Tower Resources plc
("Tower" or the "Company")

Final Results for the 12 months ended 31 December 2011

Tower Resources plc ("Tower"), LN: TRP, the AIM listed exploration company, is pleased to announce its final results for the 12 months ended 31 December 2011.

Namibia

- 3D seismic interpretation completed - clear structural closure, sustained reservoir thickness and direct hydrocarbon indicators confirmed
- Independent Competent Person's Report identified 5 targets in the Delta structure which, if oil bearing, are estimated to contain some 9.3 billion barrels of recoverable oil and 14.5 TCF of gas
- CPR estimate for Tower's risked prospective EMV10 of the Delta targets alone is $1,866 million
- Arcadia Namibia Expro, operator and 85% interest holder of Licence 0010, engaged in farm-out process, anticipating drilling in 2013

Uganda

- Completed 2D seismic survey, aero-gravity gradiometry survey and geochemical survey on licence area

Post period

- Spudded Mvule-1 well in Uganda. Trace hydrocarbons encountered and well subsequently plugged and abandoned
- Agreed £8 million standby equity distribution agreement ("SEDA") and a $3.125 million loan agreement with YA Global Master SPV Ltd (the loan already drawn down and fully repaid)
- Entered £20 million equity finance facility ("EFF") with Darwin Strategic Limited
- Arcadia advises that farm-out discussions now at advanced stage.

As announced on 27th April 2012, following the completion of the 2011 accounts, Mark Savage has now stepped down from the Board and as chair of the Audit Committee. Philip Swatman, Senior Independent Director, has now assumed his role as chair of the Audit Committee.

Jeremy Asher, Chairman of Tower Resources commented:

"2011 was an extremely active year for the Company and although the Mvule-1 well in Uganda, drilled post year end, was disappointing, we have made considerable progress with our Namibian licence and in restructuring the board and management of the Company.

The Competent Person's Report completed during the first half of 2011 was particularly positive for Tower, identifying two prospects and 3 leads in the large Delta structure. We believe that these can be targeted with one well and according to the CPR, if successful, could potentially contain 9.3 billion barrels of recoverable oil and 14.5 TCF of gas. The report estimated Tower's risked prospective EMV10 for the Delta targets alone at $1,866 million, which corresponds to around 80 pence per Tower share.

I believe that our prospects in Namibia have never looked more exciting, and feel that we have real momentum as we put in place the right company infrastructure to take advantage of opportunities during the year ahead."

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

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Chairman's Statement

2011 proved to be a difficult year for Tower, and the unsuccessful outcome at Mvule-1 after the year-end has been disappointing for all of us. Nevertheless, we have in fact seen considerable progress with our Namibian license, despite the difficult environment, and we have been busy both before and since the year-end in restructuring the board and management of the Company. So far, the outward signs of this progress have been the updated Competent Person's Report, issued in June 2011 based on the 3D seismic interpretation of the Namibian Delta structure; the fact that the operator Arcadia are now in advanced farm-out discussions which we expect will facilitate the drilling of the first exploration well on the Delta structure in 2013; and the appointment of Philip Swatman as Senior Independent Director of Tower last month. But I hope that we will see considerable further progress in the months ahead, both in Namibia and also in the form of additional executive and non-executive appointments, which will only have been possible as a result of the work which has already been done.

In total, I believe that the Company's prospects in Namibia have never looked more exciting, and the Board feels we have some real momentum as we put in place the right company infrastructure to take advantage of these prospects and other opportunities during the year ahead.

Namibia

The 3D seismic interpretation and the Competent Person's Report ("CPR") completed during the first half of 2011 identified two very large prospects and three large leads in the Delta structure, which we believe can all be targeted by a single well, and have good chances of success relative to other offshore opportunities. The size of the structure bears emphasis: the five identified targets within it, if all oil bearing, are estimated by Oilfield International Limited ("OIL") to contain some 9.3 billion barrels of recoverable oil and 14.5 TCF of gas (making even the gas probably economic to recover).

