



QUADRA MINING LTD.

Q3 2007 CONFERENCE CALL

November 5th, 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 third 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 and Stuart McDonald. Stuart is taking over the traditional CFO role from Derek, in order to allow Derek to focus on his new role related to Corporate Development and Investor Relations. We will all be available to answer any questions following my overview.

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

The third quarter of 2007 was another consistent quarter at the Robinson Mine with production in line with our expectations, the mine producing 30.7 million pounds of copper and 24 thousand ounces of gold. During the quarter we advanced our development projects on a number of fronts, with the initiation of feasibility level studies at Malmbjerg, the continuation of on schedule construction at Carlota and ongoing drilling at our Sierra Gorda project, where we announced the next set of drill results and the procurement of water rights in the region.

This was our first quarter without settlement of any forward sales contracts, so that we were able to reap the full benefits of the continuing strong copper and gold prices. For reference, the realized provisional price for copper was \$3.46 per pound and for gold was \$680 per ounce during this quarter. These prices coupled with sales volumes of 31.6 million pounds, i.e. in line with but slightly greater than production, resulted in third quarter net revenues of \$135 million and earnings of \$49 million or \$0.90 per share. The combination of sales volumes, metal prices and settling of the last of our hedge positions has resulted in all of the key financial metrics for the first nine months of 2007 being significantly better than for the same three quarters of 2006:

For the first nine months of 2007:

- Earnings were \$128 million or \$2.76 per share compared to a loss of \$36.5 million or \$1.01 per share for the same period in 2006.

- Net revenues were \$412 million compared to \$294 million for the same period in 2006.
- Operating cash flow before working capital was \$61.8 million or \$1.13 per share compared to an operating cash deficit of \$6.3 million or \$0.17 per share in the same period of 2006.
- Our EBITDA was \$207 million or \$4.45 per share compared to \$ 127 million or \$3.51 per share for the same period in 2006. You should note that EBITDA is a non-GAAP measure but is of course a metric that many use in evaluating financial performance.

As previously mentioned, clearly the robust metal prices we are continuing to see are in part due to the weakening US dollar, an issue we'd like to point out - that has little impact on Quadra as our operating asset base is in the States with 100% exposure to the US denominated currency.

Our core operation, **Robinson** has continued to perform substantially in line with plan during the third quarter. Ore was largely mined from the supergene zone in the Veteran pit which, as anticipated, impacted copper recoveries. As many of you already know from the last time we were mining this material, this technically challenging zone contains copper mineralization which is not amenable to flotation and therefore not recoverable, containing as it does both acid soluble and non-acid soluble copper oxides. We have a much better handle on this material and how it performs this time around and with the improvements at the mill, and in particular with pH control, we are better able to control throughput. We don't, however, believe that there is a fix beyond the measures that we have taken. Looking

forward, we will be in the supergene zone well into the next quarter, after which we will be dealing with the more normal hypogene ore.

With year to date copper production at 99.5 million pounds, we are very much on target to meet our guidance of 125 million pounds for the year.

Gold production in the quarter continued the year to date trend with production again above our block model based estimates. With gold production for the first nine months of 2007 now totaling 81,071 ounces, we are clearly conservative with our annual guidance of 90,000 ounces and have every expectation of exceeding our forecast. The work we are conducting to improve the precision of the gold grade prediction and therefore production estimates is well in hand now and as the assays are returned from historical pulps and new drilling - we should be working with a better model going forward.

Turning to unit costs, the cost per pound of copper produced, including stripping costs, was \$1.62 during the third quarter compared to \$1.76 a year ago. 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. This decrease in unit costs has been largely driven by the gold by-product revenue and by increased copper production.

During the first nine months of the year, on site costs were \$152 million as compared to \$136 million for the first nine months of 2006. The maintenance programme accounted for \$3.3 million of this increase while other significant cost

increases were royalty costs adding \$6.5 million as a result of higher metal prices and tires, costing some \$4 million more than a year earlier.

On site costs inside our control 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 month on month. The maintenance components tend to be more variable depending on where we are in the various maintenance cycles. As mentioned during the second quarter, the mine fleet at Robinson had reached the point where normal course scheduled replacement of many large drive train components was required and this has been an ongoing program throughout the third quarter of 2007. We are now almost through this programme with only one of the twelve trucks remaining to be overhauled during the fourth quarter. Although impacting our unit costs, the repairs have actually been less costly than originally budgeted due to the Reliability Centered Maintenance program that we have in place that has allowed us to replace components on a just-in-time basis.

