



QUADRA MINING LTD.

Q4 / Year End 2007 CONFERENCE CALL

February 20th, 2008 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 year end and fourth 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. 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.

Perhaps I should start by saying that despite the Bloomberg feed this morning, we haven't lost \$772 million in derivatives, in fact 2007 saw Quadra deliver much improved results in terms of all our financial metrics as compared to 2006,

- Earnings were \$136 million or \$2.80 per share compared to earnings of \$14.4 million or \$0.40 per share in 2006.
- Net revenues were \$494 million from sales of 134 million pounds of copper in 2007 compared to \$393 million from 118 million pounds of copper sold in 2006
- Operating cash flow before working capital was \$163 million or \$3.34 per share compared to operating cash flow of \$18.1 million or \$0.50 per share in 2006.
- Our EBITDA was \$223 million or \$4.58 per share (basic) compared to \$160 million or \$4.41 per share (basic) for the same period in 2006. As previously, I'd remind you that EBITDA is a non-GAAP measure but is of course a popular metric for evaluating financial performance.
- And, our year end cash position is robust with \$264 million on hand

The primary driver for the improvement in earnings was the realized copper price received. This was mainly as a result of our

derivative positions last year and as we cleared those positions in the middle of 2007 we began to reap the full benefits of strong – albeit volatile - copper and gold prices.

The secondary factor for this improvement in our annual revenue and earnings was the increased production and sales volumes of both copper and gold. In 2007, the Company sold 135.2 million pounds of copper and 109 thousand ounces of gold, compared to 117.8 million pounds of copper and 70 thousand ounces of gold in 2006.

Looking at the fourth quarter only, the revenues were \$ 81.7 million, some 40% below the average revenue in the previous quarters of 2007. This revenue was derived from the sale of 28.9 million pounds of copper at a provisional realized copper price of \$3.21.

I think that it is worth spending some time understanding this. There are three drivers for revenue in any quarter:

- 1) the provisional price received for sales made in the quarter
- 2) the impact of the accounting revaluation of receivables
- 3) and the sales volume

Beginning with volume, the fourth quarter sales at 28.9 million lbs were lower than in previous quarters due to the timing of

shipments. Overall production and sales for the year were in balance.

The price of copper included a significant downward swing across the fourth quarter, with the price falling from \$3.67 per pound at September 30th, 2007 to \$3.04 per pound at December 31st, 2007, impacting both the provisional price received and the value of receivables negatively.

This is obviously not just a Quadra issue, but rather an issue for anyone in the business of producing concentrates, with their associated provisional and final pricing structure. Just to remind those of you that are less familiar with the concept of provisional pricing, typically there is a gap of about 4 months between the provisional payment made on shipment and the final settlement received from the smelter. This is because the smelters don't take any price risk, but wait until they have smelted and sold the copper before settling up. At any given time, there is 30 – 40 pounds of copper that has been sold and is awaiting final settlement. This is revalued at the end of each Quarter based on the prevailing price.

Thus in a period of rising prices, as occurred in the first three quarters of 2007, with copper rising successively from \$2.89 at the end of 2006 to \$3.66 at the end of Q3, not only will the Company record higher revenue for deliveries in the period, but it will also record

favourable adjustments as a result of the revaluation of receivables.. Clearly, as we have just seen in Q4 – in a period of declining prices the converse is true so that not only are revenues lower for deliveries during the period, but are further impacted by negative adjustments to the value of our receivables.

At year-end the Company had 38 million pounds of copper awaiting final settlement which has been provisionally valued at \$3.04/lb. Based yesterday's copper price of \$3.66 per pound, a significant portion of the mark to market adjustments in the fourth quarter would be recovered when this product is finally priced in January through March/April 2008.

Moving on, our core operation, **Robinson** continued to perform substantially in line with plan during the fourth quarter producing 32.4 million pounds of copper and 27 thousand ounces of gold.

