MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR AND FOURTH QUARTER ENDED DECEMBER 31, 2005

The following Management Discussion and Analysis ("MD&A") of Quadra Mining Ltd. ("Quadra" or the "Company") has been prepared as of March 9, 2006 and is intended to supplement and complement the accompanying audited annual financial statements and notes for the year and fourth quarter ended December 31, 2005. This discussion includes certain statements that may contain '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 the Annual Information Form ("AIF") is available on the SEDAR website at: www.sedar.com. The Company is a reporting issuer in all provinces and territories of Canada and trades its common shares 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 base metal producing company that through its 100% owned subsidiary Robinson Nevada Mining Company ("RNMC") owns and operates the Robinson copper mine ("Mine") in Ely, Nevada. In addition to operating the Mine, on December 21, 2005 Quadra finalized a purchase agreement with Cambior Inc. ("Cambior") to acquire from Cambior all of the shares of Cambior USA Inc., the parent company of Carlota Copper Company which holds the Carlota Copper Project ("Carlota") in Arizona. The Company also has an option to purchase the Sierra Gorda Project, a late stage group of contiguous properties near Antofagasta, Chile. The strategic plan of the Company includes growth by optimising operations, developing projects and pursuing merger and acquisition opportunities.

Year Ended 2005 Highlights

- For the 2005 fiscal year the Mine recorded net revenues of $228,235 from sales of 223,346 dry metric tonnes of concentrate
- Average sales prices for the year were $1.47 per pound of copper including the impact of the Company's hedging activities during the year
- Production for the year was 126.2 million pounds of copper and 80,941 ounces of gold
- Capital expenditures and deferred costs relating to waste stripping at the Mine were $31,855
- The Mine completed the construction of a $7,300 molybdenum plant
- All mining in fiscal 2005 took place in the Tripp Pit with 13.8 million tonnes of ore grading 0.55% Cu copper and 0.34 grams /tonne gold sent to the mill
- As a result of geotechnical wall issues in the Tripp Pit the Company undertook a de-weighting program that impacted the original production plan resulting from the change in head grade
- On August 9, 2005 RNMC elected to take over all direct mining operation responsibilities at the Mine with an orderly transfer completed by October 31, 2005
- As a subsequent event to the fiscal year end, the reserves at the Mine were updated resulting in a 27% increase in mineral reserves and a revised estimated mine life that increased from 8.3 years to 10.3 years
- The Carlota Copper Project was acquired in December 2005 for a total consideration of $39.7 million
- A budget of $3,463 was expended on exploration activities, including 16,500 metres of drilling to advance the Sierra Gorda Project in Chile
- The Company made a decision to withdraw from the Magistral Project in Peru on October 27, 2005 and as a result wrote off the investment and costs incurred in the amount of $6,933

- The Company completed an equity financing in January 2006 and issued 8.3 million shares for net proceeds of CAD $48,850

COMPARABILITY OF RESULTS

The Company became a publicly listed company on April 8, 2004 and commenced commercial production at the Robinson mine on October 1, 2004. During 2003 the Company was private and had no material assets or transactions and comparisons between the financial results in 2005 or period to period variations between 2005, 2004 and 2003 may not be meaningful. Comparative analysis has been provided where it is considered meaningful by management

OVERALL PERFORMANCE

Financial Results

	2005	2004	2003
Concentrate production (DMT)	226,999	49,150	-
Concentrate sales (DMT)	223,346	14,343	-
Statement of operations	$	$	$
Net revenues	228,235	11,932	-
Cost of sales	142,416	11,214	-
Depreciation, amortization and depletion	9,103	439	-
Accretion	2,000	477	-
Royalties	1,108	23	-
Operating income (loss)	73,608	(221)	-
General and administrative	5,392	3,906	322
Realized loss on derivatives	26,207	-	-
Stock-based compensation	1,890	1,870	-
Foreign exchange (gain) loss	(2)	(904)	5
Net interest and other (income) expense	132	(530)	(19)
Income (loss) before other items	39,989	(4,563)	(308)
Write down of Magistral property	6,933	-	-
Unrealized loss on derivatives	32,463	1,899	-
Contract termination fee	4,436	-	-
Break fee	-	(2,500)	-
Future income tax recovery	(1,820)	(1,587)	-
Net loss	2,023	2,375	308
Loss per share	0.07	0.11	0.15
Financial positions	$	$	$
Total assets	262,042	140,817	248
Total long-term financial liabilities	50,478	27,149	-

Net Revenues

Revenues are affected by sales volumes and commodity prices. All revenues of the Company are generated by the Robinson Mine.

Net revenues from concentrate sales were $228,235 for the year ended December 31, 2005 compared with $11,932 in 2004. The Mine reached commercial production on October 1, 2004 and there were no sales of copper concentrate prior to December 2004. Net revenues, after taking into account the realized copper and gold forward sales, for 2005 were $202,028 resulted from a realized average copper price of $1.47 per pound of copper sold compared to the London Metal Exchange ("LME") average price per pound of $1.67. The Company did not enter into copper derivatives in 2004 and the realized average copper price was $1.47 compared to the LME average price per pound of $1.30.

Cost of Sales and Expenses

Cost of sales for the year ended December 31, 2005 was $142,416 compared with $11,214 in 2004. The increase in copper concentrate sales in 2005 resulted in a higher cost of sales in 2005.

Operating income for the year ended December 31, 2005 was $73,608 or $2.69 per share, compared with an operating loss of $221 or $0.01 per share in 2004.

General and administrative expenses were $5,392 in 2005 compared with $3,906 in 2004. The increase in corporate staff and activities resulted in a higher general and administrative expense in 2005.

The realized loss on copper and gold forward sales contracts was $25,687 and $520 respectively in 2005.

Net interest and other expense was $132 in 2005 compared with net interest and other income of $530 in 2004 and $19 in 2003.

The increase of interest expense in 2005 was due mainly to the revolving Working Capital and Corporate Facilities. The Company did not have any bank indebtedness in 2004 and 2003.

Income before other items in 2005 was $39,989 or $1.46 per share compared with a loss of $4,563 or $0.22 per share in 2004.

On October 27, 2005 the Company made a decision to withdraw from the Investment and Operating Agreement with Inca Pacific Resources Inc. ("Inca Pacific"). As a result, the investment and costs incurred on the Magistral project capitalized as mineral properties in the amount of $6,681 were written off and charged to income in 2005. In addition, the investment in Inca Pacific was disposed of with proceeds of $346 resulting in a loss of $252. The total write-off and investment loss in the Magistral project was $6,933 in 2005.

