



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR AND FOURTH QUARTER ENDED DECEMBER 31, 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 February 19, 2008 and is intended to be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2007. This MD&A contains ‘forward looking information’ and reference to the cautionary statement at the end of this MD&A is advised. Additional information relating to the Company, including its Annual Information Form, is available on the SEDAR website at www.sedar.com. The Company is a reporting issuer in all provinces and territories of Canada and its common shares are traded on the Toronto Stock Exchange under the symbol: QUA.

All financial information in this MD&A is prepared in accordance with the Canadian Generally Accepted Accounting Principles and all dollar amounts are expressed in thousands of United States dollars unless otherwise indicated.

DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Quadra is a mining company that owns and operates the Robinson copper mine (“Robinson Mine”) near Ely, Nevada. In addition, Quadra holds a 100% interest in the Carlota Copper Project (“Carlota”), a heap leach - SX/EW copper project under construction in Arizona. The Company has an option to purchase the Sierra Gorda project (“Sierra Gorda”), a late stage exploration property near Antofagasta, Chile. The Company also owns 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.

2007 AND FOURTH QUARTER HIGHLIGHTS:

- Earnings for the year ended December 31, 2007 were \$136,412 or \$2.80 per share (basic) compared to earnings of \$14,433 or \$0.40 per share (basic) in 2006.
- The Company exceeded its 2007 production guidance of 125 million pounds of copper and 90,000 ounces of gold by producing 131.9 million pounds of copper and 108 thousand ounces of gold.
- The Robinson Mine generated net revenue of \$494 million in 2007 from the sale of 134.2 million pounds of copper and 108 thousand ounces of gold in concentrates compared to net revenue of \$393 million generated from the sale of 117.8 million pounds of copper and 70,000 ounces of gold in 2006.
- Fourth quarter 2007 revenues were \$82 million and were lower than previous quarters in 2007 as a result of adjustments to provisional prices recorded in the third quarter, the lower realized price of copper in the fourth quarter, and timing of shipments through the year.
- The Company generated cashflow from operating activities (before working capital changes)* of \$163 million in 2007 compared to \$18.1 million in 2006.
- Cash and cash equivalents at December 31, 2007 was \$263.6 million compared to \$47.8 million at December 31, 2006.
- The cash cost per pound of copper produced* was \$1.49 per pound in 2007 compared to \$1.74 in 2006.
- Construction at Carlota continued on schedule and on budget with commencement of copper production anticipated in the second half of 2008.
- The Company continued its strategic growth plan in 2007 with the acquisition of an 82% interest in International Molybdenum Plc (“InterMoly”), holder of the rights to the Malmbjerg molybdenum project.
- The Company continued to advance the Sierra Gorda Project in Chile, announcing successful drill results and the acquisition of water rights.
- Due to a strong focus on safety and training at Robinson the Total Recordable Injury Rate has been reduced from 2.6 in 2006, to 1.0 for 2007 (2007 U.S. National Average is 3.3).
- In 2007 the Company was added to the S&P/TSX Composite Index.

** The cash cost per pound of copper produced, and offsite costs and onsite costs are non-GAAP financial measures that do not have a standardized meaning under Canadian Generally Accepted Accounting Principles (“GAAP”), and as a result may not be comparable to similar measures presented by other companies. The cash cost per of copper produced consists of onsite and offsite costs, less by-product revenue, divided by the pounds of copper produced in the period. 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 transportation, smelting and refining of concentrate. For financial statement reporting purposes, smelting and refining costs are netted against revenues. 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 year ended December 31, 2007 were \$136,412 or \$2.80 per share (basic) compared to earnings of \$14,433 or \$0.40 per share (basic) in 2006. The increased earnings in 2007 result from higher sales volumes from the Robinson mine, increased metal prices, and lower derivative losses in 2007 as the Company settled its remaining forward sale contracts in the first half of the year.

For the fourth quarter of 2007, earnings were \$7,990 or \$0.15 per share (basic) compared to earnings of \$50,960 or \$1.34 per share (basic) in the fourth quarter of 2006. Earnings in the fourth quarter of 2007 were impacted by the declining copper price across the quarter and by the lower sales volumes due to the timing of shipments (see section below “**Fourth Quarter Revenues**”). The copper price fell from \$3.66/lb. on September 30, 2007 to \$3.04/lb. at year-end resulting in adjustments to provisional sales prices recorded in the third quarter and lower provisional prices for fourth quarter shipments.

