EQUATORIAL RESOURCES LTD

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AIRBORNE GEOPHYSICS REVEALS POTENTIAL FOR SIGNIFICANT IRON MINERALISATION
COMPANY TO RAISE $8M FROM SHARE PLACEMENT

HIGHLIGHTS

- Magnetic and radiometric data has identified magnetic anomalies with a combined strike length in excess of 46km at Mayoko-Moussondji (see figure 1, next page).
- This represents a significant increase from the 9km of outcropping strike length previously identified by the French Government Resource Bureau ("BRGM") as being prospective for hematite and magnetite rich itabirite hosted iron ore mineralisation.
- The data reveals five main target prospects, including two targets that were previously identified by BRGM as well as three new prospects.
- The main target prospect, Makengui (MM01), extending over 12km of strike length, is located 500m from the existing, operational heavy haulage railway line that runs through the project area directly to the deep-water port at Pointe-Noire.
- The Company will make a placement of 9.78 million ordinary shares at $0.82 each to raise $8.0 million before costs. The shares will be placed through GMP Securities Europe LLP to European-based financial institutions and sophisticated investors.

Equatorial Resources Limited ("Equatorial" or "Company") is pleased to advise that preliminary interpretation of data from the recently completed airborne geophysical survey at its Mayoko-Moussondji project has identified magnetic anomalies with a combined strike length in excess of 46km. The identified anomalies have the potential to host significant quantities of itabirite hosted iron mineralisation.

Mr John Welborn, Managing Director and CEO, said "we are highly encouraged by the initial results of the airborne survey, which indicate a significant increase in the potential scale of this project. It is rare to find a potentially large-scale iron ore project in such close proximity to existing infrastructure. The largest identified anomaly is located just 500m from an operational heavy haulage railway line where current capacity is significantly underutilised."

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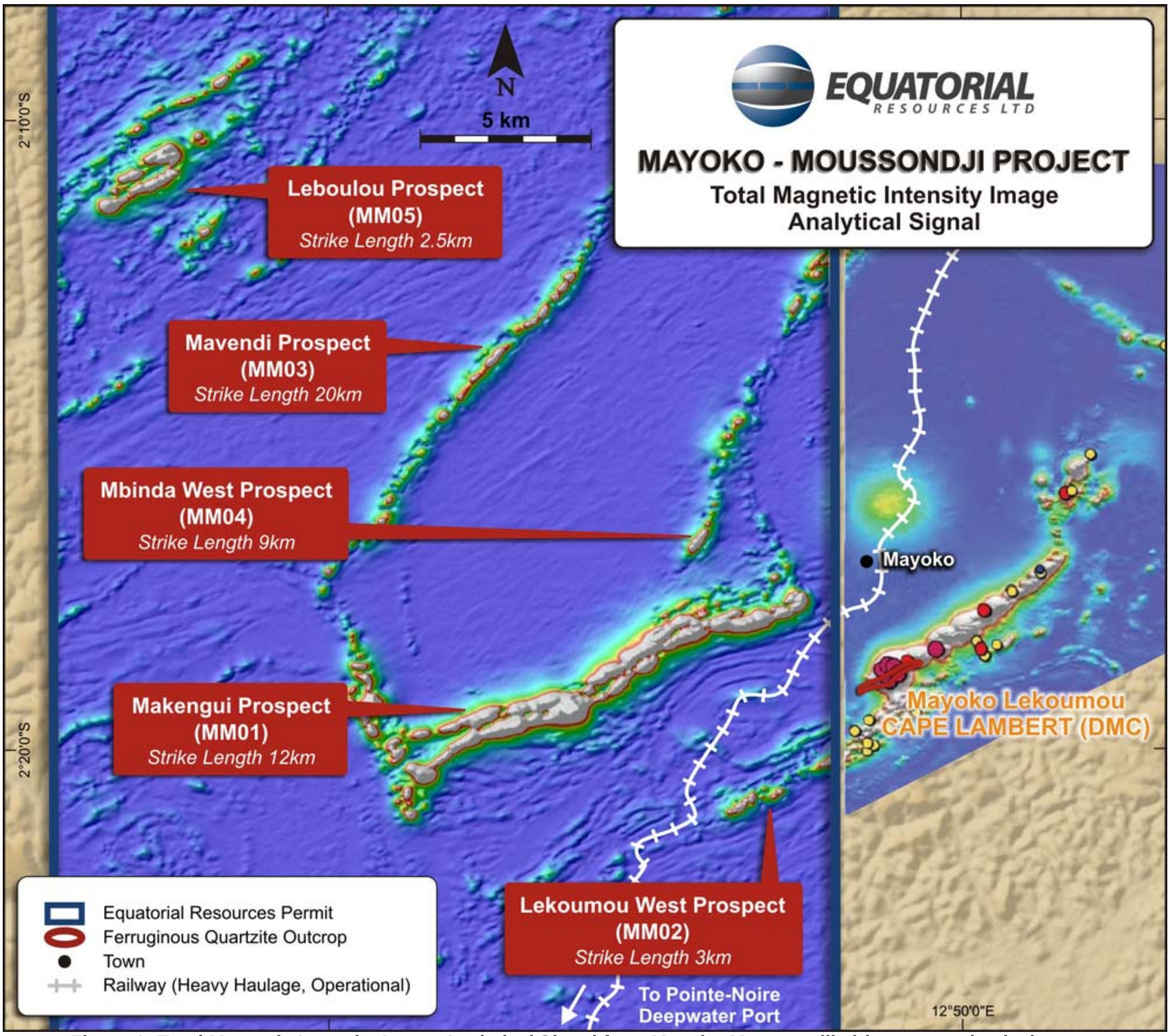

