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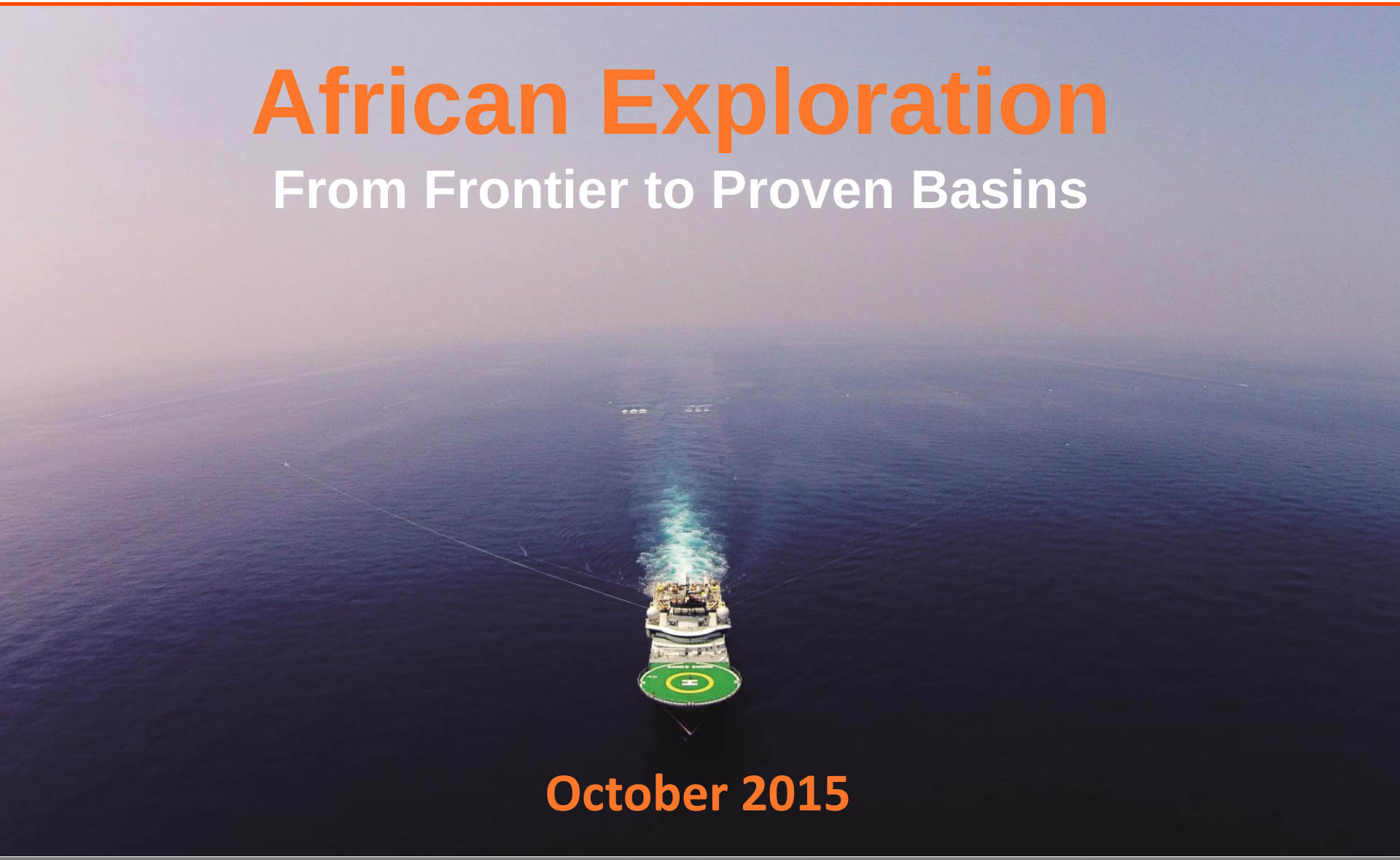
African Exploration

From Frontier to Proven Basins



October 2015

Photo courtesy of Dolphin Geophysical

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Tower Resources
Moving from Frontier to Proven Basins

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Tower today

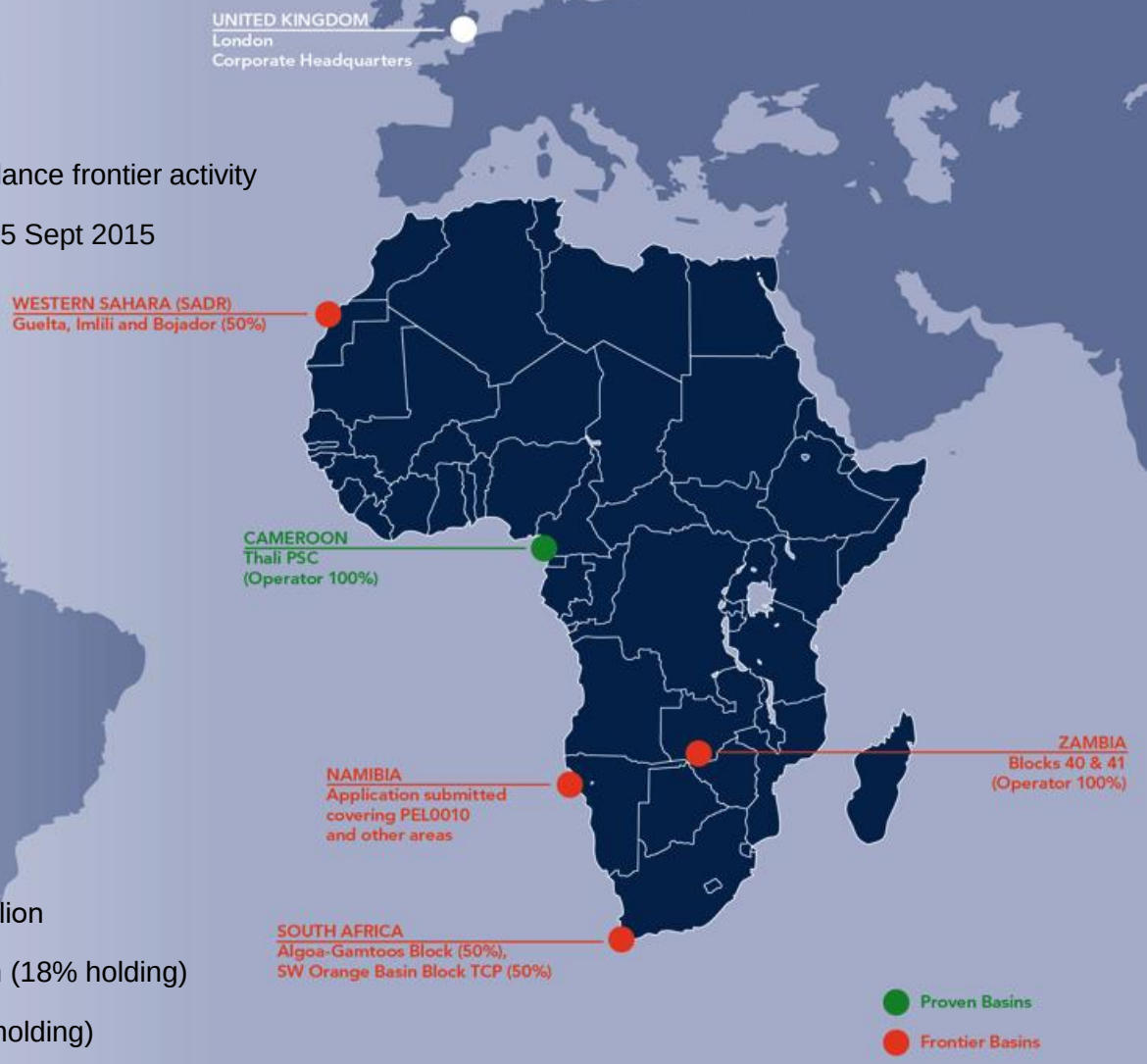
- Strong portfolio
- Low commitments; large upside
- Adding lower risk proven basin exposure to balance frontier activity
  - Cameroon Thali block (Proven) – Signed 15 Sept 2015
  - Namibia (Frontier)
  - Zambia and South Africa (Frontier)

Structured for growth

- Dedicated & experienced core team
- Flexible overhead & resource availabilities
- Proactive deal generation
- New technical NED appointed

July 2015 Placing

- Capital raise of US$8.0 million (net)
- Director's commitment in excess of US$1.2 million
- M&G cornerstone investment of US$3.5 million (18% holding)
- Standard Life investment of US$1 million (5% holding)



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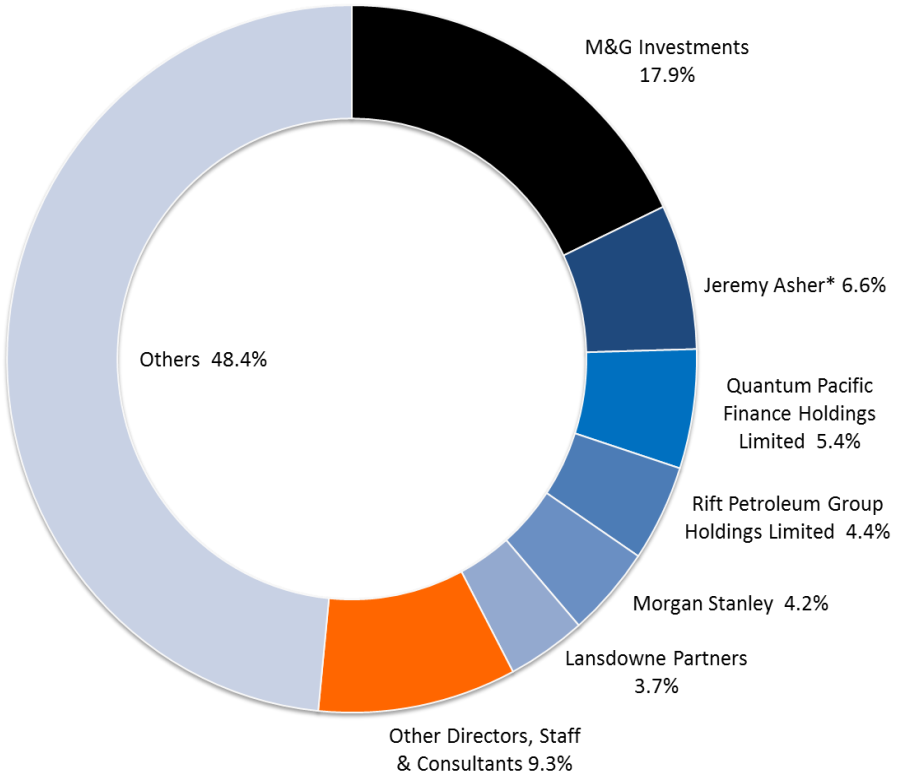
Capital Structure