The Robinson offsite costs were \$ 53 million for the nine months ended September 30, 2007 as compared to \$62 million incurred in the same period of 2006. The decrease in costs is a result of lower smelting and refining charges in 2007 but is somewhat offset by higher volumes shipped and by increased ocean freight rates – the upward pressure on which we see as a continuing global trend.

The net effect of the changes in on site and offsite costs is that the combined cash costs of \$ 205 million for the first nine months of 2007 at

Robinson were actually only 3% above the total cash costs for the same period in 2006.

Looking further ahead into 2008, we are pleased to announce our guidance for next year. The Company expects to produce 130 million pounds of copper and 100,000 ounces of gold from Robinson in 2008. As I always remind you, production volumes at Robinson will always fluctuate on a quarterly basis as a result of the nature of the ore body. Our guidance takes into consideration the impact of the supergene zone again which will be encountered – as it was in 2006 and now 2007 – in the latter part of the year.

While some molybdenum is being produced on an opportunistic basis the quantities are going to continue to be too low and erratic to justify providing guidance at least until we get into the Ruth Pit in 2010.

You will note that our guidance for 2008 is only for the Robinson Mine although we are expecting to produce some copper from Carlota before the end of next year. While we are on schedule and expect to begin production during the second half of the year, we will not be providing any production guidance for 2008 in recognition of the large number of variables that any new operation faces.

Turning to progress at **Carlota**, construction and engineering activities during the third quarter included the construction of primary access and haul roads, grubbing and grading of the mine facilities sites, initiation of the SX.EW plant concrete and development of the leach pad.

Actual mining commenced during the quarter, beginning with pre-stripping activities following completion of the mine fleet assembly.

In early October the Company announced the decision of the United States Court of Appeals for the 9th Circuit in regards to the National Pollution Discharge Elimination (“NPDES”) permit for the Carlota project, where they vacated the permit and returned it to the Environmental Protection Agency (“EPA”) for remediation.

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. The Company is considering options, and waiting to see if the EPA intends to take the matter further in the courts. In any event, the Company’s intent is to work on finding a solution with the regulators, primarily the EPA and the Arizona Department of Environmental Quality (“ADEQ”) but is also working on contingency plans in the event that the NPDES permit as issued cannot be validated.. The primary thrust of these plans is to re-design the run-off system in such a way as to obviate the need for a NPDES permit. Initial and previous work suggests that such a redesign solution is available.

We will of course keep our shareholders informed as the decisions are made going forward. We do not anticipate any delays or material cost overruns and are continuing with the development of the project as planned.

Turning to **Sierra Gorda**, during the third 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.

We announced assay results from a number of holes drilled during the campaign that continued to confirm the presence of deep high grade sulphide mineralization. The results gave us a better understanding of the distribution and the continuity of the zone. At the end of the third quarter we had six drill rigs on site as we continue to gather sufficient information to support the development of an inferred category mineral resource in this zone, something that we expect to be able to produce by early next year. In terms of next steps, these will be guided by the development of the inferred resource, and could include more infill drilling to move us towards a measured and indicated resource as well as step out drilling around the 281 zone.

We also announced the procurement of water rights during the quarter. As many of you know water is a valuable asset in its own right in the Atacama Desert and we consider the procurement of 127 Litres Per Second to be a significant beginning in terms of providing the optionality to move the project forward.

Moving on to **Malmbjerg**, our molybdenum project in Greenland, during the third quarter, InterMoly, our 82% held subsidiary, commenced the feasibility level studies required to make a development decision for the project. Work included drilling, extraction of a bulk sample, now

in pilot scale testing, and geotechnical and environmental studies. Engineering and cost studies are proceeding on schedule as we evaluate development and execution concepts.

As I get close to wrapping up here, I'll take a moment just to comment on a couple of corporate benchmarks we realized during the quarter – firstly we reached a \$1 billion market cap and secondly we were added to the S&P/ TSX Composite index on September 24th. We're quite proud of these achievements given that we're a relatively young company having only been around for three years.

Summing up, now that we have settled our 2006 hedge position, we expect to see cash flow generation from Robinson continue at significant levels going forward - subject of course to the movement of metal prices. With working capital of \$320 million on hand the Company's balance sheet is robust and we are well positioned to pursue further M&A opportunities and continue with the execution of our growth strategy.