The 3D seismic interpretation was largely completed by mid-April 2011. This work involved structural mapping, prospect definition and mapping of AVO anomalies. Clear structural closure, sustained reservoir thickness and direct hydrocarbon indicators – AVO anomalies and pockmarks – have been confirmed. All these factors combine to provide greater assurance of the presence of reservoir, migration of hydrocarbons into Delta and their retention under the regional seal. The AVO anomalies at the main Maastrichtian prospect level form a widespread and consistent pattern that closely coincides with the outline of the structure, peaking at the crest. Additional potential is confirmed at the Palaeocene horizon (defined as a lead in the previous 2010 CPR) but also at two other formations deeper than the Maastrichtian: the Campanian and Albian. The remaining interpretation work focused on detailed fine tuning of the AVO attributes to get the best possible understanding of the significance of the hydrocarbon indicators in determining optimum well locations and estimating a chance of success.

On completion of the interpretation work, OIL performed a comprehensive independent review of the 3D seismic information and published an updated CPR at the end of June 2011. The CPR update focused on the newly acquired high quality 3D seismic data over the Delta structure. OIL conducted a detailed review of the structure and calculated Expected Monetary Values (EMVs) of the prospects and leads identified. OIL also updated the EMVs of two other structures, Alpha and Gamma, which were the subject of the previous June 2010 CPR.

The full June 2011 CPR was also discussed in our interim results announcement and is available on our website, and I recommend shareholders to look at it and especially the charts on pages 6-10 of the summary. The main conclusions of the CPR are summarised below:

- The Delta Maastrichtian prospect remains the principal target for an exploration well, with an economic chance of success of 31.4%. Unrisked prospective recoverable resources at the 50% probability level (P50) have been estimated at 2.2 billion barrels and 3.4 TCF of natural gas in the volatile oil case, 267 million barrels and 8.1 TCF of natural gas in the gas condensate case, and 19 million barrels and 8.2 TCF of natural gas in the dry gas case. OIL ascribes relative probabilities to these cases, for the Delta structure, as being 50% oil, 40% gas condensate, and 10% dry gas; the reasoning behind this is based on the relative maturities of the various oil kitchens and the indicators of fluid migration from the deeper Cretaceous section up into the Late Cretaceous and Palaeocene reservoir section.
- The Delta Palaeocene prospect is the second target for an exploration well, with an estimated economic chance of success of 18.7%. Unrisked prospective recoverable resources at the 50% probability level (P50) have been estimated at 3.5 billion barrels and 5.1 TCF of natural gas in the volatile oil case, 249 million barrels and 11.9 TCF of natural gas in the gas condensate case, and 28 million barrels and 11.9 TCF of natural gas in the dry gas case.
- The remaining leads in the Delta Structure are contained in the Upper Campanian, the Campanian Wedge, and the Albian, with estimated economic chances of success in the range 8.0-9.3%. Unrisked P50 prospective recoverable resources from these three leads amount to 3.6 billion barrels of oil and 6 TCF of gas for the volatile oil cases and a further 14 TCF of gas in the predominantly gas cases.
- Unrisked P50 prospective recoverable resources from the two leads already identified in the Palaeocene Gamma and Alpha structures, with economic chances of success of 9.3% and 11.8% respectively, amount to a further 3 billion barrels and 5 TCF of gas for the volatile oil cases, and a further 11 TCF of gas in the predominantly gas cases.
- In summary, the unrisked P50 prospective recoverable resources currently identified in the license range from 12.3 billion barrels of oil and 19 TCF of gas in the volatile oil case, to 45 TCF of gas in a predominantly gas case; of which the Delta structure alone accounts for 9.3 billion barrels of oil and over 14 TCF of gas, or 34 TCF of gas in the predominantly gas case.
- Of this, 15% is attributable to Tower, amounting to 1.4 billion barrels of oil (net, attributable to Tower) in the Delta structure alone and 1.8 billion barrels in the license as a whole, plus gas. The risked estimate of the net prospective recoverable resources attributable to Tower, taking into account the risk of the different oil and gas cases as well as the economic chances of success in each target, is 126 million barrels of oil and 603 BCF of gas.
- OIL has calculated an EMV for Tower's net prospective recoverable resources, based on assumed field development plans for each case and a forward oil price in the region of $105 per barrel. The EMV10 of the Delta targets alone is $1,866 million, of which $744 million is accounted for by the Delta Maastrichtian prospect, and $776 million by the Delta Palaeocene prospect. The leads in the Gamma and Alpha structures give rise to a further EMV10 of $288 million.

