24 April 2014

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oil and gas exploration

Delivering High Impact African Exploration

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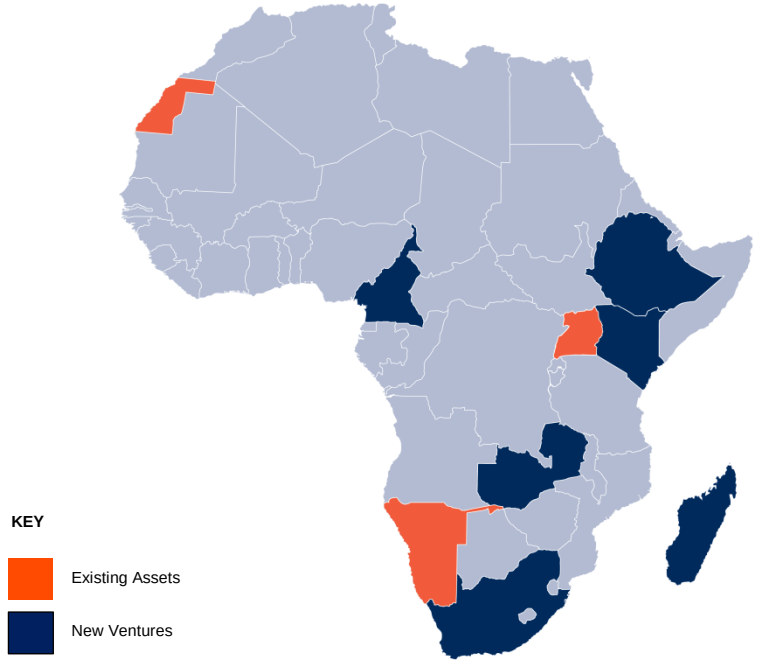
Tower Resources
Delivering a High Impact African Explorer

- Multi-billion barrel targets offshore Namibia – **Welwitschia-1**
  - Super-giant structure with multiple target reservoirs
  - Net risked prospective resources **496 mmboe**
  - 30% interest, Repsol operated, spudded April 2014
- April 2014 Acquisition of privately-owned **Rift Petroleum Holdings**
  - Core assets offshore South Africa
  - Interests in frontier Zambia basin
  - Southern Africa emerging as exploration "hot-spot" with recent farm-ins by **Total, Exxon & Shell**
- April 2014 conditional farm-in to **Block-2B, Kenya** Tertiary rift basin, 'play-opening' well in late 2014
- April 2014 Placing raised **US$32 million** to assist in funding:
  - Remaining Welwitschia-1 well costs (Namibia)
  - Farm-in to Kenya, Block 2B
  - Entry into South Africa and Zambia
  - Entry into Dissoni Block, Cameroon
- Now have **Diverse African portfolio,** material activity and much anticipated news flow
- The enlarged portfolio offers flexibility to **capture value via farm-outs**



Namibia
Offshore
PEL010
(Non-operated)

South Africa
Offshore
Rift acquisition
(Non-operated)

Kenya
Onshore
Block 2B Farmin
(Non-operated)

Cameroon
Offshore
In negotiations
(Operated)

Madagascar
Onshore
Awaiting new government formation

Zambia
Onshore
Rift acquisition
(Operated)

SADR
1 Onshore
2 Offshore
(Non-operated)

Ethiopia
Onshore
Applications
(Operated)

Uganda
East Africa
Regional Office

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Tower Resources
Capital Structure

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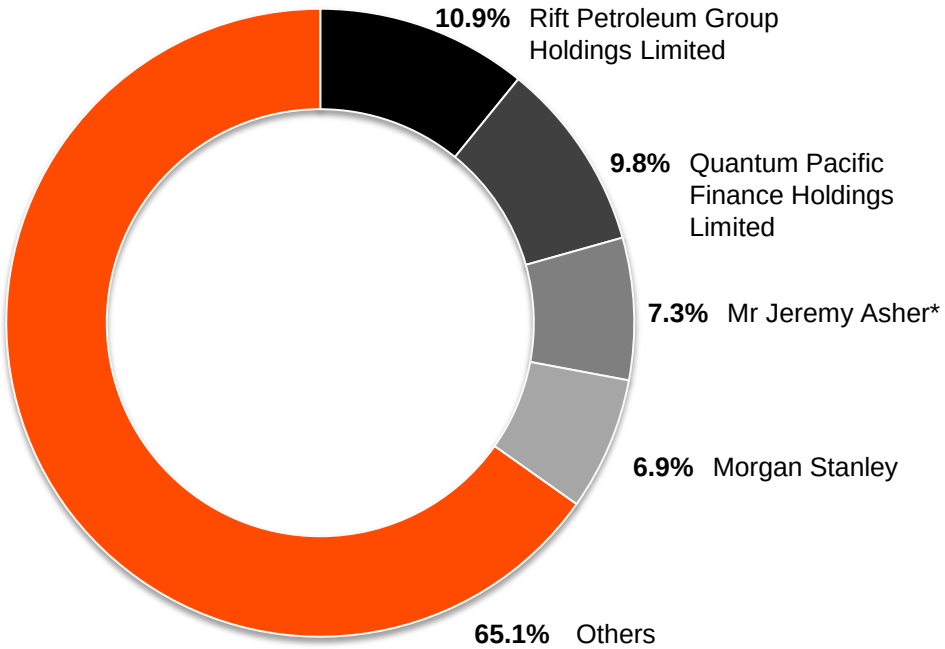
Capital Structure	
Listing	AIM
Share price	4.0p
Market capitalisation	~ US$258m
Issued share capital	3,768m
Options & warrants	170m (4.3%)
Balance sheet	~ US$44m cash
Directors' holdings	13.2%
Average Daily Volume†	30,873,385
12 month high	6.6p
12 month low	1.1p

Data correct at close on 23 April 2014

* Director † Based on last three months trading

Shareholders



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Board & Senior Management Team

Jeremy Asher
Non-Executive Chairman

Peter Taylor
Non-Executive Director

Graeme Thomson
Chief Executive Officer

Peter Blakey
Non-Executive Director

Philip Swatman
Independent Non-Executive Director

Nigel Quinton
Head of Exploration

Andrew Matharu
VP – Corporate Affairs

OE$_x$D (P.D.F. Ltd)
15 Geoscientists; latest 3D interpretation tools

Rashid Mugabe
Regional Manager

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Offshore Namibia – PEL0010

Welwitschia-1 will test 1000 km² structure

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Offshore Namibia

- 4 basins along *c.*1,600 km coastline
- Only 14 exploration wells to date
- Only 8 drilled in water depth > 500m
- Only 6 on modern 3D seismic