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

QUESTION AND ANSWER SESSION

Operator

We will now take questions from the telephone lines. If you have any questions, please press star one on your telephone keypad. If you are using a speakerphone, please lift the handset and then press star one. If at any time you wish to cancel your

question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

The first question comes from David Charles from GMP Securities. Please go ahead.

David Charles, GMP Securities

Yes, good morning. Just a quick, well two quick questions. The first one I suppose is just on the redesign, the possible redesign of the runoff systems of Carlota. Do I understand that if you were forced to redesign these runoff systems that it would be no delay to the project as currently contemplated?

Paul Blythe, President & Chief Executive Officer

Hi, David. Our present vision of the situation, we're obviously studying the requirements, what we would have to do, but at this point in time we don't see change in the schedule to the project.

David Charles, GMP Securities

And is it safe to say as well that with this redesign there would be no requirement whatsoever for that permit?

Paul Blythe, President & Chief Executive Officer

That would be correct. If we go to the redesign route we wouldn't need that permit.

David Charles, GMP Securities

Okay, that's excellent. And maybe just the other one is very small. Looking at your guidance for 2008, in a simplistic sense it's pretty similar to where you are for 2007; I was just wondering are you aware of any opportunities which might lead to your guidance changing over the period of 2008 and maybe increasing over time or is that what you would think your best opportunity next year in terms of guidance.

Paul Blythe, President & Chief Executive Officer

The guidance is based on our internal budgeting process, including the metal plan for next year. At this point it's, as you said, our best shot at what we expect to do next year. Obviously, as we get into this, and I think you all know something of the history of Robinson and how variable it is, um, there could always be positive surprises. But certainly that is our best shot at it.

David Charles, GMP Securities

And maybe just very quickly as part of just not only production, any, ah, would you like to make a

comment on what you think costs might be next year on a per-pound basis or otherwise?

Paul Blythe, President & Chief Executive Officer

We got out of the cost guidance business. In the present environment of inflation we found that it wasn't particularly a useful exercise from our point of view. At this point in time we're seeing rapid movement in the U.S. dollar that's going to affect some of the input costs, fuel costs, um, nothing to indicate that costs were going to go down significantly from where they are now that we can see. We're seeing, I think, the full benefit of the smelting situation in the reduction of TCs and RCs, but we're not going to give any guidance this year just for those reasons.

David Charles, GMP Securities

And would you expect the offset between the TC/RCs and the freight charges to continue into next year? Is that a reasonable view?

Paul Blythe, President & Chief Executive Officer

It's a reasonable view, it's one of a number of outcomes, but as long as there's many smelters out there chasing the amounts of concentrate that are out there, we don't expect to see any significant change in TCs and RCs, the shipping market's tight, there are new ships being built as we go on,

but we don't expect to see, again, a huge change in that from what we know, but that's very a view.

David Charles, GMP Securities

Excellent. Thank you very much.

Operator

Thank you. The next question is from Jay Turner from BMO Capital Markets. Please go ahead.

Jay Turner, BMO Capital Markets

Thanks. Good morning everyone. I just had a follow-up question to David's initial question on the Carlota situation. If I recall, you at one point, ah, thinking about the Pinto Valley mine that's next door that BHP had as maybe offering a place to store the runoff temporarily. The fact that BHP is going restart Pinto, Pinto Valley or Pinto Creek, I can't remember, but if they're going to restart that operation how does that really impact your flexibility with respect to the water runoff issue?

Paul Blythe, President & Chief Executive Officer

Thanks, Jay. We discussed Pinto Valley before BHP restarted it. It is actually running now. As far as I know, they're producing concentrate. They're certainly milling ore. We have no relationship with

that operation. Whatever we do will be self-contained within Carlota in terms of water control.

Jay Turner, BMO Capital Markets

I see. And then I was asked the other day about the Franco-Nevada royalty that is still at Robinson and I was wondering, um, I have some historic numbers, but maybe perhaps you could just go through how we would best be calculating that given the high metal prices in today's environment.

Paul Blythe, President & Chief Executive Officer

Derek, could I pass that over to you?

Derek White, Chief Financial Officer

So generally the Franco-Nevada royalty is, ah, it has a two-tiered component to it, one which is a straight 0.225 percent of the net metal value, which is basically your gross value minus your cost for sort of marketing and freight, etcetera, and then the other calculation is really a trigger royalty, which moves with the CPI and trigger levels. So, it's, you know, 130 million pounds of copper and approximately 60,000 to 70,000 ounces of gold. It moves around every year and I'm happy offline to go through more detail with you on that if you'd like.