The reduction in earnings in the fourth quarter of 2007 as compared to 2006, is also related to a gain on derivatives recognized in the fourth quarter of 2006 on the Company’s forward sale contracts, due to the falling copper price in that period.

Operating income for 2007 increased to \$216,766 from \$154,208 in 2006, due to increased production and higher sales volumes from the Robinson mine, and higher average 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 based on metal prices at that time; however, final pricing is not determined until a future date.

In 2007, revenues from concentrate sales were \$493,848 compared to \$393,257 in 2006. The increase is primarily due to increased production of copper and gold and higher average metal prices in the current year. In 2007, the Company sold 134.2 million pounds of copper and 108 thousand ounces of gold, compared to 117.8 million pounds of copper and 70 thousand ounces of gold in 2006. Revenues in 2007 were also positively impacted by a \$18 million reduction in refining and treatment charges (which are netted against revenues on the statement of operations).

Fourth Quarter Revenues

Quarterly revenues are driven by sales volumes and copper prices. Fourth quarter revenues in 2007 were \$81,667 and were impacted by a lower copper price in the quarter, associated negative pricing adjustments to third quarter shipment receivables, and by lower sales volumes than in the previous quarters of 2007.

	<u>Copper Production</u> <u>(million lbs.)</u>	<u>Copper Sales</u> <u>(million lbs.)</u>	<u>Copper Price at</u> <u>Quarter-end (per lb.)</u>
First quarter 2007	36.6	40.5	\$3.12
Second quarter 2007	32.4	32.3	\$3.47
Third quarter 2007	30.7	32.5	\$3.66
Fourth quarter 2007	32.4	28.9	\$3.04
Total	132.1	134.2	

Under the Company's current sales contracts, final pricing for copper sales is generally set at least four months after the time of shipment. Quarterly revenues include estimated prices for sales in the quarter, based on copper prices at quarter-end, as well as pricing adjustments for sales that occurred in previous quarters, based on the actual price received. There was a significant reduction in the price of copper at the end of the fourth quarter as compared to the third quarter, reducing the value of the copper sold, but only provisionally priced.

At September 30, 2007, the end of the previous quarter, receivables included approximately 42.5 million pounds of copper provisionally valued at \$3.66 per pound. During the fourth quarter, 31.8 million pounds of copper that was provisionally valued at September 30, 2007 was settled at an average final price of \$3.24 per pound. Fourth quarter revenues in 2007 include negative pricing adjustments of \$19,821 related to third quarter sales. In the fourth quarter, the Company shipped approximately 28.9 million pounds of copper at an average provisional price of \$3.21 per pound. At December 31, 2007, receivables include 38.2 million pounds of copper which has been provisionally valued at \$3.04 per pound, based on copper prices at year-end. As at February 19, 2008 the copper price was \$3.66 per pound.

Copper production and copper sales were substantially in line for the year. However in the fourth quarter, sales volumes were lower than production due to the timing of shipments.

Cost of Sales and Expenses

Cost of sales increased to \$232,951 in 2007 from \$206,910 in 2006, primarily due to the increase in sales volumes in the current year. Amortization, depletion and depreciation increased to \$13,832 in 2007 from \$11,260 in 2006, which is also primarily due to the increase in sales volumes in the current year.

Royalties and mineral taxes increased to \$27,780 in 2007 from \$18,720 in 2006. This 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 increased to \$10,274 in 2007 from \$7,516 in 2006, due to increased activities at the corporate office.

The Company settled all of its remaining copper and gold forward contracts in the first six months of 2007. There were no forward sale contracts in place during the third and fourth quarter of 2007. The loss on derivatives for 2007 was \$15,293 compared to \$151,383 in 2006, and primarily relates to these forward sale contracts. The 2007 loss on derivatives also includes much smaller amounts related to copper put options, a take or pay fuel contract, and an interest rate cap contract (see **Financial Instruments and Other Instruments**).

Stock-based compensation expense increased to \$5,386 in 2007 from \$2,399 in 2006, due to an increase in the number of options granted and the increase in the fair value of each option. 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**). The Company realized a foreign exchange gain of \$6,475 in 2007 compared to a loss of \$106 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. Net interest and other income totalled \$3,948 in 2007 compared to a loss of \$616 in 2006, primarily related to the increased interest income from higher cash balances in 2007.

In 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 \$9,820 related to this transaction, resulting in a net gain of \$14,374 in 2006.

The Company recorded an income tax expense of \$48,785 for 2007 compared with a recovery of \$7,871 in 2006. The 2007 tax expense has been recorded based on an annual effective tax rate of 26%.

