This short form prospectus has been filed under legislation in each of the Provinces of Canada except Québec that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with the securities commissions or similar authorities in each of the Provinces of Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from Quadra Mining Ltd. at Suite 2000 – 1177 West Hastings Street, Vancouver, BC, V6E 2K3 (telephone 604-689-8550), and are also available electronically at www.sedar.com.*

SHORT FORM BASE SHELF PROSPECTUS

New Issue November 8, 2006

QUADRA MINING LTD.

CAD$1,000,000,000

Common Shares
Debt Securities
Warrants
Subscription Receipts

Quadra Mining Ltd. ("Quadra" or the "Company") may offer and issue from time to time, common shares (the "Common Shares"), debt securities (the "Debt Securities"), warrants to purchase Common Shares or Debt Securities (the "Warrants") and subscription receipts which entitle the holder to receive upon satisfaction of certain release conditions, and for no additional consideration, Common Shares, Debt Securities or Warrants (the "Subscription Receipts") (all of the foregoing, collectively, the "Securities") of up to CAD$1,000,000,000 aggregate initial offering price of Securities (or the equivalent thereof in one or more foreign currencies or composite currencies, including United States dollars) during the 25 month period that this short form base shelf prospectus (the "Prospectus"), including any amendments thereto, is valid. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement (a "Prospectus Supplement").

The specific terms of the Securities with respect to a particular offering will be set out in the applicable Prospectus Supplement and may include, where applicable (i) in the case of Common Shares, the number of shares offered, the issue price and any other terms specific to the Common Shares being offered; (ii) in the case of Debt Securities, the specific designation, aggregate principal amount, the currency or the currency unit for which the Debt Securities may be purchased, the maturity, interest provisions, authorized denominations, offering price, covenants, events of default, any terms for redemption or retraction, any exchange or conversion terms, whether the debt is senior or subordinated and any other terms specific to the Debt Securities being offered; (iii) in the case of Warrants, the designation, number and terms of the Common Shares or Debt Securities purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise, the currency in which the Warrants are issued and any other specific terms; and (iv) in the case of Subscription Receipts, the designation, number and terms of the Common Shares, Warrants or Debt Securities receivable upon satisfaction of certain release conditions, any procedures that will result in the adjustment of those numbers, any additional payments to be made to holders of Subscription Receipts upon satisfaction of the release conditions, terms of the release conditions, terms governing the escrow of all or a portion of the gross proceeds from the sale of the Subscription Receipts, terms for the refund of all or a portion of the gross proceeds from the sale of the Subscription Receipts, terms for the refund of all or a portion of the purchase price for Subscription Receipts in the event the release conditions are not met and any other specific terms. Where required by statute, regulation or policy, and where Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign

exchange rates applicable to such Securities will be included in the Prospectus Supplement describing such Securities.

Warrants will not be offered for sale separately to any member of the public in Canada unless the offering is in connection with and forms part of the consideration for an acquisition or merger transaction or unless the Prospectus Supplement describing the specific terms of the Warrants to be offered separately is first approved for filing by each of the securities commissions or similar regulatory authorities in Canada where the Warrants will be offered for sale.

For the purpose of calculating the Canadian dollar equivalent of the aggregate principal amount of Securities issued under this Prospectus from time to time, Securities denominated in or issued in, as applicable, a currency (the "Securities Currency") other than Canadian dollars will be translated into Canadian dollars at the date of issue of such Securities using the spot wholesale transactions buying rate of the Bank of Canada for the purchase of Canadian dollars with the Securities Currency in effect as of noon (Toronto time) on the date of issue of such Securities.

The earnings coverage ratio of Quadra for the year ended December 31, 2005 was less than one-to-one. See "Earnings Coverage".

This Prospectus constitutes a public offering of these Securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such Securities. Quadra may offer and sell Securities to or through underwriters or dealers and also may offer and sell certain Securities directly to other purchasers or through agents. A Prospectus Supplement relating to each issue of Securities offered thereby will set forth the names of any underwriters, dealers or agents involved in the sale of such Securities and the compensation of any such underwriters, dealers or agents.

The Common Shares of Quadra are listed on the Toronto Stock Exchange under the symbol "QUA". Unless otherwise specified in the applicable Prospectus Supplement, Securities other than the Common Shares of Quadra will not be listed on any securities exchange. Any offering of Securities hereunder is subject to approval of certain legal matters on behalf of Quadra by Blake, Cassels & Graydon LLP, Vancouver, British Columbia.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in each of the Provinces of Canada*. Copies of the documents incorporated herein by reference may be obtained on request without charge from Quadra at Suite 2000 – 1177 West Hastings Street, Vancouver, British Columbia, V6E 2K3 (telephone 604.689.8550). Copies of these documents are available on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators ("SEDAR") at www.sedar.com.*

The following documents of the Company, which have been filed with the securities commissions or similar regulatory authorities in each of the Provinces of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

(a) the Company's annual information form dated March 9, 2006 for the year ended December 31, 2005 (the "AIF");

(b) the Company's audited consolidated financial statements as at and for the years ended December 31, 2005 and 2004 and the report of the auditors thereon;

(c) the Company's management's discussion and analysis of financial results for the year ended December 31, 2005;

(d) the Company's information circular dated May 19, 2006, prepared in connection with the Company's annual meeting held on June 20, 2006, except the sections entitled "Composition of the Compensation Committee", "Report on Executive Compensation" and "Performance Graph";

(e) the Company's unaudited interim consolidated financial statements as at and for the three and nine month periods ended September 30, 2006;

(f) the Company's management's discussion and analysis of financial results for the period ended September 30, 2006;

(g) the Company's material change report dated January 5, 2006 announcing the completion of its acquisition from Cambior Inc. of Cambior USA Inc., the owner of the Carlota copper project;

(h) the Company's material change report dated July 19, 2006 announcing its (ultimately unsuccessful) intention to make an offer to acquire all of the issued and outstanding shares of Equatorial Mining Limited; and

(i) the Company's material change report dated October 23, 2006 in respect of Quadra's revisions to its production guidance and hedge position for the remainder of 2006.

Any annual information forms, material change reports (excluding confidential material change reports), interim and annual consolidated financial statements, interim and annual management's discussion and analysis of financial condition and results of operations, information circulars (excluding those portions that, pursuant to National Instrument 44-101 – Short Form Prospectus Distributions, are not required to be incorporated by reference herein), and business acquisition reports filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of the offering under any Prospectus Supplement shall also be deemed to be incorporated by reference into this Prospectus if and to the extent provided in such document.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

A Prospectus Supplement containing the specific terms of an offering of Securities, updated disclosure of earnings coverage ratios, if applicable, and other information relating to the Securities, will be delivered to prospective purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement only for the purpose of the offering of the Securities covered by that Prospectus

Supplement.

Upon a new annual information form and the related annual financial statements being filed by the Company with, and, where required, accepted by, the applicable securities commissions or similar regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual financial statements and all quarterly financial statements, material change reports and information circulars filed prior to the commencement of the Company's financial year in which the new annual information form is filed shall be deemed no longer to be incorporated into this Prospectus for purposes of further offers and sales of Securities hereunder.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performances of Quadra, its subsidiaries and their respective projects, the future price of copper, gold and molybdenum, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Quadra and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, those factors discussed in the section entitled "Risk Factors" in this Prospectus. Although Quadra has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Prospectus based on the opinions and estimates of management, and Quadra disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

CURRENCY AND EXCHANGE RATE INFORMATION

The Company presents its consolidated financial statements in United States dollars. All references in this prospectus to "dollars", "$" or "US$" are to United States dollars and all references to "Cdn$" or "CAN$" are to Canadian dollars, unless otherwise noted. Except as otherwise indicated, all financial statements and financial data contained in, or incorporated by reference into, this Prospectus have been prepared in accordance with Canadian GAAP, which differ in certain significant respects from US GAAP.

The following table sets forth, for each of the years indicated, the year end exchange rate, the average closing rate and the high and low closing exchange rates of one Canadian dollar in exchange for one U.S. dollar as quoted by the Bank of Canada. The noon exchange rate on November 7, 2006 as reported by the Bank of Canada for the conversion of Canadian dollars was CAD$1.00 equals US$0.08868.

	Nine Months Ended September 30,		Year Ended December 31,		
	2006	**2005**	**2003**	**2004**	**2005**
High	0.9105	0.8601	0.7726	0.8504	0.8682
Low	0.8531	0.7876	0.6381	0.7165	0.7876
Average	0.8829	0.8171	0.7138	0.7684	0.8254
Period End	0.8947	0.8601	0.7713	0.8319	0.8598

THE COMPANY

The Company was incorporated on May 15, 2002 under the *Company Act* (British Columbia) as Quadra Resources Ltd. The memorandum of the Company was amended on January 9, 2003 to reflect the change of the Company's name to Quadra Mining Ltd. Effective December 23, 2003 the authorized capital of the Company was amended from 1,000,000,000 Common Shares without par value to 200,000,000 Common Shares without par value, each share being consolidated at a ratio of five (5) to one (1), and thereafter the authorized capital was increased by 800,000,000 post-consolidation Common Shares without par value, resulting in the current authorized capital of 1,000,000,000 Common Shares without par value. On June 14, 2005, the shareholders of the Company passed special resolutions removing the pre-existing company provisions in Quadra's Notice of Articles and replacing Quadra's Articles, thereby transitioning the Company under the *Business Corporations Act* (British Columbia).

As at November 6, 2006, the issued and outstanding share capital of the Company consisted of 38,080,024 Common Shares.

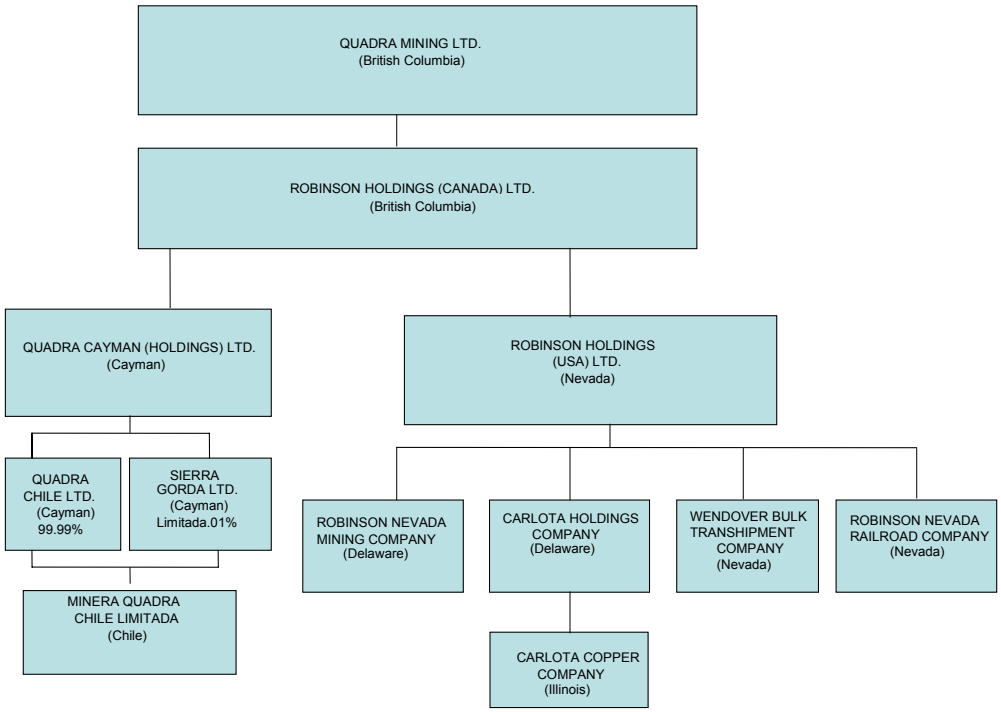
The Company is a reporting issuer in all provinces and territories of Canada and its Common Shares have been listed for trading on the TSX since April 8, 2004.

The Company's principal address and head office is located at Suite 2000 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The Company's registered and records office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1L3.

Intercorporate Relationships

The following diagram illustrates the intercorporate relationships among the Company's material subsidiaries which are owned directly or indirectly by the Company, and their jurisdiction of incorporation. The Company owns 100% of the outstanding securities of all of its subsidiaries. See "The Company – Strategic Plan and Description of Business".

Unless the context otherwise indicates, references in this Prospectus to "Quadra" or the "Company" are references to Quadra Mining Ltd., together with its consolidated subsidiaries.



Strategic Plan and Description of Business

Quadra was formed with the goal of becoming a mid-tier base metals development and operating company holding a pipeline of projects to support sustained production. In 2004, Quadra purchased the Robinson Mine and subsequently brought it into production. In 2005, the Robinson Mine produced 126.4 million pounds of copper and 81,000 ounces of by-product gold. In late 2005, Quadra acquired the Carlota copper project (the "Carlota Project"), which is expected to provide near-term copper production.

Quadra's strategy is to substantially increase its current production by 2008 through:

- Additional merger and acquisition transactions that focus on small and mid-tier projects and operations that are economically viable;
- Acquisitions of non-core assets from other mining companies; and
- Optimization and development of current assets, particularly the Robinson Mine and the Carlota Project.

In addition, Quadra will also consider other transactions that will lead to value accretion provided that such transactions are within its core competencies.

The drivers that support the strategic growth plan are:

- An expected continuing robust copper price, as a result of the lack of investment over much of the last decade in exploration and the lack of new development projects, coupled with strong supply – demand fundamentals;
- The consolidation within the base metals sector, which has concentrated supply and limited competition for smaller assets;
- The skill sets within Quadra, including financing, development, construction and operation of base metals mines and projects; and
- The relatively large number of single asset base metals companies.

Description of Business

In December 2003, Quadra entered into an agreement with BHP Copper Inc., an affiliate of BHP Billiton Limited ("BHP Billiton"), to acquire BHP Nevada Mining Company (now Robinson Nevada Mining Company ("RNMC")) and BHP Nevada Railroad Company (now Robinson Nevada Railroad Company, and together with RNMC, the "Robinson Companies"), which together owned the assets comprising the Robinson Mine located near Ely, Nevada. The completion of the acquisition was conditional upon Quadra completing its initial public offering ("IPO"). On April 8, 2004, Quadra completed the IPO raising gross proceeds of CAD$144,936,000 and concurrently completed the acquisition of the Robinson Companies for cash consideration of US$14,763,000. Prior to April 8, 2004, Quadra was a private company and did not have any significant assets. The Company has been generating operating cash flow since early 2005 and as of September 30, 2006, had total assets of approximately US$353 million.

The Robinson Mine was put into production more than two months ahead of schedule in a very difficult market environment, especially in relation to accessing mining equipment and skilled personnel. The Robinson Mine is currently operating at full production and is generating positive cash flow. Shortly after commercial production began in late 2004, the Company recognized that there was an opportunity to commercially recover molybdenum at the Robinson Mine. A molybdenum recovery circuit was constructed and commissioned in December 2005 and is now operational. Studies are underway or planned at the Robinson Mine to explore the property package both for additional reserves and for the potential to produce copper separately through heap leaching. The Robinson Mine is Quadra's only producing asset.

In January and February 2004, Quadra, through its wholly-owned Chilean subsidiary, entered into letter agreements with four separate vendors under which it and the vendors agreed to enter into six separate option agreements (the "Option Agreements") which would entitle Quadra to purchase six contiguous properties in Chile which comprise the Sierra Gorda project. The Option Agreements each have differing terms, conditions and adjustments. The total purchase price of the six properties is US$24,975,000. The payment schedules are structured so that there are initial payments and annual and semi-annual payments thereafter until the full purchase price is paid. The initial amount paid upon entering into the Option Agreements was US$1,675,000, with an additional US$1,077,000 paid to the vendors during the first two

years of the Option Agreements. The Company expects to make additional payments of approximately US$6.2 million in the aggregate over the next two years. On October 16, 2006 an option agreement was signed for two additional properties located near the Sierra Gorda project for a total purchase price of US$4.7 million payable over a period of four years, with approximately US$200,000 payable during the initial two year period.

On October 5, 2005, Quadra agreed to acquire the Carlota Project in Miami, Arizona from Cambior Inc. ("Cambior"). This acquisition was completed on December 21, 2005 and is supportive of Quadra's strategic plan of acquiring non-core assets held by other companies. Having determined to focus on its gold business, Cambior identified the Carlota Project as a non-core asset and initiated a sales process in April 2005. Cambior had spent approximately US$68 million over 14 years taking the Carlota Project through permitting and feasibility studies. For Quadra, the Carlota Project is expected to provide:

- diversification from a single mine operation;
- near-term additional copper production of approximately 66 million pounds per year;
- direct cathode copper production with no exposure to smelting and refining costs, reduced transportation costs and the potential for premiums to New York Mercantile Exchange Inc. prices for delivery in the U.S.;
- lower average cash cost of production for Quadra as a whole;
- potential business and tax synergies with the Robinson Mine; and
- a U.S. dollar denominated cost structure which provides full upside to a high U.S. dollar denominated copper price and relative cost advantages from the current weak U.S. dollar.

