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oil and gas exploration

Welcome

Investor Presentation
August 2012

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Tower Resources
Snapshot

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- AIM listed E & P: Focus Africa/Mid East – Currently: Namibia, SADR, Uganda (Office)
- Market Capitalisation at 3.7 p share $95m (£60 m)
- Main Shareholders:

Board of Directors	
J. Asher (Chairman)	11.3%
G. Thomson (CEO)	0.3% (1.6% fully diluted)
P. Taylor (NED)	6.1%
P. Blakey (NED)	5.9%
P. Swatman (NED)	0.15%
	23.75%
Others	
M. Savage (former Director)	7.1%
Quantum Pacific	6.7%
Henderson Global Investors	6.1%
	43.65%

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Board of Directors

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Jeremy Asher
Chairman

- Jeremy Asher is an experienced investor in natural resource companies.
- He is Chairman of Agile Energy Limited, a privately held energy investment company and has considerable experience as a director of several other energy-related companies including (until April1 2010) Gulf Keystone Petroleum plc.
- He ran the global oil products trading business at Glencore AG and then acquired, developed and sold the 275,000 b/d Beta oil refinery at Wilhelmshaven in Germany.

Graeme Thomson
CEO

- Graeme Thomson has over 30 years public company experience, and has held a number of senior positions in the oil and gas business. Joined as CEO on 1st June 2012.
- He was a co-founder of Sterling Energy plc and spent nine years as its Finance Director, Company Secretary and ultimately its CEO until he left in December 2009. Previously he was Finance Director & Company Secretary for seven years at Dragon Oil plc.
- He is an independent non-executive director and Chairman of the Audit Committee at Desire Petroleum plc and Frontier Resources International plc.

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Peter Taylor and Peter Blakey

Directors

- Peter Taylor and Peter Blakey are experienced entrepreneurs in founding and developing oil and gas exploration companies.
- They were founding members of Dana Petroleum Plc and Peter Taylor was a director of Dana until 2001.
- They were founding members and directors of Consort Resources Ltd, which became a significant North Sea gas production company. They were significant shareholders and directors of Hardman Resources Limited.
- They were founding members and directors of Star Petroleum PLC, which was incorporated into Global Petroleum Ltd.

Philip Swatman

Senior Independent Director

- Philip Swatman retired as Vice Chairman of NM Rothschild and co-head of investment banking in 2008, and is now Chairman of Merlin Reputation Management Ltd and Chairman of Cambria Automobile plc
- He also serves as a non-executive Director at New England Seafood International, Investec Structured Products Calculus VCT PLC and Mytrah Energy Limited.

Jim Webb

Exploration Manager

- Geologist with more than 40 years of exploration and appraisal experience in the North Sea, Europe, Africa and the Middle East
- From 1980-1986 he was Director of Exploration for Kerr-McGee Oil (UK) Ltd and, from 1986-1996, President of Hunt Oil Corporation in charge of Europe, Africa and Middle East new ventures
- Since 1996, he has advised as a consultant a number of exploration companies on projects in Africa, South America and the Mediterranean, notably TM Services who are founders of Tower Resources and Global Petroleum

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Summary
Two Areas of Activity

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Namibia

- 30% working interest in three offshore blocks (licence 0010) 12,000 km^2 following conditional purchase doubling interest announced on 30th July 2012
- Deal increased upside potential per share by 50%
- 1,600 km^2 3D seismic programme completed in 2011
  - Delta Maastrichtian prospect: best estimate unrisked gross prospective resources of 2.2bn boe with 40% GCOS
  - Delta Palaeocene prospect: unrisked 3.25bn boe with 24% GCOS
- Multiple additional prospects and leads identified: five targets for first well in total with unrisked potential of over 9bn boe
- Repsol (44%) to become operator, subject to Government approval to replace Arcadia (26%)

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Summary
Two Areas of Activity

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Western Sahara

- 50% interest in three licenses in the Saharawi Arab Democratic Republic
- Operator is Wessex Petroleum PLC
- Two offshore, one onshore
- Operations cannot begin before sovereignty of the region has been finally resolved

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Atlantic Margin Basins

Geographically Analogous

- Brazil and Namibia shared similar geology during the early phase of South Atlantic break-up and pull apart
- The Namibia offshore basins mirror the highly prospective Santos basin in Brazil
- High exploration success rates in Brazil is of significant relevance to the prospectivity of Namibia
- Tullow (French Guiana) and Rockhopper/Desire/Borders & Southern (Falklands) discoveries have further confirmed hypothesis of Atlantic extension petroleum fairway

Brazil offshore exploration well success rates

Year	No. Exploration Wells	Suspended Oil and Gas Wells	Dry and Non Commercial	% Success
2007	49	32	17	65%
2006	53	24	29	45%

