QUADRA MINING LTD.

AND

2237836 ONTARIO INC.

AND

FNX MINING COMPANY INC.

ARRANGEMENT AGREEMENT

DATED MARCH 23, 2010

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated March 23, 2010,

B E T W E E N:

QUADRA MINING LTD., a corporation existing under the laws of British Columbia ("**Quadra**")

AND:

2237836 ONTARIO INC., a corporation existing under the laws of Ontario ("**Subco**")

AND:

FNX MINING COMPANY INC., a corporation existing under the laws of Ontario ("**FNX**")

WHEREAS:

The board of directors of FNX has unanimously determined that the business combination to be effected by way of the Plan of Arrangement is advisable and in the best interests of FNX and the FNX Shareholders and that, on the basis of an opinion from its financial advisors, the Share Exchange Ratio is fair, from a financial point of view, to the FNX Shareholders. The board of directors of FNX has approved the transactions contemplated by this Agreement and unanimously determined to recommend approval of the Plan of Arrangement to the FNX Securityholders.

The board of directors of Quadra has unanimously determined that the business combination to be effected by means of the Plan of Arrangement is advisable and in the best interest of Quadra and the Quadra Shareholders and that, on the basis of an opinion from its financial advisors, the Share Exchange Ratio is fair to the Quadra Shareholders. The board of directors of Quadra has approved the transactions contemplated by this Agreement and unanimously determined to recommend approval of the issue of the Quadra Shares pursuant to the Arrangement.

In furtherance of such business combination, the board of directors of FNX has agreed to submit the Plan of Arrangement to the FNX Securityholders and the Court for approval and the board of directors of Quadra has agreed to submit the transactions contemplated hereby to the Quadra Shareholders.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement and other than the SGID Transactions in the case of Quadra, any offer, proposal, expression of interest, or inquiry, whether oral or written, from any person (other than, in the case of FNX, Quadra or any of its affiliates and other than, in the case of Quadra, FNX or any of its affiliates) made after the date hereof relating to: (i) any acquisition, sale, lease, long-term supply agreement or other arrangement having the same economic effect as a sale, direct or indirect, of: (a) the assets of a Principal Party and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of such Principal Party and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of a Principal Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of such Principal Party and its subsidiaries, taken as a whole; (ii) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of a Principal Party; or (iii) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving a Principal Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of such Principal Party and its subsidiaries, taken as a whole;

"**affiliate**" has the meaning ascribed thereto in the *Securities Act*;

"**Agreement**" means this arrangement agreement, together with the FNX Disclosure Letter and the Quadra Disclosure Letter as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

"**ARC**" means an advance ruling certificate issued by the Commissioner under section 102 of the *Competition Act*;

"**Arrangement**" means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto in accordance with Section 8.3 hereof or the Plan of Arrangement or at the direction of the Court in the Final Order;

"**Arrangement Resolution**" means the special resolution of the FNX Securityholders voting as a single class, approving the Arrangement to be considered at the FNX Meeting, substantially in the form and content of Schedule B hereto;

"**Articles of Arrangement**" means the articles of arrangement to be filed in accordance with the OBCA evidencing the Arrangement;

“**associate**” has the meaning ascribed to such term in the *Securities Act*;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**business day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario, or Vancouver, British Columbia;

“**Carlota Mine**” means a permitted copper mine in the Globe-Miami mining district of Arizona approximately 16 kilometres west of the town of Miami, comprised of 263 unpatented lode mining claims and 36 patented lode mining claims and includes three open pit mines and processing plant with associated infrastructure owned by Quadra;

“**Certificate of Arrangement**” means the certificate giving effect to the Arrangement issued by the Director pursuant to Section 183 of the OBCA;

“**Change in Recommendation**” means a FNX Change in Recommendation or a Quadra Change in Recommendation, as the case may be;

“**commercially reasonable efforts**” with respect to either Principal Party hereto means the co-operation of such party and the use by it of its reasonable efforts consistent with reasonable commercial practice of similarly situated persons without payment or incurrence of unreasonable expense or the requirement to engage in litigation;

“**Commissioner**” means the Commissioner of Competition appointed under the *Competition Act* and any person duly authorized to exercise the powers and perform the duties of the Commissioner of Competition;

“***Competition Act***” means the *Competition Act* (Canada), as amended from time to time;

“**Concession**” means any mining concession, claim, lease, licence, permit or other right to explore for, exploit, develop, mine or produce minerals or any interest therein which a Principal Party or any of its subsidiaries owns or has a right or option to acquire or use;

“**Confidentiality Agreement**” means the agreement between Quadra and FNX dated December 7, 2009 pursuant to which Quadra has been provided with access to confidential information of FNX and FNX has been provided with access to confidential information of Quadra;

“**Consideration**” means the consideration to be received by the FNX Shareholders pursuant to the Plan of Arrangement in consideration for their FNX Shares consisting of 0.87 of a Quadra Share and $0.0001 for each FNX Share;

“**Contract**” means any contract, agreement, license, franchise, lease, arrangement or other right or obligation to which FNX or Quadra or any of their respective subsidiaries is a party or by which FNX or Quadra or any of their respective subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

“Converted Quadra Options” shall have the meaning ascribed to such term in the Plan of Arrangement;

“**Court**” means the Ontario Superior Court of Justice;

“**Depositary**” means any trust company, bank or financial institution agreed to in writing between Quadra and FNX for the purpose of, among other things, exchanging certificates representing FNX Shares for certificates representing Quadra Shares in connection with the Arrangement and paying the cash consideration to FNX Shareholders;

“**Director**” means the Director appointed pursuant to Section 278 of the OBCA;

“**Dissent Rights**” means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

“**Effective Date**” means the date upon which all of the conditions to completion of the Arrangement as set forth in this Agreement have been satisfied or waived and all documents agreed to be delivered hereunder have been delivered to the satisfaction of the Parties hereto, acting reasonably, which will be the date shown in the Certificate of Arrangement;

“**Effective Time**” means 12:01 a.m. (Toronto time) on the Effective Date;

“**Eligible Holder**” has the meaning ascribed to such term in the Plan of Arrangement;

“**Eligible Non-Resident**” has the meaning ascribed to such term in the Plan of Arrangement;

“**Environmental Laws**” means all applicable federal, provincial, state, local and foreign Laws, imposing liability or standards of conduct for, or relating to, the regulation of activities, materials, substances or wastes in connection with, or for, or to, the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation);

“**Environmental Liabilities**” means, with respect to any person, all liabilities, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs, losses, damages, (including punitive damages, property damages, consequential damages and treble damages), costs and expenses, fines, penalties and sanctions incurred as a result of, or related to, any claim, suit, action, administrative order, closure plan, investigation, proceeding or demand by any person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law arising under, or related to, any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release whether on, at, in, under, from or about or in the vicinity of any real or personal property;

“**Environmental Permits**” means all permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

“**Exchange**” means the Toronto Stock Exchange;

“**Falconbridge Footwall Property**” means an exploration property comprising 3,958.9 acres (1,602.1 hectares) of mining rights contained in 89 patented parcels located approximately 15 km east-northeast of the downtown core of the City of Greater Sudbury (within city limits), within Falconbridge and Garson townships;

“**Final Order**” means the final order of the Court pursuant to Section 182 of the OBCA, approving the Arrangement as such order may be amended by the Court with the consent of the Parties at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

“**Form 54-102F-5**” means Form 54-102F5 as prescribed in National Instrument 54-102 - *“Continuous Disclosure Obligations”;*

“**Foy Properties**” means the exploration properties comprised of the Foy Bowell property and the Canhorn property, collectively comprising 5,269.58 acres (2132.6 hectares) and consisting of 94 patented parcels, a 21-year lease, one unpatented mining claim and one mining license of occupation, located approximately 30 km north-northwest of the downtown core of the City of Greater Sudbury, within Bowell, Foy, Tyrone and Harty townships;

“Franke Mine” means the exploitation mining concessions that comprise the Franke SX EW copper project, an oxide deposit located in the Altamira mining district of Region II, Chile owned by Quadra;

“**FNX Benefit Plans**” has the meaning ascribed thereto in Section 3.1(aa)(i);

“**FNX Board**” means the board of directors of FNX as the same is constituted from time to time;

“**FNX Change in Recommendation**” has the meaning ascribed thereto in Section 8.2.1(c)(i);

“**FNX Circular**” means the notice of the FNX Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the FNX Securityholders in connection with the FNX Meeting, as amended, supplemented or otherwise modified from time to time;

“**FNX Collective Agreements**” has the meaning ascribed thereto in Section 3.1(bb)(iii);

“**FNX Data Site**” means the secure website at www.intralinks.com;

“**FNX Data Room Information**” means the documents located in the FNX Data Site;

“**FNX Deferred Share Unit Plan**” means the Deferred Share Unit Plan of FNX dated April 7, 2005;

“**FNX DSU**” means a deferred share unit issued pursuant to the FNX Deferred Share Unit Plan;

“**FNX Disclosure Letter**” means the disclosure letter executed by FNX and delivered to Quadra in connection with the execution of this Agreement;

“**FNX Expense Reimbursement**” has the meaning ascribed thereto in Section 7.4.8;

“**FNX Financial Statements**” has the meaning ascribed thereto in Section 3.1(k);

“**FNX Locked-up Shareholders**” means each of the executive officers and directors of FNX;

“**FNX Material Contracts**” has the meaning ascribed thereto in Section 3.1(t);

“**FNX MD&A**” shall have the meaning ascribed to such term in Section 3.1(k);

“**FNX Meeting**” means the special meeting of FNX Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“**FNX Options**” means the outstanding options to purchase FNX Shares granted under the FNX Stock Option Plan;

“**FNX Properties**” means the McCreedy West Mine, the Levack Mine, the Podolsky Mine, the Victoria Property, the Kirkwood Property, the Falconbridge Footwall Property, the Foy Properties, the North Range and Rand Properties, and the Nickel Lake JV Property;

“**FNX Public Disclosure Record**” means all documents and information required to be filed by FNX under applicable Securities Laws on SEDAR, during the three years prior to the date hereof;

“**FNX Securityholders**” means, collectively, the holders of FNX Shares and FNX Options;

“**FNX Securityholder Approval**” has the meaning ascribed to such term in Section 2.2(a)(ii);

“**FNX Shares**” means the common shares of FNX, as currently constituted;

“**FNX Shareholders**” means the holders of FNX Shares;

"**FNX Shareholder Rights Plan**" means the Amended and Restated Shareholder Rights Plan dated as of May 29, 2008 between FNX and CIBC Mellon Trust Company, as rights agent, as amended from time to time;

"**FNX Stock Option Plan**" means the stock option plan of FNX approved by holders of FNX Shares on May 29, 2007;

"**FNX Voting Agreements**" means the voting agreements (including all amendments thereto) between Quadra and the FNX Locked-up Shareholders setting forth the terms and conditions upon which they agree to vote their FNX Shares and FNX Options in favour of the Arrangement Resolution;

"**FNX Warrant Indenture**" means the warrant indenture made between FNX and CIBC Mellon Trust Company, dated September 9, 2009;

"**FNX Warrants**" means the warrants issued pursuant to the FNX Warrant Indenture;

"**GAAP**" means Canadian generally accepted accounting principles;

"**Governmental Entity**" means: (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, bureau (including the Commissioner), board or authority of any of the foregoing; (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) any stock exchange, including the Exchange;

"**Hazardous Substance**" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material or contaminant regulated or defined under any Environmental Law;

"**HSR Act**" means the United States *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended from time to time;

"**including**" means including without limitation, and "**include**" and "**includes**" each have a corresponding meaning;

"**Intellectual Property**" means any licenses for or other rights to use, any inventions, patent applications, patents, trade-marks (both registered and unregistered), trade names, copyrights, trade secrets and other proprietary information of a Principal Party;

"**Interim Order**" means the interim order of the Court, providing for, among other things, the calling and holding of the FNX Meeting, as the same may be amended by the Court;

"***Investment Canada Act***" means the *Investment Canada Act*, as amended from time to time;

"**Key Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities as set out in Schedule C hereto;

"**Key Third Party Consents**" means those consents, approvals and notices required from any third party to proceed with the transactions contemplated by this Agreement and the Plan of Arrangement, as set out in Schedule D hereto;

"**Kirkwood Property**" means an exploration property comprising 1287.34 acres (521 hectares) of mining rights contained in nine patented parcels located in Garson Twp., some 11 km northeast of the downtown core of the City of Greater Sudbury (within city limits);

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the Exchange), and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"**Levack Mine**" means a production property comprising 753.59 acres (305 hectares) of mining rights contained in seven patented parcels and one Licence of Occupation located 34 km northwest of the downtown core of the City of Greater Sudbury (within city limits) in Levack Township and adjacent to the east side of the McCreedy West Mine;

"**Liens**" means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

"**Matching Party**" shall have the meaning ascribed to such term in Section 7.3.1;

"**Material Adverse Effect**" means in respect of any Principal Party, any change, effect, event or occurrence that either individually or in the aggregate with other such changes, effects, events or occurrences, is or would reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, properties, condition (financial or otherwise) or liabilities of that person and its subsidiaries, on a consolidated basis, except any change, effect, event or occurrence resulting from or relating to: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby; (ii) changes in general economic, securities, financial, banking or currency exchange markets; (iii) any change in GAAP; (iv) any natural disaster provided that it does not have a materially disproportionate effect on that person relative to comparable mining companies; (v) changes affecting the mining industry generally or metal prices, provided that such changes do not have a materially disproportionate effect on that person relative to comparable mining companies; (vi) generally applicable changes in applicable Law; (vii) the commencement or continuation of any war, armed hostilities or acts of terrorism; (viii) changes in political or civil conditions in any jurisdiction in which such person's assets and/or its business and operations are located that do not disproportionately affect such person relative to comparable mining companies; and (ix) any decrease in the market price or any decline in the trading volume of that person's common shares on the Exchange (it being understood that the causes underlying such change in market price or trading volume (other than those in items (i) to (viii) above) may be taken into account in determining whether a Material Adverse Effect has occurred); and, further, any change to, delay in or failure to complete the SGID Transactions shall be deemed not to constitute a Material Adverse Effect in respect of Quadra;

"**Material Contract**" means, in respect of any person, any Contract to which such person is party: (i) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on such person; (ii) under which such person or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course endorsements for collection) in excess of $1 million in the aggregate; (iii) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of $1 million; (iv) providing for the establishment, organization or formation of any joint venture that is material to it; (v) under which such person or any of its subsidiaries is obligated to make or expects to receive payments in excess of $10 million over the remaining term of the contract; (vi) that limits or restricts such person or any of its subsidiaries from engaging in any line of business or any geographic area in any material respect or (vii) that is otherwise material to such person and its subsidiaries, considered as a whole; and, for greater certainty, with respect to FNX, includes the Material Contracts listed in Schedule 3.1(t) to the FNX Disclosure Letter and, with respect to Quadra, includes the Material Contracts listed in Schedule 4.1(r) to the Quadra Disclosure Letter;

"**material fact**" has the meaning ascribed thereto in the *Securities Act*;

"**material subsidiary**" means, in the case of FNX, those subsidiaries of FNX described in Schedule 3.1(i) of the FNX Disclosure Letter as being material subsidiaries of FNX and, in the case of Quadra, those subsidiaries of Quadra described in Schedule 4.1(i) of the Quadra Disclosure Letter as being material subsidiaries of Quadra;

"**McCreedy West Mine**" means a production property, comprising 804.23 acres (325 hectares) of mining rights contained in nine patented parcels located 34 km northwest of the downtown core of the City of Greater Sudbury (within city limits) in Levack Township;

"**Nickel Lake JV Property**" means the exploration property encompassing three patented parcels totalling 178.63 acres (72.29 hectares) located 1.3 km northwest of the northwestern margin of the Sudbury Igneous Complex in Sudbury;

"**North Range and Rand Properties**" means the exploration properties comprising of 56 claims (484 units) located within Foy, Bowell and Wisner townships with dimensions of approximately 10 km east-west and up to 4 km north-south;

"**OBCA**" means the *Business Corporations Act* (Ontario), and the regulations made thereunder, as promulgated or amended from time to time;

"**ordinary course of business**", "**ordinary course of business consistent with past practice**", or any similar reference, means, with respect to an action taken by a person, that such action is consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person; provided that in any event such action is not unreasonable or unusual;

"**OSC**" means the Ontario Securities Commission;

"**Outside Date**" means July 31, 2010, or such later date as may be agreed to in writing by the Parties;

"**Party**" means any of FNX, Quadra or Subco, as the case may be;

"**Permit**" means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;

"**person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Schedule A hereto, and any amendments or variations thereto made in accordance with Section 8.3 hereof or the Plan of Arrangement or at the direction of the Court;

"**Podolsky Mine**" means a production property comprising 1,111.33 acres (449.8 hectares) of mining rights contained in two patented leasehold parcels under 10 year mining leases and three patented parcels located in Norman Township 32 km north-northeast of the downtown core of the City of Greater Sudbury;

"**Pre-Acquisition Reorganization**" has the meaning ascribed to it in Section 5.5(c);

"**Principal Parties**" means FNX and Quadra, and "**Principal Party**" means either of them;

"**Quadra Arrangement Resolution**" means the ordinary resolution of the holders of outstanding Quadra Shares approving the issue of Quadra Shares pursuant to the Arrangement;

"**Quadra Benefit Plans**" means all employee benefit, health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, life insurance, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or self-insured which are sponsored, administered or maintained by or contributed to or required to be contributed to by, or which are otherwise binding upon, Quadra or any such material subsidiary or in respect of which Quadra or any of its material subsidiaries has any actual or potential liability;

"**Quadra Board**" means the board of directors of Quadra as the same is constituted from time to time;

"**Quadra Change in Recommendation**" has the meaning ascribed thereto in Section 8.2.1(d)(i);

"**Quadra Circular**" means the notice of the Quadra Meeting and accompanying management information circular, including all schedules, appendices and exhibits thereto, to be sent to the Quadra Shareholders in connection with the Quadra Meeting, as amended, supplemented or otherwise modified from time to time;

"**Quadra Disclosure Letter**" means the disclosure letter executed by Quadra and delivered to FNX in connection with the execution of this Agreement;

"**Quadra Expense Reimbursement**" has the meaning ascribed to it in Section 7.4.9;

"**Quadra Financial Statements**" has the meaning ascribed thereto in Section 4.1(i);

"**Quadra Locked-up Shareholders**" means each of the executive officers and directors of Quadra;

"**Quadra Material Contracts**" has the meaning ascribed to such term in Section 4.1(r);

"**Quadra MD&A**" has the meaning ascribed to such term in Section 4.1(i);

"**Quadra Meeting**" means the special meeting of the Quadra Shareholders, including any adjournment or postponement thereof, to be called and held in to consider and, if thought appropriate, approve the Quadra Resolutions;

"Quadra Name Change Resolution" means the special resolution of the holders of outstanding Quadra Shares approving the change of Quadra's name to "Quadra FNX Mining Ltd.";

"**Quadra Options**" means the outstanding options to purchase Quadra Shares granted under the Quadra Stock Option Plan;

"**Quadra Properties**" means the Robinson Mine, the Carlota Mine, the Franke Mine and the Sierra Gorda Project;

"**Quadra Public Disclosure Record**" means all documents and information required to be filed by Quadra under applicable Securities Laws on SEDAR, during the three years prior to the date hereof;

"Quadra Resolutions" means, collectively, the Quadra Arrangement Resolution and the Quadra Name Change Resolution;

"**Quadra Shareholder Approval**" means the approval of the Quadra Arrangement Resolution by a simple majority of the votes cast in respect of the Quadra Arrangement Resolution by Quadra Shareholders present in person or by proxy at the Quadra Meeting and the approval of the Quadra Name Change Resolution by 66 2/3% of the votes cast in respect of the Quadra Name Change Resolution by Quadra Shareholders persent in person or by proxy at the Quadra Meeting;

"**Quadra Shareholders**" means the holders of outstanding Quadra Shares;

"**Quadra Shares**" means the common shares of Quadra as currently constituted;

"**Quadra Stock Option Plan**" means the stock option plan initially adopted by the Quadra Shareholders on December 17, 2003 and amended on May 10, 2007;

"**Quadra Voting Agreements**" means the voting agreements (including all amendments thereto) between FNX and the Quadra Locked-up Shareholders setting forth the terms and conditions upon which they agree to vote their Quadra Shares in favour of the Quadra Resolutions;

"**Quadra Warrants**" means the outstanding warrants to purchase Quadra Shares issued pursuant to: (i) a Warrant Agreement dated March 1, 2007 made between Quadra and Computershare Trust Company of Canada; and (ii) a warrant indenture dated May 9, 2007 made between Quadra and Computershare Trust Company of Canada;

"**Qualified Person**" shall have the meaning ascribed to such term in National Instrument 43-101- *Standards of Disclosure for Mineral Projects*";

"**Regulatory Authorities**" has the meaning ascribed to such term in Section 3.1(z);

"**Regulatory Authorizations**" has the meaning ascribed to such term in Section 3.1(z);

"**Release**" means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, ground water or property;

"**Representatives**" has the meaning ascribed to such term in Section 7.2.1;

"**Response Period**" has the meaning ascribed to such term in Section 7.3.1(b);

"**Returns**" means all reports, forms, elections, information statements and returns (whether in tangible, electronic or other form) including any amendments, schedules, attachments, supplements, appendices and exhibits thereto relating to, or required to be filed or prepared in connection with any Taxes;

"Robinson Mine" means an open pit copper and gold mine located in White Pine County, Nevada approximately 11 kilometres west of the town of Ely, comprised of 887 patented claims, 645 unpatented lode claims and 110 unpatented mill sites as well as private property totalling approximately 7,790 hectares and includes an open pit mine and processing facility with associated infrastructure owned by Quadra;

"***Securities Act***" means the S*ecurities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Securities Authorities**" means the OSC and the applicable securities commissions and other securities regulatory authorities in each of the other provinces of Canada;

"**Securities Laws**" means the *Securities Act*, together with all other applicable provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101-*"System for Electronic Document Analysis and Retrieval"* of the Canadian Securities Administrators and available for public view at www.sedar.com

"**SGID**" means State Grid International Development Limited, a company existing under the laws of Hong Kong Special Administrative Region;

"**SGID Transactions**" means the transactions between Quadra and SGID consisting of (i) the formation of a strategic joint venture for the development of Quadra's Sierra Gorda Project and the operations of Quadra's Franke Mine pursuant to which Quadra will contribute its 100% interest in the Sierra Gorda Project and the Franke Mine, and SGID will contribute capital based upon a valuation of the Sierra Gorda Project and the Franke Mine of U.S. $900,000,000; and (ii) the subscription by SGID for Quadra Shares representing 9.9% of the issued and outstanding Quadra Shares following such subscription, at a price of $13.91 per Quadra Share;

"Share Exchange Ratio" means 0.87 of a Quadra Share for each FNX Share;

"Sierra Gorda Project" means an advanced exploration project located in Region II of northern Chile approximately 140 kilometres northeast of the port city of Antofagasta, comprised of 50 exploitation concessions totalling approximately 2,395 hectares with a pending application for an additional 21 exploration concessions that cover approximately 5,600 hectares owned by Quadra;

"**SRP Rights**" means the rights issued pursuant to the FNX Shareholder Rights Plan;

"**subsidiary**" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

"**Superior Proposal**" means any *bona fide*, unsolicited, written Acquisition Proposal made by a third party after the date of this Agreement (and not obtained in violation of Section 7.2) that relates to the acquisition of 100% of the outstanding voting shares of a Principal Party (other than voting shares owned by the person making the Superior Proposal) or all or substantially all of the consolidated assets of such Principal Party and its subsidiaries, taken as a whole; and (i) that is reasonably capable of being completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such proposal and the person making such proposal; (ii) that, in the case of an Acquisition Proposal to acquire 100% of the outstanding voting shares of a Principal Party, is made available to all shareholders of such Principal Party on the same terms and conditions; (iii) that is not subject to a due diligence condition; (iv) that is not subject to a financing condition beyond what would be permitted by Multilateral Instrument 62-104 in respect of a formal take-over bid (whether or not such transaction is a formal take-over bid); and (vi) in respect of which the Board of Directors of such Principal Party determines, in its good faith judgment, after receiving the written advice of its outside legal and financial advisors, that (a) failure to recommend such Acquisition Proposal to the holders of its voting shares would be inconsistent with its fiduciary duties under applicable Law; and (b) having regard for all of its terms and conditions, such Acquisition Proposal, would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the holders of its voting shares from a financial point of view than the Arrangement, after taking into account any change to the Arrangement proposed by the other Principal Party;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Taxes**" mean any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada, the United States, Chile, Greenland and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not;

"**Terminating Party**" has the meaning ascribed thereto in Section 7.3.1(a);

"**Termination Fee**" has the meaning ascribed thereto in Section 7.4.4;

"**Transaction Personal Information**" has the meaning ascribed thereto in Section 9.1;

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended;

"**U.S. Securities Act**" means the *United States Securities Act of 1933* as amended;

"**U.S. Tax Code**" means the United States *Internal Revenue Code of 1986*, as amended; and

"**Victoria Property**" means an exploration property comprising 1,282.9 acres (519.3 hectares) of mining rights contained in four patented parcels and one patented Instrument located 30 km southwest of the downtown core of the City of Greater Sudbury in Denison Township.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "$" refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under GAAP and all determinations of an accounting nature required to be made shall be made in a manner consistent with GAAP, consistently applied.