On July 19, 2006, Quadra announced its intention to make an offer to acquire all of the issued and outstanding shares of Equatorial Mining Limited ("Equatorial") for AUS$9.23 cash per share. Quadra also entered into a Call Option Deed with a subsidiary (the "AMP Subsidiary") of AMP Life Limited, the major shareholder of Equatorial, in respect of approximately 19.99% of the shares of Equatorial, which would have resulted in an acquisition price for Quadra of AUS$449 million for 100% of Equatorial. On August 15, 2006, Antofagasta PLC submitted an offer of AUS$11.20 cash per share for Equatorial and entered into a similar call option agreement with the AMP Subsidiary. Quadra chose not to match the higher offer from Antofagasta PLC and announced on August 23, 2006 that it received notice from the AMP Subsidiary that the AMP Subsidiary had exercised its right under the Call Option Deed to terminate that agreement. As a result, Quadra received a cancellation fee of approximately US$15 million after deducting the expenses of the transaction. The Company received this cancellation fee on September 13, 2006.

For a detailed description of the Company's projects and properties, see the discussion under the heading "Business of the Company" in the Company's AIF.

Recent Developments

Robinson Mine

On October 23, 2006, Quadra announced that recoveries at the Robinson Mine were expected to be significantly below forecast for the three month period of September to November 2006 and that as a consequence, copper production for the year was now expected to be approximately 115 million pounds of copper in concentrate compared to previous guidance of 125 to 130 million pounds. Gold production estimates for the year remains unchanged at 55,000 to 60,000 ounces.

The lower than expected recovery is due to the presence of high levels of oxide copper contained within the ore in the supergene zone currently being mined. A portion of this oxide copper is soluble in acid and was recognized in the resource data base with appropriate discounts made to forecast recovery. The new forecast is based on the presence of non-acid soluble oxide which is not recoverable by flotation. Previous planning and forecasting procedures regarded all copper that is not acid soluble as sulfide and amenable to flotation. The difference was therefore not predicted. Total production in the third quarter of 2006 was 33.3 million pounds, representing a shortfall of 3.7 million pounds compared to expectations, due to a recovery in September 2006 of 56% compared to an expected recovery of 71%. The non-acid soluble oxide material is expected to impact recoveries for the next two months as the mine works through the remainder of the supergene zone. Once below this zone, recoveries are expected to return to more typical levels.

As a result of this shortfall and product shipment delays encountered at the end of the third quarter that caused a concentrate inventory build up at the mine, approximately 11,000 tonnes of existing hedges will have to be rolled forward into 2007. Also, in order to be able to continue to draw on the Company's working capital facility which provides liquidity protection between the cost of production and the receipt of sales, Quadra's Board has approved management to hedge up to 16,000 tonnes of the remaining 2006 copper metal production. To date the Company has hedged approximately 3,200 tonnes of Q4 copper production at a weighted average price of $3.36 per pound.

Carlota Project

In December 2005, Quadra acquired the Carlota Copper Company ("Carlota") from Cambior. Quadra paid US$15 million in cash upon closing of the transaction and agreed to pay eight quarterly gold payments, which commenced on March 31, 2006, of 6,250 ounces of gold, representing in the aggregate US$22.5 million based on a reference gold price of $450 per ounce. These payments were made on March 31, June 30 and September 30, 2006. An additional US$4.0 million in cash may be payable following an agreed-upon drilling program to determine the status of certain material currently included in the mineral reserves of the Carlota deposit. Such additional payment, if any, together with the last four quarterly gold deliveries, may be delayed if Quadra's operations at the project are delayed in certain circumstances. Quadra has granted a security interest to Cambior over the acquired companies and their assets as security for the payment of the deferred portion of the purchase price.

Qualified Persons

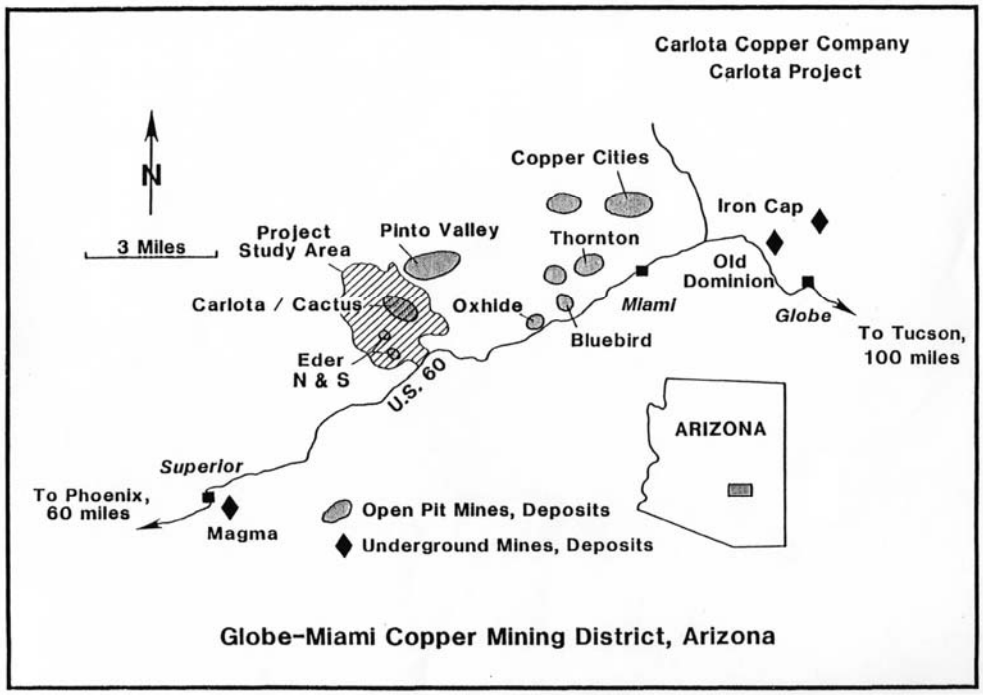
Disclosure of a scientific or technical nature in this Prospectus in respect of the Carlota Project was prepared by or under the supervision of the following "qualified persons" (as that term is defined in NI 43-101) and was extracted from the Carlota Project Technical Report dated October 2006, which is available on SEDAR at www.sedar.com:

Name of Qualified Person	**Applicable Disclosure**
Ronald L. Peterson, P.E. of M3 Engineering & Technology Corp., Arizona, USA	Location and Project Description; Accessibility, Climate, Local Resources, Infrastructure and Physiography; History; Exploration and Development; Sampling Methods; Sample Preparation and Analysis; and Sample Security
Timothy S. Oliver, P.E. of M3 Engineering & Technology Corp., Arizona, USA	Environmental and Permitting
Guy Le Bel, Ing. of Quadra Mining Ltd.	Drilling; and Mining Operations – Human Resources and Administration, Equipment Procurement and Project Economics
Mike Gustin, P.Geol of Mine Development Associates, Inc., Nevada, USA	Geology and Mineralization; and Mineral Resources
Scott Hardy, P.E. of Mine Development Associates, Inc., Nevada, USA	Mineral Reserves; and Mining Operations – Pit Design, Mining and Production Forecast
Jerry T. Hanks, P.E. of M3 Engineering & Technology Corp., Arizona, USA	Mining Operations – Metallurgy

Location and Project Description

The Carlota Project is located at the west end of the Globe-Miami Mining District, about six miles west of the town of Miami in East central Arizona, and lies astride the Gila/Pinal County line. The property is within the Tonto National Forest and adjacent to Magma Copper Company's (now BHP Copper Inc.) Pinto Valley Mine operation, as shown in Figure 1.

Figure 1 – Globe-Miami Copper Mining District, Arizona



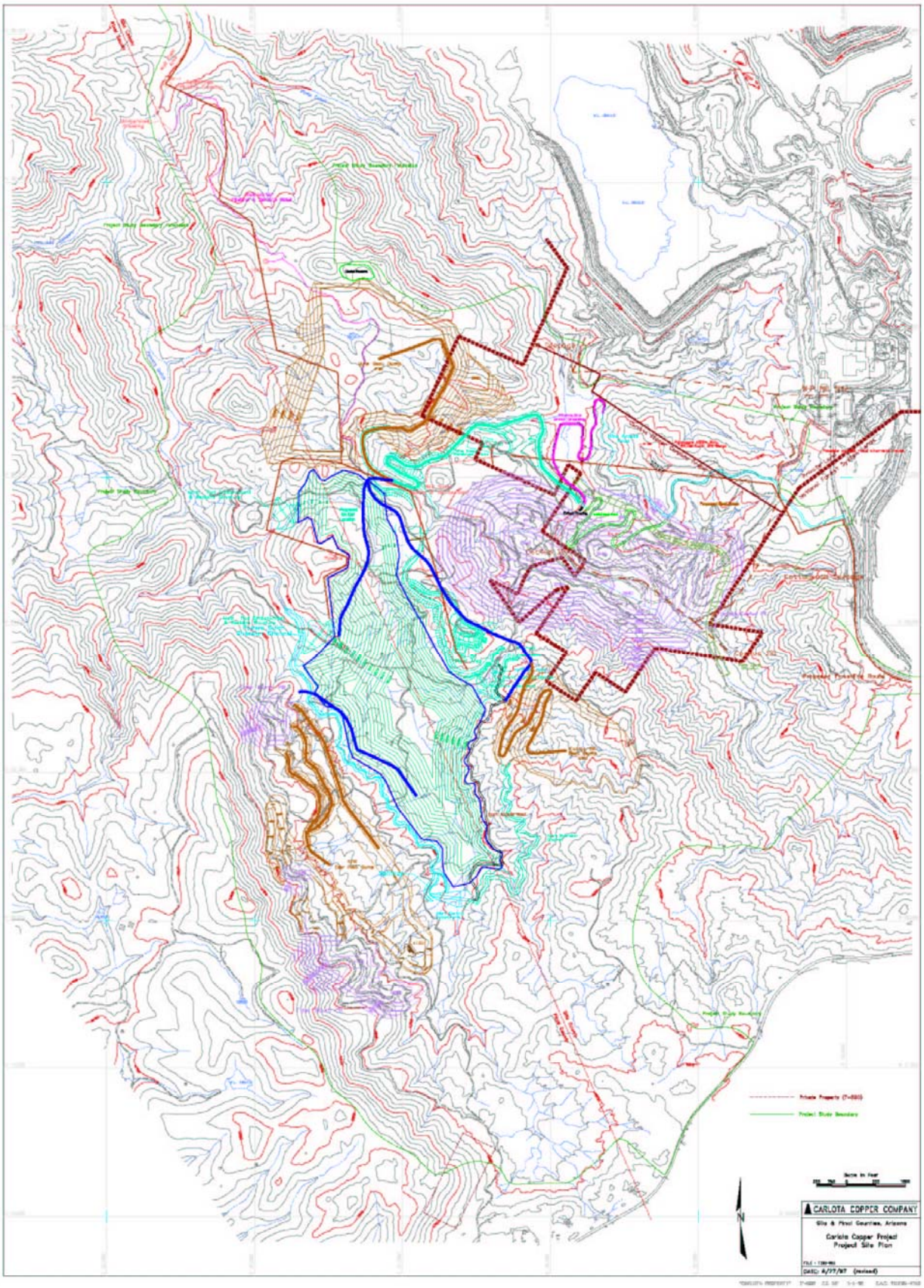
The total property holdings of the Carlota Project consist of 263 unpatented and 36 patented mining claims amounting to approximately 5,400 acres. These holdings include:

- 12 unpatented claims under lease from Sherwood Owens covering the Carlota Project deposit which are subject to a 5% NSR royalty.
- 23 patented and 19 unpatented claims purchased from BHP covering a portion of the Carlota Project and all of the Cactus ore bodies, which are subject to a 5% NSR royalty.
- 13 patented (formerly unpatented) and 94 unpatented claims purchased from Cyprus Miami Mining (now Phelps Dodge Miami Mining Inc.), which cover the Eder ore bodies.
- 138 unpatented claims owned by Carlota, a wholly-owned indirect subsidiary of Quadra.

A project area study boundary, which covers approximately 3,280 acres, has been delineated around the project features and facilities and encompasses the area where environmental baseline studies have been carried out. The Carlota Project area is characterized by fairly rugged mountainous terrain—thickly covered with juniper-pinion vegetation common to a high-desert, chaparral environment—and is cut by two drainages, generally running southeast to northwest. Pinto Creek, the larger of the two drainages, is on the east side of the area, and Powers Gulch is on the west side. Project features are located in both drainages.

A simplified site plan of the Carlota Project area is presented in Figure 2. Project features include three open pits; four waste rock dumps; a heap leach pad; and associated solvent extraction electrowinning ("SX-EW") process plant, mine, and administrative facilities. The Carlota/Cactus Pit, the largest of the three pits, contains 94 percent of the project reserves and spans Pinto Creek. A diversion channel will be incorporated in the pit design to carry the creek around the east and north sides of the pit. The Eder North and Eder Junior Pits are located on the west side of Powers Gulch.

Figure 2 – Site Plan



The heap leach pad, located in Powers Gulch on the eastern half of the drainage, will be designed as a valley leach to maximize the area in the bottom of the valley for ore storage. The leach solutions will be stored internally in the pad, behind a water-retention embankment at the downstream end of the pad. The SX-EW plant will be located on the ridge that separated the Carlota/Cactus Pit from the leach pad. The total area affected by project features is approximately 1,327 acres.

Environmental and Permitting

The Carlota Project is located on a combination of private and public lands. The public lands are within the jurisdiction of the Tonto National Forest, and administered by the U.S. Forest Service ("USFS"), which is the lead permitting agency for the project. The Company is not aware of any environmental liabilities at the Carlota Project.

The initial Program of Work for the Plan of Operation for the Carlota Project was submitted to the USFS in February, 1992. USFS approval of the Plan of Operation and US Army Corps of Engineers ("U.S. Army COE") approval of the Section 404 permit were deemed to constitute a major federal action under the National Environmental Policy Act ("NEPA") and required the preparation of an Environmental Impact Statement ("EIS"). In addition, a number of other federal and state permitting agencies were involved in the permitting process; these include the Arizona Department of Environmental Quality (ADEQ) with respect to water quality, aquifer protection, and air quality permits, the U.S. Army COE for a Section 404 Dredge and Fill Permit, which authorizes the diversion of Pinto Creek around the ore body, construction of the heap leach pad in Powers Gulch and pipeline and road crossings, the U.S. Fish and Wildlife Service for a Section 7 Consultation under the Endangered Species Act ("ESA") concerning the presence of the Arizona hedgehog cactus, and the Arizona Department of Water Resources ("ADWR") for construction of the heap leach pad embankments, diversion channels, a dam safety permit and water supply wells.

The ADEQ Air Quality Permit renewal that was officially reissued on November 15, 2004 was appealed by project opponents. Carlota received a favorable decision from ADEQ's Director, the Arizona Superior Court and the Arizona Court of Appeals. Project opponents did not file an appeal, and therefore no mechanism remains for further appeals. The ADEQ Air Quality Permit is valid until February 2008, and the renewal application is expected to be submitted in 2007. In addition, the Environmental Protection Agency ("EPA") issued the National Pollutant Discharge Elimination System Individual Permit (the "NPDES Permit") in July 2000. The NPDES Permit was appealed by project opponents. After a lengthy litigation period, the NPDES Permit was validated by the EPA on November 15, 2004. Project opponents appealed to the U.S. Ninth Circuit Court of Appeals in 2005. The appeal is in progress and a decision is expected in early 2007. Carlota filed an application for renewal of the NPDES Permit within the required timeframe. Therefore, the NPDES Permit is currently valid and regulated by both the EPA and ADEQ.