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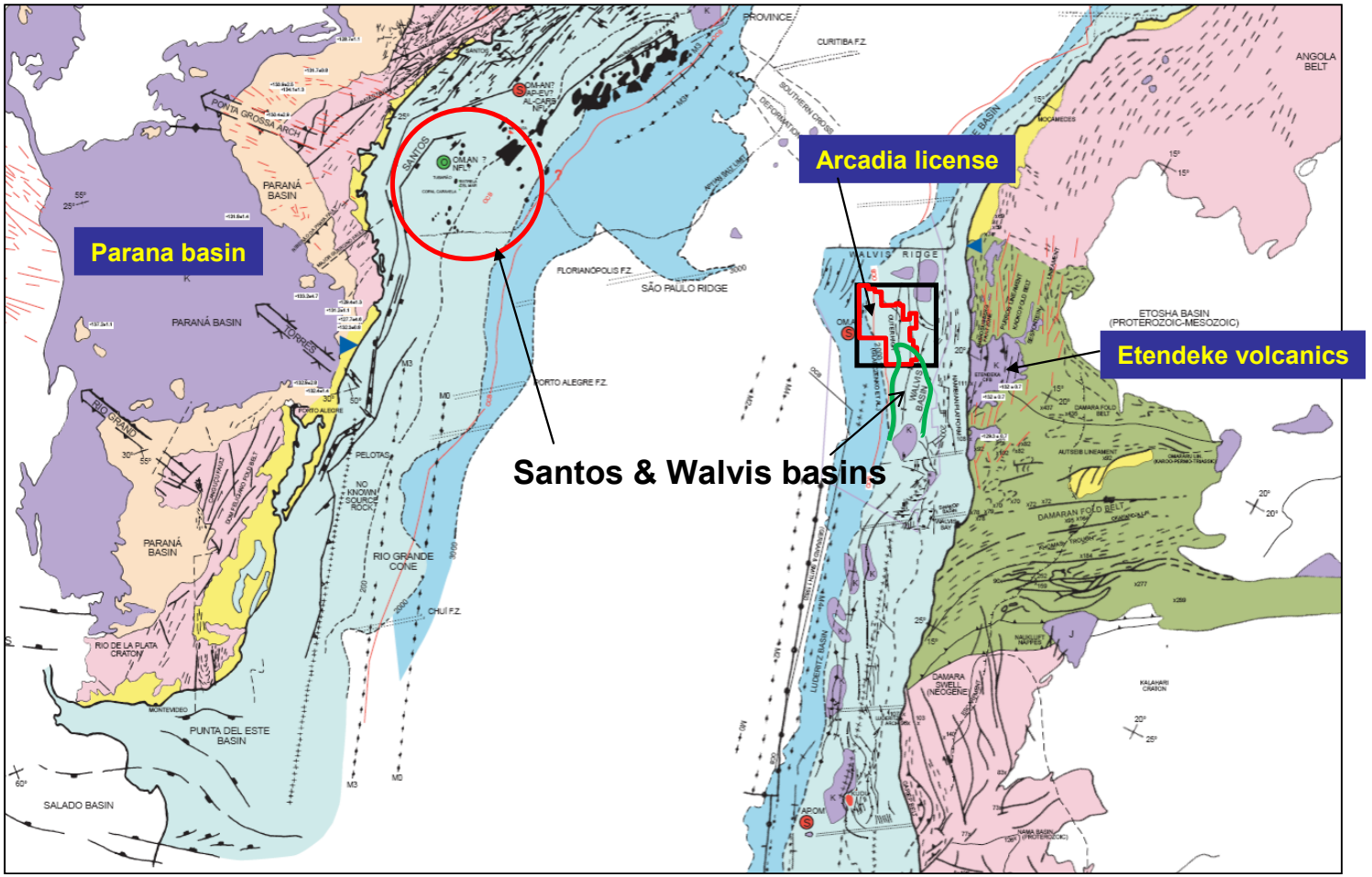
Namibia

BRAZIL NAMIBIA



Correlation of the South Atlantic margins and the Lower Cretaceous volcanics

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Namibia
Licence areas

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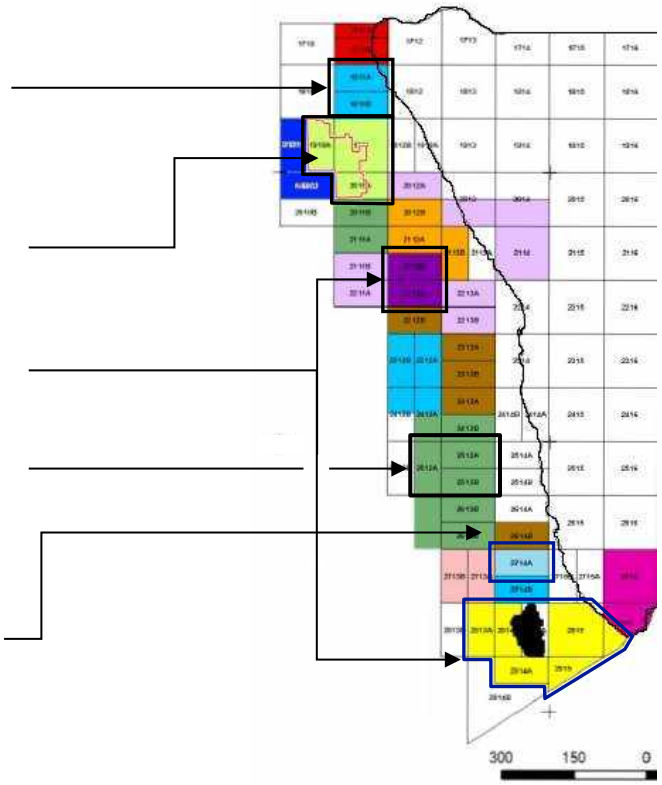
	Licence Area	Activity	Timeline
CHARIOT OIL & GAS	1811A	1 Contingent	2012-3
tower resources oil and gas exploration / Arcadia	1910A	1 Firm 1 Contingent	2013 2014
HRT PARTICIPAÇÕES	TBC	2 Firm 2 Contingent	2012-3
SERICA ENERGY / bp	0047	3D seismic 4,150km^2	2012
PETROBRAS / CHARIOT OIL & GAS / bp	2714B	1 firm 1 Contingent	Drilling-2013



Active local drilling schedule in 2012 anticipated to generate regular news flow

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Prospective Recoverable Resources

June 2011 CPR

- Calculated risked EMV10 for the prospective resources of Tower *in just the Delta Maastrichtian prospect* of US$1,488 million
- Calculated risked EMV10 for the prospective resources of Tower in all five targets in the Delta structure of US$3,732 million

Horizon	Gross Unrisked Best Estimate*		GCOS(%) / ECOS (%)	Total Net risked Resources** (MM Boe)
	Oil (MMstb)	Gas (BCF)		
Delta Maastrichtian	2,226	3,390	40% / 31%	196
Delta Palaeocene	3,466	5,120	24% / 19%	174
Delta Upper Campanian	438	674	15% / 9%	6
Delta Campanian Wedge	1,147	1,760	13% / 9%	30
Delta Albian	1,979	3,560	11% / 8%	50
Alpha Palaeocene	2,280	3,510	20% / 12%	58
Gamma Palaeocene	748	1,150	12% / 9%	24
Total	12,284	19,164		540

