

Equinox Minerals Limited

Emerging African copper producer

- EQN is an emerging copper production company from its 100% owned Lumwana copper mine in Zambia
- At full production in 2009 EQN will be one of the worlds top 20 copper producers
- The Lumwana mine has a reserve base of 4.8Mt Cu metal (at 0.68% Cu grade), sufficient for an initial 37 year mine life
- We forecast payable production in December year end 09FY of 143kt Cu and in 10FY, 169kt Cu prior to increasing in 11FY to 202kt Cu with the completion of debottlenecking of the plant to increase throughput by 20% to 24Mtpa
- We forecast operating costs of less than US\$1.00/lb over the life of the mine with grid power, electric loaders, hybrid dump trucks and a coarse grind of 280 microns, providing substantial operating cost savings

Lumwana copper mine commissioning DQ08

- Commissioning is to commence at Lumwana in DQ08 with the primary crusher and conveyer circuit already completing design capacity and handover from the EPC contractor
- We assume a ramp up to full production by SQ09 when Lumwana will become Africa's largest copper mine

Cash margin provides for strong earnings

- Our earnings forecasts are reflective of strong cash margins resulting in an A\$ adjusted eps of 91.6c in 09FY, 98.3c in 10FY and 92.3c in 11FY
- Our estimates see EQN trading at less than 2.0 times our forward earnings estimates

Cu price forecast revision

- We have revised our copper price forecasts down ~30% for 09FY and 10FY in line with the current softer fundamental outlook for commodities and decreased our long term Cu price from \$1.75/lb to \$1.50/lb

Recommendation

- EQN is an emerging low cost, long life copper producer with significant value upside in 2009
- We recommend a BUY and value EQN at \$3.09 per share. Our dcf based 12 month price target is A\$5.37 per share following a successful commissioning and ramp up by SQ09

EQN.ASX

BUY

Tuesday 21 October 2008

Price	A\$	1.80
Valuation	A\$	3.09
12 mth price target	A\$	5.37
Valuation Method		DCF

GICS sector		Metals & Mining
Market capitalisation*	A\$m	1,067
Shares on Issue*	m	593
Enterprise value	A\$m	1,502
Previous rating		Initial
* undiluted for optns		

Year Ended June 30		08e	09e	10e	11e
Payable Cu Production	kt	0	143	169	202
Sales revenue	US\$m	3	790	898	990
EBITDA	US\$m	-31	498	572	633
EBITDA margin	%		63	64	64
Reported NPAT	US\$m	-36	426	436	429
Adjusted NPAT	A\$m	-41	543	583	547

EPS adj	A\$	-7	92	98	92
EPS adj growth	%		na	7	-6
DPS	A\$	0.0	0.0	0.0	0.0
Franking	%	0	0	0	0
PER	x	na	2.0	1.8	2.0
Dividend yield	%	na	na	na	na

EV/EBITDA	x	na	3.0	2.6	2.4
ROA	%	na	123	110	99
ROE	%	na	56	37	26
Debt / Debt + equity	%	59	33	19	10

EQN Vs ASX 200 (XJO)



Source: IRESS

NB: All figures in this report are in USD unless specified

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Equinox Minerals Limited

Profit and Loss

Year ending December	2008e	2009e	2010e	2011e
Sales	US\$m 0	788	884	962
Other Revenue	US\$m 3	2	14	28
Op. costs	US\$m 0	240	275	335
Royalty	US\$m 0	5	5	6
Exploration Writeoff	US\$m 0	0	0	0
Corporate & Other	US\$m 34	48	45	16
EBITDA	US\$m -31	498	572	633
Dep/Amtz	US\$m 0	40	41	42
EBIT	US\$m -31	458	531	591
Net Interest	US\$m -2	-30	-11	10
Pre-Tax Profit	US\$m -36	426	506	573
Tax Provision	US\$m 0	0	71	143
Net Profit	US\$m -36	426	436	429
Abnormals	US\$m 0	0	0	0
Reported Net Profit	US\$m -36	426	436	429
Net Profit adjusted	A\$m -41	543	583	547

