

*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 in those jurisdictions. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Subject to certain exceptions, these securities may not be offered, sold or delivered within the United States of America. See "Plan of Distribution".*

**Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in 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](http://www.sedar.com).

## SHORT FORM PROSPECTUS

New Issue

May 3, 2007



### QUADRA MINING LTD.

**Cdn\$131,040,000**

**10,400,000 Units**

This short form prospectus qualifies the distribution (the "Offering") of 10,400,000 units (the "Units") of Quadra Mining Ltd. ("Quadra" or the "Company") at a price of Cdn\$12.60 per Unit (the "Offering Price"), each Unit consisting of one common share (a "Unit Share") in the capital of Quadra and one-half of one common share purchase warrant of Quadra. Each whole common share purchase warrant (a "Warrant") will entitle the holder thereof to purchase one common share (a "Warrant Share") at a price of Cdn\$20.00 at any time prior to 5:00 p.m. (Vancouver time) on the date that is three years following the Closing Date (as defined below). The Units will be sold pursuant to an underwriting agreement (the "Underwriting Agreement") dated April 24, 2007 between the Company and Orion Securities Inc., BMO Nesbitt Burns Inc. and Raymond James Ltd. (collectively, the "Underwriters"). The Offering Price was determined by negotiation between the Company and the Underwriters.

The outstanding common shares in the capital of Quadra (the "Common Shares") are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the symbol "QUA". On April 18, 2007, the last trading day before the announcement of the Offering, the closing price of the Common Shares on the TSX was Cdn\$12.83. The TSX has conditionally approved the listing of the Unit Shares and Warrants comprising the Units distributed hereunder and the Warrant Shares issuable upon the exercise of the Warrants. Listing on the TSX is subject to the Company fulfilling all of the listing requirements of the TSX on or before July 23, 2007.

**There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. Investing in the Units involves a high degree of risk. See "Cautionary Statement Regarding Forward-Looking Information" and "Risk Factors" beginning on pages 4 and 8 of this short form prospectus, respectively.**

**Price: Cdn\$12.60 per Unit**

	<u>Price to the Public</u>	<u>Underwriters' Fee<sup>(1)</sup></u>	<u>Net Proceeds to the Company<sup>(3)</sup></u>
Per Unit.....	Cdn\$12.60 <sup>(2)</sup>	Cdn\$0.504	Cdn\$12.096
Total <sup>(4)</sup> .....	Cdn\$131,040,000	Cdn\$5,241,600	Cdn\$125,798,400

Notes:

- (1) Pursuant to the terms and conditions of the Underwriting Agreement, the Company has agreed to pay a cash commission to the Underwriters (the "Underwriters' Fee") equal to 4% of the gross proceeds of the Offering. See "Plan of Distribution".
- (2) The Company will allocate Cdn\$12.01 to each Common Share and Cdn\$0.59 to each one-half of one Warrant comprising the Units.
- (3) After deducting the Underwriters' Fee, but before deducting the other expenses of the Offering, estimated to be Cdn\$400,000, which will be paid from the proceeds of the Offering.
- (4) The Company has granted the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part in the sole discretion of the Underwriters up until 24 hours prior to the Closing Date, to purchase up to an additional 1,560,000 Units on the same terms as set forth above, solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total number of Units issued pursuant to the Offering will be 11,960,000, the total price to the public under the Offering will be Cdn\$150,696,000, the total Underwriters' Fee will be Cdn\$6,027,840 and the net proceeds to the Company will be Cdn\$144,668,160. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units, and the underlying Common Shares, Warrants and Warrant Shares, to be issued upon the exercise of such Over-Allotment Option. See "Plan of Distribution."

The following table sets out the number of options and other compensation securities that have been issued or may be issued by the Company to the Underwriters:

<b>Underwriters' Position</b>	<b>Maximum Size</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	1,560,000 Units	Up to 24 hours prior to the Closing Date	Cdn\$12.60 per Unit

The Underwriters, as principals, conditionally offer the Units to the public, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", subject to the approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. A book-entry only certificate or certificates representing the Common Shares and Warrants to be issued to Canadian purchasers pursuant to the Offering will be issued in registered form to CDS & Co. ("CDS") or its nominee and will be deposited with CDS on the date of the closing of the Offering which is expected to occur on or about May 9, 2007 or such other date as the Company and the Underwriters may agree, but in any event not later than June 30, 2007 (the "Closing Date"). A Canadian purchaser of Units will receive only a customer confirmation or confirmations from a registered dealer who is a CDS participant and from or through which the Units are purchased. For all Units sold within the United States, certificates evidencing the Unit Shares and Warrants will be available for delivery on the Closing Date.