* Volatile Oil Case only; **sum of oil and gas prospective resources;

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Namibia
Three significant structures identified

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Delta

- 2010 3D clearly delineates five potentially large reservoirs on Delta, with total of 9.256bn STB Unrisked Gross Prospective resources
- Maastrichtian and Palaeocene Prospects are the largest:
  - Combined best estimate Unrisked Gross Prospective resources in excess of 5bn STB (net risked for Tower: 370mm STB)
  - Simple four-way dip closure covered by both 2D and 3D seismic, showing strong Direct Hydrocarbon Indicators (DHI)
  - Prospects de-risked by previous wells drilled by Norsk Hydro which found good porosity at respective intervals
- Leads
  - Three leads with combined best estimate recoverable resources of 3.7bn boe with a ECOS ranging from 8-9.3%

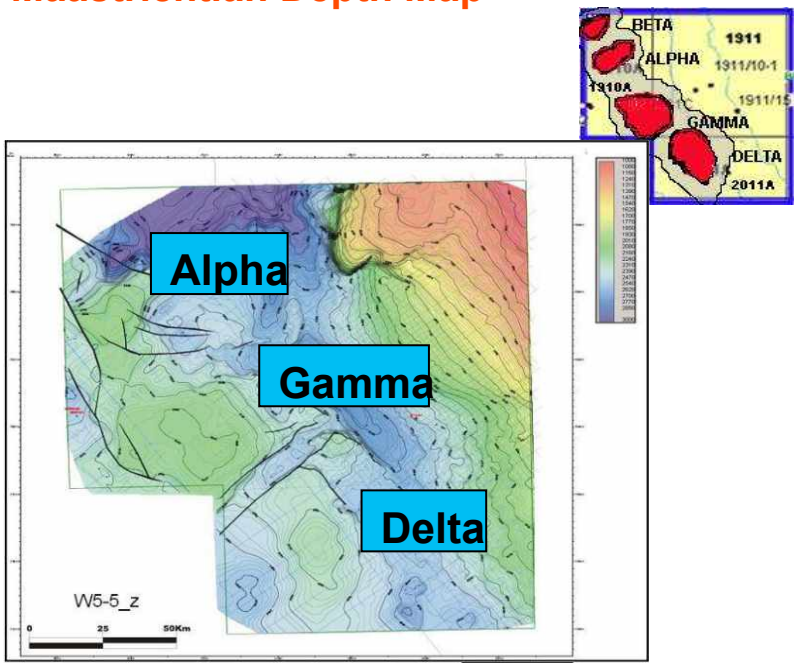
Gamma

- Large 4 way dip closure which is believed to be charged from Namibe source kitchen
- Best estimate recoverable resource in excess of 2.5bn boe with a ECOS of 9.3%

Alpha

- Palaeocene basin-floor fan, requires charge from the Namibe Basin
- Best estimate recoverable resource in excess of 800mmboe with a ECOS of 11.8%

Maastrichtian Depth Map



All structures are large simple unfaulted anticlines

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Namibia
Strong evidence for hydrocarbon charge

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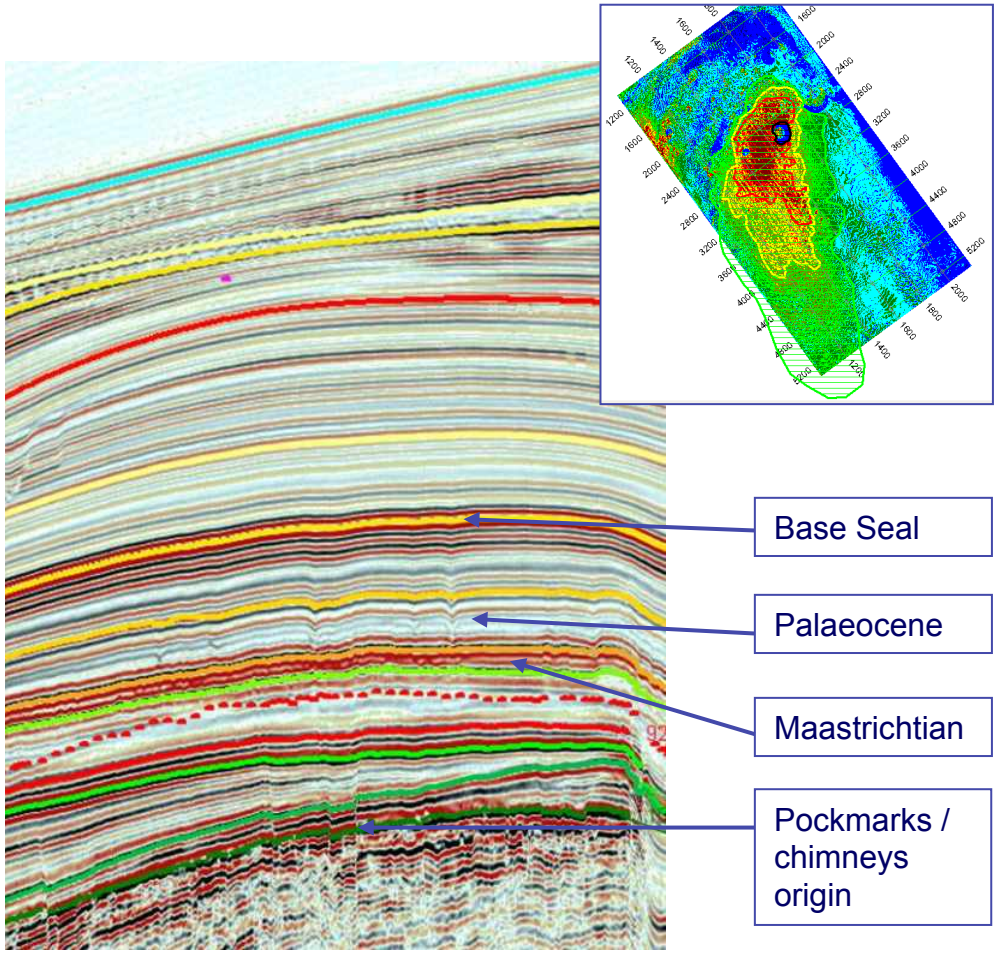
Delta

