Tower Resources plc

Operational Update and Interim Results to 30 June 2015

30 September 2015

Tower Resources plc (the "Company" or "Tower" (TRP.L, TRP LN)), the AIM-listed Africa-focussed oil and gas exploration company, announces an Operational Update and its Interim Results for the six months ended 30 June 2015.

HIGHLIGHTS

- Signing in September 2015 of the Thali Block PSC, located in the prolific proven producing Niger delta, offshore Cameroon; Tower is now reviewing existing discoveries (7 million bbls) and upside, as well as planning for H1 2016 3D seismic;
- Institutional placing in July 2015 raising approximately £5.2 million (US$8.0 million), after expenses, at a price of 0.19 pence per share: Key support from M&G Investments who now hold an 18% interest in the enlarged share capital and directors, consultants and employees who now hold a 15%+ interest;
- Completion of the Company's Initial Period commitments in Blocks 40 and 41 of the frontier Zambezi basin, Zambia, with encouraging results;
- Application for new licences covering PEL0010 and other areas submitted to the Namibian Ministry of Mines and Energy following PEL0010 relinquishment notice being submitted by the Operator, Repsol;
- Drilling of the unsuccessful Badada-1 exploration well in the Block-2B, Anza Basin, onshore Kenya. Premier Oil plc (55%) and Tower (15%) have given notice to withdraw from the licence;
- Cost reductions including closure of regional East Africa office in Uganda and relocation of Tower's corporate office; and
- Appointment to the Board of highly experienced technical experts, Phil Frank as Independent Non-Executive Director and Nigel Quinton as Exploration Director.

Graeme Thomson, CEO, commented "Our September entry into the Cameroon shallow waters marks a shift in our risk profile from frontier towards proven producing basins and introduces an asset with existing discoveries and significant upside to the Tower portfolio. In Namibia, we have a number of applications in process as we seek to build our acreage position in what remains a hugely underexplored but highly prospective area. Our early stage field work in Zambia has been encouraging, and we have now received approvals in South Africa to move into the next licence stage on Algoa-Gamtoos. These positive developments have been made possible largely through the support of existing and major new institutional shareholders and the unstinting efforts of the directors, employees and consultants, for which we are grateful.

We have now refocussed our portfolio and resources to areas predominantly on the Atlantic Margin where we are confident we can add value even in this difficult market. Accordingly, we have withdrawn from areas where we feel there is no medium-term likelihood of commercially worthwhile success. Our near-term commitments are low, and yet we have significant working interest holdings which we aim to farm down as appropriate to manage our risk-reward position. Tower intends to take advantage of the current difficulties in the sector to continue to assemble a high quality acreage portfolio in our focus areas."

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JOINT CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

Dear Shareholder,

The year to date has been a very tough one for the exploration and production sector but we have positioned ourselves favourably with a growing focus on proven and prospective basins and increasingly as an early-stage Operator.

Our September entry into the Cameroon shallow waters marks a shift in our risk profile from frontier towards proven producing basins and introduces an asset with existing discoveries of some seven million barrels to the Tower portfolio. In Namibia, we have a number of applications in process as we seek to build our acreage position in what remains a hugely underexplored but highly prospective area. Our early stage fieldwork in Zambia has been encouraging, and we have now received approvals in South Africa to move into the next licence stage on Algoa-Gamtoos. These positive developments have been made possible largely through the support of existing and major new institutional shareholders and the unstinting efforts of the directors, employees and consultants for which we are grateful.

We have now refocused our portfolio and resources to areas, predominantly on the Atlantic Margin, where we are confident we can add value even in this difficult market. Accordingly, we have withdrawn from areas where we feel there is no medium-term likelihood of commercially worthwhile success. Our near-term commitments are low, and yet we have significant working interest holdings which we aim to farm down in due course as appropriate to manage our risk-reward position.

Our July 2015 placing to raise c$8.0 million net was over-subscribed with a mixture of existing and new major institutional shareholders, including M&G Investments with an 18% interest in the current issued share capital and Standard Life with a 5% interest. We are grateful for their support. Like all companies in the sector, our share price has been hit hard by external factors, not least the sharp drop in oil prices, which have fallen by about two-thirds in the last year. However, our directors, employees and consultants showed their belief in the Company, subscribing $1.4 million of the Placing funds.

