

Annual Report 2010

Equinox

Delivering superior
copper growth



EQUINOX
MINERALS LIMITED

CAUTIONARY NOTES AND FORWARD-LOOKING STATEMENTS

This Annual Report and some of the material incorporated by reference into this Annual Report contain "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performances of Equinox, its subsidiaries and their respective projects, the timing and amount of estimated future production, estimated costs of future production, capital, operating and exploration expenditures, costs and timing of the expansion of the Lumwana copper mine in Zambia ("Lumwana") and development of the Jabal Sayid copper-gold project in the Kingdom of Saudi Arabia ("Jabal Sayid"), the future price of copper and uranium, the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the costs of Equinox's hedging policy, costs and timing of future exploration, requirements for additional capital, government regulation of exploration, development and mining operations, environmental risks, reclamation and rehabilitation expenses, title disputes or claims, and limitations of insurance coverage. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations including negative variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. All of the forward-looking statements made or incorporated in this Annual Report are qualified by these cautionary statements. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans.

Forward-looking statements are necessarily based on a number of factors, estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Such factors, estimates and assumptions include, but are not limited to, anticipated financial or operating performances of Equinox, its subsidiaries and their respective projects; future prices of copper and uranium; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; estimated costs of future production; the grade, quality and content of the concentrate produced; the sale of production and the performance of offtakers; capital, operating and exploration expenditures; costs and timing of the expansion of the Lumwana mine and the development of the Jabal Sayid project; the costs of Equinox's hedging policy; costs and timing of future exploration; requirements for additional capital; government regulation of exploration, development and mining operations; environmental risks; reclamation and rehabilitation expenses; title disputes or claims; there being no significant risks relating to the Company's mining operations, including political risks and instability and risks related to international operations; and limitations of insurance coverage. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Equinox and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, those factors discussed in the Company's Annual Information Form dated March 14, 2011 and in the Company's most recently filed Management's Discussion and Analysis.

Due to the nature of the Company's business and the present stage of its development, the Company's operations and results are generally subject to a number of different risks and uncertainties at any given time. Following is a list of the general risks and uncertainties that could materially affect the Company's operations and financial performance. These risks and uncertainties include, but are not limited to: the risk of unanticipated expenses and unforeseen delays to the Lumwana mine expansion and/or the development of the Jabal Sayid project; the risk that the exploration for, and development of ore bodies do not develop into producing mines and the hazards and risks normally encountered in mining operations; the uncertainty relating to production estimates; the uncertainty of future cash costs of copper production; the risk associated with the Company's continued ability to pay off its indebtedness; the risk of volatility in the market price of metals; the uncertainty inherent in the estimation of mineral reserves and resources; the uncertainty relating to inferred mineral resources; the risks associated with the enforcement of metal offtake agreements and the Company's ability to continue to meet offtake obligations; the risk related to dependence on limited mining properties; the risk of the underlying assumptions in feasibility studies proving to be inaccurate in future; the risk of insufficient insurance coverage or uninsured risks; the risk of new government regulation having a material impact on the Company's ability to continue operating; the risk of the loss, material change or inability to secure licences and permits; the uncertainty inherent in the estimation of asset carrying values; the risk of the Company's inability to meet its finance requirements; the risk of stricter environmental standards and enforcement or hazards having a material impact on operations; the risk of greater costs and loss of employees due to health risks specific to the location of the Lumwana mine and Jabal Sayid project; the uncertainty relating to reclamation costs; the risks inherent in international operations relating to political, economic and other uncertainties in foreign countries; the risk of the need for additional mineral resources; the risk that the Company's commodity hedging program does not succeed in reducing the risk associated with metal price fluctuations; the risk of litigation arising and having a material impact on the Company's business; the risk of loss, material change or inability to secure or enforce rights under titles or boundaries; the risk of competition having a material adverse effect on the Company's business and operations; the risk of foreign currency fluctuations having a material adverse effect on the Company's financial position and operating results; the risk of the loss of or inability to retain adequate human resources and risk of labour unrest; the risk that the Company may be required to pay dividends in future and reducing the Company's cash position; the risk of future sales of common shares by existing shareholders reducing the share price; the risk of the shareholder rights plan discouraging a potential acquirer from making a bid on the Company which is beneficial to shareholders; the risk of director and/or officer conflicts of interest arising; and the risk of new or future tax laws having a material adverse effect on the Company's business or financial position.

Although Equinox has attempted to identify statements containing important factors that could cause actual actions, event or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this Annual Report based on the opinions and estimates of management on the date statements containing such forward-looking information are made. Except as required by law, Equinox disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Many of these uncertainties and contingencies can affect Equinox's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Equinox. 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. Forward-looking statements are provided for the purpose of providing information about management's expectations and plans relating to the future.

All of the forward-looking statements made in this Annual Report are qualified by these cautionary statements and those made in Equinox's filings with Canadian securities regulatory authorities expressly incorporated by reference into this Annual Report. These factors are not intended to represent a complete list of the factors that could affect Equinox. Accordingly, undue reliance should not be placed on forward-looking statements. Equinox undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of assumptions or factors, whether as a result of new information or future events or otherwise, except as may be required in connection with a material change in the information disclosed in this Annual Report or as otherwise required by applicable law.

Technical Information

Certain technical information in this Annual Report, including the documents incorporated by reference, is summarized or extracted from the "Technical Report on the Lumwana project, North Western Province, Republic of Zambia" dated June 2008 as re-filed in April 2009 (the "Lumwana Technical Report"), prepared by Ross Bertinshaw, Principal, Golder Associates Pty Ltd ("Golder") Daniel Gulbal, Corporate Consultant, SRK Consulting (Australia) Pty Ltd ("SRK"), Andrew Daley, Director, Investor Resources Finance Pty Ltd ("IRF"), and Robert Rigo, Vice-President – Project Development, Equinox, each of whom is a "Qualified Person" in accordance with National Instrument 43-101 — Standards of Disclosure for Mineral Projects (National Instrument 43-101). Information of a scientific or technical nature contained in this AIF arising since the date of the Lumwana Technical Report is provided by Equinox management and was prepared under the supervision of Robert Rigo, Vice-President – Project Development or John Cooke, Exploration Manager, each of whom is a "Qualified Person" in accordance with National Instrument 43-101.

The technical information in this Annual Report regarding the Jabal Sayid project is summarized or extracted from the "Technical Report for Jabal Sayid Project, Equinox Minerals Limited" dated March 7, 2011 (the "Jabal Sayid Technical Report") prepared by Mike Thomas and Peter Stoker, AMC Consultants Pty Ltd., and John Heame and Neil Inwood, Coffey Mining Pty Ltd. Each of Messrs. Thomas, Stoker, Heame and Inwood is a "Qualified Person" as such term is defined in National Instrument 43-101. Portions of the information are based on assumptions, qualifications and procedures which are not fully described in this document. Reference should be made to the full text of the Jabal Sayid Technical Report, which is available for review on SEDAR located at www.sedar.com and on Equinox's website, www.equinoxminerals.com.

Readers are cautioned not to rely solely on the summary of such information contained in this release, but should read the Lumwana Technical Report and the Jabal Sayid Technical Report, which are posted on Equinox's website (www.equinoxminerals.com) and filed on SEDAR (www.sedar.com) and any future amendments to such reports. Readers are also directed to the cautionary notices and disclaimers contained herein and therein.

Non-GAAP Measures

The term "C1 operating cost" is a non-GAAP performance measure reported in this Annual Report and is prepared on a per-pound of copper produced basis. The term "C1 operating cost" does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. C1 operating cost is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with the industry standard definitions. C1 operating costs includes all mining and processing costs, mine site overheads and realization costs through to refined metal.

In this report "Equinox", "the Company" and "the Corporation" refer to Equinox Minerals Limited.

Contents

Corporate Profile	1
Equinox at a Glance	2
Chairman's Report	5
President's Report	7
MD&A	14
Financial Statements & Notes	39

Corporate Directory

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Transfer Agents

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Telephone: +61 (3) 9415 4000

Stock Symbol

EQN – Toronto Stock Exchange,
Australian Securities Exchange

Auditors

PricewaterhouseCoopers
QV1 Building, Levels 19-21,
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Western Australia, Australia, 6000

Directors and Officers

Board

Peter Tomsett Chairman
Craig Williams President and Chief Executive Officer
David McAusland Director
Dave Mosher Director
Jim Pantelidis Director
Brian Penny Director

Senior Officers

Ralph Gibson Vice President Project Finance
Carl Hallion Vice President Business Development
Colin (Cobb) Johnstone Vice President Operations and Chief Operating Officer
Michael Klessens Vice President Finance and Chief Financial Officer
Robert Rigo Vice President Project Development
Sonya Stark Vice President Corporate Affairs and Corporate Secretary
Len Eldridge Head of Investor Relations
Adam Wright Managing Director, Lumwana Mining Company

Equinox Minerals Limited is an international mining company that is dual listed in Canada and Australia on the Toronto Stock Exchange and the Australian Securities Exchange.

The Company is currently focused on operating its 100% owned large scale Lumwana copper mine in Zambia, and the construction of the Jabal Sayid Copper Project in the Kingdom of Saudi Arabia (KSA).

Situated 220 km west of the Zambian Copperbelt, Lumwana is a major open-cut copper mine which positions Equinox as one of the world's top 20 copper producing companies.

Lumwana ore, which is predominantly sulphide, is treated through a large, yet conventional plant, producing a copper concentrate for sale to local and international customers.

At initial design capacity, Lumwana is processing about 20 million tonnes (Mt) of ore per year.

Growth opportunities at Lumwana includes phased expansions of the mine and plant to increase process throughput rates to 25 million tonnes per annum (Mtpa), which is currently underway and potentially to 45 Mtpa, maximizing the benefit of the large scale Lumwana copper resource.

Equinox acquired the Jabal Sayid Copper Project in 2010 as the project entered the construction phase with first production scheduled for mid-2012. Jabal Sayid is located within the Arabian Shield minerals province, 350 kilometres north-east of the Red Sea port city of Jeddah, the commercial capital of KSA, and 120 kilometres south-east of Medina.

As part of the Citadel acquisition Equinox also owns several other advanced exploration projects in KSA, including the Jabal Shayban and Jabal Baydan gold-base metal projects, the Wadi Kamal nickel-copper-PGE project and a number of gold projects including Lahuf, Bari, and Murayjib.

Equinox is actively considering other acquisition opportunities to grow the Company. Equinox is approaching the assessment of these internal and external growth opportunities with rigor and discipline to ensure that any investments are accretive and in the best interests of shareholders.

Operating Profit

529

Million Dollars

Copper Sales Revenue

1.047

Billion Dollars

Lumwana

Lost Time Injury Frequency Rate

0.039

Per 200,000 Man Hours

Ore Mined

17.6

Million Tonnes

Plant Throughput

18.6

Million Tonnes*

*The Lumwana plant throughput exceeded 20 Mtpa over the second half of 2010.

Copper Recoveries

91.3%

Of Contained Metal

Copper Produced

146,690

Tonnes

2010 Highlights

Corporate

- Implemented a takeover offer for the Citadel Resource Group Limited, adding the developing Jabal Sayid Copper Project in KSA to the company's portfolio.
- Secured a new \$400 million corporate loan facility, replacing the existing Lumwana project senior and subordinate debt.

Operations

- Significant progress achieved throughout the year with copper production exceeding 2010 guidance, delivering 146,690 tonnes of copper in concentrate.
- Annual operating profit was \$529 million and accumulated cash reserves of \$319 million at year end.
- Mine activities continued to increase, with 17.6 Mt of ore mined, a 34% increase on 2009.
- The Lumwana plant throughput exceeded design rate of 20 Mtpa over the second half of the year.
- Process plant recoveries of 91% compared to recoveries of 85% in 2009.
- Average C1 operating costs per pound of copper of \$1.38 per pound of copper produced for 2010, a decrease of 7% compared to \$1.49 in 2009
- The Lumwana project has maintained the strong health and safety record with a Lost Time Injury Frequency Rate of 0.039 to December 31, 2010. Safety remains a key focus throughout Equinox's operations.

- Commenced a two-phased feasibility study (the 'Lumwana Expansion Study') to investigate expanding Lumwana to 35 Mtpa by 2014. The Lumwana Expansion Study was subsequently modified to include an expansion to a plant capacity of 45 Mtpa.

Exploration

- Discovered the Chimiwungo East ore sheet, a substantial extension of the Chimiwungo ore body that has the potential to increase the Chimiwungo resource potential to 1 to 1.5 Mt.

Objectives

Operations

- 2011 production guidance is 145,000 tonnes of copper (319.7 million pounds) in concentrate at a C1 operating cost of \$1.45 per pound of copper.
- Complete plant debottlenecking and optimization programs to increase throughput to 25 Mtpa by the end of the 2011.
- The Lumwana Expansion Study to increase plant capacity to 45 Mtpa will continue in conjunction with the plant debottlenecking and optimization programs.
- Maintain a strong health and safety focus to reduce the Lost Time Injury Frequency Rate.
- Construction of the Jabal Sayid Copper Project will continue during 2011 with commissioning expected to commence in the first half of 2012.

Exploration

- Completing the infill drilling program to delineate and define the southern and eastern extensions of the Chimiwungo orebody at Lumwana.
- Detailed exploration around the Jabal Sayid mine to locate additional orebodies for potential development.
- Expand brownfields and greenfields exploration activities both in Zambia and Saudi Arabia where Equinox holds a portfolio of highly prospective properties.

Corporate

- Complete the successful takeover of the Citadel Resource Group Limited by Equinox and continue to evaluate other opportunities for organic and acquisitive growth.



Chairman's Report

I am pleased to present to you the 2010 Equinox Minerals Limited Annual Report, my fourth as Chairman.

This has been an exciting and very rewarding year for Equinox. We came into 2010 confident that the ramp up of production at our flagship Lumwana Copper mine would be completed and a consistent production platform achieved. With this in mind our focus was directed towards plant performance and improving recoveries, controlling costs and increasing our throughput.

It is a testament to the commitment of our technical and operational teams that by year end we can report that the majority of our goals have been achieved.

With the bedding down of the first stage of Lumwana's operations the Company was able to direct its attention to pursuing growth initiatives and 2010 has been a watershed year for Equinox in that regard. We have been able to initiate organic growth at Lumwana and the two phased feasibility into expanding production at the project to a plant capacity of 45 Mtpa commenced in earnest.

Later in the year the Company identified the opportunity to acquire the Citadel Resource Group Limited. We believe that Citadel's assets including the Jabal Sayid Copper Project are a natural fit with our Company philosophy and our ability to develop projects in emerging and developing countries. This is a very exciting acquisition and adds another project to the Equinox suite of assets. The other prospects acquired in KSA through Citadel also have outstanding exploration potential and reflect Citadel's 'first mover' status in the region.

We have had a number of ongoing matters under discussion with the Zambian government including the revised taxation regime, the validity of our Development Agreement and changes to the operation of the mining

act in relation to exploration permits. We continue to work constructively with the government and while we have yet to see resolutions on these issues, we remain confident that our ongoing discussions will achieve a satisfactory outcome.

Safety remains the overarching value for Equinox and one on which the Board is focused. We have a strong safety culture at Lumwana. The challenge is now for everyone across our operations to ensure that safety continues to be at the forefront of everything we do. With the construction at Jabal Sayid and the development of Chimiwungo our workforce will increase significantly and we cannot become complacent.

Equinox is committed to the communities within which we operate. Despite the geographic and cultural differences between our operations respect is at the forefront of our philosophy as a responsible operator. We recognise that we have the opportunity to help the community to grow and prosper now and into the future beyond Lumwana. Some of our initiatives have included infrastructure development, assisting small business and enabling local people to gain new skills.

At Jabal Sayid we are building on the community activities started by Citadel and we look forward to reporting our success in this area as we continue to develop the project and move into production.

Equinox's Board is committed to the highest standards of corporate governance and ethical behaviour. Our corporate governance policies are continually reviewed to best practice standards and underpin all of the Board's activities and deliberations. With our expansion this will be increasingly important, ensuring that the highest standards are maintained.

The Board's focus, and that of the management and operations team, has been to ensure the delivery of the Lumwana Copper mine and to operate with a consistent production profile. Having achieved this we are now able to focus on growth. The acquisition of Citadel, and bringing Jabal Sayid into production is the first step in this strategy.

The journey over the past ten years has at times been challenging and the support we have received from you, our shareholders, has been greatly appreciated. We've been through a period of consolidation and now look forward to a growth phase in which we can deliver on our commercial objective of delivering superior copper growth.

In conclusion, I would like to thank my fellow Board members for their commitment and counsel during the year. I also thank Craig Williams and his management team for their dedication and professionalism, and all of our people in Zambia, Australia, Canada and now KSA who are working towards helping Equinox to achieve what is possible.



Peter Tomsett
Chairman



President's Report

When we formed Equinox in 1993 the late Bruce Nisbet and I had a vision of developing an innovative, exciting, diverse and world class mining house.

In 2011, with the completion of the ramp up of Lumwana and the exciting growth opportunities we have both at Lumwana and through the acquisition of Citadel we have undertaken, I feel that we are now starting to realise that vision.

Revisiting my report in last year's annual report it is pleasing that we have progressed and delivered on many of the goals we set ourselves, and in many cases exceeded these. The Lumwana mine is maturing as is Equinox and it is gratifying that moving to the next phase of our life as a Company we have built a strong framework to support our next phase of growth. This is not just physical assets but also a team of highly professional personnel capable realising our vision.

During the year in review it is pleasing to note that we have pursued opportunities offered by a stabilising and then improving operational performance at Lumwana, enabling us to capitalise on a strong copper market. While the recent tragic developments in Japan have overshadowed the globe and resulting in market down drafts, the strong fundamentals of the copper market remain intact for the medium to longer term, with constraints on new copper supply insufficient to meet expected demand.

The future is very exciting as we continue the development of the Jabal Sayid Copper Project in KSA to further consolidate our position as a significant global player in the copper market.

Financial

Equinox Minerals recorded an after tax profit for 2010 of \$269 million compared with an after tax loss in 2009 of \$183 million. This \$452 million turnaround has enabled us to strengthen our balance sheet and at year end we had cash reserves of \$319 million. Our earnings-per-share were \$0.38.

Cost management was a major focus throughout the Company in 2010 and our C1 operating costs for the year averaged \$1.38 per pound of copper against \$1.49 per pound of copper in 2009. This performance supported by a strong copper price underpinned our ability to undertake many of the initiatives undertaken in 2010 and into 2011.

The project loan facilities we had in place since 2006 for the development of Lumwana were replaced in March 2010 by a \$400 million corporate loan facility which reflects the Company's position as an operating mining company. This is an outstanding outcome and gives us greater flexibility, particularly as we are now pursuing other growth opportunities.

Operations

Achieving a consistent production profile, following on from the ramp up period in 2009, was a particularly strong focus for the year. Throughout the second half of the year we sustained production in excess of the plant design rate of 20 Mtpa.

Our second full year of production delivered 146,690 tonnes of copper contained in concentrate, surpassing our guidance for the year. It was also a 34% increase on 109,413 tonnes achieved in 2009.

We also were able to maintain steady mine productivity compared to the challenges encountered during ramp up. Material movements during the year exceeded 100 Mt, an improvement of 24% on 2009.

Lumwana's processing plant performed well throughout the year and is now delivering in excess of the nameplate production rate.

Earnings Per Share

0.38

Dollars

C1 Operating Costs Per Pound of Copper

1.38

Dollars

Presidents Report



Ore milled grew to 18.6 Mt for the year and copper recoveries improved to a consistent 91% with a lower percentage of transitional ore being treated throughout the year. Improved productivity was offset to some extent by a lower head grade feed of 0.86% copper which reflected the move of mining away from the central high grade core of the Malundwe orebody in the second half of the year.

Significant opportunities exist at Lumwana to further expand and optimize the concentrator and mine throughput. A de-bottlenecking program is underway to increase plant throughput to 25 Mtpa by year end 2011.

People

Attracting and retaining a high quality, professional team at all levels across the Company remains a priority. Training is one of the keys to ensuring we have a workforce able to achieve their and the Company's potential in a safe working environment. Our challenge with the operational expansion at Lumwana and into Jabal Sayid will be to meet the high standards we have set for each and every employee.

We continue to develop sustainability programs to provide work skills that will last long after mining has finished at our various operations.

Health and safety

Safety remains the Company's major operational focus.

At Lumwana we continue to have an industry leading health and safety

record and make every effort to reinforce the need to be aware of safety in everything we do. We continually put in place additional training and direct our attention to work/life safety matters.

Our ongoing challenge is to ensure that we can sustain a strong safety culture as we develop Jabal Sayid, bringing it into production in 2012. It will also be a core focus for our team charged with the growth initiatives of the Company.

Environment

Equinox operates in challenging yet fragile physical environments. We are privileged to be allowed to undertake our mining and production activities and are committed to maintain and preserve this physical environment.

Zambia has sustained traditional environmental practices for generations. Our challenge both during development and now into production is to minimize our impact on this environment through diligent implementation of our environmental management programs. Our expansion activities including the development of the Chimiwungo mine at Lumwana will proceed by both complying with the Zambian environmental regulations and also ensuring that we have world's best practice environmental management systems.

Developing the Jabal Sayid Copper Project will provide the Equinox environmental management team with a new set of challenges. The environment in KSA is plainly very different to Zambia however our approach to the development will not differ from the policies we have in place for all of our operations. Protecting the environment is the responsibility for each employee and contractor and they will remain responsible for minimizing the impact they have in all their activities.

Community

Equinox is an integral part of the communities within which the Company operates. We are committed to ensuring that we positively impact these communities and deliver outcomes

that will be sustained long after we have gone. We seek to make a positive difference to the livelihoods of the people in the traditional Zambian chiefdoms, acknowledging that we have to co-exist.

In consultation with local communities, we have developed programs that make a difference, delivering social development, health and education outcomes and build local infrastructure such as schools and health clinics.

Among many projects this included a classroom block at Kamano, teacher housing at Kanang'a and Mwajimbwe, and housing for health workers at Lumwana East and Nyansowe.

We also completed the first phase of the housing development at Lumwana with 945 houses now completed and handed over.

Our community based health initiatives included providing health checks to over 300 children during Child Health Week and supporting community education, testing and treatment for HIV/AIDS.

Our next challenge is to understand the needs of the communities surrounding the Jabal Sayid operation in KSA. Our approach will be tailored to their local requirements as we move forward developing that project.

