

SUBSCRIPTION AGREEMENT

QUADRA MINING LTD.
c/o 2600 Three Bentall Centre
595 Burrard Street
P.O. Box 49314
Vancouver, B.C., V7X 1L3

Attention: Bill Myckatyn

Dear Sirs:

Re: Confidential Private Offering

The undersigned (the “**Subscriber**”) hereby irrevocably subscribes for and agrees to purchase _____ special warrants (the “**Special Warrants**”) of Quadra Mining Ltd. (the “**Corporation**”) for an aggregate consideration of Cdn.\$_____ (the “**Subscription Price**”), representing a price of Cdn.\$_____ per Special Warrant, on the terms and conditions set out below. The terms of the Special Warrants are set out in Schedule A to this agreement.

1. **Subscriber’s Representations and Warranties.** By executing this Subscription Agreement, the Subscriber represents, warrants and covenants to the Corporation (and acknowledges that the Corporation is relying thereon) that:

Representations Regarding the Subscriber

(a) the Subscriber is resident in the province or jurisdiction set out on the execution page of this Subscription Agreement;

Representations Regarding the Subscriber’s Knowledge

(b) the Subscriber has been furnished with all information concerning the business and affairs of the Corporation and has been given the opportunity to ask such questions of the Corporation which the Subscriber believes are necessary to make an informed decision to purchase the Special Warrants, and the Subscriber agrees that such information has not been furnished pursuant to any form of written material which is, or may be construed as, an “offering memorandum” as that term is used in applicable securities law regulations, rules and policies;

(c) the Subscriber is familiar with the aims and objectives of the Corporation and the proposed use of the proceeds received by the Corporation from the sale of the Special Warrants;

- (d) the Subscriber's decision to execute this Agreement and subscribe for the Special Warrants is not based upon any oral or written representation as to fact or otherwise made by or on behalf of the Corporation or any of the Corporation's directors, officers or other representatives;
- (e) the Subscriber is aware that the Company has entered into agreements with BHP Billiton to purchase an interest in the Highland Valley Copper Mine in British Columbia and the Robinson Mine in Nevada (the "**Acquisitions**"); however, the Acquisitions are subject to a number of conditions, including without limitation a condition that the Company raise sufficient financing to pay the purchase price for these assets and the restart of the Robinson Mine, and accordingly there is no guarantee that the Acquisitions will be completed;
- (f) the Subscriber is aware that the Company is planning to undertake an initial public offering or a listing of securities on a stock exchange pursuant to a reverse takeover of a public company; however, the Subscriber acknowledges and agrees that this may not occur and accordingly no person has made any written or oral representations:
 - (i) that any person will resell or repurchase the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged);
 - (ii) that any person will refund the purchase price of the Special Warrants;
 - (iii) as to the present or future value of the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged); or
 - (iv) that the Corporation will ever become a reporting issuer, that the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged) will be listed and posted for trading on a stock exchange or that application has been made to list and post the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged) for trading on a stock exchange;
- (g) the Subscriber is aware that the Corporation intends to raise further financing for the acquisition and development of mineral properties, and the interest of the Subscriber in the Corporation will be diluted *pro rata* with the other shareholders of the Corporation as a result of such future financings;

Representations Regarding Risk of the Investment

- (h) the Subscriber's financial condition is such that it is able to bear the economic risk of the loss of the Subscriber's investment hereunder;
- (i) the Subscriber has such knowledge and experience in financial and business matters and in making investments of this type as to be capable of evaluating the risks and merits of purchasing the Special Warrants and, particularly in relation to the subscription herein provided, is familiar with the Corporation, its business, operations and financial condition

and therefore does not require the protections afforded to the Subscriber by a prospectus, offering memorandum or other such disclosure document;

Representations Regarding Securities Laws

- (j) the Subscriber is: (i) a director, officer, employee, founder or control person of the Corporation; (ii) a spouse, parent, grandparent, brother, sister or child of a director, senior officer, founder or control person of the Corporation; (iii) a parent, grandparent, brother, sister or child of the spouse of a director, senior officer, founder or control person of the Corporation; (iv) a close personal friend of a director, senior officer, founder or control person of the Corporation; (v) a close business associate of a director, senior officer, founder or control person of the Corporation; (vi) a current holder of designated securities (as such term is defined in Multilateral Instrument 45-103 – Capital Raising Exemptions (“**MI 45-103**”)) of the Corporation; (vii) an accredited investor (as such term is defined in MI 45-103), **in which case the Subscriber must complete Schedule “B” attached hereto**; (viii) a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in (i) to (vii); (ix) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons or companies described in (i) to (vii); or (x) a person or company that is not the public;
- (k) the Subscriber is purchasing the Special Warrants as a principal (and not as an agent), for its own account and not for the benefit of any other person, and for investment purposes only with no intention or view to reselling or distributing any portion or beneficial interest in the Special Warrants;
- (l) the Subscriber understands and acknowledges that the Special Warrants are being purchased pursuant to an exemption from the prospectus requirements contained in the securities legislation of the jurisdiction in which it is resident or otherwise subject to and, as a consequence:
 - (i) the Subscriber is restricted from using most of the civil remedies available to it under such securities legislation;
 - (ii) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Special Warrants;
 - (iii) the Subscriber may not receive information that would otherwise be required to be provided to the Subscriber under such securities legislation;
 - (iv) the Corporation is relieved from certain obligations that would otherwise apply to it under such securities legislation;
- (m) the Subscriber is not a U.S. Person, is not purchasing Special Warrants for the account or benefit of a U.S. Person, was not offered the Special Warrants in the United States, and