Capital Structure	
Listing	AIM
Share price	0.11p
Market capitalisation	~ US$11m
Issued share capital	6,764.4m
Options & warrants	365.9m (5.2%)‡
Balance sheet	~ US$5.5m cash
Directors', staff and consultants' holdings	15.9%
Average Daily Volume†	16.8 million
12 month high (at close)	0.80p
12 month low (at close)	0.11p

Shareholders



Data correct at close on 23 October 2015

** Director † Based on last three months trading*

‡ Including 120 million options agreed to be issued

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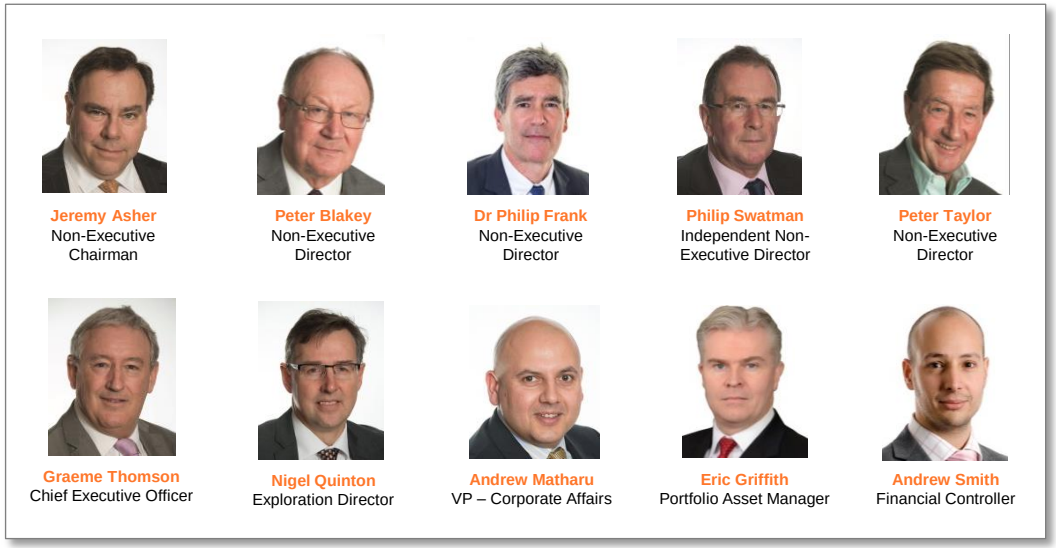
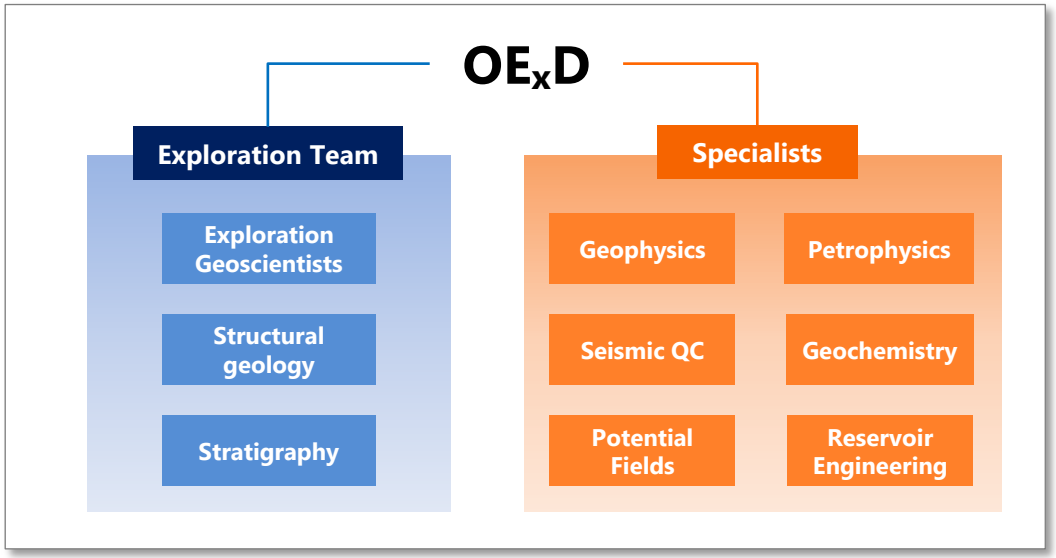
Tower's Team

- Board strengthened for new challenges
- Dr Phil Frank joins as Technical NED
- Directors, employees and consultants own ~16% of issued share capital
- Strategic partnership with PDF Limited providing Outsourced Exploration Department (OE_xD®)
- OE_xD® providing excellence with flexibility
  - In 2014 provided 45 personnel with 750 years of collective experience, approximately 11 FTE utilised
  - In 2015 (YTD) provided 23 personnel and approximately 5 FTE utilised
- Strong team with low overheads
- Everyone incentivised through part payment in shares or via options





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Tower's Exploration Strategy

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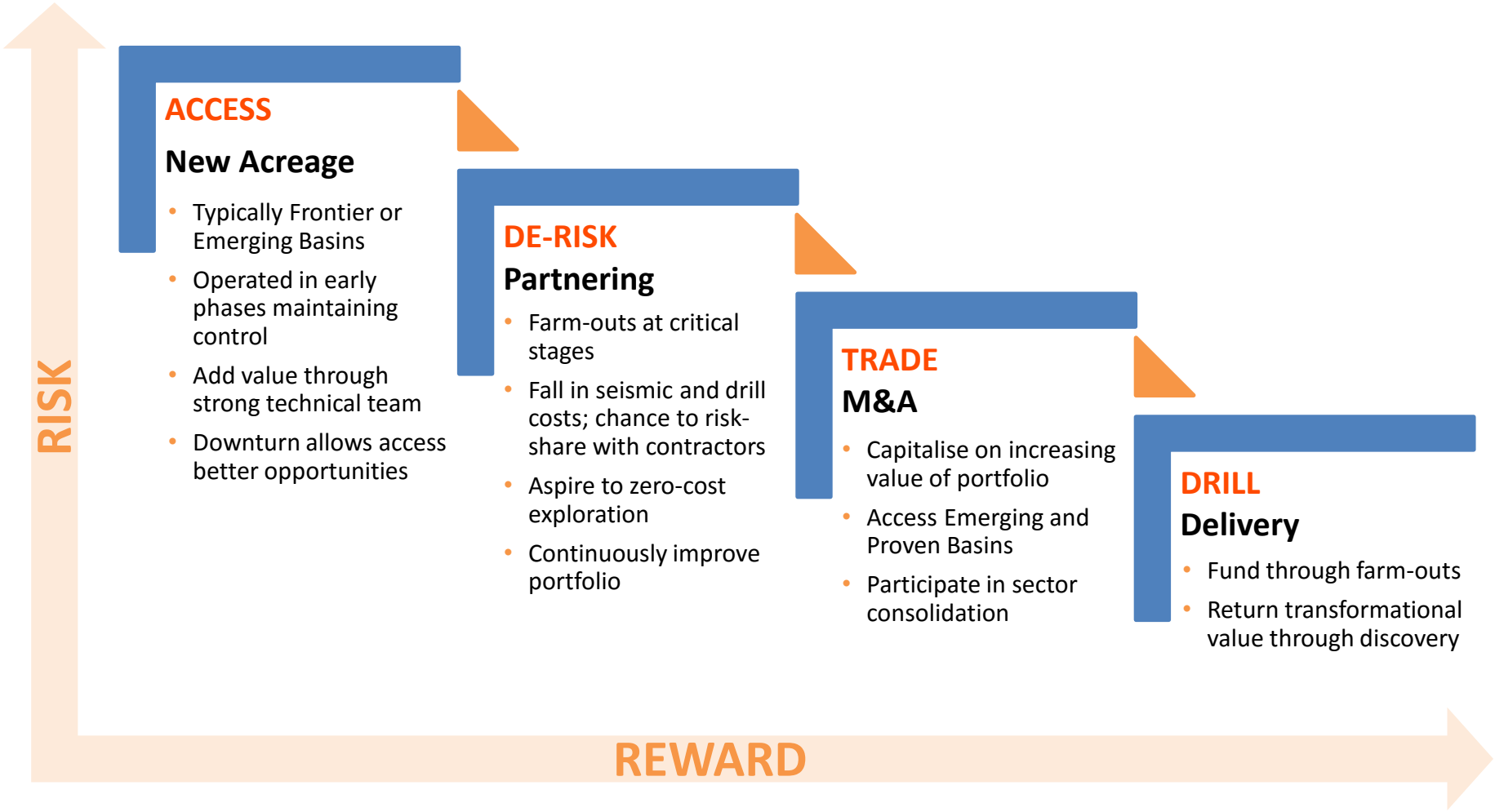
Transformational returns through material discovery – via a risk-managed portfolio



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Exploration Portfolio Reflects Strategy

Proven Basins

- **Cameroon Thali** (ex- Dissoni) **block** – New Country Entry as Operator with discoveries already on block

Frontier Basins

- **Namibia** – New Licence Applications
- **Zambia** – Source rock confirmed
- **South Africa** – renewal granted
- **SADR** – Kosmos discovery derisks

