



## **MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

The following Management Discussion and Analysis (“MD&A”) of Quadra Mining Ltd. and its wholly owned subsidiaries (“Quadra” or the “Company”) has been prepared as of November 7, 2006 and is intended to supplement and complement the accompanying unaudited interim financial statements and notes for the nine months ended September 30, 2006. 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](http://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.

In this Management Discussion and Analysis, analysis and commentary is primary based on comparison of the current quarter to the previous quarter. 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, Quadra holds a 100% interest in the Carlota Copper Project (“Carlota”), a development stage SX/EW copper project in Arizona. The Company also has an option to purchase the Sierra Gorda Project, a late stage exploration property near Antofagasta, Chile. The strategic plan of the Company includes growth by optimising operations, developing projects and pursuing merger and acquisition opportunities.

### **Third Quarter Highlights**

- The Robinson mine generated net revenues of \$67,923 from sales of 38,614 dry metric tonnes of concentrate.
- Operating income for the quarter was \$28,378 or \$0.76 per share compared with \$14,827 or \$0.54 per share for the same reporting period of 2005.
- After the realized loss on derivatives of \$43,964, losses before the unrealized gain on derivatives were \$17,765 or \$0.47 per share.
- After the unrealized gain on derivatives of \$34,626 and the net gain on the cancellation of AMP Life Limited (“AMP”) option of \$14,472, the earnings before income taxes were \$31,333 or \$0.83 per share.
- Production for the quarter was 33.3 million pounds of copper in 60,085 dry metric tonnes of concentrate, 20,425 ounces of gold and 36,000 pounds of molybdenum and the onsite and offsite costs were \$50,287 and \$16,932 respectively\*.
- As part of the Sierra Gorda drill programme, a hole drilled as part of the deep sulphide portion of the current exploration program identified sustained mineralization from 242m down hole to the bottom of the hole at 580m (338m) at an average grade of 1.05% copper and gold grades averaging 0.31 g/t from 406m to 580m (174m).
- The Company received net of all expenses a gain of approximately \$14,472 as a result of AMP exercising its right to cancel the Call Option Deed established between Quadra and AMP in relation to the Equatorial Mining Limited acquisition.
- The Company completed the purchase of the concentrate trans-load facility based in Wendover, Utah for a consideration of \$2,000.

*\*Under Canadian Generally Accepted Accounting Principles, offsite and onsite cost terms are not defined terms. Onsite costs consist of mining costs, including deferred stripping and equipment operating lease costs, mill costs, mine site general and*

administration, royalties and environmental costs. For financial statement reporting purposes, royalties are reported separately from cost of goods sold. Offsite costs consist of the costs associated with the transportation, smelting and refining of concentrate.

## OVERALL PERFORMANCE

### Financial Results

	Q3 2006	Q2 2006	Q3 2005
Concentrate production (DMT)	60,085	48,405	62,456
Concentrate sales (DMT)	38,614	61,120	64,208
<b>Statement of operations (\$000)</b>			
Net revenues	67,923	142,225	63,432
Cost of sales	32,037	49,862	45,458
Depreciation, amortization and depletion	1,708	2,912	2,519
Accretion	545	535	505
Royalties and mineral tax	5,255	5,708	123
Operating income	28,378	83,208	14,827
General and administrative	1,724	2,205	1,335
Realized loss on derivatives	43,964	64,801	10,708
Stock-based compensation	460	1,026	359
Foreign exchange (gain) loss	204	(533)	(69)
Net interest and other (income) expense	(209)	69	117
Earnings (loss) before other items	(17,765)	15,640	2,377
Unrealized (gain) loss on derivatives	(34,626)	36,559	4,527
Net gain on settlement of options	(14,472)	-	-
Write down of Magistral property	-	-	6,098
Contract termination fee	-	-	4,436
Earnings (loss) before income taxes	31,333	(20,919)	(12,684)
Income tax - current	1,388	-	(67)
Future income tax expense (recovery)	6,430	(6,021)	(1,727)
Earnings (loss)	23,515	(14,898)	(10,890)
Basic earnings (loss) per share	\$ 0.62	\$ (0.40)	\$ (0.40)
<b>Financial positions (\$000)</b>			
Total assets	353,840	370,427	182,307
Total long-term financial liabilities	43,919	47,475	30,121

### Net Revenues

Net revenues are affected by sales volumes and commodity prices. All of the Company's revenues are currently generated by the Robinson Mine.

Net revenues from concentrate sales were \$67,923 for the quarter ended September 30, 2006 compared with \$63,432 in 2005 and \$142,225 in the second quarter of 2006. The increase in net revenue in the third quarter of 2006 over the same period in 2005 was due to higher copper and gold prices which offset the impact of decreased sales volume. The decrease in net revenue compared to the second quarter of 2006 was due to lower sales volume, which was caused by congestion at the port, and a reduction in adjustments for final settlement and marked to market adjustments for outstanding metal of \$48,103 from \$42,629 in the quarter ended June 30, 2006 to \$(5,474) for the quarter ended September 30, 2006. The average provisional copper price for the third quarter of 2006 was \$3.39 per pound of copper sold resulting in copper revenues of \$74,920. In the same period of 2005 the average copper price was \$1.69 compared to the LME average price per pound of \$1.70 resulting in copper revenues of \$60,844. Other revenue items including gold, molybdenum and unrealized and realized final adjustments totalled \$2,859 for the

quarter ended September 30, 2006 compared to \$10,444 for the quarter ended September 30, 2005. Refining and treatment charges were \$9,856 for the quarter ended September 30, 2006 compared to \$7,857 for the same quarter in 2005.