Fourth Quarter Cost of Sales and Expenses

In the fourth quarter of 2007, cost of sales was \$55,358 compared to \$58,673 in the fourth quarter of 2006, a decrease that is consistent with the lower revenue recognized in the current quarter due to the timing of shipments.

The loss on derivatives in the fourth quarter of 2007 was \$772 and related to copper put options, a take or pay fuel contract, and an interest rate cap contract (see **Financial Instruments and Other Instruments**). In the fourth quarter of 2006, the Company recorded a gain on derivatives of \$28,362 which related to forward sale contracts and the result of a falling copper price in that period.

SELECTED ANNUAL INFORMATION

	2007	2006	2005
Statement of operations (\$000's)			
Revenues	493,848	393,257	228,235
Earnings (loss)	136,412	14,433	(13,423)
Basic earnings (loss) per share	\$ 2.80	\$ 0.40	\$ (0.49)
Diluted earnings (loss) per share	\$ 2.72	\$ 0.39	\$ (0.49)
Financial positions (\$000's)			
Total assets	789,219	335,966	250,642
Total long-term financial liabilities	213,724	37,061	50,478
Dividends	n/a	n/a	n/a

SUMMARY OF QUARTERLY RESULTS

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

SUMMARY OF QUARTERLY RESULTS								
\$000's	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Statement of Operations								
Revenues - initial provisional price	110,012	127,985	129,832	127,533	117,300	83,253	115,353	81,497
Revenues - price adjustments	(22,215)	12,847	17,766	19,330	(9,912)	(5,474)	42,629	15,412
Refining and treatment charges	(6,130)	(6,245)	(6,459)	(10,408)	(8,215)	(9,856)	(15,757)	(12,973)
Revenues - total*	81,667	134,587	141,139	136,455	99,173	67,923	142,225	83,936
Operating income	14,649	64,527	72,618	64,972	30,713	24,005	72,431	33,181
Earnings (loss) before income taxes	10,810	63,739	50,772	59,876	56,375	26,960	(31,696)	(45,076)
Earnings (loss)	7,990	48,755	36,556	43,111	50,960	20,634	(21,997)	(35,163)
Basic earnings (loss) per share	\$ 0.15	\$ 0.90	\$ 0.78	\$ 1.13	\$ 1.34	\$ 0.55	\$ (0.59)	\$ (1.15)
Diluted earnings (loss) per share	\$ 0.14	\$ 0.86	\$ 0.76	\$ 1.12	\$ 1.32	\$ 0.54	\$ (0.59)	\$ (1.15)
Financial Position								
Cash	263,586	285,210	278,462	224,252	47,774	37,864	50,211	24,421
Total Assets	789,219	758,900	687,457	531,266	335,966	328,426	347,894	308,182
Total Liabilities and non-controlling interest	290,840	270,671	263,687	318,461	170,850	214,592	259,062	203,468
Shareholders' equity	498,379	488,229	423,770	212,805	165,116	113,834	88,832	104,714
Production Statistics - Robinson mine								
Copper production (million lbs)	32.4	30.7	32.2	36.6	35.3	33.3	27.8	25.0
Copper sales (million lbs)*	28.9	32.5	32.3	40.5	34.1	19.6	33.1	31.0
Average provisional price per pound	\$ 3.21	\$ 3.46	\$ 3.43	\$ 2.66	\$ 3.25	\$ 3.39	\$ 3.14	\$ 2.21
Gold production (ozs)	27,048	24,138	25,893	31,040	27,646	20,425	12,532	14,471
Copper grade (%)	0.59	0.66	0.59	0.67	0.67	0.69	0.52	0.53
Gold grade (g/t)	0.38	0.39	0.36	0.46	0.41	0.32	0.24	0.27
Copper recovery	66.1%	58.1%	74.1%	75.0%	61.0%	63.4%	70.3%	69.5%
Gold recovery	59.2%	52.5%	64.0%	63.1%	53.7%	57.9%	47.5%	54.5%
Total onsite and offsite costs	73,164	68,940	69,397	66,090	64,166	67,219	67,979	62,622

* Revenues from sales of concentrate are recognized at the time of delivery which is generally upon loading of a ship at the port of Vancouver, Washington. Due to the timing of shipments, the amount of product sold in a quarter may differ from quarterly production volumes at the Robinson Mine in Ely, Nevada. Revenues are initially recognized based on metal prices at the time of shipment; however, final pricing is not determined until a future period. Price adjustments are recorded at each quarter-end prior to final settlement.

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.

