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BADONDO IRON PROJECT EXPLORATION TARGET OF 1.3 – 2.2 BILLION TONNES AT 30% – 65% FE¹

SHARE PLACEMENT TO RAISE \$36 MILLION

HIGHLIGHTS

- Initial Exploration Target at Equatorial's 100% owned Badondo Iron Project has been estimated to be between **1.3 to 2.2 BILLION TONNES¹** of iron mineralisation at an expected grade of 30% to 65% Fe.
- The Badondo Exploration Target is the combination of three main prospects and is comprised of:
 - **200 to 300 MILLION TONNES¹** of potential enriched "hematite cap" iron mineralisation at a grade of 40% to 65% Fe; and
 - **1.1 to 1.9 BILLION TONNES¹** of primary itabirite iron mineralisation at a grade of 30% to 45% Fe.
- Equatorial's Global Exploration Target has increased to between **3.6 to 6.1 BILLION TONNES¹** of iron mineralisation at an expected grade of 30% to 65% Fe for the Company's Badondo and Mayoko-Moussondji Iron Projects in the Republic of Congo.

Table 1: Global Exploration Target			
Project	Enriched Hematite Target (40-65% Fe)	Primary Itabirite Target (30-45% Fe)	Global Exploration Target (30-65% Fe)
Mayoko-Moussondji Iron Project	500 – 900Mt	1,800 – 3,000Mt	2,300 – 3,900Mt
Badondo Iron Project	200 – 300Mt	1,100 – 1,900Mt	1,300 – 2,200Mt
Total	700 – 1,200Mt	2,900 – 4,900Mt	3,600 – 6,100Mt

- The Badondo Exploration Target consists of three potential target areas: Badondo, Belinga North, and Belinga North Extension. The Belinga North target is considered to be an extension of the Chinese owned Belinga Project in Gabon.
- Equatorial will immediately commence geological field work at the Badondo Iron Project to enable a maiden drilling campaign at Badondo to commence in the second half of 2011.
- The Company will make a placement of 12.0 million ordinary shares at \$3.00 each to raise \$36 million to fund Equatorial's planned exploration program at the Badondo Iron Project.

¹Exploration Targets: 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 and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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SUMMARY

Equatorial Resources Limited (“Equatorial” or “Company”) is pleased to announce that 3D and 2D modelling of the detailed high resolution aeromagnetic data collected over the Company’s 100% owned Badondo Iron Project (“Badondo”) completed by independent consultants Resource Potentials Pty Ltd has estimated a global exploration target of between 1.3 and 2.2 billion tonnes¹ of iron mineralisation. Of this, 200 to 300 million tonnes¹ represents potentially enriched hematite cap mineralisation at an estimated grade of 40% to 65% Fe and 1.1 to 1.8 billion tonnes¹ represents primary itabirite mineralisation at an expected grade of 30% to 45% Fe.

Mr John Welborn, Managing Director and CEO, said “We are delighted with the confirmation that our Badondo Iron Project has the potential to host a very large body of iron mineralisation. The identified prospects at Badondo represent an additional opportunity for Equatorial to define a globally significant iron deposit. Combined with our Mayoko-Moussondji Iron Project the Company’s global exploration target has increased to between 3.6 to 6.1 billion tonnes of iron mineralisation. We continue to attract high quality institutional shareholders to our register and completion of this placement puts us in an extremely strong financial position to implement our aggressive exploration programs to define the large potential of both of our projects.”



Figure 1: Global Exploration Targets

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BADONDO IRON PROJECT

The Badondo Iron Project is located within a regional cluster of large-scale iron ore exploration projects in the north-west region of the Republic of Congo including:

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

The development of regional transport infrastructure has the potential to unlock the massive iron potential of the Badondo Iron Project and provide access to world markets.

- In September 2010 Sundance Resources Limited entered into agreements with China Rail and China Harbor Engineering Company to establish the scope, cost, and delivery program for the proposed port and rail solutions needed to support their Mbalam Project in the Cameroon and Republic of Congo.
- In July 2010 CMEC, a major international Chinese government-owned corporation, signed an agreement with the Gabon government to develop a 30 million tonne per annum iron ore mine at Belinga along with a commitment to build supporting rail and port infrastructure.