Jay Turner, BMO Capital Markets

Okay, great. Thanks. I'll let somebody else jump on.

Operator

Thank you. The next question is from Tom Meyer from Raymond James. Please go ahead.

Tom Meyer, Raymond James

Just with respect to your gold guidance from Robinson, the 100,000 ounces of gold, given that you are providing guidance, does that imply that you've increased the resolution of the short and medium term mine plan with respect to the gold content in the ore?

Paul Blythe, President & Chief Executive Officer

Not at a 43-101 level. We're now extremely comfortable that there's a bias, Tom, in the database, and so we've built that into our assumptions. We're not at the point yet where we can put out a formal reserve change. And the trouble with these things is it all becomes moot because by the time you get there you mine the thing out anyway, but we're comfortable with putting out that guidance. It's a carefully thought-out number.

Tom Meyer, Raymond James

Okay. And then my second question is just on Sierra Gorda. Will we see a resource statement for the deeper sulphides at Sierra Gorda before year end or will it get pushed into the New Year?

Paul Blythe, President & Chief Executive Officer

Present thinking it will be pushed into the New Year. But not by much.

Tom Meyer, Raymond James

Okay, perfect. Thanks very much.

Operator

Thank you. The next question is from John Tumazos from John Tumazos Very Independent Research. Please go ahead.

John Tumazos, John Tumazos Very Independent Research

Thank you. Also on Sierra Gorda, the September 10 results were very exciting with some of the thicknesses exceeding 500 metres and the grades bouncing around from under 0.5 percent to as much as 1.38 percent. How do you interpret the mineralization in terms of genesis, structural control, and the variations in grades, etcetera? Feel

free to volunteer anything you think would help us understand the very good results please.

Paul Blythe, President & Chief Executive Officer

Thanks, John. In terms of the basics, it's very much a work in progress. Clearly it's a porphyry system, clearly there are structures in or faulting within it that made it non-classic continuous system. Without sections, which we would develop as we put an inferred source together for this, it's kind of hard to, you know, it is basically, or it appears to us at this point, and remember it's still a work in progress, but to be a porphyry system. I really can't add a lot to that without having some diagrams and waving of arms.

John Tumazos, John Tumazos Very Independent Research

Could you describe briefly the physical dimensions of the larger zones in terms of how many feet or metres long and wide and thick they might be? Or essentially how much do you know about the size of the mineral envelope without trying to guess the grade or richness in the mineral envelope?

Paul Blythe, President & Chief Executive Officer

Well (inaudible) that. I mean our thinking at the moment is that we're looking at something in excess of half a billion tonnes of mineralization. Grade obviously, as you say, are undefined, as we don't have a resource to talk about, but in terms of order of magnitude that's the order of magnitude

we've got in our heads in this time and, again, with all the caveats around that this is a work in progress.

John Tumazos, John Tumazos Very Independent Research

Do you think it's going to be an open pit or underground or both?

Paul Blythe, President & Chief Executive Officer

My own thinking right now is that it could be both. But again, I'm always reluctant to hazard too many guesses at this until we've got to a point where we're informed enough to make an informed prediction as opposed to a guess.

John Tumazos, John Tumazos Very Independent Research

I apologize for pressing you; it's just a reflection of our interest.

Paul Blythe, President & Chief Executive Officer

Thank you.

Operator

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

Mike Collison, Dundee Securities

Good morning. Most of my questions have been answered, but just one quick one out of the MD&A. You're guiding that with your, um, that you booked into accounts receivable copper that could be settled in the first quarter of 08. Do I have that correct?

Paul Blythe, President & Chief Executive Officer

Yes. There's now—in accounts receivable there will be copper that's produced now that will be settled in Q1 08.

Mike Collison, Dundee Securities

Okay, so you're, um, I'm looking at, it's taken about two months to ship to smelters or maybe a little longer?

Paul Blythe, President & Chief Executive Officer

Oh, quite a lot longer than that. I think it's a rule of thumb you can expect most smelter contracts to pay three MAMA or four MAMA—three months after month of arrival or four months after month of arrival—and allowing two months for shipping you can be looking at four to six months between

production and final settlement and four months between shipment when we get the provisional payment and settlement.

Mike Collison, Dundee Securities

Okay. Great. Thanks very much.

