

TOWER RESOURCES PLC
INTERIM STATEMENT 2005

TOWER RESOURCES PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

Chairman's Statement

At year-end, the programme to acquire the complete shareholding of Neptune Petroleum and to relist the shares of the combined entity on the Alternative Investment Market (AIM) was at a final stage. Shareholder approval was given to the transaction on 16th January 2006 and the shares began renewed trading on AIM. These Interim Accounts reflect the financial position of the Company prior to the relisting.

As part of the relisting programme, additional funds amounting to £2.0 million before expenses were raised by the issue of 133.3 million new shares to provide adequate working capital for the immediate future. The consideration payable for the acquisition of Neptune shares was in the form of 200.0 million new shares issued to the shareholders of Neptune. As a consequence, Tower Resources is currently 46% owned by the former Neptune shareholders, Peter Blakey, Peter Taylor and Mark Savage (through Bayview Investments LLC). They have become non-executive directors of the Company from the date of relisting. Russell Langusch, former Chairman of Tower Resources, remains on the Board as an executive director. Hugh Warner and Ross Warner, former directors of Tower Resources, have resigned and I thank them for their contribution to the acquisition transaction. I joined the Board as non-executive Chairman on 1st February 2006 and very much look forward to helping deliver growth in value to shareholders over the coming months and years. I strongly welcome all of the shareholders of the new business and look forward to meeting many of you soon to discuss the forward strategy of the Company.

There is little of note to report on activities prior to year-end but I would like to provide a short summary of subsequent activities in early 2006. Tower has acquired 100% interests in two areas in Africa, one being a substantial acreage position offshore Namibia and the other an onshore licence in Uganda. We are making rapid progress in evaluating all of the available technical information, including about 10,000 kilometres of seismic data in Namibia newly licensed from a major seismic contractor. Early technical evaluation work on this Namibian seismic data is producing encouraging results. A number of very large structures have been mapped and possible hydrocarbon signatures have been identified.

Our immediate objective is to complete all the initial evaluation work and bring on board industry partners to mitigate the risk and to take over much of the financial licence commitments. We shall report on progress in this respect as developments occur. Our current focus is on opportunities in Africa and this currently reflects our strategy. Notwithstanding, as the Company grows opportunities outside this core area will be considered if they meet our quality standards.

I am pleased to draw shareholders attention to the recent successes of Hardman Resources and Tullow Oil with their drilling programme in Uganda. Oil was recovered from the first two wildcat wells drilled in the Hardman-Tullow acreage. This means that there is oil present in favourable technical environments approximately 150 km to the south of our Ugandan licence in addition to oil finds to the north in Sudan. These discoveries have raised the likelihood that reservoir sands, seal and the presence of oil may be encountered in the Tower acreage.

These are early days but your Board is excited at the potential of the opportunities available to the Company and looks forward to delivering further news as events unfold.

Enquiries:

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TOWER RESOURCES PLC
 INCOME STATEMENT
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Note	31 December 2005 (Unaudited) £
CONTINUING OPERATIONS		
Administrative expenses		(174,191)
Operating loss		<u>(174,191)</u>
Interest receivable		8,167
Loss before taxation		<u>(166,024)</u>
Taxation	3	-
Retained loss for the period		<u><u>(166,024)</u></u>
Loss per ordinary share:		
Basic	2	(0.13)p
Diluted		(0.13)p

TOWER RESOURCES PLC
BALANCE SHEET
AS AT 31 DECEMBER 2005

	Note	31 December 2005 (Unaudited) £
ASSETS		
Current assets		
Cash and cash equivalents		449,445
Total assets		<u>449,445</u>
LIABILITIES		
Current liabilities		
Trade and other payables		(63,057)
Total liabilities		<u>(63,057)</u>
Net assets		<u>386,388</u>
EQUITY		
Share capital	4	125,000
Share premium	5	585,000
Retained earnings	5	(323,612)
Total equity	6	<u>386,388</u>

**TOWER RESOURCES PLC
CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005**

	Note	31 December 2005 (Unaudited) £
Net cash outflow from operating activities	7	(111,134)
Investing activities		
Interest received		8,167
Net decrease in cash and cash equivalents		<hr/> (102,967)
Cash and cash equivalents as at 1 July 2005		552,412
Cash and cash equivalents as at 31 December 2005		<hr/> <hr/> 449,445

TOWER RESOURCES PLC
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

1: Accounting policies

Basis of accounting

The interim financial information for the six months ended 31 December 2005 is unaudited and does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. It was approved by the Board of Directors on 30th March 2006.

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the European Union.

The interim financial information for the six months ended 31 December 2005 has been prepared pursuant to AIM rule 18 and represents the half-yearly report for the six months then ended. AIM rule 18 states: *"An AIM company must prepare a half yearly report in respect of the six month period from the end of the financial period for which financial information has been disclosed in its admission document and at least every subsequent six months thereafter (apart from the final period of six months preceding its accounting reference date for its audited accounts)."*

The previous half yearly report prepared by the Company covered the period ended 31 July 2005. As the Company's accounting reference date is 30 June, its first statutory accounts will be for the period ending 30 June 2006. This interim financial information therefore needs to reflect the six month period to 31 December 2005.

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: Loss per ordinary share

The basic and diluted losses per ordinary share have been calculated using the loss for the six months of £166,024 and the weighted average number of ordinary shares in issue of 125,000,000.

3: Taxation

No liability to UK or overseas taxation has arisen during the period and no provision for deferred tax was considered necessary.

TOWER RESOURCES PLC
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

4: Share capital

	31 December 2005
	£
Authorised	
10,000,000,000 Ordinary shares of £0.001 each	<u>10,000,000</u>
 Allotted and fully paid	
125,000,000 Ordinary shares	<u>125,000</u>

5: Reserves

The movement in the share premium and profit and loss account in the period was as follows:

	Share Premium	Profit & Loss
	£	£
At 1 July 2005	585,000	(157,588)
Retained loss for the period	-	(166,024)
At 31 December 2005	<u>585,000</u>	<u>(323,612)</u>

6: Reconciliation of movements in shareholders' equity

	31 December 2005
	£
Opening shareholders' equity	552,412
Retained loss for the period	(166,024)
Closing shareholders' equity	<u>386,388</u>

TOWER RESOURCES PLC
NOTES TO THE FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

7: Reconciliation of operating loss to net cash outflow from operations

	31 December 2005 £
Operating loss	(174,024)
Increase in creditors	63,057
Net cash outflow from operating activities	<u>(111,134)</u>

9: Subsequent events

The major events subsequent to 31 December 2005 are set out in the Chairman's Statement.