Growth

There is no doubt that Equinox is moving into a period of significant growth and is well positioned to provide leverage to the forecast strong fundamentals for the copper market. With the Lumwana mine now operating at nameplate capacity and we continue to consolidate this steady state production we are also able to position ourselves to deliver a significant potential expansion to 45 Mtpa processing rate, almost double the nameplate capacity. As a result of positive exploration results around the Chimiwungo deposit we are commencing operations at the Chimiwungo deposit ahead of our original plans to enable us to deliver this expansion as soon as practically possible.



Presidents Report



The exploration success at Chimiwungo has shown that with an expanded mining rate of 45 Mtpa there is considerable potential for a mine life beyond 25 years.

The acquisition of Citadel has delivered a second mine development project for the Company at Jabal Sayid, which will come into production in mid-2012, giving us a diversified portfolio of assets and revenue streams. Along with the flagship Jabal Sayid Copper Project we also acquired an outstanding portfolio of exploration projects and together these provide Equinox with a significant first mover advantage in KSA. Our review and prioritisation of these projects continues in 2011 and we expect this program to be a source of future growth for Equinox in 2011 and beyond.



Acknowledgements

I would like to firstly thank our Chairman Peter Tomsett and his fellow Board members for their ongoing support and commitment to Equinox. Their stewardship of the Company and counsel have been invaluable and I have no doubt that we will continue to call on them as we move into the next phase of our journey to becoming a leading mining house.

I also thank my management team for their dedication, support and professionalism, and all our employees from throughout the world for their hard work in often trying and challenging conditions. We could not have achieved what we have so far without them. We also could not operate without the support of our shareholders and it is gratifying that we have their commitment to our shared vision.

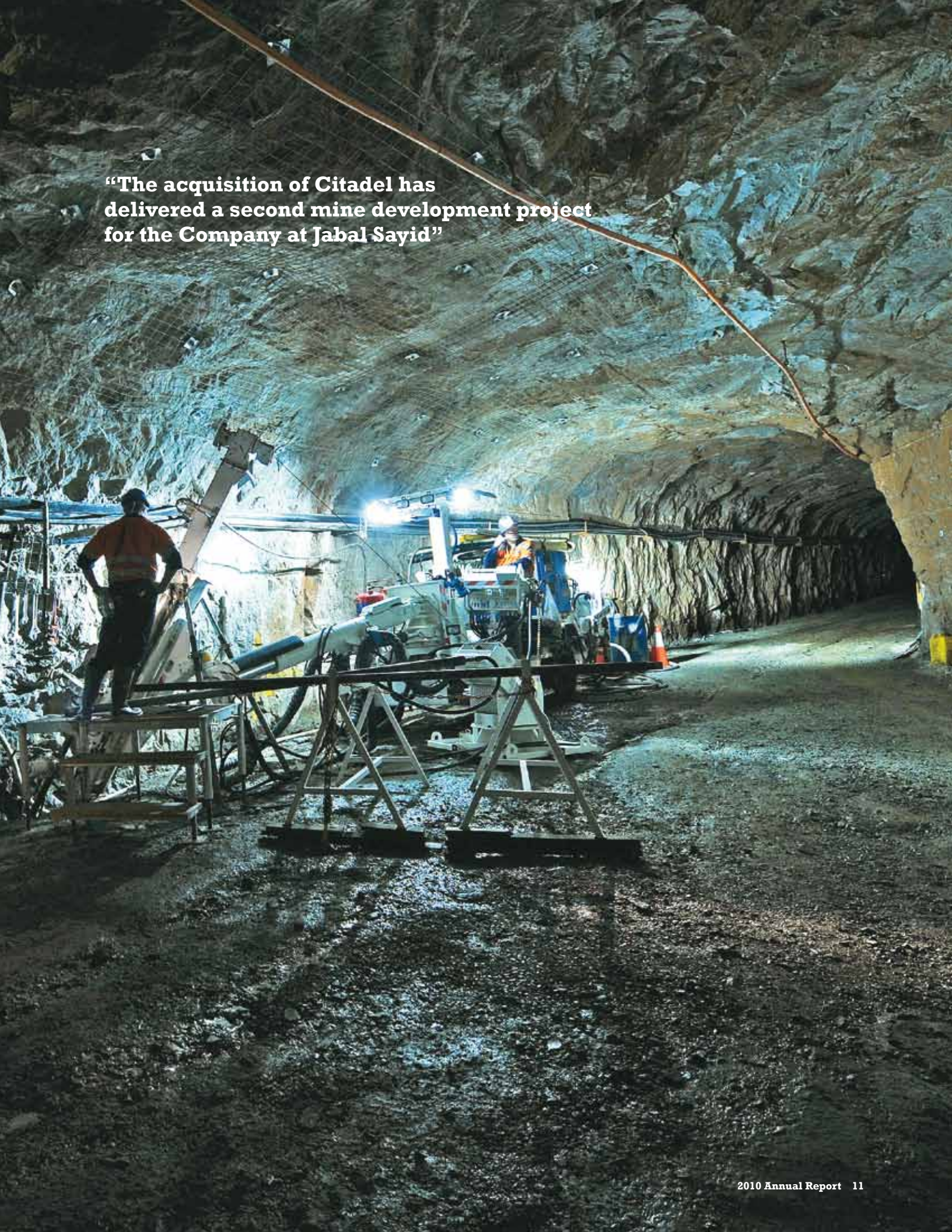
Outlook

The outlook for Equinox is very exciting. We now have a major copper mine operating at Lumwana – a mine that is poised to grow significantly and the Jabal Sayid Copper Project in development, due to commence operation in 2012 in KSA, and with our portfolio of highly prospective exploration projects we are building a pipeline of opportunities in the region.

Nevertheless we cannot lose focus on continuing to pursue a strategy of operational excellence including a strong emphasis on safety and corporate responsibly in our quest for Equinox to be the leading copper production growth company.

Craig R. Williams
President and Chief
Executive Officer

“The acquisition of Citadel has delivered a second mine development project for the Company at Jabal Sayid”







Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

INTRODUCTION

This document provides management's discussion and analysis ('MD&A') of the financial condition and results of operations of Equinox Minerals Limited ('Equinox' or the 'Company') to enable a reader to assess material changes in financial condition and results of operations of Equinox as at and for the three and 12 months ended December 31, 2010, in comparison to the corresponding prior year periods.

This MD&A, which has been prepared as at March 9, 2011, is intended to supplement and complement the audited consolidated financial statements and notes thereto, prepared in accordance with Canadian generally accepted accounting principles ('GAAP'), for the 12 months ended December 31, 2010 (collectively the 'Financial Statements'). All amounts in this MD&A are expressed in U.S. dollars, unless identified otherwise. Certain notes to the Financial Statements are specifically referred to in this MD&A and such notes are incorporated by reference herein. References to 'C\$' in this MD&A refer to Canadian dollars.

This MD&A should be read in conjunction with both the Financial Statements and the Company's audited consolidated financial statements for the year ended December 31, 2009, the related annual MD&A included in the 2009 Annual Report and the Annual Information Form dated March 15, 2010 which have been filed electronically through the System for Electronic Document Analysis and Retrieval ('SEDAR') and are available online at www.sedar.com.

Readers are cautioned not to rely solely on the summary of such information contained in this MD&A, but should also read the Annual Information Form dated March 15, 2010, and subsequent press releases, all of which are filed on SEDAR (www.sedar.com). Readers are also directed to the cautionary notes and disclaimers contained herein. Additional information relating to the Company is available online at www.sedar.com.

HIGHLIGHTS FOR THE YEAR

Equinox made significant progress this year in delivering shareholder value through the optimization of Lumwana as well as through the acquisition of Citadel. Some of Equinox's key achievements during 2010 resulting from these efforts are listed below.

Financial Achievements

- Generated an operating profit⁽¹⁾ of \$529 million in 2010, an increase of 170% compared to \$196 million in 2009⁽²⁾. An after tax profit of \$269 million in 2010 was also generated compared to an after tax loss of \$183 million in 2009⁽²⁾.
- Cash resources of \$320 million at the end of 2010, an increase of 193% compared to \$109 million in 2009⁽²⁾.
- Generated earnings-per-share for the year ended December 31, 2010 of \$0.38 compared to a loss-per-share for the year ended December 31, 2009⁽²⁾ of \$0.27.

Operating Achievements

- Completed ramp up of the Lumwana mine.
- Copper production increased to 146,690 tonnes in 2010, an increase of 34% compared to 109,413 tonnes in 2009⁽²⁾, surpassing the 2010 annual guidance.
- Achieved C1 operating cost⁽¹⁾ of \$1.38 per pound of copper for 2010, a decrease of 7% compared to \$1.49 in 2009⁽²⁾.
- Material movement exceeded 100 million tonnes in 2010, an increase of 24% compared to 81 million tonnes in 2009⁽²⁾, following improved operational and mechanical performance.
- Ore milled increased to 18.6 million tonnes in 2010, an increase of 42% compared to 13.1 million tonnes in 2009⁽²⁾, exceeding design rate of 20 million tonnes per annum ('Mtpa') over the second half of the year.
- Copper recoveries improved to 91% compared to recoveries of 85% in 2009⁽²⁾, with a lower percentage of transitional ore being treated throughout 2010.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

- Mine head grade of 0.86% copper in 2010 compared to head grade of 0.95% in 2009⁽²⁾, as mining moved away from the central high grade core over the second half of 2010.
- Commenced a two-phased feasibility study (the 'Lumwana Expansion Study') to investigate expanding Lumwana to 35 Mtpa by 2014 and awarded the two staged expansion plan for Lumwana to Ausenco. The Lumwana Expansion Study was subsequently modified to include an expansion to a plant capacity of 45 Mtpa.
- Discovered the Chimiwungo East ore sheet, a substantial extension of the Chimiwungo ore body that has the potential to increase the Chimiwungo resource potential to 1 to 1.5 million tonnes.

Corporate Achievements

- Secured a new \$400 million corporate loan facility replacing the existing Lumwana project senior and subordinated debt facilities.
- Implemented a takeover offer for Citadel Resource Group Limited ('Citadel') (an Australian Securities Exchange ('ASX') listed base metals and gold company with a portfolio of development and exploration assets located in Saudi Arabia) to acquire all of the issued and outstanding shares of Citadel and by year end had acquired 89.47% of Citadel shares. By January 6, 2011, the Company had acquired 90.59% and initiated compulsory acquisition procedures to acquire all remaining shares in Citadel. The compulsory acquisition process was completed on February 15, 2011.

Subsequent to Year-End

- Implemented a takeover bid for Lundin Mining Corporation ('Lundin') (a Toronto Stock Exchange ('TSX') and the NASDAQ OMS Stockholm ('OMX') listed diversified base metals company with a portfolio of operating mines in the DRC, Portugal, Sweden, Spain and Ireland) to acquire all of the issued and outstanding shares of Lundin.

Performance (thousands of dollars, except otherwise noted)	Three Months Ended December 31		Twelve Months Ended December 31	
	2010	2009 ⁽²⁾	2010	2009 ⁽²⁾
Gross sales	\$325,509	\$233,431	\$1,046,787	\$531,962
Net income/(loss)	\$91,984	(\$27,465)	\$269,105	(\$183,063)
Earnings/(loss) per share (dollars)	\$0.13	(\$0.04)	\$0.38	(\$0.27)
Copper produced in tonnes	33,939	34,626	146,690	87,150
Copper produced in pounds (millions)	74.8	76.3	323.4	192.1
Copper sold in tonnes	33,421	31,410	131,730	81,520
Copper sold in pounds (millions)	73.68	69.24	290.42	179.72
Realized copper price per pound (net of smelter charges)	\$4.05	\$2.97	\$3.25	\$2.61
C1 operating cost ⁽¹⁾ per pound of copper	\$1.64	\$1.53	\$1.38	\$1.49
Cash and cash equivalents	\$319,476	\$109,130	\$319,476	\$109,130
Weighted average shares outstanding (in thousands)	717,983	706,210	710,209	670,385

In relation to the concentrate offtake contracts, at the end of the fourth quarter of 2010, the Company had 22,739 tonnes of payable copper provisionally priced at \$4.37 per pound (\$9,637 per tonne) which remained subject to final pricing adjustment in the first quarter of 2011. The final pricing adjustments recognized during the fourth quarter of 2010 from the previous quarter provisionally priced copper sales was a profit of \$10 million, which is included in the gross sales for the fourth quarter of 2010.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

BUSINESS, MARKET & OUTLOOK

Background

Equinox is an international mining and exploration company, dual listed on the TSX and the ASX under the symbol 'EQN'. The Company was formed pursuant to Articles of Incorporation under the Canada Business Corporations Act on January 19, 2004 for purposes of becoming the Canadian holding company and to carry on the business of Equinox Resources Limited ('Equinox Resources'), its 100% owned subsidiary. The principal assets of Equinox include:

- i. a 100% interest (held through its subsidiary) in the Lumwana copper mine in Zambia ('Lumwana'), which consists of two major copper deposits, 'Malundwe' and 'Chimwungo', located 220 kilometres northwest of the Zambian Copperbelt, together with numerous exploration prospects;
- ii. a 70% interest (held through its subsidiary) in the Jabal Sayid copper and gold project in the Kingdom of Saudi Arabia ('Jabal Sayid'), which consists of three major copper deposits, 'Lode 1', 'Lode 2' and 'Lode 4', located 350 kilometres northeast of the Red Sea port city of Jeddah, the commercial capital of the Kingdom of Saudi Arabia, and 120 kilometres south-east of Medina. Equinox is currently in the process of completing the acquisition of the remaining 30% interest in Jabal Sayid; and
- iii. interests in a number of exploration projects in Zambia and the Kingdom of Saudi Arabia.

Equinox is currently focused on operating its 100% owned Lumwana project and construction of the Jabal Sayid project.

Core Business

Equinox's two primary assets are Lumwana and Jabal Sayid. Since 1999, Equinox has focused its efforts on Lumwana, completing a pre-feasibility study in 2000, a bankable feasibility study in 2003, a definitive feasibility study (the 'DFS') in 2005 and a uranium feasibility study (the 'UFS') in 2008. Equinox commenced the construction of the Lumwana mine in the fourth quarter of 2005. In December 2008, the Lumwana mine was commissioned at a nameplate capacity of 20 Mtpa and copper sulphide concentrate production and sales commenced to off-takers. Commissioning of the Lumwana Mine completes the successful transition of Equinox from developing a major project to operating what management believes will become one of Africa's largest copper mines.

Equinox acquired Jabal Sayid, in 2010 and has begun focusing its efforts on moving towards commissioning in early 2012. A definitive feasibility study (the 'Jabal DFS') was completed in December 2009 and the Mining (Exploitation) License was granted in May 2010. A Scoping Study for Lode 1 was completed in November 8, 2010.

Significant opportunities exist at Lumwana to: (i) further expand and optimize the mine and concentrator throughput rate, (ii) to assess and evaluate the additional near mine deposits and extensions; and (iii) to develop the Lumwana Mine uranium resource. In addition, Equinox will continue to assess these opportunities for expansion and organic growth at the Lumwana Mine.

Equinox will also continue to review and assess international acquisition opportunities to grow the Company.

Copper Markets

Copper prices on average rose throughout the year, from a low of \$2.76 per pound to a high of \$4.42 per pound. The average price during the year was \$3.42 per pound and closing price was \$4.42 per pound. Copper prices have been influenced by increased Chinese demand, positive sentiment about future global economic expansion and continued constraints on and disruptions to the global supply of copper. It is expected that global recovery, in particular China, and supply restrictions will continue to support a positive outlook for copper markets.

Outlook

The target Lumwana production for 2011 is 145,000 tonnes of copper in concentrate with a target C1 operating cost⁽¹⁾ of \$1.45 per pound.

A plant debottlenecking and optimization program has commenced and is expected to increase throughput to 25 Mtpa by the end of 2011. Key operational trends for 2011 include increased material movements in the mine, and increased throughput in the plant. Average grades for 2011 are expected to remain around similar grades achieved in the fourth quarter of 2010 as mining operations move along strike away from the higher grade Starter Pit at Malundwe. Recoveries are expected to continue to be around 90%, improving as a lower proportion of transitional material is processed.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Construction of the Jabal Sayid project will continue during 2011 with commissioning expected to commence in the first half of 2012.

This 'Outlook' section is forward-looking information and readers are cautioned that actual results may vary. Refer to 'Cautionary Statements – Forward-Looking Information' and 'Risk and Uncertainties' sections in this MD&A.

Operations

An operating profit⁽¹⁾ of \$529 million and an after tax profit of \$269 million were generated for the year ended December 31, 2010. The operating profit⁽¹⁾ for 2010 represents an increase of 170% when compared to the 2009⁽²⁾ operating profit⁽¹⁾ of \$196 million due to the increase in copper sold, higher copper prices and reduced C1 operating costs⁽¹⁾. The after tax profit for 2010 represents an increase of \$452 million when compared to the 2009⁽²⁾ net loss of \$183 million.

During the year, the mine and process plant operations at Lumwana were fully ramped up. Ore processed at the Lumwana mine for the year was 18.6 million dry metric tonnes of ore, producing 354,256 dry metric tonnes of concentrate at an average copper grade of 41%. This resulted in copper produced in concentrate of 146,690 tonnes (323 million pounds) at an average C1 operating cost⁽¹⁾ of \$1.38 per pound.

During the year, the mine ramped up to the full production rate with, material movements of 100.5 million tonnes, representing a 24% increase relative to 2009⁽²⁾. Improvements in mobile equipment availability, equipment utilization and productivity, together with improved wet season management, all contributed to the improvement in material mined. The improved utilization and productivity resulted from the Hitachi fleet moving into new pit stages, to both the north and the south of the Starter Pit. The opening up of these additional stages and improved planning practices resulted in longer working faces, larger blasts and higher benches, leading to more efficient and productive mining during the year. Ore mined was 17.6 million tonnes, operating at a rate exceeding 20 Mtpa over the last eight months of the year.

The plant processed 18.6 million tonnes of copper ore after running at the design rate of 20 Mtpa for the second half of the year. The head grade of the material treated was 0.86% copper following the treatment of lower grade material later in the year as mining moved away from the higher grade central zones. Copper recoveries were 91% and fluctuated throughout the year in line with the amount of transitional ore being treated.

In addition to the copper ore mined during the year, 2.1 million tonnes of uranium rich ore was mined and stockpiled. The uranium ore stockpile on the ROM pad has increased to 4.6 million tonnes of 900 ppm uranium and 0.8% copper. This copper-uranium ore is being diverted away from the copper concentrator, and is being classified as 'waste' to the copper project. This uranium-rich copper ore stockpile may be treated at a later date, if and when the Company builds a uranium processing plant.

C1 operating costs⁽¹⁾ were \$1.38 per pound of copper which was a significant reduction of 7% from 2009⁽²⁾ costs. The cost improvements were largely driven by improved mining efficiencies and higher throughput, despite falling head grades. C1 operating costs⁽¹⁾ in the fourth quarter increased to \$1.64 as a result of falling head grades, increases in diesel costs, MARC expenditure related to undercarriage rebuilds and excessive tire usage at the start of the wet season. First and fourth quarter costs have traditionally been higher due to increased tire usage and lower equipment productivity during the wet season.

Lumwana Mine Production Statistics

Production Statistic	Measure	2010	2009 ⁽²⁾	2008 ⁽²⁾
Total material movement	Tonnes (m)	100.5	81.21	—
Ore mined	Tonnes (m)	17.58	13.09	—
Ore processed	Tonnes (m)	18.58	13.69	—
Head grade	Copper %	0.86	0.95	—
Copper recovery	Copper %	91.30	84.51	—
Concentrate grade	Copper %	41.41	43.09	—
Copper in concentrate	Tonnes	146,690	109,413	—
Copper in concentrate	Pounds (m)	323.38	241.21	—
Copper sold	Tonnes	131,730	81,520	—
C1 operating cost ⁽¹⁾	Per Pound	\$1.38	\$1.49	\$1.53

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

Construction

Lumwana

Work has commenced on the Chimiwungo crushing and conveying plant with the conveyor corridor, crusher site and initial stockpile area cleared. Clearing and grubbing has commenced on the area of the Chimiwungo Starter Pit. The bulk earthworks contract has been let and the tender for the initial mining has been issued with a view to commencing the pre-strip in mid-2011.

Jabal Sayid

The Company's mining contractor, Byrnegut Mining, has mobilized initial equipment and personnel to site and temporary power and ventilation has been established. Stripping sections of the existing decline, to allow for access of larger equipment and ventilation ducting, passing bays and generally improving the ventilation capacity, is largely complete. Development headings have been established for the second decline, as have access to the first working level and recommencement of development from the base of the original decline. Raiseboring contractors will mobilize to site in the second quarter of 2011 to commence the drilling of new ventilation raises. First mining of ore is planned from Lode 2 in the fourth quarter of 2011.

The engineering, procurement, construction and management ('EPCM') contractor, SNC Lavalin, has mobilized to site. Engineering design is well advanced with completion of design scheduled for the second quarter of 2011. Procurement activities are also well advanced, with all key procurement packages complete, and contract awards expected to be completed by the end of the second quarter of 2011. The camps for the contractor and initial stage of the permanent village have been completed. Surface roads, security fencing and the temporary power plant have been completed. Bulk earthworks have commenced with concrete supply and tank fabrication packages awarded and mobilization commenced with the first concrete pour scheduled for the first quarter of 2011.

The total project cost estimate remains at \$315 million with plant commissioning due to commence by the end of the first quarter of 2012, for first production mid-year in 2012.

Production Guidance

The target Lumwana production for 2011 is 145,000 tonnes of copper in concentrate with a target C1 operating cost⁽¹⁾ of \$1.45 per pound.

A plant debottlenecking and optimization program has commenced and is expected to increase throughput to 25 Mtpa by the end of 2011. Key operational trends for 2011 include increased material movements in the mine, and increased throughput in the plant. Average grades for 2011 are expected to remain around similar grades achieved in the fourth quarter of 2010 as mining operations move along strike away from the higher grade Starter Pit at Malundwe. Recoveries are expected to continue to be around 90%, improving as a lower proportion of transitional material is processed.

This 'Production Guidance' section is forward-looking information and readers are cautioned that actual results may vary. Refer to 'Cautionary Statements – Forward-Looking Information' and 'Risk and Uncertainties' sections in this MD&A.