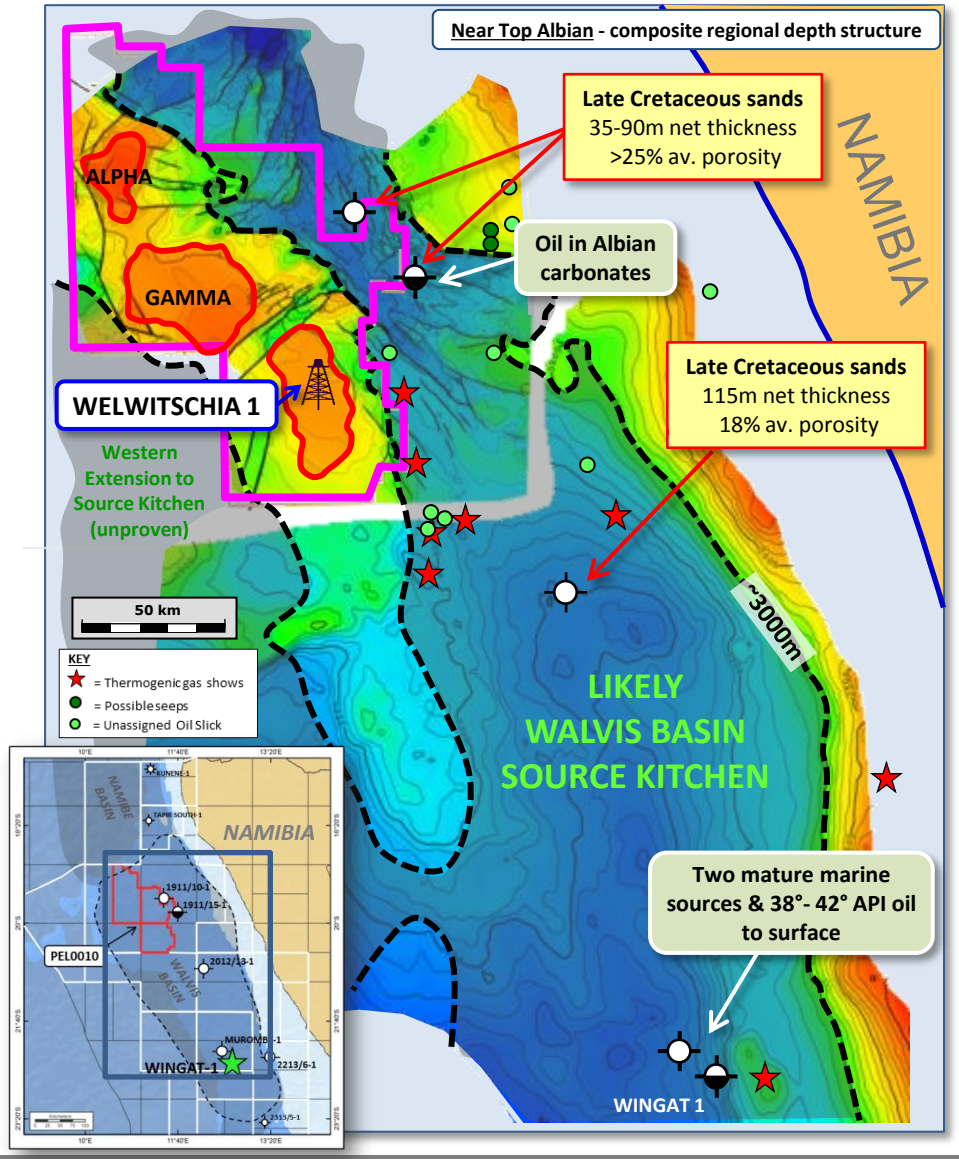
Walvis Basin

- Tower was early entrant (2005)
- Walvis Basin is bigger than the Central Graben of the North Sea and PEL0010 is equivalent in size to two North Sea Quads – 12,000 km²
- Only six wells drilled to date in c. 90,000 km²
- **Wingat 1 (2013 HRT) recovered 38º - 42º API oil to surface and confirmed the presence of at least two mature oil source rocks**

Significant follow-up potential in PEL0010

- Two giant structures, Alpha & Gamma
- Additional leads not included in CPR; unrisked potential of 100-500 mmbbls*

(*internal estimates)



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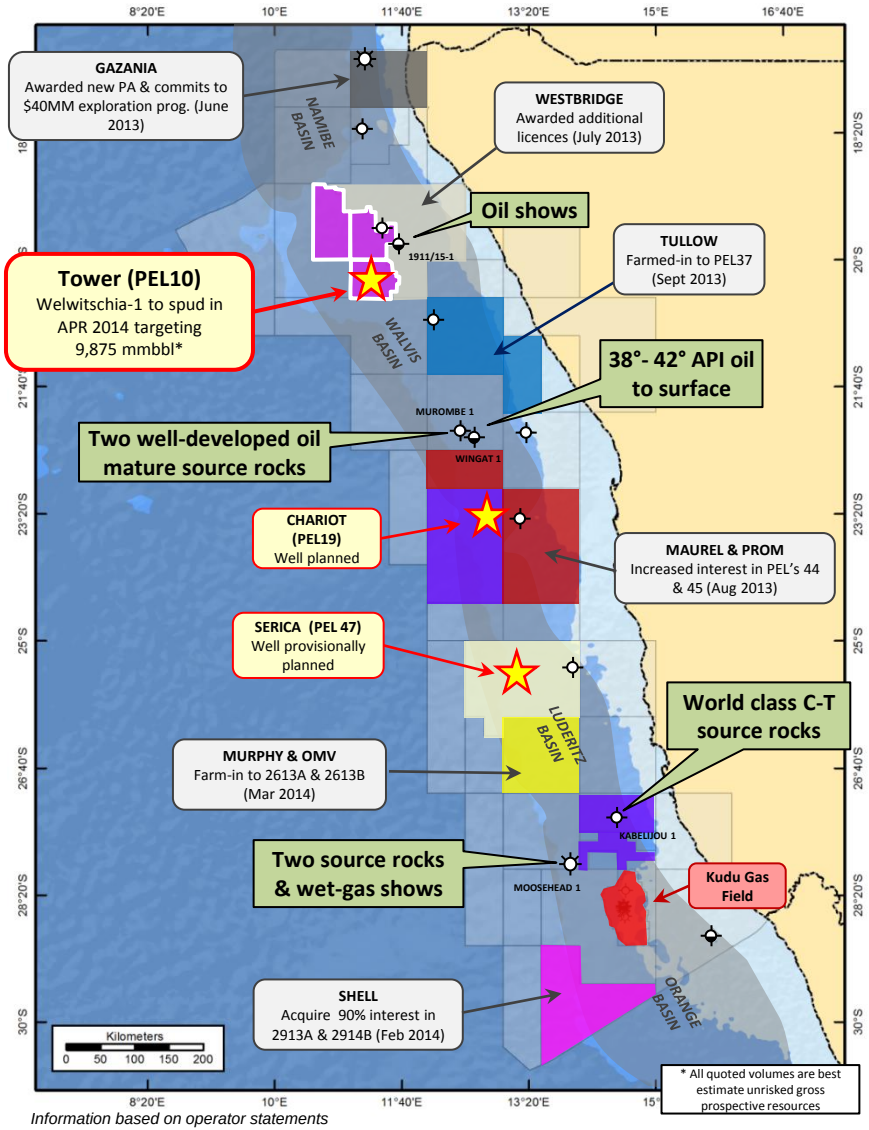
Tower Resources
Namibia – Activity and PEL10 Resources

- Welwitschia-1 spudded
- 5 potential reservoir targets
- Net risked prospective resources 496mmboe
- Drilling up to 46 days – “Tight hole” status