1.7 Knowledge

In this Agreement, references to "the knowledge of FNX" means the actual knowledge of A. Terrance MacGibbon in his capacity as Chairman and Chief Executive Officer of FNX, Ronald P. Gagel in his capacity as Chief Financial Officer of FNX and Julie Galloway in her capacity as Vice President, General Counsel and Corporate Secretary of FNX, in each case after due enquiry within FNX and its subsidiaries and references to "the knowledge of Quadra" means the actual knowledge of Paul Blythe, in his capacity as Chief Executive Officer of Quadra, Stuart McDonald, in his capacity as the Chief Financial Officer of Quadra, Derek White in his capacity as Executive Vice President, Corporate Development of Quadra and John Bailey in his capacity as Vice President, Commercial of Quadra, in each case after due enquiry within Quadra and its subsidiaries.

1.8 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A	-	Plan of Arrangement
Schedule B	-	Arrangement Resolution
Schedule C	-	Key Regulatory Approvals
Schedule D	-	Key Third Party Consents

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement and Meetings

(a) FNX and Quadra agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

(b) FNX and Quadra agree that the FNX Meeting and the Quadra Meeting shall be held on the same day and at the same time, and agree to take such actions from time to time as may be necessary in order to ensure that this occurs.

2.2 Court Orders

FNX shall apply to the Court, in a manner acceptable to Quadra, acting reasonably, pursuant to Section 182 of the OBCA for the Interim Order and the Final Order as follows:

(a) As soon as reasonably practicable following the date of execution of this Agreement, FNX shall file, proceed with and diligently prosecute an application to the Court for the Interim Order which shall provide, among other things:

(i) the class of persons to whom notice is to be provided in respect of the Arrangement and the FNX Meeting and the manner in which such notice is to be provided;

(ii) that the requisite approval for the Arrangement Resolution shall be 66 ⅔% of the votes cast on the Arrangement Resolution by FNX Securityholders, voting as a single class present in person or by proxy at the FNX Meeting (the "**FNX Securityholder Approval**");

(iii) that in all other respects, the terms, conditions and restrictions of the FNX constating documents, including quorum requirements and other matters, shall apply in respect of the FNX Meeting;

(iv) for the grant of Dissent Rights to registered holders of FNX Shares;

(v) for notice requirements with respect to the presentation of the application to the Court for the Final Order;

(vi) that the FNX Meeting may be adjourned from time to time by the management of FNX in accordance with the terms of this Agreement without the need for additional approval of the Court;

(vii) that the record date for FNX Shareholders entitled to notice of and to vote at the FNX Meeting will not change in respect of any adjournment(s) of the FNX Meeting; and

(viii) that it is Quadra's intention to rely upon the exemption from registration provided by Section 3(a)(10) of the *U.S. Securities Act* with respect to the issuance of Quadra Shares and Converted Quadra Options in exchange for FNX Shares and FNX Options pursuant to the Arrangement to implement the transactions contemplated hereby in respect of the FNX Securityholders who are resident in the United States.

(b) subject to obtaining the approvals contemplated by the Interim Order, and as may be directed by the Court in the Interim Order, take all steps necessary or desirable to submit the Arrangement to the Court and to apply for the Final Order.

2.3 FNX Meeting

Subject to receipt of the Interim Order and the terms of this Agreement:

(a) FNX agrees to convene and conduct the FNX Meeting in accordance with the Interim Order, FNX's constating documents, Section 2.1(b) hereof and applicable Laws on May 19, 2010, *provided, however*, that if (and only if) the date of the FNX Meeting falls within a Response Period in respect of which FNX is the Terminating Party, FNX shall be permitted to postpone the FNX Meeting until the fifth business day following the expiry of the Response Period.

(b) FNX will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by Quadra, using proxy solicitation services.

(c) FNX will advise Quadra as Quadra may reasonably request, and at least on a daily basis on each of the last 10 business days prior to the date of the FNX Meeting, as to the tally of the proxies received by FNX in respect of the Arrangement Resolution.

(d) Except to comply with Section 2.1(b) hereof, FNX will not adjourn, postpone or cancel the FNX Meeting without the prior written consent of Quadra and the obligations of FNX under this Section 2.3(d) will not be affected by the commencement, public proposal, public disclosure or communications to FNX or another person of any Acquisition Proposal relating to FNX.

(e) FNX will promptly advise Quadra of any written notice of dissent or purported exercise by any FNX Shareholder of Dissent Rights received by FNX in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by FNX and, subject to applicable Law, any written communications sent by or on behalf of FNX to any FNX Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution.

(f) Promptly upon the request of Quadra, FNX will use its best efforts to prepare or cause to be prepared and provide to Quadra a list of securityholders of all classes, as well as a security position listing from each depositor of its securities, including CDS Clearing and Depositary Services Inc., and will obtain and will deliver to Quadra thereafter on demand supplemental lists setting out any changes thereto, all such deliveries to be in printed form and, if available, in computer-readable format.

2.4 FNX Circular

(a) FNX shall prepare the FNX Circular in compliance with applicable Securities Laws and file the FNX Circular as soon as practicable, and in any event on or before April 21, 2010, in all jurisdictions where the same is required to be filed and mail the same as required by the Interim Order and in accordance with all applicable Laws, in all jurisdictions where the same is required, complying in all material respects with all applicable Laws on the date of mailing thereof. Without limiting the generality of the foregoing, FNX shall, in consultation with Quadra, use all commercially reasonable efforts to abridge the timing contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as provided in Section 2.20 thereof.

(b) FNX shall ensure that the FNX Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the FNX Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to Quadra and its affiliates, including the Quadra Shares) and shall provide FNX Securityholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the FNX Meeting. Subject to Section 7.2, the FNX Circular will include the unanimous recommendation of the FNX Board that FNX Securityholders vote in favour of the Arrangement Resolution, and a statement that each director of FNX intends to vote all of such director's FNX Shares (including any FNX Shares issued upon the exercise of any FNX Options) and FNX Options in favour of the Arrangement Resolution, subject to the other terms of this Agreement and the FNX Voting Agreements.

(c) Quadra will furnish to FNX all such information regarding Quadra, its affiliates and the Quadra Shares, as may be reasonably required by FNX (including, as required by Section 14.2 of Form 51-102 F5) in the preparation of the FNX Circular and other documents related thereto. Quadra shall also use commercially reasonable efforts to obtain any necessary consents from Qualified Persons and its auditors to the use of any financial or technical information required to be included in the FNX Circular. Quadra shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the FNX Circular in order to make any information so furnished or any information concerning Quadra not misleading in light of the circumstances in which it is disclosed and shall constitute full, true and plain disclosure of such information concerning Quadra and Subco.

(d) Quadra and its legal counsel shall be given a reasonable opportunity to review and comment on the FNX Circular, prior to the FNX Circular being printed and mailed to FNX Securityholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Quadra and its counsel, provided that all information relating solely to Quadra included in the FNX Circular shall be in form and content satisfactory to Quadra, acting reasonably. FNX shall provide Quadra with a final copy of the FNX Circular prior to mailing to the FNX Securityholders.

(e) FNX and Quadra shall each promptly notify the other if at any time before the Effective Date it becomes aware (in the case of FNX only with respect to FNX and in the case of Quadra only with respect to Quadra) that the FNX Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the FNX Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the FNX Circular, as required or appropriate, and FNX shall promptly mail or otherwise publicly disseminate any amendment or supplement to the FNX Circular to FNX Securityholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

(f) FNX shall keep Quadra informed of any requests or comments made by Securities Authorities in connection with the FNX Circular.

2.5 Quadra Meeting

Subject to the terms of this Agreement:

(a) Quadra agrees to convene and conduct the Quadra Meeting in accordance with Quadra's constating documents, Section 2.1(b) hereof and applicable Laws on May 19, 2010 *provided, however*, that if (and only if) the date of the Quadra Meeting falls within a Response Period in respect of which Quadra is the Terminating Party, Quadra shall be permitted to postpone the Quadra Meeting until the fifth business day following the expiry of the Response Period.

(b) Quadra will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Quadra Resolutions, including, if so requested by FNX, using proxy solicitation services.

(c) Quadra will advise FNX as FNX may reasonably request, and at least on a daily basis on each of the last 10 business days prior to the date of the Quadra Meeting, as to the tally of the proxies received by Quadra in respect of the Quadra Resolutions.

(d) Except to comply with Section 2.1(b) hereof, Quadra will not adjourn, postpone or cancel the Quadra Meeting without the prior written consent of FNX and the obligations of Quadra under this Section 2.5(d) will not be affected by the commencement, public proposal, public disclosure or communications to Quadra or another person of any Acquisition Proposal relating to Quadra.

(e) Promptly upon the request of FNX, Quadra will use its best efforts to prepare or cause to be prepared and provide to FNX a list of securityholders of all classes, as well as a security position listing from each depositors of its securities, including CDS Clearing and Depositary Services Inc., and will obtain and will deliver to FNX thereafter on demand supplemental lists setting out any changes thereto, all such deliveries to be in printed form and, if available, in computer-readable format.

2.6 Quadra Circular

(a) Quadra shall prepare the Quadra Circular in compliance with applicable Securities Laws and file the Quadra Circular as soon as practicable, and in any event on or before April 21, 2010, in all jurisdictions where the same is required to be filed and mail the same in accordance with all applicable Laws, in all jurisdictions where the same is required, complying in all material respects with all applicable Laws on the date of mailing thereof. Without limiting the generality of the foregoing, Quadra shall, in consultation with FNX, use all commercially reasonable efforts to abridge the timing contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as provided in Section 2.20 thereof.

(b) Quadra shall ensure that the Quadra Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Quadra Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to FNX and its affiliates, including the FNX Shares) and shall provide Quadra Shareholders with information in sufficient detail to permit them to form a reasoned judgement concerning the matters to be placed before them at the Quadra Meeting. Subject to Section 7.2, the Quadra Circular will include the unanimous recommendation of the Quadra Board that Quadra Shareholders vote in favour of the Quadra Resolutions, and a statement that each director of Quadra intends to vote all of such director's Quadra Shares (including any Quadra Shares issued upon the exercise of any Quadra Options) in favour of the Quadra Resolutions, subject to the other terms of this Agreement and the Quadra Voting Agreements.

(c) FNX will furnish to Quadra all such information regarding FNX, its affiliates and the FNX Shares as may be reasonably required by Quadra (including, as required by Section 14.2 of Form 51-102 F5) in the preparation of the Quadra Circular and other documents related thereto. FNX shall also use commercially reasonable efforts to obtain any necessary consents from Qualified Persons and its auditors to the use of any financial or technical information required to be included in the Quadra Circular. FNX shall ensure that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Quadra Circular in order to make any information so furnished or any information concerning FNX not misleading in light of the circumstances in which it is disclosed and shall constitute full, true and plain disclosure of such information concerning FNX.

(d) FNX and its legal counsel shall be given a reasonable opportunity to review and comment on the Quadra Circular, prior to the Quadra Circular being printed and mailed to Quadra Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by FNX and its counsel, provided that all information relating solely to FNX included in the Quadra Circular shall be in form and content satisfactory to FNX, acting reasonably. Quadra shall provide FNX with a final copy of the Quadra Circular prior to mailing to the Quadra Shareholders.

(e) FNX and Quadra shall each promptly notify the other if at any time before the Effective Date it becomes aware (in the case of FNX only with respect to FNX and in the case of Quadra only with respect to Quadra) that the Quadra Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Quadra Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the Quadra Circular, as required or appropriate, and Quadra shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Quadra Circular to Quadra Shareholders and, if required by applicable Laws, file the same with the Securities Authorities and as otherwise required.

(f) Quadra shall keep FNX informed of any requests or comments made by Securities Authorities in connection with the Quadra Circular.

2.7 Solicitation of Proxies

Quadra may, at any time, directly or through a soliciting dealer or proxy solicitation agent, actively solicit proxies in favour of the Arrangement Resolution. FNX may, at any time, directly or through a soliciting dealer or proxy solicitation agent, actively solicit proxies in favour of the Quadra Resolutions.

2.8 Final Order

If: (i) the Interim Order is obtained; (ii) the Arrangement Resolution is passed at the FNX Meeting by FNX Securityholders as provided for in the Interim Order and as required by applicable Law; (iii) the Key Regulatory Approvals and Key Third Party Consents are obtained; and (iv) the Quadra Shareholder Approval is obtained, subject to the terms of this Agreement, FNX shall as soon as reasonably practicable thereafter and in any event within three business days thereafter, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 182 of the OBCA.

2.9 Court Proceedings

Subject to the terms of this Agreement, Quadra will cooperate with, assist and consent to FNX seeking the Interim Order and the Final Order, including by providing FNX on a timely basis any information required to be supplied by Quadra in connection therewith. FNX will provide legal counsel to Quadra with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. FNX will also provide legal counsel to Quadra on a timely basis with copies of any notice of appearance or notice of intent to oppose and any evidence served on FNX or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Subject to applicable Law, FNX will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Quadra's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Quadra to agree or consent to any increase in the consideration or other modification or amendment to such filed or served materials that expands or increases Quadra's obligations set forth in this Agreement.

2.10 Payment of Consideration

Quadra will, following receipt of the Final Order and prior to the Effective Time, ensure that the Depositary has been provided with sufficient Quadra Shares and cash in escrow to pay the aggregate consideration to be paid pursuant to the Arrangement to the FNX Shareholders.

2.11 Preparation of Filings

Quadra and FNX shall co-operate in the preparation of any application for the Key Regulatory Approvals and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by either of the Parties to be necessary to discharge its respective obligations or otherwise advisable under applicable Laws in connection with this Agreement or the Plan of Arrangement.

2.12 Articles of Arrangement and Closing

(a) The Articles of Arrangement will implement the Plan of Arrangement. Subject to the Interim Order, the Final Order and any applicable Law, the Parties may amend the Plan of Arrangement at any time prior to the Effective Time in accordance with Section 8.3 of this Agreement to add, remove or amend any steps or terms in a manner determined to be necessary by Quadra, acting reasonably, provided that the Plan of Arrangement will not be amended in any manner which: (i) is prejudicial to FNX, the FNX Securityholders or any other persons bound by the Plan of Arrangement or is inconsistent with the provisions of this Agreement or would result in FNX incurring any obligations or liabilities; or (ii) creates, in the view of FNX, acting reasonably, a reasonable risk of delaying, impairing or impeding in any material respect the receipt of any Key Regulatory Approval or the satisfaction of any condition set forth in Article 6 hereof.

(b) Subject to obtaining the Final Order, by not later than the fifth business day after the satisfaction or waiver (if such condition is capable of waiver) of the conditions (excluding conditions that, by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, if capable of waiver, waiver of those conditions as of the Effective Date) set forth in Article 6, the Articles of Arrangement will be filed by FNX with the Director. Upon such filing, unless otherwise provided in the Plan of Arrangement, the events set out in Section 3.01 of the Plan of Arrangement will occur in the sequence indicated in that Section and each FNX Share and FNX Option outstanding immediately prior to the Effective Time will be purchased (in the case of the FNX Shares) or exchanged for options issued by Quadra (in the case of FNX Options) as provided in the Plan of Arrangement. The Arrangement will, from and after the Effective Time, have all of the effects provided by applicable Laws, including the OBCA.

(c) The closing of the transactions contemplated hereby and by the Plan of Arrangement will take place at the offices of Cassels Brock & Blackwell, LLP in Toronto, Ontario (or at such other location as may be agreed upon by Quadra and FNX) at the Effective Time (or such other time as may be agreed by Quadra and FNX) on the Effective Date.

2.13 Announcement and Shareholder Communications

Quadra and FNX shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by Quadra and FNX, the text and timing of each such announcement to be approved by Quadra and FNX in advance, acting reasonably. Quadra and FNX agree to co-operate in the preparation of presentations, if any, to FNX Securityholders and Quadra Shareholders regarding the Plan of Arrangement, and neither FNX nor Quadra (which for the purposes of this Section shall include Subco) shall: (i) issue any news release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the consent of the other Principal Party (which consent shall not be unreasonably withheld or delayed); or (ii) make any filing with any Governmental Entity or with any Exchange with respect thereto without prior consultation with the other Principal Party; *provided, however*, that the foregoing shall be subject to each Principal Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Principal Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Principal Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

2.14 Withholding Taxes

Quadra, FNX , Subco and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any person hereunder and from all dividends or other distributions otherwise payable to any former FNX Securityholders such amounts as Quadra, FNX, Subco or the Depositary may be required or permitted to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

2.15 Canadian Tax Matters

Quadra and FNX intend that the amalgamation of FNX with Subco in accordance with the Plan of Arrangement will qualify as an amalgamation within the meaning of Section 87 of the Tax Act.

2.16 U.S. Tax Matters

The Arrangement is intended to qualify as a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the U.S. Tax Code and this Agreement is intended to be a "plan of reorganization" within the meaning of the Treasury Regulations promulgated under Section 368 of the U.S. Tax Code. Each party hereto shall treat the Arrangement as a reorganization within the meaning of Section 368(a) of the U.S. Tax Code for all U.S. federal income tax purposes, and shall treat this Agreement as a "plan of reorganization" within the meaning of the Treasury Regulations promulgated under Section 368 of the U.S. Tax Code, and will not take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with such treatment, unless otherwise required by a "determination" within the meaning of Section 1313 of the U.S. Tax Code that such treatment is not correct. To that end, it is acknowledged and agreed that the exchange of securities pursuant to the Plan of Arrangement, the transfers of FNX Shares to Subco and the amalgamation of FNX with Subco pursuant to the Plan of Arrangement are interdependent steps in a single transaction, to which the Parties hereto are legally committed as provided herein, and together such steps may be fairly characterized as a statutory merger or consolidation within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the U.S. Tax Code. Each party hereto shall act in a manner that is consistent with the Parties' intention that the Arrangement be treated as a reorganization within the meaning of Section 368(a) of the U.S. Tax Code for all U.S. federal income tax purposes. However, neither Quadra nor Subco makes any representation or warranty to FNX, or any FNX Securityholder regarding the U.S. Federal income tax consequences of the Arrangement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF FNX

3.1 Representations and Warranties

FNX hereby represents and warrants to and in favour of Quadra as follows, except to the extent that such representations and warranties are qualified by the FNX Disclosure Letter and acknowledges that Quadra is relying upon such representations and warranties in connection with the entering into of this Agreement that:

(a) Board Approval. As of the date hereof, the FNX Board, after consultation with its financial and legal advisors, has determined that the Plan of Arrangement is advisable and in the best interests of FNX and the FNX Securityholders that, on the basis of an opinion from its financial advisor, the Share Exchange Ratio is fair, from a financial point of view, to the FNX Shareholders and has resolved unanimously to recommend to the FNX Securityholders that they vote in favour of the Arrangement Resolution. The FNX Board has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.

(b) Fairness Opinion. The FNX Board has received the opinion of BMO Capital Markets, its financial advisor, to the effect that, as of the date of such opinion, subject to the assumptions and limitations set out therein, the Share Exchange Ratio is fair, from a financial point of view, to the FNX Shareholders.

(c) Organization and Qualification. FNX and each of its subsidiaries is a corporation duly incorporated or an entity duly created and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or other power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. FNX and each of its material subsidiaries: (A) has all Permits necessary to conduct its business substantially as now conducted, as disclosed in the FNX Public Disclosure Record except where failure to have such Permit would not reasonably be expected to have a Material Adverse Effect on FNX; and (B) is duly registered or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so registered or in good standing or to have such material Permits would not reasonably be expected to have a Material Adverse Effect on FNX.

(d) Authority Relative to this Agreement. FNX has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by FNX and the performance by FNX of its obligations under this Agreement have been duly authorized by the FNX Board and except for FNX Securityholder Approval, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by FNX and, constitutes a legal, valid and binding obligation of FNX, enforceable against FNX in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(e) No Violation. Neither the authorization, execution and delivery of this Agreement by FNX nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations thereunder, nor compliance by FNX with any of the provisions of this Agreement will:

(1) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require, other than the Key Third Party Consents that relate to FNX, any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or, except as disclosed in Section 3.1(e) of the FNX Disclosure Letter, acceleration of indebtedness under, or result in the creation of any Lien upon, any of the properties or assets of FNX or any of its subsidiaries, or cause any indebtedness to come due before its stated maturity or cause any credit commitment to cease to be available or cause any payment or other obligation to be imposed on FNX or any of its subsidiaries, under any of the terms, conditions or provisions of:

(A) their respective articles, charters or by-laws or other comparable organizational documents; or

(B) any Permit or Material Contract to which FNX or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which FNX or any of its subsidiaries is bound; or

(2) subject to obtaining the Key Regulatory Approvals,

(A) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to FNX or any of its subsidiaries or any of their respective properties or assets; or

(B) cause the suspension or revocation of any Permit currently in effect relating to FNX or any of its subsidiaries

(except, in the case of each of clauses (1) and (2) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, creations of Liens, suspensions or revocations which, or any consents (expressly excluding the Key Third Party Consents and Key Regulatory Approvals), approvals or notices which if not given or received, would not, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect);

(3) give rise to any rights of first refusal or, except as disclosed in Section 3.1(e) of the FNX Disclosure Letter, trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitation under any such note,

bond, mortgage, indenture, contract, license, franchise or Permit; or

(4) except as disclosed in Schedule 3.1(e) of the FNX Disclosure Letter, result in any material, individually or in the aggregate, payment (including severance, unemployment compensation, “golden parachute”, bonus or otherwise) becoming due to any director, officer or employee of FNX or any subsidiary of FNX or increase any benefits otherwise payable under any pension or benefit plan of FNX or any subsidiary of FNX or result in the acceleration of the time of payment or vesting of any such benefits.

The Key Third Party Consents listed in Schedule D are the only consents, approvals and notices required from any third party under any Contracts of FNX or any of its subsidiaries in order for FNX and its subsidiaries to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement and the Arrangement pursuant to the Plan of Arrangement.

(f) Capitalization. The authorized share capital of FNX consists of an unlimited number of FNX Shares. As of the close of business on February 28, 2010, 102,059,197 FNX Shares were issued and outstanding, an aggregate of up to 3,480,500 FNX Shares were issuable upon the exercise of FNX Options and an aggregate of 7,474,999 FNX Shares were issuable upon the exercise of the FNX Warrants. There are no other options, warrants, conversion privileges or other rights, shareholder rights plans (other than the FNX Shareholder Rights Plan, a true and correct copy of which is filed on SEDAR), agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by FNX of any securities of FNX (including FNX Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of FNX (including FNX Shares) or subsidiaries of FNX. As at December 31, 2009 there were 332,959 FNX DSUs outstanding under the FNX Deferred Share Unit Plan. All outstanding FNX Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all FNX Shares issuable upon the exercise of FNX Options and FNX Warrants in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of FNX (including the FNX Shares, the FNX Options and the FNX Warrants) have been issued in compliance with all applicable Laws and Securities Laws. There are no securities of FNX or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the FNX Shareholders on any matter. There are no outstanding contractual or other obligations of FNX or any subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of FNX or any of its subsidiaries having the right to vote with the holders of the outstanding FNX Shares on any matters.

(g) FNX Shareholder Rights Plan. FNX has taken all corporate action required for it to perform its obligations under Section 5.3(a) hereof.

(h) Reporting Status and Securities Laws Matters. FNX is a "reporting issuer" and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in each of the Provinces of Canada. No delisting, suspension of trading in or cease trading order with respect to any securities of FNX and, to the knowledge of FNX, no inquiry or investigation (formal or informal) of any Securities Authority or the Exchange is in effect or ongoing or, to the knowledge of FNX, expected to be implemented or undertaken.

(i) Ownership of Subsidiaries. Schedule 3.1(i) of the FNX Disclosure Letter includes a complete and accurate list of all subsidiaries owned, directly or indirectly, by FNX, each of which is wholly-owned other than as disclosed in Schedule 3.1(i) of the FNX Disclosure Letter. All of the issued and outstanding shares of capital stock and other ownership interests in the subsidiaries of FNX are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable, and all such shares and other ownership interests held directly or indirectly by FNX are legally and beneficially owned free and clear of all Liens, and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares of capital stock or other ownership interests in or material assets or properties of any of the subsidiaries of FNX. There are no contracts, commitments, agreements, understandings, arrangements or restrictions which require any subsidiaries of FNX to issue, sell or deliver any shares in its share capital or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares of its share capital or other ownership interests. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) providing to any third party the right to acquire any shares or other ownership interests in any subsidiaries of FNX. All ownership interests of FNX and its subsidiaries are owned free and clear of all Liens of any kind or nature whatsoever held by third Parties. Schedule 3.1(i) of the FNX Disclosure Letter includes complete and accurate list of all securities owned by FNX of another corporate person, other than its subsidiaries.

(j) Public Filings. FNX has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities or the Exchange. All such documents and information comprising the FNX Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto), (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the FNX Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities or the Exchange. FNX has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential. There has been no change in a material fact or a material change (as such terms are defined under the *Securities Act*) in any of the information contained in the FNX Public Disclosure Record, except for changes in material facts or material changes that are reflected in a subsequently filed document included in the FNX Public Disclosure Record.