The risked EMV10 of Tower's interest in the Delta structure, of $1,866 million, corresponds to roughly 80p per share, with the value of the resources attributable to Tower in the event of an oil discovery being a multiple of that.

We hope that the first exploration well will spud by the middle of 2013, and will test all five zones of interest in the Delta Structure, including two prospects and three leads targeting a best estimate resource potential of 9.3 billion barrels of recoverable oil in the oil case, or 34 TCF of gas.

Arcadia Namibia Expro, the operator and 85% interest holder, has notified the Company that it is now at an advanced stage of discussions with its preferred farm-in partner. The timetable for completing the farm-out process and finalising a firm agreement is still uncertain but, as I write this, your Board are comfortable with the progress being made.

Uganda

As we explained in our last half-year report, the additional 2D seismic survey interpretation combined with the aero-gravity gradiometry survey and the geochemical survey allowed us to update our basin model for the EA5 license and led us to choose the location for our third and final commitment well, Mvule-1.

The well was spudded on February 12 2012, after the end of the 2011 financial year, near the town of Obongi and proved 576 metres of exploration section before TD in crystalline basement at 589 metres on February 21 2012. Only trace hydrocarbons were encountered and the well was subsequently declared dry, plugged and abandoned.

The well was drilled within a tight schedule dictated by the constraints of rig availability and the impending end of the third license period on March 26 2012. The overall operation, including mobilization of the K900 rig, drilling and de-mobilization, was completed smoothly and efficiently despite some initial delay due to unconsolidated shallow ground. In general, contractor performance and cooperation was commendable.

The geological column included a thick sequence of hard lacustrine clays overlying a basal section with at least 25m of good quality clean fluvial sands. The section clearly confirmed the anticipated seal and reservoir potential of the geological model, based on which the well location had been chosen. We therefore believe that the lack of hydrocarbon charge must be ascribed to insufficient northward lateral seal or to deficient migration. These two conditions had previously been identified as the greatest risks in calculating the chance of success.

Mvule-1 was the third well of the exploration programme and was guided by information gained from the previous two wells in addition to the subsequent surveys and analysis. The failure of this well coupled with the apparent accuracy of our final geological model made us reluctant to propose a further exploration phase. We are currently completing the restoration of the site, and we are also taking steps to reduce our overheads in Uganda to a minimum level, since we do not know how long it will be before the Government will be ready to issue further licenses. However, we believe that we have now built a good geological understanding of the area, and earned goodwill and trust in the region, which we hope we will be able to put to good use in the future.

I would like to take this opportunity to thank publicly our loyal staff in Uganda, and the Government and West Nile communities who have supported us unstintingly, for whom the outcome on the EA5 license has been even more disappointing than for us.

Western Sahara

In 2008 Tower acquired Comet Petroleum, which held 50% interests in two blocks (Guelta and Bojador) in the Saharawi Arab Democratic Republic ("SADR"), the other 50% interest being held by Wessex Exploration PLC ("Wessex"). Guelta is a large 15,760 square km offshore block, and Bojador is an even larger 44,298 square km onshore block. The SADR is the democratically elected government of the territory known as Western Sahara, which lies to the South of Morocco and is recognized by the United Nations as a non-self-governing territory. As we have pointed out before, the sovereignty of the territory remains in dispute, and until this is resolved there is little that can be done to advance exploration of these blocks. In the meantime the cost of retaining them is also minimal, and if the sovereignty of the territory is resolved favourably in due course, then these will be attractive and prospective blocks.

