
COMPANY REGISTRATION NUMBER 05305345

TOWER RESOURCES PLC

INTERIM REPORT AND FINANCIAL STATEMENTS

30 JUNE 2020

TOWER RESOURCES PLC
PERIOD ENDED 30 JUNE 2020
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TOWER RESOURCES PLC

PERIOD ENDED 30 JUNE 2020

OVERVIEW

Tower Resources plc ("Tower" or the "Company") is an AIM-listed oil and gas company. Tower is an experienced operator of international licenses with a focus on projects in sub-Saharan Africa.

HIGHLIGHTS

- Extension of the initial period of the Exploration Phase of the Thali PSC, offshore Cameroon by one year (from 15 September 2019) for the purposes of completing the NJOM-3 well, and declaration of Force Majeure with effect from 17 March 2020 due to travel and operational restrictions arising from the Covid-19 pandemic;
- Thali PSC, offshore Cameroon, site survey successfully completed by the Geoquip Marine survey vessel MV Investigator with the drilling of three boreholes to a depth of 80 metres each;
- Binding Heads of Terms executed with respect to a farm-out of the Thali PSC with OilLR Pty Ltd for a 24.5% working interest covering US\$7.5 million of the costs of the NJOM-3 well;
- March 2020 Placing of 133.33 million new ordinary shares at 0.375p to raise £0.5 million (gross), together with issuance of broker commission shares;
- Release of an updated independent Reserves Report from Oilfield International Limited ("OIL") covering the Thali PSC, confirming Gross mean contingent resources of 18 MMbbls of oil across the proven Njonji-1 and Njonji-2 fault blocks with an NPV10 of US\$179 million and EMV10 of US\$143 million;

POST REPORTING PERIOD EVENTS

- **1 July 2020:** Further extension of the Loan Facility with Pegasus Petroleum Limited ("Pegasus") to 15 August 2020, the terms of which included the issue of 4.5 million five-year warrants with a strike price of 0.35 pence, being a premium of 11.1% to the closing price on 30 June 2020. Jeremy Asher, as a director of the Company, and Pegasus, are considered to be "related parties" as defined under the AIM Rules and accordingly, the extension and issue of warrants constituted related party transactions for the purposes of Rule 13 of the AIM Rules.
- **1 July 2020:** Issue of 15,219,338 warrants to Directors in lieu of £34,000 (in aggregate) of Directors fees to Peter Taylor and David M Thomas (non-executive directors), and Jeremy Asher (as Chairman) in settlement of fees due for the period from 1 July 2020 to 30 September 2020, to conserve the Company's working capital. The warrants are exercisable at a strike price of 0.35 pence, which is a premium of 11.1% to the closing share price on 30 June 2020, and are exercisable for a period of five years from the date of issue.
- **28 July 2020:** Update on Namibian licences and farm-out discussions on PEL 96 included a significant announcement of updated resource estimates by Global Petroleum Ltd on its adjoining PEL 94, which includes the Welwitschia Deep Albian Carbonate prospect, a large part of which is within the Company's PEL 96;
- **28 August 2020:** Agreement of a six-month loan facility of US\$500,000 with Shard Merchant Capital Ltd ("Shard"). The terms of the facility included the issue of 31,446,541 attached three-year warrants at a strike price of 0.6 pence and 5,761,198 shares to pre-pay interest;
- **28 August 2020:** Further six-month extension to the existing Pegasus US\$750,000 Loan Facility, as part of which 47,169,811 three-year 0.6 pence warrants were issued and Pegasus agreed to subscribe for 37,854,971 shares to convert the accrued interest on the Pegasus Loan Facility into shares, and to pre-pay interest;
- **28 August 2020:** Subscription to raise gross proceeds of US\$200,000 through the issue of approximately 38,407,989 new ordinary shares at a price of 0.393 pence per share to clients of Shard. The Subscription Price of 0.393 pence per share represented a discount of 9.7% to the midpoint price of the Company's shares at the close of trading on 28 August 2020.

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CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

Dear Shareholder,

The first six months of 2020 have presented enormous challenges both to our Company and to the industry as a whole. In our annual report I already discussed the events of this period up to 6 June 2020, and since that time we have continued to work on finding solutions to the challenge of executing the NJOM-3 well while accommodating the various health and travel restrictions in place, and also the natural concerns of a range of personnel across a number of different subcontractors. We are confident that this can be done, but it is not simple. We have also continued working on our well financing and the second stage financing that will be required after we have the appraisal results from the NJOM-3 well, but naturally this is also linked to finalising the well schedule itself.