June 2013 CPR update

Horizon	Gross Unrisked (mmboe)	Net Unrisked (mmboe)	Ecos %	Net Risked (mmboe)
Maastrichtian	2,357	672	31.4	211
Palaeocene	3,564	1,016	18.7	190
Upper Campanian	463	132	8.7	11
Campanian Wedge	1,215	346	9.3	32
Albian	2,277	649	8.0	52
Total Welwitschia	**9,875**	**2,814**		**496**
Gamma Palaeocene	2,408	686	9.3	64
Alpha Palaeocene	789	225	11.8	27
Total PEL0010	**13,073**	**3,726**		**587**

- Aggregated case based on combined fluid probabilities of Volatile Oil, Gas Condensate and Dry Gas cases
- Competent Persons Reports by Oilfield International Limited in 2011 and 2013 available on Tower Resources plc website



Information based on operator statements

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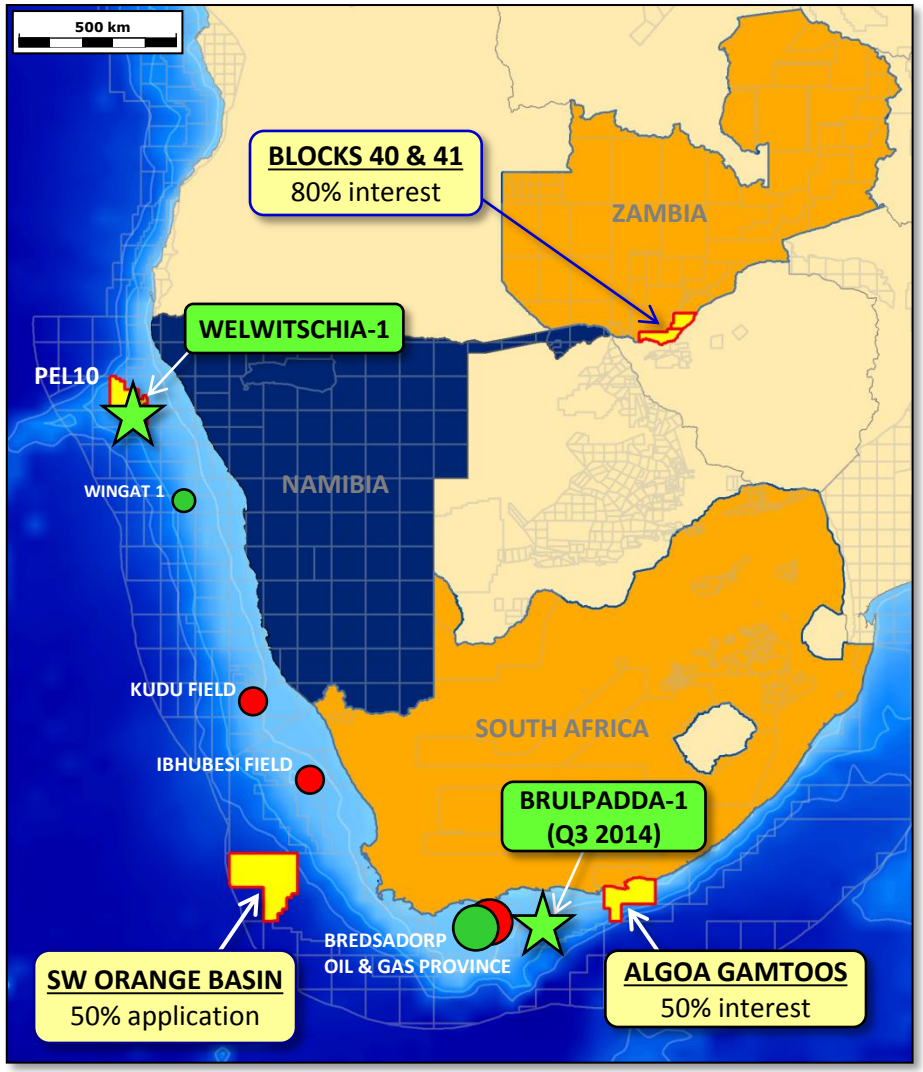
Tower Resources
All Share Acquisition of Rift Petroleum

- Privately-owned exploration company with exposure to oil & gas opportunities in South Africa and Zambia
- Founder: Julian McIntyre – Successful Investor in Sub-Saharan Africa
- Vendor shareholder injected $7.4M cash prior to completion
- Vendor now has a holding of 10.9% in Tower
- Three licences across South Africa & Zambia
- Oil-majors in neighbouring South African licences:
  - Total, Exxon, Shell, Anadarko
  - Brulpadda 1 testing new deep-water play
- We believe the enlarged group is the only AIM oil & gas company with significant focus in offshore South Africa

*50% of share consideration restricted for 12 months and 50% subject to an orderly market



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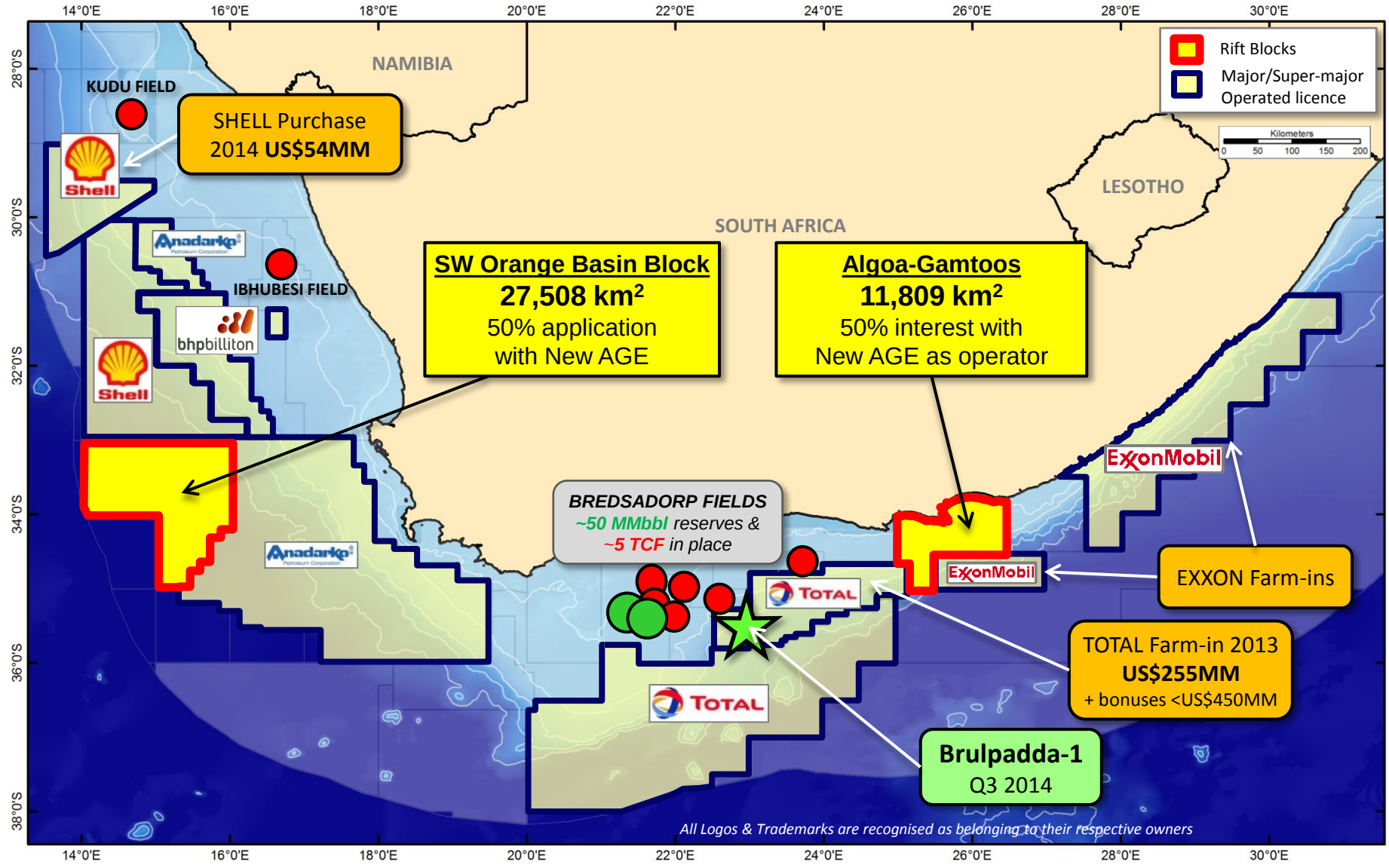
South Africa – Rift Portfolio