Net revenue for the nine months ended September 30, 2006 was \$294,084, an 80% increase from the comparable period in the previous year. This increase was attributable to increased copper prices offset by a 16% decrease in sales volume.

### **Cost of Sales and Expenses**

Cost of sales for the quarter ended September 30, 2006 was \$32,037 compared to \$45,458 in 2005 and \$49,862 for the quarter ended June 30, 2006. The decrease in cost of sales from the second quarter of 2006 to the third quarter of 2006 reflects decreased concentrate sales which was partially offset by increasing operating costs (**see Robinson Operating Costs**). Depreciation, amortization and depletion for the quarter ended September 30, 2006 was \$1,708 compared to \$2,519 in 2005 and \$2,912 in the quarter ended June 30, 2006. The timing of concentrate shipments during the quarter resulted in lower sales volumes that impacted depreciation, amortization and depletion.

The cost of sales for the nine months ended September 30, 2006 was \$126,966, a 4% increase above the comparable period in the prior year. This change resulted from higher cost in puts in 2006 offset largely by lower sales volumes.

Royalties and mineral taxes for the quarter ended September 30, 2006 were \$5,255 compared to \$123 in the same period of 2005 and \$5,708 in the second quarter of 2006. The Mine is subject to a 3% net smelter return royalty under which the royalty is payable to a reclamation trust until such time that \$20,000 funds are available, at which point the royalty is payable to a third party and accordingly will be expensed. During the quarter ended June 30, 2006, the trust became fully funded and royalty payments were expensed resulting in an increase to royalty expense. In addition, the Company incurred Nevada net mining proceeds tax of \$2,342 in the third quarter of 2006 compared with \$3,232 in the second quarter of 2006 due to lower concentrate sales.

Operating income for the quarter ended September 30, 2006 was \$28,378 or \$0.76 per share, compared with \$14,827 or \$0.54 per share in 2005 and \$83,208 or \$2.22 for the quarter ended June 30, 2006. The increase in 2006 over 2005 was mainly due to the higher net revenue generated by higher commodity prices. The decrease in the quarter ended September 30, 2006 over June 30, 2006 was due to lower sales volumes.

General and administrative expenses were \$1,724 in the third quarter of 2006 compared to \$1,335 in 2005 and \$2,205 in the second quarter of 2006.

The realized loss on copper and gold forward sales contracts was \$42,766 and \$1,198 respectively in the third quarter of 2006 compared to a realized loss of \$10,537 and \$171 on the copper and gold forward sales contracts in the third quarter of 2005 and \$63,547 and \$1,254 in the second quarter of 2006. The increase in realized losses compared to the third quarter of 2005 reflects the impact of the copper hedging program entered into in the fourth quarter of 2005. The decrease in realized losses in the third quarter ended September 30, 2006 compared to the second quarter of 2006 reflects a decrease in tonnage subject to final pricing.

Net interest and other income were \$209 in the third quarter of 2006 compared with net interest and other expense of \$117 in 2005 and \$69 in the second quarter of 2006. The decrease in net interest expense in the third quarter of 2006 compared with the second quarter of 2006 was mainly due to the increase in cash balance (higher interest income) and the decrease in bank indebtedness associated with the working capital line of credit.

Loss before other items in the third quarter of 2006 was \$17,765 or \$0.47 per share compared with an earnings of \$2,377 or \$0.08 per share in 2005 and \$15,640 or \$0.42 per share in the second quarter of 2006.

During the quarter ended September 30, 2006 the Company recorded a realized loss on derivatives of \$43,964 compared to \$10,708 for the same period in 2005 reflecting an increase in the spread between the copper price and the hedge price from \$0.26 in the third quarter of 2005 to \$1.79 in the third quarter of 2006. At September 30, 2006, the mark-to-market position resulted in a revaluation gain of outstanding settlements of \$34,626 (**see Financial Instruments and Other Instruments**).

On July 19, 2006, the Company announced its intention to make an offer to acquire all of the issued and outstanding shares of Equatorial Mining Limited (“Equatorial”) for AUS\$9.23 cash per share which would have resulted in an acquisition price for Quadra of UAS \$449 million for 100% of Equatorial. The Company also entered into a Call Option Deed with a subsidiary (the “AMP Subsidiary”) of AMP Life Limited, the major shareholder of Equatorial, in respect of approximately 19.99% of the shares of Equatorial. In order to finance the acquisition, the Company signed a bank financing commitment letter with UBS Loan Finance LLC and UBS Securities LLC to enter into a seven year loan for \$350,000.