In July we had interesting news from our neighbours in Namibia, Global Petroleum Ltd, regarding their updated assessment of the Welwitschia Deep Albion carbonate prospect. As I mentioned at the time, Global's estimates of recoverable resources in respect of this prospect, if they materialise, would imply some 224 million barrels of recoverable resources in Tower's PEL 96 section of that structure, of which about 179 million barrels would be attributable to Tower. To see these estimates materialise would require Global to drill this prospect successfully, but the important point is that this would not require any investment on Tower's part.

In mid-August, we were pleased to see the spudding of Total's Luiperd exploration well on Blocks 11B/12B offshore South Africa, following its successful 1-billion boe Brulpadda discovery on the same blocks. Africa Energy, a minority partner in the well, has said that it believes the chance of success of this well is over 80%, and we certainly hope this proves correct. The Luiperd well, if successful, will further de-risk the whole Outeniqua basin in South Africa. Tower, together with operator NewAge, hold the block immediately to the East of Total's blocks 11B/12B, which contains a substantial prospect in the Outeniqua basin, analogous to Brulpadda.

At the end of August 2020, we extended our loan facility provided by Pegasus Petroleum Ltd, and added a second loan facility on similar terms with Shard Merchant Capital Ltd as well as issuing new shares to Shard and to Pegasus for further cash and in lieu of past and future interest on those facilities. This provided the Company with, in aggregate, just under US\$700,000 of additional funds net of fees, which provides us with further runway to get the NJOM-3 well underway, and its financing completed. I remain confident that this will be done.

At the end of September we also welcome Paula Brancato to the Board of Directors, and say goodbye to David Thomas. David has been with us since 2017 and has been very supportive of the Company and helpful in working through our options in Cameroon, and he now wishes to reduce his time commitments and prioritise his role in Orion Energy plc. Peter Taylor and I have greatly appreciated David's contributions over the past three years, and wish him well. Paula is a US-based financial services industry professional, an MBA and a FINRA-registered broker and investment advisor, as well as a member of the CFA Society New York, who will take over the role of Chair of the Audit Committee and will bring her decades of experience in financial roles to our Board.

These are challenging times, but we do believe that we will surmount these challenges. We are excited about our Thali project in Cameroon, and our Namibian and South African projects, and we believe that there are still more great opportunities to create value in the oil and gas business in Africa. We look forward to capitalising on these opportunities in the months and years ahead.

Jeremy Asher

Chairman and Chief Executive

30 September 2020

TOWER RESOURCES PLC
PERIOD ENDED 30 JUNE 2020
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME

		Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
	Note	\$	\$
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other administrative expenses		(228,112)	(811,925)
Share-based payment charges incurred on issue of new equity	9	-	(301,222)
Share-based payment charges incurred on incentivisation of staff and consultants	9	(148,924)	(125,549)
Pre-licence expenditures		-	(810)
Impairment / (reversal of impairment) of exploration and evaluation assets		-	(30,924)
Total administrative expenses		(377,036)	(1,270,430)
Group operating loss		(377,036)	(1,270,430)
Finance income		-	655
Finance expense		(80,651)	(328,259)
Loss for the period before taxation		(457,687)	(1,598,034)
Taxation		-	-
Loss for the period after taxation		(457,687)	(1,598,034)
Other comprehensive income		-	-
Total comprehensive expense for the period		(457,687)	(1,598,034)
Basic loss per share (USc)	3	(0.04c)	(0.30c)
Diluted loss per share (USc)	3	(0.04c)	(0.30c)

TOWER RESOURCES PLC
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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2020 (unaudited) \$	31 December 2019 (audited) \$
Non-current assets			
Exploration and evaluation assets	4	25,606,494	24,315,816
		25,606,494	24,315,816
Current assets			
Trade and other receivables	5	46,455	53,448
Cash and cash equivalents		72,028	38,662
		118,483	92,110
Total assets		25,724,977	24,407,926
Current liabilities			
Trade and other payables	6	2,677,034	1,815,720
Borrowings	7	892,378	840,490
		3,569,412	2,656,210
Non-current liabilities			
Borrowings	7	61,700	-
		61,700	-
Equity			
Share capital	8	18,252,935	18,251,117
Share premium	8	144,915,039	144,294,128
Retained losses		(141,074,109)	(140,793,529)
		22,093,865	21,751,716
Total liabilities and equity		25,724,977	24,407,926