Well placed in areas targeted by Majors



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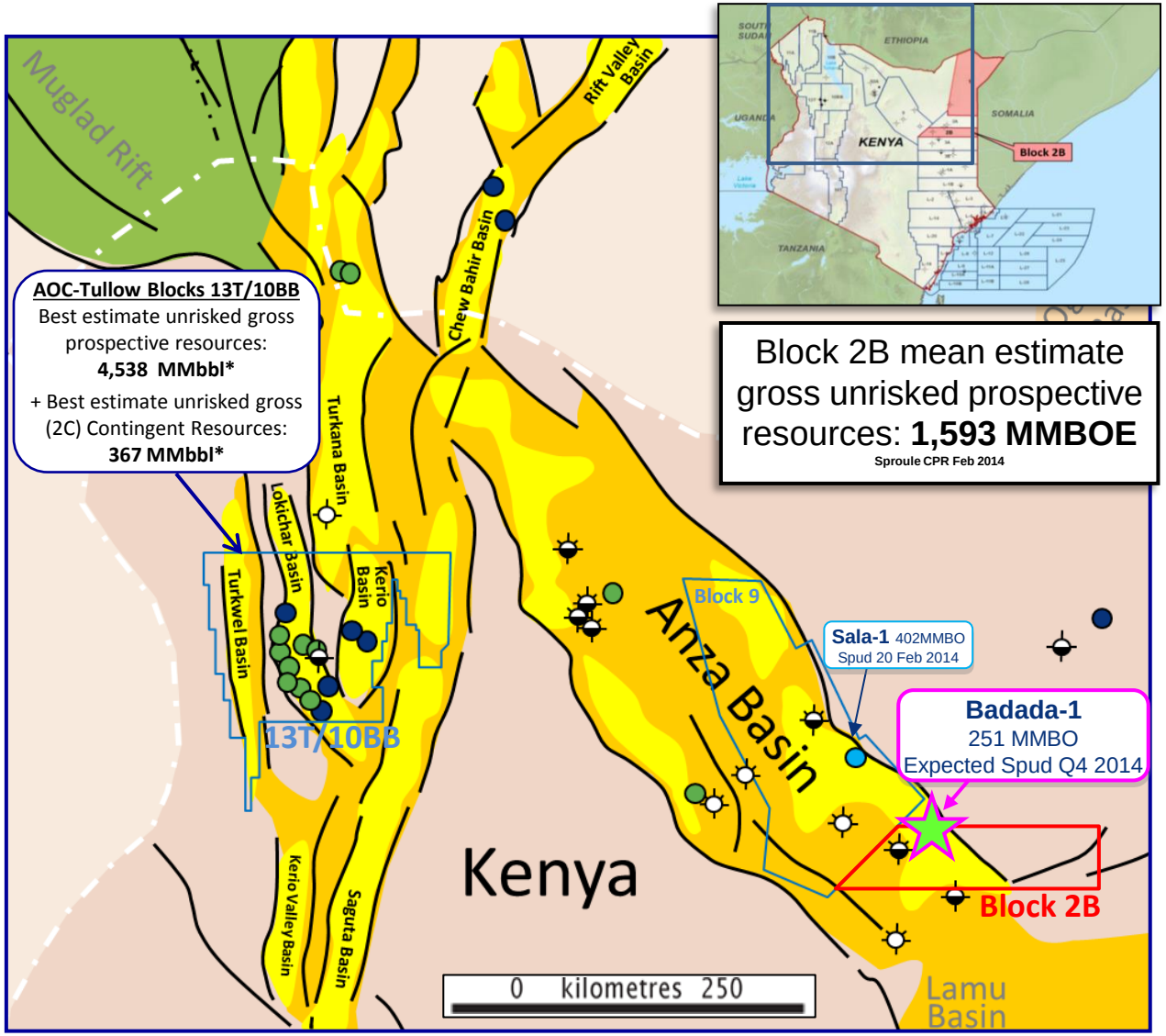
Tower Resources
Conditional Farm-in to 15% of Block 2B, Kenya

- Drilling of Badada-1 well expected Q4 2014
- Targeting gross prospective resources of 251 mmboe
- Potential play opener – upside > 1 billion bbls
- Conditional farmin agreed with Operator Lion Petroleum (Taipan), for 15% working interest (Lion currently 45%)
- Premier Oil (55%) farmed into Block 2B in December 2013
- Play concepts developed by Tower OE_xD geoscience team
- Farm-in terms:
  - US$4.5 million cash
  - 9 million Tower shares
  - US$1.0 million cash on spud of second well



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*Africa Oil Corp. contingent and prospective resources, dated 31 July 2013 (from AOC website page: http://www.africaoilcorp.com/s/reserves-resources.asp)

Tower Resources Block 2B
Badada Prospect – Ngamia Comparison

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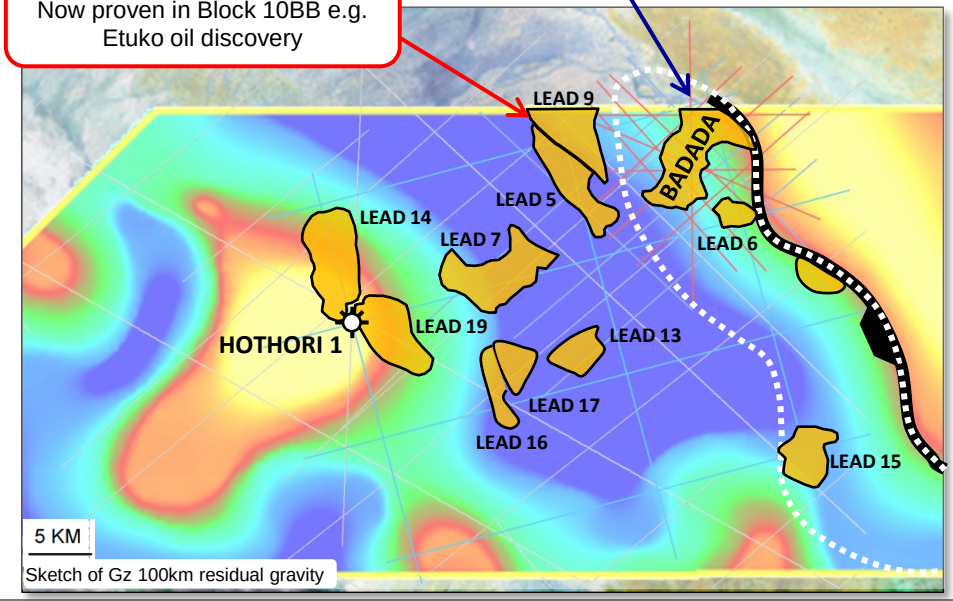
Gross Unrisked Oil Resources – Ngamia & Badada