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.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This short form prospectus, and the documents incorporated by reference herein, contain “forward-looking information” which means disclosure regarding possible events, conditions, acquisitions, or results of operations that is based on assumptions about future conditions and courses of action and 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 statements 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 short form 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 short form prospectus based on the opinions and estimates of management, and unless required by applicable law, Quadra does not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations or opinions should change. 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.

Forward-looking statements and other information contained in this short form prospectus, and the documents incorporated by reference herein, concerning the mining industry and the Company’s general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which is believed to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics.

You should rely only on the information contained in or incorporated by reference into this short form prospectus. Neither Quadra nor the Underwriters authorized anyone to provide you with different information. If anyone provides you with different information, you should not rely on it. Neither Quadra nor the Underwriters are making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this short form prospectus, and incorporated by reference herein, is accurate as of its respective date only. Our business, financial condition, results of operations and prospects may have changed since those dates.

## DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) the Company's amended and restated annual information form dated March 28, 2007 for the year ended December 31, 2006 (the "AIF");
- (b) the Company's amended and restated audited consolidated financial statements as at and for the year ended December 31, 2006 and the report of the auditors thereon;
- (c) the Company's amended and restated management's discussion and analysis of financial results for the year ended December 31, 2006;
- (d) the Company's information circular dated April 12, 2007, prepared in connection with the Company's annual and special meeting of shareholders to be held on May 10, 2007;
- (e) the Company's unaudited interim consolidated financial statements as at and for the three month period ended March 31, 2007;
- (f) the Company's management's discussion and analysis of financial results as at and for the three month period ended March 31, 2007;
- (g) the Company's material change report dated March 12, 2007 in respect of its and its subsidiaries' entering into term loan facilities with a syndicate of financial institutions in the aggregate amount of \$200 million;
- (h) the Company's material change report dated April 9, 2007 in respect of its intention to make an offer to acquire all of the issued and to be issued common shares and the traded warrants of International Molybdenum plc;
- (i) the Company's material change report dated April 20, 2007 in respect of Quadra's adoption of a shareholder rights plan; and
- (j) the Company's material change report dated April 24, 2007 in respect of the Offering.

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, and business acquisition reports filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this short form prospectus and prior to the termination of the Offering shall also be deemed to be incorporated by reference into this short form prospectus if and to the extent provided in such document.

**Any statement contained in this short form prospectus or in any other document incorporated by reference in this short form prospectus for the purposes of the Offering shall be deemed to be modified or superseded, for the purposes of this short form 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 in this short form prospectus for the purposes of the Offering 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 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 short form prospectus except as so modified or superseded.**

## ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, the Common Shares and Warrants comprising the Units offered hereby, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) (“Tax Act”) and the regulations thereunder (the “Regulations”) for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, “Investment Plans”), provided that, in the case of the Warrants, the Company deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the Investment Plan.

## CURRENCY & EXCHANGE RATE INFORMATION

The Company presents its consolidated financial statements in United States dollars. All references to “\$” in this short form prospectus refer to United States dollars and all references to “Cdn\$” refer to Canadian dollars. The noon exchange rate on May 2, 2007 as reported by the Bank of Canada for the conversion of Canadian dollars was Cdn\$1.00 equals \$0.9020.

## THE COMPANY

### Summary Description of the Business

Quadra is a base metal producing company based in Vancouver, British Columbia, Canada. Quadra produces copper and bi-product gold from the Robinson Mine in Nevada and is in the process of developing the Carlota copper project in Arizona (the “Carlota Project”). Quadra is also exploring the Sierra Gorda project in northern Chile (the “Sierra Gorda Project”).

Quadra was founded in 2002 by its current Chairman, William Myckatyn, and Chief Executive Officer, Paul Blythe, with the objective of becoming a multi asset base metals company with 300 to 600 million pounds of annual copper equivalent production. The Company made an initial public offering in April 2004.

Quadra is committed to continuing to expand and diversify its production through development of its existing properties and the acquisition of interests in advanced exploration, development and producing base metal properties.

