



EQUATOR EXPLORATION LIMITED

GOVERNANCE HANDBOOK

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GS Coaching and Consulting
Developing Organisation Effectiveness

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- nb** This governance handbook for EEL has been created based:-
- . on UK Company Law,
 - . the self-regulatory governance framework created by:-
 - The Cadbury Report, 1992
 - The Greenbury Report 1995
 - The Hampel Report, 1998
 - The Turnbull Report, 1999
 - Higgs Review, 2003
 - The FRC Combined Code, 2003
 - . recommendations of the Institute of Directors (IOD) and of the ICSA (Institute of Chartered Secretaries) and
 - . best practice in the oil industry

1. SUMMARY

Good corporate governance means rigorous supervision of the management of the Company within the context of legislation, non-legislative codes, self-regulation, best practice, structure, culture and board competency. Best practice indicates that Board governance for the Company should be spelt out and adhered to in addition to broader Corporate Governance which covers items such as Ethics, General Business Principles, Corporate Social Responsibility and Compliance with laws and regulations. This document is intended to cover both specific Board governance for Equator Exploration Ltd. and the broader Corporate Governance guidelines that are applicable to all employees of the Company.

PART A. BOARD PERFORMANCE

2. THE ROLE OF THE BOARD

The role of the Board of Equator Exploration Ltd. is to provide the entrepreneurial leadership to create prosperity whilst managing the company's relations with shareholders, the management of the Company and other relevant stakeholders. To balance stakeholder interests and the Company interests in the light of market forces, the law and relevant regulations. The Board will achieve this within a framework of prudent and effective controls, which enable risk to be assessed and managed. The Board will set the Company's values and standards, ensure that the necessary financial and human resources are in place for the Company to meet its objectives and will review management performance.

2.1 The Structure and Composition of the Board

In line with the Memorandum and Articles of Association of Equator Exploration Ltd., the minimum number of Directors on the Board shall be two and the maximum number, seven. The current ratio of executive directors to non-executive directors is three of each. There are three Board sub-committees for Audit, Compensation and Nomination and Governance, as detailed below. The Chairman, with the help of the Nomination and Governance Committee, will keep under review:-

- the energy, experience, knowledge, skills and personal attributes of current and prospective directors in relation to the current and future needs of the Board as a whole
- any gaps or overlaps between individual directors' roles and responsibilities and take corrective action as necessary
- the cohesion, dynamic tension and diversity of the Board and its leadership

2.2 Board Accountabilities

- Establishing Vision, mission and values
- Setting strategy and structure
- Delegating to management
- Exercising accountability to shareholders and being responsible to other relevant stakeholders

2.3 Matters to be decided by the Board

The Combined Code states that “There should be a formal schedule of matters specifically reserved for the board’s decision...” and that the annual report should contain a “...high level statement of which types of decisions are to be taken by the board and which are to be delegated to management.” To this end, a Schedule of Matters reserved for the Board is attached (Appendix A.)

2.4 The Role of the Non-executive Directors

The role of the non-executive directors of Equator Exploration Ltd. is to bring an independence and impartiality to their focus on board issues and not stray into executive direction or day-to-day running.

Non-Executive Directors Key responsibilities

- Provide a different perspective and general counsel to the Chairman and CEO
- Provide a creative and informed contribution to the Strategic direction of the Company and provide objective and constructive criticism of strategic objectives and plans
- Monitor the performance of executive management, especially with regard to progress made towards achieving the company strategy and objectives
- Connect the Company and Board with useful external people and organisations and represent the best interests of the Company externally
- Participate in appropriate Board sub-committees

2.5 The role of the Executive Directors

The specific roles of the Executive Chairman and the Chief Executive are shown as Appendices D and E. There is only one other Executive Director at the present time, who holds the role of Chief Operating Officer for the Company. In general though, the role of the Executive Directors is the successful execution of strategy though the effective day to day running of the Company.

Executive Directors Key responsibilities

- Recommending objectives and strategy for the Company in the development of its business, having regard to the interests of its shareholders, customers, employees and other stakeholders
- The presentation of the Company's budgets and five year plan to the Board and, following their adoption, the achievement of the budgets and plans
- Ensuring appropriate levels of authority are delegated to senior management throughout the Company
- Ensuring the control, co-ordination and monitoring within the Company of risk and internal controls
- Ensuring compliance with relevant legislation and regulations
- Safeguarding the integrity of management information and financial reporting systems
- Identifying and executing new business opportunities outside the current core activities, including geographic diversifications.
- Examining all trade investments, divestments and major capital expenditure proposals and the recommendation to the Board of those which are material either by nature or cost.
- Optimising the allocation and adequacy of the Company's resources
- Ensuring the provision of adequate people development and succession and recommendation and implementation of appropriate remuneration structures
- Developing and implementing Company policies (as itemised in the attached Appendix A. Schedule of Matters Reserved for the Board and in Appendix E. Role of the Chief Executive).

3. EQUATOR EXPLORATION BOARD SUB-COMMITTEES

3.1 Audit committee

This committee is intended to provide a link between the auditors and the Equator Exploration Board, independent of the Company's executives. All members of the audit committee should be independent non-executive directors. This committee is chaired by non-executive director Alexander Dembitz.

3.2 Compensation Committee

This committee makes recommendations on executive remuneration, benefits and bonuses to the Board. The majority of this committee must consist of non-executive directors. (nb The Combined Code recommends the Committee be made up of at least three independent non-executive directors although two is permissible for smaller companies below the FTSE 350). This committee is chaired by non-executive director James Ladner.

3.3 Nomination and Governance Committee

This committee makes recommendations on good corporate governance matters to the Board. It is then accountable for evaluating the performance of the Company against these recommendations and for determining the independence of non-executive directors. As part of this, it also leads the process for succession planning and appointments to the Board. The majority of this committee should consist of non-executive directors. Non-executive director, Baroness Chalker of Wallasey chairs this committee.

The terms of reference for these committees are outlined in Appendix B. It is recommended that the Terms of Reference and Composition of each Board sub-committee is placed on the Company's web site.

4. BOARD PERFORMANCE

The Board of Equator Exploration Ltd reviews the performance of individual directors, as well as the Board as a whole, each year. This assessment is coordinated by the Nomination and Governance committee and agreed by the main Board. Accountability for ensuring that the resulting development needs of directors are met, rests with the Chairman as specified in the role specification at Appendix D. below.

PART B

5. CORPORATE GOVERNANCE

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION

Equator Exploration Ltd. (**“the Company”**) is a an ethical business, working in compliance with laws and regulations wherever we operate. This handbook sets out standards for appropriate ethical and professional behaviour for all employees, including Directors and contractors.

ETHICS

The laws and regulations governing corporate behaviour are becoming increasingly complex and also vary from country to country. The Company requires that all employees and Directors should always act with the highest standards of honesty, integrity and fairness in all their business dealings with others, wherever they may be operating. Where differences in corporate behaviour exist as a result of local customs, norms, laws or regulations, you must apply this Code of Conduct or local requirements, whichever sets the highest standard of behaviour. We are committed to transparency in all our dealings. In addition, employees and directors must:-

- Monitor compliance and the ethics of the people they supervise
- Monitor third parties acting on behalf of the Company or in a Joint Venture, to ensure that they also work in a manner consistent with this Code of Business Conduct
- Never offer or take any gift or entertainment that would be illegal nor engage in any behaviour with regards to anyone, government official or otherwise, which could deem to be in breach of local or international bribery laws
- Never trade Equator Exploration Ltd. shares or the shares of any other publicly traded company nor tip off anyone else to do so, on the basis of inside information (“insider trading”).