Prospect	2C (MMBO)	"Best Estimate" MMBO	GCOS %
Ngamia	180*	281*	64*
Badada		251**	17.5**

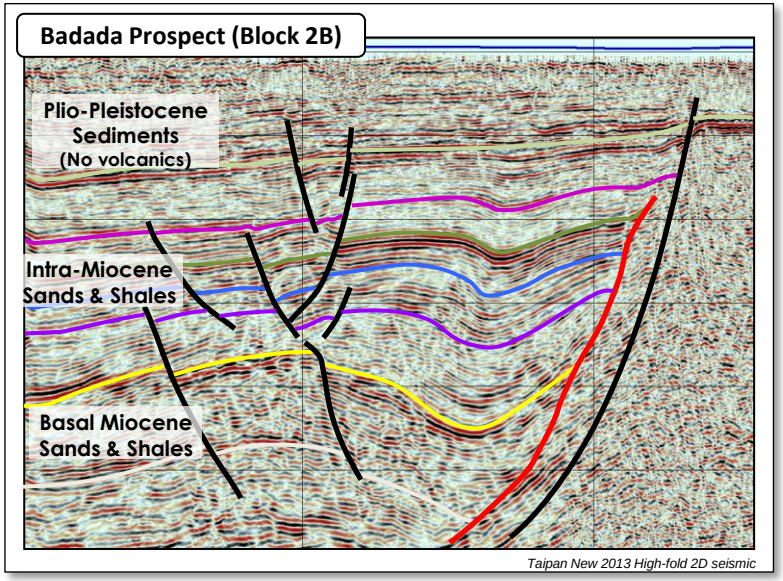
*Source: *Gaffney, Cline & Associates assessment of Africa Oil Corp Reserves & Resources (from AOC website page: http://www.africaoilcorp.com/s/reserves-resources.asp)*
***Source: Sproule CPR 2014*

"String Of Pearls" Play
Present in both basins & proven by Twiga + Ngamia oil discoveries in blocks 13T/10BB

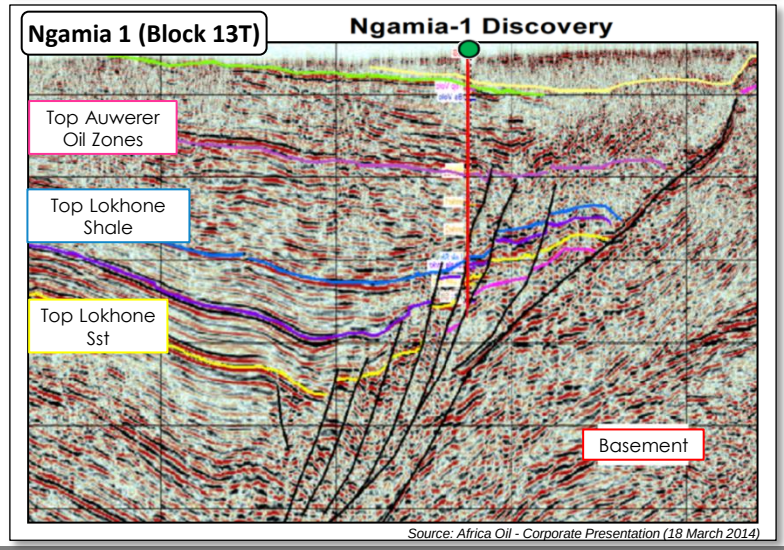
"Rotated Fault Block" Play
Now proven in Block 10BB e.g. Etuko oil discovery



Sketch of Gz 100km residual gravity



Taipan New 2013 High-fold 2D seismic



Source: Africa Oil - Corporate Presentation (18 March 2014)

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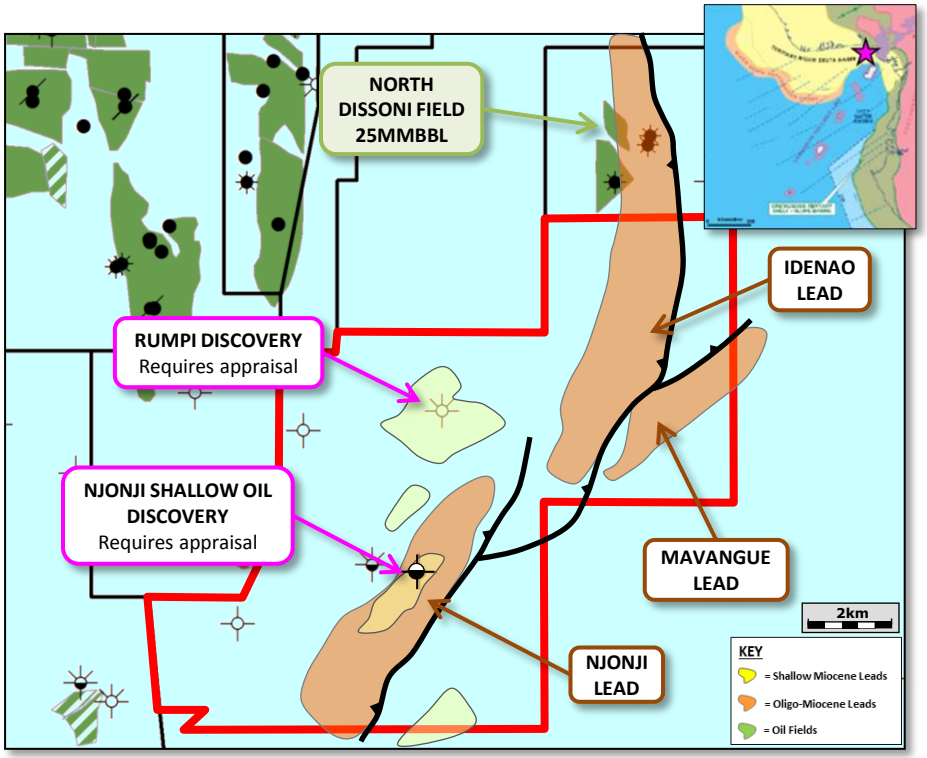
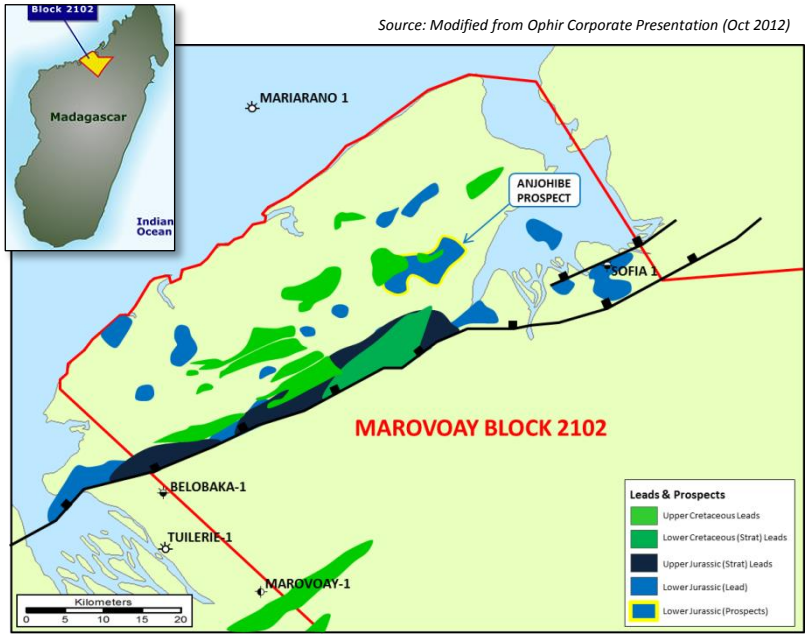
Tower Resources
Cameroon and Madagascar

