For immediate release 26 September 2006

EQUATOR EXPLORATION LIMITED

("Equator" or "the Company")

Interim Results for six months ended 30 June 2006

Equator Exploration Limited (AIM:EEL), the oil and gas exploration and development company focussed in the highly prospective waters of West Africa, is pleased to announce its interim results for the six months ended 30 June 2006.

Chief Executive's Statement

Dear Shareholder,

Despite the many challenges of the first half of 2006, Equator Exploration Limited ("Equator" or the "Company") is pleased to report considerable achievements in drilling activities and the acquisition of high quality exploration assets.

Development of OML 122 with Peak Petroleum Industries Nigeria Limited ("Peak")

The drilling of the Bilabri DX-1 appraisal well, which was successfully completed in February 2006, confirmed oil and gas reserves in the Bilabri field. The drilling of the exploration well, Owanare 1 followed immediately. This well discovered gas in shallow zones but was unable to reach the deeper objectives as a result of high pressure and temperature. The well is suspended pending later re-entry for completion as a gas production well once a suitable development plan and gas market has been secured.

Following the Owanare 1 well, drilling of the first horizontal appraisal/development well, D-2 commenced on the Bilabri Field. This is the first production well to be drilled as part of the development plan for the Bilabri Field. Equator, with its partner Peak, has the Bulford Dolphin drilling rig on contract for an additional 2 wells.

The development of the Bilabri Field for oil production is in progress. The critical long lead items have been secured while negotiations for a Floating Production, Storage and Offtake Vessel ("FPSO") are nearing completion. First production is planned for 3Q 2007.

Deepwater Nigeria OPL 321 and OPL 323

On 10th March 2006 the Company signed Production Sharing Contracts ("PSCs") for OPL 321 and OPL 323, two of the most highly sought-after deep water blocks in the 2005 Nigerian licensing round. The Korean National Oil Corporation ("KNOC") is the operator of both blocks with a 60% equity interest, while Equator has a 30% equity interest. Under the terms of the licensing round, local companies have been awarded the remaining 10% equity interest. The two blocks have several very large mapped prospects with risked recoverable prospective reserves estimated in excess of 2 billion barrels by Equator's technical advisors, Horizon Energy Partners B.V. OPL 321 and OPL 323 are adjacent to OML 125 where media and industry sources have reported that a well drilled in the first half of 2006 has encountered oil and gas thereby confirming the presence of hydrocarbons in this region and underpinning the potential of these assets.

These highly sought after deepwater blocks, which were secured in such a competitive market, are significant for a company of Equators' size.

Joint Development Zone Block 2

On 14th March 2006 the Company signed a PSC for Block 2 in the Joint Development Zone between Nigeria and São Tomé & Príncipe. Equator's original allocation of a net 6% equity interest has since been increased to 9% by a farm-in to the interest of another participant. Block 2, which is operated by Sinopec of China, is adjacent to Block OPL 246 which hosts the large Akpo field operated by Total. Recent drilling activity in the region has increased our confidence that Block 2 has the potential to contain significant reserves. The Company has posted a guarantee for its share of one obligation well in the first 5 year exploration phase of the PSC.

São Tomé & Principe Exclusive Economic Zone Rights

Equator awaits the delineation of blocks in the Exclusive Economic Zone of São Tomé and Príncipe. A 2D seismic programme has been completed and interpreted by the Company and we anticipate the delineation of the blocks to be completed by the end of 2006. Upon completion of the block delineation, and pursuant to its agreements with the Government of São Tomé and Príncipe, Equator will exercise its right to select and acquire a 100% interest in two of the newly delineated blocks. Once these blocks have been selected the Company will seek to negotiate PSCs with the Government.

Financial

The first half of 2006 showed a reduced loss of US$ 2.3 million as compared to US$ 3.1 million for the six months to 30 June 2005. The reduction in loss as compared to the same period in 2005 is attributable to an increase in interest income of US$ 1.25 million, this increase related to higher cash balances during the period. It is important to note that although the Company's activities increased significantly in the first half of 2006 as compared to the first half of 2005 overall administration costs increased by only US$ 482,000.

The Company's Balance Sheet remains strong with cash balances as of 30 June 2006 of US$ 108 million and Fixed Assets of US$ 320 million. Equator entered the first half of 2006 with US$ 136 million in cash balances. The issue of share capital of approximately US$ 242 million net of costs, the net investment of US$ 264 million in oil and gas properties and fixed assets, and the consumption of US$ 6 million in operating activities saw the Company exit the period with the aforementioned cash balances of US$ 108 million..