With the increase in technical and operational capability required for Tower's portfolio, we have been seeking to add a broader range of technical voices to the Boardroom. Accordingly, we are delighted to welcome Dr Phil Frank as Independent Non-Executive Technical Director and Nigel Quinton, formerly Head of Exploration, as Executive Exploration Director. Phil and Nigel each have over 30 years' extensive technical experience and expertise and will contribute greatly to the Company's development.

We believe Tower is well positioned, we are comfortable with our current funding position, and we are optimistic about the future.

Jeremy Asher
Chairman

Graeme Thomson
Chief Executive Officer

OPERATIONAL UPDATE

JULY 2015 PLACING

On 14 July 2015, the Company announced a placing and subscription to institutional and other investors of 2,904,989,747 new ordinary shares in the capital of the Company at a price of 0.19 pence per share to raise net proceeds of approximately £5.2 million (US$8.0 million). Of note, M&G Investments invested £2.3 million ($3.6 million) in the Placing and currently holds an 18% interest in the enlarged share capital of the Company. M&G's investment in Tower was made in conjunction with the Company's broader strategy in Namibia.

CAMEROON

Negotiations for a 100% interest in the shallow water Thali Block PSC (the "Thali PSC" or the "PSC", previously referred to as "Dissoni") continued through 2015 and the PSC was signed with the Government of Cameroon on 15 September 2015. Thali is located in the Rio del Rey Basin, a proven producing sub-basin of the petroliferous Niger Delta, offshore Cameroon.

The PSC covers an area of 119.2 km^2, with water depths ranging from 8 to 48 metres. The Rio del Rey basin has, to date, produced over one billion barrels of oil and has estimated remaining recoverable reserves of 1.2 billion boe, primarily within depths of less than 2,000 metres.

The Thali Block includes existing oil and gas discoveries totalling 7 million barrels and contains a number of already identified exploration opportunities across four distinct play systems. We believe that the application of high quality modern seismic technology has the potential to add further incremental reserves to existing discoveries to achieve commerciality and also de-risk the significant potential of the additional plays.

On signing the Thali PSC, a three-year Initial Exploration Period commenced with a work programme designed to unlock both appraisal and exploration potential. Tower's initial priority is the acquisition of 3D seismic in the first half of 2016. The seismic will be used to update the existing 24-year-old data set to allow better resolution of shallow plays as well as imaging of deeper sections. Tower expects to be drilling in 2017/18. The market downturn in the services sector presents the opportunity for the Company to leverage lower seismic and drilling costs and a partner will be sought to share Tower's financial commitment and provide additional technical input.

Entry into Cameroon marks a strategic shift in our risk management philosophy, introducing an asset within a proven producing basin to Tower's portfolio of high exploration upside opportunities.

NAMIBIA

Tower, through its wholly-owned subsidiary, Neptune Petroleum (Namibia) Limited ("Neptune"), received formal notification from Repsol Exploration (Namibia) (Pty) Limited ("Repsol"), the Operator of Namibia PEL0010 (Neptune 30% working interest), of their decision not to proceed into the second year of the third and final renewal period on PEL0010, which would have required a commitment to drill a well. The first year of the third renewal period expired on 23 August 2015 and therefore the joint venture's interest in PEL0010 has been relinquished with all current licence obligations being met. As part of a wider strategy for Namibia, Tower has itself submitted a proposal to the Namibian Ministry of Mines and Energy for a new licence covering the former PEL0010 acreage. As previously announced, the Company is also negotiating other new operated acreage positions offshore Namibia and these will be announced once they have been formally awarded.

ZAMBIA

Tower is the Operator and Licence holder of Blocks 40 and 41 within the frontier Zambesi basin, onshore Zambia, and during August 2014 completed a comprehensive programme of geological fieldwork as part of the initial work period. Analysis of the samples taken from the fieldwork programme continued throughout H1 2015. Results are encouraging and indicate that elements for a working petroleum system are present with the potential for both oil and gas generation. No modern seismic or drill data exists in this basin.

In August 2015, Tower completed its second programme of fieldwork and obtained more encouragement that the area has significant exploration potential. The presence of potential source rock, reservoir and seal is now proven.

Given the existing surrounding infrastructure and constrained domestic energy market, Tower believes that there is a significant gas to power opportunity in the area, with its Blocks well positioned relative to markets and distribution infrastructure.

The three-year secondary period has been split into three one year periods with respective commitments to further field work, airborne gravity and magnetic data acquisition and interpretation, and a 2D seismic programme. The acreage can be relinquished at the end of each annual decision point if results are discouraging, so commitments are light and proportionate to prospectivity. Tower is actively looking for a partner to accelerate the programme so that prospects could be drilled as early as 2017.