CONFLICTS OF INTEREST

All employees and Directors must avoid conflicts of interest between their private financial and personal activities and their role in the conduct of Company business. Serving as a director or consultant or holding an interest in a third party organization that is a competitor, customer or supplier of goods or services to the Company may raise a conflict of interest or the appearance of one. In particular you should be conscious of the following:-

- Clear firewalls must exist between third party organizations and Equator Exploration Ltd. Ideally, the Company will endeavour not to share office space with third party organisations.
- Staff providing a service to the Company and to a third party organisation, must have duties, remuneration split and Company confidentiality and conflict of interest guidelines, clearly spelt out in their service or employment contract with the Company.
- All relationships that could possibly raise a conflict of interest, must be disclosed to the Nomination and Governance committee of the Board.

HEALTH, SAFETY AND THE ENVIRONMENT

Equator Exploration Ltd. places a high degree of importance on health, safety and the environment and the well-being of all those connected to it and its activities. The following policies are supported by the HSE Management System Framework that documents the responsibilities and activities of every employee in the Company with respect to HSE.

Health Policy

It is the Company's policy to:

- identify and evaluate health risks related to its operations that potentially affect its employees, contractors or the public;
- implement programs and appropriate protective measures to control such risks, including appropriate monitoring of its potentially affected employees;
- communicate in a reasonable manner to potentially affected individuals or organizations and the scientific community, knowledge about health risks gained from its health programs and related studies;
- determine at the time of employment and thereafter, as appropriate, the medical fitness of employees to do their work without undue risk to themselves or others;
- provide or arrange for medical services necessary for the treatment of employee occupational illness or injuries and for the handling of medical emergencies;
- comply with all applicable laws and regulations, and apply responsible standards where laws and regulations do not exist;
- work with government agencies and others to develop responsible laws, regulations, and standards based on sound science and consideration of risk;

- conduct and support research to extend knowledge about the health effects of its operations;
- undertake appropriate reviews and evaluations of its operations to measure progress and to ensure compliance with this policy;
- provide voluntary health promotion programs designed to enhance employees' well being, productivity, and personal safety. These programs should supplement, but not interfere with, the responsibility of employees for their own health care or their relationship with personal physicians. Information about employees obtained through the implementation of these programs should be considered confidential and should not be revealed to non-medical personnel except: at the request of the employee concerned, when required by law, when dictated by overriding public health considerations, or when necessary to implement the guidelines of the Alcohol and Drug Use policy.

Safety Policy

It is the company's policy to conduct its business in a manner that protects the safety of employees, others involved in its operations, customers, and the public. The Company will strive to prevent all accidents, injuries, and occupational illnesses through the active participation of every employee. The Company is committed to continuous efforts to identify and eliminate or manage safety risks associated with its activities.

Accordingly, the Company's policy is to:

- design and maintain facilities, establish management systems, provide training and conduct operations in a manner that safeguards people and property;
- respond quickly, effectively, and with care to emergencies or accidents resulting from its operations, cooperating with industry organizations and authorized government agencies;
- comply with all applicable laws and regulations, and apply responsible standards where laws and regulations do not exist;
- work with government agencies and others to develop responsible laws, regulations, and standards based on sound science and consideration of risk;
- conduct and support research to extend knowledge about the safety effects of its operations, promptly applying significant findings and, as appropriate, sharing them with employees, contractors, government agencies, and others who might be affected;

- stress to all employees, contractors, and others working in its behalf their responsibility and accountability for safe performance on the job and encourage safe behaviour off the job;
- undertake appropriate reviews and evaluations of its operations to measure progress and to ensure compliance with this policy.

Environment Policy

It is Equator Exploration Ltd.'s policy to conduct its business in a manner that is compatible with the balanced environmental and economic needs of the communities in which it operates. The Company is committed to continuous efforts to improve environmental performance throughout its operations.

Accordingly, the Company's policy is to:

- comply with all applicable environmental laws and regulations and apply responsible standards where laws and regulations do not exist;
- encourage concern and respect for the environment, emphasize every employee's responsibility in environmental performance, and ensure appropriate operating practices and training;
- work with government and industry groups to foster timely and effective energy and environmental laws and regulations based on sound science and considering risks, costs, and benefits, including effects on energy and product supply;
- manage its business with the goal of preventing incidents and of controlling emissions and wastes to below harmful levels; design, operate, and maintain facilities to this end;
- respond quickly and effectively to incidents resulting from its operations, cooperating with industry organizations and authorized government agencies;
- conduct and support research to improve understanding of the impact of its business on the environment, to improve methods of environmental protection, and to enhance its capability to make operations and products compatible with the environment;
- communicate with the public on environmental matters and share its experience with others to facilitate improvements in industry performance;
- undertake appropriate reviews and evaluations of its operations to measure progress and to ensure compliance with this policy.

COMMUNITIES

Equator Exploration Ltd. places a high value on the support and endorsement of its activities by the communities in which it operates. Our policy in relation to those communities is to:-

- Comply with the local laws and regulations of every community, state and country in which we work
- Respect the cultures, values, traditions and varying business customs of those communities
- Recruit qualified local personnel where possible
- Be open and honest in describing the effects that our activities might have upon them
- Consult with the relevant communities to achieve mutually acceptable outcomes
- Provide those communities opportunities to share in the benefits which flow from our activities
- Seek to create lasting relationships based on mutual respect and trust

EMPLOYEES

Equator exploration Ltd. is committed to creating a work environment of mutual trust where every employee is treated with dignity and respect. Our policy is to:-

- Recruit, select, develop and promote employees on merit, irrespective of race, colour, gender, religion, age, national origin, sexual orientation, marital status or disability
- We are committed to providing safe and healthy working conditions for our employees wherever they may be based
- We will follow all applicable local labour and employment laws wherever we operate

Expectations.