- High resolution 3D seismic line showing
  - Very strong and continuous AVO anomalies at the Maastrichtian level
  - Numerous and lengthy pockmarks (chimneys) - indicating the presence of hydrocarbons - thereby boosting the GCOS to 40% (ECOS 31%)
  - Large volume of organic rich oil prone source rock
  - Early structural development – thinning of the Cenomanian – Albian sequence shows the structure was present at an early stage
  - Effective vertical seal as observed by the termination of pock marks
  - Evidence of shallow gas above the flanks of the structure



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Namibia
3D AVO Soft-sediment deformation

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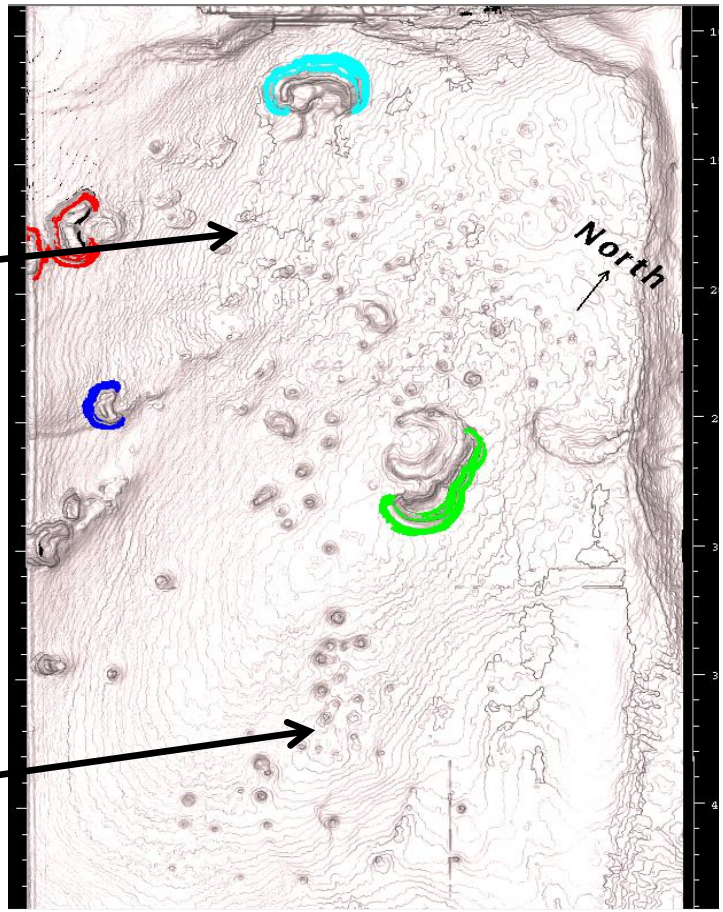
Arcadia

Weinman GeoScience

“Pock Marks” scattered across twt structure

3D View Paleocene & Deformation Features (vertical view)

“Pock Marks” scattered across twt structure



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Namibia
Current position and next steps

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Current Position

- Two prospects, five leads and three plays identified on the licence confirmed by recent 3D seismic
- Recent farm-out activity validates prospectivity of region and interest of major IOCs
- Repsol conditionally farmed-in July 2012 for a 44% interest & becoming operator
- Tower conditionally doubled it's interest to 30% in July 2012 paying c $5.3m in past costs & "unwinding" a carry from Arcadia
- Namibian government has said that BP also wishes to take over the areas previously relinquished
- Chariot's Tapir well provides good news on reservoir quality, no relevant information on source rock

Next Steps

- Namibian Government approvals for farm-in's and change of operator
- Secure rig & related authorisations
- Well planning & drilling

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Funding

Cash Position

- Raised $9.2 million in placing in July 2012 to directors & existing shareholders
- Low overheads, part paid in warrants
- Approximately $5.2 million of uncommitted (non-well) cash on hand as of 29th August 2012
- Future working capital needs are also supported by c £28m of unused EFF and SEDA

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Appendix

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Namibia
CPR assumptions

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ICE UK Brent Futures Slate 31/5/11 (Year Average)

Period	Avg Price	Change	Change
	$/bbl	$/bbl	%
2011 H2	$110.00		
2012	$113.27	$3.27	3.0%
2013	$109.70	-$3.57	-3.2%
2014	$106.53	-$3.17	-2.9%
2015	$104.80	-$1.73	-1.6%
2016	$104.23	-$0.57	-0.5%
2017	$104.21	-$0.02	0.0%
2018	$104.47	$0.26	0.2%
2019	$104.97	$0.50	0.5%

ICE UK Gas Futures Slate 31/5/11 (Year Average)

Year	Avg Price	Change	% Change
	$/MMBTU	$/MMBTU	%
2011 H2	$10.62		
2012	$11.43	$0.81	7.6%
2013	$11.75	$0.32	2.8%
2014	$11.97	$0.22	1.9%
2015	$12.19	$0.22	1.8%
2016	$12.40	$0.21	1.7%
2017	$12.59	$0.19	1.5%

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Namibia
Regional Aptian Lacustrine Clays