BADONDO AIRBORNE GEOPHYSICS

Modelling was completed by Resource Potentials on data received from the Badondo airborne geophysics survey flown by Fugro Airborne Surveys ("Fugro") in late December 2010. The survey was flown on 200m lines oriented north south for a total of 6,163 line km, acquiring magnetic, radiometric and elevation data. The aeromagnetic data were subsequently processed to highlight and better define controlling structures, lithological variations and magnetic anomalies.

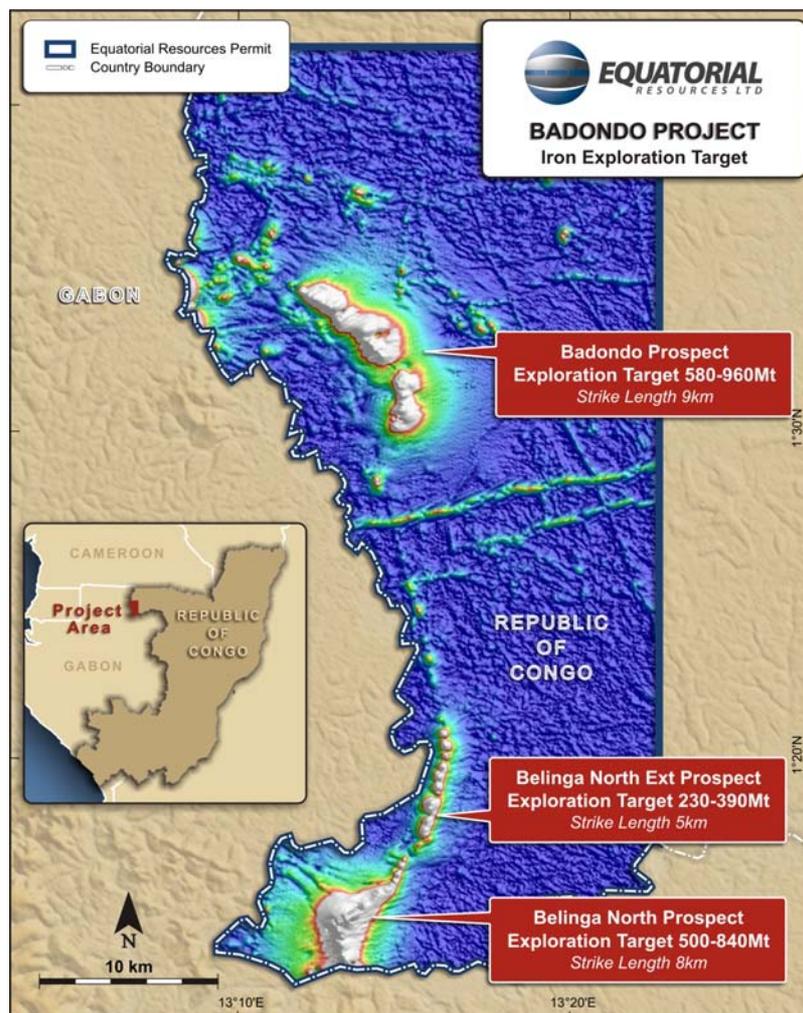


Figure 2: Exploration Targets at Badondo

3D and 2D modelling was undertaken to estimate the thickness and strike length of the magnetic bodies. The modelling required the adoption of a number of assumptions. These include but are not limited to:

- The strike length of the selected magnetic anomalies represents ore grade itabirite mineralisation;
- The depth extent (fixed to 250m) and the width of these magnetic anomalies remain constant over their entire length;
- The depth extent of the potential enriched cap has been calculated as the difference between ground level as defined by the aeromagnetic survey and the depth to the top of the model;
- The specific gravity of the itabirite/enriched hematite is 3.5t/m³; and
- The magnetic susceptibility of the weathered itabirite/itabirite is 1SI.

The 2D modelling completed has created simple tabular bodies to represent the magnetic sources. These provide reasonable estimates, but will not be accurate to local variations in the geology and its affect on the magnetic response.