Figure 1: Total Magnetic Intensity Image Analytical Signal from Mayoko-Moussondji airborne geophysical survey

FIVE TARGET PROSPECTS IDENTIFIED WITH SIGNIFICANT POTENTIAL

In August 2010, a comprehensive airborne magnetic and radiometric survey was completed over the Company's 100% owned Mayoko-Moussondji Project located in the Department of Niari in the south - west region of the Republic of Congo ("ROC").

The survey was carried out by New Resolution Geophysics ("NRG") using high resolution helicopter borne XPlorer magnetic and radiometric equipment. The survey covered the Company's entire 1,000km² project area for a total of 5,810 line km at 200m line spacing.

Initial results have been received by the Company and analysis of the data has identified the following target areas:

- The Makengui Prospect: (MM01): This main target zone consists of two separate anomalies that extend over 12km of strike length (see figure 2). This zone was originally identified on the ground by BRGM in 2007 and is located 500m from the existing, operational heavy haulage railway line that runs through the project area directly to the deep-water port at Pointe-Noire.

- The Lekoumou West Prospect (MM02): This new target anomaly (see figure 2) is interpreted to be an extension of the "Lekoumou" magnetic anomaly on Cape Lambert Ltd's (ASX: CFE) adjoining Mayoko-Lekoumou property. Lekoumou is approximately 8km in length and hosts their 1.3 billion tonne iron ore exploration target* (refer to ASX Announcement 23 March 2010 by DMC Mining Ltd, now Cape Lambert Ltd).