In return, the Company expects every employee to:-

- Exhibit high standards of personal and professional conduct
- Value diversity and inclusion. Treat your colleagues as you would like to be treated yourself. Abuse and harassment in our workplaces, will not be tolerated
- Comply with the Company's disciplinary code and applicable conditions of service

PUBLIC AND POLITICAL ACTIVITIES

Equator Exploration Ltd. neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote partisan party interests. However, the Company recognises employees' rights to participate as individuals in the political process as long as:-

- you carry out these activities in your own time and not on company time
- make it clear that you do not represent the Company in any way in your political activities
- notify your immediate line manager if you plan to stand for public office, before accepting nomination

Although the Company will not directly participate in party politics wherever it operates, it will promote and defend its legitimate business interests by:-

- either directly or through bodies such as trade associations, raise questions and discuss particular government actions or decisions and
- engage with governments, individuals, agencies and other organisations in policy debate and in the development of proposed legislation and other regulations which may effect our legitimate interest

The Company is committed to building and maintaining good communication and relationships with governments and the wider community and interested stakeholders, in all countries where it operates

FINANCIAL REPORTING/INTERNAL CONTROLS

All employees and directors have a responsibility to the shareholders as well as a legal duty, to protect the physical, intellectual property and financial assets of the Company. In order to achieve this:-

- Equator Exploration's financial and non-financial records and supporting documentation must be honest, objective, timely and accurately describe and reflect the nature of underlying statements, transactions and events.
- The Company will maintain a sound system of internal control to safeguard shareholders' investment and all the Company assets
- All employees and directors are required to protect the Company's funds, guarding against misuse, loss, fraud or theft. This includes company monies advanced and any company travel and entertainment or credit cards employees may hold.
- All employees and directors must ensure that all claims, vouchers, bills and invoices are accurate and submitted in a timely manner

COMPLIANCE

The principles embodied in this Code of Business Conduct and Ethics will be communicated to all employees, directors and contractors of Equator Explorations Ltd. wherever they operate. The Nomination and Governance committee of the Board will monitor compliance with these and report their findings to the Board of the Company.

The Board of Equator Exploration Ltd. will not criticize management for any loss of business resulting from adherence to these principles and policies. Equally, the Board undertakes that no employee will suffer as a consequence of bringing to their attention or that of senior management, a breach or suspected breach of these principles. Genuine “whistle blowing”, if necessary, is in the best interests of all stakeholders of the Company.

APPENDICES

APPENDIX A. SCHEDULE OF MATTERS RESERVED FOR THE BOARD

1. Strategy and Management

- 1.1 Responsible for the overall direction of Equator Exploration Ltd.
- 1.2 Approval of the Company's long term objectives and strategy, annual operating and capital expenditure budgets
- 1.3 Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.4 Oversight of the Company's operations and management
- 1.5 Extension of the Company's activities into new business or geographic areas.
- 1.6 Any decision to cease to operate all or any material part of the Company's business

2. Structure and Capital

- 2.1 Changes relating to the Company's capital structure
- 2.2 Major changes to the Company's corporate, management or control structure
- 2.3 Any changes to the Company's listing

3. Financial Reporting and controls

- 3.1 Approval of preliminary announcements of interim and final results
- 3.2 Approval of the Annual Report and Accounts, including the Corporate Governance statement and Compensation report.
- 3.3 Approval of the dividends policy and declaration of any dividends
- 3.4 Approval of any significant changes in accounting policies or practices
- 3.5 Approval of treasury policies, including foreign currency exposure.

4. Internal controls

4.1 Responsible for a sound system of internal control and risk management.

5. Contracts

5.1 Major capital projects, investments or contracts

5.2 Lending or borrowing made by the Company outside the treasury policy

6. Communication

6.1 Approval of resolutions and related documentation to be put forward to shareholders at a general meeting.

6.2 Approval of all circulars and listing particulars.

6.3 Approval of press releases concerning matters decided by the Board.

7. Board membership and other appointments

7.1 Board appointments and removals; selection of the Chairman and Chief Executive; membership and chairmanship of Board committees, following recommendations from the Nomination and Governance committee.

7.2 Succession planning

7.3 Appointment or removal of the Company Secretary

7.4 Appointment, reappointment or removal of the external auditor, to be put to shareholders for approval, following the recommendation of the audit committee.

8. Remuneration

8.1 Determining the remuneration policy for the Chairman, Chief Executive and Executive directors, following recommendations from the Compensation Committee

8.2 Determining the remuneration of the non-executive directors, subject to the Articles of Association and shareholder approval as appropriate.

8.3 The introduction of new share schemes or new long-term incentive schemes or major changes to existing schemes, which require

shareholders' approval, following recommendations from the Compensation Committee.

9. Delegation of Authority

- 9.1 The division of responsibilities between the Chairman and the Chief Executive.
- 9.2 Approval of Terms of Reference of Board Committees following recommendations from the Nomination and Governance Committee
- 9.3 Receiving reports from Board Committees on their activities

10. Corporate Governance matters

- 10.1 Conduct an annual formal review of its own performance, that of its committees, the Chairman, the Chief Executive and individual directors, co-ordinated by the Nomination and Governance Committee.
- 10.2 Determine the independence of directors taking into account the recommendations of the Nomination and Governance Committee.
- 10.3 Review the Company's overall corporate governance arrangements taking into account the views of the Nomination and Governance committee.
- 10.4 Receiving reports on the views of the company's shareholders.

11. Policies

- 11.1 Approval of policies recommended by the Chief Executive, including:-
 - Code of Conduct (ethics and business practices)
 - Share dealing code
 - Health and safety policy
 - Communications Policy
 - Corporate social responsibility policy
 - Charitable donations policy

12. Other

- 12.1 The making of political donations

- 12.2 Prosecution, defence or settlement of litigation involving amounts in excess of that delegated to the Chief Executive.
- 12.3 Approval of the overall levels of insurance for the Company including Directors' and Officers' liability insurance and indemnification of directors.
- 12.4 This schedule of matters reserved for board decisions.
- 12.5 Any other matter not falling within the powers and authority of the shareholders or not delegated to the Chief Executive or a committee of the Board. (Matters that the Board considers suitable for delegation, are contained in the terms of reference of its Committees, Appendices B,C and D and the role specification of the Chief Executive at Appendix F.).

APPENDIX B. BOARD COMMITTEES TERMS OF REFERENCE

AUDIT COMMITTEE TERMS OF REFERENCE

Purpose

The Board of Directors of Equator Exploration Ltd (the “**Company**”) has constituted an Audit Committee (the “**Committee**”) the purpose of which is to:-

- assist the Board of the Company (the “**Board**”) in fulfilling its responsibilities in relation to financial reporting and control
- carry out certain financial oversight functions on behalf of the Board.

Limitations Inherent in the Committee’s Role

This provision is not intended to override the fiduciary duties of the directors. It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with applicable accounting principles or other rules and regulations. This is the responsibility of Management and the External Auditors. Furthermore, while the Committee is responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is not the responsibility of the Committee to determine the appropriate level of the Company's exposure to risk.

1. Membership and Independence

- 1.1 The Committee shall be composed of at least three independent non-executive members, at least one of whom shall have recent and relevant financial experience. Members shall be appointed by the Board, at the recommendation of the Nomination and Governance Committee and in consultation with the Chairman of the Audit Committee (the “**Committee Chairman**”).
- 1.2 The Board shall also appoint one Committee member to be the Committee Chairman at the recommendation of the Nomination and Governance Committee.
- 1.3 The Chairman of the Board should not be appointed to the Committee.
- 1.4 If a regular member is unable to act due to absence, illness or any other cause, the Committee Chairman, or in his absence the Board, may appoint another independent director of the Company to serve as an alternate member.
- 1.5 Appointments of each Committee member shall be for a period of up to three years, which may be extended for up to two further three-year periods, provided the Committee member remains independent and non-executive.

- 1.6 The Committee Chairman shall not serve consecutive terms in that capacity, though he may remain a member of the Committee and may serve as Committee Chairman again in a future term.
- 1.7 In accordance with applicable law, rules, and regulations, each Committee member shall be financially literate¹ and at least one member shall qualify as an “audit committee financial expert”².