Presently, all permits necessary to construct the Carlota Project have been obtained. The permits (and certain related documentation), their dates of issuance and their expiration/renewal dates are listed in Table 1:

Table 1

Permit	Agency	Date Issued	Expiration Date
Plan of Operations/Program of Work*	USFS	09/1998	None
Air Quality Control Permit	ADEQ	02/26/2003	02/26/2008
NPDES Permit	EPA	07/24/2000	07/25/2005*
404 Permit	USCOE	01/23/1998	01/26/2008
401 Water Quality Certification	ADEQ	08/15/1996	01/26/2008
Multi-Sector General Permit	EPA/ADEQ	02/21/2001	10/30/2005***
Biological Opinion	USFWS	04/26/1996	None
Appropriation Permit	ADWR	03/21/1997	None
Dam Safety Permit	ADWR	08/19/1999**	None
Aquifer Protection Permit	ADEQ	01/21/1997****	None
Construction General Permit	ADEQ	Various	02/28/2008

* A draft Plan of Operations ("POO") for Run of Mine ("ROM") was submitted to the US Forestry Service ("USFS") for review on April 18, 2005.

** Permit is deemed valid and in effect because renewal application was filed on February 25, 2005, within the required timeframe.

*** Extension granted November 3, 2005.

**** Amendments approved June 2003 and December 2, 2003.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Infrastructure includes a short, two-mile main access road from Highway 60, a mine-area access road, and power and water facilities. An existing paved road (Pinto Valley Access Road) runs from Highway 60 to BHP's Pinto Valley Mine. An upgrade to existing dirt roads, extending from this road about 2.5 miles, including a crossing over Pinto Creek, will connect the Pinto Valley Access Road with the Administration, Maintenance, Warehousing, and Mine. A further extension, about 1 mile long, will connect to the process-plant areas. Parts of this access road will be on haul roads.

The Salt River Project ("SRP") is expected to supply electrical power to the project. The estimated connected load is approximately 20 megavolt-amperes ("MVA"), and the average demand varies from approximately 15 MVA in the initial years of operation to as much as 16 MVA in the later years. SRP will tap into one of two existing 115-kilovolt (kV) SRP transmission lines which run from Highway 60 to the Pinto Valley Mine and SRP or Carlota will construct a 115/22-kV substation. Carlota will construct the 22-kV power line from the substation to and throughout the project area.

Makeup water requirements for the total project are estimated to range from 650 to 750 gpm over a typical year, with a high demand of 1,100 gpm during dry months with a fully loaded leach pad. The Carlota/Cactus pit will require dewatering, with total water production estimated at 250 to 300 gpm from interceptor wells and mine sump pumps.

An extensive reconnaissance and water supply development program conducted in 1993 resulted in the location and testing of a well field in the Pinto Creek drainage, at the confluence of Pinto Creek and Haunted Canyon. Three test wells were drilled and completed in the well-field area in 1993; these wells are now production wells. Long-term pump tests were conducted, and the results indicate the well field should have a minimum long-term production rate of 900-1,000 gpm. An additional production well was installed during the summer of 2006 and a confirmation long-term pump test was conducted on the well field. Results of the test confirmed the test conducted in 1993, and suggested a long-term well field yield of at least 1,200 gpm.

Other water sources for the project include installation of additional secondary wells in several areas in the immediate project area, and purchase of mining-impacted water from other operations. An exploration Plan of Operations was approved to drill test wells at several other locations in the area of the Bundy Fault South of the SX-EW plant and in the Gila Conglomerate Southeast of the project site once operations begin.

History

At the Carlota Project, relatively minor production during the early 1900s was restricted to a small open cut and related underground workings which exploited ore along the Kelly Fault. During the 1930s, a small agitation vat-leaching operation was carried out on the property. In the late 1960s, the property was leased by Homestake Production Company ("Homestake"), which drilled a total of 25 core holes. These holes discovered breccia mineralization into the hanging wall of the Kelly fault. In the early 1970s, a venture headed by Sonesta Resources drilled additional core holes to further define the extent of the breccia-type ore.

Activity at the Cactus deposit also dates back to the early 1900s. By the early 1920s, several shafts had been sunk on the property with extensive lateral workings, and at least 30 rotary holes were drilled, defining a small mineralized body which was never mined. By 1970, the property was owned by Cities Service Company, which drilled numerous additional rotary-drill holes on the deposit. By the late 1980's, the property was owned by Magma Copper, which drilled more core holes during 1987 - 1988.

Several old shafts and adits on the Eder-Ghost claim block probably date from the early 1900s, but the first extensive drilling on the property dates to the mid-1950s by Howe Sound Company. These properties were assembled by Inspiration Copper Company ("Inspiration") during the mid-1960s/mid-1970s. Inspiration drilled rotary and core holes during 1968 to 1975, helping to define the Eder North and South deposits. Only assessment-type activities have been undertaken since 1976. By 1988, the property was owned by Cyprus. In 1989, a preliminary economic analysis of the Carlota Project deposit using the then-available information indicated favorable economic returns. As a result, Westmont Mining Inc. ("Westmont") acquired a 6-month option to lease the property.

The 1989 study also indicated the need to acquire additional property in the area from both Magma Copper Company (now BHP Billiton) and Cyprus-Miami Mining Company (now Phelps Dodge Miami Mining Company), to allow for the possible development of the project. In 1990, discussions with both Magma and Cyprus resulted in one agreement with Cyprus and three agreements with Magma. These acquisitions not only provided Westmont with sufficient space to develop the Carlota Project, but also the property additions were believed to contain significant reserves. Reverse-circulation drilling was performed on the enlarged Carlota Project in 1990 by Westmont. A preliminary "fatal flaw" analysis of the project was conducted during April 1990 by outside consultants. The analysis was favorable, but did point out that the proposed open-pit mine would require the diversion of Pinto Creek.

During the same period, Cambior evaluated Westmont and particularly the Carlota Project. Cambior funded a pre-acquisition study of the Carlota Project to be performed largely by outside consultants. The favorable economics associated with this base-case evaluation and the signing of the lease agreement with Magma allowing Westmont to mine the oxide-rich ore at the Cactus deposit persuaded Cambior to acquire Westmont and the Carlota Project in August 1991.

In September, 1991 Cambior initiated an aggressive program to expand expected reserves and develop the property. Step-out and development drilling, hydrogeologic investigations, additional metallurgical work, collection of baseline environmental data, permitting activity, and preliminary engineering and site selection studies have largely been ongoing since September 1991.

With the submission of the Preliminary Feasibility Study in March 1993, the Cambior Board of Directors approved funds for the completion of the project's development through final engineering/design and permitting. Knight Piesold LLC completed the first design of the heap leach pad and process solution ponds and Steffen, Robertson and Kirsten finalized the engineering. The Roberts & Schaefer Company finalized revisions to the design of the process plant and all other project facilities and was well into the equipment-procurement process. Metcon Research has continued to conduct metallurgical test work since 1993. Column-leach testing since 1993 has included the continuation of the open-cycle column tests on all of the major ore types on the property as well as new locked-cycle column tests on breccia-oxide and breccia-mixed ores.

In 1999, the Carlota Project was put on standby and maintenance and efforts continued to resolve outstanding permitting appeals. With minimal opportunities to advance the project, the Carlota staff began exploring opportunities for optimizing the Carlota Project and to sell and/or joint venture the project. Since significant work has been performed since 1996 to generate additional opportunities to improve or grow the Carlota Project using the enhanced ROM process and additional mineral resources in the local mining district, efforts were initiated to update the Carlota Project as a stand-alone ROM facility.

In 2002, Cambior approached BHP to consider a joint venture to consolidate the Carlota Project and Pinto Valley assets. This resulted in a Heads of Agreement between the parties in March of 2003 with a schedule to complete the final feasibility study on April 1, 2004. The intent of the agreement was that the joint venture would proceed provided project

economics were acceptable. In mid-2004, as the feasibility study was nearing completion, BHP elected to terminate the joint venture. At that stage, Carlota made the decision to bring the stand-alone project to a final feasibility level based on the ROM concept. At the same time, all efforts were simultaneously focused on finalizing all outstanding permitting issues.

Exploration and Development

Quadra purchased Carlota in 2005. Quadra contracted with Mine Development Associates, Inc. ("MDA") of Reno, Nevada to update the Carlota/Cactus reserves and mine plan and M3 Engineering and Technology Corp. ("M3") to update the capital and operating costs for a ROM heap leach SX-EW operation at the Carlota Project. The revised ROM operation is expected to produce a maximum of 75 million pounds per year.

Soon after the acquisition, Quadra commenced a reverse circulation drilling program focused in the Cactus pit area. This drilling was designed to confirm the resource and provide greater resource definition for mine planning purposes. From January to the end of April 2006, Quadra drilled 52 holes for a total of 18,745 feet.

Geology and Mineralization

Principal rock types within the Carlota Project are, from oldest to youngest, the Precambrian Pinal Schist (the main ore host at the Eder South deposit), Precambrian Diabase, Laramide-age Schultze Granite, mid-Tertiary Cactus Breccia (the main ore host at the Carlota/Cactus and Eder North deposits), mid-Tertiary Apache Leap Dacite, and late Tertiary Gila Conglomerate.

The most significant rock type within the project is the Cactus Breccia. The Carlota/Cactus deposits are thought to represent subaerial landslide deposits shed from altered and oxidized Pinal Schist adjacent to the Pinto Valley copper deposit filling the Carlota/Cactus graben. The breccia is composed of fragments of widely variable sizes (1 inch to 100 feet) in a red, hematite-rich sand and silt matrix. The breccia is depositionally overlain by the Apache Leap Dacite.

Up to 700 feet of breccia and dacite is preserved within the Northwest-trending Carlota Graben, which is defined to the South by the steeply dipping mineralized Kelly Fault zone and to the North by a parallel fault. Within the graben, the low-angle Cactus Fault separates the Cactus Breccia from the underlying Pinal Schist. Mineralization at the Carlota/Cactus deposit is primarily hosted within the Cactus Breccia immediately underlying the dacite and is generally confined by graben-bounding faults. It has dimensions of 4,600 feet parallel to and about 1,000 feet away from the Kelly Fault and is often 400 to 600 feet thick.

A series of Northeast trending faults have intensely fractured the Pinal Schist which hosts mineralization at the Eder South deposit over an area of some 2,400 feet North-South, 1,000 feet East-West, and some 200 to 300 feet thick. Mineralization at Eder North is restricted to an approximately 1,000 foot wide area within a West-trending channel cut into Pinal Schist, which is filled with Cactus Breccia.

Copper mineralization of all deposits is exotic in nature and was supergene in origin. Oxide-copper mineralization, primarily chrysocolla and malachite, is typically found as coatings and fillings in fractured and brecciated host rocks. With the exception of the lower and more westerly part of the Cactus deposit, no sulfide minerals are present in any of the deposits. In the sulfide-rich area of Cactus, secondary chalcocite is found replacing or partially rimming pyrite that is present primarily in the matrix bonding the breccia clasts together. Minor mineralization within the clasts occurs as oxidized primary veinlets and oxide fracture fillings.

Drilling

A number of drilling campaigns from the 1930's to 2006 have sought to explore and define the mineralization at the Carlota Project. Tables 2 and 3 summarize the extent of these programs in the Cactus-Carlota area and in the Eder North and Eder South areas.

Table 2

Summary of Drill Programs in the Cactus/Carlota Deposit, 1968 to 2006									
Company and Drill Type	**Dates**	**Carlota**		**Cactus**		**Peripheral**		**Total**	
		No.	**Footage**	**No.**	**Footage**	**No.**	**Footage**	**No.**	**Footage**
Homestake – Core	1968-1969	25	11,696	0	0	0	0	25	11,696
Sonesta – Core	1973-1974	14	11,842	0	0	0	0	14	11,842
Cambior (Westmont) – Core	1990-1993	4	1,917	7	3,201	1	247	1212	5,365
Cambior (Westmont) – RC	1990-1993	31	18,465	51	21,320	21	6,295	103	46,080
Magma – Core	1986-1988	1	650	38	15,532	0	0	39	16,182
Cambior JV Met – Core (6 inch diameter)	2003	1	765	3	1,215	0	0	4	1,980
Cambior JV – RC	2003	0	0	6	1,040	7	2,060	13	3,100
Quadra – RC	2006	0	0	52	18,745	0	0	52	18,745
Totals		**76**	**45,335**	**157**	**61,053**	**29**	**8,602**	**262**	**114,990**

Table 3

Summary of Drill Programs in the Eder North and Eder South Deposits, 1930 to 2006			
Company and Drill Type	**Date**	**Holes**	**Footage**
United Verde Copper – Core	1930	1	835
Howe Sound – Core	1956	11	2,337
Inspiration Copper/Cyprus Minerals – Churn	1972	12	1,925
Inspiration Copper/Cyprus Minerals – Core	1974-1989	25	14,712
Inspiration Copper/Cyprus Minerals – RC	1984	2	550
Cambior (Westmont) – RC	1991-1992	60	19,530
Cambior (Westmont) – Core	1991-1992	4	1,418
Cambior (Westmont) – RC	1993	10	1,945
Total		**125**	**43,252**

Sampling Methods

Sampling methods prior to Quadra's involvement are not fully understood. All of the previous operators analyzed for copper but not all operators analyzed for soluble copper.

In 2006, Quadra drilling was done by a rotary reverse circulation drill rig with angle capabilities. Hole diameter was typically five to six inches. All but the first few holes were drilled with water injection from the surface. The samples were run from the air cyclone through a standard rotary splitter if wet or a Jones splitter if dry. Samples were collected at five foot intervals and were typically in the range of 8 to 20 pounds, representing 5 percent to 20 percent of the material drilled. Holes were logged by a geologist on site and a representative sample from each interval was preserved in a plastic chip tray for later reference or re-logging.

Prior to Quadra, samples of drill core were subjected to bulk density measurements. Down hole neutron-neutron logging was done on four of the six metallurgical holes, mainly in the Cactus breccia. Bulk density estimates from the neutron-neutron logging correlated well with the measured densities.

Sample Preparation and Analysis

An independent analysis of data available up to 1993 was conducted by Independent Mining Consultants, Inc. ("IMC") in 2003. IMC also reviewed the assay results of 212 samples selected from older drill holes by the Carlota Project team in 2003. Major findings of the IMC review are:

- No biases were observed among the four major drilling programs, with the possible exception that the Magma analytical results may be slightly low.
- Analytical precision of duplicate samples that formed the 1992-1995 Cambior QA program are ±8.1% for total copper and ±6.1% for soluble copper.
- The 2003 check assay program included replicate assays of pre-existing pulps and duplicate samples prepared from available core and reverse circulation drill ("RC") reject samples. The replicate analyses indicate an analytical precision of ±3.0%, while the duplicate samples show a sampling error of ±15%.
- The Pinto Valley soluble copper values could not be reproduced. The swirl-method provided the closest match, but still averaged 7% higher than the original results.

Sample Security

No information is available for exploration samples obtained prior to Cambior's involvement in the Carlota Project. However, comparisons between historic and more recent drilling indicate good agreement, and there is no evidence of tampering with samples. Logging and photographing of samples was generally performed by registered geologists.

Carlota handled sample security in the usual manner for base metals deposits: drills were visited by project geologists at least daily and at random times; samples were picked up from the drills daily by project employees; the samples were removed to a secure location for washing, logging, and splitting; the samples were sent to the labs by courier service; and assay results were examined for evidence of "salting." Occasional random anomalies were found, as expected, but there was no evidence of tampering with the samples.

Mineral Resources and Mineral Reserve Estimates

MINERAL RESOURCES

Data up to the end of 2003 (the "2003 model") was compiled by Cambior and BHP Billiton and used to estimate mineral resources reported in Cambior's 2005 technical report (the "2005 Technical Report"). Quadra provided MDA with the 2003 model and underlying digital data, and MDA used these data to re-estimate the Carlota-Cactus portion of the Carlota Project copper resources with MineSight® mining software (the "MDA 2006 model"). The resource estimation of the Eder deposits presented herein is taken from the 2005 Technical Report; MDA did not update or change the resources or reserves of the Eder deposits.

The drill-hole database used to calculate reserves at the three deposits consists of 316 drill holes roughly one-half core and one-half reverse circulation. Average drill-hole spacing through the mineralized areas is approximately 200 feet or less, which allowed for most of the resources to be classified as measured and indicated. The Carlota/Cactus copper resources are classified on the basis of the distances of the model blocks to the nearest composite, minimum numbers of composites, and minimum numbers of drill holes that contribute composites to the interpolation.

The 2006 Quadra RC holes were drilled subsequent to the MDA estimate of the mineral resource. These holes were drilled in the Cactus portion of the Carlota-Cactus deposit. A visual inspection of the data derived from the new holes and the 2006 MDA model shows that the 2006 Quadra drill data are, with minor exceptions, consistent with the MDA sectional modeling.

Table 4 summarizes the classified resources for the Carlota-Cactus Deposit using the 2006 model methodology. Note that the cutoff grade is based on total copper.