Offtake

During the year, concentrate delivery was predominantly directed to the Chambishi Copper Smelter Limited ('CCS') operated by China Non-ferrous Metal Mining and Yunnan Copper, and the Konkola Copper Mines Plc ('KCM') smelter at Nchanga on the Zambian Copperbelt, which when combined, account for a large majority of Lumwana's forecast production. Concentrate stocks have remained at similar levels during each quarter with stronger than expected production results towards year end. It is anticipated that these stocks will be drawn down over the first half of 2011.

Exploration Activities

Drilling activity continued at the Chimiwungo deposit throughout the fourth quarter of 2010 up to mid-December. The focus of the work completed during the fourth quarter comprised:

- extending resources to the south of the Chimiwungo South deposit;
- commencing the infill drilling of the Chimiwungo East Shoot;
- sterilization drilling between Chimiwungo North and East; and
- resource drilling along the eastern flank of Chimiwungo East.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Chimwungo South

Chimwungo South Ore Extension: As advised last quarter, historical scout drilling of CHI026 by Phelps Dodge in 1994 identified the strong possibility that the higher grade mineralization within the Chimwungo South pit could extend considerably further to the south (CHI026, 80m @ 1.34%Cu from 285m). The holes drilled last quarter confirmed that mineralization continues at depth and that the pit design for Chimwungo South needs to be extended. During the fourth quarter, the possibility that mineralization extends to the east of the Chimwungo South pit was drill with significant grades and thicknesses encountered. The results indicate that Chimwungo Main shoot is connected by a substantial thickness of mineralization to the Chimwungo East shoot.

Table 1: Selected drill intercepts, Chimwungo South and East

HOLE ID	EAST	NORTH		From(m)	To(m)	m	Cu pct	U ppm	Co ppm	Depth from surface
CHI0196	378600	8639800		467.1	478.95	11.85	0.55	7.5		460
			and	560.24	587.2	26.96	1.14	38.1		
CHI0205	378695	8640202		395.8	406	10.2	0.54	77.9	750	390
			and	433	456.2	23.2	1.0	18.4	1303	
			and	460.4	465	4.6	1.02	18.3	818	
CHI0208	378496	8640400		272.1	286.6	14.5	0.47	7.1	250	268
			and	313.2	323.3	10.1	0.83	326.2	891	
			and	329.1	330.3	1.2	0.84	15.9	1980	
			and	340	359.4	19.4	0.83	12.6	562	
CHI0210	378910	8640404		410.7	421.1	10.4	0.72	9.1	598	404
			and	430.9	458.42	27.52	1.20	43.9	1435	
CHI0325	378689	8640003		380.38	396.25	15.87	0.35	7.4	156	374
			and	440	448.81	8.81	0.89	35.1	1223	
			and	490.91	512.72	21.81	0.71	65.7	1597	
CHI0458	379100	8640397	entire intercept	429.1	524	94.9	1.01	14.8	441	422
			and	429.1	453.1	24	0.59	5.5	65	
			and	457.6	524	66.4	1.23	18.8	604	
CHI0212	379300	8640400	entire intercept	493	452	59	1.22	PXRF results only	485	
CHI0461	379400	8641200	entire intercept	536	606	70.1	1.01		PXRF results only	528
			comprising	536	552	16	0.71		PXRF results only	
			and	558	588	30	1.4		PXRF results only	
			and	594	606.1	12.1	1.3		PXRF results only	

NOTE:

Italics = PXRF results, not yet corroborated by chemical assay

Lumwana Mine Lease Exploration

During 2009, extensive field work occurred at the North Dome and Odile Prospects. The prospects were both identified by the coincidence of spectrometer (uranium), soil geochemical and Induced Polarisation anomalies. The host rocks are interpreted to be comparable to the Malundwe and Chimwungo deposits, although the prospects lie on a different thrust sheet. In November 2010, a diamond rig was moved to the Odile prospect, where seven holes were drilled. ODL011 intersected 8m at 1.02% copper of chalcopyrite and bornite mineralization, as well as uraninite associated with a quartz vein. Holes ODL006 and 007 also intersected copper anomalous schist. The drilling is interpreted to have intersected the up dip position of a south-plunging shoot and additional drilling is required during the 2011 field program to better define the discovery.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

Zambia Regional Exploration Targets

In November 2009, the Company was granted the 1,957 km² Mufapanda license, which covers an Iron Oxide Copper Gold target, located 250 kilometres southeast of Lumwana and 195 kilometres west-northwest of Lusaka. Ground work has been conducted using radiometrics, ground gravity and ground magnetics in conjunction with field mapping.

The planned exploration program included an airborne magnetic, radiometric and gravity survey over the property to provide the essential foundation for exploration for this style of mineralization. Due to the proximity of Mufapanda to an air force base, airborne access has been restricted and the Company continues to seek permission to fly the airborne survey. The Company is hopeful this situation will be resolved in the near future.

The Company holds additional exploration tenements and applications elsewhere in Zambia that have been affected by the introduction of legislation in 2008 that governs the title and commitments on prospecting licenses in Zambia. The Company has been successful in its court case for the Kitwe PLS026 lease to be re-instated in principle, which in turn sets a precedent for another two retention licences owned by Equinox in western Zambia. The Company continues to work closely with the Government of the Republic of Zambia (the 'GRZ') to resolve the inconsistencies and ambiguities in the legislation before committing expenditure to these regional tenements. No work is being undertaken on these properties currently.

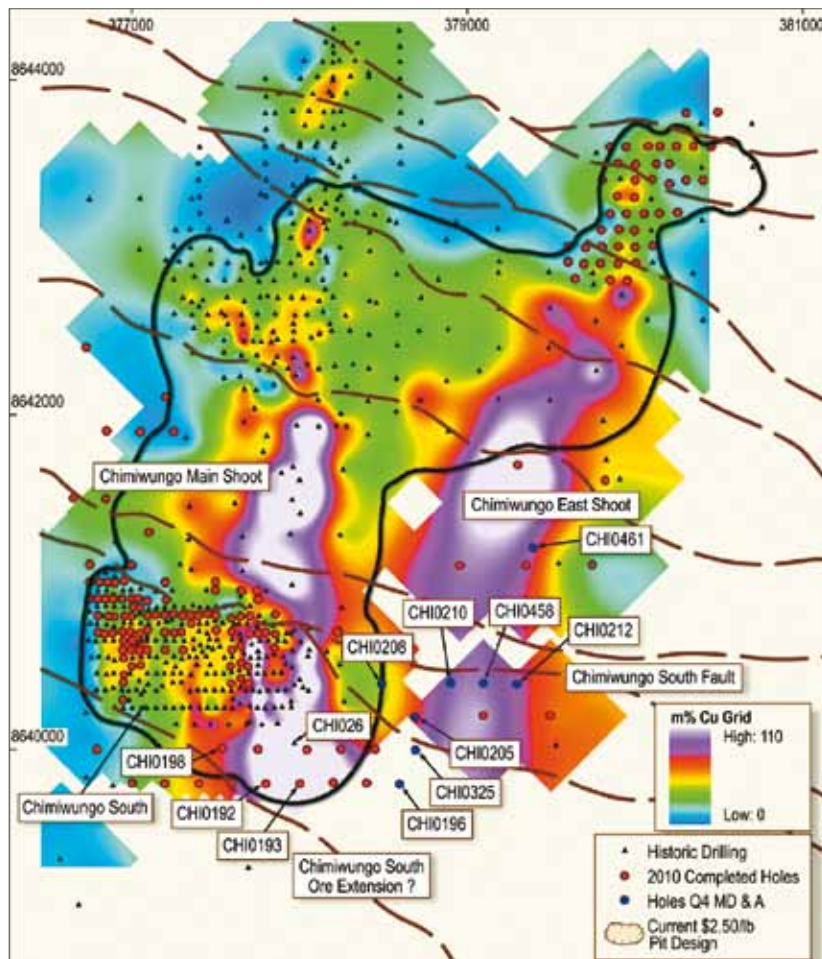


Figure 1: Grade x thickness contour image of Chimiwungo.

The outline of the current \$US1.20/lb Cu pit design is shown by the black line. Additional holes into the Chimiwungo East Shoot continue to confirm the presence of significant thicknesses of mineralization. In addition, holes CHI0196, 0205, 0208 and 0325 indicate the inter-shoot zone also contains significant copper grade.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'
⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Expansion and Optimization Plans

Significant opportunities exist at the Lumwana mine to further expand and optimize the concentrator and mine throughput rate; to assess and evaluate the additional near mine deposits discovered to date; and to develop the Lumwana mine uranium resource. Equinox will continue to assess these opportunities for expansion and organic growth at the Lumwana mine.

The Lumwana processing plant is capable of treating ore at rates above the design capacity of 20 Mtpa and management believes it is capable of treating about 25 Mtpa through optimization and debottlenecking with minor plan modification and accelerating the commencement of mining the Chimiwungo deposit. Now that Lumwana has reached design capacity, it is the Company's objective to increase mine output to achieve this 25 Mtpa target by the end of 2011. At Chimiwungo, clearing of the crusher, conveyor and initial mining areas has already commenced with overburden removal scheduled to commence in mid 2011. While first ore production is expected towards the end of 2012, crushing facilities will not be available until mid 2012.

During the second quarter of 2010, Equinox commenced a two phased feasibility study (the 'Expansion Feasibility Study') to investigate an expansion to 35 Mtpa of the Lumwana copper project with the award of the engineering contract to Ausenco. The initial Ausenco work is anticipated to take approximately ten months to complete with scoping study results expected at the end of the first quarter of 2011. Following the success of the Chimiwungo drill program, the scope of the Expansion Feasibility Study was changed in the fourth quarter of 2010 to focus on an increased production rate of 45 million tonnes per year.

It is expected that Lumwana will be able to debottleneck the plant to increase production to 25 Mtpa by the end of 2011. At Chimiwungo, overburden removal is scheduled to commence in mid 2011, with first ore production expected towards the end of 2012.

Equinox also completed in 2008 the UFS investigating the onsite treatment of discrete and high grade uranium mineralization contained within the Lumwana Mine copper pit shells. The UFS has confirmed the potential viability of onsite uranium treatment. The decision to proceed with the development of the Lumwana uranium project will depend, subject to Board approval, on a number of factors including satisfactory financing and offtake terms being secured. In the interim, the separate stockpiling of Lumwana mine uranium ore is ongoing and at the end of 2010, the stockpile totalled 4.6 million tonnes of 900 ppm uranium and 0.8% copper.

Zambian Tax

Management estimate the Company's tax losses carried forward at December 31, 2010 where no income tax benefit has been brought to account are \$94 million (2009⁽²⁾: \$48.4 million). No income tax benefit has been brought to account in respect of these losses, as this benefit is not considered more likely than not to be realized.

The GRZ enacted a number of changes to the Zambian tax regime, particularly in relation to mining companies on April 1, 2008. This includes changes to the tax treatment that would increase corporate tax from 25% to 30%, the mining royalty from 0.6% to 3%, and a number of other proposed additional imposts including a 'variable profit tax', a 15% export tax on concentrate, a 'windfall tax' and treatment of hedging income as separate source income.

On January 30, 2009, the Minister of Finance of the GRZ announced changes to the 2009 budget which included the abolition of a number of changes enacted in 2008, including the removal of the windfall tax, 15% export tax and the hedging activity quarantine provisions.

In 2005, the Company entered into a Development Agreement with the GRZ for its Lumwana Mine which provides LMC with a 10 year stability period in the regulatory environment, including taxation. The Development Agreement provides LMC with the right to full and fair compensation for any loss, damages or costs incurred by LMC by reason of GRZ's failure to comply with the tax stability guarantees set out in the Development Agreements and rights of independent arbitration in the event of any dispute.

Following local and international legal advice, the Company believes that the compensation rights under the Development Agreement prevail notwithstanding the changes to the Zambian tax regime enacted on April 1, 2008. Until it has resolved the uncertainty surrounding the application of the Development Agreement, the Company has measured in the current year its taxation balances on the basis of the enacted legislation.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

Corporate Activities

In March 2010, the Company secured a new \$400 million corporate loan (the 'Corporate Facility'), which it used to repay certain existing senior and subordinated project loan facilities provided to the Company's wholly-owned subsidiary Lumwana Mining Company ('LMC') in 2006 for the development of Lumwana.

The Corporate Facility was placed with four leading commercial banks, Standard Bank Plc, Standard Chartered Bank, Industrial and Commercial Bank of China and BNP Paribas. The key elements of the Corporate Facility are a three-year \$220 million term loan with quarterly principal and interest repayments, which commenced on March 31, 2010, and a five-year \$180 million revolving facility that the Company is allowed full repayment and/or full redraw of, up to the facility limit, over the term. The Corporate Facility is less restrictive than LMC's project debt facilities and afforded the Company greater control over its financial management and business. Benefits included the removal of any 'cash sweep' provisions and the lack of any mandatory hedging requirements, and the Company was no longer required to maintain its undrawn \$45 million cost overrun facility.

Also in March, 2010, the Company reached a settlement with ZESCO in relation to electrical power supply charges incurred during the construction phase of Lumwana. The terms of the \$4 million settlement agreement between the Company and ZESCO afforded Equinox full and final satisfaction and release from all claims and causes relating to the dispute that involved ZESCO electrical power off-take supplied to Lumwana up to and including December, 2009.

In October, 2010, the Company implemented a takeover offer (the 'Citadel Offer') for Citadel to acquire all of the issued and outstanding shares of Citadel and by year end had acquired 89.47% of Citadel shares. By January 6, 2011, the Company had acquired 90.59% and initiated compulsory acquisition procedures to acquire all remaining shares in Citadel.

Pursuant to a bid implementation agreement (the 'Bid Implementation Agreement') dated October 24, 2010 between the Company and Citadel, the Company offered to acquire all of the outstanding ordinary shares of Citadel (including all rights attaching thereto) (the 'Citadel Shares') by way of an off-market takeover bid under Chapter 6 of the Corporations Act 2001 (Commonwealth of Australia). The Citadel Offer was made by the Company through Equinox Resources.

Citadel is an emerging base metals and gold company with a portfolio of development and exploration assets located in Saudi Arabia, within the Arabian Shield minerals province. Citadel's flagship asset is Jabal Sayid, a copper and gold project located 350 km northeast of the Red Sea port city of Jeddah, the commercial capital of Saudi Arabia, and 120 km southeast of Medina. The company currently holds a 70% interest in the Jabal Sayid assets and is in the process of completing a transaction under which it would acquire the remaining 30% ownership of Jabal Sayid from its local Saudi Arabian partners. Citadel also owns several other advanced exploration projects in Saudi Arabia, including the Jabal Shayban and Jabal Baydan gold-base metal projects, the Lahuf gold project, the Bari porphyry gold-copper project and the Wadi Kamal sulphide nickel-copper-PGM project. Prior to the completion of the transactions described above, the Citadel Shares were posted for trading on the Australian Securities Exchange. The Citadel Shares were de-listed from the Australian Securities Exchange following close of trade on January 18, 2011.

The Citadel Shares were acquired under the Citadel Offer for consideration comprised of (i) 1 Equinox CHESSE depository interest (an 'Equinox CDI') for every 14.3 Citadel Shares held plus A\$0.105 in cash for each Citadel Share held, or (ii) at the election of each holder of Citadel Shares, 1 common share of the Company (an 'Equinox Share') for every 14.3 Citadel Shares held plus A\$0.105 in cash for each Citadel Share held. Equinox Shares are listed on the Toronto Stock Exchange and Equinox CDIs are listed on the Australian Securities Exchange. Each outstanding Equinox CDI confers a unit of beneficial ownership in the Equinox Shares registered on Equinox's Australian register in the name of CHESSE Depository Nominees Pty Ltd., a wholly-owned subsidiary of the Australian Securities Exchange.

On December 17, 2010, Equinox had acquired a 56.05% interest in Citadel and declared the Citadel Offer free from all defeating conditions. On December 22, 2010, Equinox had acquired a 66.87% interest in Citadel and changes to the board of directors and management of Citadel were effected, including Equinox securing a majority of the board seats of Citadel and replacing Citadel's Chief Executive Officer and Company Secretary. On December 30, 2010, Equinox extended the Offer period to January 17, 2011.

On January 6, 2011, Equinox had acquired a 90.59% interest in Citadel and initiated compulsory acquisition procedures under the Australian Corporations Act. The compulsory acquisition process was completed on February 15, 2011.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Subsequent to Year End

Subsequent to year end, on February 28, 2011, the Company announced its intention to make an unsolicited offer for Lundin. On March 7, 2011, the Company launched its unsolicited takeover offer to acquire all the issued and outstanding shares of Lundin for approximately C\$4.8 billion in cash and shares (the 'Lundin Offer').

Under the terms of the Lundin Offer, Equinox proposes to acquire all of the outstanding common shares of Lundin for a combination of cash and Equinox shares for a total consideration value of C\$8.10 per Lundin share. Each Lundin shareholder can elect to receive consideration per Lundin share of either C\$8.10 in cash or 1.2903 Equinox shares plus \$0.01 for each Lundin share, subject to a pro-ratio based on a maximum cash consideration of approximately C\$2.4 billion and maximum number of Equinox shares issued of approximately 380 million. The Lundin Offer reflects a 26% premium to the closing price of C\$6.45 per Lundin share on the TSX on February 25, 2011.

The cash consideration of Equinox's Lundin Offer is to be financed through a US\$3.2 billion bridge facility being led by Goldman Sachs Lending Partners and Credit Suisse Securities. Equinox intends to refinance the bridge facility through a combination of medium and long term debt instruments. Equinox has no plans to undertake an equity raising as part of the refinancing of the bridge.

The Lundin Offer will be subject to certain conditions including, without limitation, termination of the existing Lundin-Inmet Arrangement Agreement in accordance with its terms, and a simple majority approval of Equinox shareholders of the issuance of the Equinox shares to be issued under the Lundin Offer at a meeting of Equinox shareholders that Equinox expects to occur in early to mid April. Other conditions will include acceptance of the Lundin Offer by Lundin shareholders owning not less than two-thirds of Lundin's shares outstanding on a fully-diluted basis, and receipt of applicable regulatory approvals, and other customary unsolicited offer conditions.

Equinox's bid circular can be found under the Company profile on SEDAR at www.sedar.com.

Lundin is a TSX-listed and OMX-listed diversified base metal mining company with a portfolio of operations in the DRC, Portugal, Sweden, Spain and Ireland.

OVERALL PERFORMANCE

Financial Condition

As at December 31, 2010, Equinox had cash resources of \$320 million, an increase of \$210 million from December 31, 2009⁽²⁾ due to positive operating cash flows generated from strong operating profit at the Lumwana mine.

Financial Position

(thousands of dollars, except as otherwise noted)	2010	As at December 31	
		2009 ⁽²⁾	2008
Cash and cash equivalents	319,476	109,130	51,327
Property, plant and equipment	2,548,211	1,102,773	1,067,290
Total assets	3,242,295	1,457,674	1,471,131
Long-term debt	399,033	518,652	613,407
Total liabilities	1,267,070	777,102	760,923
Shareholders' equity	1,975,225	680,572	710,208
Weighted average number of outstanding Shares (000's)	710,209	670,385	583,800

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

Total assets increase on Citadel acquisition

On December 17, 2010 (the 'acquisition date') Equinox had acquired 56.03% of the issued share capital of Citadel and declared the Citadel Offer free from all conditions. The Citadel acquisition has been accounted for in accordance with CICA Section 1582 'Business Combinations'. The cash and share consideration paid for the 56.03% interest at the acquisition date, was \$699 million.

Further increases in ownership of Citadel are accounted for as a step acquisition in accordance with CICA Section 1602 'Non-Controlling Interest'. At December 31, 2010, Equinox had acquired an additional 33.4% of the issued share capital of Citadel for cash and share consideration totalling \$428.5 million of which \$184 million remained payable at year end. The difference between the change in value of the non-controlling interest (\$417.2 million) and the fair value of consideration for the additional 33.44% acquisition (\$428.5 million) is recorded within shareholders' equity as transactions with owners reserve (\$11 million). At December 31, 2010, Equinox had acquired 89.5% of the issued share capital of Citadel, the residual 10.5% not yet acquired gives rise to a non-controlling interest of \$131.3 million presented in the shareholders' equity section of the balance sheet.

The fair value of the Citadel assets acquired includes \$1,389 million, net of tax, for the Jabal Sayid copper project and \$66 million for exploration and evaluation assets representing a number of copper and gold projects located in the Kingdom of Saudi Arabia.

Deferred Acquisition Costs on Citadel acquisition

At December 31, 2010, pursuant to the Offer a portion of Citadel share acceptances had not yet been settled with \$119.8 million of shares yet to be issued and \$64.2 million of cash payable.

On September 8, 2010, Citadel reached agreement with its joint venture partners to acquire the remaining 30% shareholding of Bariq Mining Limited, the owner of the Jabal Sayid copper project, for US\$112.5 million. Following approval of the increase in ownership by Citadel shareholders on November 3, 2010, a deposit of \$12.5 million was paid with the balance of \$100 million payable on or before June 30, 2011.

Reductions in long term debt

As a consequence of the debt restructuring announced in the first quarter of 2010, long term debt repayments of \$370 million were made during the year ending December 31, 2010 which reduced the total long term debt balance at December 31, 2010 to \$399 million. The repayment of \$370 million was funded by the drawdown of the Company's \$400 million corporate loan facility and the remaining amount through cash reserves. The debt repayment included \$19 million of break fees and \$14 million loan origination fees associated with the refinancing of the Lumwana senior and subordinated project debt facilities which closed in March 2010.

Future income tax liability increase from strong profits and Citadel acquisition

The future income tax liability has significantly increased during the year ending December 31, 2010 due to the \$137 million income tax expense on the \$407 million profit for the same period. The uplift in value of the Citadel net assets carrying value to the acquisition fair value has generated, for accounting purposes, a deferred tax liability of \$229 million.

Shareholders' equity increases due to net profit and Citadel acquisition

The Company recorded a net income of \$269 million for the year ending December 31, 2010 due to increasing production and lower operating costs at the Lumwana Mine. Shares issued or yet to be issued as part of the consideration for acquiring 89.5% of the issued share capital of Citadel totalled \$898.4 million.