### Recent Developments

#### *Credit and Warrant Agreement*

On March 6, 2007, the Company and certain of its subsidiaries completed a \$200 million syndicated private loan financing. The financing consists of a \$150 million First Lien Senior Secured Credit Facility (the “First Facility”) and a \$50 million Second Lien Junior Secured Credit Facility (the “Second Facility”) (together, the “Facilities”). The First Facility has a five year term and bears interest at LIBOR + 650 basis points. The Second Facility has a seven year term and bears interest at LIBOR + 1,000 basis points. The Second Facility lenders received 2,027,776 warrants to purchase Common Shares at an exercise price of Cdn\$9.24 per share that expire on March 1, 2012.

The Facilities are fully secured over the assets and shares of, and guaranteed by, all Quadra subsidiaries, other than those directly associated with the Sierra Gorda Project and, if the acquisition is completed, International Molybdenum plc (“InterMoly”). The Facilities mature on March 5, 2012 and 2014, respectively, but Quadra will be obligated to make a semi-annual offer to purchase the Facilities in an amount equal to 50% of excess cash flow as computed under the terms of the Facilities.

The Company has the right under the Facilities to prepay the First Facility at a price equal to 103% of the face value anytime and the Second Facility at a price equal to 104% of the face value commencing on March 5, 2008, declining over the term. Notwithstanding, at anytime Quadra has the option to prepay the Second Facility with proceeds of an equity financing at a price equal to 110% of the face value. Quadra intends to use a portion of the proceeds of the Offering to repay the Second Facility in its entirety, including all interest accrued thereon. See “Use of Proceeds”.

### *Take-over Offer for International Molybdenum plc*

On March 30, 2007, the Company announced its intention to make an offer (the “InterMoly Offer”) to acquire all of the issued and to be issued share capital (the “InterMoly Shares”) and traded warrants (the “InterMoly Warrants”) of InterMoly.

The InterMoly Offer is based on InterMoly shareholders receiving one Common Share for every 36.22 InterMoly Shares and InterMoly warrantholders receiving one Common Share for every 99.23 InterMoly Warrants.

An irrevocable undertaking to accept the InterMoly Offer has been received from Galahad Gold plc in respect of 106,666,700 InterMoly Shares and 3,333,350 InterMoly Warrants, representing approximately 78% of the InterMoly Shares and approximately 25% of the InterMoly Warrants. This irrevocable undertaking will continue to be binding even in the event of a competing offer being made for InterMoly.

InterMoly is the owner of the Malmbjerg molybdenum project (the “Malmbjerg Project”) in Greenland, which is an advanced stage molybdenum project. If the Company is successful in the InterMoly Offer, it intends to use a portion of the proceeds of the Offering for the exploration and development of the Malmbjerg Project.

### *Shareholder Rights Plan*

On April 18, 2007, the Company adopted a shareholder rights plan (the “Rights Plan”) in order to ensure the fair treatment of all shareholders in connection with any take-over bid for the outstanding Common Shares. The Rights Plan is designed to provide shareholders with adequate time to properly evaluate and assess a take-over bid or corporate transaction if, as and when such circumstances arise without facing undue pressure or coercions. The Rights Plan also provides the Company’s board of directors with additional time to consider any take-over bid and, if applicable, to explore alternative transactions in order to maximize shareholder value.

The Rights Plan is not being adopted in response to any proposal to acquire control of Quadra and the Company is not aware of any transactions by any party that would trigger the provisions of the Rights Plan at this time.

Computershare Trust Company of Canada is acting as rights agent and the record date for the issuance of the rights was set at April 10, 2007, the record date set in connection with the Company’s upcoming annual and special meeting of its shareholders. In addition, rights will attach to Common Shares issued from the Company’s treasury, including Unit Shares and Warrant Shares. The Rights Plan will remain in place only until the Company’s annual and special meeting of shareholders, which is scheduled to take place on May 10, 2007, unless it is ratified by the shareholders. If ratified by the shareholders, the Rights Plan will have a term of three years. The Rights Plan is also subject to approval by the TSX.

### **USE OF PROCEEDS**

Quadra expects to receive approximately Cdn\$125.4 million in net proceeds from the Offering, not including any proceeds received from the exercise of the Over-Allotment Option and after deducting fees payable to the Underwriters and the estimated expenses of the Offering.