On August 15, 2006, Antofagasta PLC submitted an offer of AUS\$11.20 cash per share for Equatorial and entered into a similar call option agreement with the AMP Subsidiary. The Company chose not to match the higher offer from Antofagasta PLC and announced on August 23, 2006 that it received notice from the AMP Subsidiary that the AMP Subsidiary had exercised its right under the Call Option Deed to cancel that agreement. As a result, the AMP Subsidiary was required to pay the Company a fee of AUS\$31,922 (equivalent to \$24,194). Direct expenses related to the Equatorial offer including consulting fees, due diligence fees, legal fees and a bank commitment fee that amounted to \$9,722, resulting in a net gain on the cancellation of the AMP option of \$14,472.

The Company recorded a future income tax expense of \$6,430 for the quarter ended September 30, 2006 compared with a future income tax recovery of \$1,727 and \$6,021 in the same period of 2005 and in the second quarter ended June 30, 2006 respectively. The tax provision was recorded based on the forecasted 2006 effective income tax rate of (6.84%) in the quarter ended September 30, 2006 compared with 23.07% in the quarter ended June 30, 2006. The change of the effective tax rate was mainly due to the revised forecast of 2006 book income and the gain on the cancellation of the AMP option.

For the quarter ended September 30, 2006, the Company reported earnings of \$23,515 or \$0.62 per share as compared to a loss of \$10,890 or \$0.40 per share for the quarter ended September 30, 2005 and a loss of \$14,898 or \$0.40 per share for the quarter ended June 30, 2006.

### **Financial Position**

Total assets as at September 30, 2006 were \$353,840 compared with \$262,042 at December 31, 2005. The significant increase of assets during the period ended September 30, 2006 was primarily due to the following:

- Increase in cash in connection with the equity financing, exercise of broker warrants (**See Equity Financing**) and the cancellation fee associated with the Equatorial bid
- Increase in inventory of \$8,797
- Increase in deferred waste stripping costs of \$21,873
- Increases in mineral properties of \$14,266 in connection with ongoing exploration and development at the Sierra Gorda and Carlota projects
- Increase in future income tax asset of \$9,287

Total long-term financial liabilities as at September 30, 2006 were \$43,919 compared with \$50,478 as at December 31, 2005. The reduction in long-term liabilities is primarily due to the gold payments made under the terms of the Carlota project (see “**Carlota**”)

### **ROBINSON MINE**

#### **Operational Results for the Robinson Mine for the Quarter Ended September 30, 2006**

The quarterly performance of the Mine varies as a result of changes including head grade, metal recovery and waste stripping requirements. Comparative production statistics are as follows:

## Operating Results

	2006				2005		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Waste mined (Tonnes 000's)</b>	14,425	16,605	14,218	13,832	16,753	14,325	11,737
<b>Ore mined (Tonnes 000's)</b>	4,175	3,274	3,711	2,881	3,855	3,415	4,280
<b>Ore milled (Tonnes 000's)</b>	3,426	3,422	3,093	3,426	3,466	3,570	3,296
<b>Copper grade (%)</b>	0.69	0.52	0.53	0.57	0.60	0.50	0.51
<b>Gold grade (g/t)</b>	0.32	0.24	0.27	0.34	0.39	0.33	0.32
<b>Molybdenum grade (%)</b>	0.008	0.008	0.013	-	-	-	-
<b>Copper recovery</b>	63.4%	70.3%	69.5%	73.5%	79.5%	76.4%	74.2%
<b>Gold recovery</b>	57.9%	47.5%	54.5%	61.5%	57.3%	51.3%	41.5%
<b>Molybdenum recovery</b>	6.1%	11.7%	16.7%	-	-	-	-
<b>Mill Operating Time</b>	89%	89%	89%	90%	95%	92%	88%
<b>Copper production (Million lbs)</b>	33.3	27.8	25	31.6	36.5	30.5	27.6
<b>Gold production (ozs)</b>	20,425	12,532	14,471	22,262	24,666	19,932	14,081
<b>Molybdenum production (Thousand lbs)</b>	36	70	144	-	-	-	-
<b>Onsite costs</b>							
- Operating costs	\$44,873	\$35,016	\$34,426	\$29,224	\$33,946	\$25,456	\$26,565
- Deferred stripping	\$5,414	\$9,863	\$6,120	\$7,511	\$8,084	\$4,700	-
<b>Total onsite costs</b>	\$50,287	\$44,879	\$40,546	\$36,735	\$42,030	\$30,156	\$26,565
<b>Offsite costs</b>	\$16,932	\$23,100	\$22,076	\$15,593	\$16,220	\$19,319	\$12,809
<b>Total costs</b>	\$67,219	\$67,979	\$62,622	\$52,328	\$58,250	\$49,475	\$39,374
<b>Capital expenditure</b>	\$3,573	\$3,074	\$808	\$4,781	\$3,568	\$1,741	\$1,470

Copper production during the quarter ended September 30, 2006 was 33 million pounds as compared to 28 million pounds in the previous quarter. Despite an increase in copper head grade of 0.52% Cu in the second quarter to 0.69% in the third quarter, copper recoveries decreased by about 7% as result of the complex mineralogy associated with the supergene zone where mining occurred in September 2006. In this supergene zone of the Veteran pit, the ore contained high levels of oxide copper. A portion of the oxide copper is soluble in acid and was recognized in the resource data base with appropriate discounts made to forecast recovery. As the material was mined, detailed test work showed there was non-soluble oxide copper which is not amenable to flotation and therefore not recoverable. Previous planning and forecasting procedures had regarded all non-acid soluble copper as a sulphide and therefore recoverable by flotation. The low recovery in Q3 2006 was therefore not predicted.

