9th Circuit released a decision to vacate the National Pollution Discharge Elimination (NPDES) permit for the Carlota Copper Project, and have it returned to the US Environmental Protection Agency for remediation.
- Construction at Carlota continued on schedule with commencement of copper production anticipated in the second half of 2008.
- The Company announced successful drill results at Sierra Gorda as well as the acquisition of water rights at various locations in Region II, northern Chile.
- The Company ended the third quarter with a cash balance of \$285.2 million.
- The Company was recently added to the S&P/TSX Composite Index. During the quarter the market capitalization of the Company exceeded \$1 billion for the first time.

**Under Canadian Generally Accepted Accounting Principles (“GAAP”), 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. Cashflow from operating activities (before working capital changes) is also not a defined term under GAAP, and consists of cash provided from operating activities less net changes in non-cash working capital.*

FINANCIAL PERFORMANCE

Earnings

Earnings for the quarter ended September 30, 2007 were \$48,755 or \$0.90 per share (basic) compared to earnings of \$20,634 or \$0.55 per share (basic) in the third quarter of 2006. The increase in third quarter earnings is primarily due to the higher revenues realized as a result of higher sales volumes and increasing metal prices.

For the first nine months of 2007, earnings were \$128,422 or \$2.76 per share (basic) compared to a loss of \$36,526 or \$1.01 per share (basic) for the same nine month period in 2006. The increased earnings in first nine months of 2007 are primarily due to the lower derivative losses in 2007 as the Company settled its remaining forward sale contracts in the first half of the year. Earnings for the nine month period in 2007 also benefited from higher revenues due to increased production and higher average metal prices in the current year.

Operating income for the quarter ended September 30, 2007 was \$64,527 compared with \$24,005 in 2006. Operating income for the first nine months of the year increased to \$202,115 in 2007 from \$123,495 in 2006. These increases were similarly due to higher revenues in 2007 as a result of increased production and higher metal prices.

Revenues

All of the Company's revenues are generated by the Robinson Mine. 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.

At June 30, 2007, the end of the previous quarter, receivables included approximately 41.4 million pounds of copper provisionally valued at \$3.47 per pound. During the third quarter, 31.5 million pounds of copper that was provisionally valued at June 30, 2007 was settled at an average final price of \$3.53 per pound.

In the third quarter, the Company shipped approximately 31.6 million pounds of copper at an initial provisional price of \$3.46 per pound; however final pricing of these shipments will not be determined until a future period. At September 30, 2007, receivables include a total of 42.5 million pounds of copper for which final pricing has not been determined and which has been provisionally valued at \$3.66 per pound, based on its estimated fair value at quarter-end.

Revenues from concentrate sales were \$134,587 for the quarter ended September 30, 2007 compared with \$67,923 for the same quarter in 2006. The increase in revenues is primarily due to higher sales volumes as the Company shipped approximately 47% more copper in the third quarter of 2007 than in the third quarter of 2006, and gold sales volumes also increased 133% over the same period. Revenues in the third quarter of 2007 were also positively impacted by pricing adjustments as a result of increasing copper and gold prices, and by lower refining and treatment costs, which are deducted in determining revenue.

For the nine month period ended September 30, 2007 revenues were \$412,181 compared to \$294,084 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 September 30, 2007 was \$58,256 compared to \$36,410 for the third quarter of 2006. For the nine months ended September 30, 2007, cost of sales increased to \$177,593 from \$148,237 in the same period of 2006. These increases in costs of sales are primarily due to the increased sales volumes in the current year. Amortization, depletion and depreciation for the quarter ended September 30, 2007 was \$3,810 compared to \$1,708 in 2006. For the nine months ended September 30, 2007, amortization, depletion and depreciation increased to \$10,493 from \$7,478 for the same period in 2006. The increases in amortization, depletion and depreciation are primarily due to the increase in sales volumes.