The Company intends to use the net proceeds of the Offering as follows:

	<b><u>Cdn\$ (in millions)</u></b>
Repayment of the Second Facility .....	Cdn\$61.0
Exploration and development at the Sierra Gorda Project .....	Cdn\$27.7
Exploration and development at the Malmbjerg Project if the Company is successful in the InterMoly Offer .....	Cdn\$11.1
General corporate and working capital purposes .....	Cdn\$25.6
<b>TOTAL:</b> .....	<b><u>Cdn\$125.4</u></b>

The actual amount that Quadra spends in connection with each of the intended uses of proceeds may vary from the amount specified above, and will depend on a number of factors, including those listed under “Risk Factors”. There may be circumstances where, for business reasons, a reallocation of the net proceeds from the Offering may be necessary.

The proceeds from the Second Facility were received by Quadra in March 2007 and will be used to fund the construction and development of the Carlota Project, to fund the partial repayment of Quadra’s working capital credit facility and for general corporate purposes. The lenders under the Second Facility are arms’ length parties to Quadra and will be repaid in advance from the proceeds of the Offering.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization, cash, cash equivalents and long-term debt of the Company as at March 31, 2007 on an actual basis and as adjusted to give effect to the Offering. The table should be read in conjunction with the audited annual consolidated financial statements of the Company as at and for the year ended December 31, 2006 and management’s discussion and analysis thereof, incorporated in each case by reference in this short form prospectus.

	(\$ in thousands)	
	As at March 31, 2007	As at March 31, 2007 following completion of the Offering <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>
Cash and cash equivalents.....	\$224,252	\$282,361
Long-term debt.....	\$188,255	\$144,294
Common Shares.....	\$162,355	\$275,464
(1,000,000,000 authorized)	(38,135,690 Common Shares)	(48,544,356 Common Shares)
Stock Options.....	\$4,870	\$4,870
(3,813,569 authorized)	(2,570,700 options)	(2,570,700 options)
Warrants.....	\$4,166	\$4,528
(2,027,766 authorized)	(2,027,766 warrants)	(7,227,766 warrants)
Retained earnings.....	\$41,414	\$30,375
Total capitalization.....	\$625,312	\$741,893

Notes:

- (1) After deduction of the fees payable to the Underwriters and the estimated expenses of the Offering.
- (2) Assuming the issue of 10,400,000 Units. If the Over-Allotment Option granted to the Underwriters is exercised in full, the cash and cash equivalents, after deducting the fees payable to the Underwriters and the estimated expenses of the Offering, would be Cdn\$144,268,160, the Common Shares would be 50,104,356 and the Warrants would be 8,007,766.
- (3) After the repayment of the Second Facility of \$55 million.

### RISK FACTORS

Investors should carefully consider the risks set out below and other information contained in or incorporated by reference in this short form prospectus, including those risks contained in the AIF under the heading “Description of the Business – Risks”.

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 and uncertainties incorporated by reference herein are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company’s operations. If any of the risks actually occur, the Company’s business, financial condition and operating results could be adversely affected.

As a result, the trading price of the Unit Shares and Warrants 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.

## **Risks Associated with the Offering**

### *Market Price of Common Shares and Warrants*

There can be no assurance that there will be an active market for the Common Shares or the Warrants after the Offering. Securities of mid-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of Quadra is also likely to be significantly affected by short-term changes in commodity prices, other precious metal prices or other mineral prices, currency exchange fluctuation or in its financial condition or results of operations as reflected in its earnings reports. Other factors unrelated to the performance of Quadra that may have an effect on the price of the securities of Quadra include the following: the extent of analytical coverage available to investors concerning the business of Quadra may be limited if investment banks with research capabilities do not follow Quadra's securities; lessening in trading volume and general market interest in Quadra's securities may affect an investor's ability to trade significant numbers of securities of Quadra; the size of Quadra's public float may limit the ability of some institutions to invest in Quadra's securities; and a substantial decline in the price of the securities of Quadra that persists for a significant period of time could cause Quadra's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. If an active market for the securities of Quadra does not continue, the liquidity of an investor's investment may be limited and the price of the securities of Quadra may decline below the Offering Price. If such a market does not develop, investors may lose their entire investment in the Units.