Gold production was 20,425 ounces as compared to 12,532 ounces in the previous quarter. The increase in production was related to improved head grade. The molybdenum production was 0.04 million pounds as compared to 0.07 million pounds in the previous quarter. The decrease was associated was the high level of insoluble silicates and talc related to the oxides making it difficult to produce an acceptable grade of molybdenum concentrate.

Pit operations mined 19 million tonnes as compared to 20 million tonnes in the previous quarter. The operation continues to make good progress stripping waste material in the Veteran pit and achieved a mining rate of over 204,000 tonnes per day. The pit now has access to multiple ore faces which provides more flexibility in blending ore feed to the mill. Pit operations also had to re-handle ore associated with an area of mine old workings, which contains wood and steel and to create multiple short term stockpiles to provide workable blends of ore to the mill.

During July the SAG mill was taken down for a scheduled liner replacement that resulted in a third quarter average mill operating time of 89%. During the quarter, a new concentrate drying system was installed at the mill which is expected to reduce bottlenecks and lower moisture content of the final concentrate.

The operation continues to improve its safety performance through an aggressive safety program and the mill has achieved a two year safety record of no recordable lost time accidents.

## **Operating Costs**

Onsite costs and offsite costs for the third quarter were \$50,287 and \$16,932 respectively as compared to \$44,879 and \$23,100 for the quarter ended June 30, 2006. Onsite costs increased from the second quarter to the third quarter due to higher blasting costs associated with harder rock, increased re-handling costs with ore contaminated by wood, a wage increase in July of approximately ten percent, higher heavy equipment maintenance and tire costs. The royalty costs also increased as a result of higher metal prices as compared to the second quarter with the impact of the royalty costs now fully payable (**See Cost of Sales and Expenses**).

The major drivers for the decrease in offsite costs were the lower volume of concentrate sold in the quarter ended September 30, 2006 of 38,614 DMT against 61,120 DMT in the quarter ended June 30, 2006 and a reduction in the number of shipments subject to price participation charges from four to two.

## **Personnel Issues**

Mine management was strengthened during the quarter with the appointment of senior personnel in each of the Mine's finance, administration and human resources departments. An aggressive onsite training program continues to try and mitigate a high turnover rate and a recent incentive program has been initiated to set up housing assistance in the local area of Ely and accelerates the building of much needed accommodation.

## **SALTS Facility Acquisition**

On August 10, 2006, the Company's wholly owned subsidiary Wendover Bulk Transshipment Company ("WBTC") signed an Asset Purchase Agreement with Imco Recycling Utah Inc. ("IMCO") to purchase, for \$2,000, the transshipment facility that the company uses to store and then load concentrate into rail cars. This purchase secures the access to this essential transshipment facility.

## **Outlook**

### **Mining**

Several initiatives are expected to improve mine productivity as the operations team develops a greater understanding of the geology of the deposit. Continued training related to mining operations and mobile equipment is also expected to improve productivity.

The CAT 793 haulage fleet is scheduled for engine repairs and the replacement of other major components over the next three to six months. A program to improve tire wear has already proven to be successful and has resulted in excellent tire life for both radial and bias ply tires. There is a risk that the site will not be able to secure a supply of tires for the CAT 793 haulage units to meet our tire requirements for the fourth quarter of 2006. However, an extra supply of tires does exist for the smaller Cat 785 haulage units.

### **Processing**

The mill is expected to continue operating at a normal level of availability going forward with no major down time scheduled for the remainder of the year. High iron contamination will be encountered during the fourth quarter but due to the operating flexibility in the pit, it is expected that this material can be blended so that metallurgical performance will not be impacted.

Mining of the material containing non-recoverable oxide copper is expected to continue through this supergene zone for the next two months. Once below this zone, recoveries are expected to return to more typical levels. With lower expected recovery rates in October and part of November 2006, copper production guidance has been reduced to 115 million pounds for the year as compared to the previous forecast of 125 – 130 million pounds. Gold production remains unchanged at 55,000 to 60,000 ounces.

Experimental revisions to the molybdenum circuit are underway to increase the plant's ability to deal with lower grade material and talc contaminants encountered in and around highly oxidized material.

## Operating Costs

The Mine is expected to continue in an environment of high cost inputs especially with respect to tires, equipment maintenance, blasting costs, steel and reagents for the mill.

## Robinson Upside

An exploration program to evaluate new copper and molybdenum sulphide resources along with copper leach resources was initiated in the third quarter. Drilling has commenced although the main effort currently centres on digesting the substantial database of historical information. Pulps, rejects and core from previous programs are being re-assayed for future ore reserve modelling. Robinson is a challenging porphyry/skarn deposit with the added complication of significant supergene oxidation events. A key objective of the exploration program is to lower future operating risks while potentially adding new resources.

## CARLOTA

As a result of the Equatorial transaction, activity levels on the development of Carlota project were somewhat reduced during the third quarter however the Company did expend \$10.2 million and continued to advance the project in many areas.