In October 2011, Tower and Wessex signed an Assurance Agreement for a further production-sharing contract covering the Imlili block, which is a 16,965 square km offshore block lying directly between the Guelta offshore block and the Bojador onshore block. As with the Guelta and Bojador blocks, the Imlili block will be operated by Wessex. As we commented at the time, the award of the block gives Tower and Wessex joint control over a swathe of prospective acreage more than 500 kilometres long in a dip direction, extending from the outcrop in the east to the deep water in the west. The Imlili Block was poorly explored more than five decades ago but is known to be underlain by a stratigraphic section of Mesozoic and Tertiary clastic deltaic facies rocks in excess of 4,000m thick. A small salt basin also underlies the block. A few exploratory wells drilled in the block and surrounds in the early sixties had oil shows in good quality sandstones, and the geologic data available suggests the presence of all of the ingredients necessary for a working petroleum system.

Financial developments

The Group’s loss for the year ended 31 December 2011 was $30,621,855, an increase of $29,310,402 over the loss of $1,311,453 incurred in 2010, mainly comprising the $29,044,871 in capitalized exploration costs and goodwill in Uganda that we have written off in view of the Mvule-1 result. Capital expenditure on exploration studies, drilling operations, license management costs and license fees amounted to $7,974,397 in 2011, almost entirely in Uganda, since our costs in Namibia are presently fully carried by the operator Arcadia. Cash balances at 31 December 2011 amounted to $2,176,937.

After the end of the 2011 financial year we established an £8 million standby equity distribution agreement (“SEDA”) and a $3.125 million loan agreement with YA Global Master SPV Ltd (“Yorkville”), which allowed us to take advantage of rig availability and to get the Mvule-1 well underway without having to raise equity funds immediately. Some shareholders may remember that, in our last interim report, we had announced our intention to issue only the smallest amount of equity possible consistent with our working capital requirements, and this was why we had restricted our placing to $4 million at 2.5 pence per share in October 2011 rather than issuing considerably more shares at lower prices. As a result we were instead able to issue some shares under the SEDA at 3.8 pence per share and more via a private placing at 3 pence per share in February 2012, together raising £6 million. This in turn allowed us to repay the $3.125 million loan to Yorkville, complete Mvule-1, and leave a comfortable balance of cash while issuing substantially fewer shares than would have been necessary had the Company raised all of the funds in 2011.

Another important aspect of the February 2012 placing was that the shares were placed entirely with institutions, and in particular we are pleased to welcome Henderson Global Investors to the shareholder register. Tower has a substantial and loyal group of private shareholders and I hope that we will reward their patience with superb returns over the years ahead. But we would also like to increase the number of institutions invested in Tower, because they can provide the depth of capital required for value-creating strategic transactions.

In March 2012 we also entered a £20 million equity finance facility (“EFF”) with Darwin Strategic Limited (“Darwin”). This facility works in a similar way to the Yorkville SEDA, but has more capacity. Our aim is not to use either facility to raise money for strategic transactions: we would generally prefer to place shares directly with institutions, who we would usually expect to hold them rather than reselling them. But the facilities provide useful flexibility and a backstop for funding.

Board and Management Changes

In November 2011, Peter Kingston informed the Board that he would like to step down as Chairman, but he agreed to stay on as Chief Executive to see the Mvule-1 well to its conclusion, and he resigned this position on March 6, 2012. During the previous five years Peter had established the Company as a credible onshore operator in Uganda, overseeing seismic, geochemical and aero-gravity surveys and the drilling of three wells, usually under time constraints and always within tight budgets. At the same time, he established high standards of corporate social responsibility of which we are all proud. But, as Peter himself remarked, with operations in Uganda due to move into a different phase whatever the outcome of Mvule-1, it was perhaps a good time for a change.

Since I took over as Chairman, one of my top priorities has been the recruitment of a new CEO, and we have been undertaking a wide-ranging search for the right person. This is not an appointment we wish to rush, and we are fortunate to have a capable board of experienced directors who are closely engaged with the Company and have been happy to step in alongside me in managing the business from day to day in the meantime, and also developing our forward strategy.

Another priority has been the appointment of a Senior Independent Director, and we are delighted to welcome Philip Swatman to the Board. Philip will chair the Audit Committee and sit on the Remuneration Committee, and we look forward to the substantial contribution I am sure he will bring. At the same time Mark Savage, one of the Company's founding directors, is also stepping down due to other personal commitments, but we hope he will remain a positively engaged shareholder for a long time to come. Our intention is to appoint a further independent director in due course.