Signed on behalf of the Board of Directors

Jeremy Asher

Chairman and Chief Executive

30 September 2020

TOWER RESOURCES PLC
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INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	¹ Share-based payments reserve	Retained losses	Total
	\$	\$	\$	\$	\$
At 1 January 2019	15,599,626	142,376,317	6,524,592	(145,791,254)	18,709,281
Shares issued for cash	2,405,461	-	-	-	2,405,461
Shares issued on settlement of third party fees	44,062	-	-	-	44,062
Shares issued on settlement of staff remuneration	195,344	-	-	-	195,344
Share issue costs	-	(157,208)	-	-	(157,208)
Total comprehensive income for the period	-	-	743,888	(1,598,034)	(854,146)
At 30 June 2019	18,244,493	142,219,109	7,268,480	(147,389,288)	20,342,794
Shares issued for cash	5,836	1,890,659	-	-	1,896,495
Shares issued on settlement of third party fees	788	255,415	-	-	256,203
Share issue costs	-	(71,055)	-	-	(71,055)
Total comprehensive income for the period	-	-	390,828	(1,063,549)	(672,721)
At 31 December 2019	18,251,117	144,294,128	7,659,308	(148,452,837)	21,751,716
Shares issued for cash	1,748	653,757	-	-	655,505
Shares issued on settlement of fees	70	26,150	-	-	26,220
Shares issue costs	-	(58,996)	-	-	(58,996)
Total comprehensive income for the period	-	-	177,107	(457,687)	(280,580)
At 30 June 2020	18,252,935	144,915,039	7,836,415	(148,910,524)	22,093,865

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

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
	Note	\$	\$
Cash outflow from operating activities			
Group operating loss for the period		(377,036)	(1,270,430)
Share-based payments	9	148,924	743,888
Impairment of intangible exploration and evaluation assets	4	-	30,924
Operating cash flow before changes in working capital		(228,112)	(495,618)
Decrease / (increase) in receivables and prepayments		6,993	(9,406)
Increase / (decrease) in trade and other payables		861,314	835,452
Cash used in operating activities		640,195	330,428
Investing activities			
Exploration and evaluation costs	4	(1,290,678)	(2,491,849)
Net cash used in investing activities		(1,290,678)	(2,491,849)
Financing activities			
Proceeds from term-loan facilities	7	61,596	-
Cash proceeds from issue of ordinary share capital net of issue costs	8	622,729	2,487,659
Finance costs		(476)	(327,604)
Net cash from financing activities		683,849	2,160,055
Increase / (decrease) in cash and cash equivalents		33,366	(1,366)
Cash and cash equivalents at beginning of period		38,662	331,395
Cash and cash equivalents at end of period		72,028	330,029

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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 of 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 2020 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 2019 and those to be used for the year ending 31 December 2020. The comparative figures for the half-year ended 30 June 2019 are unaudited. The comparative figures for the year ended 31 December 2019 are not the Company’s full statutory accounts but have been extracted from the financial statements for the year ended 31 December 2019 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 2020.

b) Going concern

The Group will need to complete its agreed farm-out and/or another asset-level transaction within the next twelve months, or otherwise raise further funds, in order to meet its liabilities as they fall due, particularly with respect to the forthcoming drilling programme in Cameroon. The Directors believe that there are a number of options available to them through either, or a combination of, capital markets, farm-outs (including the farm-out already agreed) or asset disposals with respect to raising these funds. There can, however, be no guarantee that the required funds may be raised or transactions completed within the necessary time frame, which raises uncertainty as to the application of going concern in these accounts. Having assessed the risks attached to these uncertainties on a probabilistic basis, the Directors are confident that they can raise sufficient finance in a timely manner and therefore believe that the application of going concern is both appropriate and correct.

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NOTES TO THE FINANCIAL INFORMATION

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 2019.

	Africa		Head Office		Total	
	Six months ended 30 June 2020	Six months ended 30 June 2019	Six months ended 30 June 2020	Six months ended 30 June 2019	Six months ended 30 June 2020	Six months ended 30 June 2019
	\$	\$	\$	\$	\$	\$
Loss by reportable segment	11,608	30,539	446,079	1,567,495	457,687	1,598,034
Total assets by reportable segment ¹	25,624,797	22,272,862	100,180	197,876	25,724,977	22,470,738
Total liabilities by reportable segment ²	(1,313,963)	(120,379)	(2,317,149)	(2,007,565)	(3,631,112)	(2,127,944)

¹ Carrying amounts of segment assets exclude investments in subsidiaries.

