oilbarrel

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oil and gas exploration

Welcome

Oilbarrel Presentation
July 2012

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Tower Resources
Board of Directors

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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.
- 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.

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 Ltd.
- 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.

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 as a non-executive Director at New England Seafood International, Investec Structured Products Calculus VCT PLC and Mytrah Energy Limited.
- While at NM Rothschild, he was involved in numerous transactions, including the sale of Chubb to Williams, Northern Foods' acquisition of Express Dairies, the IPOs of Vodafone and William Hill, the defence of BPB plc against a hostile bid from St Gobain, and the sale of Abbot Group plc to First Reserve.

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Summary
Two Areas of Activity

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Namibia

- 15% interest in three offshore blocks (licence 0010) 12,000 km^2
- 1,600 km^2 3D seismic programme completed in 2011
  - Delta Maastrichtian prospect: best estimate unrisked gross prospective resources of Delta Maastrichtian prospect unrisked 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
- Tower is carried through a two well exploration programme by Arcadia
- Arcadia farm-out process nearing completion with Repsol

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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 (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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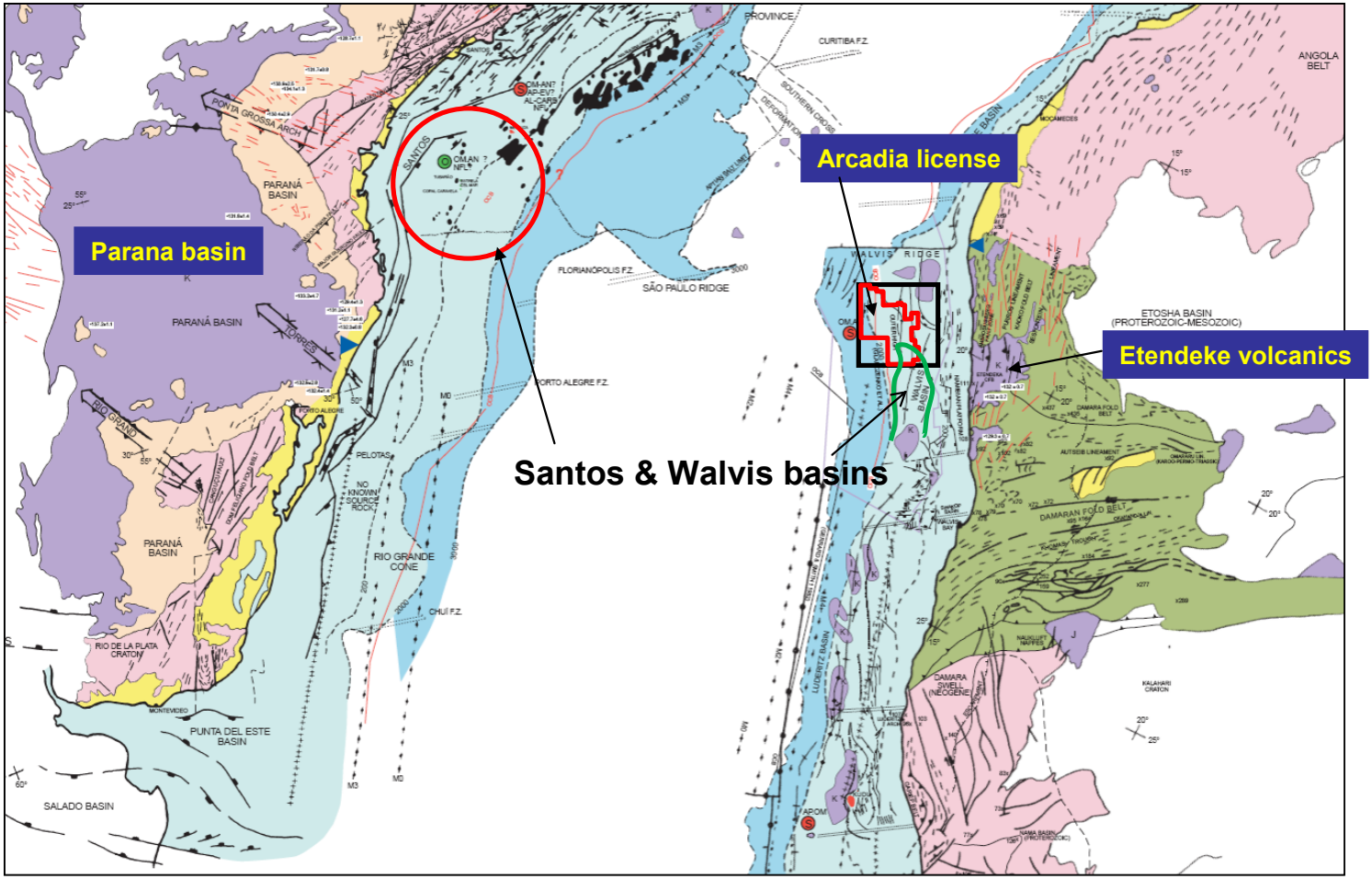
Namibia