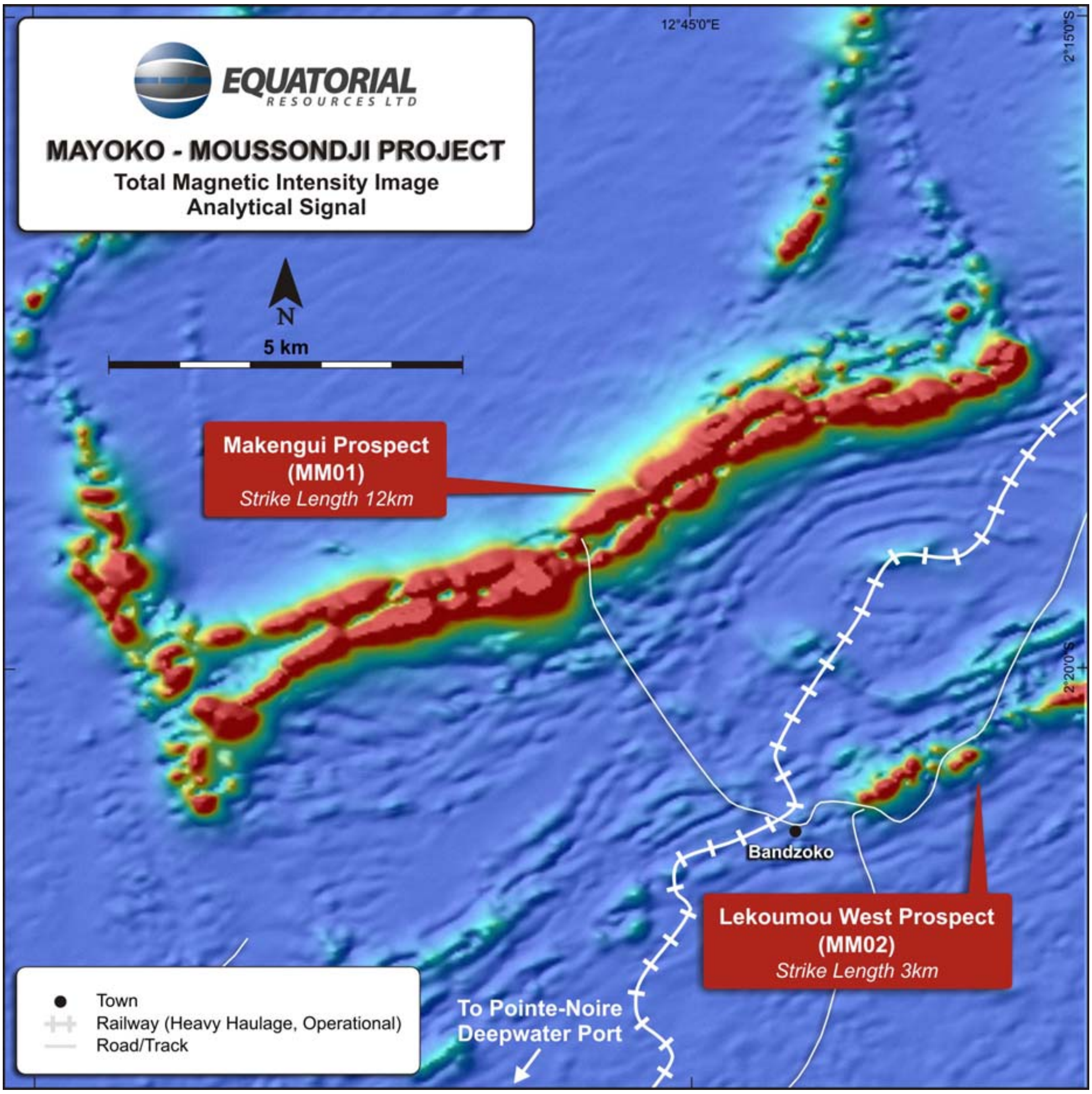

Figure 2: Total Magnetic Intensity Image Analytical Signal Makengui and Lekoumou West Prospects

** The estimate of exploration target size by DMC Mining (now Cape Lambert) should not be misunderstood or misconstrued as an estimate of Mineral Resources. The estimate of exploration target size is conceptual in nature and there have been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.*

- The Mavendi Prospect (MM03): A third anomaly, a north-east trending zone extending from the main target zone over a strike length of some 20km (see figure 3). Subsequent ground reconnaissance by the Company has revealed that a number of logging tracks follow this anomaly, thereby allowing easy access.

- The Mbinda West Prospect (MM04): A fourth anomaly, running in parallel to the Mavendi Prospect covering a strike length of 9km (see figure 3). This newly identified anomaly extends into Cape Lambert Ltd's Mayoko-Lekoumou property.