As at December 31, 2005, the Company had open derivative positions of 60,540 tonnes of copper metal and 48,000 ounces of gold at an average price of $1.70 per pound and $413 per ounce respectively. This resulted in an unrealized loss before tax of $32,463 for the year. The Company did not enter into any copper forward sales contracts in 2004 but entered to gold forward sales contracts in that year for a total 60,000 ounces. As at December 31, 2004, the weighted-average price on the forward contracts was $404 per ounce. The unrealized loss resulting from the mark-to-market of the 2004 contracts was $1,899.

Mining from start-up to October 31, 2005 was performed under a mining contract by Washington Group Nevada ("Washington"), a subsidiary of Washington Group International, Inc ("WGI"). On August 9, 2005 RNMC elected to take over all direct mining operation responsibilities at the Mine. The agreement required RNMC to pay a termination fee of $4,436 and acquire certain equipment ("**See Liquidity and Capital Resources – Minimum Lease Payments".**)

On April 8, 2004 the Company completed an Initial Public Offering ("IPO") and received a break fee of $2,500 in connection with a non-completed purchase of an interest in the Highland Copper Partnership.

The future income tax asset was $3,492 in 2005 compared with $1,587 in 2004, resulting in a future income tax recovery of $1,820. The increase in future income tax assets was due mainly to the increase of derivative instrument liability which can be deducted for tax purposes when it is paid.

The Company reported a loss of $2,023 or $0.07 per share compared with a loss of $2,375 or $0.11 per share in 2004.

Financial Position

Total assets for the year ended December 31, 2005 were $262,042 compared with $140,817 in 2004 and $248 in 2003. The significant increase of assets in 2005 was primarily due to the following:

- Increase in inventory due to a delay in the timing of a shipment scheduled for December 2005
- Increase in accounts receivable associated with concentrate sales
- Increase in environmental bond and trust
- The acquisition of Carlota
- Capital lease arrangement for WGI equipment
- Increase in capitalized waste stripping costs

The Company was private in 2003 and the assets were minimal.

Total long-term financial liabilities for the year ended December 31, 2005 were $50,478 compared with $27,149 in 2004 and nil in 2003. The majority of the increase in financial liabilities in 2005 was due to a deferred gold consideration payable on Carlota of $11,180 and the obligation under the capital lease of $10,100.

2005 Operational Results for Robinson Mine

The quarterly performance of the Mine varies as a result of changes in a number of parameters. Significant factors impacting quarterly performance are head grade, metal recovery and waste stripping requirements. Quarterly production statistics for 2005 by quarter are:

	Three months ended March 31, 2005	**Three months ended June 30, 2005**	**Three months ended September 30, 2005**	**Three months ended December 31, 2005**	**Twelve months ended December 31, 2005**
Ore + Waste mined (Tonnes 000's)*	16,017	17,740	20,608	16,713	**71,078**
Ore milled (Tonnes 000's)	3,296	3,570	3,466	3,426	**13,748**
Stripping ratio	2.7	4.2	4.3	4.8	**4.0**
Copper grade (%)	0.51	0.50	0.60	0.57	**0.55**
Gold grade (g/t)	0.32	0.33	0.39	0.34	**0.34**
Copper recovery	74.2%	76.4%	79.5%	73.5%	**76.3%**
Gold recovery	41.5%	51.3%	57.3%	61.5%	**55.2%**
Mill Operating Time	88%	92%	95%	90%	**91%**
Copper production (Million lbs)	27.6	30.5	36.5	31.6	**126.2**
Gold production (ounces)	14,081	19,932	24,666	22,262	**80,941**
Total cash expenditures net of gold credits	$35,356	$42,843	$52,404	$47,466	**$178,069**
Capital and deferred stripping	$1,470	$6,441	$11,652	$12,292	**$31,855**
Cash costs charged to operations	$33,886	$36,402	$40,752	$35,174	**$146,214**
Cash cost per pound produced **	$1.23	$1.19	$1.12	$1.11	**$1.16**

**Cash cost per pound produced includes all onsite operating costs, mobile equipment leasing costs, concentrate transportation, smelting and refining costs less by-product revenue received divided by the pounds of copper produced. The cost of waste tonnage over the pit strip ratio is capitalized and not shown in the cash cost per pound. Under Canadian Generally Accepted Accounting Principles, unit cash cost of production is not defined.*

***Previously the deferred stripping was calculated using the life of mine strip ratio of 3.3:1. This has been recalculated using the life of pit strip ratio of 2.8: 1 as stated by the Company on August 11, 2004 when revising the reserves for the Tripp Veteran Pit.*

Mining

All mining activity in fiscal 2005 took place in the Tripp area of the Tripp-Veteran Pit. A total of 71,078 tonnes of ore and waste were mined in 2005.

A plan to relieve the stress on the north wall of the Tripp Pit by de-weighting in the second half of 2005 was pre-empted by earlier and larger scale movement than was anticipated. The de-weighting involved stripping of 5.2 million tonnes of waste from the slide in the first instance using production equipment and later using mining equipment brought or retained on site for that purpose. In July 2005 the production schedule at the Mine was revised as a result of ground control activities at the Tripp Pit.

During the year ended December 31, 2005 Quadra's wholly owned subsidiary, RNMC signed an agreement with WGI, the mining contractor for the Mine, to take over all mining operation responsibilities. The orderly transfer of mine operations was concluded by October 2005 and on November 1, 2005 RNMC took over all pit related activities.

Processing

The milling rate was stabilized in the first quarter of 2005 and surpassed the nameplate capacity of the plant of 38,000 tonnes/ day in the second quarter of 2005. This performance is the direct result of improvements made to the plant in 2004 and the improved efficiency of maintenance and operations.

Variations in the type of mineralization in the pit caused copper recovery and concentrate grade to vary significantly during 2005. The presence of wood in ore extracted in the vicinity of old mine workings meant that this material had to be stockpiled and re-handled to remove the wood, increasing costs and disrupting ore flow.

Gold recovery was higher than guidance due to the installation of the gravity concentrators and optimization of the flotation circuit. Gold recovery has increased from 42% in the first quarter of 2005 to 62% in the fourth quarter.

In May 2005, RNMC started construction of a molybdenum recovery circuit and by year end construction was completed on schedule and 4% under budget of $7,750.

General Issues

Industry wide shortages of experienced engineering and maintenance personnel challenged the operation in 2005. By year-end the engineering group was fully staffed with a skilled and experienced group. The mine continues to improve on mobile equipment maintenance by implementing training programs and utilizing vendor support.

