

Evening Standard Friday 12/11/04.

African island oil bonanza offers City rich pickings

By Steve Hawkes

THE tiny West African island group of São Tomé e Príncipe has poor roads, rampant malaria and a population of about 150,000.

But now City punters are being given the chance to make money out of an oil bonanza that is set to transform one of the world's poorest countries.

Equator Exploration is looking to raise up to £20 million through an AIM listing to hunt for oil in two huge deepwater blocks, each of them 4000 square kilometres.

The company negotiated options for two blocks in 2001 after US giant ExxonMobil sparked an oil rush by finding deposits thought to hold up to 10 billion barrels of crude.

Ever since, the country has been the centre of a fierce power struggle, centring on a dispute over territorial waters with nearby Nigeria and an ultimately doomed coup last year.

The Americans have moved in



Top jobs: chairman Sir Sam Jonah is also AngloGold Ashanti's president

and are reportedly keen to turn pro-West São Tomé into one of its most important strategic bases in the Gulf of Guinea.

Equator's roadshow hits London today and banker ODL Securities hopes the group will command a market value of £75 million when shares begin trading at the start of next month.

Tony Clements, head of corporate finance at ODL, said: "This is not an opportunistic move to take advantage of the high oil price. This company has been built up over the past five years and is not a dot com conceived on a Sunday, listed on a Wednesday and bust by Friday."

Based in the British Virgin

Islands, Equator is chaired by Sir Sam Jonah, the respected president of minor AngloGold Ashanti. The day-to-day running is in the hands of chief executive Wade Cherwayko.

Cherwayko was close to Houston-based EOHG, the Nigerian company that controversially secured exclusive exploration rights to São Tomé's waters in 1997.

West Africa has fast become one of the most desirable destinations for the oil industry, with an increasing amount of off-shore drilling taking place in Equatorial Guinea and Mauritania.

Fields containing 17 billion barrels of oil are due to come onstream in West Africa in the next five years, seven times the amount in the previous five years.

Canada-based oil explorer Adalis Resources is raising £30 million and taking a secondary listing on AIM at the end of the month. The group has put together a portfolio of 10 "high-risk" fields in Colombia.