(k) FNX Financial Statements. FNX's audited consolidated financial statements as at and for the fiscal years ended December 31, 2007 and 2008 (including the notes thereto) and FNX's unaudited financial statements for the interim period ended September 30, 2009 including, in each case the related management's discussion and analysis ("**FNX MD&A**") (collectively, the "**FNX Financial Statements**") were prepared in accordance with GAAP consistently applied (except: (A) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of FNX's independent auditors; or (B) in the case of unaudited interim statements, are subject to normal period end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and fairly present in all material respects the consolidated financial position, results of operations and cash flows of FNX and its subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period end adjustments) and reflect reserves required by GAAP in respect of all material contingent liabilities, if any, of FNX and its subsidiaries on a consolidated basis. There has been no material change in FNX's accounting policies, except as described in the notes to the FNX Financial Statements, since December 31, 2008. FNX has provided Quadra with a copy of the financial statements of FNX as at and for the fiscal year ended December 31, 2009 which have been prepared by management of FNX but which are, as yet, unaudited (the "**2009 Financial Statements**"). The 2009 Financial Statements fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of FNX and its subsidiaries for the year then ended and reflect reserves required by GAAP in respect of contingent liabilities, if any, of FNX and its subsidiaries on a consolidated basis. The audited consolidated financial statements of FNX as at and for the fiscal year ended December 31, 2009, when issued, will not be different in any material respect from the 2009 Financial Statements.

(l) Internal Controls and Financial Reporting. FNX: (i) has designed disclosure controls and procedures to provide reasonable assurance that financial information relating to FNX, including its consolidated subsidiaries, is accurate and reliable, is made known to the Chief Executive Officer and the Chief Financial Officer of FNX by others within those entities, particularly during the periods in which filings are being prepared; (ii) has designed internal controls to provide reasonable assurance regarding the accuracy and reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; and (iii) has disclosed in the FNX MD&A for its most recently completed financial year, for each material weakness relating to design existing at the financial year end (x) a description of the material weakness, (y) the impact of the material weakness on FNX's financial reporting and internal controls over financial reporting; and (z) FNX's further plans, if any, or any actions already undertaken, for remediating the material weakness.

(m) Books and Records. The financial books, records and accounts of FNX and its material subsidiaries, have in all material respects, been maintained in accordance with applicable Law, in accordance with GAAP and, in each case, are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of FNX and its material subsidiaries and accurately and fairly reflect the basis for FNX Financial Statements.

(n) Minute Books. The minute books of FNX and each of its material subsidiaries are true and correct in all material respects; they contain the duly signed minutes of all meetings of the boards of directors and shareholders and all resolutions passed by the boards of directors and the shareholders thereof except for minutes relating to the proposed transaction between Quadra and FNX; provided that minutes for recent meetings of the board of directors of FNX and committees thereof which have not been finalized as of the date hereof will be finalized and included in the minute books in accordance with FNX's past practice.

(o) No Undisclosed Liabilities. FNX and its subsidiaries have no material outstanding indebtedness or liabilities and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any person, other than those specifically identified in the FNX Financial Statements, or as disclosed in Schedule 3.1(o) of the FNX Disclosure Letter, or incurred in the ordinary course of business since the date of the most recent FNX Financial Statements.

(p) No Material Change. Since December 31, 2008, there has been no material change in respect of FNX and its subsidiaries, taken as a whole, except as disclosed in the FNX Public Disclosure Record, and the debt, business and material property of FNX and its subsidiaries conform in all respects to the description thereof contained in the FNX Public Disclosure Record; and there has been no dividend or distribution of any kind declared, paid or made by FNX on any FNX Shares.

(q) Litigation. There are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of FNX, threatened affecting FNX or any of its subsidiaries or affecting any of their respective property or assets at law or in equity before or by any Governmental Entity, including matters arising under Environmental Laws. Neither FNX nor any of its subsidiaries nor their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.

(r) Taxes.

(i) FNX and each of its material subsidiaries has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects:

(ii) FNX and each of its material subsidiaries has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published FNX Financial Statements.

(iii) Except as provided for in the FNX Financial Statements or as disclosed in Schedule 3.1(r) of the FNX Disclosure Letter, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of FNX or any of its material subsidiaries, and neither FNX nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of FNX, threatened against FNX or any of its material subsidiaries or any of their respective assets, that would reasonably be expected to have a Material Adverse Effect.

(iv) No claim has been made by any Governmental Entity in a jurisdiction where FNX and any of its material subsidiaries does not file Returns that FNX or any of its material subsidiaries is or may be subject to Tax by that jurisdiction.

(v) There are no Liens for unpaid Taxes (other than in respect of Taxes not yet due and payable) upon any of the assets of FNX or any of its material subsidiaries.

(vi) FNX and each of its material subsidiaries has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so, except where the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect.

(vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from FNX or any of its material subsidiaries for any taxable period and no request for any such waiver or extension is currently pending.

(viii) All the income and capital Tax returns, audit reports and assessments provided to Quadra in the FNX Data Site were true correct and complete copies of such returns, audit reports and assessments.

(s) Property.

(i) The FNX Properties are accurately described in the FNX Public Disclosure Record.

(ii) Except as disclosed in Schedule 3.1(s) of the FNX Disclosure Letter, the FNX Public Disclosure Record discloses all real and immoveable property legally or beneficially owned, licensed, or leased by FNX or its subsidiaries, or in respect of which FNX or its subsidiaries enjoy the benefit of rights of way, surface rights, easements and permits for the use of real and immoveable property, and there is no other real and immoveable property in respect of which FNX or its subsidiaries has any interest.

(iii) Except as disclosed in Schedule 3.1(s) of the FNX Disclosure Letter, the Concessions relating to the FNX Properties, are the only mining concessions, claims, leases, licenses, permits or other rights that are required to conduct the activities of FNX or its subsidiaries as currently conducted.

(iv) Each Concession relating to the FNX Properties is in full force and effect and in good standing. The interests of FNX or its material subsidiaries in each Concession relating to the FNX Properties is held free and clear of all Liens, except as set out in Schedule 3.1(s) of the FNX Disclosure Letter. The FNX Disclosure Letter sets out an up to date, true and accurate list in all material respects of: (A) the interests of FNX and its material subsidiaries in each of the Concessions relating to the FNX Properties; (B) the agreement or document pursuant to which FNX or its material subsidiaries holds its interest in each Concession relating to the FNX Properties. FNX or its material subsidiaries are lawfully authorized to hold its interest in the Concessions relating to the FNX Properties, as set out in the FNX Disclosure Letter.

(v) Except as disclosed in Schedule 3.1(s) of the FNX Disclosure Letter:

(A) each Concession relating to the FNX Properties has been properly located and recorded in compliance with applicable Laws and comprises a valid and subsisting mineral claim in each case in all material respects, and FNX or its subsidiary enjoys legally enforceable access to the FNX Properties as may be required to conduct the activities of FNX or its subsidiaries as currently conducted;

(B) any and all assessment work required to be performed and filed in respect of the FNX Properties or under the Concessions relating to the FNX Properties has been performed and filed;

(C) any and all Taxes and other payments required to be paid in respect of the FNX Properties and the Concessions relating to the FNX Properties and all rental or loyalty payments required to be paid in respect of the Concessions relating to the FNX Properties have been paid;

(D) any and all filings required to be filed in respect of the FNX Properties and the Concessions relating to the FNX Properties have been filed;

(E) FNX or its material subsidiaries have the exclusive right to deal with the FNX Properties and the Concessions relating to the FNX Properties;

(F) no other person has any material interest in the FNX Properties or the Concessions relating to the FNX Properties or any right to acquire any such interest;

(G) there are no back-in rights, earn-in rights, rights of first refusal, royalty rights or similar provisions which would materially affect FNX's or any of its material subsidiaries' interests in the FNX Properties or the Concessions relating to the FNX Properties; and

(H) neither FNX nor any of its material subsidiaries have received any notice, whether written or oral from any Governmental Entity or any person with jurisdiction or applicable authority of any revocation or intention to revoke FNX's or any of its material subsidiaries' interests in the FNX Properties or the Concessions relating to the FNX Properties.

(vi) FNX has provided Quadra with access to full and complete copies of all exploration information and data within the possession or control of FNX and its material subsidiaries, including, without limitation, all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies concerning the FNX Properties and the Concessions relating to the FNX Properties and FNX or its subsidiaries has the sole right, title, ownership and right to use all such information, data, reports and studies, all of which information will be confidential information for the purposes of the Confidentiality Agreement.

(vii) Except as disclosed in Schedule 3.1(s) of the FNX Disclosure Letter, all work and activities carried out on the FNX Properties and the Concessions relating to the FNX Properties by FNX or its material subsidiaries or, to the knowledge of FNX, by any other person appointed by FNX or any of its material subsidiaries have been carried out in all material respects in compliance with all applicable Laws, and neither FNX nor any of its material subsidiaries, nor, to the knowledge of FNX, any other person, has received any notice of any material breach of any such applicable Laws.

(viii) FNX and its material subsidiaries have made or will make available to Quadra, upon the request of Quadra, all material information in its possession or under its control relating to the FNX Properties and the Concessions which relate to the FNX Properties.

(t) Contracts. Schedule 3.1(t) of the FNX Disclosure Letter includes a complete and accurate list of all Material Contracts to which FNX or any of its material subsidiaries is a party and that are currently in force (the "**FNX Material Contracts**"). All FNX Material Contracts are in full force and effect, and FNX or its material subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. FNX has made available to Quadra for inspection true and completed copies of all of the FNX Material Contracts. All of the FNX Material Contracts are valid and binding obligations of FNX or a material subsidiary as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. FNX and its material subsidiaries have complied in all material respects with all terms of the FNX Material Contracts, have paid all amounts due thereunder of, as and when due, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of FNX or any of its material subsidiaries or, to the knowledge of FNX, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of the FNX Material Contracts. As at the date hereof, neither FNX nor any of its material subsidiaries has received written notice that any party to a FNX Material Contract intends to cancel, terminate or otherwise modify or not renew such FNX Material Contract, and to the knowledge of FNX, no such action has been threatened. Except as set out in Schedule 3.1(t) of the FNX Disclosure Letter, neither FNX nor any of its material subsidiaries is a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of FNX or any of its material subsidiaries.

(u) Permits. FNX and each of its material subsidiaries has obtained and is in compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted. To the knowledge of FNX, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such material Permits as are necessary to conduct its business as it is currently being conducted as set forth in the FNX Public Disclosure Documents.

(v) Intellectual Property. There is no action, suit, proceeding or claim pending or to the knowledge of FNX, threatened by others challenging FNX's or any of its material subsidiaries' rights in or to any Intellectual Property which is used for the conduct of FNX's and its material subsidiaries' business as currently carried on as set forth in the FNX Public Disclosure Documents.

(w) HSR Act. As determined in accordance with the HSR Act and regulations thereunder, FNX and all entities controlled by FNX: (i) do not hold assets located in the United States having an aggregate fair market value in excess of US $63.4 million; and (ii) did not have aggregate sales into the United States in excess of US $63.4 million in FNX's most recent fiscal year. FNX is not incorporated in or organized under the laws of the United States and does not have its principal office within the United States.

(x) Environmental Matters. To the knowledge of FNX, each of FNX and its material subsidiaries and their respective businesses and operations:

(i) is in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;

(ii) has not received any order, request or notice from any person alleging a material violation of any Environmental Law;

(iii) (i) is not a party to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances, and (ii) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and

(iv) is not involved in remediation, reclamation or other environmental operations and does not know of any facts, circumstances or conditions, including any Release of Hazardous Substance, that would reasonably be expected to result in any Environmental Liabilities.

(y) Mineral Reserves and Resources. The estimated proven and probable mineral reserves and estimated indicated, measured and inferred mineral resources disclosed in the FNX Public Disclosure Record have been prepared and disclosed in all material respects in accordance with all applicable Laws. The information provided by FNX to the Qualified Persons in connection with the preparation of such estimates was complete and accurate at the time such information was furnished. There has been no material reduction in the aggregate amount of estimated mineral reserves or estimated mineral resources of FNX and its subsidiaries, taken as a whole, from the amounts disclosed in the FNX Public Disclosure Record. Schedule 3.1 (y) of the FNX Disclosure Letter sets out the estimated proven and probable mineral reserves and the estimated indicated, measured and inferred mineral resources on the FNX Properties as at December 31, 2009;

(z) Regulatory.

(i) FNX and its material subsidiaries have operated and are currently operating in material compliance with all applicable Laws, including all applicable published rules, regulations, guidelines and policies of any regulatory or governmental agency having jurisdiction over FNX or its material subsidiaries or their respective activities (collectively, the "**Regulatory Authorities**"); and

(ii) FNX and its material subsidiaries have operated and are currently operating their respective businesses in compliance with all licenses, permits, authorizations, approvals registrations and consents of the Regulatory Authorities (the "**Regulatory Authorizations**") in all material respects and have made all requisite material declarations and filings with the Regulatory Authorities. FNX and its material subsidiaries have not received any written notices or other correspondence from the Regulatory Authorities regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Authorization relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of FNX or any of its material subsidiaries to operate their respective businesses in a manner which would have a Material Adverse Effect on FNX.

(aa) Employee Benefits.

(i) FNX and each of its material subsidiaries has complied, in all material respects, with the terms of all employee benefit, health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, life insurance, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or self-insured which are sponsored, administered or maintained by or contributed to or required to be contributed to by, or which are otherwise binding upon, FNX or any such material subsidiary or in respect of which FNX or any of its material subsidiaries has any actual or potential liability (collectively, the **"FNX Benefit Plans")** and with all applicable Laws and collective bargaining agreements relating thereto.

(ii) Schedule 3.1(aa) of the FNX Disclosure Letter lists all FNX Benefit Plans and FNX has furnished to Quadra true, correct, up-to-date and complete copies of all of the FNX Benefit Plans as amended as of the date hereof together with all related documentation, including insurance contracts, plan summaries, employee booklets and personnel manuals. The plan summaries, employee booklets and personnel manuals prepared for, and circulated to the employees and the former employees of FNX and their beneficiaries concerning each FNX Benefit Plan, accurately describe the benefits provided under each such FNX Benefit Plan referred to therein.

(iii) No FNX Benefit Plan is a "registered pension plan" as that term is defined in Section 248(1) of the Tax Act or a "multi-employer pension plan" as that term is defined in applicable provincial pension standards legislation and FNX and its material subsidiaries have never maintained, sponsored or contributed to any such "registered pension plan" or "multi-employer pension plan" on behalf of the employees or former employees of FNX and its material subsidiaries.

(iv) Each FNX Benefit Plan is and has been established, registered (if required), qualified, invested and administered, in all material respects, in compliance with the terms of such FNX Benefit Plan (including the terms of any documents in respect of such FNX Benefit Plan), all applicable Laws, and any collective bargaining agreement relating thereto.

(v) All obligations of FNX or any of its material subsidiaries regarding the FNX Benefit Plans have been satisfied in all material respects and no Taxes are owing or exigible under any of the FNX Benefit Plans by FNX or any of its material subsidiaries. All employer and employee payments, contributions and premiums required to be remitted, paid to or in respect of each FNX Benefit Plan have been paid or remitted in a timely fashion in accordance with its terms and all applicable Laws.

(vi) Each FNX Benefit Plan is insured or funded in compliance with the terms of such FNX Benefit Plan, all applicable Laws and any collective bargaining agreement relating thereto and is in good standing with such Governmental Entities as may be applicable and, as of the date hereof, no currently outstanding notice of under-funding, non-compliance, failure to be in good standing or otherwise has been received by FNX or any of its material subsidiaries from any such Governmental Entities.

(vii) To the knowledge of FNX: (A) no FNX Benefit Plan is subject to any pending investigation, examination or other proceeding, action or claim initiated by any Governmental Entity, or by any other party (other than routine claims for benefits); and (B) there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such investigation, examination or other proceeding, action or claim or to affect the registration or qualification of any FNX Benefit Plan required to be registered or qualified.

(viii) Except as disclosed in Schedule 3.1(aa) of the FNX Disclosure Letter, FNX and its material subsidiaries have no formal plan and have made no promise or commitment, whether legally binding or not, to create any additional FNX Benefit Plan or to improve or change the benefits provided under any FNX Benefit Plan.

(ix) There is no entity other than FNX and any of its material subsidiaries participating in any FNX Benefit Plan.

(x) Except as disclosed in Schedule 3.1(aa) of the FNX Disclosure Letter, none of the FNX Benefit Plans provide benefits beyond retirement or other termination of service to employees or former employees or to the beneficiaries or dependants of such employees.

(xi) Except as disclosed in Schedule 3.1(aa) of the FNX Disclosure Letter, neither the execution and delivery of this Agreement by FNX nor completion of the Arrangement pursuant to the Plan of Arrangement nor compliance by FNX with any of the provisions hereof shall result in any payment (including severance, unemployment compensation, bonuses or otherwise) becoming due to any director or employee of FNX or any of its subsidiaries or result in any increase or acceleration of contributions, liabilities or benefits or acceleration of vesting or an obligation to fund or secure benefits, in whole or in part, under any FNX Benefit Plan.

(xii) All data necessary to administer each FNX Benefit Plan is in the possession of FNX or one of its material subsidiaries or their respective agents and is in a form which is sufficient for the proper administration of the FNX Benefit Plan in accordance with its terms and all applicable Laws and such data is complete and correct.

(bb) <u>Labour and Employment.</u>

(i) Except as disclosed in Schedule 3.1(bb) of the FNX Disclosure Letter, no employee of FNX or its material subsidiaries is on long-term disability leave, extended absence or worker's compensation leave. As at March 19, 2010, none of the material employees of FNX or its material subsidiaries has indicated an intention to resign their employment. All current assessments under applicable workers compensation legislation in relation to the employees of FNX and its material subsidiaries have been paid or accrued by FNX and its material subsidiaries, as applicable, and FNX and its material subsidiaries are not subject to any special or penalty assessment under such legislation which has not been paid.

(ii) Except for those agreements or provisions described in Schedule 3.1 (bb) of the FNX Disclosure Letter, no employee of FNX or any of its material subsidiaries is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.

(iii) FNX has provided to Quadra a complete list of the collective agreements, either directly or by operation of law, between FNX or any of its material subsidiaries with any trade union or association which may qualify as a trade union (collectively the "**FNX Collective Agreements**"). There are no outstanding or, to the knowledge of FNX, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings or any proceedings which could result in certification of a trade union as bargaining agent for any employees of FNX or any of its material subsidiaries not already covered by a collective agreement. To the knowledge of FNX, there are no threatened or apparent union organizing activities involving employees of FNX or any of its material subsidiaries nor is FNX or any of its material subsidiaries currently negotiating any of the FNX Collective Agreements. To the knowledge of FNX, there is no default or violation under any of the FNX Collective Agreements. There is no strike or lockout involving the employees covered by the collective agreements listed in Schedule 3.1(bb) of the FNX Disclosure Letter.

(cc) Compliance with Laws. FNX and its material subsidiaries have complied with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect.

(dd) Absence of Cease Trade Orders. No order ceasing or suspending trading in FNX Shares (or any of them) or any other securities of FNX is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of FNX, are pending, contemplated or threatened.

(ee) Related Party Transactions. Except as contemplated hereby or as disclosed in Schedule 3.1(ee) of the FNX Disclosure Letter, there are no Contracts or other transactions currently in place between FNX or any of its subsidiaries, on the one hand, and: (i) to the knowledge of FNX, any officer or director of FNX or any of its material subsidiaries; (ii) to the knowledge of FNX, any holder of record or, to the knowledge of FNX, beneficial owner of 10% or more of the FNX Shares; and

(iii) to the knowledge of FNX, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.

(ff) Expropriation. No part of the property or assets of FNX or any of its material subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does FNX or any of its material subsidiaries know of any intent or proposal to give such notice or commence any such proceedings.

(gg) Registration Rights. No FNX Shareholder has any right to compel FNX to register or otherwise qualify the FNX Shares (or any of them) for public sale or distribution.

(hh) Rights of Other Persons. Other than as disclosed in Schedule 3.1(hh) of the FNX Disclosure Letter, no person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by FNX or any of its material subsidiaries, or any part thereof.

(ii) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon FNX or any of its material subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect on FNX.

(jj) Brokers. Except as disclosed in writing by FNX to Quadra, no broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of FNX, and the aggregate amount of such fees that may become payable in respect of all such arrangements is set out in Schedule 3.1(jj) to the FNX Disclosure Letter.

(kk) Insurance. As of the date hereof, FNX and its material subsidiaries have such policies of insurance as are listed in Schedule 3.1(kk) of the FNX Disclosure Letter. All insurance maintained by FNX or any of its material subsidiaries is in full force and effect and in good standing and neither FNX nor any of its subsidiaries is in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has FNX or any of its material subsidiaries failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of FNX or any of its material subsidiaries or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default or other event would not reasonably be expected to have a Material Adverse Effect.

(ll) Data Room Information. All FNX Data Room Information is accurate in all material respects as at its respective date as stated therein, or, if any FNX Data Room Information is undated, as of the date of its delivery to the Data Site for purposes of the transactions contemplated by this Agreement. Additionally, all information provided to Quadra in relation to Quadra's due diligence requests, including information not provided in the FNX Data Room Information, is accurate in all material respects as at its respective date as stated therein.

(mm) United States Securities Laws.

(i) FNX is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act;

(ii) no securities of FNX or any of its subsidiaries are registered or required to be registered under Section 12 of the *U.S. Exchange Act*, and neither FNX nor any of its subsidiaries is required to file reports under Section 13 or Section 15(d) of the *U.S. Exchange Act*; and

(iii) FNX is not required to be registered as an "investment company" under the United States *Investment Company Act of 1940*, as amended.

3.2 Survival of Representations and Warranties

The representations and warranties of FNX contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF QUADRA

4.1 Representations and Warranties

Quadra hereby represents and warrants to and in favour of FNX as follows, except to the extent that such representations and warranties are qualified by the Quadra Disclosure Letter and acknowledges that FNX is relying upon such representations and warranties in connection with the entering into of this Agreement:

(a) Board Approval. As of the date hereof the Quadra Board, after consultation with its financial and legal advisors, has determined that the Share Exchange Ratio is, on the basis of an opinion from its financial advisor, fair to the Quadra Shareholders and that the matters to which each of the Quadra Resolutions relate are advisable and in the best interests of Quadra and the Quadra Shareholders and has resolved unanimously to recommend to the Quadra Shareholders that they vote in favour of each of the Quadra Resolutions. The Quadra Board has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.

(b) Fairness Opinion. The Quadra Board has received the opinion of CIBC World Markets Inc., its financial advisor, to the effect that, as of the date of such opinion, subject to the assumptions, qualifications and limitations set out therein, the Share Exchange Ratio is fair, from a financial point of view, to the Quadra Shareholders.

(c) Organization and Qualification. Quadra and each of its subsidiaries is a corporation duly incorporated or an entity duly created and validly existing under all the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or other power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. Quadra and each of its material subsidiaries: (A) has all Permits necessary to conduct its business substantially as now conducted as disclosed in the Quadra Public Disclosure Record except where the failure to have such Permit would not reasonably be expected to have a Material Adverse Effect on Quadra; and (B) is duly registered or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so registered or in good standing or to have such material Permits would not reasonably be expected to have a Material Adverse Effect on Quadra.

(d) Authority Relative to this Agreement. Quadra has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Quadra and the performance by Quadra of its obligations under this Agreement have been duly authorized by the Quadra Board and, except for the Quadra Shareholder Approval, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Quadra and constitutes a legal, valid and binding obligation of Quadra enforceable against Quadra in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(e) No Violation. Neither the authorization, execution and delivery of this Agreement by Quadra nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations thereunder, nor compliance by Quadra with any of the provisions of this Agreement will:

(1) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require, other than the Key Third Party Consents that relate to Quadra, any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or,

acceleration of indebtedness under, or result in the creation of any Lien upon, any of the properties or assets of Quadra or any of its subsidiaries, or cause any indebtedness to come due before its stated maturity or cause any credit commitment to cease to be available or cause any payment or other obligation to be imposed on Quadra or any of its material subsidiaries, under any of the terms, conditions or provisions of:

(A) their respective articles, charters or by-laws or other comparable organizational documents; or

(B) any Permit or Material Contract to which Quadra or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Quadra or any of its subsidiaries is bound; or

(2) subject to obtaining the Key Regulatory Approvals,

(A) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to Quadra or any of its subsidiaries or any of their respective properties or assets; or

(B) cause the suspension or revocation of any Permit currently in effect relating to Quadra or any of its subsidiaries

(except, in the case of each of clauses (1) and (2) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, creations of Liens, suspensions or revocations which, or any consents (expressly excluding the Key Third Party Consents and Key Regulatory Approvals), approvals or notices which if not given or received, would not, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect);

(3) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitation under any such note, bond, mortgage, indenture, contract, license, franchise or Permit; or

(4) except as disclosed in Schedule 4.1(e) of the Quadra Disclosure Letter, result in any material, individually or in the aggregate, payment (including severance, unemployment compensation, "golden parachute", bonus or otherwise) becoming due to any director, officer or employee of Quadra or any subsidiary of

Quadra or increase any benefits otherwise payable under any pension or benefit plan of Quadra or any subsidiary of Quadra or result in the acceleration of the time of payment or vesting of any such benefits;

The Key Third Party Consents relating to Quadra listed in Schedule D are the only consents, approvals and notices required from any third party under any Contracts of Quadra or any of its subsidiaries in order for Quadra and its subsidiaries to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement and the Arrangement pursuant to the Plan of Arrangement.