did not execute or deliver this Subscription Agreement in the United States (as any such terms may be defined in Regulation S under the United States *Securities Act of 1933* (the “U.S. Act”));

Representations Regarding Resale of the Special Warrants

- (n) the Subscriber is aware that the Corporation is a private company and therefore there is no market for the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged), no such market for the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged) may ever exist and that it may therefore be difficult or even impossible for the Subscriber to sell the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged) herein subscribed for as they may not be sold or resold without a prospectus unless by way of a trade exempted from the provisions of applicable securities legislation;
- (o) the Subscriber is aware that the Corporation is a “private issuer” and as such the securities of the Corporation are subject to restrictions on transfer or sale of such securities. Accordingly, the securities of the Corporation cannot be transferred without the previous consent of the directors expressed by resolution of the board of directors, at the sole discretion of the directors;

Representation Regarding Additional Documents and Agreements

- (p) the Subscriber will execute and deliver such additional instruments, certificates and other documents as may be required or requested by the Corporation, acting reasonably, to permit the purchase of the Special Warrants subscribed for hereunder or otherwise to carry out the provisions and intent of this Subscription Agreement; and
- (q) The Subscriber acknowledges that the Company intends to pursue an initial public offering or a reverse takeover of a public company in connection with the Acquisitions and in connection therewith the underwriters may require, as a condition precedent to any public offering or reverse takeover, that the Subscriber agree to a “lock-up” period for resale of the Special Warrants (or the Common Shares into which the Special Warrants may be exchanged) and, in such event, the Subscriber will agree to such a lock-up.

2. **Reliance on Representations and Warranties.** The foregoing representations, warranties and covenants are made by the Subscriber with the intent that they be relied upon by the Corporation in determining the Subscriber’s suitability as a purchaser of Special Warrants, and the Subscriber hereby agrees to indemnify the Corporation against all losses, claims, costs, expenses and damages or liabilities which the Corporation may suffer or incur caused or arising from reliance thereon. The Subscriber undertakes to notify the Corporation immediately of any change in any representation, warranty or other information relating to the Subscriber set forth herein which takes place prior to the Closing Date.

3. **Delivery of Subscription Agreement.** The Subscriber agrees to deliver to the Corporation on the date stipulated by the Corporation (the “Closing Date”) the following:

- (a) this duly completed and executed Subscription Agreement;
- (b) if **an accredited investor**, the “Accredited Investor” Certificate attached as Schedule B; and
- (c) payment of the Subscription Price by certified cheque or bank draft payable to the Corporation.

Please deliver the foregoing to our registered office, Blake, Cassels & Graydon LLP at 2600 Three Bentall Centre, 595 Burrard Street, P.O. Box 49314, Vancouver, B.C., V7X 1L3 (attention: Dori Assaly).

4. **Acceptance of Subscription.** This Subscription Agreement may be accepted in whole or in part by the Corporation, and the Corporation reserves the right to allot to the Subscriber less than the full amount of Special Warrants for which the Subscriber has subscribed. If this Subscription Agreement is rejected in whole, the cheque delivered by the Subscriber to the Corporation representing the Subscription Price will be returned without interest to the Subscriber at the address indicated on the execution page of this Subscription Agreement. If this Subscription Agreement is accepted only in part, a cheque representing the portion of the Subscription Price representing that portion of the subscription for the Special Warrants which is not accepted without interest will be delivered to the Subscriber at the address indicated on the execution page of this Subscription Agreement.

5. **Share Certificates.** The Subscriber hereby irrevocably directs that, upon acceptance hereof, the Special Warrants be issued in the name of the Subscriber and certificates for such Special Warrants be kept for safe-keeping in the minute books of the Corporation.

6. **Governing Law.** The contract arising out of this Subscription Agreement shall be governed by and construed in accordance with the laws of the province of British Columbia and the laws of Canada applicable therein. The Subscriber irrevocably attorns to the exclusive jurisdiction of the courts of the province of British Columbia with respect to any matters arising out of this Subscription Agreement.