Quarterly earnings during 2006 and the first two quarters of 2007 were impacted by derivative losses and gains related to outstanding forward sale contracts for copper and gold. There were no forward sale contracts in place during the third and fourth quarter of 2007.

In the third quarter of 2006, the Company recorded a net gain of \$14 million from a termination fee related to the Company's unsuccessful attempt to acquire Equatorial Mining Limited.

The increased cash balance in the first and second quarters of 2007 is related to debt and equity financings that were completed in these periods (see **Liquidity and Capital Resources**).

REVIEW OF OPERATIONS AND PROJECTS

ROBINSON MINE (NEVADA)

	Fourth Quarter		Year	
	2007	2006	2007	2006
Copper production (Million lbs)	32.4	35.3	131.9	121.4
Gold production (ozs)	27,048	27,646	108,119	75,074
Waste mined (Tonnes 000's)	13,600	13,964	59,296	59,212
Ore mined (Tonnes 000's)	3,451	4,121	14,380	15,281
Ore milled (Tonnes 000's)	3,753	3,919	14,171	13,860
Onsite costs	\$ 57,273	\$ 46,250	\$ 209,071	\$ 181,962
Offsite costs	\$ 15,891	\$ 17,916	\$ 68,523	\$ 80,024
Total costs	\$ 73,164	\$ 64,166	\$ 277,594	\$ 261,986
Capital expenditure	\$ 6,127	\$ 4,100	\$ 24,150	\$ 11,555
By product credits				
- Gold and silver	\$ 20,925	\$ 16,441	\$ 78,454	\$ 44,100
- Molybdenum	\$ 1,132	\$ 334	\$ 2,868	\$ 6,075
Copper grade (%)	0.59	0.67	0.63	0.61
Gold grade (g/t)	0.38	0.41	0.40	0.31
Copper recovery	66.1%	61.0%	67.4%	65.4%
Gold recovery	59.2%	53.7%	59.7%	53.6%
Mill Operating Time	95%	95%	92%	90%

During 2007 a total of 73.7 million tonnes of ore and waste were mined from the Veteran area of the Tripp-Veteran pit. Copper production in 2007 was 131.9 million pounds, compared to 121.4 million pounds in 2006. The increased copper production in 2007 is a result of increases in head grade, recoveries and mill throughput. The understanding of how to adjust to the variations within the deposit, together with continuous improvement activities, have resulted in better performance with respect to throughput, recovery and concentrate grade.

Gold production has exceeded expectations in 2007 increasing to 108,119 ounces from 75,074 ounces in 2006. The increase in gold recoveries and production in 2007 is primarily due to a higher gold head grade than that predicted by the block model. Technical studies, including re-assays of existing samples, are still underway to evaluate methods of improving the gold grade estimated in the Veteran pit.

Copper production in the fourth quarter was 32.4 million pounds compared to 35.3 million pounds in the fourth quarter of 2006. Gold production in the fourth quarter of 2007 was 27,048 ounces compared to 27,646 ounces in 2006. The reduced copper production is a result of lower head grades as mining activities moved as planned into lower grade material that was predicted to occur in the fourth quarter of 2007.

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 in 2007 were \$209,071 compared to \$181,962 in 2006. The increased costs in 2007 primarily relate to a \$5.2 million cost increase for tire replacements on haul trucks, an increase of \$7.6 million for scheduled replacements of major components on mining equipment, and an additional \$7.3 million of royalty costs. Royalty costs are higher in 2007 as a result of increased production, higher metal prices, and the impact of royalty costs now being fully payable (see "Costs of Sales and Expenses"). Onsite costs in the fourth quarter of 2007 were \$57,273 compared to \$46,250 in the fourth quarter of 2006. This increase is also related to tire costs and the replacement of major components on mining equipment scheduled for the fourth quarter 2007.

Offsite costs are primarily driven by smelting and refining charges, the volume of concentrate transported, and rail and ocean freight rates. Offsite costs in 2007 were \$68,523 compared to \$80,024 in 2006. This decrease is

primarily due to lower rates for smelting and refining, which have fallen as a result of surplus smelting capacity, partially offset by higher volumes shipped and by increased ocean freight rates. There has been upward pressure on ocean freight rates through 2007. Offsite costs in the fourth quarter of 2007 were \$15,891 compared to \$17,916 in the fourth quarter of 2006, with the decrease also attributable to lower smelting and refining costs and lower volumes shipped.

