



ASX: EQX | 5 October 2011 | **ASX RELEASE**

DSO POTENTIAL CONFIRMED BY INITIAL ASSAY RESULTS FROM MAYOKO-MOUSSONDJI DRILLING PROGRAM

Highlights

- **First assay results received from the maiden drilling program at Equatorial's 100% owned Mayoko-Moussondji Iron Project have confirmed the potential for the Makengui Prospect to host significant high quality Direct Shipping Ore ("DSO").**
- **Drilling to date has confirmed that enriched hematite caps overlay two extensive zones of magnetite Banded Iron Formation ("BIF") at Makengui. These hematite caps extend over at least 1km of strike, up to 60m in depth from the surface, over 150m in width and are open to the northeast and southwest along strike.**
- **Significant downhole intersections received from the first 5 holes (comprising a total of 935m) include:**
 - Direct Shipping Ore:**
 - **19m at 60% Fe from surface in MMKDD003, as part of 39m at 55% Fe from surface;**
 - **12m at 59% Fe from surface in MMKDD004;**
 - Enriched Hematite ("pDSO") BIF:**
 - **38m at 44% Fe from 12m in MMKDD004;**
 - **41m at 44% Fe from surface in MMKDD007;**
 - Magnetite BIF:**
 - **82m at 33% Fe from 141m in MMKDD002;**
 - **50m at 38% Fe from 93m MMKDD004.**
- **The assay results indicate no significant levels of deleterious elements in any of the potential ore types.**
- **The drilling program is progressing rapidly with three drill rigs currently working at Makengui.**
- **Equatorial has commissioned the construction of an independently operated laboratory at Mayoko that will significantly reduce freight and timeline for future assay results.**
- **The Company expects to begin preparation of a maiden resource estimate by mid-2012.**

Commenting on the assay results, Mr John Welborn, Managing Director and CEO of Equatorial Resources Limited (“Equatorial” or “Company”), said “these first set of results from the initial drilling completed at Mayoko-Moussondji are extremely encouraging and demonstrate that the hematite cap along Makengui contains high grade iron mineralisation of DSO quality. Having confirmed our geological model we are now progressing the drilling along strike and look forward to continuing to update the market as we work towards a maiden resource estimate.”

