MINING COMPANY ANALYSIS: <u>EQUINOX MINERALS LIMITED</u>

1. Corporate Profile

1.1	**Company Description**	➢ Equinox is an international mineral exploration and development company with a focus on base and precious metals. The principal assets of Equinox are: o The Lumwana Project o Interests in a number of exploration projects in Zambia, Australia, Peru and Sweden
1.2	**Corporate structure**	➢ Equinox shares (EQN) are listed on the Toronto Stock Exchange and on the Australian Stock Exchange ➢ Its wholly owned subsidiary, Equinox Resources, has been an active explorer since listing on the Australian Stock Exchange (ASX) in 1994. ➢ June 2004: Equinox Minerals Limited was incorporated under the Canada Business Corporation Act. ➢ Issued 1 common share for every 3 shares of Equinox Resources
1.3	**Shareholders**	➢ Major shareholders o CDS & Co: 16.76% o National Nominees: 10.62% o Auselect Limited: 5% o Billiton Exploration Australia 4.8% o CR Williams Family Trust: 3.18%
1.4	**Listing**	➢ Toronto, Australia. Symbol EQN
1.5	**# Shares**	➢ Issued shares: 71.7 mill ➢ Fully diluted: 96 mill ➢ 8,720,000 unlisted employee incentive options
1.6	**Share price**	➢ Aus$ 0.95 (Dec 2005), (US$0.72)
1.7	**Market cap**	Aus$ 68.11mill (US$ 51.21mill)

2. Company Strategy

2.1	**Vision & Mission**	➢ Develop into a mid-tier copper mining company to produce cash flow to sustain further exploration and growth, maximizing shareholder returns through capital appreciation.
2.2	**Strategy**	➢ Expand its operations from development to mining ***Strategic objectives 2005*** ➢ Develop Lumwana, to become one of Africa's largest copper mines ➢ Simplification of Lumwana development plan ➢ Listing on the Toronto Stock Exchange, to provide Equinox with improved access to global capital markets, facilitating financing & development of the project ➢ Use funds to acquire remaining 49% interest in the Lumwana Project from Phelps Dodge, develop the project and conduct continuing exploration programs in Zambia, Peru and Australia.

		➢ Enhance board of directors with new appointments with mine operating experience and Canadian financial expertise. ➢ Discover new copper deposits close to proposed processing plant at Lumwana. ➢ Negotiate concentrate offtake arrangements

3. Review of Operations

3.1 Mining Operations:

No mining operations

3.2 Mine Development

No mine development projects

3.3 Feasibility Studies

i) Lumwana Copper Project

1	**Project Description**	➢ Lumwana is one of the world's largest undeveloped copper deposits
2	**Project Stage**	➢ Bankable Feasibility Study completed in late 2003. ➢ .
3	**Host Country / Location**	➢ Zambia, northwestern province, 220 km west of the Copperbelt, 65km km west of the town of Solwezi. ➢ The Coppernbelt, one of the world's greatest concentrations of copper-cobalt deposits, has been the centre of commercial copper production for 80 years. ➢ Zambia o One of most stable countries in Southern Africa with functioning multiparty democracy & responsible fiscal policies o Government offers significant investment incentives o No exchange control o No restriction on foreign shareholding levels o No requirement for government equity in development projects o Corporate tax rates of 25% o Gross royalty on payable metal production of 0.6% o No capital gains tax
4	**Legal**	➢ Equinox earned a 51% interest in the Lumwana Copper-Cobalt Project in Zambia under the Lumwana Joint Venture with Phelps Dodge as a result of completing the bankable Feasibility Study. ➢ Equinox has since exercised its option to acquire the remaining 49% interest in the project and now holds 100% interest in Lumwana. ➢ Phelps Dodge Corporation will retain a 1% net smelter which Equinox shall have the option to acquire for a payment of $10.6mill on a development decision of for payment of $12.8 mill on the commencement of commercial production.