(f) Capitalization. The authorized share capital of Quadra consists of 1,000,000,000 Quadra Shares. As of the close of business on March 22, 2010, 99,619,630 Quadra Shares were issued and outstanding, an aggregate of up to 6,945,900 Quadra Shares were issuable upon the exercise of Quadra Options and an aggregate of 7,277,776 Quadra Shares were issuable upon the exercise of the Quadra Warrants. Except as disclosed in Schedule 4.1(f) of the Quadra Disclosure Letter, there are no other options, warrants, conversion privileges or other rights, shareholder rights plans (other than the Quadra Shareholders Rights Plan a true and correct copy of which is filed on SEDAR), agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Quadra of any securities of Quadra (including Quadra Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Quadra (including Quadra Shares) or subsidiaries of Quadra. All outstanding Quadra Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Quadra Shares issuable upon the exercise of Quadra Options and Quadra Warrants in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Quadra (including the Quadra Shares, the Quadra Options and the Quadra Warrants) have been issued in compliance with all applicable Laws and Securities Laws. There are no securities of Quadra or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Quadra Shareholders on any matter. Except as disclosed in Schedule 4.1(f) of the Quadra Disclosure Letter, there are no outstanding contractual or other obligations of Quadra or any subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its subsidiaries, other than the Quadra Options and the Quadra Warrants. There are no outstanding bonds, debentures or other evidences of indebtedness of Quadra or any in its subsidiaries having the right to vote with the holders of the outstanding Quadra Shares on any matters. Schedule 4.1(f) of the Quadra Disclosure Letter includes a complete and accurate list of all subsidiaries owned, directly or indirectly, by Quadra, each of which is wholly-owned other than as disclosed in Schedule 4.1(f) of the Quadra Disclosure Letter. Schedule 4.1(f) of the Quadra Disclosure Letter includes complete and accurate list of all securities owned by Quadra of another corporate person, other than its subsidiaries.

(g) Reporting Status and Securities Laws Matters. Quadra is a "reporting issuer" and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in each of the Provinces and Territories of Canada. No delisting, suspension of trading in or cease trading order with respect to any securities of Quadra and, to the knowledge of Quadra, no inquiry or investigation (formal or informal) of any Securities Authority or the Exchange, is in effect or ongoing or, to the knowledge of Quadra, expected to be implemented or undertaken with respect to the foregoing.

(h) Public Filings. Quadra has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities or the Exchange. All such documents and information comprising the Quadra Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto): (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the Quadra Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities or the Exchange. Quadra has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential. There has been no change in a material fact or a material change (as those terms are defined under the *Securities Act*) in any of the information contained in the Quadra Public Disclosure Record, except for changes in material facts or material changes that are reflected in a subsequently filed document included in the Quadra Public Disclosure Record.

(i) Quadra Financial Statements. Quadra's audited consolidated financial statements as at December 31, 2008 and 2009 (including the notes thereto) including in each case, the related management's discussion and analysis ("**Quadra MD&A**") (collectively, the "**Quadra Financial Statements**") were prepared in accordance with GAAP consistently applied (except as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Quadra's independent auditors) and fairly present in all material respects the consolidated financial position, results of operations and cash flows of Quadra and its subsidiaries as of the dates thereof and for the periods indicated therein and reflect reserves required by GAAP in respect of all material contingent liabilities, if any, of Quadra and its subsidiaries on a consolidated basis. There has been no material change in Quadra's accounting policies, except as described in the notes to the Quadra Financial Statements, since December 31, 2009.

(j) Internal Controls and Financial Reporting. Quadra: (i) has designed disclosure controls and procedures to provide reasonable assurance that financial information relating to Quadra, including its consolidated subsidiaries, is accurate and reliable and is made known to the Chief Executive Officer and the Chief Financial Officer of Quadra by others within those entities, particularly during the periods in which filings are being prepared; and (ii) has designed internal controls to provide reasonable assurance regarding the accuracy and reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; and (iii) has disclosed in the Quadra MD&A for its most recently completed financial year, for each material weakness relating to design existing at the financial year end (iv) a description of the material weakness, (v) the impact of the material weakness on Quadra's financial reporting and internal controls over financial reporting; and (vi) Quadra's further plans, if any, or any actions already undertaken, for remediating the material weakness.

(k) Books and Records. The financial books, records and accounts of Quadra and its material subsidiaries, have in all material respects, been maintained in accordance with applicable Law, in accordance with GAAP and, in each case, are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Quadra and its material subsidiaries and accurately and fairly reflect the basis for Quadra Financial Statements.

(l) Minute Books. The minute books of Quadra and each of its material subsidiaries are true and correct in all material respects; they contain the duly signed minutes of all meetings of the boards of directors and shareholders and all resolutions passed by the boards of directors and the shareholders thereof except for minutes relating to the proposed transaction between Quadra and FNX; provided that minutes for recent meetings of the board of directors of Quadra and committees thereof which have not been finalized as of the date hereof will be finalized and included in the minute books in accordance with Quadra's past practice.

(m) No Undisclosed Liabilities. Quadra and its subsidiaries have no material outstanding indebtedness or liabilities and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any person, other than those specifically identified in the Quadra Financial Statements, or incurred in the ordinary course of business since the date of the most recent Quadra Financial Statements.

(n) No Material Change. Since December 31, 2009, there has been no material change in respect of Quadra and its subsidiaries, taken as a whole, and the debt, business and material property of Quadra and its subsidiaries conform in all material respects to the description thereof contained in the Quadra Public Disclosure Record; and there has been no dividend or distribution of any kind declared, paid or made by Quadra on any Quadra Shares.

(o) Litigation. Except as disclosed in Section 4.1(o) of the Quadra Disclosure Letter, there are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Quadra, threatened affecting Quadra or any of its subsidiaries or affecting any of their respective property or assets at law or in equity before or by any Governmental Entity, including matters arising under Environmental Laws. Neither Quadra nor any of its subsidiaries nor their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.

(p) Taxes. Except as disclosed in Schedule 4.1(p) of the Quadra Disclosure Letter:

(i) Quadra and each of its material subsidiaries has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects:

(ii) Quadra and each of its material subsidiaries has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published Quadra Financial Statements in accordance with GAAP.

(iii) Except as provided for in the Quadra Financial Statements, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Quadra or any of its subsidiaries, and neither Quadra nor any of its material subsidiaries is a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Quadra, threatened against Quadra or any of its material subsidiaries or any of their respective assets, that would reasonably be expected to have a Material Adverse Effect.

(iv) No claim has been made by any Governmental Entity in a jurisdiction where Quadra and any of its material subsidiaries does not file Returns that Quadra or any of its material subsidiaries is or may be subject to Tax by that jurisdiction.

(v) There are no Liens for unpaid Taxes (other than in respect of Taxes not yet due and payable) upon any of the assets of Quadra or any of its material subsidiaries.

(vi) Quadra and each of its subsidiaries has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so, except where the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect.

(vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from Quadra or any of its material subsidiaries for any taxable period and no request for any such waiver or extension is currently pending.

(viii) All the income and capital Tax returns, audit reports and assessments provided to FNX by Quadra for review were true correct and complete copies of such returns, audit reports and assessments.

(q) Property.

(i) The Quadra Properties are accurately described in the Quadra Public Disclosure Record.

(ii) Other than as disclosed in Schedule 4.1(q) of the Quadra Disclosure Letter, the Quadra Public Disclosure Record discloses all real and immoveable property legally or beneficially owned, licensed, or leased by Quadra or its subsidiaries, or in respect of which Quadra or its subsidiaries enjoy the benefit of rights of way, surface rights, easements and permits for the use of real and immoveable property, and there is no other real and immoveable property in respect of which Quadra or its subsidiaries has any interest;

(iii) The Concessions relating to the Quadra Properties are the only mining concessions, claims, leases, licenses, permits or other rights that are required to conduct the activities of Quadra or its subsidiaries as currently conducted.

(iv) Except as disclosed in Schedule 4.1(q) of the Quadra Disclosure Letter, each Concession relating to the Quadra Properties is in full force and effect and in good standing. The interests of Quadra or its material subsidiaries in each Concession relating to the Quadra Properties is held free and clear of all Liens except as set out in Schedule 4.1(q) of the Quadra Disclosure Letter. The Quadra Public Disclosure Record accurately describes, in all material respects, the interests of Quadra and its material subsidiaries in each of the Concessions relating to the Quadra Properties and Quadra or its material subsidiaries are lawfully authorized to hold its interest in the Concessions relating to the Quadra Properties.

(v) Except as disclosed in Schedule 4.1(q) of the Quadra Disclosure Letter:

(A) each Concession relating to the Quadra Properties has been properly located and recorded in compliance with applicable Laws and comprises a valid and subsisting mineral claim in each case in all material respects and Quadra or its subsidiary enjoys legally enforceable access to the Quadra Properties as may be required to conduct the activities of Quadra or its subsidiaries as currently conducted;

(B) any and all assessment work required to be performed and filed in respect of the Quadra Properties or under the Concessions relating to the Quadra Properties has been performed and filed;

(C) any and all Taxes and other payments required to be paid in respect of the Quadra Properties and the Concessions relating to the Quadra Properties and all rental payments required to be paid in respect of the Concessions relating to the Quadra Properties have been paid;

(D) any and all filings required to be filed in respect of the Quadra Properties and the Concessions relating to the Quadra Properties have been filed;

(E) Quadra or its material subsidiaries have the exclusive right to deal with the Quadra Properties and the Concessions relating to the Quadra Properties;

(F) no other person has any material interest in the Quadra Properties and the Concessions relating to the Quadra Properties or any right to acquire any such interest;

(G) there are no back-in rights, earn-in rights, rights of first refusal, royalty rights or similar provisions which would materially affect Quadra's or any of its material subsidiaries' interests in the Quadra Properties or the Concessions relating to the Quadra Properties; and

(H) neither Quadra nor any of its material subsidiaries have received any notice, whether written or oral from any Governmental Entity or any person with jurisdiction or applicable authority of any revocation or intention to revoke Quadra's or any of its material subsidiaries' interests in the Quadra Properties or the Concessions relating to the Quadra Properties.

(vi) Quadra has provided FNX with access to full and complete copies of all exploration information and data within the possession or control of Quadra and its material subsidiaries, including, without limitation, all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, feasibility studies and other similar reports and studies concerning the

Quadra Properties and the Concessions relating to the Quadra Properties and Quadra or its subsidiaries has the sole right, title, ownership and right to use all such information, data, reports and studies, all of which information will be confidential information for the purposes of the Confidentiality Agreement.

(vii) Except as disclosed in Schedule 4.1(q) of the Quadra Disclosure Letter, all work and activities carried out on the Quadra Properties and the Concessions relating to the Quadra Properties by Quadra or its material subsidiaries or, to the knowledge of Quadra, by any other person appointed by Quadra or any of its material subsidiaries have been carried out in all material respects in compliance with all applicable Laws, and neither Quadra nor any of its material subsidiaries, nor, to the knowledge of Quadra, any other person, has received any notice of any material breach of any such applicable Laws.

(viii) Quadra and its material subsidiaries have made or will make available to FNX, upon the request of FNX, all material information in its possession or under its control relating to the Quadra Properties and the Concessions which relate to the Quadra Properties.

(r) Contracts. Schedule 4.1(r) of the Quadra Disclosure Letter includes a complete and accurate list of all Material Contracts to which Quadra or any of its material subsidiaries is a party and that are currently in force (the "**Quadra Material Contracts**"). All Quadra Material Contracts are in full force and effect, and Quadra or its material subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. Quadra has made available to FNX for inspection true and complete copies of all of the Quadra Material Contracts. All the Quadra Material Contracts are valid and binding obligations of Quadra or a material subsidiary as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. Quadra and its material subsidiaries have complied in all material respects with all terms of the Quadra Material Contracts, have paid all amounts due thereunder of, as and when due, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of Quadra or any of its material subsidiaries or, to the knowledge of Quadra, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of the Quadra Material Contracts. As at the date hereof, neither Quadra nor any of its material subsidiaries has received written notice that any party to a Quadra Material Contract intends to cancel, terminate or otherwise modify or not renew such Quadra Material Contract, and to the knowledge of Quadra, no such action has been threatened. Except as set out in Schedule 4.1(r) of the Quadra Disclosure Letter, neither Quadra nor any of its material subsidiaries is a party to any Material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of Quadra or any of its material subsidiaries.

(s) Permits. Except as disclosed in Schedule 4.1(s) of the Quadra Disclosure Letter, Quadra and each of its material subsidiaries has obtained and is in compliance with all material Permits required by applicable Laws, necessary to conduct its current business as now being conducted. To the knowledge of Quadra, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such material Permits as are necessary to conduct its business as it is currently being conducted as set forth in the Quadra Public Disclosure Documents.

(t) Mineral Reserves and Resources. The estimated proven and probable mineral reserves and estimated indicated, measured and inferred mineral resources disclosed in the Quadra Public Disclosure Record have been prepared and disclosed in all material respects in accordance with all applicable Laws. The information provided by Quadra to the Qualified Persons in connection with the preparation of such estimates was complete and accurate at the time such information was furnished. Except as disclosed in Schedule 4.1(t) of the Quadra Disclosure Letter, there has been no material reduction in the aggregate amount of estimated mineral reserves or estimated mineral resources of Quadra and its subsidiaries, taken as a whole, from the amounts disclosed in the Quadra Public Disclosure Record.

(u) Issuance of Quadra Shares. The Quadra Shares to be issued as part of the Consideration will, when issued pursuant to the Arrangement, be duly and validly issued as fully paid and non-assessable common shares in the capital of Quadra.

(v) Compliance with Laws. Quadra and its material subsidiaries have complied with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect.

(w) Absence of Cease Trade Orders. No order ceasing or suspending trading in Quadra Shares (or any of them) or any other securities of Quadra is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Quadra , are pending, contemplated or threatened.

(x) Due Diligence Material. All information provided by Quadra to FNX in relation to FNX's due diligence requests is accurate in all material respects as at its respective date as stated therein.

(y) United States Securities Laws.

(i) Quadra is a "foreign private issuer" as defined in Rule 3b-4 under the *U.S. Exchange Act*;

(ii) no securities of Quadra or any of its subsidiaries are registered or required to be registered under Section 12 of the *U.S. Exchange Act*, and neither Quadra nor any of its subsidiaries is required to file reports under Section 13 or Section 15(d) of the *U.S. Exchange Act*; and

(iii) Quadra is not required to be registered as an "investment company" under the *United States Investment Company Act* of 1940, as amended.

(z) Use of Short Form Prospectus. Quadra meets the general eligibility requirements for use of a short form prospectus under National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators.

4.2 Survival of Representations and Warranties

The representations and warranties of Quadra contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5
COVENANTS

5.1 Covenants of FNX Regarding the Conduct of Business

FNX covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, applicable Laws or any Governmental Entities or consented to by Quadra in writing, FNX shall, and shall cause each of its subsidiaries to, conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required or permitted by this Agreement, FNX shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of Quadra (which consent shall not be unreasonably withheld or delayed):

(a) (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of FNX or any of its subsidiaries, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the FNX Shares owned by any person or the securities of any subsidiary owned by a person other than FNX other than, in the case of any subsidiary wholly-owned by FNX, any dividends payable to FNX or any other wholly-owned subsidiary of FNX; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of FNX or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of FNX or its subsidiaries, other than: (A) the issuance of FNX Shares pursuant to the terms of the outstanding FNX Options and FNX Warrants; (B) transactions in the ordinary course of business and consistent with past practice between two or more FNX wholly-owned subsidiaries or between FNX and a FNX wholly-owned subsidiary; and (C) as required under applicable Law or existing Material Contracts set forth in Schedule 3.1(t) of the FNX Disclosure Letter; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of FNX or any of its subsidiaries; (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of FNX or any of its material subsidiaries; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with GAAP; or (viii) enter into any agreement with respect to any of the foregoing;

(b) except in the ordinary course of business consistent with past practice: (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, properties, interests or businesses of FNX or any of its subsidiaries; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other person, for an amount greater than $5 million; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person; (iv) pay, discharge or satisfy any material liabilities or obligations; (v) waive, release, grant or transfer any rights of material value; (vi) enter into new commitments of a capital expenditure nature in excess of $5 million except in accordance with current approved budgets that have been disclosed to Quadra; or (vii) authorize or propose any of the foregoing, or enter into any agreement to do any of the foregoing;

(c) other than as is necessary to comply with applicable Laws or Contracts, or in accordance with the FNX Benefit Plans: (i) grant to any officer, employee or director of FNX or any of its subsidiaries an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, or director of FNX or any of its subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with any officer, employee or director of FNX or any of its subsidiaries; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend or make any contribution to any FNX Benefit Plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of FNX or any of its subsidiaries; (v) increase bonus levels or other benefits payable to any director, officer or employee of FNX or any of its subsidiaries; or (vi) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement; or (vii) provide for accelerated vesting, removal of restrictions on exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Effective Time; *provided however* that it is acknowledged and agreed that the FNX Board will: (x) accelerate full vesting of and pay, in cash, to the holders of the FNX DSUs, an amount in cash equal to the value of all outstanding FNX DSUs determined in accordance with the FNX Deferred Share Unit Plan (based upon the volume-weighted average trading price of the FNX Shares on the Exchange for the five trading day period ended on the day prior to the Effective Date); and (y) declare, pursuant to the FNX Stock Option Plan and, if necessary, amend the FNX Stock Option Plan to provide that: (A) in the case of any director or executive officer of FNX who has an agreement with FNX which provides for the vesting and continuance of their FNX Options in connection with a change of control, and who does not continue as a director or executive officer of Quadra or whose employment is terminated (or deemed to be terminated pursuant to the terms of any agreement) following the Effective Date, all unvested FNX Options held by such person shall vest and shall continue to be exercisable in accordance with the terms of such agreements; and (B) in the case of any employee, officer or director of FNX who does not have an agreement providing for the treatment of FNX Options on a change of control and who does not continue as a director or officer of Quadra after the Effective Date or, in the case of an employee, whose employment is terminated within 6 months of the Effective Date, all unvested FNX Options held by such person shall vest and all FNX Options held by such person shall continue to be exercisable for one year, or such longer period as is agreed by the Principal Parties, following the Effective Date;

(d) settle, pay, discharge, satisfy, compromise, waive, assign or release, in an amount greater than $15 million, (i) any material action, claim or proceeding brought against FNX and/or any of its subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;

(e) enter into any agreement or arrangement that limits or otherwise restricts in any material respect FNX or any of its subsidiaries or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect FNX or any of its subsidiaries from competing in any manner;

(f) waive, release or assign any material rights, claims or benefits of FNX or any of its subsidiaries;

(g) enter into any agreement that if entered into prior to the date hereof would be a Material Contract; or modify, amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder;

(h) change any method of Tax accounting, make or change any Tax election, file any materially amended Return, settle or compromise any Tax liability in excess of $5 million, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a material Tax refund;

(i) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits or any Approvals of or from any Governmental Entity necessary to conduct its businesses as now conducted or as proposed to be conducted; or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for Approvals;

(j) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of FNX to consummate the Arrangement or the other transactions contemplated by this Agreement other than in connection with a Pre-Acquisition Reorganization;

(k) take any action or fail to take any action that would preclude Quadra's acquisition of FNX from qualifying as a reorganization described under Section 368(a)(1)(A) of the U.S. Tax Code and Section 368(a)(2)(D) of the U.S. Tax Code; or

(l) agree, resolve or commit to do any of the foregoing.

FNX shall use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by FNX or any of its subsidiaries, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect; provided that, subject to Section 7.6, none of FNX or any of its subsidiaries shall obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months.

FNX shall keep Quadra fully informed as to all material decisions or actions required to be made with respect to the operations of the business of FNX; provided however that the failure to do so shall not constitute a breach of this Agreement that, in and of itself, may lead to termination of this Agreement.

Subject to compliance with the notification obligations under Part IX of the Competition Act, FNX shall promptly notify Quadra in writing of any circumstance or development that, to the knowledge of FNX, is or could reasonably be expected to constitute a Material Adverse Effect.

5.2 Covenants of Quadra Regarding the Conduct of Business

Quadra covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except pursuant to the SGID Transactions or as required or permitted by this Agreement, applicable Laws or any Governmental Entities or as consented to by FNX in writing, Quadra shall, and shall cause each of its subsidiaries to, conduct its business in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except pursuant to the SGID Transactions and as required or permitted by this Agreement, Quadra shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of FNX (which consent shall not be unreasonably withheld or delayed):

(a) except as set forth in Section 5.2(a) of the Quadra Disclosure Letter, (i) amend its articles, charter or by-laws or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Quadra or any of its subsidiaries, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Quadra Shares owned by any person or the securities of any subsidiary owned by a person other than Quadra other than, in the case of any subsidiary wholly-owned by Quadra, any dividends payable to Quadra or any other wholly-owned subsidiary of Quadra; (iii) issue, grant, deliver, sell or pledge, or agree to issue, grant, deliver, sell or pledge, any shares of Quadra or its subsidiaries, or any rights convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Quadra or its subsidiaries, other than: (A) the issuance of Quadra Shares pursuant to the terms of the outstanding Quadra Options and Quadra Warrants; (B) transactions in the ordinary course of business and consistent with past practices between two or more Quadra wholly-owned subsidiaries or between Quadra and a Quadra wholly-owned subsidiary; and (C) as required under applicable Law or existing Material Contracts set forth in Schedule 4.1(r) of the Quadra Disclosure Letter; (iv) redeem, purchase or otherwise acquire, or offer to redeem, purchase or otherwise acquire, any outstanding securities of Quadra or any of its subsidiaries, (v) amend the terms of any of its securities; (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Quadra or any of its material subsidiaries; (vii) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with GAAP; or (viii) enter into any agreement with respect to any of the foregoing;

(b) except in the ordinary course of business consistent with past practice and except as set forth in Schedule 5.2(b) of the Quadra Disclosure Letter, (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, properties, interests or businesses of Quadra or any of its subsidiaries; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other person, for an amount greater than $5 million; (iii) incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person; (iv) pay, discharge or satisfy any material liabilities or obligations; (v) waive, release, grant or transfer any rights of material value; (vi) enter into new commitments of a capital expenditure nature in excess of $5 million except in accordance with approved current budgets that have been disclosed to FNX; or (vii) authorize or propose any of the foregoing, or enter into any agreement to do any of the foregoing;

(c) except as set forth in Schedule 5.2(c) of the Quadra Disclosure Letter and other than as is necessary to comply with applicable Laws or Contracts, or in accordance with the Quadra Benefit Plans: (i) grant to any officer, employee or director of Quadra or any of its subsidiaries an increase in compensation in any form, or grant any general salary increase; (ii) make any loan to any officer, employee, or director of Quadra or any of its subsidiaries; (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend any such existing agreement) with any officer, employee or director of Quadra or any of its subsidiaries; (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend or make any contribution to any Quadra Benefit Plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers or employees or former directors, officers, employees of Quadra or any of its subsidiaries; (v) increase bonus levels or other benefits payable to any director, officer or employee of Quadra or any of its subsidiaries; (vi) provide for accelerated vesting, removal of restrictions on exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control occurring on or prior to the Effective Time; *provided, however,* that the Quadra Board will accelerate full vesting of and pay, in cash, to the holders of Quadra restricted shares units (**"RSUs"**), an amount equal to the value of all outstanding RSUs determined in accordance with the Quadra RSU plan (based upon the volume-weighted average trading price of the Quadra Shares on the Exchange for the five trading day period ended on the day prior to the

Effective Date); or (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;

(d) settle, pay, discharge, satisfy, compromise, waive, assign or release, in an amount greater than $15 million, (i) any material action, claim or proceeding brought against Quadra and/or any of its subsidiaries; or (ii) any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement;

(e) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Quadra or any of its subsidiaries or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect Quadra or any of its subsidiaries from competing in any manner;

(f) waive, release or assign any material rights, claims or benefits of Quadra or any of its subsidiaries;

(g) except as set forth in Schedule 5.2(a) of the Quadra Disclosure Letter and other than in the ordinary course of business consistent with past practice: (i) enter into any agreement that if entered into prior to the date hereof would be a Material Contract; (ii) modify, amend in any material respect, transfer or terminate any Material Contract, or waive, release or assign any material rights or claims thereto or thereunder;

(h) change any method of Tax accounting, make or change any Tax election, file any materially amended Return, settle or compromise any Tax liability in excess of $5 millon, agree to an extension or waiver of the limitation period with respect to the assessment, reassessment or determination of Taxes, enter into any closing agreement with respect to any Tax or surrender any right to claim a material Tax refund;

(i) take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits or any Approvals of or from any Governmental Entity necessary to conduct its businesses as now conducted or as proposed to be conducted; or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for Approvals;

(j) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Quadra to consummate the Arrangement or the other transactions contemplated by this Agreement; or

(k) agree, resolve or commit to do any of the foregoing.