2005 Production Results Versus Guidance

The following table is a summary of the operating statistics for the year compared to the revised forecast:

	Revised Guidance	**Actual**
Copper Production	120-127 million lbs	126.2 million lbs
Gold Production	75,000 ounces	81,000 ounces
Cash Costs /lb	$1.15 - $1.24/lb	$1.16
Robinson Capital and Deferred Costs which included:	$26 Million	$32 Million
• **Stripping**	$14 Million	$20 Million
• **Molybdenum Circuit**	$8 Million	$7 Million
• **Tailings pond and other**	$4 Million	$5 Million

As a result of ground stability issues in Tripp and the resulting need to adjust the mine plan, metal production guidance for the year was revised to 133 million lbs of copper and 66,000 ounces of gold versus the 147 million pounds of copper and 62,000 ounces of gold that was provided as guidance at the end of the first quarter. This was again revised to between 120-127 million pounds of copper and approximately 75,000 ounces of gold in September. With the revised mine plan, higher grade ore that was bypassed in 2005 is scheduled to be mined in 2006.

The original cash cost guidance for the year as issued in March 2005 was $1.09/lb of copper produced. On September 8, 2005, Quadra announced an increase in the cash cost per pound produced guidance to $1.15 - $1.24 per pound of copper produced. The primary drivers were a lower head grade, lower recoveries and higher operating costs, particularly smelting rates, shipping rates, fuel costs and consumable supply costs, offset by higher gold production.

Outlook

Subsequent to the year end, the reserves at the Mine were updated resulting in a 27% increase in mineral reserves and a revised estimated mine life that increased from 8.3 years to 10.3 years.

A detailed review of anticipated prices and costs has significantly increased the size of the Ruth Pit which will be mined after the Tripp-Veteran Pits. The new proven and probable reserves were based on a $1.15 per pound copper and $425 per ounce gold price. No new drilling or geological analysis was undertaken in calculating the updated reserve estimate. The review did not impact the Tripp-Veteran Pit as the limits of the existing drill data base have been effectively reached. A detailed summary of the new proven and probable reserves is shown in the table below.

Revised Reserve Table as of January 1, 2006

Reserve Classification	**Material Above Cut Off**					**Material Below Cutoff Tonnes (000's)**	**Total Material Tonnes (000's)**	**Strip Ratio**
				Contained Metal				
	Tonnes (000's)	**Copper %**	**Gold (g/tonne)**	**Copper tonnes (000's)**	**Gold oz (000's)**			
Proven	140,412	0.69	0.249	966	1,124			
Probable	5,104	0.73	0.218	37	36			
Proven and Probable [(1)]	145,516	0.69	0.249	1,004	1,160	493,460	638,976	3.39

[(1)] *The calculated reserves in the Tripp-Veteran pit were based on the current technical report prepared in accordance with National Instrument 43-101 ("NI 43-101") dated June 30, 2004. Mr. Steve Ristorcelli, R.P. Geo. of Mine Development Associates, Inc. ("MDA") of Reno, Nevada was the "Qualified Person" as defined by NI 43-101 for this work. In January 2005, this reserve was adjusted by subtracting the material mined in 2004. In January 2006, Mr. Scott Hardy, P. Eng (Mining) of MDA updated the mineral reserve for the Tripp-Veteran and Ruth pits and is also a "Qualified Person" as defined by NI 43-101. The new Tripp-Veteran and Ruth pit mineral reserves, as updated in January 2006, are based on a $1.15 per pound copper price and $425 per ounce gold price and an update of the economic parameters used for the design of the pit shells.*

Mining

Ore in the Veteran Pit will begin to be exposed in the first quarter of 2006 as the available ore in the Tripp Pit is scheduled to be completed. It is expected that efficiency will improve once mining operations move out of the Tripp stage of the pit into the Veteran stage in the second quarter of 2006.

Ore in the area of historical underground workings will be mined in 2006 and the ore from these areas, which is contaminated with timber used for ground support, will require additional handling. Estimated pit equipment productivities have been lowered for 2006 when handling material around these old workings.

The mine equipment maintenance group and systems now in place, together with training programmes, have and are expected to continue to improve equipment availability during 2006; however it is expected that the industry-wide shortage of skilled and unskilled personnel will continue to be a major challenge in 2006.

Processing

The mill is expected to perform consistently as it did in 2005 but with higher operating time expectations for 2006 as a result of experience gained and improvements made.

During the two months ended February 2006 the Company produced approximately 80,000 pounds of molybdenum and continues to evaluate methods to improve recovery and increase production during the start up phase of the molybdenum plant.

RNMC has entered into sales commitments with seven different parties for approximately 80% of expected copper concentrate shipments and 100% of molybdenum concentrate in 2006.

Carlota

During the fourth quarter ended December 31, 2005 Quadra completed the acquisition of Carlota for a total consideration of $39,704. Quadra paid $15,000 in cash upon closing of the transaction and has agreed to pay eight quarterly gold payments commencing on March 31, 2006 of 6,250 ounces of gold, representing in the aggregate $23,325 based on the average forward price of $520 per ounce on the closing date. The initial payment of $15,000 was financed by drawing down on a bridge loan from Macquarie Bank. **(See "Short Term Debt").**

During February 2006 Robinson Holdings USA Inc. ("RHUSA") a 100% owned subsidiary of Quadra Mining Ltd. bought 12,500 ounces of gold at an average price of $554 per ounce. This gold will be delivered to Cambior on March 31, 2006 and June 30, 2006 to settle two deferred gold consideration payments. In addition, in order to cap the cost of the gold to be delivered in September 2006 and December 2006, RHUSA purchased gold calls in February and March which give RHUSA the right to buy 6,250 ounces of gold at a price of $594 per ounce on September 11, 2006 and 6,250 ounces of gold at a price of $600 per ounce on December 11, 2006.

An additional $4,000 in cash may be payable following an agreed-upon drilling program to determine the status of certain material currently included in the reserves of the Carlota deposit. Such additional payment, if any, together with the last four quarterly gold deliveries may be delayed if Quadra's operations at Carlota are delayed in certain circumstances. Quadra has granted a security interest to Cambior over the acquired companies and their assets as security for the payment of the deferred portion of the purchase price.

Carlota is a primarily oxide copper deposit, located in the historic Globe/Miami mining camp in Arizona. Mining will be by open pit. Run-of-mine ore will then be heap leached and the solutions processed in an SX-EW plant to produce LME grade cathode copper at the mine. Based on a September 2005 NI 43-101 compliant technical report, Carlota is expected to have an eleven year mine life with an average production rate of approximately 66 million pounds of LME grade cathode copper per year.

Outlook

The Company will pay 25,000 ounces of gold to Cambior during 2006 and is expected to finalize development plans for the project.