<table>
<tr><td>5</td><td>Geology & Exploration</td><td>

Mwombenzi Dome hosts Lumwana Copper Project
One of most prospective parts of Zambia
Represents undeveloped region of comparable scale & geology to northen end of Kafue Anticline, which hosts Zambian Copperbelt.
Orebodies predominately sulphide & very consistent

</td></tr>
<tr><td>6</td><td>Mineral Resources & Reserves</td><td>
Resource was calculated by Golder in accordance with Australasian Code of reporting of Mineral Resources (JORC Code)

Lumwana Resource (at 0.2% Copper cut off)
<table>
<tr><td>Combined Orebody</td><td>Tons Mt</td><td>Cu (%)</td><td>Co (ppm)</td><td>Au (g/t)</td><td>Cu (Mt)</td></tr>
<tr><td>Measured</td><td>129.4</td><td>0.89</td><td>238</td><td>0.03</td><td>1.15</td></tr>
<tr><td>Indicated</td><td>140.0</td><td>0.78</td><td>187</td><td>0.02</td><td>1.09</td></tr>
<tr><td>Total</td><td>269.4</td><td>0.83</td><td>212</td><td>0.02</td><td>2.24</td></tr>
<tr><td>Inferred</td><td>631.8</td><td>0.64</td><td>51</td><td>0.01</td><td>4.04</td></tr>
</table>

Lumwana Proven & Probable Reserves (based on $0.80/lb copper)
<table>
<tr><td>Combined Orebody</td><td>Tons Mt</td><td>Cu (%)</td><td>Co (ppm)</td><td>Au (g/t)</td></tr>
<tr><td>Proven</td><td>122.7</td><td>0.83</td><td>241</td><td>0.03</td></tr>
<tr><td>Probable</td><td>82.6</td><td>0.73</td><td>155</td><td>0.01</td></tr>
<tr><td>Total Reserves</td><td>205.5</td><td>0.79</td><td>207</td><td>0.02</td></tr>
</table>
</td></tr>
<tr><td>7</td><td>Mining</td><td>

Mining Licence covers 1,355 km^2
The deposits Malundwe & Chimiwungu will be mined by conventional open pit mining methods
Mine design forecasts the extraction of 348 Mt ore with a 3:1 strip ratio over a mine life of 17 plus years.
Equinox will mine an average of 20 mill tons per year to produce an average of 125,000 tons of copper annually over 17 years.
During the first 5 years the mine will produce an average of 140,00 tons of copper annually due to higher head grades.

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<tr><td>8</td><td>Metallurgy</td><td>

Simple metallurgy, conventional & proven process design
Metallurgical test work indicates high recoveries of copper by conventional flotation processes – greater than 95% recovery.
Testwork shows that Malundwe will produce a concentrate grading 41-45% copper and Chimiwungo is expected to produce a concentrate grading 28-32% copper.
The plant would have the production capacity 100,000 tpa of LME grade A copper cathode with by-products of cobalt powder and sulphuric acid.
Concentrates will be smelted and refined into metal at smelters either in Zambia, southern Africa and/or offshore
Roast-Leach-Electrowinning plant was designed in BFS. Could replace need for a smelter. The plant would have a production capacity of 100,000 tpa of LME Grade –A copper cathode with by-products of cobalt powder & sulphuric acid

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<tr><td>9</td><td>Infrastructure</td><td>

One of the key reasons Lumwana has not been mined is the limited regional infrastructure.

