



EQUATOR
EXPLORATION LIMITED

MANAGEMENT REPORT Q2 - 2012

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EQUATOR EXPLORATION LIMITED
BALANCE SHEET AS AT 30 JUNE 2012

US\$

Non current assets

INTANGIBLES

Goodwill	175,206
Exploration and evaluation assets	43,672,731
Multi-client library	0

PROPERTY PLANT AND EQUIPMENT	3,536
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INVESTMENTS	0
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Total non current assets	43,851,473
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Current assets

TRADE AND OTHER RECEIVABLES	59,637
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CASH AT BANK AND IN HAND	514,946
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Total current assets	574,583
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Current Liabilities

TRADE AND OTHER PAYABLES	(7,951,753)
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Total Current Liabilities	(7,951,753)
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Net Current Assets (Liabilities)	(7,377,170)
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Long Term Liabilities

AMOUNTS DUE TO PARENT COMPANY	(7,796,384)
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Total Long Term Liabilities	(7,796,384)
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Total Assets less Total Liabilities	28,677,919
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Capital and Reserves

SHARE CAPITAL	0
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CAPITAL RESERVES	458,721,616
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PROFIT AND LOSS ACCOUNT	(430,043,697)
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Total Capital	28,677,919
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EQUATOR EXPLORATION LIMITED
INCOME STATEMENT FOR THE 6 MONTHS ENDED 30 JUNE 2012

	US\$
Revenue	702,185 (i)
Admin Expenses	(932,729)
Impairments	0
Exceptional costs	0
Operating Loss	<u>(230,544)</u>
Finance costs	0
Interest payable - Oando	(433,034)
Finance income	117
Loss on ordinary activities before tax	<u><u>(663,461)</u></u>

Notes

- (i) Revenue relates to 2D seismic sales

EQUATOR EXPLORATION LIMITED

TRADE AND OTHER RECEIVABLES AS AT 30 JUNE 2012

	\$
Trade receivables	-
Prepayments	58,365
Accrued income	-
Other debtors	1,273
Sinopec working capital account	-
	<u>59,637</u>

TRADE AND OTHER PAYABLES AS AT 30 JUNE 2012

	\$
Trade payables	2,597,158
Sundry other payables	0
OPL 323 KNOC outstanding cash calls	1,504,000
OPL 323 KNOC working capital account	(207,899)
OPL 321 KNOC outstanding cash calls	1,500,000
OPL 321 KNOC working capital account	(138,735)
AEIL liability	0
Accruals	2,697,228
	<u>7,951,753</u>

EQUATOR EXPLORATION LIMITED
EXPLORATION AND EVALUATION ASSETS AS AT 30 JUNE 2012

	OML122	OPL323	OPL321	JDZ	EEZ	Block 5	TOTAL
31-Dec-11	13,748,000	13,020,711	12,027,613	-	2,450,500	-	41,246,824
Additions	-	-	-	-	0	2,425,907	2,425,907
Impairments	0	0	0	0	0	0	0
30-Jun-12	<u>13,748,000</u>	<u>13,020,711</u>	<u>12,027,613</u>	<u>-</u>	<u>2,450,499</u>	<u>2,425,907</u>	<u>43,672,731</u>

EQUATOR EXPLORATION LIMITED
EXPLORATION AND EVALUATION ASSETS AS AT 30 JUNE 2012

EEZ

31-Dec-11	2,450,500	EEZ
Additions		
EEZ Signature bonus	-	
EEZ Acquisition of additional interest	-	
EEZ Licence & Other Fees	-	
EEZ Legal fees	0	
EEZ Seismic	-	
EEZ G&G	25,000	(i)
EEZ Studies	-	
EEZ Wells - Drilling Costs	-	
EEZ Wells - Exploratory Phase Drilling	-	
EEZ Wells - Other	-	
EEZ IT Equipment	-	
EEZ Furniture, Fixtures & Fittings	-	
EEZ Tech & Admin - Manpower	- 25,000	(i)
EEZ Tech & Admin - Travel	-	
EEZ Tech & Admin - Office & Other Cost	-	
EEZ Others - Social Projects, Training	-	
EEZ Home Office / Indirect Charges	-	
EEZ Moveables - Fixed Assets	-	
EEZ Donations	-	
EEZ Impairment wells	-	
30-Jun-12	2,450,499	

Note (i) This is a reclassification of the PGS £25k incurred in 2010 which was incorrectly classified

EQUATOR EXPLORATION LIMITED
EXPLORATION AND EVALUATION ASSETS AS AT 30 JUNE 2012

Block 5

31-Dec-11	-
Additions	
Block 5 Signature bonus	2,000,000
Block 5 Acquisition of additional interest	0
Block 5 Licence & Other Fees	-
Block 5 Legal fees	31,378
Block 5 Seismic	361,731
Block 5 G&G	23,080
Block 5 Studies	-
Block 5 Wells - Drilling Costs	-
Block 5 Wells - Exploratory Phase Drilling	-
Block 5 Wells - Other	-
Block 5 IT Equipment	-
Block 5 Furniture, Fixtures & Fittings	-
Block 5 Tech & Admin - Manpower	-
Block 5 Tech & Admin - Travel	9,718
Block 5 Tech & Admin - Office & Other Cost	-
Block 5 Others - Social Projects, Training	-
Block 5 Home Office / Indirect Charges	-
Block 5 Moveables - Fixed Assets	-
Block 5 Donations	-
EEZ Impairment wells	-
30-Jun-12	<u><u>2,425,907</u></u>

Block 5