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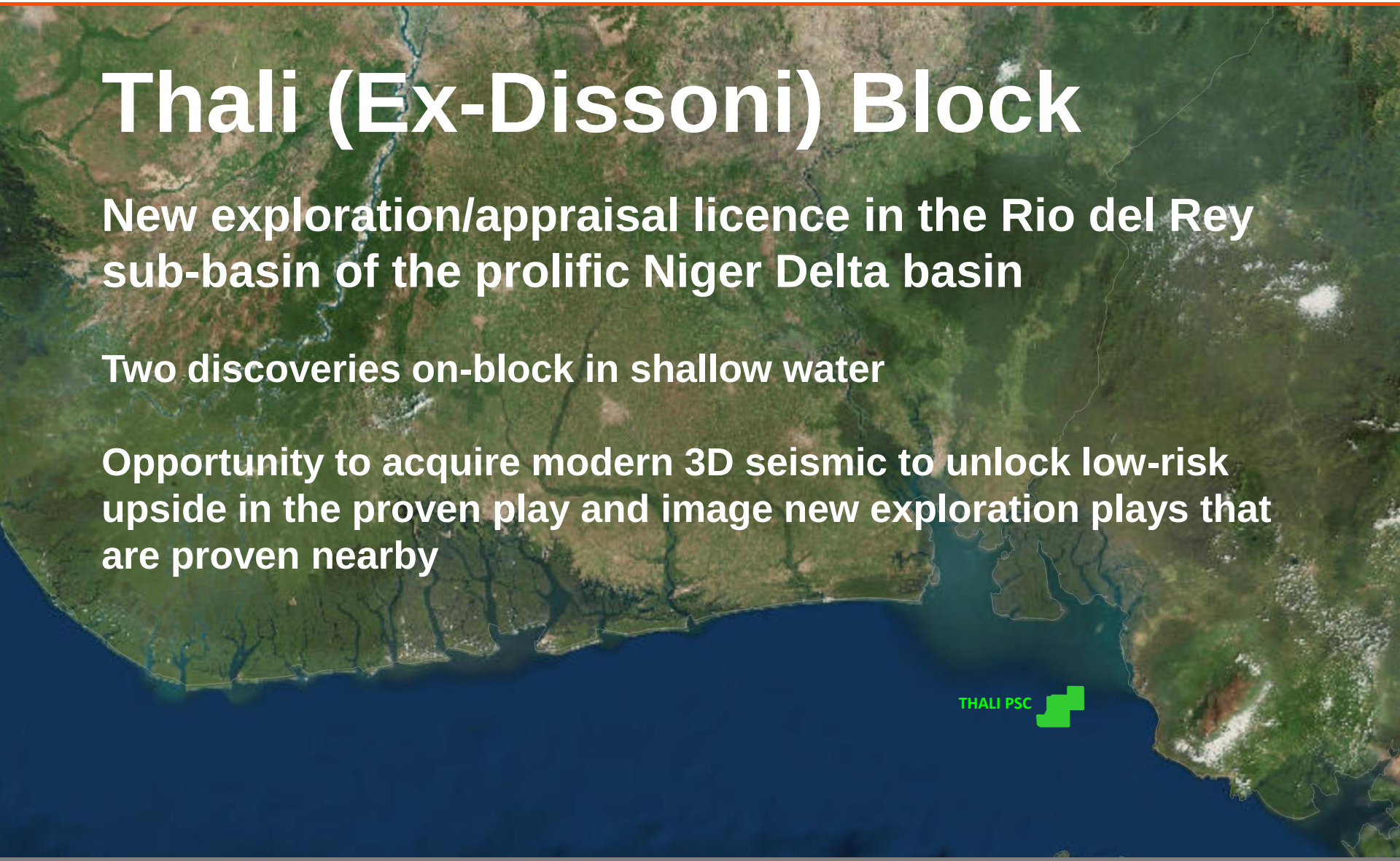
Thali (Ex-Dissoni) Block

New exploration/appraisal licence in the Rio del Rey sub-basin of the prolific Niger Delta basin

Two discoveries on-block in shallow water

Opportunity to acquire modern 3D seismic to unlock low-risk upside in the proven play and image new exploration plays that are proven nearby



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Thali Block – proven plays in Niger Delta

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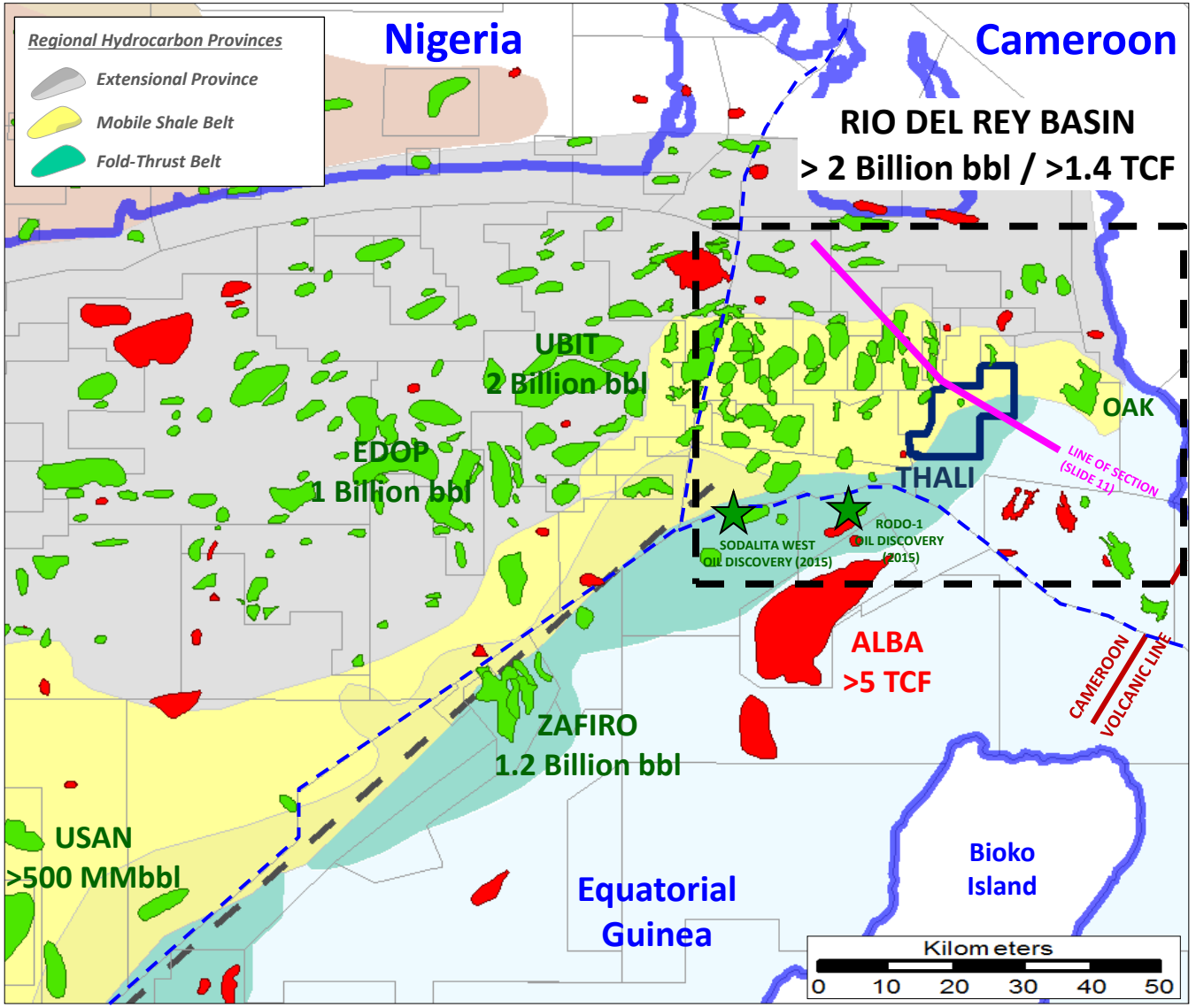
Rio Del Rey Basin

- Underexplored sub-basin of the prolific Niger Delta
- >> 34.5 Billion bbls found in whole Niger Delta Basin
- >1 billion barrels produced to date in Rio del Rey basin
- 2012 Oak discovery extends play fairway