SOUTH AFRICA

In September 2015, approval was received to enter into the two-year First Renewal Period on the offshore Algoa-Gamtoos licence (Tower 50%). Evaluation continues by the Operator, New Age (50%), of the previously acquired 3D and 2D seismic: several prospective plays are being worked up. Whilst commitments are limited to additional geophysical work, further seismic acquisition is planned, although this will not be possible before 2017 due to environmental restrictions. It is anticipated that drilling in 2016/17 by the "majors" offshore South Africa will materially help to prove the potential of these various plays. A funding partner will be sought in due course.

Approval to convert the Orange Basin TCP (Tower 50%) into an Exploration Right is awaited.

KENYA

In February 2015, Tower announced that the Block 2B Badada-1 well (Tower 15%) had been drilled to a total depth of 3,500 metres MDBRT and following completion of logging operations would be plugged and abandoned as a dry hole.

In May 2015 the Kenyan Ministry of Energy granted an extension of six months to the First Additional Exploration Period to 30 November 2015 to enable the joint-venture partners to assess the results of the well and its implication for any remaining prospectivity on the block.

Following Tower's detailed assessment a decision has nevertheless been made to exit the licence effective 31 August 2015, partly in order to prioritise its more prospective licences. Premier Oil plc (55%) has also given notice to withdraw, and so the operator, Taipan, will have a 100% interest. All licence commitments of the First Additional Exploration Period have been met.

NEW VENTURES

As a result of renewed political uncertainty in Madagascar and a lack of progress with negotiations for Block 2102, the Company has withdrawn its interest for the time being.

Tower will continue to be highly selective in pursuing new ventures within its stated strategy and areas of focus, but believes there will be outstanding opportunities as a result of the current difficult market conditions.

OFFICES

With the Group's focus now being on the western parts of Africa, the East African Regional office in Kampala, Uganda, has been closed.

Following the completion of a review into head office requirements and expenditures, the Company has now moved to more suitable and cost effective premises at:

Tower Resources plc,
2nd Floor,
127 Cheapside
London EC2V 6BT.

APPOINTMENT OF NEW DIRECTORS

With the increase in Technical and Operational capability required for Tower's portfolio, it has appointed Dr Phil Frank as Independent Non-Executive Director and Nigel Quinton, formerly Head of Exploration, as Exploration Director. They both have many decades of experience in the international exploration and production arenas, including extensive experience in Africa. In the context of Tower's growing portfolio, including the recent signing of the Thali PSC, the Company will be enhanced by having their additional technical expertise on the Board.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

During the six months to 30 June 2015, the Group capitalised exploration and evaluation costs totalling $3.7 million. Included within this figure were expenditures subsequently impaired totalling $2.8 million, being approximately $2.2 million in Kenya and $0.6 million in Namibia. Impairments in the first half of 2014 were $45.5 million. Subject to the resale of unused inventory items in Kenya, it is not expected that there will be any further material impairments for the year relating to Block 2B.

In addition to advancing the exploration programmes on existing licences, the Group continues to actively seek out new venture opportunities and spent a total of $1.5 million to 30 June 2015 (H1 2014: $1.3 million). On 16 September 2015, the Group announced the award of the Thali licence, of which $0.8 million was included within these pre-licence expenditures.

The loss for the period was $5.4 million (H1 2014: loss $49.1 million) as detailed in the Interim Consolidated Statement of Comprehensive Income.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months ended 30 June 2015 (unaudited) $**	Six months ended 30 June 2014 (unaudited) $
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Other administrative expenses		**(1,047,275)**	(2,290,861)
Pre-licence expenditures		**(1,511,445)**	(1,315,770)
Impairments	4	**(2,841,308)**	(45,476,399)
Total administrative expenses		**(5,400,028)**	(49,083,030)
Group operating loss		**(5,400,028)**	(49,083,030)
Finance income		**1,436**	5,512
Finance expense		**(5,781)**	-
Loss for the period before taxation		**(5,404,373)**	(49,077,518)
Taxation		**-**	-
Loss for the period after taxation		**(5,404,373)**	(49,077,518)
Other comprehensive income		**-**	-
Total comprehensive expense for the period		**(5,404,373)**	(49,077,518)

