ASX: EQX | 28 January 2011 | *ASX RELEASE*

22KM OF NEW STRIKE POTENTIAL IDENTIFIED AT BADONDO

HIGHLIGHTS

- Following the successful airborne geophysics survey conducted in July 2010 at Equatorial's 100% owned Mayoko-Moussondji Iron Project the Company completed a similar high resolution survey in December 2010 at its 100% owned Badondo Iron Project in the North of the Republic of Congo.
- Magnetic and radiometric data has identified anomalies with a combined strike length in excess of 22km (see figure 1).
- Rock chip samples collected by the French Bureau of Geological and Mining Research ("BRGM") during a ground survey in 2007 were independently assayed in December 2010 and have returned assay values of up to **64.7% Fe**.
- The 22km of identified anomolies represent a significant increase in strike length prospective for hemitite and itabirite hosted iron mineralisation from the 7km previously identified by BRGM.
- The data confirms the Badondo prospect identified by BRGM as being 9km long and has revealed a new 13km long prospect, Belinga North.
- Independent 2D and 3D modelling of the geophysical data has commenced and it is expected full results, including an exploration target, will be announced in February 2011.
- Planning is underway for an initial drilling campaign at Badondo during 2011 using helicopter borne portable rigs.

Equatorial Resources Limited ("Equatorial" or "the Company") is pleased to advise that preliminary interpretation of data from the airborne geophysical survey completed during December 2010 at its Badondo Iron Project ("Badondo") has identified magnetic anomalies with a combined strike length in excess of 22km. The identified anomalies have the potential to host significant quantities of hematite and itabirite hosted iron mineralisation. Badondo is located in the North of the Republic of Congo ("ROC") among a cluster of very large iron projects including Sundance Resource Ltd's (ASX:SDL) Mbalam and Nabeba projects, CMEC's Belinga asset, and Core Mining's Avima iron project.

Mr John Welborn, Managing Director and CEO, said "We are extremely encouraged by the initial results of the airborne survey and rock chip assays from Badondo. In addition to our 100% owned Mayoko-Moussondji Iron Project the identified prospects at Badondo represent a second opportunity to define a globally significant iron deposit. Infrastructure solutions are being developed in the region and we are excited about the generation of a further exploration target and commencing a drilling program during 2011."