As a result of any of these factors, the market price of the securities of Quadra at any given point in time may not accurately reflect the long-term value of Quadra. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Quadra may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

### *Future Sales*

If Quadra's shareholders or warrant holders sell substantial amounts of Common Shares or Warrants following the Offering, the market price of the Common Shares or Warrants, as the case may be, could decrease. Upon the completion of the Offering, Quadra will have outstanding approximately 50,104,356 Common Shares (assuming the Over-Allotment Option is exercised in full and there is no exercise of Quadra's outstanding stock options or warrants). Additionally, as of May 3, 2007, Quadra has reserved for issuance 3,814,436 Common Shares under Quadra's stock option plan (the "Option Plan") and 2,027,766 Common Shares pursuant to outstanding warrants. Quadra has agreed not to issue any additional Common Shares for a period of 90 days following the closing of the Offering, subject to certain exceptions. See "Plan of Distribution". Orion Securities Inc., on behalf of the Underwriters, may permit the sale of Common Shares in its sole discretion at any time and without prior public announcement.

## **Additional Risks**

### *Shareholder Rights Plan*

Quadra has adopted the Rights Plan. The Rights Plan provides for substantial dilution to any acquirer making a take-over bid for the Common Shares unless the bid meets the requirements described in the Rights Plan. This could discourage a potential acquirer from making a take-over bid for the Company and make it more difficult for a third party to acquire control of Quadra, even if such acquisition or bid would be beneficial to Quadra's shareholders.

### *Take-over Offer for InterMoly*

Quadra has announced its intention to make the InterMoly Offer. There is no assurance that the InterMoly Offer will receive regulatory, TSX or InterMoly shareholders' or warrant holders' approval or will be completed on the terms currently offered or at all.

### *Integration of Acquisitions*

Quadra is currently seeking to expand its operations through the acquisition of InterMoly, and Quadra expects to continue to expand in the future. There can be no assurance that any business acquired will prove to be profitable or that Quadra will be able to integrate the required businesses successfully, which could slow Quadra's rate of expansion and Quadra's business, results of operations and financial condition could suffer. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on Quadra's results of operations, diversion of management's attention, loss of key personnel, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations.

## **PLAN OF DISTRIBUTION**

Under an agreement dated April 24, 2007 (the "Underwriting Agreement") between the Underwriters and the Company, the Company has agreed to sell and the Underwriters have agreed to purchase, as principals, on or about May 9, 2007 or such other date as may be agreed upon by the Company and the Underwriters (the "Closing Date"), all but not less than all of the Units offered hereunder at a price of Cdn\$12.60 per Unit for aggregate gross proceeds of Cdn\$131,040,000, payable in cash to the Company against delivery of certificates representing the Unit Shares and the Warrants, subject to compliance with all necessary legal requirements and to the conditions contained in the Underwriting Agreement. The Offering Price was determined by negotiation between the Company and the Underwriters.

Pursuant to the Underwriting Agreement, the Company has agreed to pay a commission to the Underwriters (the "Underwriters' Fee") of 4% of the gross proceeds of the Offering for their services in connection with the distribution of the Units offered by this short form prospectus, including in respect of any Units sold pursuant to the exercise of the Over-Allotment Option. Quadra has granted the Underwriters an Over-Allotment Option, exercisable in whole or in part in the sole discretion of the Underwriters up until 24 hours prior to the Closing Date, to purchase that number of additional Units equal to up to 15% of the aggregate number of Units sold pursuant to the Offering at the Offering Price to cover over-allotments, if any, and for market stabilization purposes. This short form prospectus also qualifies the grant of the Over-Allotment Option and the distribution of any additional securities issued on the exercise of the Over-Allotment Option.

Subscriptions for Units offered hereunder will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. One or more certificates representing each of the Unit Shares and the Warrants to be issued to Canadian purchasers will be issued in registered form and will be deposited with CDS on the Closing Date. A Canadian purchaser of the Units will not have the right to receive physical certificates evidencing the Unit Shares and the Warrants. For all Units sold within the United States, certificates evidencing the Unit Shares and Warrants will be available for delivery at the Closing Date.