Basic loss per share (USc)	3	**(0.14c)**	(1.51c)
Diluted loss per share (USc)	3	**(0.14c)**	(1.51c)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2015 (unaudited)** $	31 December 2014 (audited) $
Non-current assets			
Property, plant and equipment		**6,026**	2,611
Exploration and evaluation assets	4	**34,834,483**	34,004,145
		34,840,509	34,006,756
Current assets			
Trade and other receivables	5	**2,623,066**	2,313,714
Cash and cash equivalents [1]		**1,227,810**	7,941,833
		3,850,876	10,255,547
Total assets		**38,691,385**	44,262,303
Current liabilities			
Trade and other payables	6	**2,691,425**	4,058,445
Total liabilities		**2,691,425**	4,058,445
Net assets		**35,999,960**	40,203,858
Equity			
Share capital	7	**6,384,551**	6,346,538
Share premium		**137,703,078**	137,554,592
Retained losses		**(108,087,669)**	(103,697,272)
Total shareholders' equity		**35,999,960**	40,203,858

[1] Includes restricted cash of $nil (2014: $693k).

Signed on behalf of the Board of Directors

Graeme Thomson

Chief Executive Officer
29 September 2015

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share-based payments reserve [1]	Retained losses	Total
	$	$	$	$	$
At 1 January 2014	**4,398,933**	**73,954,330**	**2,368,079**	**(51,126,593)**	**29,594,749**
Shares issued for cash net of costs	966,729	31,462,438	-	-	**32,429,167**
Shares issued on acquisition of subsidiary	920,700	31,295,880	-	-	**32,216,580**
Shares issued on settlement of third party fees	12,511	466,482	-	-	**478,993**
Share-based payment charges	-	-	544,006	-	**544,006**
Total comprehensive income for the period	-	-	-	(49,077,518)	**(49,077,518)**
Transfers between reserves	-	-	(817,119)	817,119	**-**
At 30 June 2014	**6,298,873**	**137,179,130**	**2,094,966**	**(99,386,992)**	**46,185,977**
Shares issued on settlement of third party fees	47,665	375,462	-	-	**423,127**
Share-based payment charges	-	-	1,120,725	-	**1,120,725**
Total comprehensive income for the period	-	-	-	(7,525,971)	**(7,525,971)**
Transfers between reserves	-	-	360,991	(360,991)	**-**
At 31 December 2014	**6,346,538**	**137,554,592**	**3,576,682**	**(107,273,954)**	**40,203,858**
Shares issued for cash net of costs	5,516	15,500	-	-	21,016
Shares issued on settlement of third party fees	32,497	132,986	-	-	165,483
Share-based payment charges	-	-	1,013,976	-	1,013,976
Total comprehensive income for the period	-	-	-	(5,404,373)	(5,404,373)
At 30 June 2015	**6,384,551**	**137,703,078**	**4,590,658**	**(112,678,327)**	**35,999,960**

[1] The share-based payment reserve has been included within the retained loss reserve and is a non-distributable reserve.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**Six months ended 30 June 2015 (unaudited)** $	Six months ended 30 June 2014 (unaudited) $
Cash outflow from operating activities			
Group operating loss for the period		**(5,400,028)**	(49,083,030)
Depreciation of property, plant and equipment		**826**	135
Share-based payments	8	**1,013,976**	544,006
Impairment of intangible exploration and evaluation assets	4	**2,841,308**	45,476,399
Operating cash flow before changes in working capital		**(1,543,918)**	(3,062,490)
(Increase)/decrease in receivables and prepayments		**(309,352)**	1,915,116
Decrease in trade and other payables		**(1,201,537)**	(152,548)
Cash used in operations		**(3,054,807)**	(1,299,922)
Interest received		**1,436**	5,512
Cash used in operating activities		**(3,053,371)**	(1,294,410)
Investing activities			
Exploration and evaluation costs	4	**(3,671,646)**	(11,720,040)
Purchase of property, plant and equipment		**(4,241)**	-
Cash element of licence farm-in		**-**	(4,025,474)
Cash acquired on acquisition of subsidiary		**-**	89,749
Net cash used in investing activities		**(3,675,887)**	(15,655,765)
Financing activities			
Cash proceeds from issue of ordinary share capital net of issue costs	7	**21,016**	32,429,167
Finance costs		**(5,781)**	-
Net cash from financing activities		**15,235**	32,429,167
(Decrease)/increase in cash and cash equivalents		**(6,714,023)**	15,478,992
Cash and cash equivalents at beginning of year		**7,941,833**	17,454,712
Cash and cash equivalents at end of period		**1,227,810**	32,933,704

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Accounting policies

a) Basis of preparation

This interim financial report, which includes a condensed set of financial statements for the Company and its subsidiary undertakings ("the Group"), has been prepared using the historical cost convention and based on International Financial Reporting Standards ("IFRS") including IAS 34 'Interim Financial Reporting' and IFRS 6 'Exploration for and Evaluation of Mineral Reserves', as adopted by the European Union ("EU").

