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# EQUATOR EXPLORATION LIMITED

*Exploring West African Waters*

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*Investor Presentation - June 2005*

# EQUATOR CORPORATE PROFILE

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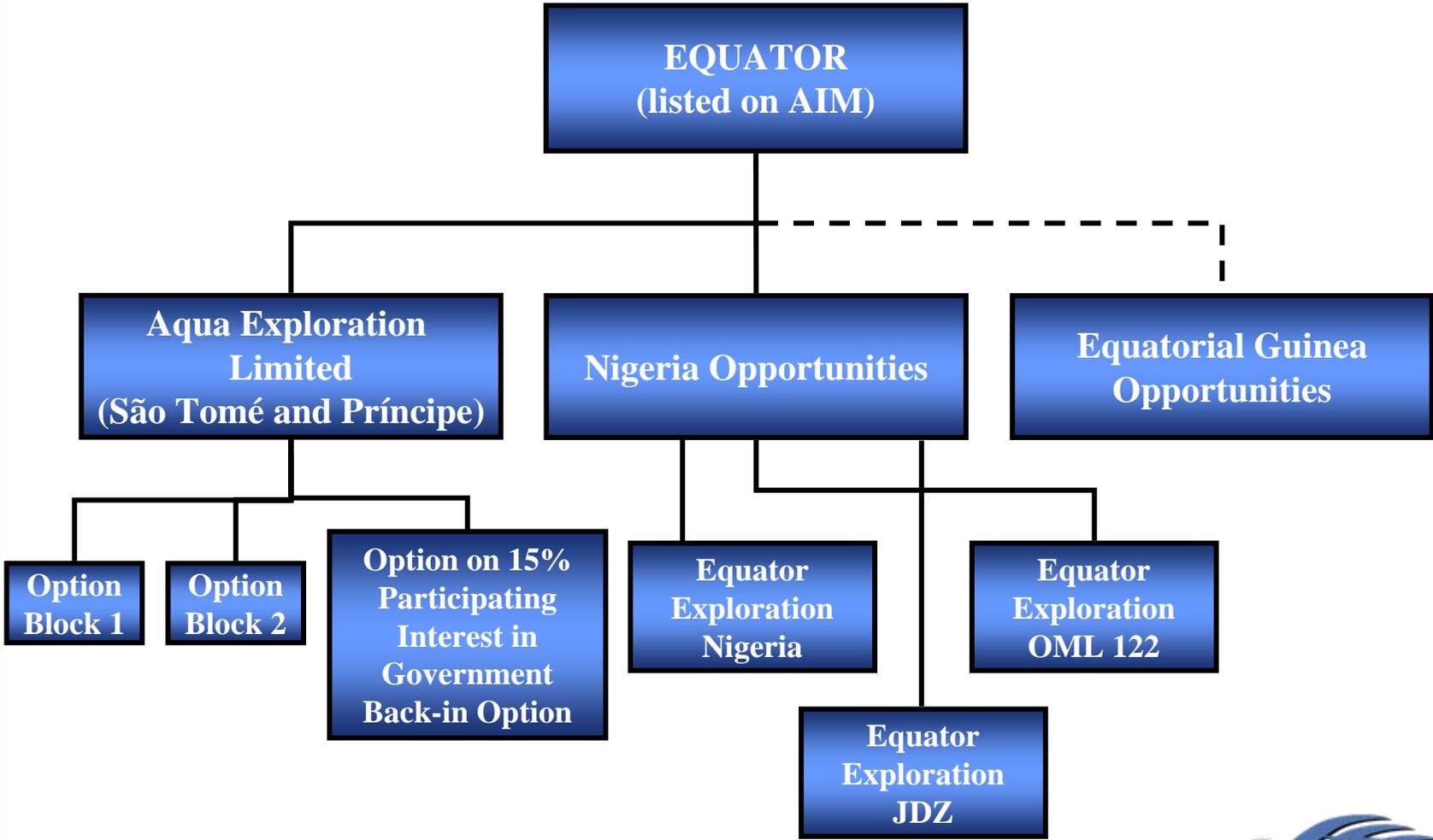
- **A BVI corporation established in December 2000.**
- **Listed on AIM in December 2004.**
- **Raised £30 million pre-IPO and £60 million at IPO.**
- **Explores for and develops oil and gas projects in the Gulf of Guinea.**
- **Objective is to build a diversified portfolio of exploration, appraisal and production assets in West Africa.**

# EQUATOR CORPORATE PROFILE

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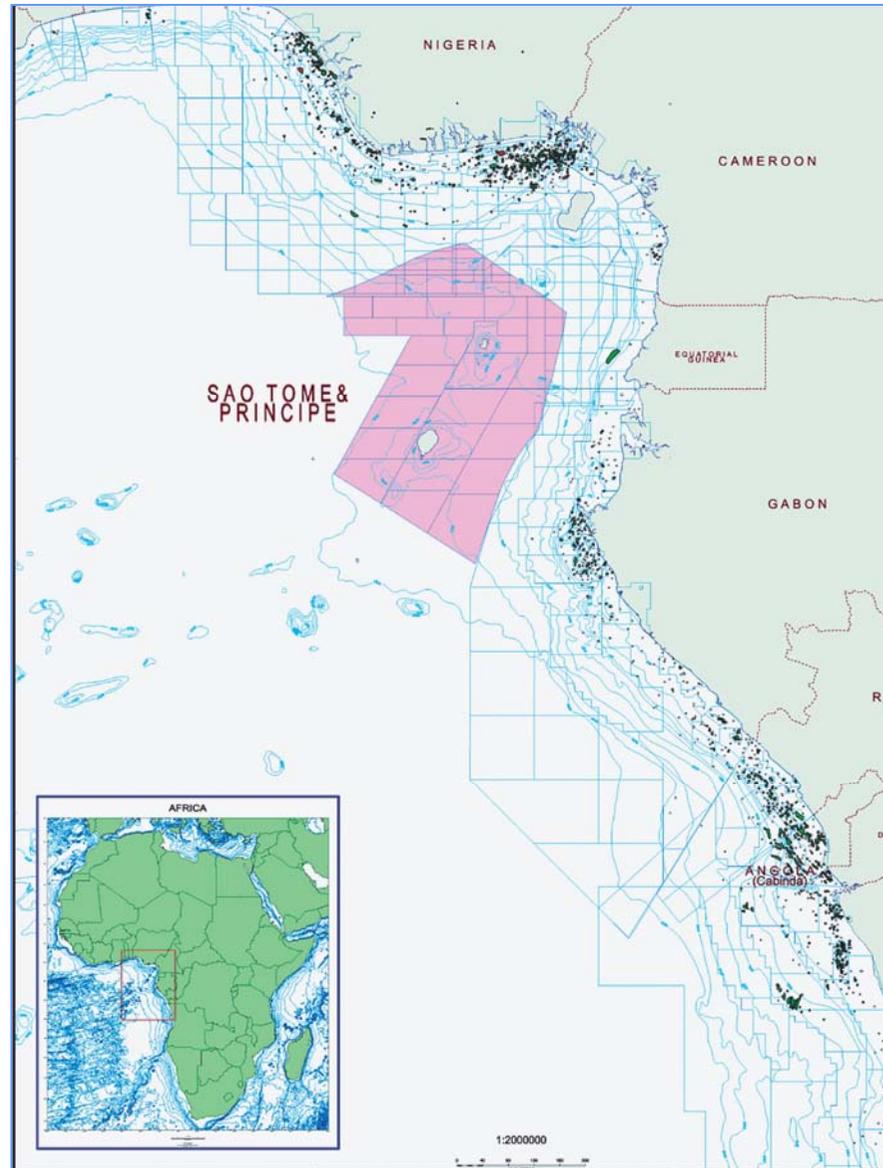
- **Equator initially plans to focus its efforts in West Africa.**
- **In particular, the territorial waters of São Tomé and Príncipe and the Joint Development Zone (JDZ).**
- **Equator has been active in this area since 2001.**
- **Evaluating additional opportunities in Nigeria, Equatorial Guinea and Congo.**