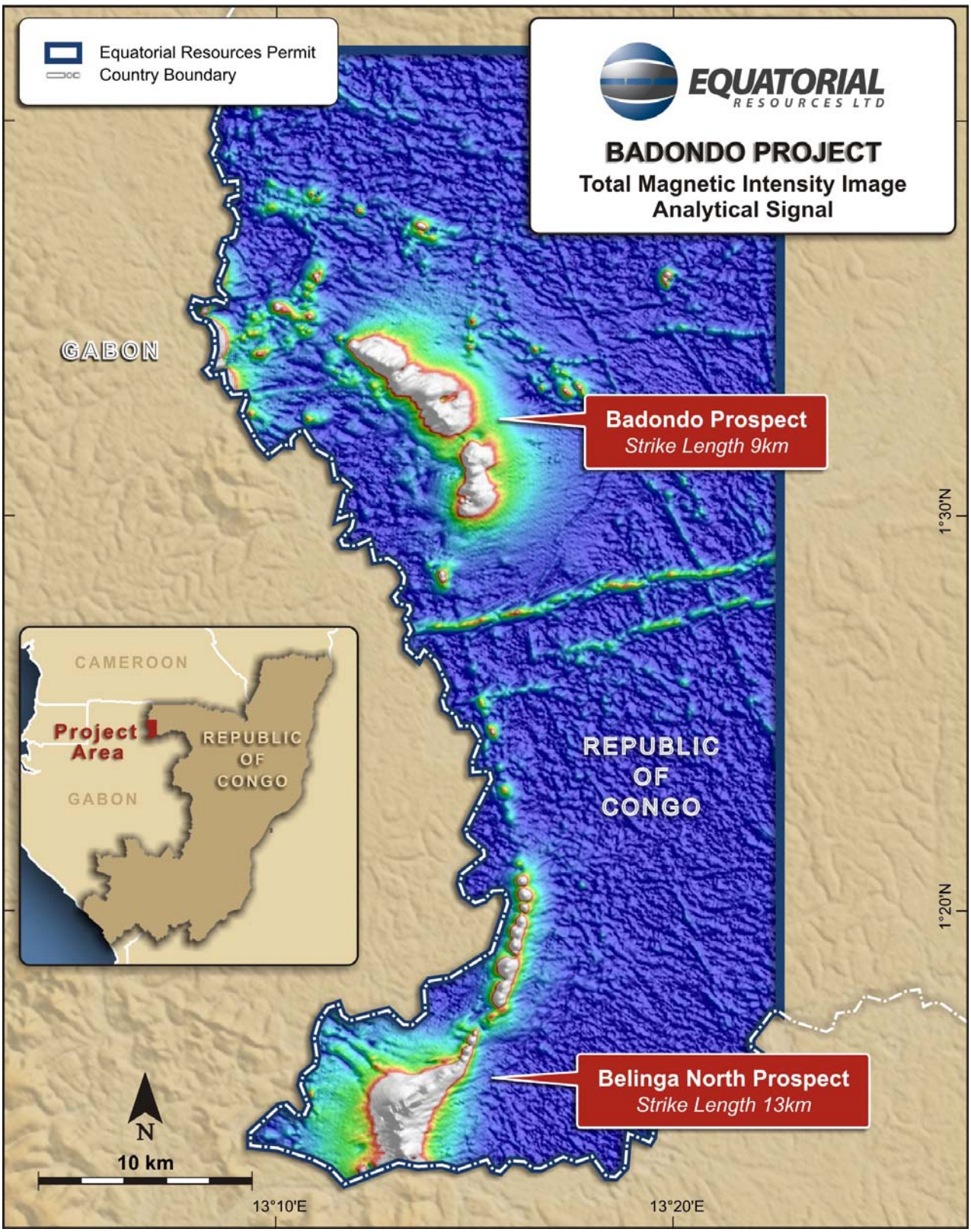


Figure 1: Total Magnetic Intensity Image Analytical Signal from Badondo airborne geophysical survey

BADONDO IRON PROJECT ("BADONDO")

Badondo is located within a regional cluster of large-scale iron ore exploration projects in the north-west region of the ROC including:

- Avima (Core Mining/Severstal): Immediately North
- Belinga (CMEC): Immediately South
- Nabeba (Sundance Resources): 80km north-east
- Mbalam (Sundance Resources): 100km north-east

Work completed by BRGM in 2007 confirmed a ridge line of outcropping iron ore mineralization more than 7km long and also identified the possibility of a second zone of iron mineralization, oriented parallel to the main ridge.