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

2. Loss per ordinary share

	Basic & Diluted	
	30 June 2020	30 June 2019
	\$	\$
Loss for the period	457,687	1,598,034
Weighted average number of ordinary shares in issue during the period	1,190,700,446	541,483,262
Dilutive effect of share options outstanding	-	-
Fully diluted average number of ordinary shares during the period	1,190,700,446	541,483,262
Loss per share (USc)	0.04c	0.30c

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PERIOD ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL INFORMATION

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

	Exploration and evaluation assets	Goodwill	Total
Period-ended 30 June 2020	\$	\$	\$
Cost			
At 1 January 2020	96,324,278	8,023,292	104,347,570
Additions during the period	1,290,678	-	1,290,678
At 30 June 2020	97,614,956	8,023,292	105,638,248
Amortisation and impairment			
At 1 January 2020	(72,008,462)	(8,023,292)	(80,031,754)
At 1 January and 30 June 2020	(72,008,462)	(8,023,292)	(80,031,754)
Net book value			
At 30 June 2020	25,606,494	-	25,606,494
At 31 December 2019	24,315,816	-	24,315,816

In accordance with the Group's accounting policies and IFRS 6 the Directors' have reviewed each of the exploration license areas for indications of impairment. Having done so, based on the financial constraints on the Group, and specific issues associated with each license it was concluded that a full ongoing impairment was only necessary in the case of the Zambian licenses 40 and 41, the circumstances of which have not changed since previous reporting period.

The additions during the period represent \$1.2 million in Cameroon (2019: \$2.4 million), \$80k in South Africa (2019: \$80k), \$21k in Namibia (2019: \$nil) and \$nil in Zambia (2019: \$31k). The focus of the Group's activities during this period has been on preparing for and acquiring inventory and services with respect to the anticipated drilling of the Njonji-3 appraisal well later in 2020 or early in 2021.

4. Trade and other receivables

	30 June 2020 (unaudited)	31 December 2019 (audited)
	\$	\$
Trade and other receivables	46,455	53,488

Trade and other receivables comprise prepaid expenditures.

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NOTES TO THE FINANCIAL INFORMATION

5. Trade and other payables

	30 June 2020 (unaudited)	31 December 2019 (audited)
	\$	\$
Trade and other payables	510,590	205,282
Work programme-related accruals	975,234	331,776
Other accruals	83,513	85,347
VAT payable	1,107,697	1,193,315
	2,677,034	1,815,720

Included within trade and other payables are amounts totalling \$1.1 million (2019: \$1.2 million) with respect to UK VAT payable.

HMRC has issued assessments totalling £843k excluding interest and penalties for VAT it has historically repaid to the Company and was the subject of the initial appeal which was referred to the first-tier tribunal, in which regard a hearing took place at the end of May 2019, and a first-instance decision was issued in favour of the Company on 8 July 2019.

VAT which was incorrectly charged to the Company for land-related services totaling £903k has been reimbursed to the Company by various suppliers and is due to HMRC, but has been withheld by the Company while HMRC has withheld VAT repayments totaling £1.1 million to 30 June 2020.

Taking into consideration all of the above, the net position at 30 June 2020 following the decision of the first-tier tribunal in favour of the Company, if upheld, should be a net repayment to the Company of £205k. However, following HMRC's subsequent petition and the court's granting of leave to appeal to the Upper Tribunal, a date for which has been set for April 2021, the Company has not reflected the net receivable of £205k which it believes is due from HMRC in the financial statements, but instead the Company has made full provision for VAT payable to HMRC as if it were not entitled to claim for input tax which has been reimbursed by suppliers as outlined above. for the land-related services creditor of £903k.

Work programme-related accruals of \$975k (2019: \$331k) comprise \$570k with respect to Cameroon (2019: \$nil) and \$405k with respect to South Africa (2019: 332k).

In respect of Cameroon, our subsidiary TRCSA has accrued \$570k in respect of services from a supplier, which may become due for payment in the future. The supplier has filed a claim for these services in the High Court in England, together with a further claim for additional charges that TRCSA and the Company believe to be outside of the terms of the service agreement between the supplier and TRCSA and which, based on legal advice, it has rejected. The Company has valid defences to both claims and is litigating them, and also intends to raise its own counterclaims in respect of the services rendered, and therefore the eventual quantum of liability cannot be estimated with certainty.