BRAZIL NAMIBIA



Correlation of the South Atlantic margins and the Lower Cretaceous volcanics

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Namibia
Licence areas

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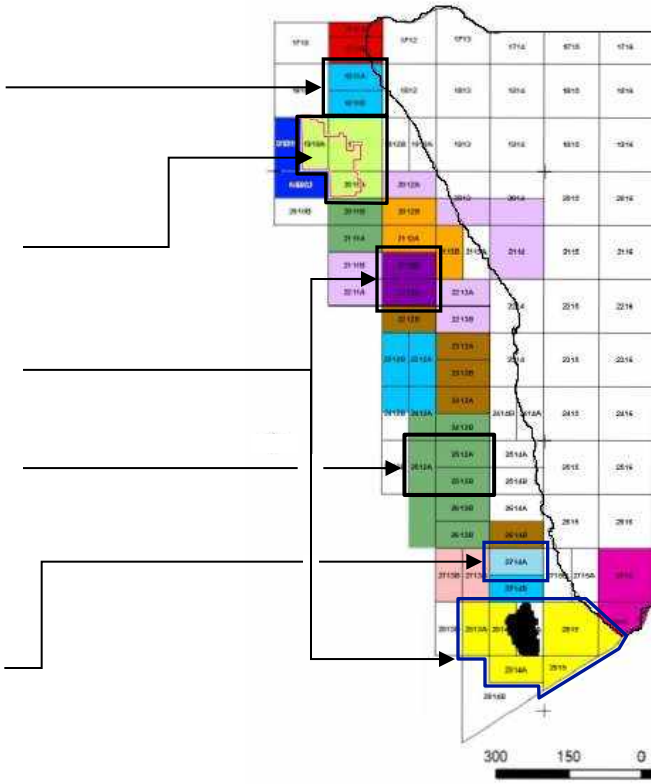
	Licence Area	Activity	Timeline
CHARIOT OIL & GAS	1811A	1 Firm 1 Contingent	Q2/Q3 2012
tower resources oil and gas exploration Arcadia	1910A	1 Firm 1 Contingent	2013 2013/2014
HRT PARTICIPAÇÕES	TBC	2 Firm	2012
SERICA ENERGY bp	0047	3D seismic 4,150km^2	2012
PETROBRAS CHARIOT OIL & GAS bp	2714B	1 firm 1 Contingent	2012



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$744 million

- Calculated risked EMV10 for the prospective resources of Tower in all five targets in the Delta structure of US$1,866 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%	98
Delta Palaeocene	3,466	5,120	24% / 19%	87
Delta Upper Campanian	438	674	15% / 9%	3
Delta Campanian Wedge	1,147	1,760	13% / 9%	15
Delta Albian	1,979	3,560	11% / 8%	25
Alpha Palaeocene	2,280	3,510	20% / 12%	29
Gamma Palaeocene	748	1,150	12% / 9%	12
Total	12,284	19,164		270

* 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: 185mm 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%