As a consequence, we exceeded our 2007 production guidance producing 131.9 million pounds of copper and 108 thousand ounces of gold for the year. As I've said before, it has taken us a while to get in front of the complexity of Robinson, but our year end production results support our contention that we now have a good understanding of the ore body and have the ability to manage the variability within it.

Robinson continued to deliver on safety with a total recordable injury rate of 1.00 compared to the national average of 3.3. For us safety is a key measure of the quality of what we do and this is a record that we are proud of.

Ore was largely mined from the supergene zone in the Veteran pit with recoveries improving as we mined into the more normal hypogene ore later into the quarter. Again, with the capital improvements at the mill, and in particular with pH control, we were better able to deal with the variable metallurgy that came from the supergene zone in the Veteran pit. We have probably taken this as far as we can in terms of recovery.

With increases in copper production and a significant revenue stream from our by-product gold production, our cash costs per pound produced improved significantly in 2007 as compared to the same period in 2006. For the year end 2007 the cash cost per pound of copper produced was \$1.49 compared to \$1.74 for the same period in 2006.

On site costs for the year were \$209 million as compared to \$181 million for the 2006. The maintenance programme accounted for \$7.6 million of this increase while other significant cost increases were royalty costs adding \$7.3 million as a result of higher metal prices and tires, costing some \$5.2 million more than a

year earlier. On the subject of tires, while I can't definitively say that we can see light at the end of the tunnel, we are seeing new producers in the market, and existing producers that have more capability of supporting us, so that hopefully this will be a less critical item in 2008. Having said this, because of our successful tire programme, we have not had to park any trucks to this point, with the impact of the shortages being more cost related.

During the year, the mine fleet at Robinson had reached the point where normal course scheduled replacement of many large drive train components was required. We are now through this programme and do not anticipate any major maintenance expenditures for the upcoming year.

The Robinson offsite costs were \$ 68 million for year ended December 31, 2007 as compared to \$ 80 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.

Despite continuing industry pressures, the net effect of the changes in on site and offsite costs is that the combined cash costs of \$ 281 million for 2007 at Robinson were actually

only 7% above the total cash costs for the same period in 2006.

We have not given guidance on costs going forward, considering the dynamics too volatile, but at this point do not see any obvious pressures, except perhaps fuel prices.

We issued our 2008 guidance in the 3rd quarter but to reiterate – the Company expects to produce 130 million pounds of copper and 100,000 ounces of gold from Robinson in 2008.

We revised our Robinson proven and probable reserves as we do annually, with changes related to the material mined. The mine now has a reserve of 709,000 tons of contained metal and a mine life of 7 – 8 years. The reserve is based on a complete remodelling of Veteran including the results of development drilling and our knowledge of the supergene layer. While we also completed a \$10 million drilling program in Veteran in 2007 that focused on the potential for additional reserves, we were not in a position to evaluate the impact on the resource in time for the year – end MD& A due to delays in getting assays from third party labs. We have now deferred the full analysis until mid year, as the results are not expected to impact the near term mining sequence.

Turning to progress at **Carlota**, construction activities during the fourth quarter included: the continuation of pre-stripping, the completion of all primary access and haul roads, platform concrete work for the SX-EW plant, pre-production mining activities and the development of the leach pad grading and drainage. Capital expenditures at the end of 2007 were \$93 million.

I will briefly update the status on the National Pollution Discharge Elimination (“NPDES”) permit for the Carlota project, which was vacated and returned to the Environmental Protection Agency (EPA) by the United States Court of Appeals for the 9th Circuit during the third quarter. Subsequently, various requests for time extensions were requested by the EPA as they considered whether they would appeal. In the event, they elected not to, something that was a disappointment to Quadra, given all the work down the years to put this permit in place. In any event on January 18th, Quadra, as an intervening party, lodged its own appeal, by filing a motion requesting the 9th Circuit to rehear the case en banc. The 9th Circuit is currently considering this motion. In the mean time, we have continued to modify the mine-site design to manage and contain run-off in such a way to obviate the need for the permit should it not be reissued.

While there is some cost implications in pursuing a zero-discharge option, we do not

anticipate any delays or material cost overruns and are continuing with the development of the project as planned.