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<table>
<tr><td></td><td></td><td>➢ The situation is now changing with strong support from the Government of Zambia.
➢ The T5 Northwest Highway which links the Lumwana region to Solwezi passes within 3km of the project.
➢ The Government has completed the construction of a 30kv power line to service the Kansashi project and the Solwezi region.
➢ In February 2005 Equinox signed an MoU with ZESCO o extend the power line to Lumwana</td></tr>
<tr><td>10</td><td>Marketing</td><td>➢ Discussions are underway with potential off- takers and smelters.</td></tr>
<tr><td>11</td><td>Human Resources</td><td>➢ Close proximity to technically skilled workforce in Kolwezi</td></tr>
<tr><td>12</td><td>Environmental & Social</td><td>➢ An Environmental Impact Assessment to World Bank standards was undertaken as part of the BFS.
➢ There are no serious environmental issues affecting the project.
➢ A full rehabilitation plan has been developed to ensure land is as far as practicable returned to its pre-mining state.
➢ A plan for improving the sustainability of land use in the Lumwana region has been developed for the continuing benefit of the local population following mine closure.
➢ No resettlement of the local population will be necessary</td></tr>
<tr><td>13</td><td>Consultants</td><td>➢ Key consultants: Aker Kvaener, principal consultants responsible for process design & engineering
➢ Golder Associates responsible for geosciences, water sciences and environmental components</td></tr>
<tr><td>14</td><td>Financial</td><td><table><tr><th>Capex</th><th>Opex</th></tr><tr><td>Capital cost estimated at $296 mill plus $37 for the mining fleetl</td><td>$0.56/lb</td></tr></table>
NPV: No information
IRR: No information</td></tr>
<tr><td>15</td><td>Implementation</td><td>No information</td></tr>
<tr><td>16</td><td>Project Risks</td><td>Equinox company risks
➢ Exploration & mining involves a high degree of risk & uncertainty
➢ Mineral resources and reserves are estimates only. There is no certainty that further exploration will result in the upgrade of inferred mineral resources to proven & probable mineral reserves
➢ Equinox may be adversely affected by fluctuations in metal prices
➢ Equinox has no history of mining operations
➢ Equinox currently depends heavily on the Lumwana Project
➢ Equinox does not insure against all risks
➢ Equinox operations are subject to environmental risks
➢ Government regulations may adversely affect Equinox
➢ Equinox is subject to international operations risks
➢ Equinox will require mineral reserves in the future
➢ Equinox does not a present hedge metal or currency futures
➢ Equinox's title to properties may be subject to challenge and the</td></tr>
</table>

		existence of possible undetected defects in respect of which title insurance is generally not available ➢ Carrying values of Equinox's assets may be adversely affected by fluctuations in the copper, cobalt and sulphuric acid markets ➢ Equinox is dependent on key personnel **Risks specific to the Lumwana Project** ➢ Road access to Lumwana project is limited & completion of necessary upgrades is not guaranteed ➢ Inflation in Zambia may have negative effects on the results of the operation ➢ Handling and disposal of waste rock containing uranium at the Lumwana project may contain environmental and health risks ➢ HIV/AIDS & other infectious diseases may have a negative effect on the workforce & increase medical costs

3.4 Exploration

3.4.1 Exploration Strategy

- Copperbelt-style coper-cobalt mineralization in the Zambian Copperbelt region
- Archaen nickel sulphide mineralization of the Kambalda-style in the Yilgarn Province of Westen Australia
- Epithermal gold & base metal mineralization in Peru
- Iron oxide mineralization in South Australia, North Queensland & Sweden

3.4.2 Exploration Projects

i) Lumwana

1	**Project Description**	➢ Mwombehi Dome, which hosts Lumwana Copper project, is one of most prosperous parts of Zambia. ➢ Prior to Equinox, Lumwana region had been only subjected to limited copper exploration. ➢ Discovered Chimiwungo North copper deposit
2	**Project Stage**	➢ Early stage exploration
3	**Host Country / Location**	➢ Zambia, at Lumwana
4	**Legal**	➢ Ownership Structure: 100%?
5	**Exploration Activities**	➢ 27 targets identified ➢ Equinox has made some significant advances using modern techniques such as geophysical methods, computer data processing and interpretation techniques & shallow drilling methods.
6	**Results**	➢ Discovered Chimiwungo North copper deposit

ii) Zambezi Joint Venture

1	**Project Description**	➢ 27,000km2 tenement package through Zambezi Joint Venture with Anglo American Prospecting Services (Pty) Ltd
2	**Project Stage**	➢ Early stage exploration
3	**Host Country / Location**	➢ Zambia, copperbelt & northwesten provinces
4	**Legal**	➢ Equinox diluted 10% interest in Zambezi Joint venture, discussions regarding restructuring of joint venture
5	**Exploration Activities**	➢ No information
6	**Results**	➢ No information