Market Measures

Year ending December	2008e	2009e	2010e	2011e
EPS adj. (A€)	-7.0	91.6	98.3	92.3
EPS Growth (%)		na	7	-6
PER (x)	na	2.0	1.8	2.0
CFPS (A€)	-7.0	98.1	113.3	106.9
CF Multiple (x)	na	1.8	1.6	1.7
DPS (A€)	0.0	0.0	0.0	0.0
Div. Yield (%)	na	na	na	na
EV (A\$m)	1561	1106	501	-85

Profitability Ratios

Year ending December	2008e	2009e	2010e	2011e
Return on Equity (%)	na	56	37	26
Return on Assets (%)	na	123	110	99
NPAT / Sales (%)	na	54	49	45
Total Debt / (Debt + Equity) (%)	59	33	19	10
EBITDA / Sales (%)	na	63	65	66

Balance Sheet

Year ending December	2008e	2009e	2010e	2011e
Cash	US\$m 42	346	699	1081
Receivables	US\$m 29	29	29	29
Fixed assets	US\$m 909	893	876	858
Other assets	US\$m 44	44	44	44
Total Assets	US\$m 1024	1312	1648	2012
Creditors	US\$m 73	73	73	73
Borrowings	US\$m 476	376	276	176
Other liabilities	US\$m 207	169	203	248
Total Liabilities	US\$m 757	618	552	497
Net Assets	US\$m 267	693	1096	1514
Share capital	US\$m 577	577	577	577
Retained earnings	US\$m -247	179	614	1044
Shareholders Funds	US\$m 330	756	1192	1621

Valuation

	dr @ 10%		dr @ 12%	
	A\$m	A\$ps	A\$m	A\$ps
Lumwana Copper	2277	3.84	2035	3.43
Lumwana Uranium	115	0.19	115	0.19
Exploration	102	0.17	102	0.17
Investments	6	0.01	6	0.01
Option Value and Misc.	0	0.00	0	0.00
Forwards	75	0.13	81	0.14
Cash	90	0.15	90	0.15
Total Borrowings	-700	-1.18	-700	-1.18
Corporate/Other	-56	-0.09	-47	-0.08
TOTAL	1,834	3.09	1,600	2.70

Payable Production

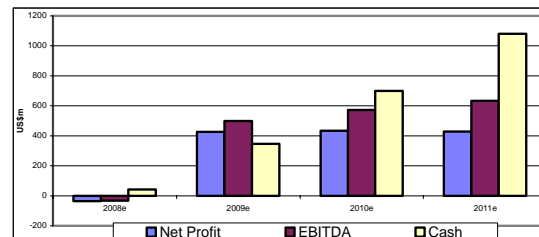
Year ending December	2008e	2009e	2010e	2011e
Lumwana Copper (kt Cu)	0	143	169	202
Lumwana Uranium (Mlbs U ₃ O ₈)	0	0	0	0
Total Production (kt Cu)	0	143	169	202
Cash Costs (Cu US\$/lb)	0.00	0.77	0.75	0.76

Price Assumptions

Year ending December	2008e	2009e	2010e	2011e
Exchange Rate (A\$/US\$)	0.88	0.79	0.75	0.79
Copper (\$US/lb)	3.33	2.38	2.28	2.15
Gold (\$US/oz)	916	964	905	883

Reserves

	Company		Veritas Estimate	
	mt		mt	
Lumwana Cu (incl. in pit resources)	737	0.66%	737	0.66%
Lumwana Uranium (U ₃ O ₈)	5.7	0.10%	5.7	0.10%
Reserves	4.8Mt Cu & 12.5Mlbs U ₃ O ₈			
Resources	6.3Mt Cu & 16.6Mlbs U ₃ O ₈			



Directors

Chairman	Peter Tomsett
Managing Director	Craig Williams
Exec. Director	Harry Michael
Non-Ex. Director	David Mosher
Non-Ex. Director	Brian Penny
Non-Ex. Director	David McAusland
Non-Ex. Director	Jim Pantelidis

Major Shareholders

First Quantum	17.2%
Approx. share split*	
TSX	65.0%
ASX	35.0%
* at Mar 08	

Investment Summary

We initiate coverage on EQN with a BUY recommendation and value the Company at \$3.09 per share. Our 12 month price target of A\$5.37 per share is based on a successful commissioning and ramp up by SQ09.