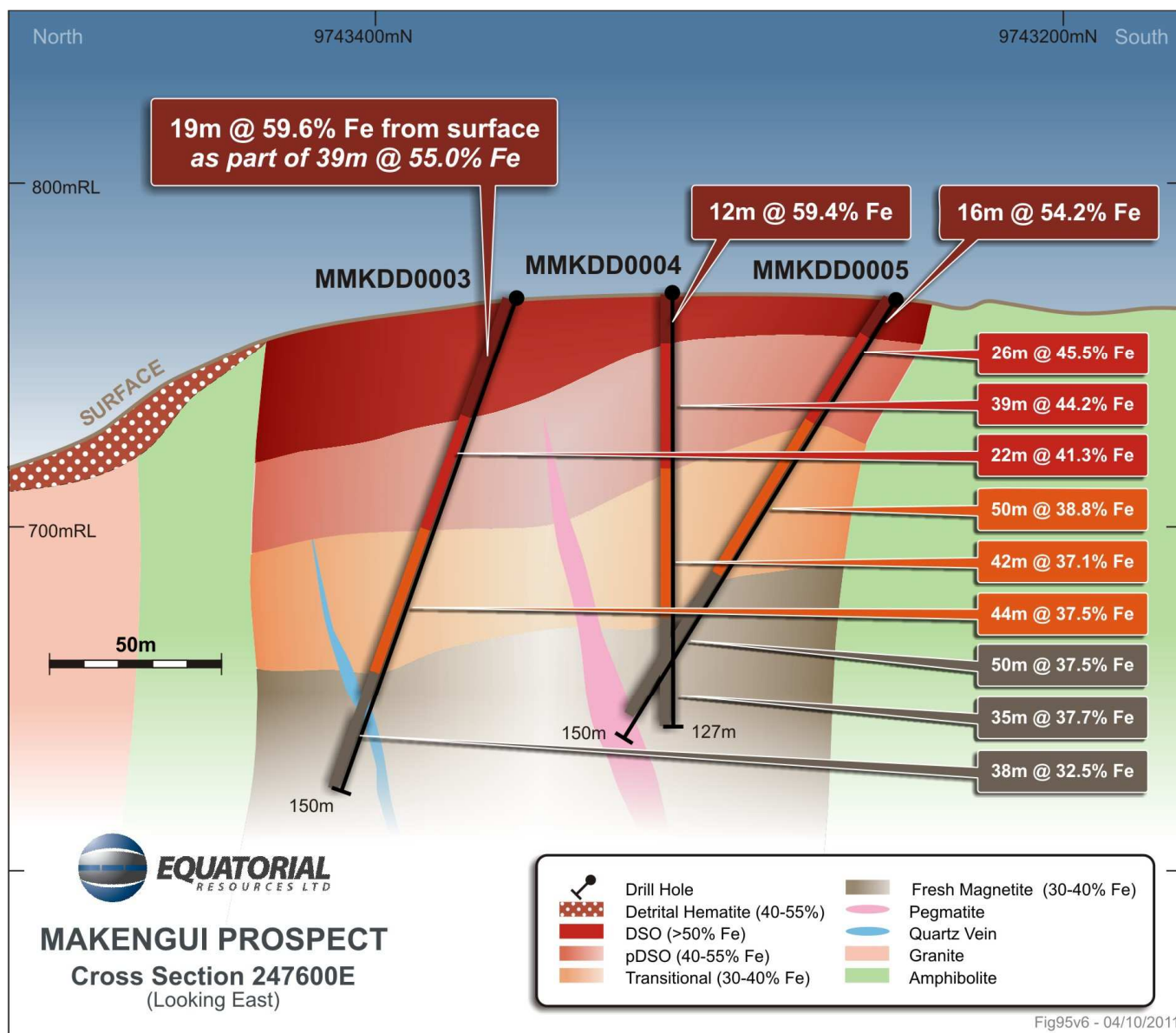


Figure 1: Cross Section 247600E

Drilling Program and Assay Services

Diamond drilling commenced at Makengui in April 2011 with one diamond drill rig contracted by Partners Drilling International ("PDI") and has recently been accelerated with the addition of two further drill rigs (one multi-purpose RC and diamond drill rig and one specialist diamond drill rig) contracted by Wallis Drilling Pty Limited ("Wallis") (refer ASX announcement 25 August 2011).

Equatorial has contracted SGS Mineral Services ("SGS") to provide assay services to the Company and to procure and run an onsite sample preparation laboratory at Mayoko-Moussondji. The SGS-run laboratory will be the first of its kind in the Mayoko region and is expected to be operational by December 2011.

The current drilling program at Makengui will comprise approximately 33,000 metres of drilling and is expected to be completed by mid-2012. The program is designed to define the extent and grade of the hematite and magnetite mineralisation at Makengui with specific focus on the potential for high grade DSO material. Makengui is over 12km long and is one of five main prospects at Mayoko-Moussondji that total over 46km of identified iron strike.

As at the end of August 2011 a total of 1,478 metres of diamond drilling in 12 holes had been completed over a section of Makengui of approximately 1km in length. Results in this announcement are based on the first batch of diamond drill core samples from 5 of these holes (comprising a total of 935 metres), which were freighted to the SGS laboratory in Johannesburg South Africa for assay.

In future it is expected that the installation of an independently operated laboratory on site at Mayoko will significantly reduce freight costs and timeline for assay results. The Company aims to commence preparation of a maiden resource estimate by mid-2012.

Mineralisation Model

Drilling completed to date has confirmed the Company's geological model for Makengui. Mineralisation consists of well-developed enriched hematite caps with the potential to host DSO, formed as a result of deep tropical weathering overlaying magnetite BIF.

Assay Results – Key Findings

Assay results have now been received for the first five holes submitted for analysis (refer Table 2 for complete details). These results have confirmed the following:

- Makengui hosts enriched hematite of DSO quality and grade;

Hole ID	From	To	Interval	Fe	SiO ₂	Al ₂ O ₃	P	S	LOI
	<i>Metres</i>			%	%	%	%	%	<i>1,000°C</i>
MMKDD003	0	39	39	55	16	1.7	0.10	0.01	2.1
<i>including</i>	<i>0</i>	<i>19</i>	<i>19</i>	<i>60</i>	<i>10</i>	<i>2.3</i>	<i>0.10</i>	<i>0.01</i>	<i>2.9</i>
MMKDD004	0	12	12	59	8	3.1	0.08	0.02	4.1
MMKDD005	0	16	16	54	14	3.8	0.08	0.02	3.5

Table 1: DSO Intersections

- Deleterious elements are not in significant concentrations in either the enriched hematite or fresh magnetite;
- Two magnetite BIF zones overlain by enriched hematite caps have been identified at Makengui over a strike length of over 1km and remain open to the northeast and southwest;
- Enriched hematite extends from the surface to depths of over 60m and is over 150m wide; and
- Enriched hematite is not confined to topographic highs along the Makengui ridge.