iii) Nickel Sulphide - Yilgarn Province, Western Australia

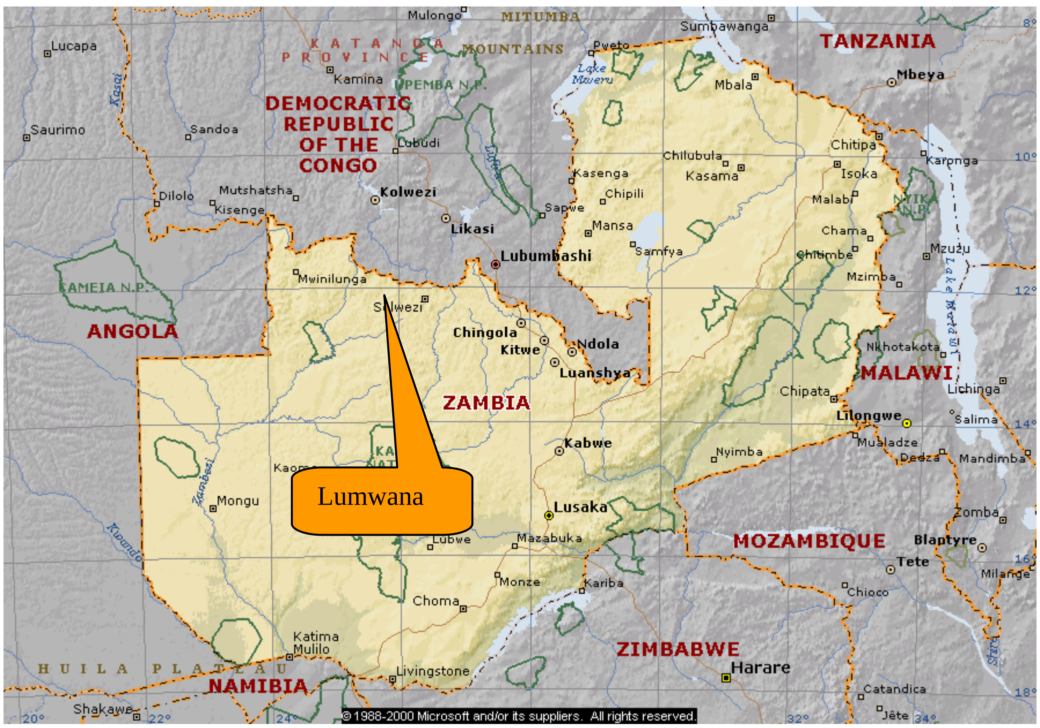
1	**Project Description**	➢ Cowan Nickel Joint Venture with Bullion Minerals Ltd ➢ Exploring the nickel interests in the Widgemooltha-Higginsville region ➢ Tenement area of 650 km^2 ➢ Includes extensions to sequences that host a number of operating nickel mines and covers approximately 147 km strike of untested ultramafic stratigraphy prospective for nickel sulphides
2	**Project Stage**	➢ Early stage exploration
3	**Host Country / Location**	➢ Western Australia, Yilgarn Province, Widgemooltha-Higginsville region ➢ 60 km south of nickel mining town of Kambalda
4	**Legal**	➢ Equinox, as operator may earn up to a 60% interests in the nickel rights held by Bullion
5	**Exploration Activities**	➢ Extensive geological mapping ➢ Geochemical sampling ➢ Ground geophysics
6	**Results**	➢ No information

