



Quadra Mining Ltd.

March 31, 2007

(Unaudited)

(Expressed in thousands of U.S. dollars, except where indicated)

Quadra Mining Ltd.

CONSOLIDATED BALANCE SHEETS

(US Dollars in Thousands)

		March 31, 2007	As restated (Note 3) December 31, 2006
ASSETS			
Current			
Cash and cash equivalents		224,252	47,774
Receivables and prepaid expenses		35,582	6,645
Inventory	Note 5	32,935	38,068
Security deposits	Note 6	458	458
Future income tax assets	Note 11	12,072	22,146
Total Current Assets		305,299	115,091
Security deposits	Note 6	17,502	23,281
Environmental trust and bond	Note 7	43,565	43,391
Prepaid royalties		4,065	3,665
Mineral properties	Note 8	63,914	59,376
Property, plant and equipment	Note 9	79,617	69,192
Other assets and deferred charges	Note 10	13,695	14,821
Future income tax assets	Note 11	3,609	7,149
Total Assets		531,266	335,966
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness	Note 12	-	16,900
Accounts payable and accrued liabilities		27,450	39,543
Derivative instrument liability	Note 13	38,841	46,468
Tax payable		12,968	15,275
Deferred gold consideration payable	Note 8	16,131	11,556
Notes payable - current portion		-	2,668
Obligations under capital leases - current portion	Note 20	1,429	1,379
Total Current Liabilities		96,819	133,789
Secured Credit Facilities	Note 12	188,255	-
Asset retirement obligations	Note 14	24,572	24,093
Deferred gold consideration payable	Note 8	-	3,777
Obligations under capital leases	Note 20	8,815	9,191
Total Liabilities		318,461	170,850
Shareholders' Equity			
Share capital	Note 15a	162,355	162,315
Stock options and warrants	Note 15b	9,036	4,498
Retained earnings (deficit)		41,414	(1,697)
Total Shareholders' Equity		212,805	165,116
Total Liabilities and Shareholders' Equity		531,266	335,966

Commitments (Note 20), Contingencies (Note 21), Subsequent events (Note 22)

The accompanying notes are an integral part of these financial statements.

Quadra Mining Ltd.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

(US Dollars in Thousands)

		Three months ended March 31, 2007	As restated (Note 3) Three months ended March 31, 2006
Revenues from concentrate sales	Note 16	136,455	83,936
Cost of sales		62,234	51,188
Amortization, depletion and depreciation		3,565	2,857
Accretion of asset retirement obligations		479	524
Royalties and mineral taxes		5,205	2,307
		<u>71,483</u>	<u>56,876</u>
Operating income		64,972	27,060
General and administrative		2,300	1,773
Realized loss on derivatives		22,226	9,985
Stock-based compensation	Note 15b	383	227
Foreign exchange loss		19	276
Net interest and other expense		(118)	812
Earnings before other items		<u>40,162</u>	<u>13,987</u>
Unrealized (gain) loss on derivatives	Note 13	<u>(19,714)</u>	<u>59,063</u>
Earnings (loss) before income taxes		59,876	(45,076)
Income tax - current	Note 11	3,150	1,870
Future income tax expense (recovery)	Note 11	13,615	(11,783)
Earnings (loss) for the period		<u>43,111</u>	<u>(35,163)</u>
Retained earnings (deficit) – beginning of period			
As previously reported		27,494	(4,730)
Retroactive application of EIC 160	Note 3	<u>(29,191)</u>	<u>(11,400)</u>
As restated		<u>(1,697)</u>	<u>(16,130)</u>
Retained earnings (deficit) – end of period		<u>41,414</u>	<u>(51,293)</u>
Earnings per share			
Basic earnings per share		\$ 1.13	\$ (1.15)
Diluted earnings per share		\$ 1.12	\$ (1.15)
Weighted average number of shares		38,131	30,464
Weighted average number of shares outstanding - diluted		38,528	30,464

The accompanying notes are an integral part of these financial statements.