Operator

Thank you. Once again, please press star one if you have a question. The next question is from Ted Lake from Arizona Silver Belt Newspaper. Please go ahead.

Ted Lake, Arizona Silver Belt

Good morning, Mr. Blythe, and congratulations on your financial report. I have a number of questions about the Carlota, since it's a major interest in our community. Do you happen to know offhand how many construction workers are there on the scene?

Paul Blythe, President & Chief Executive Officer

Approximately 80 to 100.

Ted Lake, Arizona Silver Belt

80 to 100. Going back to this permit that was cancelled, the water discharge that got cancelled by

the Ninth Circuit Court of Appeals, do you happen to know if the BHP Pinto Valley mine, which is now back into production, has that permit or they also did not need it?

Paul Blythe, President & Chief Executive Officer

I don't have any knowledge of what permits BHP has and hasn't got.

Ted Lake, Arizona Silver Belt

Okay. Have you had any indication at all from either the EPA or the Justice Department, any kind of an indication or the slightest hint that they might appeal this decision?

Paul Blythe, President & Chief Executive Officer

We are obviously in contact with them fairly regularly. They're reviewing the situation and they don't cite us on what they're thinking until they've made the decision. We know it's being discussed.

Ted Lake, Arizona Silver Belt

Okay. And I know your company joined in this originally when the EPA was appealing. If the EPA does not continue with the appeal, is there any thinking with Quadra to go on its own on this thing?

Paul Blythe, President & Chief Executive Officer

All options are open at the moment. We certainly wouldn't preclude going on our own, but we're going to wait and see. Before we make that decision we'll wait and see what the EPA's decision is on the matter.

Ted Lake, Arizona Silver Belt

And I didn't quite understand something earlier, if you don't mind I'd like to ask this again, but you're thinking of redesigning this mine so you don't need the permit? There's 300,000 acres there. Could you explain a little bit more what the redesign would be in reference to being along Pinto Creek and do you have such redesign plans or some underway already? Or how long will this take and will this delay production if you go this route?

Paul Blythe, President & Chief Executive Officer

As I indicated earlier, working backwards, it won't delay production. What this premise intended to recover, just to reiterate, is in the event of a major storm event, typically a one-in-hundred-years storm is the design criteria. If a storm of a greater magnitude than that happened and it became necessary because of excess water on site for us to discharge water, that's when the permit would kick in, provided that water was polluting. If the water

was fresh water the permit becomes moot anyway. So we're looking at handling that storm event and larger storm events as to how we would deal with them in terms of (inaudible). We're studying all the options at the moment and we'll provide comment once we have a firm plan.

Ted Lake, Arizona Silver Belt

And you do have enough area secured for such a redesign.

Paul Blythe, President & Chief Executive Officer

Absolutely. This is a matter of storage (inaudible) and there are a number of—the size of the containments is one part of it, perhaps even the use of the pit would be another part of it in those sort of emergencies. So we're just looking at all the options. All the ideas are out there, it's a matter of costing and doing reality checks in them and then we'll make comment for everybody on what we're actually intending to do if we have to do it. Our preference would be to have a permit in place. That's the right thing to do. That's what the legislation was designed to do.

Ted Lake, Arizona Silver Belt

But, just recapping, you're saying that the permit may not be necessary, you can go ahead without it with that redesign.

Paul Blythe, President & Chief Executive Officer

Yeah. It's a work in progress. We believe we can find the solution where we can operate without the permit, but our preference would be to have the permit.

Ted Lake, Arizona Silver Belt

Thank you, sir, and good luck to you.

Operator

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

David Charles, GMP Securities

You know, sorry, just a small follow-up to that last question. When was the last time you had one of these storm events or they had one of these storm events? Are you aware of that? Was it a year ago or was it 100 years ago?

Paul Blythe, President & Chief Executive Officer

That's a good question. It wasn't a year ago. It wasn't since Quadra's been involved or any of the people that came with Cambior. We're actually

trying to pull that information together. That was the question that came up last week. So I don't have an answer at this point but it's certainly, I mean by definition a one-in-a-hundred-years storm only happens once in a hundred years, to state the obvious. I don't know.

David Charles, GMP Securities

That's fine. Thanks very much.

Operator

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

Paul Blythe, President & Chief Executive Officer

Once again, thank you all for listening in. If you have any more questions, please feel free to contact Derek, Stuart, Sophie or myself.

Thank you.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation and have a great day.