The Warrants will be created and issued pursuant to the terms of a warrant indenture (the "Warrant Indenture") between the Company and Computershare Trust Company of Canada, as warrant agent thereunder (the "Warrant Agent"), to be dated as of the Closing Date. Each whole Warrant will entitle the holder thereof to purchase one Warrant Share at a price of Cdn\$20.00 at any time prior to 5:00 p.m. (Vancouver time) on the date that is three years following the Closing Date after which time the Warrants will expire and be void and of no value. The Warrant Indenture will contain provisions designed to protect the holders of Warrants against dilution upon the occurrence of certain events. No fractional Warrant Shares will be issued upon the exercise of any Warrants.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at anytime during the period ending on the date the selling process for the Units ends and all stabilization arrangements relating to the Units are terminated, bid for or purchase Common Shares. The foregoing restriction is subject to certain exceptions including (a) a bid for or purchase of Common Shares if the bid or purchase is made through the facilities of the TSX, in accordance with the Universal Market Integrity Rules of Market Regulation Services Inc., (b) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the

client's order was not solicited by the Underwriters, or if the client's order was solicited, the solicitation occurred before the period of distribution as prescribed by the rules, and (c) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules. The Underwriters may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of the Common Shares is for the purpose of maintaining a fair and orderly market in the Common Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

The Unit Shares and Warrants comprising the Units offered hereby, and the Warrant Shares, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any securities or "blue sky" laws of any of the states of the United States. Accordingly, none of the Units, Unit Shares, Warrants or Warrant Shares may be offered or sold within the United States except in accordance with an exemption from the registration requirements of the 1933 Act and applicable state securities laws. In addition, the Underwriting Agreement provides that the Underwriters will offer and sell securities outside the United States only in accordance with Regulation S under the 1933 Act.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units, Unit Shares and Warrants comprising the Units offered hereby, or the Warrant Shares, in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units, Unit Shares, Warrants and Warrant Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the 1933 Act.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement.

The Company has agreed to indemnify each of the Underwriters and their affiliates and their respective directors, officers, employees and agents against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make in respect thereof.

The Company has agreed not to, directly or indirectly, offer, sell or otherwise dispose of, or enter into any agreement to offer, sell or otherwise dispose of, any Common Shares or securities convertible into, exchangeable for or otherwise exercisable into Common Shares for a period of 90 days following the Closing Date without the prior written consent of Orion Securities Inc., on behalf of the Underwriters, other than: (i) upon exercise of currently outstanding rights, or agreements, including options, warrants and other convertible securities and any rights which have been granted or issued, subject to any necessary regulatory approval; (ii) upon exercise of currently outstanding options granted to officers, directors, employees or consultants of the Company or any subsidiary thereof pursuant to the Option Plan; (iii) options issued pursuant to and in accordance with the Option Plan; (iv) pursuant to any bona fide arm's length acquisition of a business, whether by way of purchase of shares or assets, merger, plan of arrangement, amalgamation or otherwise which does not exceed 10% of the basic shares outstanding of the Company immediately following the completion of the Offering; or (v) in connection with the InterMoly Offer. In addition, as a condition of closing of the Offering, certain of the Company's senior officers and directors, will agree not to sell, transfer, assign, pledge or otherwise dispose of any Common Shares or securities exchangeable for or convertible into Common Shares for a period of 90 days from the closing of the Offering, without the prior written consent of Orion Securities Inc., such consent not to be unreasonably withheld. Orion Securities Inc. has provided its consent with respect to the sale of up to 200,000 Common Shares by the Company's Chairman.

The TSX has conditionally approved the listing of the Unit Shares and Warrants comprising the Units distributed pursuant to this short form prospectus and the Warrant Shares issuable upon exercise of the Warrants. The TSX has also conditionally approved the listing of the Unit Shares and Warrants issuable upon the exercise of the Over-Allotment Option and the Warrant Shares issuable upon the exercise of the Warrants. Listing will be subject to the Company fulfilling all of the listing requirements of the TSX on or before July 23, 2007.

## DESCRIPTION OF SECURITIES BEING DISTRIBUTED

### Common Shares

The Company is authorized under its Notice of Articles to issue up to 1,000,000,000 Common Shares. As of May 3, 2007, the Company had 38,144,356 Common Shares issued and outstanding. Certain of the rights and attributes of the Common Shares are described below.

#### *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 available for 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.