Quadra Mining Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(US Dollars in Thousands)

		As restated (Note 3)
	Three months ended March 31, 2007	Three months ended March 31, 2006
OPERATING ACTIVITIES		
Earnings (loss) for the period	43,111	(35,163)
Adjustment for items not involving cash:		
Stock-based compensation	383	227
Amortization, depletion, depreciation and accretion	4,044	3,381
Unrealized (gain) loss on derivatives	(19,714)	59,063
Amortization of financing fees	169	-
Future income tax expense (recovery)	13,615	(11,783)
	<u>41,608</u>	<u>15,725</u>
Net changes in non-cash working capital:	(26,703)	(21,050)
	14,905	(5,325)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(10,755)	(858)
(Increase) decrease in security deposits and environmental trust and bond	3,500	(4,915)
Additions to mineral properties	(3,740)	(1,744)
Investment in other assets and deferred charges	(109)	149
Decrease in deferred gold consideration payable	-	(3,460)
Increase in prepaid royalties	(400)	(400)
	<u>(11,504)</u>	<u>(11,228)</u>
FINANCING ACTIVITIES		
Increase in senior secured credit facility	192,942	-
Decrease in bank indebtedness	(16,900)	(15,000)
Decrease in notes payable	(2,668)	-
Decrease in obligations under capital leases	(326)	(281)
Increase in share capital net of issuance costs	29	47,127
	<u>173,077</u>	<u>31,846</u>
Net increase in cash and cash equivalents during the period	176,478	15,293
Cash and cash equivalents, beginning of period	47,774	9,128
Cash and cash equivalents, end of period	224,252	24,421

The accompanying notes are an integral part of these financial statements.

Quadra Mining Ltd.

NOTES TO FINANCIAL STATEMENTS

(US Dollars in Thousands)

Three months ended March 31, 2007

1. NATURE OF OPERATIONS

Quadra Mining Ltd. ("Quadra" or the "Company") was incorporated on May 15, 2002 under the British Columbia Business Corporations Act. The Company is in the business of developing and operating mines, with a focus on copper. In 2004, the Company acquired the Robinson mine, an open pit copper mine, with gold and molybdenum by-product credits, located in Nevada in the United States. In addition, on December 21, 2005 the Company acquired the Carlota copper project ("Carlota"). Carlota is a Solvent Extraction Electro Winning (SX-EW) copper project currently under construction, located in Arizona in the United States. The Company also has an advanced exploration project in Chile.

On March 30, 2007, the Company announced its intention to make an offer to acquire all of the outstanding share capital and share warrants of International Molybdenum Plc for approximately 3.9 million shares of the Company valued at \$29,624. International Molybdenum Plc owns the Malmjberg molybdenum project in Greenland.

2. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in Canada ("Canadian GAAP"). They do not include all the disclosures required by generally accepted accounting principles for annual financial statements and should be read in conjunction with the Company's consolidated financial statements and the notes for the year ended December 31, 2006. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

These financial statements are prepared using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's consolidated financial statements for the year ended December 31, 2006, except as described in Note 3.

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NOTES TO FINANCIAL STATEMENTS

(US Dollars in Thousands)

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3. CHANGES IN ACCOUNTING POLICY

Deferred stripping

The Emerging Issues Committee of the CICA issued Abstract 160 “Stripping Costs Incurred in the Production Phase of a Mining Operation” (EIC 160), which indicates that generally, stripping costs should be accounted for as variable production costs unless the costs result in a betterment of the mineral property by providing access to additional sources of ore, in which case they can be capitalized and amortized over the additional reserves directly impacted by the stripping activities. The new standard applies to fiscal years beginning on or after July 1, 2006. Effective January 1, 2007, the Company changed its method of accounting for stripping costs to the method described in EIC 160. Previously, the Company deferred stripping costs incurred in excess of the life-of-pit average strip ratio. This change in accounting policy has been applied retroactively and the comparative financial statements have been restated as noted below:

Effect on consolidated balance sheet as at December 31, 2006:

Increase in concentrate inventory	2,618
Increase in future income tax assets	15,205
Decrease in other asset and deferred charges	(47,014)
Decrease in retained earnings	<u>29,191</u>

Effect on consolidated statements of operations:

	Three months ended March 31, 2006	Year ended December 31, 2006	Year ended December 31, 2005
Increase in cost of sales	6,121	27,004	17,392
Increase in future income tax recovery	2,088	9,213	5,992
Increase in loss/decrease in earnings	<u>4,033</u>	<u>17,791</u>	<u>11,400</u>

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NOTES TO FINANCIAL STATEMENTS