The scheduled activities for the next six months include basic engineering, development of a formal project execution and financing plan and finalizing all permits in preparation for commencement of construction, which is expected to commence by mid 2006.

Sierra Gorda

Exploration during 2005 on the Sierra Gorda project determined that copper oxide mineralization continues from near surface to depths ranging from 150 metres to 200 metres below the surface implying that any future operation could consist of an initial copper oxide leach, with conventional sulphide flotation open pit mining operations to commence once the oxide operation had sufficiently exposed the sulphide deposit. Some of the strongest molybdenum mineralization identified to date occurs locally at the oxide/sulphide copper interface. This is economically significant as it would allow for the extraction of high-grade copper molybdenum sulphide mineralization early in a copper molybdenum sulphide mine plan.

On July 6, 2005, the Company announced the results of a NI 43-101 compliant technical report which provided copper and molybdenum resource estimates for the Sierra Gorda project. The mineral resource estimates are based upon assay results from 48,000 metres of drill core from 129 holes (surface and underground) and 29,000 metres of RC drilling in 160 holes, including 10,712 metres drilled by Quadra.

Quadra continued to focus on defining new copper oxide resources to supplement existing resources. In addition, various potential sources of water were pursued. In 2005 Quadra spent $3,463 drilling a total of approximately 16,500 metres. The drilling confirmed the presence of copper oxide mineralization in a number of locations although no new high-grade areas were defined

Outlook

It is currently thought that development of existing copper and molybdenum sulphide resources will first require development of surface oxide copper resources. The Company is planning an exploration program that will focus on identifying such copper oxide resources. Some new geological concepts were developed during 2005. These concepts will be refined by detailed lithological and structural mapping that will be performed during the first half of 2006. The data will then be used to focus a drilling campaign to explore for such copper oxide mineralization. Effort will also be put into identifying viable water sources for future operations. A few exploration holes will also be drilled to test the existence of a high-grade sulphide core area below currently defined oxide and sulphide mineralization.

Magistral

Quadra completed a 45 hole drill program totalling 12,100 metres and a metallurgical test work program on the Magistral project in Peru during 2005. The drill program was designed to advance the project towards pre-feasibility by increasing confidence in the resource estimate and to obtain samples for the metallurgical studies. After evaluating the results of the program and completing additional drilling, geological modeling, metallurgy and cost analysis, the Company concluded that the Magistral project did not meet the Company's investment criteria. On October 27, 2005, the Company announced that it had terminated its interest in the Magistral project and Inca Pacific was deemed to repurchase the Company's 50.1% interest in Minera Ancash Cobré S.A. ("Minera Ancash"). Quadra wrote off the costs and investment associated with the Magistral project totalling $6,933 and has no further rights or interest in Minera Ancash or the Magistral project or further obligations to Minera Ancash or Inca.

Market Trends and Fundamentals

Copper Consumption

Annual copper consumption globally was approximately 16.7 million tonnes in 2004 and was expected to be at a similar level in 2005. Growth in demand for copper has been accelerated by the rapid industrialization of emerging economies in Asia, particularly China, and is spurred by expansion of domestic and foreign demand for manufactured products, growth in the housing market and expansion of power infrastructures.

Copper Price

Copper prices have historically been both cyclical and volatile, trading within a range of $0.50-$1.60 per pound through the 1980s and 1990s. Following development of significant over-capacity during the early to mid-1990s, copper experienced a six year period of depressed prices, which resulted in reduced exploration and development activity. 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 since 2003.

The drawdown of global inventories during 2005 was a result of strong demand and the short-term inability of the supply-side market to respond. According to Macquarie Research, at the end of 2004, global inventories of refined copper stocks stood at 678,000 tonnes. By the end of 2005, stocks had fallen to 552,000 tonnes. This year-on-year decline of 126,000 tonnes represents a decrease of 19%. By the end of 2005, the amount of global inventory available was sufficient for only 2.4 weeks of western world consumption, compared to 2.9 weeks of western world consumption a year earlier.

The copper price increased 46% during 2005 from $1.42 per pound on January 4, 2005 to $2.07 on December 31, 2005. 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 102,375 tonnes as of January 13, 2006.

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. Changes in the price of copper may therefore differ when expressed in other currencies as the result of a relative weakening of the U.S. dollar. While the price of copper has increased by 175%, as expressed in U.S. dollars, between January 2002 and October 28, 2005, the increase has been less than this in other major currencies, including the Euro and the Canadian dollar, where the increase has been slightly over 100%. A component of the global copper price is the relative exchange rates of the major currencies. Quadra's cost exposure is essentially 100% US dollar denominated and as a result, Quadra benefits from the weakening of the US dollar versus operators in the other countries which could experience margin contraction due to currency appreciation relative to the US dollar.

On the supply side, a number of supply disruptions at operating copper mines reduced mine supply throughout 2005. In Peru, BHP Billiton's Tintaya Mine closed for three weeks due to social disturbances. In Chile, BHP Billiton's Cerro Colorado Mine closed for several weeks due to a strong earthquake and Placer Dome's Zaldivar Mine was closed due to strike action for two weeks. In the United States, Asarco Inc.'s copper mines also closed due to strike action in July.

Demand for copper in 2005 grew strongly in Asia but tempered somewhat in the United States and Europe. The International Copper Study Group announced in August that global demand exceeded global supply by 165,000 tonnes from January to May. Demand rose by 8.8% in China, 12% in India and 17% in Russia. Many analysts predict continuing strong demand growth in the foreseeable future.

Operating Results by Segment

Presently, the only significant operating segment of the Company is the Robinson Mine. The Company is also developing the Sierra Gorda Project in Chile. During the fourth quarter, the Company purchased Carlota in Arizona but did not conduct any work programs during that time.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operating results of the most recent eight quarters during which the Company re-started and undertook the initial year of operations at the Mine:

SUMMARY OF QUARTERLY RESULTS								
	2005				2004			
$ US 000s	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Statement of Operations								
Net Revenues	43,474	55,998	63,432	65,331	-	-	-	11,932
Operating income (loss)	6,060	11,049	14,827	41,672	-	(1)	(2)	(218)
Income (loss) before other items	3,909	9,146	2,377	24,557	(739)	(1,761)	(1,009)	(1,054)
Income (loss) before income taxes	4,508	1,400	(12,684)	2,933	1,761	(1,761)	(1,754)	(2,208)
Net income (loss)	3,788	2,879	(10,890)	2,200	1,674	(1,674)	(1,754)	(621)
Basic earnings (loss) per share	0.14	0.11	(0.40)	0.08	0.56	(0.06)	(0.06)	(0.02)
Diluted earnings (loss) per share	0.14	0.11	(0.40)	0.08	0.56	(0.06)	(0.06)	(0.02)
Financial Position								
Cash	23,705	18,427	9,413	9,128	2,945	53,773	34,712	12,269
Total Assets	161,691	167,853	182,307	262,042	4,201	129,761	137,227	140,817
Total Liablities	52,993	55,783	80,768	157,890	1,234	25,004	33,782	37,698
Shareholders' equity	108,698	112,070	101,539	104,152	2,967	104,757	103,445	103,119