iv) Epithermal Gold & Base Metal Projects - Peru

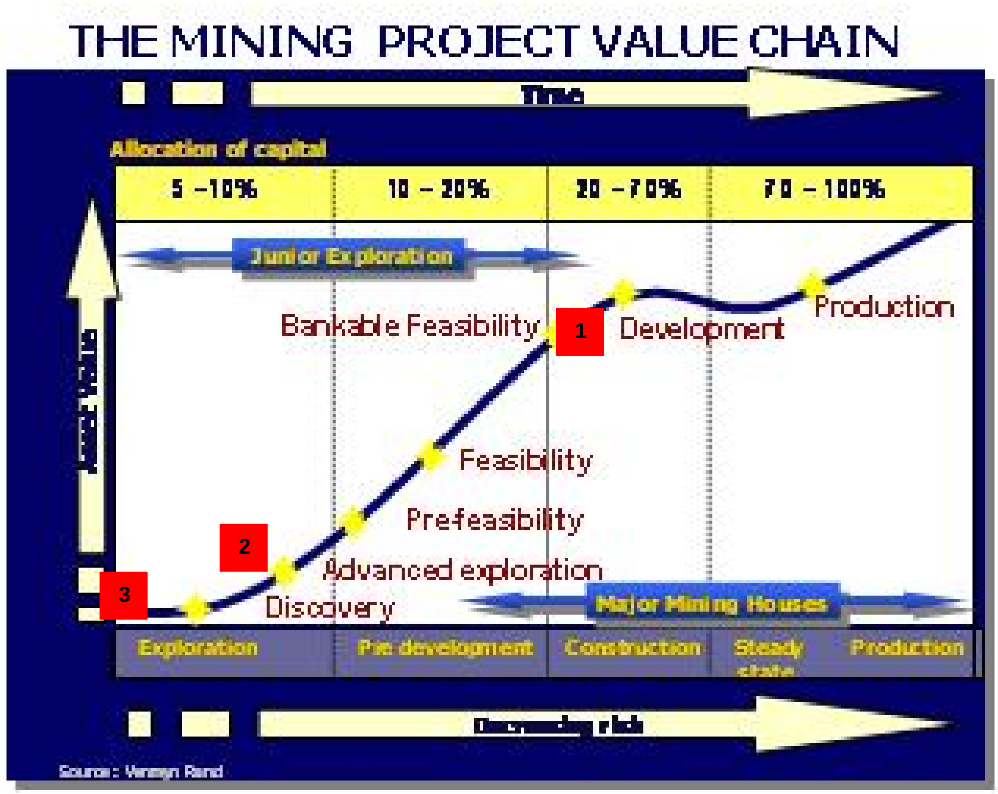
1	**Project Description**	➢ Exploration in Peru, focused on epithermal gold and base metal mineralization ➢ Alturas has assembled a portfolio of gold and base metal projects, initially funded by Equinox
2	**Project Stage**	➢ Early stage exploration
3	**Host Country / Location**	➢ Peru, hosts a number of very large low cost gold and base metal deposits
4	**Legal**	➢ 70% equity interest in Alturas Minerals MRL, a local Peruvian

		company, whose principals have been involved in mining & exploration in Peru since the 1970's ➢ Equinox's objective is to finance Alturas through a listing of the company on the TSX ➢
5	**Exploration Activities**	➢ No information
6	**Results**	➢ No information

3.5 Equinox Project Locations: Zambia



3.6 Company Portfolio Overview



1. Lumwana Cu Project
2. Lumwana Exploration: Zambezi JV
3. Exploration projects Australia & Peru

4. The Team

4.1 Board of Directors

Non Exec Chairman: Geoff Reynolds

- Extensive mining industry experience
- Held senior management positions with international mining and engineering companies
- Currently consults to Societe Generale on mining finance

President & CEO: Craig Williams **/ Executive Director vice President Exploration:** Dr Bruce Nisbet

- Geologists involved in mineral exploration & development for over 30 years
- Directly involved in significant discoveries in Australia
- Founded Equinox in 1993

Executive Director, Vice President – Operations and Chief Operating Officer: Harry Michael

- Mining engineer with extensive mine development and operational experience, both within Australia and internationally.
- Experience as CEO of Geita Gold Mining Ltd & as General manager of the large open pit Iduapriem Gold Mine in Ghana

Non-executive Director: David Mosher
- President and CEO of High River Gold Mines of Canada
- Over 30 years experience in Australia, North America, Russia, Asia and Africa

Non-executive Director & Chair of Audit Committee: Brian Penny
- Until recently, Vice President, Finance and CFO of Toronto based Kinross Gold Corporation
- Certified management Accountant
- 20 years experience in the mining industry

4.2 Management team

Vice President-Finance & CFO: Michael Klessens
- Extensive experience in mining industry corporate and financial management and the development of mining operations.

Vice President-Project Development: Robert Rigo
- Engineer with extensive experience in the management of major open pit mining operations and feasibility studies in the mining and mineral processing industries.

Project Finance: Mark Arnesen
- Manage and facilitate project financing effort for Lumwana.
- 20 years experience in the structuring and negotiation of finance for major resources companies in Africa

Vice President- Investor relations and Corporate Development:
- Graduate Camborne School of Mines
- 20 years experience in media and marketing

Exploration Manager – Africa / Australia: Mike Richards, John Cooke
- Effective explorers, having been involved in a number of discoveries and development programs.