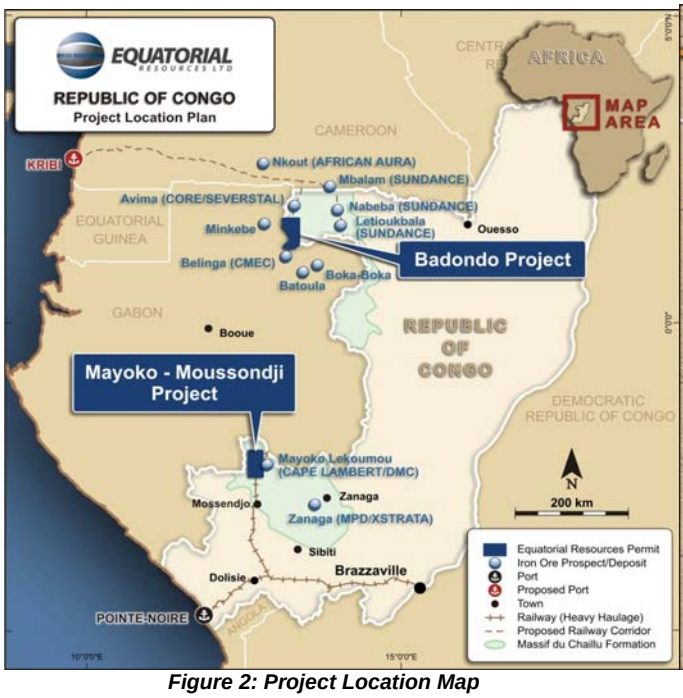


Figure 2: Project Location Map

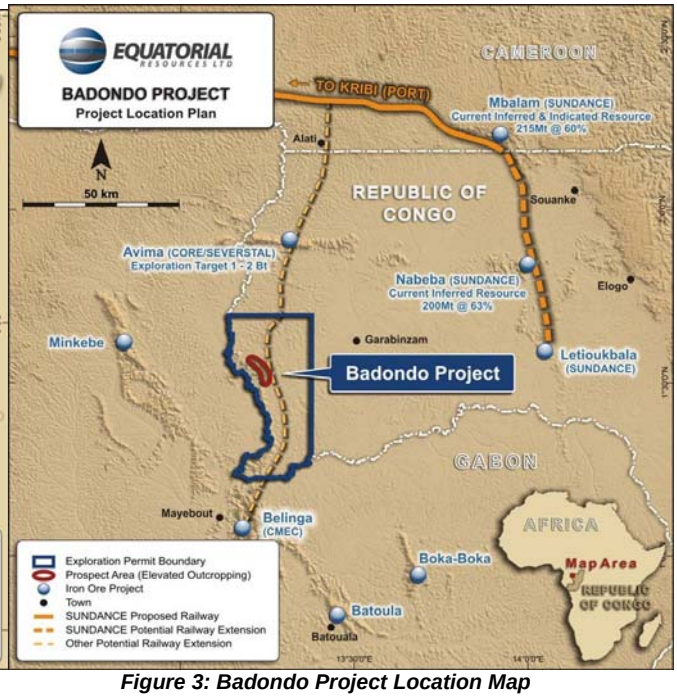


Figure 3: Badondo Project Location Map

TWO PROSPECTS IDENTIFIED WITH SIGNIFICANT POTENTIAL

In December 2010, a comprehensive airborne magnetic and radiometric survey was completed over Badondo in the Department of Sangha in the north-west ROC, close the border of Gabon.

The survey was carried out by Fugro Airborne Surveys and covered the Company's entire 998km² project area for a total of approximately 6,000 line kilometres at 200m line spacing.

The Badondo survey follows the Company's successful airborne geophysics program completed in July 2010 at the Company's 100% owned Mayoko-Moussondji Iron Ore Project ("Mayoko-Moussondji") located in the south west of the ROC. This survey resulted in the identification of more than 47km of potential strike and the recent announcement of an estimated global exploration target at Mayoko-Moussondji of between 2.3 and 3.9 billion tonnes[1] of iron mineralisation at a grade of 30% to 65% Fe (refer ASX release dated 30 November 2010).

[1] *Exploration Target: The estimates of exploration target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Initial results received by the Company from Badondo have identified the following target areas:

- The Badondo Prospect: This target zone consists of two separate anomalies that extend over 9km of strike length (see figure 4). This zone was originally identified on the ground by BRGM in 2007.

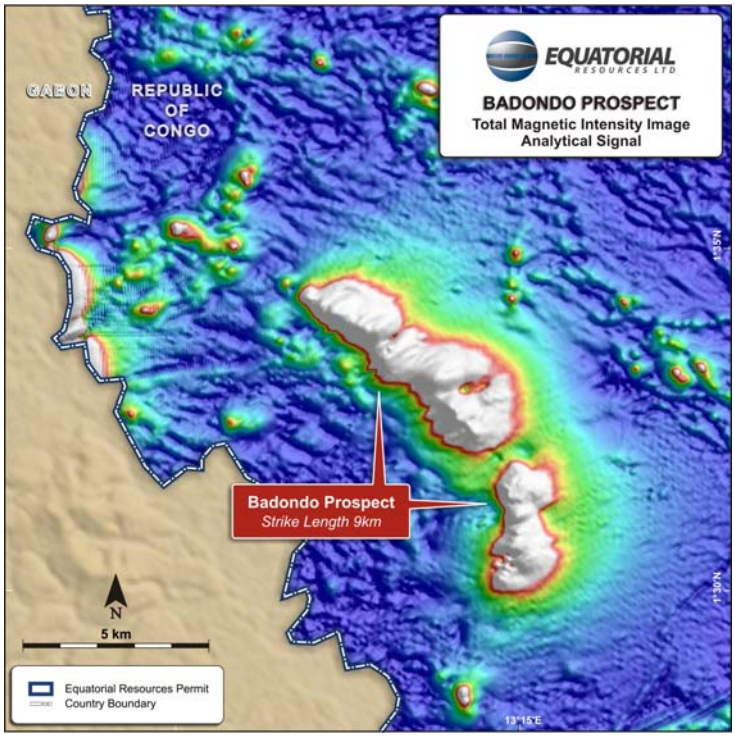


Figure 4: Total Magnetic Intensity Image Analytical Signal Badondo Prospect

- The Belinga North Prospect: A new target zone extending over a strike length of some 13km (see figure 5).