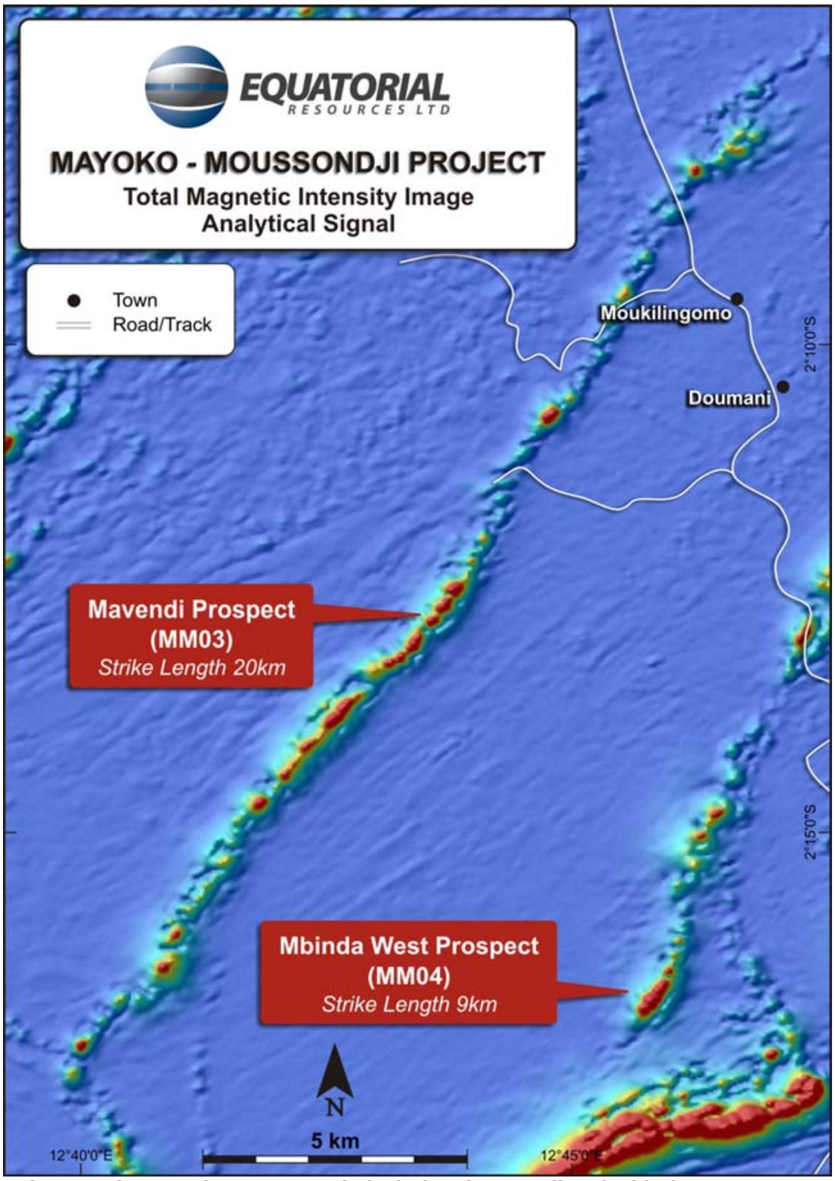

Figure 3: Total Magnetic Intensity Image Analytical Signal Mavendi and Mbinda West Prospects

- The Leboulou Prospect (MM05): A new target zone identified by high magnetic anomaly and not previously observed. This fifth anomaly zone, present in the north-west of the Mayoko-Moussondji tenement, covers some 2.5km of strike length and consists of 2 separate zones over 0.75km width (see figure 4). Company geologists have subsequently confirmed outcroppings in this area prospective for hematite and magnetite rich itabirite hosted iron ore mineralisation.