We are on schedule and expect to begin production at Carlota during the second half of the year, however, 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 **Sierra Gorda**, during the fourth 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.

Over 48,000 metres of drilling was completed during 2007 with five or six drill rigs on site at any one time. This program began in April and during the third quarter we announced partial results that continued to confirm the presence of deep high grade sulphide mineralization.

As previously discussed, we have been working towards gathering sufficient information to develop 43-101 report defining the inferred category mineral resource for the project. We had originally targeted the first quarter of this year, but this has slipped to the next quarter, due to the need for additional drilling in the form of extensions to a number

of holes, to provide the statistical coverage required. The drilling is complete and the assay results are still in progress, as is the associated resource calculation work

We have enough data that we are preparing or plans going forward. The next logical steps include infill drilling, metallurgical, geotechnical, environmental studies and other engineering studies leading to a pre-feasibility and feasibility study

Also during 2007 we announced the procurement of water rights and consider this a vital step in moving the project forward.

Moving on to **Malmbjerg**, our molybdenum project in Greenland, during the fourth quarter, engineering and cost studies proceeded as planned. We are currently finalizing these studies and putting together our plans going forward for this project.

I'd like to wrap up by take this opportunity to express my sincere appreciation to a team that all contributed to this past years success. We are justifiably proud of our Quadra employees and their universal commitment to delivering results.

Going forward, we expect to see cash flow generation from Robinson continue during 2008 at significant levels - subject of course to the movement of metal prices. With working

capital of \$287 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

Thank you. We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift your handset before making your selection. If you have a question, please press star one on your telephone keypad. If at any time you wish to cancel your question, you may 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 is from Tom Meyer of Raymond James. Please go ahead.

Tom Meyer, Raymond James

Hi, Paul; it's Tom. Do you have a probability guess for if the lenders on that first facility debt will call, ah, I think they have the right to call about \$42 million beginning in March; is that a high probability event for this quarter?

Paul Blythe, President & Chief Executive Officer

It's a question that we spend a lot of time puzzling. We don't have any indications either way. As far as the quality of the debt is concerned, it's a well-priced piece of paper. Certainly our credit's improved. We've got a much stronger balance sheet than when we put that in place. In a logical world we would be very surprised if they swept. We don't know what the liquidities issue that the holders have, so that, we think, is probably going to drive their decisions as to whether they sweep or not.

Tom Meyer, Raymond James

Okay. And then on Sierra Gorda, do you have a budget plan for 2008 yet?

Paul Blythe, President & Chief Executive Officer

We are in the process of completing that work in conjunction with the calculations relating to the inferred resource, so early in the next quarter we expect to be able to provide a package that tells you what we're going to do going forward and what the inferred resource is.

Tom Meyer, Raymond James

Okay. So we should read into that that the inferred resource on the sulphides at Sierra Gorda more likely early Q2 as opposed to late Q2?

Paul Blythe, President & Chief Executive Officer

Yeah. I mean, you know, we don't entirely control our own destiny in these things, but basically we're trying (inaudible) to get the data out by the end of April. Don't hang your hat on that; you know, things can go wrong in terms of third parties supplying bits and pieces we need to make that happen.

Tom Meyer, Raymond James

Okay. Thanks very much, Paul.

Paul Blythe, President & Chief Executive Officer

Thank you, Tom.

Operator

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

Jay Turner, BMO Capital Markets

Thanks, good morning everyone. Just a couple things.

In the press release it says for Carlotta that you expect to declare commercial production in the second half of the year. What's the means test or, you know, what drives that? Like what do you have to get to get to commercial so that you'll declare revenue this year?

Paul Blythe, President & Chief Executive Officer

Now you point it out I would agree; it's not necessarily a defined term. We have in our heads generally the sort of definition that lending banks use for project debt, which is 60 percent of design capacity for 30 days. So that's the definition we've got in our minds when we throw that out.

Jay Turner, BMO Capital Markets

But you do expect to book some revenue this year?