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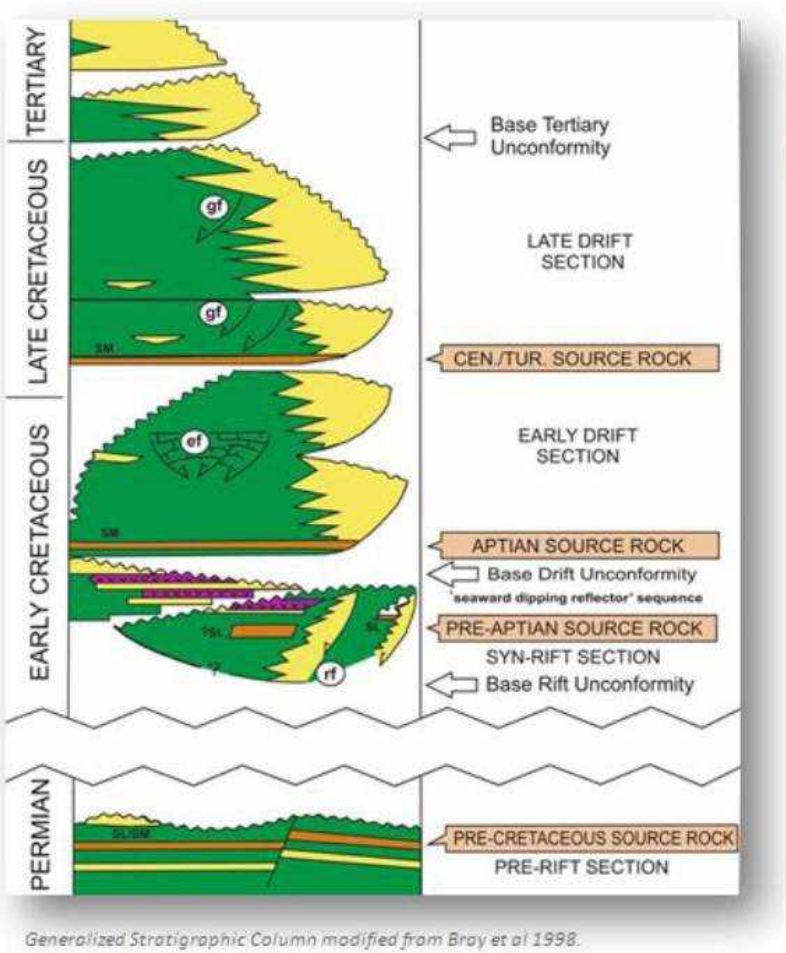
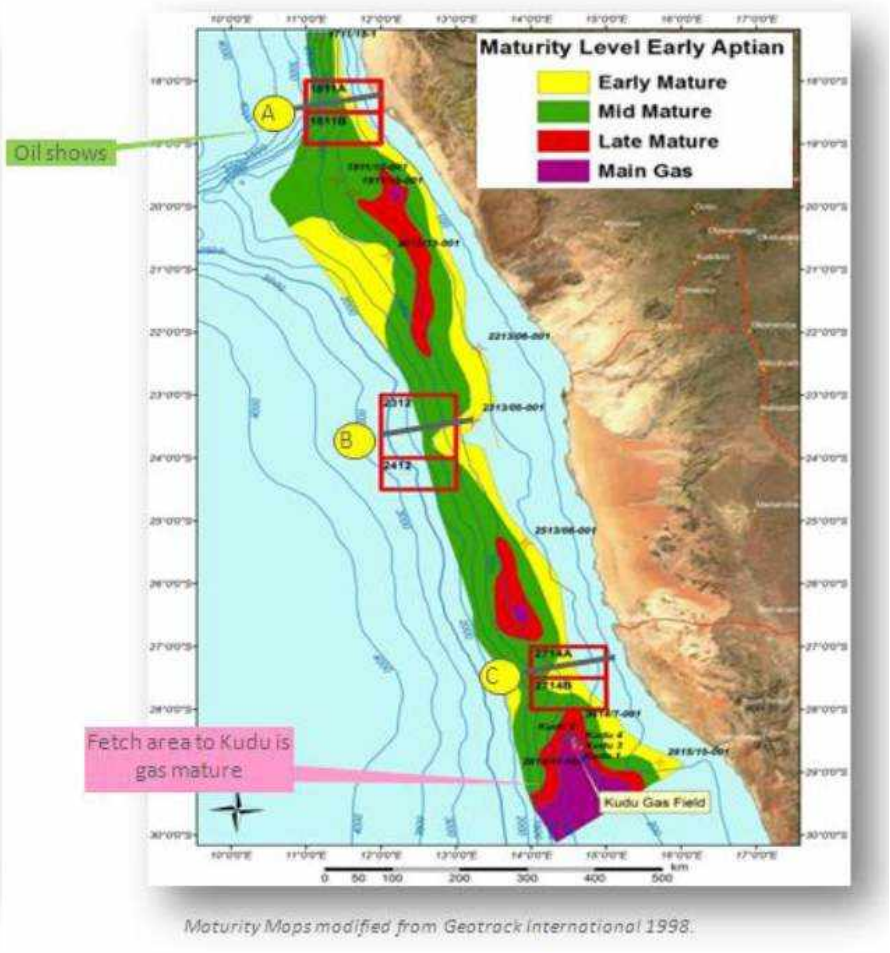
Maturity Map



Generalized Stratigraphic Column modified from Bray et al 1998.



Maturity Maps modified from Geotrack International 1998.