Cameroon (Dissoni Block) – Preferred Bidder

- Mature area close to producing fields
- Recent Oak discovery extends play fairway
- Deep gas condensate potential for larger fields
- We believe this is a great opportunity to secure a cheap entry to a mature area with low risk low volume targets, with significant exploration upside



Madagascar (Block 2102) – negotiations pending



- Onshore, Majunga Basin
- Multiple play types, with over 20 prospects and leads identified on block
- Negotiations on hold pending formation of new Government

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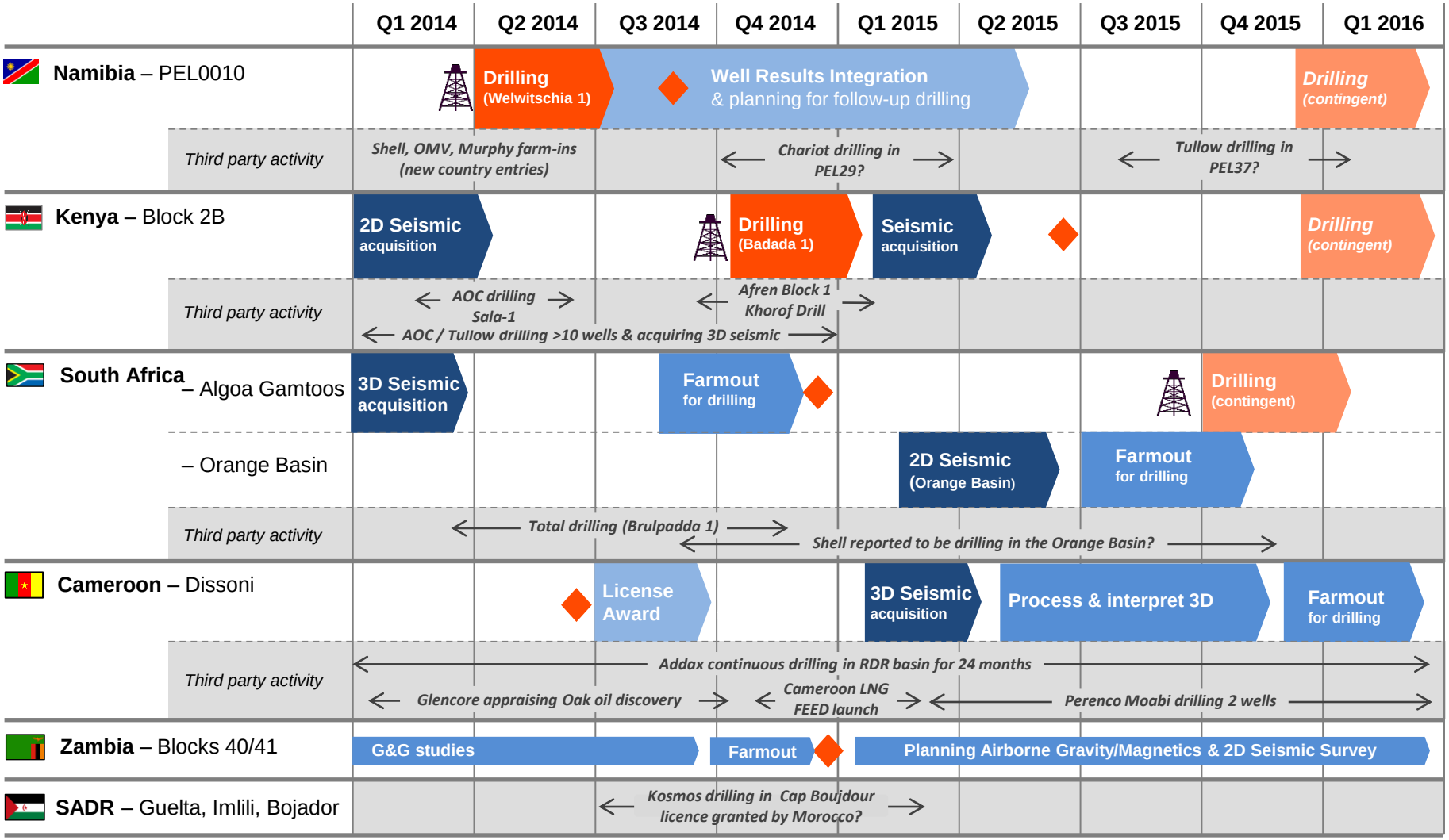
Anticipated Activity



(All timings are estimates based on the best available information, but are subject to change)

Milestone symbol = decision point for entering next period of license & taking on forward work programme commitments

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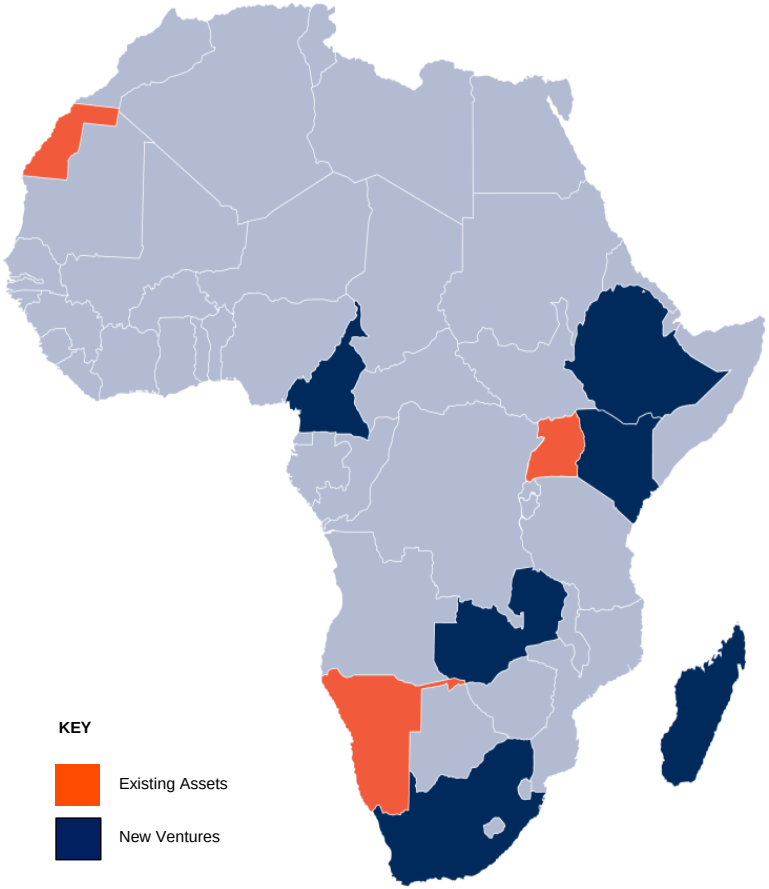
Summary