EQN is an emerging copper producer that is dual listed on the Canadian (Toronto) and Australian stock exchanges. The Company holds a 100% interest in the Lumwana Copper mine in Zambia which will become Africa's largest copper mine at full production in 09FY. We forecast 09FY production of 143kt of payable Cu at cash costs of US\$0.77/lb and in 10FY 169kt of payable Cu at cash costs of US\$0.75/lb.

Lumwana LOM is 37 years at initial production rates

The Lumwana copper project currently has sufficient reserves and in pit resources for a 37 year mine life. The mine will be the worlds largest copper mine development in 2009. Current in pit reserves and resources are 4.8Mt of copper metal insitu.

Concentrate offtake has been secured for the first five years of the operation after which EQN may proceed with a roast leach electrowin plant.

EQN also holds a 100% interest in a 11,300km² area of regional exploration tenure in Zambia targeting significant commercial copper-cobalt discoveries.

Earnings upside

Beyond the base case production scenario of a 37 year mine life, EQN has significant potential to increase earnings.

We assume from 11FY de-bottlenecking of the existing plant will increase throughput by 20% to 24Mtpa leading to an increase in Cu output beyond 200ktpa in 11FY and 12FY. An additional expansion within 5 years is also likely to 30Mtpa throughput which would increase ongoing production over 200ktpa.

A plant expansion to 30Mtpa and on-site downstream processing will value add for EQN

EQN is also contemplating producing its own Cu cathode on site through a roast leach electrowin plant which would enable the recovery of significant by products including gold, cobalt and sulphuric acid independently of smelters from 2014 onwards.

With environmental approval EQN are also planning to build a uranium plant to produce uranium oxide from high grade zones in the copper pit shells. The go-ahead for a plant is anticipated by the end of 2008, which if positive first production would commence in 2010/11.

Sovereign Risk

In our view the key risk to the investment thesis for EQN for production and earnings, besides normal mining and production associated risks of a new start up operation, is sovereign risk.

Lumwana is the single largest project financing in Zambian history

EQN has been able to source debt and equity funding of \$1,151m to construct the plant and build the required local infrastructure (including a township, schools etc...). The development is the single largest project financing in Zambian history. The impact of the development on the local and domestic economy has enabled tax concessions via a legally binding 10 year development agreement signed in December 2005 (comprising a corporate tax rate of 25%, royalty of 0.6% and 100% capital write down in the year incurred). At full

Lumwana will increase **Zambian Cu output by 35% in 2009 taking total annual production to the peak levels of the early 1970's**

If the new tax laws were enforced, our 12 month price target decreases by 11% to **A\$4.76 per share.**

production in 2009 Lumwana will take **Zambian Cu production** to levels not seen since the early 1970's. In developing the mine EQN has helped open up the NW of Zambia with infrastructure and regional economic growth.

Of concern in the Australian investment community are the risks associated with investments in Africa, however this needs to be viewed on a country specific basis. Zambia is regarded as one of the most stable countries in southern Africa with a free market economy, low levels of corruption and a democratically elected government within a multi-party electoral system. The country is to go to the polls for presidential elections in late October 2008, due to the death of President Mwanawasa in August 2008.

As of April 2008 a new tax regime for mining Companies was introduced into law in Zambia in conjunction with a windfall profits tax for base metal producers. The new regime comprises a corporate tax rate of 30%, royalty of 3%, 25% pa capital write down and a windfall profits tax for profits generated from Cu prices over \$2.50/lb. The new tax is designed to provide better returns to the **Zambian people.**

The negative implication for EQN is the earnings impact if the new windfall profits tax and capital write down is enforced. We assume that both will be excluded for Lumwana from the new tax regime; however EQN will be subject to the new corporate tax rate and windfall profits tax after the end of the 10 year term of their development agreement. Notably, EQN has been given assurance by the **Zambian government** that Lumwana is different as it is a greenfields development.