Overall, the 2D models compare very well to the 3D inversion and validate the result. The strike length and widths of the 2D models are generally less than the representative 3D inversion wireframe selected and may more accurately represent the true width and length of the actual magnetic source. It should be noted that there remains significant strike extent of low magnetic responses that are not included in the exploration target estimate.

BADONDO EXPLORATION TARGET

An exploration target for itabirite and hematite mineralisation has been estimated based on the modelling results presented here and is based on a number of assumptions and limitations and is conceptual in nature. It is not an indication of a mineral resource estimate in accordance with the JORC code and it is uncertain if further exploration will result in the determination of a mineral resource.

Total Estimate:	Enriched Hematite Cap:	267Mt ± 25% (199Mt - 333Mt)
	Primary Itabirite:	1,484Mt ± 25% (1,113Mt – 1,854Mt)
Combined:		1,750Mt ± 25% (1,312Mt – 2,187Mt)

The Badondo Exploration Target consists of three potential project areas: Badondo, Belinga North, and Belinga North Extention. The Belinga North targets are considered to be an extension of the Chinese owned Belinga Project in Gabon.

Table 2: Badondo Exploration Target

Project	Enriched Hematite Target (Mt)	Primary Itabirite Target (Mt)	Total Exploration Target (Mt)
Badondo	130	637	767
Belinga North	56	616	672
Belinga North Ext	80	231	311
Total	267	1,484	1,750

BADONDO EXPLORATION PROGRAM

Geological field work at the Badondo Iron Project will commence during the second quarter of 2011 and will include a detailed mapping and rock sample campaign focussed on validating the surface expression, extent and grade of the potential hematite cap iron targets at both the Badondo and Belinga North targets.

This work will provide necessary information for the planning of a maiden drilling program aimed at confirming the iron mineralisation in both the hematite cap and primary itabirite. This drilling program is expected to utilise man-portable drill rigs and will commence during the second half of 2011.

CAPITAL RAISING

The Directors of Equatorial are pleased to advise that the Company will make a placement of 12.0 million ordinary shares at \$3.00 each to raise \$36.0 million before costs.

The placement is being managed by Azure Capital Limited in collaboration with Morgan Stanley Smith Barney and will be made primarily to existing European based institutional shareholders. The money raised will be used to fund the exploration program at the Badondo Iron Project and to accelerate development of the Mayoko-Moussondji Iron Project.

For all enquiries please contact:

John Welborn | Managing Director & CEO

Telephone: +61 8 9322 6322 | Email: info@equatorialresources.com.au

Web: www.equatorialresources.com.au

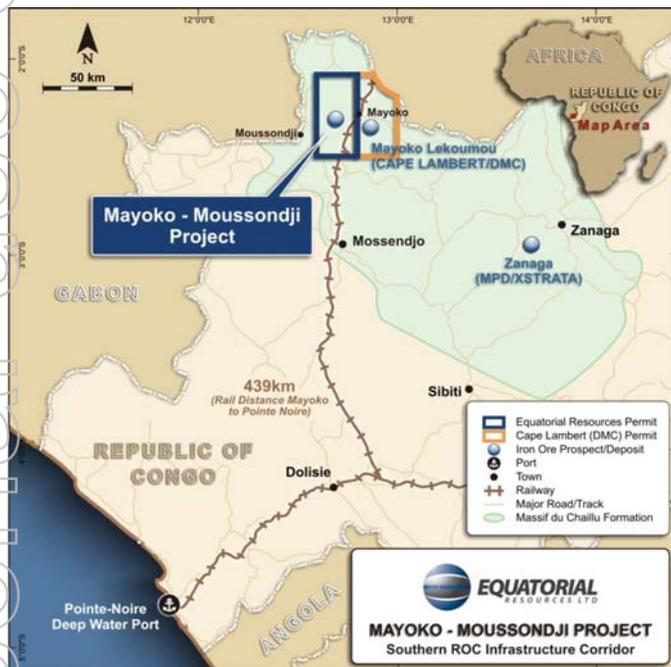
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ABOUT EQUATORIAL RESOURCES

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 tonnes¹ 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, has an estimated global exploration target of between 1.3 and 2.2 billion tonnes¹ of iron mineralisation at a grade of 30% to 65% Fe. 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

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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.