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This document is an admission document in relation to AIM. It has been drawn up in accordance with the AIM Rules. This document does not constitute a prospectus for the purposes of the Prospectus Rules of the Financial Services Authority. **Neither the London Stock Exchange plc nor the United Kingdom Listing Authority has itself examined or approved the contents of this document.**

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.**

**A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser.**

Completion is subject to, *inter alia*, admission of the Enlarged Issued Share Capital of Tower Resources plc to trading on AIM taking place on or before 17 January 2006 (or such later date as may be agreed being no later than 11 February 2006).

The Existing Directors and the Proposed Directors, whose names appear on page 3 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Existing Directors and the Proposed Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document, for which they take responsibility, is in accordance with the facts and does not omit anything likely to affect the import of such information. In connection with this document, no person is authorised to give any information or make any representation other than as contained in this document.

Application will be made for the Ordinary Shares of Tower Resources plc already in issue to be re-admitted to trading on AIM and for the Consideration Shares and the Placing Shares of Tower Resources plc to be issued pursuant to the Proposals to be admitted to trading on AIM. It is expected that dealings in the Ordinary Shares of Tower Resources plc will commence on 17 January 2006. It is emphasised that no application has been made or is being made for the admission of the securities to the Official List of the UK Listing Authority or to trading on the London Stock Exchange's market for listed securities. The Shares are not dealt in on any regulated market and no application has been or is intended to be made for the Shares to be admitted to trading on any such market.

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## **Tower Resources plc**

*(Incorporated in England and Wales under the Companies Act 1985 No. 5305345)*

**Acquisition of Neptune Petroleum Limited,  
Approval of the Waiver of Rule 9 of the City Code  
Placing of 133,333,333 new Ordinary shares at 1.5 pence per share  
Notice of Extraordinary General Meeting**

**and**

**Re-admission to trading on AIM**

Nominated Adviser and Broker  
until Admission

**Nabarro Wells & Co. Limited**

Nominated Adviser and Broker  
following Admission

**Corporate Synergy plc**

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**SHARE CAPITAL**  
**(Immediately following Admission)**

<b>Authorised</b>			<b>Issued</b>	
<b>Number</b>	<b>£</b>		<b>Number</b>	<b>£</b>
10,000,000,000	£10,000,000	Ordinary Shares of 0.1 pence each	458,333,333	458,333.33

Nabarro Wells & Co. Limited, which is authorised and regulated by the Financial Services Authority, is currently acting as nominated adviser and broker for the Company, and will not be responsible to any other person for providing the protections afforded to its customers or for providing advice in relation to the contents of this document or any matter referred to herein.

Corporate Synergy plc, which is authorised and regulated by the Financial Services Authority, will following Admission be acting as nominated adviser and broker for the Company, and will not be responsible to any other person for providing the protections afforded to its customers or for providing advice in relation to the contents of this document or any matter referred to herein.

This document does not constitute an offer to sell or the solicitation of an offer to buy shares in any jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any such distribution could result in a violation of the law of such jurisdictions. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States, Canada, Australia or Japan. Accordingly, subject to certain exceptions, the Shares may not, directly or indirectly, be offered or sold within the United States, Canada, Australia or Japan or to or for the account or benefit of any US person or person resident in Canada, Australia or Japan.

Notice of an Extraordinary General Meeting of Tower Resources plc, to be held at 30 Farringdon Street, London EC4A 4HJ at 10.00 a.m. on 16 January 2006 is set out at the end of this document. To be valid, the enclosed Form of Proxy for use at the meeting should be completed in accordance with the instructions thereon, signed and returned so as to be received by the Company's Registrars, Computershare Investor Services PLC, as soon as possible but in any event not later than 10.00 a.m. on 14 January 2006.

Completion of a Form of Proxy will not preclude a Shareholder from attending and voting at the meeting in person.

## TABLE OF CONTENTS

### *Page*

<b>Directors, Secretary and Advisers</b>	3
<b>Definitions</b>	4
<b>Expected Timetable</b>	6
<b>Acquisition and Placing Statistics</b>	6
<b>Part 1 Letter from the Chairman</b>	7
Introduction	7
Principal Terms of the Acquisition	7
Background to and Reasons for the Acquisition	8
Current Trading, Recent Trends and Prospects	8
Reasons for Placing	8
Existing Directors and Proposed Directors	8
Dealing restrictions	9
City Code	9
Dividend policy	11
Corporate Governance	11
CREST	11
Working Capital	11
Extraordinary General Meeting	11
Action to be taken	11
Further information	12
Recommendation	12
<b>Part 2 Information on Neptune</b>	13
<b>Part 3 Financial Information and Accountants' Report on Tower</b>	14
3.1 Financial Information	14
3.2 Accountants' Report	17
<b>Part 4 Financial Information and Accountants' Report on Neptune</b>	19
4.1 Financial Information	19

4.2	Accountants' Report	23
<b>Part 5</b>	<b>Unaudited Pro-Forma Net Asset Statement</b>	25
<b>Part 6</b>	<b>Competent Person's Report on the Projects</b>	26
<b>Part 7</b>	<b>Material Contracts Summary</b>	33
<b>Part 8</b>	<b>Risk Factors</b>	39
<b>Part 9</b>	<b>Additional Information</b>	42
	<b>Notice of Extraordinary General Meeting</b>	59

## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Existing Directors</b>	Russell David Langusch ( <i>Executive Chairman</i> ) Ross Michael Warner ( <i>Non-Executive</i> ) Hugh David Warner ( <i>Non-Executive</i> )
<b>Proposed Directors</b>	Russell David Langusch ( <i>Executive</i> ) Peter Taylor ( <i>Non-Executive</i> ) Peter Blakey ( <i>Non-Executive</i> ) Mark Stuart Savage ( <i>Non-Executive</i> )
<b>Company Secretary and Registered Office</b>	John Bottomley 30 Farringdon Street London EC4A 4HJ Phone: +44 (0)207 544 5555
<b>Nominated Adviser and Broker until Admission</b>	Nabarro Wells & Co. Limited Saddlers House Gutter Lane London EC2V 6HS
<b>Nominated Adviser and Broker following Admission</b>	Corporate Synergy plc 30 Old Broad Street London EC2N 1HT
<b>Auditors and Reporting Accountants</b>	UHY Hacker Young St. Alphage House 2 Fore Street London EC2Y 5DH
<b>Solicitors to the Company</b>	Watson, Farley & Williams LLP 15 Appold Street London EC2A 2HB
<b>Solicitors to the Placing</b>	Marriott Harrison 12 Great James Street London WC1N 3DR
<b>Registrars</b>	Computershare Investor Services PLC PO Box 82, The Pavilions Bridgwater Road Bristol BS99 7NH Phone: +44 (0)870 702 0000
<b>Competent Person</b>	Scott Pickford Ltd 4th Floor, Leon House 233 High Street Croydon CR0 9XT

## DEFINITIONS

“Acquisition”	the proposed acquisition of Neptune by the Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement dated 8 August 2005, as amended by a deed of variation dated 21 December 2005, between the Company, Bayview Investments LLC, Peter Taylor and Peter Blakey relating to the Acquisition, a summary of the principal terms and conditions of which is set out in paragraphs 2 and 5 of Part 7 of this document
“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Enlarged Issued Share Capital of the Company to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM Rules”	the rules of AIM as issued by the London Stock Exchange
“AIM”	a market of that name operated by the London Stock Exchange
“Ascent Capital”	Ascent Capital Pty Ltd
“ASX”	Australian Stock Exchange Limited
“Broker” or “Corporate Synergy”	Corporate Synergy plc
“City Code”	The City Code on Takeovers and Mergers
“Combined Code”	the Combined Code on Corporate Governance published in July 2004 by the Financial Reporting Council
“Company” or “Tower”	Tower Resources plc
“Competent Person’s Report”	the Competent Person’s Report prepared by Scott Pickford Limited set out in Part 6 of this document
“Completion”	completion of the Acquisition in accordance with the Acquisition Agreement
“Concert Party”	the Vendors and Mark Savage
“Consideration Shares”	200,000,000 Ordinary Shares
“CREST”	the computer based system and procedures operated by CRESTCo Limited which enable title to securities to be evidenced and transferred without a written instrument
“Enlarged Group”	the Company and, following completion of the Acquisition, its subsidiaries Neptune, Neptune Namibia and Neptune Uganda
“Enlarged Issued Share Capital”	the ordinary share capital of the Company as to be enlarged by the Proposals comprising the Existing Ordinary Shares, the Consideration Shares and the Placing Shares
“Existing Directors” or “Board”	the existing directors of the Company at the date of this document whose names are set out on page 3 of this document
“Existing Ordinary Shares”	the 125,000,000 Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 10.00 a.m. on 16 January 2006 (or any adjournment thereof), notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy enclosed with this document for use in connection with the EGM
“FSA”	the Financial Services Authority
“London Stock Exchange”	London Stock Exchange plc

“Minimum Subscription”	£2,000,000
“Namibia Project”	the development of blocks 1910A, 1911 and 2011A in accordance with the petroleum agreement entered into between Neptune Namibia and the Government of the Republic of Namibia, a summary of the principal terms and conditions of which is set out in paragraph 2 of Part 7 of this document
“Neptune”	Neptune Petroleum Limited, a company incorporated in England & Wales
“Neptune Namibia”	Neptune Petroleum (Namibia) Limited, a company incorporated in Namibia
“Neptune Uganda”	Neptune Petroleum (Uganda) Limited, a company incorporated in Uganda
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of £0.001 each in the share capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placing”	the conditional placing pursuant to which the Company has received placing subscriptions for 133,333,333 at 1.5 pence per Ordinary Share to raise £2,000,000 before costs.
“Placing Agreement”	the conditional agreement dated 21 December 2005 between the Company, the Proposed Directors and Corporate Synergy relating to the Placing, a summary of which is set out in paragraph 15 of Part 7 of this document
“Placing Shares”	the Ordinary Shares the subject of the Placing
“Projects”	the Namibia Project and the Uganda Project
“Proposals”	the Acquisition, Waiver, Placing and the Admission
“Proposed Directors” or “New Board”	the proposed directors of the Company following Admission whose names are set out on page 3 of this document
“Resolutions”	the resolutions to be proposed and voted on at the EGM as detailed in the notice set out at the end of this document
“Scott Pickford”	Scott Pickford Ltd
“Shareholders”	holders of Existing Ordinary Shares
“Uganda Project”	the development of Contract Area 5 in accordance with the production sharing agreement entered into between Neptune Uganda and the Government of the Republic of Uganda, a summary of the principal terms and conditions of which is set out in paragraph 3 of Part 7 of this document
“UK”	the United Kingdom of Great Britain and Northern Ireland
“US\$”	the lawful currency of the United States of America
“Vendors”	Bayview Investments LLC, Peter Taylor and Peter Blakey, all of 5 Charterhouse Square, London EC1M 6PX
“Waiver”	the waiver by the Panel of the obligations of the Concert Party to make a general offer under Rule 9 of the City Code
“£”	the lawful currency of the UK

Certain technical terms used in this document are defined in the glossary appended to the Competent Person’s Report in Part 6 of this document.

### **EXPECTED TIMETABLE**

Despatch of this document	21 December 2005
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 14 January 2006
Extraordinary General Meeting	10.00 a.m. on 16 January 2006
Completion of the Acquisition	16 January 2006
Admission and commencement of dealings on AIM	8.00 am on 17 January 2006
CREST accounts credited by	17 January 2006
Despatch of share certificates by	31 January 2006

### **ACQUISITION AND PLACING STATISTICS**

Number of Ordinary Shares in issue before the Proposals	125,000,000
Number of Placing Shares	133,333,333
Number of Consideration Shares	200,000,000
Number of Ordinary Shares in issue following the Proposals	458,333,333
Placing Shares as a percentage of Enlarged Share Capital	29.09%
Consideration Shares as a percentage of Enlarged Share Capital	46%
Placing Price per Ordinary Share	1.5 pence
Gross proceeds of the Placing	£2,000,000
Net proceeds of the Placing (after expenses)	£1,801,435
Market capitalisation of the Company on Admission at the Placing Price)	£6,875,000

**PART 1**  
**LETTER FROM THE CHAIRMAN**

*Directors*

Russell Langusch (*Chairman*)  
Ross Warner  
Hugh Warner

*Registered Office*

30 Farringdon Street  
London EC4A 4HJ

21 December 2005

Dear Shareholder

**Acquisition of Neptune Petroleum Limited, Placing of New Ordinary Shares, waiver of Rule 9 of the City Code and Extraordinary General Meeting**

**Introduction**

On 11 August 2005 the Company was pleased to announce that it had conditionally agreed to acquire the entire issued share capital of Neptune from the Vendors.

The acquisition of Neptune is a good opportunity for the Company to acquire 100 per cent. of two frontier oil and gas plays. This is particularly so in an environment of high oil prices and what the Directors and Proposed Directors believe to be increased exploration activity in Africa. The two Projects to be acquired under the Acquisition enable the Company to position itself as an African focussed off-shore and on-shore oil and gas explorer.

The Competent Person's Report prepared for Tower indicates that, although the areas the subject of Neptune's subsidiaries licences in Namibia and Uganda are effectively unexplored, they appear to contain the elements necessary for hosting oil and gas fields. Source rocks and reservoir units have been identified in both areas and in the Namibian licence area, seismic data indicates many prospective hydrocarbon-bearing structures.

In conjunction with the Acquisition, the Company has raised £2,000,000 by way of a placing of 133,333,333 Ordinary Shares at 1.5 pence per share, to raise £2,000,000 before costs.

Upon completion of the Acquisition and the Placing, the Vendors will (assuming full subscription under the Placing) hold approximately 46 per cent. of the Enlarged Issued Share Capital.

Further information on Neptune is given in Part 2 of this document and an accountants' report on Neptune is included in Part 4 of this document. Further information on the Projects is given in the Competent Person's Report included in Part 6 of this document.

The Acquisition is a reverse takeover of the Company within the meaning of the AIM Rules and, as required by those rules, is subject to the approval of Shareholders in general meeting. Shareholder approval will also be required to approve on a poll a waiver by the Panel in respect of the requirement which would otherwise arise for the Concert Party to make a general offer to Shareholders under Rule 9 of the City Code to acquire all the Ordinary Shares not held by the Concert Party.

The purpose of this document is to explain the background to and reasons for the Proposals and to recommend that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting of the Company to be held on 16 January 2006, notice of which is set out at the end of this document.

**Principal Terms of the Acquisition**

Under the terms of the Acquisition Agreement between Tower and the Vendors:

- (1) Tower has agreed to purchase the entire issued capital of Neptune for a total consideration of £4,000,000, to be satisfied by the issue of 200,000,000 Ordinary Shares (the Consideration Shares) to the Vendors at 2 pence per share;
- (2) the consideration will be payable on Completion of the Acquisition Agreement; and
- (3) Completion of the Acquisition is conditional on, *inter alia*, Tower obtaining Shareholder approval for all of the Resolutions, the grant of exploration licences in each of Namibia and Uganda and the Minimum Subscription having been obtained under the Placing.

Further information in respect of the Acquisition Agreement is provided in paragraph 1 of Part 7 of this document.

The exploration licences have been granted pursuant to the petroleum agreement and production sharing agreement described in paragraphs 2 and 3 of Part 7 of this document. It is therefore expected that, assuming the Resolutions are approved, completion of the Acquisition will take place on 16 January 2006, and Admission on or around 17 January 2006.

### **Background to and Reasons for the Acquisition**

The Company was admitted to AIM on 13 January 2005 as an investing company with a strategy of undertaking investments in the mining, minerals and oil and gas sectors. The proposed acquisition of Neptune is the Company's first proposed investment and represents the implementation of that strategy. Whilst the properties held by Neptune's subsidiaries are at a very early stage of exploration, the Directors and the Proposed Directors believe that the available data is sufficiently encouraging to merit further work and investigation.

### **Current Trading, Recent Trends and Prospects**

The Company is currently an investing company (as defined by the AIM Rules). An accountants' report is set out in Part 3 of this document, showing the results of the Company for the period from incorporation to 30 June 2005. Following Completion, the Concert Party intends that the Company's sole business will be that of the holding company of Neptune, which is described in Part 2 of this document. An accountants' report on Neptune is set out in Part 4 of this document and a Competent Person's Report on the Projects is set out in Part 6 of this document. Tower has not had any employees since its incorporation and Neptune currently has no employees.

Save as set out in this document, the Company has not sold any products or performed any services since incorporation and there are therefore no significant recent trends in production, sales and inventory costs and selling prices between the end of the last financial year and the date of this document.

### **Reasons for Placing**

The Company is proposing to raise £2,000,000, before expenses, through the issue of 133,333,333 Placing Shares at the Placing Price. These Placing subscriptions are conditional on Completion and the Placing Shares being admitted to trading on AIM.