Management Appointments

During the fourth quarter ended December 31, 2005 three senior positions were filled with the appointment of Mr. Edward Kirwan, as Vice President, Environmental, Mr. Steve Dixon as Manager, Metallurgy and Mr. George Reynard as Manager of Marketing.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2005 the Company had a working capital deficiency of $41,488 outstanding and cash of $9,128 as compared to working capital of $27,360 and $12,269 respectively at December 31, 2004. The decrease in working capital is mainly due to an increase in the derivative instrument liability of $39,665 **(See "Financial Instruments and other Instruments")**, bank indebtedness of $35,000 **(See "Short-term Debt")** and the current portion of the deferred gold consideration payable $13,276 **(See "Deferred Gold Consideration".)**

Subsequent to December 31, 2005 the Company completed an equity financing of CAD$48,850. **(See "Equity Financing")** After adjusting for the equity financing and the unrealized derivative liability, the pro-forma working capital of the Company is $35,527.

Current assets

The total current assets were $65,924 compared to $37,909 at December 31, 2004. The increase in current assets was primarily due to an increase in inventory due to a delay in the timing of a shipment scheduled for December and an increase in the accounts receivable due to higher metal balances outstanding. Subsequent to December 31, 2005 the Company has continued to experience transportation and logistic delays to the port and until these issues are resolved, the Company may continue to have increased inventory levels.

Current liabilities

Current liabilities were $107,412 compared to $10,549 at December 31, 2004. The increase in current liabilities can be attributed to a $20,000 increase in bank indebtedness associated with the Working Capital Facility and the $15,000 Bridge Loan, an increase of $39,665 in the derivative instrument liability associated with increased hedging volumes and an increase in copper prices relative to the hedged price and $13,276 associated with the deferred gold consideration payable for Carlota.

Sources and Uses of Cash

Years ended December 31	2005	2004
Cash provided by (used for)		
Operations	29,670	(12,716)
Investing	(66,397)	(79,568)
Financing	33,586	103,879

The increase in operational cash flow reflects the operation of the Mine for 12 months in 2005 compared to three months in 2004. Investing activity reflects the acquisition of Carlota $16,348, increases in security deposits for equipment and reclamation $8,271, deferred stripping and other deferred charges $20,788, mineral properties $9,861 and other capital including the molybdenum circuit and other capital equipment $11,129. Financing activity primarily consists of the $20,000 corporate facility and the $15,000 bridge facility.

Equity Financing

In February 2006 the Company completed an equity offering of 7.2 million common shares at a price of CAD$6.30 per common share for net proceeds of CAD$ 42,438. In connection with the equity offering the Company granted the underwriters an option to purchase an additional 1,080,000 common shares. This option was exercised bringing the total gross offering to CAD$52,164 for net proceeds of CAD$48,850. The proceeds from this offering are intended to be used as follows:

Repayment of bridge facility	$15,000
Deferred acquisition costs for the Carlota project - 2006	$13,000
Engineering, design and development for the Carlota project	$4,500
Further exploration work on the Company's properties	$4,000
General corporate purposes	$6,153
Total	$42,653

The Company expects that the proceeds from the equity offering, existing cash resources, and bank lines of credit together with funds generated from mining operations will be sufficient to meet its capital and operating requirements for 2006.

To complete the acquisition and construction of Carlota, the Company will be required to obtain additional financing.

	Payments Due By Period						
	Less than 1year	**1-2 years**	**2 - 3 years**	**3 - 4 years**	**4 - 5 years**	**After 5 years**	**Total**
Short-term debt	35,000	-	-	-	-	-	35,000
Deferred gold consideration	13,276	11,180	-	-	-	-	24,456
Security deposits	4,119	-	-	-	-	-	4,119
Notes payable	890	2,131	-	-	-	-	3,021
Derivative instument liability	41,564	-	-	-	-	-	41,564
Mininum lease payment	12,311	13,493	11,153	11,137	10,068	6,230	64,392

Short-term Debt

On March 10th 2005, RNMC arranged a revolving Working Capital Facility and hedge line of credit facility with Macquarie Bank Ltd. ("Macquarie"). Proceeds from the Working Capital Facility are available to provide additional liquidity for the Robinson Mine between the production and final sales of metal concentrate. Macquarie agreed to provide a revolving Working Capital Facility of up to $30,000 until August 1, 2005 and $20,000 thereafter until March 31, 2006. Each drawdown under this facility is to be no greater than 90% of the net smelter return based on the hedged value of concentrate shipments under current sales contracts. The metal prices used in the estimated value will be based on the hedged prices between each drawdown date and the first provisional payment made by customers pursuant to the terms of their individual sales contracts.

In addition to the Working Capital Facility, Macquarie agreed to provide Robinson with an uncommitted hedge line of credit facility. The initial terms of this facility allowed Robinson to hedge up to 25,000 tonnes of copper metal and 60,000 oz of gold on a margin free basis. **(See "Financial Instruments and Other Instruments".)**

By agreements dated December 19, 2005 the Company amended the terms of the Working Capital Facility to include a Corporate Facility and arranged a Bridge Loan to cover the initial instalment of the Carlota purchase consideration. The amendment to the Working Capital Facility which is valid until June 30, 2006, permits RNMC to borrow up to a total of $20,000 in corporate advances as well as advances secured on inventory. After June 30, 2006 and until March 31, 2007, the facility reverts to the $20,000 working capital facility. The Company was required to hedge all inventory produced and unsold at the end of November and all production the sale of which would be finally settled in 2006. The Company hedged in total 65,000 tonnes of copper at an average price of $1.70 per pound sold. As at December 31, 2005 the Company had fully drawn down the $20,000 facility.

The Working Capital Facility and the Corporate Facility are secured by a charge over the shares in and assets of RNMC and a guarantee from Quadra. Advances under the Working Capital Facility bear interest at LIBOR + 1% while advances under the Corporate Facility bear interest at LIBOR +2.35%. During the term of the Corporate Facility the ability of RNMC to make distributions to Quadra is restricted to certain agreed upon amounts.