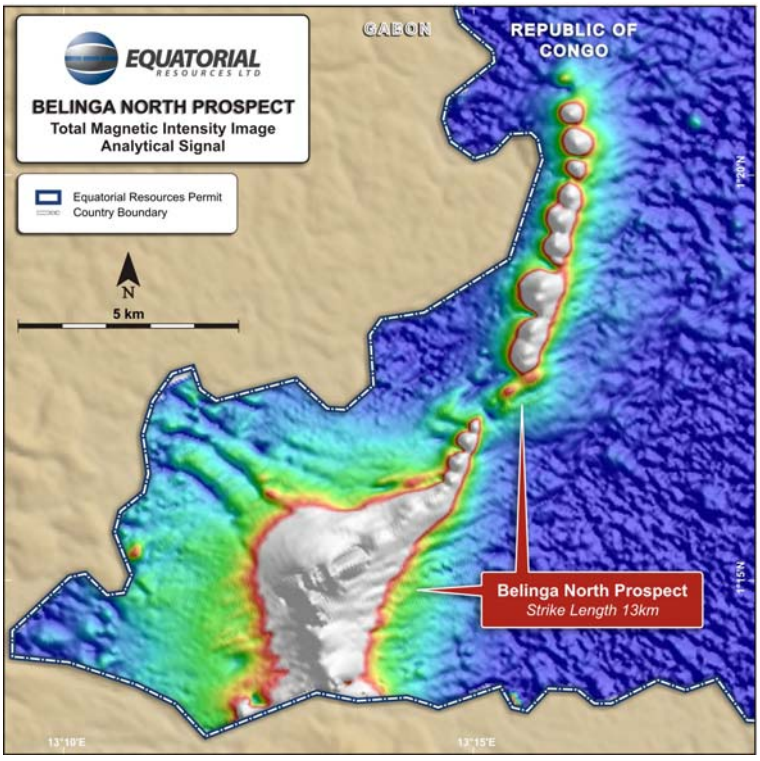


Figure 5: Total Magnetic Intensity Image Analytical Signal Mavendi and Mbinda West Prospects

BRGM ROCK CHIP ASSAYS

During a reconaissance field visit in 2007, geologists from BRGM collected 9 rock chip samples from visually identified outcrops (see Figure 6). The samples were not analysed at the time and have since been in storage at BRGM's head office in Orleans, France.

Equatorial has engaged BRGM to add to their existing report from 2007 and analyse the 9 samples collected. The 9 samples were sent to OMAC Laboratories Ltd in Galway (Ireland) for geochemical analysis of major elements by ZRF analysis and trace elements by ICP-OES analysis.

The assay results confirm the presence of both hematite rich iron mineralisation with grades as high as 64.7% Fe and magnetite rich itaberite mineralisation with grades ranging from 38.9% Fe to 45.4% Fe (see Table 1).