Future strategy

Our aim as a company has always been to identify high-impact exploration opportunities and secure them for our shareholders before their value is fully realized in the wider market. This will not change. Our focus to date has been in sub-Saharan Africa, and while we would not rule out other areas if a superb opportunity warrants, we believe that there are still good opportunities in Africa, and in particular in Namibia and East Africa where we already have considerable familiarity.

We are also fortunate to have an interest in three very attractive blocks in Namibia as our starting point, as the 2011 CPR forcefully demonstrates. But we do not intend merely to sit on this interest and see what it holds, or what happens in Western Sahara; neither will we do deals for the sake of it. We intend to look for more opportunities as attractive as the interests we already hold, and which we are confident we can finance in a value-accretive manner.

The last few months have seen renewed interest in Namibia, with major companies entering the region and Chariot about to embark on a significant well. While Chariot's result will not necessarily affect the chance of success of our well, a positive result would of course be encouraging.

Finally, the Board and I would like to thank all of our shareholders for their support, especially during a difficult 2011, and we hope that 2012 and 2013 will more than make up for this.

Jeremy Asher

Chairman

Consolidated Statement of Comprehensive Income for the year end 31 December 2011

	Notes	Year ended 31 December 2011 $	Year ended 31 December 2010 $
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross Profit		-	-
Administrative expenses before charge for share-based payments and impairment		(1,450,570)	(1,171,593)
Share-based payments		(179,276)	(180,921)
Impairment of exploration and evaluation assets		(25,055,120)	-
Impairment of goodwill		(3,989,751)	-
Total administrative expenses		(30,674,717)	(1,352,514)
Gross operating loss		(30,674,717)	(1,352,514)
Finance income		52,862	41,061
Loss before taxation		(30,621,855)	(1,311,453)
Taxation		-	-
Loss for the period		(30,621,855)	(1,311,453)
Other comprehensive income		-	-
Total comprehensive income		(30,621,855)	(1,311,453)
Attributable to:			
Equity holders of the Company		(30,621,855)	(1,311,453)
Loss per share (cents)			
Basic	3	(2.78) c	(0.13)c
Diluted	3	(2.78) c	(0.13)c

The above results relate entirely to continuing operations.

Consolidated Statement of Changes in Equity for the year end 31 December 2011

	Share Capital	Share Premium	Share-based Payments Reserve	Retained Losses	Total Equity
	$	$	$	$	$
Year ended 31 December 2010					
Balance at 1 January 2010	1,858,511	29,029,560	1,192,880	(4,724,827)	27,356,124
Share issues less costs	38,900	1,017,660	-	-	1,056,560
Total comprehensive income for the year	-	-	180,921	(1,311,453)	(1,130,532)
Balance at 31 December 2010	1,897,411	30,047,220	1,373,801	(6,036,280)	27,282,152
Year ended 31 December 2011					
Balance at 1 January 2011	1,897,411	30,047,220	1,373,801	(6,036,280)	27,282,152
Share issues less costs	312,893	10,243,129	-	-	10,556,022
Total comprehensive income for the year	-	-	179,276	(30,621,855)	(30,442,579)
Balance at 31 December 2011	2,210,304	40,290,349	1,553,077	(36,658,135)	7,395,595

Consolidated Statement of Financial Position as at 31 December 2011

	Notes	31 December 2011	31 December 2010
		$	$
ASSETS			
Non-Current Assets			
Plant and equipment		149,124	170,677
Goodwill	4	4,033,541	8,023,292
Intangible exploration and evaluation assets	4	1,050,307	18,131,030
		5,232,972	26,324,999
Current Assets			
Trade and other receivables		1,044,668	274,947
Cash and cash equivalents		2,176,937	1,213,428
		3,221,605	1,488,375
Total Assets		8,454,577	27,813,374
LIABILITIES			
Current Liabilities			
Trade and other payables		(1,058,982)	(531,222)
Total Liabilities		(1,058,982)	(531,222)
Net Assets		7,395,595	27,282,152
EQUITY			
Capital and Reserves			
Called up share capital		2,210,304	1,897,411
Share premium account		40,290,349	30,047,220
Share-based payments reserve		1,553,077	1,373,801
Retained losses		(36,658,135)	(6,036,280)
Shareholders' equity		7,395,595	27,282,152