Quadra shall keep FNX fully informed as to all material decisions or actions required to be made with respect to the operations of the business of Quadra; provided however that the failure to do so shall not constitute a breach of this Agreement that, in of itself, may lead to termination of this Agreement.

Subject to compliance with the notification obligations under Part IX of the Competition Act, Quadra shall promptly notify FNX in writing of any circumstance or development that, to the knowledge of Quadra is or could reasonably be expected to constitute a Material Adverse Effect.

5.3 Covenants of FNX Relating to the Arrangement

FNX shall, and shall cause its subsidiaries to, perform all obligations required or desirable to be performed by FNX or any of its subsidiaries under this Agreement, co-operate with Quadra in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, FNX shall and, where applicable, shall cause its subsidiaries to:

(a) immediately defer the separation time of the SRP Rights in respect of the Arrangement and continue to defer the separation time in respect of the Arrangement unless otherwise requested by Quadra;

(b) subject to obtaining confirmation that insurance coverage is maintained as contemplated in Section 7.6.1, and provided that the Effective Date has occurred, use its reasonable commercial efforts to cause such members of the FNX Board to resign as Quadra may require, at the time and in the manner requested by Quadra, as of the Effective Date, with a nominee of Quadra to be appointed to the FNX Board immediately after each such resignation;

(c) apply for and use its best efforts to obtain all Key Regulatory Approvals relating to FNX or any of its subsidiaries which are typically applied for by an offeree and, in doing so, keep Quadra reasonably informed as to the status of the proceedings related to obtaining the Key Regulatory Approvals, including providing Quadra with copies of all related applications and notifications, in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to Quadra's outside counsel on an "external counsel" basis), in order for Quadra to provide its comments thereon, which shall be given due and reasonable consideration;

(d) use its best efforts to obtain as soon as practicable following execution of this Agreement all third party consents, approvals and notices required under any of the Material Contracts, and all Key Third Party Consents relating to FNX;

(e) defend all lawsuits or other legal, regulatory or other proceedings against FNX challenging or affecting this Agreement or the consummation of the transactions contemplated hereby; and

(f) until the earlier of the Effective Time and termination of this Agreement, FNX shall, subject to applicable Law, make available and cause to be made available to Quadra, and the agents and advisors thereto, information reasonably requested by Quadra for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Quadra and FNX following the Effective Date and confirming the representations and warranties of FNX set out in this Agreement.

5.4 Covenants of Quadra Relating to the Arrangement

5.4.1 Quadra shall, and shall cause its subsidiaries to, perform all obligations required to be performed by Quadra or any of its subsidiaries under this Agreement, co-operate with FNX in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Quadra shall and, where appropriate, shall cause its subsidiaries to:

(a) apply for and use its best efforts to obtain all Key Regulatory Approvals relating to Quadra or any of its subsidiaries which are typically applied for by an offeror, including submitting a request for an ARC and, in doing so, keep FNX reasonably informed as to the status of the proceedings related to obtaining the Key Regulatory Approvals, including providing FNX with copies of all related applications and notifications in draft form (except where such material is confidential in which case it will be provided (subject to applicable Laws) to FNX's outside counsel on an "external counsel" basis), in order for FNX to provide its reasonable comments thereon;

(b) subject to the terms and conditions of this Agreement and of the Plan of Arrangement and applicable Laws, pay the aggregate Consideration to be paid pursuant to the Arrangement at the time provided herein;

(c) ensure that, with effect as and from the Effective Time, the Board of Directors of Quadra shall be reconstituted to consist of ten (10) individuals, five (5) of whom will be nominees of FNX, acceptable to Quadra, acting reasonably, who shall be appointed to the Board of Directors of Quadra and five (5) of whom will be nominees of Quadra, acceptable to FNX, acting reasonably, who shall either be appointed to, or, as applicable, continue on, the Board of Directors of Quadra *provided, however* that if the SGID Transactions have closed on or before the Effective Date, the Board of Directors of Quadra shall consist of eleven (11) individuals, ten of whom shall be determined as set forth above and one of whom shall be a nominee of SGID acceptable to each of Quadra and FNX, acting reasonably;

(d) ensure that, as and from the Effective Time, Quadra has an office in each of Toronto and Vancouver;

(e) ensure that, as and from the Effective Time, Paul Blythe has been appointed as the Chief Executive Officer of Quadra, Terry MacGibbon has been appointed the Chairman of the Board of Directors of Quadra and William Myckatyn has been appointed Vice-Chairman and Lead Director of Quadra;

(f) ensure that, as and from the Effective Time, KPMG LLP has been appointed as the auditors of Quadra;

(g) defend all lawsuits or other legal, regulatory or other proceedings against Quadra challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;

(h) use its best efforts to obtain, as soon as practicable following execution of this Agreement, all third party consents, approvals and notices required under any of the Material Contracts, and all Key Third Party Consents relating to Quadra;

(i) in the event that the SGID Transaction is completed prior to the Effective Date and SGID is the holder of voting securities of Quadra that can be voted at the Quadra Meeting, use its commercially reasonable best efforts to obtain a binding commitment from SGID that they will vote in favour of the Quadra Resolutions;

(j) not take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Quadra to consummate the Arrangement or the other transactions contemplated by this Agreement;

(k) until the earlier of the Effective Time and termination of this Agreement, Quadra shall, subject to applicable Law, make available and cause to be made available to FNX, and the agents and advisors thereto, information reasonably requested by FNX for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Quadra and FNX following the Effective Date and confirming the representations and warranties of Quadra set out in this Agreement; and

(l) make joint elections with Eligible Holders in respect of the disposition of their FNX Shares pursuant to Section 85 of the Tax Act (or any similar provision of any provincial tax legislation) in accordance with the procedures and within the time limits set out in the Plan of Arrangement. The agreed amount under such joint elections shall be determined by each Eligible Holder in his or her sole discretion within the limits set out in the Tax Act.

5.5 Mutual Covenants

Each of the Principal Parties and Subco covenants and agrees that, except as contemplated in this Agreement, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

(a) it shall, and shall cause its subsidiaries to, use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 6 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to complete the Plan of Arrangement, including using its commercially reasonable efforts to: (i) obtain all Key Regulatory Approvals required to be obtained by it; (ii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Plan of Arrangement, and in furtherance thereof, in the event that the condition set out in Section 6.1(h) of this Agreement has not been satisfied within 25 days following the date the Principal Parties submit an ARC request, the Principal Parties and Subco, as applicable, shall submit the information required under Section 114(1) of the *Competition Act* to the Commissioner; (iii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Plan of Arrangement; (iv) co-operate with the other Parties in connection with the performance by it and its subsidiaries of their obligations hereunder; in addition, subject to the terms and conditions of this Agreement, none of the Parties shall knowingly take or cause to be taken any action which would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby; (v) the Parties shall exchange such information that a Party reasonably requests for the purposes of determining whether any filing or notices to a Governmental Entity under any competition or anti-trust laws outside of Canada must be submitted in connection with the transactions contemplated by this Agreement; (vi) FNX shall furnish such information, documents and assistance that Quadra reasonably requests in connection with making a request for an ARC in respect of the transactions contemplated by this Agreement along with any information, documents or assistance that Quadra reasonably requests to respond to any questions or requests from the Commissioner, and neither Party shall submit any information, document or filing to the Commissioner without providing the other Party with a reasonable opportunity to review and comment on such information, document or filing before being submitted (and where the information is competitively-sensitive, the information can be restricted to a Party's external counsel); and (vii) neither Party shall attend a meeting (whether by phone or in person) with the Commissioner in which the other Party has not been provided with a reasonable opportunity to participate (unless the Commissioner would not permit both Principal Parties to participate in such meeting);

(b) it shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to significantly impede the making or completion of the Plan of Arrangement except as permitted by this Agreement;

(c) FNX shall effect such reorganization of its business, operations, subsidiaries and assets or such other transactions (each, a "**Pre-Acquisition Reorganization**") as Quadra may reasonably request prior to the Effective Date, and the Plan of Arrangement, if required, shall be modified accordingly; *provided, however,* that FNX need not effect a Pre-Acquisition Reorganization which in the opinion of FNX, acting reasonably: (i) would require FNX to obtain the prior approval of the FNX Shareholders in respect of such Pre-Acquisition Reorganization other than at the FNX Meeting; or (ii) would impede or materially delay the consummation of the Arrangement. Without limiting the foregoing and other than as set forth in clause (i) above, FNX shall use its best efforts to obtain all necessary consents, approvals or waivers from any persons to effect each Pre-Acquisition Reorganization, and FNX shall cooperate with Quadra in structuring, planning and implementing any such Pre-Acquisition Reorganization. Quadra shall provide written notice to FNX of any proposed Pre-Acquisition Reorganization at least 10 business days prior to the date of the FNX Meeting. In addition:

(A) Quadra shall indemnify and save harmless FNX and its subsidiaries' respective officers, directors, employees, agents, advisors and representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of any Pre-Acquisition Reorganization;

(B) any Pre-Acquisition Reorganization shall not become effective unless Quadra shall have waived or confirmed in writing the satisfaction of all conditions in its favour in Section 6.1 and Section 6.2 and shall have confirmed in writing that it is prepared to promptly without condition (other than the satisfaction of the condition contemplated by Section 6.2(a) as it relates to the Pre-Acquisition Reorganization) proceed to effect the Arrangement;

(C) any Pre-Acquisition Reorganization shall not unreasonably interfere in material operations prior to the Effective Time of FNX or any of its subsidiaries;

(D) unless the Parties otherwise agree, any Pre-Acquisition Reorganization shall not require any filings with, notifications to or approvals of any Governmental Entity or third party (other than such Tax rulings, and filing such Tax elections or notifications and prefilings or pre-clearances with corporations branches or similar Governmental

Entities, as are necessary or advisable in the circumstances);

(E) any Pre-Acquisition Reorganization shall not require FNX or any subsidiary to contravene any applicable Laws, their respective organizational documents or any Material Contract; and

(F) FNX and its subsidiaries shall not be obligated to take any action that could result in any Taxes being imposed on, or any adverse Tax or other consequences to, any securityholder of FNX incrementally greater than the Taxes or other consequences to such party in connection with the consummation of the Arrangement in the absence of any Pre-Acquisition Reorganization.

(d) Quadra acknowledges and agrees that the planning for and implementation of any Pre-Acquisition Reorganization shall not be considered a breach of any covenant under this Agreement and shall not be considered in determining whether a representation or warranty of FNX hereunder has been breached. Quadra and FNX shall work cooperatively and use reasonable commercial efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization. For greater certainty, FNX shall not be liable for the failure of Quadra to benefit from any anticipated tax efficiency as a result of a Pre-Acquisition Reorganization.

5.6 Employment Agreements

Following the approval of the Arrangement Resolution, Quadra shall cause FNX to honour such obligations, if any, under FNX's existing employment agreements including, without limitation, by paying to the individuals party to such agreements, in each case, such amounts as are payable in respect of severance, change of control or other amounts, in accordance with such agreements.

5.7 Quadra Guarantee

Quadra hereby unconditionally and irrevocably guarantees the due and punctual performance by Subco of each and every obligation of Subco in respect of the Arrangement.

ARTICLE 6
CONDITIONS

6.1 Mutual Conditions Precedent

The obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

(a) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to FNX or Quadra, acting reasonably, on appeal or otherwise;

(b) the FNX Securityholder Approval shall have been obtained at the FNX Meeting in accordance with the Interim Order;

(c) the Quadra Shareholder Approval shall have been obtained at the Quadra Meeting;

(d) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, against Quadra or FNX which shall prevent the consummation of the Arrangement;

(e) the Quadra Shares and the Converted Quadra Options to be issued in the United States pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act; *provided, however,* that FNX shall not be entitled to rely on the provisions of this Section 6.1(e) in failing to complete the transactions contemplated by this Agreement in the event that FNX fails to advise the Court prior to the hearing in respect of the Final Order, as required by the terms of the foregoing exemptions, that Quadra will rely on the foregoing exemptions based on the Court's approval of the Arrangement;

(f) the Key Regulatory Approvals shall have been obtained;

(g) the Key Third Party Consents shall have been obtained;

(h) (i) an ARC shall have been issued in respect of the transactions contemplated by this Agreement (and the ARC shall not have been rescinded) or (ii) (A) the waiting period under Section 123(1) of the Competition Act shall have expired, or been terminated early under Section 123(2) of the Competition Act, or the obligation under Part IX of the Competition Act to notify the Commissioner shall have been waived under Section 113(c) of the Competition Act and (B) the Commissioner shall have advised FNX and Quadra in writing (which advice shall not have been rescinded or amended) that she does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the transactions contemplated by this Agreement;

(i) this Agreement shall not have been terminated in accordance with its terms; and

(j) the distribution of the securities pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Canadian securities laws either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian securities laws and shall not be subject to resale restrictions under applicable Canadian securities laws (other than as applicable to control persons or pursuant to Section 2.6 of National Instrument 45-102-*"Resale of Securities*).

6.2 Additional Conditions Precedent to the Obligations of Quadra

The obligations of Quadra to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of Quadra and may be waived by Quadra):

(a) all covenants of FNX under this Agreement to be performed on or before the Effective Time which have not been waived by Quadra shall have been duly performed by FNX in all material respects, and Quadra shall have received a certificate of FNX addressed to Quadra and dated the Effective Time, signed on behalf of FNX by two senior executive officers of FNX (on FNX's behalf and without personal liability), confirming the same as at the Effective Date;

(b) all representations and warranties of FNX set forth in this Agreement that are qualified by the expression "Material Adverse Effect" shall be true and correct in all respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and all other representations and warranties made by FNX in this Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties made as of a specified date the accuracy of which shall be determined as of that specified date); and Quadra shall have received a certificate of FNX addressed to Quadra and dated the Effective Time, signed on behalf of FNX by two senior executive officers of FNX (on FNX's behalf and without personal liability), confirming the same as at the Effective Date; and

(c) since the date of this Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on FNX;

(d) holders of no more than 5% of the FNX Shares shall have exercised Dissent Rights;

The foregoing conditions will be for the sole benefit of Quadra and may be waived by them in whole or in part at any time.

6.3 Additional Conditions Precedent to the Obligations of FNX

The obligations of FNX to complete the transactions contemplated by this Agreement, shall also be subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of FNX and may be waived by FNX):

(a) all covenants of Quadra under this Agreement to be performed on or before the Effective Time which have not been waived by FNX shall have been duly performed by Quadra in all material respects, and FNX shall have received a certificate of Quadra, addressed to FNX and dated the Effective Time, signed on behalf of Quadra by two senior executive officers of Quadra (on Quadra's behalf and without personal liability), confirming the same as of the Effective Date;

(b) all representations and warranties of Quadra set forth in this Agreement that are qualified by the expression "Material Adverse Effect" shall be true and correct in all respects, as though made on and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), and all other representations and warranties made by Quadra in this Agreement that are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except for representations and warranties made as of a specified date the accuracy of which shall be determined as of that specified date); and FNX shall have received a certificate of Quadra, addressed to FNX and dated the Effective Time, signed on behalf of Quadra by two senior executive officers of Quadra (on Quadra's behalf and without personal liability), confirming the same as at the Effective Date;

(c) since the date of this Agreement, there shall not have occurred any event, occurrence, development or circumstance that, individually or in the aggregate has had or would reasonably be expected to have a Material Adverse Effect on Quadra;

(d) Quadra shall have delivered evidence satisfactory to FNX of the approval of the listing and posting for trading on the Exchange of the Quadra Shares comprising the Consideration and issuable on exercise of the Converted Quadra Options, subject only to satisfaction of the standard listing conditions;

(e) the actions required to be taken by Quadra pursuant to Sections 5.4.1 (c), (d), (e) and (f) with effect as and from the Effective Time shall have been taken; and

(f) the Quadra Name Change Resolution shall have been approved at the Quadra Meeting by the requisite majority of the Quadra Shareholders.

The foregoing conditions will be for the sole benefit of FNX and may be waived by it in whole or in part at any time.

6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 shall be conclusively deemed to have been satisfied, waived or released at the Effective Time.

ARTICLE 7
ADDITIONAL AGREEMENTS

7.1 Notice and Cure Provisions

7.1.1 Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:

(a) cause any of the representations or warranties of any Principal Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.

7.1.2 Quadra may not exercise its rights to terminate this Agreement pursuant to Section 8.2.1(c)(iv) and FNX may not exercise its right to terminate this Agreement pursuant to Section 8.2.1(d)(iv) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the expiration of a period of fifteen business days from such notice, and then only if such matter has not been cured by such date. If such notice has been delivered prior to the making of the application for the Final Order, such application and such filing shall be postponed until the expiry of such period. For greater certainty, in the event that such matter is cured within the time period referred to herein without a Material Adverse Effect, this Agreement may not be terminated as a result of the cured breach.

7.2 Non-Solicitation

7.2.1 Neither Principal Party nor any of its subsidiaries shall, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of such Principal Party or any of its subsidiaries (collectively, the "**Representatives**"): (i) solicit, assist, initiate, facilitate or knowingly encourage (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding an Acquisition Proposal; (ii) participate in any discussions or negotiations with any person (other than Quadra or any of its affiliates, in the case of FNX, or FNX and its affiliates, in the case of Quadra) regarding an Acquisition Proposal, provided, however, that a Principal Party may communicate with any person making an Acquisition Proposal for the purpose of advising such person that the Acquisition Proposal could not reasonably be expected to result in a Superior Proposal; (iii) approve, accept, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal, (iv) accept or enter into or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, understanding, undertaking or arrangement or other contract in respect of an Acquisition Proposal or (v) make a Change in Recommendation.

7.2.2 Each Principal Party shall, and shall cause its subsidiaries and Representatives to immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted heretofore by it, its subsidiaries or any Representatives with respect to any Acquisition Proposal, and, in connection therewith, each Principal Party will discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all confidential information regarding such Principal Party and its subsidiaries previously provided to any such person or any other person and will request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding such Principal Party and its subsidiaries. Each Principal Party agrees that, except as permitted in Section 7.2.3 neither it nor any of its subsidiaries, shall terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to an Acquisition Proposal or any standstill agreement to which it or any of its subsidiaries is a party (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as the result of the entering into and announcement of this Agreement, pursuant to the express terms of any such agreement, shall not be a violation of this Section 7.2.2) and each Principal Party undertakes to enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it or any of its subsidiaries have entered into prior to the date hereof.

7.2.3 Notwithstanding Sections 7.2.1 and 7.2.2 and any other provision of this Agreement or of any other agreement between Quadra and FNX, if at any time following the date of this Agreement and prior to obtaining the FNX Securityholder Approval of the Arrangement Resolution at the FNX Meeting in the case of FNX, or obtaining the Quadra Shareholder Approval at the Quadra Meeting, in the case of Quadra, a Principal Party receives a bona fide, written Acquisition Proposal that did not result from a breach of Section 7.2 or an Acquisition Proposal is made to such Principal Party's shareholders that its Board of Directors determines in good faith, after consultation with such Principal Party's financial advisors and outside counsel, constitutes or, if consummated in accordance with its terms (disregarding, for the purposes of any such determination, any term of such Acquisition Proposal that provides for a due diligence investigation), could reasonably be expected to be a Superior Proposal, then such Principal Party may, in response to a request made by the party making such Acquisition Proposal and provided it is in compliance with Sections 7.2.2 and 7.2.4:

(a) furnish information with respect to such Principal Party and its subsidiaries to the person making such Acquisition Proposal;

(b) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise cooperate with or assist, the person making such Acquisition Proposal; and/or

(c) waive any standstill provision or agreement that would otherwise prohibit such person from making such Acquisition Proposal;

provided that such Principal Party shall not, and shall not allow its Representatives to, disclose any non-public information to such person: (i) if such non public information has not been previously provided to, or is not concurrently provided to the other Principal Party; and (ii) without entering into an agreement with such person substantially in the form of the Confidentiality Agreement containing terms that are no more favourable to such person than those found in the Confidentiality Agreement.

7.2.4 In the event a Principal Party receives an Acquisition Proposal it shall promptly notify the other Principal Party, at first orally and then in writing within 24 hours of receipt of the Acquisition Proposal, of the material terms and conditions thereof, and the identity of the person or persons making the Acquisition Proposal, and shall provide the other Principal Party with a copy of any such proposal, inquiry, offer or request, a copy of any agreement entered into in accordance with Section 7.2.3 hereof and a copy of any other agreements which relate to the Acquisition Proposal to which it has access, or any amendment to any of the foregoing. The Principal Party that is the subject of the Acquisition Proposal shall thereafter also provide such other details of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, as the other Principal Party may reasonably request and shall keep the other Principal Party fully informed as to the status, including any changes to the material terms, of such proposal, inquiry, offer or request, or any amendment to any of the foregoing, and shall respond promptly to all inquiries from the other Principal Party with respect thereto.

7.2.5 Subject to Section 7.3, at any time following the date of this Agreement and prior to obtaining FNX Securityholder Approval, in the case of FNX, or receiving the Quadra Shareholder Approval, in the case of Quadra, if a Principal Party receives an Acquisition Proposal that did not result from a breach of this Section 7.2 and which its Board of Directors concludes in good faith constitutes a Superior Proposal, it may, subject to compliance with the procedures set forth in Sections 7.4 and 8.2, terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal.

7.2.6 Nothing contained in this Agreement shall prohibit the Board of Directors of a Principal Party from taking any action or making a Change in Recommendation or from making any disclosure to any of its securityholders prior to the Effective Time including, for greater certainty, disclosure of a Change in Recommendation in respect of an Acquisition Proposal, if, in the good faith judgment of its Board of Directors, after consultation with outside legal counsel, failure to take such action or make such disclosure would be inconsistent with such Board of Director's exercise of its fiduciary duties or such action or disclosure is otherwise required under applicable Law (including by responding to an Acquisition Proposal under a directors' circular or otherwise as required under Securities Laws); *provided that*, for greater certainty, in the event of a Change of Recommendation and a termination by the other Principal Party of this Agreement pursuant to Section 8.2.1(c)(i), or Section 8.2.1(d)(i), as the case may be, such

Principal Party shall pay the Termination Fee as required by Section 7.4. In addition, subject to the provisions of this Section 7.2 and Section 7.3, nothing contained in this Agreement shall prevent a Principal Party or its Board of Directors from calling and holding a meeting of its shareholders, or any of them, requisitioned by such shareholders, or any of them, in accordance with the OBCA or BCBCA, as the case may be, or ordered to be held by a court or Regulatory Authority of competent jurisdiction in accordance with applicable Laws.

7.3 Right to Match

7.3.1 Each Principal Party covenants that it will not accept, approve, endorse, recommend or enter into any agreement, understanding or arrangement in respect of a Superior Proposal (other than a confidentiality and standstill agreement permitted by Section 7.2.3) unless:

(a) such Principal Party (the "**Terminating Party**") has complied with its obligations under Section 7.2 and has provided the other Principal Party (the "**Matching Party**") with a copy of the Superior Proposal and all related documentation described in Section 7.2.4; and

(b) a period (the "**Response Period**") of five business days has elapsed from the date that is the later of: (x) the date on which the Matching Party receives written notice from the Board of Directors of the Terminating Party that it has determined, subject only to compliance with this Section 7.3, to accept, approve, endorse, recommend or enter into a binding agreement to proceed with such Superior Proposal; and (y) the date the Matching Party receives a copy of the Superior Proposal and all related documents described in Section 7.2.4.

7.3.2 During the Response Period, the Matching Party will have the right, but not the obligation, to offer to amend this Agreement and the Plan of Arrangement, including modification of the Consideration. The Board of Directors of the Terminating Party shall review any such offer by the Matching Party to amend this Agreement and the Plan of Arrangement to determine whether the Acquisition Proposal to which the Matching Party is responding would continue to be a Superior Proposal when assessed against the Arrangement as it is proposed in writing by the Matching Party to be amended. If the Board of Directors of the Terminating Party determines that the Acquisition Proposal no longer constitutes a Superior Proposal, when assessed against this Agreement and the Plan of Arrangement as they are proposed to be amended by the Matching Party, the Board of Directors of the Terminating Party will cause it to enter into an amendment to this Agreement with the Matching Party incorporating the amendments to the Agreement and Plan of Arrangement as set out in the written offer to amend, and will promptly reaffirm its recommendation of the Arrangement by the prompt issuance of a press release to that effect. If the Board of Directors of the Terminating Party determines that the Acquisition Proposal continues to be a Superior Proposal, it may recommend that holders of its securities accept such Superior Proposal provided that before doing so it terminates this Agreement and pays the Termination Fee pursuant to Section 8.2.1(c)(ii) or Section 8.2.1(d)(ii), as the case may be, in order to accept or enter into an agreement, understanding or arrangement to proceed with the Superior Proposal.

7.3.3 Each successive amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the holders of the Terminating Party's securities shall constitute a new Acquisition Proposal for the purposes of this Section 7.3 and the Matching Party shall be afforded a new Response Period and the rights afforded in Section 7.3.2 in respect of each such Acquisition Proposal.