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Proven Oil and Gas on Block

Low-Risk Fault-Blocks Close to Existing Infrastructure

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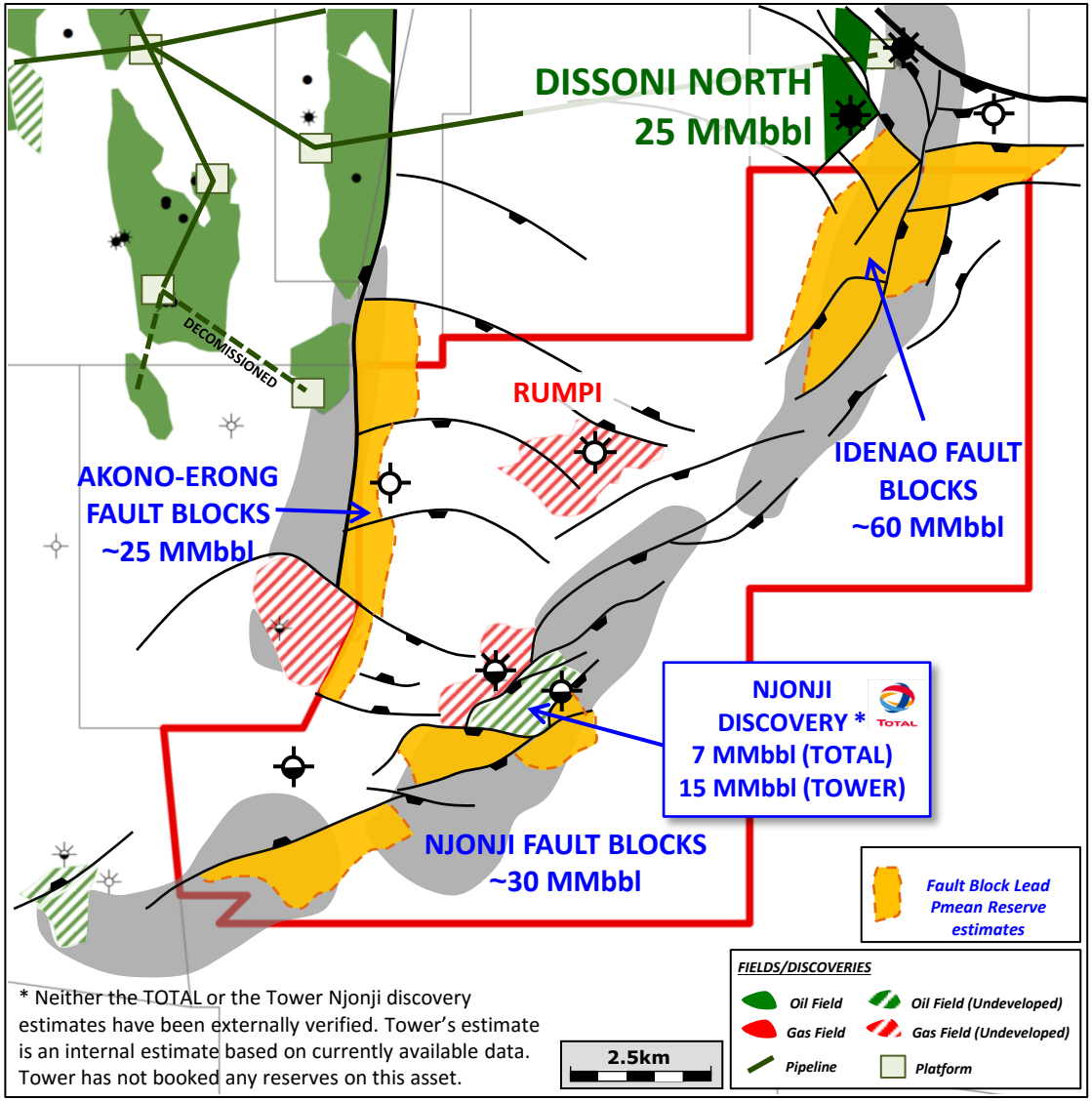
- **25 MMbbl Thali North field lies immediately north of the Thali block**
- Developed by Perenco – planned peak production 12,500 bopd 35^{o} API oil
- Cameroon oil production 15% up in 2014/15 largely due to Dissoni North

- **Two undeveloped discoveries**
- Multiple undrilled fault block leads
- Low risk, shallow, stacked targets
- Summed Pmean resource potential: >100 MMbbl



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Cameroon, Rio del Rey Basin

Shallow Production – Deeper Exploration

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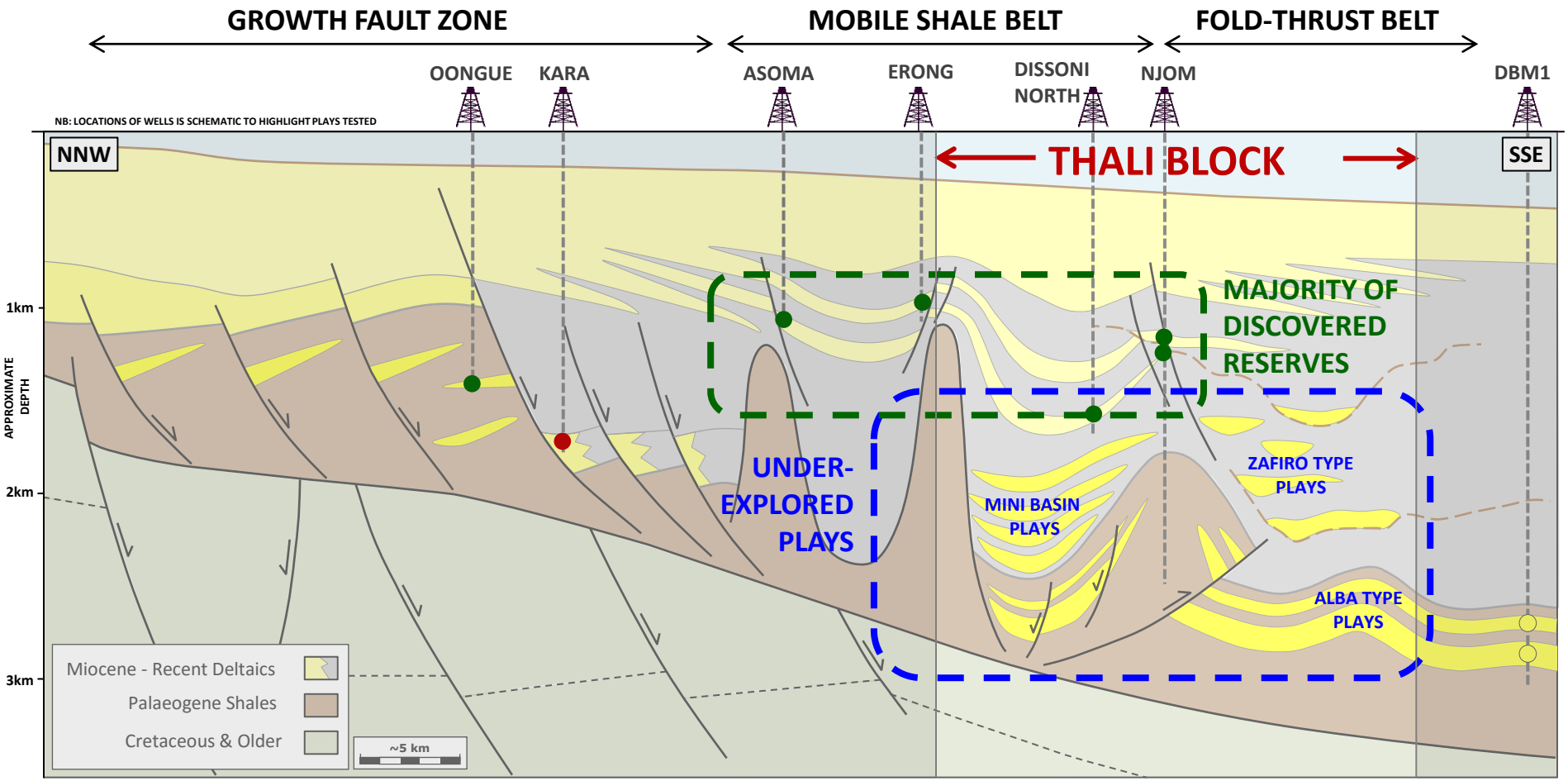

- More than 1 billion barrels discovered to date in shallow deltaic plays in the Rio del Rey sub-basin
- Deeper (1,500-3,000m) plays under-explored - significant potential recognised in stratigraphic traps
- Exploration plays are proven in Nigeria, Equatorial Guinea, and in Etinde (Bowleven/New Age)

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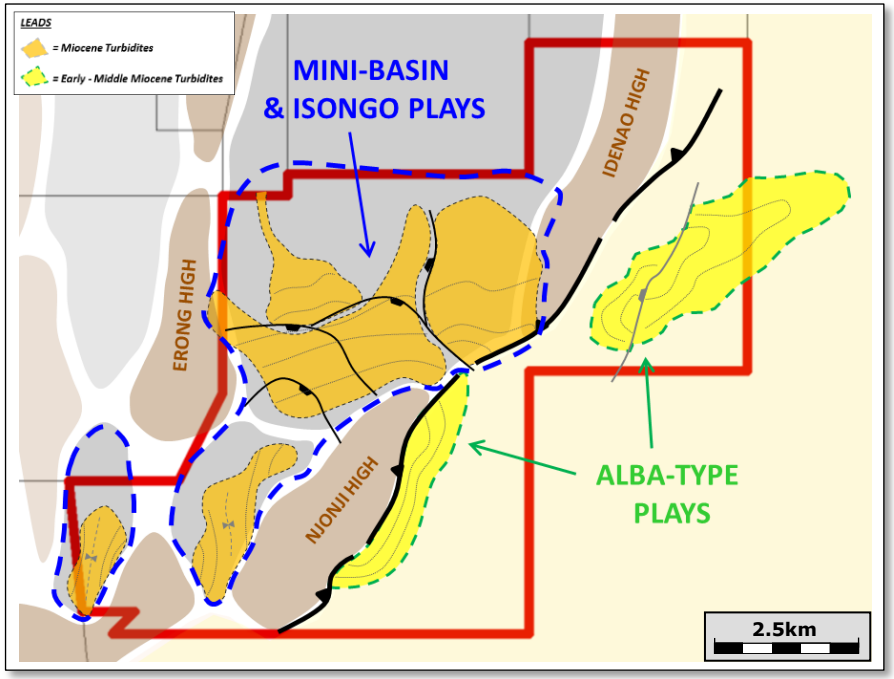
Significant Exploration Potential