Pursuant to the terms of the Placing Agreement, further details of which are set out in paragraph 15 of Part 7 of this document, Corporate Synergy has agreed to use its reasonable endeavours to place the Placing Shares. Assuming the maximum subscription under the Placing, the Placing Shares will represent approximately 29.09 per cent. of the issued ordinary share capital of the Company at Admission.

The Placing Shares will, upon issue, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive any dividends and other distributions declared, made or paid following Admission and will be issued credited as fully paid.

The Placing is conditional, *inter alia*, on:

- (1) the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms prior to Admission;
- (2) the Minimum Subscription having been raised; and
- (3) Admission occurring by 17 January 2006 (or such later time and date as Corporate Synergy and the Company may agree, being no later than 11 February 2006).

The Placing is being made to finance the Company's exploration programme and to discharge a debt of US\$466,184 owed by Neptune to TM Services Limited, a company of which Peter Taylor and Peter Blakey are the directors and sole shareholders. The money was lent to Neptune after execution of the Acquisition Agreement to enable it to finalise its subsidiaries' licences and to commence their activities prior to Completion. The loan agreement and an associated deed of variation are described in paragraphs 4 and 5 of Part 7.

### **Existing Directors and Proposed Directors**

#### ***Board changes***

On completion of the Acquisition, Ross Warner and Hugh Warner (who were appointed as directors of the Company on 6 December 2004) will resign as directors and Peter Taylor, Peter Blakey and Mark Savage will be appointed as new directors of the Company. The board immediately following Completion will be as follows:

***Russell Langusch BE (Hons) MEngSc (Executive Director) (Age: 55)***

Russell Langusch is a petroleum engineer who has accumulated over 29 years' experience in the upstream oil & gas and finance sectors. This period includes direct working experience in Australia, South-east Asia and the UK North Sea. From 1975 Mr Langusch spent 13 years with Schlumberger and Esso in a variety of roles including field engineer, field service manager, marketing manager, petrophysicist and senior reservoir engineer. He was then employed by a number of international investment banks including James Capel, Deutsche Bank and CIBC World Markets as an Oil & Gas Analyst undertaking company research, corporate advisory and M&A work. In 2001 he established his own consulting business providing services to numerous domestic and international clients. Mr Langusch was appointed managing director of Elixir Petroleum Limited, a dual AIM and ASX-listed North Sea exploration company, in May 2004.

***Peter Taylor BSc CEng (Non-Executive Director) (Age: 58)***

Peter Taylor is Joint Chairman of TM Services Ltd, an international oil and gas consulting company. In 1991, he was a founding member and director of TM Oil Production Ltd, which is now Dana Petroleum Plc, an oil and gas company listed on the Official List and one of the UK's leading independents. Mr Taylor was a director of Dana until 2001. He was also a founding member and director of Consort Resources Ltd, which became a significant North Sea gas production company, and of Planet Oil Limited, which was merged with Hardman Resources Limited in 1998. Mr Taylor was a founding member and director of Star Petroleum PLC, which was incorporated into Global Petroleum Ltd, which is dual ASX and AIM listed and which has significant interests in Kenya and the Falkland Islands. Mr Taylor is a founding member and director of Neptune.

***Peter Blakey BSc CEng (Non-Executive Director) (Age: 65)***

Peter Blakey is Joint Chairman of TM Services Ltd, an international oil and gas consulting company. In 1991, he was a founding member and director of TM Oil Production Ltd, which is now Dana Petroleum Plc, an oil and gas company listed on the Official List and one of the UK's leading independents. He was also a founding member and director of Consort Resources Ltd, which became a significant North Sea gas production company, and of Planet Oil Limited, which was merged with Hardman Resources Limited in 1998. Mr Blakey was a founder member and director of Star Petroleum PLC, which was incorporated into Global Petroleum Ltd, which is dual ASX and AIM listed and which has significant interests in Kenya and the Falkland Islands. Mr Blakey is a founding member and director of Neptune.

***Mark Savage B. Bus. (Non-Executive Director) (Age: 48)***

Mark Savage was born and educated in the United States of America where he received a business degree from the University of Colorado and was senior executive for a number of US banks before he joined an Australian based merchant bank. Mr Savage has experience in debt and equity markets as well as in the corporate advisory area. He has held directorships with a number of public companies. Mr Savage is a director of Global Petroleum Ltd which is dual ASX and AIM listed and which has significant interests in Kenya and the Falkland Islands.

The current directorships of the Proposed Directors and those that they have held within the previous five years are set out in paragraph 4.11 of Part 9 of this document.

**Dealing restrictions**

Each of the Proposed Directors, Bayview Investments LLC, Ascent Capital Pty Ltd, Elliot Holdings Pty Ltd, David Steinepreis, Oakhurst Enterprises Pty Ltd, Derek Steinepreis, Talltree Holdings Pty Ltd, Argonaut Capital Limited and EGR Investments Pty Limited have agreed with the Company that they will not dispose of any interest in their Ordinary Shares for a period of 12 months from Admission. The provisions of the lock-in arrangements will not apply in certain limited circumstances which include, *inter alia*:

- .the acceptance of a general offer for the whole of the issued equity share capital of the Company in accordance with the Code, where such disposal or agreement to dispose is either conditional upon the announcement of such offer or is by way of acceptance of such offer or the giving of an irrevocable undertaking to accept such an offer; or
- .pursuant to a compromise or arrangement between the Company and its creditors; or
- .for the purpose only of effecting the appointment of a trustee or new trustee of a family settlement for the benefit of members of the immediate family of a locked-in Shareholder; or
- .by the personal representatives of a locked-in Shareholder in the event that he should die; or
- .pursuant to a court order.

## City Code

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control (which is defined in the City Code as a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings give *de facto* control) of that company. The Vendors are all shareholders and, in the case of Peter Taylor and Peter Blakey, directors of Neptune and are therefore, together with Mark Savage, who is the sole director and shareholder of Bayview Investments LLC (one of the Vendors), considered to be acting in concert. The Acquisition therefore gives rise to certain considerations under the City Code. Brief details of the City Code and the protections it affords to Shareholders are described below.

The City Code has not, and does not seek to have, the force of law. It has, however, been acknowledged by both the government and other regulatory authorities that those who seek to take advantage of the facilities of the securities markets in the UK should conduct themselves in matters relating to takeovers in accordance with high business standards and so according to the City Code.

The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company, quoted or unquoted and resident in the UK, the Channel Islands or the Isle of Man (and to certain categories of private limited companies). Tower is such a company and its Shareholders are therefore entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code (“Rule 9”) where (i) any person acquires shares which, when taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code and such person, or persons acting in concert with him, acquires any additional shares which increase his percentage of the voting rights, such persons are normally obliged to make a general offer to all the remaining shareholders to purchase, in cash, their shares at the highest price paid by him, or any person acting in concert with him, within the preceding 12 months.

By virtue of their being shareholders in and (in the case of Peter Taylor and Peter Blakey) directors of Neptune, the Vendors and Mark Savage are considered to be acting in concert. Immediately following Completion, the shareholding of the Vendors will be, in aggregate, 210,833,334 Ordinary Shares, representing approximately 46 per cent. of the Enlarged Issued Share Capital, as a result of being issued 200 million new Ordinary Shares pursuant to the Acquisition Agreement and a further 10,833,334 new Ordinary Shares pursuant to the Placing.

Bayview Investments LLC is a company incorporated in New Mexico, USA. Its sole director and shareholder is Mark Savage, one of the Proposed Directors. Bayview is an investment holding company incorporated on 21 January 2005 and it has no material assets other than its investment in Neptune. It is not required to file accounts under the laws of its state of incorporation. Pen portraits of the Vendors are set out under the heading “Existing Directors and Proposed Directors” in this Part 1 of this document.

Peter Taylor, Peter Blakey and TM Services Limited, a company of which Peter Taylor and Peter Blakey are the directors and sole shareholders, are together interested in an aggregate 34.1 per cent. of the issued share capital of Global Petroleum Ltd, which is involved in petroleum exploration projects. Otherwise, neither Peter Taylor, Peter Blakey, Mark Savage nor Bayview Investments LLC has any interest material to them in any business similar in nature to that of the Enlarged Group.

The individual holdings of the Vendors following Completion will be as follows:

*Immediately following completion of the Acquisition*

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital*</i>
Peter Taylor	55,416,667	12.09%
Peter Blakey	55,416,667	12.09%
Bayview Investments LLC	100,000,000	21.82%
<b>Total</b>	<b>210,833,334</b>	<b>46%</b>

*\*assuming Minimum Subscription under the Placing. Each of the Minimum Subscription and the Acquisition are inter-conditional.*

**The Panel has agreed, however, subject to Resolution 2 as set out in the Notice of Extraordinary General Meeting at the end of this document being passed on a poll by the**

**independent Shareholders at the Extraordinary General Meeting, to waive the obligation on the Concert Party to make a general offer to Shareholders under Rule 9 of the City Code which would otherwise arise as a result of the issue of 210,833,334 new Ordinary Shares to the Concert Party pursuant to the Acquisition and the Placing.**

Following Completion, the Vendors will between them hold more than 30 per cent. but not more than 50 per cent. of the Enlarged Issued Share Capital and for as long as they continue to be treated as acting in concert, any further increase in their aggregate shareholding will be subject to the provisions of Rule 9 of the City Code.

None of the Vendors nor any person acting in concert with any of them has purchased Ordinary Shares in the 12 months immediately preceding the date of this document. The Waiver, which the Panel has agreed to grant subject to the passing of the Resolution 2, will be invalidated if any purchases of Ordinary Shares are made by any of the Vendors or any person acting in concert with any of them in the period between the date of this document and the Extraordinary General Meeting. Each of the Vendors and Mark Savage has undertaken to the Company that he will not make any such purchases of Ordinary Shares.

#### **Dividend policy**

The nature of the Company's business means that it is unlikely that the Proposed Directors will recommend a dividend in the early years following Admission. The Proposed Directors believe the Company should seek to generate capital growth for its shareholders but may recommend distributions at some future date, depending upon the generation of sustainable profits and creation of sufficient reserves, when it becomes commercially prudent to do so.

#### **Corporate Governance**

The Proposed Directors acknowledge the importance of the Combined Code and intend, following Admission, to continue to apply its principles so far as is practicable taking into account the Company's size and stage of development.

The Proposed Directors will abide by Rule 21 of the AIM Rules for directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance by the Company's applicable employees.

#### **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. In accordance with standard practice the Consideration Shares and the Placing Shares will be made eligible for settlement in CREST as contemplated by the Uncertificated Securities Regulations 2001.

#### **Working Capital**

The Existing Directors and the Proposed Directors consider that the Company will have sufficient resources for its present requirements, that is for at least twelve months from Admission.

### **Extraordinary General Meeting**

You will find at the end of this document a notice convening an Extraordinary General Meeting of the Company to be held at 30 Farringdon Street, London EC4A 4HJ at 10.00 a.m. on 16 January 2006 at which the Resolutions will be proposed to:

- (1) approve the Acquisition for the purposes of Rule 14 of the AIM Rules;
- (2) approve the Waiver;
- (3) to grant authority to the directors pursuant to section 80 of the Act to allot relevant securities including, *inter alia*, the Consideration Shares and the Placing Shares;
- (4) to give power to the directors to allot certain relevant securities free from pre-emption rights as if section 89 of the Act did not apply to such allotment.

Resolutions (1) to (3) will be proposed as ordinary resolutions while Resolution (4) will be proposed as a special resolution. As required by the Panel, Resolution 2 will be taken on a poll of independent Shareholders. The Acquisition is conditional upon, *inter alia*, all the Resolutions being carried.

### **Action to be taken**

Shareholders will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return your Form of Proxy to the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA (1st class) or BS99 3ZZ (2nd class) as soon as possible but, in any event, so as to arrive no later than 10.00 a.m. on 14 January 2006. The completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person should you wish to do so.

### **Further information**

Your attention is drawn to the additional information set out in Parts 2 to 9 of this document and in particular to the risk factors set out in Part 8 of this document.

### **Recommendation**

The Existing Directors of the Company, having been so advised by Nabarro Wells & Co. Limited, unanimously believe that the Acquisition and the waiver of Rule 9 of the City Code are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Existing Directors therefore recommend Shareholders to vote in favour of the Resolutions to be proposed at the EGM, as they intend to do in respect of their shareholdings, amounting in aggregate to 13,450,000 Ordinary Shares, representing 10.76 per cent. of the Existing Ordinary Shares. In giving its advice to the Board, Nabarro Wells & Co. Limited has taken into account the Existing Directors' commercial assessments.

Yours faithfully

Russell Langusch  
*Chairman*

## **PART 2**

### **INFORMATION ON NEPTUNE**

#### **1. Background**

Neptune is the holding company of Neptune Namibia and Neptune Uganda. Its directors are Peter Taylor and Peter Blakey.

Neptune Namibia has entered into a petroleum agreement with The Government of the Republic of Namibia relating to Blocks 1910A, 1911 and 2011A in the Republic of Namibia.

Neptune Uganda has entered into a production sharing agreement with The Government of the Republic of Uganda in relation to Contract Area 5 in the Republic of Uganda.

The terms of each of the petroleum agreement and the production sharing agreement are summarised in paragraphs 2 and 3 respectively of Part 7 of this document. The Projects are described below and in the Competent Person's Report in Part 6 of this document.

#### **2. Namibia Project**

Blocks 1910A, 1911 and 2011A cover an area of approximately 22,000 square kilometres offshore Namibia, in water depths ranging from 200 metres to 3,000 metres. It is believed that the basin or basins covered were formed in response to thermal subsidence following the rifting preceding the separation of Africa from South America.

Very few wells have been drilled in the area, but, from the data available, two oil prone source rock horizons have been identified, one in the early Aptian and another in the Cenomanian – Turonian. Other source rocks may be present in the syn-rift Lacustrine shales of the Hauterivan and possibly in shales in the pre-rift Karoo section. Potential reservoirs have been encountered in the Barremian to Cenomanian and Turonian to Maastrichtian successions.

Reconnaissance grids of modern seismic data are available over all the Blocks.

Few wells have been drilled to date but, the presence of oil prone source rocks and potential reservoirs and the totally unexplored nature of the deeper water suggests this may be an attractive frontier play.

#### **3. Uganda Project**

Block 5 covers an area of approximately 6,000 km<sup>2</sup>. The area is onshore covering the northern part of the East African Rift Valley in the north west of Uganda at the northern end of the Albertine Graben. The main objectives are the Tertiary rift sediments which have been found to be oil and gas bearing in the acreage to the south.

Oil seeps have been observed all along the edge of the rift but very few modern wells have been drilled. The Directors and the Proposed Directors believe that the area is fairly flat savannah and that this should make seismic acquisition relatively easy. The Directors and the Proposed Directors consider that the fiscal terms in Uganda are attractive and development scenarios will depend on the size of accumulation discovered. The initial program will consist of a study of existing gravity and magnetic data and regional geological studies. The next stage would be to acquire modern seismic data in order to determine the size and number of potentially hydrocarbon-bearing structures. The final stage would be the drilling of wells on the most attractive feature.

#### **4. Details of the companies**

Neptune Petroleum Limited was incorporated in England with registered number 5112493 on 26 April 2004. Its registered office is 5 Charterhouse Square, London EC1M 6PX. Its issued capital is £4,000 made up of 80,000 ordinary shares of £0.05 each, all of which are fully paid. It undertakes no activities other than those associated with it being a holding company. It has never paid a dividend.

Neptune Petroleum (Namibia) Limited was incorporated in the British Virgin Islands with registered number 660039 on 6 June 2005. Its registered office is PO Box 3152, Road Town, Tortola, BVI. Its issued capital is US\$2 made up of 2 ordinary shares of US\$1 each, both of which are fully paid. It undertakes no activities other than those associated with the Namibia Project. It has never paid a dividend.

Neptune Petroleum (Uganda) Limited was incorporated in the British Virgin Islands with registered number 659047 on 31 May 2005. Its registered office is PO Box 3152, Road Town, Tortola, BVI. Its issued capital is US\$2 made up of 2 ordinary shares of US\$1 each, both of which are fully paid. It undertakes no activities other than those associated with the Uganda Project. It has never paid a dividend.

## PART 3

### FINANCIAL INFORMATION AND ACCOUNTANTS' REPORT ON TOWER

#### 3.1 Financial Information

The following financial information of Tower Resources plc is for the period from the date of its incorporation on 6 December 2004 to 30 June 2005 and was approved by the Board on 11 November 2005.