7.4 Expenses and Termination Fees

7.4.1 Except as otherwise provided herein, all fees, costs and expenses incurred in connection with this Agreement and the Plan of Arrangement shall be paid by the Party incurring such fees, costs or expenses. Quadra and FNX shall each be responsible for paying one-half of the filing fee, along with applicable taxes, in connection with the ARC request that Quadra shall submit in respect of the transactions contemplated by this Agreement.

7.4.2 If a FNX Termination Fee Event occurs, FNX shall pay Quadra (by wire transfer of immediately available funds) the Termination Fee.

7.4.3 If a Quadra Termination Fee Event occurs, Quadra shall pay FNX (by wire transfer of immediately available funds) the Termination Fee.

7.4.4 For the purposes of this Agreement, **"Termination Fee"** means $40 million.

7.4.5 For the purposes of this Agreement, **"FNX Termination Fee Event"** means the termination of this Agreement:

(a) by Quadra pursuant to Section 8.2.1(c)(i), except where the FNX Change in Recommendation which has led to the termination pursuant to Section 8.2.1(c)(i) was made solely because the FNX Board, acting in good faith, determined that a change, effect, event or occurrence had taken place that constituted a Material Adverse Effect on Quadra and that, as a consequence, it would be inconsistent with the FNX Board's fiduciary obligations to continue to recommend that FNX Securityholders vote in favour of the Arrangement**;**

(b) by Quadra pursuant to Section 8.2.1(c)(v);

(c) by Quadra pursuant to Section 8.2.1(c)(vii);

(d) by FNX pursuant to Section 8.2.1(d)(ii); or

(e) by Quadra pursuant to Section 8.2.1(b)(i) or by either Party pursuant to 8.2.1(b)(iii) if, in either case, prior to the earlier of the termination of this Agreement or the holding of the FNX Meeting, a bona fide Acquisition Proposal, or the intention to make an Acquisition Proposal, with respect to FNX shall have been made to FNX or publicly announced by any person (other than Quadra or any of its affiliates) and not withdrawn prior to the FNX Meeting and within six months following the date of such termination:

(i) the announced Acquisition Proposal is consummated by FNX; or

(ii) FNX and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the FNX Board approves or recommends, the announced Acquisition Proposal which is subsequently consummated at any time thereafter;

provided that, for the purposes of this Section 7.4.5(e) all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%".

7.4.6 For the purposes of this Agreement, "**Quadra Termination Fee Event**" means the termination of this Agreement:

(a) by FNX pursuant to Section 8.2.1(d)(i), except where the Quadra Change in Recommendation which has led to the termination pursuant to Section 8.2.1 (d)(i) was made solely because the Quadra Board, acting in good faith, determined that a change, effect, event or occurrence had taken place that constituted a Material Adverse Effect on FNX and that, as a consequence, it would be inconsistent with the Quadra Board's fiduciary obligations to continue to recommend that Quadra Shareholders vote in favour of the Quadra Arrangement Resolution;

(b) by FNX pursuant to Section 8.2.1(d)(v);

(c) by FNX pursuant to Section 8.2.1(d)(vii);

(d) by Quadra pursuant to Section 8.2.1(c)(ii); or

(e) by FNX pursuant to Section 8.2.1(b)(i) or by either Party pursuant to Section 8.2.1(b)(iv), if, in either case, prior to the earlier of the termination of this Agreement or the holding of the Quadra Meeting, a bona fide Acquisition Proposal, or the intention to make an Acquisition Proposal, with respect to Quadra shall have been made to Quadra or publicly announced by any person (other than FNX or any of its affiliates) and not withdrawn prior to the Quadra Meeting and within six months following the date of such termination:

(i) the announced Acquisition Proposal is consummated by Quadra; or

(ii) Quadra and/or one or more of its subsidiaries enters into a definitive agreement in respect of, or the Quadra Board approves or recommends, the announced Acquisition Proposal which is subsequently consummated at any time thereafter;

provided that, for the purposes of this Section 7.4.6(e) all references to "20%" in the definition of "Acquisition Proposal" shall be deemed to be references to "50%".

7.4.7 If a Termination Fee Event described in any of Sections 7.4.5(a),(b),(c) or (d) or any of Sections 7.4.6(a),(b),(c) or (d) occurs, the Termination Fee shall be payable simultaneously with the occurrence of such Termination Fee Event. If a Termination Fee Event described in Section 7.4.5(e) or 7.4.6(e) occurs, the Termination Fee shall be payable within two business days following the closing of the applicable transaction referred to therein.

7.4.8 In the event that this Agreement is terminated by FNX pursuant to Section 8.2.1(b)(i) due to the failure by Quadra to perform any of its obligations hereunder or pursuant to Section 8.2.1(b)(iv), all properly documented fees, costs and expenses incurred by FNX in connection with the transactions contemplated in this Agreement and the Arrangement, up to a maximum of $5,000,000 (the "**FNX Expense Reimbursement**") shall be paid by Quadra provided that, in the event of a termination of this Agreement pursuant to Section 8.2.1(b)(iv), if: (a) the FNX Securityholder Approval was not obtained at the FNX Meeting as required by the Interim Order; or (b) prior to the FNX Meeting a Material Adverse Effect in respect of FNX occurred and Quadra notified FNX in writing prior to the FNX Meeting that it is of the view that a Material Adverse Effect has occurred in respect of FNX, specifying in detail the basis for its conclusion, the FNX Expense Reimbursement shall not be payable.

7.4.9 In the event that this Agreement is terminated by Quadra pursuant to Section 8.2.1(b)(i) due to the failure by FNX to perform any of its obligations hereunder or pursuant to Section 8.2.1(b)(iii), all properly documented fees, costs and expenses incurred by Quadra in connection with the transactions contemplated in this Agreement and the Arrangement, up to a maximum of $5,000,000 (the "**Quadra Expense Reimbursement**") shall be paid by FNX provided that, in the event of a termination of this Agreement pursuant to Section 8.2.1(b)(iii), if (a) the Quadra Shareholder Approval was not obtained at the Quadra Meeting; or (b) prior to the Quadra Meeting a Material Adverse Effect in respect of Quadra occurred and FNX notified Quadra in writing prior to the Quadra Meeting that it is of the view that a Material Adverse Effect has occurred in respect of Quadra, specifying in detail the basis for its conclusion, the Quadra Expense Reimbursement shall not be payable.

7.4.10 Each of the Parties acknowledges that the agreements contained in this Section 7.4 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set out in this Section 7.4 are payments of liquidated damages which are a genuine pre-estimate of the damages, which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. FNX irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Party agrees that, upon any termination of this Agreement under circumstances where a Principal Party is entitled to the Termination Fee and such Termination Fee is paid in full, such Principal Party shall be precluded from any other remedy against the other Principal Party at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Principal Party or any of its subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders or affiliates in connection with this Agreement or the transactions contemplated hereby.

7.4.11 Nothing in this Section 7.4 shall relieve or have the effect of relieving any Principal Party in any way from liability for damages incurred or suffered by a Principal Party as a result of an intentional or wilful breach of this Agreement.

7.4.12 Nothing in this Section 7.4 shall preclude a Principal Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any such covenants or agreements, without the necessity of posting bond or security in connection therewith.

7.4.13 In no event shall a Principal Party be obligated to pay to the other Principal Party an amount in respect of the termination of this Agreement that is, in aggregate, in excess of the Termination Fee and the Termination Fee shall, in any case, only be paid once by a Principal Party.

7.5 Access to Information; Confidentiality

7.5.1 From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, FNX shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to Quadra and to the officers, employees, agents and representatives of Quadra such access as Quadra may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall furnish Quadra with all data and information as Quadra may reasonably request.

7.5.2 From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, Quadra shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to FNX and to the officers, employees, agents and representatives of FNX such access as FNX may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall furnish FNX with all data and information as FNX may reasonably request.

7.5.3 Quadra and FNX acknowledge and agree that information furnished pursuant to this Section 7.5 shall be subject to the terms and conditions of the Confidentiality Agreement.

7.6 Insurance and Indemnification

7.6.1 Quadra will, or will cause FNX and its subsidiaries to, maintain in effect without any reduction in scope or coverage for six years from the Effective Date customary policies of directors' and officers' liability insurance providing protection no less favourable to the protection provided by the policies maintained by FNX and its subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date; provided, however, that Quadra acknowledges and agrees that prior to the Effective Date, FNX may, in the alternative, purchase run off directors' and officers' liability insurance for a period of up to six years from the Effective Date with the prior written consent of Quadra.

7.6.2 Quadra agrees that it shall directly honour all rights to indemnification or exculpation now existing in favour of present and former officers and directors of FNX and its subsidiaries and acknowledges that such rights shall survive the completion of the Plan of Arrangement and shall continue in full force and effect.

7.6.3 The provisions of this Section 7.6 are intended for the benefit of, and shall be enforceable by, each insured or indemnified person, his or her heirs and his or her legal representatives and, for such purpose, FNX hereby confirms that it is acting as agent and trustee on their behalf.

ARTICLE 8
TERM, TERMINATION, AMENDMENT AND WAIVER

8.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

8.2 Termination

8.2.1 This Agreement, other than Section 7.4 hereof, may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution by the FNX Securityholders, or of this Agreement and the Quadra Resolutions by the Quadra Shareholders or the approval of the Arrangement by the Court):

(a) by mutual written agreement of FNX and Quadra; or

(b) by either FNX or Quadra, if:

(i) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.2.1(b)(i) shall not be available to any Party whose failure to fulfill any of its obligations or whose breach of any of its representations and warranties under this Agreement has been the cause of, or directly resulted in, the failure of the Effective Time to occur by such Outside Date; or

(ii) after the date hereof, there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins FNX or Quadra from consummating the Arrangement and such applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(iii) the Arrangement Resolution shall have failed to obtain the FNX Securityholder Approval at the FNX Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or

(iv) the Quadra Arrangement Resolution shall have failed to obtain the Quadra Shareholder Approval at the Quadra Meeting (including any adjournment or postponement thereof);

(c) by Quadra, if:

(i) prior to obtaining the FNX Securityholder Approval, the FNX Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Quadra, or fails to reaffirm its recommendation of, the Arrangement within five business days (and in any case prior to the FNX Meeting) after having been requested in writing by Quadra to do so, in a manner adverse to Quadra, (it being understood that the taking of a neutral position or no position with respect to an Acquisition Proposal beyond a period of five business days or beyond the date which is the day prior to the date proxies in respect of the FNX Meeting must be deposited shall be considered an adverse modification) (a **"FNX Change in Recommendation"**); or

(ii) the Quadra Board authorizes Quadra, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; provided that, concurrently with such termination, Quadra pays the Termination Fee payable pursuant to Section 7.4;

(iii) any of the conditions set forth in Section 6.1 or Section 6.2 is not satisfied, and such condition is incapable of being satisfied by the Outside Date;

(iv) subject to Section 7.1, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of FNX set forth in this Agreement (other than as set forth in Section 7.2) shall have occurred that would cause the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Quadra is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied;

(v) FNX is in breach or in default of any of its obligations or covenants set forth in Section 7.2 other than an immaterial breach of FNX's obligation under Section 7.2 to provide notice of an Acquisition Proposal to Quadra within a prescribed period;

(vi) the FNX Meeting has not occurred on or before May 31, 2010, provided that the right to terminate this Agreement pursuant to this Section 8.2.1(d)(vi) shall not be available to Quadra if the failure by Quadra to fulfil any obligation hereunder is the cause of, or results in, the failure of the FNX Meeting to occur on or before such date; or

(vii) the FNX Board authorizes FNX to enter into a legally binding agreement relating to a Superior Proposal;

(d) by FNX, if:

(i) prior to obtaining the Quadra Shareholder Approval, the Quadra Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to FNX, or fails to reaffirm its recommendation of, the Arrangement within five business days (and in any case prior to the Quadra Meeting) after having been requested in writing by FNX to do so, in a manner adverse to FNX, (it being understood that the taking of a neutral position or no position with respect to an Acquisition Proposal beyond a period of five business days or beyond the date which is the day prior to the date proxies in respect of the Quadra Meeting must be deposited shall be considered an adverse modification) (a "**Quadra Change in Recommendation**"); or

(ii) the FNX Board authorizes FNX, subject to complying with the terms of this Agreement, to enter into a legally binding agreement with respect to a Superior Proposal; provided that concurrently with such termination, FNX pays the Termination Fee payable pursuant to Section 7.4; or

(iii) any of the conditions set forth in Section 6.1 or Section 6.3 is not satisfied, and such condition is incapable of being satisfied by the Outside Date;

(iv) subject to Section 7.1, a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Quadra set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that FNX is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.1 or Section 6.23 not to be satisfied;

(v) Quadra is in breach or default of its obligations or covenants set forth in Section 7.2 other than an immaterial breach of Quadra's obligation under Section 7.2 to provide notice of an Acquisition Proposal to FNX within a prescribed period;

(vi) the Quadra Meeting has not occurred on or before May 31, 2010, provided that the right to terminate this Agreement pursuant to this Section 8.2.1(d)(vii) shall not be available to FNX if the failure by FNX to fulfil any obligation hereunder is the cause of, or results in, the failure of the Quadra Meeting to occur on or before such date; or

(vii) the Quadra Board authorizes Quadra to enter into a legally binding agreement relating to a Superior Proposal.

8.2.2 The Party desiring to terminate this Agreement pursuant to this Section 8.2 (other than pursuant to Section 8.2.1(a)) shall give notice of such termination to the other Parties.

8.2.3 If this Agreement is terminated pursuant to this Section 8.2, this Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party hereto, except as otherwise expressly contemplated hereby, and provided that the provisions of this Section 8.2.3 and Sections 7.4, 7.5, 9.3, 9.6 and 9.7 and the provisions of the Confidentiality Agreement (including any standstill provisions contained therein) shall survive any termination hereof pursuant to Section 8.2.1; provided further that neither the termination of this Agreement nor anything contained in this Section 8.2 shall relieve a Party from any liability arising prior to such termination.

8.3 Amendment

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the FNX Meeting but not later than the Effective Time, be amended by mutual written agreement of the Principal Parties, and any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or

(d) waive compliance with or modify any mutual conditions precedent herein contained.

8.4 Waiver

Any Principal Party may: (i) extend the time for the performance of any of the obligations or acts of the other Party; (ii) waive compliance, except as provided herein, with any of the other Principal Party's agreements or the fulfilment of any conditions to its own obligations contained herein; or (iii) waive inaccuracies in any of the other Principal Party's representations or warranties contained herein or in any document delivered by the other Principal Party; *provided, however,* that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Principal Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived; and *provided further that*, for the purposes of this Section 8.4, Subco and Quadra shall be deemed to constitute one and the same Principal Party.

ARTICLE 9
GENERAL PROVISIONS

9.1 Privacy

Each Party shall comply with applicable privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual (the "**Transaction Personal Information**"). Quadra and Subco shall not disclose Transaction personal Information to any person other than to its advisors who are evaluating and advising on the transactions contemplated by this Agreement. If Quadra and Subco complete the transactions contemplated by this Agreement, Quadra and Subco shall not, following the Effective Date, without the consent of the individuals to whom such Transaction personal Information relates or as permitted or required by applicable Law, use or disclose Transaction Personal Information:

(a) for purposes other than those for which such Transaction Personal Information was collected by FNX prior to the Effective Date; and

(b) which does not relate directly to the carrying on of FNX's business or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented.

Quadra and Subco shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure. Quadra and Subco shall cause its advisors to observe the terms of this Section and to protect and safeguard Transaction Personal Information in their possession. If this Agreement shall be terminated, Quadra and Subco shall promptly deliver to FNX all Transaction Personal Information in its possession or in the possession of any of its advisors, including all copies, reproductions, summaries or extracts thereof.

9.2 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

(a) if to Quadra:

Suite 2414, Four Bentall Centre
1055 Dunsmuir Street, PO Box 49185
Vancouver, British Columbia
V7X 1K8

Attention: Paul Blythe
Facsimile: 604.689.8556
Email: paulblythe@quadramining.com

with a copy (which shall not constitute notice) to:

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Suite 2600, Three Bentall Centre,
P.O. Box 49314, 595 Burrard Street,
Vancouver, British Columbia, V7X 1L3

Attention: Andrew McLeod
Facsimile: 604.631.3309
Email: andrew.mcleod@blakes.com

(b) if to FNX:

Suite 1500
145 King Street West
Toronto, Ontario
M5H 1J8

Attention: Terry MacGibbon
Facsimile: 416.361.2209
Email: tmacgibbon@fnxmining.com

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
Barristers & Solicitors
Suite 2100, 40 King Street West
Toronto, Ontario, M5H 3C2

Attention: Jay Goldman
Facsimile: 416.644.9337
Email: jgoldman@casselsbrock.com

9.3 Governing Law; Waiver of Jury Trial

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario in respect of all matters arising under and in relation to this Agreement and waives any defences to the maintenance of an action in the Courts of the Province of Ontario. EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

9.4 Injunctive Relief

Subject to Section 7.4, the Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

9.5 Time of Essence

Time shall be of the essence in this Agreement.

9.6 Entire Agreement, Binding Effect and Assignment

Quadra may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, a direct or indirect subsidiary of Quadra, provided that if such assignment and/or assumption takes place, Quadra shall continue to be liable jointly and severally with such subsidiary for all of its obligations hereunder. This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns.

This Agreement (including the exhibits and schedules hereto, the FNX Disclosure Letter and the Quadra Disclosure Letter) and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof and, except as expressly provided herein, this Agreement is not intended to and shall not confer upon any person other than the Parties any rights or remedies hereunder. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by either of the Parties without the prior written consent of the other Party.

9.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.8 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

9.9 Language

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

IN WITNESS WHEREOF Quadra, Subco and FNX have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

QUADRA MINING LTD.

By: *"Paul Blythe"* (signed)

Name: Paul Blythe

Title: Chief Executive Officer

2237836 ONTARIO INC.

By: *"Derek White"* (signed)

Name: Derek White

Title: Director

FNX MINING COMPANY INC.

By: *"Terry MacGibbon"* (signed)

Name: Terry MacGibbon

Title: Chairman and Chief Executive Officer

SCHEDULE A
TO THE ARRANGEMENT AGREEMENT

PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)

ARTICLE ONE
DEFINITIONS AND INTERPRETATION

Section 1.01 *Definitions*

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

"**affiliate**" shall have the meaning ascribed to such term in the *Securities Act* (Ontario);

"**Arrangement**" means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.3 of the Arrangement Agreement or this Plan of Arrangement or at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated as of March 23, 2010 among Quadra, Subco and FNX, together with the disclosure letters referenced therein, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

"**Arrangement Resolution**" means the special resolution of the FNX Securityholders, voting as a single class, approving the Arrangement to be considered at the FNX Meeting substantially in the form and content of Schedule B to the Arrangement Agreement;

"**Business Day**" means any day other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario or Vancouver, British Columbia;

"Canadian Resident" means a beneficial owner of FNX Shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act (other than a Tax Exempt person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act (other than a Tax Exempt person);

"Cash Consideration" means $0.0001 for each FNX Share;

"Consideration" means, in respect of each FNX Share, the Share Consideration and the Cash Consideration;

"**Converted Quadra Option**" shall have the meaning ascribed to such term in Section 3.01(d) hereof;

"Converted Quadra Option In-The Money Amount" in respect of a FNX Option means the amount, if any, by which the total fair market value (determined immediately after the Effective Time) of the Quadra Shares that a holder is entitled to acquire on exercise of the Converted Quadra Option at and from the Effective Time exceeds the amount payable to acquire such shares;

"**Court**" means the Ontario Superior Court of Justice;

"**CRA**" means the Canada Revenue Agency;

"**Depositary**" means **[●]** or such other trust company, bank or financial institution agreed to in writing between Quadra and FNX for the purpose of, among other things, exchanging certificates representing FNX Shares for Quadra Shares in connection with the Arrangement and paying the Cash Consideration to the Former FNX Shareholders**;**

"**Dissent Rights**" shall have the meaning ascribed thereto in Article 4.01;

"**Dissenting Shareholder**" means a registered holder of FNX Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Rights and who is ultimately entitled to be paid fair value for their FNX Shares;

"**Effective Date**" means the date **[●]**;

"**Effective Time**" means 12:01 a.m. (**[●]** time) on the Effective Date;

"**Eligible Holder**" means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident;

"**Eligible Non-Resident**" means a beneficial owner of FNX Shares immediately prior to the Effective Time who is not, and is not deemed to be, a resident of Canada for purposes of the Tax Act and whose FNX Shares are "taxable Canadian property" and not "treaty-protected property", in each case as defined in the *Tax Act*;

"**Final Order**" means the final order of the Court pursuant to Section 182 of the OBCA approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"FNX" means FNX Mining Company Inc.,

"**Former FNX Optionholders**" means the holders of FNX Options immediately prior to the Effective Time;

"**Former FNX Shareholders**" means the holders of FNX Shares immediately prior to the Effective Time;

"**FNX Meeting**" means the special meeting of FNX Securityholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**FNX Options**" means the outstanding options to purchase FNX Shares granted under the FNX Stock Option Plan;

"FNX Option In-The Money Amount" in respect of a FNX Option means the amount, if any, by which the total fair market value (determined immediately before the Effective Time) of the FNX Shares that a holder is entitled to acquire on exercise of the FNX Option immediately before the Effective Time exceeds the amount payable to acquire such shares;

"**FNX Optionholder**" means a holder of outstanding FNX Options;

"**FNX Securityholders**" means, collectively, the holders of FNX Shares and FNX Options;

"**FNX Shareholder Rights Plan**" means the Amended and Restated Shareholder Rights Plan Agreement dated as of May 29, 2008 between FNX and CIBC Mellon Trust Company, as rights agent, as amended from time to time;

"**FNX Shares**" means the issued and outstanding common shares of FNX, as currently constituted;

"**FNX Stock Option Plan**" means the stock option plan of FNX approved by holders of FNX Shares on May 29, 2007;

"**FNX Warrant Indenture**" means the warrant indenture made between FNX and CIBC Mellon Trust Company, dated September 9, 2009;

"**FNX Warrants**" means the warrants issued pursuant to the FNX Warrant Indenture;

"**Interim Order**" means the interim order of the Court, providing for, among other things, the calling and holding of the FNX Meeting, as the same may be amended by the Court;

"**MergeCo**" shall have the meaning ascribed to such term in Section 3.01(i);

"**OBCA**" means the *Business Corporations Act* (Ontario) and the regulations made thereunder, as promulgated or amended from time to time;

"**Parties**" means, FNX, Subco and Quadra and "**Party**" means any of them;

"**Plan of Arrangement**" means this plan of arrangement and any amendments or variations hereto made in accordance with Section 8.3 of the Arrangement Agreement or this plan of arrangement or at the direction of the Court;

"Quadra" means Quadra Mining Inc.,

"**Quadra Shares**" means the common shares of Quadra as currently constituted;

"**Share Consideration**" means 0.87 of a Quadra Share for each FNX Share;

"**Section 85 Election**" shall have the meaning ascribed thereto in Section 3.02(c);

"**Subco**" means 2237836 Ontario Inc., a wholly-owned subsidiary of Quadra under the OBCA for purposes of the Arrangement;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Tax Exempt person**" means a person who is exempt from tax under Part I of the Tax Act; and

"**U.S. Tax Code**" means the United States *Internal Revenue Code of 1986*, as amended.

In addition, words and phrases used herein and defined in the OBCA and not otherwise defined herein shall have the same meaning herein as in the OBCA unless the context otherwise requires.

Section 1.02 *Interpretation Not Affected by Headings*

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

Section 1.03 *Number, Gender and persons*

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and the word person and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof) and any other entity or group of persons of any kind or nature whatsoever.

Section 1.04 *Date for any Action*

If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

Section 1.05 *Statutory References*

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

Section 1.06 *Currency*

Unless otherwise stated, all references herein to amounts of money are expressed in lawful money of Canada.

Section 1.07 *Governing Law*

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of Ontario and the laws of Canada applicable therein.