Other key staff
- Mine Manager
- Process Manager
- Maintenance Manager
- Finance manager

5. Corporate Governance Practices

- Board responsibilities defined
- Committees:
    - Audit Committee
    - Compensation Committee
    - Corporate Governance and Nomination Committee
    - Environmental & Safety Committee
    - Risk Assessment and Management Committee

6. Finance

6.1 Financing: Equity

Date	Activity	Capital raised	Comment
2003	Issue of 20,000,000 shares at A$0.30	A$ 6 mill	Net proceeds after deducting Underwriters fees: A$ 5.6 mill.
2004	Delisted from the ASX, restructured & Equinox Minerals Ltd listed on both the ASX and TSX. Issue of 22,000,000 common shares at a price of C$0.71	C$ 15.6 mill (US$ 11.8mill)	Proceeds used to purchase Phelps Dodge's 49% interest in the Lumwana Project.

6.2 Financing: Debt

Date	Loan	Institution	Interest	Terms
2003	€7mill	European Investment Bank	5.26% pa	➢ 13 years ➢ Grace period ends Sept 2007 ➢ Loan unsecured & can be forgiven if following completion of BFS no mining operation is established at Lumwana
2004	€7mill Note facility	Syndicate made up of RMB, Societe General SA Export Development Fund	LIBOR + 2.5% pa	➢ 24 months, extendable for a further 24 months ➢ Note Financiers issued with options to purchase a total of 56mill shares at A$0.20, exercisable within 2.5 years. ➢ Note financiers exercised all 56 mill options. Equinox applied A$ 11.2 mill to repay Note facility

6.4 Financial Assessment

COMPANY FINANCIAL ASSESSMENT		COMPANY:	EQUINOX	2004
			Share price ASX: Dec 2005 (US$)	0.72
			Exchange rate: US$/Aus$	1.32

1.CONSOLIDATED INCOME STATEMENT

	Income ($ mill)	Dec-04	Jun-03
1	Other Income / Expense	$1.58	$0.03
2			
3			
4			
5			
	Total Income	**$1.58**	**$0.03**

	Expenditure ($ mill)	Dec-04	Jun-03
1	Exploration	$2.65	$0.30
2	General & administration	$1.21	$0.24
3	Stock options expensed	$1.31	
4	Amortization property /plant	$0.06	$0.03
5			
6			
7			
8			
	Total Expenses	**$5.23**	**$0.57**

	Profit/Loss Analysis	Dec-04	Jun-03
1	**Profit/Loss for period before tax**	**($3.65)**	**($0.54)**
2	**Net Profit/Loss**	**($3.65)**	**($0.54)**
3	Earning (loss) per share ($)	($0.05)	($0.01)

Analysis

Income increase by	$1.55
Costs increased by	$4.66
Loss increase by	$3.11
Loss per share increases by	-0.04

2. CONSOLIDATED BALANCE SHEET

	Assets ($ mill)	Dec-04	Jun-03
1	Current assets	$3.89	$1.28
2	Property, plant, equipment	$0.38	$0.34
3	Deferred exploration & evaluation costs	$27.57	$14.83
4	Deferred financing costs		$0.31
5			
	Total Assets	**$31.84**	**$16.76**

	Liabilities ($ mill)	Dec-04	Jun-03
1	Current liabilities	$2.01	$1.21
2	Long term debt	$9.55	$13.04
3	Employee future benefits	$0.18	$0.11
4			
5			
	Total Liabilities	**$11.74**	**$14.35**

Shareholders Equity ($ mill)	Dec-04	Jun-03
Total	**$20.10**	**$2.40**

Analysis

Assets have increased by	$15.08
Liabilities have decreased by	$2.62
Shareholders equity has increase by	$17.70

3. CONSOLIDATED CASH FLOW STATEMENT

	Cashflows ($ mill)	Jun-04	Jun-03
1	Cash flows provided by operating activities	($2.10)	($0.57)
2	Cash flows from investing activities	($11.75)	($7.61)
3	Cashflows from financing activities	$15.33	$7.52
4	Cash at beginning of period	($8.94)	($7.85)
5	**Cash at end period**	**($12.05)**	**($8.39)**

Analysis

Minimal income, cashflow decreases by	($1.54)
Cash flows from investing activities increased by	$4.14
Cashflows from financing activities increased by	$7.81
Cash at end of period decrease further by	$3.66