#### INCOME STATEMENT

For the period ended 30 June 2005

	<i>30 June 2005</i>
	£
<b>CONTINUING OPERATIONS</b>	
Administrative expenses	(168,938 )
Operating loss	(168,938 )
Investment income	11,350
Loss before taxation	(157,588 )
Income tax expense	—
Loss for the period	(157,588 )
Loss per share	(0.14 )
Diluted loss per share	(0.14 )

**BALANCE SHEET**  
**As at 30 June 2005**

*30 June 2005*

£

**ASSETS**

**Current assets**

Cash and cash equivalents 552,412

**Total assets** 552,412

**LIABILITIES**

**Current liabilities**

—

{hr1}

**Total liabilities**

—

{hr1}

**Net assets** 552,412

**EQUITY**

Share capital 125,000

Share premium 585,000

Retained earnings (157,588 )

**Total equity** 552,412

**CASH FLOW STATEMENT**

**For the period ended 30 June 2005**

*30 June 2005*

£

**Net cash outflow from operating activities (Note 1)** (168,938 )

**Investing activities**

Interest received 11,350

**Financing activities**

Net proceeds from issue of ordinary share capital 710,000

**Net increase in cash and cash equivalents** 552,412

## NOTES TO THE CASH FLOW STATEMENT

30 June 2005

£

### **Cash generated from operations**

Operating loss (194,341 )

Currency translation differences 25,403

**Cash generated from continuing operations (168,938 )**

**NOTES TO THE FINANCIAL INFORMATION**  
**For the period ended 30 June 2005**

1. Accounting Policies

*Basis of Accounting*

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards and IFRIC interpretations and with the parts of the Companies Act 1985 applicable to companies reporting under International Financial Reporting Standards.

*Foreign Currencies*

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange gain or loss is dealt with in the profit and loss account.

2. Share capital

*Period ended*  
*30 June 2005*

£

**Authorised**

10,000,000,000 Ordinary shares of £0.001 each 10,000,000

**Issued and fully paid**

125,000,000 Ordinary shares 125,000

The Company was incorporated on 6 December 2004 with an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each, of which 2 shares were issued fully paid, on incorporation.

On 13 December 2004 the founders subscribed for an aggregate of 59,999,998 Ordinary Shares, all at par value, to raise £59,998.

On 11 January 2005 the Company allotted 65,000,000 Ordinary Shares for cash at £0.01 per share to raise £650,000.

3. No dividends were paid or proposed in respect of the period ended 30 June 2005.

4. Post balance sheet event

On 11 August 2005 the Company announced that it had entered into an agreement to acquire 100 per cent. of two frontier oil and gas plays through the proposed purchase of the entire issued share capital of Neptune Petroleum Limited from Peter Taylor, Peter Blakey and Bayview Investments LLC.

### **3.2 Accountants' Report**

The following is the full text of a report on Tower Resources plc from UHY Hacker Young, the Reporting Accountants, to the Directors of Tower Resources plc, Nabarro Wells & Co. Limited and Corporate Synergy plc.

21 December 2005

The Directors  
Tower Resources plc  
30 Farringdon Street  
London EC4A 4HJ

and

The Directors  
Nabarro Wells & Co. Limited  
Saddlers House  
Gutter Lane  
London EC2V 6HS

and

The Directors  
Corporate Synergy plc  
30 Old Broad Street  
London EC2N 1HT

Dear Sirs

#### **TOWER RESOURCES PLC**

We report on the financial information set out in part 3.1 of the AIM Admission Document of Tower Resources plc dated 21 December 2005 ("the Document"). This financial information has been prepared for inclusion in the Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### *Responsibilities*

The directors of Tower Resources plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Accounting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view for the purposes of the Document and to report our opinion to you.

#### *Basis of opinion*

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### *Opinion*

In our opinion, the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of Tower Resources plc as at 30 June 2005 and of its profits, cash flows and changes in

equity for the period then ended in accordance with the basis of preparation set out in note 1 to the financial information and in accordance with International Accounting Standards.

*Declaration*

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

UHY Hacker Young

## PART 4

### FINANCIAL INFORMATION AND ACCOUNTANTS' REPORT ON NEPTUNE

#### 4.1 Financial Information

The following consolidated financial information of Neptune Petroleum Limited includes the period from the date of its incorporation on 26 April 2004 to 31 July 2005 and was approved by Neptune's directors on 11 November 2005.

#### CONSOLIDATED INCOME STATEMENT

For the period ended 31 July 2005

		<i>31 July 2005</i>
	<i>Note</i>	<i>£</i>
<b>Operating Loss</b>	2	(73,361 )
<b>Loan written-off</b>	12	110,615
<b>Profit before taxation</b>		37,254
Income tax expense	3	(4,800 )
<b>Profit for the period</b>		32,454
Profit per share		40.56p
Diluted profit per share		40.56p

**CONSOLIDATED BALANCE SHEET**  
**As at 31 July 2005**

	<i>Note</i>	<i>31 July 2005</i>
		<i>£</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	4	30,933
<b>Current assets</b>		
Receivables		1,884
Cash and cash equivalents		27,277
		29,161
<b>Total assets</b>		<b>60,094</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables		(7,340)
Corporation tax		(4,800)
Other creditors		(11,500)
<b>Total liabilities</b>		<b>(23,640)</b>
<b>Net assets</b>		<b>36,454</b>
<b>EQUITY</b>		
Share capital	6	4,000
Retained earnings		32,454
<b>Total equity</b>	<b>7</b>	<b>36,454</b>

**CONSOLIDATED CASH FLOW STATEMENT**  
**For period ended 31 July 2005**

		<i>31 July 2005</i>
	<i>Note</i>	<i>£</i>
<b>Net cash flows from operating activities</b>	1	(30,689 )
<b>Investing activities</b>		(56,649 )
<b>Financing activities</b>		114,615
<b>Increase in cash and cash equivalents</b>		27,277

**NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT**

		<i>31 July 2005</i>
		<i>£</i>
<b>Cash generated from operations</b>		
Operating profit		(73,361 )
Amortisation of intangible assets		25,716
Increase in receivables		(1,884 )
Increase in payables		18,840
<b>Cash generated from continuing operations</b>		(30,689 )

## **NOTES TO THE FINANCIAL INFORMATION**

### **For the period ended 31 July 2005**

#### 1. Accounting Policies

##### *Basis of Accounting*

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards and IFRIC interpretations with specific reference to IFRS 6 “Exploration for and Evaluation of Mineral Resources” and with the parts of the Companies Act 1985 applicable to companies reporting under International Financial Reporting Standards.

##### *Basis of Consolidation*

The consolidated income statement and balance sheet includes the financial information of the company and its subsidiary undertakings made up to the period ended 31 July 2005. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra- group sales and profits are eliminated fully on consolidation.

##### *Deferred Taxation*

Deferred tax is provided in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accountancy purposes. The deferred tax balance has not been discounted.

##### *Foreign Currency Translation*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

##### *Exploration and Evaluation of Mineral Resources*

The group follows the “full cost” method of accounting for costs incurred in the exploration and evaluation of oil and gas properties.

Costs are capitalised in a single cost pool. The cost of acquisition of property (including rights and concessions) and plant and equipment are included in tangible fixed assets if they relate to proved properties. Investments made for the specific purpose of undertaking oil and gas exploration and evaluation activities jointly with others are included in the full cost pool.

All costs associated with property acquisition, exploration and evaluation are capitalised whether or not they relate to commercial discoveries subject to the limitation that capitalised costs less accumulated amortisation do not exceed the estimated value of the proven and probable reserves of the group. Proceeds from the disposal of oil and gas during exploration and evaluation are deducted from the full cost pools.

#### **2. Operating (loss)/profit**

Operating (loss)/profit is stated after charging:

Amortisation of intangible assets £25,716

The profit/(loss) on ordinary activities is attributable to the principal activity of worldwide oil and gas exploration.

#### **3. Taxation**

There is a tax charge based on the results for the period of £4,800. There is no tax charge on the results of the foreign subsidiaries.

#### 4. Intangible assets

*Development costs*

£

##### **Cost**

Additions 56,649

##### **Amortisation**

Written off (25,716)

##### **Net book value**

At 31 July 2005 30,933

The geographical split for the development costs is as follows:

Namibia £27,091

Uganda £3,842

All capitalised costs relate to exploration projects and properties pending determination.

#### 5. Subsidiary undertakings

<i>Company name</i>	<i>Country of registration or incorporation</i>	<i>Class</i>	<i>Shares held %</i>
Neptune Petroleum (Namibia) Ltd	British Virgin Islands	Ordinary	100
Neptune Petroleum (Uganda) Ltd	British Virgin Islands	Ordinary	100

The principal activity of these undertakings for the last relevant financial period was oil and gas exploration.

#### 6. Share capital

*31 July 2005*

£

##### **Authorised**

7,000,000 Ordinary shares of 5p each 350,000

##### **Issued and fully paid**

80,000 Ordinary shares of 5p each 4,000

The Company was incorporated on 26 April 2004 with an authorised share capital of £350,000 divided into 7,000,000 ordinary shares of 5 pence each, of which 40,000 shares were issued fully paid, on incorporation.

A further 40,000 ordinary shares were issued to Bayview Investments LLC on 10 July 2005.

## 7. Reconciliation of movements in equity

31 July 2005

	£
Profit for the financial period	32,454
Proceeds from issue of shares	4,000
Closing equity	36,454

## 8. Contingent liabilities

In accordance with normal industry practice the economic entity has entered into a joint venture and interest. If a party to a joint venture defaults and does not contribute its share of joint venture obligations, then the other joint venturers are liable to meet those obligations. In this event the interest in the permit held by the defaulting party may be distributable to the remaining joint venturers. A contingent liability may exist in respect of contributions due to be paid by partners of the economic entity to some of its joint ventures. As at the balance sheet date the group does not envisage any such defaults by its joint venturers or assignees.

## 9. Capital commitments

The group had no capital and no other commitments as at 31 July 2005 in respect to exploration costs.

## 10. Employees

Number of employees

The average number of employees (including directors) during the period was:

Directors	2
-----------	---

## 11. Dividends

No dividends were paid or proposed in respect of the period ended 31 July 2005.

## 12. Exceptional item

A loan to the company of £110,615 made by a potential investor was waived after the potential investor was unable to fulfil its obligations.

## 13. Related party transactions

TM Services Limited is controlled by the two directors, P Blakey and P Taylor. Messrs Blakey and Taylor are also directors of TM Services Limited.

Included in administration expenses is an amount of £37,500 in respect of service charges paid to TM Services Limited.

## 14. Post balance sheet event

On 9 December 2005 a loan of US\$466,184 was extended by TM Services Limited to Neptune Petroleum Limited to enable Neptune to finalise its licenses and to commence its activities prior to the completion of the acquisition of Neptune Petroleum Limited by Tower Resources Plc in accordance with the acquisition agreement dated 08 August 2005. The loan is interest-free and repayable on demand.

## 4.2 Accountants' Report

The following is the full text of a report on Neptune Petroleum Limited from UHY Hacker Young, the Reporting Accountants, to the Directors of Tower Resources Plc, Nabarro Wells & Co. Limited and Corporate Synergy plc.

21 December 2005

The Directors  
Tower Resources plc  
30 Farringdon Street  
London EC4A 4HJ

and

The Directors  
Nabarro Wells & Co. Limited  
Saddlers House  
Gutter Lane  
London EC2V 6HS

and

The Directors  
Corporate Synergy plc  
30 Old Broad Street  
London EC2N 1HT

Dear Sirs

### **NEPTUNE PETROLEUM LIMITED**

We report on the financial information set out in part 4.1 of the AIM Admission Document of Tower Resources plc dated 21 December 2005 ("the Document"). This financial information has been prepared for inclusion in the Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### *Responsibilities*

The directors of Neptune Petroleum Limited are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Accounting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view for the purposes of the Document and to report our opinion to you.

#### *Basis of opinion*

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### *Opinion*

In our opinion, the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of Neptune Petroleum Limited as at 31 July 2005 and of its profits, cash flows and changes

in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the financial information and in accordance with International Accounting Standards.

*Declaration*

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

UHY Hacker Young

**PART 5**

**UNAUDITED PRO-FORMA NET ASSET STATEMENT**

The following is an unaudited pro-forma consolidated balance sheet for Tower Resources plc as at 30 June 2005.

**PRO-FORMA CONSOLIDATED BALANCE SHEET**

**As at 30 June 2005**

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>ASSETS</b>					
<b>Non current assets:</b>					
Development costs	—	31	—	0	31
Project licences	—	0	—	3,964	3,964
	—	31	—	3,964	3,995
<b>Current assets</b>					
Trade and other receivables	—	2	—	0	2
Cash and cash equivalents	552	27	2,000	—	2,579
	552	29	2,000	—	2,581
<b>Total assets</b>	<b>552</b>	<b>60</b>	<b>2,000</b>	<b>3,964</b>	<b>6,576</b>
<b>Current liabilities</b>					
Trade and other payables	—	19	—	0	19
Current taxes	—	5	—	0	5
	—	24	—	0	24
<b>Total liabilities</b>	<b>—</b>	<b>24</b>	<b>—</b>	<b>0</b>	<b>24</b>
<b>Net assets</b>	<b>552</b>	<b>36</b>	<b>2,000</b>	<b>3,964</b>	<b>6,552</b>
<b>EQUITY</b>					
Share capital	125	4	133	196	458
Share premium	585	—	1,867	3,800	6,252
Retained earnings	(158)	32	—	(32)	(158)
<b>Total equity</b>	<b>552</b>	<b>36</b>	<b>2,000</b>	<b>3,964</b>	<b>6,552</b>

A The balance sheet of Tower as at 30 June 2005 (see Part 3.1).

B The balance sheet of Neptune as at 31 July 2005 (see Part 4.1).

C The effect of the issue of 133,333,333 Ordinary Shares at 1.5 pence per share to raise additional capital conditional on Completion.

D The effect of the acquisition of the entire issued share capital of Neptune in consideration for the issue to the Vendors of 200,000,000 Ordinary Shares at 2 pence per share in accordance with the Acquisition Agreement.

E The pro-forma consolidated balance sheet of Tower as at 30 June 2005, being the sum of columns A to D.

**PART 6**  
**COMPETENT PERSON'S REPORT ON THE PROJECTS**

Scott Pickford Limited  
4th Floor, Leon House  
233 High Street  
Croydon  
CR0 9XT

Tel: +44 (0)20 8253 4000  
Fax: +44 (0)20 8253 4001

office@scopic.com

The Directors  
Tower Resources Plc  
30, Farringdon Street  
London EC4A 4HJ

The Directors  
Corporate Synergy Plc  
30 Old Broad Street  
London EC2N 1HT

The Directors  
Nabarro Wells & Co. Limited  
Saddlers House  
Gutter Lane  
London EC2V 6HS

17th October 2005

**RE: Provision of Letter of Opinion on two potential exploration plays in offshore Namibia and onshore Uganda.**

Dear Sirs

In accordance with your recent request we have undertaken a review of the limited available data with regard to two licences which Neptune Petroleum Limited's subsidiaries, Neptune Petroleum (Namibia) Limited and Neptune petroleum (Uganda) Limited, have respectively has recently signed with the relevant Government bodies of Namibia and Uganda. We understand that Tower Resources Plc is to acquire Neptune Petroleum Limited and hence will take on the interests and the work commitments associated with the licences.

**Offshore Namibia — Blocks 1910, 1911a and 2011a**

Neptune Petroleum (Namibia) Limited's blocks (see figure 1) lie over the southern flanks of the Walvis Ridge, a volcanic edifice formed by mantle plume volcanicity beginning in the Early Cretaceous, and contain the Skeleton Rift which was created during Albian extension. Neptune supplied Scott Pickford with two Final Well Reports for wells 1911/15-1 and 1911/10-1, an exploration prospectivity report prepared by Norsk Hydro in late 1990 and various seismic lines with very limited basemap information (section headers). In addition, however, Scott Pickford has had access to a 1999 regional report prepared by Exploration Consultants Limited (Scott Pickford's parent company) ("ECL") entitled '*Seismic Interpretation and Petroleum Prospectivity Review of the Deepwater Luderitz and Walvis Basins, Namibia*'.

**Figure 1: Namibian Licence blocks**

This area of the Namibian Offshore has been the scene of previous interest back in the early to mid 1990's. Norsk Hydro drilled two wells (1911/15-1 and 1911/10-1) in the area in January 1994 and June 1995. The wells were drilled following an exploration prospectivity report prepared by Norsk Hydro in late 1990 which "*confirmed extensive rift basins along the Namibian coast indicating good potential for traps and source rocks, and interesting reservoir configurations at different stratigraphic positions in the northern part of offshore Namibia*". (Evaluation of the Hydrocarbon Potential — Offshore Namibia Phase 1; Norsk Hydro, 1990). The report describes several potential reservoirs and source rocks at different stratigraphic levels deposited during the pre-rift, syn-rift and post-rift stages of the opening of the South Atlantic. The report concludes that whilst some local source rocks may have been deposited in the late Jurassic syn-rift sequence, most of the source rocks were

prognosed as likely to have been deposited in the deeper post-rift Cretaceous seas as thermal cooling resulted in subsidence causing a rapid transgression and deposition of organic rich shales, possibly accentuated by upwelling of cold-water in much the same way as it does in present times.