ARTICLE TWO
ARRANGEMENT AGREEMENT

Section 2.01 *Arrangement Agreement*

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

ARTICLE THREE
ARRANGEMENT

Section 3.01 *Arrangement*

At the Effective Time, the following shall occur and shall be deemed to occur sequentially in the following order without any further act or formality:

(a) the FNX Shareholder Rights Plan shall be terminated (and all rights issued thereunder shall expire) and shall be of no further force or effect;

(b) each FNX Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to Quadra and Quadra shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article 4 hereof, and the name of such holder shall be removed from the central securities register as a holder of FNX Shares and Quadra shall be recorded as the registered holder of the FNX Shares so transferred and shall be deemed to be the legal owner of such FNX Shares;

(c) each FNX Share (other than an FNX Share held by a Dissenting Shareholder or a FNX Share held by Quadra or any subsidiary of Quadra) shall be deemed to be transferred to Quadra and, in consideration therefor, Quadra shall issue and pay the Consideration for each FNX Share, subject to Sections 3.03, 3.04 and Article 5 hereof;

(d) each FNX Option outstanding immediately prior to the Effective Time, whether or not vested, shall be exchanged for an option (each a "**Converted Quadra Option**") to acquire from Quadra, other than as provided herein, the number (rounded down to the nearest whole number) of Quadra Shares equal to the product of: (A) the number of FNX Shares subject to such FNX Options immediately prior to the Effective Time; multiplied by (B) 0.87 provided that, if the foregoing would result in the issuance of a fraction of a Quadra Share on any particular exercise of Converted Quadra Options, then the number of Quadra Shares otherwise issued shall be rounded down to the nearest whole number of Quadra Shares. The exercise price per Quadra Share subject to a Converted

Quadra Option shall be an amount equal to the quotient of: (A) the exercise price per FNX Share subject to each such FNX Option immediately before the Effective Time; divided by (B) 0.87 provided that the aggregate exercise price payable on any particular exercise of Converted Quadra Options shall be rounded up to the nearest whole cent. It is intended that the provisions of subsection 7(1.4) of the Tax Act apply to the exchange of a FNX Option for a Converted Quadra Option. Therefore, in the event that the Converted Quadra Option In-The Money Amount in respect of a FNX Option exceeds the FNX Option In-The Money Amount in respect of the FNX Option, the number of Quadra Shares which may be acquired on exercise of the Converted Quadra Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Converted Quadra Option In-The Money Amount in respect of the FNX Option does not exceed the FNX Option-In The Money Amount in respect of the FNX Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged. Except as set out above, each Converted Quadra Option shall continue to be governed by and be subject to the terms of the FNX Stock Option Plan and the agreement evidencing the grant of such FNX Option (in each case as amended by the Board of Directors of FNX) with respect to all other terms and conditions;

(f) each outstanding FNX Warrant shall become exercisable for Quadra Shares in accordance with the terms of the FNX Warrant Indenture;

(g) each FNX Share held by Quadra including the FNX Shares acquired pursuant to Sections 3.01(b) and (c) hereof shall be transferred to Subco in consideration of the issue by Subco to Quadra of one common share of Subco for each FNX Share so transferred;

(h) the stated capital in respect of the FNX Shares shall be reduced to $1.00 without any repayment of capital in respect thereof;

(i) FNX and Subco shall amalgamate to form one corporate entity ("**MergeCo**") with the same effect as if they had amalgamated under Section 177 of the OBCA;

(j) from and after the Effective Date, at the time of the step contemplated in Section 3.01(i):

   (i) MergeCo will own and hold all of the property of FNX and Subco and, without limiting the provisions hereof, all rights of creditors or others will be unimpaired by such amalgamation, and all liabilities and obligations of FNX and Subco, whether arising by contract or otherwise, may be enforced against MergeCo to the same extent as if such liabilities and obligations had been incurred or contracted by it;

   (ii) MergeCo will be liable for all of the liabilities and obligations of FNX and Subco;

(iii) all rights, contracts, permits and interests of FNX and Subco will be rights, contracts, permits and interests of MergeCo as if FNX and Subco continued and, for greater certainty, the amalgamation will not constitute a transfer or assignment of the rights or obligations of either of FNX or Subco under any such rights, contracts, permits and interests;

(iv) any existing cause of action, claim or liability to prosecution will be unaffected;

(v) any civil, criminal or administrative action or proceeding pending by or against either Subco or FNX will be continued by or against MergeCo;

(vi) a conviction against, or ruling, order or judgment in favour of or against either Subco or FNX may be enforced by or against MergeCo;

(vii) Quadra shall receive on the amalgamation one MergeCo common share in exchange for each Subco common share previously held and all of the issued and outstanding FNX Shares will be cancelled without any repayment of capital in respect thereof;

(viii) the name of MergeCo shall be "**[●]**";

(ix) MergeCo shall be authorized to issue an unlimited number of common shares without par value;

(x) the articles of MergeCo shall be substantially in the form of FNX's articles;

(xii) the first directors of MergeCo following the amalgamation shall be **[●]**,**[●]** and **[●]**;

(xiii) the stated capital of the common shares of MergeCo will be an amount equal to the paid up capital, as that term is defined in the Tax Act, attributable to the common shares of Subco immediately prior to the amalgamation; and

(k) FNX will file an election with the Canada Revenue Agency to cease to be a public corporation for the purposes of the Tax Act.

Section 3.02 *Effective Time Procedures*

Following the receipt of the Final Order and prior to the Effective Date, Quadra shall deliver or arrange to be delivered to the Depositary certificates representing the Quadra Shares required to be issued to Former FNX Shareholders and the requisite Cash Consideration required to be paid to Former FNX Shareholders in accordance with the provisions of Section 3.01 hereof, which certificates and Cash Consideration shall be held by the Depositary as agent and nominee for such Former FNX Shareholders for distribution to such Former FNX Shareholders in accordance with the provisions of Article 5 hereof.

Subject to the provisions of Article 5 hereof, and upon return of a properly completed letter of transmittal by a registered Former FNX Shareholder together with certificates representing FNX Shares and such other documents as the Depositary may require, Former FNX Shareholders shall be entitled to receive delivery of certificates representing the Quadra Shares and a cheque for the Cash Consideration to which they are entitled pursuant to Section 3.01(c) hereof.

An Eligible Holder whose FNX Shares are exchanged for Quadra Shares and cash pursuant to the Arrangement shall be entitled to make a joint income tax election, pursuant to Section 85 of the Tax Act (and any analogous provision of provincial income tax law) (a "**Section 85 Election**") with respect to the exchange by providing two signed copies of the necessary joint election forms to an appointed representative, as directed by Quadra, within 90 days after the Effective Date, duly completed with the details of the number of FNX Shares transferred and the applicable agreed amounts for the purposes of such joint elections. Quadra shall, within 90 days after receiving the completed joint election forms from an Eligible Holder, and subject to such joint election forms being correct and complete and in compliance with requirements imposed under the Tax Act (or applicable provincial income tax law), sign and return them to the Eligible Holder for filing with the CRA (or the applicable provincial tax authority). Neither FNX, Quadra nor any successor corporation shall be responsible for the proper completion of any joint election form nor, except for the obligation to sign and return duly completed joint election forms which are received within 90 days of the Effective Date, for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such joint election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, Quadra or any successor corporation may choose to sign and return a joint election form received by it more than 90 days following the Effective Date, but will have no obligation to do so.

Upon receipt of a letter of transmittal in which an Eligible Holder has indicated that the Eligible Holder intends to make a Section 85 Election, Quadra will promptly deliver a tax instruction letter (and a tax instruction letter for the equivalent Quebec election, if applicable), together with the relevant tax election forms (including the Quebec tax election forms, if applicable) to the Eligible Holder.

Section 3.03 *No Fractional Quadra Shares*

No fractional Quadra Shares shall be issued to Former FNX Shareholders. The number of Quadra Shares to be issued to Former FNX Shareholders shall be rounded down to the nearest whole Quadra Share in the event that a Former FNX Shareholder is entitled to a fractional share representing less than a whole Quadra Share.

Section 3.04 *Fractional Cash Consideration*

Any Cash Consideration payable to a Former FNX Shareholder shall be rounded up to the next whole cent.

ARTICLE FOUR
DISSENT RIGHTS

Section 4.01 *Dissent Rights*

Pursuant to the Interim Order, holders of FNX Shares may exercise rights of dissent ("**Dissent Rights**") under Section 185 of the OBCA, as modified by this Article 4, the Interim Order and the Final Order, with respect to FNX Shares in connection with the Arrangement, provided that the written objection to the special resolution to approve the Arrangement contemplated by Section 185(6) of the OBCA must be sent to FNX by holders who wish to dissent at least two days before the FNX Meeting or any date to which the FNX Meeting may be postponed or adjourned and provided further that holders who exercise such rights of dissent and who:

(a) are ultimately entitled to be paid fair value for their FNX Shares, which fair value shall be the fair value of such shares immediately before the passing by the FNX Securityholders of the Arrangement Resolution, shall be paid an amount equal to such fair value by Quadra; and

(b) are ultimately not entitled, for any reason, to be paid fair value for their FNX Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of FNX Shares and shall be entitled to receive only the consideration contemplated in Section 3.01(c) hereof that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights,

but in no case shall Quadra, FNX or any other person be required to recognize holders of FNX Shares who exercise Dissent Rights as holders of FNX Shares after the time that is immediately prior to the Effective Time, and the names of such holders of FNX Shares who exercise Dissent Rights shall be deleted from the central securities register as holders of FNX Shares at the Effective Time and Quadra shall be recorded as the registered holder of the FNX Shares so transferred and shall be deemed to be the legal owner of such FNX Shares.

ARTICLE FIVE
DELIVERY OF QUADRA SHARES

Section 5.01 *Delivery of Quadra Shares*

Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding FNX Shares that were exchanged for Quadra Shares in accordance with Section 3.01 hereof, together with such other documents and instruments as would have been required to effect the transfer of the FNX Shares formerly represented by such certificate under the OBCA and the articles of FNX and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, a certificate representing the Quadra Shares that such holder is entitled to receive in accordance with Section 3.01 hereof and a cheque for the Cash Consideration to which such holder is entitled.

After the Effective Time and until surrendered for cancellation as contemplated by Section 5.01(a) hereof, each certificate that immediately prior to the Effective Time represented one or more FNX Shares shall be deemed at all times to represent only the right to receive in exchange therefor a certificate representing Quadra Shares and the Cash Consideration that the holder of such certificate is entitled to receive in accordance with Section 3.01 hereof.

Section 5.02 *Lost Certificates*

In the event any certificate, that immediately prior to the Effective Time represented one or more outstanding FNX Shares that were exchanged for Quadra Shares and the cash consideration in accordance with Section 3.01 hereof, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing Quadra Shares and a cheque in the amount of the cash consideration that such holder is entitled to receive in accordance with Section 3.01 hereof. When authorizing such delivery of a certificate representing Quadra Shares and the Cash Consideration that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom a certificate representing such Quadra Shares and a cheque in the amount of the Cash Consideration is to be delivered shall, as a condition precedent to the delivery of such Quadra Shares and cheque, give a bond satisfactory to Quadra and the Depositary in such amount as Quadra and the Depositary may direct, or otherwise indemnify Quadra and the Depositary in a manner satisfactory to Quadra and the Depositary, against any claim that may be made against Quadra or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of FNX.

Section 5.03 *Distributions with Respect to Unsurrendered Certificates*

No dividend or other distribution declared or made after the Effective Time with respect to Quadra Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding FNX Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.01 or Section 5.02 hereof. Subject to applicable law and to Section 5.04 hereof, at the time of such compliance, there shall, in addition to the delivery of a certificate representing Quadra Shares and a cheque for the Cash Consideration to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Quadra Shares.

Section 5.04 *Withholding Rights*

Quadra, MergeCo and the Depositary shall be entitled to deduct and withhold from the consideration or other amounts payable to any Former FNX Shareholder such amounts as Quadra or the Depositary is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Former FNX Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

Section 5.05 *Limitation and Proscription*

To the extent that a Former FNX Shareholder shall not have complied with the provisions of Section 5.01 or Section 5.02 hereof on or before the date that is six years after the Effective Date (the "**final proscription date**"), then the Quadra Shares that such Former FNX Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the certificates representing such Quadra Shares, together with the cash consideration to which such Former FNX Shareholder was entitled, shall be delivered to Quadra by the Depositary and the share certificates shall be cancelled by Quadra, and the interest of the Former FNX Shareholder in such Quadra Shares and the Cash Consideration to which it was entitled shall be terminated as of such final proscription date.

ARTICLE SIX
AMENDMENTS

Section 6.01 *Amendments to Plan of Arrangement*

Quadra and FNX reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) agreed to in writing by Quadra and FNX, (iii) filed with the Court and, if made following the FNX Meeting, approved by the Court, and (iv) communicated to holders or former holders of FNX Shares if and as required by the Court.

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by FNX at any time prior to the FNX Meeting provided that Quadra shall have consented thereto in writing, with or without any other prior notice or communication, and, if so proposed and accepted by the persons voting at the FNX Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the FNX Meeting shall be effective only if: (i) it is consented to in writing by each of Quadra and FNX; and (ii) if required by the Court, it is consented to by the FNX Securityholders voting in the manner directed by the Court.

SCHEDULE B
TO THE ARRANGEMENT AGREEMENT
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 182 of the Business Corporations Act (Ontario) (the "**OBCA**") involving FNX Mining Compnay Inc., Quadra Mining Inc. and 2237836 Ontario Inc., all as more particularly described and set forth in the Management Proxy Circular (the "**Circular**") of FNX dated •, accompanying the notice of this meeting (as the Arrangement may be modified or amended), is hereby authorized, approved and adopted;

2. The plan of arrangement, as it may be or has been amended (the "**Plan of Arrangement**"), involving FNX and implementing the Arrangement, the full text of which is set out in Appendix C to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended), is hereby approved and adopted;

3. The arrangement agreement (the "**Arrangement Agreement**") between FNX and Quadra, dated as of March 23, 2010, and all the transactions contemplated therein the actions of the directors of FNX in approving the Arrangement and the actions of the officers of FNX in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved;

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the securityholders of FNX or that the Arrangement has been approved by the Ontario Superior Court of Justice, the directors of FNX are hereby authorized and empowered, without further notice to, or approval of, the securityholders of FNX:

   (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or

   (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement;

5. Any one or more directors or officers of FNX is hereby authorized, for and on behalf and in the name of FNX, to execute and deliver, whether under corporate seal of FNX or not, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

   (a) all actions required to be taken by or on behalf of FNX, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

(b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by FNX;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE C
TO THE ARRANGEMENT AGREEMENT
KEY REGULATORY APPROVALS

FNX

Obtaining the ARC or the applicable waiting period under Part IX of the Competition Act shall have expired, been terminated early or waived and the Commissioner of Competition shall have issued a no-action letter.

QUADRA

Obtaining the ARC or the applicable waiting period under Part IX of the Competition Act shall have expired, been terminated early or waived and the Commissioner of Competition shall have issued a no-action letter.

Conditional approval of the Exchange to the Arrangement and the listing of the Quadra Shares to be issued pursuant to the Arrangement.

SCHEDULE D
TO THE ARRANGEMENT AGREEMENT
KEY THIRD PARTY CONSENTS

<u>FNX</u>

None.

<u>QUADRA</u>

None.

FNX MINING COMPANY INC.

DISCLOSURE LETTER

March 23, 2010

FNX Mining Company Inc.

Arrangement Agreement – Disclosure Letter

This document comprises the "**Disclosure Letter**" and discloses certain exceptions from the representations and warranties of FNX Mining Company Inc. ("**FNX**") pursuant to the terms of the arrangement agreement between FNX and Quadra Mining Ltd. ("**Quadra**"), dated March 23, 2010 (the "**Arrangement Agreement**"). This document is intended to be relied upon as though recited in the Arrangement Agreement, and is deemed an integral part of such agreement.

Unless the context requires otherwise and except as expressly set out to the contrary, words and expressions defined in the Arrangement Agreement shall have the same meanings in this letter. References in this letter to article, section, subsection and paragraph (collectively, "**Section**") headings and numbers shall, unless the context otherwise requires, be to those Section headings and numbers used in the Arrangement Agreement. Such Section headings and numbers are for convenience only and shall not alter the construction of this letter. This Disclosure Letter shall be governed by and construed in all respects in accordance with the laws of the Province of Ontario and the federal laws of Canada.

The disclosure of any information or document shall not imply any representation, warranty or covenant not expressly given in the Arrangement Agreement, nor shall such disclosure of itself be taken as extending the scope of such representations, warranties and covenants, or be taken as an admission by FNX that such disclosure is material to the business, affairs, assets, liabilities, operations or financial condition of FNX or is required to be made under the terms of any such representations, warranties or covenants. Matters reflected in this document are not necessarily limited to matters required by the Arrangement Agreement to be reflected in this letter. Such additional matters are set forth for information purposes and do not necessarily include other matters of a similar nature. Except as expressly set out in the Arrangement Agreement, FNX shall not have any liability to Quadra in respect of any matter disclosed by this Disclosure Letter.

Where any conflict or inconsistency arises between the contents of any document supplied to Quadra by, or on behalf of, FNX and the terms of this document, the information contained in this document shall prevail unless otherwise expressly stated in this document.

No item in this Disclosure Letter relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred, and nothing in this letter constitutes an admission of any liability or obligation of FNX to any third party or shall confer or give to any third party any remedy, claim, liability, reimbursement, cause of action, or other right.

A disclosure made by reference to a particular Section of the Arrangement Agreement shall be deemed to be made also in respect of any other Sections of the Arrangement Agreement to which the disclosure may be applicable.

SIGNED on the 23rd day of March, 2010.

FNX MINING COMPANY INC.

“Ronald P. Gagel” (signed)
Ronald P. Gagel
Senior Vice President and
Chief Financial Officer

Schedule 3.1(e)

No Violation

- FNX must provide notice to CIBC Mellon Trust Company ("**Mellon Trust**") pursuant to the Common Share Purchase Warrants Indenture dated as of September 9, 2009 between FNX and Mellon Trust.
- The following sets out the estimated payments that would become due upon the termination of employment of the following employees following a change of control:

Name	**Termination Scenario**	**Severance [1] ($)**	**Estimated Payments**			
			Short-Term Incentive Award [2] ($)	**Long-Term Incentive Award [3]**	**Other [4] ($)**	**Total ($)**
A. Terrance MacGibbon	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
	Termination by Executive on 30 days notice	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
Ronald P. Gagel	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
William Shaver	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
Gord Morrison	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
Vern Baker	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**

Catharine Farrow	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
Dave Constable	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
Hugh Ducasse	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
Julie Galloway	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
John Marrington(5)	Termination by Corporation or by Executive for Good Reason	**[Redacted]**	**[Redacted]**	No Cash Payment	30,279	**[Redacted]**
[Redacted]	Termination by Executive within 6 months of a change of control	**[Redacted]**	**[Redacted]**	Not Applicable	Not Applicable	**[Redacted]**

(1) A cash payment representing two times annual base salary or, in certain circumstances for Mr. MacGibbon, three times.

(2) A cash payment equal to two times the average of the annual short-term incentive awards for the two most recently completed years or, in certain circumstances for Mr. MacGibbon, three times.

(3) FNX DSUs shall become payable on a change of control.

(4) This amount represents the aggregate cost of (a) maintaining the health and benefit plans for the executive for a one year period; and (b) a payment of $25,000 in lieu of outplacement services, both of which are provided for in the employment agreement.

(5) Mr. Marrington is entitled to certain reasonable costs for repatriation back to the United States.

[Personal Information Redacted]

Schedule 3.1(i)

List of Subsidiaries
Disclosure regarding options and other rights to acquire interests in any Subsidiary

Subsidiaries of FNX:

- FNX Mining Company USA Inc. (100% held by FNX)
- DMC Mining Services Corporation (100% held by FNX Mining Company USA Inc.) ("**DMC**")
- Raise Boring Mining Services, S.A. de C.V. (99.9% held by FNX Mining Company Inc.; .01% held by William Shaver on behalf of FNX to fulfill Mexican legal requirement of multiple shareholders)

Other than DMC (which for the purposes of the Arrangement Agreement is a material subsidiary), none of the subsidiaries is a material subsidiary of FNX.

All other securities owned by FNX:

Company	Number of Securities Held by FNX (directly or indirectly)
Gold Wheaton Gold Corp.	36,000,000 common shares
Fieldex Exploration Inc.	6,500,000 common shares
International Nickel Ventures Corporation	7,662,060 common shares 2,347,886 share purchase warrants
Lake Shore Gold Corp.	1,500,000 common shares
Northern Superior Resources Inc.	6,860,715 common shares
Visible Gold Mines Inc.	1,065,617 commons shares

Schedule 3.1(o)

Undisclosed Liabilities

DMC Surety Bonds totalling US$959,212.

Obligee	Bond Amount	Bond Type	Bond No.	Expiry Date
State of Arizona	US$7,500	Contractors License Bond	SF9044 (10024245)	9-Mar-10 (will renew automatically for another year)
State of Washington	US$12,000	Contractors License Bond	SZ5421 (10023213)	1-Sep-10
State of California	US$7,500	Contractors License Bond	SZ5424 (10023252)	17-Oct-10
State of Arizona	US$2,000	Taxpayer Bond	SF9046 (10024363)	15-May-10
Echo Bay Minerals	US$930,212	Performance & Payment Bond	SW2099/90019102	Project concluded; awaiting documentation to clear bond.

Schedule 3.1(r)

Taxes

- The Ontario Ministry of Revenue is currently conducting an audit of FNX's Ontario mining tax returns for the years 2003 to 2007.

Schedule 3.1(s)

Property

The FNX Public Disclosure Record does not disclose all real and immoveable property legally or beneficially owned, licensed, or leased by DMC, or in respect of which DMC enjoys the benefit of rights of way, surface rights, easements and permits for the use of real and immoveable property. DMC's property consists of one piece of real property located in Utah and equipment used in connection with the services it provides.

Name of Property	Beneficial Interest of FNX	Agreement to Pursuant to which FNX Holds Interest	Liens
McCreedy West Mine	100%[(1)]	Option to Purchase Agreement dated November 29, 2001 between FNX and Vale Inco, as amended	The Notices of Agreement registered by FNX Mining Company Inc. as Instruments LT 933348 and LT 953158 (part of the Land Titles System) on July 12, 2002 and July 8, 2003 respectively.
Levack Mine	100%[(1)]	Option to Purchase Agreement dated November 29, 2001 between FNX and Vale Inco, as amended	The Notices of Agreement registered by FNX Mining Company Inc. as Instruments LT 933348 and LT 953158 (part of the Land Titles System) on July 12, 2002 and July 8, 2003 respectively.
Podolsky Mine	100%[(1)]	Option to Purchase Agreement dated November 29, 2001 between FNX and Vale Inco, as amended	The Notices of Agreement registered by FNX Mining Company Inc. as Instruments LT 933348 and LT 953158 (part of the Land Titles System) on July 12, 2002 and July 8, 2003 respectively.
Victoria Property	100%[(1)]	Option to Purchase Agreement dated November 29, 2001 between FNX and Vale Inco, as amended	The Notices of Agreement registered by FNX Mining Company Inc. as Instruments LT 933348 and LT 953158 (part of the Land Titles System) on July 12, 2002, July 8, 2003 respectively and Instruments S117719 and S119012 (part of the Registry Act System) on July 11,

			2002 and July 8, 2003 respectively.
Kirkwood Property	100%[(1)]	Option to Purchase Agreement dated November 29, 2001 between FNX and Vale Inco, as amended	The Notices of Agreement registered by FNX Mining Company Inc. as Instruments LT 933348, LT 953158 and LT 974814 (part of the Land Titles System) on July 12, 2002, July 8, 2003 and June 25, 2004 respectively.
Falconbridge Footwall Property	80%[(1)]	Option and Joint Venture Agreement dated August 28, 2000 between FNX and Xstrata	A Notice of Option to Purchase between FNX and Xstrata registered as Instrument LT 913401 on June 21, 2001.
Foy Properties -Foy Bowell -Canhorn	 80%[(2) (3)] 40%[(2)]	Option and Joint Venture Agreement dated August 28, 2000 between FNX and Xstrata	4 of the Foy Bowell claims and all 39 of the Canhorn claims are subject to a combined 1% NSR royalty (i.e. 2 vendors) to a maximum of $750,000. At any time, 100% of this royalty can be purchased for a payment of $250,000 to each of the vendors.
North Range and Rand Properties	100%[(4)]	Staked	Nil
Nickel Lake JV Property	60%[(2)]	Option Agreement dated May 8, 2002 between FNX and Vale Inco	Nil

(1) Mining rights only
(2) Mining and surface rights
(3) The beneficial ownership of 1 staked claim within the Foy Bowell property is 40%.
(4) The beneficial interest of FNX in 51 of the claims is 100%. The interest of FNX in the remaining 5 claims will not be less than 40%.

In addition see Schedule 3.1(hh) Rights of Other Persons.

Schedule 3.1(t)

List of Material Contracts

- Option to Purchase Agreement dated November 29, 2001 between FNX Mining Company Inc. and Vale Inco, as amended (and all agreements contemplated therein, including without limitation all off take agreements and surface rights agreements).

- Amended and Restated Shareholder Rights Plan dated May 29, 2008 between FNX Mining Company Inc. and CIBC Mellon Trust Company.

- Purchase Agreement dated July 15, 2008 between FNX Mining Company Inc. and Gold Wheaton Gold Corp., as amended.

- Common Share Purchase Warrants Indenture dated as of September 9, 2009 between FNX and CIBC Mellon Trust Company.

Schedule 3.1(y)

Mineral Reserves and Resources

Summary of FNX Reserves (December 31, 2009)									
		Deposit		Cu	Ni	Pt	Pd	Au	TPM
Mine	Category	Type	Tons	%		oz/ton			
McCreedy West	Proven	Contact	264,000	0.20	1.61				
	Probable	Contact	1,040,000	0.24	1.37				
		Footwall	736,800	1.40	0.27	0.07	0.09	0.02	0.19
	Subtotal	Contact	1,304,000	0.23	1.42				
		Footwall	736,800	1.40	0.27	0.07	0.09	0.02	0.19
Levack	Probable	Footwall	1,325,000	7.46	1.49	0.05	0.12	0.03	0.21
Podolsky	Probable	Footwall	909,000	3.24	0.28	0.04	0.05	0.02	0.11
TOTAL RESERVES			4,274,800	3.31	1.00	0.04	0.06	0.02	0.12

(1) The mineral reserve and resource estimates are prepared in accordance with the "CIM Definition Standards On Mineral Resources and Mineral Reserves", adopted by the CIM Council on December 11, 2005, and the "CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidlines", adopted by CIM Council on November 23, 2003, using geostatistical and/or classical methods, plus economic and mining parameters appropriate to each deposit.