(US Dollars in Thousands)
Three months ended March 31, 2007

Effect on consolidated statement of cash flows:

	Three months ended March 31, 2006	Year ended December 31, 2006	Year ended December 31, 2005
Decrease in cash received from/increase in cash used in operating activities	(6,120)	(25,591)	(20,294)
Decrease in cash used in investing activities	6,120	25,591	20,294

Financial Instruments

Effective January 1, 2007, the Company adopted CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement, Section 3865 Hedges and Section 1530 Comprehensive Income (the “Financial Instrument Standards”). The adoption of these new standards had no impact on the Company’s financial statements on or before December 31, 2006 as the standards require adjustments to the carrying value of financial assets and liabilities to be recorded within retained earnings or, in the case of available-for-sale assets, accumulated other comprehensive income on transition.

All financial assets, except those classified as held to maturity, and derivative financial instruments, are measured at fair value.

Gains and losses associated with financial assets designated as held for trading are recorded in the income statement, separate from any interest or dividends earned on these investments. Gains and losses on derivative financial instruments are also recorded in the statement of operations in the period in which they arise. Gains and losses associated with financial assets classified as available-for-sale will be separately recorded as unrealized within other comprehensive income until such time the investment is disposed of or incurs a decline in fair value that is on an other-than-temporary basis, at which time any gains or losses will then be realized and reclassified to the income statement.

Financial liabilities are measured initially at fair value including any directly attributable transaction costs. After initial recognition, all financial liabilities are measured at amortized cost

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using the effective interest rate method, except for financial liabilities that are classified as held for trading.

The Company currently does not apply hedge accounting to its derivative instruments and accordingly is not impacted by CICA 3865 Hedges.

Upon adoption of the Financial Instrument Standards, all regular-way purchases of financial assets are accounted for at the settlement date. Transaction costs on financial assets and liabilities classified other than as held for trading are treated as part of the investment cost.

4. FINANCIAL INSTRUMENTS

The Company's financial instruments are comprised of cash and cash equivalents, receivables, security deposits, bank indebtedness, accounts payable, notes payable, prepaid royalties, environmental trust and bond, deferred gold consideration, derivative instrument, Senior Secured Credit Facilities and obligations under capital lease. The fair value of short-term financial instruments approximates their carrying values due to the immediate or short-term maturity of those instruments. Management also estimates that the fair value of the non-current portion of the notes payable, security deposits, environment trust and bond, obligations under capital lease, the deferred gold consideration payable and the Senior Secured Credit Facilities approximate their carrying value.

5. INVENTORY

	As restated (Note 3)	
	March 31, 2007	December 31, 2006
Concentrate	17,224	27,081
Supplies	15,711	10,987
Total	32,935	38,068

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NOTES TO FINANCIAL STATEMENTS

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6. SECURITY DEPOSITS

The Company has entered into agreements related to the leasing of mining mobile equipment. These lease arrangements initially required security deposits of \$19,764 of which \$ 3,685 was refunded to the Company on March 21, 2007. In addition, during March 2007, the Company made the decision to purchase additional mobile equipment for the Carlota project. As a result, the security deposit as at December 31, 2006 of \$2,105 has now been reclassified as property, plant and equipment.

	March 31, 2007	December 31, 2006
Security deposits - mining equipment	16,529	22,320
Security deposits - others	1,431	1,419
Total	17,960	23,739
Less: current portion	458	458
Long-term	17,502	23,281

7. ENVIRONMENTAL TRUST AND BOND

	March 31, 2007	December 31, 2006
Environmental bond - Robinson mine (a)	20,840	20,840
Cash in trust for Robinson reclamation (b)	15,550	15,376
Environmental bond - Carlota project	7,125	7,125
Environmental bond - SALTS	50	50
Total	43,565	43,391

(a) The Company posted an environmental bond with the US Bureau of Land Management (BLM) in 2004. On March 25, 2005, the BLM approved the revised reclamation plan and cost estimate for the Robinson Mine and required the Company to increase the amount of the bond.