2. Secretary

- 2 In consultation with the Committee Chairman, the Company Secretary or their nominee, shall act as the secretary to the Committee (the “**Committee Secretary**”).

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meeting Frequency

- 4.1 The Committee shall meet at least twice a year at appropriate times in the reporting and audit cycle and as frequently as required to perform the duties set out in these Terms of Reference.

5. Meeting Attendance

- 5.1 Only the Committee Chairman and members shall be entitled to participate in Committee meetings.
- 5.2 The external auditors should be invited to attend meetings of the Committee on a regular basis.
- 5.3 The VP Finance will be invited to attend meetings on a regular basis.
- 5.4 Other individuals such as the Chief Executive and external advisers, may be invited to attend for all or part of any meeting as and when appropriate, at the discretion of the Committee Chairman.
- 5.5 In the absence of the Committee Chairman, the remaining members shall elect one of their number present to chair the meeting.

¹ Or, as interpreted by the Board, a member shall become financially literate within a reasonable period of time after his or her appointment to the Committee.

² As defined by the U.S. Securities and Exchange Commission.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chairman or any other member of the Committee.
- 6.2 The Committee Chairman is responsible for developing an agenda of items to be discussed for each meeting.
- 6.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, shall be forwarded to each Committee member and to other attendees (as appropriate) at least seven days in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Secretary shall ensure that agendas and supporting papers are received in a timely manner to enable full and proper consideration.

7. Meeting Minutes

- 7.1 The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review within seven days of the meeting and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board, unless a conflict of interest exists.

8. Annual General Meeting

- 8.1 The Committee Chairman shall respond to any questions regarding the Committee's activities at the Annual General Meeting of the Company's Shareholders.

9. Duties

9.1 Risk Management and Internal Control

The Committee shall:

- 9.1.1 Monitor the effectiveness of the Group's risk based internal control system, make such recommendations as the Committee considers desirable and review the statements to be included in the annual reports concerning risk management and internal control. Among other things the Committee shall have access to all reports of the VP Finance and the External Auditors and information relating to Company policy and management responsibilities with regard to risk management and internal control, the adequacy of disclosure controls and procedures (including related certification and attestation processes), the avoidance of illegal payments and improper accounting practices and identified weaknesses in the effectiveness of risk and control management.

9.1.2 Monitor compliance with applicable external legal and regulatory requirements.

9.2 Financial Reporting

The Committee shall:

9.2.1 Monitor and review the integrity of the financial statements of the Company with Management and the External Auditors. Including its annual and interim reports and any other formal announcement relating to its financial performance. Recommend to the Board whether the audited financial statements should be included in the Company's annual and statutory reports.

9.2.2 Discuss with the VP Finance and the External Auditors issues regarding accounting policies and practices; the appropriateness and acceptability of judgements involving the application of accounting principles and interpretation of applicable disclosure rules; and compliance with accounting and reporting standards required by law or supported by appropriate professional or other authorities.

9.2.3 Review, in conjunction with Management, the Company's policies generally with respect to earnings releases; financial performance information and earnings guidance provided to investors and financial markets; reserves accounting and reporting³; and significant financial reporting issues.

9.2.4 Establish and monitor the implementation of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing or other matters, including mechanisms for the confidential or anonymous submission of related concerns by employees. The Committee shall also ensure that these procedures provide for proportionate and independent investigation of such matters and appropriate follow up action.

9.2.5 Monitor the effectiveness of the Company's procedures for internal control over financial reporting, including related certification and attestation processes.

9.3 Internal Audit

The Committee shall:

³ The Committee and the Board may, in addition to engaging its own advisers, consult with any outside independent consultants hired by the Company including, for example, any consultants retained by the Company to assist with auditing reported levels of proved hydrocarbon reserves.

- 9.3.1 Review and assess the internal audit function's remit, the appropriateness of internal audit strategies and the annual internal audit plan and, if satisfactory, recommend the same for approval by the Board. Monitor the execution and results of the audit plan. The Committee shall review and assess Management's response to audit findings and recommendations.
- 9.3.2 Discuss the adequacy of the Company's risk management and internal control system and any significant matters arising from the internal audit with the Company's management and the External Auditors. Monitor the qualifications, expertise, resources, budget and work structure of the internal audit function and review the same with the External Auditors. The Committee shall consider, at least annually, the standards employed by the internal audit function, quality assurance procedures and auditor competence.
- 9.3.3 Annually assess the role and effectiveness of internal audit in the overall context of the Group's risk management and internal control system.
- 9.3.4 Consider the appointment of an external professional advisor to conduct internal audits.

9.4 External Audit

The Committee shall:

- 9.4.1 Make recommendations to the Board, to be put to the Company's Shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's External Auditors. The External Auditors shall report directly to the Committee. The Committee shall oversee the selection process for new auditors. If an External Auditor resigns, the Committee shall investigate the issues giving rise to such resignation and consider whether any action is required.
- 9.4.2 Review and approve the engagement letter for the External Auditor's annual audit of the financial statements of the Company and its subsidiaries, the annual audit plan and related fees.
- 9.4.3 Monitor the execution and results of the audit, material communications between the External Auditors and Management and any issues arising thereto. The Committee shall review and assess Management's response to audit findings and recommendations and seek to resolve any disagreements between management and the External Auditors.
- 9.4.4 Annually assess the qualifications, expertise, resources, performance, effectiveness, objectivity and independence of the External Auditors within the context of the standards required by applicable law, regulation and listing requirements. The Committee shall consider, at least annually, the

standards employed by the External Auditors' quality assurance procedures and auditor competence.

9.4.5 Establish and monitor the implementation of policies for, and any external disclosures in relation to:

1. the pre-approval of all audit services (including those performed for purposes of providing comfort letters and statutory audits) and permissible non-audit services to be provided by the External Auditors, to the extent permitted by law or regulation; and
2. the hiring of employees or former employees of the External Auditors.

9.4.6 Annually obtain and review a report from the External Auditors describing (i) all relationships between the External Auditors and the Company and (ii) material issues, if any, raised by their most recent internal quality-control review in respect of the Company or by any inquiry or investigation by governmental authorities in the last five years relating to any audits carried out by the External Auditors. The Committee shall confirm with the External Auditors that they are not aware of any matters that fall under Section 10A(b) of the U.S. Securities Exchange Act of 1934, as amended, in addition to UK professional and regulatory requirements.

10. Reporting Responsibilities

10.1 The Committee shall, through the Committee Chairman, report to the Board on its proceedings after each meeting, identifying matters in respect of which it considers that action or improvement is needed, including where the Committee is not satisfied with any aspect of risk management and internal control, financial reporting or audit related activities; including the independence and performance of the External Auditors, the performance of the internal audit function and any other matters the Committee deems appropriate; making recommendations as to the steps to be taken.

10.2 Bring to the attention of the Board material issues, as well as complaints or concerns regarding accounting, internal accounting controls, auditing or other matters and, at least annually, share with the Board the report it receives from the Company on compliance with internal controls (including with respect to insider trading compliance).

10.3 At least annually, evaluate its Terms of Reference, how the Committee has discharged its responsibilities, and the overall performance of the Committee; and report the results of such evaluation to the Board.

