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Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief granted from certain provisions of National Instrument 43-101 to permit an economic analysis of a mineral project contained in a technical report to include inferred mineral resources, provided that references in prospectus and AIF contain cautionary language

Applicable British Columbia Provisions

National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, ss. 2.3(1), 4.1(1), (2), 4.3 and 9.1, Form 43-101F1 - Technical Report, Item 25(h)

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NOVA SCOTIA, NEWFOUNDLAND AND
LABRADOR, YUKON TERRITORY, NORTHWEST TERRITORIES AND
NUNAVUT**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF**

AND

IN THE MATTER OF EQUINOX MINERALS LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut (the Jurisdictions) has received an application (the Application) from Equinox Minerals Limited (the Filer) for a decision pursuant to subsection 9.1(1) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (the National Instrument) that the Filer is exempt from:

- (a) the requirement in sections 4.1(1), (2) and 4.3 of the National Instrument and item 25(h) of Form 43-101F1 – *Technical Report* that only proven and probable mineral reserves be used in an economic analysis of a mineral project (the Report Requirement); and

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(b) the prohibition in section 2.3 of the National Instrument against making any disclosure of results of an economic evaluation which uses inferred mineral resources (the Disclosure Prohibition);

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the System) the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 – *Definitions* or in Québec Commission Notice 14-101;

AND WHEREAS the Filer has represented to the Decision Makers that:

Equinox Minerals Limited and Equinox Resources Limited

1. The Filer is a company incorporated under the *Canada Business Corporations Act* with its registered office in Toronto, Ontario, and has been incorporated for the purposes of entering into a restructuring transaction with Equinox Resources Limited (Equinox), a company incorporated under the *Company Act* (Australia) with its head office in Perth, Australia.
2. Equinox is an international mineral exploration company with exploration properties in Zambia, Australia and Sweden. Equinox's securities are listed and traded on the Australian Stock Exchange (the ASX) under the symbol "EQR".
3. Neither the Filer nor Equinox is a reporting issuer or its equivalent in any of the Jurisdictions, nor does either company have securities listed or posted for trading on any stock exchange in Canada.
4. The Filer intends to become a reporting issuer or its equivalent in each of the Jurisdictions by way of an initial public offering of its common shares (the Offering).
5. The authorized capital of the Filer consists of an unlimited number of common shares and an unlimited number of preferred shares issuable in series, of which there are currently no shares outstanding.
6. The authorized capital of Equinox consists of an unlimited number of ordinary shares, of which 215,300,790 shares were issued and outstanding as of February 20, 2004.

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The Lumwana Project and Bankable Feasibility Study

7. In October, 2003, Equinox completed a two-year, US\$13 million bankable feasibility study (the Bankable Feasibility Study) in respect of the Lumwana Project. The Lumwana Project is located in the North western Province of Zambia and includes the Malundwe and Chimiwungo deposits. It is primarily a copper resource with potential by-products of cobalt, gold and sulphuric acid. Currently, Equinox has a 53% interest in the Lumwana Project, which it has earned pursuant to the terms of a joint venture agreement with Phelps Dodge Mining (Zambia) Limited, which holds the remaining 47%. Equinox is the operator of the Lumwana Project.
8. The principal consultants which prepared the Bankable Feasibility Study were Kvaerner E&C Australia Pty Ltd on management, processing and engineering aspects, and Golder Associates Pty Ltd (Golder) on all geoscientific, environmental and tailings dam studies.
9. The Bankable Feasibility Study included a two phase drilling program (which, together with previously collected drilling and assay data, created a database of 961 holes and approximately 130,000 metres), including resource, geotechnical and hydrogeological drill programs and the collection of metallurgical samples, mine design, an extensive metallurgical testwork program, detailed processing plant design, a metals marketing review, an environmental impact assessment study and estimation of capital and operating costs.
10. As part of the Bankable Feasibility Study, Golder prepared a mine plan which includes inferred resources within the defined open pit areas. The estimation allowed for dilution, realistic mining conditions and the likely continuity of the ore body and was followed by optimization, mine planning and financial analysis.
11. Based on its analysis of the data collected, Golder concluded that the Malundwe and Chimiwungo deposits are very large, simple deposits which are geologically well-understood and display a high continuity of copper mineralization for which inferred resources were deemed appropriate to be included in the mine plan for the project.
12. Golder estimates that, including inferred resources, the Lumwana Project contains a mineral resource of 901 Mt of which 348 Mt is classified in the mining reserve and resource category. The mining plan set out in the Bankable Feasibility Study contemplates a long-life operation of greater than 20 years. Inferred resources constitute approximately 41% of material

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included in the mine plan, but will largely be mined only in the latter stages of the project (years 13 to 20). Five pits are scheduled to be developed under the mining plan and approximately 80% of the mining within the first 12 years of operations will come from proven and probable reserves from three of the five pits. A discounted cash flow to year 12 will result in a positive cash flow for the operations. The Filer plans to continually upgrade the inferred resources by drilling, which would extend the mine plan to at least 20 years (as projected by Golder).