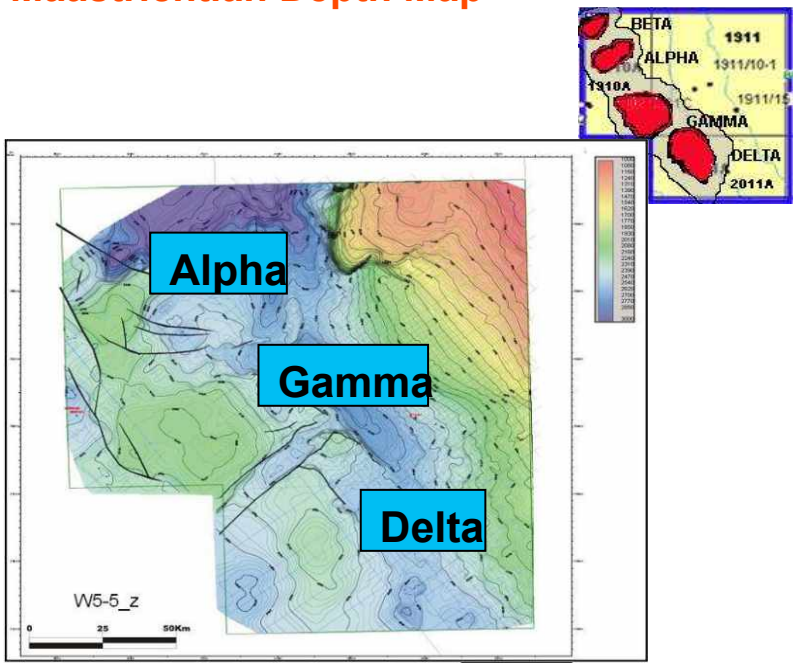
Gamma

- 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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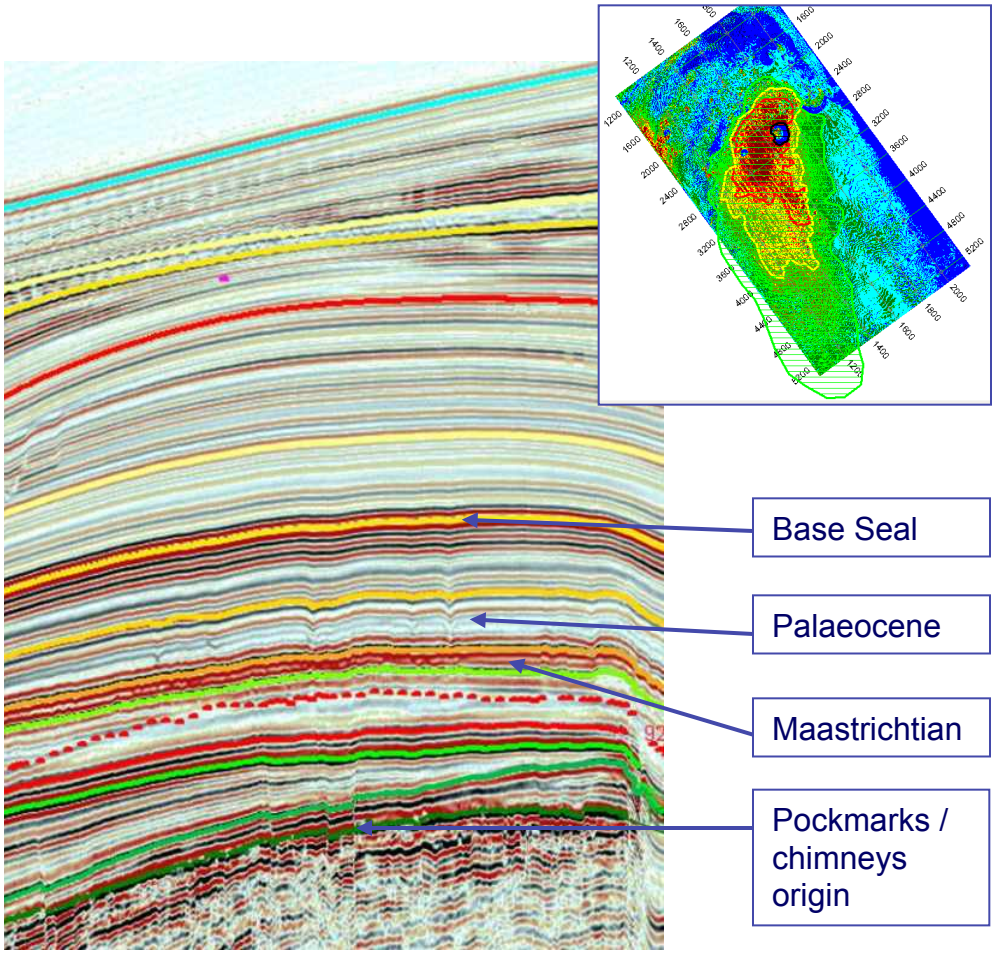
Delta

- 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%
  - 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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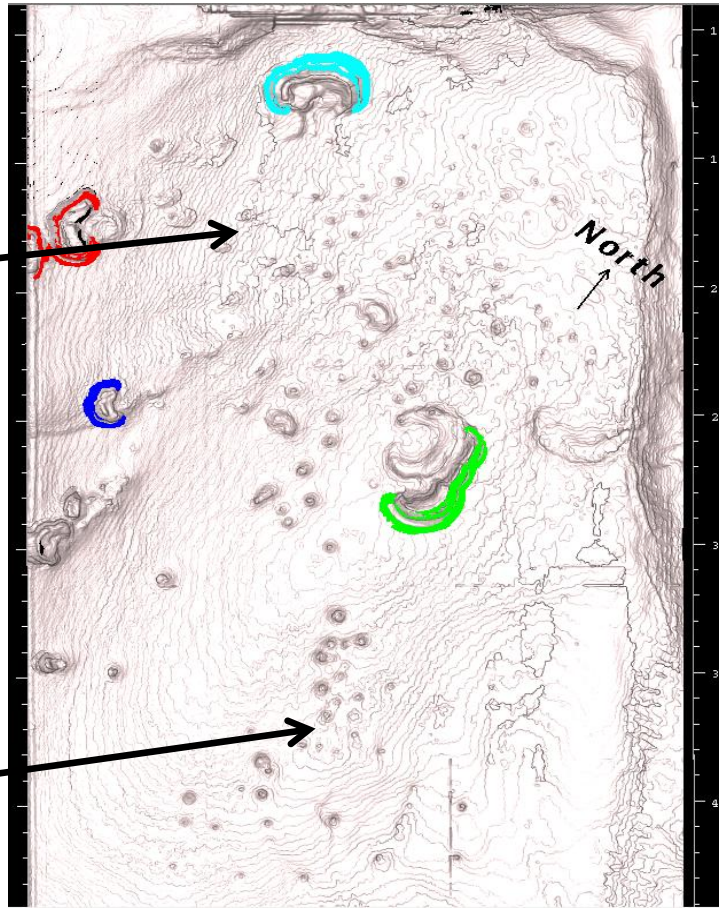
Arcadia