It appears from reading the prospectivity report and the Final Well Reports for the two Norsk Hydro wells, that the primary target reservoirs were the mid to late Cretaceous Santonian — Campanian sandstones (believed to be basin floor fan deposits) or the Albian/Aptian carbonates (believed to be lagoonal/barrier deposits) and that these would be sourced by juxtaposed Cenomanian and Turonian organic rich sediments. Both wells were plugged and abandoned as dry holes having TD'd in several hundred metres of volcanics thought to be of Aptian or possibly Barremian in age. Neither well was drilled through the volcanics to the underlying mid to late Jurassic syn-rift sequence which shows some clear half-graben structures and significant accommodation space for deposition of sediments. Perhaps more disappointingly, there are conflicting indications of hydrocarbon shows or good quality source rocks found within the Final Well Reports themselves. Pages 18 and 19 of the 1911/10-1 report details "*Source rock type shows*" to "*Good source rock type shows*", whilst page 22, section 5.2 covering 'Oil stain and fluorescence' states that "*Relatively poor source rock type shows were seen on cuttings*" for the same intervals.

Scott Pickford has had sight of some interesting seismic lines which are probably (there remains some doubt over the navigation data associated with said seismic) further offshore than the Norsk Hydro wells and show what look like well developed syn-rift graben structures with thick sediment infill abutting possibly tilted basement/Karoo fault blocks. One particular line enticingly shows a location where the

tilted fault blocks are overlain by 'roll-over' structures with faults extending up into what might be overlying late Cretaceous/possibly early Tertiary sediments which seem to display a local brightening of amplitude possibly indicating a stratigraphic play. However, it should be pointed out that we are aware of at least one alternative interpretation which prescribes that most of the area lies over sub-aerially-formed oceanic crust which manifests itself as 'seaward dipping reflector' packages on seismic data. These display strong divergence and reflector terminations, which can be mistaken for syn-rift sequences. The importance of this is that the 'tilted basement/Karoo fault blocks' referred to above may in fact be volcanics which would remove one of the possible source (and reservoir) scenarios described below. Having said that, it is equally important to point out that this has not been proved by drilling and remains an interpretation and more modern seismic data needs to be acquired and interpreted to firm up the interpretation either way. This is precisely what the licence commitment requires and hence the commitment program is highly appropriate for the current status of the licence.

In our opinion, the principal risk for the area has to be source rock occurrence and maturity. Reasonably large structures are certainly to be expected and periodic fan systems are expected to be present in Senonian, Palaeocene and Eocene times. However, as described above the mid to late Jurassic syn-rift sequences are, as yet, completely untested in this area although the sands are thought more likely to be Aeolian in nature. Source rocks potentially occur in the pre-rift Karoo (e.g. Permian Whitehill Fm) whilst the Norsk Hydro report (page 16) describes the Permian pre-rift Prince Albert Formation as a potentially very important source rock which was deposited in a very large lake and had a high organic production. Such source rock maybe juxtaposed to reservoir quality rocks as a result of the rifting caused by the opening of the South Atlantic. However, if a volcanic margin model is adopted (as described above) the only source rocks that can be expected are the Aptian and Cenomanian-Turonian. Seismic and well information (see ECL report) suggests that Aptian source rocks were not developed offshore northern Namibia (the Norsk Hydro wells did not encounter this interval). The Cenomanian-Turonian interval has a maturity risk. It may have become mid mature for oil in the deepest parts of the Skeleton Rift but this is thought to be very limited areally (see Bray & Lawrence, Oil and Gas Journal Feb. 1st 1999)

Scott Pickford has been shown the Petroleum Agreement entered into between Neptune Petroleum (Namibia) Limited and the Government of the Republic of Namibia on 23rd August 2005 which has an initial exploration period of two years with a minimum expenditure of US\$1.15 million.

The initial commitment on the blocks is the acquisition, processing and interpretation of a minimum of 1000km of seismic which Neptune intends to acquire to firm up the prospectivity or otherwise of the licence. As stated above this initial commitment program is entirely appropriate to help better understand the exploration potential of the area. It will be important to tie in the Norsk Hydro wells in order to ensure that full stratigraphic understanding is maintained. This is not currently well understood as the company does not yet have reliable basemaps of the existing seismic which will be augmented by the new program as described above.

### **Onshore Uganda — Block 5**

Block 5 is a 6040 km<sup>2</sup> licence area situated at the northern end of the Albertine Graben in northern Uganda (see figure 2). The data we have been supplied consists of a 16 page booklet entitled "The Hydrocarbon Potential of

the Albertine Graben” published by the Ministry of Energy and Mineral Development, Petroleum Exploration and Production Department of the Republic of Uganda in February 2003.

The block is in essence completely unexplored. A regional aero-magnetic survey has identified that Block 5 contains one of five identified sedimentary depocentres (or basins) within the Albertine Graben, this one called the Rhino Camp Basin. Some encouragement can be drawn from the fact that the Semliki Basin was prognosed from the same survey and later confirmed to exist following a seismic program shot by Heritage Oil and Gas Limited in the late 1990’s.

Oil seeps are documented at Paraa, Kibiro and Kibuku indicating the presence of mature organic rich source blocks within the Albertine Graben although it should be noted that these seeps are a good distance to the south of Block 5. However, 200km to the north of the Albertine Graben, the Tertiary shales of the Muglad rift basin of Sudan have been established to be a major source of oil in the Unity and Heglig fields and it would seem unlikely that the Rhino Camp Basin would therefore be devoid of potential source rocks.

Well Butiaba Waki — 1 (Waki B1 drilled in 1938) is shown as having repeated bituminous shales through the Jurassic and Tertiary section inter-bedded with fluvio-lacustrine sands. The well is shown to be at the

eastern edge of the Albertine Graben on an east-west schematic cross-section within the report but unfortunately there is no indication of where the well was actually drilled relative to Block 5. However, the schematic does highlight the possibility of thickening sediments (presumably both source and reservoir) with structuring related to the rifting phase of the East African Rift System.

From the surface geology map it would appear that Block 5 has the advantage of being relatively free of large igneous emplacements which can lead to relatively high concentrations of CO<sub>2</sub> which may cause confusion with and contamination of potential methane accumulations. The hydrocarbons encountered and recovered by Heritage in Block 3 to the south have not been fully reported but oil shows were reported whilst drilling and only gaseous hydrocarbons and CO<sub>2</sub> appear to have been recovered during testing. There may be a market for gas power in this region (western Kenya, southern Sudan, Uganda, northern Tanzania, Burundi, Rwanda and eastern Democratic Republic of Congo) with its estimated population of 150 million people, although oil is thought to be a preferable outcome. It is too early to tell what the risk of either may be.

#### **Fig 2: Location of Block 5 within Ugandan Albertine Graben.**

The Rhino Camp can be considered a new unexplored basin but with fair hydrocarbon potential by analogy to other basins within the Albertine Graben. The main geological risks are considered to be occurrence of

source rocks although mainly in respect to thermal maturity (geophysical interpretation is required to see how deep the basin is), and timing of structure formation with respect to hydrocarbon generation.

Scott Pickford has been shown the Production Sharing Agreement entered into between Neptune Petroleum (Uganda) Limited and the Republic of Uganda dated 27th September 2005 which has an initial exploration period of two years with a minimum expenditure of US\$700,000.

The initial commitment on the blocks is 200km of seismic in two years which, again, is an entirely reasonable commitment (this represents a minimum commitment and the company may choose to shoot more if initial field-tests are encouraging) in order to confirm the existence of the Rhino Camp Basin and possibly identify areas of structural or stratigraphic interest for further investigation.

The above summary represents Scott Pickford’s view of the key aspects of the exploration opportunities presented within these two potential licences. In our opinion, both licences should be considered as ‘basin entry’ scenarios and the work commitments do not seem overly onerous and are designed to establish exploration conceptual plays for each licence which may then be further tested by drilling which we assume would be the next phase of any ongoing commitment.

Scott Pickford Limited is an independent consultancy specialising in geology, geophysics, petrophysics, petroleum engineering and economic analysis. We are responsible for this report as part of an AIM admission document to be issued by Tower Resources plc on or around 21 December 2005 and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this document in compliance with Schedule Two of the AIM Rules. We consent to the inclusion of our report in its entirety and the use of our name in the above mentioned document.

Except for the provision of professional services on a fee basis, Scott Pickford Limited, or any of its associates, has no commercial arrangement with any person or company involved in the interests which are the subject of

this report. The review was carried out by Andy Kirchin, who is a principal consultant for and managing director of Scott Pickford Ltd with support from Steve Lawrence who is principal geologist with ECL and also a director of Scott Pickford Ltd. Andy is a geophysicist by background with an honours degree in Geophysics and Geology from the University of Liverpool and 18 years of industry experience. Steve has a BSc in Geology from University of London and 34 years of industry experience.

Yours faithfully

Andy Kirchin

*Managing Director* – Scott Pickford Limited

**Appendix A – Definitions and Glossary**  
**Definitions used in this report are as follows**

“Albian”	A Stage within the Cretaceous Period which occurred between 99 Ma and 112.2 Ma.
“Aptian”	A Stage within the Cretaceous Period which occurred between 112.2 Ma and 121 Ma.
“Aeolian”	Pertaining to the transportation, erosion, sorting and deposition of sediments by wind.
“Barremian”	A Stage within the Cretaceous Period which occurred between 121 Ma and 127 Ma.
“Bituminous”	Containing bitumen low grade, heavy crude tar.
“Campanian”	A Stage within the Cretaceous Period which occurred between 72 Ma and 83.5 Ma.
“Cenomanian”	A Stage within the Cretaceous Period which occurred between 94 Ma and 99 Ma.
“Cretaceous”	A Period of time between 65 Ma and 144.2 Ma.
“Eocene”	An Epoch within the Tertiary Period which occurred between 33.7 Ma and 54.8 Ma.
“Epoch”	A combination of Stages.
“Fluvio-lacustrine”	Depositional environment where sediments flow into a large lake and collect.
“Formation”	A unit of rock usually a sub-division of a Stage but locally variable.
“Half-graben”	A down-dropped block bounded by a normal fault on only one side.
“Jurassic”	A Period of time between 144.2 Ma and 206.2 Ma.
“Karoo”	A Group of rock formations deposited in Permian period.
“Ma”	Million years ago.
“Mantle plume volcanicity”	Volcanic activity caused by thermal pluming within the earth’s mantle.
“Palaeocene”	An Epoch within the Tertiary Period which occurred between 54.8 Ma and 65 Ma.
“Paraa, Kibiro and Kibuku”	Three locations around Lake Albert where oil seeps have been observed.
“Permian”	A Period of time between 248 Ma and 295 Ma.
“Period”	A period of time consisting of several stages or epochs.
“pre-rift”, “syn-rift”, “post-rift”	Geological occurrences prior to, during and after a rifting phase of the earth’s crust.
“PSA”	Production Sharing Agreement.
“Santonian”	A Stage within the Cretaceous Period which occurred between 83.5 Ma and 86.5 Ma.
“Senonian”	An Epoch within the Cretaceous Period which occurred between 65 Ma and 89 Ma.

“Skeleton Rift”	A failed rift basin situated offshore Namibia.
“Sub-aerially formed oceanic crust”	Syn and post rift volcanic lava flows associated tectonic ‘spreading- ridge’ activity.
“Seaward dipping reflectors”	Seismic reflections caused by successive layers of sediment or lava, dipping seawards.
“Stage”	A unit of stratigraphic time, the smallest division used in general usage.
“Tertiary”	A Period of time between 1.78 Ma and 65 Ma.
“Turonian”	A Stage within the Cretaceous Period which occurred between 89 Ma and 94 Ma.
“TD”	Total Depth.

## PART 7

### MATERIAL CONTRACTS SUMMARY

Save as disclosed in this Part 7, neither the Company nor Neptune has entered into any material contract other than in the ordinary course of business within the two years preceding the date of this document.

#### **1. Share Acquisition Agreement dated 8 August 2005 between Bayview Investments LLC, Peter Blakey and Peter Taylor as sellers (the “Sellers”) and the Company as buyer (the “Acquisition Agreement”).**

Pursuant to the Acquisition Agreement, the Company has agreed to purchase the entire issued share capital of Neptune from the Sellers. Neptune is the beneficial shareholder of each of Neptune Namibia and Neptune Uganda. The consideration to be provided by the Company is £4,000,000, which is to be satisfied by the allotment by the Company of the Consideration Shares to the Sellers at 2p per share.

The Acquisition Agreement is conditional on the following:

- (a) the passing at a general meeting of the Company of all necessary resolutions to permit implementation of the Acquisition Agreement and to authorise the allotment and issue of the Consideration Shares to the Sellers;
- (b) the granting to each of Neptune Namibia and Neptune Uganda of the petroleum exploration licences referred to in paragraphs 2 and 3 respectively of this Part 6 within six months from the date of the Acquisition Agreement; and
- (c) the receipt of confirmation from the Panel that the City Code does not apply to the Company or, if required, the completion of a “whitewash” procedure under Rule 9 of the City Code; and
- (d) the production of a competent person’s report in a form acceptable for the purposes of AIM.

The Sellers have agreed not to dispose of any of the Consideration Shares before the end of 12 months from the date of Completion, save in limited circumstances which include, *inter alia*:

.the acceptance of a general offer for the whole of the issued equity share capital of the Company in accordance with the Code, where such disposal or agreement to dispose is either conditional upon the announcement of such offer or is by way of acceptance of such offer or the giving of an irrevocable undertaking to accept such an offer; or

.pursuant to a compromise or arrangement between the Company and its creditors; or

.for the purpose only of effecting the appointment of a trustee or new trustee of a family settlement for the benefit of members of the immediate family of a locked-in Shareholder; or

.by the personal representatives of a locked-in Shareholder in the event that he should die; or

.pursuant to a court order.

The Sellers have given warranties in respect of, amongst other things, their title to the shares in Neptune, their capacity, Neptune and its subsidiaries, their management accounts and compliance with laws. Any warranty claims against the Sellers under the Acquisition Agreement are to be satisfied by the transfer of Consideration Shares from the Sellers to the Company.

#### **2. Petroleum Agreement dated 23 August 2005 between The Government of the Republic of Namibia (represented by its Minister of Mines and Energy (the “Minister”) and Neptune Namibia (the “Namibian Agreement”).**

Under the Namibian Agreement, the Minister agreed to grant a petroleum exploration licence (the “Namibian Exploration Licence”) to Neptune Namibia in respect of Blocks 1910A, 1911 and 2011A (the “Blocks”) in accordance with the Petroleum (Exploration and Production) Act 1991 (the “Namibian Petroleum Act”). The Namibian Agreement also entitles Neptune Namibia, in the event that a discovery of a commercial interest is made, to apply for a production licence.

#### ***Term***

The Namibian Exploration Licence shall be granted for an initial period of two years from the date of the Namibian Agreement (the “Initial Exploration Period”). The Namibian Exploration Licence may be extended for a further period, not exceeding two years, as may be determined by the Minister at the

relevant time and subject to a maximum of two periods of renewal (the first such further period shall be referred to as the “First Renewal Exploration Period” and the second such further period shall be referred to as the “Second Renewal Exploration Period”).

#### ***Minimum Exploration Work Programme***

During the Initial Exploration Period, Neptune Namibia must undertake, as minimum exploration work, geological, geo-chemical, geo-physical and related studies and review all existing gravity and magnetic data, maps, reports, publications, research papers and other data and information available. Neptune Namibia must also undertake the acquisition, processing and interpretation of not less than 1,000 line kilometres of seismic data. The minimum exploration expenditure during the Initial Exploration Period is a total of US\$1,150,000, which comprises preliminary studies of US\$150,000 and seismic data of US\$1,000,000.

During the First Renewal Exploration Period, Neptune Namibia must undertake, as minimum exploration work, the drilling of one exploration well (location and depth to be agreed). The minimum exploration expenditure during the First Renewal Exploration Period is US\$10,000,000.

During the Second Renewal Exploration Period, Neptune Namibia must undertake, as minimum exploration work, the acquisition, processing and interpretation of additional seismic data (if necessary) and the drilling of one exploration well (location and depth to be agreed). The minimum exploration expenditure during the Second Renewal Exploration Period is either US\$10,000,000 or US\$11,000,000, comprising data acquisition, processing and interpretation (if necessary) of US\$1,000,000 and drilling of US\$10,000,000.

#### ***Relinquishment***

Subject to the provisions of the Namibian Petroleum Act, Neptune Namibia shall by written notice relinquish (a) not later than 30 days before the end of the fourth year of the currency of the Namibian Exploration Licence, at least 50 per cent. of the area to which such licence relates; and (b) not later than 30 days before the end of the sixth year of the currency of the Namibian Exploration Licence, at least a further 25 per cent. of such exploration area. Neptune Namibia shall not be required to relinquish any land in the relevant exploration area that is subject to an application for a production licence or situated within a petroleum field or subject to an application for the declaration of a petroleum field.