# EQUATOR CORPORATE STRUCTURE



# EQUATOR REGIONAL OVERVIEW

## São Tomé and Príncipe Location Map

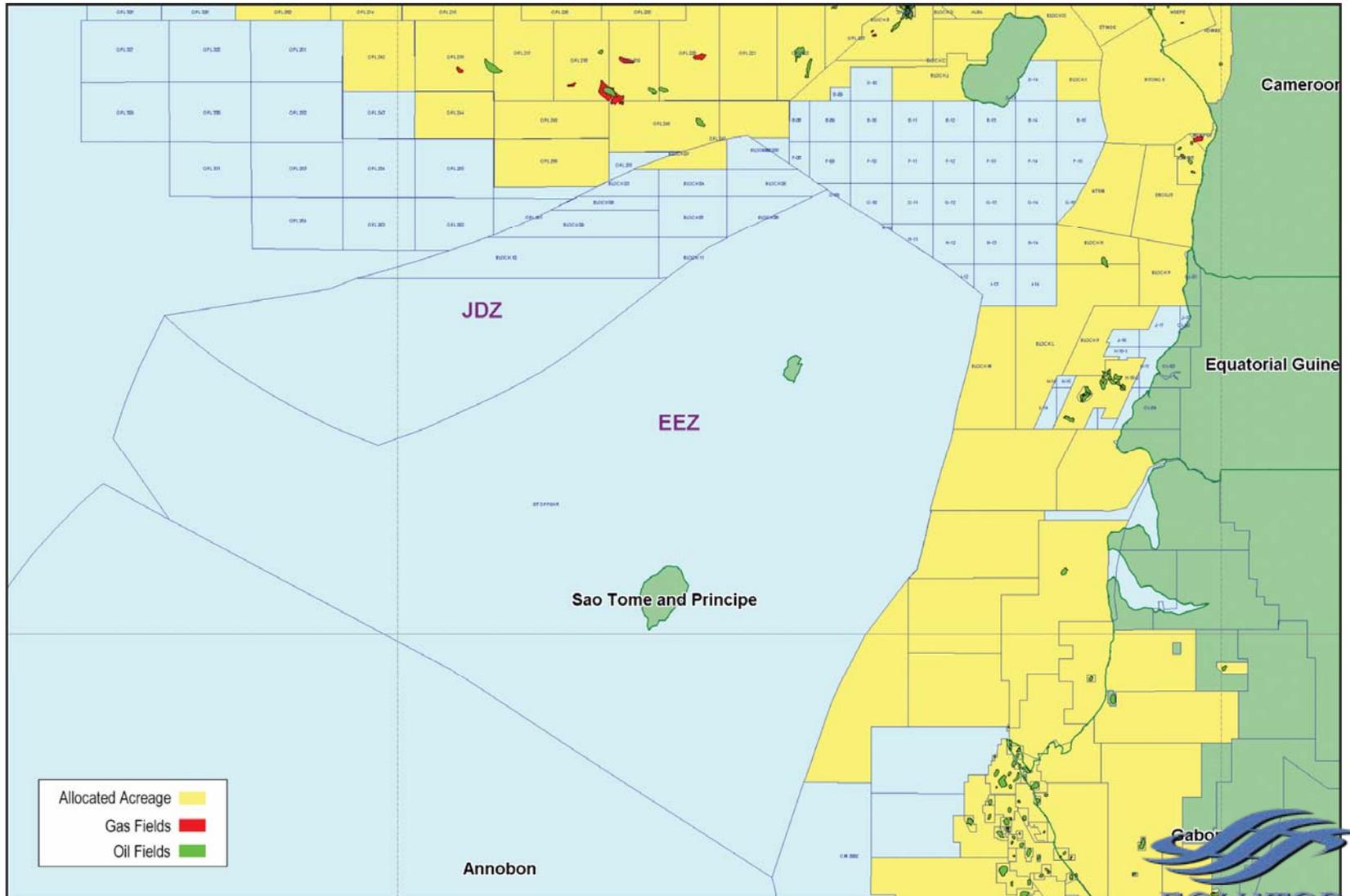


# EQUATOR REGIONAL OVERVIEW

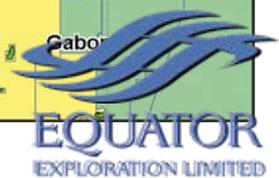
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- **In 2001, the governments of São Tomé and Príncipe and Nigeria established the Joint Development Zone (JDZ).**
- **The rest of the territorial waters of São Tomé and Príncipe is known as the Exclusive Economic Zone (EEZ).**
- **Seismic data indicates widespread prospectivity.**
- **Close proximity to the proven hydrocarbon systems in the adjacent countries of Nigeria, Cameroon, Equatorial Guinea and Gabon.**

# EQUATOR REGIONAL OVERVIEW



Allocated Acreage ■  
Gas Fields ■  
Oil Fields ■

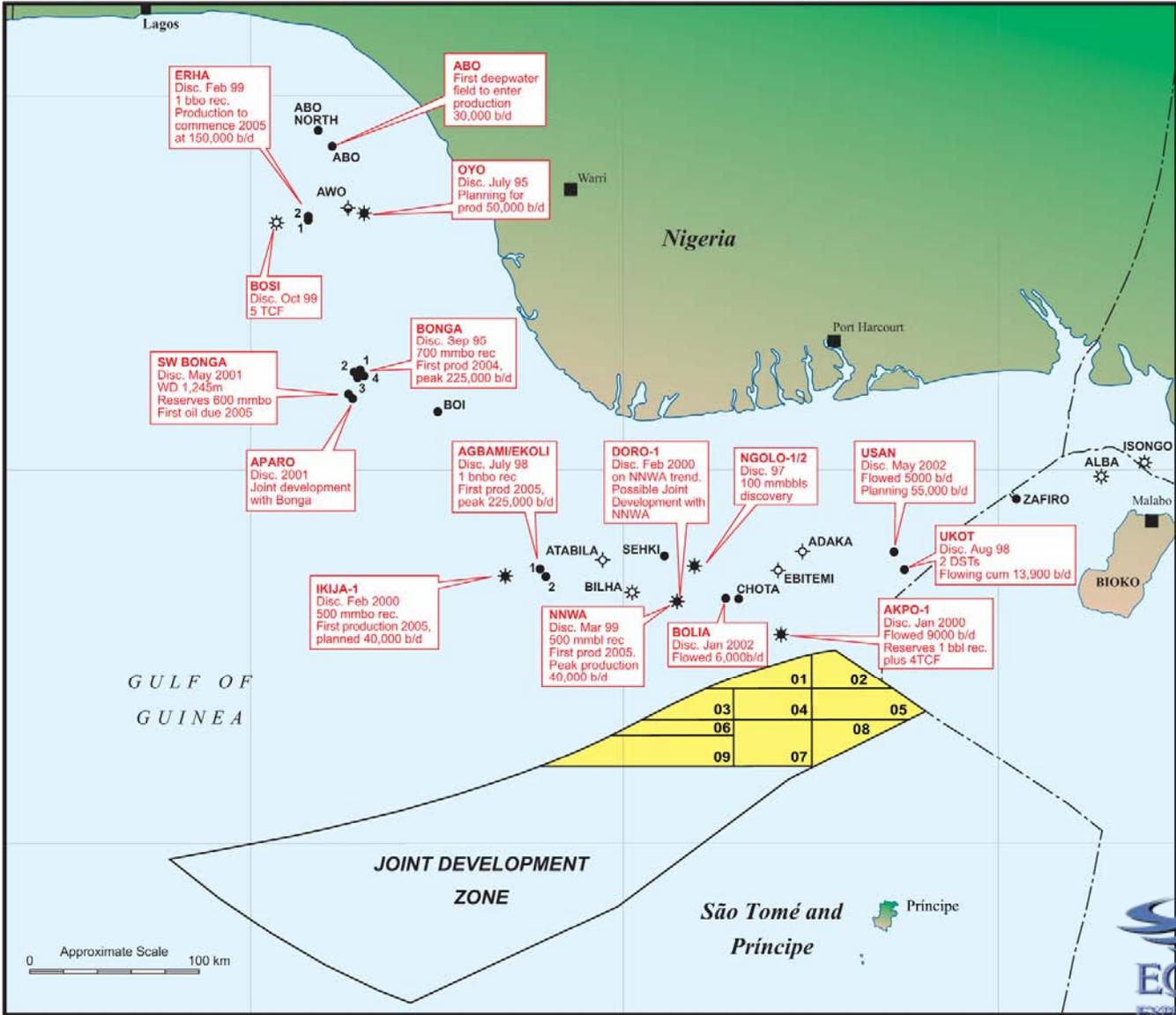


# EQUATOR REGIONAL EXPLORATION

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- **West Africa is recognized as a world leader in deepwater exploration and production activities.**
- **According to PFC Energy, the reserve base of deepwater fields projected to come on-stream in West Africa over the next five years is seven times that of deepwater fields which came on-stream over the previous five years.**
- **Recent deepwater discoveries in Equatorial Guinea and Nigeria, coupled with hydrocarbon finds offshore Gabon, suggest geological extensions into the JDZ and EEZ.**

# EQUATOR REGIONAL EXPLORATION



# EQUATOR'S INTERESTS IN THE EEZ

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- **Owens the right to acquire a 100% working interest in two blocks of its choice in the EEZ.**
- **Has the option to participate with the Government, up to 15%, in any Government participating interest options in the EEZ.**
- **Plans to select its two blocks and begin negotiations on PSCs with the Government by year-end.**
- **Once the PSCs are finalised, a 3D seismic programme will be undertaken on each block prior to farm-out and drilling.**

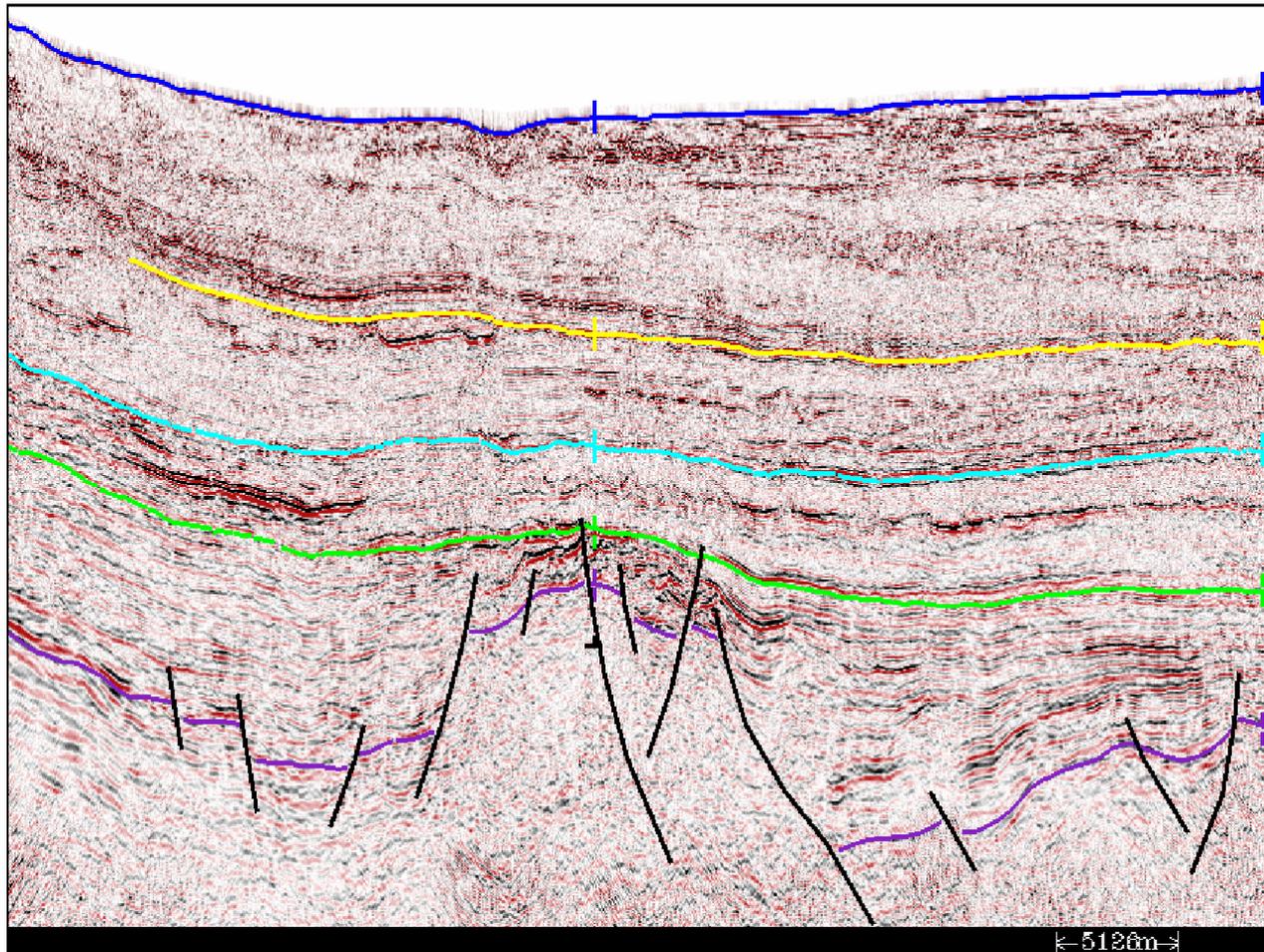
# SEISMIC DATA ON THE EEZ

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- **5,100 km of seismic acquired with PGS Exploration (UK) Limited (PGS) in 2001 and 2002.**
- **Equator and PGS have recently completed a 5,500 km infill 2D seismic acquisition programme.**
- **Seismic data shows widespread prospectivity and hydrocarbon potential similar to deepwater blocks in Nigeria and Equatorial Guinea.**
- **Four play types have been identified with the presence of a number of leads and prospects.**
- **Oil seeps on São Tomé and Príncipe.**