After Geotrack International 1998

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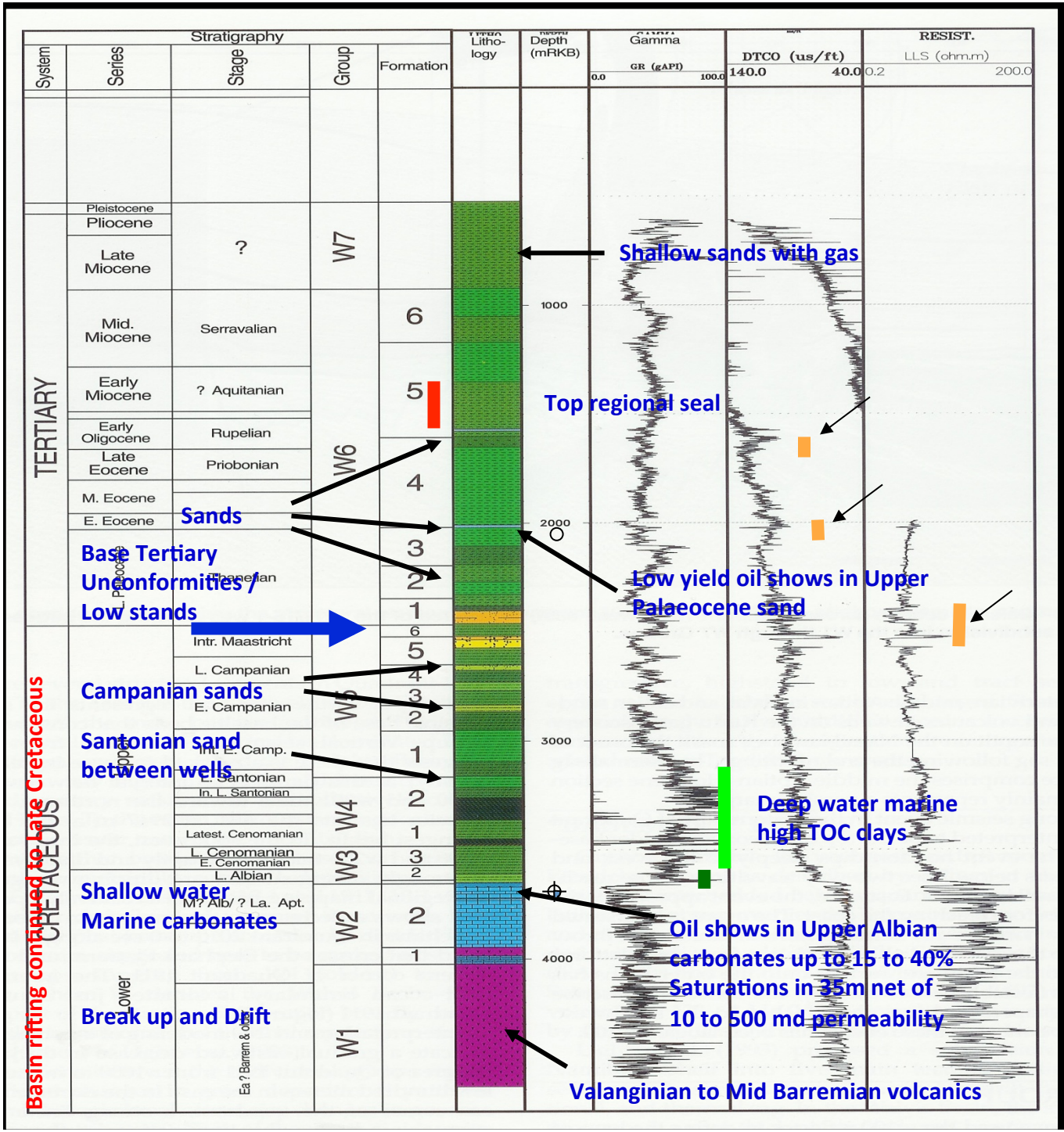

Generalised stratigraphy Hydrocarbon sources and reservoirs

Eocene-Oligocene sand
Possibly 28m net Phi 20 –25%

Late Palaeocene sand
Possibly 34m net Phi 20-25%

Late Cretaceous to Early Tertiary sands
35 to 90m net Phi >25%

Cenomanian-Turonian oil source over 600m thick
TOCs 4 to 10%

Aptian to Late Albian oil source in Namibe and Walvis basins
TOCs 2 to 8%

Arcadia

Namibia
AVO responses

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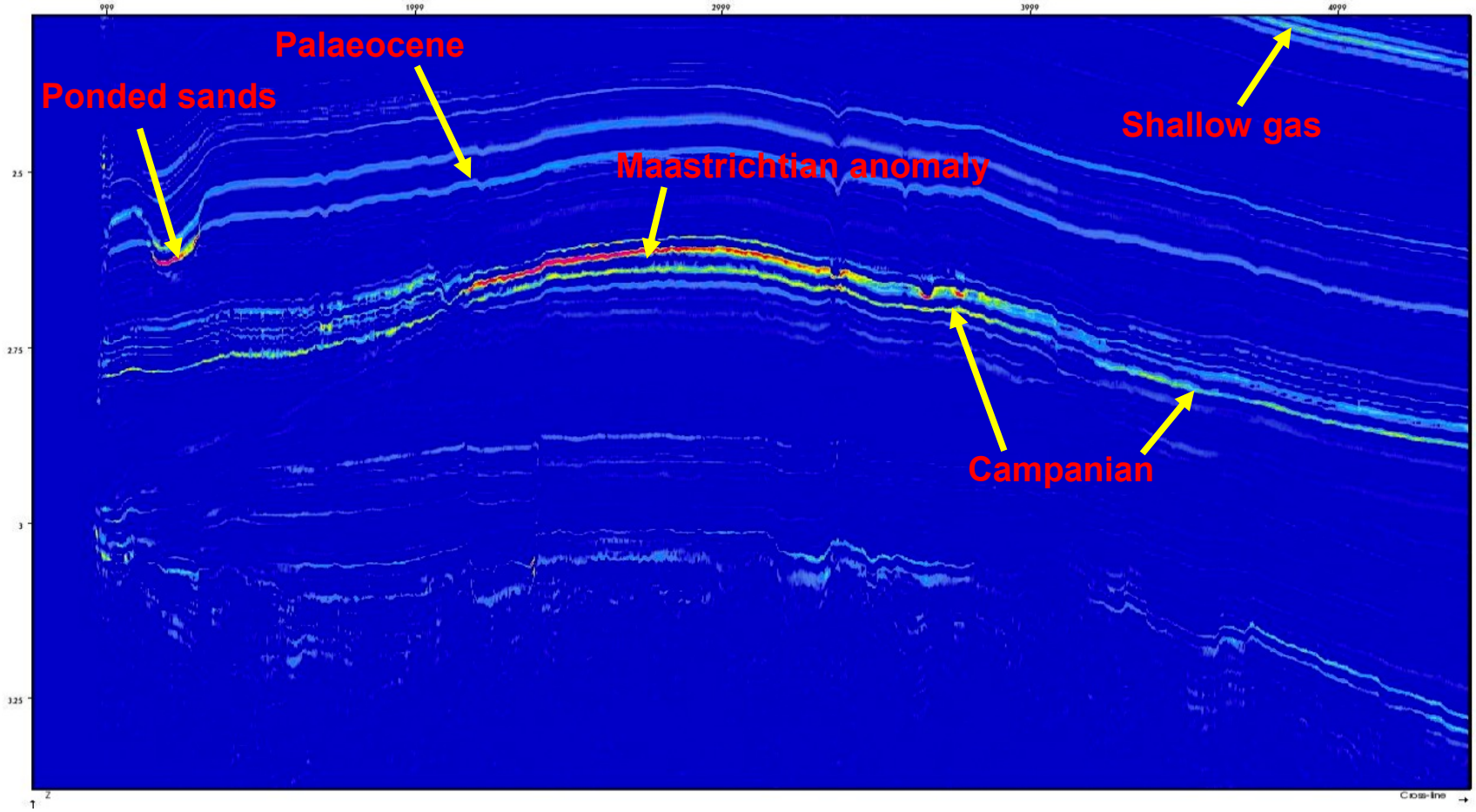