Table 4 – Carlota-Cactus Copper Resources

2006 MDA Carlota-Cactus Resources						
Cutoff	**Measured**			**Indicated**		
(Cu %)	**Tons**	**Cu %**	**Cu lbs.**	**Tons**	**Cu %**	**Cu lbs.**
0.10	16,762,000	0.515	172,679,000	71,232,000	0.429	611,718,000
0.15	14,971,000	0.562	168,214,000	62,231,000	0.474	589,452,000
0.20	13,370,000	0.608	162,633,000	54,557,000	0.516	562,701,000
0.50	6,440,000	0.905	116,616,000	23,327,000	0.772	360,122,000

2006 MDA Carlota-Cactus Resources		
Measured & Indicated		
Tons	**Cu %**	**Cu lbs.**
87,994,000	0.446	784,397,000
77,202,000	0.491	757,666,000
67,927,000	0.534	725,334,000
29,767,000	0.801	476,738,000

2006 MDA Carlota-Cactus Resources			
Cutoff	**Inferred**		
(Cu %)	**Tons**	**Cu %**	**Cu lbs**
0.10	4,477,000	0.340	30,440,000
0.15	3,478,000	0.402	27,949,000
0.20	2,809,000	0.455	25,584,000
0.50	842,000	0.779	13,117,000

Table 5 summarizes the classified mineral resources of each of the deposits. These mineral resources include the mineral reserves set out in Table 6.

Table 5 – Carlota Resources

		Measured		**Indicated**		**Measured+ Indicated**		**Inferred**	
Deposit	**Cut-off**	**Ktons**	**Grade (Cu %)**	**Ktons**	**Grade (Cu %)**	**Ktons**	**Grade (Cu %)**	**Ktons**	**Grade (Cu %)**
Carlota-Cactus	0.10%	16,762	0.515	71,232	0.429	87,994	0.446	4,477	0.345
Eder North	0.12%	221	0.358	12,951	0.304	13,172	0.305	5,735	0.307
Eder Junior	0.10%	241	0.172	2,564	0.154	2,805	0.156	318	0.271
Eder South	0.15%	5,567	0.345	21,359	0.237	26,926	0.259	3,275	0.214
Total		22,791	0.468	108,106	0.370	130,897	0.387	13,805	0.296

MINERAL RESERVES

Total Carlota Project probable reserves are reproduced in Table 6. Both measured and indicated resources were classified as probable mineral reserves due to the amount of and different sources of soluble-copper data available.

Table 6 – Carlota Probable Mineral Reserves

Deposit	Ore ktons	Total Cu Grade %	Waste ktons	Total ktons	Strip Ratio
Carlota-Cactus oxide	58,966	0.39			
Carlota-Cactus sulfide	20,717	0.64			
Sub Total	**79,683**	**0.45**	**169,584**	**249,248**	**2.13**
Eder North oxide	5,342	0.34			
Eder Junior oxide	519	0.28			
Sub Total	**5,861**	**0.33**	**13,410**	**19,271**	**2.29**
Total Probable Reserve	**85,544**	**0.45**	**182,994**	**268,519**	**2.14**

The Carlota-Cactus probable reserves were derived from the resource model estimated by MDA. MDA used MineSight® computer software to develop and report the probable reserves using the following procedure:

- Review and verify pertinent parameters, economic criteria and designs from the 2005 Technical Report and ascertain applicability to this study.
- Develop updated mining operating and capital costs.
- Using these input data, generate multiple "pit shells" using the Medsystem Lerchs-Grossmann ultimate pit program. Each pit shell represents the maximum amount of material that can be mined economically using the given input parameters.
- Design an ultimate pit using the pit shells as guides. This design includes haul roads and eliminates areas that could not be mined because of practical mining limitations.
- Tabulate material in the final pit design from the resource model.

Reserve numbers used for Eder Junior were based on a study done by IMC in 1995. Proven and probable reserve numbers for Eder North were based on a study done by Carlota in March 2000. Eder reserves were based on a copper price of $1.00 per pound.

Mining Operations

PIT DESIGN

The design parameters for the Carlota/Cactus, Eder North and Eder Junior pits are as follows:

Road Width	100 feet
Road Grade	8 percent (bottom 4 benches 10%)
Switchbacks	40 feet minimum inside radius
Bench Height	40 feet
Inter-ramp Slope Angle	44-50 degrees Cactus/Carlota
Diversion Channel	Base Width 60 feet
	Crest Width 110 to 120 feet

Estimated copper production projections from the probable mineral reserves is based on a yearly mining rate of 28 million tons of total material moved, which is the maximum material that can be moved annually under the EIS and Carlota Air Quality Permit. Considering annual stripping ratio requirements on that basis, annual ore tons mined have been established. The plan assumes Run-of-Mine ("ROM") leaching. A life of mine production model, based on mined tons, grade, and leach kinetic curves by rock-type, was constructed for Carlota/Cactus, Eder North and Eder Junior, including production ramp up requirements, to predict annual copper production.

The following economic parameters were used to design the ultimate pits for the Cactus/Carlota areas:

Table 7 – Ultimate Pit Economic Parameters

Value	Description	Units
$1.15	Copper price	$/lb
$1.05	Cost of mining ore	$/dry ton
$1.05	Cost of mining waste	$/dry ton
$0.32	General and Administration	$/dry ton ore
$0.652	Cost of processing	$/dry ton ore
$0.119	Downstream costs	$/lb
5.0%	Royalty (NSR)	%
85.0%	Maximum oxide copper recovery	%
80.0%	Maximum sulfide copper recovery	%
12.5-13.0	Tonnage factor (varies by rock type)	cu. ft/ton

MINING

The Carlota Project will be a conventional open pit mining operation using large hydraulic shovels and 240 ton trucks to load and haul previously drilled and blasted rock. The ROM material will be stacked on a large heap located in Powers Gulch. The mine plan has been maximized to the 28 million ton/year regulatory limit. Changes in the pit design reflect the new economic parameters based on Run-of-Mine ore and related costs for hauling and leaching on the Carlota Leach Dump. In general, the ultimate pit design is not very sensitive to changing metal prices because the mineralized material is restricted to a defined envelope.

PRODUCTION FORECAST

A summary of the expected mine production for the Carlota Project is shown in Table 8.

Table 8 – Mine Production

Carlota Mine Production												
Ore		**Period**										
Material	Data	PP	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total
Breccia	ktons	7,336	7,424	3,968	4,656	3,469	790	6,010	4,515	6,085	1,502	45,755
	Cu grade	0.24	0.32	0.55	0.34	0.36	0.32	0.34	0.34	0.42	0.81	0.36
	Ratio Ascu/Tcu	0.83	0.82	0.79	0.80	0.77	0.60	0.84	0.80	0.80	0.83	0.81
Dacite	ktons		14	29	987	291	330	3,183		102		4,937
	Cu grade		0.16	0.22	0.27	0.47	0.34	0.57		0.25		0.48
	Ratio Ascu/Tcu		0.48	0.43	0.47	0.47	0.60	0.45		0.52		0.46
Kelly Fault	ktons				1,827	1,328	1,458	762	1,198	964	15	7,553
	Cu grade				0.64	0.55	0.48	0.32	0.63	0.28	1.22	0.51
	Ratio Ascu/Tcu				0.73	0.75	0.40	0.81	0.76	0.26	0.50	0.62
Pinal schist	ktons	53	140	212	10	51	131		114		9	721
	Cu grade	0.13	0.18	0.24	0.30	0.22	0.16		0.16		0.65	0.20
	Ratio Ascu/Tcu	0.78	0.83	0.57	0.87	0.42	0.33		0.35		0.64	0.55
Sulfide	ktons		21	5,982	20	4,093	6,290	37	4,271		3	20,717
	Cu grade		0.73	0.86	0.35	0.62	0.52	0.69	0.51		0.88	0.64
	Ratio Ascu/Tcu		0.40	0.27	0.13	0.27	0.29	0.33	0.31		0.74	0.28
Eder pits	ktons										5,861	5,861
	Cu grade										0.33	0.33
	Ratio assumed										0.70	0.70
Total ktons		7,389	7,600	10,192	7,500	9,232	9,000	9,993	10,099	7,151	7,390	85,544
Total Cu grade		0.23	0.31	0.73	0.40	0.50	0.48	0.41	0.44	0.40	0.43	0.45
Total Ratio		0.83	0.82	0.48	0.74	0.53	0.35	0.71	0.58	0.72	0.73	0.64

Waste		**Period**										
Location		PP	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total
Cactus-Carlota	ktons	16,214	20,400	17,808	20,500	18,768	19,000	18,008	17,901	11,849	9,136	169,584
Eder pits	ktons									9,000	4,410	13,410
Total Tons		16,214	20,400	17,808	20,500	18,768	19,000	18,008	17,901	20,849	13,546	182,994

Total Tons Mined	**Period**										
	PP	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total
Total Ktons	23,603	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	20,936	268,538

METALLURGY

Numerous metallurgical studies have been completed by previous operators. The main conclusions from these studies are:

- The breccia rock type is highly fractured and friable.
- Copper mineralization in the oxide ore is contained in the matrix cementing the breccia clasts together. The clasts are copper barren.
- Copper mineralization in the sulfide ore is also predominately contained in the cementing matrix, although some clasts contain minor veinlets of copper mineralization on fractures.
- Standard screening of the whole 6 inch core samples produced a particle size of P-80 passing 2.0 inches. Full scale ROM ore is expected to produce a similar size distribution.
- Size distribution analyses show uniform results throughout both ore deposits laterally and with depth.
- The concept of ROM leaching of the ore was validated.
- Copper extraction is uniform versus depth in both ore deposits.
- Copper extraction approached the leachable copper values as determined by assay, and extraction kinetics is rapid, even in ROM size.
- Ultimate ROM copper extraction is predicted to be 85 percent over three years.
- Global acid consumption is predicted to be 10 pounds per ton of ore leached.
- Acid consumption is uniform versus depth in the pits with the exception of the bottom lifts of both pits, which show some elevated consumption.
- Acid curing provides little to no increase in copper extraction but provides some improved leach kinetics. However, acid consumption nearly doubles. Standard acidification techniques will be used.
- Leach solution chemistry analyses show no negative impurities as cations or anions.
- The Carlota/Cactus mineral reserves are generally homogeneous relative to fracture density, leachability and low acid consumption.

Processing

Copper cathodes will be produced onsite by the heap leach, SX-EW process. The ore, at ROM size will be placed by rear-dump mine trucks on a prepared leach pad located in a valley west of the plant site. The ore will be leached with a sulfuric acid solution, and the pregnant leach solution ("PLS") will be pumped to the first of two extraction mixer-settler units in series. The PLS, also denoted the "aqueous phase," will be mixed with an organic phase which contains a copper extraction reagent. In the two extraction mixer-settler units the aqueous and organic phases flow counter-current to one another, and about 90% of the copper transfers from the aqueous to the organic phase, while an equivalent amount of sulfuric acid transfers from the organic to the aqueous phase. The phases are allowed to separate and the copper-depleted aqueous phase, called the "raffinate," recycles to the leach heap to extract additional copper.

The loaded organic phase flows to a tank and is then pumped to a single strip mixer-settler where it is contacted with a strong acid solution, the "lean electrolyte." Copper transfers to the electrolyte while acid transfers to the organic phase. The phases are allowed to separate, and the rich electrolyte is pumped to the electrowinning ("EW") cells, while the barren organic phase, with the transferred acid, recycles to the extraction mixer-settlers.

In the EW cells, copper is plated electrolytically onto stainless steel cathode blanks. After seven days the cathodes are removed from the cells and the copper is stripped from the stainless steel. The blanks are then returned to the cells for another seven-day growth cycle. The electrowinning process generates acid in the electrolyte which recycles to the strip mixer-settler, where the acid transfers to the organic.

Ore handling and leaching

The ROM ore will be placed by rear-dump mine trucks on a prepared leach pad located in a valley west of the plant site. No "acid curing" or other pretreatment will be used. The ore will be leached with sulfuric acid for 90 days followed by a period of 14 days off / 7 days on. The total leach cycle will be 150 days. The heap will be ripped before and after over-building. The PLS will collect in an internal pond, then be pumped to a plant feed pond.

Solvent extraction

A schematic diagram of the SX-EW circuit is shown in Figure 3. The SX circuit will consist of a single train of three mixer-settler units, two for extraction and one for stripping. The settlers are constructed of stainless steel, and were originally used at San Manuel. Four units were purchased, with segments from the fourth to be used to increase the length

of the three required settlers. The mixer boxes, being concrete, could not be moved, and will be constructed new of stainless steel. The settlers are of the "Bateman" design. In the extraction units the copper in solution transfers to the organic phase in exchange for a metered amount of acid. The copper-depleted raffinate returns to the heap to leach additional copper. The loaded organic is then stripped by a strong acid electrolyte solution which is filtered and heated as it transfers to the EW cells.

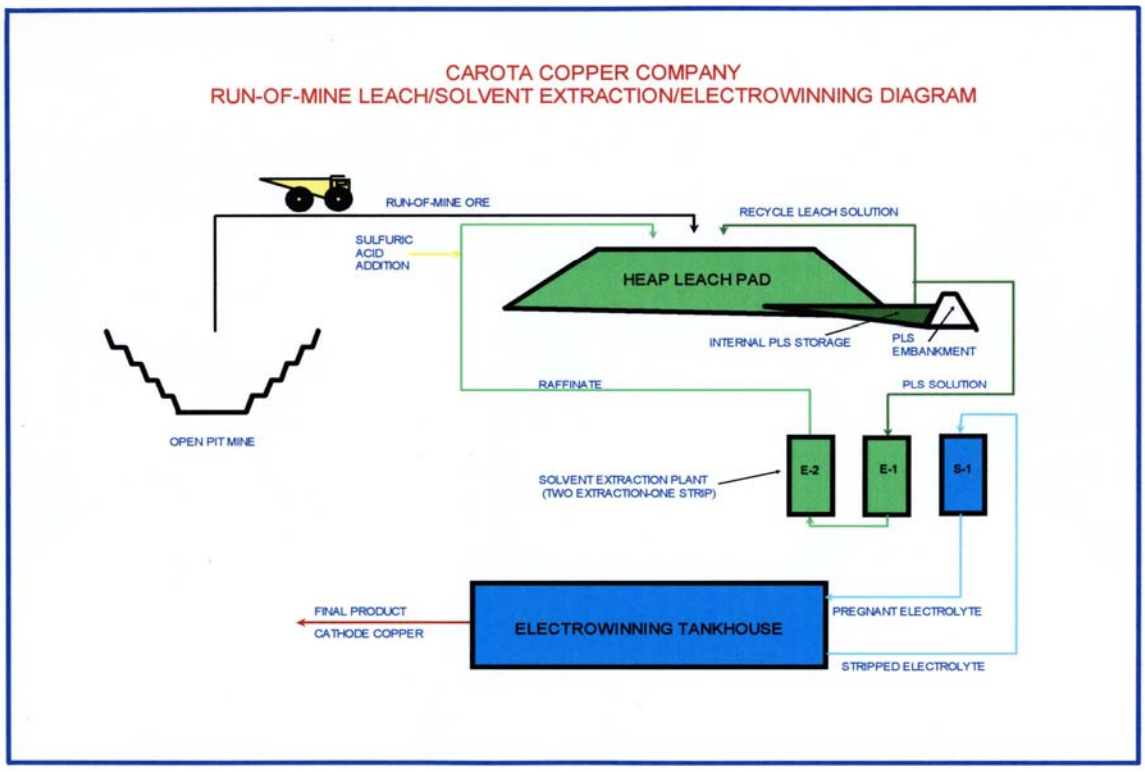
Electrowinning

The percent copper extraction to cathodes will vary by ore type placed on the heap leach. The relative types of ore mined to the heap leach will vary by operating month. This is a fairly homogeneous ore body and the variations in ore type will not appreciably affect production.

The EW tank house contains 92 cells, each with 69 permanent stainless steel cathodes and 70 lead anodes. At a current density of 28 amps per square foot and a current efficiency of 90%, the nominal annual capacity is 37,400 tons (74.8 million pounds) of cathode copper. There will be sufficient rectifier capacity to attain over 75 million pounds per annum at a slightly higher current density. Copper will be plated from the electrolyte onto the cathode blanks for a seven-day period, then removed by a bridge crane, 1/3 of a cell at a time, and placed on a conveyor. The cathodes are washed and the copper mechanically stripped from the sides. The cathode blanks are returned to the cells for another growth cycle, while the stripped copper cathodes are weighed, sampled, and bundled for truck shipment to customers. It is expected that within a few months of startup, the cathodes will meet LME or COMEX requirements for premium grade products. The lean electrolyte recycles to the strip circuit to pick up additional copper. The EW process generates acid which returns to the strip mixer settler.

