

10 December 2010

Tower Resources

Year End	Revenue (\$m)	PBT* (\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/08	0.0	(0.9)	(0.2)	0.0	N/A	N/A
12/09	0.0	(0.7)	(0.1)	0.0	N/A	N/A
12/10e	0.0	(1.5)	(0.2)	0.0	N/A	N/A
12/11e	0.0	(1.5)	(0.2)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items

Investment summary: Operations on track

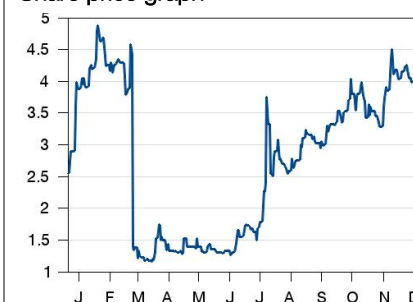
Tower's operations update of 9 December provides some very interesting reflections on the prospectivity of its Ugandan licence and suggests that the schedule for drilling the first well offshore Namibia remains on track for the October 2011 to March 2012 window, subject to funding. We continue to see Tower as an exciting frontier play with potentially highly significant projects.

The key findings for the aero gravity gradiometry survey over Licence EA5 in the Albertine Basin of Uganda point to the probable existence of an active oil generation kitchen and a large closed structural feature. Basin modelling suggests the latter has the potential for good quality reservoirs. The plan now is to shoot 2D seismic starting in April, 2011 followed by drilling possibly in Q3. Tower is currently finalising farm-out arrangements.

In Namibia the processing of the 3D survey undertaken over Licence 0010 (Tower has a 15% working interest), about 450km north-west of Walvis Bay in Q310, is now 65% complete. Detailed interpretation to evaluate apparent hydrocarbon indicators is expected to begin in February 2011 with completion possibly by early Q2. Arcadia Petroleum, the operator, is expected to begin seeking finance and to contract a deep water drilling rig once the seismic processing is complete. Importantly, Tower is free carried during the seismic phase and for the first exploration well. Interest in offshore Namibia as an exploration play has been growing of late. The Brazilian junior, HRT, recently raised \$1.5bn in part to finance exploration activity in the zone.

Price 4.4p
Market Cap £45m

Share price graph



Share details

Code TRP
Listing AIM
Sector Oil & Gas
Shares in issue 1,032.2m

Price

52 week High 4.9p Low 1.1p

Business

Tower Resources is a frontier oil and gas exploration company focused on Africa. There are two projects in Uganda's Albertine Basin and offshore Namibia.

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