The Restructure Transaction

13. The Filer was established for the purpose of becoming the Canadian holding company of Equinox pursuant to a court-approved scheme of arrangement under Australian law (the Scheme) and an implementation agreement between the Filer and Equinox (the Implementation Agreement, and together with the Scheme, the Restructure).
14. Pursuant to the Restructure, security holders of Equinox will exchange their securities for CHES Depository Instruments or common shares issued by the Filer (the Equity Securities). Upon the Restructure becoming effective: (i) Equinox will become a wholly-owned subsidiary of the Filer, (ii) the ordinary shares of Equinox shall be delisted from the ASX, (iii) the shareholders of Equinox shall receive the Equity Securities in exchange for ordinary shares of Equinox, and (iv) the Equity Securities will be listed on the ASX. It is anticipated that the Restructure will become effective in early June, 2004, subject to obtaining the necessary shareholder, court and regulatory approvals.

The Offering

15. The Filer intends to make the Offering in each of the Jurisdictions. It is anticipated that the Offering will be completed in conjunction with the completion of the Restructure.
16. In connection with the Offering, the Filer will file with the Decision Makers:
 - (i) a technical report in the prescribed Form 43-101F1 (the Technical Report) and
 - (ii) a preliminary and final prospectus prepared in connection with the Offering (collectively, the Prospectus) which shall contain a summary of the Technical Report.

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17. Upon the filing of the Prospectus, the Filer will become a reporting issuer or the equivalent thereof in each of the Jurisdictions and shall be required to file an annual information form, prepared in accordance with Form 51-102F2 prescribed by National Instrument 51-102 – *Continuous Disclosure Obligations* (the AIF), which shall contain a summary of the Technical Report.
18. The reserve calculations in the Technical Report were prepared in accordance with the requirements of the ASX and the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institution of Geoscientists and Mineral Council of Australia, as amended and supplemented (the JORC Code), which prescribes the content of disclosure of scientific or technical information in respect of mineral projects, and shall be reported in the Prospectus in accordance with the applicable definitions contained in the JORC Code and recognized by the Canadian Institute of Mining, Metallurgy and Petroleum.
19. The Technical Report has been prepared by Michael Richards of Equinox and Dr. Sia Khosrowshahi and Ross Bertinshaw of Golder, each of whom qualifies as a "qualified person" for the purposes of the National Instrument. Each such person possesses greater than five years of relevant mining and geological surveying experience and is a registered member of a professional organization recognized by statute in Australia.
20. The mineral resources and reserves of the Lumwana Project reported in the Technical Report and Prospectus and the economic evaluation of the resources and reserves provided therein is based on the Bankable Feasibility Study and includes inferred mineral resources.

AND WHEREAS the Filer has requested that the Decision (as defined below) and the Application be held in confidence for up to 120 days from the date of the Decision;

AND WHEREAS under the System this Decision Document evidences the decision of each Decision Maker (collectively, the Decision);

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the National Instrument that provides the Decision Maker with the jurisdiction to make the decision has been met;

THE DECISION of the Decision Makers under the National Instrument is that the Filer is exempt from the Report Requirement and Disclosure Prohibition in

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respect of the Technical Report, the Prospectus, and the AIF, provided that the Prospectus and the AIF include a proximate statement that the economic evaluation of the mineral resources and reserves of the Lumwana Project contained in the Technical Report includes inferred mineral resources that are considered not to be defined in sufficient detail to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is currently no certainty that the economic analysis proposed will be achieved.

AND THE FURTHER DECISION of the Decision Makers under the securities legislation of the Jurisdictions is that the Application and the Decision shall be held in confidence by the Decision Makers until the earlier of (a) the date on which the Decision Makers have issued an MRRS decision document acknowledging receipt of the preliminary Prospectus and (b) the date that is 120 days from the date of the Decision.

DATED this 27th day of April, 2004.

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