Figure 3 shows a schematic of the operations.

Figure 3 – Run of Mine Leach/Solvent Extraction/Electrowinning



HUMAN RESOURCES AND ADMINISTRATION

Since the Carlota Project is located in the western portion of the Globe-Miami Copper Mining District, Carlota will benefit from the close proximity of the three other copper mines that are currently operating, or have been recently shut down. Significant numbers of skilled operating, maintenance, and technical personnel are available and can be drawn on for this Project. The labour force can be drawn not only from the Globe-Miami communities but also from the nearby

towns of Superior, San Carlos, Hayden and Apache Junction. The operation will hire 171 employees at start-up and will reach 221 during year 5.

EQUIPMENT PROCUREMENT

To ensure that equipment will be available in a timely manner, Quadra has made non-refundable deposits of approximately $2.8 million for a Hitachi EX5500 hydraulic shovel, seven Komatsu 830e haul trucks and four Komatsu 375 Dozers. The Company has also made a non-refundable deposit totaling approximately $1.3 million for the purchase of electrical equipment for the Carlota project.

PROJECT ECONOMICS

Basis of the Estimate

The financial analysis is based on a number of project criteria. Following is a summary of criteria that have a definite influence on the estimate.

- The financial analysis assumes only point forward economics.
- Time zero is July 1, 2006.
- The construction period assumes three months of construction management team organization plus 10 months to commissioning (13 months total). Commercial production is assumed in month 19.
- The financial analysis is based on constant U.S. dollars.
- Direct capital costs are 2006 Q1, escalated 2.5% to 2007 Q1.
- Royalty payments to BHP and Sherwood-Owens are assumed at 5% NSR, net of respective pre-paid amounts.
- Labor costs are assumed based on an all salary work force.
- Financial analyses are based on 100% equity financing.
- Mine mobile equipment is assumed on the basis of the purchase of mostly new equipment.
- Process equipment requirements are based on the fact that a Mount Isa stripping machine and blanks, a 2 x 1 SX plant and the main electrical transformer and switches are already purchased.
- After tax results are estimated using the full benefits from Carlota accumulated developments costs, and the additional Cambior USA accumulated fiscal losses.
- Equipment freight costs are estimated at 12% of equipment cost, which also provides an allowance for freight on materials.
- No contracts have been signed for major operating supplies.
- No off-take agreements for the copper cathode have been signed.

Operating Parameters

Average mining costs are estimated to vary over the mine life primarily due to changes in haul distances and elevation changes for waste haulage and other parameters as described in the mining section of this report. The mine plan is based on the maximum mining rate of 28 million tons per year allowed by the EIS. Leach copper extraction is based on the results of the historical and recent metallurgical test work performed at METCON and varies according to rock type and mineralogy. Acid consumption is assumed to be 10 pounds per ton of ore leached at an acid cost of $85 per ton delivered. Life of mine copper extraction is assumed to be 79.8 percent. The parameters used for the financial analyses are discussed in detail in previous sections and are summarized below in Table 9.

Table 9 - Financial Analyses Parameters

Ore Reserves - Life of mine	85.5 million tons
Average Grade	0.45% Total Cu
Average Recovery - Life of Mine	79.8%
Production Rate	7 to 10 million tons of ore per year
Average Copper Production	65.7 million pounds Cu/year
Operating Life	9 years + residual leach
Total Waste – Life of Mine	183.0 million tons
Stripping Ratio (Waste to Ore)	2.1

Capital Costs

Initial project capital costs are estimated to be $189 million. This estimate does not include the outstanding deferred purchase consideration of 31,250 ounces of gold and any payment for the "disputed material". In addition, it is estimated that the current bond of $6.9 million that is posted with USFS will need to be increased to $10 million prior to construction activities and an amount of $29 million in working capital (copper inventory cost) will be required.

Operating Costs

Average operating cost are estimated to be $6.97 per ore ton or $0.99 per pound salable copper. Base case fuel costs are assumed to be $2.60 per gallon. Power costs are estimated at $0.055 per KWH. Royalties are not included in the operating cost.

Reclamation and Salvage Value

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

Royalties

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

Severance Tax

Metal mines in Arizona pay a severance tax based on the value of mineral extracted. The severance tax is represented by 2.5% of the net severance base (severance base = 50% of the difference between the gross value of production and the mining costs). For this purpose, the mineral sales price is assigned between mining and non-mining components on the basis of weighted mining costs over total products costs.

Corporate Taxes

Project economics are calculated on an after-taxes basis. Once in production, the Carlota Project will be subject to US federal tax (the higher, in any given year, of the regular tax and the minimum tax) and to the Arizona state tax.

The federal regular tax is assumed to remain constant, at 35% over the life-of-mine. It is assumed that the rate of taxation in the state of Arizona, 6.968%, will remain constant during the life of the mine.

In 1993, Arizona passed State Senate Bill 1421, commonly known as the Environmental Technology Assistance Bill, which provides for reduced property taxes, reduced state income state income tax liability, and relief from sales and other taxes during construction and operation of qualifying facilities. The intent of the bill is to encourage, through tax incentives, development of non-polluting industries in Arizona, and SX-EW copper facilities can qualify for the certification. It is understood that the Carlota Project will benefit from the Arizona Environmental Tax Credit. This Credit represents 10% of qualified expenditures and reduces the Arizona tax to an annual maximum of 75% of the Arizona tax otherwise payable and $0.5 million per year.

Project Economics – Base Case

Results of the project economics are reported on a point forward after-tax basis using a Base Case copper price scenario shown in Table 10. Constant dollars are used in all cases.

Table 10 – Base Case Copper Price Scenario

Year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Copper Price	$2.80	$2.55	$2.30	$2.05	$1.80	$1.50	$1.20	$1.20	$1.20	$1.20

Table 11 indicates the estimated copper production assumed in the Base Case:

Table 11

Estimated Copper Production	
Mining Period	**M lbs**
Year 1	55.4
Year 2	75.0
Year 3	75.0
Year 4	75.0
Year 5	75.0
Year 6	61.3
Year 7	71.6
Year 8	50.7
Year 9	52.2
Year 10	12.6
Total	**603.8**

Financial returns for the Base Case are as follows:

Table 12 – After Tax Returns

NPV 8%	$98.8M
NPV 10%	$77.8M
NPV 12%	$59.4M
IRR	20.9%
Payback	3 years

Copper price sensitivities were performed by changing the slope of the forward curve while maintaining the long term price at $1.20. Table 13 presents the after-tax NPV and IRR based on a copper price ranging from 80% to 120% of the base case scenario for years 2008 to 2013. The Carlota Project financials are very sensitive to copper price.

Table 13 - Copper Price Sensitivities

Item	80%	90%	Base Case	110%	120%
NPV - 8% ($M)	(2.8)	48.1	98.8	148.6	197.9
NPV - 10% ($M)	(16.3)	30.1	77.8	123.9	169.6
NPV - 12% ($M)	(27.9)	15.8	59.4	102.2	144.6
IRR (%)	7.6	14.4	20.9	27.0	32.8

Sensitivity Analysis

Project economics were previously estimated for different copper prices. Other parameters were varied to evaluate the economic sensitivities to variances above and below the Base Case assumptions. These parameters were as follows:

- Recovery
- Operating Costs
- Capital Expenditures (initial and sustaining)

Table 14 summarizes the impact of these major parameters.

Table 14 - Sensitivity to Operating Parameters

		NPV @ 8% ($000)	NPV @ 10% ($000)	NPV @ 12% ($000)	Payback (Years)	IRR %
Base Case		**$ 98,820**	**$ 77,788**	**$ 59,351**	**2.9**	**20.9%**
Operating Cost Sensitivity						
Operating Cost – Minus 10%	**-10%**	$ 132,810	$ 108,738	$ 87,665	2.7	24.8%
No change	**0%**	$ 98,820	$ 77,788	$ 59,351	2.9	20.9%
Operating Cost – Plus 10%	**10%**	$ 64,046	$ 46,138	$ 30,412	3.2	16.8%
Metal Recovery Sensitivity						
Recovery – Minus 10%	**-10%**	$ 47,817	$ 31,899	$ 17,913	3.1	15.0%
No change	**0%**	$ 98,820	$ 77,788	$ 59,351	2.9	20.9%
Recovery – Plus 10%	**10%**	$ 136,269	$ 110,493	$ 88,067	2.8	24.1%
Initial and Sustaining Capital Cost Sensitivity						
Capital Cost – Minus 10%	**-10%**	$ 115,973	$ 94,551	$ 75,751	2.7	24.1%
No change	**0%**	$ 98,820	$ 77,788	$ 59,351	2.9	20.9%
Capital Cost – Plus 10%	**10%**	$ 81,668	$ 61,024	$ 42,951	3.1	18.1%

USE OF PROCEEDS

Except as may otherwise be set forth in a Prospectus Supplement, the net proceeds to be received by the Company from the issue and sale from time to time of Securities will be added to the general funds of the Company to be used to repay existing indebtedness of Quadra, to fund capital expenditures and for other general corporate purposes. Each Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities.

EARNINGS COVERAGES

The following consolidated financial earnings coverage figures and cash flow coverage ratios are calculated for the year ended December 31, 2005 and the 12-month period ended September 30, 2006 and give effect to all long-term financial liabilities of the Company and the repayment, redemption or retirement thereof since those dates, respectively. The earnings coverage deficiencies, cash flow coverage ratios, cash flow coverage deficiencies and the amount of earnings, cash flow and interest expense set forth below do not purport to be indicative of earnings coverage deficiencies or ratios or cash flow coverage deficiencies or ratios for any further periods. The deficiency figures and coverage ratios have been calculated based on Canadian GAAP. These coverage deficiencies, coverage ratios, earnings, cash flows or interest expenses do not give effect to the issuance of any Debt Securities that may be issued pursuant to any Prospectus Supplement, since the aggregate principal amounts and the terms of such Debt Securities are not presently known.

	12 Months Ended September 30, 2006	Year Ended December 31, 2005
	($ millions except ratios)	
Earnings coverage (deficiency) [(1)]	$3.4	$1.2
Earning coverage ratio	-6.5	-2.3
Cash flow coverage (deficiency) [(2)]	$3.4	$1.2
Cash flow coverage ratio	25.2	26.7

(1) Earnings coverage (deficiency) is the dollar amount of earnings required to attain an earnings coverage ratio of one-to-one. Earnings coverage ratio is equal to net income after the unrealised loss on derivatives and before interest expense and income taxes divided by interest expense on all debt.

(2) Cash flow coverage (deficiency) is the dollar amount of cash flow required to attain a cash flow coverage ratio of one-to-one. Cash flow coverage ratio is equal to cash flow from operating activities before interest expense and income taxes divided by interest expense on all debt.

The Company's interest expense amounted to approximately $1.2 million for the year ended December 31, 2005. The Company's loss before interest expense and income tax for the year ended December 31, 2005 was approximately $2.7 million, which results in an earnings cover ratio of (2.3) for the year.

The Company's interest expense amounted to approximately $3.4 million for the 12 months ended September 30, 2006. The Company's loss before interest expense and income tax for the 12 months ended September 30, 2006 was approximately $22.2 million, which is (6.5) times the Company's interest expense.

If the Company offers any Debt Securities having a term to maturity in excess of one year under a Prospectus Supplement, the Prospectus Supplement will include earnings coverage ratios giving effect to the issuance of such Debt Securities.

DESCRIPTION OF SHARE CAPITAL

General

The following sets forth the terms and provisions of the existing capital of the Company. The particular terms and provisions of the Common Shares offered by a Prospectus Supplement and the extent to which these general terms and provisions apply will be described in such Prospectus Supplement. The Company is authorized under its Notice of Articles to issue up to 1,000,000,000 Common Shares. Certain of the rights and attributes of each class are described below.

Common Shares

Priority

The holders of Common Shares shall be entitled to receive dividends and the Company shall pay dividends thereon, as and when declared by the Board of Directors of the Company out of monies properly applicable to the payment of dividends, in amounts per share and at the same time on all such Common Shares at the time outstanding as the Board of Directors of the Company may from time to time determine. In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs, all the property and assets of the Company which remain after payment to the holders of any shares ranking in priority to the Common Shares in respect of payment upon liquidation, dissolution or winding-up of all amounts attributed and properly payable to such holders of such other shares in the event of such liquidation, dissolution or winding-up or distribution, shall be paid and distributed equally, share for share, to the holders of the Common Shares, without preference or distinction.

Voting Rights

The holders of the Common Shares shall be entitled to receive notice of and to attend (in person or by proxy) and be heard at all general meetings of the shareholders of the Company and to vote at all such general meetings with each holder of Common Shares being entitled to one vote per Common Share held at all such meetings.

DESCRIPTION OF DEBT SECURITIES

General

The Company may issue Debt Securities in one or more series under an indenture (the "Trust Indenture") that it enters into with one or more trustees (each, a "Trustee") that will be described in the Prospectus Supplement for such Debt Securities. The following summary describes certain provisions of the Trust Indenture, although it does not purport to be complete and is subject to and is qualified in its entirety by reference to the Trust Indenture.

The terms of Debt Securities the Company offers may differ from the general information provided below. Prospective investors should rely only on information in the Prospectus Supplement if it is different from the following information. The Company may issue Debt Securities and incur additional indebtedness other than through the offering of Debt Securities pursuant to this Prospectus.

The Trust Indenture will not limit the amount of Debt Securities the Company can issue thereunder and unless otherwise stated in the Prospectus Supplement will not limit the amount of other indebtedness the Company may incur. The Company may issue Debt Securities from time to time in separate series.

The Prospectus Supplement relating to the particular Debt Securities offered thereby will describe the terms of

such Debt Securities, including, where applicable:

(i) the designation, aggregate principal amount and denominations of such Debt Securities;

(ii) the price at which such Debt Securities will be issued or whether such Debt Securities will be issued on a non-fixed price basis;

(iii) the date or dates on which such Debt Securities will mature and the portion (if less than all of the principal amount) of such Debt Securities to be payable upon declaration of an acceleration of maturity;

(iv) the currency or currencies in which such Debt Securities are being sold and in which the principal of (and premium, if any), and interest, if any, on, such Debt Securities will be payable, whether the holder of any such Debt Securities or the Company may elect the currency in which payments thereon are to be made and if so, the manner of such election;

(v) whether the Debt Securities of such series are interest bearing and, in the case of interest bearing Debt Securities, the rate or rates (which may be fixed or variable) per annum at which such Debt Securities will bear interest, if any;

(vi) the date from which interest on such Debt Securities, whether payable in cash, in kind, or in shares, will accrue, the date or dates on which such interest will be payable and the date on which payment of such interest will commence;

(vii) the dates on which and the price or prices at which such Debt Securities will, pursuant to any required repayment provisions, or may, pursuant to any repurchase or redemption provisions, be repurchased, redeemed or repaid and the other terms and provisions of any such optional repurchase or redemption or required repayment;

(viii) any special provisions for the payment of additional interest with respect to such Debt Securities;

(ix) any covenants included for the benefit of holders of such Debt Securities;

(x) the general terms or provisions, if any, pursuant to which such Debt Securities are to be guaranteed or secured;

(xi) any additional events of default provided with respect to such Debt Securities;

(xii) any exchange, if any, on which Debt Securities of a series will be listed;

(xiii) terms for any conversion or exchange into other securities;

(xiv) subordination terms, if any, of the Debt Securities of such series;

(xv) any special tax implications of or any special tax provision, or indemnities relating to Debt Securities of such series; and

(xvi) any other terms of such Debt Securities.

Payment

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal of (and premium, if any) on Debt Securities will be made in the designated currency against surrender of such Debt Securities at the office of the Trustee. Unless otherwise indicated in the Prospectus Supplement related thereto, payment of any installment of interest on Debt Securities will be made to the Person (as defined below) in whose name such Debt Security is registered immediately prior to the close of business on the record date for such interest by electronic funds transfer.