Royalties and mineral taxes for the quarter ended September 30, 2007 were \$7,232 compared to \$5,255 in 2006. For the nine months ended September 30, 2007, royalties and mineral taxes were \$20,249 compared to \$13,270 in 2006. The increase in royalties and mineral taxes is primarily due to higher metal prices and increased production in the current year. In addition, in the first half 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 September 30, 2007 were \$2,765 in 2007 compared to \$1,724 in the third quarter of 2006. General and administrative expenses for the first nine months of 2007 increased to \$7,298 from \$5,756 in 2006 due to increased activities at the corporate office.

There were no forward sale contracts in place during the third quarter of 2007. The loss on derivatives for the quarter was \$1,743 and relates to a take or pay fuel contract, an interest rate cap, and copper put options (see **Financial Instruments and Other Instruments**). For the nine month period to September 30, 2007, the loss on derivatives was \$14,522 and primarily related to the forward sale contracts which were all settled by June 2007. For the three and nine month periods ended September 30, 2006, the loss on derivatives was \$9,338 and \$179,745, respectively, and related to the forward sale contracts.

Net interest and other income totalled \$1,937 in the third quarter of 2007 compared to \$209 in 2006. Net interest and other income for the nine month period to September 30, 2007 was \$3,758 compared to an expense of \$618 in the first nine months of 2006. These increases are primarily due to increased interest income from the higher cash balances and a \$950 gain on asset disposition that was recognized in 2007.

Foreign exchange gains increased to \$3,283 for the third quarter of 2007 and \$6,152 for the first nine months of 2007 from (\$204) and \$53, respectively, for the same periods in 2006. The proceeds of the May 2007 equity financing were denominated in Canadian dollars and the Company has benefited from a strengthening Canadian dollar since then.

The loss on settlement of debt of \$11,039 relates to the second lien secured credit facility which was retired in June, 2007 (see **Liquidity and Capital Resources**).

In the third quarter of 2006, the Company earned a termination fee of \$24,194 related to an option agreement with AMP Life Limited, the major shareholder of Equatorial Mining Limited, as a result of the Company's unsuccessful attempt to acquire all of the issued and outstanding common shares of Equatorial. The Company incurred total fees and costs of \$9,722 related to this transaction, resulting in a net gain of \$14,472 which was recognized in the third quarter of 2006.

The Company recorded an income tax expense of \$45,965 for the nine month period ended September 30, 2007 compared with a recovery of \$13,286 for the same period in 2006. The tax provision for the first nine months of 2007 has been recorded based on an estimated annual effective tax rate of 26.5% which is consistent with the rate used for the same period in 2006.

SUMMARY OF QUARTERLY RESULTS

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

SUMMARY OF QUARTERLY RESULTS								
	2007			2006 (As restated)			2005 (As restated)	
\$ US 000s	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Statement of Operations								
Revenues	134,587	141,139	136,455	99,173	67,923	142,225	83,936	65,331
Operating income (loss)	64,527	72,618	64,972	30,713	24,005	72,431	33,181	29,757
Earnings (loss) before income taxes	63,739	50,772	59,876	56,375	26,960	(31,696)	(45,076)	(8,982)
Earnings (loss)	48,755	36,556	43,111	50,960	20,634	(21,997)	(35,163)	(5,609)
Basic earnings (loss) per share	\$ 0.90	\$ 0.78	\$ 1.13	\$ 1.34	\$ 0.55	\$ (0.59)	\$ (1.15)	\$ (0.20)
Diluted earnings (loss) per share	\$ 0.86	\$ 0.76	\$ 1.12	\$ 1.32	\$ 0.54	\$ (0.59)	\$ (1.15)	\$ (0.20)
Financial Position								
Cash	285,210	278,462	224,252	47,774	37,864	50,211	24,421	9,128
Total Assets	758,900	687,457	531,266	335,966	328,426	347,894	308,182	250,642
Total Liabilities and non-controlling interest	270,671	263,687	318,461	170,850	214,592	259,062	203,468	157,890
Shareholders' equity	488,229	423,770	212,805	165,116	113,834	88,832	104,714	92,752
Production Statistics - Robinson mine								
Copper production (million lbs)	30.7	32.2	36.6	35.3	33.3	27.8	25.0	31.6
Gold production (ozs)	24,138	25,893	31,040	27,646	20,425	12,532	14,471	22,262
Copper grade (%)	0.66	0.59	0.67	0.67	0.69	0.52	0.53	0.57
Gold grade (g/t)	0.39	0.36	0.46	0.41	0.32	0.24	0.27	0.34
Copper recovery	58.1%	71.4%	75.0%	61.0%	63.4%	70.3%	69.5%	73.5%
Gold recovery	52.5%	64.0%	63.1%	53.7%	57.9%	47.5%	54.5%	61.5%
Total onsite and offsite costs	68,940	69,397	66,090	64,166	67,219	67,979	62,622	52,328