Key Investment Drivers

- Emerging large tonnage, low cost, top 20 Cu producer
- Plant commissioning in DQ08 with forecast 09FY payable production of 143kt Cu
- Strong forecast earnings see EQN trading at less than 2.0 times our estimates
- Plant expansions to increase payable production beyond 200ktpa Cu from 11FY
- Long mine life
- Future potential for downstream processing to Cu cathode on site
- Regional exploration portfolio with potential to discover significant deposits

SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> * Low cost copper producer * Long mine life * Pipeline of production expansion potential * Proven and successful management team 	<ul style="list-style-type: none"> * Single asset company * Exposed to downward copper prices * Commissioning delays in the short term
Opportunities	Threats
<ul style="list-style-type: none"> * Organic growth through plant expansions * Downstream processing on site * Strong balance sheet to participate in opportunities * Exploration upside from extensive tenure in Zambia 	<ul style="list-style-type: none"> * Emerging producer exposed to m&a activity in a ramp up stage of the operation * Sovereign risk disrupting production or impacting earnings

Company Overview

Equinox is an exploration and mine development company, dual listed on the Canadian (Toronto) and Australian stock exchanges (Symbol: EQN).

At full production Lumwana will be Africa's largest copper producer and the world's largest new mine for at least 3 years

The Company is focused on the development of its 100% owned Lumwana Copper Project in Zambia. The mine is expected to commence production by the end of 2008, following a delay due to a transformer fire incident. Full production will be reached in SQ09 at which time Lumwana will be Africa's largest copper producer.

Lumwana Copper Project (100%)

Figure 1: Lumwana project location



Source: Equinox Minerals

Location: Lumwana is located in the North Western Province of Zambia, 220 km west of the Copperbelt and 65 km west of the town of Solwezi. The project is easily accessed by the Northwest Highway. The Copperbelt is one of the world's greatest concentrations of copper-cobalt deposits and has been a centre of commercial copper production for 80 years.

Background: Equinox formed a joint venture with Phelps Dodge Corporation on the Lumwana Project in Zambia in 1999. At the time copper prices were at a 15 year low of \$0.61/lb. After completing a pre-feasibility study in 2000 a 2 year, \$13m bankable feasibility study was undertaken and completed in 2003. Equinox acquired full ownership of the project in 2005 from Phelps Dodge (now Freeport-McMoRan). A 1% net smelter royalty has been retained which EQN has the option to acquire for a total payment of \$12.8m

Figure 2: Sulphide reserves and resources within designed pits

	Mt	% Cu
Malundwe		
Proved	42.9	1.09
Probable	76.3	0.79
Total Mineral Reserves	119.2	0.90
Inferred Resource	4.2	0.77
Chimwungo		
Proved	81.5	0.70
Probable	118.7	0.57
Total Mineral Reserves	200.2	0.62
Inferred Resource	413.0	0.60
Total		
Proved	124.4	0.83
Probable	195.0	0.66
Total Mineral Reserves	319.4	0.73
Total Inferred Resource	417.2	0.60

Source: Equinox Minerals

Reserves and in pit resources: The Lumwana Project includes the Malundwe and Chimiwungo deposits. The Lumwana mineable reserves and resources using a 0.2% copper cut-off are shown in Figure 2. Total mineable copper is 4.8Mt at an average grade of 0.66% Cu. The mine plan provides a mining schedule that contains 45% measured and indicated resources and 55% inferred resources.

Geology and mineralisation: The two deposits, Malundwe and Chimiwungo, are structurally controlled deposits of Central African Copperbelt type. The copper mineralisation at Malundwe and Chimiwungo is hosted almost entirely within high grade metamorphosed, intensely mylonitised, recrystallised muscovite-phlogopite-quartz-kyanite schists with disseminated sulphides (typically <5%) dominated by chalcopyrite and bornite. The ore zones are broad (up to 1.5km in width) and strike extensive (Malundwe known strike is +7km).