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NOTES TO FINANCIAL STATEMENTS

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(b) The following table summarizes the movements in the trust balance for the three months ended March 31, 2007:

	Contributions to the trust	Reclamation costs paid by the trust	Net trust funds available
Balance at January 1, 2007	20,276	(4,900)	15,376
Interest income	174	-	174
Balance at March 31, 2007	20,450	(4,900)	15,550

8. MINERAL PROPERTIES

	Sierra Gorda	Carlota	Total
Balance at January 1, 2007	11,443	47,933	59,376
Option payments and acquisition costs	-	798	798
Project expenditures	711	3,028	3,739
Balance at March 31, 2007	12,154	51,760	63,914

Carlota

During the quarter ended March 31, 2007, the Company expended \$3,028 preparing the Carlota project for construction. This amount includes \$1,253 of capitalized interest and costs associated with the Senior Secured Credit Facilities (Note 12(b)).

As at March 31, 2007, 25,000 ounces of gold remained to be paid to the vendor as part of the deferred purchase consideration. These deferred gold payments had an estimated fair value of \$16,131, based on the average forward price of \$680 per ounce on March 31, 2007, resulting in a loss in deferred gold consideration of \$798 for the quarter ended March 31, 2007. This unrealized loss had been capitalized to mineral properties.

	March 31, 2007	December 31, 2006
Deferred gold consideration payable	16,131	15,333
Gold payable	25,000 oz	25,000 oz
Average forward price	680	661

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9. PROPERTY, PLANT AND EQUIPMENT

			March 31, 2007	December 31, 2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Plant and equipment	50,388	(7,996)	42,392	30,507
Equipment under capital leases	12,076	(3,014)	9,062	9,599
Asset retirement obligations	19,457	(6,546)	12,911	13,393
Buildings	16,424	(2,610)	13,814	14,153
Office equipment	2,616	(1,312)	1,304	1,398
Leasehold improvements	210	(76)	134	142
Total	101,171	(21,554)	79,617	69,192

10. OTHER ASSETS AND DEFERRED CHARGES

			March 31, 2007	December 31, 2006
	Cost	Accumulated Amortization	Net book Value	Net book Value
Robinson mine deferred start-up cost	17,922	(4,913)	13,009	13,502
Robinson mine deferred pit cost	597	(245)	352	393
Other long-term receivables	225	-	225	236
Othe deferred charges	109	-	109	690
Total	18,853	(5,158)	13,695	14,821

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11. INCOME TAXES

During the three months ended March 31, 2007, the Company recognized a current income tax expense of \$3,150 and a future income tax expense of \$13,615 based on forecasted income from operations resulting in an effective income tax rate of 28% for 2007. As a result, the future income tax assets recognized for the U.S. operations were reduced to current future income tax assets of \$12,072 and non-current future income tax assets of \$3,609.

Management believes that uncertainty exists regarding the realization of certain future tax assets that a valuation allowance is required. As a result, the Company has not recognized tax benefits arising from Canadian and Chilean net operating losses, U.S. Alternative Minimum Tax credits and acquired tax basis of Carlota in excess of the acquisition price.

12. DEBT

(a) Corporate Facility

During the quarter ended March 31, 2007, the revolving Working Capital Facility with Macquarie Bank Ltd. expired and the balance of \$16,900 was repaid.

(b) Secured Credit Facilities

On March 6, 2007, the Company completed a \$200,000 syndicated private loan financing. The financing consists of a \$150,000 First Lien Senior Secured Credit Facility (the "First Facility") and a \$50,000 Second Lien Junior Secured Credit Facility (the "Second Facility") (together, the "Facilities"). The First Facility has a 5 year term and bears interest at LIBOR + 650 basis points. The Second Facility has a 7 year term and bears interest at LIBOR + 1,000 basis points. The Second Facility lenders received 2,027,776 warrants to purchase common shares of the Company at an exercise price of CDN \$9.24 per share that expire March 1, 2012. These warrants were assigned a fair value of \$4,166 (Note 15(b)).

The Facilities are fully secured over the assets and shares of, and guaranteed by, all Quadra companies, other than those directly associated with the Sierra Gorda project in Chile and, if completed, International Molybdenum Plc. (Note 1). The security is effective immediately after all obligations under the Corporate Facility and hedging facilities are extinguished. The Facilities mature on March 5, 2012 and 2014 respectively, but Quadra will be obligated to make

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a semi-annual offer to purchase the Facilities in an amount equal to 50% of excess cash flow as computed under the terms of the Facilities.