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
- Namibian Government has identified Repsol as negotiating with Arcadia, which Repsol has confirmed in its May 2012 investor presentation
- Namibian government has also said that BP also wishes to take over the areas relinquished by Tower
- Chariot's Tapir well provides good news on reservoir quality, no relevant information on source rock

Next Steps

- Conclusion of Arcadia' farm-out
- 1 exploration well planned to spud on Delta in 2013 subject to farm-out
- Tower is considering options to increase its Namibian exposure

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Funding

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Cash Position

- Approximately $2.6 million of cash on hand as of May 2012
- Last $8.6 million placing was oversubscribed, placed with just four institutions (and directors)
- Yorkville's $3.1 million promissory note fully repaid
- Future working capital needs are also supported by a substantial EFF and SEDA

Namibia

- Under current arrangements, there will be no cash call on Tower from the operator until Arcadia has completed:
  - One exploration well
  - And a second contingent well
- Arcadia is currently concluding agreements with Repsol
- Expected well cost of $55m including mobilisation/demobilisation
- Tower is considering value-accretive opportunities to increase exposure in Namibia, which will be funded with equity as they arise

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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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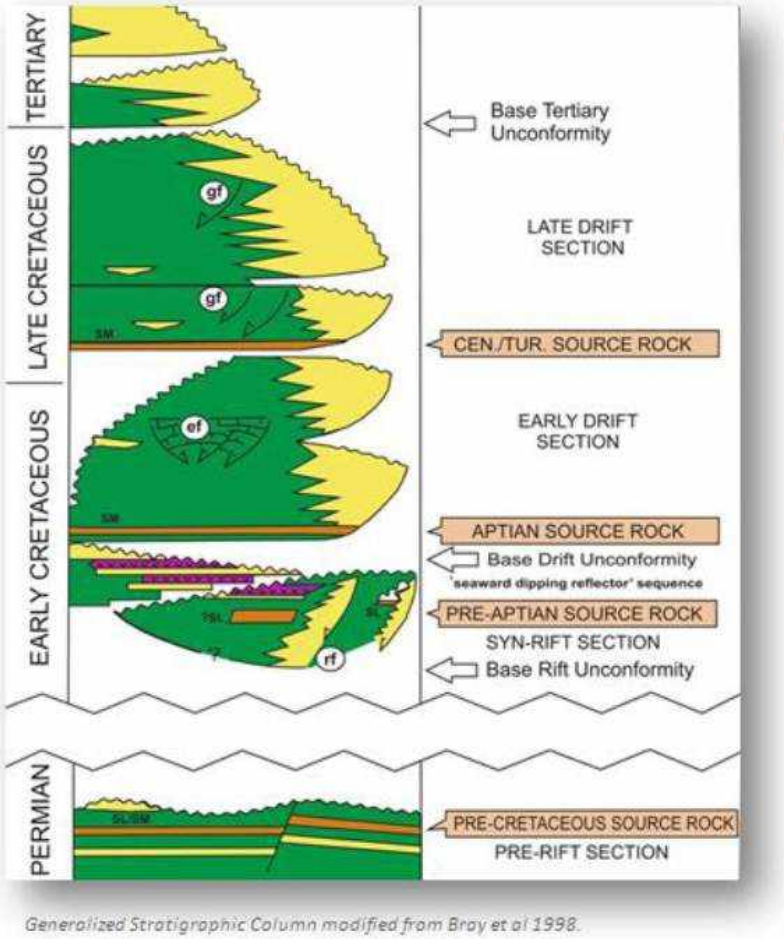
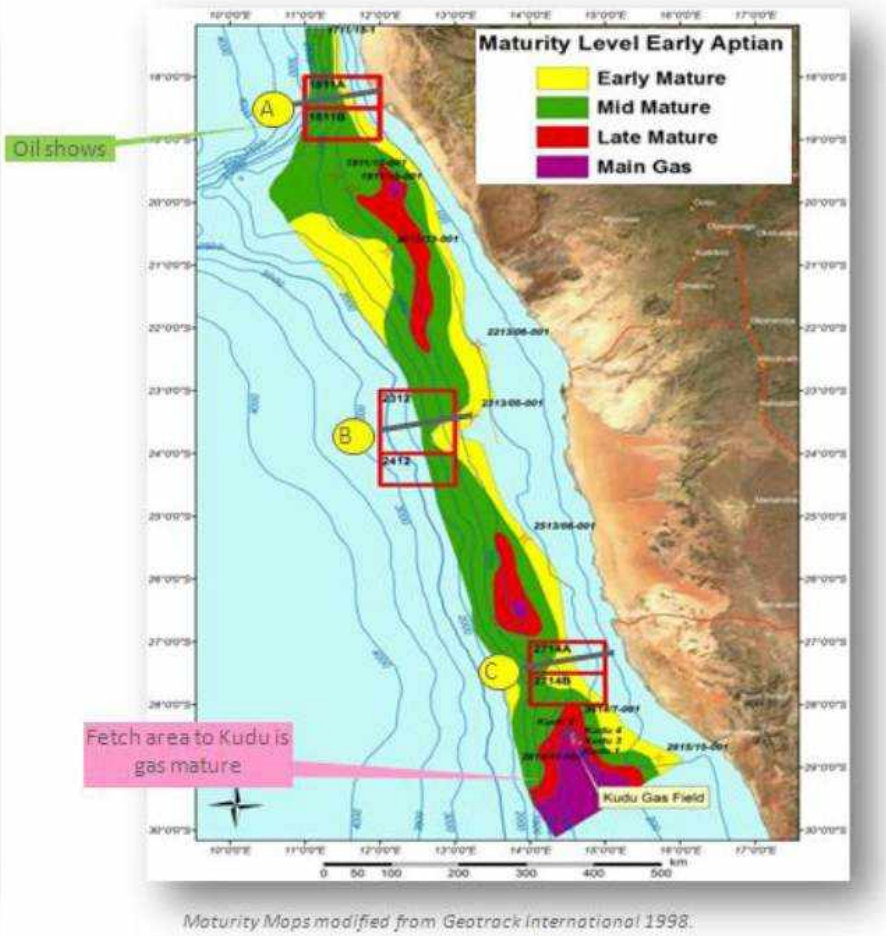
Maturity Map