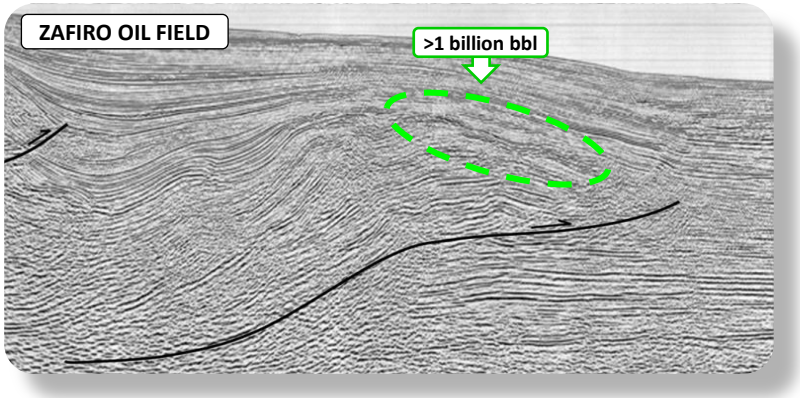
Underexplored Sandstone Plays

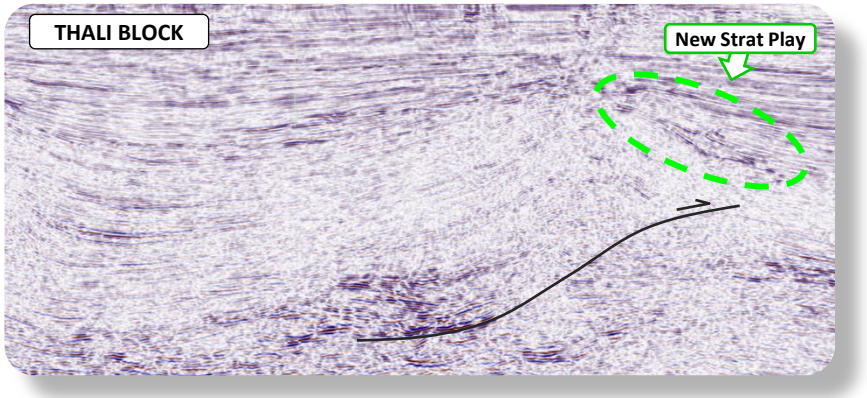
- Billion barrel fields along trend in Eq. Guinea
- **>400 MMbbl & 1.5 TCF** identified in Thali
- Marathon oil discoveries in Equatorial Guinea extend fairway

Forward Programme

- Acquire new 3D seismic to update 20 year old data set and allow better resolution of shallow plays plus imaging of deeper section
- Multiple play types identified
- Take advantage of lower seismic & drilling costs







Giant Zafiro Oil Field (Equatorial Guinea) along trend of the Thali Block

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Cameroon, Rio del Rey Basin

Thali Block - Licence Overview

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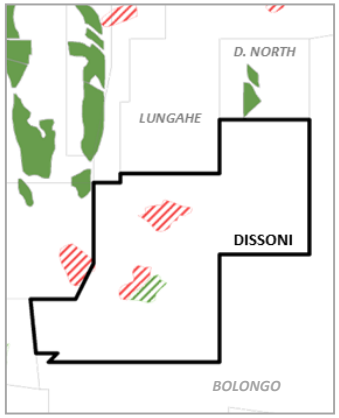
Thali Block

Offshore, Rio del Rey Basin
Area: 119 km²
Water Depth: 8 - 48 m
Tower interest: 100%

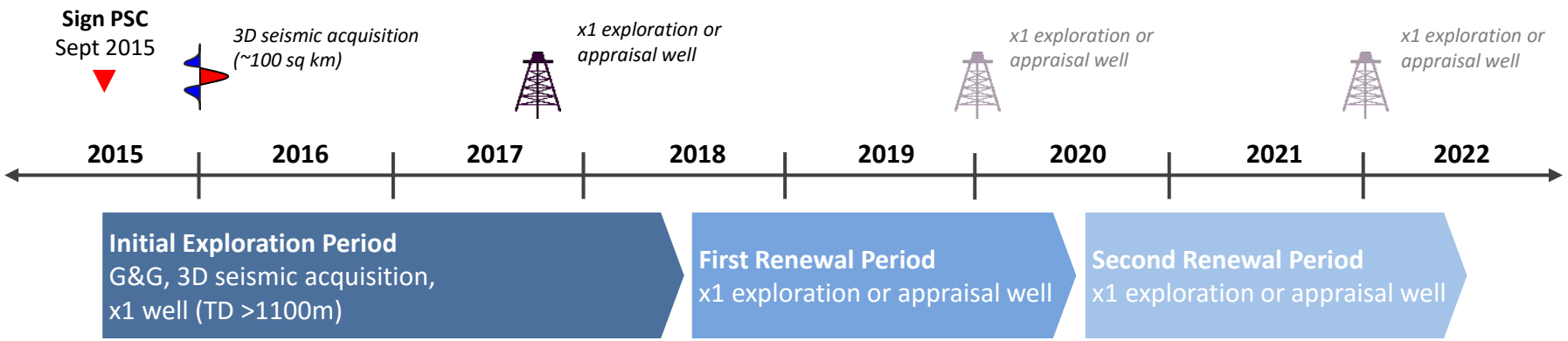
Signature Bonus:
- $2M 30 days after signature
- $1M after two years



Licence Commitments

Initial Exploration Period - 3 years - Min expenditure $13MM	G&G studies 3D seismic acquisition (100 km²) x1 well (>1100m)
First Renewal Period - 2 years - Min expenditure $15MM	x1 exploration or appraisal well
Second Renewal Period - 2 years - Min expenditure $15MM	x1 exploration or appraisal well

Thali Block - Planned Work Programme



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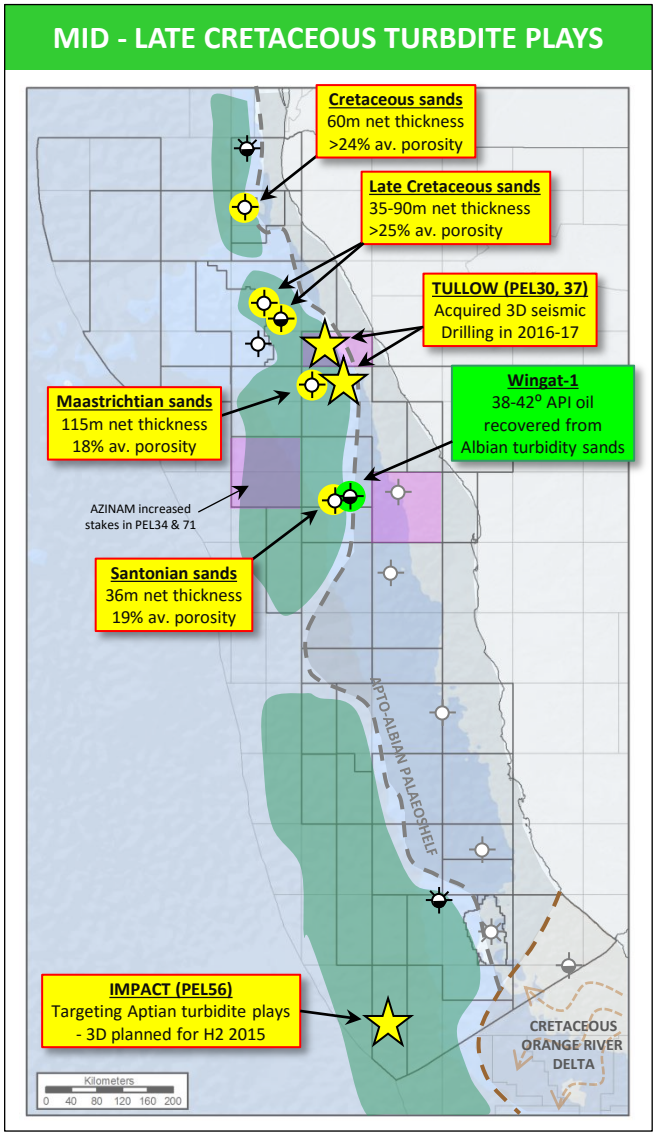
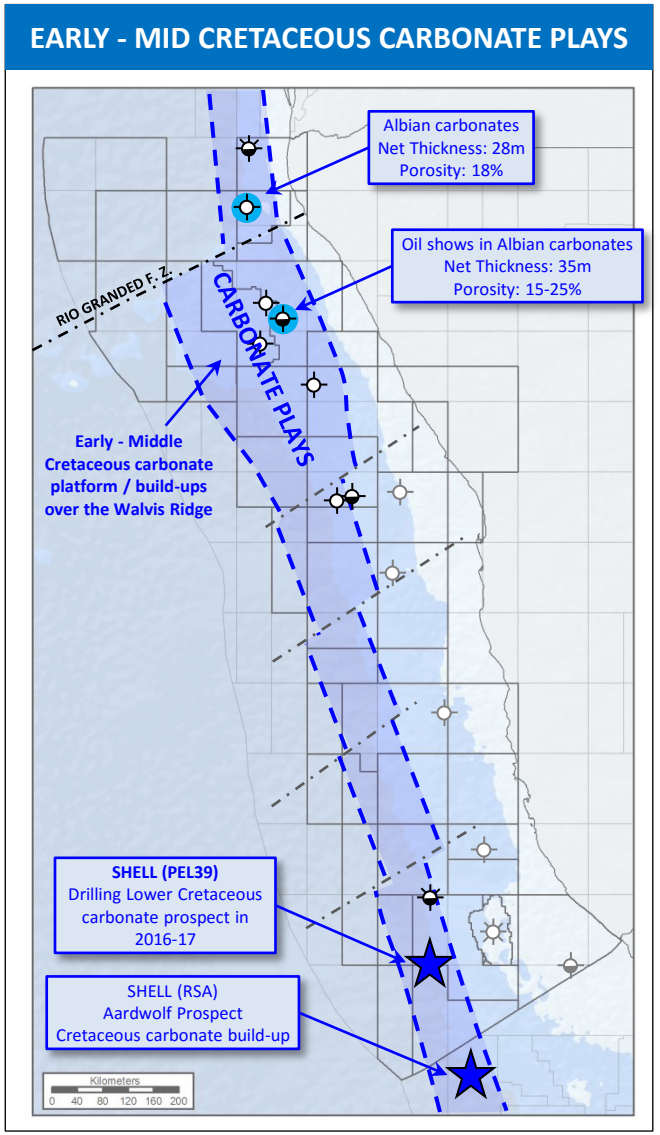
Namibia - New Licence(s)

- Regional review post Welwitschia has high-graded Walvis and Namibe Basins in north of offshore area
- Wingat-1 and Kunene-1 prove working oil and gas plays
- Namibia remains very underexplored and downturn opens opportunity
- Shell and OMV/Murphy expected to drill in south in 2016/17
- Tullow and Chariot possibly drilling in Walvis in 2016/17
- In negotiation with Ministry for enlarged acreage position with low up front commitments