The Company has the right under the Facilities to prepay the First Facility at a price of 103% of the face value anytime and the Second Facility at a price of 104% of the face value commencing March 5, 2008, declining over the term. Notwithstanding, at anytime Quadra has the right to prepay the Second Facility with proceeds of an equity financing at a price of 110% of the face value. A working capital and hedging facility are permitted on a *parri passu* basis with the First Facility, in the amount of \$80,000, with the working capital component not to exceed \$40,000. Payments outside of Quadra and the Quadra subsidiaries that form the security package are limited to a restricted payment build-up. Such payments can cover dividends, investment in Sierra Gorda, and other limited purposes. The Facilities require that Quadra enter into interest rate protection arrangements for at least 50% of the Facilities for at least three years (see Note 22(a)).

The fair value of the Facilities and the related direct costs are as follows:

First Facility:

Senior Secured Credit Facilities	150,000
Direct costs	(5,803)
Amortization of direct costs	97
Balance at March 31, 2007	<u>144,294</u>

Second Facility:

Junior Secured Credit Facility	50,000
Direct costs	(1,945)
Warrant issued	(4,166)
Amortization of direct costs and warrant issued	72
Balance at March 31, 2007	<u>43,961</u>

Subsequent to March 31, 2007, as a result of improving market conditions, the Company completed an equity financing of CAD\$131,040 (Note 22(b)). Management announced its intention to exercise its right to prepay the Second Facility from proceeds of the equity financing. As a result, the Company will charge the difference between the retirement and

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(US Dollars in Thousands)
Three months ended March 31, 2007

carrying value of the Second Facility of \$55,000 and \$43,961 respectively to the Statement of Operations during the second quarter of 2007.

13. DERIVATIVE INSTRUMENTS

(a) Copper and Gold Forward Contracts

The Company has entered into various short-term copper and gold forward sales contracts with Macquarie to hedge the copper price and gold price.

The following tables summarize the derivative positions and the associated realized and unrealized (gain) loss:

Derivative Liability Positions as at March 31, 2007

Forward Contracts	Metal under Contract	Average Forward Price	Liability after Mark-to-market Adjustment
Copper	47 million pounds	\$2.26/pound	35,958
Gold	18,000 ounces	\$431/ounce	4,150
Total			40,108

Derivative Liability Positions as at December 31, 2006

Forward Contracts	Metal under Contract	Average Forward Price	Liability after Mark-to-market Adjustment
Copper	67 million pounds	\$2.26/pound	41,485
Gold	24,000 ounces	\$429/ounce	4,983
Total			46,468

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Realized and Unrealized (Gain) Loss

	Three months ended March 31, 2007 Realized Loss	Three months ended March 31, 2006 Realized Loss	Three months ended March 31, 2007 Unrealized (Gain) Loss	Three months ended March 31, 2006 Unrealized (Gain) Loss
Forward Contracts				
Copper	20,905	8,896	(17,573)	56,964
Gold	1,321	1,089	(873)	2,099
Total	22,226	9,985	(18,446)	59,063

(b) Fuel Contract

During the quarter ended March 31, 2007 the Company entered into an agreement to purchase, on a take or pay basis, 504,000 gallons per month of diesel fuel at a price of \$2.00 per gallon for the 12 month period beginning February 1, 2007. This agreement meets the definition of a non-financial derivative and was recorded at fair value of \$1,268 at March 31, 2007 based on a forward price of \$2.25 per gallon, resulting in an unrealized gain of \$1,268.

14. ASSET RETIREMENT OBLIGATIONS

	March 31, 2007	December 31, 2006
Balance at January 1, 2006	24,093	27,067
Accretion	479	2,159
Revision to amount and timing of cash flows	-	(5,133)
Balance at March 31, 2007	24,572	24,093

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(US Dollars in Thousands)
Three months ended March 31, 2007

15. SHARE CAPITAL

(a) Common Shares

The Company has authorized capital of 1,000,000,000 common shares with no par value.