Consolidated Statement of Cash Flows for the year end 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
	$	$
Cash flow from operating activities		
Operating loss for the year	(30,674,717)	(1,352,514)
Adjustments for items not requiring an outlay of funds:		
Depreciation of plant and equipment	42,268	38,535
Share-based payments charge	179,276	180,921
Impairment of exploration and evaluation assets	25,055,120	-
Impairment of goodwill	3,989,751	-
Operating loss before changes in working capital	(1,408,302)	(1,133,058)
(Increase)/decrease in receivables and prepayments	(769,721)	748,789
Increase / (decrease) in trade and other payables	527,760	(47,414)
Cash used in operations	(1,650,263)	(431,683)
Interest received	52,862	41,061
Net cash used in operating activities	(1,597,401)	(390,622)
Investing activities		
Funds used in exploration and evaluation (net of farm-in receivables)	(7,974,397)	(7,966,961)
Payments to purchase plant and equipment	(20,715)	(67,023))
Net cash used in investing activities	(7,995,112)	(8,033,984)
Financing activities		
Proceeds from issue of ordinary share capital	11,082,596	1,095,000
Share issue costs	(526,574)	(38,440)
Net cash from financing activities	11,556,022	1,056,560
Increase/(decrease) in cash and cash equivalents	963,509	(7,368,046)
Cash and cash equivalents at beginning of period	1,213,428	8,581,474
Cash and cash equivalents at end of period	2,176,937	1,213,428

1. Basis of preparation

Tower Resources plc is quoted on AIM, a market of the London Stock Exchange, and it is incorporated in England.

The group's consolidated financial statements for the year ended 31 December 2011, from which this financial information has been extracted, and for the comparative year ended 31 December 2010 are prepared on a going concern basis and in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS"), including IFRS 6 'Exploration for and Evaluation of Mineral Resources', and in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The unaudited financial information contained in this report does not constitute the Company's statutory accounts for the year ended 31 December 2011. Statutory accounts will be delivered to the Registrar of Companies following the Company's annual general meeting, sent to shareholders and will be available on Tower Resources' website at www.towerresources.com.uk. The auditors have agreed to the issue of these results and expect to issue an unqualified audit report on the 2011 accounts following formal completion of the audit.

The comparative figures for the year ended 31 December 2010 are not the statutory financial statements for that year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) included a reference to going concern to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 of the Companies Act 2006.

The accounting policies applied are consistent with those adopted and disclosed in the Group's annual financial statements for the year ended 31 December 2010.

2. Going concern

The operations of the Group are currently being financed from funds which the Company has raised from private and public placings of its shares. The Group has not yet earned revenue as it is still in the exploration phase of its business. The Group is reliant on the continuing support from its existing and future shareholders. The Company has modest commitments remaining in Uganda, is fully carried by the operator Arcadia in Namibia, and has very modest on-going obligations in the SADR. The Company has a substantial balance of cash and has over £27 million available to it under its Equity Financing facility and its Standby Equity Distribution Agreement.

The Board believes that the Group will have sufficient cash and other resources available to it to enable it to continue its operations, including the pursuit of any future exploration opportunities that may be identified, and to continue to meet, as and when they fall due, its liabilities for at least the next twelve months from the date of approval of these financial statements. The financial statements have, therefore, been prepared on the going concern basis.

3. Loss per share

	Year ended 31 December 2011	Year ended 31 December 2010
	$	$
Loss for the year	(30,621,855)	(1,311,453)
Weighted average number of shares in issue	1,102,053,167	1,011,609,331
Basic loss per share	(2.78c)	(0.13c)
Diluted loss per share	(2.78c)	(0.13c)

The diluted loss per share is the same as the basic loss per share because the conversion of share options and share warrants decreases the basic loss per share, and is thus anti-dilutive.