Modification of the Trust Indenture

Unless otherwise specified in the applicable Prospectus Supplement, with certain exceptions, the Trust Indenture, the rights and obligations of the Company and the rights of the holders of a particular series of Debt Securities may be modified by the Company with the consent of the holders of not less than a majority in aggregate principal amount of such series of Debt Securities or a majority in principal amount of such series voted at a duly constituted meeting; but no such modification may be made which would (i) reduce in any manner the amount of, or change the currency of payment of, or delay the time of any payments (whether of principal, premium, interest or otherwise), (ii) change the definition of or the manner of calculating amounts to which any holder is entitled; (iii) reduce the above-stated percentage of Debt Securities of such series, or (iv) result in the occurrence of any other actions specified in the applicable Prospectus Supplement, in each case without the consent of the holder of each Debt Security of such series so affected or the consent of 100% of the

principal amount of such the Debt Securities of such series voted at a duly constituted meeting.

Events of Default

Unless otherwise specified in the applicable Prospectus Supplement, the Trust Indenture will provide that any one or more of the following events shall constitute an event of default with respect to any series of Debt Securities thereunder: (i) a default in the payment of the principal of (or premium, if any, on) any Debt Securities of such series when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, or in any obligation to repurchase Debt Securities of such series when required pursuant to the Trust Indenture; (ii) a default in the payment of interest on any Debt Securities of such series when the same becomes due and payable, and such default continues for a period of 30 days; (iii) default in the performance of or breach of any other covenant or agreement of the Company with respect to such series under the Trust Indenture or the Debt Securities and such default or breach continues for a period of 60 days after written notice to the Company by the Trustee or the holders of 25% or more in aggregate principal amount of the outstanding Debt Securities of such series; (iv) any failure to pay when due or within any applicable grace period, any payment of Indebtedness of the Company or a Subsidiary in excess of US$75 million (or its equivalent in any other currency or currencies), or any default in respect of any Indebtedness of the Company or any Subsidiary having an aggregate principal amount exceeding U.S.$75 million (or its equivalent in any other currency or currencies) after the expiration of any applicable grace period, if such default has resulted in such Indebtedness in excess of such aggregate principal amount becoming due prior to its stated maturity; (v) a distress, attachment, execution or other similar legal process for any amount exceeding U.S.$75 million (or its equivalent in any other currency or currencies) is levied or enforced against any part of the Property of the Company or any Subsidiary and is not paid out, satisfied or withdrawn within 60 days of the date of such levy or enforcement; or (vi) certain events of bankruptcy, insolvency or reorganization of the Company or any Subsidiary. The Company is required to file with the Trustee an annual officers' certificate as to the absence of certain defaults under the Trust Indenture.

Unless otherwise specified in the applicable Prospectus Supplement, the Trust Indenture will provide that if an event of default (other than an event of default specified in clause (vi) above in relation to the Company) shall occur and be continuing with respect to a series of Debt Securities issued thereunder, the Trustee may in its discretion and shall upon request of the holders of not less than 25% in principal amount of the outstanding Debt Securities of such series declare the principal of, together with accrued interest on, all Debt Securities of such series to be due and payable. In certain cases, the holders of a majority in aggregate principal amount of such series of Debt Securities or a majority in principal amount of such series voted at a duly constituted meeting may on behalf of the holders of all such Debt Securities waive any past default or event of default and rescind and annul any such declaration and its consequences.

Unless otherwise specified in the applicable Prospectus Supplement, the Trust Indenture will further provide that if an event of default specified in clause (vi) in relation to the Company occurs, the principal of and any accrued interest on the Debt Securities then outstanding shall become immediately due and payable; provided however that at any time after an automatic acceleration with respect to the Debt Securities has been made, the holders of a majority in aggregate principal amount of such series of Debt Securities or a majority in principal amount of such series voted at a duly constituted meeting may, under certain circumstances, rescind and annul such acceleration and its consequences.

Unless otherwise specified in the applicable Prospectus Supplement, the Trust Indenture will contain a provision entitling the Trustee, subject to its duty during a default to act with the required standard of care, to be indemnified by the holders of Debt Securities of such series before proceeding to exercise any right or power under the Trust Indenture at the request of such holders. The Trust Indenture will further provide that no holder of Debt Securities of any series may pursue a remedy with respect to the Trust Indenture except in the case of failure of the Trustee to act.

Defeasance

Defeasance of Certain Obligations

Unless otherwise specified in the applicable Prospectus Supplement, the Company may elect, with respect to any series of Debt Securities, either to be discharged from its obligations or to be released from its obligations to comply with the terms, provisions or conditions relating to any covenants or any event of default (other than a default in the payment of principal or interest under such series of Debt Securities). Following such election, the Company will be so discharged, provided: (i) the Company has, at least 91 days prior to such discharge becoming effective, irrevocably deposited with the Trustee, as specific security pledged for, and dedicated solely to, the due payment and ultimate satisfaction of all of its obligations under the Trust Indenture with respect to the Debt Securities of the series affected, (a) funds in the currency or currencies in which such Debt Securities are payable, and/or (b) an amount of direct obligations of, or obligations the payment of principal of and interest, if any, on which are fully guaranteed by, the government that issued the currency or currencies in which Debt Securities of such series are payable, and that are not subject to prepayment, redemption or call,

as will together with the predetermined and certain income to accrue thereon without consideration of any reinvestment thereof, be sufficient (in the case of such obligations, through the payment of interest and principal thereunder) to pay (x) the principal of (and premium, if any) and interest on the outstanding Debt Securities of the particular series on their stated due dates or maturity, as the case may be, and (y) any mandatory prepayments on the day on which such prepayments are due and payable; (ii) the Company shall have delivered to the Trustee an opinion of counsel to the effect that the holders of the Debt Securities affected will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such defeasance in respect of the Company's obligations and will be subject to Canadian federal income tax on the same basis as if such defeasance had not occurred; (iii) such deposit will not result in a breach or violation of, or constitute a default under, the Trust Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound; (iv) no event of default with respect to the Debt Securities of such series or event that, with notice or lapse of time, would become such an event of default shall have occurred and be continuing on the date of such deposit; (v) if the Debt Securities affected are listed on any stock exchange or securities exchange, the Company shall have delivered to the Trustee an opinion of counsel to the effect that such deposit and defeasance will not cause such Debt Securities to be delisted; and (vi) the Company shall have delivered to the Trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent to the defeasance have been satisfied.

Other Defeasance Arrangements

If so described in the Prospectus Supplement related to Debt Securities of a specific series, the Company may enter into certain other arrangements providing for the due payment and ultimate satisfaction of its obligations with respect to such series of Debt Securities by the deposit with the Trustee of funds or obligations of the type referred to under "Defeasance of Certain Obligations". The Prospectus Supplement will more fully describe the provisions, if any, relating thereto.

Amalgamation, Consolidation, Conveyance, Transfer or Lease

Unless otherwise provided in the applicable Prospectus Supplement, the Trust Indenture will provide that the Company will not consolidate, merge or amalgamate with any other Person or effect any conveyance, transfer or lease of its Property substantially as an entirety, unless, in such case: (i) the person formed by such consolidation or amalgamation or with which the Company is merged (or the Person that leases or that acquires by conveyance, sale or transfer the Property of the Company substantially as an entirety) (such corporation or Person being referred to as the "Successor Corporation") is a corporation organized and validly existing under the laws of Canada or any province thereof; (ii) the Successor Corporation shall expressly, by supplemental indenture, assume and become bound by the obligations of the Company under the terms of the Trust Indenture; (iii) after giving effect to such transaction no default or event of default shall have occurred and be continuing under the Trust Indenture or in respect of the Debt Securities of any series; and (iv) the Successor Corporation delivers to the Trustee an officer's certificate and legal opinion confirming that the foregoing conditions have been met.

Certain Definitions

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person.

"Closing Date" means the date on which the Debt Securities are issued.

"Person" means any natural person, corporation, firm, partnership, joint venture or other unincorporated association, trust, government or governmental authority and pronouns have a similar extended meaning.

"Property" means any asset, revenue or any other property or property right or interest, whether tangible or intangible, real or personal, including, without limitation, any right to receive income.

"Subsidiary" means any company or other business entity which the Company owns or controls (either directly or through one or more other Subsidiaries) more than 50% of the issued share capital or other ownership interest, in each case having ordinary voting power to elect directors, managers or trustees of such company or other business entity (whether or not capital stock or other ownership interest or any other class or classes shall or might have voting power upon the occurrence of any contingency).

DESCRIPTION OF WARRANTS

This section describes the general terms that will apply to any warrants (the "Warrants") for the purchase of Common Shares (the "Equity Warrants") or for the purchase of Debt Securities (the "Debt Warrants").

Warrants may be offered separately or together with Common Shares or Debt Securities, as the case may be. Each series of Warrants will be issued under a separate Warrant agreement to be entered into between the Company and one or more banks or trust companies acting as Warrant agent. The applicable Prospectus Supplement will include details of the Warrant agreements covering the Warrants being offered. The Warrant agent will act solely as the agent of the Company and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. The following sets forth certain general terms and provisions of the Warrants offered under this Prospectus. The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement.

Equity Warrants

The particular terms of each issue of Equity Warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

(i) the designation and aggregate number of Equity Warrants;

(ii) the price at which the Equity Warrants will be offered;

(iii) the currency or currencies in which the Equity Warrants will be offered;

(iv) the designation and terms of the Common Shares purchasable upon exercise of the Equity Warrants;

(v) the date on which the right to exercise the Equity Warrants will commence and the date on which the right will expire;

(vi) the number of Common Shares that may be purchased upon exercise of each Equity Warrant and the price at which and currency or currencies in which that amount of securities may be purchased upon exercise of each Equity Warrant;

(vii) the designation and terms of any securities with which the Equity Warrants will be offered, if any, and the number of the Equity Warrants that will be offered with each security;

(viii) the date or dates, if any, on or after which the Equity Warrants and the related securities will be transferable separately;

(ix) whether the Equity Warrants are subject to redemption or call and, if so, the terms of such redemption or call provisions;

(x) material United States and Canadian tax consequences of owning the Equity Warrants; and

(xi) any other material terms or conditions of the Equity Warrants.

Debt Warrants

The particular terms of each issue of Debt Warrants will be described in the related Prospectus Supplement. This description will include, where applicable:

(i) the designation and aggregate number of Debt Warrants;

(ii) the price at which the Debt Warrants will be offered;

(iii) the currency or currencies in which the Debt Warrants will be offered;

(iv) the aggregate principal amount, currency or currencies, denominations and terms of the series of Debt Securities that may be purchased upon exercise of the Debt Warrants;

(v) the designation and terms of any securities with which the Debt Warrants are being offered, if any, and the number of the Debt Warrants that will be offered with each security;

(vi) the date or dates, if any, on or after which the Debt Warrants and the related securities will be transferable separately;

(vii) the principal amount of Debt Securities that may be purchased upon exercise of each Debt Warrant and the price at which and currency or currencies in which that principal amount of securities may be purchased upon exercise of each Debt Warrant;

(viii) the date on which the right to exercise the Debt Warrants will commence and the date on which the right will expire;

(ix) the minimum or maximum amount of Debt Warrants that may be exercised at any one time;

(x) whether the Warrants will be subject to redemption or call, and, if so, the terms of such redemption or call provisions;

(xi) material United States and Canadian tax consequences of owning the Debt Warrants; and

(xii) any other material terms or conditions of the Debt Warrants.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The Company may issue Subscription Receipts, which will entitle holders to receive upon satisfaction of certain release conditions and for no additional consideration, Common Shares, Debt Securities or Warrants. Subscription Receipts will be issued pursuant to one or more subscription receipt agreements (each, a "Subscription Receipt Agreement"), each to be entered into between the Company and an Escrow Agent (the "Escrow Agent"), which will also establish the terms and conditions of the Subscription Receipts. Each Escrow Agent will be a financial institution organized under the laws of Canada or a province thereof and authorized to carry on business as a trustee. A copy of the form of Subscription Receipt Agreement will be filed with the applicable securities regulatory authorities. The following description sets forth certain general terms and provisions of Subscription Receipts and is not intended to be complete. The statements made in this Prospectus relating to any Subscription Receipt Agreement and Subscription Receipts to be issued thereunder are summaries of certain anticipated provisions thereof and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable Subscription Receipt Agreement and the Prospectus Supplement describing such Subscription Receipt Agreement.

The Prospectus Supplement relating to any Subscription Receipts the Company offers will describe the Subscription Receipts and include specific terms relating to their offering. All such terms will comply with the requirements of the TSX relating to Subscription Receipts. If underwriters or agents are used in the sale of Subscription Receipts, one or more of such underwriters or agents may also be parties to the Subscription Receipt Agreement governing the Subscription Receipts sold to or through such underwriters or agents.

General

The Prospectus Supplement and the Subscription Receipt Agreement for any Subscription Receipts the Company offers will describe the specific terms of the Subscription Receipts and may include, but are not limited to, any of the following:

- the designation and aggregate number of Subscription Receipts offered;
- the price at which the Subscription Receipts will be offered;
- the currency or currencies of the price at which the Subscription Receipts will be offered;
- the designation, number and terms of the Common Shares, Debt Securities, Warrants or combination thereof to be received by holders of Subscription Receipts upon satisfaction of the release conditions, and the procedures that will result in the adjustment of those numbers;
- the conditions (the "Release Conditions") that must be met in order for holders of Subscription Receipts to receive for no additional consideration Common Shares, Debt Securities, Warrants or a combination thereof;
- the procedures for the issuance and delivery of Common Shares, Debt Securities, Warrants or a combination

thereof to holders of Subscription Receipts upon satisfaction of the Release Conditions;

- whether any payments will be made to holders of Subscription Receipts upon delivery of the Common Shares, Debt Securities, Warrants or a combination thereof upon satisfaction of the Release Conditions (e.g., an amount equal to dividends declared on Common Shares by the Company to holders of record during the period from the date of issuance of the Subscription Receipts to the date of issuance of any Common Shares pursuant to the terms of the Subscription Receipt Agreement, or an amount equal to interest payable by the Company in respect of Debt Securities during the period from the date of issuance of the Subscription Receipts to the date of issuance of the Debt Securities pursuant to the terms of the Subscription Receipt Agreement);

- the terms and conditions under which the Escrow Agent will hold all or a portion of the gross proceeds from the sale of Subscription Receipts, together with interest and income earned thereon (collectively, the "Escrowed Funds"), pending satisfaction of the Release Conditions;

- the terms and conditions pursuant to which the Escrow Agent will hold Common Shares, Debt Securities or Warrants pending satisfaction of the Release Conditions;

- the terms and conditions under which the Escrow Agent will release all or a portion of the Escrowed Funds to the Company upon satisfaction of the Release Conditions;

- if the Subscription Receipts are sold to or through underwriters or agents, the terms and conditions under which the Escrow Agent will release a portion of the Escrowed Funds to such underwriters or agents in payment of all or a portion of their fees or commission in connection with the sale of the Subscription Receipts;

- procedures for the refund by the Escrow Agent to holders of Subscription Receipts of all or a portion of the subscription price for their Subscription Receipts, plus any pro rata entitlement to interest earned or income generated on such amount, if the Release Conditions are not satisfied;

- any contractual right of rescission to be granted to initial purchasers of Subscription Receipts in the event this Prospectus, the Prospectus Supplement under which Subscription Receipts are issued or any amendment hereto or thereto contains a misrepresentation;

- any entitlement of the Company to purchase the Subscription Receipts in the open market by private agreement or otherwise;

- whether the Company will issue the Subscription Receipts as global securities and, if so, the identity of the depositary for the global securities;

- whether the Company will issue the Subscription Receipts as bearer securities, registered securities or both;

- provisions as to modification, amendment or variation of the Subscription Receipt Agreement or any rights or terms attaching to the Subscription Receipts;

- the identity of the Escrow Agent;

- whether the Subscription Receipts will be listed on any exchange;

- material Canadian and United States tax consequences of owning the Subscription Receipts; and

- any other terms of the Subscription Receipts.

The holders of Subscription Receipts will not be shareholders of the Company. Holders of Subscription Receipts are entitled only to receive Common Shares, Debt Securities, Warrants or a combination thereof on exchange of their Subscription Receipts, plus any cash payments provided for under the Subscription Receipt Agreement, if the Release Conditions are satisfied. If the Release Conditions are not satisfied, Holders of Subscription Receipts shall be entitled to a refund of all or a portion of the subscription price therefor and all or a portion of the pro rata share of interest earned or income generated thereon, as provided in the Subscription Receipt Agreement.