Cash Flow

(in thousands of dollars)	Fourth Quarter (unaudited)			Financial Year (audited)		
	2010	2009	2008	2010	2009 ⁽²⁾	2008
Operating activities	149,392	36,858	(20,369)	467,002	95,129	(81,631)
Financing activities	(36,638)	(41,044)	85,767	(133,736)	12,641	386,898
Investing activities	(55,702)	(6,791)	(64,259)	(121,187)	(50,252)	(327,797)
Net increase / (decrease) in cash and cash equivalents	57,052	(10,977)	1,139	212,079	57,518	(22,530)

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Three months ended December 31, 2010 compared to the three months ended December 31, 2009⁽²⁾

Cash inflow from operating activities was \$149 million for the three months ended December 31, 2010, compared to cash inflow of \$37 million for the three months ended December 31, 2009. The increase is due to higher operating profits resulting from higher copper sales volume and higher copper prices. This was offset by \$37 million of payments from the settlement of derivative instruments.

Cash outflows from financing activities were \$37 million for the three months ended December 31, 2010, compared to cash outflow of \$41 million for the three months ended December 31, 2009 primarily due to scheduled loan repayments of \$37 million.

Cash outflows from investing activities were \$56 million for the three months ended December 31, 2010, higher than the corresponding period in 2009 (\$6.8 million) due to Lumwana Mine capital expenditure and the capitalization of mining costs associated with overburden removal during the fourth quarter of 2010. In addition a net payment of \$4 million was recorded on the acquisition of Citadel after accounting for cash held by Citadel of \$161 million.

Year ended December 31, 2010 compared to the year ended December 31, 2009⁽²⁾

Cash inflow from operating activities of \$467 million for the year ended December 31, 2010 were significantly higher when compared with \$95 million cash inflow for the year ended December 31, 2009⁽²⁾. The significant increase in 2010 operating cash flows, relative to the corresponding prior year period, was due to higher operating profits resulting from higher copper sales volume, higher copper prices and lower C1 operating costs⁽¹⁾. This was offset by \$93 million of payments from the settlement of derivative instruments and offset by a net working capital inflows of \$28 million due to an increase in payables.

Cash outflows from financing activities were \$134 million for the year ended December 31, 2010, compared to a cash inflow of \$13 million for 2009⁽²⁾. The outflow related to net loan repayments and break fees from the Company's debt refinancing in March 2010 and routine quarterly loan repayments of \$94 million.

Cash outflows from investing activities were \$121 million for the year ended December 31, 2010 higher than the corresponding period in 2009⁽²⁾ (\$50 million) primarily due to Lumwana mine and town capital expenditure and the capitalization of mining costs associated with overburden removal. In addition a net payment of \$4 million was recorded on the acquisition of Citadel after accounting for cash held by Citadel of \$161 million.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

RESULTS OF OPERATIONS

An operating profit⁽¹⁾ of \$529 million for the year ended December 31, 2010 was achieved by the Company, an increase of 170% over the prior year. The operating profit⁽¹⁾ was generated at the Lumwana Mine based on 146,690 tonnes (323.4 million pounds) of copper produced during the year ended December 31, 2010.

(in thousands of dollars except as otherwise noted)	Fourth Quarter (unaudited)			Financial Year (audited)		
	2010	2009	2008	2010	2009 ⁽²⁾	2008
Gross sales	325,510	233,431	—	1,046,787	531,962	—
Smelter treatment charges	(27,411)	(27,596)	—	(104,361)	(63,483)	—
Net sales revenue	298,099	205,835	—	942,426	468,479	—
Cost of sales	(108,708)	(110,443)	—	(413,468)	(272,818)	—
Operating profit⁽¹⁾	189,391	95,392	—	528,958	195,661	—
Derivative gains/(losses)	(18,427)	(68,980)	262,545	(27,264)	(329,826)	271,520
Exploration costs	(2,340)	(1,706)	(2,977)	(6,010)	(5,119)	(10,262)
Other operating costs	3,812	(2,009)	(314)	(7,652)	(5,870)	(314)
General and administration costs	(11,832)	(3,452)	(2,393)	(21,700)	(10,241)	(8,388)
Financing costs	(10,215)	(44,465)	(685)	(37,592)	(76,871)	(3,660)
Long-term compensation costs	(1,105)	(579)	(908)	(4,675)	(3,474)	(4,953)
Other income/(expenses)	(2,658)	(196)	(7,339)	(7,392)	(4,223)	(3,325)
Citadel acquisition costs	(10,180)	—	—	(10,180)	—	—
Income tax (expense)/benefit	(44,462)	(1,470)	(64,632)	(137,388)	56,900	(67,937)
Profit/(loss) for the period	91,984	(27,465)	183,297	269,105	(183,063)	172,681
Basic earnings/(loss) per share (dollars)	0.13	(0.04)	0.31	0.38	(0.27)	0.30
Diluted earnings/(loss) per share (dollars)	0.13	(0.04)	0.30	0.37	(0.27)	0.29
Weighted basic average number of shares (000s)	717,983	706,210	593,651	710,209	670,385	583,800
Weighted diluted average number of shares (000s)	729,488	719,490	611,163	721,714	683,665	601,312

Three months ended December 31, 2010 compared to the three months ended December 31, 2009

Major items affecting the net profit for the fourth quarter included the following:

1. Increase in Copper Sales Revenue

The Lumwana mine achieved an operating profit⁽¹⁾ of \$189 million for the three months ended December 31, 2010 an increase of 99% compared to the corresponding quarter in 2009. The significant increase in 2010 operating profit, relative to the corresponding prior year period, was primarily due to higher copper prices with the fourth quarter realised copper price (net of smelter charges) of \$4.05 per pound of copper compared with \$2.97 per pound of copper in the fourth quarter of 2009. During the fourth quarter, 33,421 tonnes (74.68 million pounds) of copper was sold, a 6% increase on the 31,410 tonnes (69.24 million pounds) of copper sold for the three months ended December 31, 2009.

2. Increased C1 Operating costs⁽¹⁾

Copper production for the fourth quarter of 2010 of 33,939 tonnes was comparable to the 34,626 tonnes produced in the fourth quarter of 2009. C1 operating costs⁽¹⁾ increased from \$1.53 per pound of copper in the fourth quarter of 2009 to \$1.64 per pound of copper in the fourth quarter of 2010 on the back of falling head grades, increases in diesel costs and MARC expenditure related to undercarriage rebuilds and excessive tire usage at the start of the wet season. The average head grade for the fourth quarter of 2010 was 0.69% compared to 0.94% for the same period in 2009.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

3. Non-cash hedging Instrument Losses

The Company's derivative instrument loss impacted the net profit after tax position for the fourth quarter of 2010. The non-cash hedging loss of \$18 million for the three months ended December 31, 2010, compared to a loss of \$69 million for the three months ended December 31, 2009, was due to the revaluation of the remaining hedge book (13,280 tonnes of copper at December 31, 2010) to current market prices and the strengthening of copper prices from \$3.65 per pound at September 30, 2010 to \$4.42 per pound at December 31, 2010.

During the corresponding period last year, the hedge book was considerably larger (70,760 tonnes of copper for the quarter ended December 31, 2009) and copper prices increased during the quarter from \$2.78 per pound at September 30, 2009 to \$3.33 per pound at December 31, 2009. Derivative instrument gains and losses are included in the calculation of the Company's income tax position.

Year ended December 31, 2010 compared to the year ended December 31, 2009⁽²⁾

Major items affecting the net profit for the financial year included the following:

1. Lumwana Mine Production

The Lumwana mine achieved an operating profit of \$529 million for the year ended December 31, 2010 compared to \$196 million for the year ended December 31, 2009⁽²⁾ due to the increasing copper production and higher copper prices. During the year ended December 31, 2010 131,730 tonnes (323.4 million pounds) of copper were sold, a 62% increase on the 81,520 tonnes (179.72 million pounds) of copper sold during the year ended December 31, 2009⁽²⁾.

2. Reduced C1 Operating Costs⁽¹⁾

C1 operating costs⁽¹⁾ for the year ended December 31, 2010 decreased to \$1.38 per pound of copper compared with \$1.49 per pound of copper for the year ended December 31, 2009⁽²⁾. The decline was due to cost improvements which were largely driven by increased production through improved mining efficiencies and metallurgical recoveries.

3. Non-cash hedging Instrument Losses

The Company's derivative instrument loss decreased the net profit after tax position for the year ended December 31, 2010. The non-cash hedging loss of \$27 million during the year ended December 31, 2010, compared to a loss of \$330 million for the year ended December 31, 2009⁽²⁾, was due to the revaluation of the entire remaining hedge book to current market prices and the strengthening copper prices from \$3.33 per pound at December 31, 2009⁽²⁾ to \$4.42 per pound at December 31, 2010.

4. Income Tax Expense

The income tax expense of \$137 million for the year ended December 31, 2010, compared to an income tax benefit of \$57 million for the year ended December 31, 2009⁽²⁾, was the product of the profit generated by the Lumwana Mine. The Company's effective tax rate for the year was 34% is higher than the Canadian statutory rate of 33% due to permanent non-deductible costs of the Lumwana Mine and not recognizing tax benefits for a number of subsidiaries within the group.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

SUMMARY OF QUARTERLY RESULTS

The following table sets out a summary of the quarterly results for the Company for the last eight quarters. The financial data is derived from the Company's interim unaudited financial statements, which are prepared in accordance with GAAP.

Three months ended	2010				2009			
	Dec	Sept	June	Mar	Dec	Sept	June	Mar ⁽²⁾
Total mine material movement (millions of tonnes)	28.52	30.37	26.60	14.99	22.23	29.30	20.80	8.88
Ore mined (millions of tonnes)	5.22	4.18	5.09	3.09	4.20	4.02	3.03	1.84
Ore processed (millions of tonnes)	5.48	4.94	4.57	3.59	3.96	3.82	3.03	2.88
Head grade (copper %)	0.69	0.87	1.02	0.93	0.94	0.92	0.98	0.93
Copper recovery (copper %)	90	89	94	92	93	80	82	83
Concentrate grade (copper %)	37	41	44	44	46	47	39	39
Copper produced in concentrate (tonnes)	33,939	38,445	43,835	30,471	34,626	28,111	24,413	22,263
Copper produced in concentrate (millions of pounds)	74.82	84.76	96.64	67.18	76.34	61.97	53.82	49.08
Copper sold (tonnes)	33,421	35,784	35,929	26,596	31,410	26,470	23,640	23,970
Copper sold (millions of pounds)	74.68	78.89	79.21	58.63	69.24	58.34	52.11	52.84
C1 operating cost ⁽¹⁾ (\$ per pound)	1.64	1.21	1.19	1.60	1.53	1.46	1.44	—
Copper sales revenue (\$000s)	325,510	296,658	223,934	200,686	233,431	170,798	127,734	—
Smelter treatment charges (\$000s)	(27,411)	(27,532)	(28,596)	(20,823)	(27,596)	(20,517)	(15,370)	—
Net sales revenue (\$000s)	298,099	269,126	195,338	179,863	205,835	150,281	112,364	—
Cost of sales (\$000s)	(108,708)	(102,763)	(104,277)	(97,721)	(110,443)	(86,173)	(76,269)	—
Operating profit ⁽¹⁾ (\$000s)	189,391	166,363	91,061	82,142	95,392	64,108	36,095	—
Derivative gains/(losses) (\$000s)	(18,427)	(32,636)	39,557	(15,758)	(68,980)	(88,431)	(74,312)	(98,102)
Other income/(expense) (\$000s)	(2,658)	(7,248)	4,412	(1,878)	(196)	(1,142)	(2,636)	(999)
Net income/(loss) (\$000s)	91,984	71,152	73,442	32,527	(27,465)	(56,266)	(38,741)	(60,591)
Basic earnings/(loss) per share (\$)	0.13	0.10	0.10	0.05	(0.04)	(0.08)	(0.06)	(0.10)
Diluted earnings/(loss) per share (\$)	0.13	0.10	0.10	0.05	(0.04)	(0.08)	(0.06)	(0.10)
Basic weighted average shares (millions)	717.98	707.79	707.55	707.43	706.21	701.17	675.76	596.93
Diluted weighted average shares (millions)	729.49	720.47	720.42	719.33	719.49	715.93	695.42	614.45

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'.

⁽²⁾ The Lumwana Mine commenced commercial production on April 1, 2009.

Further details regarding the Company's results for 2010 are discussed throughout this document. Further information on Equinox's quarterly results can be found in the respective quarterly financial statements and related management's discussion and analysis on www.sedar.com.

OUTSTANDING SHARE DATA

The only class of equity securities of the Company outstanding as at December 31, 2010 is common shares. As at March 9, 2011, the Company had 879,072,263 common shares outstanding.

Equinox has a Long-Term Incentive Plan under which options may be granted to directors, officers and employees of the Company. Vesting of some of the outstanding options is subject to achievement of specified performance hurdles. As at March 9, 2011, there were 13,441,044 incentive stock options outstanding with the exercise prices ranging from Cdn\$0.72 to Cdn\$4.96 per share.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

LIQUIDITY & CAPITAL RESOURCES

As at December 31, 2010, Equinox had cash resources of \$320 million, an increase of \$210 million in the year due to positive cash inflows from the Lumwana operation and the acquisition of Citadel.

As at December 31, 2010, the Company had outstanding fully drawn debt facilities totalling \$399 million of which \$114 million falls due in the next 12 months.

The Company expects that it will produce 145,000 tonnes (320 million pounds) of copper metal in concentrates in 2011 at a C1 operating cost⁽¹⁾ of \$1.45 per pound. The London Metal Exchange spot price of copper at December 31, 2010 was \$4.42 per pound. On this basis, the Company expects to generate positive cash flows for 2011 sufficient to fund ongoing operations and service existing debt.

Contractual Obligations

(in thousands of dollars)	Payments Due by Period As at December 31, 2010				
	Total	Less than 1 year	1 year to 3 years	4 years to 5 years	After 5 years
Long term debt	399,033	113,981	105,052	—	180,000
Operating leases	3,068	1,141	1,904	23	—
Finance leases	23,435	10,660	7,383	1,652	3,740
Capital Commitments – Lumwana mine	31,029	31,029	—	—	—
Capital Commitments – Jabal Sayid mine	106,873	101,638	5,235	—	—
Asset Retirement Obligation	25,034	—	—	—	25,034
Total Contractual Obligations	588,472	258,449	119,574	1,675	208,774

NON-GAAP FINANCIAL MEASURES

The term 'C1 operating cost' is a non-GAAP performance measure reported in this MD&A and is prepared on a per-pound of copper produced basis. The term C1 operating cost does not have any standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. C1 operating cost is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with the industry standard definitions. C1 operating costs⁽¹⁾ includes all mining and processing costs, mine site overheads and realization costs through to refined metal.

The following table provides, for the periods indicated, a reconciliation of the Company's C1 operating cost measures to GAAP income statement presented in the Financial Statements:

(in thousands of dollars except as otherwise noted)	Year ended December 31	
	2010	2009 ⁽²⁾
Costs as reported in the income statement:		
Direct and indirect mining costs	308,242	212,016
Smelter treatment charges	104,361	63,483
Adjustment for change in copper concentrate stockpile inventory	34,992	—
Total operating costs	447,595	275,499
Copper produced in concentrate (tonnes)	146,690	83,888
Copper produced in concentrate (pounds)	323,395,708	184,941,163
C1 operating cost per pound of copper (whole dollars)	1.38	1.49

The term 'operating profit⁽¹⁾' is a non-GAAP performance measure reported in this MD&A and represents net sales revenue less cost of sales as reported on the GAAP income statement presented in the financial statements. The terms operating profit⁽¹⁾ do not have any standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

Operating profit is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with the industry standard definitions.

The following table provides, for the periods indicated, a reconciliation of the Company's operating profit⁽¹⁾ measures to GAAP income statement presented in the Financial Statements:

(in thousands of dollars except as otherwise noted)	Year ended December 31	
	2010	2009 ⁽²⁾
Revenue and costs as reported in the income statement:		
Copper sales revenue	1,046,787	531,962
Smelter treatment charges	(104,361)	(63,483)
Net sales revenue	942,426	468,479
Direct and indirect mining costs	(308,292)	(212,016)
Amortization and depletion	(75,742)	(46,688)
Royalties	(29,434)	(14,114)
Cost of sales	(413,468)	(272,818)
Operating profit	528,958	195,661

The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use the above terms and information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

FINANCIAL AND OTHER INSTRUMENTS

As at December 31, 2010, and pursuant to the lending requirements for the Lumwana Mine project debt facility, the Company has entered into a number of copper put options and forward contracts (the 'hedge book') relating to a proportion of its expected copper production at the Lumwana Mine designed to provide protection from exposure to unfavourable copper price movements.

Upon entering into the copper put option contracts, the Company incurred a premium of \$86.5 million, due and payable on expiry of the underlying contracts. For the outstanding put options, expiring between January 2011 and March 2011, the fair value of the premium payable is \$7 million. There is no premium or cost associated with the copper forward contracts.

Changes in the fair value of derivatives are recognized in the income statement.

The mark-to-market fair value of all contracts is based on independently provided market rates and determined using standard valuation techniques. These techniques include the impact of counterparty credit risk.

At December 31, 2010, the average contract price ('strike price') of the hedge book (net of put deferred premium payable) was \$2.21 per pound versus a spot copper price of \$4.42 per pound resulting in the hedge book being out of the money with a mark-to-market asset fair value of \$42.0 million.

At December 31, 2010, the spot copper price had increased to \$4.42 per pound compared with an average strike price (net of put deferred premium payable) of \$2.43 per pound resulting in the hedge book closing out of the money and dropping in value to a mark-to-market liability position of \$42 million.

The total decline in value of the hedge book for the year ended December 31, 2010 was \$65 million of which \$27 million represents non-cash mark-to-market losses which have been recorded in the income statement. The remaining balance of \$93 million represents the net cash payable from hedge contracts maturing during the year, which is reflected in the cash flow statement.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Derivative instruments included in the balance sheet comprise:

(in thousands of dollars)	December 31 2010	December 31 2009
Fair value of hedge book – start of period	(107,310)	256,679
Hedge contracts matured during period resulting in cash payment / (receipt)	92,608	(34,163)
Mark-to-market fair value gain / (loss) during period	(27,264)	(329,826)
Fair value of hedge book – end of period	(41,966)	(107,310)
Less: current portion	41,966	85,179
Total non-current derivative instruments	—	(22,131)

The following table summarizes the hedge book in place at December 31, 2010 and expiring by March 31, 2011:

Copper put options:

Tonnes	5,000
Average strike price (\$/tonne)	\$5,364
Average strike price (\$/lb)	\$2.43

Copper forwards:

Tonnes	8,280
Average strike price (\$/tonne)	\$5,367
Average strike price (\$/lb)	\$2.43

CRITICAL ACCOUNTING ESTIMATES

The accounting policies that involve significant management judgment and estimates are discussed in this section. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. For a complete list of the significant accounting policies, reference should be made to note 2 of the Company's December 31, 2010 audited consolidated financial statements.

Mineral reserve estimates used to measure amortization of property, plant and equipment

The amortization expense is based on the estimated useful economic life of the mine reserves. The estimate which will most significantly affect the measurement of amortization is quantities of proven and probable copper reserves. This estimate is complex and requires significant subjective assumptions that arise from evaluation of geological, geophysical, engineering and economical data for the orebody. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a re-assessment of the viability of production under different economic conditions. Such changes in the data and/or assumptions could cause reserve estimates to substantially change from period to period. Actual copper production could differ from expected copper production based on the reserves, and an adverse change in copper price could make a reserve uneconomic to mine.

Impairment of property plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Impairment assessments are based on estimates of future cash flows, which include: the quantity of mineral reserves; future metal prices and future operating and capital costs to mine and process the Company's reserves. The variability of these factors depends on a number of conditions, including the uncertainty of future events and, as a result, accounting estimates may change from one period to another. Asset balances could be materially impacted if other assumptions and estimates had been used. In addition, future operating results could be impacted if different assumptions and estimates are applied in future periods.

Revenue recognition

The Company's sales agreements require final prices to be determined in a future period. For this purpose, it is necessary for management to estimate the final prices received based on current prices for copper. As a result of the significant volatility in current metal prices, actual results may materially differ from those initially recorded when final prices are determined. Management follows the industry practice of re-pricing any provisionally priced sales at the end of each reporting period based on published copper forward curve prices and any differences/adjustments are recorded in the current period's earnings.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

Derivative valuation

The Company enters into derivative instruments to mitigate exposures to copper commodity prices. Fair values for derivative instruments are determined using valuation techniques which use assumptions and estimates based on market conditions existing at reporting date. Realized gains and losses are recorded as a component of operating cash flow.

Future Income Taxes

See 'Operations – Zambian Tax Legislation' above for further information.

Asset Retirement Obligation

The Company records asset retirement obligations at fair value in the period in which the liability is incurred. Fair value is determined based on the estimated future cash flows required to settle the liability discounted at the Company's credit adjusted risk free interest rate. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted over time to its full value. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset.

Exploration and Evaluation Costs

Exploration and evaluation expenditure costs incurred by the Company are accumulated separately for each area of interest. Such expenditures are comprised of net direct costs and an appropriate portion of related overhead and foreign exchange movement on loans directly attributable to the project.

Exploration and evaluation expenditure for each area of interest are written off as incurred, unless such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale. Expenditure is not deferred in respect of any area of interest or mineral resource unless the Company's rights of tenure to that area of interest are current. Although the Company has taken steps to verify title to its areas of interest, these procedures do not guarantee the Company's title. Such areas of interest may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Deferred exploration and evaluation costs are transferred to mine development once a development decision has been taken. Deferred exploration and evaluation costs are amortized over the estimated useful life of the ore body, on a units-of-production basis, from the commencement of commercial extraction, or written off if the property is sold or abandoned.

Borrowing cost included in exploration and evaluation expenditure are those costs that would have been avoided if the expenditure had not been incurred.

Where impairment indicators are present management assesses the recoverable value of mineral properties and where management believe those values to be lower than the carrying values, such expenditure will be written down to fair value accordingly. Management's estimate of fair values is subject to risks and uncertainties affecting the recoverability of the Company's investment in these areas. Although management have made their best estimate of these factors based on current conditions, it is possible that changes could occur in the near term which could adversely affect this estimate of the recoverability of mineral properties, deferred exploration and evaluation costs.