# SEISMIC DATA ON THE EEZ MC2D

PGS Geophysical



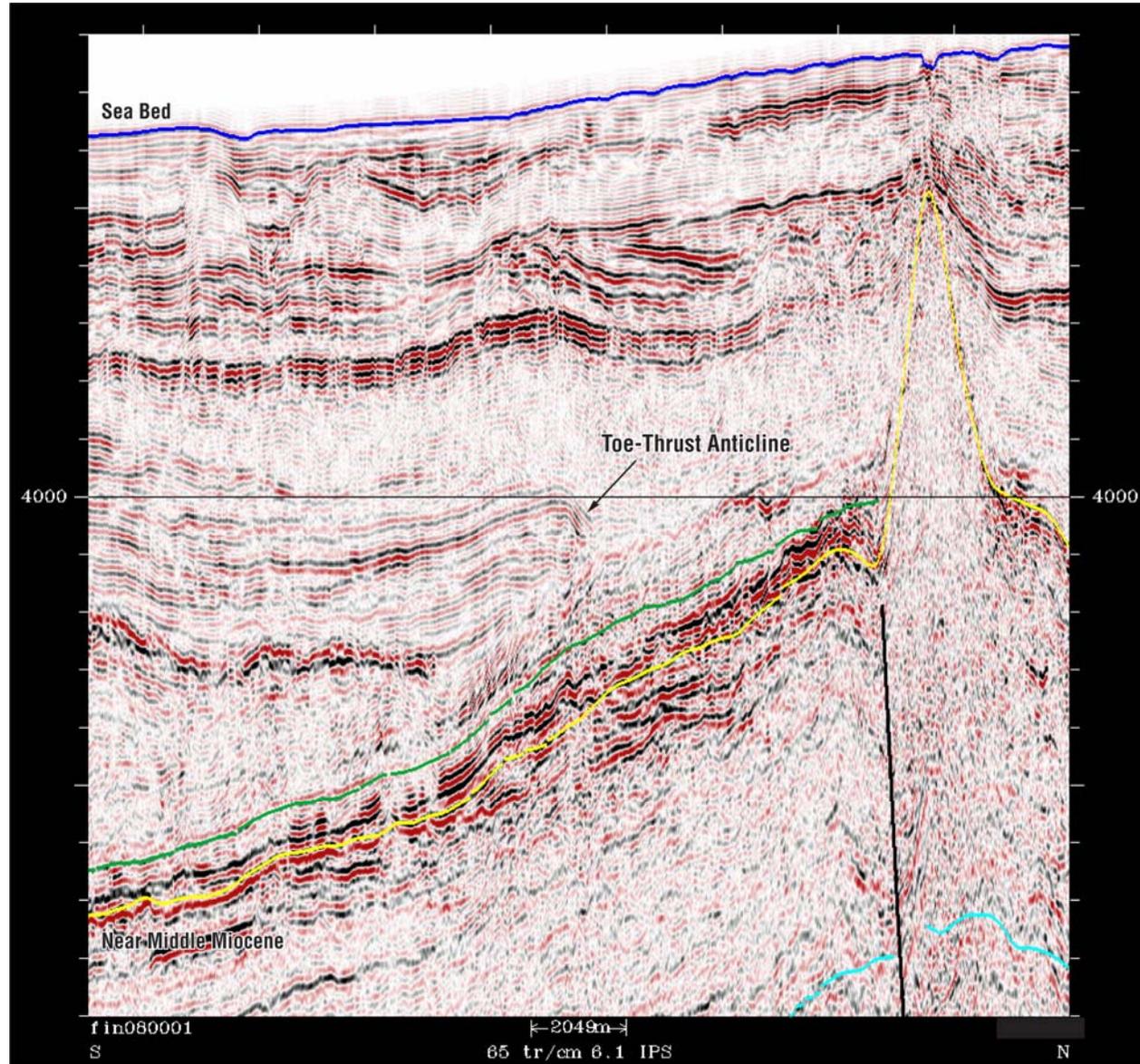
Near Middle Miocene

Near Top Oligocene

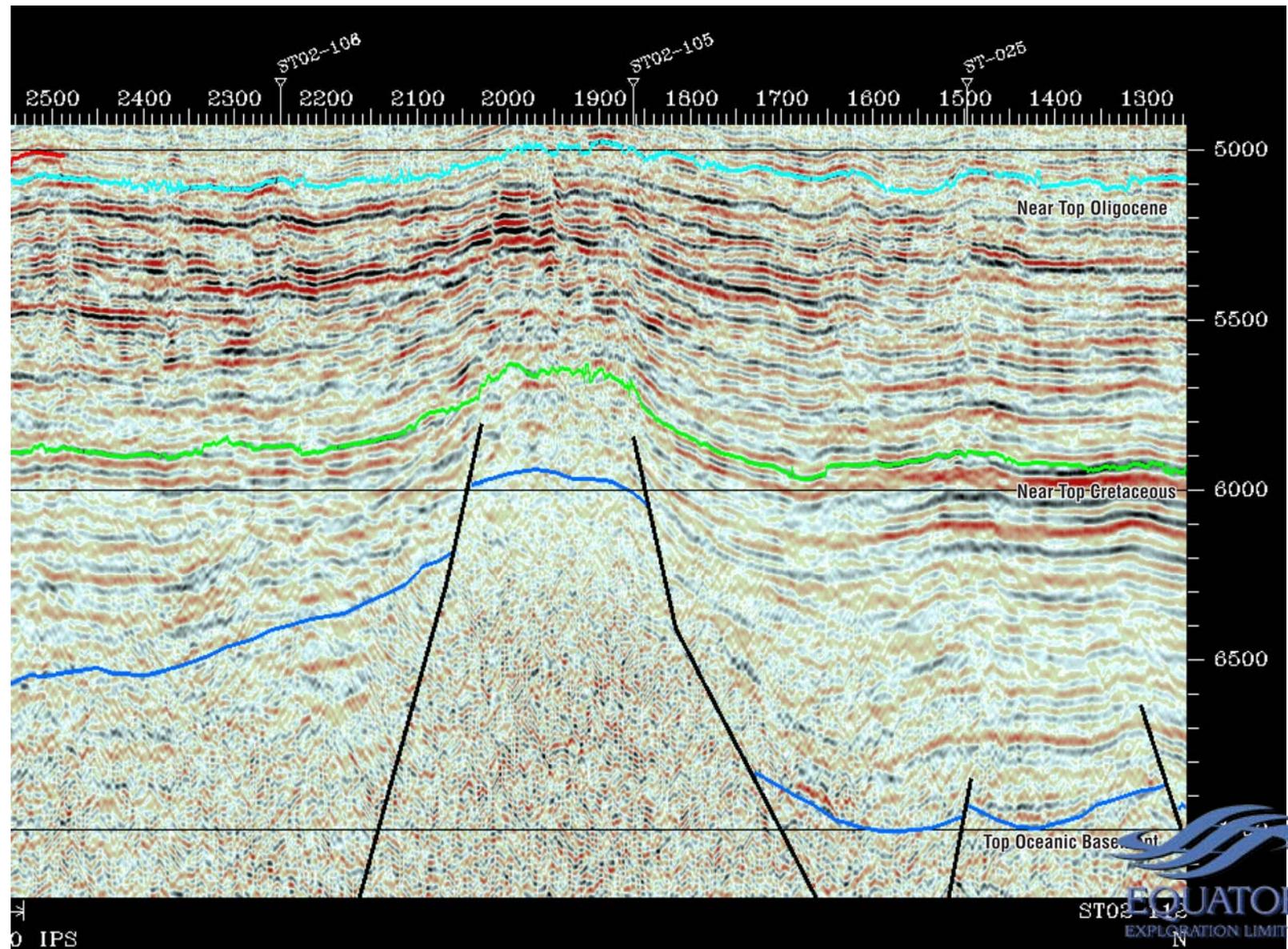
Top Cretaceous

Top Oceanic Crust

# SEISMIC EXAMPLE OF MIOCENE TOE-THRUST

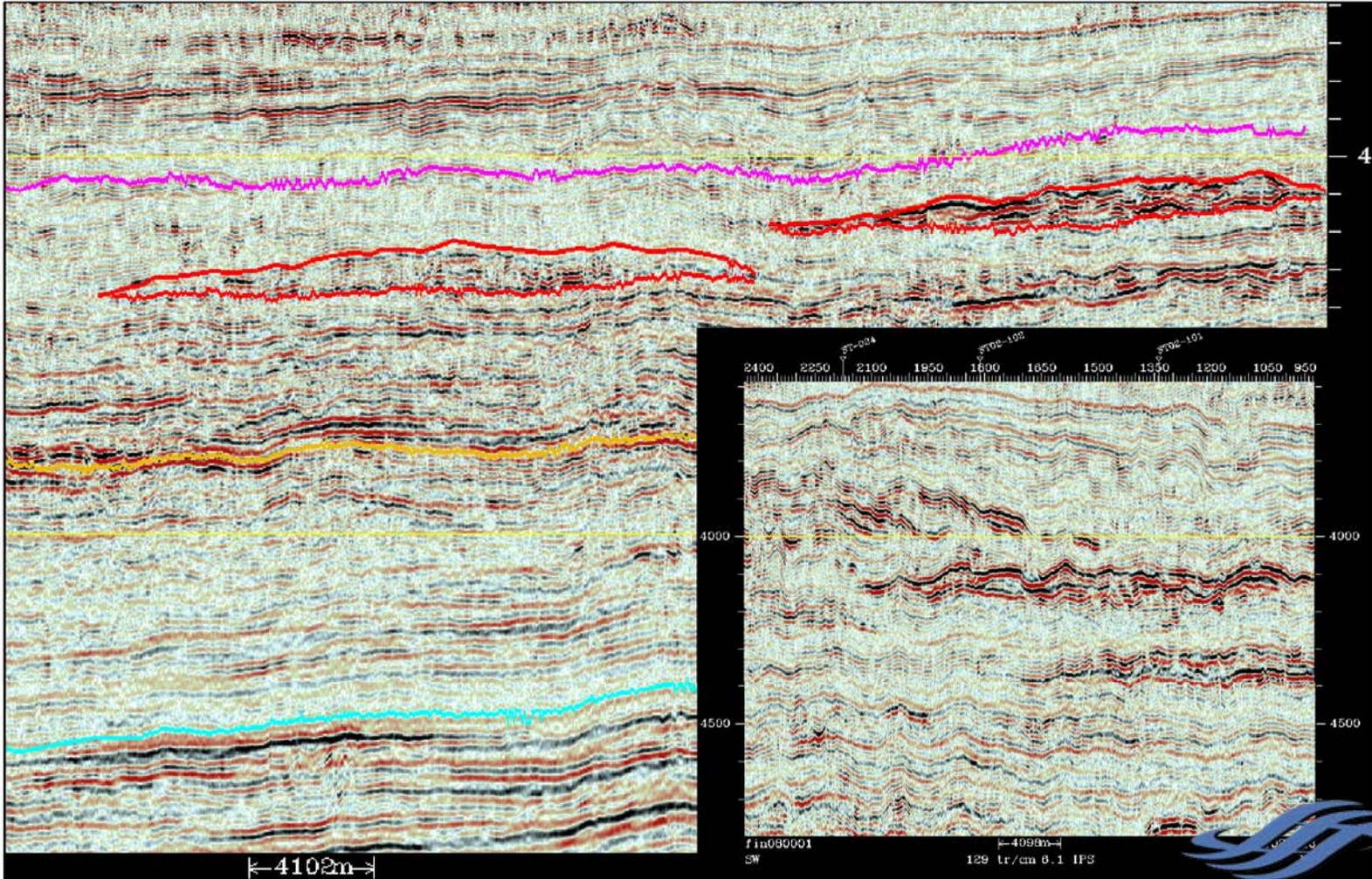


# EXAMPLE OF LOWER TERTIARY DRAPE OVER BASEMENT HIGH



# EEZ - UPPER TERTIARY TURBIDITE COMPLEXES

PGS Geophysical



# EQUATOR'S INTEREST IN SEISMIC DATA

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- **Equator also generates revenue from the marketing and sale of seismic data that it has acquired jointly with PGS in the JDZ and EEZ.**
- **Equator is entitled to a share of licensing fees from the sale of seismic data funded by PGS and Equator.**
- **It is expected that this revenue sharing arrangement will continue for further seismic data acquired by Equator and PGS in the EEZ.**

# EQUATOR'S INTERESTS IN THE JDZ

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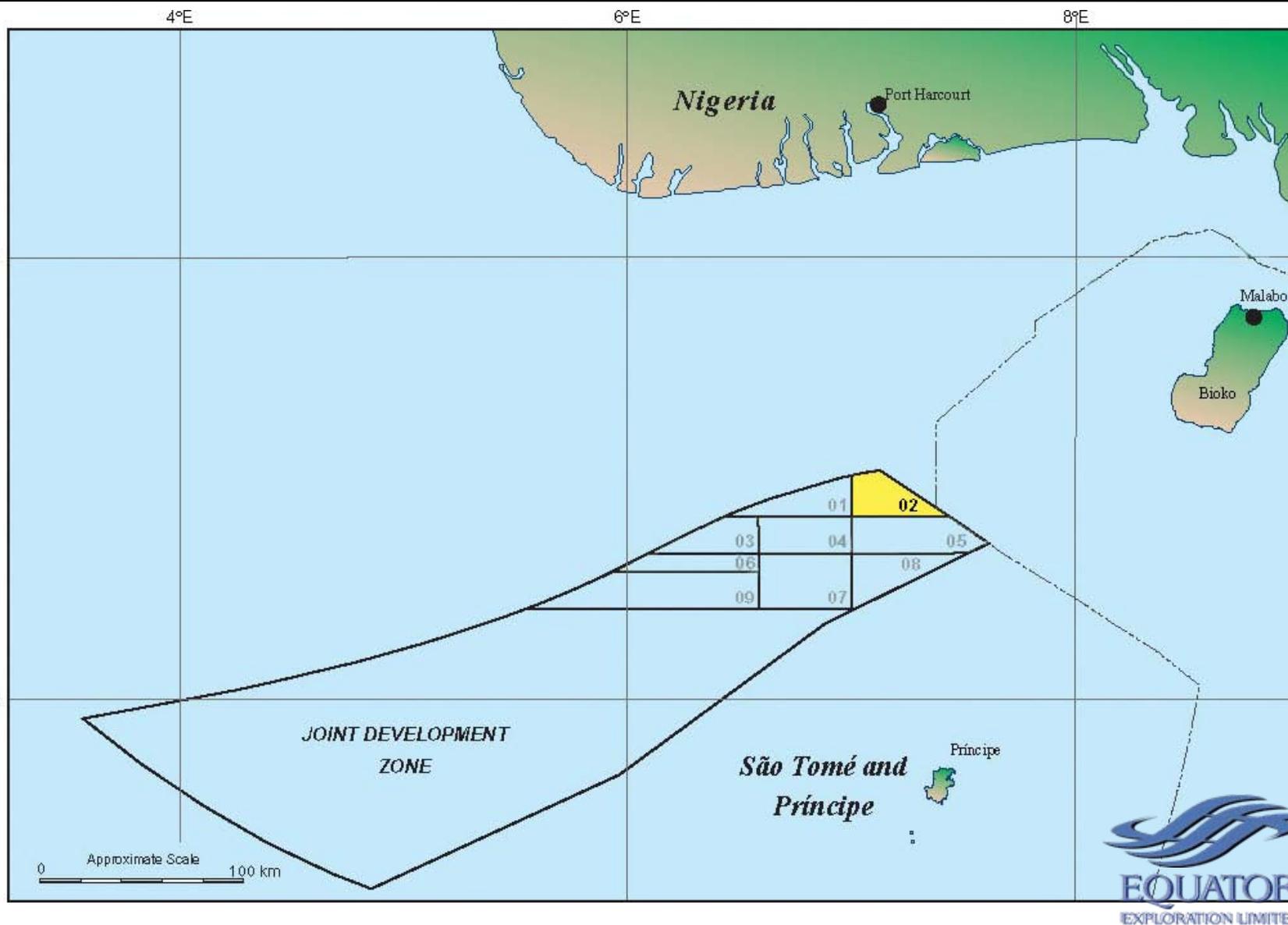
- **Equator jointly bid with ONGC Videsh Limited (OVL) in the 2004 JDZ Licensing Round.**