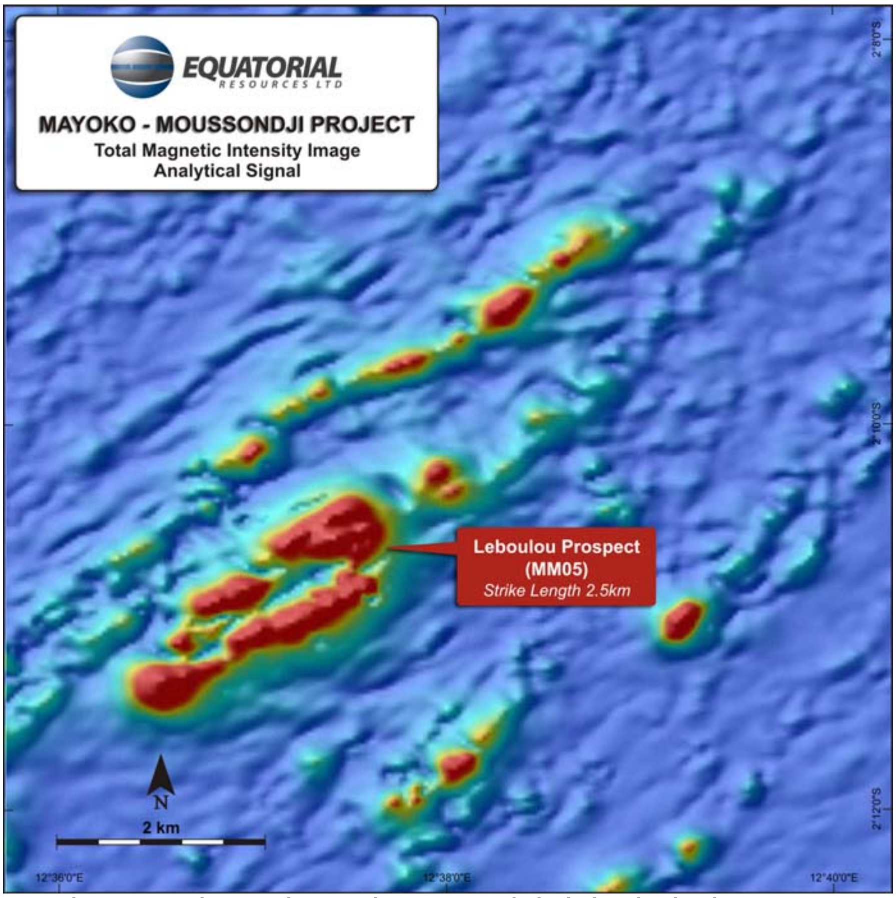

Figure 4: Total Magnetic Intensity Image Analytical Signal Leboulou Prospect

The Company is expecting to receive a more detailed interpretation of the airborne survey at the Mayoko-Moussondji project during October. This will enable the development of a maiden drilling campaign at Mayoko-Moussondji as soon as possible.

AIRBORNE GEOPHYSICS SURVEY SCHEDULED FOR BADONDO

A comprehensive airborne geophysics program covering 4,970 line kilometres at 200m line spacing at the Company's 100% owned Badondo project is expected to be completed before the end of 2010.

CAPITAL RAISING

The Directors of Equatorial are pleased to advise that the Company will make a placement of 9.78 million ordinary shares at $0.82 each to raise $8.0 million before costs. The placement will be made to European-based financial institutions and sophisticated investors. GMP Securities Europe LLP will act as lead manager and financial advisor to the Company for the placement. The funds raised will be used to accelerate the Company's exploration activities at both the Mayoko-Moussondji project and the Badondo project. The Company intends to commence a drilling program in addition to detailed assessments of the existing rail and port facilities.

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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.

ABOUT EQUATORIAL

Equatorial is focused on the exploration and development of two potentially large-scale iron ore projects in the emerging global iron ore province of Central West Africa.

Located in the politically stable and investment friendly ROC, Equatorial Resources' 100% owned Mayoko-Moussondji project and Badondo project are both highly prospective with significant scale potential.

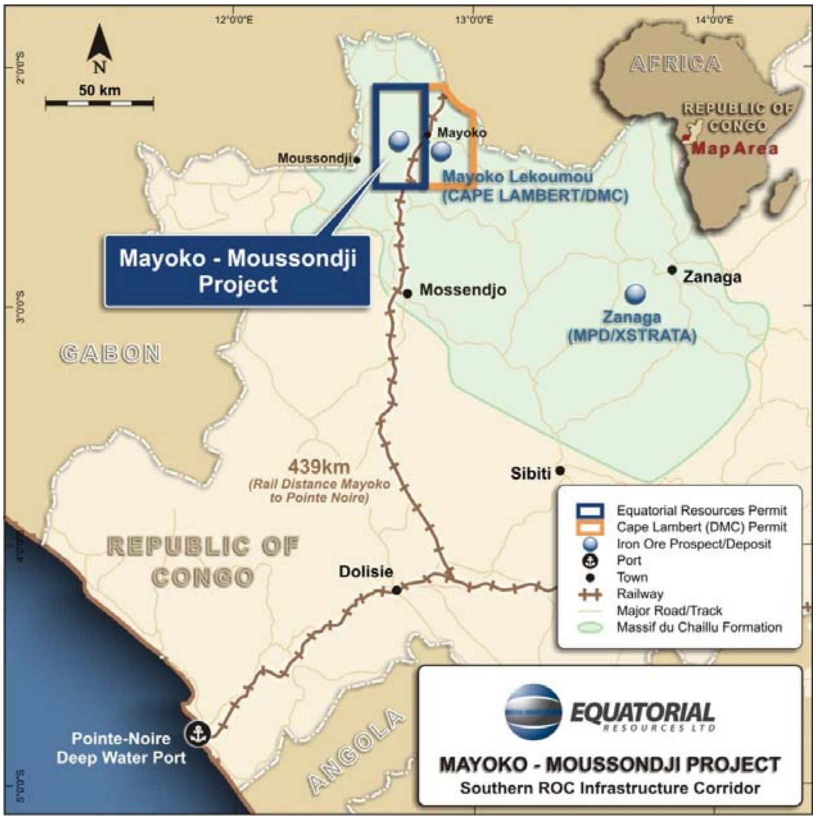
Equatorial is listed on the Australian Securities Exchange (ASX:EQX) and has its head office in Perth, Australia and an office in Pointe-Noire, ROC.

