THE STORY OF LUMWANA

Taking Equinox from Junior Explorer to Global Producer
Evolution from Explorer to Producer

History of Equinox – an example of the challenges of building a successful mining company

- Not an overnight success…
- 18 years of challenges and survival
- Seeds were sown in the exploration success of Hunter Resources
- Equinox floated in 1994
- Exploration – Australia, Sweden, Peru, Africa
- Lumwana development – the challenges:
  - Financing
  - Construction
  - Operations
  - Community Relations
- The “end game” – Equinox takeover by Barrick
Equinox founded in 1993 and listed in 1994

- Equinox founded in 1993 by Craig Williams and Bruce Nisbet
  - Previously successful exploration track record
- Equinox floated on ASX in 1994 and raised A$9 million
- Established team from Hunter Resources
- Initial focus on IOCG
  - Cloncurry and Gawler Craton
  - Nuckulla Hill discovery in 1996
Following the 1997 Bre-X fraud, the exploration industry went into a 7 year decline.

Australia was also becoming more difficult to explore with “native Title” issues.

Equinox decided to look for opportunities “Offshore”:
- Initially IOCG in Sweden
- Then approached by Anglo American to explore for IOCG in Southern Africa

Zambezi JV: Equinox – Anglo
- Equinox to manage target generation
- Anglo to manage target drill out
- Focused on Zambia
- Handed over to Anglo in 1999
- Equinox then had team with Zambian expertise – looking for opportunities

Approached Phelps Dodge about Lumwana
Lumwana: Exploration to Feasibility

- Lumwana JV struck with Phelps Dodge in 1999 (copper price $0.63/lb Cu)
  - Equinox right to earn 51% by spending $10m, then up to 75% for further $34m
  - Restructured 2003 to buyout remaining 49% for $5m (PD to retain 1% NSR – buyout for $12.8m)

- Initial Focus was exploration
  - applying integrated strategy of detailed geology, geochemistry and airborne magnetics/radiometrics
  - Substantial change to the previously applied exploration models of the region
Lumwana: Exploration to Feasibility

- Pre-feasibility conducted in parallel with exploration effort
- Challenge was then to fund a full bankable feasibility study
- Funds required $13m
  - Equinox cash on hand $300k
  - Equinox Market Cap of <$7m
  - Equity market in Australia not interested
- Raised $13m non-recourse debt (with equity kicker) from international banks
In difficult markets there is opportunity…

- Acquired a world class copper asset, at the bottom of the market
- We knew it was sub-economic at $0.63/lb Cu, but maybe one day…...
- Equinox had the vision and persistence to finance in difficult times
- Determination to complete feasibility
- Q3-2003 market started to improve and recognize value of Lumwana
- We knew raising capital required was not possible on ASX, so listed on TSX
Equinox ability to raise equity capital escalated:
- as Lumwana progressed
- Copper price improved

Mid-05 financing facilitated ordering of long-lead items

Major financing in late-05 facilitated commencement of construction

Bank debt finalised in late-06

Between 2005 and 2010 Equinox raised:
- Equity $800m
- Debt $600m
Lumwana construction commenced early 2006 with clearing of site.


On track for completion mid-2008.
Scheduled for completion mid-2008 (Cu price >$3.00/lb)

Commissioning of mills was underway
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Commissioning of mills was underway

Transformer fire in July 2008

Delayed commissioning 5 months to December 2008

Needed to raise an extra $80m of debt to see us through (at the peak of the GFC)

First copper sold in Q1-2009 at $1.38/lb Cu
But again, we overcame those challenges and opened the mine on 17th April 2009

- Mine opened by President Banda of Zambia
- Most government ministers and all local chiefs and other dignitaries celebrated opening with 2,500 guests
- An important occasion for Zambia as well as for Equinox
- Terribly unfortunate that Bruce did not live to see this pivotal milestone of Equinox history
Ramp up challenges during 2009
- Mill performing well
- Record wet season
- Ramp up of material movement from mine took longer than expected

Steady improvement over 2009 year

Strong performance in 2010
- Copper production 147,000 tonnes
- Robust copper market
- Strong cash flow – revenue > $1.0 billion
COMMUNITY RELATIONS

- Licence to operate in emerging markets
  - Local community engagement and investment
  - Constructive government relations
  - Labour relations

- Project financing
  - Commercial banks and in particular the Development Agencies (DFI’s) e.g. World Bank/IFC, EIB, EFIC
  - Strong focus on Community Relations and Environment (DFI’s more so than project economics)
  - Need to justify benefits of the mine development to the local community
  - Often not easy as DFI:
    - Management often does not have mining experience; and
    - are very sensitive to anti-mining NGO’s

Critical to gain community support for the mine development
Community engagement required from an early stage:

- **Education:**
  - Working with Provincial Education Office to improve education outcomes
  - Scholarship programs for students
  - Scholarships to teachers to improve their effectiveness
  - Providing books, facilities, teaching aids, etc.