- **OVL is the international exploration arm of the Oil and Natural Gas Corporation (ONGC) of India.**
- **There were 5 blocks (Blocks 2, 3, 4, 5 and 6) on offer, with Block 1 having previously been allocated for a signature bonus of \$123 million.**
- **The OVL/Equator Venture submitted bids for Blocks 2 and 4.**

# JDZ BLOCK 2

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- **In May 2005, a 15% interest in JDZ Block 2 was awarded to the OVL/Equator Venture.**
- **JDZ Block 2 is adjacent to Nigerian Block OPL 246, hosting the 800 million barrel Akpo field and another series of discoveries totalling some 600 million barrels.**
- **A consortium was awarded a 65% interest in the block and will act as operator.**
- **Equator has a net 6% participation interest in JDZ Block 2.**

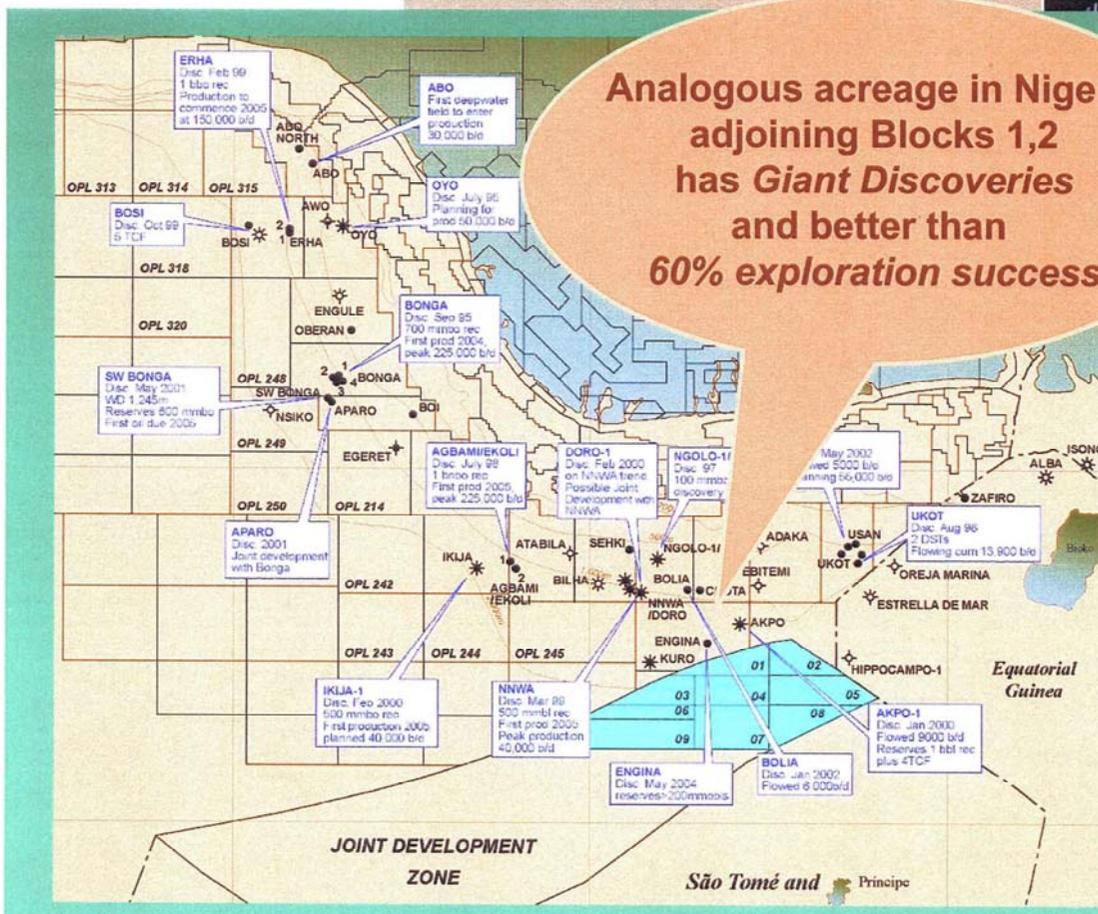
# JDZ BLOCK 2



# DISCOVERIES IN ADJOINING BLOCKS



ECL GROUP PLC



Analogous acreage in Nigeria adjoining Blocks 1,2 has *Giant Discoveries* and better than *60% exploration success*