The existing program of work for the current Plan of Operations was extended for six months to March 31, 2007. During the quarter the Company put \$6,589 on deposit with the US Forest Service ("USFS") as a reclamation bond.

The Company continued to progress engineering plans of construction and cost estimates of the project and made security deposits of \$1.3 million related to securing the fabrication of key electrical equipment

The Company committed to support the cleanup of the Gibson mine located in the Globe Miami area which is not part of the Carlota land package. Carlota's support is limited to providing funding for activities at the Gibson mine but not for directing any of the activities. The first payment was made during the third quarter with the final payment due in the fourth quarter of 2006.

As part of the purchase of Cambior USA Inc. the Company agreed to pay eight quarterly gold payments commencing in March 31, 2006 of 6,250 ounces of gold, representing a total of \$23,325 based on the average forward gold price of \$520 per ounce on the closing date. The first three gold deliveries were completed in March, June and September 2006.

In order to limit the cost of the gold to be delivered in December 2006, Robinson Holdings USA ("RHUSA") a 100% owned subsidiary of Quadra, purchased a gold call in March which gives RHUSA the right to buy 6,250 ounces of gold at a price of \$600 per ounce on December 11, 2006. As at September 30, 2006, the fair market value of the call option was \$155.

## Outlook

Subsequent to the end of the third quarter the Company refocused its attention on advancing development of Carlota towards construction and completed a revised National Instrument 43-101 Technical Report.

Ore Reserves - Life of mine	85.5 million tons
Average Grade	0.45% Total Cu
Average Recovery - Life of Mine	79.8%
Average Copper Production	65.7 million pounds Cu/year
Operating Life	9 years + residual leach
Total Waste – Life of Mine	183.0 million tons
Stripping Ratio (Waste to Ore)	2.1

### Capital Costs

Initial project capital costs are estimated to be \$189 million. In addition, it is estimated that a cash bond of \$10 million will need to be posted with USFS prior to construction activities and an amount of \$29 million in working capital (copper inventory cost) will be required.

### Operating Costs

Average operating costs are estimated to be \$6.97 ton of ore or \$0.99 per pound saleable copper. Base case fuel costs are assumed to be \$2.60 per gallon. Royalties are not included in the operating cost.

### Reclamation and Salvage Value

Final reclamation costs are estimated to be \$15 million and the amount will be spent at the end of operations. Conservative estimates of the salvage values of mobile equipment and process equipment are \$13.3 million.

### Royalties

Royalties are calculated as a 5 percent Net Smelter Return (“NSR”) on all ore subject to BHP Billiton royalty and a 5 percent NSR on Sherwood-Owens royalty but with a \$3 million cap. The BHP Billiton royalty includes a minimum annual payment of \$0.4 million and cumulative pre-payments are credited against the future royalty payment. The credit as at July 2006 is estimated at \$4.2 million.

### SIERRA GORDA

During the third quarter \$1.8 million dollars were spent on a 140 hole grid drill program completed for a total of nearly 4,900 meters. These short holes (typically 30 to 35 meters, on a roughly 200 by 400 meter spacing) were designed to provide geologic and geochemical information over a large part of the property covered by alluvium. Assays returned for all of these holes shows that only 4 contained intervals of more than 0.1 percent copper, but several sizable clusters of holes show favorable alteration in the oxide zone with evidence of high initial pyrite content. These areas have been strongly to moderately leached of any copper they originally contained and a follow-up drill program will test for zones of supergene chalcocite.

Through much of the third quarter drilling focused on defining more high grade tonnes (greater than 0.5 percent copper) in the oxidized and supergene enriched zones. In addition, the first holes to test the concept of a deep sulfide mineralization were completed. This concept uses a different geological model than the previous model and is based on the historical data, the geophysics completed and the mapping and modeling completed by Quadra.

Initial results from one hole support the concept, with hole 281 showing sustained mineralization from 242m below surface to the bottom of the hole at 580m (338m) at an average grade of 1.05% copper and gold grades averaging 0.31 g/t from 406m to 580m (174m). The hole was drilled at a -60° declination.

Through the end of the third quarter approximately 15,800 meters of RC and core drilling was completed.

Program	Holes	Metres RC	Metres Core	Assays
Grid Test	140	4,898		140
Leachable Cu	34	6,377		26
Deepened by Core	16		4,525	
Total Drilling	174	11,275	4,525	166

### Outlook

The results in hole 281 supported continuation of the deep sulphide programme and assays are pending from four subsequent drill holes.

## Market Trends and Fundamentals

### 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 ready for development projects, has resulted in decreased inventories of copper.

The copper price has increased by 102% over the past year through to date, with prices increasing from \$1.70 per pound on September 30, 2005 to \$3.45 per pound on September 30, 2006. 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 117,575 tonnes as of September 29, 2006.