- **Health:**
  - HIV/AIDS – intensive programs for prevention, treatment, care and education
  - Malaria – treatment and eradication

- **Commercial capacity building:**
  - Progressing from historic “subsistence agriculture”
  - Agricultural development – vegetable farming and marketing, floriculture, commercial fisheries
  - Small to medium business development – crafts, textiles
  - Micro-finance initiatives to promote business development

**Key objective is to promote local self sufficiency “after Lumwana”**
Regional Infrastructure:
- Benefits to the community as a consequence of Lumwana development
  - Grid power delivery
  - Improved roads
  - Airport upgrade
  - Regional hospital developed at Manyama

Local Infrastructure:
- Provided by Lumwana to regional community, just in 2010:
  - 19 classrooms in 6 schools
  - 2 science labs
  - 1 library
  - 22 staff houses
  - 3 rural health clinics
  - 3 welfare centres
- All completed with high level of community engagement, with local people fabricating bricks, providing labour, etc
Employment for local community:
- Prior to Equinox:
  - Subsistence agriculture
  - No formal employment

- Lumwana development
  - Local people employed on a priority basis
  - Employment register (census) established early

Employment:
- During construction 4,400 local people employed
- In steady state operations (2010) local people employed totalled 2,300

Intensive training programs:
- Required to develop new skills
- Equinox took the attitude that it was better to develop skills from a “clean slate”, rather than import “bad habits”
Town developed on Mining Lease
- Lumwana Town first new town in Zambia since Independence in 1964
- Lumwana town development and associated infrastructure
  - Over 1,000 houses built at cost >$100m
  - Medical clinic
  - Schools
  - Shopping centre/commercial facilities
  - Sporting facilities
- Home ownership and mortgage scheme for local workforce
- Government declared Multi-Facility Economic Zone

Key problem is uncontrolled town development outside Mining Lease
- Lumwana would never employ from mine gate
- But major influx into area from other parts of Zambia
- Government responsibility to manage urban development, but too little, too late
Lumwana is now a copper mine of world significance that placed* Equinox in global top 20 copper producers

- Over 5.8 Million tonnes (12.8 Billion lbs) of contained copper in resource
- Mining operation of >100 Mtpa material movement and processing 20 Mtpa ore
- Moved Equinox into global top 20 copper producers
- Financial and operational strength facilitated corporate growth strategy

* in 2011
Equinox’s first corporate acquisition was the $1.25 billion takeover of the Citadel Resource Group in late-2010

- Key assets in Saudi Arabia:
  - Jabal Sayid development project
  - Regional exploration targets

- Jabal Sayid:
  - VMS style deposit
  - Resources 37.5Mt of 2.2% Cu + 0.3g/t Au
  - Underground mine being developed
  - Annual production will be about 60,000 tpa Cu + 15,000 ozs Au
  - Commissioning in mid-2012
In early 2011 Equinox launched a hostile $4.8 billion bid for Lundin Mining

- Equinox – Lundin would have had an unrivaled copper growth profile
- 500,000 tpa copper production by 2016
- Globally the combined group would have been:
  - 8th largest copper company
  - 4th largest pure copper play
- However, our growth achievements and expansion objectives also attracted others.....
On 4 March 2011 Minmetals (MMG) announced a hostile proposal to make an offer for Equinox of C$7.00 per share – a price we considered inadequate and opportunistic.

With the Minmetals’ proposal it was clear Equinox could not continue to pursue Lundin.

Equinox was “in play”.

The board and management sought a superior outcome for shareholders over the Minmetals proposal:

- Secured an offer by Barrick Gold for Equinox of C$8.15 per share
- Valued the company at C$7.3 billion (A$7.1 billion)
EQUINOX
Share Price Performance : 2005 - 2011

Market Cap (C$m)

$Lumwana Construction

$Lumwana Fire

Lumwana Commissioning

Barrick Bid

Barrick Takeover

Lundin Offer

Citadel Acquisition
Equinox was the 7th largest mining company in Australia and Australia’s 37 largest listed company when it was taken over in mid-2011.
The addition of Jabal Sayid in 2012 would have moved Equinox into the top 15 global copper producers.

* Source: Brook Hunt, Equinox
Very few companies have evolved from an explorer to a global producer
- Maintaining their independence and not having to sell down their asset ownership

Equinox achieved this through:
- Dogged determination to keep going through difficult times
- Persistence to do what was necessary to provide finance
- Maximising leverage to a robust copper price cycle (in recent years)
- Developing a dedicated team with technical and management expertise second to none – team evolved with the company
- And having the vision to set our goals and achieve them

Shareholders who came along with us were well rewarded. Over the 8 years from 2003-2011:
- EQN share price appreciated from $0.06 to $8.15 (13,580%)
- EQN Market Capitalisation increased from $5.5 million to $7.3 billion (132,000%)