JOINT DEVELOPMENT ZONE

São Tomé and Príncipe

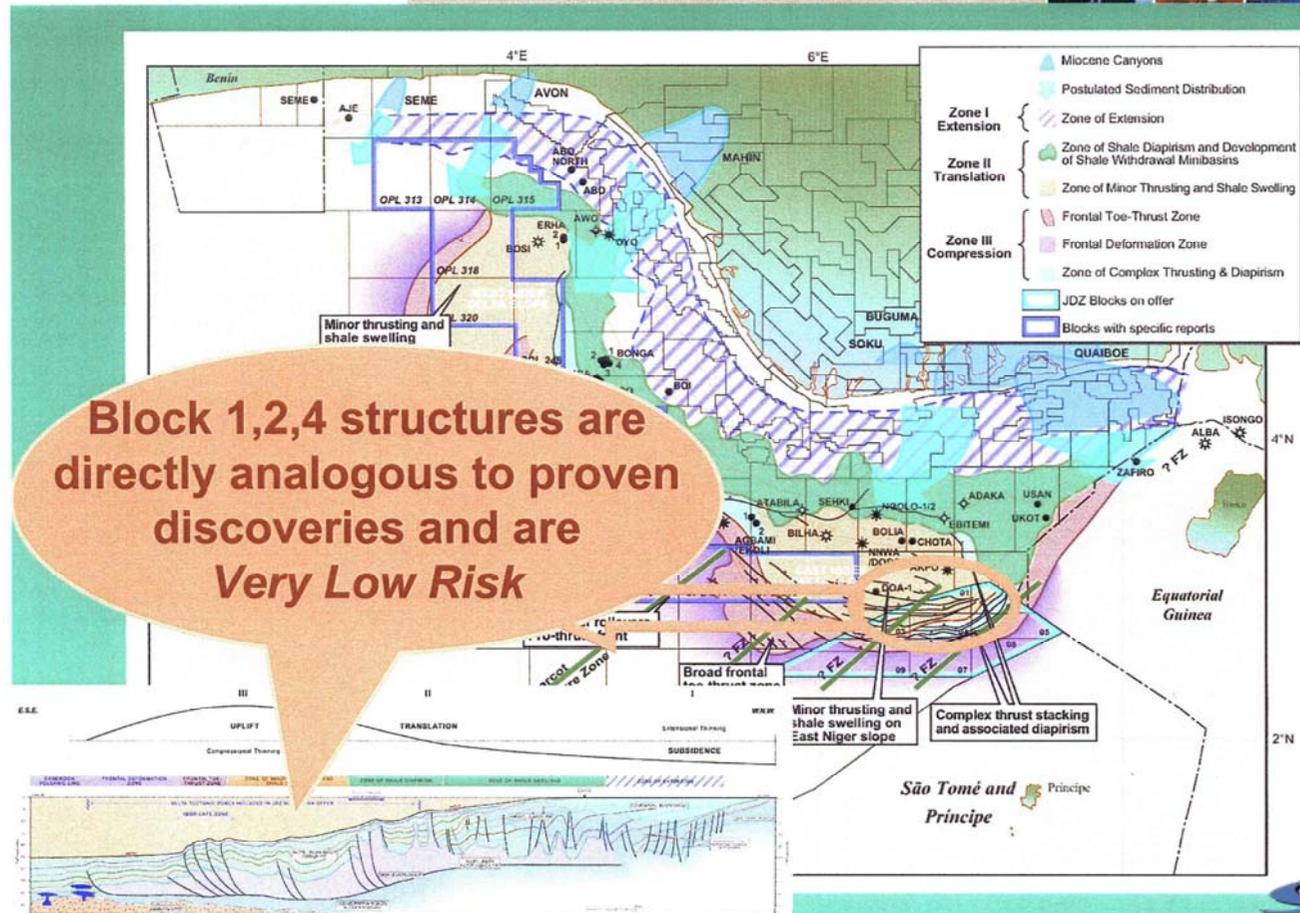
Equatorial Guinea



# VERY LOW RISK



ECL GROUP PLC



Block 1,2,4 structures are directly analogous to proven discoveries and are *Very Low Risk*