4. FINANCIAL RATIOS

	Ratio	Dec-04	Jun-03	Analysis
LIQUIDITY				
1	Current Ratio	1.94	1.06	(>2 = healthy position) 2004 ratio improves but not yet 2
LEVERAGE				
2	Debt Ratio	37%	86%	(>50%, shareholders provide most risk): shareholder risk is decreasing
3	Gearing	32%	84%	(Gearing levels acceptable at < 50%): acceptable gearing 2004
PROFITABILITY				
4	Gross Profit Margin	-232%	-2082%	No profits made in both years
5	Return on Shareholder Funds	($0.18)	($0.23)	Negative returns as result of no profit
INVESTMENT PERFORMANCE				
6	P/E ratio	#DIV/0!		No earnings per share
7	Dividend yield	$0.00	$0.00	No dividends

Ratio definition

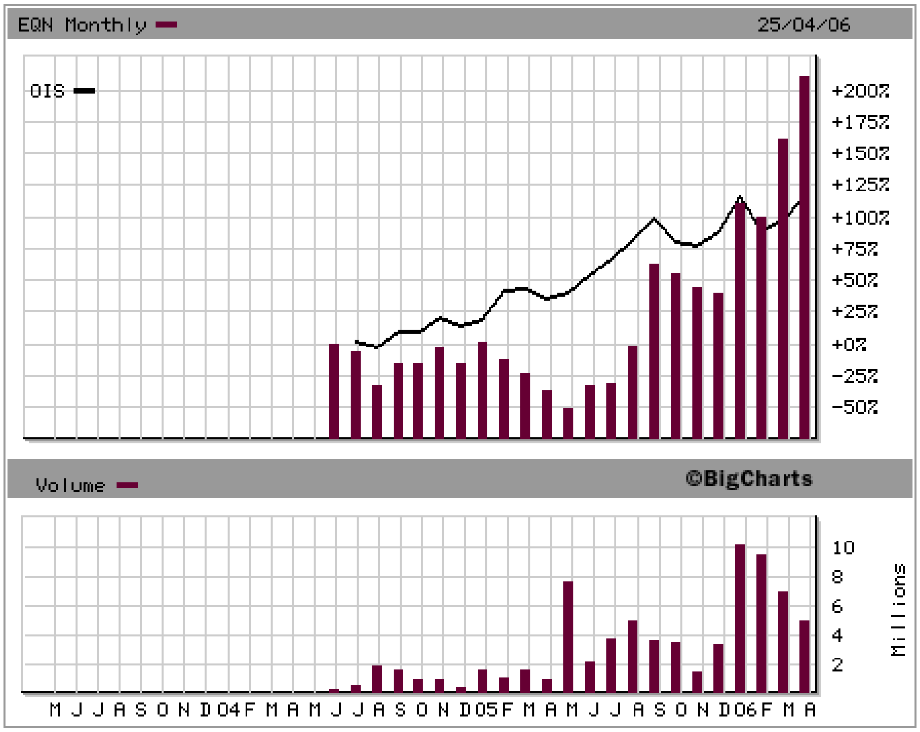
1. Current ratio = current assets / current liabilities
2. Debt ratio = total liabilities / total assets
3. Gearing =long term liabilities / total capital employed
4. Gross profit margin = gross profit / sales
5. Return on shareholder funds = net income / shareholder interest
6. P/E ratio= market price per share / earning per share
7. Dividend yield = dividend per share / current market price

Notes

1. Source: Equinox Annual Report 2004
2. Source: Australian Stock Exchange: www.asx.com
3. All figures in $mill
4. All figures rounded to $ 0.01 mill

6.5. Share Price Movement

i) Comparison Share Price vs. Dow Jones Global Exploration & Mining Index (April 2006)



i) Analysis of Share Price Movement

- Equinox's share price has been level and from July 2004 to July 2005.
- Rapid jumps have incurred since then.
- The share increase by 50% in August 2005, only to increase rapidly thereafter, ending considerably above the DJ Exploration Index.

7. Information Sources

1. Equinox Minerals Limited Annual Report 2004
2. Financial Times analytical charting, www.mwprices.ft.com, 25 April 2006