Generalized Stratigraphic Column modified from Bray et al 1998.



Maturity Maps modified from Geotrack International 1998.

After Geotrack International 1998

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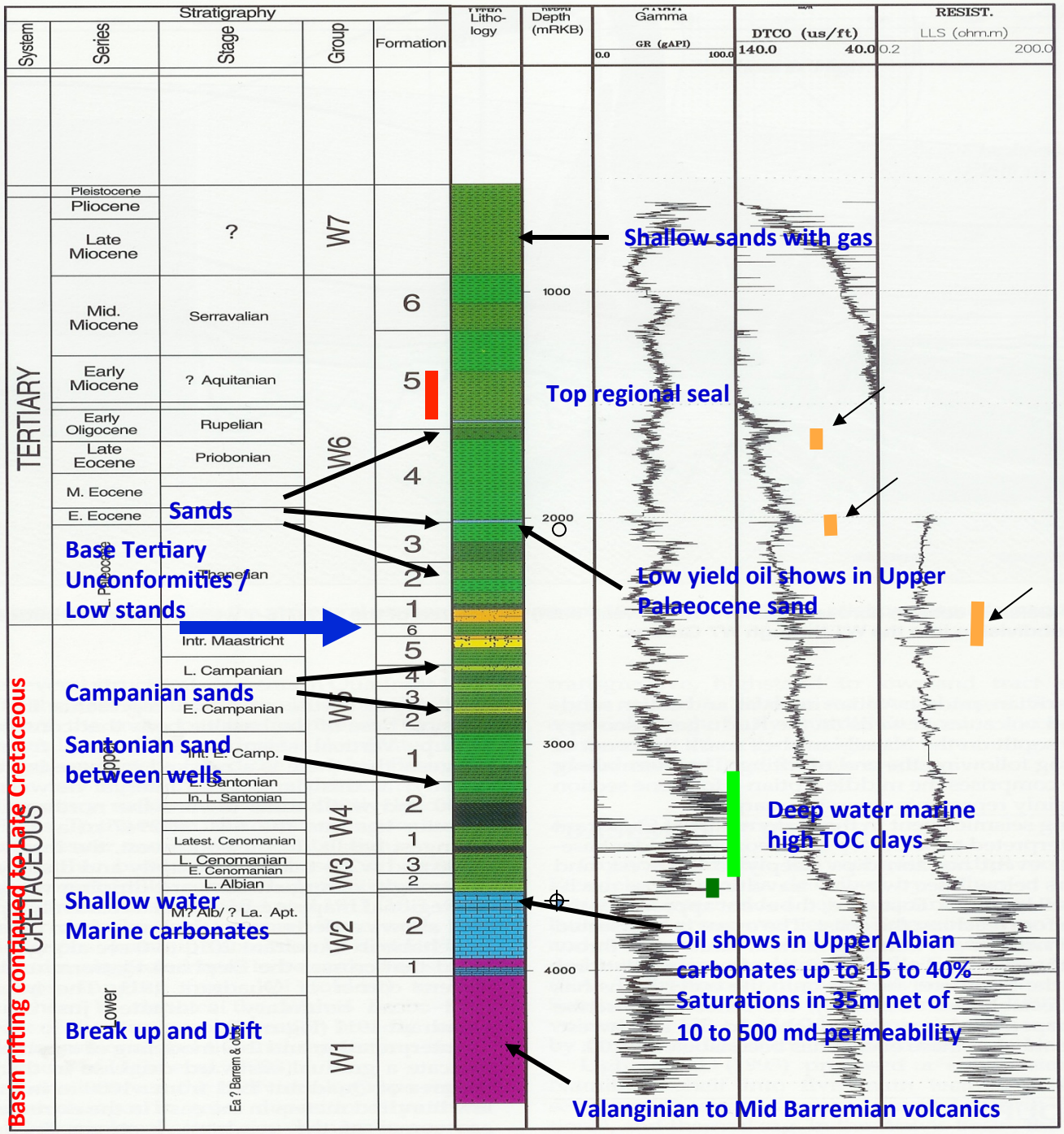
Generalised stratigraphy Hydrocarbon sources and reservoirs