Paul Blythe, President & Chief Executive Officer

We hope to, yeah.

Jay Turner, BMO Capital Markets

Okay. And then I noticed that you booked some molybdenum sales in the revenue, a couple million dollars, I was wondering if you could maybe— because my understanding was that you were having trouble getting a commercial-grade concentrate. How has that played out through the year and what do you expect for next year?

Paul Blythe, President & Chief Executive Officer

We've actually got quite slick at producing moly. Years ago I used to work at the Gibraltar mine in British Columbia and we couldn't produce moly at double the sort of grades that our guys are producing moly at now from Robinson. So it's an opportunist strategy. When it's there and they can make it work, they make it work and we produce moly. You know, the plant's there already and so there's not a huge amount of on-cost. So we just— there just isn't that much moly in the Veteran pit so, you know, we say it's an opportunist activity.

Jay Turner, BMO Capital Markets

But in the current market it implies that you had about 50,000 pounds in sales. Is that kind of the production or the sales rate that we can expect that you'd be, you know, selling 50,000, 60,000 pounds a quarter?

Paul Blythe, President & Chief Executive Officer

Well I say it's opportunistic. You know, the (inaudible) doesn't help us, so if it's there the guys take it. Put it this way: we don't put it into our budgeting process that we're going to get any revenue from moly, but if history repeats itself we will be producing a little bit of moly I guess is the best way I can answer that.

Jay Turner, BMO Capital Markets

Okay. And then just on the inventory on the balance sheet, you had quite a significant rise in inventory compared to September 30th and I noticed in the notes that it's kind of split between supplies and copper con, as a matter of fact, copper con is down a bit. What was the driver behind your inventory for supplies going up so significantly?

Paul Blythe, President & Chief Executive Officer

The biggest issue is tires. We've been operating in, ah, I'll call it the wholesale market for tires to make sure that we've got a secure position. We have a contract, but notwithstanding that we've—so we've tended to, again, opportunistically buy tires when they're available at a price that suits us. So we've built up quite an inventory of tires.

Jay Turner, BMO Capital Markets

Okay. And then just finally, um, with respect to the provisional pricing, if I understood it correctly you're saying that when you finally priced the sales from Q3 there was a \$19.8 million adjustment downwards but, you know, you've got, what, 38 million pounds priced at 304 at the end of the year and you expect that to come into the first quarter. Was that—I mean do you have any advice on how to forecast earnings under those circumstances?

Paul Blythe, President & Chief Executive Officer

Now there's a question. I mean the thing to remember is that we didn't invent GAAP, we just follow it. But the way that I look at it is that at any given time for Quadra we have somewhere between 30 and 40 million pounds of copper sitting out there that's been sold and is waiting final settlement. That gets re-priced at the end of every quarter and it gets priced basically at the forward price for the end of the quarter. So it will get sharp changes like this, you know, when you get a drop of \$0.60 a pound it's going to be a shock on the system, but it's that sort of amount is just re-valued every quarter and is going to move straight to the revenue line and on down through the financials.

I appreciate and have a lot of sympathy with trying to explain this and deliver that, but I don't have a good answer to it. It's something we have to do. That's what GAAP says. You should of course realize that part of the lower revenue compared to the other quarters is that the lower price of course means that the provisional revenue that or the provisional price that we get is also lower. So all

three factors came into play this quarter; we had lower volumes, the lower price meant that we had lower provisional pricing and lower revenues because of that, and our working capital inventory, like our receivables were re-priced at the end of the quarter as well. That's going to be a common event.

If you look back actually to the first three quarters, as I said in the talk there, you know, copper went up maybe \$0.25 a quarter and each quarter part of the revenue was driven by the re-valuation of the receivables.

Jay Turner, BMO Capital Markets

Okay. And just finally, I just wanted to make sure that I got the sales volume correctly for the quarter; it's 28.9 million pounds?

Paul Blythe, President & Chief Executive Officer

That's correct.

Jay Turner, BMO Capital Markets

Okay. I thought I heard you mention something in the order of 21 million pounds earlier when you were talking about the provisional pricing and I was just curious what that number was.