### Operating Results by Segment

Presently, the only significant operating segment of the Company is the Robinson Mine. The Company is also developing the Carlota Project in Arizona and the Sierra Gorda Project in Chile

## SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operating results of the most recent eight quarters during which the Company recommenced the Mine:

SUMMARY OF QUARTERLY RESULTS									
\$ US 000s	2006				2005				2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>Statement of Operations</b>									
Net Revenues	67,923	142,225	83,936	65,331	63,432	55,998	43,474	11,932	-
Operating income (loss)	28,378	83,208	33,181	41,672	14,827	11,049	6,060	(218)	(2)
Earnings (loss) before other items	(17,765)	15,640	20,108	24,557	2,377	9,146	3,909	(1,054)	(1,009)
Unrealized (gain) loss on derivatives	(34,626)	36,559	59,063	20,788	4,527	7,746	(599)	1,154	745
Earnings (loss) before income taxes	31,333	(20,919)	(38,955)	2,933	(12,684)	1,400	4,508	(2,208)	(1,754)
Earnings (loss)	23,515	(14,898)	(31,130)	2,200	(10,890)	2879	3,788	(621)	(1,754)
Basic earnings (loss) per share	0.62	(0.40)	(1.02)	0.08	(0.40)	0.11	0.14	(0.02)	(0.06)
<b>Financial Position</b>									
Cash	37,864	50,211	24,421	9,128	9,413	18,427	23,705	12,269	34,712
Total Assets	353,840	370,427	323,615	262,042	182,307	167,853	161,691	140,817	137,227
Total Liabilities	214,592	259,062	203,468	157,890	80,768	55,783	52,993	37,698	33,782
Shareholders' equity	139,248	111,365	120,147	104,152	101,539	112,070	108,698	103,119	103,445

### Management Appointments

During the quarter ended September 30, 2006 Mr. Mark Blakely was appointed to the position of Project Manager – Carlota.

## LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2006 the Company had a working capital deficiency of \$79,139 and cash of \$37,684 as compared to a working capital deficiency of \$41,488 and cash of \$9,128 at December 31, 2005. The decrease in working capital is mainly due to an increase in the derivative instrument liability of \$66,557 (see **Financial Instruments and Other Instruments**), offset by increases in inventory and cash (see **Financial Position**).

### Current assets

The total current assets were \$91,534 compared to \$65,924 at December 31, 2005. The increase in current assets was primarily due to an increase in cash associated with the equity offering and the Equatorial Bid, and an increase in the inventories of concentrate, due to delays in shipments, and supplies.

### Current liabilities

Current liabilities were \$170,673 compared to \$107,412 at December 31, 2005. The increase in current liabilities is mainly due to an increase of \$66,557 in the derivative instrument liability associated with an increase in copper prices relative to the hedged price combined with an increase in accounts payable of \$17,540 largely due to the accrual of Net Proceeds Tax and fees associated with the Equatorial Bid. These increases were partially offset by the repayment of the bank indebtedness associated with the Carlota acquisition of \$15,000 and a reduction in bank indebtedness of \$7,800.

### Sources and Uses of Cash

Nine months ended September 30	2006	2005
Cash received from operations	65,445	16,273
Cash used in investing	(69,692)	(27,714)
Cash provided by financing	32,930	8,602

Operating income was \$144,766 for the nine months ended September 30, 2006 compared to \$31,935 for the same period in 2005 reflecting higher prices for copper and gold. The resulting cash from operations was \$65,445 compared to \$16,273 for the nine months ended September 30, 2005. Investing activity of \$69,692 for the nine months ended September 30, 2006 reflects an increase in deferred stripping, the delivery of the gold to Cambior, increases to the environmental bond arising from an update to the mine reclamation plan, the placement of an environmental bond at Carlota, scheduled increases to security deposits for existing mining equipment, the acquisition of the SALTS facility and increased royalty payments to the environmental trust arising from higher copper prices. This compares to investing activity of \$27,714 for the nine months ended September 30, 2005 arising from capitalized deferred stripping, maintenance capital and investments in the Sierra Gorda project. In the first nine months of 2006 financing activities primarily consisted of the equity offering (see **Equity Financing**) which raised \$45,544, repayment of the \$15,000 bridge facility and \$7,800 of bank indebtedness compared with a draw under the Working Capital Facility of \$7,100 for the first nine months of 2005.

### 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. In connection with the equity offering the Company granted the underwriters an option to purchase an additional 1,080,000 common shares at the same price. This option was subsequently exercised and the aggregate net proceeds from the offering were \$42,240.

During the nine months ended September 30, 2006, 1,449,360 broker warrants from the IPO in April 2004 were exercised for net proceeds of \$7,507.

### Outlook

The Company expects that at current metal prices that funds from operations, together with existing cash resources, and bank lines of credit will be sufficient to meet its capital and operating requirements for 2006 subject to the ability of the Company to restructure its hedge position (see **Hedge Restructuring**). The Company receives provisional payment for copper contained in concentrate in line with current LME pricing. Final settlements are based on the average LME price for the subsequent quotational period, generally three months after month of arrival of the concentrate at the smelter. If the LME price for the subsequent quotational period is less than the provisional payment price, the Company is required to repay the difference to the smelter.

(\$ thousands)	Payment Due By Period						Total
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	
Short-term debt	12,200						12,200
Deferred gold consideration	14,527	3,533					18,060
Equipment purchase	-	8,790					8,790
Notes payable	1,390	2,160					3,550
Derivative instrument liability	108,121						108,121
Minimum lease payments	3,743	11,302	11,302	11,302	14,300	6,237	58,187

### Short-Term Debt

The Company continues to utilise its \$20,000 Working Capital Facility that expires on March 31, 2007. The Company is required to hedge the value of borrowing under the facility based on concentrate inventory levels. Under the terms of the Working Capital Facility, RNMC is currently restricted from making certain distributions to Quadra.

