ASX: EQX | 23 December 2010 | ASX RELEASE

AIRBORNE GEOPHYSICS SURVEY COMMENCES AT BADONDO

Equatorial Resources Limited ("Equatorial" or "Company") is pleased to advise that a comprehensive airborne magnetic and radiometric survey has commenced over the Company's Badondo Iron Project located in the north of the Republic of Congo ("ROC"). The Badondo Iron Project includes a ridgeline more than 7km long of outcropping iron mineralisation and is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam and Nabeba projects.

The survey will be carried out by Fugro Airborne Surveys and will cover the Company's entire 998km² project area for a total of approximately 6,000 line kilometres at 200m line spacing. The Company expects the survey will take approximately two weeks to complete and initial data will be available in late January 2011.

The Badondo survey follows the Company's successful airborne geophysics program completed in July 2010 at the Company's Mayoko-Moussondji Iron Ore Project ("Mayoko-Moussondji") located in the south west of the ROC. This survey resulted in 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).

Figure 1: Project Location Map

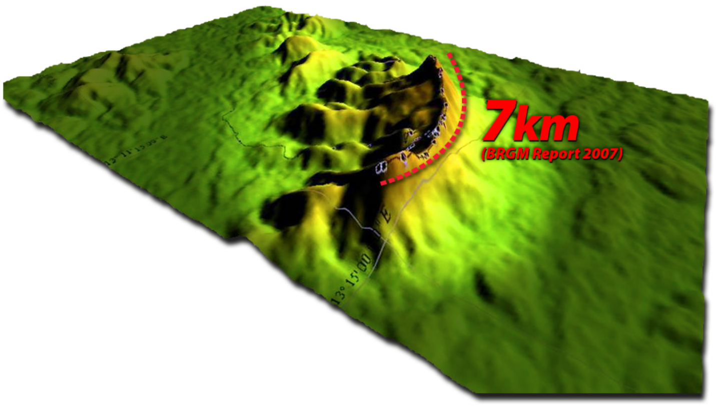

Figure 2: Badondo Iron Project - Outcropping Iron Mineralisation

[1] *Exploration 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 in accordance with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.*

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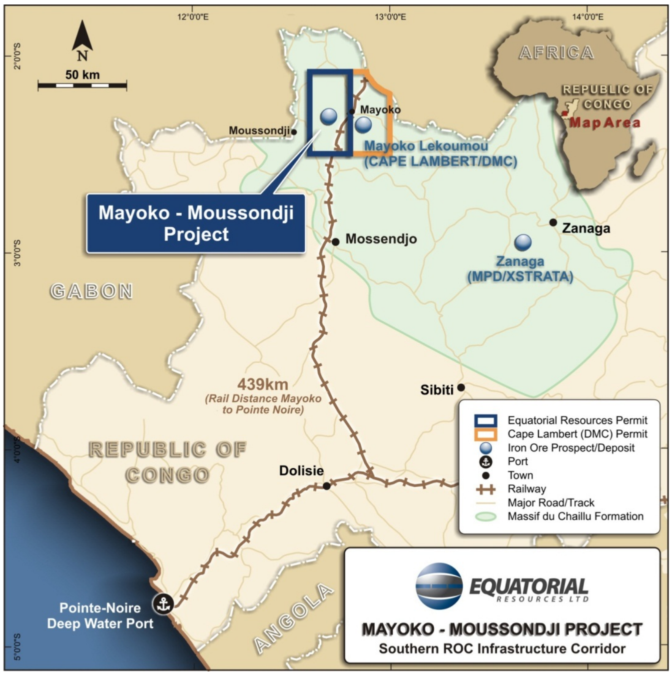
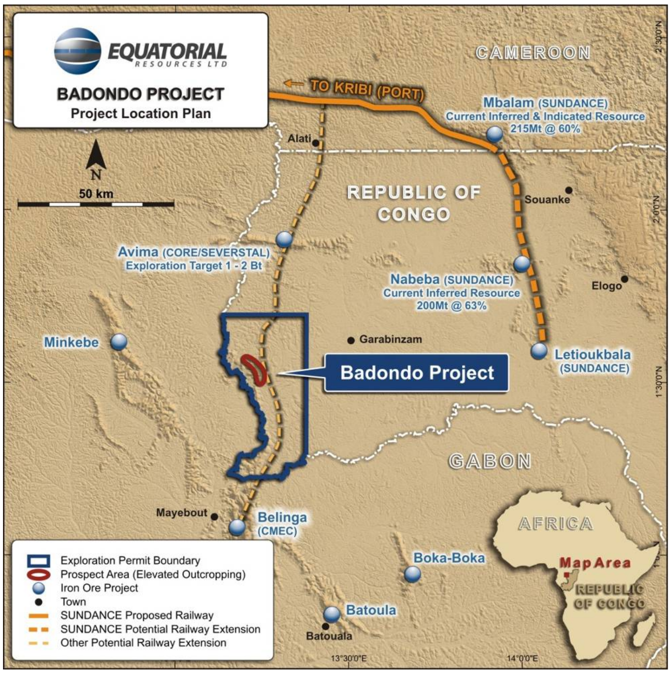
ABOUT EQUATORIAL RESOURCES

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 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 and includes a ridgeline more than 7km long of outcropping iron mineralisation. The project is located within a regional cluster of world-class iron ore exploration projects including Sundance Resources' Mbalam and Nabeba projects.





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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.