Paul Blythe, President & Chief Executive Officer

It's probably my bad English accent.

Jay Turner, BMO Capital Markets

Okay, fair enough. All right, I'll let somebody else jump on. Thanks.

Operator

Thank you. The next question is from John Hughes of Desjardins Securities. Please go ahead.

John Hughes, Desjardins Securities

Oh, thank you operator. Just a follow-up to Jay's question on the price settlement adjustment number, should we—sorry, you mentioned a range of 30 to 40 million pounds, now do you mark to market at the end of every quarter at the then-price or, I think, Paul, you mentioned that you use the forward curve at the end of the quarter to provisionally price at that point in time? Do you use the absolute price at the end of the quarter or do you go forward?

Paul Blythe, President & Chief Executive Officer

We go forward. Essentially it's flat at the moment anyway, John, but we use the forward price based on what we estimate the settlement date for each lot to be.

John Hughes, Desjardins Securities

And on average you're having then about four months worth of shipments being re-valued at the end of each quarter?

Paul Blythe, President & Chief Executive Officer

Yeah. And that's going to be a permanent state of play. It'll fluctuate a bit. You know, one shipment is a significant amount of copper, it's 10 million pounds of copper, so that can—it can, you know, if you make one extra shipment or one less shipment in a given quarter it can rattle around that a bit, but that's, yeah, somewhere between 30 and 40 million pounds, and nearer 40 than usually, is what we've got out there. Obviously we're always trying to pull that down, but there's a lot of events got to happen to make that all work.

John Hughes, Desjardins Securities

Without a doubt. Just quickly on the—you note the 26 percent annual effective tax rate for 07; what should we be using for 08?

Paul Blythe, President & Chief Executive Officer

I think I'm going to pass that across to Stuart, the CFO, to—

Stuart McDonald, Vice-President, Finance

Yeah, it's Stuart McDonald here. It's not something that we give guidance on, but 26 percent I would say, based on the copper prices we experienced in 2007, that's a, you know, that's a typical rate that we would expect. Assuming constant copper prices.

John Hughes, Desjardins Securities

Okay, good. Thank you. Two quick last ones, both related to Sierra Gorda. Are there any further water rights that need to be acquired in 08?

Paul Blythe, President & Chief Executive Officer

The vision we've got, if it's a large sulphide project, yeah. You know, if it's up in the sort of 50,000 to 100,000 tonne a day concentrate operation, large scale operation that, you know, at a first glance might well fall out of this thing, ah, yeah, we would need significant more water than we've got now. We'd need maybe 300 to 400 litres a second. So that's a continuing work in progress.

John Hughes, Desjardins Securities

One last one on the same project. As in the second quarter, as you formalize an inferred resource, particularly on the sulphide side, and you look forward into a development program for the project, can you give us some feel for time period for the definition drilling and all the geotechnical, etcetera, work that would be done in a development program? Is this a 12-month, 18-month timeframe?

Paul Blythe, President & Chief Executive Officer

Yeah, bear in mind now, to reiterate, no decisions have been made, but we think we would be in a position, if we do go ahead with the program there, to make a construction development decision by the end of 2010. That's our current thinking on it.

John Hughes, Desjardins Securities

Okay, very good.

Paul Blythe, President & Chief Executive Officer

And that includes permitting and all those good things.

John Hughes, Desjardins Securities

Excellent. Thank you very much, gentlemen.

Paul Blythe, President & Chief Executive Officer

Okay, thank you.

Operator

Thank you. The next question is from Terence Ortslan of TSO & Associates. Please go ahead.

Terence Ortslan, TSO & Associates

Thanks. Good morning. Just to follow on John's question on the Sierra Gorda with respect to the water, how much water do you secure so far? How much is that per available in terms of litres per second?

Paul Blythe, President & Chief Executive Officer

We have about 140 litres a second of water that we have pumping rights for right now.

Terence Ortslan, TSO & Associates

Okay. Okay. So you're going to double that. And there's availability opportunity to be able to do that?