#### ***Royalty and Annual Charges***

Neptune Namibia is obliged to pay a royalty of 5 per cent. on the market value of any petroleum (including crude oil and natural gas) produced, such payments to be made quarterly commencing at the end of the first quarter in which production occurs. There is no expenditure recovery before the royalty is payable. Neptune Namibia is also obliged to pay an annual charge in Namibian Dollars, calculated by multiplying the number of square kilometres included in the Blocks by (in the case of the Namibian Exploration Licence) 60 in the initial exploration period, 90 in the first renewal exploration period, 120 in the second renewal exploration period, 150 in any subsequent exploration periods or (in the case of a production licence) 1500.

Neptune Namibia is also obliged to pay an annual petroleum income tax and an additional profits tax as set out in, and to be determined in accordance with the provisions of, the Petroleum (Taxation) Act 1991 and the terms of the Namibian Agreement.

#### ***Employment and Training***

Neptune Namibia is obliged, to the maximum extent possible, to employ Namibian citizens having appropriate qualifications in connection with its petroleum operations. During each year of the Namibian Exploration Licence or any renewal thereof, Neptune Namibia must spend at least US\$40,000 (in the Initial Exploration Period); US\$60,000 (in the First Renewal Exploration Period); and US\$100,000 (in the Second Renewal Exploration Period) for the purpose of the training and education of Namibians. These amounts are not included in the minimum expenditure requirements.

Neptune Namibia is also obliged to use and purchase goods supplied, produced and manufactured in Namibia whenever such goods can be obtained at prices in Namibia which are competitive in international terms and where such goods are of comparable quality with goods from outside Namibia. Neptune Namibia is also obliged to make maximum use of contractors in Namibia where services with comparable standards of those obtained elsewhere are available from such contractors at competitive prices and on competitive terms.

#### ***Assignment***

Neptune Namibia may not assign any of its rights under the Namibian Agreement without the prior approval of the Minister.

### ***Arbitration***

Any dispute arising in connection with the Namibian Agreement shall be resolved amicably by negotiations or, failing that, by arbitration.

### ***Applicable Law***

The Namibian Agreement shall be governed and determined in accordance with the laws of Namibia.

### **3. Production Sharing Agreement for Petroleum Exploration, Development and Production in the Republic of Uganda dated 27 September 2005 between The Government of the Republic of Uganda (acting through its Ministry of Energy and Mineral Development, (the “Government”)) and Neptune Uganda (the “Ugandan Agreement”).**

Under the Ugandan Agreement, Neptune Uganda the Government granted a petroleum exploration licence (the “Ugandan Exploration Licence”) to Neptune Uganda in respect of the area more particularly described in Annex A of the Ugandan Agreement (the “Contract Area”). This is the block designated Exploration Area 5. The Ugandan Agreement also entitles Neptune Uganda to apply for a petroleum production licence.

### ***Term***

The Ugandan Exploration Licence shall be granted for an initial term of two years from the effective date of the Ugandan Agreement (“Initial Exploration Period”). Within 90 days prior to the expiration of the Initial Exploration Period, Neptune Uganda may apply to the Government for renewal of the Ugandan Exploration Licence, subject to certain requirements. There are a maximum of two periods of renewal (the first such period shall be referred to as the “Second Exploration Period” and the second such period shall be referred to as the “Third Exploration Period”).

Neptune Uganda may surrender its rights under the Ugandan Exploration Licence by giving the Government not less than ninety days notice in writing. Such surrender will not relieve Neptune Uganda of its obligations to satisfy the minimum work and financial obligations in respect of the exploration period during which it gives the surrender notice.

### ***Minimum Exploration Work Programme***

During the Initial Exploration Period, Neptune Uganda must undertake, as minimum exploration work, geological, geo-chemical, geo-physical and related studies and review all existing gravity and magnetic data, maps, reports, publications, research papers and other data and information available. Neptune Uganda must also undertake the acquisition, processing and interpretation of not less than 200 line kilometres of seismic data. The minimum exploration expenditure during the Initial Exploration Period is a total of US\$700,000, which comprises preliminary and geological, geo-chemical and geo-physical studies of US\$100,000 and seismic data of US\$600,000.

During the Second Exploration Period, Neptune Uganda must undertake, as minimum exploration work, the drilling of one firm exploration well and one contingent well (locations and depths to be agreed). The minimum exploration expenditure during the Second Exploration Period is US\$1,500,000 for the firm well.

During the Third Exploration Period, Neptune Uganda must undertake, as minimum exploration work, the acquisition, processing and interpretation of additional seismic data if necessary and the drilling of one exploration well and, in its discretion, one further well (locations and depths to be agreed). The minimum exploration expenditure during the Third Exploration Period is US\$1,500,000 for the drilling of one well.

### ***Relinquishment***

If Neptune Uganda applies for a renewal of the Uganda Exploration Licence on or before the end of the Initial Exploration Period, it must relinquish an area of not more than 50 per cent. of the original Contract Area unless it provides to the Government a satisfactory work programme relating to that area for the period for which the renewal is sought, and unless it has fulfilled all the relevant obligations in the preceding period.

If Neptune Uganda applies for a second renewal of the Ugandan Exploration Licence on or before the end of the Second Exploration Period, it must relinquish an additional number of blocks consisting of not more than 25 per cent. of the original Contract Area, unless the conditions set out above are fulfilled.

### ***Royalty and Signature Bonus***

Neptune Uganda is obliged to pay a royalty on the gross total daily production in barrels of oil per day (“BOPD”) in respect of the Contract Area, such royalty being 5 per cent. (where the production does not exceed

2,500 BOPD), 7.5 per cent. (where the production is higher than 2,500 BOPD but does not exceed 5,000 BOPD), 10 per cent. (where the production is higher than 5,000 BOPD but does not exceed 7,500 BOPD), or 12.5 per cent. (where the production exceeds 7,500 BOPD). Royalties on gas will be negotiated upon the discovery of gas. There is no expenditure recovery before the royalty is payable.

Neptune Uganda also paid a signature bonus of US\$100,000 to the Government on the signing of the Ugandan Agreement.

#### ***State Participation***

The Government or its nominee may elect to enter into a joint venture agreement with Neptune Uganda allowing a state participation of up to 20 per cent., and the Government shall inform Neptune of its decision in writing within 120 days of the receipt of an application for a production licence.

After recovery of all exploration, development, production and operating expenditures, the remaining oil production is to be shared between the Government and Neptune Uganda according to the level of production. Under the Ugandan Agreement, Neptune Uganda's share ranges from 53 per cent. at the lower level of production to 25 per cent. at the higher rate of production.

#### ***Employment and Training***

Neptune Uganda is obliged to train and employ suitably qualified Ugandan citizens in its petroleum operations and, following the commencement of commercial production, to undertake the schooling and training of Ugandan citizens for staff positions, including administrative and executive management positions. Neptune Uganda is also obliged to deposit with the Government or its nominee, on the effective date of the Ugandan Agreement and each anniversary thereafter, the following amounts in respect of training of Government personnel; US\$75,000 (in the Initial Exploration Period); US\$75,000 (in the Second Exploration Period); US\$75,000 (in the Third Exploration Period); US\$75,000 (in the development period); and US\$200,000 (following commencement of production). These amounts are not included in the minimum expenditure requirements.

Neptune Uganda is also obliged to give preference to goods which are produced or available in Uganda and services which are rendered by Ugandan citizens and companies, unless such goods or services are offered on terms which are not equal to or better than imported goods and services with regard to quality, price and availability at the time and in the quantities required.

#### ***Assignment***

Neptune Uganda may not assign any of its rights under the Ugandan Agreement without the prior written consent of the Government.

#### ***Arbitration***

Any dispute arising under the Ugandan Agreement which cannot be settled amicably within 60 days shall be referred to arbitration. Such arbitration shall take place in London.

#### ***Applicable Law***

The Ugandan Agreement shall be governed by, and interpreted and construed in accordance with, the laws of Uganda.

#### **4. Loan agreement between Neptune and TM Services Limited.**

A loan agreement dated 9 December 2005 between Neptune and TM Services Limited, a company associated with the Peter Taylor and Peter Blakey, pursuant to which TM Services Limited agreed to lend US\$466,184 to Neptune interest free and repayable on demand.

#### **5. Deed of Variation to the Acquisition Agreement dated 21 December 2005 between the Sellers and the Company.**

Pursuant to the deed of variation, the Sellers and the Company agree to vary the Acquisition Agreement to acknowledge that Neptune will be indebted to TM Services Limited in the amount of US\$466,184 on the terms of the Loan Agreement at completion of the Acquisition Agreement and that completion will also be conditional upon completion of the Placing (part of the proceeds of which will be used to discharge this debt). In addition, the Sellers agree to indemnify the Company against any loss or costs incurred in connection with a contract for the purchase of seismic data that may or may not be entered into between the Company and TGS-NOPEC

Geophysical Company ASA prior to Admission in the event that the sale and purchase agreement described in paragraph 1 of this Part is terminated.

**6. Agreement for Services to be entered into on Completion between the Company and Langusch & Associates Pty Ltd.**

An agreement whereby the Company appoints Langusch & Associates Pty Ltd to provide the services of Russell Langusch as executive director for the equivalent of one day a week. The appointment commences on Completion and continues until terminated on 3 months notice from either party. An annual fee of £25,000 (exclusive of VAT) is payable monthly in arrears.

**7. Unapproved Option Agreement to be entered into on Completion between the Company and Russell David Langusch.**

An unapproved option agreement whereby the Company grants Russell Langusch an option to subscribe for 3,000,000 Ordinary Shares at an exercise price of 1.5 pence per share. The option may be exercised in respect of the first 1,000,000 shares after the first anniversary of grant and in respect of the remaining 2,000,000 shares after the third anniversary of grant. Russell Langusch, or his personal representative in the event of his death, may only exercise the option while he is a director of the Company or within 12 months of him ceasing to be a director due to injury, disability or ill-health or death.

**8. Lease to be entered into on Completion between TM Services Limited and the Company.**

Pursuant to the lease, TM Services Limited, a company associated with Peter Taylor and Peter Blakey, will agree to lease office premises at 5 Charterhouse Square, London to the Company for a term of 24 months from 1 October 2005 for an annual rental of £18,000.

**9. Nominated Adviser and Broker Agreement.**

A letter of engagement dated 9 December 2004 from Nabarro Wells to the Company under which Nabarro Wells has agreed to act as the Company's nominated adviser and broker for one year from admission to AIM on 13 January 2005 and thereafter, unless terminated by three months' written notice by Nabarro Wells or the Company). Pursuant to the agreement, the Company paid Nabarro Wells a fee of £20,000 (plus VAT) on its original admission, and agreed to pay an ongoing nominated adviser fee of £10,000 (plus VAT) per annum and an ongoing broker's fee of £10,000 (plus VAT) per annum, if applicable.

**10. Lock in Agreement.**

A Lock-In Deed dated 17 December 2004 between the Proposed Directors, applicable employees and related parties (each as defined in the AIM Rules, the "Locked-In Persons") and the Company and Nabarro Wells pursuant to which the Locked-In Persons have undertaken to Nabarro Wells and the Company save in specified circumstances not to sell or otherwise dispose of, or agree to sell or dispose of any of their interests in the Ordinary Shares held by them for the 12 month period commencing on 13 January 2005. This agreement has been superseded by the agreement summarised at paragraph 11 of this Part 7.

**11. Lock in Agreement.**

A Lock-In Deed dated 21 December 2005 between the Proposed Directors, Bayview Investments LLC, Ascent Capital Pty Ltd, Elliot Holdings Pty Ltd, David Steinepreis, Oakhurst Enterprises Pty Ltd, Derek Steinepreis, Talltree Holdings Pty Ltd, Argonaut Capital Limited and EGR Investments Pty Limited (together the "Locked-In Persons") and the Company and Corporate Synergy pursuant to which the Locked-In Persons have undertaken to Corporate Synergy and the Company not to sell or otherwise dispose of, or agree to sell or dispose of any of their interests in the Ordinary Shares held by them for the 12 month period commencing on the date of Admission. The provisions of the lock-in arrangements will not apply in certain limited circumstances which include, *inter alia*:

.the acceptance of a general offer for the whole of the issued equity share capital of the Company in accordance with the Code, where such disposal or agreement to dispose is either conditional upon the announcement of such offer or is by way of acceptance of such offer or the giving of an irrevocable undertaking to accept such an offer; or

.pursuant to a compromise or arrangement between the Company and its creditors; or

.for the purpose only of effecting the appointment of a trustee or new trustee of a family settlement for the benefit of members of the immediate family of a locked-in Shareholder; or

.by the personal representatives of a locked-in Shareholder in the event that he should die; or

.pursuant to a court order.

This agreement supersedes the agreement summarised at paragraph 10 of this Part 7.

#### **12. Engagement letter from Corporate Synergy to the Company.**

An engagement letter dated 8 November 2005 from Corporate Synergy to the Company whereby Corporate Synergy agrees to act as broker to the Company and use reasonable endeavours to raise £2,010,000 pursuant to the Placing. The Company agrees to pay Corporate Synergy a fee of £75,000 and grant an option in the terms of the option agreement summarised at paragraph 13 of this Part 7. The fees are payable on Admission.

#### **13. Option agreement dated 21 December 2005 between the Company and Corporate Synergy.**

An option agreement dated 21 December 2005 whereby the Company grants Corporate Synergy an option to subscribe for 3,000,000 ordinary shares in the Company at an exercise price of 1.5 pence per share. The option may be exercised, wholly or in part, at any time within the period commencing on the date of Admission and ending at midnight on the fifth anniversary of the Admission Date.

#### **14. Nominated Adviser and Broker Agreement.**

A letter of engagement dated 21 December 2005 from Corporate Synergy to the Company under which Corporate Synergy has agreed to act as the Company's nominated adviser and broker for one year from Admission and thereafter, unless terminated by three months' written notice by Corporate Synergy or the Company). Pursuant to the agreement, the Company has agreed to pay Corporate Synergy an ongoing nominated adviser and broker's fee of £35,000 (plus VAT) per annum quarterly in advance.

#### **15. Placing Agreement.**

A placing agreement dated 21 December 2005 between Corporate Synergy, Company and the Proposed Directors under which Corporate Synergy has agreed to act as the Company's agent and to use reasonable endeavours to find subscribers for the Placing Shares. Pursuant to the agreement, the Company has agreed to pay Corporate Synergy a fee of £75,000 plus expenses, and to issue it an option in the form described in paragraph 13 above.

## **PART 8**

### **RISK FACTORS**

**An investment in Tower is speculative and involves a high degree of risk. Estimates, expectations and plans in this document are statements of future expectations or intentions of the Board. Actual future results, including resources, recoveries and work programme plans and schedules, could differ materially due to the changes in market conditions affecting the oil and gas industry or long-term oil and gas price levels; political or regulatory developments; reservoir performance; timely completion of work programme commitments or projects; the outcome of commercial negotiations and technical or operating factors.**

In addition to the other information in this document, the Existing Directors and the Proposed Directors consider the following risk factors are of particular relevance to the Enlarged Group's activities and to any investment in the Company. It should be noted that this is not exhaustive and that additional risks and uncertainties not presently known to the Existing Directors and the Proposed Directors or which they currently believe to be immaterial may also have an adverse affect on the Enlarged Group. Any one or more of these risk factors could have a materially adverse impact on the value of the Enlarged Group and should be taken into consideration when assessing the Company. The risks are not presented in any order of priority.

#### **Exploration Risk**

Whilst the Company will seek to apply the latest technology to assess exploration licences and has significant management experience, the exploration for and development of hydrocarbons is speculative and involves a high degree of risk. These risks include the risk that the Enlarged Group will not discover sufficient oil or gas resources to exploit economically or the Company will not be able to exploit the discovered resource as intended. If the companies in the Enlarged Group do not fulfil their obligations under any exploration licence, there is a possibility that they could lose part or all of their interests in such licence.

#### **The Company**

The Company is a recently formed company with no significant operating history upon which prospective investors may base an evaluation of future performance. It has only incurred losses since its inception due to its lack of revenues. It is possible that the Company will continue to incur such losses until and for some time after oil and gas production commences.

#### **Drilling, developing and operating risks**

Oil and gas drilling, developing and operating involves a number of risks, many of which are beyond the control of the Company, which may delay or adversely impact the Enlarged Group's activities. These include mechanical failures or delay, adverse weather conditions and Government regulations or delays. These delays and potential impacts could result in the Enlarged Group's activities being delayed or abandoned and substantial losses could be incurred.

Drilling may not result in the discovery of economically viable hydrocarbon resources either due to insufficient resources being discovered, the resources not being of sufficient quality to be developed economically or the costs of any development being in excess of that required for an economic project.

Drilling is also subject to general industry operating risks such as environmental spills or hazards, explosions, fires, blow-outs, equipment failures, the occurrence of any of which could result in losses for the Enlarged Group in the form of injury or loss of life, environmental damage, damage to or destruction of property and regulatory investigations that could result in curtailment of operations, fines and other additional costs. If the Enlarged Group were to proceed with drilling for very deep sub-salt target, the operational risks would be similar save for a greater possibility of encountering hydrogen sulphide gas, with a consequent risk to Tower's employees and contractors.