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 Sept 30		Nine months ended Sept 30	
	2007	2006	2007	2006
Copper production (Million lbs)	30.7	33.3	99.5	86.0
Gold production (ozs)	24,138	20,425	81,071	47,428
Waste mined (Tonnes 000's)	13,977	14,425	45,695	45,247
Ore mined (Tonnes 000's)	4,405	4,175	10,928	11,160
Ore milled (Tonnes 000's)	3,648	3,426	10,418	9,941
Onsite costs	\$ 52,656	\$ 50,287	\$ 151,796	\$ 135,712
Offsite costs	\$ 16,284	\$ 16,932	\$ 52,631	\$ 62,108
Total costs	\$ 68,940	\$ 67,219	\$ 204,430	\$ 197,820
Capital expenditures	\$ 6,856	\$ 3,573	\$ 18,022	\$ 7,544
By product credits				
- Gold and silver	\$ 18,658	\$ 7,421	\$ 57,529	\$ 27,657
- Molybdenum	\$ 681	\$ 1,063	\$ 1,737	\$ 5,741
Copper grade (%)	0.66	0.69	0.64	0.58
Gold grade (g/t)	0.39	0.32	0.40	0.27
Copper recovery	58.1%	63.4%	67.8%	67.3%
Gold recovery	52.5%	57.9%	59.9%	53.7%
Mill Operating Time	92%	89%	91%	89%

During the third quarter of 2007 a total of 18.38 million tonnes of ore and waste were mined from the Veteran area of the Tripp – Veteran pit. In the third quarter, ore was largely mined from the supergene zone. As anticipated, copper recoveries were impacted by the presence of copper oxides, both acid soluble and non-acid soluble, that are associated with this zone and which are not amenable to flotation and therefore not recoverable. Copper production for the quarter ended September 30, 2007 was 30.7 million pounds, compared to 33.3 million pounds for the same quarter in 2006. Copper production for the first three quarters of 2007 was 99.5 million pounds compared to 86.0 million pounds in the first three quarters of 2006. The increased copper production in 2007 is a result of increased copper head grade and increased mill throughput. The increased mill throughput is directly related to improved pH control in the milling circuit, a capital project put in place as a result of experience gained in 2006.

Gold production in the third quarter of 2007 was 24,138 ounces compared to 20,425 ounces in 2006. Gold production for the first nine months of 2007 now totals 81,071 ounces compared to 47,428 ounces in the first nine months of 2006. The increase in gold recovery and gold production in 2007 is due to increased gold 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 September 30, 2007 were \$52,656 compared to \$50,287 in the third quarter of 2006, with the increase primarily due to higher royalty costs. Onsite costs for the first nine months of 2007 were \$151,796 compared to \$135,712 in the first nine months of 2006. The increased costs in the first nine months of 2007 primarily relate to an additional \$4.4 million of costs for tire replacements on haul trucks, an additional \$3.3 million of costs for scheduled replacements of major components on the haul trucks, and an additional \$6.5 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 \$16,284 for the quarter ended September 30, 2007 as compared to \$16,932 in the third quarter of 2006. This 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, substantially offset by the higher volumes of product shipped. Offsite costs for the first nine months of 2007 were \$52,631 compared to \$62,108 in the first nine months of 2006. The decrease in offsite costs for the nine month period is also primarily due to lower rates for smelting and refining charges, partially offset by higher volumes shipped and by increased ocean freight rates. There has been upward pressure on freight rates through 2007.