Common Shares

	Number of Shares	Dollar Amount
Balance at January 1, 2007	38,129,024	162,315
Capital stock issued		
Stock options exercised	6,666	29
Transfer from contributed surplus:		
Stock options exercised		11
Issue costs		
Balance at March 31, 2007	38,135,690	162,355

(b) Stock options and warrants

Stock options

The following tables summarize the stock option activity for the quarter ended March 31, 2007 and 2006 (in Canadian dollars):

	2007		2006	
	Options	Weighted-average exercise price C\$	Options	Weighted-average exercise price C\$
Outstanding at January 1	2,467,366	7.86	2,653,500	6.13
Granted	110,000	7.76	85,000	5.68
Forfeited	-	-	(96,333)	6.77
Exercised	(6,666)	5.16	(157,001)	5.78
Outstanding at March 31	2,570,700	7.86	2,485,166	6.11
Exercisable at March 31	1,662,301	7.14	1,485,999	6.10

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The following table summarizes information relating to stock options outstanding and exercisable at March 31, 2007 (in Canadian dollars):

Exercise price per share	Options outstanding			Options exercisable	
	Number outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price C\$	Number exercisable	Weighted-average exercise price C\$
\$4.60 - \$4.91	50,000	2.16	4.81	50,000	4.81
\$5.16 - \$5.75	343,334	3.42	5.32	162,668	5.27
\$6.00 - \$7.76	1,269,766	2.97	6.70	1,161,433	6.64
\$9.18 - \$12.40	907,600	4.32	10.62	288,200	10.58
	2,570,700	3.49	7.86	1,662,301	7.14

During the quarter ended March 31, 2007, 110,000 stock options were granted to directors and employees. For accounting purposes, the estimated weighted-average fair value per stock option is \$2.08 for a total value of \$229, which is amortized over a two year vesting period. The fair value of each option is estimated as at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	<u>2007</u>	<u>2006</u>
Expected volatility	30%	30%
Risk-free interest rate	5.00%	5.00%
Expected lives	4 years	4 years
Dividend yield	Nil	Nil

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.

Warrants

In conjunction with the syndicated private loan financing, on March 6, 2007 the Company issued 2,027,776 warrants to the Second Facility lenders (Note 12(b)) to purchase one common share of the Company at a price of C\$9.24 per share. The warrants expire on March 1, 2012.

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The fair value of the warrants was valued at \$4,166 based on a Black-Scholes option-pricing model using the assumptions noted above for stock options, except for the expected lives, of which a 5-year expected life was used.

The following table summarizes the movement in the stock options and warrants account for the quarter ended March 31, 2007:

	Stock options and warrants
Balance at January 1, 2007	4,498
Stock-based compensation	383
Stock options exercised	(11)
Warrants issued	4,166
Balance at March 31, 2007	9,036

16. REVENUES FROM CONCENTRATE SALES

	Three months ended March 31, 2007	Three months ended March 31, 2006
Copper revenues	106,316	67,027
Gold revenues	21,217	11,320
Molybdenum revenues	-	3,150
Adjustments for final settlement	(16,182)	12,752
Marked to market adjustments	35,512	2,660
Refining and treatment charges	(10,408)	(12,973)
	<u>136,455</u>	<u>83,936</u>

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17. SEGMENTED INFORMATION

The Company's reportable segments are as follows:

Robinson Mine (United States)

The Robinson Mine is an open pit copper and gold mine located in Ely, Nevada. All of the Company's revenues are generated from production at the Robinson Mine.

South America Exploration (Chile)

The Company has entered into option agreements for eight contiguous properties that make up the Sierra Gorda project in Chile.

Carlota Project (United States)

The Carlota project is a permitted late-stage development copper project located in the Globe-Miami Mining District of Arizona.

Corporate (Canada)

Head office operations are located in Vancouver, British Columbia.

As at March 31, 2007, segmented information is presented as follows:

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(US Dollars in Thousands)
Three months ended March 31, 2007

	Three months ended March 31, 2007				
	Robinson Mine	South America Exploration (Chile)	Carlota Project	Corporate	Total
Net revenues	136,455	-	-	-	136,455
Cost of sales	62,234	-	-	-	62,234
Amortization, depletion and depreciation	3,541	12	-	12	3,565
Other operating expenses	5,684	-	-	-	5,684
Operating income (loss)	64,996	(12)	-	(12)	64,972
Interest expense	806	-	-	-	806
Other (income) expense	2,003	34	-	2,253	4,290
Earnings (loss) before taxes	62,187	(46)	-	(2,265)	59,876

	As restated (Note 3)				
	Three months ended March 31, 2006				
	Robinson Mine	South America Exploration (Chile)	Carlota Project	Corporate	Total
Net revenues	83,936	-	-	-	83,936
Cost of sales	51,188	-	-	-	51,188
Amortization, depletion and depreciation	2,846	-	-	11	2,857
Other operating expenses	2,831	-	-	-	2,831
Operating income (loss)	27,071	-	-	(11)	27,060
Interest expense	1,162	-	-	-	1,162
Other (income) expense	69,201	3	-	1,770	70,974
Earnings (loss) before taxes	(43,292)	(3)	-	(1,781)	(45,076)

Quadra Mining Ltd.