Paul Blythe, President & Chief Executive Officer

There's a number of strategies that we're following. This is a really competitive situation so I...there's not much I'm going to say about it because there's obviously a whole not of folks not necessarily doing the same thing as us but looking for the same water.

Terence Ortslan, TSO & Associates

Okay. So all said and done from what you've got so far, how much does it work out to be per litre?
Paul Blythe, President & Chief Executive Officer

Again, I'm...

Terence Ortslan, TSO & Associates

So far, not what you're going to pay for it in the future.

Paul Blythe, President & Chief Executive Officer

I'm not... Well, again, that's something that we really don't want to disclose. You can get a rough estimate perhaps from our public disclosure, but

again, this is a very competitive market. We don't want to set benchmarks and wind up bidding against ourselves. Sorry, Terry.

Terence Ortslan, TSO & Associates

That's okay. Are there any more option payments on Sierra Gorda? Or that's it.

Paul Blythe, President & Chief Executive Officer

Yeah, there's significant—it's still of the order of \$20 million of option payments to go.

Terence Ortslan, TSO & Associates

That's between now and 2010 also, right?

Paul Blythe, President & Chief Executive Officer

Yeah. It was heavily, it always was heavily back-end loaded, the payment schedule.

Terence Ortslan, TSO & Associates

Okay. Just coming back to Carlotta, the schedule that you have for production this year, coming back to Jay's question, you're hoping to be of commercial quantity?

Paul Blythe, President & Chief Executive Officer

Yeah. Using that definition we're looking at getting to that definition of commercial production this year.

Terence Ortslan, TSO & Associates

Okay. And from what you remember, next year's number ain't going to be 100 percent still, right? So 2010's supposed to be the 100 percent they way you visualize.

Paul Blythe, President & Chief Executive Officer

Yeah, there's some ramp-up on it and... The grade's a little lower in 2009 and plus there's some—we tend to be sanguine or realistic about start-up so we know that you don't just pull the switch and away you go, so yeah, there's some ramp-up in 2009 to full production in 2010.

Terence Ortslan, TSO & Associates

And just let me understand from Tom's question earlier, the syndicates for the financing, the LIBOR plus the 6 percent or thereabouts, that includes, I assume, all the fees, right?

Paul Blythe, President & Chief Executive Officer

Yeah.

Terence Ortslan, TSO & Associates

And there is no more, nothing else hidden in that number. I mean that's a pretty hefty number still by any standards. So why is it so, I would say, um, a bit outrageous given the market circumstances?

Paul Blythe, President & Chief Executive Officer

Well a fundamental criterion for us in putting that debt in place was that we wanted no hedging obligations at all. And we—actually I think just to give you (inaudible), I think for that criterion it's a reasonably priced piece of paper given our balance sheet at the time we put it in place, which, to be frank, certainly wasn't as robust as it is now. And it was in a very volatile copper environment we put it together. We thought it was important to get on with building Carlotta, but copper was falling and it did drop in the middle of all of that to \$2.37 I think in January last year before it dramatically pulled back in March.

But I think in the context of today's credit market it's a very reasonably priced piece of paper. I don't think it's either cheap or expensive. To put it another way, even with the balance sheet where it is we don't think we could get a better deal out there than that one.

Terence Ortslan, TSO & Associates

Okay. And finally, Paul, sorry, did you mention your CapEx numbers for 2008?

Paul Blythe, President & Chief Executive Officer

Did I mention them? I haven't mentioned them. In terms of Carlotta or in terms of...?

Terence Ortslan, TSO & Associates

The company overall. On Carlotta I think we know what the number is, the balance of the construction—

Paul Blythe, President & Chief Executive Officer

Actually, if I can—it is actually I think in the MD&A. Just checking. Yeah, under liquidity outlook we've kind of listed the basics there. \$125 million at Carlotta and \$50 million on various expenses relating to Robinson, the key one being moving across to the Ruth pit. That's on page 10 of the MD&A if that helps you.