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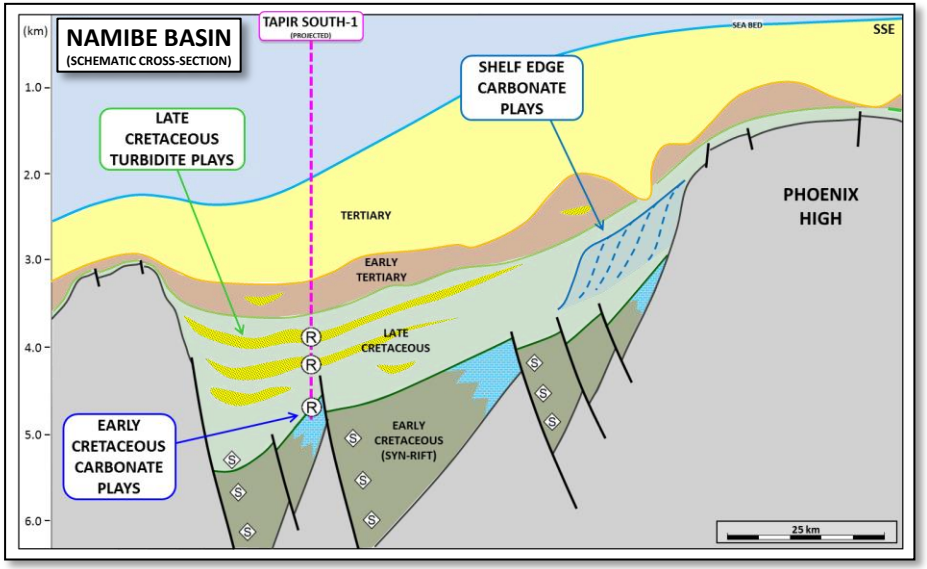
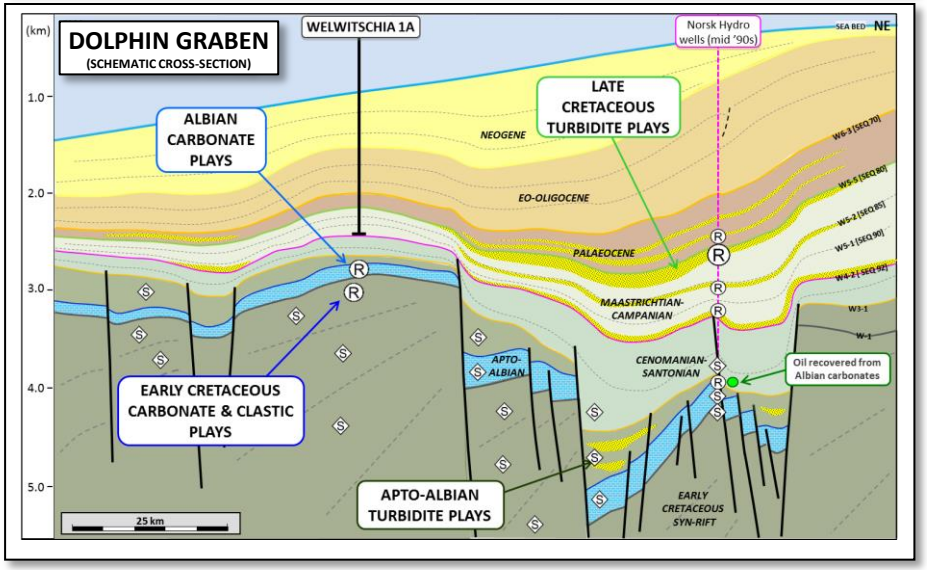
Namibia Offshore - 'Northern Area'
Play Concepts

- **Multiple plays identified**
- Proven source reservoir and seal elements from existing wells
- Extremely underexplored with less than one well every 10,000 km^2.
- Good 2D seismic coverage, but recent data offers increased insight
- Needs thorough geological review to
  - Tie down likely extent of source and reservoir facies
  - Understand thermal history and maturity of source rocks
  - High grade areas for new 3D acquisition or confirm locations for drilling existing prospects
- **Multiple billion barrel potential remains**





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Zambia, Blocks 40 and 41

Why Zambia? 'There is no oil there….'

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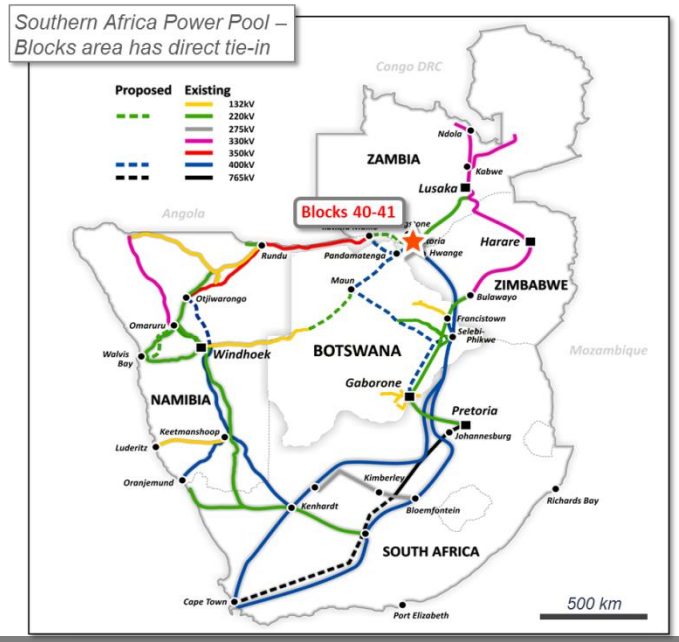
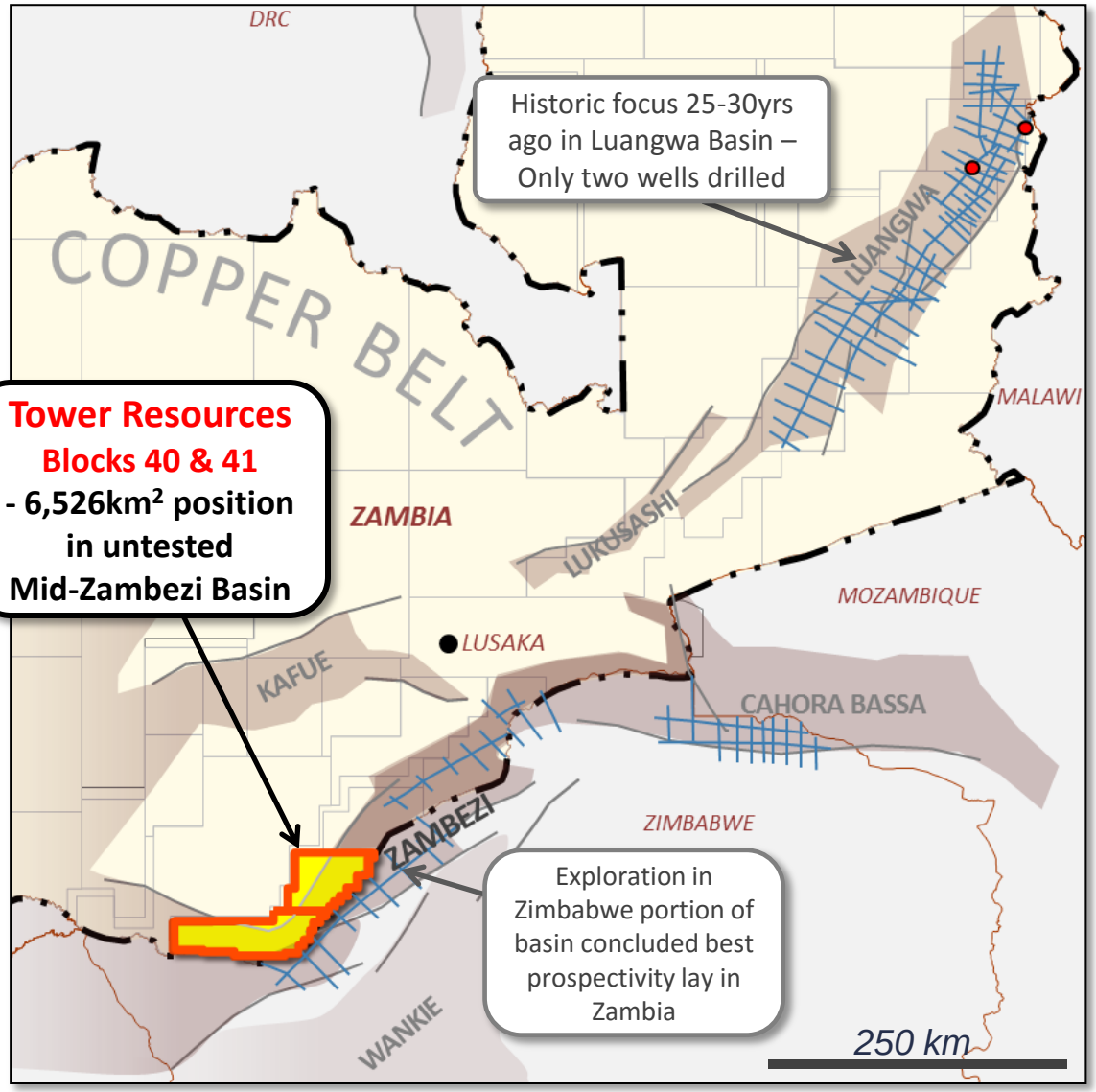
- But has anyone really looked? No
- **The Mid-Zambezi Basin:**
  A 25,000+ km^2 rift basin with source and reservoir but no oil & gas exploration wells, nor even any seismic data.
- Excellent potential for a gas to power market, good infrastructure





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Proven Source Rocks & Reservoirs

