

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

30 June 2005

£

CONTINUING OPERATIONS

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