Mining: The Company's optimized LOM is 37 years on the basis of processing 20Mtpa of ore at an average strip ratio of 4.2:1. The Malundwe and Chimiwungo deposits, which are 7km apart, will be mined sequentially by open pit mining methods. The ore bodies are 95% sulphide (with only 5% oxide) and very consistent, so large scale bulk mining methods are being employed that includes a total of 27 x 240 tonne capacity diesel-electric drive hybrid haulage trucks and 7 x 518 tonne diesel and electric loaders (excavators and face shovels).

Processing: The sulphide ore is coarse grained and easily crushed and ground to a required P80 of 280 microns. Run of mine ore will be crushed and processed on-site by conventional crushing, grinding and flotation to produce copper concentrates for shipment to offsite smelters. Metallurgical test work indicates recoveries of greater than 95% copper, producing average concentrate grades of 43.3% Cu for Malundwe and 29.5% Cu for

A fire in a transformer has delayed commissioning to December 2008

Chimwungo. The flotation plant has a design capacity to treat at least 20Mtpa of ore. After planned de-bottlenecking in 2009, plant throughput is anticipated to be increased to 24Mtpa from 2010 (we assume 2011).

Commissioning and ramp up: In July 2008 a fire in the plant 20MVA transformer and adjacent 11KV substation caused material damage. The fire damage will be covered by insurance and commissioning is on track for DQ08 (previously July 2008).

We assume a ramp up over a 6 month period from January 2009 with full production reached in July 2009. We have not accounted for any Cu production through commissioning in DQ08.

Concentrate offtake: During 2007 Equinox signed off take contracts for 100% of its copper concentrate production for the first 5 years of the mine life.

The first offtake contract is with Chambishi Copper Smelter Limited, a joint venture between China Nonferrous Metal Mining Co. and Yunnan Copper Industry Co. to build a new copper smelter at the Chambishi mine on the Zambian Copperbelt. EQN will supply this new smelter in a 5 year 'take and pay' contract to commence from Lumwana commissioning, with annual commitments to Chambishi of 100kt of Cu contained in concentrates.

The first 5 years of production is secured with offtake agreements

Equinox also signed concentrate sale and purchase agreements with Mopani Copper Mines and Glencore International for a total minimum contractual 'take and pay' tonnage of 53kt of copper contained in concentrates or approximately 120kt of Lumwana concentrates annually. The agreements also grant Glencore a first right to process further additional annual quantities of Lumwana copper concentrates in excess of the above commitments.

Operating Costs: We assume cash costs in the first 6 years are maintained at less than \$0.90/lb. Substantial operating cost savings were made possible due to grid based power, electric mining equipment and a coarse grind size of 280 microns which has kept LOM cash costs low (<\$1.00/lb), even in the current high cost environment.

In our ramp up assumptions we forecasts cash costs in JH09 of \$1.06/lb prior to falling to \$0.66/lb (at a 1.15% Cu head grade) in DH09 when steady state production is reached.

Budgeted production in the first 6 years will average 172ktpa of Cu metal

Production: In the first 6 year period planned Cu in concentrate production is 172ktpa. The life of mine production will average 156ktpa of Cu in concentrate based on a 20Mtpa throughput.

Copper production upside: By optimizing and de-bottlenecking the plant throughput can be increased by 20% to approximately 24Mtpa, increasing copper output above 200ktpa in 11FY and 12FY. We have included this plant upgrade at a capital cost of \$20m.

A plant expansion to 30Mtpa would sustain production above 200ktpa of Cu metal

Given the very large resource and long mine life at Lumwana there is an opportunity to further expand throughput to about 30 Mtpa, increasing ongoing copper production to exceed 200ktpa. A feasibility study will be undertaken to proceed with this upgrade and we anticipate additional capital expenditure of approximately \$200m. Additional capital items to complete an upgrade to 30Mtpa would include an additional ball mill and a bank of float cells.