4. Intangible assets

	Exploration and evaluation assets	*Goodwill*	*Total*
	$	*$*	*$*
Cost			
1 January 2011	18,131,030	8,023,292	26,154,322
Additions	7,974,397	-	7,974,397
At 31 December 2011	26,105,427	8,023,292	34,128,719
Amortisation and impairment			
1 January 2011	-	-	-
Amortisation for the year	-	-	-
Provision for impairment	(25,055,120)	(3,989,751)	(29,044,871)
At 31 December 2011	(25,055,120)	(3,989,751)	(29,044,871)
Net book value			
At 31 December 2011	1,050,307	4,033,541	5,083,848
At 31 December 2010	18,131,030	8,023,292	26,154,322

Goodwill arose on the acquisition of the Company's subsidiary undertakings in prior years. The goodwill has been impaired by $3,989,751 which represents the allocation of the goodwill to the Neptune Petroleum (Uganda) Limited, as explained below. The remaining balance mainly consists of the goodwill in respect of Neptune Petroleum (Namibia) Limited.

The aggregate capitalised Exploration and Evaluation ("E&E") assets at 31 December 2011 in respect of the Group's Ugandan licence was $25,055,120 (including a provision of $441,560 for estimated decommissioning costs). Drilling of the third and final well under the terms of that licence commenced in March 2012 but failed to locate any oil reservoir and was plugged and abandoned. In view of the drilling results and the expiry date of the licence, a full impairment review was undertaken by the Directors in accordance with IFRS 6 and a decision made that the likelihood of recovery of the capitalised expenditure was such that full provision for impairment should be made in the Statement of Comprehensive Income for the year ended 31 December 2011 for the total costs at that date.

The remaining amount of capitalised E&E expenditure shown as an intangible asset at 31 December 2011 was $1,050,307 of which $870,193 related to the Group's Namibian licence and $180,114 related to the Group's SADR licence. These amounts have not been impaired because commercial reserves have not yet been established or the determination process has not been completed. The Directors have assessed the value of those intangible assets, and in their opinion, based on a review of the expiry dates of licenses and the likelihood of their renewal, available funds and the intention to continue exploration and evaluation, no impairment is necessary.

5. Subsequent events

On 6 January 2012 the Company entered into an £8 million Standby Equity Distribution Agreement ("SEDA") and a $3.125 million SEDA-backed Loan Agreement with YA Global Master SPV Ltd., an investment fund managed by Yorkville Advisors LLC. The Loan can be increased in tranches of $1 million up to a maximum of $6.125 million if required, whilst the SEDA will be available to finance repayments of the Loan. Taken together these arrangements will help to part-fund the costs of drilling the third and final commitment well, Mvule-1, on the EA5 licence area in Uganda and also provide flexibility over future funding requirements.

On 9 February 2012 the Company (i) raised £600,000 (approximately $945,000) by the issue to YA Global Master SPV Ltd of 15,789,472 ordinary shares pursuant to the above-mentioned SEDA at a price of 3.8p per share; and (ii) raised £5.41 million (approximately $8.5 million) before costs through a placing of 180,333,334 new ordinary shares of 0.1p each at 3p per share, of which approximately £5 million was contributed by new institutional investors and the balance by the Directors. Part of the proceeds of the placing were used to repay the $3.125 million loan from YA Global Master SPV Ltd.

On 22 February 2012, the Company's operations on the Mvule-1 exploration well in Uganda Licence EA5 were completed. The well reached its total depth at 590 metres – basement was penetrated at 576 metres. No significant hydrocarbon shows were encountered over the zone of interest and electric wireline logging and fluid sampling confirmed that the well was water bearing. The well was plugged and abandoned. Mvule-1 was the final well commitment on EA5 and the final Exploration period ended on 26 March 2012.

On 6 March 2012, Peter Kingston, who has already resigned as Chairman of the Company in November 2011, resigned his position as CEO and Director of the Company.

On 26 April 2012, the Company completed the appointment of Mr Philip Swatman as Senior Independent Director of the Company.

On 23 March 2012 the Company entered into a £20 million equity finance facility ("EFF") with Darwin Strategic Limited ("Darwin").

6. Report and Accounts

The full Report and Accounts will be posted to shareholders shortly and a copy will also be available on the Company's website at www.towerresources.co.uk.