10.4 Describe to shareholders in the annual report how it has discharged its responsibilities and how auditor objectivity and independence has been safeguarded.

11. Other

The Committee shall also:

- 11.1 Annually review the absence of any conflicts or related party transactions with respect to the VP Finance and his significant business and investment transactions. The VP Finance shall be prohibited from any profit-making business activities outside the Company that relate to activities of the Company and shall not have been employed by the Company's external auditor firm(s) during the prior two years or, if involved in the firm's audit of the Company, during the prior five years.
- 11.2 Annually assess the VP Finance's performance with respect to those matters relevant to the Committee's role and thereafter shall contribute such assessment to the Board for its annual review (in consultation with the Chief Executive) of the VP Finance's performance.
- 11.3 Review with legal counsel legal matters that could have significant impact on the annual reports.
- 11.4 Perform such further functions related or incidental to the foregoing as the Committee at the request of the Board, may from time to time agree to undertake.

12. Authority

- 12.1 The Board has constituted the Committee with the authorities necessary to perform the duties set out in these Terms of Reference.
- 12.2 The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, company officers and external parties; and to investigate or commission the investigation of issues or concerns as it may deem appropriate. The Committee may engage advisers or otherwise obtain independent legal, accounting and other professional services it requires, at the expense of the Company.
- 12.3 The Board will provide the Committee with sufficient resources to undertake its duties, including access to the company secretariat.

COMPENSATION COMMITTEE TERMS OF REFERENCE

Purpose

The Board of Directors of Equator Exploration Ltd (the “**Company**”) has constituted a Compensation Committee (the “**Committee**”) the purpose of which is to:-

- determine and agree with the Board of Directors of the Company (the “**Board**”) the remuneration policy for the Chairman, the Chief Executive and Executive Directors (at present only the COO);
- within the terms of such agreed policy, determine the individual remuneration package for the Chairman, the Chief Executive and the Executive Directors (at present only the COO); and
- monitor the structures and levels of remuneration for other senior executives and make recommendations if appropriate.

The remuneration of non-executive directors shall be a matter for the Board within the limits set out in the Articles of Association and ideally should not include share options in order to retain true independence.

1. Membership and Independence

- 1.1 Ideally the Committee shall be composed of at least three independent non-executive directors to be in line with recommendations of the Combined Code. However two is permissible for smaller companies below the FTSE 350. Members shall be appointed by the Board, at the recommendation of the Nomination and Governance Committee and in consultation with the Chairman of the Compensation Committee.
- 1.2 The Board shall also appoint one Committee member to be the Committee Chairman at the recommendation of the Nomination and Governance Committee. The Chairman *must* be an independent non-executive director.
- 1.3 The Chairman of the Board should not be appointed to the Committee.
- 1.4 If a regular member of the Committee is unable to act due to absence, illness or any other cause, the Committee Chairman, or in his absence the Board, may appoint another independent director of the Company to serve as an alternate member.
- 1.5 Appointments of each Committee member shall be for a period of up to three years, which may be extended for up to two further three-year periods, provided the Committee member remains independent.

2. Secretary

- 2.1 In consultation with the Committee Chairman, the Company Secretary or their nominee, shall act as the secretary to the Committee (the “**Committee Secretary**”).

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meeting Frequency

- 4.1 The Committee shall meet at least four times a year and as frequently as required to perform the duties set out in these Terms of Reference.

5. Meeting Attendance

- 5.1 Only the Committee Chairman and members shall be entitled to participate at Committee meetings. However, other individuals such as the Chief Executive and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 5.2 In the absence of the Committee Chairman the remaining members shall elect one of their number present to chair the meeting.
- 5.3 No director, officer or senior executive shall be involved in any decisions as to their own remuneration.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chairman or any other member of the Committee.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and other attendees (as appropriate) at least seven days in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Secretary shall ensure that agenda and supporting papers are received in a timely manner to enable full and proper consideration.

7. Meeting Minutes

- 7.1 The Committee Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review within seven days of the meeting and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board unless a conflict of interest exists.

8. Annual General Meeting

- 8.1 The Committee Chairman shall respond to any questions relating to the Committee's activities at the Annual General Meeting of the Company's Shareholders.

9. Duties

The Committee shall:

- 9.1 determine and agree with the Board the framework remuneration policy for the Chairman, the Chief Executive, the other Executive Directors and other members of the executive management which it is designated to consider.
- 9.2 the objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate *incentives* to encourage enhanced performance and are, in a fair and responsible manner, *rewarded* for their individual contributions to the success of the Company
- 9.3 within the terms of the agreed framework remuneration policy, determine individual remuneration packages for the Chairman and the Chief Executive and, in consultation with them, for other Executive Directors including bonuses, incentive payments and share options or other share awards.
- 9.4 monitor structures and levels of remuneration for other senior executives and make recommendations if appropriate to ensure consistency with the Company's remuneration objectives;
- 9.5 approve the design of and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes_
- 9.6 review the design of all employee share plans for approval by the Board and shareholders, other incentive plans for Executive Directors and any

amendments to such plans;_

- 9.7 for any such plans, determine annually whether awards will be made and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;
- 9.8 consider and advise on the terms of any contract to be offered to a director ensuring that contractual terms on termination and any payments made are fair to the individual and the Company and that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
- 9.9 approve % contribution offered to private pension arrangements for Executive Directors and any major changes to employee benefit arrangements applicable to them;
- 9.10 prepare an annual Remuneration Report and ensure that all necessary disclosures on matters within its remit are properly made, including in the Annual Reports;
- 9.11 review and endorse the policy for authorising claims for expenses from the Chief Executive and the Chairman (recommend that the Chairman of the Board authorises the CEO's expenses and the Chairman of the Compensation Committee authorises the Chairman's) ; and
- 9.12 review its own performance, at least once a year, and recommend any necessary changes to its Terms of Reference to the Nomination and Governance committee.

10. Reporting Responsibilities

- 10.1 The Committee shall, through the Committee Chairman, report to the Board on its proceedings after each meeting.

11. Other

- 11.1 The Committee shall also perform such further functions related to the foregoing as the Board may, from time to time, request.

12. Authority

- 12.1 The Board has constituted the Committee with the authorities necessary to perform the duties set out in these Terms of Reference.
- 12.2 The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, company officers and external parties.

- 12.3 The Committee may engage remuneration consultants and other advisers or otherwise obtain such independent legal or other professional services as it requires, at the expense of the Company.
- 12.4 The Board will provide the Committee with sufficient resources to undertake its duties, including access to the company secretariat.

**NOMINATION AND GOVERNANCE COMMITTEE
TERMS OF REFERENCE**

Purpose

The Board of Directors of Equator Exploration Ltd (the “**Company**”) has constituted a Nomination and Governance Committee (the “**Committee**”) the purpose of which is to:-

- review and make recommendations to the Board of Directors of the Company (the “**Board**”) on corporate governance guidelines.
- Review and make recommendations to the Board on Board Governance
- lead the process for appointments to the Board and make recommendations to the Board on all Board appointments and reappointments
- review and make recommendations to the Board on succession planning, particularly to the roles of Chairman and CEO.