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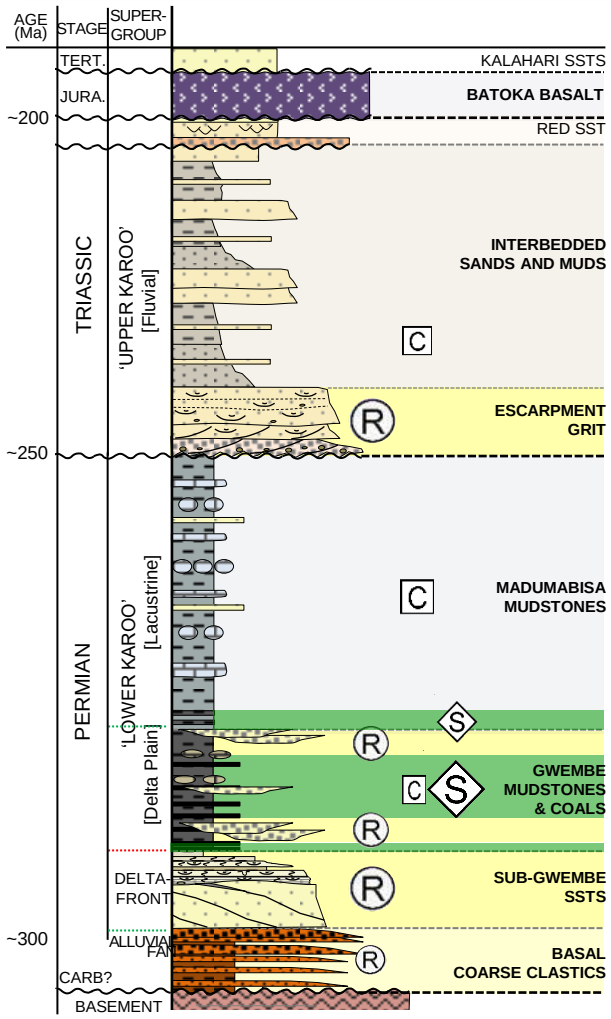
- Key play elements proven in Blocks 40 & 41 by initial field work in 2014, with additional work in 2015:
  - *Widespread source rocks*
  - ***Excellent Gas potential***
  - ***Additional Oil potential***
  - *Multiple reservoirs*
  - *Thick regional seals*
- 2015 fieldwork focussed on evaluation of the proven plays
- Seeps reported – field investigation planned for Q4

PLAY ELEMENTS		
S SOURCE	R RESERVOIR	C SEAL
✓ Presence Effectiveness	✓ Presence Effectiveness	✓ Presence Effectiveness
Oil & Gas Prone	Multiple Plays	Thick & Regional

Play Stratigraphy of Blocks 40 & 41



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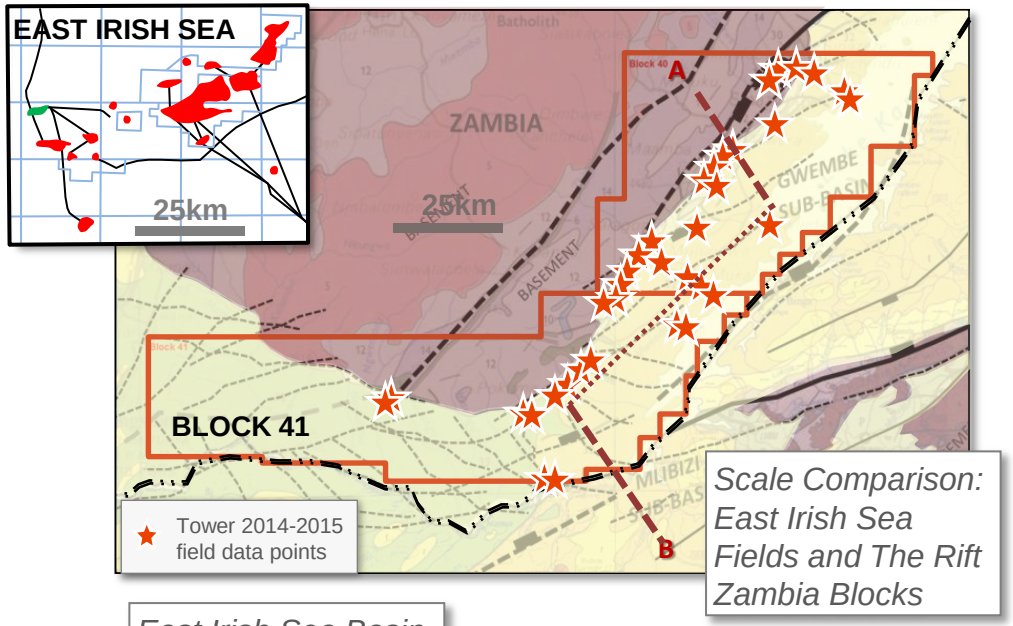
East Irish Sea – analogy for scale, basin history

East Irish Sea Basin:

- Total Gas Recoverable - **8.3 TCF**
- Total Oil Recoverable – **209 MMBBLS**

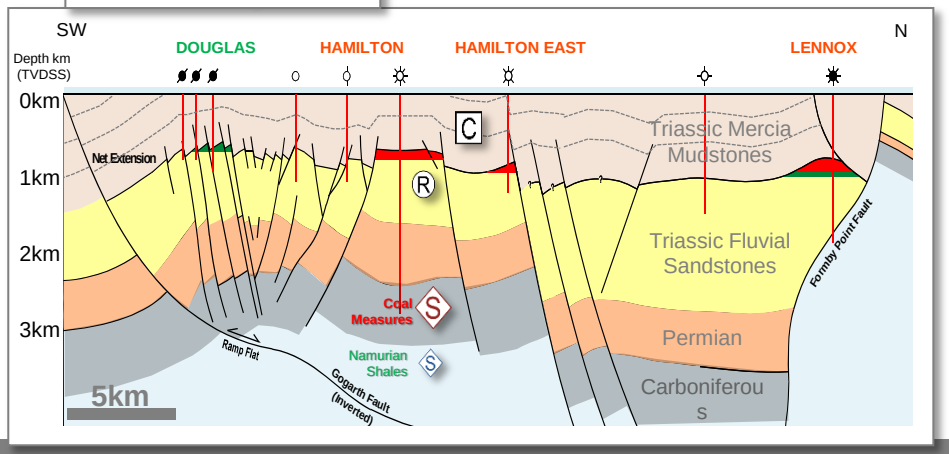
Strong comparison to the Mid-Zambezi Basin for basin history and play style :

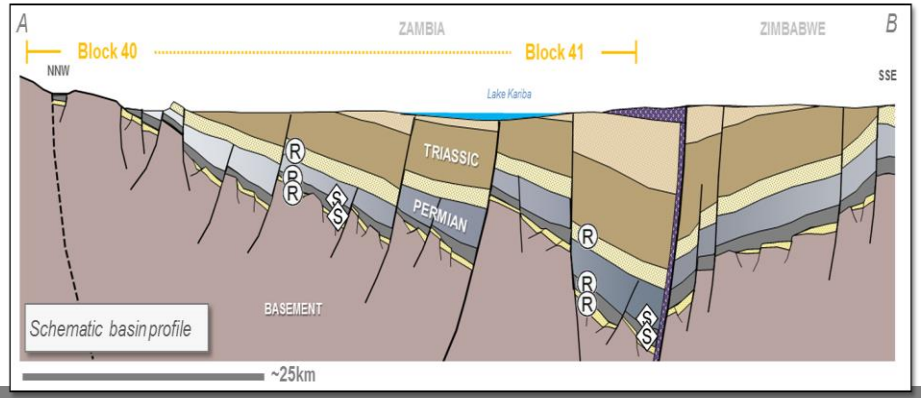
- Permo-Triassic sandstone plays charged by coal measures
- Large uplift and erosion (Mesozoic-Tertiary)
- Relatively shallow structural traps today
- Charge retained due to world-class seal
- Extensional trapping geometries with local inversion against basin-bounding faults



Scale Comparison: East Irish Sea Fields and The Rift Zambia Blocks

East Irish Sea Basin Structural Style





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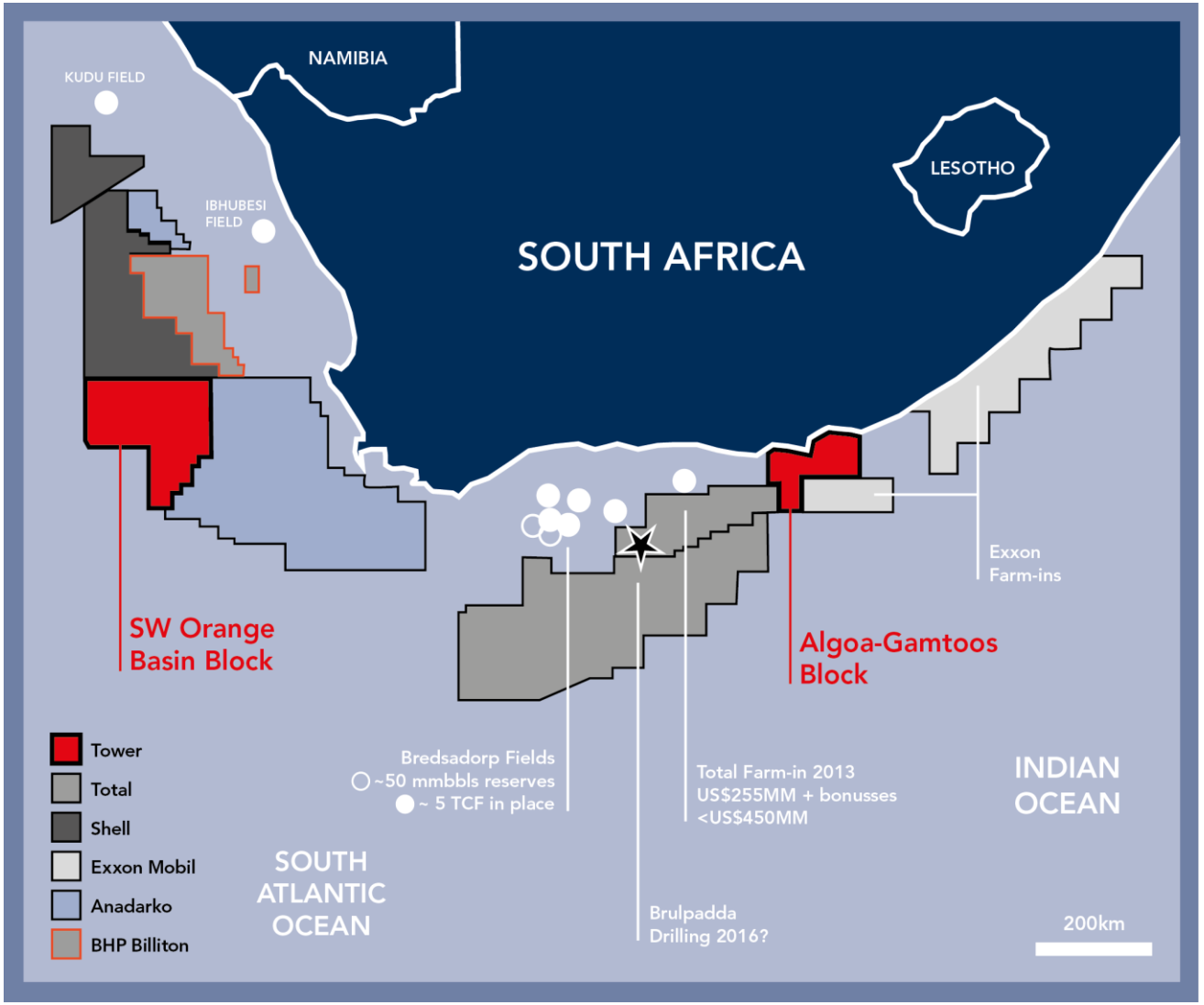
Well placed in areas targeted by Majors

