



Equinox Minerals Limited

(EQN-T, \$3.16)

Lumwana Exploration Update

Financial Summary (US\$)

(end-Dec)	Revenue(m)	CFPS	P/CF (x)	EPS	P/E (x)
FY05e	0.0	-0.03	nm	-0.05	nm
FY06	0.0	-0.02	nm	-0.02	nm
FY07e	0.0	-0.04	nm	-0.04	nm
FY08e	190.7	0.14	21.1	0.11	27.6

All figures in US\$ unless otherwise stated

- Equinox reports Lumwana exploration update. Kanga drilling results deliver positive copper and uranium intercepts.
- The drill results have potential to expand the Lumwana mine life and increase the current resource base.
- Our NAV has increased from C\$2.76 to C\$3.20 and our target has increased from C\$2.75 to C\$3.20, based on approximately 1x our revised NAV. We maintain our Buy recommendation.

Lumwana Exploration Update

On Monday, Equinox reported an exploration update at its Lumwana copper project which is currently under construction with production expected to start in Q2/FY08. The drill results have significant potential to expand the Lumwana mine life and increase the current resource base. Some of the highlights were Hole LUM0396 and Hole LUM0397 which included intercepts 16 metres of 2.0% Cu and 24 metres of 1.82% Cu respectively. In addition, several holes returned positive uranium values, most notably LUM388 which included an intercept of 8 metres of 0.04% U3O8 and 2 metres of 0.06% U3O8.

Also, Equinox reported six drill results at its Kababisa prospect which is located approximately five kilometres from the Lumwana plant. Some of the highlights included: LUM500 at 3 metres of 1.41% Cu, LUM501 at 6 metres of 1.15% Cu and LUM504 at 6 metres of 0.89% Cu.

Valuation & Recommendation – Maintain Buy, Target Raised to C\$3.20

Equinox continues to define occurrences of both copper and uranium near the Malundwe pit and surrounding area. This could materially impact the head grade during the first ten years of production. We have updated our model and increased our head grade from years 5 to 10 and lowered our costs to relect additional resources being added at Kanga/Malundwe. We have also increased the throughput rate beginning in 2016 to maintain copper output constant. Our NAV has increased from C\$2.76 to C\$3.20 and our target has increased from C\$2.75 to C\$3.20, based on approximately 1x our revised NAV. We maintain our Buy recommendation for Equinox.

Stock Rating:

Buy

12-month target **↑\$3.20**
Potential ROR 1%

Company Profile

Sector Base Metals
Ticker EQN-T

Shares O/S, basic (m) 545.2
Shares O/S, diluted (m) 597.7
Mkt cap, basic (C\$m) 1,722.8
Mkt cap, FD (C\$m) 1,888.7
Next event Q2/FY07

Key Metrics

NAV/sh (C\$) **↑3.20**
Working Capital (US\$m) 321

Per share figures are per diluted share

Sr. Analyst

David Davidson
(416) 360-3462
ddavidson@paradigmcapinc.com

Analyst

Jacob Willoughby
(416) 361-9557
jwilloughby@paradigmcapinc.com

Associate

Sean Curtis
(416) 360-1397
scurtis@paradigmcapinc.com

Sales

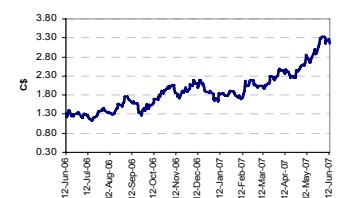
Toronto (866) 361-1064
Calgary (877) 513-1025

Paradigm Capital research is available on First Call, Reuters or at <http://www.paradigmcap.com>

Refer to last page for proper disclaimer

Issued by Paradigm Capital Inc.

EQN 1-Year Stock Chart



06/13/07 Target raised (\$3.20)
03/28/07 Target raised (\$2.75)
06/30/06 Target lowered (\$2.60)
05/01/06 Target raised (\$2.70)
03/23/06 Target raised (\$2.00)
01/11/06 Target lowered (\$1.50)
10/25/05 Target raised (\$2.00)
11/22/04 Initiating target price (\$1.40)

Source: Bloomberg



Disclaimer Section:

1. David Davidson does not have an ownership position in Equinox Minerals (EQN-T).
2. Jacob Willoughby does not have an ownership position in Equinox Minerals (EQN-T).
3. Sean Curtis does not have an ownership position Equinox Minerals (EQN-T).
4. Paradigm Capital Inc. has assumed an underwriting liability for, and/or provided financial advice for consideration to Equinox Minerals (EQN-T) during the past 12 months.
5. Paradigm's disclosure policies and research distribution procedures can be found on our website at www.paradigmcapinc.com.

Research Rating System:

Paradigm Capital uses the following rating recommendations in its research:

Strong Buy – Analysts' top sector picks, with expected returns of 10% or more over the next 6-12 months. (3% of Paradigm's coverage list consists of Strong Buy recommendations).

Buy – Expected returns of 10% or more over the next 6-12 months. (63% of Paradigm's coverage list consists of Buy recommendations).

Hold – Expected returns of +/-10% over the next 6-12 months. (14% of Paradigm's coverage list consists of Hold recommendations).

Sell – Expected returns of -10% or more over the next 6-12 months. (7% of Paradigm's coverage list consists of Sell recommendations).

Speculative Buy – Expected returns of 10% or more over the next 6-12 months on high-risk development or "pre-revenue" companies, such as junior mining and early stage biotech companies. (13% of Paradigm's coverage list consists of Speculative Buy recommendations).

About Paradigm Capital Inc.

Paradigm Capital is a research driven, independent, institutional equity investment dealer focused on sectors and companies that have attractive long-term secular growth prospects. Paradigm Capital's research is available on our website at www.paradigmcap.com. Please speak to your Sales or Trading Representative if you require access to the website.

The analyst (and associate) certify that the views expressed in this report accurately reflect their personal views about the subject securities or issuers. No part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations expressed in this research report.

Analysts are compensated through a combined base salary and bonus payout system. The bonus payout is determined by revenues generated directly or indirectly from various departments including Investment Banking, based on a system that includes the following criteria: reports generated, timeliness, performance of recommendations, knowledge of industry, quality of research and investment guidance and client feedback. Analysts are not directly compensated for specific Investment Banking transactions.

The opinions, estimates and projections contained herein are those of Paradigm Capital Inc. ("PCI") as of the date hereof and are subject to change without notice. PCI makes every effort to ensure that the contents herein have been compiled or derived from sources believed reliable and contain information and opinions, which are accurate and complete. However, PCI makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions which may be contained herein and accepts no liability whatsoever for any loss arising from any use of or reliance on this research report or its contents. Information may be available to PCI, which is not reflected herein. This research report is not to be construed as, an offer to sell or solicitation for or an offer to buy, any securities. PCI, its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent. PCI may act as financial advisor and/or underwriter for certain of the corporations mentioned herein and may receive remuneration for same. Paradigm Capital Inc. is a member of The Toronto Stock Exchange, The TSX Venture Exchange and The Investment Dealers Association of Canada.

To U.S. Residents: Paradigm Capital U.S. Inc., affiliate of PCI, accepts responsibility for the contents herein, subject to the terms as set out above. Any U.S. person wishing to effect transactions in any security discussed herein should do so through Paradigm Capital U.S. Inc. This report was prepared by Paradigm Capital Inc. which is not subject to U.S. rules with regard to the preparation of research reports and the independence of analysts.