The cash cost per pound of copper produced, including stripping costs, was \$1.49 in 2007 as compared to \$1.74 in 2006. The reductions in the cash costs per pound have primarily been driven by increased copper production and increased gold by-product revenue, partially offset by higher onsite costs in 2007. 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. This production guidance includes the impact of the supergene zone, which will again be encountered in 2008. Gold production exceeded expectations in 2007 and technical studies, including re-assays of existing samples, are underway to evaluate methods of improving the accuracy of the estimate of the gold grade in the Veteran pit.

The following table shows the proven and probable mineral reserves for the Robinson Mine as of January 1, 2008 (metric units except for gold troy ounces). The reserves were prepared under the supervision of Scott Hardy, P.Eng., and Juris Ore, both of Quadra Mining Ltd. Mr. Hardy is the designated Qualified Person as defined by National Instrument 43-101. Changes from the prior year's proven and probable mineral reserves relate primarily to the Veteran Pit and include ore and waste mined in 2007, changes to pit designs, adjustments arising from the complex mineralogy, and re-estimation of the deposit resources incorporating 2006-2007 development drilling.

Tripp-Veteran								
Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal		Waste kt	Total kt	Strip Ratio
				Copper kt	Gold oz (000's)			
Proven	26,374	0.57%	0.35	151	299			
Probable	2,242	0.76%	0.29	17	21			
Proven and Probable	28,616	0.59%	0.35	168	320	74,672	103,288	2.61

Ruth								
Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal		Waste kt	Total kt	Strip Ratio
				Copper kt	Gold oz (000's)			
Proven	60,459	0.63%	0.19	383	365			
Probable	13,647	1.12%	0.19	153	82			
Proven and Probable	74,106	0.72%	0.19	536	447	272,645	346,751	3.68

Stockpiles								
Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal		Waste kt	Total kt	Strip Ratio
				Copper kt	Gold oz (000's)			
Proven	1,066	0.47%	0.15	5	5			
Probable								
Proven and Probable	1,066	0.47%	0.15	5	5	0	1,066	0.00

Total Robinson								
Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal		Waste kt	Total kt	Strip Ratio
				Copper kt	Gold oz (000's)			
Proven	87,899	0.61%	0.24	539	669			
Probable	15,889	1.07%	0.20	170	103			
Proven and Probable	103,788	0.68%	0.23	709	772	347,317	451,105	3.35

Note:

Mineral reserves are based on a variable economic cutoff grade, or net value calculation, which includes all operating costs. This value is converted to recoverable copper pounds per ton cutoff grade and applied to resource material remaining inside the pit designs as of January 1, 2008. Resource materials classified as "Measured" and "Indicated" within the pit and above the cutoff are called "Proven" and "Probable" reserves. Certain materials were reduced from the resource tonnage by 18% due to the possibility of unfavorable metallurgical performance. The reserves are based on a variable copper prices starting at \$2.50 per pound in 2008 decreasing to \$1.75 by the end of mine life.

The global shortage of large off-road tires has been addressed by improvements in operating practices which are extending the useful life of all tires, with tire lives 40-50% greater than historical benchmarks. The Company has also entered into a tire supply agreement to help meet tire requirements for 2008-2009. While the shortage of tires continues, the situation seems to be moderating as additional production capacity and new producers come on line.

Mill recoveries in 2008 are expected to follow the trends previously observed in the Veteran pit, with higher recoveries from the hypogene material, and lower recoveries but higher grades from the supergene material. Ore is expected to be mined from upper benches of ore body, supergene material, early in 2008 and again towards the end of the year.

Exploration drilling in 2007 focused on the potential for additional reserves in the Veteran pit. The accumulated data was expected to be converted into a resource estimate by early 2008 but delays in getting assay information from third party labs have delayed full analysis until mid-year. Some of this drilling has been used to generate revisions to the resource and reserve estimate given above. Current drilling activity is now focused on collecting metallurgical samples and development drilling in the Ruth pit, which is expected to be the primary source of ore from 2010 onwards. Once this is completed, exploration drilling is planned in the Ruth pit area.

Robinson Operating Cost Outlook

Management is not aware of any significant changes in cost inputs for 2008.

CARLOTA COPPER PROJECT (ARIZONA)

The Company holds a 100% interest in the Carlota copper project, a heap leach – SX/EW copper project, currently under construction in Arizona. The budgeted construction cost is \$218 million (including \$29 million of working capital) and copper production is expected to commence in the second half of 2008. Primary access and haul roads have been completed and work is progressing on SX-EW platform concrete work, pre-production mining activities and development of the leach pad grading and drainage.

As of December 31, 2007, the Company has incurred capital expenditures of \$93.3 million for construction, purchase of equipment and other project development costs. The Company also incurred capitalized interest and financing costs of \$12.8 million.