2014 Acquisition of Rift Petroleum

- Algoa-Gamtoos (50%, Operator: New Age)
- 3D acquired in 2014
- 1st Renewal Period of Algoa-Gamtoos granted in Sept 2015 – additional seismic planned in 2017
- Oil-majors in neighbouring South African licences:
  - Total, Exxon, Shell, Anadarko
  - Brulpadda 1 testing new deep-water play



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Anticipated Activity

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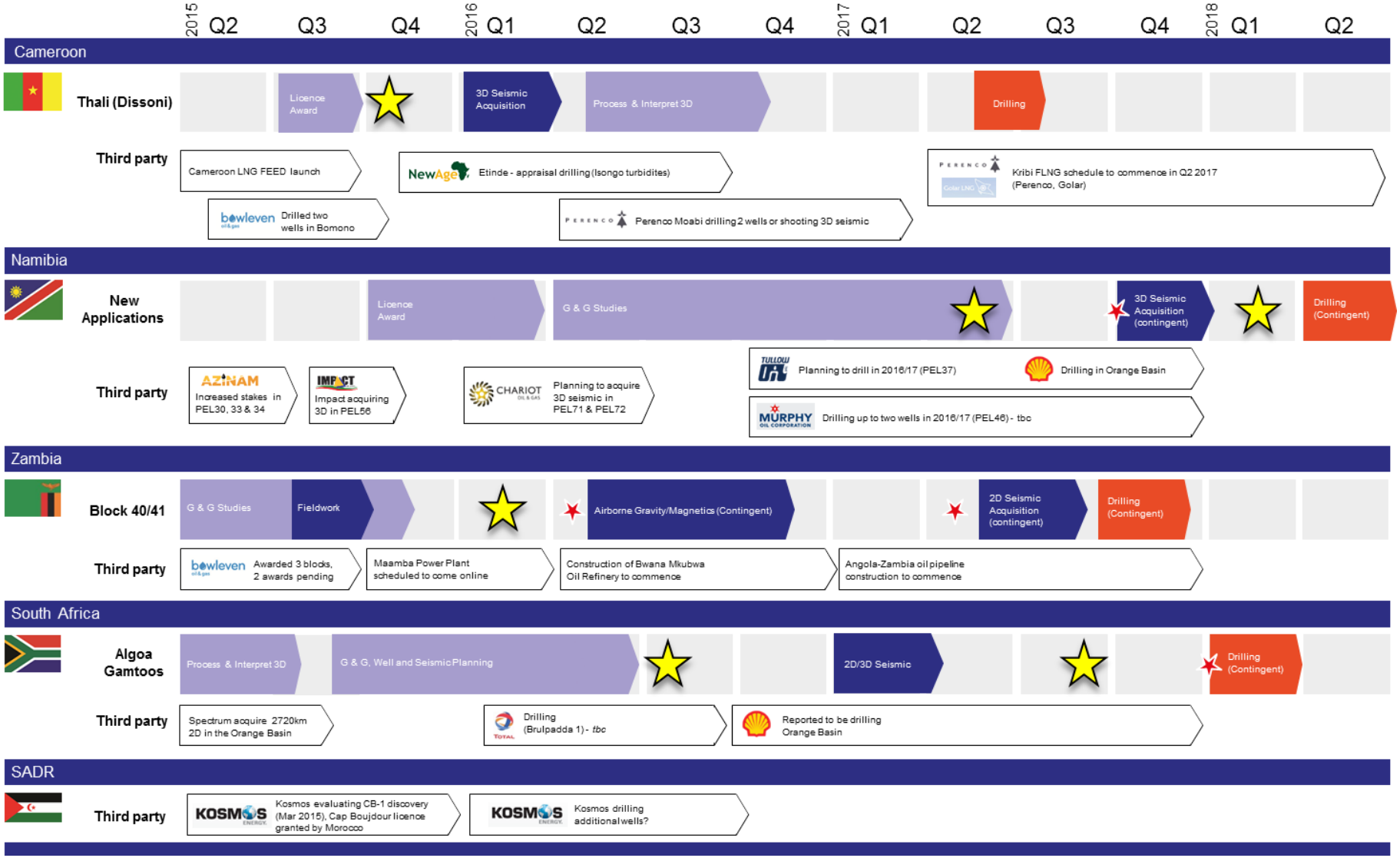

(All timings are estimates based on the best available information, but are subject to change)

Farm-out opportunities

Milestone – decision point for entering next period of licence & taking on forward work programme commitments

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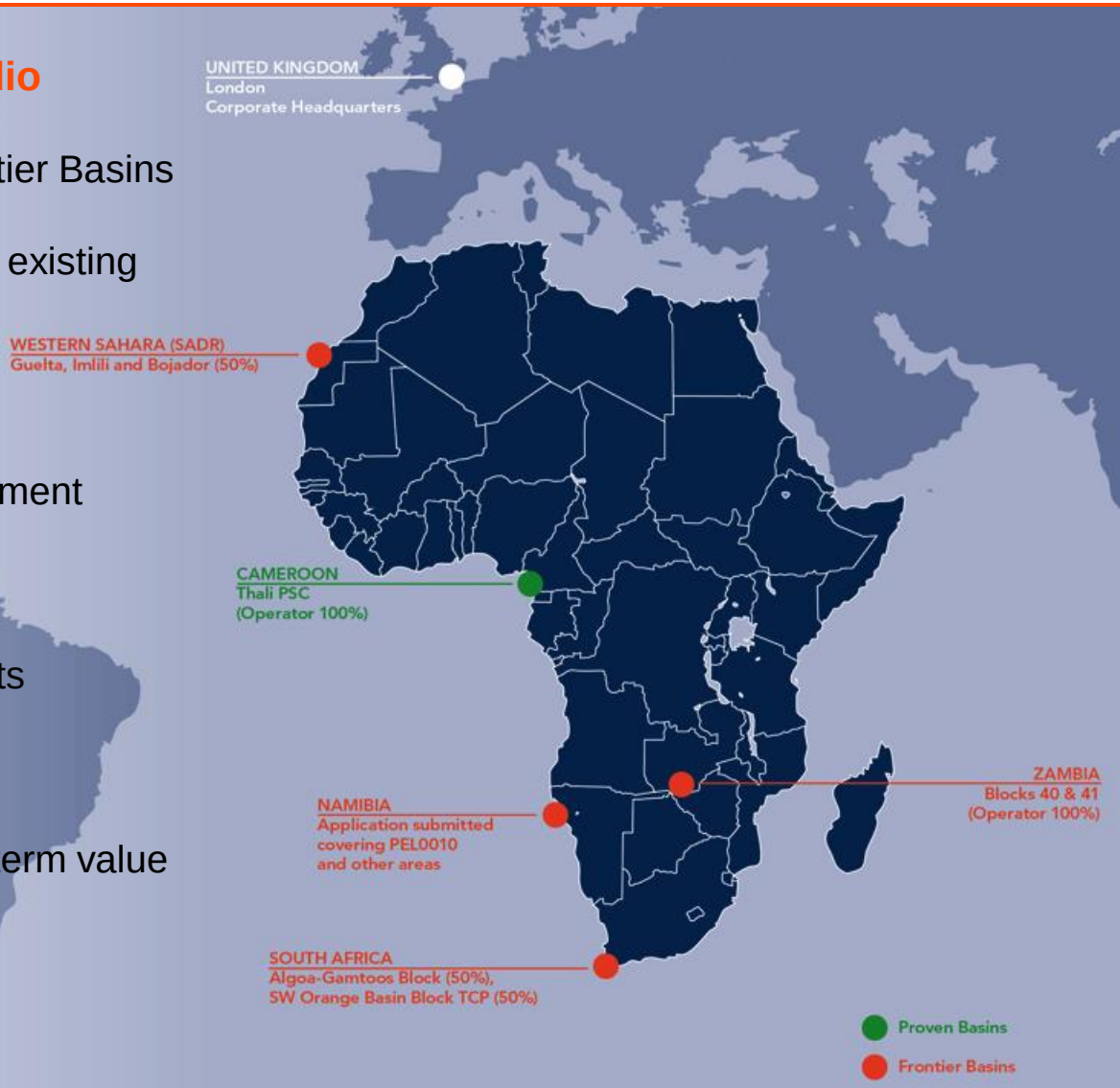
Summary

An Optimised Exploration Portfolio

- Moving towards Proven from Frontier Basins
- Cameroon entry in Sept 2015 with existing discoveries
- Strengthened and focussed team
- Strategy focussed on risk management
- Flexible portfolio
  - Low near-term commitments
  - High potential
- Defined plan for growth and near-term value creation



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