The addition of an RLE plant in 2014 would be value adding

The 2003 bankable feasibility study included the design of a roast-leach-electrowin (RLE) plant to process Lumwana concentrate into copper cathode. This option enables Lumwana to produce its own cathode on-site, independent of the smelters, which would enable the recovery of significant by-products including gold, cobalt and sulphuric acid. Capex costs for

the inclusion of a RLE plant we estimate at approximately \$600m. We anticipate a feasibility to be completed in 2009/10 with a construction timeline of 2 to 3 years for first production in 2014.

In total the forward sales and puts represent 30% of the first 3 years of production.

Hedging: Copper forward sales have been completed for the initial 3 years of Lumwana copper production, as part of the debt funding package. The hedging of 68.4kt Cu metal at an average price of \$2.63/lb represents a fraction of the mineable reserves and resources or 15% of planned production in the first 3 years. The Company also has an equivalent number of puts in place at \$2.73/lb which provides exposure to the upside whilst protecting against downward copper prices.

A legally binding 10 year development agreement consisted of a 25% corporate tax rate for Lumwana

Royalty and Taxation: EQN completed a Development Agreement with the Zambian Government in December 2005 which is legally binding for a term of 10 years. The agreement signifies the Lumwana Project is a greenfields development (spending \$800m) unlike other mines that were acquired with existing operations and infrastructure at times of lower copper prices when the Zambian government was privatizing its remaining mines. The EQN development agreement includes corporate tax of 25% plus a royalty of 0.6%.

The key issue for the project earnings is if the new tax regime including the windfall profits tax is applied to Lumwana

In April 2008 a new tax regime for miners was passed into law which sets corporate tax at 30% and royalties at 3%. A windfall profits tax (designed to increase returns for the Zambian people) includes an additional 25% tax payment for revenue derived if base metal prices are above \$2.50/lb. The new windfall profits tax includes a tiered system; however First Quantum, who operates two mines in Zambia, recently announced an agreement with the government for a flat 25% tax rate over \$2.50/lb, which we have included as the likely variant in our EQN model.

We await to see if EQN will be included in this tax regime or its existing development agreement will be honoured. At this stage we continue to assume the agreement is binding, however if EQN were included into this system our NAV decreases 11% to A\$4.76 per share at our current Cu price forecasts (our updated Cu price forecasts do not exceed \$2.50/lb).

Uranium production upside: Equinox has completed a Uranium Feasibility Study (UFS) to treat the discrete and high grade uranium mineralisation contained within the copper pit shells.

The combined reserves and resources in the Lumwana copper pits are 12.6Mlbs U₃O₈ (at 0.1% U₃O₈) and 51.5kt Cu (at 0.91% Cu). In pit reserves and resources are sufficient for a 6 year mine life within a 16.6Mlb U₃O₈ resource.

A dedicated uranium plant would produce 2Mlbpa of U₃O₈

A new uranium plant is planned with a throughput of 1.0Mtpa to recover approximately 2.0Mlbpa U₃O₈ and 15kt of copper concentrate per year. Recoveries are estimated to uranium oxide at 93% and copper recovery to copper concentrate is estimated to be 80%.

Pre-production capex estimates in the feasibility study were \$200m and operating costs are anticipated to average \$16/lb U₃O₈ (\$11/lb with Cu credits).

An Environmental Impact Assessment (EIA) has been lodged in July 2008 with the Environmental Council of Zambia for project approval prior to permitting. The Zambian Government is enacting legislation for the processing and export of uranium, consistent with International Atomic Energy Agency guidelines. It is anticipated the permitting and revised legislation will be completed by the end of 2008 at which point the go-ahead decision is expected. First production would then be planned for 2010/11.

Exploration

Figure 3: Exploration project locations



Source: Equinox Minerals

EQN regained a 100% interest in the Zambezi Project in 2005 (from Anglo American) which covers an area of 11,300km² of tenements in Zambia including strategic portions of the highly prospective Central African Copperbelt. The Zambezi Project JV with Anglo American commenced in 1996. Anglo American holds a claw back option to 70% if a mineral resource of >3.0Mt of Cu metal (or equivalent) is established.

Exploration in the Lumwana project area continues to provide copper-cobalt discoveries with the Chimiwungo North orebody discovered in 2005 and recently the Kanga Prospect extension of the Malundwe deposit. Other prospects at Lumwana remain untested.