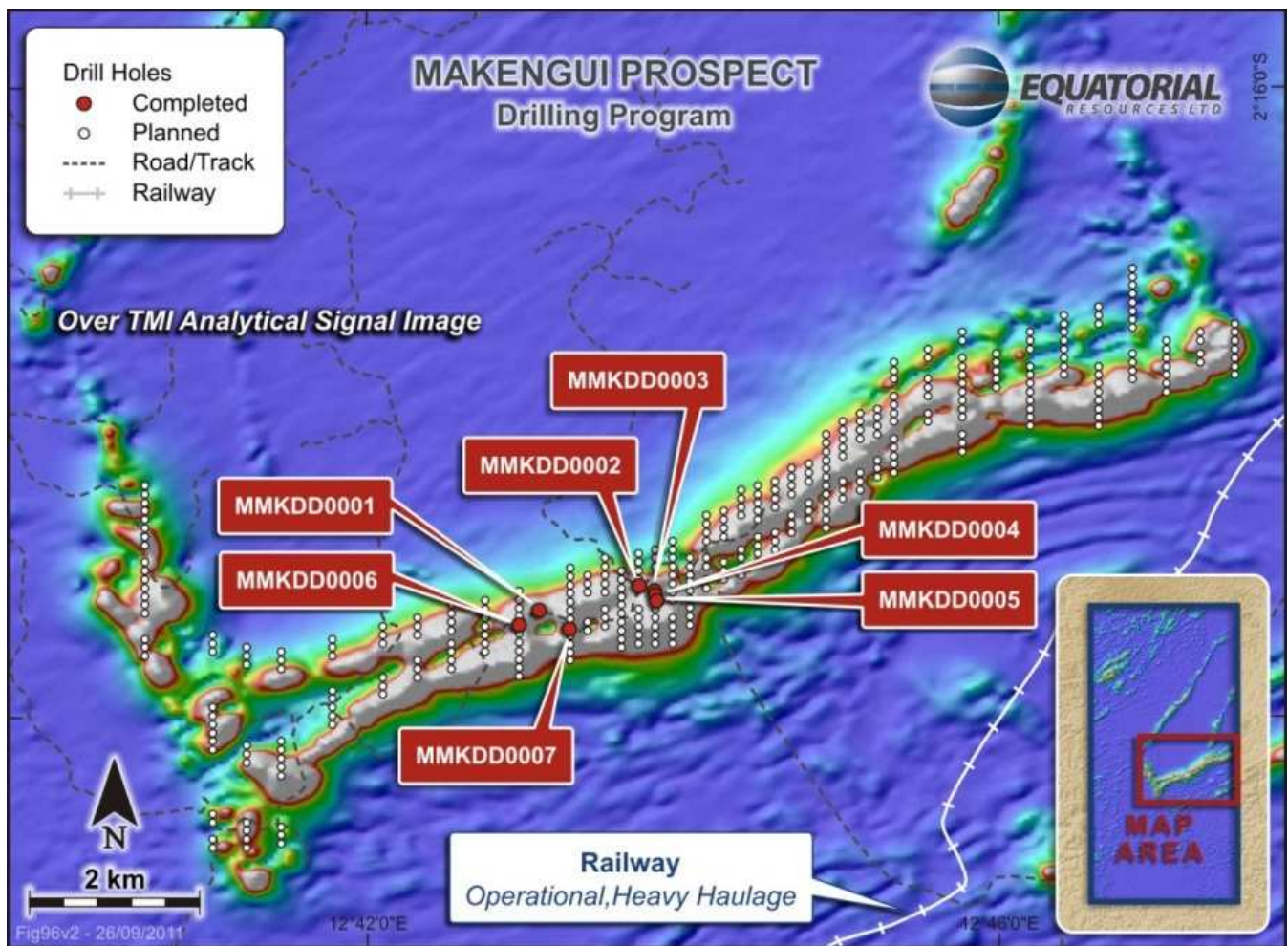


Figure 2: Drill Hole Location Plan

The following potential ore types are now recognised at Makengui:

- **DSO:** Enriched hematite mineralisation with a grade of +50% Fe;
- **pDSO:** Enriched hematite mineralisation with a grade of between 40% Fe and 50% Fe that has the potential to be beneficiated to a product equivalent in quality to DSO. This includes detrital transported enriched hematite eroded from ridge tops and deposited on valley sides.
- **Transition** – weakly weathered magnetite BIF with a grade of between 30% Fe and 40% Fe with partial replacement of magnetite by hematite.
- **Magnetite** – fresh magnetite BIF with a grade of between 30% Fe and 40% Fe.