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. The Company is continuing construction of the Carlota project and in the event that the NPDES permit is not reissued, the design of the mine site with respect to run-off will be modified. Management is studying the cost and operating implications of this modification. See section below “**Contingencies**”.

Carlota Outlook

Construction service and supply contracts will continue to be negotiated and awarded during the first quarter of 2008. Leach pad liner placement and development activities, SX-EW plant construction, power line installation, ancillary facilities construction and pre-production mining activities will continue in the first quarter. 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 (CHILE)

During 2007, the Company incurred costs of \$11.1 million for exploration of the Sierra Gorda project and spent \$0.9 million on claim option payments.

The results from deep sulphide drilling in 2006 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 throughout 2007 was 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 in 2007 continued to outline a significant sulphide system with large volumes of moderate grade material as well as deep high grade mineralization. In addition, the program evaluated covered oxide and sulphide targets generated by last year’s shallow grid drilling, and other sulphide targets within the claim block. Over 48,000 metres of drilling has been completed in 2007, with five or six drill rigs on site for most of the year since commencement of the exploration program in April.

During 2007, the Company acquired water extraction 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 December 31, 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.

Sierra Gorda Outlook

A technical report on mineral resources, reflecting 2007 drill results, is expected to be completed in the second quarter of 2008. The Company will then consider options for a development program which is expected to include definition drilling along with metallurgical, geotechnical and other engineering studies.

MALMBJERG MOLYBDENUM PROJECT (GREENLAND)

In 2007, the Company acquired 82.5% of the outstanding shares of International Molybdenum Plc (“InterMoly”) which holds the rights to the Malmbjerg molybdenum project. On April 27, 2007 the Company mailed an offer (“the Offer”) to acquire all of InterMoly’s issued share capital (the “InterMoly Shares”) and traded warrants (the “InterMoly Warrants”). The conditions of the Offer were satisfied or waived and the acquisition closed on June 22, 2007 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.

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.

As of December 31, 2007, the Company incurred costs of approximately \$13.6 million on the project. In July 2007, the Company commenced the feasibility level studies required to make a development decision for the project. All field work planned for 2007 was completed and the site has been demobilized. Pilot plant testing of the bulk sample taken during the summer is underway.

Malmbjerg Outlook

Engineering and cost studies are proceeding on schedule. A technical report on mineral resources is expected to be completed in the second quarter. The results of these studies will be used to determine development plans, budgets and schedules.

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 \$162.5 million in 2007 compared to \$18.1 million in 2006. This increased cash flow is driven by the higher revenues and sales volumes in 2007 and the lower derivative loss realized in 2007.

The Company incurred capital expenditures of \$93.3 million at the Carlota project in 2007, for the purchase of mining equipment and other project construction costs. Capital expenditures at the Robinson Mine were \$24.1 million and related to normal replacement and upgrades, tailings dam work, commencement of pre-mining works for the Ruth pit and the development and exploration drilling program. The Company spent a further \$26.1 million on exploration and development of the Sierra Gorda and Malmbjerg projects.

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.

The Company repaid the \$16.9 million balance that was outstanding under its working capital facility with Macquarie Bank Ltd. ("Macquarie"). This working capital facility and the hedge line of credit facility with Macquarie both expired in the first quarter of 2007.

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 \$5.0 million to retire this debt.

At December 31, 2007 the Company had working capital of \$287.2 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 operating cash flow generated by the Robinson Mine. At December 31, 2007, accounts receivable and revenues includes approximately 38.2 million pounds of copper provisionally valued at \$3.04 per pound. The final pricing for these provisionally priced sales is expected to occur between January 2008 and April 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 the first quarter of 2008. On February 19, 2008 the copper price was \$3.66/lb.

At December 31, 2007 the Company had cash and cash equivalents of approximately \$263.6 million. These amounts are comprised of cash deposits and highly liquid investments that are readily convertible to cash. The counterparties include banks, governments and government agencies.

Liquidity Outlook

The Company has expansion plans, including but not limited to, construction of the Carlota project where the Company expects to incur additional capital expenditures of approximately \$125 million (including working capital requirements) to complete construction in the second half of 2008. The Company also expects to spend approximately \$50 million on capital expenditures and environmental bonding at the Robinson Mine, primarily related to the development of the Ruth pit, which will become the primary source of ore in 2010, the exploration and development drilling program, and normal replacements and upgrades.

Under the terms of the First Facility debt, the Company's lenders will have the right to call approximately \$42 million of the loan in March 2008, based on the excess cash flow generated in 2007 (see **Commitments and contractual obligations**).