CHANGES IN ACCOUNTING POLICIES & INITIAL ADOPTION

Adoption of New Accounting Standards

In October 2008, the CICA issued Handbook Section 1582, 'Business Combinations', which establishes new standards for accounting for business combinations and is the Canadian equivalent to International Financial Reporting Standard IFRS 3, 'Business Combinations'. The implementation of section 1582 will impact on how prospective business combinations are accounted for, including the application of fair value measurements, the recognition and measurement of goodwill or gain from a bargain purchase, and the expensing of acquisition related costs. This standard applies prospectively to business combinations for which acquisition date is on or after October 1, 2010 with early adoption permitted.

An entity early adopting Section 1582 must also apply Section 1601 'Consolidated Financial Statements' and Section 1602, 'Non-controlling Interests', which require the non-controlling interests to be included in the equity section.

Equinox has elected to early adopt Sections 1582, 1601 and 1602 effective January 1, 2010, on a prospective basis only, to be in alignment with IFRS. The implementation of these sections has impacted the recording of the Citadel business combination transaction and will impact the recording of future business combinations as well as any non-controlling interests in a subsidiary.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

International Financial Reporting Standards

In 2008, the Canadian Accounting Standards Board announced its decision to replace GAAP with IFRS for Canadian publicly accountable enterprises.

The effective changeover date is January 1, 2011, at which time GAAP will cease to apply and will be replaced by IFRS. The Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011, with one period of comparative information also compiled under IFRS.

The Company's IFRS conversion plan addresses the required changes to existing accounting systems, business processes, and requirements for personnel training and development. The transition date of January 1, 2010 will require the conversion for comparative purposes, of previously reported balance sheet as at December 31, 2009 and December 2010 from GAAP to IFRS and our interim and annual consolidated income statements and cash flow statements.

The major deliverables of the conversion project include:

- Diagnostic report to explore potential impact of changes in accounting standards (completed);
- Project plan (completed but will be updated as needed to reflect new developments);
- Analysis of impact of changes to each accounting standard (completed);
- Preparation of key accounting policy and procedures manual; (completed); and
- Development of a process and system to prepare financial statements in accordance with both GAAP and IFRS (completed).

The sections below illustrate the quantitative assessment of the impact on Equinox's IFRS balance sheet as at the January 1, 2010 from the transition elections that the Company elects to apply as well as the significant accounting policy differences between GAAP and IFRS. IFRS accounting standards, and the interpretation thereof, are constantly evolving. As a result, we expect that there may be additional new or revised IFRS accounting standards in relation to provisions, financial instruments, fair value, consolidation and accounting for production phase stripping costs prior to the issuance of our first IFRS financial statements. Management monitors and evaluates IFRS accounting developments and updates our conversion plan as necessary. Consequently, the quantitative differences identified below should be regarded as preliminary and subject to change.

IFRS 1 Elections

IFRS 1, 'First time Adoption of International Financial Reporting Standards', provides companies adopting IFRS for the first time with a number of optional exemptions and certain mandatory exceptions to facilitate the preparation of the opening balance sheet. In order to simplify its transition to IFRS the Company has applied certain optional exemptions in the preparation of its IFRS comparative financials. A summary of each of these IFRS 1 elections is provided below:

- Cumulative translation account ('CTA'): IFRS 1 offers the first-time adopter of IFRS the option to recognise the CTA balance on translation directly to retained earnings as an alternative to full retrospective application of IAS 21, 'The Effect of Changes in Foreign Exchange Rates'. Equinox has elected to apply this exemption and reset the CTA balance to nil as of January 1, 2010, resulting in the transfer of approximately \$4.8 million of CTA to Equinox's retained earnings as at that date.

Preliminary adjustments to IFRS balance sheet as at the transition date

In the third quarter of 2010, Equinox completed a preliminary quantitative assessment of the impact of the transition to IFRS on its balance sheet as at January 1, 2010. Significant adjustments to GAAP as at January 1, 2010 include the adjustments related to IFRS 1 elections identified above, as well as the following:

- Under GAAP where a post balance date financing agreement has been entered into which results in refinancing short-term repayment obligations on a long-term basis then, subject to satisfying certain requirements, long term debt may be re-profiled to reflect the payment terms of the refinanced debt. This option is not available under IFRS. In March 2010, Equinox secured a new corporate loan facility. As a result \$42.4 million of long term debt that would otherwise have been payable within 12 months of balance sheet date was rescheduled and therefore included in non-current long term debt as at 31 December 2009. This re-classification has been reversed under IFRS. There is no difference in the classification of long term debt under GAAP and IFRS for balance dates after the date of refinancing.
- Certain embedded derivatives previously excluded under GAAP must be recognised under IFRS. Accordingly, Equinox has have recognised a \$2.1 million liability with a corresponding adjustment to retained earnings.
- Under IFRS the Company will be required to continually update the amount of the asset retirement obligation ('ARO') liability recognized for changes in the discount rate whereas under GAAP, the existing present value of the estimated liability do not require subsequent adjustment for market interest changes in the discount rates.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

IFRS requires that an entity review the carrying amount of a non-financial liability at each balance sheet date and adjust to reflect the current amount that the entity would rationally pay to settle the present obligation or to transfer it to a third party on the balance sheet date. Under IFRS, constructive obligations must be considered in addition to legal obligations when determining the ARO. Under GAAP, only legal obligations are considered when determining the ARO. The addition of constructive obligation under IFRS is not expected to have any financial impact. The change in measurement of discount rates will result in an increase liability by \$4.6 million and on transition to IFRS.

- GAAP allows the use of the temporal method to translate foreign currency balances, under this method, monetary assets and liabilities are translated at the period end rates and all other assets and liabilities are translated at applicable historical exchange rates with the resulting exchange rate differences included in income. Under IFRS, all assets and liabilities are translated at the period end rates and the resulting exchange rate differences are recognised as a separate component of equity. There is no change to the treatment of revenue and expense items under IFRS, they continue to be translated at the rate of exchange in effect at the date the transactions are recognized in income. The different method used to calculate the foreign exchange under IFRS will result in increased retained earnings by \$4.4 million on transition.

Set out below are the key areas identified to date where significant changes in accounting policy are expected.

Impairment of Non-Financial Assets: Under GAAP an impairment test is performed on assets using a two-step approach whereby assets are first tested for recoverability based on the undiscounted cash flows they are expected to generate. If the undiscounted cash flow is higher than the carrying amount of the asset, then no impairment charge is required to be recorded. If the undiscounted cash flow is lower than the carrying amount of the asset, the asset is written down to its estimated fair value. Under IFRS, impairment testing is done using a one-step approach for both testing and measurement of impairment, with asset carrying amounts compared directly with the higher of the fair value less cost to sell and value in use (which uses discounted cash flows). This might result in more frequent write-downs where carrying amounts of assets were previously supported under GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. However, the extent of any asset write-downs may be partially offset by the requirement under IFRS to reverse any previously impaired losses where circumstances have changed such that the impairments have reduced. GAAP prohibits reversal of impairment losses.

Income Tax: GAAP requires the recognition of future income tax assets of both the acquirer and the acquiree in a business combination to be recorded as part of the purchase price allocation. IFRS requires the deferred tax assets of the acquirer to be recorded as a separate transaction from the purchase price allocation. As a result, under IFRS, any deferred tax assets of the acquirer would be recognized through earnings, instead of a reduction of goodwill. It is expected that this accounting change will not impact the Company's financial results as no business combination transactions have been entered into.

Business Combination: Certain differences have been identified between IFRS and Canadian GAAP in accounting for business combinations. Under IFRS transaction costs are expensed on acquisition. Additionally, on asset acquisitions future tax liabilities recognized for temporary tax differences are not recognized. The Company has elected to early adopt a new standard under Canadian GAAP from January 1, 2010 which will align the accounting for business combinations under Canadian GAAP to IFRS.

The above disclosure related to IFRS is based on management's current interpretation of requirements and may change as new information becomes available.

REGULATORY DISCLOSURES

Corporate Responsibility for Financial Reports

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and internal control over financial reporting.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filing, was conducted as of December 31, 2010.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Based on the results of the evaluation, the Chief Executive Officer and the Chief Financial Officer conclude that the Company's disclosure controls and procedures were effective as of the end of the period covered by this MD&A in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in the securities legislation. Since the December 31, 2010 evaluation, there have not been any adverse changes to the Company's controls and procedures and they continue to be effective and continue to be enhanced.

Internal Control Over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with Canadian GAAP. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention of timely detection of unauthorized transactions that could have a material affect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of December 31, 2010 by the Company's management, including the Chief Executive Officer and the Chief Financial officer. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

Since the December 31, 2010 evaluation, there have not been any material adverse changes to the Company's internal controls over the Company's financial reporting during the period ended December 31, 2010. The Company continues to monitor and enhance the control environment internally.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additional, controls can be circumvented by the individual acts of some person, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Legal Proceedings, Disputes and Regulatory Actions

The Company may be involved in legal proceedings from time to time, arising in the ordinary course of its business. Typically, the amount of ultimate liability with respect to these actions will not, in the opinion of management, materially affect Equinox's financial position, statement of income or cash flows.

In assessing the loss contingencies related to legal proceedings that are pending against Equinox or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of the loss cannot be reliably estimated, then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the quantities. Legal fees incurred in connection with pending legal proceedings are expensed as incurred.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

CAUTIONARY NOTES

Forward-Looking Statements

Certain information contained or incorporated by reference in this MD&A, including any information as to the Company's strategy, projects, plans, prospects, future outlook, anticipated events or results or future financial or operating performance, constitutes 'forward-looking statements' within the meaning of Canadian securities laws. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements can often, but not always, be identified by the use of words such as 'plans', 'expects', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates', 'predicts', 'potential', 'continue' or 'believes', or variations (including negative variations) of such words; or statements that certain actions, events or results 'may', 'could', 'would', 'should', 'might', 'potential to', or 'will' be taken, occur or be achieved or other similar expressions concerning matters that are not historical facts. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made or incorporated in this MD&A are qualified by these cautionary statements.

Without limitation, statements that management estimates that Lumwana will produce 145,000 tonnes of copper metal in concentrates at an average estimated C1 operating cost⁽¹⁾ of \$1.45 per pound for the 2011 year; that average grades for 2011 are expected to remain around similar grades achieved in the fourth quarter of 2010, that recoveries are expected to continue to be around 90%, that commissioning of the Jabal Sayid project is expected to commence in the first half of 2012, that a plant debottlenecking and optimization program is expected to increase throughput to 25 Mtpa by the end of 2011, statements with respect to the expansion and optimization plans at Lumwana, and statements with respect to the Lundin Offer, including the timing and other related matters of such statements, are forward-looking statements. The purpose of forward-looking statements is to provide the reader with information about management's expectations and plans for 2011 and subsequent years. Actual results may vary.

Forward-looking statements are necessarily based on a number of factors, estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Such factors, estimates and assumptions include, but are not limited to, anticipated financial or operating performances of Equinox, its subsidiaries and their respective projects; future prices of copper and uranium; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; estimated costs of future production; the grade, quality and content of the concentrate produced; the sale of production and the performance of off-takers; capital, operating and exploration expenditures; costs and timing of the development of the Lumwana Mine, the costs of Equinox's hedging policy; costs and timing of future exploration; requirements for additional capital; government regulation of exploration, development and mining operations; environmental risks; reclamation and rehabilitation expenses; title disputes or claims; the successful acquisition of Citadel and the successful integration of the combined companies upon completion of the Offer; and limitations of insurance coverage. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Without limitation, in stating that management estimates that Lumwana will produce 145,000 tonnes of copper metal in concentrates at an average estimated C1 operating cost⁽¹⁾ of \$1.45 per pound for the 2011 year, the Company has assumed that its ongoing expansion and optimization plans will be successful and that the wet season will not have a material effect on production. In stating that average grades for 2011 are expected to remain around similar grades achieved in the fourth quarter of 2010, and that recoveries are expected to continue to be around 90%, the Company has assumed that it will be mining a greater amount of transitional ore from the surface of additional pits, which transitional ore will dilute head grade and recoveries. In making statements with respect to the expansion and optimizations plans at Lumwana, including the schedule and timing, anticipated results and work required to complete the plans and achieve the desired results, the Company has assumed that the preliminary studies completed to date prove to be accurate, any costs associated with completing such plans will be feasible, that the materials, labour, regulatory approvals and expertise will be available and that the price and demand for copper and uranium will be profitable and that it will secure any necessary financing and/or off-take commitments on satisfactory terms and that the underlying assumption and information in the preliminary studies are correct. In making statements about the Lundin Offer, the Company has assumed that the Company will complete the Lundin Offer in accordance with the terms and conditions of the Lundin Offer set out in the Bid Circular; that management's assessment of the successful integration of the combined companies upon completion of the Lundin Offer prove to be correct; the Company's and Lundin's mineral reserve and mineral resource estimates are correct; management's expectation that Lundin's assets are viable on a basis consistent with management's current expectations; management's expectations of the trading price of the Equinox Shares and Equinox CDIs and of Lundin's ordinary shares are correct; management's expectation of there being no significant risks relating to the Company's or Lundin mining operations, including political risks and instability and risks related to international operations, are correct; that certain price assumptions for copper, uranium, gold and base metals prove to be correct; certain price assumptions for natural gas, fuel oil, electricity and other

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

key supplies remain consistent with current levels; management's expectation of production forecasts prove to be correct; and management's expectations of permitting, development and expansion at the Company's existing properties prove to be correct.

Readers are also cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Equinox and/or its subsidiaries, including costs, production and returns, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These factors are listed below in 'Risks and Uncertainties' and are fully discussed in the Company's Annual Information Form dated March 15, 2010, and in the Company's Bid Circular in connection with the Lundin Offer, each of which can be found on SEDAR at www.sedar.com or the Company's website at www.equinoxminerals.com.

Although Equinox has attempted to identify statements containing important factors that could cause actual actions, event or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein are made as of the date of this document based on the opinions and estimates of management on the date statements containing such forward looking information are made and, except as required by law Equinox disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward looking information.

Technical Information

Certain technical information in this MD&A is summarized or extracted from the "Technical Report on the Lumwana Project, North Western Province, Republic of Zambia" dated June 2008 as re-filed in April 2009 (the "Technical Report"), prepared by Ross Bertinshaw, Principal, Golder Associates Pty Ltd Daniel Guibal, Corporate Consultant, SRK Consulting (Australasia) Pty Ltd, Andrew Daley, Director, Investor Resources Finance Pty Ltd, and Robert Rigo, Vice-President – Project Development, Equinox, each of whom is a "Qualified Person" in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ('NI 43-101'). Information of a scientific or technical nature contained in this MD&A arising since the date of the Technical Report is provided by Equinox management and was prepared under the supervision of Robert Rigo, Vice-President – Project Development or John Cooke, Exploration Manager, each of whom is a 'Qualified Person' in accordance with NI 43-101. Readers are cautioned not to rely solely on the summary of such information contained in this release, but should read the Technical Report which is posted on Equinox's website (www.equinoxminerals.com) and filed on SEDAR (www.sedar.com) and any future amendments to such report. Readers are also directed to the cautionary notices and disclaimers contained herein and therein.

Risks and Uncertainties

Due to the nature of the Company's business and the present stage of its development, the Company's operations and results are generally subject to a number of different risks and uncertainties at any given time. Following is a list of the general risks and uncertainties that could materially affect the Company, its operations and financial performance. These risks and uncertainties include, but are not limited to: •the risk of unanticipated expenses and unforeseen delays due to the Jabal Sayid project moving into the commissioning stage; •the risk that the exploration for, and development of ore bodies do not develop into producing mines and the hazards and risks normally encountered in mining operations; •the uncertainty relating to production estimates; •the uncertainty of future cash costs of copper production; •the risk associated with the Company's continued ability to pay off its indebtedness; •the risk of volatility in the market price of metals; •the uncertainty inherent in the estimation of mineral reserves and resources; •the uncertainty relating to inferred mineral resources; •the risks associated with the enforcement of metal offtake agreements and the Company's ability to continue to meet offtake obligations; •the risk related to dependence on limited mining properties; •the risk of the underlying assumptions in feasibility studies proving to be inaccurate in future; •the risk of insufficient insurance coverage or uninsured risks; •the risk of new government regulation having a material impact on the Company's ability to continue operating; •the risk of the loss, material change or inability to secure licences and permits; •the uncertainty inherent in the estimation of asset carrying values; •the risk of volatility in global financial conditions; •the risk of volatility in the market price of common shares; •the risk of the Company's inability to meet its finance requirements; •the risk of stricter environmental standards and enforcement or hazards having a material impact on operations; •the risk of greater costs and loss of employees due to health risks specific to the location of the Lumwana and the Jabal Sayid projects; •the uncertainty relating to reclamation costs; •the risks inherent in international operations relating to political, economic and other uncertainties in foreign countries; •the risk of the need for additional mineral resources; •the risk that the Company's commodity hedging program does not succeed in reducing the risk associated with metal price fluctuations; •the risk of litigation arising and having a material impact on the Company's business; •the risk of loss, material change or inability to secure or enforce rights under titles or boundaries; •the risk of competition having a material adverse effect on the Company's business and operations; •the risk of foreign currency fluctuations having a material adverse affect on the Company's financial position and operating results; •the risk of the loss of or inability to retain adequate human resources and risk of labour unrest; •the risk that the Company may decided to pay dividends in future and reducing the Company's cash position; •the risk of future sales of common shares by existing shareholders reducing

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2010

the share price; •the risk of the shareholder rights plan discouraging a potential acquirer from making a bid on the Company which is beneficial to shareholders; •the risk of director and/or officer conflicts of interest arising; and •the risk of new or future tax laws having a material adverse affect on the Company's business or financial position.

There are also key risks specific to the Lumwana project, which include, but are not limited to, the following: •the risk of restricted access or impeded operations due to the dependence on limited infrastructure for the Luwmana Project; •the risk of inflation increasing in Zambia having an adverse effect on results of operations; •the risk of the proposed and future changes to the tax regime in Zambia having a material adverse effect on the Company's financial position; •the risk of increased costs related to any environmental or health damage associated with mining uranium which is a radio-active element; •the risk of increased costs and loss of employees due to HIV/AIDS, malaria and other diseases specific to Zambia.

There are also key risks specific to the Jabal Sayid project, which include, but are not limited to, the following: •the risk that production may vary from estimates; •the risk that the development of the Jabal Sayid project may be delayed; •the risk that approvals in Bariq may not be obtained; •the risk that Saudi Arabian laws, regulations, rules, approvals, licenses and permits may not be obtained or maintained; and •the risk that hostilities and political and geographical instability may adversely impact the Company's business and operations.

There are also key risks specific to the Lundin Offer, which include, but are not limited to, the following: •the risk of a significant variance from the market value of the Company's shares and Lundin's shares at the time of take-up; •the risk related to the reliability of the information regarding Lundin; the risk related to change of control provisions in Lundin's agreement which may be triggered upon the acquisition of Lundin; •the risk related to the integration of the Company and Lundin; the risk related to the increased debt following the completion of the Lundin Offer; the risk related to increased capital requirements and operating risks associated with expanded operations and expanded portfolio of growth projects; •the risk related to the result of market and listing for additional common shares in connection with the Lundin Offer; •the risk related to completing the Lundin Offer; •the risk

A full, detailed description of the above listed risks and uncertainties are included in the Company's Annual Information Form dated March 15, 2010 and the Company's Bid Circular in connection with the Lundin Offer, each of which can be found on SEDAR at www.sedar.com and the Company's website at www.equinoxminerals.com. Additional risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may also impact the Company, its operations and financial performance and if any such risks actually occur, the business, financial condition and operating results of the Company could be materially affected.

⁽¹⁾ The terms 'C1 operating cost' and 'operating profit' are non-GAAP financial measures. See 'Non-GAAP Financial Measures'

⁽²⁾ The Lumwana Mine commercial production commenced April 1, 2009.

Equinox Minerals Limited

Consolidated Financial Statements December 31, 2010 and 2009

Expressed in US Dollars, except where indicated

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Equinox Minerals Limited ("the Company") were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 2 to the consolidated financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfils its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.



Craig Williams
PRESIDENT AND CHIEF EXECUTIVE OFFICER
March 9, 2010



Mike Klessens
CHIEF FINANCIAL OFFICER

Equinox Minerals Limited

Consolidated Financial Statements December 31, 2010 and 2009

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Equinox Minerals Limited

We have audited the accompanying consolidated financial statements of Equinox Minerals Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



PricewaterhouseCoopers

Perth, Australia

March 9, 2011

Equinox Minerals Limited

Consolidated Balance Sheets

As at December 31, 2010 and 2009

	Notes	2010	2009
ASSETS		\$000	\$000
Current Assets			
Cash and cash equivalents		319,476	109,130
Restricted cash	8	3,337	—
Accounts receivable	6	166,342	134,193
Prepayments		13,640	16,080
Inventories	7	98,826	67,428
		601,621	326,831
Restricted cash	8	22,287	26,164
Property, plant and equipment	9	2,548,211	1,102,773
Exploration and evaluation	10	66,000	—
Other financial assets	11	4,176	1,906
		3,242,295	1,457,674
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		119,714	62,504
Current portion of long term debt	13	113,981	113,229
Current portion of finance leases	19	9,228	9,339
Current portion of derivative instruments	12	41,966	85,179
Current other liabilities	16	256,236	160
		541,125	270,411
Long term debt	13	285,052	405,423
Finance leases	19	10,515	16,762
Income tax provision		8,960	6,727
Future income tax liability	5	401,048	5,938
Asset retirement obligation	14	10,500	7,504
Long term compensation	15	6,648	2,469
Derivative instruments	12	—	22,131
Other payables	16	3,222	39,737
		1,267,070	777,102
SHAREHOLDERS' EQUITY			
Share capital	17	1,642,127	737,838
Retained earnings/(deficit)		194,385	(74,720)
Contributed surplus		15,192	15,966
Accumulated other comprehensive income		3,535	1,488
Transactions with owners reserve	18	(11,344)	—
Non-controlling interest		131,330	—
		1,975,225	680,572
		3,242,295	1,457,674
Commitments for expenditure	19		
Contingencies	20		

APPROVED BY THE BOARD



Craig Williams, Director



Peter Tomsett, Director

The accompanying notes are an integral part of these consolidated financial statements.