Although the Company intends to maintain insurance in accordance with industry practice, there may be circumstances where the Company's insurance or that of the operator of the drilling or operating activities either does not have insurance cover or does not take sufficient insurance cover for the losses sustained. It is also possible that the Company may incur losses either because the Existing Directors or the Proposed Directors decided not to acquire insurance or did not have adequate insurance due to the high cost at that time.

### **Economic and political risks**

It is anticipated that all or the majority of the Enlarged Group's activities will be outside the UK and, accordingly, there a number of risks over which it has little control.

Whilst the Enlarged Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Enlarged Group's activities are adversely impacted by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences, expropriation, war, terrorism, insurrection and changes to laws governing oil and gas exploration and operations. There is also the possibility that the terms of any licence the Enlarged Group holds may be changed.

### **Currency risk**

The Company will report its results in Sterling, whilst it is expected that a majority of its costs and revenues will be denominated in United States dollars. This may result in additions to the Company's reported costs or reductions in the Company's reported revenues.

### **Corporate and regulatory formalities**

Conducting exploration, development or other oil and gas activities has or will involve the requirement to comply with various procedures and approval formalities. It may not in the future be possible to comply or obtain waivers of all such formalities. In the case where it is not possible for the Enlarged Group to comply, or it cannot obtain a waiver, the Enlarged Group may incur a temporary or permanent disruption to its activities and a loss of part or all of its equity in the licence.

### **Ability to exploit successful discoveries**

It is possible that the Enlarged Group may not be able to exploit commercially viable discoveries in which it holds an interest. Exploitation may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the Enlarged Group's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the Enlarged Group cannot meet. As a result of such delays, the Enlarged Group may incur additional costs, losses of revenue or part or all of its equity in a licence. The Enlarged Group may also need the consent or approval from an equity partner in the licence, the interests of which might not be aligned with that of the Enlarged Group.

### **Additional financing**

Companies in the Enlarged Group are required to meet work programme obligations under the terms of its petroleum or production sharing agreements in respect of the Projects, failing which their exploration rights may be forfeited. The Enlarged Group may acquire interests in additional exploration properties which may require acquisition payments to be made and exploration expenditures to be incurred. The only sources of funding currently available to the Company are through the issue of additional equity capital or through bringing in a farm-in partner to fund the exploration and development costs on the Projects. There is no assurance that the Company will be successful in raising sufficient funds or attracting a suitable farm-in partner to enable it to meet its obligations under its agreements.

### **Environmental regulation**

Environment and safety legislation (such as in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection) may change in a manner that may require more strict or additional standards than those currently in effect, a heightened degree of responsibility for companies and their directors and employee and more stringent enforcement of existing laws and regulation. There may also be unforeseen environmental liabilities resulting from oil and gas activities, which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean up costs and obligations and liability for toxic or hazardous substances for which the companies in the Enlarged Group may become liable as a result of their activities may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions.

### **Market risk**

The scale of production from a development of a discovered oil and gas resource will be dependent upon factors over which the Company has no control such as market conditions at that time, access to, and the operation of, transportation and processing infrastructure, the available capacity levels and tariff payable by

the Company for such infrastructure and the granting of any licences or quota the Company may require from the relevant regulatory authority. All of these factors may result in delays in production, additional cost or a reduction in expected revenues for the Company. Therefore, there is a risk that the Company may not make a commercial return on its investment.

### **Competition**

The oil and gas industry is very competitive and the Enlarged Group will face competition in the countries within which it will conduct its activities. Some of the Enlarged Group's competitors have access to greater financial and technical resources which may convey to them a competitive advantage. As a result, the Enlarged Group may not be able to gain access to future growth opportunities.

### **Volatility of prices for oil and gas**

The supply, demand and prices for oil and gas are volatile and are influenced by factors beyond the Enlarged Group's control. These factors include global demand and supply, exchange rate, interest and inflation rates and political events. A significant prolonged decline in oil and gas prices could impact the viability of some of the Enlarged Group's exploration activities. Additionally, production from geographically isolated countries may be sold at a discount to current market prices.

### **Dependence on key personnel**

The Company has a small management team and the loss of any key individual or the inability to attract appropriate personnel could impact the Company's performance. It may also be difficult to employ and retain people who are willing to work for the Company in certain countries.

### **Liquidity of the Ordinary Shares**

The Ordinary Shares will be traded on AIM but it should not be assumed that there will always be a liquid market of the shares. The price of the Ordinary Shares may be volatile, influenced by many factors, some of which are beyond the control of the Company. For example, the performance of the overall share market, other shareholders buying or selling large numbers of shares, changes in legislation or regulations and general economic conditions. Therefore, a return on an investment in the Ordinary Shares cannot be guaranteed.

### **Legal systems**

Some of the countries the Enlarged Group may operate in could have legal systems that are less well developed than or different to those in the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, the petroleum or production sharing agreements in respect of the Projects may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangement in these jurisdictions cannot be assured.

### **Joint ventures**

It is likely that the Enlarged Group will enter into joint ventures. There is a risk that a joint venture partner does not meet its obligations and the Enlarged Group suffers additional costs or other losses. It is also possible that the interests of the Enlarged Group and those of its joint venture partners are not aligned resulting in project delays or additional costs or losses.

### **Investment risk**

The value of an investment in the Company could, for a number of reasons, go up or down. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company.

**PART 9**  
**ADDITIONAL INFORMATION**

**1. The Company**

1.1 The Company is registered in England and Wales, having been incorporated on 6 December 2004 under the Act with registered number 5305345 as a public company limited by shares with the name Tower Resources plc. The liability of members is limited.

1.2 The principal legislation under which the Company operates and under which the Ordinary Shares have been created is the Act.

1.3 The Company presently has no subsidiary or associated undertakings. Following Completion, Neptune, Neptune Namibia and Neptune Uganda will be wholly-owned subsidiaries of the Company.

1.4 On 13 December 2004, the Registrar of Companies issued a certificate entitling it to do business under the provisions of section 117 of the Act.

1.5 The telephone number of the Company at its registered office is +44 (0) 207 544 5555. The telephone number of the Company at its principal place of business after Completion will be +44 (0) 207 867 8600 and its address will be 5 Charterhouse Square, London.

1.6 The ISIN of the Company is GB00B05KQ069.

**2. Share capital**

2.1 On incorporation, the Company had an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each (par value), of which 2 were issued, fully paid, to the subscribers to the memorandum of association of the Company.

2.2 On 13 December 2004 the number of shares issued and fully paid was increased from 2 Ordinary Shares of £0.001 each to 60,000,000 Ordinary Shares of £0.001 each.

2.3 On 11 January 2005 the number of shares issued and fully paid was increased from 60,000,000 Ordinary Shares of £0.001 each to 125,000,000 Ordinary Shares of £0.001 each.

2.4 On Completion of the Acquisition, the Company intends to allot a further 200,000,000 Ordinary Shares as consideration for the acquisition of Neptune.

2.5 On Admission, the Company intends to allot a further 133,333,333 Ordinary Shares for cash at 1.5 pence per share pursuant to the Placing.

2.6 The authorised and issued share capital of the Company as it will be immediately following Admission (assuming completion of the Acquisition and the Placing) are as follows:

<i>Authorised</i>		<i>Ordinary shares of £0.001 each</i>	<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£10,000,000	10,000,000,000	<i>At the date of this document</i>	£125,000	
	125,000,000			
£10,000,000	10,000,000,000	<i>Following completion of the Acquisition and the Placing</i>	£458,333.33	
				458,333,333

2.7 The Ordinary Shares will rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document.

2.8 The Ordinary Shares are in registered form, and, following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.

2.9 Save as disclosed in this document:

.no share or loan capital of the Company has been issued or is proposed to be issued;

.no person has any preferential subscription rights for any share capital of the Company;

.no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and

.no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

2.10 Subject to any direction to the contrary which may be given by the Company in general meeting, the directors are unconditionally authorised to allot, create, deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) to such persons (including any director) on such terms and at such times as they think fit, but no shares shall be issued at a discount to their par value. This authority remains in force until the first Annual General Meeting of the Company.

2.11 The provisions of section 89(1) of the Act, which confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash, apply to the authorised but unissued share capital of the Company subject as set out in paragraph 2.12 of Part 9 of this document. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing Shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

2.12 At present, 125,000 Ordinary Shares remain authorised and unreserved for issue free from pre-emption rights which represents 100 per cent. of the current issued share capital of the Company. Following the Acquisition and Placing and pursuant to the Resolutions being passed, 200,000,000 Ordinary Shares will remain authorised and unreserved for issue free from pre-emption rights which (assuming full subscription under the Placing) will represent approximately 43.64 per cent. of the issued share capital of the Company. The Proposed Directors will also have the authority to issue further Ordinary Shares free of pre-emption rights in certain circumstances, such as in connection with a rights issue.

2.13 The Resolutions by virtue of which the Placing Shares and the Consideration Shares will be issued are set out in the notice of EGM at the end of this document. The Existing Directors intend to pass Board resolutions to issue the Placing Shares and the Consideration Shares following the adoption by the Shareholders of the Resolutions.

### **3. Memorandum and articles of association**

3.1 In this paragraph 3, references to the "Statutes" are references to the Act and every other act for the time being in force concerning companies and affecting the Company.

3.2 The principal objects of the Company are set out in full in clause 4 of the memorandum of association and include carrying on the business of a general commercial company.

3.3 The articles of association of the Company (the "Articles") contain, *inter alia*, provisions to the following effect:

#### ***Transfer***

Except as may be required by the Statutes and the facilities and requirements of the relevant system concerned, the directors shall have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing and transfer of uncertificated shares. All transfers of certificated shares must be in writing in the usual common form or in any other form, which the directors may approve. The instrument of transfer must be signed by or on behalf of the transferor and, if the shares being transferred are not fully paid, by or on behalf of the transferee. The directors may refuse to register any transfer of any share that is not fully paid and they may refuse to register the transfer of any share on which the Company has a lien provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis. They may also refuse to register a transfer of any share in favour of more than four persons jointly and in certain other exceptional circumstances, and a transfer of certificated shares which has not been duly stamped and lodged at the Company's registered office or such place as the board may determine and

which is not accompanied by the certificates for the shares to which it relates (except in the case of a transfer by a recognised person to whom a certificate has not been issued) and such other evidence as the directors may

reasonably require to show the right of the transferor to make the transfer. The directors may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted by relevant legislation and the requirements of the relevant system concerned.

### ***Voting rights***

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) and subject to certain other Articles, on a show of hands every holder of an Ordinary Share present in person (if an individual) or duly authorised representative (if a corporation) shall have one vote, and on a poll every member present in person or by proxy and entitled to vote shall have one vote for each Ordinary Share of which he is the holder.

If at any time when the City Code on Takeovers and Mergers (the “City Code”) does not apply to the Company, a person (together with any persons held to be acting in concert with him) acquires shares in the Company which would have obliged them to extend an offer (a “mandatory offer”) to the holders of all other shares in the Company had the City Code applied, the directors have the discretion to disenfranchise such person until a compliant mandatory offer is made.

If two or more persons are jointly entitled to a share, then, in voting upon any question, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the Register.

No Shareholder shall be entitled to be present or to be counted in the quorum at any general meeting unless he shall be the holder of one or more shares giving the right to attend thereat upon which all calls or other moneys due and payable in respect of the same shall have been paid and no Shareholder shall be entitled to vote at any general meeting or upon a poll either personally or by proxy in respect of any share upon which any call or other moneys due and payable have not been paid.

Votes may be given either personally or by proxy. On a show of hands a Shareholder (other than a corporation) present only by proxy shall have no vote, but a proxy for or representative of a corporation may vote on a show of hands. A proxy need not be a Shareholder of the Company and a Shareholder may appoint one or more than one person to act as his proxy.

The appointment of a proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote at such poll.

### ***Dividends***

The profits of the Company available for distribution and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company in general meeting may from time to time declare by ordinary resolution dividends but no such dividends shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company available for the purpose in accordance with the Statutes. No dividend may exceed the amount recommended by the Board of directors.

Subject to the provisions of the Statutes the Board may if it thinks fit from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or nonpreferred rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and the Board may also pay 6 monthly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if it is of the opinion that the profits justify the payment, provided the directors act *bona fide* they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or nonpreferred rights.

Notwithstanding any other provision of the Articles the directors may fix a date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time within 6

months before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made. There is no fixed date on which an entitlement to dividend arises.

With the sanction of a general meeting, dividends may be paid wholly or in part *in specie* and may be satisfied in whole or in part by the distribution amongst Shareholders in accordance with the rights of fully paid shares

debentures or other securities of the Company or of any other company, or of any other property suitable for distribution as aforesaid provided that no distribution shall be made which would amount to a reduction of capital except in the manner approved by law. The Board shall have full liberty to make all such valuations, adjustments and arrangements (including cash payments to Shareholders upon the basis of the value fixed in order to adjust the rights of Shareholders and vesting any specific assets in trustees upon trust for the persons entitled to the dividend), and to issue, in the case of certificated shares, all such certificates or documents of title as may in its opinion be necessary or expedient with a view to facilitating the equitable distribution amongst the Shareholders of any dividends or portions of dividends to be satisfied as aforesaid or to giving them the benefit of their proper shares and interests in the property and no valuation, adjustment or arrangement so made shall be questioned by any Shareholder.

The directors may resolve that ordinary shareholders will be entitled to elect to receive an allotment of further Ordinary Shares (a scrip dividend) credited as fully paid in lieu of any cash dividend or any part of a cash dividend, subject to the Articles and to such exclusions or restrictions as the directors may in their absolute discretion deem necessary or desirable in relation to compliance with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

The directors shall give notice in writing to the ordinary shareholders of their rights of election in respect of the scrip dividend and of the procedure to be followed in order for an election to be made. In relation to uncertificated shares, the directors may make such arrangements as they in their absolute discretion think fit (subject always to the facilities and requirements of the relevant system concerned).

The directors may resolve that the rights to elect for a scrip dividend shall not be made available to shareholders resident in a country or countries where, in the opinion of the directors, compliance with local laws or regulatory requirements would be unduly burdensome.

Any dividend, instalment of dividend or interest or other moneys payable in cash in respect of any share may be paid by cheque or warrant payable to the order of the Shareholder entitled thereto or (in the case of joint holders) of that Shareholder whose name stands first on the Register in respect of the joint holding. Every such cheque or warrant shall (unless otherwise directed) be sent by post to the last registered address of the Shareholder entitled thereto, and payment of the cheque or warrant shall be a good discharge to the Company for the same. Any such dividend or other moneys may also be paid by such other method (including, without limitation, direct debit, bank or other funds transfer system) as the directors may in their absolute discretion think fit (subject always, in the case of uncertificated shares, to the facilities and requirements of the relevant system concerned where payment is to be made by means of such system) to or through such person as the holder or person entitled may in writing direct.

### ***Return of capital***

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution (and any other sanction required by the Statutes), divide among the members in proportion to their shareholdings *in specie* the whole or any part of the assets of the Company and may determine how such division shall be carried out between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled by the liquidator to accept any assets in respect of which there is attached a liability or potential liability.

### ***Variation of rights***

Subject to the Statutes, none of the rights, privileges or conditions for the time being attached to or belonging to any class of shares forming part of the issued share capital for the time being of the Company shall (unless otherwise provided by the terms of issue of the shares of that class) be

modified, varied or abrogated in any manner except with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or, subject to the provisions of the Statutes, the sanction of an extraordinary resolution passed at a separate meeting of the members of that class, and then only subject to the provisions of Section 127 of the Act. To any such separate meeting all the provisions of the Articles as to general meetings shall *mutatis mutandis* apply but so that the necessary quorum (other than at an adjourned Meeting) shall be not less than two persons personally present and holding or representing, either by proxy or as the duly appointed representative of a corporation which is a Shareholder, at least 33.33 per cent. of the capital paid up on the issued shares of the class and, at an adjourned Meeting, one Shareholder holding shares of the class in question or his proxy, and so that any holder of shares of the class in question present in person or by proxy may

demand a poll and shall be entitled on a poll to one vote for every such share held by him. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the Articles or by the terms of issue of the shares of that class, be deemed to be modified, varied or abrogated by the creation or issue of further shares ranking *pari passu* in all respects (save as the date from which such new shares shall rank for dividend) therewith or subsequent to those already issued.

#### ***Power to issue redeemable shares***

Subject to the provisions of the Statutes and to any rights conferred on the holders of any other shares, the Company may, with the sanction of a special resolution, issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or of the shareholder on such terms and in such manner as may be provided by the Articles save that the date on or by which, or dates between which, any such shares are to be or may be redeemed may be fixed by the Board (and if so fixed, the date or dates must be fixed before the shares are issued).