Management believes that it will have sufficient cash to complete construction of the Carlota project based on the expected production results at Robinson and the Company's price protection program for copper (see **Financial Instruments and Other Instruments**), regardless of the cashflow sweep described above. Development of the Sierra Gorda and Malmbjerg projects in 2008 may require additional sources of financing, depending on the development plans, metal prices and whether or not the First Facility lenders exercise their call options in 2008.

Commitments and contractual obligations

(\$000's)	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	152,875	-	221,875
Deferred consideration (b)	15,104	-	-	-	-	-	15,104
Reclamation liabilities (c)	-	-	-	-	-	88,315	88,315
Take or pay contract (d)	7,608	6,600	3,300	-	-	-	17,508
Minimum lease payments (capital and operating)	12,917	12,812	15,692	7,381	1,627	-	50,430
Total	52,879	36,662	36,242	24,631	154,502	88,315	393,232

(a) Senior secured credit facility

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

(b) Deferred gold consideration

As at December 31, 2007, 18,750 ounces of gold remained to be paid to the vendor as deferred purchase consideration for the acquisition of the Carlota project in 2005. This gold will be paid in three quarterly instalments during 2008. The deferred gold liability has an estimated fair value of \$15,104 at December 31, 2007, based on the forward prices of gold over the expected payment schedule.

(c) Reclamation liabilities

The Company has estimated total future reclamation costs of \$88.3 million (undiscounted), which primarily relate to the closure of the Robinson Mine. The Company has estimated the fair value of this liability to be \$37.5 million at December 31, 2007 based on the estimated discounted future payments.

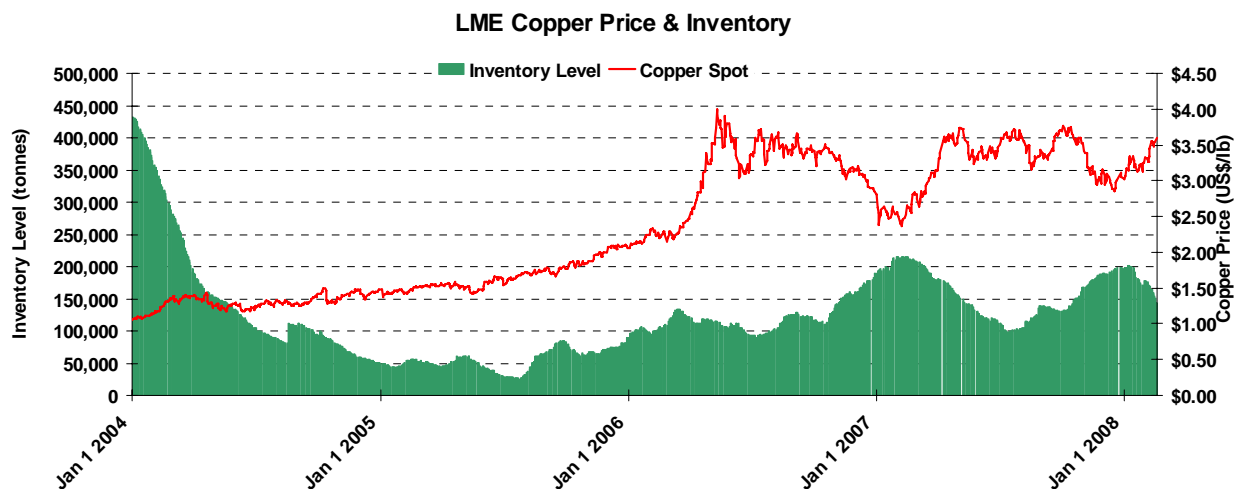
(d) Take or pay contracts

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

MARKET TRENDS AND FUNDAMENTALS

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 2004 to December 31, 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 197,450 tonnes as of December 31, 2007.

The copper price has remained volatile in 2007 with the spot price ranging from a low of \$2.37 per pound to a high of \$3.77 per pound during the year. At December 31, 2007 the closing spot price was \$3.03 per pound. At February 19, 2008, the closing spot price was \$3.66 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 December 31, 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.

In recognition of the volatility of the commodities market and in order ensure completion of construction at Carlota, the Company has instituted a floor price protection program. Under this program, the Company has purchased copper put options at various times during 2007 at a total cost of \$11.5 million. At December 31, 2007 the Company had outstanding put options for approximately 149 million pounds of copper with an average strike price of \$2.43 per pound and with maturity dates spread between January 2008 and September 2008. The fair value of the outstanding copper put options at December 31, 2007 was \$8.8 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 2007.