### Equipment Considerations

During the third quarter ended September 30, 2006, the Company made non-refundable deposits totalling \$1,262 for the purchase of electrical equipment for the Carlota project. The Company has also entered into an agreement to purchase a Hitachi EX 5500 for \$6,945 for which a non-refundable down payment of \$450 was made. Additional financing will be required to complete the purchase. Certain of the Company's equipment lease agreements contain default provisions with the corporate credit facility.

### Notes Payable

In connection with the purchase of SALTS Facility, RNMC signed a promissory note of \$500 payable to IMCO. The principal bearing an annual interest rate of 6.87% is repayable on or before March 31, 2007.

### CONTINGENCIES

The Company is aware of the following proceedings:

Certain litigation is pending in connection with one permit 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.

On July 7, 2005, Gerald Metals Inc. ("GML") declared it would not be accepting delivery on the remaining tonnage of their 2005 allotment of approximately 38,300 tonnes due to a strike at the receiving smelter. The Company sold these materials in the fourth quarter of 2005 in the open market at less favourable terms than the GML contract. 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. Gerald Metals Inc has yet to file a defence and the parties are currently attempting to negotiate a settlement.

On March 16 2006 Katie Davis and LeRoy Davis, on their own behalf and on behalf of their minor daughter Araya Davis, (collectively, the "Davises") filed a lawsuit against RNMC and BHP Copper Inc. ("BHP Copper") (Collectively, the "Defendants") in the Seventh Judicial District Court, White Pine County, Nevada. Katie Davis is the daughter and Araya Davis is the granddaughter of Marilyn and Danny Cooper, with whom similar litigation was settled by the Defendants prior to RNMC's acquisition of the Robinson Mine. The Davises have claimed, among other matters, that the Defendants permitted the Robinson Mine to contaminate well water on the Coopers' property and that the

Defendants failed to disclose the existence of the pollutants to the Coopers. As a result, the Davises claim that their daughter ingested contaminated water, suffered a condition known as anoxia and was twice airlifted to hospital where on one occasion she had surgery. The Davises have made a claim for: damages for the personal injury and emotional distress sustained by the Davises as a result of the Defendant's negligence; damages resulting from Defendant's fraudulent or negligent misrepresentation; punitive damages; reimbursement of reasonable attorney fees; and such other relief as the Court deems just and proper in the circumstances. The Company was not in possession of the Robinson Mine at the time of the events in question. BHP Copper has made a claim of indemnity against the Company claiming that, under the terms of the purchase agreement pursuant to which the Company acquired RNMC, the Company has an obligation to indemnify and hold harmless BHP Copper and its affiliates from any liability arising pursuant to the Davises' lawsuit. The Company has rejected BHP Copper's claim for indemnity. The Company has made a similar claim of indemnity against BHP Copper. BHP Copper has rejected the Company's claim for indemnity. As the Company was not the owner of the Robinson Mine at the time of the occurrence of the events in question and is not currently aware of all of the facts, and because no discovery has been conducted in this litigation, it is impossible at this time for the Company to assess its potential liability in this matter or whether it has an obligation of indemnity to or a right of indemnity from BHP Copper.

### **TRANSACTIONS WITH RELATED PARTIES**

One of the Directors of the Company is a partner of an affiliate of Blake, Cassels & Graydon LLP and one is a member of Chancellor Partners Management Consultants Inc. During the three month period ended September 30, 2006 the Company incurred legal fees of \$140 and recruiting and human resources consulting fees of \$118. During the nine month period ended September 30, 2006 the Company incurred legal fees of \$339 and recruiting and human resources consulting fees of \$332 respectively payable to those entities (Three months ended September 30, 2005: \$43 and \$44 respectively; nine months ended September 30, 2005: \$435 and \$183 respectively).

### **PROPOSED TRANSACTIONS**

In order to secure the financing to construct the Carlota project the Company is considering an issue of Senior Notes.

There are no other proposed assets or business acquisitions or dispositions, or 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 materially 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**

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 the date 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 September 30, 2006.

### **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 \$12,779 that relates to the timing difference created between the 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**

### **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 "Stripping Costs Incurred in the Production Phase in a Mining Operation" (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. This new standard applies to stripping costs incurred in fiscal years beginning on or after July 1, 2006, or it may be applied retroactively. The Company continues to account for stripping costs in 2006 based on the life-of-pit average strip ratio.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Company'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 its working capital position. To reduce the volatility in the expected final pricing of shipments the Company has entered into forward sales contracts for copper and gold and may enter into additional hedging contracts from time to time in the future.

At September 30, 2006 the Company's derivative positions and the associated unrealized losses were as follows:

**Derivative Liability Positions as at September 30, 2006**

Forward Contracts	Metal under contract (Note 2)	Average Forward Price	Spot Price, Forward curve 2006	Marked to Market Loss (Note 1)
Copper	25,500 tonnes	\$1.60/pound	\$3.44 (three month)/pound	\$102,858
Gold	30,000 ounces	\$423/ounce	\$599/ounce	\$5,263
Total				\$108,121

As at September 30, 2006 the company had outstanding copper forward contracts totalling 56 million pounds (25,500 tonnes) with settlement periods extending to January 2007. These hedges are associated with production that has been shipped but whose final pricing has not yet occurred or is in inventory.