#### ***Calls on shares***

The Board may, subject to the provisions of the Articles and to any conditions of issue, from time to time make such calls upon the Shareholders in respect of all moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) as it thinks fit, provided that no call on any share shall be payable within 1 month from the date fixed for the payment of the last preceding call and that 14 days' notice at least is given of each call specifying the time or times, place of payment and the amount called on the Shareholders' shares, and each Shareholder shall be liable to pay the amount of every call so made upon him to the persons and at the times and places appointed by the Board.

#### ***Disclosure of interests in shares***

With the authority of the Board, the Company may serve on any Shareholder, or any other person appearing to be interested in shares held by that Shareholder, a notice requiring disclosure pursuant to Section 212 of the Act in relation to all or any number of the shares which that Shareholder holds or to which that other person is entitled or interested.

#### ***Conversion of shares into stock***

The Company may, from time to time, by ordinary resolution, convert all or any of its fully paid shares into stock, and may from time to time, in like manner, convert any stock into fully paid shares of any denomination. No such conversion shall affect or prejudice any preference or other special privilege.

When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein, or any part of such interests, in such manner as the Company by ordinary resolution directs but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. The Board may, from time to time fix the minimum amount of stock transferable provided that such minimum shall not exceed the nominal amount of each of the shares from which the stock arose.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at general meetings of the Company and other matters, and be subject to the same provisions of the Articles as if they held the shares from which the stock arose, but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

#### ***Changes in share capital***

The Company may by ordinary resolution increase its share capital, cancel any unissued shares, consolidate and divide all or any of its share capital into shares of a larger amount and, subject to the provisions of the Statutes, subdivide all or any of its shares into shares of a smaller amount. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

#### ***Purchase by the Company of its own shares***

Subject to the provisions of the Statutes, to any rights conferred on the holders of any other shares and to the authority of the Company in general meeting required by the Statutes, the Company may purchase its own shares.

### ***Unclaimed dividends***

Any dividend unclaimed after a period of 12 years from the date it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.

### ***Borrowing powers***

The directors may exercise all the powers of the Company to borrow money and, subject to the Statutes, to grant any mortgage, charge or debentures, debenture stock or other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

### ***General Meetings (“Meetings”)***

An annual general meeting of the Company shall be held in each year in addition to any other Meetings which may be held in that year, and such Meeting shall be specified as the annual general meeting in the notices calling it. Not more than 15 months shall elapse between the date of one annual general meeting and the date of the next. Subject as aforesaid and to the provisions of the Statutes the annual general meeting shall be held at such time and place as the Board shall appoint.

All Meetings of the Company other than annual general meetings shall be called extraordinary general meetings.

The Board may call an extraordinary general meeting whenever it thinks fit. Extraordinary general meetings shall also be convened on requisition by shareholders, as provided by the Statutes, whereupon the Board shall forthwith proceed to convene an extraordinary general meeting for a date not more than 28 days after the date of the notice convening the Meeting. If at any time there are not sufficient directors capable of acting to form a quorum of the Board any director or any two Shareholders of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board.

In the case of an extraordinary general meeting called in pursuance of a requisition, unless such Meeting shall have been called by the directors, no business other than that stated in the requisition as the objects of the Meeting shall be transacted.

At least 21 clear days notice of every annual general meeting and of every extraordinary general meeting at which it is proposed to pass a special resolution and at least 14 clear days’ notice of every other extraordinary general meeting shall be given in manner hereinafter mentioned to such Shareholders as are under the provisions of the Articles entitled to receive such notices from the Company and to the Auditors of the Company. Every notice of Meeting shall specify the place, day and hour of meeting and, in the case of special business, the general nature of such business and shall also state with reasonable prominence that a Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a Shareholder. In the case of a Meeting convened for passing a special or extraordinary resolution the notice shall specify the intention to propose the resolution as a special or extraordinary resolution as the case may be. Subject to the provisions of the Articles, to the rights attaching to any class of shares and to any restrictions imposed on any holder, notice shall be given to all Shareholders, the directors and the auditors.

A Meeting of the Company shall notwithstanding that it is called by shorter notice than that specified above be deemed to have been duly called if it is so agreed (a) in the case of a Meeting called as the annual general meeting, by all the Shareholders entitled to attend and vote thereat; and (b) in the

case of any other Meeting, by a majority in number of the Shareholders having a right to attend and vote at the Meeting being a majority together holding not less than 95 per cent. in nominal value of the shares giving a right to attend and vote at the Meeting.

The directors may from time to time make such arrangements for controlling the level of attendance at any Meeting place (whether involving the issue of tickets or the imposition of some other means of selection or otherwise) as they shall in their absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a Shareholder who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any particular place shall be entitled so to attend at one of the other places; and the entitlement of any Shareholder so to attend the meeting or adjourned Meeting at such place shall be subject to any such arrangement as may be for the time being in force and by the notice of Meeting or adjourned Meeting stated to apply to the Meeting.

## ***Directors***

The business of the Company shall be managed by the Board, which may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercisable and done by the Company, and as are not by the Statutes or by the Articles required to be exercised or done by the Company in general meeting, subject to any regulations of the Articles, to the provisions of the Statutes, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. This general power shall not be limited or restricted by any special authority or power given to the directors by any other Article.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of two or more directors and (if thought fit) one or more other persons, provided that (a) a majority of the members of a committee shall be directors; and (b) no resolution of a committee shall be effective unless a majority of those present when it is passed are directors or alternate directors.

The Board may from time to time and at any time appoint any other person to be a director either to fill a casual vacancy or by way of addition to the Board. A director so appointed shall hold office only until the annual general meeting following next after his appointment, when he shall retire, but shall then be eligible for reelection.

A director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of director and subject to Section 319 of the Act on such terms as to remuneration and otherwise as the Board shall arrange.

Subject to the Statutes, the Board may from time to time appoint one or more of its body to be the holder of any executive office, including the office of managing or joint or assistant managing director, on such terms and for such period as it may determine.

A director holding any executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a director and whether by way of salary, commission, participation in profits or otherwise as a remuneration committee (if established) or the Board (if no remuneration committee is in existence at the time) may determine.

The Board may establish any local boards or agencies for managing any of the affairs of the Company, and may appoint any persons to be members of such local boards or any managers or agents and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with power to subdelegate, and may authorise the members of any local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit.

At the annual general meeting in every year onethird of the directors for the time being (other than those retiring in accordance with other Articles) or if their number is not a multiple of 3 then the number nearest to but not exceeding 33.3 per cent. shall retire from office, provided always that if in any year the number of directors (other than those retiring as aforesaid) is two, one of such directors shall retire, and if in any year there is only one director (other than those retiring as aforesaid) that director shall retire.

The directors to retire at the annual general meeting in every year shall include (so far as necessary to obtain the number required) any director who wishes to retire and not to offer himself for re-election. Any further directors so to retire shall be the directors who have been longest in office since their last election. As between directors of equal seniority, the directors to retire shall in the absence of agreement be selected from among them by lot. A retiring director shall be eligible for reelection and shall act as a director throughout the Meeting at which he retires.

The Board or any committee of the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit, and determine the quorum necessary for the transaction of business. Meetings of the Board or of any committee of the Board may take place in any part of the world and may take place via telephonic communication, video conference or similar means of communication notwithstanding that the directors or committee members present may not all be meeting in one particular place. Unless otherwise determined by the Board two directors shall be a quorum.

A director (other than an alternate director) may from time to time by writing under his hand appoint another director or any other person to be his alternate but no such appointment of any person not being a director shall

be operative unless and until approved by the Board. The Board may also from time to time appoint any person to be an associate director of the Company.

Unless otherwise determined by ordinary resolution, the number of directors shall be not less than two.

#### 4. Directors' and other interests

4.1 The interests (all of which are beneficial unless stated otherwise) of the Existing Directors and the Proposed Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the Act) which have been notified to the Company pursuant to Sections 324 and 328 of the Act or are required to be disclosed in the Register of Directors' Interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Existing Director or Proposed Director as at the date of this document are as follows:

<i>Name</i>	<i>Number of Ordinary Shares before the Proposals</i>	<i>Percentage of issued share capital before the Proposals</i>	<i>Number of Ordinary Shares held following the Proposals</i>	<i>Percentage of issued share capital following the Proposals</i>
R Langusch	2,500,000	2.00	2,500,000	0.55%
R Warner	1,000,000	0.80	1,000,000	0.22%
H Warner*	3,000,000	2.40	3,000,000	0.65%
P Taylor	Nil	—	55,416,667	12.09%
P Blakey	Nil	—	55,416,667	12.09%
M Savage**	Nil	—	100,000,000	21.82%
Ascent Capital***	6,950,000	5.56	6,950,000	1.52%

\* Hugh Warner's shareholding is held by a family trust called Elliot Holdings Pty Ltd <CBM Family Trust>.

\*\* Mark Savage's shareholding is held by Bayview Investments LLC. Bayview Investments LLC was incorporated in New Mexico, USA and its sole director and shareholder is Mr Savage.

\*\*\* Ascent Capital is a company beneficially owned equally by David Steinepreis, Hugh Warner and Gary Steinepreis.

On Admission, Russell Langusch will be granted an option to subscribe for 3,000,000 Ordinary Shares at 1.5 pence per share.

4.2 Save as disclosed above, none of the Existing Directors or Proposed Directors nor any member of their respective immediate families nor any person connected with the Existing Directors or Proposed Directors (within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.

4.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Existing Directors or Proposed Directors.

4.4 Save as otherwise disclosed in this document, no Existing Director or Proposed Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected

by the Company since its incorporation and which remains in any respect outstanding or unperformed.

4.5 Save as disclosed in paragraph 4.1, the Company is aware of the following persons who, immediately following Admission, directly or indirectly, jointly or severally, hold or will hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital following the Proposals</i>
WH Ireland Limited	24,366,664	5.32%
Ronald Bruce Rowan	25,000,000	5.45%
RAB Octave Fund Limited	66,666,667	14.55%

The above people do not have different voting rights to the other Shareholders.

4.6 Russell Langusch has agreed to provide executive chairman's services to the Company, further details of which are set out in paragraph 6 of Part 7 of this Document. The services of the executive director will be provided through a consultancy agreement between the Company and an associated company of the executive director. The agreement will be terminable on three months' notice and the remuneration payable by the Company to the relevant associated consultancy company under such agreement will be £25,000 per annum. Peter Taylor, Peter Blakey and Mark Savage have agreed to provide non-executive director's services to the Company. The services of the non-executive directors are to be provided either directly by the relevant Proposed Director or through a consultancy agreement between the Company and an associated company of the relevant Proposed Director. Each such agreement will be terminable on one months' notice and the remuneration payable by the Company to the relevant Proposed Director or to the relevant Proposed Director's associated consultancy company under each such agreement will be £12,000 per annum. In addition, the Company will pay fees of £10,000 to Ross Warner and £5,000 to TM Services Limited on Admission. No service contract with any of the Existing Directors has been amended within the six months preceding the date of this document. The services of the Existing Directors, Ross Warner (Age: 38), Hugh Warner (Age: 35) and Russell Langusch (Age: 55) are provided pursuant to agreements which may be terminated on one months' notice and which provide for each of the Existing Directors to receive remuneration of £12,000 per annum. Currently, there are no arrangements providing for benefits upon termination of employment relating to any Existing Director or Proposed Director's service agreement.

4.7 Save as disclosed in paragraph 4.6 above, no service contract with the Existing Directors or the Proposed Directors has been entered into or amended within the six months preceding the date of this document.

4.8 Save as disclosed in paragraph 4.6 above and the Lock-In Deeds described in paragraph 10 and 11 of Part 7 of this document, there are no contracts, existing or proposed, between any Existing Director or Proposed Director and the Company.

4.9 There is no arrangement under which any Existing Director or Proposed Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

4.10 It is estimated that, under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Existing Directors and the Proposed Directors' associated consultancy companies (excluding, from Admission, Russell Langusch whose emoluments are included in the estimated emoluments of the Proposed Directors) in respect of the current financial period ending on 30 June 2006 is expected to amount to approximately £12,000 and, from Admission, the aggregate remuneration and benefits in kind to be paid to the Proposed Directors and the Proposed Directors' associated consultancy companies, as the case may be, in respect of the current financial period ending on 30 June 2006 will be approximately £36,500.

4.11 In addition to the directorships in the Company the Existing Directors and Proposed Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Russell Langusch	Elixir Petroleum Ltd Elixir Petroleum (UK ) Ltd Langusch & Associates Pty Ltd	Lowell Resources Funds Management Pty Ltd CIBC World Markets Australia Ltd
Hugh Warner	Ascent Capital Pty Ltd M Health Limited Green Rock Energy Limited Uranium Resources plc Deep Yellow Tanzania Limited	Black Rock Oil & Gas PLC Extract Resources Ltd Medivac Limited Aeris Technologies Ltd Peak Hill Gold Mines NL Copperco Limited Resonance Health Ltd Synergy Metals Ltd View Resources Ltd IM Medical Ltd Service Stream Ltd Peninsular Mineral Limited Data Centre Holdings Pty Ltd My Accountants Online Pty Ltd Black Rock Petroleum NL Rakov Pty Limited Fusia Limited MinRes Resources Inc. Black Range Minerals Ltd OBJ Limited Salus Technologies Limited Deep Yellow Limited Sturt Australia Resources NL Molecular Pharmacology plc Ascent Resources plc
Ross Warner	Uranium Resources PLC Herencia Resources PLC Chian Resources PLC Medici Bioventures PLC Davos PLC Nardina Resources PLC Irvine Energy PLC Deep Yellow Tanzania Limited Tarapaca Resources (Bermuda ) Ltd Leopard Minerals PLC	Ascent Capital Pty Ltd Molecular Pharmacology PLC

<i>Name</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Peter Taylor	TM Services Limited TM Consultants Limited	Cats Eyes Productions Limited Dana Petroleum PLC

	TM Management Consultants Limited TM Information Systems Limited Star Petroleum PLC Astral Petroleum Limited Global Petroleum Limited Jupiter Petroleum Limited Pursuit Resources Limited Neptune Petroleum Ltd Neptune Petroleum (Namibia ) Ltd Neptune Petroleum (Uganda) Ltd Saturn Petroleum Limited Comet Petroleum Limited	Goggle Eyes Productions Limited Thames Resources Limited Sakhalin Petroleum PLC Planet Oil International PLC Planet Oil Limited Pursuit Dynamics PLC Consort Resources Limited
Peter Blakey	TM Services Limited TM Consultants Limited TM Management Consultants Limited TM Information Systems Limited Star Petroleum PLC Astral Petroleum Limited Global Petroleum Limited Jupiter Petroleum Limited Pursuit Resources Limited Neptune Petroleum Ltd Neptune Petroleum (Namibia ) Ltd Neptune Petroleum (Uganda) Ltd Comet Petroleum Limited Saturn Petroleum Limited	Microfloat Bed Company Limited Thames Resources Limited Sakhalin Petroleum PLC Arden Resources Limited Planet Oil International PLC Planet Oil Limited Grove Energy Limited Consort Resources Limited Goggle Eyes Productions Limited Cats Eyes Productions Limited
Mark Savage	Central Asia Gold Limited Global Petroleum Limited Stirling Products Limited Bayview Investments LLC	M Health Limited

4.12 Ascent Capital was formed by David Steinepreis, Hugh Warner and Gary Steinepreis to pursue, amongst other things, the reconstruction and recapitalisation of existing stock exchange quoted companies. Since its foundation, Ascent Capital has successfully recapitalised and relisted 15 companies on the ASX. Each of the 15 companies recapitalised by Ascent Capital were placed under external administration either prior to Ascent Capital recapitalising the company or as part of Ascent Capital's recapitalisation of the company. As a consequence, Hugh Warner has been appointed a director of companies in administration or has placed a company into administration. The Existing Directors and the Proposed Directors have been directors of the following companies in administration, all of which have been successfully released from administration.

<i>Name</i>	<i>Company</i>
Russell Langusch	Nil
Hugh Warner	Fusia Limited Service Stream Ltd Black Range Minerals Limited M Health Limited OBJ Limited Q-Vis Limited Extract Resources Ltd Medivac Limited Copperco Limited Resonance Health Ltd Synergy Metals Ltd View Resources Ltd IM Medical Ltd Deep Yellow Limited
Ross Warner	Nil
Peter Taylor	Nil
Peter Blakey	Nil
Mark Savage	Nil

4.13 Hugh Warner was appointed as a director of Sturt Australia Resources NL to wind up that company, by way of a members voluntary liquidation.

4.14 Except as stated in paragraphs 4.12 and 4.13 above, none of the Existing Directors nor the Proposed Directors has:

.any unspent convictions in relation to indictable offences;

.had any bankruptcy order made against him or entered into any voluntary arrangements;

.been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

.been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

.been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

.been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or  
.been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

## **5. Interests and Dealings**

5.1 Neither the Vendors nor Mark Savage nor any person acting in concert with them owned controlled or was interested, directly or indirectly, any relevant securities on 20 December 2005 (being the latest practicable date prior to the posting of this document), nor had any such person any rights to subscribe for or any short position in any relevant securities, nor has any such person dealt for value any relevant securities during the period from 20 December 2004 to 20 December 2005 (“the disclosure period”).