The Bridge Facility, in the amount of $15,000 and bearing interest at a rate of LIBOR + 2.35%, was completed concurrently with the closing of the acquisition of the Carlota Project and is secured by all of RHUSA's assets including RNMC and a second charge over Quadra's interest in Cambior USA and Carlota. On December 21, 2005 RHUSA drew down the Bridge Facility in order to pay the $15,000 portion of purchase price payable upon closing of the acquisition of Carlota. The Bridge Facility was repaid on February 10, 2006.

Deferred Gold Consideration

Deferred gold consideration represents the net present value of the 50,000 oz of gold based on a price of $520 per ounce to be delivered to Cambior under the terms of the Carlota acquisition agreement as follows:

- on each of March 31, June 30, September 30 and December 31, 2006, 6,250 ounces of gold; plus
- on the later of (i) March 30, 2007; and (ii) the earlier of the date on which Quadra is satisfied that certain outstanding litigation matters can no longer be reasonably expected to inhibit development of the Carlota Project, and June 30, 2010 and on the dates which are 90, 180 and 270 days thereafter 6,250 ounces of gold.

An additional $4,000 in cash may be payable to Cambior following an agreed-upon drilling program of approximately 3,000 metres to confirm the status of certain material currently included in the resources of the Carlota deposit.

Security Deposits

Under the terms of certain lease agreements for mining equipment RNMC is required to make additional security deposits totalling $3,143 during 2006. From time to time the Company is required to file updated reclamation plans. By way of the reclamation plan filed in 2005 the Company is required to make an increase in the reclamation bond of $976 in 2006.

Notes Payable

Notes payable consists of notes due to Caterpillar Financial Services Corporation ("CAT") in support of leased mine equipment **(See "Minimum Lease Payments.)** The principal is repayable annually over three years and the interest is payable monthly at an annual interest rate of 6.6% over 39 months with the first payment commencing October 1, 2004. The notes are secured by Security Deposits held by CAT.

Derivative Instrument Liability

In addition to the Working Capital Facility described under the heading Short Term Debt Macquarie has agreed to provide the Company with an uncommitted hedge line of credit facility under which the Company may hedge up to

65,000 tonnes of copper and 60,000 oz of gold on a margin free basis **(See "Financial Instruments and Other Instruments".)**

Minimum Lease Payments

In 2004, RNMC entered into an operating lease agreement with CAT to lease sixteen trucks, one electric shovel and a spare dipper. The total lease payment of the sixteen trucks amounts to $37,672 and is payable over seven years and the payments for the electric shovel and spare dipper are $12,459 payable over six years. In addition, the Mine signed a seven year lease agreement with Wells Fargo Equipment Finance Inc. ("Wells Fargo") to lease one Hitachi EX55000 electric shovel and one spare dipper. The total lease payments in the amount of $6,250 are payable over 7 years.

On October 21, 2005 RNMC signed a lease agreement with CAT to lease WGI equipment. The lease term is 60 months and the total lease payment amounts to $17,448. The lease has been accounted for as a capital lease. The equipment under capital lease is amortized on a unit-of-productions basis over the period of expected use.

Certain of these lease agreements contain cross default provisions with the corporate credit facility.

CONTINGENCIES

The Company is aware of the following possible legal proceeding relating to the Robinson Mine and Carlota:

Certain litigation is pending in connection with two key permits for Carlota. There can be no assurance that the outcome of this litigation will be favourable to Carlota. A court may render a decision which may delay or prevent development of Carlota or change the requirements of Carlota to the extent that it is no longer economically viable, which could have a material adverse effect on the Company. There can also be no assurance that, in the event of a favourable ruling, such ruling will not be appealed further to a higher court. There can be no assurance that additional permits required for the development and operation of Carlota will not be challenged in the future.

Pursuant to the Share Purchase Agreement in connection with its acquisition of Carlota, the Company is required to enter into a financial security arrangement with the U.S. Forest Service ("Forest Service") to provide financial security regarding potential reclamation of the program of works submitted to the Forest Service. Previously, Cambior USA had arranged, through Cambior, a surety bond backed by a financial guaranty of $6,800 with the Forest Service. The Company, in the short term, will need to submit a new proposed program of works and agree with the Forest Service the necessary financial assurances.

On July 7, 2005, Gerald Metals Inc. declared it would not be accepting delivery on the remaining tonnage of their 2005 allotment of approximately 31,700 tonnes due to a strike at the receiving smelter. The Company sold these materials in the open market at less favourable terms in the fourth quarter of 2005. The Company is in dispute with the position taken by Gerald Metals Inc. regarding the sales contract and on February 17, 2006 the Company filed a complaint in the Nevada courts to recover its losses.

TRANSACTIONS WITH RELATED PARTIES

One of the Directors of the Company is a Partner of an affiliate of Blake, Cassels & Graydon LLP, legal counsel to the Company, and one is a partner of Chancellor Partners Management Consultants Inc. During the year ended December 31, 2005 the Company paid legal fees of $814 and recruiting and human resources consulting fees of $263 respectively to those entities (December 31, 2004: $733 and $211 respectively).

FOURTH QUARTER

Fourth Quarter Highlights

- Net revenues of $65,331 in the fourth quarter ended December 31, 2005 resulting from the sale of 40,728 dry metric tonnes of concentrate
- Operating income for the three months ending December 31, 2005 was $41,672 or $1.52 per share

- Net earnings for the quarter was $2,200 or $0.08 per share
- Fourth quarter production was 31. 6 million pounds of copper and 22,262 ounces of gold
- The Mine delivered 2,881,000 tonnes of ore, moved 13,832,000 tonnes of waste during the quarter and the copper head grade was 0.57% while the gold grade was 0.34 g/tonne
- The mill processed 3,426,000 tonnes of ore. The average daily mill throughput rate was 37,239 tonnes and the plant operating time was 87.9%
- Copper recoveries in the fourth quarter averaged 73.5% while gold recoveries were 61.5%
- Concentrate inventory on December 31, 2005 was 38,460 dry metric tonnes, a higher than planned amount due to shipping delays

Financial results

Net Revenues

Net revenues from concentrate sales were $65,331 in the fourth quarter ending December 31, 2005. The Company's revenue during the quarter was generated primarily from the sale of 40,728 dry tonnes of copper concentrate. Payable copper and gold were 18.7 million pounds and 20,013 ounces respectively. The higher revenue in the fourth quarter 2005 notwithstanding lower concentrate sales was mainly due to the marked to market adjustment of outstanding final invoices resulted from the higher copper and gold price. The Company reported net revenues of $11,932 in the fourth quarter ending December 31, 2004, which arose from the sale of 14,343 dry metric tonnes of copper concentrate in December with payable copper and gold of 7.8 million pounds and 3,733 ounces respectively. Net revenue after taking into account the realized copper forward sales during the quarter ending December 31, 2005 were $49,974 resulting from a realized average copper price of $1.60 per pound of copper sold compared to the LME average price of $1.95 per pound. The realized average copper price in the fourth quarter 2004 was $1.47 compared to the LME average price of $1.40 per pound.