São Tomé and Príncipe



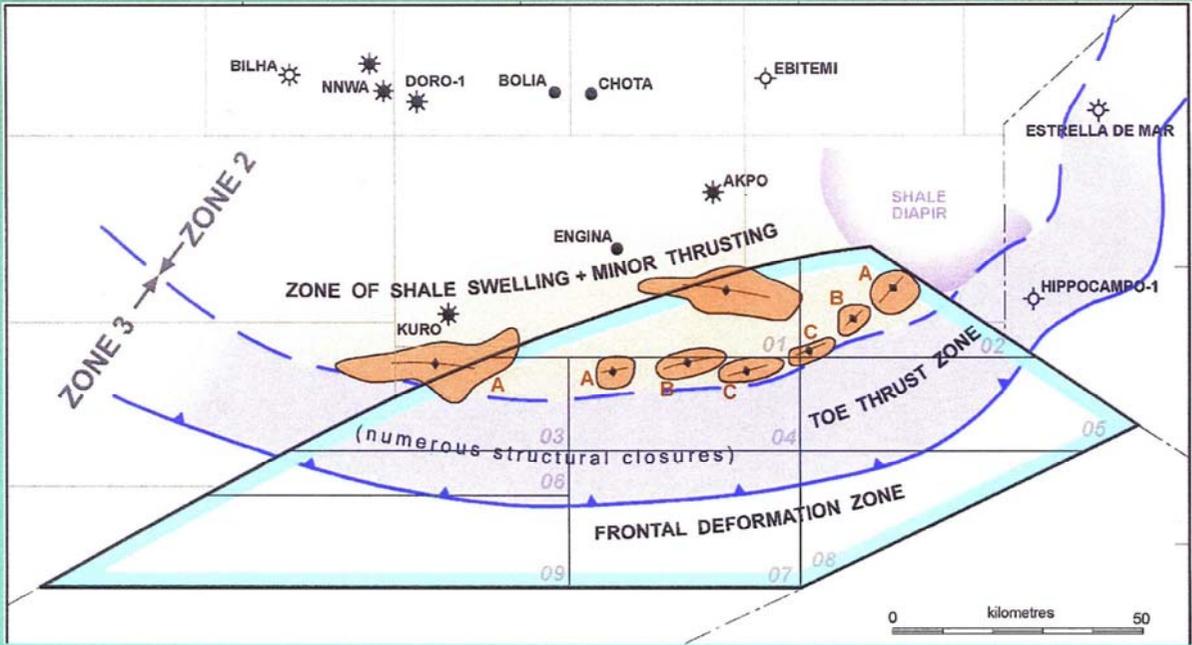
# BEST STRUCTURES



ECL GROUP PLC



BLOCKS 1, & 2,3,4(pts) have best structures



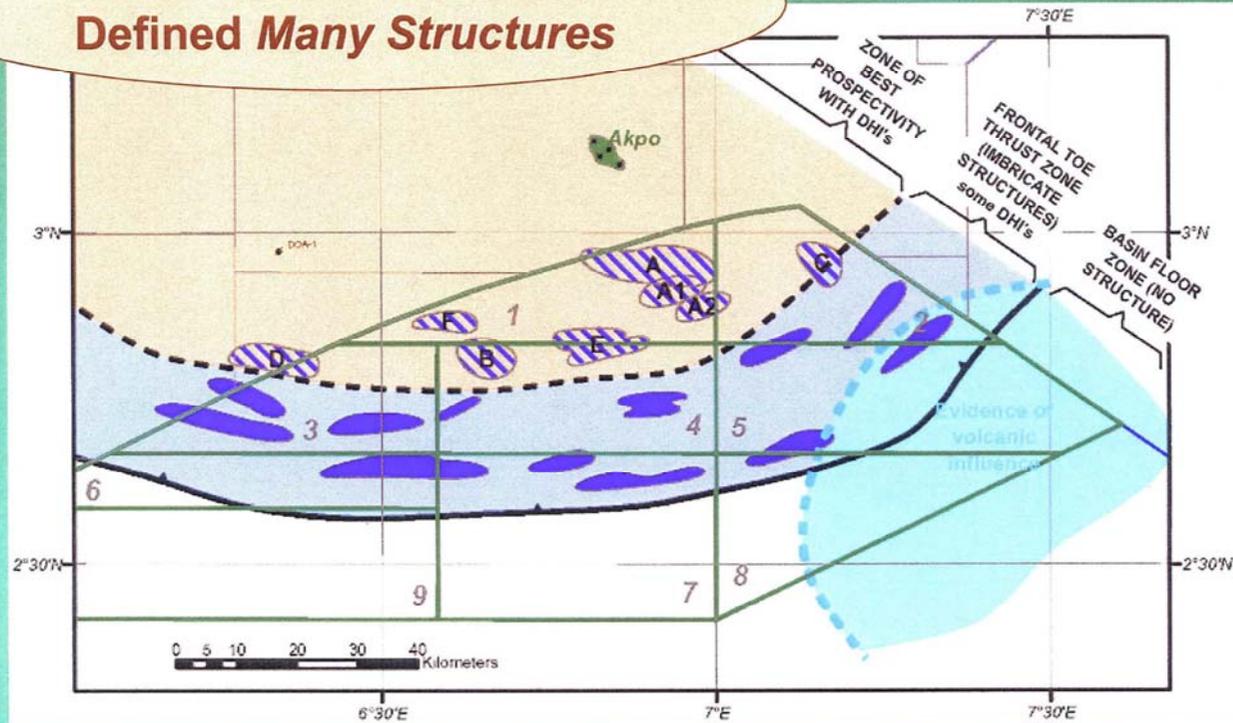
# NORTHERN JDZ STRUCTURAL ZONES



ECL GROUP PLC



3D and 2D seismic has Defined Many Structures



Northern JDZ Structural Zones

# DISCOVERY VALUE



ECL GROUP PLC



**DISCOVERY  
VALUE**

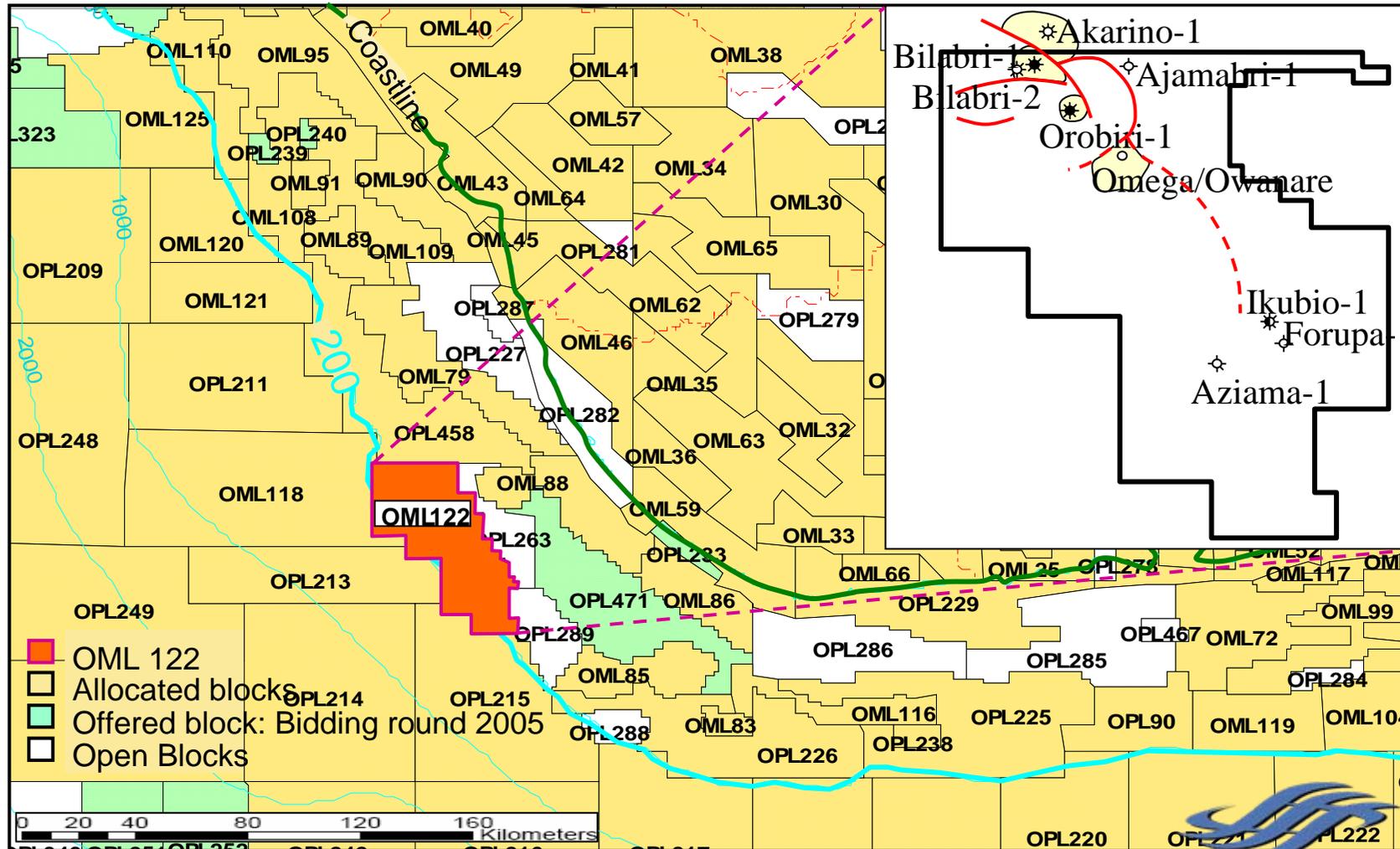
	Oil Price, \$/bbl: 25.0			
Field Size, mmbbl	100	250	500	1000
Contractor Revenues, mm\$	459	1390	3002	6213
Rate of Return	15%	25%	32%	35%
NPV @ 10%, mm\$	78	416	959	1971
NPV @ 10%, \$/bbl	0.8	1.7	1.9	2.0
Government Revenues, mm\$	917	2612	5620	11980
NPV @ 10%	410	992	1987	3971
%of Net Revenues	67%	65%	65%	66%
	Oil Price, \$/bbl: 30.0			
Field Size, mmbbl	100	250	500	1000
Contractor Revenues, mm\$	612	1714	3567	7216
Rate of Return	19%	30%	38%	42%
NPV @ 10%, mm\$	151	565	1224	2448
NPV @ 10%, \$/bbl	1.5	2.3	2.4	2.4
Government Revenues, mm\$	1264	3537	7555	15978
NPV @ 10%	545	1334	2676	5334
%of Net Revenues	67%	67%	68%	69%
	Oil Price, \$/bbl: 35.0			
Field Size, mmbbl	100	250	500	1000
Contractor Revenues, mm\$	750	1991	4048	8078
Rate of Return	23%	35%	43%	48%
NPV @ 10%, mm\$	218	691	1450	2864
NPV @ 10%, \$/bbl	2.2	2.8	2.9	2.9
Government Revenues, mm\$	1626	4510	9575	20116
NPV @ 10%	686	1699	3405	6758
%of Net Revenues	68%	69%	70%	71%
	Oil Price, \$/bbl: 40.0			
Field Size, mmbbl	100	250	500	1000
Contractor Revenues, mm\$	869	2232	4452	8790
Rate of Return	26%	38%	47%	52%
NPV @ 10%, mm\$	276	806	1647	3213
NPV @ 10%, \$/bbl	2.8	3.2	3.3	3.2
Government Revenues, mm\$	2007	5519	11670	24404
NPV @ 10%	836	2076	4161	8249
%of Net Revenues	70%	71%	72%	74%

# EQUATOR'S INTERESTS IN OML 122

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- **Agreement with Peak Petroleum Industries Nigeria Limited (Peak) to develop two oil and gas discoveries and drill a significant exploration prospect in Oil Mining Lease (OML) 122, offshore Nigeria.**
- **OML 122 is located 25-60 km offshore in water depths of 40-300 metres and covers an area of 1,295 sq. km.**
- **OML 122 is east of Shell's giant Bonga Field (estimated 1.4 billion barrels) on OML 118 and southwest of Shell's EA Field on OML 79.**