7. **Survival of Representations and Warranties.** The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

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8. **Entire Agreement.** This Subscription Agreement contains the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified in any respect by written instrument only.

Dated this _____ day of _____, 200__ at _____,
_____.

If Subscriber is an Individual:

| | | |
|--|---|-----------------------------------|
| SIGNED, SEALED AND DELIVERED in the presence of: |) | _____ |
| |) | Signature of Subscriber |
| |) | |
| _____ |) | _____ |
| Witness |) | Name of Subscriber – please print |
| |) | |
| _____ |) | _____ |
| Name – please print |) | Street |
| |) | |
| _____ |) | _____ |
| Address |) | City Province |
| |) | |
| _____ |) | _____ |
| |) | Postal Code Telephone |

If Subscriber is a corporation:

| | | |
|--------------------------------|---|-----------------|
| _____ |) | |
| Name of Corporation |) | |
| |) | |
| _____ |) | |
| Authorized Signatory |) | |
| |) | |
| _____ |) | |
| Name and Position of Signatory |) | C/S |
| |) | (if applicable) |
| |) | |
| _____ |) | |
| Street |) | |
| |) | |
| _____ |) | |
| City Province |) | |
| |) | |
| _____ |) | |
| Postal Code Telephone |) | |

ACCEPTANCE

Quadra Mining Ltd. hereby accepts the above subscription as of this _____ day of _____, 200__.

QUADRA MINING LTD.

By: _____
Authorized Signatory

SCHEDULE “A”

TERM SHEET

Summary of Principal Terms of an Offering of Special Warrants Exercisable for Common Shares

- ISSUER:** Quadra Mining Ltd. (the “Company”)
- OFFERING:** Up to 1,000,000 Special Warrants. Each Special Warrant shall entitle the holder thereof to acquire one common share in the capital of the Company (a “Common Share”) for no additional consideration.
- AMOUNT:** Up to Cdn.\$2,000,000 at a price of Cdn.\$2.00 per Special Warrant. There is no minimum.
- SUBSCRIBERS:** Family members, close personal friends and business associates of directors and officers of the Company and “accredited investors”.
- CLOSING DATE:** Upon acceptance by the Company.
- SELLING JURISDICTIONS:** British Columbia and Ontario and other jurisdictions agreed to by the Company.
- TERMS OF SPECIAL WARRANTS:** The Special Warrants are exercisable by the holders thereof at any time after issuance. The Special Warrants will be automatically exercised for Common Shares immediately prior to 4:00 p.m. (Vancouver time) on the date which is the earlier of: (i) the Company’s completion of an initial public offering or a reverse takeover for a public company; and (ii) 12 months after the issuance of the Special Warrants. The Special Warrants will be non-transferable.
- SUBSCRIPTION:** Persons wishing to subscribe for Special Warrants must complete and sign a Subscription Form and deliver a cheque for their subscription funds on or before Friday, December 19, 2003 to Blake, Cassels & Graydon LLP at 2600 Three Bentall Centre, 595 Burrard Street, P.O. Box 49314, Vancouver, B.C., V7X 1L3 (attention: Dori Assaly).
- USE OF PROCEEDS:** The proceeds from the sale of the Special Warrants will be used by the Company to fund the costs and expenses of an

acquisition by the Company from BHP Billiton of an interest in the Highland Valley Copper Mine in British Columbia and/or the Robinson Mine in Nevada and the costs and expenses of pursuing an initial public offering or reverse takeover of a public company. In the event that such acquisitions, public offering or reverse takeover are not completed, the remaining subscription funds will be added to working capital and will be used by Quadra to pursue other opportunities in the mining industry.

RESALE RESTRICTIONS:

The Special Warrants will be issued pursuant to exemptions from prospectus requirements of applicable securities legislation and will be subject to resale restrictions under that legislation.

If the Company completes an initial public offering in British Columbia and Ontario, the common shares acquired upon exercise of the Special Warrants will be “freely tradable” in those provinces, subject to any restrictions imposed by an underwriter.

CAPITALIZATION:

The Company prior to closing will have 2,000,000 Common Shares outstanding, all of which are held by Paul Blythe and Bill Myckatyn. Assuming the full amount of the Offering is completed, the Company will have 3,000,000 Common Shares outstanding.