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6. Borrowings

TOTAL FINANCING COSTS

	Group	
	30 June 2020 (unaudited)	31 December 2019 (audited)
	\$	\$
Principal balance at beginning of period	770,480	750,000
Amounts drawn down during the period	61,596	20,480
Principal balance at end of period	832,076	770,480
Net financing costs at beginning of period	70,010	-
Changes to financing costs during period	(3,223)	-
Financing costs during period	55,215	70,010
Net financing costs at end of period	122,002	70,010
Carrying amount at end of period	954,078	840,490
Current	892,378	840,490
Non-current	61,700	-

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BRIDGING LOAN FACILITY	Group	
	30 June 2020 (unaudited)	31 December 2019 (audited)
	\$	\$
Principal balance at beginning of period	770,480	750,000
Amounts drawn down during the period	-	20,480
Principal balance at end of period	770,480	770,480
Net financing costs at beginning of period	70,010	-
Changes to financing costs during period	(3,223)	-
financing costs during period	55,111	70,010
Net financing costs at end of period	121,898	70,010
Carrying amount at end of period	892,378	840,490
Current	892,378	840,490
Non-current	-	-

During the period, the Company incurred interest expense on long-term loans, inclusive of accretion of facility costs, of \$55k (2019: \$70k). A total of \$nil was settled in cash (2019 - \$nil) with all interest being rolled forwards to be settled on redemption of the loan on 28 February 2020.

In addition to the interest charge, 4.5 million (2019: 93 million) warrants were awarded over the ordinary shares in the Company on drawdown and extension of the facility. The charges recognised for these warrants are:

In the Statement of Comprehensive Income the Group recognised the following charge in respect of its share based payment plan:	30 June 2020 (unaudited)		31 December 2019 (audited)	
	Warrants	\$	Warrants	\$
At beginning of period	93,000,000	-	-	-
Issued on award of bridging loan facility	-	-	90,000,000	317,116
Issued on extension of bridging loan facility	4,500,000	28,183	3,000,000	15,845
Included within finance expense:	97,500,000	28,183	93,000,000	332,961

The carrying amount of the borrowings at 30 June 2020 and 31 December 2019 includes transaction costs of \$15k (net of accretion). At 30 June 2020 and 31 December 2019, the carrying amount of the bridging loan facility approximates its fair value as the loan's effective interest rate approximates market rates commercially available.

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The loan is secured by a fixed and floating charge over the Company's assets in favour of Pegasus Petroleum Ltd, including the shares of the Company's Cameroon intermediary holding subsidiary, Tower Resources Cameroon Limited.

BARCLAYS LOAN FACILITY

	Group	
	30 June 2020 (unaudited)	31 December 2019 (audited)
	\$	\$
Principal balance at beginning of period	-	-
Amounts drawn down during the period	61,596	-
Principal balance at end of period	61,596	-
Net financing costs at beginning of period	-	-
financing costs during period	104	-
Net financing costs at end of period	104	-
Carrying amount at end of period	61,700	-
Current	-	-
Non-current	61,700	-

During the period, the Company secured a Business Bounceback loan from its principal banker, Barclays Bank plc totalling \$62k (£50k). The loan term is six years and there are no fees or interest repayments due within the first 12-month period. Incurred interest expense on long-term loans inclusive of accretion of facility costs of \$104 were recognised during the period. A total of \$nil was settled in cash with all interest being rolled forwards to be repaid during years two to six. The final repayment on the loan will be made on 26 May 2026, although the Company does have the option to repay the loan earlier if it so chooses.

The carrying amount of the borrowings at 30 June 2020 includes transaction costs of £189 (\$232) (net of accretion). At 30 June 2020, the carrying amount of the bridging loan facility approximates its fair value as the loan's effective interest rate approximates market rates commercially available. The loan is unsecured.