# OML 122 (OFFSHORE NIGERIA)

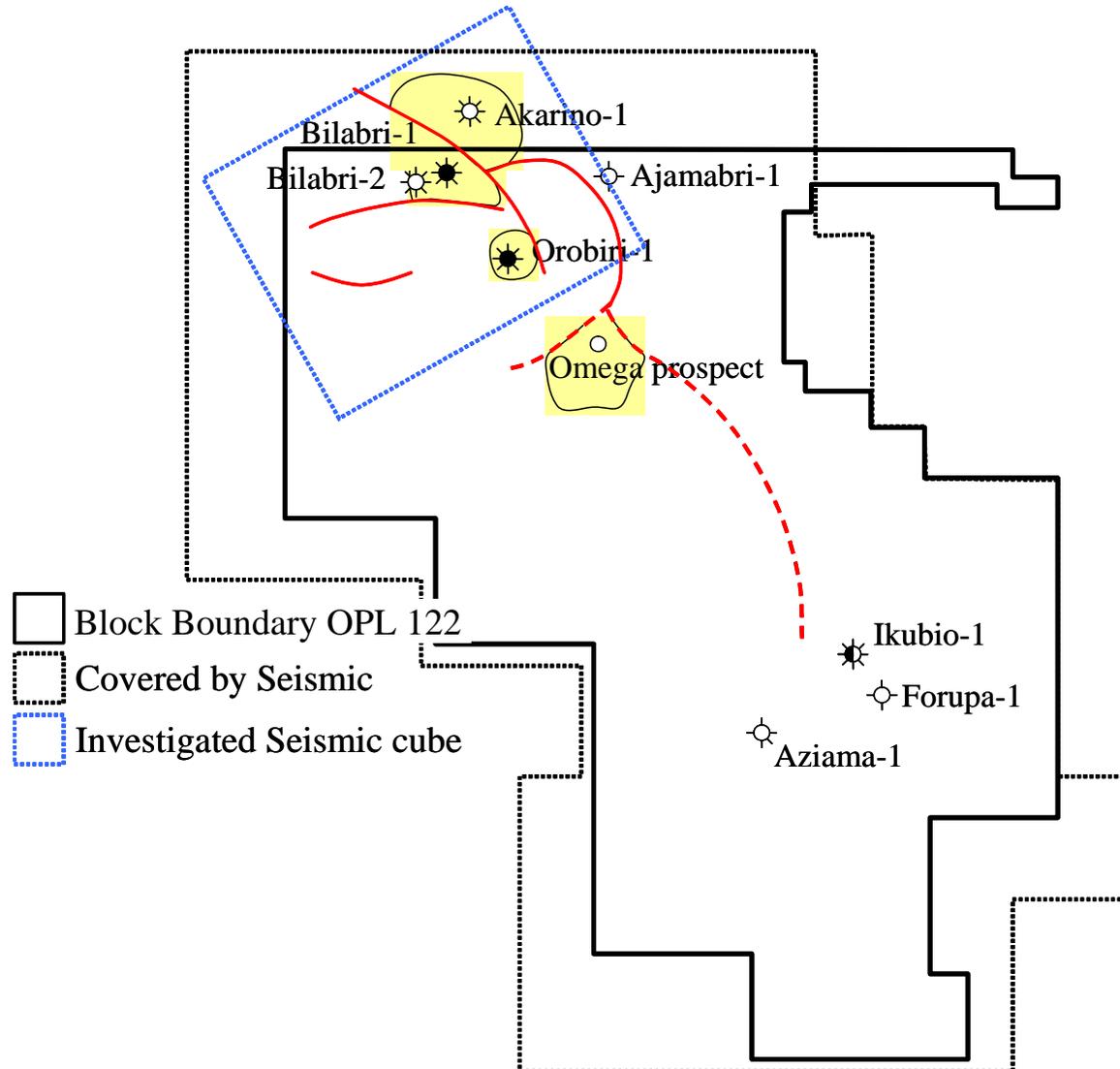


# OML 122 (OFFSHORE NIGERIA)

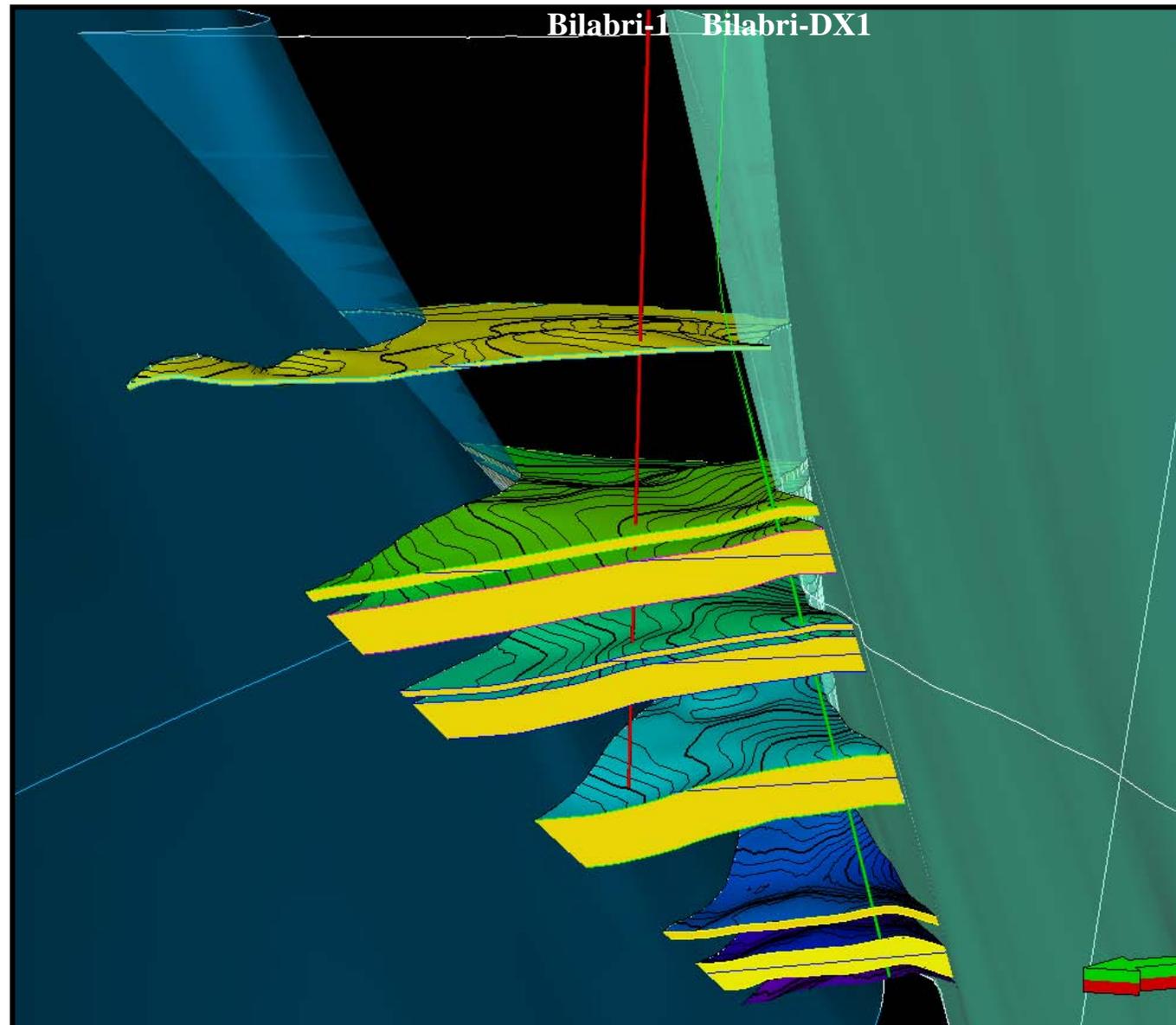
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- **Two suspended oil and gas discoveries drilled in the 1970s:**
  - **Bilabri with estimated hydrocarbon volumes of 25-45 MMbbls STOIP and 1.2 TCF, GIIP**
  - **Orobiri with estimated hydrocarbon volumes of 25-35 MMbbls STOIP and 0.3 TCF, GIIP**
- **The Owanare prospect remains un-drilled and has estimated hydrocarbon volumes of 1.3 TCF, GIIP and 350 MMbbls STOIP of high quality light crude.**
- **Additional “deepwater playtype” exploration potential not tested to date.**