Escrow

The Escrowed Funds will be held in escrow by the Escrow Agent, and such Escrowed Funds will be released to the Company (and, if the Subscription Receipts are sold to or through underwriters or agents, a portion of the Escrowed Funds may be released to such underwriters or agents in payment of all or a portion of their fees in connection with the sale of the Subscription Receipts) at the time and under the terms specified by the Subscription Receipt Agreement. If the Release Conditions are not satisfied, holders of Subscription Receipts will receive a refund of all or a portion of the subscription price for their Subscription Receipts plus their pro-rata entitlement to interest earned or income generated on such amount, in accordance with the terms of the Subscription Receipt Agreement. Common Shares, Debt Securities or Warrants may be held in escrow by the Escrow Agent, and will be released to the holders of Subscription Receipts following satisfaction of the Release Conditions at the time and under the terms specified in the Subscription Receipt Agreement.

Anti-Dilution

The Subscription Receipt Agreement will specify that upon the subdivision, consolidation, reclassification or other material change of the Common Shares, Debt Securities or Warrants or any other reorganization, amalgamation, merger or sale of all or substantially all of the Company's assets, the Subscription Receipts will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on the conversion of or in respect of the Common Shares, Debt Securities or Warrants to which the holder of a Common Share, Debt Security or Warrant would have been entitled immediately after such event. Similarly, any distribution to all or substantially all of the holders of Common Shares of rights, options, warrants, evidences of indebtedness or assets will result in an adjustment in the number of Common Shares to be issued to holders of Subscription Receipts whose Subscription Receipts entitle the holders thereof to receive Common Shares. Alternatively, such securities, evidences of indebtedness or assets may, at the option of the Company, be issued to the Escrow Agent and delivered to holders of Subscription Receipts on exercise thereof. The Subscription Receipt Agreement will also provide that if other actions of the Company affect the Common Shares, Debt Securities or Warrants, which, in the reasonable opinion of the directors of the Company, would materially affect the rights of the holders of Subscription Receipts and/or the rights attached to the Subscription Receipts, the number of Common Shares, Debt Securities or Warrants which are to be received pursuant to the Subscription Receipts shall be adjusted in such manner, if any, and at such time as the directors of the Company may in their discretion reasonably determine to be equitable to the holders of Subscription Receipts in such circumstances.

Rescission

The Subscription Receipt Agreement will also provide that any misrepresentation in this Prospectus, the Prospectus Supplement under which the Subscription Receipts are offered, or any amendment thereto, will entitle each initial purchaser of Subscription Receipts to a contractual right of rescission following the issuance of the Common Shares, Debt Securities or Warrants to such purchaser entitling such purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Common Shares, Debt Securities or Warrants, provided that such remedy for rescission is exercised in the time stipulated in the Subscription Receipt Agreement. This right of rescission does not extend to holders of Subscription Receipts who acquire such Subscription Receipts from an initial purchaser, on the open market or otherwise, or to initial purchasers who acquire Subscription Receipts in the United States.

Global Securities

The Company may issue Subscription Receipts in whole or in part in the form of one or more Global Securities, which will be registered in the name of and be deposited with a Depositary, or its nominee, each of which will be identified in the applicable Prospectus Supplement. The Global Securities may be in temporary or permanent form. The applicable Prospectus Supplement will describe the terms of any depositary arrangement and the rights and limitations of owners of beneficial interests in any Global Security. The applicable Prospectus Supplement also will describe the exchange, registration and transfer rights relating to any Global Security.

Modifications

The Subscription Receipt Agreement will provide for modifications and alterations to the Subscription Receipts issued thereunder by way of a resolution of holders of Subscription Receipts at a meeting of such holders or a consent in writing from such holders. The number of holders of Subscriptions Receipts required to pass such a resolution or execute such a written consent will be specified in the Subscription Receipt Agreement.

DENOMINATIONS, REGISTRATION AND TRANSFER

The Securities will be issued in fully registered form without coupons attached in either global or definitive form

and in denominations and integral multiples as set out in the applicable Prospectus Supplement (unless otherwise provided with respect to a particular series of Debt Securities pursuant to the provisions of the Trust Indenture, as supplemented by a supplemental indenture). Other than in the case of book-entry only Securities, Securities may be presented for registration of transfer (with the form of transfer endorsed thereon duly executed) in the city specified for such purpose at the office of the registrar or transfer agent designated by the Company for such purpose with respect to any issue of Securities referred to in the Prospectus Supplement. No service charge will be made for any transfer, conversion or exchange of the Securities but the Company may require payment of a sum to cover any transfer tax or other governmental charge payable in connection therewith. Such transfer, conversion or exchange will be effected upon such registrar or transfer agent being satisfied with the documents of title and the identity of the Person making the request. If a Prospectus Supplement refers to any registrar or transfer agent designated by the Company with respect to any issue of Securities, the Company may at any time rescind the designation of any such registrar or transfer agent and appoint another in its place or approve any change in the location through which such registrar or transfer agent acts.

In the case of book-entry only Securities, a global certificate or certificates representing the Securities will be held by a designated depository for its participants. The Securities must be purchased or transferred through such participants, which includes securities brokers and dealers, banks and trust companies. The depository will establish and maintain book-entry accounts for its participants acting on behalf of holders of the Securities. The interests of such holders of Securities will be represented by entries in the records maintained by the participants. Holders of Securities issued in book-entry only form will not be entitled to receive a certificate or other instrument evidencing their ownership thereof, except in limited circumstances. Each holder will receive a customer confirmation of purchase from the participants from which the Securities are purchased in accordance with the practices and procedures of that participant.

CHANGES TO CONSOLIDATED CAPITALIZATION

Since December 31, 2005, the following changes have occurred to the share and loan capital of the Company:

	Outstanding as at December 31, 2005	**Outstanding as at September 30, 2006**
Common Shares	27,345,931 shares	38,074,724 shares
Broker Warrants	1,449,360 shares	—
Stock Options	2,653,500 shares	2,223,434 shares
Long Term Debt	—	—
Total Capitalization	US$108,880,951	US$166,491,645

RISK FACTORS

Investors should consider carefully the following risks and other information included or incorporated by reference in this short form prospectus and the Company's historical consolidated financial statements and related notes. The operations of the Company are highly speculative due to the high-risk nature of its business, which are the acquisition, financing, exploration and development of mining properties. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected. As a result, the trading price of the Company's Common Shares could decline and investors could lose part or all of their investment.

Quadra's business is subject to significant risks and past performance is no guarantee of future performance. Some of the risks that a purchaser of Securities may face are:

Risks Related to Current Operations and Mining Generally

Quadra may be adversely affected by fluctuations in metal prices

The value and price of Quadra's Common Shares, Quadra's financial results, and Quadra's exploration, development and mining activities may be significantly adversely affected by declines in the price of copper and other metals. Copper prices fluctuate widely and are affected by numerous factors beyond Quadra's control such as interest rates, exchange

rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of copper-producing countries throughout the world. The price of copper and other metals has fluctuated widely in recent years, and future serious price declines could cause continued development of, and commercial production from Quadra's properties to be impracticable. Depending on the price of copper and other metals, cash flow from mining operations may not be sufficient and Quadra could be forced to discontinue production and may lose its interest in, or may be forced to sell, some or all of its properties. Future production from Quadra's mining properties is dependent on applicable mineral prices being sufficient to make mineral extraction from these properties economic.

Reserve calculations and life-of-mine plans using significantly lower copper and other metal prices could result in material write-downs of Quadra's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting Quadra's reserve estimates and its financial condition, declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Mineral resources and reserves are estimates only

There is no certainty that the mineral resources and reserves reported for the Robinson Mine, the Carlota Project and Quadra's other projects will be realized. Until a deposit is actually mined and processed the quantity of mineral resources and reserves and grades must be considered as estimates only. In addition, the quantity of mineral reserves and resources may vary depending on, among other things, metal prices, operating costs, and concentrate treatment charges. Any material change in quantity of mineral reserves, mineral resources, grade or stripping ratio may affect the economic viability of the Robinson Mine, the Carlota Project or any other operation that Quadra may operate in the future. In addition, there can be no assurance that copper recoveries or other metal recoveries or the grades of concentrates produced in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production. The process facilities at the Robinson Mine had a history of not achieving design production, which had a significant impact on past operations and management cannot guarantee that anticipated recoveries will be realized.

Fluctuation in copper and other base or precious metals prices, results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed, recovery rates and concentrate quality may not be the same as currently anticipated. Any material reductions in estimates of mineral reserves and mineral resources, or of Quadra's ability to extract these mineral reserves at a marketable quality, or at all, could have a material adverse effect on Quadra's results of operations and financial condition.

Quadra currently depends on a single property — the Robinson Mine

Quadra's only currently producing project is the Robinson Mine. As a result, unless Quadra develops or acquires additional properties or projects, Quadra will be solely dependent upon the operation of the Robinson Mine for its revenue and profits, if any. If for any reason production at the Robinson Mine was reduced or ceased completely, we would have no other source of revenue.

Quadra may be subject to increases in concentrate treatment charges and transportation costs

Quadra has entered into agreements to sell its forecast copper concentrate and molybdenum concentrate production for 2006. Smelting and refining rates are a blend of contract rates established between 2005 year end and 2006 year end. Transportation costs are dependent on, among other things, the concentrate destination, which may result in relatively high costs. Transportation costs for concentrate have been very volatile over the last two years and could increase substantially due to a number of factors, including a continuing increase in the price of oil, a shortage in rail cars or a shortage in the number of vessels available to ship concentrate to smelters. These treatment charges and transportation rates have, at times been substantially higher than those in existence when Quadra completed its acquisition of the Robinson Mine in April 2004. A further increase in these rates will have an adverse impact on Quadra's financial position. In addition, if concentrate grades are lower than Quadra has projected, freight costs and treatment charges will increase on a unit of copper basis and at very low grades marketability of the copper concentrate will be affected.

Inflation of input costs and supply shortages

Quadra's operations are affected by the cost of commodities and goods such as electrical power, fuel and supplies, including tires and reagents. There is currently a worldwide shortage of tires. Management of Quadra prepares its cost and production guidance and other forecasts based on its review of current and estimated future costs. An increase in any of these costs or the lack of availability of key items like tires may have an adverse impact on Quadra's financial condition.

Scoping studies, pre-feasibility studies and feasibility studies may prove to be unreliable

Quadra places reliance on consultants who prepare engineering studies and technical reports. The Company's expected operating costs and expenditures, production schedules, economic returns and other projections from a mining project, such as the Robinson Mine or the Carlota Project, which are contained in this Prospectus and in any technical reports, scoping studies, pre-feasibility studies and feasibility studies prepared for or by the Company will have been determined and, if applicable, valued based on assumed or estimated future metals prices, cut-off grades, operating costs, capital costs, and expenditures and other factors that may prove to be inaccurate. For example, significant declines in market prices for base and precious metals or extended periods of inflation would have an adverse effect on the economic projections set forth in a feasibility study. In addition, any material reductions in estimates of mineralization or increases in capital costs and expenditures, or in the Company's ability to maintain a projected budget or renew a particular mining permit, could also have a material adverse effect on projected production schedules and economic returns, as well as on Quadra's overall results of operations or financial condition.

Mining involves a high degree of risk

Mining operations involve a high degree of risk. Quadra's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of copper and other metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, pit-wall failures, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and legal liability. Milling operations are subject to various hazards, including, without limitation, equipment failure and failure of retaining dams around tailings disposal areas, which may result in environmental pollution and legal liability.

Repatriation of Earnings

Quadra is a Canadian company with operations in the United States and Chile and is subject to taxation in each of those jurisdictions at varying rates. It will be necessary for Quadra to repatriate any money made in those jurisdictions back to Canada and there can be no assurance that restrictions on the repatriation of earnings will not be imposed on Quadra.

Quadra's Robinson Mine is totally dependent on one railroad and one port

A substantial proportion of the Robinson Mine's current copper production is sold to customers in Asia and is transported to the Port of Vancouver, Washington for shipment. A major disruption to the railroad system or a lack of access to the Port of Vancouver, Washington could have a serious adverse effect on Quadra's financial condition.

The actual costs of reclamation are uncertain

The actual costs of reclamation are estimates only and may not represent the actual amounts which will be required to complete all reclamation activity. It is not possible to determine the exact amount that will be required, and the amount that Quadra is required to spend could be materially different than current estimates. Reclamation bonds or other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation over the life of a mine operation. Although Quadra includes estimated reclamation amounts in its mine plans, it may be necessary to revise the planned expenditures, and the operating plan for the mine, in order to fund required reclamation activities. The Bureau of Land Management ("BLM") requires that companies recalculate the amount of the environmental bond at least every three years and submit the recalculation to the BLM for approval. The recalculation is based on the anticipated cost of reclaiming disturbance to public land planned over the next three years. For example, during 2005 the amount of the bond for the Robinson Mine was increased by $2,085,000 to a total of $20,075,000. It is possible that the BLM may require additional increases to this bond amount in the future. Any additional amounts required to be spent on reclamation may have a material adverse affect on Quadra's financial condition and results of operations.

Quadra's title to its properties and properties it may acquire in the future may be subject to other claims

Although Quadra has exercised due diligence with respect to determining title to properties in which it has a

material interest, there is no guarantee that title to such properties will not be challenged or impugned. Quadra's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Quadra has not conducted surveys on any of its mineral properties, therefore, in accordance with the laws of the jurisdiction in which such properties are situated, their existence and area could be in doubt. There may be valid challenges to the title of Quadra's properties which, if successful, could impair development and/or operations.

Certain of Quadra's mineral rights at the Robinson Mine and the Carlota Project consist of "unpatented" mining claims created and maintained in accordance with the U.S. General Mining Law. Unpatented mining claims are unique U.S. property interests, and are generally considered to be subject to greater title risk than other real property interests because the validity of unpatented mining claims is often uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the U.S. General Mining Law. Also, U.S. unpatented mining claims are always subject to possible challenges by third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of U.S. federal and state statutory and decisional law. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims.

In recent years, the U.S. Congress has considered a number of proposed amendments to the U.S. General Mining Law. Although no such legislation has been adopted to date, there can be no assurance that such legislation will not be adopted in the future. If ever adopted, such legislation could, among other things, impose reclamation fees and/or royalties on mineral production from claims located on U.S. federal lands. If such legislation is ever adopted, it could have an adverse impact on earnings from Quadra's operations and/or could reduce estimates of Quadra's present reserves at the Robinson Mine and the Carlota Project and the amount of Quadra's future exploration and development activity on U.S. Federal Lands.

Quadra's operations are subject to environmental risks

All phases of Quadra's operations are subject to federal, state and local environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Quadra's operations. Environmental hazards may exist on the properties on which Quadra holds and will hold interests which are unknown to Quadra at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently, and may in the future be, required in connection with Quadra's operations. Certain governmental approval and permitting processes are subject to public comment and can be appealed by project opponents, which may result in significant delays or in approvals being withheld or withdrawn. To the extent such approvals are required and not obtained, Quadra may be curtailed or prohibited from starting or continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Production at Quadra's mines may involve the use of various chemicals, including those which are designated as hazardous substances. Should such chemicals leak or otherwise be discharged from a containment system then Quadra may become subject to liability for clean up work that may not be insured. While Quadra takes steps to prevent discharges of pollutants into the ground water and the environment, Quadra may become subject to liability for hazards that it may not be insured against.

Government regulation may adversely affect Quadra

Quadra's mining, processing, development and mineral exploration activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on Quadra and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Mine pit walls may be unstable

The stability of the walls of the Robinson Mine has historically been problematic. In 2005, this resulted in higher than expected cash costs of production as lower than planned grade ore was delivered to the mill since the higher grade material initially scheduled could not be accessed until additional stripping had been accomplished. Although there has been no significant slope failure and Quadra intends to continue to pro-actively manage the pit wall stability, there can be no assurance that a failure will not occur which could result in an interruption in production, damage to or destruction of the Robinson Mine, damage to life or property, environmental damage and legal liability. Any such failure or interruption in production could have a material adverse affect on Quadra's financial condition and results of operations.

Metallurgical Performance

Robinson is a complex group of deposits containing skarn and porphyry mineralization that has been subjected to supergene processes and post historical mining oxidation. The mineralogy is very variable from bench to bench and across each bench. Not all of the copper minerals present are recoverable by flotation and the extent of non-recoverable copper mineralization is not completely understood or defined within the drill data base. While the operation uses testwork and other techniques to predict recovery, there is no assurance that the forecasting process in place will accurately forecast future metallurgical performance with respect to recovery of copper, grade of concentrate or ore processing capacity.

Quadra has a limited history of operations

Although Quadra's management and operating staff have a history of developing and operating mines, there is no assurance that Quadra as a relatively new organization will continue to produce revenue, operate profitably or provide a return on investment in the future. Quadra's sole producing asset, the Robinson Mine, has only been in production since October 2004 and fully operational for one full year.