Arcadia

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Namibia
Maastrichtian Delta Prospect

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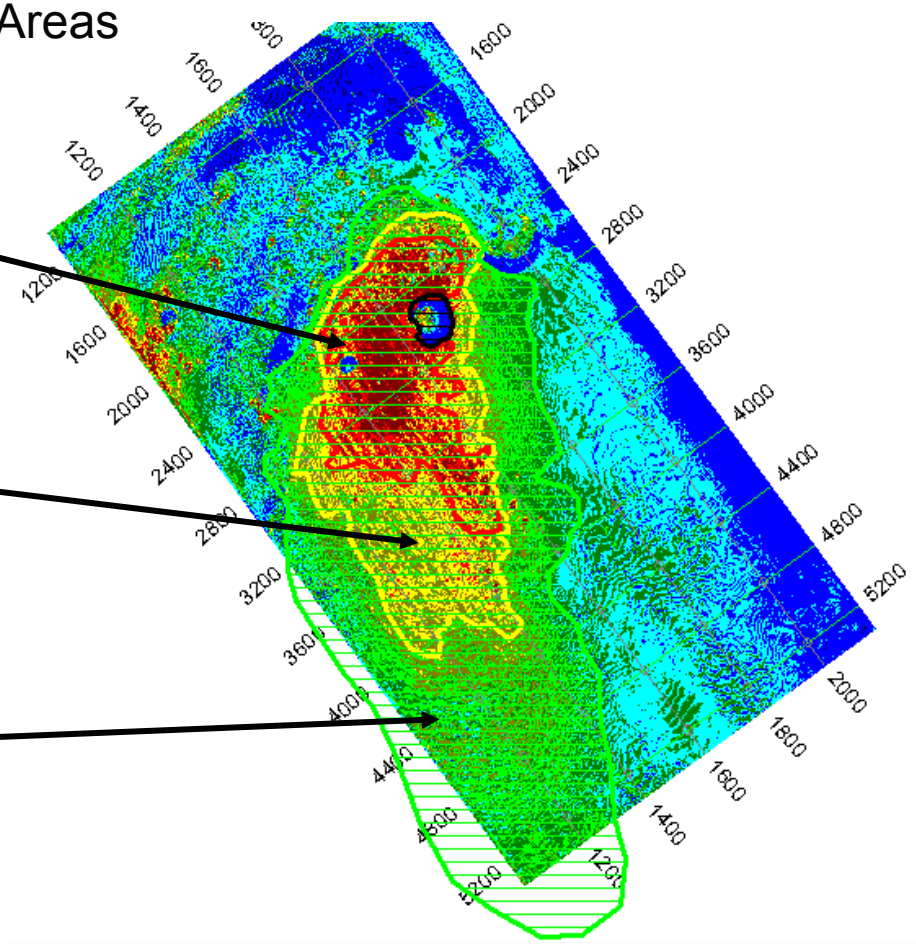
AVO Anomaly Map and Closure Areas

Red area 128 sq Km
CPR P99 Resource

Yellow area 298 sq Km
CPR P50 Resource

Green area 734 sq Km
CPR P1 Resource



Outlines for 3 different degrees of AVO response

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Namibia AVO Anomaly map
Far Stack (No AVO = blue)