For the quarter ended September 30, 2007 the cash cost per pound of copper produced, including stripping costs, was \$1.62 compared to \$1.76 in the third quarter of 2006. For the first nine months of 2007, the cash cost per pound of copper produced was \$1.46 compared to \$1.91 for the same period in 2006. The reductions in the cash costs per pound have primarily been driven by increased gold by-product revenue and by changes in copper production, which has increased on a year to date basis but is lower on a quarter over quarter basis. 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

In 2008, the Company expects annual production of 130 million pounds of copper and 100,000 ounces of gold. Due to the continued complex nature of the Robinson ore body, metal production is expected to vary from quarter to quarter in 2008. The guidance includes the impact of the supergene zone, which will again be encountered later in the year.

For 2007, the Company expects to exceed its previous forecast of 125 million pounds of copper production, and this forecast reflects the expected impact of the supergene material encountered in third quarter. Gold production has exceeded expectations in 2007 and remained at levels higher than predicted by the block model. Based on the gold production trend and the year to date results, the Company is expecting to exceed the current gold guidance of 90,000 ounces for the current year. Technical studies, including re-assays of existing samples, are underway to evaluate methods of improving the gold grade estimated in the Veteran pit. By-product molybdenum production is expected to be low and erratic in the remainder of the Veteran pit. As a result, the molybdenum recovery plant is only being operated intermittently when the head grade is appropriate.

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 tire requirements for 2007-2009. While the shortage of tires continues, the situation seems to be moderating as additional production capacity and new producers come on line.

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. The automated lime slaking system is providing improved chemical control in the flotation circuit, which has allowed for higher throughput when treating refractory ores.

Exploration drilling in the first three quarters of 2007 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. Current drilling activity is focused on metallurgical samples and development drilling from the Ruth pit, which is expected to be the primary source of ore from 2010 onwards.

Robinson Cost Outlook

The planned replacement of haul truck drive train components (engines, transmissions, rear ends) is substantially completed, with only one of the twelve trucks planned for in 2007 remaining to be overhauled. These repairs have been less costly than anticipated due to the Reliability Centered Maintenance (RCM) program that allowed the components to be replaced on a just in time basis.

CARLOTA COPPER PROJECT

During the quarter ended September 30, 2007 the Company continued construction activities at the Carlota Copper Project. Activities included the construction of primary access and haul roads, vegetation removal and grading of

mine facilities sites, initiation of SX-EW platform concrete work and development of the leach pad grading and drainage.

In the first nine months of 2007, the Company has incurred capital expenditures of \$59.4 million on the project for the purchase of mining equipment and other project development costs. The Company has also capitalized interest and financing costs of \$9.1 million.

Carlota Outlook

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

On October 4, 2007 the United States Court of Appeals for the 9th Circuit released its decision in an action relating to one of the water discharge permits issued for the Carlota Copper Project. In the decision, the Court ordered the National Pollution Discharge Elimination (NPDES) permit be "vacated" and returned to the United States Environmental Protection Agency (EPA) for further processing consistent with the Court's decision (see **Contingencies**). Quadra is reviewing the decision and developing a course of action going forward.

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

SIERRA GORDA

During the first nine months of 2007, the Company has incurred costs of \$6.7 million for exploration of the Sierra Gorda project and spent \$927 on claim option payments.