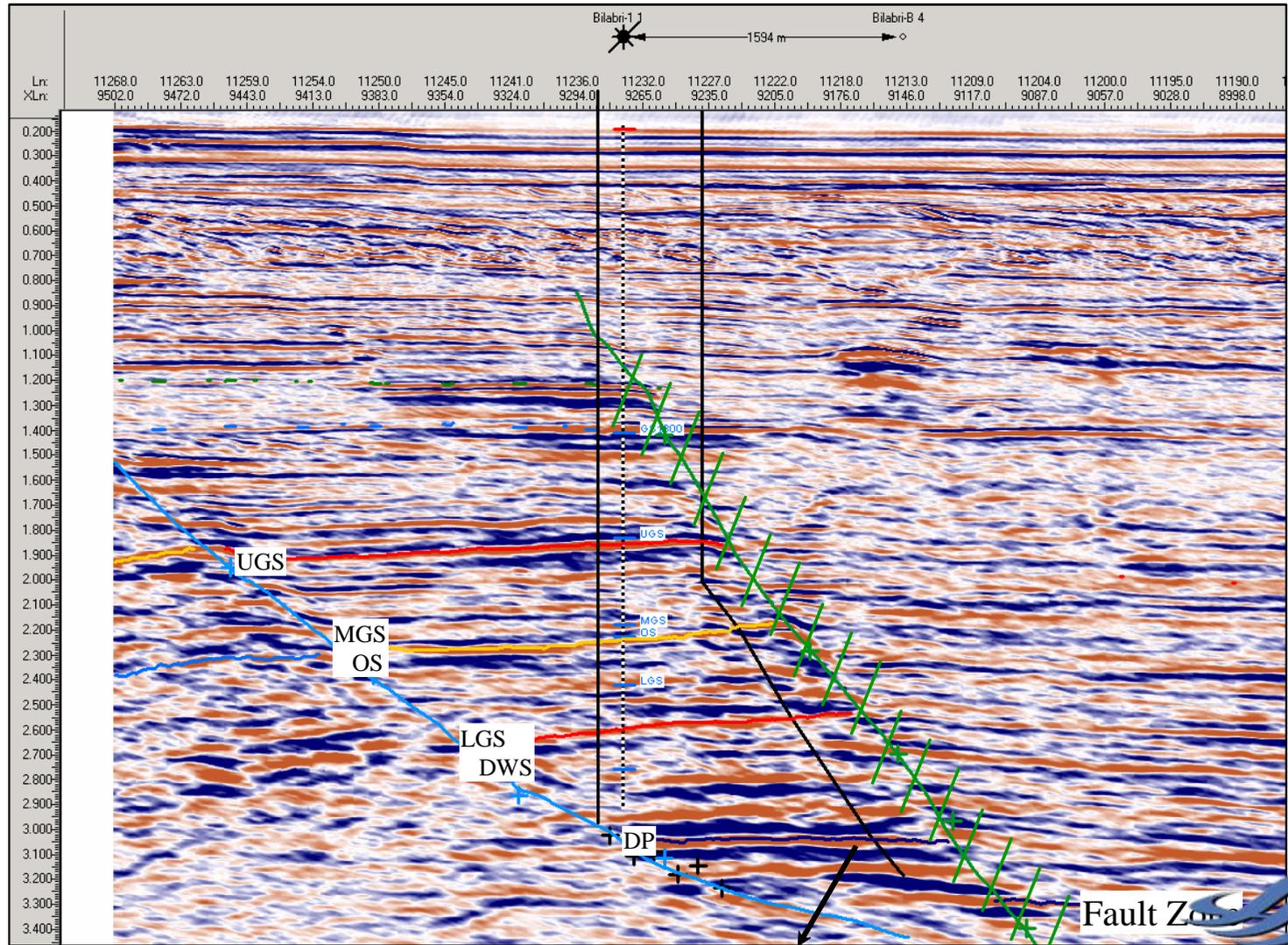
# SEISMIC MAP OF OML 122



# 3D CROSS-SECTION IMAGE



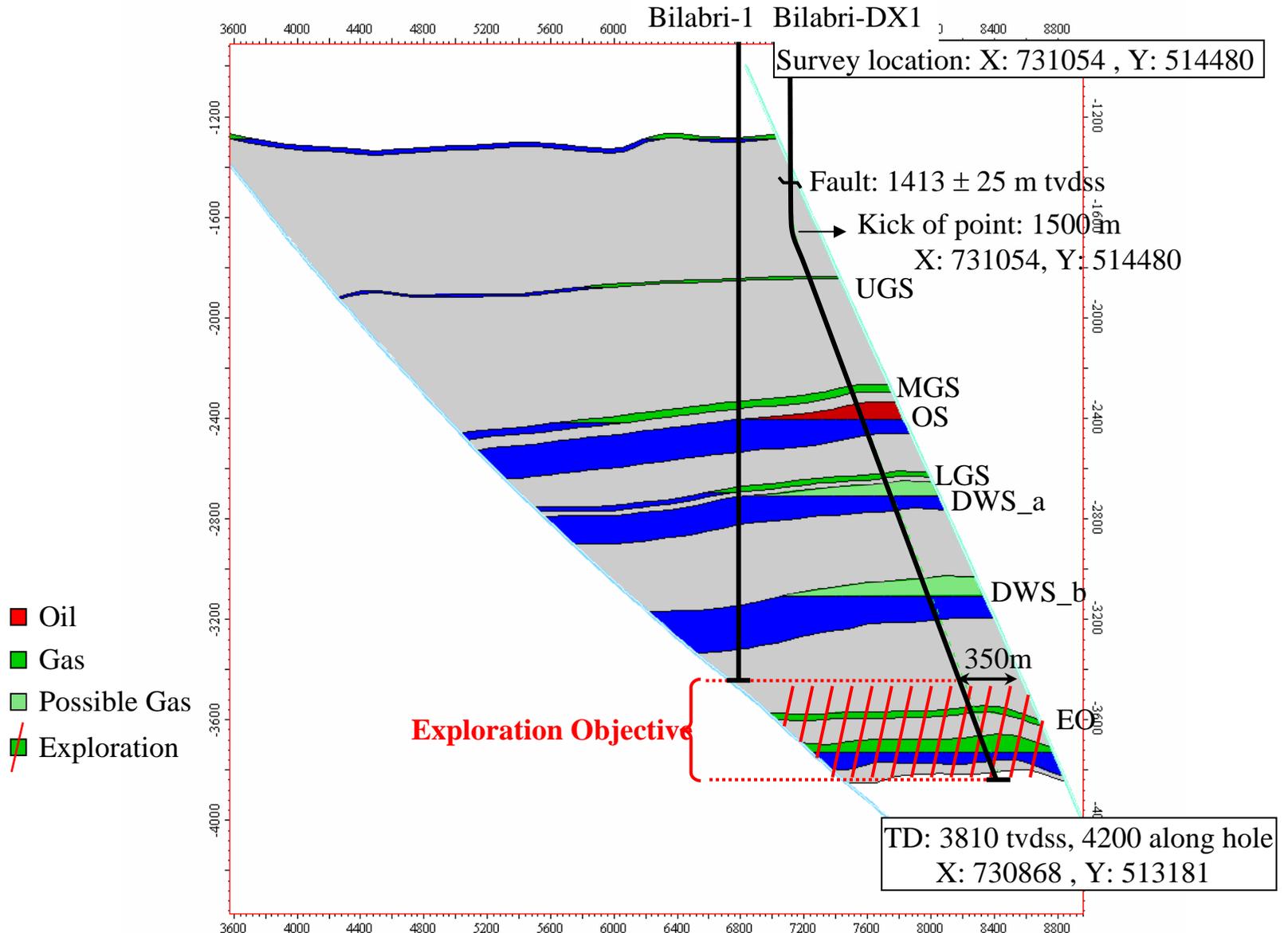
# SEISMIC LINE ACROSS BILABRI



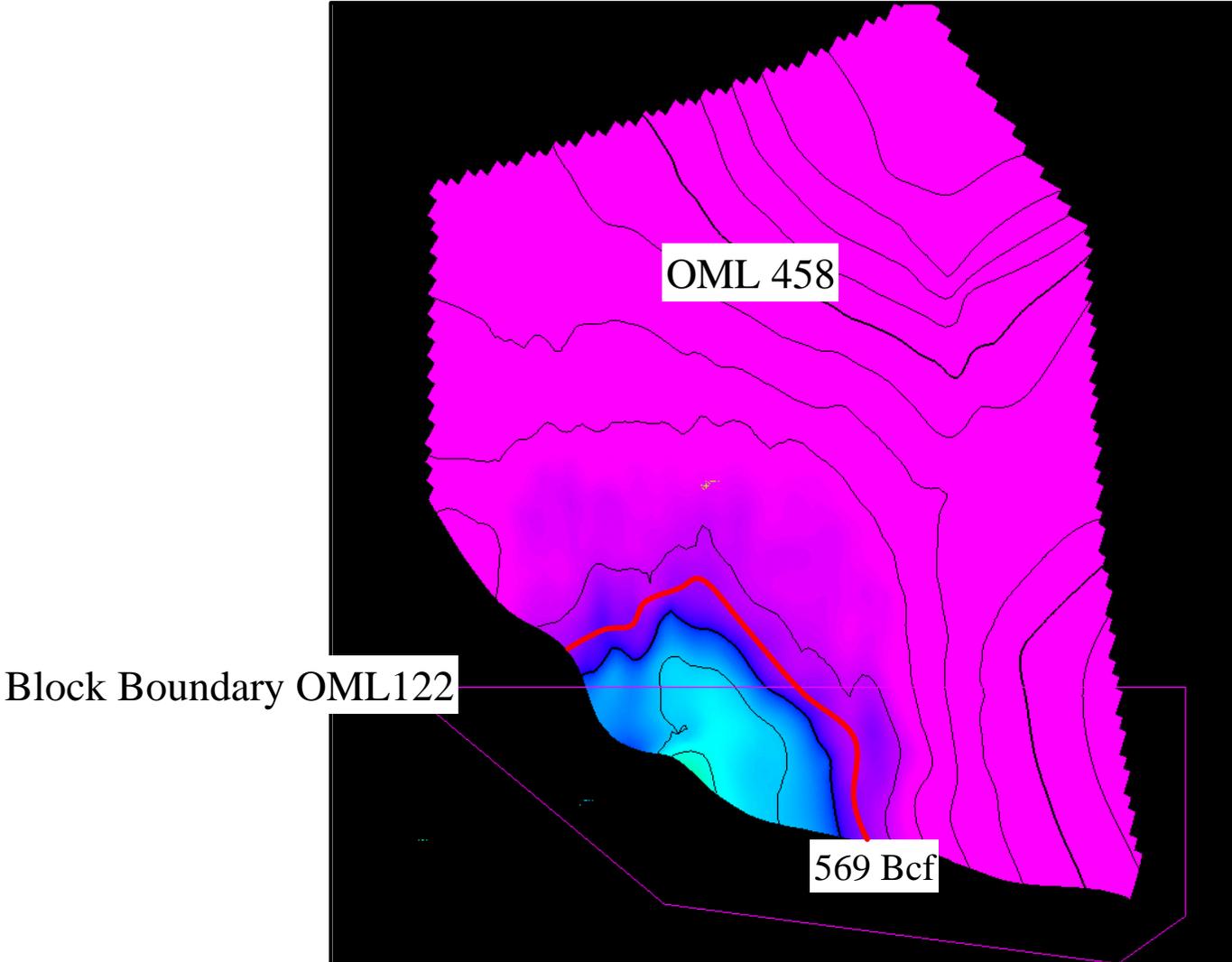
High amplitudes

Fault Zone

# DEPTH SECTION

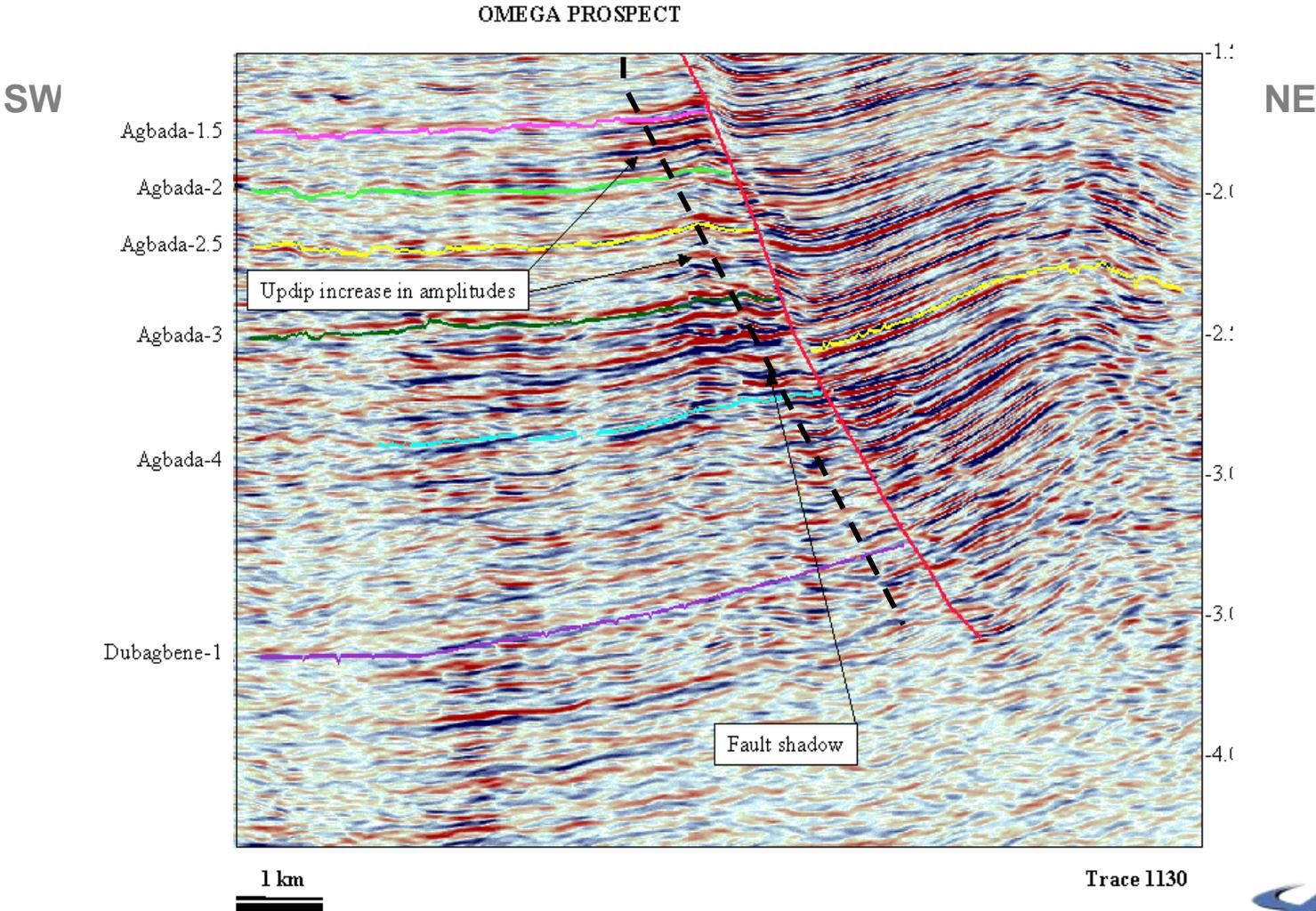


# PETREL MODEL: DEEPER HORIZON



Assuming 2800 scuf/bls as condensate ratio gives 200 MMbls

# SEISMIC LINE ACROSS OMEGA PROSPECT



**Well trajectory has not been defined**

# CONCLUSIONS ON OML 122

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- **area Gas prone with condensate and oil-rim potential.**
- **Presence of gas can be mapped from seismic – low exploration risk.**
- **Water depth between 80 - 150 m.**
- **Total identified potential volumes in place:**
  - **Gas: 1920 Bcf**
  - **Oil: 200 MMbbls**
  - **Condensate: 200 MMbbls**

# PROGRAMME FOR OML 122

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- **Equator plans to drill 2-3 wells on OML 122 in late 2005 or early 2006, subject to drilling rig availability.**
- **The estimated costs to Equator are \$30-40 million including seismic license fees, G&A costs and the drilling of 2-3 wells.**
- **Following drilling of the wells, Equator will assess the technical and economic parameters of its interest in the project and design a field development programme.**

# NIGERIAN 2005 LICENSE ROUND

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- **Equator has signed a joint bidding agreement with OVL for the 2005 Nigeria Bid Round.**
- **63 offshore and onshore blocks will be on offer.**
- **The OVL/Equator Venture is interested in the 12 deepwater offshore blocks on offer.**
- **The bid round is expected to commence in June 2005 with allocations expected to be announced in August 2005.**
- **Any awards will be shared between OVL and Equator on a 65:35 basis.**

# MANAGEMENT'S STRATEGY

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- **Leverage our experience and contacts to identify possible acquisition and investment opportunities.**
- **Apply disciplined financial management in the areas of acquisition evaluation and capital spending.**
- **Acquire minority working interests in high reward exploration opportunities alongside major oil companies.**
- **Minimize investment and exploration risk on high working interest blocks through farm-outs.**

# CORPORATE DIRECTORY

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## Correspondence Office

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## Nominated Adviser

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United Kingdom

## Accountants

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London WC1B 5LF  
United Kingdom



## Broker

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