1. Membership and Independence

- 1.1 The members of the Committee shall be appointed by the Board and shall consist of at least two non-executive directors). A majority of members of the Committee shall be independent.
- 1.2 The Board shall appoint the Chairman of the Committee (the “**Committee Chairman**”) who should either be the Chairman of the Board or an independent non-executive director.
- 1.3 The Committee Chairman should excuse him (her) self when it is dealing with the matter of succession to the chairmanship of this committee.
- 1.4 If a regular member is unable to act due to absence, illness or any other cause, the Committee Chairman or, in her absence, the Board may appoint another director of the Company to serve as an alternate member, having due regard to maintaining the required majority of independent non-executive members.
- 1.5 Appointments of each Committee member shall be for a period of up to three years, which may be extended for up to two further three-year periods, provided that the majority of the Committee members remain independent.

2. Secretary

- 2.1 In consultation with the Committee Chairman, the Company Secretary or their nominee, shall act as the secretary to the Committee (the “**Committee Secretary**”).

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be three of whom at least two must be independent, non-executive directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Meeting Frequency

- 4.1 The Committee shall meet at least twice a year and as frequently as required to perform the duties set out in these Terms of Reference.

5. Meeting Attendance

- 5.1 Only the Committee Chairman and members shall be entitled to participate in Committee meetings. Any non-executive director who is not a member of the Committee shall be entitled to attend Committee meetings; at the invitation of the Committee others, including the Chief Executive, may also attend Committee meetings.
- 5.2 In the absence of the Committee Chairman, the remaining members present shall elect one of their number present to chair the meeting.

6. Notice of Meetings

- 6.1 Meetings of the Committee shall be arranged by the Committee Secretary at the request of the Committee Chairman or any other member of the Committee.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate), at least seven days in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Secretary shall ensure that agenda and supporting papers are received in a timely manner to enable full and proper consideration.

7. Meeting Minutes

- 7.1 The Committee Secretary shall minute the proceedings and resolutions of All meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review within seven days of the meeting and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board unless a conflict exists.

8. Annual General Meeting

- 8.1 The Committee Chairman shall respond to any questions relating to the Committee's activities at the Annual General Meeting of the Company's Shareholders.

9. Duties

9.1 Corporate Governance

The Committee shall:

- 9.1.1 recommend, for the approval of the Board, corporate governance guidelines for the Company and review them regularly;
- 9.1.2 monitor the Company's compliance with such guidelines and with applicable legal, regulatory and listing requirements in respect of corporate governance and recommend to the Board such changes or additional action as it deems necessary; and
- 9.1.3 review and make recommendations in respect of external disclosures relating to corporate governance, including accounts and in the Company's Annual Reports.

9.2 Board Composition and Performance

The Committee shall:

- 9.2.1 regularly review the structure, size and composition (including the required skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any adjustments deemed necessary;
- 9.2.2 annually assess whether a majority of the Board (including the Chairman) is "independent". The Committee must disclose its reasons if it determines that a director is independent notwithstanding the existence of the following circumstances:
- the director has been an employee of the Company within the last five calendar years;
 - the director has had a material business relationship with the Company within the last three calendar years ("material business relationship" for this purpose means remuneration, other than *de minimus* remuneration or director's fees, was paid by the Company, its subsidiaries or affiliates to the director, to any entity in which the director has a beneficial ownership

interest of 5% or more, or to an entity by which the director is employed or self-employed other than as a director; remuneration is deemed *de minimus* if such remuneration is \$50,000 USD or less in any calendar year or as otherwise determined and disclosed by the Board);

- the director has received additional remuneration other than director's fees or *de minimus* amounts;
- the director has been a director, executive officer, or controlling person of a not-for-profit entity that has, in the previous twelve months, received contributions in excess of the greater of \$1 million USD or 2% of the entity's gross revenues from the Company, the executive directors or other members of senior management;
- the director holds cross-directorships with other Company directors; or
- the director has close family ties with any of the Company's advisers, directors, or senior management;

9.2.3 co-ordinate the annual evaluation of the Board's and Board Committees' performance. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;

9.2.4 under the chairmanship of the Committee Chairman, ensure that the Board conducts an adequate annual evaluation of the performance of the Chairman and that the Chairman conducts an adequate annual evaluation of the performance of other non-executive Board members;

9.2.5 ensure that the Board conducts an annual evaluation of the performance of the Chief Executive and in consultation with the Chief Executive, other executive directors;

9.2.6 review, at least once a year, its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;

9.2.7 make recommendations to the Board concerning membership of the Committee ;and

9.2.8 make recommendations to the Board concerning the appointment of the chairmen of each of the Audit and Compensation committees and, in consultation with the Committee Chairmen, the membership of each of those committees

9.3 **Board Appointments**

The Committee shall:

- 9.3.1 having evaluated the balance of skills, knowledge and experience on the Board, and hence defined the role and capabilities required for a particular appointment, be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. Candidates from a wide range of backgrounds shall be considered and the Committee shall ensure that its nominee would have sufficient time to undertake the role (if an executive of another listed company there must be no other non-executive appointments);
- 9.3.3 solicit and consider the views of significant shareholders on the nomination of candidates. The Committee has the sole discretion to determine the appropriate manner and scope of the consultations;
- 9.3.4 under the chairmanship of the Committee Chairman, make recommendations to the Board for the appointment of the Chairman, on the basis of an agreed job specification, including an assessment of the time commitment expected and recognising the need for availability in the event of crises;
- 9.3.5 make recommendations to the Board for the appointment of a Chief Executive;
- 9.3.6 in consultation with the Chief Executive, make recommendations to the Board concerning the appointment of members of the Executive Committee;
- 9.3.7 make recommendations to the Board concerning a general policy for the approval of acceptance of appointments to external offices by executive directors and other senior executives and any individual appointment as a director of a public company;
- 9.3.8 review and define orientation and induction plans for new directors; and
- 9.3.9 ensure that the Secretary of the Company, on behalf of the Board, writes to any appointee, detailing what is expected in terms of time commitment, committee service and involvement outside board meetings and proposing an induction plan approved by the Committee Chairman.

9.4 Succession Planning

The Committee shall:

- 9.4.1 keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

- 9.4.2 give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in future;
- 9.4.3 make recommendations to the Board concerning the succession plans for both executive and non-executive directors and in particular for the Chairman and Chief Executive;
- 9.4.5 make recommendations to the Board concerning the re-appointment of any non-executive director at the conclusion of his or her specified term of office;
- 9.4.6 make recommendations to the Board concerning the recommendation to shareholders for re-election of any director under the retirement by rotation provisions in the Company's Articles of Association;
- 9.4.7 make any necessary recommendations to the Board concerning the continuation in office, suspension or termination of service of any director (subject, in the case of Company employees, to the provisions of their service contracts; and
- 9.4.8 make recommendations to the Board concerning the continuation (or not) in service of any director who has reached the age 70.

10. Reporting Responsibilities

- 10.1 The Committee shall, through the Committee Chairman, report to the Board on its proceedings after each meeting.

11. Other

- 11.1 The Committee shall also perform such further functions related to the foregoing as the Board, may from time to time request.