The results from last years deep sulphide drilling 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 through the third quarter of 2007 has been to evaluate and extend sulphide and oxide mineralization in the "281 Zone" - the area around the discovery hole from 2006 - in an effort to gather sufficient information to support an inferred category mineral resource in this zone. Drill results announced during the quarter continue to confirm the presence of deep high grade sulphide mineralization. In addition, the program is evaluating covered oxide and sulphide targets generated by last year's shallow grid drilling, and other sulphide targets within the claim block. The exploration program has built up progressively since commencement in April and there were six drill rigs on site at the end of the quarter. Total exploration expenditures for the year are expected to be approximately \$11 million.

During 2007, the Company has been acquiring water pumping rights from various sellers in Region II in northern Chile and has also entered into option agreements to acquire additional water rights in 2008. As of September 30, 2007 the Company had incurred total costs of \$10.6 million on the water rights acquisition program, which includes acquisition costs, legal and other advisory services, payments under option agreements, and the fair value of common shares issued to acquire a private Chilean company.

MALMBJERG MOLYBDENUM PROJECT

During the second quarter of 2007, the Company acquired 82% of the outstanding shares of International Molybdenum Plc ("InterMoly") which holds the rights to the Malmbjerg molybdenum project (see **InterMoly Acquisition**). 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. All field work planned for 2007 has been completed and the site has been demobilized. Pilot plant testing of the bulk sample taken this summer is underway. Engineering and cost studies are proceeding on schedule.

The budget through to the end of the study period is \$15 million with a completion target for the first half of 2008. As of September 30, 2007 the Company had incurred costs of approximately \$9.2 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 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 received 82.5% of InterMoly Shares and 90.8% of InterMoly Warrants. In September 2007, the Company completed the compulsory acquisition of the remaining outstanding InterMoly Warrants.

A total of 3,293,111 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 \$61.8 million in the third quarter of 2007 compared to a use of \$6.3 million in the third quarter of 2006. This increase primarily relates to the higher revenues and sales volumes in 2007 and the lower realized loss on derivatives in the current year, as the remaining forward sale contracts were settled in the second quarter of 2007 and not replaced. These same factors also contributed to an increase in cash flow from operations (excluding working capital changes) for the first nine months of 2007 to \$146.8 million from \$18.7 million in the first nine months of 2006.

The Company incurred capital expenditures of \$59.4 million at the Carlota project in the first nine months of 2007, for the purchase of mining equipment and other project development costs. The Company spent \$18.2 million on exploration and development of Sierra Gorda and Malmbjerg. Year to date capital expenditures at the Robinson Mine were \$18.0 million. These are related to normal replacement and upgrades, tailings dam work and the development and exploration drilling program in progress.

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 \$16.9 million 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 September 30, 2007 the Company had working capital of \$320.8 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 September 30, 2007, accounts receivable and revenues includes approximately 42.5 million pounds of copper provisionally valued at \$3.66 per pound. The final pricing for these provisionally priced sales is expected to occur between October 2007 and January 2008. 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 September 30, 2007 the Company had cash and cash equivalents of approximately \$285.2 million. These amounts are comprised of cash deposits and highly liquid investments that are readily convertible to cash. The counter-parties include banks, governments, government agencies and a major finance company.

The Company has expansion plans, including but not limited to, construction of the Carlota project which continues to be on budget, and exploration and development activities related to Sierra Gorda and Malmbjerg where the Company expects to spend an additional \$9 million in the fourth quarter of 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

(\$ thousands)	Payment Due By Period						Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
Senior secured credit facility and interest payments (a)	17,250	17,250	17,250	17,250	157,188	-	226,188
Deferred consideration (b)	-	-	19,588	-	-	-	19,588
Equipment purchase (c)	9,768	-	-	-	-	-	9,768
Reclamation liabilities (d)	-	-	-	-	-	87,912	87,912
Take or pay contract (e)	10,632	6,600	4,950	-	-	-	22,182
Minimum lease payments (capital and operating)	11,062	11,408	11,302	10,719	2,076	-	46,567
Total	48,712	35,258	53,090	27,969	159,263	87,912	412,204