Equinox Minerals Limited

Consolidated Statements of Income

For the years ended December 31, 2010 and 2009

	Notes	2010	2009
		\$000	\$000
Copper sales revenue		1,046,787	531,962
Smelter treatment charges		(104,361)	(63,483)
Net sales revenue		942,426	468,479
Direct and indirect mining costs		308,292	212,016
Amortization and depreciation		75,742	46,688
Royalties		29,434	14,114
Cost of sales		413,468	272,818
		528,958	195,661
Expenses			
Derivative loss		27,264	329,826
Exploration costs		6,010	5,119
Other operating costs		7,652	5,870
General and administration		21,700	10,241
Financing costs	4	37,592	76,871
Long term compensation expense		4,675	3,474
Other expense	3	7,392	4,223
Citadel acquisition costs	18	10,180	—
		122,465	435,624
Profit/(loss) before income tax		406,493	(239,963)
Income tax (expense)/benefit	5	(137,388)	56,900
Net income/(loss) for the period		269,105	(183,063)
Profit/(loss) is attributable to:			
Owners of Equinox Minerals Limited		268,705	(183,063)
Non-controlling interest		(600)	—
		268,105	(183,063)
Basic earnings/(loss) per share		0.38	(0.27)
Diluted earnings/(loss) per share		0.37	(0.27)
Weighted basic average number of shares outstanding (000's)		710,209	670,385
Weighted diluted average number of shares outstanding (000's)		721,714	683,665

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2010 and 2009

	2010	2009
	\$000	\$000
Net Income/(Loss)	269,105	(183,063)
Other comprehensive income		
Net unrealized gains on available-for-sale securities	2,047	1,500
Total comprehensive income/(loss)	271,152	(181,563)

The accompanying notes are an integral part of these consolidated financial statements.

Equinox Minerals Limited

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2010 and 2009

	Notes	2010	2009
		\$000	\$000
Share capital			
Balance at start of period		737,838	581,477
Issue of shares		898,424	148,325
Share issue costs		—	(7,356)
Conversion of stock options		5,865	15,392
Balance at end of period		1,642,127	737,838
Retained earnings/(deficit)			
Balance at start of period		(74,720)	108,343
Income/(loss) for the period		269,105	(183,063)
Balance at end of period		194,385	(74,720)
Contributed surplus			
Balance at start of period		15,966	20,400
Stock based compensation		1,831	2,516
Transferred to share capital on conversion of stock options		(2,117)	(6,424)
Forfeited stock options		(488)	(526)
Balance at end of period		15,192	15,966
Transactions with owners reserve			
Balance at the start of period		—	—
Transactions with owners	18	(11,344)	—
Balance at the end of period		(11,344)	—
Accumulated other comprehensive income/(loss)			
Balance at start of period		1,488	(12)
Net unrealized gains on available-for-sale securities		2,047	1,500
Balance at end of period		3,535	1,488
Total equity attributable to the shareholders of the Company			
Non-controlling interest at the date of transaction	18	1,843,895	—
Net loss attributable to non-controlling interest		548,531	—
Other decrease in non-controlling interest		(600)	—
Other decrease in non-controlling interest		(416,601)	—
Total equity at end of period		1,975,225	—

The accompanying notes are an integral part of these consolidated financial statements.

Equinox Minerals Limited

Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009

	Notes	2010	2009
		\$000	\$000
Cash flows (used in)/provided by operating activities			
Income/(loss) for the period		269,105	(183,063)
Items not affecting cash:			
Amortization and depreciation		81,272	50,179
Unrealized foreign exchange loss		1,363	787
Income tax expense/(benefit)	5	137,388	(56,900)
Amortisation of financing costs		7,432	24,274
Long term compensation expense		5,522	4,189
Mark-to-market changes in derivative instruments	12	27,264	329,826
(Payments)/proceeds from settlement of derivative instruments	12	(92,608)	34,163
Accretion expense		524	372
Deferred payments		2,202	30,163
Changes in non-cash working capital			
Increase in accounts payable and accrued liabilities		76,127	9,488
Increase in inventories		(22,916)	(39,954)
Increase in accounts receivable and prepayments		(25,673)	(108,395)
		467,002	95,129
Cash flows (used in)/provided by financing activities			
Issue of share capital	17	3,750	157,293
Share issue costs	17	—	(7,356)
Payments of loan origination fees and break fees		(32,847)	—
Proceeds from borrowings		275,701	4,470
Repayment of borrowings		(370,064)	(139,323)
Finance lease principal repayments		(10,276)	(2,443)
		(133,736)	12,641
Cash flows (used in)/provided by investing activities			
Decrease/(increase) in restricted cash		271	(88)
Payments for property, plant and equipment		(117,733)	(50,164)
Payments for acquisition of subsidiary, net of cash acquired		(3,725)	—
		(121,187)	(50,252)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents – start of period		212,079	57,518
Effects of rate changes on cash held in foreign currencies		109,130	51,327
		(1,733)	285
Cash and cash equivalents – end of period		319,476	109,130
Total interest payments made		28,918	44,121

The accompanying notes are an integral part of these consolidated financial statements.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

1. BASIS OF PREPARATION

The preparation of the financial statements is in accordance with the requirements of Canadian generally accepted accounting principles ('Canadian GAAP'). Equinox Minerals Ltd ('EQN' or the 'Company') is engaged in the production of copper, and related mining activities including exploration within Zambia and Saudi Arabia.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Adoption of New Accounting Standards

In January 2009, the CICA issued Handbook Section 1582, 'Business Combinations', which establishes new standards for accounting for business combinations and is the Canadian equivalent to International Financial Reporting Standard IFRS 3, 'Business Combinations'. The implementation of section 1582 will impact on how prospective business combinations are accounted for, including the application of fair value measurements, the recognition and measurement of goodwill or gain from a bargain purchase, and the expensing of acquisition related costs. This standard applies prospectively to business combinations for which acquisition date is on or after January 1, 2011 with early adoption permitted.

An entity early adopting Section 1582 must also apply Section 1601 'Consolidated Financial Statements' and Section 1602, 'Non-controlling Interests', which require the non-controlling interests to be included in the equity section.

Equinox has elected to early adopt Sections 1582, 1601 and 1602 effective January 1, 2010, on a prospective basis only, to be in alignment with IFRS. The implementation of these sections has impacted the recording of the Citadel business combination transaction and will impact the recording of future business combinations as well as any non-controlling interests in a subsidiary.

(b) Principles of Consolidation

The consolidated financial statements are presented in US dollars. The consolidated financial statements incorporate the assets, liabilities and results of all entities in which the Company holds a controlling interest. Control is established by the Company's ability to determine strategic, operating, investing and financing policies without the co-operation of others. The effects of all transactions between entities in the consolidated group are eliminated in full. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of income from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management's judgement is applied include reserve and resource estimation, employee stock options, future income taxes, fair values of derivative instruments, asset retirement obligations, exploration and evaluation activities and contingent liabilities. Actual results may differ from those estimates.

(d) Income Taxes

The Company accounts for income taxes in accordance with the liability method. The determination of future tax assets and liabilities is based on the differences between the financial statement carrying amounts and the income tax bases of assets and liabilities, using substantively enacted tax rates in effect for the period in which the differences are expected to reverse. Future tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not they will be realized.

(e) Exploration and Evaluation Costs

Exploration and evaluation expenditure costs incurred by the entity are accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead and foreign exchange movement on loans directly attributable to an exploration project.

Exploration and evaluation expenditure for each area of interest is written off as incurred, unless such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale. Expenditure is not deferred in respect of any area of interest or mineral resource unless the Company's rights of tenure to that area of interest are current. Although the Company has taken steps to verify title to its areas of interest, these procedures do not guarantee the Company's title. Such areas of interest may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Deferred exploration and evaluation costs are transferred to mine development once a development decision has been taken.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

Deferred exploration and evaluation costs will be amortised over the estimated useful life of the ore body, on a units-of-production basis, from the commencement of commercial extraction, or written off if the property is sold or abandoned.

Borrowing costs included in exploration and evaluation expenditure are those costs that would have been avoided if the expenditure had not been incurred.

Where impairment indicators are present management assesses the recoverable value of mineral properties and where they believe those values to be lower than the carrying values, such expenditure will be written down to fair value accordingly. Management's estimate of fair value is subject to risks and uncertainties affecting the recoverability of the Company's investment in these areas. Although management have made their best estimate of these factors based on current conditions, it is possible that changes could occur in the near term which could adversely affect this estimate of the recoverability of mineral properties, deferred exploration and evaluation costs.

(f) Foreign Currency Translations

The Company employs the current rate method of translation for its self-sustaining operations. Under this method, all assets and liabilities are translated at the year-end rates and all revenue and expense items are translated at the average monthly exchange rates for recognition in income. Differences arising from these foreign currency translations are recorded in accumulated other comprehensive income as a cumulative translation adjustment until they are realized by a reduction in the net investment.

The Company employs the temporal method of translation for its integrated operations. Under this method, monetary assets and liabilities are translated at the year-end rates and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized in income. Realized exchange gains and losses and currency translation adjustments are included in income.

(g) Revenue

Revenue from sales of copper concentrate is recorded net of smelter treatment charges and deductions. Copper products are sold under pricing arrangements whereby final prices are determined at a specified future date based on market copper prices. Revenue is recognised when title and risk pass to the customer using forward prices for the expected date of final settlements. Changes between the price recorded upon recognition of revenue and the final price due to fluctuations in copper market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue.

(h) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and amortization. Interest and financing costs that relate to the project and are incurred during the construction period are capitalized. The cost of each item of buildings, fixed plant, mobile machinery and equipment is written off over its expected useful life. Either the units-of-production or straight-line method may be used. The units-of-production basis results in an amortization charge proportional to the reduction of the proven and probable reserves. Each item's economic life has due regard to both its own physical life limitations and to present assessments of the proven and probable reserve resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, fixed plant and mobile machinery and equipment, with annual reassessments for major items.

Mine property, plant and equipment depreciation is calculated using the units-of-production method or on a straight-line basis over the estimated useful life of the asset if the asset's useful life is less than the life of mine. The useful lives for each asset category of property, plant and equipment are detailed in the table below:

Asset Category	Useful life
Mine Development	Units-of-Production
Process Plant	Units-of-Production
Mining Mobile Equipment	10 years
Ancillary Mobile Equipment	6 – 10 years
Buildings & Infrastructure	10 – 15 years
Light Vehicles	5 years
Office Equipment	3 years

Major spares purchased specifically for particular plant are capitalized and depreciated on the same basis as the plant to which they relate.

The Company reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable based on future undiscounted cash flows. When assets are determined to be impaired, recorded asset values are revised to fair value and an impairment loss is recognized. This fair value is determined based on discounted cash flows, with the impairment loss being calculated as the excess of the carrying amount over the fair value.

Construction in progress is accumulated and carried forward at cost until the construction is complete. On completion the asset is transferred to property, plant and equipment and is depreciated over its expected useful life. Mine development costs are accumulated and carried forward at cost until the completion of the mine. On completion, the asset is amortized on a units-of-production basis.

(i) Derivatives and Hedging

The Company periodically enters into derivative instruments to mitigate exposures to copper commodity prices. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

Cash flow hedges are recognised initially at fair value, and attributable transaction costs are recognized in the income statement when incurred. Subsequent to initial recognition, changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income remains there until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recognized in other comprehensive income is immediately transferred to the income statement.

Fair values for derivative instruments held for trading are determined using valuation techniques. Valuations use assumptions based on market conditions existing at the balance sheet date. Realized gains and losses are recorded as a component of operating cash flow.

(j) Cash and Cash Equivalents

Cash and cash equivalents are comprised of highly liquid investments with maturity of three months or less at the date of original issue. It excludes cash subject to restrictions under long term debt facilities.

(k) Earnings per Share

Basic earnings per share is determined by dividing the net profit/(loss) by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is calculated using the 'treasury stock' method. Under this method, dilution is calculated based upon the net number of common shares issued, assuming 'in the money' options were exercised and the proceeds used to repurchase common shares at a weighted average market price.

(l) Asset Retirement Obligations

The Company records asset retirement obligations at fair value in the period in which the liability is incurred. Fair value is determined based on the estimated future cash flows required to settle the liability discounted at the Company's credit adjusted risk free interest rate. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted over time to its full value. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset.

(m) Long-term debt

Long-term debt instruments are initially recognized at fair value, net of debt issuance costs incurred. Debt instruments are subsequently valued at amortized cost. Debt issue costs are included in the balance of the underlying debt and amortized using the effective interest rate method.

(n) Stock-based Compensation

The Company may issue stock based compensation to directors, employees and external parties under the terms of its stock option plans, deferred share unit ('DSU') plan and restricted share units ('RSU') plan. The Company expenses the intrinsic value of stock options granted over the applicable vesting period. DSU's vest immediately and the initial intrinsic value is recognised as directors' fees within general and administrative costs in the consolidated statement of income.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

RSU's vest on the third anniversary of their grant date and the initial intrinsic value is recognised within general and administrative costs in the consolidated statement of income.

Stock options granted to directors, employees or external parties are recognized at fair value as an expense in equal instalments over the vesting period (except where the expense constitutes a borrowing cost and is deferred in accordance with note 2 (d)) and credited to the contributed surplus account. The expense is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the current price and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. Cash received from the exercise of options for common shares is credited to share capital.

The fair value of DSU's at grant date is determined by reference to the average market share price of the Company over the five trading days immediately preceding the date of grant. Changes in their fair value are recorded in other income/expenses. The fair value of DSU's is marked to the quoted market share price of the Company at each reporting date.

The fair value of RSU's at grant date is determined by reference to the average market share price of the Company over the twenty trading days immediately preceding the date of grant. Changes in their fair value are recorded in other income/expenses. The fair value of RSU's is marked to the quoted market share price of the Company at each reporting date.

(o) Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less any provisions for impairment. Trade receivables are generally due for settlement within 180 days. The collectability of trade receivables is reviewed on an ongoing basis. Accounts which are known to be uncollectible are written off. A provision for impairment is raised when there is evidence that the Company will not be able to collect all amounts due.

(p) Inventories

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realizable value. Cost represents weighted average cost and includes direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortization.

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost. Obsolete or damaged inventories are valued at net realizable value. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

(q) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition.

(r) Investments

Available-for-sale investments

Investments are classified as available-for-sale and recorded at fair value. Changes in their fair value net of tax are recorded in other comprehensive income. The change in fair value of an investment appears in net income only when it is sold or impaired. Valuations of the investments have been determined based on a hierarchy of valuation principles, which have been applied based on publicly available information. The valuation approach applied is as follows:

- Fair values of instruments traded in active markets are based on quoted market prices at the reporting date.
- Where instruments are not traded in an active market, fair value is determined using valuation techniques taking into account market information for financial instruments with similar characteristics as the underlying instrument being valued.
- Where there is no comparable market information to determine the fair value of the instrument, fair value is calculated using other techniques, such as estimated discounted cash flows using contractual terms of the instrument, discount rates considered appropriate for the credit risk of the instrument and the current volatility in the market place.

When information or events indicate other than a temporary decline in value, the impairment loss is taken to the income statement in the period in which such events occur. Impairment losses recognized in net income for an equity financial instrument classified as available for sale are not reversed. Impairment losses on available-for-sale debt financial instruments are reversed in the income statement when the events or circumstances leading to the impairment subsequently reverse.

(s) Business combination

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Acquisition costs are as expensed as incurred, and included in non-operating expenses.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Subsequent to acquisition date, transactions with non-controlling interests that do not result in a loss of control are accounted for as transactions with equity owners of the group. Any difference between the amount of the adjustment to the non-controlling interest and any consideration paid or received is recognised as a separate reserve within equity.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(t) Contingent liability

In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought. If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated then details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the quantities. Legal fees incurred in connection with pending legal proceedings are expensed as incurred.

(u) Recent accounting pronouncements

Financial Instruments

The CICA issued Handbook Section 3855, 'Financial Instruments', which clarifies when an embedded prepayment option is separated from its host debt instrument for accounting purposes. This is effective for fiscal years beginning on or after January 2011. Equinox does not expect this to have any impact on the financial statements in the future.

(v) Future Accounting Changes

The Accounting Standards Board (AsSB) confirmed in February 2008 that Canadian publicly accountable enterprises will be required to report in accordance with International Financial Reporting Standard (IFRS) for financial reporting periods beginning on or after January 1, 2011. Equinox will prepare its first financial statements under IFRS for the interim period ended March 31, 2011.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

3. OTHER EXPENSES

	2010	2009
	\$000	\$000
Foreign exchange loss	1,573	1,864
Interest expense/(income)	260	(642)
Town costs	5,902	3,119
Other income	(343)	(118)
Total other expenses	7,392	4,223

4. FINANCING COSTS

	2010	2009
	\$000	\$000
Finance fees	34,553	74,442
Other	3,039	2,429
Total financing costs	37,592	76,871

5. INCOME TAX

(a) *Income tax (expense)/benefit*

The income taxes shown in the consolidated statement of income differ from the amounts obtained by applying statutory rates to the earnings before provision for incomes taxes due to the following:

	2010	2009
	\$000	\$000
Profit/(loss) from ordinary activities before income tax	406,493	(239,963)
Income taxes at Canadian statutory rates – 33.0% (2008: 33.5%)	(134,143)	79,188
Difference in tax rates	12,805	(8,194)
Non-deductible expenses	(5,159)	(12,668)
Tax benefits not recognized	(10,838)	(2,894)
Under/over's from prior years	(53)	1,468
Income tax benefit/(expense) for the period	(137,388)	56,900
Comprising:		
Future income tax (expense)/benefit	(137,335)	55,432
Prior year (over)/under provisions	(53)	1,468
	(137,388)	56,900

Management estimate the Company's tax losses carried forward at December 31, 2010 where no income tax benefit has been brought to account are \$93.8 million (2009: \$48.4 million). No income tax benefit has been brought to account in respect of these losses, as this benefit is not considered more likely than not to be realized.

The GRZ enacted a number of changes to the Zambian tax regime, particularly in relation to mining companies on April 1, 2008. This includes changes to the tax treatment that would increase corporate tax from 25% to 30%, the mining royalty from 0.6% to 3%, and a number of other proposed additional imposts including a 'variable profit tax', a 15% export tax on concentrate, a 'windfall tax' and treatment of hedging income as separate source income.

On January 30, 2009, the Minister of Finance of the GRZ announced changes to the 2009 budget which included the abolition of a number of changes enacted in 2008, including the removal of the windfall tax, 15% export tax and the hedging activity quarantine provisions.

In 2005 the Company entered into a Development Agreement with the GRZ for its Lumwana Mine which provides LMC with a 10 year stability period in the regulatory environment, including taxation. The Development Agreement provides LMC with the right to full and fair compensation for any loss, damages or costs incurred by LMC by reason of GRZ's failure to comply with the tax stability guarantees set out in the Development Agreements and rights of independent arbitration in the event of any dispute.

Following local and international legal advice, the Company believes that the compensation rights under the Development Agreement prevail notwithstanding the changes to the Zambian tax regime enacted on April 1, 2008. Until it has resolved the uncertainty surrounding the application of the Development Agreement, the Company has accounted for its taxation balances, in the current year, on the basis of the enacted legislation.

(b) Future income tax liability

The Company records future income tax assets and liabilities where temporary differences exist between the carrying amounts of assets and liabilities in the balance sheet and their tax bases. The measurement and recognition of future income tax assets and liabilities takes into account: enacted (and substantively enacted) rates that will apply when temporary differences reverse; interpretations of relevant tax legislation; tax planning strategies; estimates of the tax bases of assets and liabilities; and the deductibility of expenditures for income tax purposes.

The significant components of the Company's future income tax assets and liabilities are as follows:

	2010	2009
	\$000	\$000
Future income tax asset		
Derivative instruments losses	12,590	32,193
Non-capital losses carry forwards	157,935	260,055
Other	805	1,355
	171,330	293,603
Future income tax liability		
Property, plant and equipment	552,175	296,535
Exploration and evaluation	12,733	—
Deferred financing expenditure	789	3,006
Other	6,681	—
	572,378	299,541
Net future income tax liability	(401,048)	(5,938)

6. ACCOUNTS RECEIVABLE

	December 31 2010	December 31 2009
	\$000	\$000
Trade accounts receivable	146,182	127,957
VAT receivable	14,571	3,765
Other receivables	5,589	2,471
Total accounts receivable	166,342	134,193

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

7. INVENTORIES

	December 31 2010	December 31 2009
	\$000	\$000
Consumable stores – at cost	53,199	51,695
Run of mine stockpile – at cost	5,799	10,819
Crushed ore stockpile – at cost	1,500	1,522
Copper in circuit stockpiles – at cost	89	144
Copper concentrate stockpile – at cost	38,239	3,248
Total inventories	98,826	67,428

8. RESTRICTED CASH

	December 31 2010	December 31 2009
	\$000	\$000
Current cash deposits held as security	3,337	—
Non-current cash deposits held as security	22,287	26,164
Total cash deposits held as security	25,624	26,164

As at December 31, 2010, \$25.3 million (2009: \$25.3 million) plus accumulated interest is deposited in a demobilisation cost reserve account as required under the terms of the Lumwana mining fleet finance agreement and will remain for the duration of the debt facility. In addition, cash deposits were held as security in relation to office premises.

9. PROPERTY, PLANT AND EQUIPMENT

	December 31 2010	December 31 2009
	\$000	\$000
Buildings		
Buildings – at cost	141,052	107,221
Less: accumulated depreciation	(17,768)	(8,866)
	123,284	98,355
Plant & equipment		
Plant & equipment – at cost	719,365	674,573
Less: accumulated depreciation	(117,501)	(72,671)
	601,864	601,902
Mine development		
Lumwana mine development – at cost	432,861	378,708
Less: accumulated amortization	(40,622)	(13,383)
Jabal Sayid mine development – at cost	1,226,646	—
Less: accumulated amortization	—	—
	1,618,885	365,325
Construction in progress – at cost		
Lumwana construction	41,502	37,191
Jabal Sayid mine construction	162,676	—
	204,178	37,191
Total property, plant and equipment	2,548,211	1,102,773

(a) Leased Assets

Plant and equipment includes the following amounts where the Company is a lessee under a finance lease:

	December 31 2010	December 31 2009
	\$000	\$000
Leased equipment		
Plant & equipment – at cost	30,597	30,492
Less: accumulated depreciation	(5,410)	(3,721)
Total leased plant and equipment	25,187	26,771

10. EXPLORATION AND EVALUATION

	December 31 2010	December 31 2009
	\$000	\$000
Exploration and evaluation – at cost	66,000	—

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

11. AVAILABLE-FOR-SALE INVESTMENTS

	December 31 2010	December 31 2009
	\$000	\$000
Balance – start of period	1,906	406
Additional investment	158	—
Mark-to-market fair value adjustments	2,112	1,500
Balance – end of period – available-for-sale securities at fair value	4,176	1,906

12. DERIVATIVE INSTRUMENTS

As at December 31, 2010, the Company has entered into a number of copper put options and forward contracts relating to a proportion of its expected copper production at the Lumwana mine designed to provide protection from exposure to fluctuations in the copper price.