### Warrants

The Warrants will be issued in registered form under and be governed by the terms of the Warrant Indenture. The Company will appoint the principal transfer offices of the Warrant Agent in Vancouver, British Columbia as the location at which Warrants may be surrendered for exercise or transfer. The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

The Units will separate immediately upon closing of the Offering into Unit Shares and Warrants. Each Warrant will entitle the holder to purchase one Warrant Share at a price of Cdn\$20.00. The exercise price and the number of Warrant Shares issuable upon exercise are both subject to adjustment in certain circumstances as more fully described below. Warrants will be exercisable at any time prior to 5:00 p.m. (Vancouver time) on the date that is three years following the Closing Date, after which time the Warrants will expire and become null and void.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a "dividend paid in the ordinary course", as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of the Warrants or pursuant to the exercise of directors', officers' or employee stock options granted under the Option Plan);
- (ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;
- (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- (iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an

exchange or conversion price per share) of less than 95% of the “current market price”, as defined in the Warrant Indenture, for the Common Shares on such record date; and

- (v) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares or other assets of the Company, or evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events: (1) reclassifications of the Common Shares; (2) consolidations, amalgamations, plans of arrangement or mergers of the Company with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or (3) the transfer (other than to one of the Company’s subsidiaries) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Common Shares purchasable upon exercise by at least one one-hundredth of a Common Share.

The Company will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre-emptive rights or any other rights which a holder of Common Shares would have.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by “extraordinary resolution”, which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants.

**The foregoing summary of certain provisions of the Warrant Indenture does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture, which will be filed by the Company on SEDAR following the closing of the Offering.**

## CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to Quadra, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Unit Shares and Warrants by holders who acquire Units pursuant to this short form prospectus. This summary is applicable to a holder who, for purposes of the Tax Act, is resident or deemed to be resident of Canada, holds the Unit Shares and Warrants as capital property, and deals at arm’s length and is not affiliated with Quadra. The Unit Shares and Warrants will generally be considered capital property to a holder unless either the holder holds such Unit Shares and Warrants in the course of carrying on a business of trading or dealing in securities or the holder has acquired the Unit Shares and Warrants in a transaction or transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Unit Shares and Warrants as capital property may, in certain circumstances, be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to have the Unit Shares and every other “Canadian security” (as defined in the Tax Act), which would not include the Warrants, owned by such holder in the

taxation year of the election and in all subsequent taxation years deemed to be capital property. This summary is not applicable to any holder which is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules) or to any holder an interest in which would be a “tax shelter investment” (as defined in the Tax Act).

This summary is based on the current provisions of the Tax Act, the Regulations, all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “Proposals”) and counsel’s understanding of the administrative and assessing practices and policies of the Canada Revenue Agency (“CRA”) which have been made publicly available prior to the date hereof. No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not take into account or anticipate any other changes in law, whether by legislative, regulatory, administrative or judicial decision or action or changes in the administrative practices of CRA, is not exhaustive of all Canadian federal income tax considerations and does not take into account other federal tax considerations or provincial, territorial or foreign income tax legislation or considerations.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Unit Shares and Warrants. The income and other tax consequences of acquiring, holding and disposing of Unit Shares and Warrants will vary according to the status of the holder, the province or provinces in which the holder resides or carries on business and, generally, the holder’s own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular holder. Prospective holders should consult their own tax advisors with respect to the income tax consequences of investing in Unit Shares and Warrants, based on the holder’s particular circumstances.**

#### **Allocation of Cost**

Holders will be required to allocate the purchase price of the Units between the Unit Share and the one-half of one Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act. The Company will also be required to allocate the amount received for each Unit between the Unit Share and the one-half of one Warrant on a reasonable basis for the purposes of the Tax Act. Counsel have been advised that the Company will allocate Cdn\$12.01 to each Unit Share and Cdn\$0.59 to the one-half of one Warrant. The Company believes that such allocation is reasonable, but such allocation will not be binding on the CRA or a holder.

#### **Exercise or Expiry of Warrants**

No gain or loss will be realized by a holder upon the exercise of a Warrant. The cost to a holder of a Warrant Share acquired upon the exercise of a Warrant will be the aggregate of the holder’s adjusted cost base of the Warrant so exercised and the price paid for the Warrant Share (i.e., the exercise price of the Warrant). The adjusted cost base of the Warrant Shares acquired will be determined by averaging the cost of those Warrant Shares with the adjusted cost base (determined immediately before the acquisition of the Warrant Shares) of all other Common Shares held by the holder as capital property at the time of the acquisition.

The expiry of an unexercised Warrant will generally give rise to a capital loss equal to the adjusted cost base to the holder of the expired Warrant.