The Kitwe-Mwekere tenements are strategically located adjoining many current major Copperbelt mining operations. The exploration tenure held by EQN and its location in Zambia is shown in Figure 3.

Financials and valuation

Exploration expenditure: We assume an ongoing exploration budget of \$10m.

Sustaining Development capital: Development capital expenditure we assume of \$20m for the de-bottlenecking of the plant to take it to 24Mtpa. Our assumption for ongoing sustaining capital expenditure on the plant is \$14mpa. We do not include any upgrades of the plant besides the de-bottlenecking.

Cash costs: Our forecasts over the next 6 years are < \$0.90/lb prior to trending upwards to \$1.00/lb as the grade profile declines. Our ramp up schedule sees cash costs in JH09 of \$1.06/lb.

Dividends: We do not forecast dividends at this time however anticipate a dividend will be paid out of cashflows in time.

Earnings: Our A\$ eps estimate in 09FY is 91.6c and in 10FY is 98.3c. On this basis EQN is currently trading at 2.0 times our 09FY and 1.8 times our 10FY earnings estimates.

Cu price and exchange forecasts: In light of the current turbulent markets and global reassessment of the fundamentals driving resources we have revised our copper and exchange forecasts to reflect the current outlook. Our new forecasts do not exceed \$2.50/lb and do not trigger the new windfall profits tax if it is applied to EQN. Our new forecasts are:

December end FY	Copper price (US\$/lb)			Exchange rate (AUD:USD)		
	Old	New	Change	Old	New	Change
2009FY	3.38	2.38	-30%	0.89	0.79	-11%
2010FY	2.93	2.28	-22%	0.86	0.75	-13%
2011FY	2.50	2.15	-14%	0.81	0.79	-2%
2012FY	2.50	2.03	-19%	0.81	0.77	-5%
Longterm	1.75	1.50	-14%	0.78	0.75	-4%

Source: Veritas Research

Our valuation is sensitive to copper price forecasts

Our dcf model is in US\$, therefore the exchange assumptions are most relevant to the earnings and conversion of our NAV. We have converted into A\$ at the average forecast exchange rate as above and not at spot A\$ rates of the day which currently provides for higher earnings and NAV.

Our dcf based bear market case valuation at a flat \$1.50/lb is \$1.52/sh and a 12 month price target is A\$2.90/sh

Valuation: We value EQN on at A\$3.09 per share and also place a 12 month price target of A\$5.37 per share post a successful commissioning and ramp up to full production by SQ09. Our dcf valuation is based on the Zambian government honouring the EQN development agreement for taxation, if we include the new mining tax our price target falls 11% to \$4.76 per share.

Including a bear market Cu price forecast of a flat \$1.50/lb into our dcf model puts a floor on our valuation at A\$1.52 per share and a 12 month price target of A\$2.90 per share.

Directors and Management

Peter Tomsett (Non-Executive Chairman) is a mining engineer with over 25 years of experience, including 20 years with Placer Dome Inc. where he served as President and CEO until its acquisition by Barrick Gold in January 2006. Peter joined the Equinox board as Non-executive Chairman in June 2007.

Craig Williams (President and Chief Executive Officer) is a geologist involved in mineral exploration and development for over 32 years, co-founding Equinox in 1993 along with the late Dr Bruce Nisbet. He has been directly involved in several significant discoveries, including the Ernest Henry Deposit in Queensland and a series of gold deposits in Western Australia. Mr Williams and the late Dr Nisbet were jointly awarded 'Prospector of the Year' in 1994 by the Australian Association of Mining and Exploration Companies in recognition of their track record of discovery. Mr Williams has extensive corporate management and financing experience.

Harry Michael (Executive Director, VP Operations and COO) is a mining engineer with extensive mine development and operational experience, both within Australia and internationally. Of particular relevance is his experience as CEO of Geita Gold Mining Ltd, one of the largest open cut mines in Africa and as General Manager of the large open cut Iduapriem Gold Mine in Ghana.