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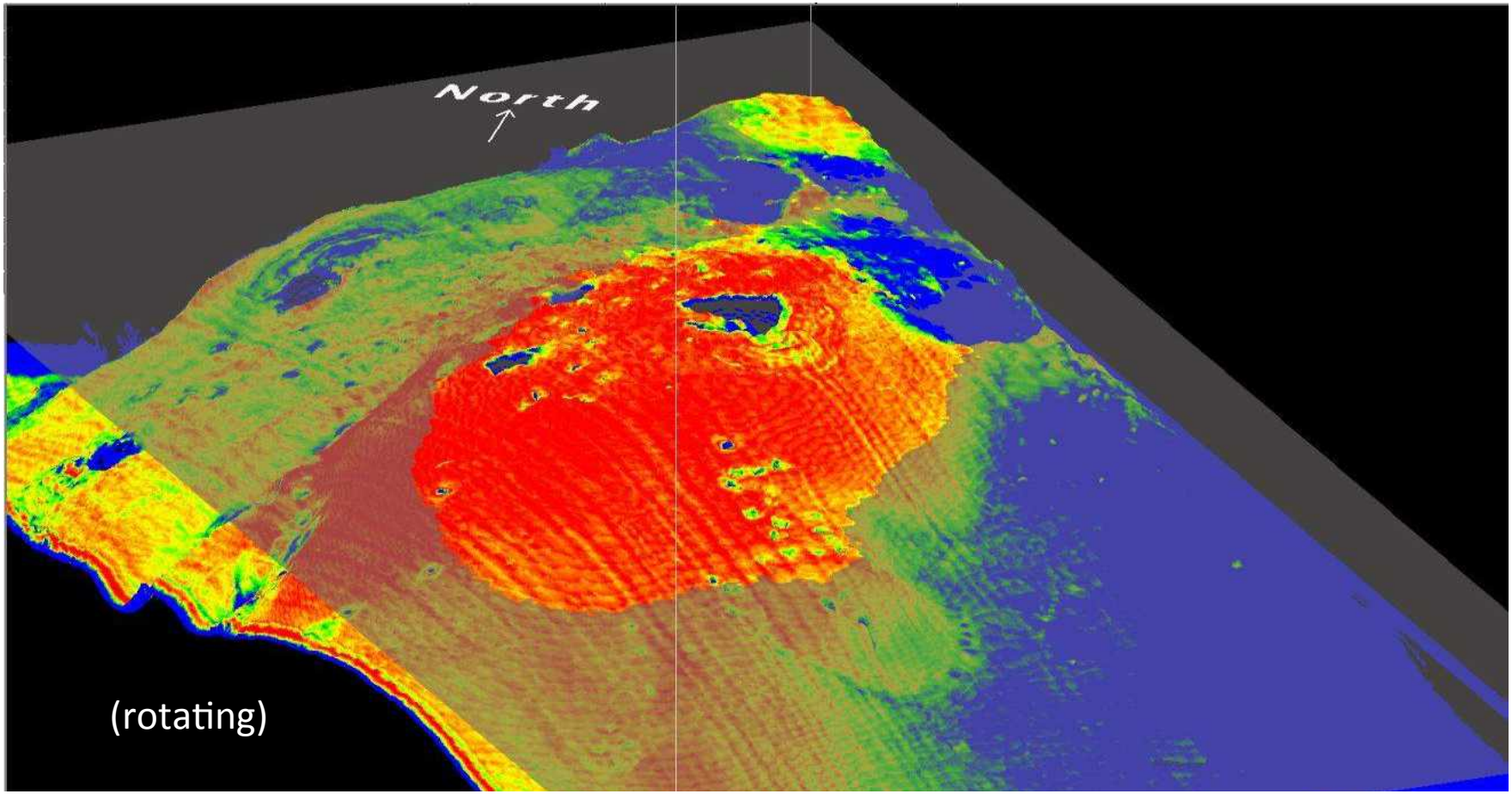

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Namibia
All closures

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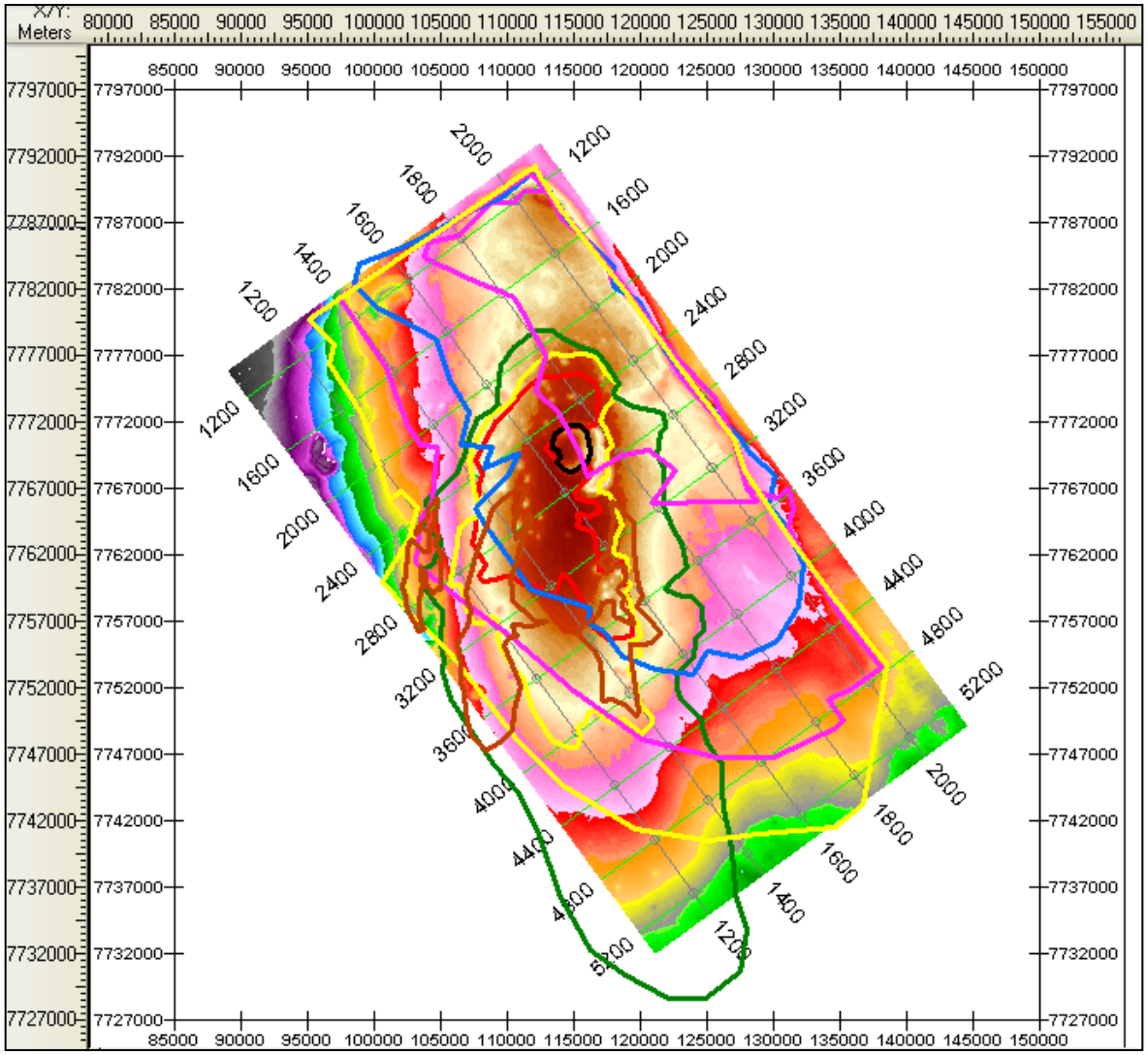

Arcadia

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