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Tower Resources PLC

Placing to raise £5.41 million, £600,000 issue of equity under SEDA and Mvule-1 spud update

Tower Resources PLC ("Tower" or the "Company"), the AIM-listed oil and gas exploration company with assets in offshore Namibia and Uganda, announces that Northland Capital Partners Limited ("Northland") has raised £5.41 million before expenses through a conditional placing (the "Placing") of 180,333,334 new ordinary shares of 0.1p each in the Company (the "Placing Shares") at a price of 3p per Placing Share.

Approximately £5 million is being raised from new institutional investors, with the balance being subscribed for by Directors of the Company.

In addition, the Company announces that it is to issue 15,789,472 new ordinary shares to YA Global Master SPV Ltd, an investment fund managed by Yorkville Advisors LLC ("Yorkville"), pursuant to its Standby Equity Distribution Agreement ("SEDA"), details of which were announced on 6 January 2012 (the "SEDA Shares"). The SEDA Shares are being issued conditional on Admission (as defined below) at a price of 3.8p per share to raise £600,000 for the Company.

In view of the Placing, the Company is presently reviewing its standby equity distribution agreement arrangements, and proposes to make a further announcement in due course.

It is intended that the proceeds of the Placing and the issue of the SEDA Shares will be applied to redeeming the principal and accrued interest of the loan provided by YA Global Master SPV Ltd to commence the Mvule-1 well, to complete the drilling of the well, and to general working capital requirements over the balance of 2012. As previously announced, the Mvule-1 well, which is the third and final commitment well on Tower's EA5 license in Uganda in which Tower holds a 100% working interest, is testing an estimated recoverable resource potential of 80 million barrels.

The Company is also pleased to announce that the Mvule-1 well is expected to spud during the course of Thursday 9 February or Friday 10 February, and a further announcement of the actual spud will follow.

The Placing is not being underwritten by Northland or any other person. The Placing and the issue of the SEDA Shares are being effected under the Company's existing share authorities. The Placing Shares will represent 12.8 per cent. of the Company's enlarged issued share capital.

Application has been made for the Placing Shares and the SEDA shares to be admitted to trading on AIM ("Admission"). It is expected that Admission will occur on or around 16 February 2012. The Placing Shares and the SEDA shares will, when admitted, rank pari passu in all respects with the existing ordinary shares.

The Placing is conditional on Admission. The Placing is also conditional upon a placing agreement made between the Company and Northland becoming unconditional and not being terminated prior to Admission in accordance with its terms.

The following table sets out the number of Placing Shares subscribed for by Directors of the Company and, immediately following Admission (as defined above), their respective shareholdings and percentage interests in the enlarged issued share capital of the Company:

	Placing Shares	Total shareholding	% of enlarged issued
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			share capital
Jeremy Asher	6,000,000	103,250,000	7.3
Mark Savage	2,000,000	109,700,000	7.7
Peter Taylor	2,000,000	95,685,772	6.7
Peter Blakey	2,000,000	93,185,772	6.6
Peter Kingston	nil	2,974,545	0.2

The issue of Placing Shares to Directors is deemed a related party transaction under the AIM Rules for Companies. Peter Kingston, the only Director considered independent as he is not participating in the Placing, having consulted with the Company's Nominated Adviser, Northland, considers that the subscriptions for Placing Shares by the other Directors are fair and reasonable insofar as the shareholders of the Company are concerned.

Total voting rights

Following Admission of the Placing Shares and the SEDA Shares, the Company's total issued share capital will comprise of 1,421,985,562 ordinary shares of 0.1p each. As the Company does not hold any ordinary shares in treasury, the total number of voting rights in the Company following Admission is 1,421,985,562. This number may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company following Admission.

Tower's Chairman, Jeremy Asher, commented:

"We are delighted to complete this placing, which brings new institutional shareholders into the Company, funds the completion of the Mvule-1 well, and will repay the Yorkville promissory note. We are also grateful to Yorkville for providing this promissory note, which allowed us to get the Mvule-1 well underway in good time before the present financing was completed. We do not currently anticipate issuing more shares for the time being unless for appraisal activity following a success in Mvule-1, or for a strategic acquisition of assets."

The placing has materially strengthened Tower's financial base and forms part of our prudent preparations for the many opportunities open to the Company in the case of either success or failure for Mvule-1. Regardless of the well's outcome, we have an extremely attractive license in Namibia where the exploration well being planned for 2013 will be testing five targets aggregating over 9 billion barrels of recoverable reserves. Tower's 15% interest in that well is fully carried by the operator Arcadia, who are currently in advanced discussions regarding a farm-out, but Tower is also looking at strategic options to increase its Namibian exposure".

For more information on Tower, please visit www.towerresources.co.uk.

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