SCHEDULE B

To be completed by Accredited Investors

The Subscriber is an “accredited investor”, as such term is defined in Multilateral Instrument 45-103 – Capital Raising Exemptions (“MI 45-103”) and, as at the Closing Date, the Subscriber falls within one or more of the following categories (Please check one or more, as applicable):

- (a) a Canadian financial institution, or an authorized foreign bank listed in Schedule III of the *Bank Act* (Canada);
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) an association under the *Cooperative Credit Associations Act* (Canada) located in Canada or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act;
- (d) a subsidiary of any person or company referred to in paragraphs (a) to (c), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;
- (e) a person or company registered under the securities legislation, or under the securities legislation of another jurisdiction of Canada, as an adviser or dealer, other than a limited market dealer registered under the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
- (f) an individual registered or formerly registered under the securities legislation, or under the securities legislation of another jurisdiction of Canada, as a representative of a person or company referred to in paragraph (e);
- (g) the government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the government of Canada or a jurisdiction of Canada;
- (h) a municipality, public board or commission in Canada;
- (i) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (j) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada;
- (k) **an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds Cdn.\$1,000,000;**
- (l) **an individual whose net income before taxes exceeded Cdn.\$200,000 in each of the two most recent years or whose net income before taxes combined with that of a spouse exceeded Cdn.\$300,000 in each of the two most recent years and who, in either case, reasonably expects to exceed that net income level in the current year;**

- (m) a person or company, other than a mutual fund or non-redeemable investment fund, that, either alone or with a spouse, has net assets of at least Cdn.\$5,000,000, and unless that person or company is an individual, that amount is shown on its most recently prepared financial statements;
- (n) a mutual fund or non-redeemable investment fund that, in the local jurisdiction, distributes its securities only to persons or companies that are accredited investors;
- (o) a mutual fund or non-redeemable investment fund that, in the local jurisdiction, is distributing or has distributed its securities under one or more prospectuses for which the regulator has issued receipts;
- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, trading as a trustee or agent on behalf of a fully managed account;
- (q) a person or company trading as agent on behalf of a fully managed account if that person or company is registered or authorized to carry on business under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction as a portfolio manager or under an equivalent category of adviser or is exempt from registration as a portfolio manager or the equivalent category of adviser;
- (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility advisor or other advisor registered to provide advice on the securities being traded;
- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) through (e) and paragraph (j) in form and function; or
- (t) a person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, except the voting securities required by law to be owned by directors, are persons or companies that are accredited investors.

For the purposes hereof, the following definitions are included for convenience:

“**affiliate**” means an issuer connected with another issuer because

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same person;

“**beneficial ownership**” occurs when a person beneficially owns securities that are beneficially owned by

- (a) an issuer controlled by that person, or
- (b) an affiliate of that person or an affiliate of an issuer controlled by that person;

“**Canadian financial institution**” means a bank, loan corporation, trust company, insurance company, treasury branch, credit union or caisse populaire that, in each case, is authorized to carry on business in Canada or a jurisdiction, or the Confédération des caisses populaires et d’économie Desjardins du Québec;

“**control**” occurs if:

- (a) voting securities of a first party (person or company) are held, other than by way of security only, by or for the benefit of a second party (person or company), and
- (b) the voting rights attached to those voting securities are entitled, if exercised, to elect a majority of the directors of the first party; and

“**director**” means for the purpose of British Columbia law, a director of a corporation or an individual occupying or performing, with respect to a corporation or any other person, a similar position or similar functions;

“**financial assets**” means cash and securities;

“**foreign jurisdiction**” means a country other than Canada or a political subdivision of a country other than Canada;

“**jurisdiction**” means a province or territory of Canada except when used in the term foreign jurisdiction;

“**local jurisdiction**” means the jurisdiction in which the applicable securities regulatory authority is situate;

“**mutual fund**” includes an issuer of securities that entitles the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in a part of the net assets, including a separate fund or trust account, of the issuer of the securities;

“**person or company**” an individual, corporation, partnership, party, trust, fund, association and any other organized group of persons and the personal or other legal representative of a person to whom the context can apply according to law,

“**regulator**” means the Executive Director, as defined under section 1 of the *Securities Act* (British Columbia) or such other person as is referred to in Appendix D of National Instrument 14-101 – Definitions;

“**related liabilities**” means

- (c) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; and
- (d) liabilities that are secured by financial assets;

“**securities legislation**” means the *Securities Act* (British Columbia) and the regulations, rules and forms under such Act and the blanket rulings and orders issued by the British Columbia Securities Commission and for other Canadian jurisdictions, such other statutes and instruments as are listed in Appendix B of National Instrument 14-101 – Definitions;

“**securities regulatory authority**” means the British Columbia Securities Commission; and in respect of any local jurisdiction other than British Columbia, means the securities commission or other regulatory authority listed in Appendix C of National Instrument 14-101 – Definitions;

“**subsidiary**” occurs when a person or company is controlled by another person or company, as set forth in MI 45-103;

“**voting security**” means any security which:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

BRITISH COLUMBIA SPECIFIC DEFINITION

“**spouse**”, means, for the purposes of British Columbia law, a person who

- (a) is married to another person and is not living separate and apart, within the meaning of the Divorce Act (Canada), from the other person, or
- (b) is living and cohabitating with another person in a marriage-like relationship, including a marriage-like relationship between persons of the same gender.