Mineral exploration is speculative and uncertain

The exploration for, and development of, mineral deposits involves significant risks. Few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which fluctuate widely; and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Quadra expending significant resources (financial and otherwise) on a property without receiving a return.

Although Quadra's activities are primarily directed towards mining operations and the development of mineral deposits, its activities may also include, without limitation, the exploration for and development of mineral deposits. There is no certainty that the expenditures made by Quadra towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

Quadra will require other mineral reserves in the future

Because mines have limited lives based on proven and probable mineral reserves, Quadra will have to continually replace and expand its mineral reserves as the Robinson Mine produces copper and other base or precious metals. Quadra's ability to maintain or increase its annual production of copper and other base or precious metals will be dependent almost entirely on its ability to bring new mines into production.

The Robinson Mine has an estimated mine life of 10.3 years from January 1, 2006. Quadra is undertaking exploration at the Robinson Mine but there is no assurance that further exploration at the Robinson Mine will result in a material increase to mineral reserves or resources.

Quadra does not insure against all risks

Quadra's insurance will not cover all the potential risks associated with its operations. Quadra may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Quadra or to other companies in the mining industry on acceptable terms. Quadra might also become subject to liability for pollution or other hazards which may not be insured against or which Quadra may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Quadra to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Quadra is dependent on its personnel

Quadra's ability to manage its operations, exploration and development activities, and hence its success, will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and unskilled workforce. The international mining industry is very active and Quadra is facing increased competition for personnel in all disciplines and areas of operation, and there can be no assurance that it will be able to retain current personnel and attract and retain new personnel. Many companies that Quadra competes with for personnel have substantially more resources, multiple mines and longer operating histories than Quadra.

Quadra's operations will require further capital

The mining, processing, development and exploration of Quadra's properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of Quadra's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to Quadra. Debt financing will expose Quadra to the risks associated with borrowing money, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that Quadra would be successful in overcoming these risks or any other problems encountered in connection with such financings.

Political and country risk

Quadra conducts, or will conduct, exploration, development and production activity in a number of countries, namely the United States, Chile and others. These operations are potentially subject to a number of political, economic and other risks. Quadra is not able to determine the impact of political, economic or other risks on its future financial position, including:

- cancellation or renegotiation of contracts;
- changes in foreign laws or regulations;
- changes in tax laws;
- royalty and tax increases or claims by governmental entities;
- retroactive tax or royalty claims;
- expropriation or nationalization of property;
- inflation of costs that is not compensated by a currency devaluation;
- restrictions on the remittance of dividend and interest payments offshore;
- environmental controls and permitting;
- risks of loss due to civil strife, acts of war, guerrilla activities, insurrection and terrorism, and
- other risks arising out of foreign sovereignty over the areas in which Quadra's operations are conducted.

Such risks could potentially arise in any country in which Quadra operates. Furthermore, in the event of a dispute

arising from such activities, Quadra may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute.

The mining industry is competitive

The mining industry is competitive in all of its phases. Quadra faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Quadra. As a result of this competition, Quadra may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, Quadra's revenues, operations and financial condition could be materially adversely affected. The industry is currently experiencing a shortage of skilled labour. Quadra faces competition from other employers to attract labour and there is no assurance that the Company will be able to adequately meet its staffing requirements.

Licences and permits

Quadra's operations require licences and permits from various governmental authorities. Such licences and permits are subject to change in various circumstances. Some permits are subject to periodic renewal. There can be no guarantee Quadra will be able to obtain or maintain all necessary licences and permits as are required to explore and develop its properties, commence construction or operation of mining facilities and properties under exploration or development or to maintain continued operations that economically justify the cost.

Litigation

Quadra is currently subject to litigation and may be involved in disputes with other parties in the future which may result in litigation. If Quadra is unable to resolve these disputes favorably, it may have a material adverse impact on Quadra's financial performance, cash flow and results of operations. See "Legal Proceedings".

Acquisitions

Quadra undertakes evaluations of opportunities to acquire additional mining assets and businesses. Any acquisitions may be significant in size, may change the scale of Quadra's business, and may expose Quadra to new geographic, political, operating, financial and geological risks. Quadra's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms, and integrate their operations successfully. Any acquisitions would be accompanied by risks, such as a significant decline in the relevant metal price; the quality of the mineral deposit proving to be lower than expected; the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Quadra's ongoing business; the inability of management to maximize the financial and strategic position of Quadra through the successful integration of acquired assets and businesses; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel, and the potential unknown liabilities associated with acquired assets and businesses. In addition, Quadra may need additional capital to finance an acquisition. Debt financing related to any acquisition will expose Quadra to the risks associated with borrowing money, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that Quadra would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions. Quadra's level of indebtedness could have important consequences for its operations, including:

- Quadra may need to use a large portion of its cash flow to repay principal and pay interest on its debt, which will reduce the amount of funds available to finance its operations and other business activities;
- Quadra's debt level may make it vulnerable to economic downturns and adverse developments in Quadra's businesses and markets; and
- Quadra's debt level may limit its ability to pursue other business opportunities, borrow money for operations or capital expenditures in the future or implement its business strategy.

Quadra expects to obtain the funds to pay its expenses and to pay principal and interest on its debt by utilizing cash flow from operations. Quadra's ability to meet these payment obligations will depend on its future financial performance, which will be affected by financial, business, economic and other factors. Quadra will not be able to control many of these factors, such as economic conditions in the markets in which it operates. Quadra cannot be certain that future cash flow from operations will be sufficient to allow it to pay principal and interest on Quadra's debt and meet its other obligations. If cash flow from operations is insufficient or if there is a contravention of its debt covenants, Quadra may be required to refinance

all or part of its existing debt, sell assets, borrow more money or issue additional equity. Quadra cannot be certain that it will be able to do so on commercially reasonable terms, if at all.

Quadra's directors and officers may have conflicts of interest

Certain of the directors and officers of Quadra also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict.

Quadra does not have a dividend history or policy

No dividends on our common shares have been paid by Quadra to date. Quadra anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Quadra's board of directors after taking into account many factors, including Quadra's operating results, financial condition and current and anticipated cash needs.

Use of Hedging Contracts

A significant and prolonged increase in copper and gold lease rates could have a material adverse impact on the difference between the forward copper price over the current spot price, and ultimately, the realized price under forward copper and gold sales contracts entered into by Quadra. If production committed under Quadra's hedge instruments is delivered at a copper and gold price below the then prevailing spot price of copper or gold, Quadra will incur an opportunity loss. However, if committed production is delivered at a copper price above the then prevailing spot price for copper and gold, revenues will be protected to the extent of such committed production. In addition, Quadra could be exposed to a loss of value if it or a counterparty to a hedge or forward sale contract defaults on its primary obligations under the instrument.

Risks Related to the Carlota Project and Project Development Activities

In addition to the risk factors applicable to mining operations generally, the following risk factors related specifically to the acquisition of the Carlota Project could have a material adverse effect on our business and results of operations:

Purchase of Carlota was on an "As-Is" Basis

Quadra entered into the Letter Agreement to purchase the Carlota Project through a bidding process that concluded with Quadra submitting and Cambior accepting an offer letter containing the price and the terms upon which Quadra would be prepared to purchase the Carlota Project. Quadra's ability to claim damages and be indemnified for breaches and representations of warranties and covenants under the definitive share purchase agreement is subject to certain limitations. Accordingly, Quadra's management is of the view, and the price paid reflects, that the purchase of the Carlota Project is, in effect, a purchase of such companies on an "as-is, where-is" basis. As a result there may be liabilities, obligations or other issues associated with the Carlota Project that in different circumstances a purchaser would not have assumed or that Quadra is not aware of.

Quadra may not successfully start mining operations at the Carlota Project

Quadra intends to continue the process of starting operations at the Carlota Project. There are numerous activities that need to be completed in order to successfully start cathode production, including, without limitation, arranging acceptable financing, optimizing the mine plan, negotiating contracts for supplies (eg. power, acid, reagents, etc.) for the sale of cathode and for shipping, updating, renewing, obtaining and fulfilling the terms and conditions of, as required, all necessary permits and approvals including, without limitation, environmental permits and approvals, and handling any other infrastructure issues. At the same time, Quadra must recruit and train personnel. There is no certainty that Quadra will be able to recruit and train such personnel, negotiate supply and sales agreements on terms acceptable to Quadra, or that Quadra will be able to renew and obtain the necessary permits and approvals to start or to continue to operate the Carlota Project. Quadra will be required to manage all of these matters using its existing resources while at the same time expanding its permanent staff and using outside consultants to assist in these matters. Because all of these matters must be completed before any production begins, a failure or delay in the completion of any one of these matters may delay production, possibly indefinitely, at the Carlota Project. Any delay in the start up process will cause an increase in costs for Quadra and could have a material adverse affect on the financial condition or operations of Quadra.

Quadra may encounter unexpected business changes or opportunities

Quadra currently has a plan to develop the Carlota Project based upon a number of major assumptions related to business relationships with other companies. Changes in these relationships could create opportunities and risks for Carlota and Quadra that could delay or indefinitely stop development of the Carlota Project.

Litigation may delay or prevent permitting

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

Quadra will require additional permits and approvals and renewals of permits

Quadra holds a number of permits and has received a number of approvals and may require additional permits or modification to its existing permits and approvals in order to commence operations. Certain permits and approvals are required to be renewed from time to time. The granting, renewal and continued effectiveness of these permits and approvals are, in most cases, subject to some level of discretion by the applicable regulatory authority. While Quadra does not believe there is a material risk that such grant or renewal will not be given, there is no guarantee that this will be the case. The failure to obtain such grant or renewal as well as the failure to obtain any required additional permits or modifications thereto and approvals, may have a material adverse effect on the commencement of operations of the Carlota Project.

Sulfuric acid costs and supply

The Carlota Project will require approximately 50,000 tons of sulfuric acid per annum. Sulfuric acid supply for SX-EW projects in the Southwest U.S. is produced primarily as a smelter by-product and was in surplus until 1999 when the closure of BHP Copper's San Manuel smelter and Phelps Dodge's Hidalgo and Chino smelters eliminated over 2 million tons of production from the region and created a deficit. None of these smelters are projected to resume operations. The price of sulfuric acid in a deficit market is geographically impacted due to freight and delivery costs for imports, which tends to cap the price. The Southwest U.S. market is determined by the cost of import to the region from the Houston/Beaumont, Texas area. This cost has risen dramatically in the past few years, primarily due to increased ocean freight costs and Chinese consumption. Current FOB Beaumont price is $55/tonne, plus $45/tonne freight to the Southwest U.S., for a total of $100/tonne delivered. An increase in these costs may have an adverse impact on Quadra's financial condition.

The Carlota Project currently does not have a long-term supply contract for sulfuric acid. There is no guarantee that a supply of sulfuric acid can be obtained. Without an acid supply, the Carlota Project would not be able to operate.

Haulage Truck Tires

The mining industry is continuing to face a world-wide shortage of tires of a size required for mining equipment and in particular haulage trucks. This lack of supply has caused other operations to park trucks due to lack of tires. Carlota is actively pursuing a supply of tires but there is no guarantee that a supply will be secured. Lack of supply would increase costs, decrease productivity and potentially suspend operations resulting in a significant adverse impact on Carlota's and Quadra's financial conditions. There are currently insufficient tires available of the sizes used by Quadra in its operations to provide the inventory and certainty of availability that Quadra would normally consider appropriate.

Inflation of construction costs

Quadra does not have firm quotes for the construction of Carlota. There is a risk that rising costs and labour and material could have an adverse impact on the construction costs and that shortages could have a negative impact on the construction schedule.

Quadra's growth will require new personnel

Quadra is expecting significant growth in its number of employees as a result of a decision to proceed with the construction of the Carlota Project and the further development of its business. This growth will place substantial demands

on Quadra and its management. Quadra's ability to recruit and assimilate new personnel will be critical to its performance. Quadra will be required to recruit additional personnel and to train, motivate and manage its employees. Quadra may have to adopt and implement new systems in the operation of the Carlota Project. There can be no assurance that Quadra will be able to recruit the personnel required to execute its programs or to manage these changes successfully.

Quadra's operations at the Carlota Project are dependent on additional mining equipment

The Company will require additional mining equipment for its operations at the Carlota Project. There can be no assurance that Quadra can source all the additional equipment that it requires and transportation costs of equipment to be relocated to the Carlota Project will not be higher than anticipated by Quadra, or that such equipment will arrive in good working condition or in a timely manner.

PLAN OF DISTRIBUTION

The Company may sell the Securities to or through underwriters or dealers, and also may sell Securities to one or more other purchasers directly or through agents. Each Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters or agents, the purchase price or prices of the Securities and the proceeds to the Company from the sale of the Securities.

The Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

In connection with any offering of Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

LEGAL PROCEEDINGS

The Company is aware of the following possible legal proceedings:

Certain litigation is pending in connection with Carlota's NPDES Permit. The NPDES Permit was issued in July 2000 and appealed by project opponents. After a lengthy litigation period, the permit was validated by the EPA. An appeal was taken to the U.S. Ninth Circuit Court of Appeals. The appeal is in progress and a decision is expected in early 2007. See "Risks Related to the Carlota Project and Project Development Activities – Litigation may Delay or Prevent Permitting." There can be no assurance that the outcome of this litigation will be favorable to the Carlota Project. A court may render a decision which may delay or prevent development of the Carlota Project or change the requirements of the Carlota Project to the extent that it is no longer economically viable, which could have a material adverse effect on the Company. There can also be no assurance that, in the event of a favorable ruling, such ruling will not be appealed further to a higher court. There can be no assurance that additional permits required for the development and operation of the Carlota Project will not be challenged in the future.

Commencing July 7, 2005, Gerald Metals Inc. ("GMI"), through a series of notices, declared it would not accept delivery on the remaining tonnage of copper concentrates to be delivered by the Company under the terms of a Sales Agreement dated June 23, 2004, amended as of December 6, 2004. GMI's initial notices asserted that its non-acceptance was due to a strike at a receiving smelter. After the strike was settled, GMI provided a further declaration it would not accept delivery of future shipments because no contract existed with the Company. On February 17, 2006 the Company filed a complaint in the Nevada courts to recover all damages due for GMI's repudiation of the Sales Agreement. The parties to the lawsuit then agreed to mediate the dispute and continue to attempt to negotiate a settlement.

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

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

CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES

None of the directors or officers of Quadra is, or has been within the ten years before the date of this prospectus, a director or officer of any other company that, while such person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the company access to any statutory exemptions under the Canadian securities legislation, for a period of more than 30 consecutive days, or was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company, other than Mr. Jack Miller, who was the Vice President, Operations of Imperial Metals Corporation, which was arranged under the *Companies Creditor's Arrangement Act* (Canada) in April 2002.

LEGAL MATTERS

Certain legal matters in connection with any offering hereunder will be passed upon by Blake, Cassels & Graydon LLP, Vancouver, British Columbia for the Company. The partners and associates of such law firms as a group beneficially own, directly or indirectly, less than one percent of the outstanding securities of the Company.

AUDITORS, TRANSFER AGENT AND REGISTER

The Company's auditors are PricewaterhouseCoopers LLP, independent chartered accountants, located at 700-250 Howe Street, Vancouver, British Columbia.

The transfer agent and register for the Company is Computershare Trust Company of Canada and its principal offices are in Vancouver, British Columbia and Toronto, Ontario.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase Securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus or a prospectus supplement (including a pricing supplement) relating to the Securities purchased by a purchaser and any amendments thereto. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages, if the prospectus or prospectus supplement relating to the Securities purchased by a purchaser and any amendments thereto contain a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser. Rights and remedies also may be available to purchasers under U.S. law; purchasers may wish to consult with a U.S. lawyer for particulars of these rights.

AUDITOR'S CONSENT

We have read the short form base shelf prospectus of Quadra Mining Ltd. (the "Company") dated November 8, 2006 relating to the issue of common shares, debt securities, warrants and subscription receipts of the Company. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2005 and December 31, 2004 and the consolidated statements of operations and deficit and cash flows for each of the years in the two-year period ended December 31, 2005. Our report is dated March 3, 2006.

Vancouver, British Columbia
November 8, 2006

PricewaterhouseCoopers LLP
Chartered Accountants

CERTIFICATE OF QUADRA MINING LTD.

Dated: November 8, 2006

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Prince Edward Island, New Brunswick, Nova Scotia, and Newfoundland.

(Signed) Paul M. Blythe
Chief Executive Officer

(Signed) Derek White
Chief Financial Officer

On behalf of the Board of Directors

(Signed) George W. Poling
Director

(Signed) Alexander M. Laird
Director