Terence Ortslan, TSO & Associates

Okay, fair enough. Thanks again. Thanks for the review.

Paul Blythe, President & Chief Executive Officer

Okay, thank you.

Operator

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

Mike Collison, Dundee Securities

Good morning, Paul. A couple of quick questions. First off, the mine plan at Robinson; you're in the supergene now, will you be going to the hypogene in Q2 or do you think earlier than that?

Paul Blythe, President & Chief Executive Officer

I've got Jack Miller, the Chief Operating Officer; I'll let him take that question.

Jack Miller, Chief Operating Officer

We evaluate the percentage of supergene material at half a percentage (inaudible) the more supergene materials in the first quarter and in the fourth quarter. So in the middle is less supergene.

Mike Collison, Dundee Securities

Okay, great. Thanks.

Paul Blythe, President & Chief Executive Officer

We're never now totally out of the supergene. The way the plan works is that bits of supergene show up in all quarters.

Mike Collison, Dundee Securities

Oh, okay.

On the Carlotta gold payments, you had originally hedged those payments at \$600 an ounce. Did those hedges, did you cash them out sometime in the past?

Paul Blythe, President & Chief Executive Officer

Yeah, that's all been cashed out. Any outstanding gold for Carlotta is going to be at market and we will buy it at what we see as an appropriate time.

Mike Collison, Dundee Securities

Okay, and—

Paul Blythe, President & Chief Executive Officer

(Inaudible) will be paying the current gold price effectively.

Mike Collison, Dundee Securities

Right. Okay. Carlotta CapEx timing, the MD&A says that there will be, um, I got the impression reading on that there would be more CapEx in the second half. Is that—have I got that wrong? CapEx should be in the first half of the year and complete going into the second half or you expect that the remaining CapEx will carry through well into the second half?

Paul Blythe, President & Chief Executive Officer

They heavy construction period is the first half, so most of the capital will be in the first half. We'll be building up working capital in the second half.

Mike Collison, Dundee Securities

Okay.

Paul Blythe, President & Chief Executive Officer

And you have to be a little bit careful between commitments, work done, and money paid too, because generally on a project like that, like any project, there's quite a lag, so there can be three months between the work being done and money actually going out of the door. In terms of commitments and money spent it's (inaudible).

The construction will be substantially complete by the end of the first half.

Mike Collison, Dundee Securities

Okay. Quick question on the timing of your smelter contracts. It looks like your contracts switched over from your summer of quarterly results I'm going to guess at the end of Q1. Would that be semi-accurate? You'd go to a new benchmark contract?

Paul Blythe, President & Chief Executive Officer

At any given time it's a blend. Yeah, I see what you mean, and certainly the settlements that rolled on into 2007 began to (inaudible). We have two smelter contracts and the rest of our material is sold through traders. There's no linear relationship there. But, yeah, by the third quarter we were benefitting from, more and more from current benchmarks.

Mike Collison, Dundee Securities

Okay.

Paul Blythe, President & Chief Executive Officer

There's been some swings (inaudible). We had some very dramatic tenders of prices received in terms of low (inaudible) PC/RCs received in some

of our tenders, which offset some of the higher brick contracts that we had.

Mike Collison, Dundee Securities

Okay. And finally, ah, the resources—today you put out the reserves at Robinson; would we expect to see the January 1, 2008 resources in the AIF?

Paul Blythe, President & Chief Executive Officer

Yeah, they'll be in the AIF.

Mike Collison, Dundee Securities

Okay, great. That's it for me, thanks.

Paul Blythe, President & Chief Executive Officer

Okay, thank you.

Operator

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

David Charles, GMP Securities

Yes, good morning. Maybe just a quick question on your M&A strategy. I'm just wondering, Paul, if you're seeing opportunities out there even given the fact that the copper price has gone down and rallied back up again and, you know, are you still staying in the same geographic areas that you've defined in the past going forward?