(2) Reserves are based on estimates of long-term metal prices: Cu = US$1.75/lb, Ni = US$7.00/lb, Co = US$10.00/lb, Pt = US$1,200/oz, Pd = US$350/oz, Au = US$750/oz, and a Canadian dollar exchange rate = US$0.91.

(3) Reserves are the economic portion of the Measured and Indicated resources. Reserve estimates include mining dilution at grades assumed to be zero. Mining dilution and recovery factors vary for specific deposits and are influenced by several factors including deposit type, deposit shape and mining method. Mining cut-off for reserves has been determined from net smelter return ("NSR") based on the Vale Inco Off-Take Agreement metal accountability, and production history at the McCreedy West, Levack and Podolsky Mines.

(4) TPM = Pt+Pd+Au

Summary of FNX Resources (December 31, 2009)									
Mine	**Category**	**Deposit Type**	**Tons**	**Cu**	**Ni**	**Pt**	**Pd**	**Au**	**TPM**
				%		**oz/ton**			
McCreedy West	Measured	Contact	392,100	0.27	1.93				
	Indicated	Contact	1,436,000	0.34	1.62				
		Footwall	1,909,600	1.24	0.26	0.07	0.08	0.02	0.18
	Subtotal	Contact	1,828,100	0.33	1.69				
	M & I	Footwall	1,909,600	1.24	0.26	0.07	0.08	0.02	0.18
	Inferred	Contact	1,879,300	0.26	1.60				
Levack	Measured	Contact	2,345,000	1.11	2.19				
	Indicated	Contact	3,628,000	1.05	2.02				
		Footwall	1,350,000	8.66	1.75	0.06	0.14	0.04	0.24
	Subtotal	Contact	5,973,000	1.08	2.09				
	M & I	Footwall	1,350,000	8.66	1.75	0.06	0.14	0.04	0.24
	Inferred	Contact	1,099,800	0.88	1.86				
		Footwall	82,000	3.76	1.50	0.02	0.05	0.01	0.08
Podolsky	Indicated	Contact	6,678,000	0.21	0.75				
		Footwall	1,088,000	4.54	0.38	0.06	0.05	0.03	0.14
	Subtotal	Contact	6,678,000	0.21	0.75				
	M & I	Footwall	1,088,000	4.54	0.38	0.06	0.05	0.03	0.14
	Inferred	Footwall	959,000	3.26	0.32	0.03	0.05	0.02	0.10
Victoria	Indicated	Contact	531,200	1.41	1.23				
	Inferred	Contact	442,450	0.87	1.37				
Kirkwood	Indicated	Contact	622,690	0.49	1.17				
	Inferred	Contact	1,752,000	0.97	1.27				
Total	M & I		19,980,590						
Total	Inferred		6,214,550						

(1) The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves.

(2) The mineral reserve and resource estimates are prepared in accordance with the "CIM Definition Standards On Mineral Resources and Mineral Reserves", adopted by the CIM Council on December 11, 2005, and the "CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines", adopted by CIM Council on November 23, 2003, using geostatistical and/or classical methods, plus economic and mining parameters appropriate to each deposit.

(3) All resource estimates based on estimates of long-term metal prices: Cu = US$1.75/lb, Ni = US$7.00/lb, Co = US$10.00/lb, Pt = US$1,200/oz, Pd = US$350/oz, Au = US$750/oz, and a Canadian dollar exchange rate = US$0.91.

(4) Contact deposit resource estimates are based on 1% Ni cut-off grade and a minimum 8 ft true width, whereas those for polymetallic Cu-Ni-Pt-Pd-Au orebodies are based on an appropriate value cut-off based on the planned mining method.

(5) TPM = Pt+Pd+Au.

(6) M & I = Measured + Indicated

Schedule 3.1(aa)

FNX Benefit Plans

- Stock Option Plan approved by holders of FNX Shares on May 29, 2007.
- Deferred Share Unit Plan dated April 7, 2005.
- Annual Incentive Performance Awards program as generally disclosed in the Management Information Circular dated April 9, 2009.
- Manulife Financial Registered Retirement Savings Plan, Policy **[Redacted]** (FNX staff).
- BMO-Integra Registered Retirement Savings Plan, Registration No. **[Redacted]** (unionized and DMC Canada).
- Standard Life Group Life and Health, Policy No. **[Redacted]**.
- Chartis Insurance Company of Canada Business Travel (AD&D), Policy **[Redacted]**.
- International SOS Policy, Program No. **[Redacted]**.
- Human Solutions Canada Inc. Employee and Family Assistance Program.
- Executive Health Program with **[Name Redacted]**.
- Other benefits provided to FNX's officers, including but not limited to, payments due upon a change in control of FNX or upon termination of employment, are set out in each such officer's employment agreement and in Schedule 3.1(e).
- Each of V. Baker, C. Farrow, R. Gagel, **[Names Redacted]** receive an automobile allowance of 5% of their base salary. In addition, there are **[Number Redacted]** employees located in Sudbury that receive a daily amount for a vehicle allowance which aggregates $**[Amount Redacted]** annually.
- The employment agreements with **[Names Redacted]** provide for nine and twelve months notice or payment in lieu of notice, respectively, and payment of $**[Amount Redacted]** and $**[Amount Redacted]**, respectively, in lieu of outplacement services, in the event of termination.
- Life Insurance Company of North America **[Policy Numbers Redacted]** (DMC US).
- Principal Life Insurance Group - Basic Savings Plan (DMC US).
- The only commitments made to improve the benefits under an FNX Benefit Plan are:
    - An increase in FNX's contribution under the Manulife RRSP Plan (FNX staff) and BMO-Integra RRSP Plan (for unionized employees) referenced above from 7% in 2010 to 8% in 2011.
    - On March 11, 2010, the FNX Board approved the following 2009 Short-Term Incentive Awards:

      T. MacGibbon - **[Redacted]**
      R. Gagel - **[Redacted]**
      B. Shaver - **[Redacted]**

C. Farrow - **[Redacted]**
G. Morrison - **[Redacted]**
V. Baker - **[Redacted]**
D. Constable - **[Redacted]**
H. Ducasse - **[Redacted]**
J. Galloway - **[Redacted]**
J. Marrington - **[Redacted]**

- o An aggregate of approximately less than $2 million is payable for 2009 Short-Term Incentive Awards made to other FNX employees.
- o On March 11, 2010, the FNX Board approved the following annual base salary increases, commencing as at January 1, 2010:

T. MacGibbon - **[Redacted]**
R. Gagel - **[Redacted]**
B. Shaver - **[Redacted]**
C. Farrow - **[Redacted]**
G. Morrison - **[Redacted]**
V. Baker - **[Redacted]**
D. Constable - **[Redacted]**
H. Ducasse - **[Redacted]**
J. Galloway - **[Redacted]**
J. Marrington - **[Redacted]**

- o The total 2010 annual base salary increases (approximately 3.2% of base salary), effective January 1, 2010 aggregate approximately less than $500,000.

o The only FNX Benefit Plans that provide benefits beyond retirement or other termination of employment are:

- o The continuation of health benefits for up to one year under the terms of the employment agreements with T. MacGibbon; R. Gagel; B. Shaver; C. Farrow; G. Morrison; V. Baker; D. Constable; H. Ducasse; J. Galloway; J. Marrington; and **[Name Redacted]**.
- o The terms of the Stock Option Plan which permit the exercise of options for 90 days after termination.
- o The terms of the employment agreements with T. MacGibbon; R. Gagel; B. Shaver; C. Farrow; G. Morrison; V. Baker; D. Constable; H. Ducasse; J. Galloway; J. Marrington; and **[Name Redacted]** which permit the exercise of options for a period of one year after termination.
- o The terms of the employment agreement with **[Name Redacted]** which permits the continued vesting of options for a period of 90 days after termination.

Schedule 3.1(bb)

Labour and Employment

- DMC US has one employee out on Family Medical Leave (which is 12 weeks of unpaid leave).

- There are 67 employees who are governed by the Collective Bargaining Agreement between FNX and The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Services Workers International Union of July 1, 2008 who were laid off in December 2008 and remain on lay-off with rights of recall until December 2010.

- The following employees are on workers compensation:

  DMC (US office): **[Names Redacted]**.

  DMC (Canadian office): **[Names Redacted]**.

  FNX (Sudbury office): **[Names Redacted]**.

- The following five employees are on long-term disability:

  DMC (Canadian office): **[Names Redacted]**.

- The following seven employees are on short-term disability:

  FNX (Sudbury office): **[Names Redacted]**.

  FNX (Toronto office): **[Name Redacted]**.

- DMC's Canadian office has one employee out on Maternity Leave and FNX's Sudbury office has three employees on Maternity/Parental Leave although two of those employees are working one day a week.

Schedule 3.1(ee)

Related Party Transactions

- Purchase Agreement between FNX and Gold Wheaton Gold Corp. dated July 15, 2008, as amended.
- Executive Employment Agreements with Officers (T. MacGibbon, R. Gagel, B. Shaver, G. Morrison, C. Farrow, V. Baker, D. Constable, H. Ducasse, J. Galloway, J. Marrington).
- Director Indemnification Agreements with Directors (R. Cudney, F. Davis, D. Gibson, D. Innes, J. Lydall, D. Ross, J. Wallace) and Officers (T. MacGibbon, R. Gagel, B. Shaver, G. Morrison, C. Farrow, V. Baker, D. Constable, H. Ducasse, J. Galloway, J. Marrington).
- Option Agreements with each Director (R. Cudney, F. Davis, D. Gibson, D. Innes, J. Lydall, D. Ross, J. Wallace) and Officer (T. MacGibbon, R. Gagel, B. Shaver, G. Morrison, C. Farrow, V. Baker, D. Constable, H. Ducasse, J. Galloway, J. Marrington) that is entered into at the time of the grant in the standard form of agreement used by FNX from time to time.

Schedule 3.1(hh)

Rights of Other Persons

- Vale Inco’s rights under the Option to Purchase Agreement dated November 29, 2001 between FNX and Vale Inco, as amended.

- Xstrata’s rights under the Option and Joint Venture Agreement dated August 28, 2000 between FNX and Xstrata, as amended.

- Gold Wheaton's rights under the Purchase Agreement dated July 15, 2008 between FNX and Gold Wheaton Gold Corp., as amended.

Schedule 3.1(jj)

Liability for Fees

- January 8, 2010 Agreement between FNX and BMO Capital Markets.

Schedule 3.1(kk)

Insurance

See attached FNX Insurance Program Overview

[Redacted Commercially Sensitive Information]

DISCLOSURE LETTER

March 23, 2010

To: FNX Mining Company Inc. ("**FNX**")

Dear Sirs:

Re: Arrangement Agreement

This letter, together with the attached schedules, constitutes the Quadra Disclosure Letter referred to and defined in the arrangement agreement (the "**Arrangement Agreement**") between Quadra Mining Ltd. ("**Quadra**") and FNX dated as of the date hereof.

The purpose of the Quadra Disclosure Letter is to set forth in the attached schedules the disclosure of qualifications, modifications or exceptions to certain representations, warranties and covenants of Quadra contained in the Arrangement Agreement and the Quadra Disclosure Letter is deemed to constitute an integral part of the Arrangement Agreement. Except as expressly set out in the Arrangement Agreement, Quadra shall not have any liability to FNX in respect of any matter disclosed by the Quadra Disclosure Letter.

The numbering of the attached schedules corresponds to the same section or subsection in the Arrangement Agreement. For greater clarity, any introductory language and headings in the Quadra Disclosure Letter are inserted for convenience of reference only and will not create or be deemed to create a different standard for disclosure than the language set forth in the Arrangement Agreement. Information disclosed in any schedule of the Quadra Disclosure Letter shall be deemed disclosed with respect to such other sections or subsections of the Arrangement Agreement or the Quadra Disclosure Letter to which such written information, on its face, would obviously pertain in light of the form and substance of the disclosure made.

No item in the Quadra Disclosure Letter relating to any possible breach or violation of any agreement, law or regulation shall be construed as an admission or indication that any such breach or violation exists or has actually occurred, and nothing in the Quadra Disclosure Letter constitutes an admission of any liability or obligation of Quadra to any third party or shall confer or give to any third party any remedy, claim, liability, reimbursement, cause of action, or other right.

The Quadra Disclosure Letter is qualified in its entirety by reference to the provisions of the Arrangement Agreement, and is not intended to constitute, and shall not be construed as constituting, any representation, warranty, undertaking, assurance, covenant, indemnity, guarantee or other commitment of any nature whatsoever not expressly given in the Arrangement Agreement.

All capitalized terms used in the Quadra Disclosure Letter shall have the meaning attributed to such term in the Arrangement Agreement, unless otherwise stated, and all references to dollars, unless otherwise specifically indicated, are to Canadian dollars. The Quadra Disclosure Letter shall be governed by and construed in all respects in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

SIGNED on the date first written above.

QUADRA MINING COMPANY LTD.

"*Paul Blythe*" (signed)________________
Paul Blythe
Chief Executive Officer

SCHEDULE 4.1(e)

No Violation

[Redacted.]

The transactions contemplated by the Arrangement Agreement could constitute a change of control under the executive employment contracts of Quadra. Please refer to the Information Circular of Quadra dated April 6, 2009 for additional information, including estimated payments that become due upon termination upon a change of control.

SCHEDULE 4.1(f)

Subsidiaries

Name	Jurisdiction of Incorporation	Percentage Ownership
Robinson Holdings (Canada) Ltd.	British Columbia	100%
Robinson Holdings (USA) Ltd.	Nevada	100%
Robinson Nevada Mining Company	Nevada	100%
Wendover Bulk Transhipment Company	Nevada	100%
Carlota Holdings Company	Delaware	100%
Carlota Copper Company	Illinois	100%
Quadra Cayman (Holdings) Ltd.	Cayman Islands	100%
Sierra Gorda Ltd.	Cayman Islands	100%
Quadra Chile Ltd.	Cayman Islands	100%
Quadra Water Holdings Ltd.	Cayman Islands	100%
Minera Quadra Chile Limitada	Chile	100%
Quadra Holdings (Barbados) Ltd.	Barbados	100%
International Molybdenum Holdings Limited	Barbados	100%
Centenario Copper Corporation	British Columbia	100%
Centenario Holdings Ltd.	British Virgin Islands	100%
Pan de Azucar (BVI) Ltd.	British Virgin Islands	100%
Frankie (BVI) Ltd.	British Virgin Islands	100%
Volcanoes (BVI) Limited	British Virgin Islands	100%
Centenario Copper (BVI) Ltd.	British Virgin Islands	100%
Minera Carrizalillo Limitada	Chile	100%
Sociedad Contractual Minera Franke	Chile	100%
Palusa SpA	Chile	100%
Aguas de la Sierra Ltda.	Chile	100%

Malmbjerg Molybdenum A/S	Greenland	100%
International Molybdenum	United Kingdom	99.1%
Robinson Nevada Railroad Company	Nevada	100%

SCHEDULE 4.1(f)

Securities Owned by Quadra

Quadra holds 4,901,961 units (each a “**Unit**”) of Far West Mining Ltd. (“**Far West**”). Each Unit consists of one common share of Far West and one transferable common share purchase warrant entitling the holder thereof to purchase one common share for a period of 24 months from November 2, 2009. Accordingly, Quadra holds a 7.9% equity interest in Far West, increasing to 14.64% if all warrants are exercised.

SCHEDULE 4.1(f)

Capitalization

1. Warrants Outstanding

   (a) There are warrants outstanding to purchase an aggregate of 5,979,999 common shares, issued on May 9, 2007 and expiring on May 9, 2010, each exercisable at a price of $20.00. These warrants are listed and posted for trading on the TSX under the symbol "QUA.WT".

   (b) There are warrants outstanding to purchase an aggregate of 1,297,777 common shares, issued on March 1, 2007 and expiring on March 1, 2012, each exercisable at a price of $9.24.

2. Proposed Offering of Subscription Receipts

   Subject to regulatory approval from the Toronto Stock Exchange ("**TSX**"), Quadra has entered into a memorandum of understanding pursuant to which it has agreed to undertake a private placement of 9.9% of Quadra's total outstanding shares on a post-subscription basis at a subscription price of $13.91 per share. The offering is to be structured through the issuance of subscription receipts, each of which will entitle the holder thereof to receive one common share of Quadra, without payment of additional consideration, upon satisfaction of the Release Condition. The "**Release Condition**" is the execution and completion of a definitive agreement between Quadra and SGID regarding a strategic joint venture for the development of Quadra's Sierra Gorda project and the operation of the Corporation's Frank mine.

   [Redacted.]

3. Options Outstanding

   There are options outstanding to purchase an aggregate of 6,945,900 common shares, granted between March 16, 2005 and March 22, 2010, with exercise prices ranging from $3.54 to $24.60 per share and expiry dates ranging between March 16, 2010 and March 8, 2015.

4. Amended and Restated Shareholder Rights Plan dated May 14, 2009 (the **"Quadra Rights Plan**")

   The Quadra Rights Plan is between Quadra and Computershare Investor Services Inc., as Rights Agent. Pursuant to the Quadra Rights Plan, Quadra has issued one right in respect of each common share which carries the right to purchase additional common shares pursuant to the terms and conditions set forth in the Quadra Rights Plan.

SCHEDULE 4.1(o)

Litigation

[Redacted.]

SCHEDULE 4.1(p)

<u>Taxes</u>

[Redacted.]

.

SCHEDULE 4.1(q)

Property

Section 4.1 (q)(ii):

Quadra enters into option agreements, and exercises option agreements, relating to mineral properties as part of a property acquisition program at the Sierra Gorda Project in the ordinary course of its business.

[Redacted.]

Section 4.1 (q)(v):

Quadra enters into option agreements, and exercises option agreements, relating to mineral properties as part of a property acquisition program at the Sierra Gorda Project in the ordinary course of its business.

Please refer to Schedule 4.1(o) of this Disclosure Letter.

Section 4.1 (q)(v)(G):

1. Robinson Mine Royalties *(the following is taken from the annual information form of Quadra dated as of March 18, 2009 ("**AIF**") for the fiscal year ended December 31, 2008 and remains true and accurate as of the date of this Disclosure Letter*):

   Production at the Robinson Mine is subject to two royalty agreements, a 3% net smelter return royalty payable to Royal Gold Inc. and a 0.225% net smelter return royalty payable to Franco Nevada U.S. Corporation. The Franco Nevada royalty agreement also provides for the following additional payments:

   (a) A 10% royalty on net smelter returns on 51% of the production of gold from the Robinson Mine in excess of 60,000 ounces per calendar year; and

   (b) A royalty on 51% of copper production in excess of 130 million pounds of copper, payable in any calendar year in which the price of copper exceeds $1.00 per pound at the end of the year (adjusted for inflation from 1990) (the "**Trigger Price**"), in an amount equal to $0.05 per pound plus an incremental amount equal to 40% of the amount by which the average price of copper during the year exceeds the Trigger Price. The Trigger Price for 2008 was $1.63.

2. Carlota Mine Royalties:

   A royalty is payable to BHP Copper in relation to 19 unpatented and 23 patented mining claims that were previously acquired from Magma Copper Company, Inc. (the "**BHP Royalty**"). This royalty is calculated as a five percent NSR on all ore subject to the BHP claims.

Section 4.1(q)(vii):

Please refer to Schedule 4.1(o) and Schedule 4.1(s) of this Disclosure Letter.

SCHEDULE 4.1(r)

Material Contracts

The following is a complete and accurate list of all Material Contracts to which Quadra or any of its material subsidiaries is a party and that are currently in force:

- Franke Project Loan
- Quadra Rights Plan
- Warrant Agreement dated March 1, 2007 between Quadra and Computershare
- Warrant Indenture dated May 9, 2007 between Quadra and Computershare

[Redacted.]

- In addition, Quadra enters into equipment leases in the ordinary course of business. Quadra expects the aggregate payments under such leases to be approximately $20 million in 2010.

SCHEDULE 4.1(s)

Permits

Quadra had been party to litigation in connection with the National Pollution Discharge Elimination System (NPDES) permit for the Carlota Mine. In a decision on October 4, 2007, the United States Court of Appeals for the 9th Circuit "vacated" the NPDES permit for the Carlota Mine. The Environmental Protection Agency did not consider it necessary to appeal the 9th Circuit decision to the United States Supreme Court. As a result of the uncertainty surrounding the NPDES permit, Quadra has modified the design of the mine to obviate the need for the NPDES permit. This modification may limit Quadra's ability to continue normal course operations for unknown periods of time in certain circumstances, which could impact production and operating costs. Furthermore, in the event of a major storm that gives rise to excess water, there can be no assurance that the design of the mine site with respect to run-off will be sufficient to avoid a discharge. The current Multi-Sector General permit will allow the discharge of unimpacted stormwater from the current facilities. In the event of a discharge of impacted stormwater, Quadra could be subject to penalties and litigation which could have a material adverse affect on Quadra's financial condition. There can be no assurance that the need for the NPDES permit or other permits required for the operation of the Carlota Mine will not be challenged in the future.

SCHEDULE 4.1(t)

Mineral and Reserves and Resources

Quadra intends to update its Mineral Reserve and Resource numbers for the Robinson Mine when it files its Annual Information Form with respect to the fiscal year ended December 31, 2009 as follows:

Robinson EOY 2009 Reserves as of January 1, 2010

Metric Units except ounces

Tripp-Veteran Area

Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal Copper kt	Contained Metal Gold oz (000's)	Waste kt	Total kt	Strip Ratio
Proven	18,762	0.46%	0.322	85.6	194			
Probable	354	0.32%	0.269	1.1	3			
Proven and Probable	19,116	0.46%	0.321	86.7	197	82,541	101,656	4.32

Ruth Area

Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal Copper kt	Contained Metal Gold oz (000's)	Waste kt	Total kt	Strip Ratio
Proven	79,079	0.55%	0.188	436.9	478			
Probable	4128	0.43%	0.173	17.7	23			
Proven and Probable	83,207	0.55%	0.187	454.6	501	246,379	329,586	2.96

Stockpiles

Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal Copper kt	Contained Metal Gold oz (000's)	Waste kt	Total kt	Strip Ratio
Proven	736	0.57%	0.236	4.2	6			
Probable								
Proven and Probable	736	0.57%	0.236	4.2	6		736	

Total Robinson

Reserve Classification	Ore kt	Copper Grade%	Gold Grade g/tonne	Contained Metal Copper kt	Contained Metal Gold oz (000's)	Waste kt	Total kt	Strip Ratio
Proven	98,577	0.53%	0.214	526.7	678			
Probable	4482	0.42%	0.18	18.8	26			
Proven and Probable	103,059	0.53%	0.212	545.5	704	328,920	431,978	3.19

Note: Numbers may not add due to rounding

Carlota EOY 2009 Reserves as of January 1, 2010
Metric Units

Carlota Reserves (0.10% Total Copper Cutoff)

Deposit	Ore kt	Copper Grade%	Contained Metal Copper kt	Waste kt	Total kt	Strip Ratio
Carlota-Cactus oxide	41,357	0.39%	163.1			
Carlota-Cactus sulfide	17,540	0.63%	109.6			
Carlota-Cactus total	58,897	0.46%	272.7	127,515	186,412	2.17
Eder North oxide	4,846	0.34%	16.5			
Eder Junior oxide	471	0.28%	1.3			
Eder total	5,317	0.33%	17.8	12,165	17,483	2.29
Total Reserve	64,214	0.45%	290.5	139,680	203,895	2.18

Note: Numbers may not add due to rounding

Franke EOY 2009 Reserves as of January 1, 2010
Metric Units

[Redacted.]

Total Franke

Reserve Classification	Ore kt	Copper Grade%	Contained Metal Copper kt	Waste kt	Total kt	Strip Ratio
Proven	29,982	0.78%	234.4			
Probable	8,501	0.70%	59.8			
Proven and Probable	38,483	0.76%	294.2	50,000	88,483	1.3

Note: Numbers may not add due to rounding

[Redacted.]

Total Franke Deposit

Reserve Classification	Ore kt	Copper Grade%	Contained Metal Copper kt	Waste kt	Total kt	Strip Ratio
Proven	21,964	0.86%	188.9			
Probable	6,209	0.77%	47.8			
Proven and Probable	28,173	0.84%	236.7	41,927	70,100	1.49

[Redacted.]

Total China Deposit

Reserve Classification	Ore kt	Copper Grade%	Contained Metal Copper kt	Waste kt	Total kt	Strip Ratio
Proven	8,018	0.57%	45.5			
Probable	2,292	0.53%	12.1			
Proven and Probable	10,310	0.56%	57.6	8,073	18,383	0.78

SCHEDULE 5.2(a)

Covenant Regarding the Conduct of Business

[Redacted.]

SCHEDULE 5.2(b)

Covenant Regarding the Conduct of Business

[Redacted.]

As more particularly described in the Franke Project Loan, Quadra is required to make semi-annual principal payments equal to 67% of the Excess Cash Flow from the Franke Mine pursuant to the terms and conditions of the Franke Project Loan.

SCHEDULE 5.2(c)

Covenant Regarding the Conduct of Business

[Redacted.]