



EQUATOR
EXPLORATION LIMITED

MANAGEMENT REPORT Q3 - 2012

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EQUATOR EXPLORATION LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER 2012

US\$

Non current assets

INTANGIBLES

Goodwill 175,206

Exploration and evaluation assets 43,678,066

Multi-client library 0

PROPERTY PLANT AND EQUIPMENT 10,133

INVESTMENTS 0

Total non current assets 43,863,405

Current assets

TRADE AND OTHER RECEIVABLES 39,097

CASH AT BANK AND IN HAND 121,098

Total current assets 160,195

Current Liabilities

TRADE AND OTHER PAYABLES (7,795,662)

Total Current Liabilities (7,795,662)

Net Current Assets (Liabilities) (7,635,467)

Long Term Liabilities

AMOUNTS DUE TO PARENT COMPANY (8,285,202)

Total Long Term Liabilities (8,285,202)

Total Assets less Total Liabilities 27,942,737

Capital and Reserves

SHARE CAPITAL 0

CAPITAL RESERVES 458,721,616

PROFIT AND LOSS ACCOUNT (430,778,879)

Total Capital 27,942,737

EQUATOR EXPLORATION LIMITED
INCOME STATEMENT FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2012

	US\$
Revenue	702,185 (i)
Admin Expenses	(1,383,754)
Impairments	0
Exceptional costs	0
Operating Loss	<u>(681,569)</u>
Finance costs	0
Interest payable - Oando	(717,220)
Finance income	146
Loss on ordinary activities before tax	<u>(1,398,643)</u>

Notes

(i) Revenue relates to 2D seismic sales

EQUATOR EXPLORATION LIMITED

TRADE AND OTHER RECEIVABLES AS AT 30 SEPTEMBER 2012

	\$
Trade receivables	-
Prepayments	37,838
Accrued income	-
Other debtors	1,259
Sinopec working capital account	-
	<u>39,097</u>

TRADE AND OTHER PAYABLES AS AT 30 SEPTEMBER 2012

	\$
Trade payables	2,429,076
Sundry other payables	0
OPL 323 KNOC outstanding cash calls	1,504,000
OPL 323 KNOC working capital account	(207,899)
OPL 321 KNOC outstanding cash calls	1,500,000
OPL 321 KNOC working capital account	(138,735)
AEIL liability	0
Accruals	2,709,220
	<u>7,795,662</u>

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

	OML122	OPL323	OPL321	JDZ	EEZ	Block 5	TOTAL
31-Dec-11	13,748,000	13,020,711	12,027,613	-	2,450,500	-	41,246,824
Additions	-	-	-	-	34,063	2,397,179	2,431,242
Transfer					(318,204)	318,204	0
Impairments	0	0	0	0	0	0	0
30-Sep-12	<u>13,748,000</u>	<u>13,020,711</u>	<u>12,027,613</u>	<u>-</u>	<u>2,166,359</u>	<u>2,715,383</u>	<u>43,678,066</u>

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

EEZ

31-Dec-11	2,450,500	<table border="1"><tr><td>EEZ</td></tr></table>	EEZ
EEZ			
Additions			
EEZ Signature bonus			
EEZ Acquisition of additional interest			
EEZ Licence & Other Fees			
EEZ Legal fees	19,123		
EEZ Seismic	0		
EEZ G&G	35,753	(i)	
EEZ Studies			
EEZ Wells - Drilling Costs			
EEZ Wells - Exploratory Phase Drilling			
EEZ Wells - Other			
EEZ IT Equipment			
EEZ Furniture, Fixtures & Fittings			
EEZ Tech & Admin - Manpower	(25,000)	(i)	
EEZ Tech & Admin - Travel	4,187		
EEZ Tech & Admin - Office & Other Cost			
EEZ Others - Social Projects, Training			
EEZ Home Office / Indirect Charges			
EEZ Moveables - Fixed Assets			
EEZ Donations			
EEZ Impairment wells			
Transfer to Block 5	(318,204)		
30-Sep-12	<u>2,166,359</u>		

Note (i) Within these balances are the reclassification of the PGS £25k incurred in 2010 which was incorrectly classified

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

Block 5

31-Dec-11	-	Block 5
Additions		
Block 5 Signature bonus	2,000,000	
Block 5 Acquisition of additional interest	0	
Block 5 Licence & Other Fees	-	
Block 5 Legal fees	12,255	
Block 5 Seismic	361,730	
Block 5 G&G	17,663	
Block 5 Studies	-	
Block 5 Wells - Drilling Costs	-	
Block 5 Wells - Exploratory Phase Drilling	-	
Block 5 Wells - Other	-	
Block 5 IT Equipment	-	
Block 5 Furniture, Fixtures & Fittings	-	
Block 5 Tech & Admin - Manpower	-	
Block 5 Tech & Admin - Travel	5,531	
Block 5 Tech & Admin - Office & Other Cost	0	
Block 5 Others - Social Projects, Training	-	
Block 5 Home Office / Indirect Charges	-	
Block 5 Moveables - Fixed Assets	-	
Block 5 Donations	- 0	
Transfer from EEZ	318,204	
EEZ Impairment wells	-	
30-Sep-12	2,715,383	