Further Work

As part of the current Makengui drilling program, the Company will conduct wide diameter diamond holes in October 2011 to collect core for initial metallurgical testing of the enriched hematite. This core will be transported to SGS Lakefield Oretest Pty Ltd (“SGS Lakefield”) in Perth, Australia for testing.

An initial batch of magnetite BIF samples have arrived at SGS Lakefield for grind optimisation and Davis Tube Recovery testing, with results expected in November 2011.

With three drill rigs now operational at Makengui, exploration is progressing rapidly along the prospect with the aim of commencing preparation of a maiden resource estimate in mid-2012.



Figures 3 & 4: Partners Drilling and Wallis Drilling – diamond drill rigs in action at Makengui

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Collar Location				Hole Details			Significant Intersections										Ore Type
Hole ID	Easting UTMWGS84 Z33SH	Northing	RL	Dip Degrees	Azimuth Degrees	Length Metres	From	To	Interval	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	TiO ₂ %	LOI 1,000°C	
MMKDD001	246231	9743138	709	-70	360	99				Awaiting assays							
MMKDD002	247407	9743421	712	-61	180	231	4	12	8	54.2	11.4	5.61	0.06	0.03	0.28	4.8	pDSO detrital pDSO Magnetite
							12	22	10	52.1	20.4	2.11	0.07	0.02	0.07	2.3	
							141	223	82	33.3	45.5	2.19	0.06	0.04	0.05	-0.6	
MMKDD003	247590	9743360	794	-70	360	150 <i>including</i>	0	39	39	55.0	16.1	1.74	0.10	0.01	0.03	2.1	DSO DSO pDSO Transition Magnetite
							0	19	19	59.6	9.5	2.27	0.10	0.01	0.05	2.9	
							46	68	22	41.3	38.5	1.03	0.06	0.01	0.01	1.2	
							68	112	44	37.5	42.8	1.07	0.05	0.01	0.02	0.4	
							112	150	38	32.5	46.8	2.75	0.06	0.01	0.04	-0.7	
MMKDD004	247594	9743314	800	-90	0	127	0	12	12	59.4	7.5	3.15	0.08	0.02	0.09	4.1	DSO pDSO Transition Magnetite
							12	50	38	44.2	32.1	2.19	0.07	0.01	0.04	2.2	
							50	92	42	37.1	44.0	0.80	0.06	0.01	0.00	0.5	
							92	127	35	37.7	42.0	1.00	0.07	0.01	0.02	-1.1	
MMKDD005	247611	9743249	791	-60	360	150	0	16	16	54.2	14.2	3.77	0.08	0.02	0.00	3.5	DSO pDSO Transition Magnetite
							17	43	26	45.5	31.8	1.07	0.05	0.02	0.02	1.1	
							43	93	50	38.8	41.3	0.99	0.05	0.01	0.02	0.8	
							93	143	50	37.5	42.3	1.05	0.07	0.01	0.02	-0.9	
MMKDD006	246000	9742964	692	-60	360	91				Awaiting assays							
MMKDD007	246593	9742918	702	-70	360	87	0	41	41	44.3	33.2	1.84	0.06	0.01	0.08	1.6	pDSO Transition Magnetite
							41	59	18	35.2	42.3	4.02	0.05	0.01	0.16	2.2	
							59	87	28	32.8	47.1	1.26	0.05	0.01	0.04	0.9	

Table 2: Assay Intersections

Notes:

1. Collar coordinates surveyed by hand-held GPS.
2. Samples are half sawn HQ core for DSO and pDSO and half sawn NQ core for transition and magnetite.
3. DSO and pDSO 2m composites adjusted where necessary to match lithological boundaries.
4. Transition and Magnetite 4m composites adjusted where necessary to match lithological boundaries.
5. Samples analysed by XRF by SGS Johannesburg.
6. Reduced core recovery experienced in certain intervals but not considered to materially affect intersection grades.
7. All holes geologically logged.
8. Quality control standards and field duplicates included with drill samples prior to submission to the laboratory, where further laboratory control samples are added.
9. All QA/QC data analysed to confirm assay precision.
10. Intervals are downhole measurements and may not represent true thickness.

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 administrative 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' Mbarga and Nabeba projects.



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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 report that relates to Geophysical Exploration Results is based on information compiled by Mr Mathew Cooper (B.App.Sc (Geophysics) Hons.) of Core Geophysics 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 Sean Halpin, who is a member of the Australian Institute of Geoscientists. Mr Halpin is a full time employee of Equatorial Resources Limited. Mr Halpin 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 Halpin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.