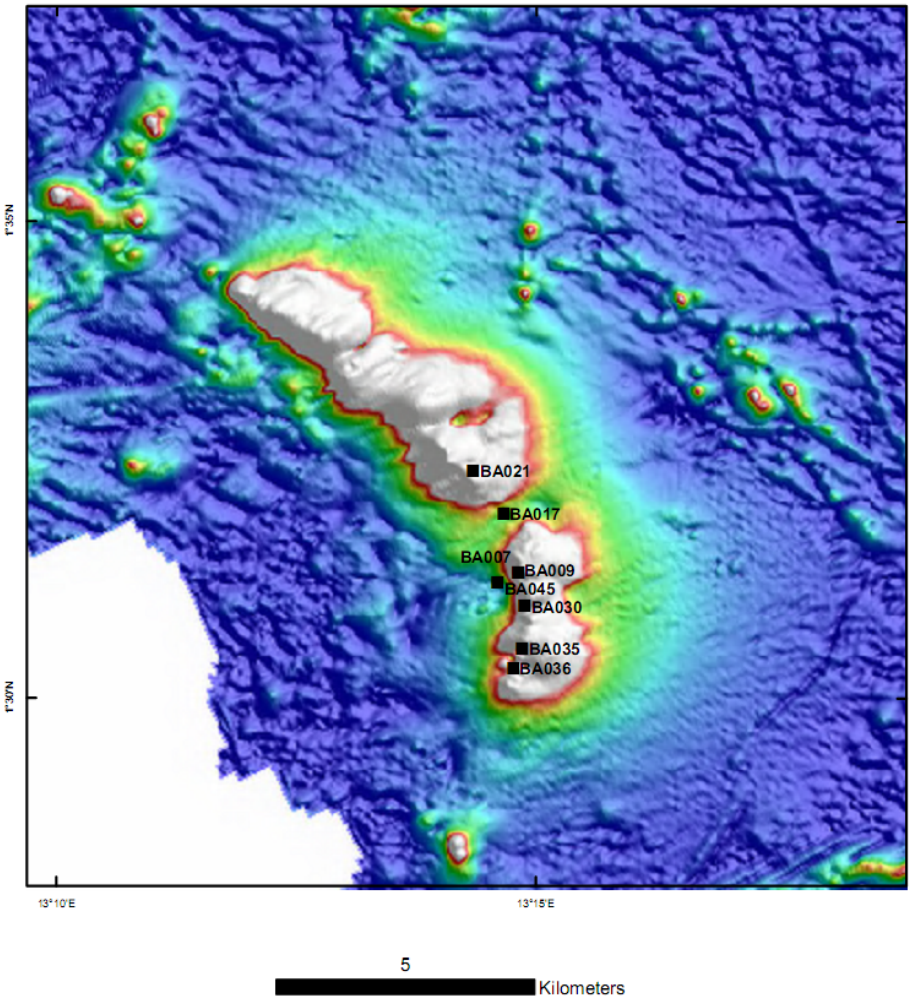


Figure 6: BRGM Rock Chip Sample locations at Badondo

Sample #	Longitude (E)	Latitude (N)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)
Ba007	13°14'48.6"	1°31'18.7"	45.36	32.31	0.48	0.049
Ba009	13°14'50.2"	1°31'20.1"	43.18	36.30	0.08	0.045
Ba017	13°14'39.6"	1°31'55.8"	64.68	2.07	3.29	0.031
Ba021	13°14'20.8"	1°32'23.0"	53.06	1.81	13.75	0.023
Ba030	13°14'53.0"	1°30'58.1"	44.36	33.48	0.51	0.070
Ba035	13°14'51.6"	1°30'30.9"	38.84	38.65	0.10	0.080
Ba036	13°14'46.0"	1°30'18.9"	42.16	11.29	17.38	0.062
Ba045	13°14'35.9"	1°31'12.5"	39.53	40.63	0.17	0.013

Table 1: Badondo Rock Chip Assay Results

DETAILED INTERPRETATION AND EXPLORATION TARGET

Receipt of the rock chip assay results and related petrography, magnetic susceptibility, and specific gravity data will enable the detailed interpretation of the airborne geophysical data to be finalised. The Company is expecting to receive the detailed interpretation in February. The interpretation will include 2D and 3D modelling of the data and is expected to generate an exploration target for Badondo. Equatorial has commenced planning a field campaign at Badondo and based on the exploration target a maiden drilling campaign will be programed during 2011.

For further information contact:

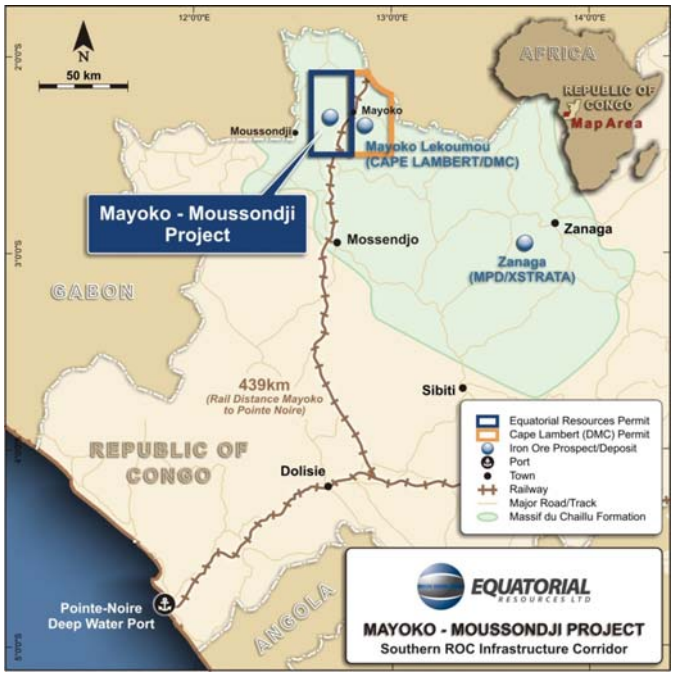
John Welborn
Managing Director & CEO
Telephone: +61 8 9322 6322
www.equatorialresources.com.au

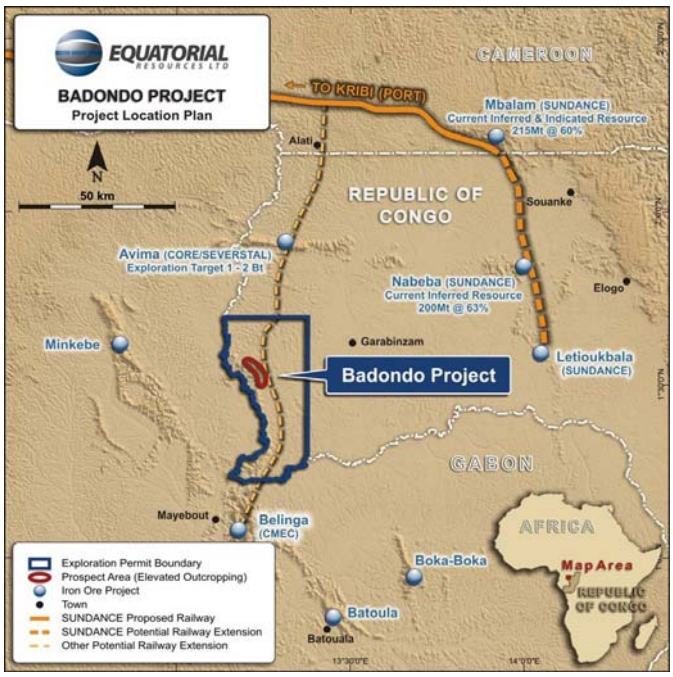
ABOUT EQUATORIAL RESOURCES

Equatorial Resources Limited (ASX:**EQX**), is focused on the exploration and development of two 100% owned potentially large-scale iron ore projects located in the politically stable and investment friendly Republic of Congo (ROC) in the emerging global iron ore province of Central West Africa.

The **Mayoko-Moussondji Iron Project**, located in the southwest region of the ROC, has an estimated global exploration target of between 2.3 and 3.9 billion tonnes[1] of iron mineralisation at a grade of 30% to 65% Fe. The project has access to a rail line running directly to the deep-water port of Pointe-Noire, where the Company's operational office is located.

The **Badondo Iron Project**, in the northwest region of ROC, covers 998km² of ground including a ridgeline more than 7km long of outcropping iron ore mineralisation. The project is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam and Nabeba projects.





For further information contact:

John Welborn
Managing Director & CEO
Telephone: +61 8 9322 6322
www.equatorialresources.com.au

[1] *Exploration Target: The estimates of exploration target sizes mentioned in this announcement should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and grade of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.*

The information in this announcement that relates to Geophysical Exploration Results is based on information compiled by Mr Mathew Cooper (B.App.Sc (Geophysics) Hons.) of Resource Potentials Pty Ltd, who was engaged by Equatorial Resources Limited to provide geophysical consulting services. Mr Cooper is a member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, other than Geophysical Exploration Results, is based on information compiled by Mr Peter Woodman, who is a member of the Australian Institute of Mining and Metallurgy. Mr Woodman is a Director of Equatorial Resources Limited. Mr Woodman has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Woodman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.