- Super-giant Welwitschia-1 drilling April to May 2014, targeting risked prospective resources of 496mmboe net to Tower
- All share deal for Rift Petroleum provides exposure to emerging ‘hot-spot’ offshore South Africa recently validated by oil Majors’ farm-ins
- Farm-in to Block-2B, Kenya, offers 2014 drilling in a new Tertiary rift play with significant upside
- Delivery of 2013 Corporate Strategy



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Supporting Materials

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Offshore Namibia – PEL0010
Welwitschia Prospect Summary

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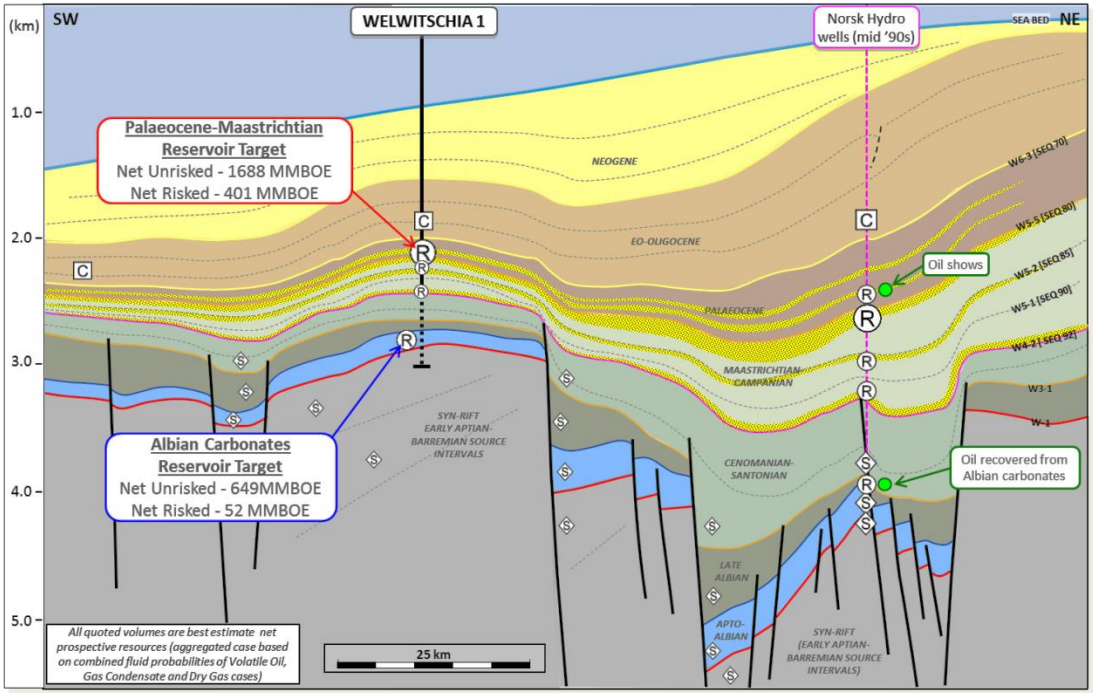
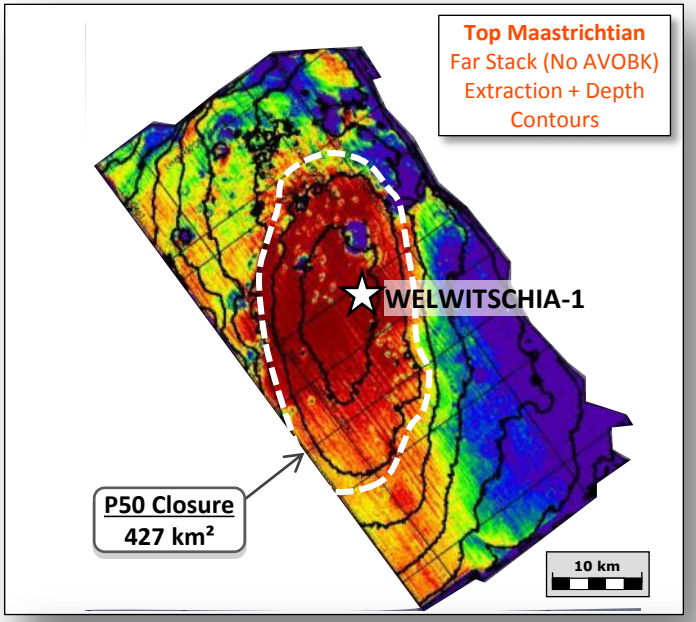
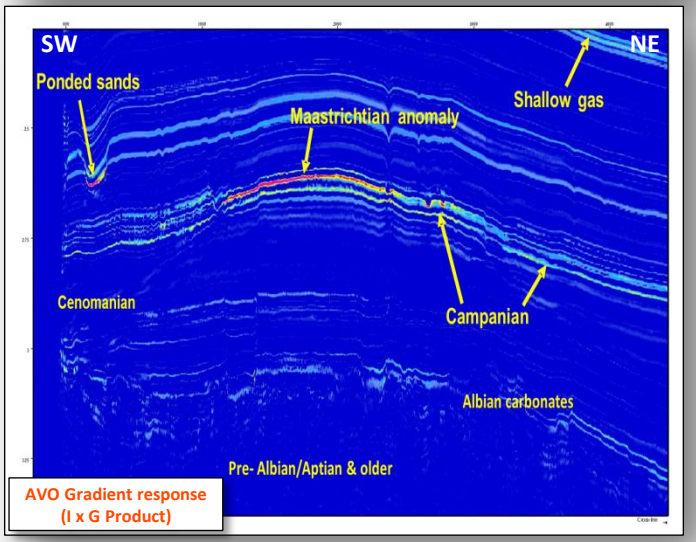
- Gross unrisked prospective resources 9.9 billion boe in simple structural play
- Multiple reservoirs, main targets:
  - Maastrichtian-Palaeocene sands
  - Albian carbonates
- Low risk for frontier exploration
  - Maastrichtian GCoS of 23% without AVO & 39.5% with DHI multiplier







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Offshore Namibia, PEL0010
Regional Seismic Line