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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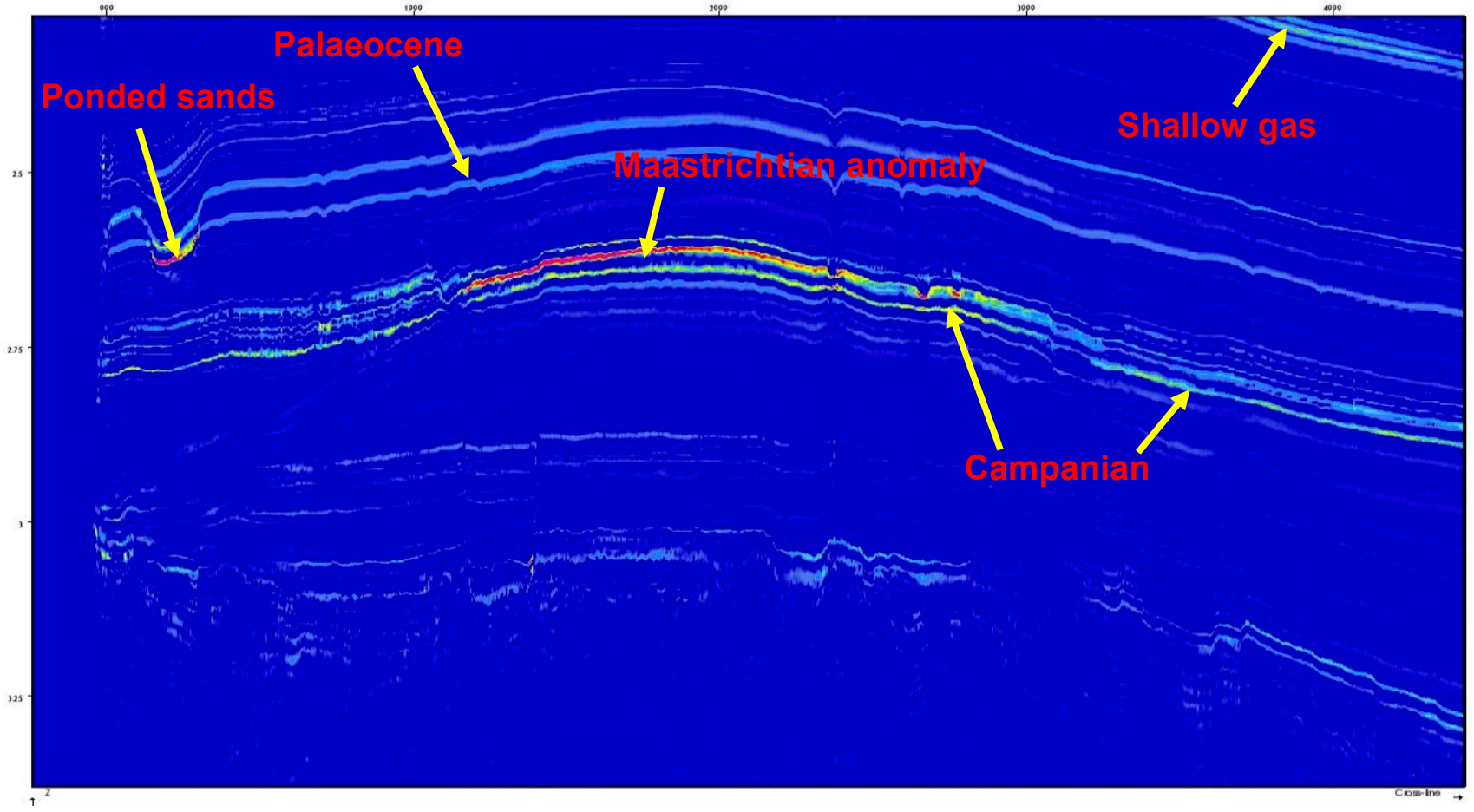

Arcadia

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Namibia
Maastrichtian Delta Prospect