Future prospects

Equator has built a unique and diverse portfolio of assets and has been progressively building a qualified management team experienced in the region. The Company is well positioned to add shareholder value by maturing its exciting asset base which includes realise production in 3Q 2007.

Post closure events

On 3rd August 2006 the Company agreed to a loan facility (the "Loan") for US$ 65 million from some of its shareholders. The Loan is funding the Bilabri Oil Development in block OML 122, offshore Nigeria.

On 15th August 2006 the Company welcomed Jeffrey Auld as its new Chief Financial Officer. Mr. Auld has a depth of experience in corporate finance and the emerging markets. The Board believes the appointment of Mr. Auld will enhance the management team and position the Company to further enhance its asset portfolio.

On behalf of the Board, I would like to thank all our shareholders, business partners and staff, for their continued support and confidence during this demanding period.

Mr. Wade Cherwayko
President & Chief Executive Officer

Equator Exploration Limited **020 7235 2555**
Wade Cherwayko, Chief Executive Officer
Jeffrey Auld, Chief Financial Officer

Buchanan Communications **020 7466 5000**
Bobby Morse/ Ben Willey

www.equatorexploration.com

Statement of directors' responsibilities

Under the Company's Articles of Association the directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group at the end of its financial year and of the profit or loss of the Group for the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the provisions in the International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent review report to Equator Exploration Limited

Introduction
We have been instructed by the company to review the financial information set out on pages 6 to 11 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. It is required that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed
We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Review conclusion
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditors
London

Unaudited consolidated income statement for the six months ended 30 June 2006

Continuing operations	**Note**	**Six Months ended 30 June 2006** $'000	Six Months ended 30 June 2005 $'000	Year ended 31 December 2005 $'000
Revenue		-	-	102
Cost of sales		-	-	(51)
Gross profit		-	-	51
Administrative expenses		**(4,948)**	(4,466)	(6,997)
Loss From Operations		**(4,948)**	(4,466)	(6,946)
Income From Investments		**2,618**	1,368	3,233
Loss for the period from continuing Operations		**(2,330)**	(3,098)	(3,713)
Loss per share	**2**			
Basic		**($0.01)**	($0.04)	($0.03)
Diluted		**($0.01)**	($0.04)	($0.03)

Unaudited consolidated balance sheet as at 30 June 2006

Assets	Notes	**Six Months ended 30 June 2006 $'000**	Six Months ended 30 June 2005 $'000	Year ended 31 December 2005 $'000
Non-Current Assets				
Goodwill		**1,373**	1,373	1,373
Exploration and evaluation assets	3	**316,204**	20,207	50,334
Multi Client Library		**2,194**	3,041	2,598
Fixtures and Equipment		**986**	663	739
		320,757	25,284	55,044
Current Assets				
Inventory	4	**3,941**	-	-
Trade and other receivables		**3,222**	900	3,945
Cash and cash Equivalents		**108,302**	108,648	135,972
		115,465	109,548	139,917
Total assets		**436,222**	134,832	194,961
Equity and liabilities				
Equity attribute to Equity holders of the company				
Share capital		**-**	-	-
Capital reserves	5	**446,966**	142,913	203,342
Accumulated losses		**(11,127)**	(8,182)	(8,797)
		435,839	134,731	194,545
Current Liabilities				
Trade and other liabilities		**383**	101	416
Total equity and liabilities		**436,222**	134,832	194,961

Approved by the board of directors on

Signed on behalf of the board of directors:

Mr S E Jonah, KBE
Director – Executive Chairman

Mr W G Cherwayko
Director – Chief Executive

Unaudited consolidated statement of changes in equity for the six months ended 30 June 2006

	Share capital $'000	Capital Reserves $'000	Accumulated losses $'000	Total $'000
Balance at 1 January 2005	-	142,159	(5,084)	137,075
Changes in equity For 2005				
Loss for the year	-	-	(3,713)	(3,713)
Issue of share capital	-	61,070	-	61,070
Cost of shares issue	-	(1,777)	-	(1,777)
Share based transactions	-	1,890	-	1,890
Balance at 31 December 2005	**-**	**203,342**	**(8,797)**	**194,545**
Loss for the period	-	-	(2,330)	(2,330)
Shares issued	-	253,483	-	253,483
Cost of shares issued	-	(11,010)	-	(11,010)
Share based transaction	-	1,151	-	1,151
Balance at 30 June 2006	**-**	**446,966**	**(11,127)**	**435,839**

Included in capital reserves as at 30 June 2006 are amounts attributable to share based transactions of $ 5,935,000 (31 December 2005: $ 4,784,000; 30 June 2005: $ 3,648,000).