Paul Blythe, President & Chief Executive Officer

Yeah, there's only a limited universe of opportunities. We're still out there all the time beating the bushes looking for deals. As I always say to people, it takes two to tango. We're not in the hostile acquisition business so we would want to be able to work with people through due diligence and all that stuff. But I don't think that the universe of near production and in production M&A targets/relationships has changed at all in the last year. It's still pretty much the same and, you know, the consolidation really hasn't moved down into our space yet. I think it'll be like the dam bursting, at some point it'll happen, and then there'll be a whole series of consolidations.

In terms of what we're trying to do, we know that our shareholder base (inaudible) to political risk as a significant issue. We've carved ourselves a niche here where we have a low, a low political risk factor if you like, so North and South America, Australia are our main hunting grounds looking for relationships and acquisitions.

David Charles, GMP Securities

Would you look at more molybdenum opportunities if they presented themselves?

Paul Blythe, President & Chief Executive Officer

Oh, absolutely. I think I've said before we don't see ourselves as a pure play copper company at all. Clearly the Malmbjerg acquisition demonstrated that. In talking to our shareholders nobody ascribes a huge amount of importance of being a pure copper play. Our skill set is the base metal sector; we can do, technically with our core skills we can do any of those projects. So molybdenum is interesting. We would even consider the right opportunities, you know, lead, zinc, copper situations.

David Charles, GMP Securities

Thank you very much.

Paul Blythe, President & Chief Executive Officer

Thank you, David.

Operator

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

John Tumazos, John Tumazos Very Independent Research

Congratulations on the progress. Hopefully this isn't too complicated a question, but from the conclusion of the spending for Carlotta construction until potentially the earlier of the two projects and feasibility study were to go into construction, how long is the time interval where Robinson and Carlotta would be generating cash before you have a project? It looks like you have a great opportunity to build some cash in the near term.

Paul Blythe, President & Chief Executive Officer

I think that's—I think, as I've said before, right now, and remember this is a work in progress, the earliest we could start construction on Sierra Gorda based on that is end of 2010 somewhere. Malmbjerg would be a bit earlier. But yeah, there certainly could be a period of 18 months or 2 years when we weren't in capital construction projects. Bear in mind that moving projects through even into the development phase isn't a cheap activity, you still need tens of millions of dollars to move projects of that magnitude forward, but you're right, I mean assuming that our view on copper price prevails, there's certainly a period there where we can expect to build up some cash.

John Tumazos, John Tumazos Very Independent Research

Thank you.

Paul Blythe, President & Chief Executive Officer

Thank you. That wasn't a complex question at all. Thanks, John.

Operator

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

Tom Meyer, Raymond James

This is a well-timed follow-up to John's question. With the cash, um, do you have a plan on a dividend, a potential in using a dividend policy going forward?

Paul Blythe, President & Chief Executive Officer

We haven't considered a dividend policy at all at this point. In terms of the best disposition of the cash, that's something we'll study when we get to it and when events become clearer. You know, I don't know—just giving my own personal view on it I don't think dividends are the best way to create value. I think there are other ways of creating

value. Decreased tax treatment (inaudible) is always less than exciting. But we haven't considered it and the board hasn't considered it at this point. We're just getting used to having a good balance sheet.

Tom Meyer, Raymond James

Okay, and then finally, potential for a U.S. listing for Quadra?

Paul Blythe, President & Chief Executive Officer

Always under study. No decisions at this time but under study and under review on a continuing basis. But we're aware that a good number of our shareholders would be very interested us going in that direction and potential shareholders too, so we continue to review it. And, you know, I can't say yes or no, it's not my decision in isolation, but we recognize that there is a lot of interest in us going in that direction.

Tom Meyer, Raymond James

Okay. Thank you very much, Paul.

Paul Blythe, President & Chief Executive Officer

Thank you, Tom.

Operator

Thank you. Once again, please press star one on your telephone keypad if you have a question.

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

Paul Blythe, President & Chief Executive Officer

I'd like to thank everybody for listening today. If you have any further questions, please feel free to call us. Thank you very much.

Operator

Thank you. The conference has now ended. Please disconnect your lines at this time. Thank you for your participation.