Mayoko-Moussondji Project

The Mayoko-Moussondji project is located in the south-west region of the ROC immediately to the west of Cape Lambert's Mayoko-Lekoumou iron ore project. Magnetic and radiometric data from an airborne geophysical survey conducted over the entire project has identified magnetic anomalies with a combined strike length in excess of 46km with potential for significant iron mineralisation.

The project has ideal access to infrastructure with a fully operational railway line passing directly through the Mayoko-Moussondji property.

This railway was originally designed and operated by Comilog for the heavy haulage of manganese ore and it connects the Mayoko-Moussondji project directly to the existing deep-water port facilities at Pointe-Noire thereby providing a potential transport and shipping solution for future iron ore production.

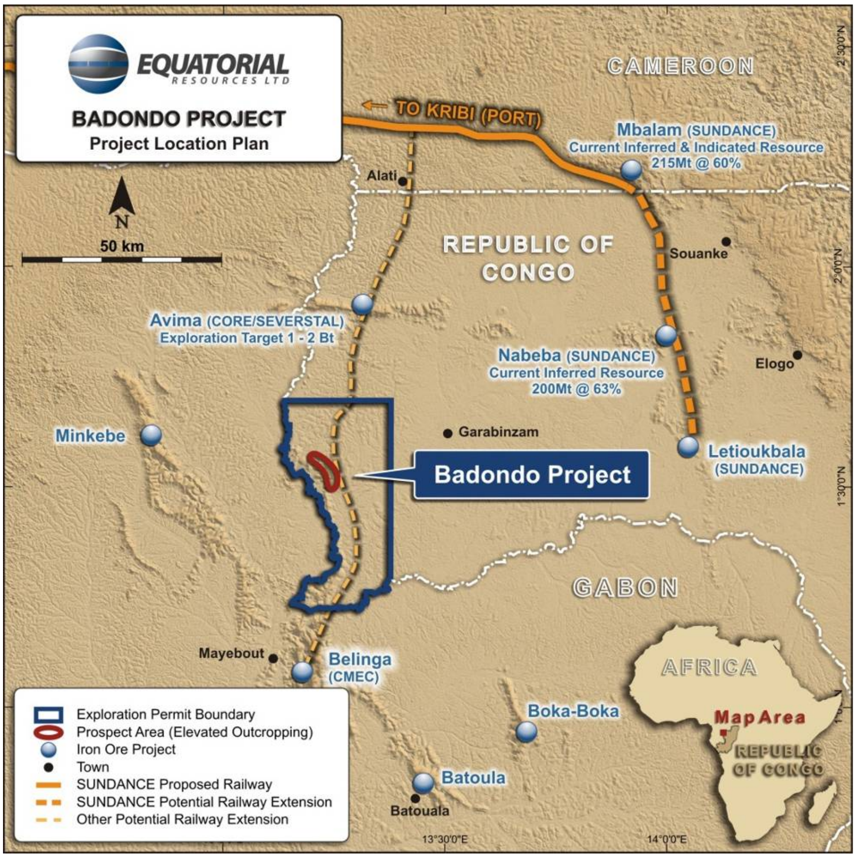


Badondo Iron Project ("Badondo")

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): 50km north
- Belinga (CMEC): 50km south
- Nabeba (Sundance Resources): 80km north-east
- Mbalam (Sundance Resources): 100km north-east

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



Mt. Badondo and the other iron rich ridges of the Haut Ivindo terrain are relics of ancient metamorphic rocks hosted in the granitic massif of Haut Ivindo. These metamorphic rocks are composed of hematitic quartzite, amphibole and biotite, amphibolites, mica-schists and biotite gneiss with biotite or biotite-amphibole.

For all enquiries please contact: ***John Welborn***
Managing Director & CEO