In 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 ending on February 1, 2008. As at December 31, 2007, the fair value of the fuel contract was \$0.5 million, resulting in an unrealized derivative gain of \$0.5 million in 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 \$0.1 million at quarter-end resulting in an unrealized loss of \$0.4 million in 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 System (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 and on January 18, 2008 filed a motion for the 9th Circuit to rehear the case. The 9th Circuit is currently considering whether to rehear the case.

The permit remains in effect during the appeal process. 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 is continuing construction of the Carlota project and in the event that the NPDES permit is not reissued, the design of the mine site with respect to run-off will be modified. Management is studying the cost and operating implications of this modification. There can be no assurance that permit renewals 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 year ended December 31, 2007, the Company incurred legal fees of \$890 with that entity (year ended December 31, 2006 - \$569), which were at normal business terms.

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

Mineral property development costs, including exploration, mine construction, and stripping costs, are capitalized until commercial production is achieved, and are then amortized over the remaining 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.

An impairment loss is recognized for a mineral property if its carrying value exceeds the total undiscounted cash flows expected from its use and disposal. Undiscounted cash flows for mineral properties are estimated based on a number of assumptions including long-term commodity, proven and probable reserves, estimated value beyond proven and probable reserves, and estimates of future operating, capital, and reclamation costs. Based on management's view of future metal prices and cost assumptions, the carrying value of the Company's mineral properties was not impaired at December 31, 2007.

Revenue Recognition

Sales are recognized and revenues are recorded at market prices when title transfers and the rights and obligations of ownership pass to the customer. The majority of the Company's concentrate is sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. The Company estimates provisional pricing for its concentrate based on forward prices for the expected date of the final settlement. Subsequent variations in price are recognized as revenue adjustments as they occur until the price is finalized. As a result, revenues include estimated prices for sales in that period as well as pricing adjustments for sales that occurred in the previous period. These types of adjustments can have a material impact on the revenues.

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 2006 and 2007 the Company revised its estimate of the timing and amount of closure costs at the Robinson Mine which resulted in adjustments to the liability recorded in the Company's financial statements. 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

Management believes that uncertainty exists regarding the realization of certain future tax assets and therefore a valuation allowance of \$36.5 million has been recorded. The Company has not recognized the benefit of U.S. Alternative Minimum Tax credits, the tax basis of Carlota in excess of the acquisition price, and non-capital losses. The Company has recognized a net current future income tax asset of \$12.1 million and a net non-current future income tax liability of \$23.7 million that relates to the temporary difference created between the tax and accounting basis of assets and liabilities of operations based in the United States. Management estimates that, using long term copper prices in line with its mine plan estimates, the future taxable income will be sufficient to utilize the net tax assets which have been recognized.

CHANGE IN ACCOUNTING POLICIES

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 55,115,736 common shares issued and outstanding common shares at December 31, 2007. As of February 19, 2008 the Company had 55,332,113 common shares issued and outstanding.

CONTROL OVER FINANCIAL REPORTING

Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

During the process of management's review and evaluation of the design of the Company's internal control over financial reporting in the fourth quarter of 2006, 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 has now been substantially completed.

Disclosure Controls and Procedures

The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed in reports it files is recorded, processed, summarized and reported within the appropriate time periods and forms.

February 19, 2008

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 related to capital cost estimates for mine construction activities.
- * Uncertainties relating to the availability of adequate water resources for mining and milling operations
- * Uncertainties related to the ability to obtain and retain necessary licences, permits, electricity, surface rights and title for development projects and project delays due to third party opposition.
- * Uncertainties in obtaining additional financing that may result in delay or postponement of development projects or even a loss of the mineral property interest.
- * Uncertainties related to the future development or implementation of new technologies, research and development and, in each case, related initiatives and the effect of those on our operating performance.
- * Uncertainties related to judicial or regulatory proceedings, including whether the permits required for development and operating activities will be obtained and whether existing permits will be challenged.
- * 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
- * Uncertainties associated with critical accounting assumptions and estimates.
- * Environmental issues and liabilities associated with mining including processing and stock piling ore.
- * Geopolitical uncertainty and political and economic instability in countries in which Quadra operates.
- * Labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which Quadra operates mines, or extreme weather conditions, environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in Quadra's mines or interrupt the delivery of Quadra's product to customers.
- * Quadra's reliance on a single producing property.
- * Uncertainties relating to acquisitions, including whether the Carlota copper project and recently acquired 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, unless required to do so by law.