5.2 Save as disclosed in paragraph 4, none of the Existing Directors or the Proposed Directors nor any member of their immediate families owned, controlled or (in the case of the Existing Directors and the Proposed Directors and their immediate families) was interested, directly or indirectly, in any relevant securities nor had any such person any rights to subscribe for or any short position in any relevant securities on 20 December 2005 (the latest practicable date prior to the posting of this document).

5.3 No connected adviser (as defined in the City Code) to the Company or to any subsidiary of the Company or to any associated company of the Company, nor to any Concert Party of the Company, nor any person controlling, controlled by, or under the same control as such connected adviser, nor any subsidiary of the Company or pension fund of the Company or of any of its subsidiaries, nor any investment company, unit trust or other person whose investments an associate manages on a discretionary basis (in respect of the relevant investment accounts), nor any employee benefit trust of the Company, controlled or was interested, directly or indirectly, in any relevant securities nor had any such person any rights to subscribe for or any short position in any relevant securities on 20 December 2005 (being the latest practicable date prior to the posting of this document), nor has any such person dealt for value therein during the disclosure period.

5.4 Neither the Company nor any associate (as defined in sub-paragraph 5.10.1 below) of the Vendors or any of the directors, recent directors, shareholders or recent shareholders of the Company has any arrangement with any person in relation to any relevant securities. For the purposes of this paragraph, “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature which may be an inducement to deal or refrain from dealing.

5.5 Neither Tower nor any of the Existing Directors nor any of the Proposed Directors nor any member of their immediate families owned, controlled or (in the case of the Existing Directors and the Proposed Directors) was interested, directly or indirectly, in the share capital of Neptune nor had any such person any rights to subscribe for or any short position in any relevant securities on 20 December 2005 (the latest practicable date prior to the posting of this document), nor has any such person dealt for value therein during the disclosure period.

5.6 No associate (as defined in paragraph 5.10.1.1 of this paragraph 5) of the Company nor any connected adviser to or pension fund or employee benefit trust of any party associated with the Company by virtue of the definition in paragraph 5.10.1.1 of this paragraph 5 was interested, directly or indirectly, in any relevant securities nor had any such person any rights to subscribe for or any short position in any relevant securities on 20 December 2005 (the latest practicable date prior to the posting of this document).

5.7 No person controlling, controlled by or under the same control as any connected adviser falling within paragraph 5.6 above was interested, directly or indirectly, in any relevant securities nor had any such person any rights to subscribe for or any short position in any relevant securities on 20 December 2005 (the latest practicable date prior to the posting of this document).

5.8 Neither the Company nor any of the Existing Directors nor any person acting in concert with them owned, controlled or was interested in, directly or indirectly, the shares of Bayview Investments LLC nor had any such person any rights to subscribe for or any short position in the shares of Bayview Investments LLC.

5.9 Neither the Company nor its directors nor any person acting in concert with the Directors or the Company has borrowed or lent any relevant securities nor has any member of the Concert Party nor any person acting in concert with any of them borrowed or lent any relevant securities.

5.10 In this paragraph 5:

5.10.1 references to an “associate” of any company are to:

5.10.1.1 its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which any such companies are associated companies (for this

purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);

5.10.1.2 connected advisers (as defined in the City Code) and persons controlling, controlled by or under the same control as such connected advisers;

5.10.1.3 its directors and the directors of any company in 5.10.1.1 above (together in each case with their close relatives and related trusts);

5.10.1.4 its pension funds or those of a company covered in 5.10.1.1 above;

5.10.1.5 an investment company, unit trust or other person whose investments an associate (as otherwise defined in this sub-paragraph 5.10.1) manages on a discretionary basis, in respect of the relevant investment accounts; and

5.10.1.6 its employee benefit trust or that of any company covered in 5.10.1.1 above.

5.10.2 ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the Company which are currently exercisable at a general meeting, irrespective of whether the holding gives *de facto* control;

5.10.3 “relevant securities” means the Existing Ordinary Shares and other securities convertible into or exchangeable for, rights to subscribe for and options (including traded options) in respect of, or derivatives referenced to, any of the foregoing; and

5.10.4 “derivative” includes any financial product whose value, in whole or in part, is determined directly or indirectly by references to the price of any underlying security but which does not include the possibility of delivery of such underlying securities.

5.11 The potential maximum interest of the Vendors pursuant to the Acquisition is 210,833,334 Ordinary Shares, which following the Proposals will represent 46 per cent. of the then issued share capital of the Company.

## **6. Litigation**

6.1 There are no legal or arbitration proceedings (including, to the knowledge of the Existing Directors and the Proposed Directors, any such proceedings which are pending or threatened by or against the Company) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Company.

6.2 There are no legal or arbitration proceedings (including, to the knowledge of the Existing Directors and Proposed Directors, any such proceedings which are pending or threatened by or against Neptune) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of Neptune.

## **7. Working capital**

The Existing Directors and the Proposed Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Enlarged Group will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

## **8. Taxation**

The following paragraphs are intended as a general summary for Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes and who hold Ordinary Shares in the Company as investments (rather than as dealing stock). This summary is based on existing tax legislation and current HM Revenue & Customs practice. Any person who is in any doubt as to his tax position, whether in the United Kingdom or in any other jurisdiction in which he may be liable to tax, should consult, and rely upon, the advice of his own professional adviser.

### **8.1 Tax residence of the Company**

The Existing Directors and the Proposed Directors consider that the Company will be resident for tax purposes in the United Kingdom. The following summary has been prepared on this basis.

### **8.2 Taxation of Dividends**

Under current United Kingdom tax legislation, no taxation should be withheld at source from dividend payments made by the Company to its shareholders.

Individual shareholders resident for tax purposes in the United Kingdom should generally be entitled to a tax credit in respect of dividends paid by the Company at the rate one ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and the associated tax credit. An individual shareholder will be liable to income tax on the aggregate of the dividend and the tax credit (which will be regarded as the top slice of the individual's income) at the Schedule F ordinary rate (10 per cent. in 2005-2006) in the case of starting and basic rate taxpayers or the Schedule F upper rate (32.5 per cent. in 2005-2006) in the case of higher rate taxpayers. The effect will be that taxpayers who are otherwise liable to pay tax at the lower or basic rate of income tax will have no further liability to income tax in respect of the dividend payment. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the dividend and associated tax credit. If the tax credit exceeds the shareholders overall liability to income tax, he will not be able to claim payment of the excess in cash from HM Revenue & Customs.

United Kingdom resident corporate shareholders will generally not be subject to corporation tax in respect of dividends received from the Company unless the shareholder is carrying on a trade of dealing in shares.

### **8.3 *Taxation on chargeable gains***

If a shareholder who is resident and ordinarily resident for tax purposes in the United Kingdom disposes of some or all of his Ordinary Shares, such a disposal may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. In computing a chargeable gain, the shareholder should be entitled to deduct from the disposal proceeds the cost to him of acquiring the Ordinary Shares as well as utilising any available exemptions, allowances or reliefs.

Taper relief may be available to reduce chargeable gains accruing to individuals. Taper relief reduces the proportion of any chargeable gain assessable to capital gains tax by reference to the period of ownership of the Ordinary Shares by a shareholder. The rate or relief depends upon whether the shareholder holds the Ordinary Shares as "business assets" or "non-business assets" for taper relief purposes, with the rate of taper relief for "business assets" being accelerated. Shares in qualifying unlisted companies may constitute business assets include. For these purposes, companies admitted to trading on AIM are regarded as being unlisted.

### **8.4 *Stamp duty and stamp duty reserve tax ("SDRT")***

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue by the Company of the Ordinary Shares.

Transfers of Ordinary Shares for value will give rise to a liability to *ad valorem* stamp duty or SDRT at the rate of 0.5 per cent. of the consideration (in the case of stamp duty, rounded up to the nearest £5).

No stamp duty or SDRT should arise on the transfer of the Ordinary Shares to CREST for conversion into uncertified form, unless the transfer is for consideration. Transfers under the CREST system for paperless transfers of shares will generally be liable to SDRT at the rate of 0.5 per cent. of the consideration. CREST is obliged to collect SDRT from the transferee in relation to transfers settled through the CREST system.

The above statements are intended as a general guide only to the current taxation regime in the United Kingdom and are not exhaustive. Any person who is in any doubt as to his taxation position, or is subject to tax in a jurisdiction other than the United Kingdom, should consult his own professional adviser.

## 9. Market quotations

The following table sets out the closing middle-market quotations for Existing Ordinary Shares as derived from the AIM Appendix to the London Stock Exchange Daily Official List on the first dealing day in each of the six months preceding 10 August 2005, the last dealing day prior to the date on which dealings in the Company's shares were suspended and on 10 August 2005:

<i>Date</i>	<i>Price</i>
1 March 2005	1.25 pence
1 April 2005	1.25 pence
3 May 2005	1.25 pence
1 June 2005	1.00 pence
1 July 2005	1.40 pence
1 August 2005	1.00 pence
10 August	1.00 pence

## 10. Special arrangements

10.1 No agreement, arrangement or understanding (including any compensation arrangements) exists between the Concert Party or any person acting in concert with any of them and any of the Existing Directors or the Proposed Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Proposals.

10.2 There is no agreement, arrangement or understanding whereby the beneficial ownership by the members of the Concert Party of any Consideration Shares or Placing Shares will be transferred to any other person.

10.3 References in this paragraph to "arrangement" includes, in addition to indemnity and option arrangements, any arrangement, agreement or understanding, formal or informal, of whatever nature which may be an inducement to deal or refrain from dealing.

## 11. General

11.1 The accounting reference date of the Company is 30 June and the first audited accounts will be made up to 30 June 2005.

11.2 The expenses of and incidental to the Proposals payable by the Company including registration and London Stock Exchange fees, professional fees and the costs of printing and distribution, are estimated to amount to approximately £198,565 (excluding VAT), all of which will be payable by the Company.

11.3 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

11.3.1 received, directly or indirectly, from the Company within 12 months preceding the date of this document; or

11.3.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(a) fees totalling £10,000 or more; or

(b) securities in the Company with a value of £10,000 or more; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

11.4 The financial information contained in Part 3 of this document does not constitute full statutory accounts as referred to in section 240 of the Act.

11.5 UHY Hacker Young has given and not withdrawn its written consent to the issue of this document with the inclusion of its reports and references to its name in the form and context in which it appears.

11.6 Nabarro Wells & Co. Limited has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to its name in the form and context in which it appears.

11.7 Corporate Synergy plc has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to its name in the form and context in which it appears.

11.8 Scott Pickford Limited has given and not withdrawn its written consent to the issue of this document with the inclusion of its report and references to its name in the form and context in which it appears.

11.9 The Existing Directors and the Proposed Directors are not aware of any exceptional factors that have influenced the Company's activities.

11.10 Save as set out in paragraph 11 of Part 7 of this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.

11.11 No paying agent has been appointed by the Company.

11.12 The Consideration Shares will be issued at 2p per share, a premium of 1.9p per Ordinary Share above nominal value. The Placing Shares will be issued at 1.5p per share, a premium of 1.4p per Ordinary Share above nominal value.

11.13 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

11.14 Save as disclosed in paragraphs 1 to 3 of Part 7 of this document, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.

11.15 Save for the Acquisition, there are no investments in progress which are significant.

11.16 Save as regards the Acquisition or the Placing, there has been no significant or material change in the financial or trading position of the Company or any member of the Enlarged Group which has occurred since the date of the financial statements set out in Parts 3.1 and 4.1 of this document.

11.17 The information contained in Parts 3.2, 4.2 and 6 of this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the authors of those documents, comprising UHY Hacker Young and Scott Pickford Ltd, no facts have been omitted which would render the reproduced information inaccurate or misleading.

11.18 Save for the arrangements referred to in paragraphs 4 and 5 of Part 7 of this document, there are no financing arrangements in place where the payment of interest on, repayment of or security for any liability is dependent to any significant extent on the business of the Company.

11.19 Save as set out in Part 1 of this document, the Concert Party intends to make no major changes to the business of Tower. The Concert Party agrees with the commercial justification for the Acquisition set out in Part 1 of this document.

## **12. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Nabarro Wells & Co. Limited at Saddlers House, Gutter Lane, London EC2V 6HS and from the registered office of the Company at 30 Farringdon Street, London EC4A 4HJ, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until at least 30 days after the date of Admission:

12.1 the memorandum and articles of association of the Company and Neptune and the constitution of Bayview Investments LLC;

12.2 the Accountants' Reports set out in Parts 3 and 4 of this document;

12.3 the Competent Person's Report on the Project set out in Part 6 of this document;

12.4 the letters of consent referred to in paragraphs 11.5, 11.6, 11.7 and 11.8 of this Part 8 of this document;

12.5 the service contracts and letters of appointment for the Existing Directors and Proposed Directors referred to in paragraph 4.6 above; and

12.6 the material contracts referred to in Part 7 of this document.

21 December 2005

## **TOWER RESOURCES PLC**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that an Extraordinary General Meeting of the above named company will be held at 30 Farringdon Street, London EC4A 4HJ at 10.00am on 16 January 2006 for the purpose of considering and, if thought fit, passing the following Resolutions.

#### **ORDINARY RESOLUTIONS**

##### **THAT:**

(1) the acquisition (the "Acquisition") by the Company of the entire issued share capital of Neptune Petroleum Limited ("Neptune") on the terms and subject to the conditions set out in the acquisition agreement dated 8 August 2005 (the "Acquisition Agreement") between the Company (1), Peter Taylor (2), Peter Blakey (3) and the Bayview Investments LLC (4) (the "Sellers") as varied by the deed of variation dated 21 December 2005 between the Company and the Sellers (the "Deed of Variation") each as summarised in Part 7 of the circular to shareholders of the Company dated 21 December 2005 (the "Circular") a copy of which Acquisition Agreement and Deed of Variation is produced to the meeting and initialled by the Chairman for the purposes of identification be and is hereby approved for the purposes of Rule 14 of the AIM Rules for Companies published by the London Stock Exchange plc and the directors or any duly authorised committee of the directors be and are hereby authorised to take all steps necessary or desirable to complete the said acquisition; and

(2) subject to the passing of Resolution 1, that the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the Concert Party to make a general offer to the shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the issue of 210,833,334 new Ordinary Shares to the members of the Concert Party pursuant to the acquisition of Neptune and the Placing, as described in the Company's circular to shareholders, of which this notice forms part, be and is hereby approved; and

(3) the directors be and they are hereby generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the "Act") (as amended) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) to such persons and upon such terms as the directors shall think fit, provided always that the authority hereby conferred shall be limited to the allotment of relevant securities having an aggregate nominal amount of £9,875,000, and such authority shall substitute and supersede all other existing authorities (but without prejudice to the exercise of any such authority prior to the date hereof), and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2006; and, in addition, where the Company, at any time prior to the expiry of the authority, makes an offer or agreement which would or might require relevant securities to be allotted after the expiry of the authority, the directors shall be authorised to allot relevant securities in pursuance of such offer or agreement as if the authority had not expired.

#### **SPECIAL RESOLUTION**

##### **THAT:**

(4) the directors be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) pursuant to the general authority to allot conferred by resolution number (3) above as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of:

(a) 133,333,333 Ordinary Shares in connection with a placing to be effected by Corporate Synergy plc as broker on behalf of the Company at 1.5 pence per share (the "Placing");

(b) equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of Ordinary Shares in proportion (as nearly as may be) to their existing holdings of such ordinary shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with equity securities representing fractional entitlements and with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in, any territory;

(c) equity securities pursuant to the terms of any share scheme or share option scheme for employees or others the adoption or implementation of which may be approved by the members in general meeting; and

(d) otherwise than pursuant to sub-paragraphs (a) to (c) above, equity securities for cash up to an aggregate nominal amount of £200,000;

and such power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the Annual General Meeting of the Company to be held in 2006; and, in addition, where the Company, before such expiry, makes offers or agreements which would or might require equity securities to be allotted after such expiry, the directors shall be empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred thereby had not expired, and this power shall substitute and supersede all existing but unexercised powers.

**BY ORDER OF THE BOARD**

John Bottomley  
Secretary

21 December 2005

Registered office:  
30 Farringdon Street  
London EC4A 4HJ

Notes:

1. Any shareholder who is entitled to vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any joint holders. For these purposes, seniority shall be determined by the order of the names appearing in the register of members in respect of the joint holding.
3. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
4. To be valid, such proxy card and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must be deposited with the Registrars of the Company, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA (1st class) or BS99 3ZZ (2nd class), in accordance with the instructions printed thereon, so as to be received no later than 48 hours before the time of the meeting, or any adjournment thereof.
5. The completion and return of a proxy card will not affect the right of a member to attend and vote in person at the meeting convened by this notice.
6. Pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof.
7. In order to comply with the City Code on Takeovers and Mergers, Resolution 2 will be conducted by way of a poll of independent Shareholders.