Earnings

Operating income for the three months ending December 31, 2005 was $41,672 or $1.52 per share compared with an operating loss of $218 or $0.01 per share in 2004. Income before other items was $24,557 or $0.90 per share in the fourth quarter ending December 31, 2005 compared with a loss before other items of $1,054 or $0.04 per share in 2004. After taking into account of the write down of the Magistral property of $836, and the unrealized loss on derivatives of $20,788 income before income taxes was $2,933 or $0.11 per share in the fourth quarter 2005. Loss before income taxes in the fourth quarter ending December 31, 2004 was $2,208 or $0.08 per share. Net income for the three months ending December 31, 2005 was $2,200 or $0.08 per share compared with a net loss of $621 or $0.02 per share in 2004.

Costs and Expenses

Cash operating expenditures comprised of cost of sales and royalties during the quarter ending December 31, 2005 were $21,257 compared with $11,237 in 2004. Other cash costs comprised of general and administrative, realized loss on derivatives and net interest expense were $16,721 compared with $1,135 in 2004. Non-cash expenditures of $24,420 primarily related to amortization, depletion and depreciation charges, accretion of the asset retirement obligations, the cost of stock-based compensation employee options, the unrealized loss on derivatives and write down of Magistral project. The non-cash expenditures were $1,759 in the fourth quarter of 2004.

The cash cost of production for the quarter was $1.11 per pound. During the quarter the amount capitalized for the year for deferred stripping was reviewed and revised upward by $5,866 to reflect the accounting requirement to calculate the deferred stripping on a life of pit basis compared to life of mine which was employed in second and third quarters **(See " 2005 Operational Results for the Mine".)**

Operating Results

Mining

Total ore and waste mined averaged 182,000 tonnes per day, which was lower than planned, but sufficient to deliver slightly higher than budgeted mill tonnes of 37,200 tonnes per day. During the fourth quarter, the mine plan had contemplated accelerating the mining and stockpiling of all the ore in the bottom of the Tripp Pit in order to provide an easier transition into ore delivery from the Veteran Pit. However, the North wall slide in the Tripp Pit continued to require attention, although de-weighting activities were much reduced from the previous quarter. Continuing slow moving local overburden slides across the ore zone precluded the possibility of accelerating ore delivery from this area. It is expected that all of the ore from the Tripp Pit will be recovered by the end of March 2006.

Equipment availabilities, particularly loading equipment, were lower than planned, requiring the continuing use of lower capacity higher cost equipment. Issues included skilled labour availability, parts availability and warranty issues. A series of programs and initiatives put in place through the quarter were showing positive results by the end of the quarter. Equipment utilisation and productivity were also below plan due to shortages of trained labour. A training program was implemented to improve labour skills.

Processing

Mill throughput rate was slightly above Mine plan and in line with previous quarters. Recovery at 73.5% was lower than previous quarters due to variable mineralogy, particularly from fringe areas within the Tripp Pit. Mineralogical analysis suggests impacts of carbonate precipitation on and surface oxidation of primary copper minerals as causes of the variations.

Gold recovery at 61% was higher than any other quarter in 2005 due to the optimization of the flotation circuit and continued good performance of the gravity concentrators.

PROPOSED TRANSACTIONS

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course, before the Board of Directors for consideration.

CRITICAL ACCOUNTING 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 from results based on these estimates. These estimates and assumptions are also affected by management’s application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management.

Mineral Properties and Deferred Start-up Costs

The Company capitalizes the development costs of mining projects commencing when economically recoverable reserves as shown by an economic study are believed to exist. Upon commencement of commercial production these costs are written off over the life of the mine based on proven and probable reserves. The determination of the extent of reserves is a complex task in which a number of estimates and assumptions are made. These involve the use of geological sampling and models as well as estimates of future costs. New knowledge derived from further exploration and development of the ore body may also affect reserve estimates. In addition the determination of economic reserves depends on assumptions on long-term commodity prices and in some cases exchange rates.

Revenue Recognition and Inventory Valuation

Metal concentrate production is subject to long-term contracts for sale, and revenue is recognized when title passes and payment is reasonably assured. Final metal prices for determining revenue can be several months after the point of recognition and price changes subsequent to that date/time of sale could have a material impact on final settlement.

Economic Life

Management's estimate of the remaining economic life of the Mine is approximately 10 years based on the updated resource statement provided in accordance with NI 43-101. Based on management's view of future metal prices the carrying value of the assets was not impaired at December 31, 2005.

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. 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 Taxes and Resource Tax Asset and Liabilities

The Company has recognized a net future tax asset of $3,492 that relates to the timing difference created between tax and accounting basis of assets and liabilities at the Mine to date. Management estimates that, using long term copper prices in line with its mine plan estimates, the future taxable income will be sufficient to utilize estimated tax assets.

CHANGE IN ACCOUNTING POLICIES

Variable Interest Entities

Effective January 1, 2005 the Company adopted the new Accounting Guideline 15 (AcG-15) – Consolidation of Variable Interest Entities. The new standard establishes when a company should consolidate a variable interest entity in its financial statements. AcG-15 requires a variable interest entity to be consolidated if a company is at risk of absorbing the variable interest entity's expected losses, or is entitled to receive a majority of the variable interest entity's residual returns, or both. Adoption of this guideline did not have any impact on the Company's consolidated financial statements as of December 31, 2005.

Deferred Stripping

Mining costs related to waste rock removal in excess of the life-of-pit average strip ratio (ratio of waste extracted to ore extracted) are deferred and charged to earnings on the basis of the average stripping ratio. When the waste rock extracted in a given period is less than the life-of-pit average, a charge against earnings for historical stripping is made.

The Emerging Issues Committee of the CICA issued "Accounting for Stripping Costs in the Mining Industry" (EIC 160), which only allows the capitalization of stripping costs which result in a betterment of the asset by providing access to additional sources of ore. EIC 160 also allows pre existing deferred stripping capitalized to be amortized using the unit of production method. The Company is currently assessing how it will adopt this policy.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Quadra's revenues and cash flows are subject to fluctuations in the price of copper and gold. In addition there is a time lag between initial payment on shipment and final pricing which impacts Quadra's working capital position. To reduce the volatility in the expected final pricing of shipments Quadra has entered into forward sales contracts for copper and gold and may enter into additional hedging contracts from time to time in the future.