NOTES TO FINANCIAL STATEMENTS

(US Dollars in Thousands)
Three months ended March 31, 2007

18. RELATED PARTY TRANSACTIONS

One of the Directors of the Company is a partner of an affiliate of Blake, Cassels & Graydon LLP and one is a partner of Chancellor Partners Management Consultants Inc. During the quarter ended March 31, 2007, the Company incurred legal fees of \$189 and recruiting and human resources consulting fees of \$123 (March 31, 2006: \$161 and \$92 respectively).

19. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital consisted of the following:

		As Restated (Note 3)
	Three months ended March 31, 2007	Three months ended March 31, 2006
Increase in receivables and prepaid expenses	(28,937)	(16,579)
Increase in short-term investments	-	(3,869)
(Increase) decrease in inventory	4,548	(463)
Decrease in accounts payable and accruals	(2,314)	(139)
Net changes in non-cash working capital	<u>(26,703)</u>	<u>(21,050)</u>
Interest and taxes paid		
Interest paid	806	1,162
Income tax paid	6,500	-

20. COMMITMENTS

- (a) On March 21, 2007 the Company signed a three year contract which fixed the price, subject to certain input cost inflation factors, of 120 tires per year required for the Company's mining equipment at Robinson and Carlota.

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NOTES TO FINANCIAL STATEMENTS

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Three months ended March 31, 2007

- (b) During the quarter ended March 31, 2007, the Company made purchase commitments of \$34,000 for loading and mobile equipment for the development of the Carlota project.
- (c) The following schedule summarizes the future minimum lease payments under the capital lease expiring December 31, 2011.

	March 31, 2007
2007	2,113
2008	2,817
2009	2,817
2010	6,334
2011	89
Total minimum lease payments	14,170
Amount representing notional interest	(3,926)
Balance of the obligation	10,244
Current portion	(1,429)
Long-term portion	8,815

21. CONTINGENCIES

The BLM requires that RNMC recalculate the amount of the Environmental Bond on an annual basis. Initial estimates, which have not been approved by the BLM or the state of Nevada, indicate that the amount of the bond may increase from the current amount of \$20,840 to \$22,000 in 2007. This increase addresses the annual BLM costs update and minor modification for South Tripp Dump expansion only. The December 2006 reclamation plan update also included costs associated with the potential D-Pad heap leach expansion which if approved for construction will further adjust the bond amount.

22. SUBSEQUENT EVENTS

- (a) Subsequent to March 31, 2007, the Company purchased a three year interest rate cap with a strike rate at 5.35%, on a notional amount of \$100,000 (Note 12(b)).
- (b) Subsequent to March 31, 2007, the Company entered into a bought-deal agreement with underwriters under which the underwriters will purchase 10.4 million units of Quadra at a price of \$12.60 per unit for gross proceeds of CAD\$131,040. Each unit consists of one common share of Quadra and one-half of one common share purchase warrant of the

Quadra Mining Ltd.

NOTES TO FINANCIAL STATEMENTS

(US Dollars in Thousands)

Three months ended March 31, 2007

Company, with each whole warrant entitling the holder thereof to acquire a further common share at an exercise price of CAD\$20.00 for a period of three years from the closing date. The Company has granted the underwriters an over allotment option, to purchase up to an additional 1.56 million units (CAD\$19,656), exercisable at the offering price up until 30 days prior to the closing date. The company expects to file a preliminary short form prospectus with the applicable securities regulatory authorities to qualify the units for distribution on April 25, 2007. The net proceeds are intended to be used for repayment of the Company's outstanding secondary tranche of debt, exploration and development at Sierra Gorda, exploration and development at the Malmbjerg molybdenum project, and for general working capital and corporate purposes. The transaction is subject to the receipt of all necessary regulatory and stock exchange approvals. The offering is expected to close on or about May 9, 2007.