Upon entering into the copper put option contracts, the Company incurred a premium of \$86.5 million, to be due and payable on expiry of the underlying contracts. For the remaining put options, expiring between January 2011 and March 2011, the fair value of the premium payable is \$6.6 million. There is no premium or cost associated with the copper forward contracts.

The mark-to-market fair value of all contracts is based on independently provided market rates and determined using standard valuation techniques. These techniques include the impact of counterparty credit risk.

Changes in the fair value of derivatives are recognized in the income statement.

A mark-to-market loss of \$27.3 million on the put options and forward contracts has been recorded in the income statement in the current year (2009: \$329.8 million). The spot price of copper at December 31, 2010 used for the mark-to-market valuations was \$4.42 per pound (December 31, 2009; \$3.33 per pound).

The following table summarizes the copper derivatives in place:

COPPER PUT OPTIONS:

Tonnes	5,000
Average price (\$/tonne)	\$5,364
Average price (\$/lb)	\$2.43

COPPER FORWARDS:

Tonnes	8,280
Average price (\$/tonne)	\$5,367
Average price (\$/lb)	\$2.43

Derivative instruments included in the balance sheet comprise:

	December 31 2010	December 31 2009
	\$000	\$000
Fair value of derivative instruments – start of period	(107,310)	256,679
Copper contracts matured during period resulting in cash payment/(receipt)	92,608	(34,163)
Mark-to-market fair value loss during period	(27,264)	(329,826)
Fair value of derivative instruments – end of period	(41,966)	(107,310)
Less: current portion	41,966	85,179
Total non-current derivative instruments	—	(22,131)

13. LONG TERM DEBT

The following table summarizes the Company's long term debt:

	December 31 2010	December 31 2009
	\$000	\$000
EIB €7 million unsecured loan (a)	—	9,561
Lumwana project finance facility (b)	71,535	509,091
Corporate finance facility (c)	327,498	—
Balance – end of period	399,033	518,652
Less: current portion	(113,981)	(113,229)
Total non-current long term debt	285,052	405,423

(a) *EIB loan – unsecured*

On March 10, 2010 this loan was repaid in full from the proceeds of the Corporate Facility detailed below.

Interest on the EIB facility up to March 10, 2010 was \$0.1 million with interest paid of \$0.1 million.

(b) *Lumwana project financing facility*

In December 2006, Equinox signed a US\$582.7 million senior and subordinated Project finance facility for the completion of development and construction of the Lumwana Project located in the North Western Province of the Republic of Zambia. The facility is comprised of three tranches, \$54.0 million subordinated debt facility, \$364.0 million senior debt facility and \$164.7 million asset backed facility.

On March 10, 2010 all tranches, except the asset backed facility, were either repaid in full from the proceeds of the Corporate Facility or rolled into the Corporate Facility as detailed below. As a result of the refinancing Equinox incurred \$18.9 million of break fees of which \$0.7 million was expensed during 2010.

The remaining asset backed tranche of the Project debt facility carries interest rates of LIBOR plus a margin range between 300 – 400 basis points. The asset backed debt facilities have tenure of 5 years from the date of equipment delivery, with scheduled repayments that commenced in December 2007. The security for the debt facilities includes a fixed charge over the related mining fleet equipment of Lumwana Mining Company Limited.

Interest on the Lumwana Project facility for the year ended December 31, 2010 was \$8.7 million (2009: \$42.1 million) with interest paid of \$14.2 million (2009: \$42.8 million)

(c) *Corporate finance facility*

On February 24, 2010, the Company signed a \$400 million corporate loan facility (the 'Corporate Facility') with four leading commercial banks. The Corporate Facility affords Equinox greater flexibility than the existing Lumwana Project debt facilities therefore the Company utilized the Corporate Facility to repay its existing senior and subordinated portions of the Lumwana Project debt facilities as well as the unsecured EIB loan.

The two tranches of the facility are:

- Term facility of US\$220 million with a tenure of 3 years, an interest rate of LIBOR plus a margin of 400 basis points for the life of the loan and quarterly principal and interest repayments; and
- Revolving credit facility of \$180 million with a tenure of 5 years that the Company is allowed full repayment and/or full redraw of, up to the facility limit, over the term. The revolving facility carries an interest rate of LIBOR plus a margin of 475 basis points for the first 24 months, then 400 basis points for the duration of the loan.

The security of the Corporate Facility includes a fixed and floating charge over the assets of Lumwana Mining Company Limited plus financial guarantees from Equinox Minerals Limited and certain subsidiaries.

Interest on the Corporate Facility for the year ended December 31, 2010 was \$14.7 million (2009: \$nil) with interest paid of \$14.7 million (2009: \$nil).

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

14. ASSET RETIREMENT OBLIGATION

The Company has restoration and remediation obligations associated with its Lumwana Mine and Citadel. The following table summarizes the movements in the asset retirement obligation:

	December 31 2010	December 31 2009
	\$000	\$000
Balance – start of period	7,504	5,358
Recognition of new obligation	2,471	1,774
Accretion expense	525	372
Balance – end of period	10,500	7,504

The asset retirement obligations have been recorded as a liability at fair value at inception based on the estimated future cash flows required to settle the liability discounted at the Company's credit adjusted risk free interest rate. The fair value has been calculated assuming a credit adjusted risk free discount rate of between 6.61% and 7.11% and an inflation factor of between 2.34% and 2.5%.

15. LONG TERM COMPENSATION

(a) *Deferred Share Unit*

The Company established a Deferred Share Unit ('DSU') Plan for its directors with each DSU having the same value as one Equinox common share.

Under the DSU Plan, effective July 1, 2007, directors can elect to receive a portion of their annual compensation in the form of DSU's. The DSU's vest immediately and are redeemable in cash on the date the director ceases to be a director of the Company. During the year ended December 31, 2010, 203,596 DSU's were granted under the DSU Plan and \$0.8 million was recognized as directors' fees within general and administrative costs. Outstanding DSU's were marked-to-market at December 31, 2010, and as a result of the increase in the market value of the Company's shares \$1.8 million was expensed.

Deferred Share Units	Year ended December 31, 2010		Year ended December 31, 2009	
	Number	\$000	Number	\$000
Balance – start of period	633,230	2,469	241,291	269
Issued during the period	203,596	847	391,939	715
Mark-to-market fair value adjustments	—	1,797	—	1,485
Balance – end of period	836,826	5,113	633,230	2,469

(b) *Restricted Share Units*

The Company established a Restricted Share Unit ('RSU') Plan for its employees with each RSU having the same value as one Equinox common share.

The RSU's vest on the third anniversary of the grant date and are redeemable in cash immediately on vesting. On December 28, 2009 the Company granted 661,610 RSU's under the RSU Plan relating to 2010 compensation packages. During the year ended December 31, 2010 a further 239,935 RSU's were granted under the RSU Plan.

As at December 31, 2010 the aggregate fair value of the unvested RSU's granted and to be charged to income in future periods amounted to \$2.2 million (2009: \$nil).

Restricted Share Units	Year ended December 31, 2010		Year ended December 31, 2009	
	Number	\$000	Number	\$000
Balance - start of period	661,610	—	—	—
Issued during the period	239,935	—	661,610	—
Forfeited during the period	(88,853)	—	—	—
Expense recognised during the period	—	978	—	—
Mark-to-market fair value adjustments	—	557	—	—
Balance – end of period	812,692	1,535	661,610	—

16. OTHER PAYABLES

	December 31 2010	December 31 2009
	\$000	\$000
Current other payables		
Royalties	46,949	—
Withholding tax	13,290	—
Customs duty	30,962	—
Deferred consideration	100,000	—
Accrued consideration	64,219	—
Other	816	160
	256,236	160
Non-current other payables		
Deferred royalty	—	18,233
Deferred withholding tax	—	3,566
Deferred customs duty	—	16,461
Other provisions	3,222	1,477
	3,222	39,737
Balance – end of period	259,458	39,897

(a) *Royalties, Withholding Tax and Customs Duty*

As set out in Note 5, there is uncertainty surrounding the application of the Development Agreement with GRZ. Under the terms of the Development Agreement certain amounts, including royalties, withholding taxes and import duties are deferred until the Lumwana debt is eliminated. Until this uncertainty is resolved the Company will measure its taxes in accordance with the enacted legislation. Following discussions and correspondence with GRZ, the Company agreed with the Zambian Revenue Authority (ZRA) in January 2011 to pay its deferred mineral royalties assessed at 3% by 30 June 2011. The Company continues to reserve its right to compensation for breach of the tax stability provisions under the Development Agreement and, by agreeing to pay deferred mineral royalties, protected itself from the ZRA assessing interest and penalties on the deferred tax amount. As a result of the agreement with the ZRA and pending the outcome of further negotiations with GRZ, the Company has, in the current year, presented its liabilities for royalties, deferred withholding tax and deferred customs duty as current.

(b) *Deferred consideration*

During the period Bariq a subsidiary of Citadel acquired the remaining 30% interest in the Jabal Sayid project. The consideration for this acquisition was \$112.5 million, of which \$12.5 million was paid on November 5, 2010 following Citadel shareholder approval. The balance of consideration of \$100.0 million is payable on or before June 30, 2011.

(c) *Accrued consideration*

Refer to note 18.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

17. SHARE CAPITAL

(a) Authorised capital

The number of authorised ordinary shares of the Company is unlimited.

(b) Movement in ordinary share capital:

Date	Details	No. of Shares	Issue Price	\$'000
	Balance at December 31, 2009	706,878,212	—	737,838
January 2010	Stock options exercised	633,333	—	744
May 2010	Stock options exercised	25,000	—	49
June 2010	Stock options exercised	133,333	—	239
July 2010	Stock options exercised	65,000	—	139
August 2010	Stock options exercised	83,333	—	331
September 2010	Stock options exercised	50,000	—	170
November 2010	Stock options exercised	510,000	—	721
December 2010	Stock options exercised	1,065,000	—	3,472
December 2010	Issue of shares to Citadel	94,824,521	C\$5.91	556,115
December 2010	Issue of shares to Citadel	37,019,135	C\$6.11	222,528
December 2010	Shares yet to be issued to Citadel *	19,575,110	C\$6.11	119,781
	Balance at December 31, 2010	860,861,977		1,642,127

* Refer to note 18.

(c) Stock Options

Equinox established an Employee Incentive Plan in June 2004 (the 'Plan'). Options may be granted under the Plan to such directors, officers, employees or service providers of Equinox and its subsidiaries as the Compensation Committee of the Board of Directors may from time to time designate. The exercise price of any options granted under the Plan shall be not less than the average market price over the five trading days immediately preceding the date of grant. The Plan provides that the total number of Equinox common shares which may be issued pursuant to the Plan shall not exceed a number of common shares equal to 5% of the estimated number of issued and outstanding shares. The number of Equinox common shares which may be reserved for issuance pursuant to the Plan (or any other employee-related plan or options for services) must not exceed 5% of the total number of issued shares in the same class at the time of offer and must not exceed 5%, to any one person, of the Equinox common shares issued and outstanding on a non-diluted basis from time to time.

All options granted prior to December 2008 vest in three tranches, one third of any options granted may be exercised immediately, another third during the period commencing 12 months after the date of grant, and the final third after 24 months from the date of grant. Options granted from December 2008 to November 2009 vest in three tranches, one third of any options granted may be exercised 12 months after the date of grant, another third during the period commencing 24 months after the date of grant, and the final third after 36 months from the date of grant. Options granted from December 2009 cliff vest after three years and if the performance hurdles set have been achieved. The performance hurdles and vesting conditions are based on total shareholder return and the company's performance compared to a peer group. Options granted under the Plan are not transferable or assignable other than by the prior written consent of the Board of Directors of Equinox and subject to the rules of the relevant stock exchange.

The following table summarizes the stock options outstanding and exercisable at December 31, 2010:

	Outstanding Options			Exercisable Options	
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2009	17,058,327	C\$2.00	7.0	13,279,998	C\$1.80
Options exercised	(2,564,999)		—	(2,564,999)	
Options forfeited	(657,284)		—	(210,000)	
Options vested	—		—	1,000,001	
Outstanding at December 31, 2010	13,836,044	C\$2.08	6.0	11,505,000	C\$1.89

Available for grant at December 31, 2010 29,207,054

Stock-based compensation charged to earnings for stock options amounts to \$1.3 million for the year ended December 31, 2010 (2009: \$2.0 million). As at December 31, 2010, the aggregate fair value of unvested stock options granted and to be charged to income in future periods amounted to \$2.0 million (2009: \$4.2 million).

18. BUSINESS COMBINATION

(a) Summary of the acquisition

On December 17, 2010 (acquisition date), Equinox Minerals Limited acquired 56% of the issued share capital of Citadel Resource Group Limited ('Citadel') and declared the offer free from all conditions. By December 31, 2010, Equinox had acquired 89.5% of the issued share capital of Citadel.

The consideration transferred was \$699 million and comprised a cash offer of AUD\$0.105 per share and a share consideration of 1 Equinox Minerals share for 14.3 shares in Citadel. The Group issued 94,824,521 ordinary shares with an average fair value of C\$5.91 each, based on the quoted price of the shares of Equinox Minerals Limited at the date of exchange.

At the date of acquisition Citadel was listed on the Australian Stock Exchange with their primary asset being the Jabal Sayid copper project in Saudi Arabia which is currently under construction. The purpose of this combination was to expand market share in the copper industry.

The acquired business contributed \$0.1 million revenues and a net loss of \$6.1 million to the Group for the period from December 17, 2010 to December 31, 2010. If the acquisition had occurred on January 1, 2010 contributed revenues and loss for the year ended December 31, 2010 would have been \$2.9 million and \$3.0 million respectively (unaudited).

The purchase consideration has been allocated to assets and liabilities acquired based on provisional estimates of fair value, using the best information available as of the reporting date. Provisional business combination accounting is as follows:

(b) Purchase Consideration

As at the date of acquisition	\$'000
Shares issued, at fair value	556,115
Cash paid	142,913
Consideration transferred	699,028
Transaction costs relating to the acquisition taken to the income statement	10,180

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

(c) Assets and liabilities purchased

The provisional fair values of the identifiable net assets and liabilities acquired were as follows:

	Fair value at Acquisition Date	Carrying Value
	\$000	\$000
Cash and cash equivalents	161,206	161,206
Restricted cash	269	269
Trade and other receivables	4,037	4,037
Exploration and evaluation assets	66,000	19,099
Mine development	1,226,645	129,449
Construction in progress	162,676	162,676
Other property, plant and equipment	1,500	1,500
Trade and other payables	(112,824)	(118,963)
Current tax liability	(2,233)	(2,233)
Provisions	(1,994)	(1,994)
Deferred tax liability	(257,723)	(28,904)
Net assets	1,247,559	326,142
	\$000	
Provisional fair value of identifiable net assets	1,247,559	
Non-controlling interest in identifiable acquired net assets *	(548,531)	
Net assets acquired	699,028	

* The proportionate share of net assets has been used to calculate the non-controlling interest.

(d) Purchase consideration cash outflow

	December 31 2010	December 31 2009
	\$000	\$000
Outflows of cash to acquire subsidiary, net of cash acquired:		
Cash paid – initial 56% acquisition of shares	142,913	—
Cash paid – subsequent 33% acquisition of shares	22,018	—
Less: Balance acquired		
Cash	(161,206)	—
Outflow of cash – investing activities	3,725	—

Additional acquisition of shares in Citadel Resources Group Limited

Between December 17, 2010 and December 31, 2010 Equinox acquired an additional 33% of the issued share capital of Citadel in exchange for shares and cash consideration totalling \$428.5 million, bringing the Groups interest in Citadel to 89.5%. At December 31, 2010 37,019,135 of these shares had been issued and the Company was also irreversibly committed to issuing a further 19,575,110 shares. The 19,575,110 shares have therefore been disclosed as issued equity (refer to note 17(b)).

At December 31, 2010 \$64 million of the cash consideration had not been paid and is included in the balance sheet as a current liability. This amount was settled on the 4th and 7th of January, 2011.

The additional purchase of shares in Citadel is regarded as a transaction between equity owners (refer to accounting policy note 2(r)). Accordingly, the difference between the change in carrying value of the non-controlling interest of \$417.2 million and the consideration paid of \$428.5 million is recognised as a separate reserve in equity attributable to the parent. Accordingly, a decrease in contributed equity of \$11.3 million is reflected in the statement of changes in equity.

19. COMMITMENTS FOR EXPENDITURE

(a) Lumwana Mine and Town capital commitments

The outstanding capital commitments of the Company relating to the construction of the Lumwana town and the Lumwana Mine ongoing commitments at December 31, 2010 are:

	December 31 2010	December 31 2009
	\$000	\$000
Within 1 year	31,029	12,339
Total commitments	31,029	12,339

(b) Jabal Sayid project commitments

The outstanding capital commitments of the Company relating to the construction of the Jabal Sayid Project at December 31, 2010 are:

	December 31 2010	December 31 2009
	\$000	\$000
Within 1 year	101,638	—
Between 1 and 5 years	5,235	—
Total commitments	106,873	—

(c) Lease commitments

	December 31 2010	December 31 2009
	\$000	\$000
<i>Operating Leases</i>		
Commitments for minimum lease payments in relation to non cancellable operating leases are payable:		
Within 1 year	1,141	135
Within 1 to 2 years	1,904	434
Within 2 to 3 years	23	256
Total commitments	3,068	825

These operating leases are for office premises and office equipment and expire between 2011 and 2012.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

Finance Leases

The Company leases various plant and equipment with a carrying amount of \$20.7 million (2009: \$26.1 million) under finance leases expiring between 2 and 13 years.

	December 31 2010	December 31 2009
	\$000	\$000
Commitments for minimum lease payments in relation to finance leases are payable:		
Within 1 year	10,660	11,660
Within 1 to 2 years	6,557	9,585
Within 2 to 3 years	826	6,165
Within 3 to 4 years	826	434
Within 4 to 5 years	826	434
5+ years	3,740	3,836
Total commitments	23,435	32,114
Future finance charges	(3,692)	(6,013)
Recognised as a liability	19,743	26,101
Representing lease liabilities classified as:		
Current	9,228	9,339
Non-current	10,515	16,762
	19,743	26,101

20. CONTINGENCIES

The Company had no contingent assets or liabilities at 31 December 2010.

21. SEGMENT INFORMATION

The Company's reportable operating segments are based on strategic business units that are managed separately.

Lumwana

Equinox's primary asset is the Lumwana mine in Zambia. In December 2008, copper sulphide production and sales commenced and the Lumwana mine was commissioned with a nameplate capacity of 20Mtpa. The ramp-up of the mine and process plant operations was successfully completed during 2010.

Jabal Sayid

In December 2010, Equinox purchased Citadel Resource Group Limited whose primary asset is the Jabal Sayid mine in Saudi Arabia which is currently under construction.

Exploration

The Company is exploring for copper and uranium resources in the North West of Zambia and on the Zambian Copperbelt. Additionally, through the purchase of Citadel Resource Group Limited Equinox have a number of copper and gold exploration tenements in Saudi Arabia.

Corporate

The corporate segment is responsible for regulatory reporting and corporate administration.

For the year ended December 31, 2010 segment information is presented as follows:

	Lumwana	Jabal Sayid	Exploration	Corporate	Total
	\$000	\$000	\$000	\$000	\$000
Net sales revenue	942,426	—	—	—	942,426
Cost of sales	(413,468)	—	—	—	(413,468)
Interest received	1	120	—	538	659
Derivative instrument loss	(27,264)	—	—	—	(27,264)
Other income/(expense)	(9,310)	967	3,102	(2,810)	(8,051)
Financing costs	(26,753)	(1,197)	—	(9,642)	(37,592)
Other expenses	(15,514)	(6,029)	(1,713)	(26,961)	(50,217)
Segment profit/(loss) before income tax	450,118	(6,139)	1,389	(38,875)	406,493
Income taxes	(137,388)	—	—	—	(137,388)
Segment profit/(loss)	312,730	(6,139)	1,389	(38,875)	269,105
Property, plant and equipment	1,062,388	1,389,720	455	95,648	2,548,211
Exploration and evaluation	—	—	66,000	—	66,000
Total assets	1,531,844	1,381,926	66,809	261,716	3,242,295

For the year ended December 31, 2009 segment information is presented as follows:

	Lumwana	Exploration	Corporate	Total
	\$000	\$000	\$000	\$000
Net sales revenue	468,479	—	—	468,479
Cost of sales	(272,818)	—	—	(272,818)
Interest received	44	(2)	600	642
Derivative instrument loss	(329,826)	—	—	(329,826)
Other income/(expenses)	(13,599)	3,883	3,366	(6,350)
Financing costs	(63,856)	—	(13,015)	(76,871)
Other expenses	(18,869)	(2,398)	(1,952)	(23,219)
Segment profit/(loss) before income tax	(230,445)	1,483	(11,001)	(239,963)
Income taxes	56,900	—	—	56,900
Segment profit/(loss)	(173,545)	1,483	(11,001)	(183,063)
Property, plant and equipment	1,075,774	689	26,310	1,102,773
Total assets	1,358,848	901	97,925	1,457,674

Geographical Reporting

The Company's Lumwana Mine is in Zambia whilst the Jabal Sayid project is located in Saudi Arabia. There are active exploration programs in both of these locations. The Canadian segment is entirely corporate whilst the Australian segment carries out corporate activities and manages engineering studies.

The total assets located by geographical areas are as follows:

Geographical Reporting	December 31 2010	December 31 2009
	\$000	\$000
Zambia	1,537,637	1,359,749
Saudi Arabia	1,442,942	—
Australia	249,528	38,342
Canada	12,188	59,583
	3,242,295	1,457,674

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

22. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as bought copper put options and forward contracts to hedge certain market risks. Derivatives are exclusively used for commercial hedging purposes. The Company does not use derivatives to engage in any trading or other speculative activities.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Risk management is carried out by management in conjunction with an outsourced treasury management organization.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures.