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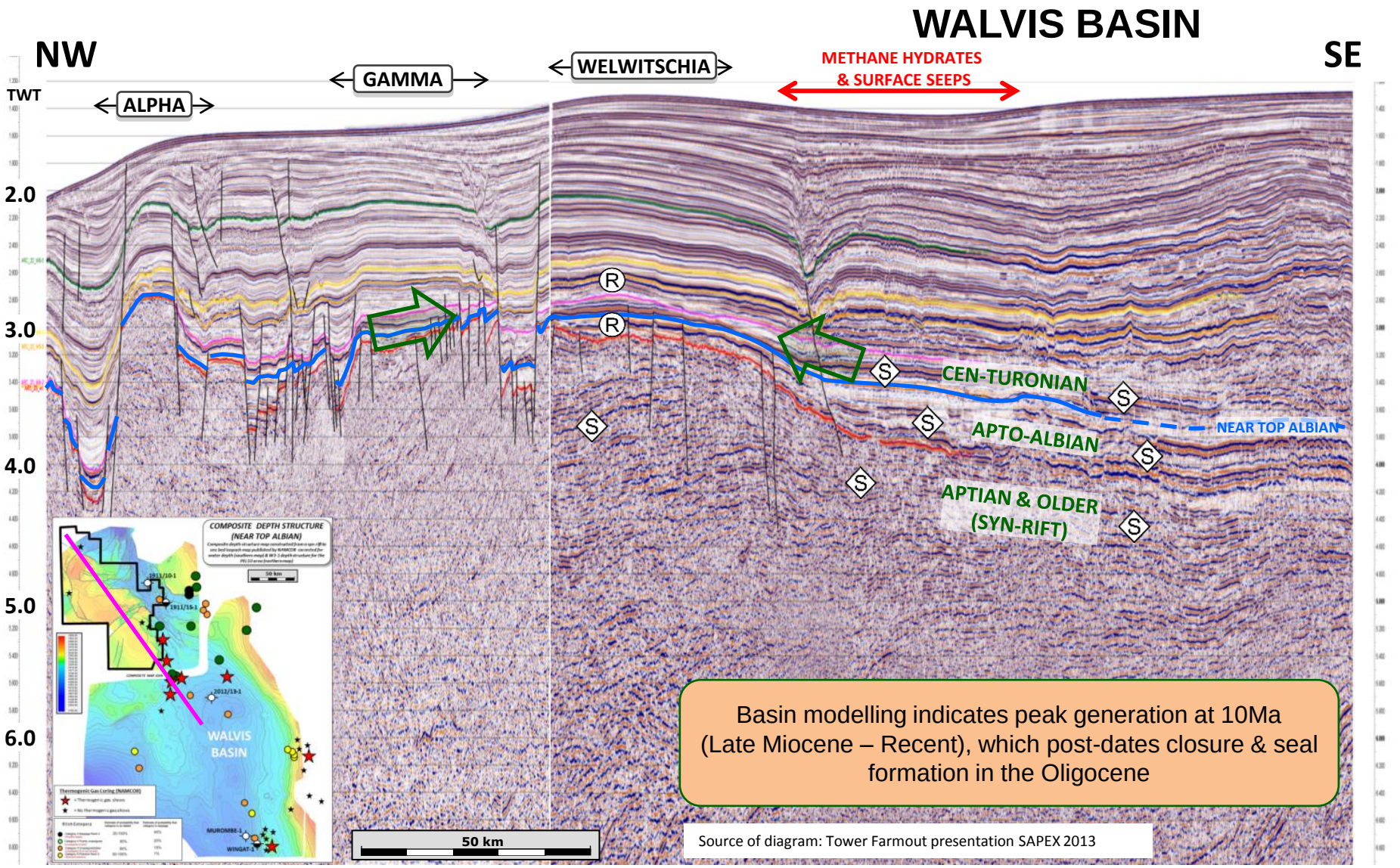

Basin modelling indicates peak generation at 10Ma (Late Miocene – Recent), which post-dates closure & seal formation in the Oligocene

Source of diagram: Tower Farmout presentation SAPEX 2013

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Tower Resources
Other Assets & Business Development

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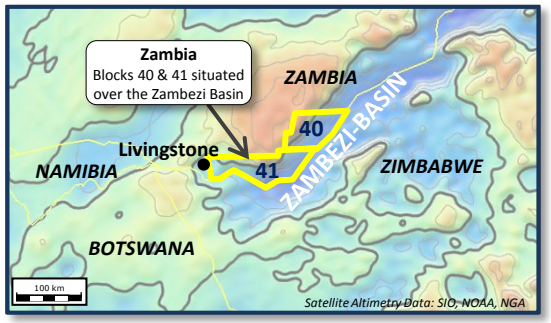
Asset: Zambia – Blocks 40 & 41

- 80% interest in two onshore blocks
- Gross area: 6,946 km²



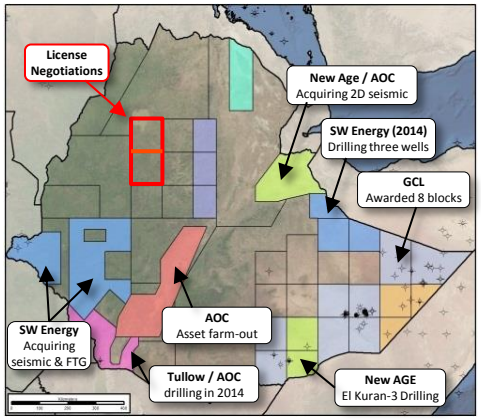
- Frontier rift basin adjacent to the East Africa Rift Basins system
- Low commitments

License Negotiations – Ethiopia Onshore

- Rift invited to negotiate for two blocks in a frontier basin

Increasing licensing & exploration activity in Ethiopia:

- El Kuran-3 oil & gas discovery made late 2013
- GCL-Poly awarded 8 exploration licences plus Calub & Hilala gas fields in 2013
- Tullow drilling in the Chew Bahir basin in 2014

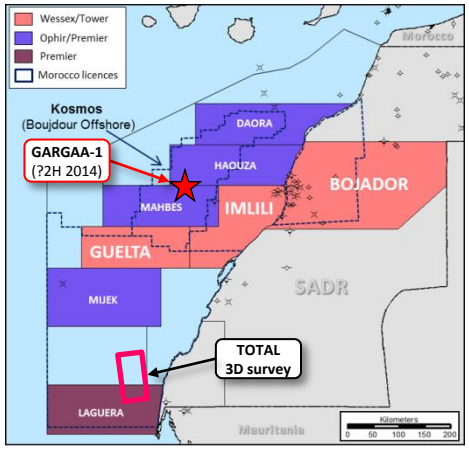


Asset: SADR – Guelta, Imlili & Bojador Blocks

- 3 blocks – 72,698 km²
- 50% working interest
- Multiple plays

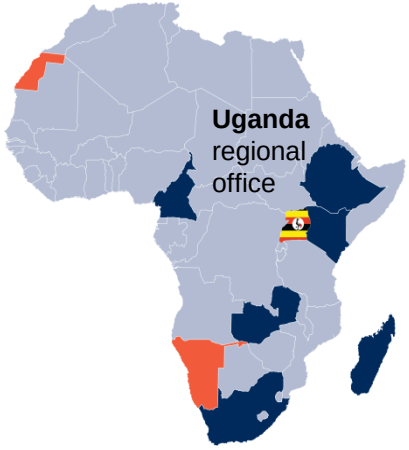
Exploration activity in licences granted by Morocco:

- Kosmos to drill Gargaa-1 Boujdour block in 2014
- Total have acquired 6000 km² 3D seismic in Anzarane block in 2013



Building a High Impact African Explorer

- Tower has a regional office in Uganda – helping it to move rapidly on African opportunities
- Tower is already evaluating a number of further new deals including farm-ins, licence rounds (e.g. Uganda), direct negotiations & corporate M&A opportunities
- Tower will seek to continue to build a high-impact exploration portfolio



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