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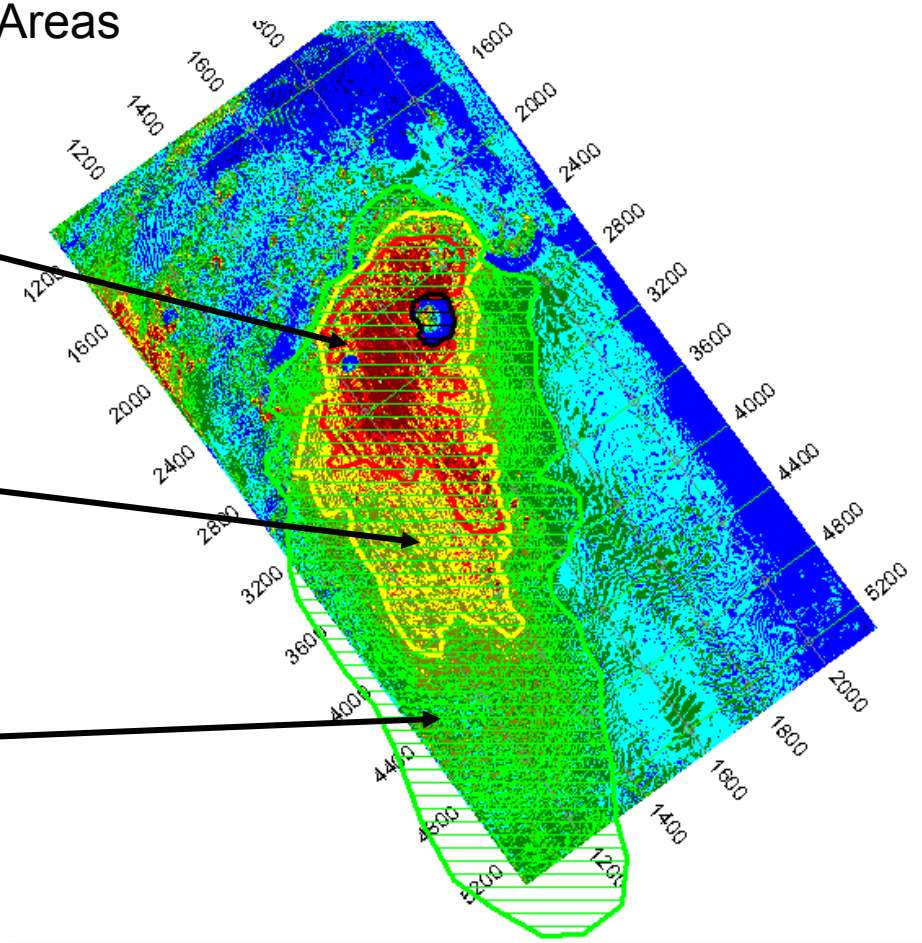
AVO Anomaly Map and Closure Areas

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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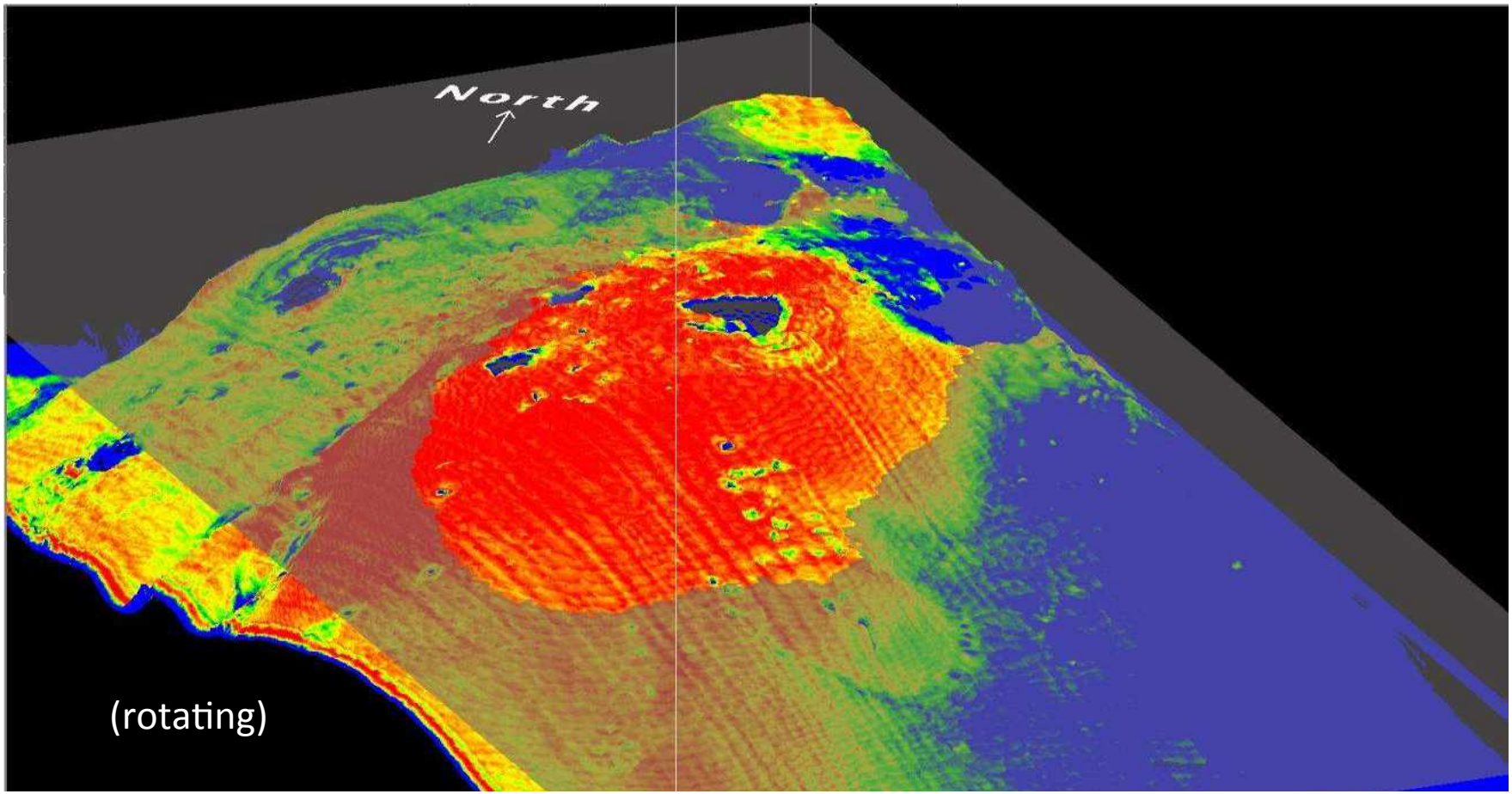