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company's risk management policy is to review its exposure to non-US Dollar forecast operating costs on a case by case basis. Revenue from forecast copper sales is denominated in US Dollars, as is the majority of the Company's forecast operating costs. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Company's foreign currency denominated monetary assets and liabilities at the reporting date is as follows:

	December 31, 2010		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
	\$000	\$000	\$000	\$000
Australian Dollar	131,443	84,254	7,937	1,902
Zambian Kwacha	19,813	127,599	9,030	40,555
Euro	—	(8)	—	6,271
South African Rand	—	682	—	929
Canadian Dollar	4,891	5,114	3,034	2,469
Saudi Riyal	4,803	11,334	—	—
Other	736	10	—	68
	161,686	228,985	20,001	52,194

Sensitivity

Based on the financial instruments held at December 31, 2010, had the US Dollar weakened/strengthened by 10% against these foreign currencies with all other variables held constant, the Company's after-tax loss for the year to date would have been \$5 million higher/lower as a result of foreign exchange gains/losses on translation of non-US dollar denominated financial instruments as detailed above. Total equity would have been \$0.4 million higher/lower had the US Dollar weakened/strengthened by 10% as a result of foreign exchange gains/losses on translation of non-US dollar denominated available-for-sale investments held by the Company.

(ii) Price risk

Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from revenue derived from forecast future copper sales. The Company sells its product at a price effectively determined through trading on the London Metal Exchange (a major commodity exchange).

The Company has historically managed this commodity risk through the use of derivative instruments such as forward and option contracts to economically hedge a proportion of its forecast production. The Company's remaining derivative instrument contracts expire in March 2011 and on expiry of these contracts the Company has elected not to actively manage its exposure to copper price risk. At the reporting date the Company had outstanding derivative instruments of 13,280 tonnes for 2011.

From time to time in the future, the Company may utilise hedge contracts to manage exposure to fluctuations in the price of copper.

Sensitivity

At December 31, 2010, if the spot price of copper had been 10% higher/lower while all other variables were held constant after-tax loss for the year to date would increase/decrease by \$2.9/\$2.9 million as a result of changes in the fair value of the derivative instruments.

Other price risk

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments, therefore does not actively manage the associated price risk.

Sensitivity

At December 31, 2010, if the inputs into the valuation model had been 10% higher/lower while all other variables were held constant, equity would increase/decrease by \$0.4 million as a result of the changes in fair value of the available-for-sale securities.

(iii) Cash flow fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Company's risk management policy is to review its exposure to interest rates on a case by case basis. Current long term debt is a mix of fixed and variable interest rate loans.

As at the reporting date the Company had the following variable rate borrowings outstanding:

December 31, 2010

	December 31, 2010		December 31, 2009	
	Weighted average Interest rate	Carrying value	Weighted average Interest rate	Carrying value
	%	\$000	%	\$000
Long term debt (variable interest component)	4.61	396,562	4.63	506,014

Sensitivity

At December 31, 2010, if interest rates had increased/decreased by 100 basis points from the year-end rates with all other variables held constant, after-tax loss for the year to date would have been \$0.5 million lower/higher, as a result of lower/higher interest income from long term debt and offset in the movements of cash and equivalents and restricted cash.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

(iv) Summarized sensitivity analysis

The following table summarizes the sensitivity of the Company's financial assets and financial liabilities to interest rate risk, foreign exchange risk and commodity price rise:

December 31, 2010	Carrying Amount \$000	Interest rate risk				Foreign exchange risk				Price risk			
		-100 bps		+100 bps		-10%		+10%		-10%		+10%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
Financial assets													
Cash and cash equivalents	319,476	(2,236)	—	2,236	—	(9,785)	—	9,785	—	—	—	—	—
Restricted cash	25,625	(179)	—	179	—	(26)	—	26	—	—	—	—	—
Receivables	166,342	—	—	—	—	(1,215)	—	1,215	—	—	—	—	—
Other financial assets	4,176	—	—	—	—	—	(418)	—	418	—	(418)	—	418
Financial liabilities													
Accounts payable	119,714	—	—	—	—	6,859	—	(6,859)	—	—	—	—	—
Long term debt	396,562	2,776	—	(2,776)	—	—	—	—	—	—	—	—	—
Derivative instruments	41,966	—	—	—	—	—	—	—	—	2,938	—	(2,938)	—
Long term compensation	6,648	—	—	—	—	465	—	(465)	—	—	—	—	—
Other payables	259,458	—	—	—	—	8,705	—	(8,705)	—	—	—	—	—
Total increase/(decrease)		361	—	(361)	—	5,003	(418)	(5,003)	418	2,938	(418)	(2,938)	418

December 31, 2009	Carrying Amount \$000	Interest rate risk				Foreign exchange risk				Price risk			
		-100 bps		+100 bps		-10%		+10%		-10%		+10%	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
Financial assets													
Cash and cash equivalents	109,130	(1,091)	—	1,091	—	(1,360)	—	1,360	—	—	—	—	—
Restricted cash	26,164	(262)	—	262	—	(9)	—	9	—	—	—	—	—
Receivables	134,193	—	—	—	—	(440)	—	440	—	—	—	—	—
Other financial assets	1,906	—	—	—	—	—	(191)	—	191	—	(191)	—	191
Financial liabilities													
Accounts payable	63,503	—	—	—	—	517	—	(517)	—	—	—	—	—
Long term debt	518,652	5,091	—	(5,091)	—	626	—	(626)	—	—	—	—	—
Derivative instruments	107,310	—	—	—	—	—	—	—	—	33,742	—	(32,321)	—
Long term compensation	2,469	—	—	—	—	247	—	(247)	—	—	—	—	—
Other payables	114,961	—	—	—	—	3,829	—	(3,829)	—	—	—	—	—
Total increase/(decrease)		3,738	—	(3,738)	—	3,410	(191)	(3,410)	191	33,742	(191)	(32,321)	191

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables.

The Company primarily sells its copper concentrate to two major customers on the Zambian copperbelt and as a result there is a concentration of credit risk. This risk is mitigated where possible by policies in place to ensure that sales of products are made to customers with an appropriate credit rating and where necessary credit risk is effectively eliminated or substantially reduced by using bank instruments to secure payment. The Company has off-take arrangements in place with metal traders and has the flexibility to divert concentrate sales to these parties should the need arise.

Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The carrying amounts of derivative assets are adjusted to reflect counterparty credit risk.

The carrying amounts of financial assets recorded in the financial statements are adjusted for any impairment and represent the Company's maximum exposure to credit risk.

Credit risk further arises in relation to the financial guarantees given to certain parties. Such guarantees are only given in exceptional circumstances and are subject to specific board approval.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining at all times sufficient cash, liquid investments and committed credit facilities to meet the Company's commitments as they arise.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2010	Within	Between	Between	Between	Between	Over	Total	Carrying
	1 year	1 and 2	2 and 3	3 and 4	4 and 5			
	\$000	years \$000	years \$000	years \$000	years \$000	5 years \$000	contractual cash flows \$000	amount \$000
Non-interest bearing	375,950	—	—	—	—	3,222	379,172	379,172
Fixed rate	1,235	618	—	—	—	—	1,853	2,471
Variable rate	112,128	106,210	9,727	—	180,000	—	408,065	396,562
Derivatives (net)	41,931	—	—	—	—	—	41,931	41,966
December 31, 2009	Within	Between	Between	Between	Between	Over	Total	Carrying
	1 year	1 and 2	2 and 3	3 and 4	4 and 5	5 years	contractual	amount
	\$000	years \$000	years \$000	years \$000	years \$000	\$000	cash flows \$000	\$000
Non-interest bearing	62,504	—	—	—	—	39,737	102,241	102,241
Fixed rate	10,796	1,235	619	—	—	—	12,650	12,638
Variable rate	102,433	112,128	106,209	9,727	—	180,000	510,497	506,014
Derivatives (net)	88,388	23,654	—	—	—	—	112,042	107,310

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the closing price.

The fair value of other financial assets and liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

The following table illustrates the classification of the Company's financial instruments that are recognised and measured at fair value:

December 31, 2010	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
ASSETS				
Available-for-sale financial assets	4,176	—	—	4,176
LIABILITIES				
Derivative instruments	—	41,966	—	41,966
December 31, 2009				
	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
ASSETS				
Available-for-sale financial assets	1,906	—	—	1,906
LIABILITIES				
Derivative instruments	—	107,310	—	107,310

The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

23. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain adequate levels of funding to support development of its mining assets, to expand regional exploration activities and to maintain corporate and administrative functions.

The Company manages its capital structure in a manner that provides sufficient funding for development and operational activities. Funds are primarily secured through a combination of equity capital raised by way of private placements, public offerings and external debt. There can be no assurances that the Company will be able to continue raising equity capital and external debt in this manner.

The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian, European and Australian financial institutions.

24. SUBSEQUENT EVENTS

(a) *Citadel Resource Group Limited compulsory acquisition procedures initiated*

Subsequent to year end, on January 6, 2011, Equinox increased its interest in Citadel Resource Group Limited ("Citadel") to 90.59% and initiated compulsory acquisition procedures under the Australian Corporations Act to acquire all remaining shares in Citadel. Citadel shareholders whose shares are compulsory acquired will receive 1 Equinox share for every 14.3 Citadel shares, plus A\$0.105 per Citadel share in cash.

The total value of the Citadel acquisition is estimated at \$1.247 billion. As a result of this transaction Equinox shareholders own approximately 81% of the combined group and Citadel shareholders own 19%.

(b) Equinox announce takeover offer for Lundin Mining Corporation

Subsequent to year end, in February 2011, Equinox announced that it will make an offer to acquire Lundin Mining Corporation ('Lundin') for approximately C\$4.8 billion in cash and shares (the 'Lundin Offer').

Under the terms of the Lundin Offer, Equinox proposes to acquire all of the outstanding common shares of Lundin for a combination of cash and Equinox shares for a total consideration value of C\$8.10 per Lundin share. Each Lundin shareholder can elect to receive consideration per Lundin share of either C\$8.10 in cash or 1.2903 Equinox shares plus \$0.01 for each Lundin share, subject to a pro-rata based on a maximum cash consideration of approximately C\$2.4 billion and maximum number of Equinox shares issued of approximately 380 million. The Lundin Offer reflects a 26% premium to the closing price of C\$6.45 per Lundin share on the TSX on February 25, 2011.

The cash consideration of Equinox's Lundin Offer is to be financed through a US\$3.2 billion bridge facility being led by Goldman Sachs Lending Partners and Credit Suisse Securities. Equinox intends to refinance the bridge facility through a combination of medium and long term debt instruments. Equinox has no plans to undertake an equity raising as part of the refinancing of the bridge.

The Lundin Offer will be subject to certain conditions including, without limitation, termination of the existing Lundin-Inmet Arrangement Agreement in accordance with its terms, and a simple majority approval of Equinox shareholders of the issuance of the Equinox shares to be issued under the Lundin Offer at a meeting of Equinox shareholders that Equinox expects to occur in early to mid April. Other conditions will include acceptance of the Lundin Offer by Lundin shareholders owning not less than two-thirds of Lundin's shares outstanding on a fully-diluted basis, and receipt of applicable regulatory approvals, and other customary unsolicited offer conditions.

25. DEED OF CROSS GUARANTEE

Information in relation to the Deed of Cross Guarantee is presented for the purposes of the Company's reporting obligations in Australia which requires a disclosing entity, which is a registered foreign holding company to disclose condensed statements of earnings and balance sheets of both 'the Closed Group' and 'the Extended Closed Group' as defined by the Australian Securities and Investments Commission ('ASIC') Class Order 98/1418.

On December 24, 2004, Equinox Minerals Limited, Equinox Resources Limited and Equinox Peru Ventures Limited (together the 'Closed Group') entered into a Deed of Cross Guarantee under which each company guarantees the liabilities of all other companies that are party to the Deeds. A benefit arising from the Deeds is to relieve eligible entities from the requirements to prepare audited financial reports under the Australian Corporations Act 2001 and ASIC accounting and audit relief Orders.

The following entities form part of the consolidated entity but are not members of the Closed Group:

Lumwana Mining Company Limited, Equinox Zambia Limited, Equinox Overseas Pty Ltd, Equinox Africa Limited, Equinox Ventures Pty Ltd, Lumwana International School Limited, Lumwana Property Development Company Limited, Equinox Nickel Ventures Pty Ltd, Citadel Resources Group Equity Pty Ltd, Vertex Group WLL, Bariq Mining Limited, Singapore Projects Pte Ltd and Singapore Holdings Pte Ltd (together the 'Extended Closed Group').

Set out below are the condensed statements of earnings, comprehensive income and balance sheets for the years ended December 31, 2010 and 2009 of the Closed Group and the Extended Closed Group:

Equinox Minerals Limited

Notes to the Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

Condensed statement of earnings	Closed Group		Extended Closed Group ⁽¹⁾	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Copper sales revenue	—	—	1,046,787	531,962
Smelter treatment charges	—	—	(104,361)	(63,483)
Net sales revenue	—	—	942,426	468,479
Direct and indirect mining costs	—	—	308,292	212,016
Amortization & depreciation	—	—	75,742	46,688
Royalties	—	—	29,434	14,114
Cost of sales	—	—	413,468	272,818
Expenses				
Derivative loss	—	—	27,264	329,826
Exploration (income)/expense	—	(7)	6,010	5,119
Other operating costs	—	—	7,652	5,870
General and administration	13,659	8,886	21,700	10,241
Financing costs	9,560	834	37,592	76,871
Long term compensation expense	4,675	1,989	4,675	1,989
Other (income)/expense	(16,178)	(6,743)	7,392	5,708
Citadel acquisition costs	10,180	—	10,180	—
	21,896	4,959	122,465	435,624
Profit/(loss) for the period before income tax	(21,896)	(4,959)	406,493	(239,963)
Income tax (expense)/benefit	—	—	(137,388)	56,900
Net income/(loss) for the period	(21,896)	(4,959)	269,105	(183,063)
Retained profit/deficit – beginning of period	(52,764)	(47,805)	(74,720)	108,343
Retained profit/(deficit) – end of period	(74,660)	(52,764)	194,385	(74,720)

Condensed statement of comprehensive income	Closed Group		Extended Closed Group ⁽¹⁾	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
Income/(loss) for the period	(21,896)	(4,959)	269,105	(183,063)
Other comprehensive income				
Net unrealized gains on available-for-sale securities	2,047	1,500	2,047	1,500
Total comprehensive income/(loss)	(19,849)	(3,459)	271,152	(181,563)

Condensed balance sheet
For the years ended December 2010 and 2009

	Closed Group		Extended Closed Group ⁽¹⁾	
	2010	2009	2010	2009
	\$000	\$000	\$000	\$000
ASSETS				
Current assets				
Cash and cash equivalents	87,821	71,972	319,476	109,130
Restricted cash	—	—	3,337	—
Accounts receivable	733	110	166,342	134,193
Inventories	—	—	13,640	67,428
Prepayments	554	146	98,826	16,080
	89,108	72,228	601,621	326,831
Receivables from subsidiaries ⁽²⁾	620,528	632,155	22,287	—
Restricted cash	105	92	2,548,211	26,164
Investments in subsidiaries	1,191,792	—	—	—
Property, plant and equipment	2,056	1,569	66,000	1,102,773
Other financial assets	4,176	1,906	4,176	1,906
	1,907,765	707,950	3,242,295	1,457,674
LIABILITIES				
Current liabilities				
Accounts Payable and accrued liabilities	76,045	2,911	119,714	62,504
Current portion of long term debt	—	—	113,981	113,229
Current portion of finance leases	—	—	9,228	9,339
Current portion of derivative instruments	—	—	41,966	85,179
Current other liabilities	64,219	—	256,236	160
	140,264	2,911	541,125	270,411
Long term debt	174,584	—	285,052	405,423
Finance leases	—	—	10,515	16,762
Income tax liability	—	—	8,960	6,727
Future income tax liability	—	—	401,048	5,938
Asset retirement obligation	—	—	10,500	7,504
Long term compensation	6,648	2,469	6,648	2,469
Derivative instruments	—	—	—	22,131
Other payables	61	30	3,222	39,737
	321,557	5,410	1,267,070	777,102
SHAREHOLDERS' EQUITY				
Share capital	1,642,127	737,838	1,642,127	737,838
Retained earnings/(deficit)	(74,660)	(52,764)	194,385	(74,720)
Contributed surplus	15,193	15,966	15,192	15,966
Accumulated other comprehensive income	3,548	1,500	3,535	1,488
Transactions with owners reserve	—	—	(11,344)	—
Non-controlling interest	—	—	131,330	—
	1,586,208	702,540	1,975,225	680,572
	1,907,765	707,950	3,242,295	1,457,674

⁽¹⁾ The members of the consolidated entity comprising the Extended Closed Group are the same as those entities, which comprise the consolidated entity, as Equinox Minerals Limited is the ultimate parent entity.

⁽²⁾ These long-term receivables relate to receivables from controlled entities, which are outside the Closed Group, as is listed above.

Equinox Minerals Limited Tenement Schedule

PROJECTS	TENEMENTS	EQUINOX INTEREST	JOINT VENTURE PARTNER
ZAMBIA			
Lumwana	LML49	100%	
Mwombezhi Dome	Former PLLS148	100% ^{(1) (2)}	
Kitwe	Former PLLS026		
Kabompo Dome	Former PLLS027		
Ngala	Appln		
Sailunga	Appln		
Kabompo Gorge	Appln		
West Lunga	Appln		
Mutapanda	PLLS18/2004:		
Mufapanda N	To be advised	100% ⁽³⁾	
Mufapanda S	To be advised	100% ⁽³⁾	

KINGDOM OF SAUDI ARABIA

Jabal Sayid	Granted	70%
Jabal Baydan	Granted	100%
Jabal Shayban Extended	Granted	100%
Jabal Shayban	Granted	100%
Bari	Granted	100%
Jabal al Qunnawat South	Granted	100%
Jabal Idhkiri West	Granted	100%
Murayjib	Granted	100%
Lahuf	Granted	100%
Ram Ram	Granted	100%
Wadi Kamal	Granted	100%

AUSTRALIA

Curnamona Craton Ethiudna Ethiudna	EL3714	100%	Uranium One Australia Pty Ltd
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EL = Exploration Licence; PLLS = Prospecting Licence; LML = Large scale Mining Lease

⁽¹⁾ Anglo American have a 70% clawback option should a mineral resource > 3 million tonnes copper metal (or equivalent) be discovered.

⁽²⁾ Prospecting Licences are in the process of being converted to comply with the Mines Act 2008, final approval is pending.

⁽³⁾ Mutapanda was granted 9/11/2009, but was subsequently been split into two tenements Mufapanda North and South, to comply with Mines Act 2008.

Equinox Minerals Limited

Additional Australian Securities Exchange Information

As at March 18, 2011

STATEMENT OF ISSUED CAPITAL AT MARCH 18, 2011

Distribution of fully paid ordinary shareholders:

Size of Holding	Number of shareholders	Number of Common Shares
1 - 1,000	3,701	2,024,838
1,001 - 5,000	5,332	14,410,659
5,001 - 10,000	1,375	10,662,729
10,001 - 100,000	962	24,590,740
100,001 - and over	123	827,806,910
	11,493	879,495,876
Number of shareholders holding less than a marketable parcel	216	7,282

NUMBER OF EQUINOX SECURITIES QUOTED ON ASX

There are 879,495,876 common shares of Equinox Minerals Limited quoted on the ASX and Toronto Stock Exchange ("TSX").

NUMBER OF EQUINOX SECURITIES NOT QUOTED ON ASX

There are 14,186,840 unlisted employee incentive options allotted for issuance under the Equinox Employee Incentive Plan.

VOTING RIGHTS

All Equinox common shares carry one vote per share.

Each CHESS Depository Interest ("CDI") represents one Equinox common share.

CDI holders are the beneficial owner of common shares and although they are not entitled to attend and vote at the Equinox shareholder meetings, CDI holders may direct CHESS Depository Nominees Pty Ltd, as the legal holder of their Equinox common shares, to cast proxy votes at the relevant meeting.

QUOTATION

Equinox Common Shares are quoted as 'EQN' on TSX and CDIs are quoted as 'EQN' on ASX.

SUBSTANTIAL SHAREHOLDERS

As at March 18, 2011 there were no substantial shareholders.

TOP 20 SHAREHOLDERS

As at March 18, 2011 the twenty largest shareholders as known by the Company, held 88.66% of the total common shares in the Company as follows:

NAME	No. of Common Shares	%
CDS & Co*	416,430,041	47.35
J P Morgan Nominees Australia Limited	80,000,788	9.10
National Nominees Limited	75,198,512	8.55
HSBC Custody Nominees (Australia) Limited	64,844,256	7.37
Citicorp Nominees Pty Limited	26,059,201	2.96
ZCCM Investment Holdings Plc	20,061,757	2.28
Cogent Nominees Pty Limited	17,457,221	1.98
Abdul Hadi Al Qahtani and Partners Maritime and Oilfield Services Limited	13,388,812	1.52
JP Morgan Nominees Australia Limited <Cash Income A/C>	13,125,543	1.49
Woodross Nominees Pty Ltd	8,704,271	0.99
RTS Nominees Pty Limited	8,398,170	0.96
UBS Nominees Pty Ltd	8,361,416	0.95
AMP Life Limited	5,955,809	0.68
CS Fourth Nominees Pty Ltd	5,441,518	0.62
Said Jubran Al Qahtani	3,136,175	0.36
Cogent Nominees Pty Limited <SMP Accounts>	3,119,751	0.35
Australian Reward Investment Alliance	2,725,807	0.31
European Investment Bank	2,713,341	0.31
Debortoli Wines Pty Limited	2,636,491	0.30
RBC Dexia Investor Services Australia Nominees Pty Limited <Pipooled A/C>	2,038,326	0.23

* CDS & Co hold shares on behalf of Canadian shareholders.

ON-MARKET BUY-BACK

There is no current on-market buy-back of the Company's shares in place.

CORPORATE GOVERNANCE

Equinox complies with ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations"), however to the extent that the Recommendations require certain corporate governance information be included in a specific section within the annual report, Equinox has instead included such information in the Management Circular, as is customary and appropriate for a Canadian company.