12. Authority

- 12.1 The Board has constituted the Committee with the authorities necessary to perform the duties set out in these Terms of Reference.
- 12.2 The Committee, within the scope of its assigned duties, is authorised to seek any information it requires from employees, company officials and external parties.
- 12.3 The Committee may engage advisers or otherwise obtain such independent legal or other professional services as it requires, at the expense of the Company.

12.4 The Board will provide the Committee with sufficient resources to undertake its duties, including access to the company secretariat.

**APPENDIX C.
NON-EXECUTIVE DIRECTOR APPOINTMENT LETTER**

All non-executive directors will be required to sign a letter on appointment to the Board of the Company. A standard letter of appointment for non-executive directors is kept by the Company Secretary and can also be found in the HR Policies manual of the Company.

The following core information must be included:-

Conditions of the appointment

Detailing start date, length of initial engagement period, conditions relating to the review of the appointment and the circumstances and conditions under which either party can terminate the position.

Duties

Including membership of any board committees, minimum amount of time the non-executive director will be expected to work, board and AGM time commitments and performance related issues.

Fees and expenses

Details of the remuneration, the frequency of payment, entitlement to expenses and how they should be claimed.

Confidentiality

The rules about non-disclosure of commercially sensitive information and information specified by the Company applying during and after they hold office on the Board.

Other obligations

A pledge that the non-executive director will comply with all statutory requirements relating to the Company's register of directors and directors interests and the Model Code for Securities Transactions by Directors

Company's property and documents

A statement that, in the event of the termination of the non-executive director's appointment, the Company is entitled to request the return of any of its property or documents relating to its affairs

Other provisions

e.g. Induction process, disclosure of outside interest which may cause a conflict, details of directors' and officers' liability insurance held by the Company etc.

APPENDIX D. THE ROLE OF THE CHAIRMAN IN RESPECT OF HIS BOARD RESPONSIBILITIES

PURPOSE

The purpose of the role of Chairman of the Board is to:-

- provide leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda
- ensure that the directors receive accurate, timely and clear information
- ensure effective communication with shareholders
- facilitate the effective contribution of non-executive directors and ensure constructive relations between executive and non-executive directors and
- act on the results of board performance evaluation by recognising the strengths and addressing the weaknesses of the board and, where appropriate, propose new members be appointed to the board or seek the resignation of directors

KEY ACCOUNTABILITIES

The Chairman is responsible for:-

1. Meetings

- Chairing Board and general meetings
- Running the Board, ensuring effectiveness in all aspects of its role including regularity and frequency of meetings
- Setting the Board agenda, taking into account the issues and concerns of all board members
- Ensuring that the directors receive accurate, timely and clear information including that on the Company's current performance, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the Company.
- Managing the Board to allow enough time for discussion of complex or contentious issues. The Chairman should ensure that directors (particularly non-executive directors), have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision-making.
- Ensure that they are fully informed about all issues on which the Board will have to make a decision, through briefings with the Chief Executive, the Company Secretary and members of the executive management, as appropriate.

- Set the agenda, style and tone of board discussions to promote effective decision-making and constructive debate
- Ensure clear structure for and the effective running of, board committees.

2. Directors

- Facilitating the effective contribution of non-executive directors and encouraging active engagement by all members of the Board.
- Promoting constructive relations and open communications between the executive and non-executive directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
- Holding meetings with the non-executive directors without the executives present

3. Induction, development and performance evaluation

- Ensuring that new directors participate in a full, formal and tailored induction programme, facilitated by the Company Secretary
- Ensuring that the development needs of directors are identified and, with the Company Secretary having a key role, that these needs are met. The directors should be able to continually update their skills and the knowledge and familiarity with the Company required to fulfil their role on the Board and its committees.
- Identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team
- Ensuring the performance of the Board, its committees and individual directors, is evaluated at least once a year and acting on the results of such evaluation by recognising the strengths and addressing the weaknesses of the Board. Where appropriate, through the Nomination and Governance committee, proposing that new members be appointed to the Board or seeking the resignation of others.

4. Relations with shareholders

- Ensuring effective communication with shareholders
- Maintaining sufficient contact with major shareholders to understand their issues and concerns, in particular discussing governance, strategy and compensation with them.
- Ensuring that the views of shareholders are communicated to the Board as a whole so that all directors develop an understanding of their views.

5. Relations with the Executive Management of the Company

- Ensuring that there is appropriate delegation of authority from the Board to executive management
- Ensure the continual improvement in quality and calibre of the executives.
- Establish a close relationship of trust with the Chief Executive and the COO, providing support and advice whilst respecting their executive responsibility
- Provide coherent leadership of the Company, including, in conjunction with the Chief Executive, representing the Company to customers, suppliers, governments, shareholders, financial institutions, the media, the community and the public.

6. AGM

- Arranging for the Chairmen of board committees to be available to answer questions at the AGM and for all directors to attend.

7. Other

- Uphold the highest standards of integrity and probity.
- Ensure the long term sustainability of the business
- Ensure effective implementation of board decisions
- With the assistance of the Company Secretary and the Chairman of the Nomination and Governance Committee, promote the highest standards of corporate governance.
- Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the communities of wherever the Company operates)

APPENDIX E. THE ROLE OF THE CHIEF EXECUTIVE

PURPOSE

The purpose of the role of the Chief Executive is:-

- to be accountable to the Board for running the Company's business ensuring effective implementation of strategy and board decisions
- together with the Chairman, provide coherent leadership of the Company

KEY ACCOUNTABILITIES

The Chief Executive is responsible for the following, within the authority limits delegated to him by the Board.

1. Business Strategy and Management

- Developing Company objectives and strategy having regard to the Company's responsibilities to shareholders, customers, employees and other stakeholders
- The successful achievement of objectives and execution of strategy following presentation to and approval by, the Board.
- Recommending to the Board an annual budget and five year financial plan and ensuring the delivery of same following board approval
- Optimising, as far as is reasonably possible, the use and adequacy of the Company's resources

2. Investment and Financing

- Examining all trade investments and major capital expenditure proposed by subsidiary companies and the recommendation to the Board of those, which in a group context, are material either by nature or cost.
- Identifying and executing acquisitions and disposals, approving major proposals or bids.
- Leading geographic diversification initiatives
- Identifying and executing new business opportunities outside the current core activities

3. Risk Management and Controls

- Managing the Company's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the Board

- Ensuring appropriate internal controls are in place

4. Board Committees

- Making recommendations on remuneration policy, executive remuneration and terms of employment of the senior executive team, including the Company Secretary, to the Compensation Committee
- Making recommendations to the Nomination and Governance Committee on the role and capabilities required in respect of the appointment of executive directors

5. Communication

- Providing a means for timely and accurate disclosure of information, including an escalation route for issues
- Ensuring effective communication with all directors and shareholders

6. Other

- Setting Company HR policies for the senior executive team and approving the appointment and termination of employment of members of that team
- Leading the senior executive team in the day to day running of the Company's business, including chairing the Executive Committee and communicating its decisions/recommendations, to the Board
- Formalising the roles and responsibilities of the senior executive team, including clear delegation of authorities
- Supervising the activities of subsidiary companies' most senior executives
- Developing the following policies for Board approval and then implementing them:-
 - Codes of ethics and business practice
 - Share dealing code
 - Health and safety policy, risks and procedures (to be reviewed annually)
 - Communications policy (including procedures for the release of price sensitive information)
 - Investor relations policy
 - Corporate social responsibility policy (including environmental, employee communications and employee disability)
 - Charitable donations

- HR policies, ensuring all employees are legally employed within the statutory framework of their country of employment
- Together with the Chairman, representing the Company to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community and the public.
- Keeping the Chairman informed on all important matters



EQUATOR EXPLORATION LIMITED

APPENDIX F.