David Mosher (Non-Executive Director) is President and CEO of High River Gold Mines Limited of Canada which operates gold mines in Canada, Russia and Burkina Faso. He has over 35 years mining experience in Australia, North America, Russia, Asia and Africa with extensive experience in mine development, corporate management and financing.

Brian Penny (Non-Executive Director) is VP Finance of Western Goldfields Inc and VP Finance and CFO of Silver Bear Resources and formerly, VP Finance and CFO of Toronto based Kinross Gold Corporation. He is a Certified Management Accountant (Ontario) and has in excess of 20 years experience of accounting, financial and corporate management, and corporate governance within the mining industry.

David McAusland (Non-Executive Director) is a highly experienced senior executive, lawyer and corporate executive. From 1999 to February 2008, he held the position of Executive VP Corporate Development and Chief Legal Officer of Alcan Inc. Prior to joining Alcan Mr McAusland was the managing partner of a major law firm.

Jim Pantelidis (Non-Executive Director) is Chairman of the Parkland Income Fund having served as a director of Parkland since 1999. Mr Pantelidis is also Chairman of The Consumers Waterheater Income Fund since 2002. From 1999 to 2002 he served as Chairman and CEO for the Bata Shoe Organization. He also spent 30 years in the petroleum

industry and was at one time President of the upstream and downstream divisions of Petro-Canada.

Michael Klessens (VP Finance, CFO and Company Secretary) has over 20 years of experience in the mining industry, particularly corporate and financial management, project financing and the development of mining operations.

Robert Rigo (Vice President Project Development) is an engineer with over 30 years experience in the mining and mineral processing industry and particularly the management of major open pit mining operations (Boddington) and feasibility studies (Cadia).

Kevin van Niekerk (VP Investor Relations & Corporate Development) is an engineer with substantial African experience who manages the Toronto office and the Company's investor relations in North America and Europe.

Ralph Gibson (VP Project Finance) has extensive experience in mining project finance, having worked for financial institutions in Australia and the UK providing debt and hedging facilities to mining companies in Australia, Africa, the former Soviet Union and the Americas.

Top 20 Shareholders

The top 20 as at March 2008 is shown in Figure 4 below.

Substantial shareholders:

First Quantum 17.2%

Figure 4: Top 20 shareholders

Rank	Shareholder Name	Shares	%
1	CDS & Co*	370,549,502	65.47
2	National Nominees	31,304,103	5.53
3	ZCCM Investment Holdings	20,061,757	3.54
4	Citicorp Nominees	19,480,979	3.44
5	HSBC Nominees Australia	18,749,414	3.31
6	J P Morgan Nominees	16,193,731	2.86
7	ANZ Nominees	6,101,009	1.08
8	Cogent Nominees	4,970,656	0.88
9	Suncorp Custodian Services	4,466,080	0.79
10	IAG Nominees	3,263,274	0.58
11	European Investment Bank	2,713,341	0.48
12	Bainpro Nominees	2,498,200	0.44
13	Warbont Nominees	2,385,538	0.42
14	Morgan Stanley & Co	1,875,000	0.33
15	Merrill Lynch Australia Nominees	1,583,103	0.28
16	Fleet Nominees	1,566,844	0.28
17	Mr Howard Stallman	1,550,000	0.27
18	Sneath & King Pty Ltd	1,508,915	0.27
19	UBS Nominees	1,283,698	0.23
20	Sandhurst Trustees	1,126,386	0.20
	Total	513,231,530	90.68

* CDS & Co hold shares on behalf of Canadian shareholders

Source: Equinox Minerals

Sales

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 Bryce Reynolds +61 2 8252 3215
 Robert Scappatura +61 2 8252 3240
 Clay Melbourn +61 2 8252 3220
 Stephen Murphy +61 8 9380 8351

Research

Resources
 Piers Reynolds +61 3 8601 1196

Industrials
 Wassim Kisirwani +61 2 8252 3270

RATING

BUY – anticipated stock return is greater than 10%
 SELL – anticipated stock return is less than -10%
 HOLD – anticipated stock return is between -10% and +10%
 SPECULATIVE – High risk with stock price likely to fluctuate by 50% or more

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