At September 30, 2006, the Company had forward sales contracts outstanding for 30,000 ounces of gold. The Company plans to settle this amount within 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 derivative 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, 2005.

The Company marks to market the outstanding derivative 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.

**Derivative Liability Positions as at September 30, 2005**

Forward Contracts	Metal under contract	Average Forward Price	Spot Price, Forward curve 2006	Marked to Market Loss (Note 1)
Copper	22,767 tonnes	\$1.39/pound	\$1.72 (three month)/pound	\$16,675
Gold	50,000 ounces	\$411/ounce	\$473 /ounce	\$3,189
Total				\$19,864

Note:

- 1) 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 September 30, 2006.
- 2) At September 30, 2006 metal under contract includes 3,100 tonnes of copper and 2,000 ounces of gold that was priced at September 30, 2006.

The volume of gold sold forward decreased due to the settlement of contracts during 2005 and 2006. The marked to market loss increased in 2006 compared to 2005 due to the increase in the price of copper and gold.

**Income Statement Presentation – nine months period ended September 30**

Forward Contracts	2006 Realized Loss	2005 Realized Loss	2006 Unrealized Loss	2005 Unrealized Loss
Copper	\$115,209	\$10,537	\$60,926	\$10,384
Gold	\$3,540	\$313	\$70	\$1,290
Total	\$118,749	\$10,850	\$60,996	\$11,674

**SUBSEQUENT EVENTS****Hedge Restructuring**

As at September 30, 2005 the Company had open derivative positions of 22,500 tonnes of copper. The quotational periods of the shipments associated with these hedges are expected to be completed by March 31, 2007. The quotational periods have been delayed from those originally forecast due to lower production, a change in the mining plan and delays in the timing of shipments

The Company needs to continue to draw under the Working Capital Facility. Accordingly Quadra's Board of Directors has approved management to hedge up to 16,000 tonnes of copper production from the fourth quarter of 2006.

As announced on October 23, 2006 the Company had sold forward 3,200 tonnes of copper at a weighted average price of \$3.36 resulting in an open hedge position of 25,600 tonnes at a weighted average price of \$1.79 per pound with the last settlement period being April 2007.

**Sierra Gorda Option**

On October 16, 2006, the Company signed an option agreement to purchase two additional properties located near the Sierra Gorda property for a total purchase price of \$5,000 payable over 4 years. The Company made the initial option payment of \$100.

**SHARE CAPITAL**

The Company's issued and outstanding shares at September 30, 2006 totalled 38,074,724. During the nine months ended September 30, 2006 1,449,360 broker warrants issued in connection the Quadra's IPO, were exercised resulting in the issuance of 1,449,360 common shares for proceeds of CAD\$8,696. As of November 6th the issued and outstanding common shares of the Company were 38,080,024.

In February 2006 the Company completed an equity offering of 7,200,000 common shares. In conjunction with the share issuance, the Company granted the underwriters an option to buy additional 1,080,000 common shares. The option was subsequently exercised and the aggregate net proceeds of the offering were \$42,250.

For the quarter ended September 30, 2006, the Company granted 62,500 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 \$4.26 per stock option for total value of \$266.

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.

## 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.

The Company has a disclosure committee that consists of various employees of the Company including the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer. The committee monitors 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 September 30, 2006 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. The disclosure committee operates under the review and guidance of the audit committee.

## November 6, 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, estimating grade levels, future recovery levels, future production levels, capital costs, costs savings, cash and total costs of production of copper, gold and other minerals, expenditures for environmental matters and technology, projected life of our mines, reclamation and other post closure obligations and estimated future expenditures for those matters, completion dates for the various development stages of mines, availability of water for milling and mining, future copper, gold, molybdenum and other mineral prices (including the long-term estimated prices used in calculating Quadra's mineral reserves), the percentage of production derived from mechanized mining, the percentage of production from milling, currency exchange rates, debt reductions, timing of expected sales and the percentage of anticipated production covered by forward sale and other option contracts or agreements, anticipated outcome of litigation and personnel issues. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should", "scheduled", "will", "plan" and similar expressions. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause Quadra's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- \* Uncertainties related to the accuracy of 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, diminishing quantities or grades of reserves and variable metallurgical performance of these reserves.
- \* Uncertainties related to expected production rates, timing of production and the cash and total costs of production and milling.
- \* Uncertainties relating to copper, gold, molybdenum and other mineral prices, which are beyond the Company's control.
- \* The Company sells concentrate material which is subject to provisional payments; uncertainty in the final metal prices used for the computation of final settlement exists such that final settlement could be less than the cost of production plus other liquidity requirements.
- \* Uncertainties as to whether the Company will complete the proposed acquisition of Equatorial Mining Ltd. including without limitation whether another party may make a higher offer than the offer made by the Company
- \* 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 relating to the availability of adequate water resources for mining and milling operations

- \* 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.