The condensed set of financial statements for the six months ended 30 June 2015 is unaudited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. They have been prepared using accounting bases and policies consistent with those used in the preparation of the audited financial statements of the Company and the Group for the year ended 31 December 2014 and those to be used for the year ending 31 December 2015. The comparative figures for the half year ended 30 June 2014 are unaudited. The comparative figures for the year ended 31 December 2014 are not the Company's full statutory accounts but have been extracted from the financial statements for the year ended 31 December 2014 which have been delivered to the Registrar of Companies and the auditors' report thereon was unqualified and did not contain a statement under sections 498 (2) and 498(3) of the Companies Act 2006.

This half-yearly financial report was approved by the Board of Directors on 29 September 2015.

b) Going concern

The Group's business activities, future development, financial performance and position are discussed in the Operational Update.

At 30 June 2015 the Group had cash balances of $1.2 million and announced the completion of further equity funding totalling c$8.0 million on 15 July 2015. Subsequent to this fundraising, the Directors believe that the Group now has sufficient cash resources to meet its committed capital expenditure programme for at least the next 12 months. As a consequence, the Directors believe that the Group is well placed to manage its business risks and have a reasonable expectation of it continuing in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis of accounting in preparing the interim report and accounts.

2. Operating segments

The Group has two reportable operating segments: Africa and Head Office. Non-current assets and operating liabilities are located in Africa, whilst the majority of current assets are carried at Head Office. The Group has not yet commenced production and therefore has no revenue. Each reportable segment adopts the same accounting policies. In compliance with IAS 34 'Interim Financial Reporting' the following table reconciles the operational loss and the assets and liabilities of each reportable segment with the consolidated figures presented in these Financial Statements, together with comparative figures for the period ended 30 June 2014.

	Africa		Head Office		Total	
	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)	**Six months ended 30 June 2015 (unaudited)**	Six months ended 30 June 2014 (unaudited)	**Six months ended 30 June 2015 (unaudited)**	Six months ended 30 June 2014 (unaudited)
	$	$	**$**	$	**$**	$
Loss by reportable segment	**3,089,774**	45,646,902	**2,314,599**	3,430,616	**5,404,373**	49,077,518
Total assets by reportable segment [1]	**36,870,172**	46,179,123	**1,821,213**	26,480,446	**38,691,385**	72,659,569
Total liabilities by reportable segment [2]	**(2,112,333)**	(24,330,480)	**(579,092)**	(2,143,112)	**(2,691,425)**	(26,473,592)

[1] Carrying amounts of segment assets exclude investments in subsidiaries.

[2] Carrying amounts of segment liabilities exclude intra-group financing.

3. Loss per ordinary share

	Basic & Diluted	
	30 June 2015	30 June 2014
Loss for the year	**$5,404,373**	$49,077,518
Weighted average number of ordinary shares in issue during the year	**3,814,453,006**	3,251,789,451
Dilutive effect of share options outstanding	**-**	-
Fully diluted average number of ordinary shares during the year	**3,814,453,006**	3,251,789,451
Loss per share (USc)	**0.14c**	1.51c

4. Intangible Exploration and Evaluation (E&E) assets

	Exploration and evaluation assets	**Goodwill**	**Total**
	$	**$**	**$**
Cost			
At 1 January 2015	114,180,158	8,023,292	122,203,450
Additions during the period	**3,671,646**	**-**	**3,671,646**
At 30 June 2015	**117,851,804**	**8,023,292**	**125,875,096**
Amortisation and impairment			
At 1 January 2015	(80,219,803)	(7,979,502)	(88,199,305)
Impairment during the period	**(2,841,308)**	**-**	**(2,841,308)**
At 30 June 2015	**(83,062,138)**	**(7,979,502)**	**(91,041,640)**
Net book value			
At 30 June 2015	**34,790,693**	**43,790**	**34,834,483**
At 31 December 2014	33,960,355	43,790	34,004,145

During the period the Company impaired assets totalling $2.8 million in accordance with IAS 36 “Impairment of Assets” following the completion of drilling operations in Kenya (Badada-1 well) in February 2015 and the continuing costs associated with the appraisal of its Namibian licence on which an unsuccessful well was drilled in June 2014 (Welwitschia-1A well). As the interests in these licences were subsequently relinquished the Directors believe it is appropriate to make a full provision against their costs. Carrying values will be reviewed annually.