(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 Consideration

As at September 30, 2007, 25,000 ounces of gold and cash of \$3,782 remained to be paid to the vendor as deferred purchase consideration in connection with the acquisition of the Carlota project in 2005. Based on

the terms of the purchase contract, the payment of these amounts is required to be made on the earlier of June 30, 2010 and the date when the permitting related litigation is resolved (see **Contingencies**). The deferred gold payments had an estimated fair value of \$15,806 at September 30, 2007.

(c) Equipment purchases

As of September 30, 2007 the Company had committed to capital expenditures of \$9.7 million related to equipment for the Carlota project and the Robinson mine.

(d) Reclamation liabilities

The Company has estimated total future reclamation costs of \$87.9 million (undiscounted), primarily related to the closure of the Robinson Mine. The Company has estimated the fair value of this liability to be \$36.3 million at September 30, 2007 based on the estimated discounted future payments.

(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.

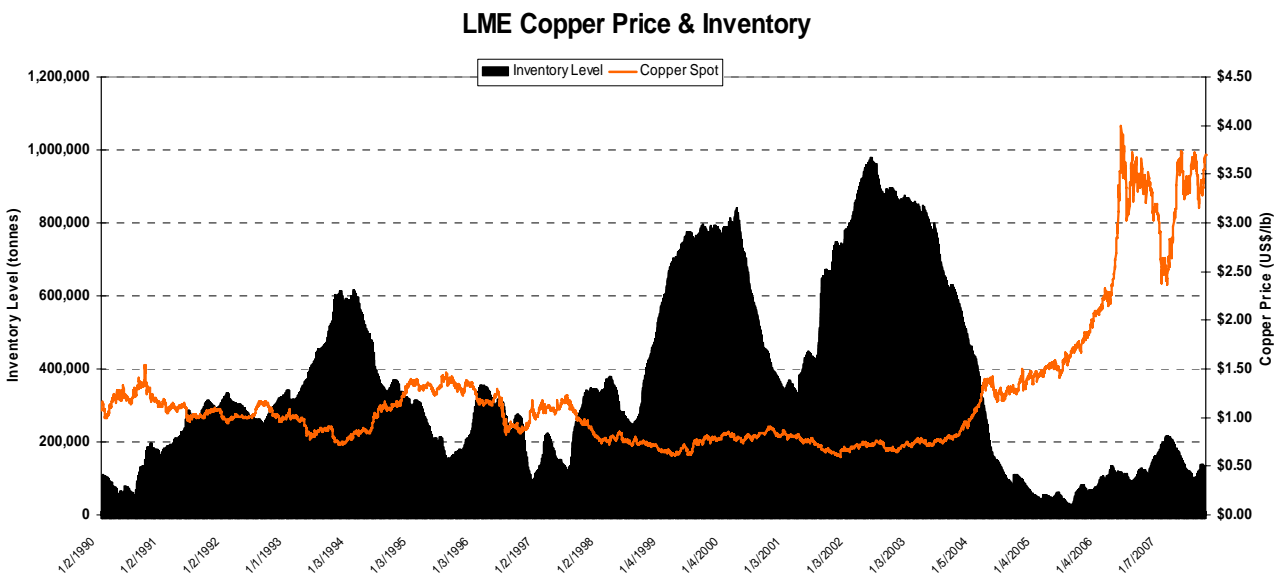
MANAGEMENT APPOINTMENTS

Effective November 2, 2007, Stuart McDonald, Vice President Finance assumed the role of Quadra's Chief Financial Officer. Derek White, the current Chief Financial Officer, will assume a role related to the Company's corporate development and investor relations activities.

MARKET TRENDS AND FUNDAMENTALS

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.

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 September 30, 2007.