In November 2005, Quadra implemented a comprehensive copper hedging program designed to reduce the volatility of the cash flow from the 2006 copper sales from the 100% owned Robinson Mine. The copper forward sales contracts were completed at an average price of $1.70 per pound of copper for the estimated 135 million pounds of copper that Quadra expects to receive final settlement for in 2006. As a result of the lag time between mine production and final sales, the hedge prices apply to approximately 44 million pounds of copper produced in 2005 and 91 million pounds of 2006 production. The remaining estimated 2006 production of approximately 54-59 million pounds is un-hedged. Although final settlement of this remaining copper production will occur in 2007, Quadra expects to receive provisional payment in 2006 generally in line with the spot LME price upon shipping.

In 2004 the Company entered a forward sales arrangement for 60,000 oz. of gold. At December 31 2005, the Company had outstanding 48,000 ounces of gold. The Company plans to settle this amount over the next two years.

The Company monitors the volume of copper and gold subject to final pricing. If the volume subject to final pricing in a given month varies from that previously estimated, the Company will amend the hedge contracts to match the month of final pricing.

Macquarie Bank Limited has provided the Company with a hedge line of credit, free from margin calls, on terms and conditions related to annual production which is agreed upon from time by time. The hedge line of credit is secured as part of the security arrangements in the amended credit agreement dated December 19, 2006.

The Company marks to market the outstanding hedge position at each reporting date in its financial statements. This may result in significant derivative assets or liabilities arising in the Company's balance sheet during 2006 and the first quarter of 2007, as well as the associated significant earnings volatility.

At December 31, 2005 the Company's hedge positions and the financial associated unrealized losses were as follows:

Derivative Positions

Forward Contracts	Volume 2005	Volume 2004	Average Forward Hedged Price 2005	Spot Price 2005	Average Forward Hedged Price 2004	Spot Price 2004	Marked to Market Loss 2005 (Note 2)	Marked to Market Loss 2004
Copper	65,040 tonnes (Note 1)	-	$1.70/pound	$2.01 (three month)/pound	n/a	n/a	$36,760	-
Gold	48,000 ounces	60,000 ounces	$413 / ounce	$513 /ounce	$404/ ounce	$436/ ounce	$4,804	$1,899

Notes:

1) The pricing period for 4,500 tonnes of copper and 2,000 oz of gold expired in December 2005 and will be settled in January 2006.

2) The marked to market gain or loss is computed by computing the difference between the forward contract price and the fair value based on the forward curve for the metal at December 31, 2005.

The volume of copper sold forward increased due to the comprehensive hedge program entered into in 2005 while the volume of gold sold forward decreased due to the settlement of contracts during the year. The mark to market loss increased in 2005 over 2004 due to the increase the price of copper and gold combined with the increase in volume of copper.

Income Financial Statement Presentation

Forward Contracts	2005 Realized Loss	2004 Realized Loss	2005 Un- Realized Loss	2004 Un-Realized Loss
Copper	$25,687	$0	$29,558	$0
Gold	$520	$0	$2,905	$1,899

SHARE CAPITAL

The Company’s issued and outstanding shares at December 31, 2005 were 27,345,931. On February 9, 2006 in connection with equity offering the Company issued 8,280,000 common shares for net proceeds of CAD$48,850. As of March 9, 2006 the issued and outstanding shares of the Company were 35,790,066.

For the year ending December 31, 2005, the Company granted 1,021,000 stock options to directors, employees and contractors. All stock options have a two-year vesting period and expire after five years. For accounting purposes the Company estimated a value of $1.87 per stock option for total value of $1,910.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in these assumptions can materially affect the estimated fair value of options granted.

As at December 31, 2005, the Company had issued (a) 183,264 Common Shares to Inca Pacific in connection with the Company's purchase of a 50.1% interest in Minera Ancash, the owner of the Magistral project in Peru, and (b) 6,667 Common Shares pursuant to the exercise of stock options.

As partial consideration for the purchase by the Company of a 50.1% interest in Minera Ancash, Quadra issued two special warrants to Inca. Concurrently with Quadra's termination of its interest in the Magistral project on October 26, 2005, both special warrants have been cancelled. There were no other material changes in the Company's share capital, on a consolidated basis, during the year ended December 31, 2005.

On April 8, 2004 the Company issued 1,449,360 brokers warrants as part of the initial public offering. These warrants have an exercise price of CAD$6.00 and expire on April 8, 2006. As of March 9, 2006, 72,468 broker warrants were exercised.

Disclosure Controls

Management accepts responsibility for the reliability and timeliness of the information disclosed and confirms the existence and effectiveness of the systems of internal control that are in place to provide this assurance. The Board of Directors assesses the integrity of the Company’s public financial disclosures with the assistance of the Audit Committee.

As at December 31, 2005, an evaluation was carried out, under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at December 31, 2005 to provide reasonable assurance that material information relating to the Company and its subsidiaries would be made known to them on a timely basis by others within those entities.

March 9, 2006

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, 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 our mines, reclamation and other post closure obligations and estimated future expenditures for those matters, completion dates for the various development stages of mines, 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, 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. 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 our reserve and resource estimates and our estimates of future production and future cash and total costs of production and the geotechnical or hydrogeological nature of ore deposits and diminishing quantities or grades of 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.
* 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. The decision to proceed with the molybdenum recovery circuit was based on the Company's assessment of molybdenum recovered into copper concentrate since November 2004 and an outside consultant's review of historical data. Kennecott Copper Corporation, a previous owner of the property, had recovered molybdenum from ore from the earlier stages of the Robinson Mine's Tripp Veteran Pit and the Ruth Pit. While the historical data source is extensive, Quadra is presently unable to confirm the size or grade of the molybdenum resource.
* 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 the ability to obtain and retain necessary licenses, 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, postponement or even a loss of the property interest.
* Uncertainties related to the future development or implementation of new technologies, research and development and, in each case, related initiatives and the effect of those on our operating performance.
* Uncertainties related to judicial or regulatory proceedings.
* Changes in, and the effects of, the laws, regulations and government policies affecting our 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 our operations are located;
> the protection of the health and safety of mine workers; and
> mineral rights ownership in countries where our 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, 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 forward selling 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 we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates.
* Environmental issues and liabilities associated with mining including processing and stock piling ore.
* Geopolitical uncertainty and political and economic instability in countries which we operate.
* Labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate 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 our mines.
* Quadra's reliance on a single producing property.
* Uncertainties relating to acquisitions, including whether the recently acquired Carlota Project can ever be brought into production.

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 AIF. 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.