ACCOUNTABILITY MATRIX DELINEATING MAIN ROLES, RESPONSIBILITIES AND DECISIONS BETWEEN EXECUTIVE AND NON-EXECUTIVE DIRECTORS

ITEM	RECOMMEND	APPROVE	EXECUTE
BUSINESS STRATEGY + MANAGEMENT <ul style="list-style-type: none"> • Objectives + strategy • Annual budget + 5 year plan • Major changes to the Company's corporate, management or control structure • Changes to listing status 	CEO CEO BOARD BOARD	BOARD BOARD SHAREHOLDERS	CEO + EXEC. DIRECTORS EXEC. DIRECTORS BOARD
INVESTMENT + FINANCING <ul style="list-style-type: none"> • Trade investments + major capital expenditure or contracts • Acquisitions + disposals 	Over US\$10 mill. CEO US\$1 –10 mill. EXEC. DIRECTORS CEO	BOARD 2/3 EXEC. DIRECTORS BOARD	

ITEM	RECOMMEND	APPROVE	EXECUTE
<ul style="list-style-type: none"> • New business or geographic extension • Changes to the Company's capital structure • Lending or borrowing outside Treasury policy 	<p>CEO</p> <p>EXEC. DIRECTORS</p>	<p>BOARD</p> <p>BOARD</p>	
<p>RISK MANAGEMENT, FINANCIAL REPORTING AND CONTROLS</p> <ul style="list-style-type: none"> • Managing Company's risk profile • Ensuring appropriate internal controls are in place • Financial announcements • Annual Report and Accounts • Dividends policy + declaration • Significant changes in accounting policies/practice • Treasury policy and foreign currency exposure • Appointment, reappointment or removal of external 	<p>EXEC. DIRECTORS</p> <p>BOARD AUDIT COMMITTEE (NON-EXECS.)</p> <p>BOARD AUDIT COMMITTEE</p> <p>BOARD AUDIT COMMITTEE</p> <p>BOARD AUDIT COMMITTEE</p> <p>BOARD AUDIT COMMITTEE</p> <p>EXEC. DIRECTORS</p>	<p>BOARD APPROVE ACCEPTABLE CATEGORIES OF RISK</p> <p>BOARD</p> <p>BOARD</p> <p>BOARD</p> <p>BOARD</p> <p>BOARD</p> <p>BOARD</p>	<p>CEO</p> <p>EXEC. DIRECTORS</p>

ITEM	RECOMMEND	APPROVE	EXECUTE
auditor	AUDIT COMMITTEE	SHAREHOLDERS	BOARD
<p>COMMUNICATION</p> <ul style="list-style-type: none"> Documentation to be put to shareholders at a general meeting Circulars, listing particulars, press releases on matters decided by the Board Effective communication with shareholders 	<p>AUDIT COMMITTEE, COMPENSATION COMMITTEE, NOMINATION & GOVERNANCE COMMITTEE, EXECUTIVE DIRECTORS DEPENDANT ON CONTENT</p> <p>EXECUTIVE DIRECTORS</p>	<p>BOARD</p> <p>BOARD</p>	<p>EXECUTIVE DIRECTORS</p> <p>ALL</p>
<p>PEOPLE</p> <ul style="list-style-type: none"> Remuneration policy, executive remuneration, senior exec. terms of employment Remuneration for Non-Executive Directors Share and long term incentive schemes Roles & capabilities for exec. director appointments 	<p>CEO TO BOARD COMPENSATION COMMITTEE</p> <p>BOARD COMPENSATION COMMITTEE</p> <p>COMPENSATION COMMITTEE</p> <p>CEO TO COMPENSATION COMMITTEE</p>	<p>BOARD</p> <p>BOARD AND SHAREHOLDERS</p> <p>BOARD AND SHAREHOLDERS</p> <p>BOARD</p>	<p>CEO</p> <p>EXECUTIVE DIRECTORS</p> <p>EXECUTIVE DIRECTORS</p>

ITEM	RECOMMEND	APPROVE	EXECUTE
<ul style="list-style-type: none"> • Appointment and termination of senior executive non-directors • Succession planning to the Board • Succession planning below Board • Roles and responsibilities of and delegation of authority to, senior team • Supervision of subsidiaries • Division of responsibilities between the Chairman & CEO 	<p>EXECUTIVE DIRECTORS</p> <p>BOARD NOMINATION & GOVERNANCE COMMITTEE</p> <p>EXECUTIVE DIRECTORS</p> <p>EXECUTIVE DIRECTORS</p> <p>NOMINATION & GOVERNANCE COMMITTEE</p>	<p>CEO</p> <p>BOARD</p> <p>CEO</p> <p>CEO</p> <p>BOARD</p>	<p>EXECUTIVE DIRECTORS</p> <p>EXECUTIVE CHAIRMAN</p> <p>EXECUTIVE DIRECTORS</p> <p>CEO</p> <p>CEO</p> <p>CHAIRMAN & CEO</p>
<p>POLICIES</p> <ul style="list-style-type: none"> • Codes of ethics and business practices • Share dealing 	<p>EXECUTIVE DIRECTORS</p> <p>“ “ “</p> <p>“ “ “</p>	<p>BOARD</p> <p>“ “</p> <p>“ “</p>	<p>EXECUTIVE DIRECTORS</p> <p>“ “ “</p> <p>“ “ “</p>

ITEM	RECOMMEND	APPROVE	EXECUTE
<ul style="list-style-type: none"> • Health & Safety • Communications • CSR • Investor relations • Charitable Donations • HR policies 	<p>“ “ “</p> <p>“ “ “</p> <p>“ “ “</p> <p>EXECUTIVE DIRECTORS</p> <p>“ “ “</p> <p>EXECUTIVE DIRECTORS</p>	<p>“ “</p> <p>“ “</p> <p>“ “</p> <p>BOARD</p> <p>“ “</p> <p>CEO</p>	<p>“ “ “</p> <p>“ “ “</p> <p>“ “ “</p> <p>EXECUTIVE DIRECTORS</p> <p>“ “ “</p> <p>EXECUTIVE DIRECTORS</p>
REPRESENTING THE COMPANY TO ALL STAKEHOLDERS			PRIME RESPONSIBILITY RESIDES WITH CHAIRMAN AND CEO
BOARD AND CORPORATE GOVERNANCE <ul style="list-style-type: none"> • Composition, structure, membership & TOR of Board committees • Independence of non-executive directors • Corporate Governance 	NOMINATION & GOVERNANCE COMMITTEE <p>“ “ “</p> COMPANY SECRETARY TO NOMINATION & GOVERNANCE COMMITTEE	BOARD <p>“ “</p> BOARD	CHAIRMAN <p>ALL</p>