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Namibia
All closures

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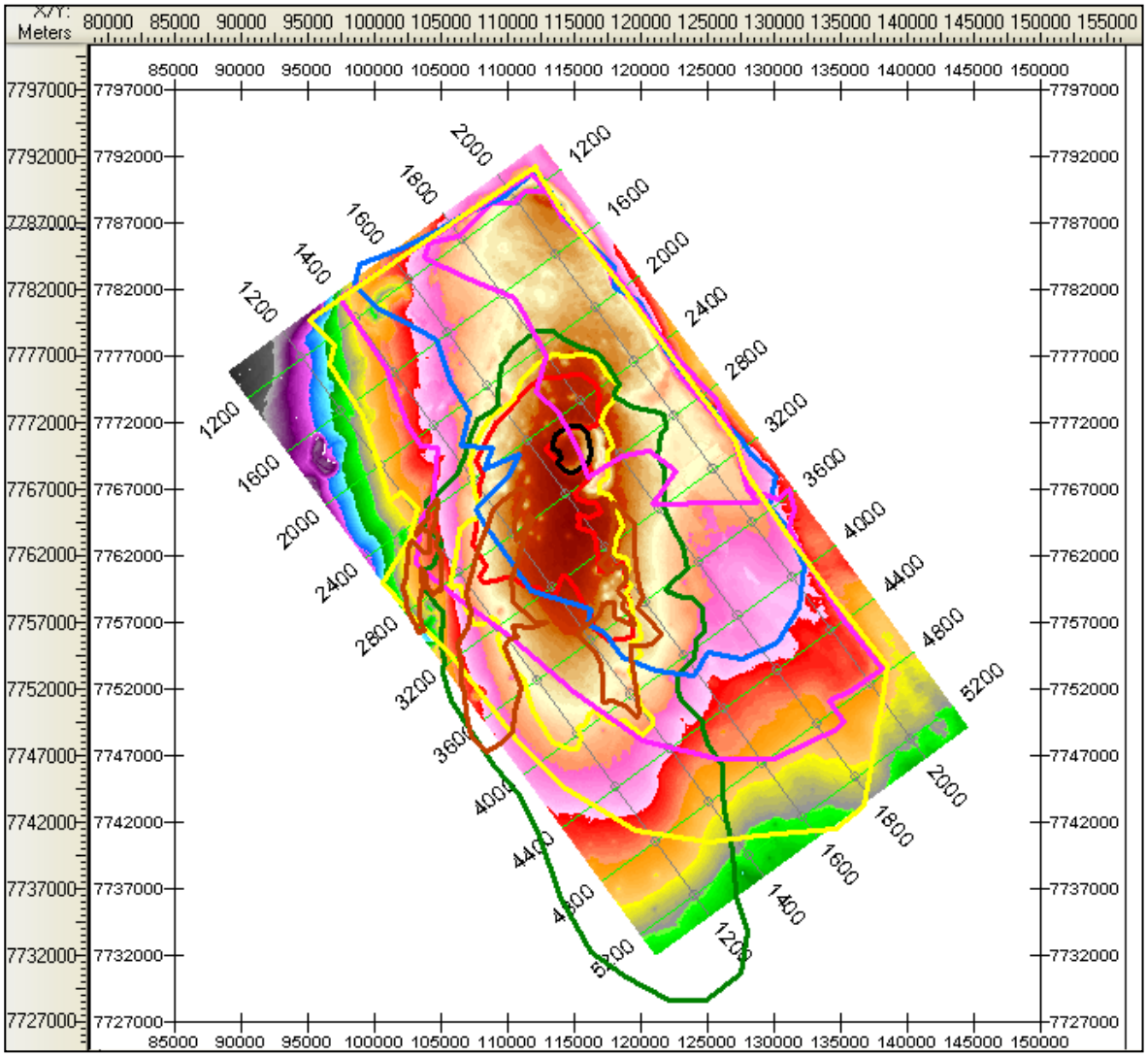

Arcadia

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