

Tower Resources plc

Namibia Cost Dispute Resolved

19 December 2014

Tower Resources plc (the "Company" or "Tower" (TRP.L, TRP LN)), the AIM-listed Africa-focused oil and gas exploration company, is pleased to announce that it has reached agreement with the Operator, Repsol Exploration (Namibia) (Pty) Limited ("Repsol"), relating to the disputed costs associated with the drilling of the Welwitschia prospect, offshore Namibia.

As announced on 3rd September 2014, the Operator's estimate of well and other related costs for the drilling of the Welwitschia prospect, which had been completed on 15th June 2014, had increased to US\$33.0 million net to Tower. At that date, Tower's subsidiary, Neptune Petroleum (Namibia) Limited ("Neptune"), had settled US\$25.3 million of these costs.

Following amicable discussions with the Operator, agreement has been reached settling Neptune's share of costs at US\$28.3 million. Consequently, a final cash payment of US\$3.0 million is being made by Neptune in full and final settlement of all costs associated with the well and the Licence exploration period which ended on 22nd August 2014. This represents a net reduction of US\$4.7 million against the previous estimate.

A firm budget has been agreed for the next exploration period which extends to 22nd August 2015. This work programme is designed to obtain a fuller understanding of the results of the well and of its implications for the remaining prospectivity of the Licence, especially the large untested deeper targets, including the Albian carbonates, now there is a well-tie to the existing 3D seismic.

Following the final US\$3.0 million payment, Tower's cash position will be approximately US\$7.5 million. The Company is adequately funded for its remaining commitments with respect to the drilling of the Badada-1 well, onshore Block-2B, Kenya, which is expected to spud by early January 2015 and for which further cash costs of US\$1.9 million are budgeted.

Graeme Thomson, CEO, commented: "We are pleased to have resolved these matters and now to be working to improve our understanding of the untested prospectivity in our Namibia Licence. We can now focus on our exciting and potentially play-opening well onshore Kenya and continue developing our African portfolio"

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