Unaudited consolidated cash flow statement for the period ended 30 June 2006

	Six months ended 30 June 2006 $'000	Six months ended 30 June 2005 $'000	Year ended 31 December 2005 $'000
Cash flows from operating activities			
Loss from operations	**(4,948)**	(4,466)	(6,946)
Adjustments for:			
Amortisation of multi-client library	**404**	163	606
Share based transactions	**1,151**	754	1,890
Depreciation on fixtures and equipment	**161**	47	135
Operating cash flows before movement in working capital	**(3,232)**	(3,502)	(4,315)
(Increase)/decrease in receivables	**(3,218)**	(632)	(3,668)
Increase/(decrease) in payables	**(33)**	56	371
Net cash used in operating activities	**(6,483)**	(4,078)	(7,612)
Cash flows from investing activities			
Interest received	**2,618**	1,368	3,233
Acquisition of subsidiary	**-**	-	-
Acquisition of multi-client library	**-**	(1,052)	(1,052)
Acquisition of exploration and evaluation assets	**(265,870)**	(17,958)	(48,085)
Acquisition of fixtures and equipment	**(408)**	(669)	(833)
Net cash used in investment activities	**(263,660)**	(18,311)	(46,737)
Cash flows from financing activities			
Share capital issued (net of costs)	**242,473**	**-**	59,293
Net cash from financing activities	**(27,670)**	**-**	59,293
Net increase in cash and cash equivalents	**(27,670)**	(22,389)	4,935
Cash and cash equivalents at beginning of period	**135,972**	131,037	131,037
Cash and cash equivalents at end of period	**108,302**	108,648	135,972

Notes to the interim report for the six months ended 30 June 2006

1. **Basis of preparation**

The interim accounts have been prepared in accordance with applicable International Financial Reporting Standards and the Company's established accounting policies as described in the financial statements for the year ended 31 December 2005. The interim accounts do not constitute statutory accounts within the meaning of s240 of the Companies Act 1985.

2. **Loss per share**

The calculations of the basic and diluted loss per share are based on the following data:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
	$'000	$'000	$'000
Loss for the period			
Loss for the purpose of basic loss per share (net loss for the year)	**(2,330)**	(3,098)	(3,713)
Effect of dilutive options and warrants	**-**	-	-
Loss for the purposes of diluted loss per share	**(2,330)**	(3,098)	(3,713)
Number of shares			
Weighted average number of common shares in issue during the year	**167,870,663**	76,354,891	113,710,957

The options and warrants in existence at the end of each period end did not have a dilutive effect on the loss per share.

3. **Exploration and evaluation assets**

	$'000	$'000
Cost		
At 1 January 2006		50,334
Additions		
30% interest in OPL 321	60,603	
30% interest in OPL 323	105,550	
9% interest in JDZ Block 2	15,100	
Investment in OML 122 exploration and development	83,908	
Other capitalised investments	709	
		265,870
At 31 December 2005		316,204

4. **Inventories**

Inventories represent stocks of drilling consumables such as well heads, drill strings and pipes and are valued at the lower of cost and net realisable value.

Notes to the interim report for the six months ended 30 June

5. **Share Capital**

Issued and fully paid

	30 June 2006 No.	30 June 2005 No.	31 December 2005 No.
Issued and fully paid			
Common shares with no par value	175,165,590	113,400,124	131,417,190

On 17 January 2006, the Company issued 380,000 common shares for US$1.31 per share on exercise of warrants.

On 2 February 2006, the Company issued 2,030,000 common shares at US$1.31 per share on exercise of warrants.

On 20 February 2006, the Company issued 41,050,900 common shares at £3.50 per share.

On 20 March 2006, the Company issued 73,836 common shares at £1.00 per share on exercise of options.

On 28 March 2006, the Company issued 100,000 common shares at US$1.31 per share on exercise of warrants.

On 12 May 2006, the Company issued 113,664 commosn shares at £1.00 per share on exercise of options.

5. **Subsequent events**

On 3rd August 2006, the Company concluded a loan agreement for US$ 65million with certain of its shareholders. The terms of the loan include repayment by the Company in full by 7th August 2008. The interest rate commences at 10 per cent per annum and increases steadily up to 14 per cent per annum on any balance outstanding at 1st January 2008. The Company may make early repayment without penalty. In addition to the interest coupon the lenders have 17,500,000 warrants to subscribe for new shares for a period of 38 months from signing, at a price of £2.00 per share. As an alternative to the warrants, shareholders may opt to take share appreciation rights whereby the Company will compensate those lenders in cash for the difference between the warrant conversion price of £2.00 per share and the market price of the shares at the final warrant conversion date. Following commencement of production from the Bilabri field, those lenders who chose share appreciation rights can revert to warrants on a pro-rata basis.