#### **Disposition of Common Shares or Warrants**

In general, a holder of a Common Share (including a Unit Share and a Warrant Share) or Warrant will realize a capital gain (or capital loss) on a disposition, or a deemed disposition of such Common Share or Warrant (other than a disposition of a Warrant on the exercise thereof), equal to the amount by which the proceeds of disposition of the Common Share or Warrant, as the case may be, net of any costs of disposition, exceed (or are less than) the adjusted cost base of the Common Share or Warrant, as the case may be, to the holder.

A holder will be required to include in income one-half of the amount of any capital gain (a “taxable capital gain”) realized in the year of a disposition of the Common Shares or Warrants and will generally be entitled to deduct one-half of the amount of any capital loss (an “allowable capital loss”) against taxable capital gains realized in the year of a disposition, the three preceding years or any subsequent year, to the extent and under the circumstances described in the Tax Act.

In general, in the case of a holder that is a corporation, the amount of any capital loss otherwise determined arising from a disposition or deemed disposition of Common Shares may be reduced by the amount of dividends previously received thereon, or deemed received thereon, to the extent and under circumstances prescribed in the Tax Act. Analogous rules apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns Common Shares.

A holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” as defined in the Tax Act may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6 2/3% of its “aggregate investment income” for the year which is defined to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

### **Dividends on Common Shares**

Dividends received or deemed to be received on the Common Shares by an individual (including most trusts) will be included in computing the individual’s income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to dividends received from “taxable Canadian corporations” as defined in the Tax Act, including the new enhanced gross-up and dividend tax credit for eligible dividends paid after 2005 by taxable Canadian corporations such as Quadra, where these dividends have been designated as eligible dividends by the dividend paying corporation.

A holder that is a corporation will include dividends received or deemed to be received on the Common Shares in computing its income for tax purposes and generally will be entitled to deduct the amount of such dividends in computing its taxable income, with the result that no tax will be payable by it in respect of such dividends.

Certain corporations, including private corporations or subject corporations (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act at the rate of 33 1/3% of the dividends received or deemed to be received on the Common Shares to the extent that such dividends are deductible in computing taxable income. This tax will be refunded to Quadra at a rate of \$1 for every \$3 of taxable dividends paid while it is a private corporation.

### **INTEREST OF EXPERTS**

None of Blake, Cassels & Graydon LLP, counsel to the Company, Cassels Brock & Blackwell LLP, counsel to the Underwriters, or any associate or partner thereof, has a direct or indirect interest in the property of the Company or any associate or affiliate of the Company.

As at the date hereof, the aforementioned persons beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Company. None of the aforementioned persons is currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of an associate or affiliate of the Company.

The consolidated financial statements of Quadra as at and for the year ended December 31, 2006 incorporated by reference in this short form prospectus have been audited by PricewaterhouseCoopers LLP, independent chartered accountants, located at 700 - 250 Howe Street, Vancouver, British Columbia. PricewaterhouseCoopers LLP report that they are independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia, Canada.

### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

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 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 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.

## AUDITORS' CONSENT

We have read the short form prospectus of Quadra Mining Ltd. (the "Company") dated May 3, 2007 relating to the issue and sale of 10,400,000 units of the Company, each unit consisting of one common share in the capital of the Company and one-half of one common share purchase warrant 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 balance sheets of the Company as at December 31, 2006 and 2005 and the statements of operations and deficit and cash flows for the years then ended. Our report is dated February 23, 2007 (except for note 3 and note 24 which are as of May 1, 2007).

Vancouver, BC  
May 3, 2007

(Signed) *PricewaterhouseCoopers LLP*  
CHARTERED ACCOUNTANTS

**CERTIFICATE OF THE COMPANY**

Date: May 3, 2007

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

(Signed) Paul M. Blythe  
Chief Executive Officer

(Signed) Derek White  
Chief Financial Officer

On behalf of the Board of Directors

(Signed) Gregory Van Staveren  
Chairman of the Audit Committee

(Signed) Alexander M. Laird  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Date: May 3, 2007

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

**ORION SECURITIES INC.**

By: (Signed) DOUGLAS BELL

**BMO NESBITT BURNS INC.**

By: (Signed) JASON NEAL

**RAYMOND JAMES LTD.**

By: (Signed) JOHN M. MURPHY