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 130,775 tonnes as of September 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 third quarter of 2007, the spot price ranged from a low of \$3.16 to a high of \$3.72 per pound. At September 30, 2007 the closing spot price was \$3.70 per pound. At November 2, 2007, the closing spot price was \$3.42 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 revenues and working capital position.

As of September 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 the first half of 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 and second quarters 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.

None of the production in 2007 has been sold forward. However, in recognition of the volatility of the commodities market and the corporate debt taken on to construct Carlota, the Company has instituted a floor price protection program. Under this program, the Company has purchased copper put options during the second and third quarters of 2007 at a cost of approximately \$2.9 million. At September 30, 2007 the Company had outstanding put options for approximately 83 million pounds of copper with an average strike price of \$2.18 per pound and with maturity dates spread between October 2007 and August 2008. The fair value of these put options at September 30, 2007 was \$0.1 million. The \$2.8 million reduction in the fair value of the put options has been recognized as a derivative loss on the statement of operations in the first nine months of 2007.

During the first quarter of 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 September 30, 2007, the fair value of the contract was \$1.0 million, resulting in unrealized derivative gains of \$1.0 million for the nine month period ended September 30, 2007.

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 million of debt until June 6, 2010. The cost of the interest rate cap was \$0.5 million. The fair value of the interest rate cap was \$0.4 million at quarter-end resulting in an unrealized loss of \$0.1 million for the nine month period ended September 30, 2007.

CONTINGENCIES

On October 4, 2007 the United States Court of Appeals for the 9th Circuit released its decision in an action relating to one of the water discharge permits issued for the Carlota Copper Project, currently under construction in Arizona. In the decision, the Court ordered the National Pollution Discharge Elimination (NPDES) permit be "vacated" and returned to the United States Environmental Protection Agency (EPA), who have been defending the permit before the courts, for further processing consistent with the Court's decision. While the lawsuit was not filed against the Carlota Copper Company ("CCC") (a 100% owned subsidiary of Quadra Mining Ltd.), CCC intervened in the case and is a party in the litigation with the right to appeal the decision. Quadra is currently reviewing the decision and considering its options. If the decision is appealed, the permit may remain effective. If it is not appealed, the decision goes into effect 52 days after the ruling. The decision has no immediate impact, as the primary purpose of the permit is to deal with the situation where, after operations commence, there is a major storm event that gives rise to excess water that requires discharge and does not meet Clean Water Act specifications. The Company's intent is to continue construction of the project and to find a solution to the discharge issue. The Company has already complied with a specific commitment under the permit as drafted by participating in the clean-up of old mine workings unrelated to Carlota and upstream of the project, with the intent of significantly improving water quality in Pinto Creek.

In the event that the NPDES permit is not reissued, 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 studying the implications of this option. 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. During the three months ended September 30, 2007, the Company incurred legal fees of \$83 with that entity (three months ended September 30, 2006: \$140). During the nine months ended September 30, 2007, the Company incurred legal fees of \$844 with that entity (nine months ended September 30, 2006: \$339).

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 September 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. In 2007 the Company has revised its estimate of the timing and amount of closure costs at the Robinson Mine and, as a result, recorded an additional liability of \$8.7 million in the second quarter of 2007. 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 liabilities of \$5.3 million and a net non-current future income tax assets of \$5.1 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(a) 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 had 54,884,229 common shares issued and outstanding common shares at September 30, 2007. As of November 2, 2007 the Company had 54,954,661 common shares issued and outstanding.

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 and implementation 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.

November 2, 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 licenses, permits, electricity, surface rights, water rights and title for mining projects and project delays due to third party opposition such as:
 - > uncertainty surrounding our ability to successfully appeal the decision of the 9th Circuit Court to vacate a discharge permit granted for the Carlota Copper Project, or alternatively to replace this permit or revise the design for the project in order to eliminate the requirement for the permit.
- * 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, employing and retaining 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.