5. Trade and other receivables

	30 June 2015 (unaudited)	31 December 2014 (audited)
	$	$
Trade and other receivables	**2,623,066**	2,313,714

6. Trade and other payables

	30 June 2015 (unaudited)	31 December 2014 (audited)
	$	$
Trade and other payables	**2,493,720**	3,989,244
Accruals	**197,705**	69,201
	2,691,425	4,058,445

7. Share capital

	30 June 2015 (unaudited)	31 December 2014 (audited)
	$	$
Authorised, called up, allotted and fully paid		
3,830,166,030 (2014: 3,804,900,944) ordinary shares of 0.1p	**6,384,551**	6,346,538

The share capital issues during the period are summarised as follows:

	Number of shares	**Share capital at nominal value**	**Share premium**
		$	$
At 1 January 2015	3,804,900,944	6,346,538	137,554,592
Shares issued for cash	**3,608,924**	**5,516**	**15,500**
Shares issued in lieu of fees payable	**21,656,162**	**32,497**	**132,986**
At 30 June 2015	**3,830,166,030**	**6,384,551**	**137,703,078**

8. Share-based payments

	Six months ended 30 June 2015 (unaudited)	Six months ended 30 June 2014 (unaudited)
	$	$
In the Statement of Comprehensive Income the Group recognised the following charge in respect of its share based payment plan:	**1,013,976**	544,006

Options

Details of share options outstanding at 30 June 2015 are as follows:

	Number in issue
At 1 January 2015 and 30 June 2015	**209,200,000**

Date of grant	**Number in issue**		**Option price (p)**	**Latest exercise date**
19 May 11	1,000,000		5.475	19 May 18
26 Apr 12	1,500,000		2.850	26 Apr 17
01 Jun 12	20,000,000		3.025	01 Jun 17
11 Mar 13	4,000,000	[1]	2.100	11 Mar 18
07 Oct 13	19,000,000	[1]	1.320	07 Oct 18
15 Apr 14	75,000,000	[1]	3.500	15 Apr 19
27 Oct 14	10,000,000	[1]	0.750	27 Oct 19
27 Dec 14	78,700,000	[1]	0.700	27 Dec 19
	209,200,000			

[1] These options vest in the beneficiaries in equal tranches on the first, second and third anniversaries of grant.

Warrants

Details of warrants outstanding at 30 June 2015 are as follows:

	Number in issue
At 1 January 2015	42,091,108
Lapsed during the period	**(5,433,962)**
At 30 June 2015	**36,657,146**

Date of grant	Number in issue	Warrant price (p)	Latest exercise date
14 Oct 10	**712,783**	3.720	14 Oct 15
18 May 11	**1,716,893**	5.475	18 May 16
30 Jul 12	**10,014,581**	3.225	30 Jul 17
26 Jul 13	**24,212,889**	1.225	26 Jul 18
	36,657,146		

These warrants vest in the beneficiaries on the first anniversary of grant.

9. Subsequent events

On 15 July 2015, Tower announced the completion of an equity funding totalling net $8.0 million (£5.2 million), issuing 2,904,989,747 shares at 0.19 pence per share. The cost of issuing these shares was $0.5 million.

On 1 September 2015, Tower announced the issue of 29,285,355 shares at 0.21 pence per share. 3,081,854 shares were issued to certain Directors in lieu of salary and fees foregone in the second quarter of 2015. 26,203,501 ordinary shares have been issued to P.D.F Limited, the Company's Outsourced Exploration Department in part payment for services for the period covering 1 April 2015 to 30 June 2015.

On 16 September 2015, Tower announced the signing of the shallow water Thali (formerly known as "Dissoni") Production Sharing Contract, offshore Cameroon. The terms of the Production Sharing Contract include three exploration phases, including the minimum work commitment of the Initial Exploration Period, outlined below:

- Initial Exploration Period (three years): consisting of geological and geophysical studies, 100km^2 of 3D seismic acquisition and a commitment well with a minimum financial commitment of US$13.0 million.
- First Renewal Period (two years): consisting of one exploration or appraisal well with a minimum financial commitment of US$15.0 million.
- Second Renewal Period (two years): consisting of one exploration or appraisal well with a minimum financial commitment of US$15.0 million.