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NOTES TO THE FINANCIAL INFORMATION

7. Share capital

	30 June 2020 (unaudited)	31 December 2019 (audited)
	\$	\$
Authorised, called up, allotted and fully paid		
1,243,271,874 (2019: 1,104,605,208) ordinary shares of 0.001p	18,252,935	18,251,117

The share capital issues during the period are summarised below:

	Number of shares	Share capital at nominal value	Share premium
		\$	\$
Ordinary shares			
At 1 January 2020	1,104,605,208	18,251,117	144,294,128
Shares issued for cash	133,333,333	1,748	653,757
Shares issued on settlement of fees	5,333,333	70	26,150
Share issue costs	-	-	(58,996)
At 30 June 2020	1,243,271,874	18,252,935	144,915,039
Deferred shares		\$	\$
At 1 January and 30 June 2020	728,521,169,196	-	-

At the annual general meeting of the company held on 6 July 2020, shareholders approved the acquisition and subsequent cancellation of all Deferred Shares and all B Deferred Shares.

TOWER RESOURCES PLC

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NOTES TO THE FINANCIAL INFORMATION

8. Share-based payments

In the Statement of Comprehensive Income the Group recognised the following charge in respect of its share based payment plan:	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)
	\$	\$
Included within administrative costs:		
Share-based payment charges incurred on issue of new equity	-	(301,222)
Share-based payment charges incurred on incentivisation of staff and consultants	(148,924)	(125,549)
Included within finance expense:		
Share-based payment charges incurred on issue of options and warrants as part of loan financing facilities	(28,183)	(317,117)
Total recognised share based payment plan charges	(177,107)	(743,888)

Options

Details of share options outstanding at 30 June 2020 are as follows:

	Number in issue
At 1 January 2020	71,601,400
Awarded during the period	-
At 30 June 2020	71,601,400

Date of grant	Number in issue	Option price (p)	Latest exercise date
09 Dec 15	48,000	0.475	09 Dec 20
16 Mar 16	53,400	0.475	16 Mar 21
26 Oct 16	1,500,000	0.023	25 Oct 21
24 Jan 19	70,000,000	1.250	24 Jan 24
	71,601,400		

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

TOWER RESOURCES PLC

PERIOD ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL INFORMATION

Warrants

Details of warrants outstanding at 30 June 2020 are as follows:

	Number in issue
At 1 January 2020	444,284,489
Awarded during the period	69,536,188
At 30 June 2020	513,820,677

Date of grant	Number in issue	Warrant price (p)	Latest	exercise date
09 Nov 17	31,853,761	1.000		09 Nov 22
01 Jan 18	2,542,372	1.000		01 Jan 23
01 Apr 18	2,083,333	1.500		01 Apr 23
01 Jul 18	2,272,726	1.780		30 Jun 23
01 Oct 18	4,687,500	1.575		30 Sep 23
24 Jan 19	112,211,999	1.250		23 Jan 24
16 Apr 19	90,000,000	1.000		14 Apr 24
30 Jun 19	4,285,714	1.000		28 Jun 24
30 Jul 19	3,000,000	1.000		28 Jul 24
15 Oct 19	191,347,084	1.000		13 Oct 24
31 Mar 20	49,816,850	0.200		30 Mar 25
29 Jun 20	19,719,338	0.350		28 Jun 25
	513,820,677			

TOWER RESOURCES PLC

PERIOD ENDED 30 JUNE 2020

NOTES TO THE FINANCIAL INFORMATION

9. Subsequent events

1 July 2020: Further extension of the Loan Facility with Pegasus Petroleum Limited ("Pegasus") to 15 August 2020 the terms of which included the issue of 4.5 million five-year warrants with a strike price of 0.35 pence, being a premium of 11.1% to the closing price on 30 June 2020. Jeremy Asher, as a director of the Company, and Pegasus, are considered to be "related parties" as defined under the AIM Rules and accordingly, the extension and issue of warrants constituted related party transactions for the purposes of Rule 13 of the AIM Rules.

1 July 2020: Issue of 15,219,338 warrants to Directors in lieu of £34,000 (in aggregate) of Directors fees to Peter Taylor and David M Thomas (non-executive directors), and Jeremy Asher (as Chairman) in settlement of fees due for the period from 1 July 2020 to 30 September 2020, to conserve the Company's working capital. The warrants are exercisable at a strike price of 0.35 pence, which is a premium of 11.1% to the closing share price on 30 June 2020, and are exercisable for a period of five years from the date of issue.

6 July 2020: All the resolutions proposed in the notice of the 2020 Annual General Meeting were duly passed;

28 July 2020: Update on Namibian licences and farm-out discussions on PEL 96 including a significant announcement of updated resource estimates by Global Petroleum Ltd on its adjoining PEL 94, which includes the Welwitschia Deep Albian Carbonate prospect, a large part of which is within the Company's PEL 96;

28 August 2020: Agreement of a six-month loan facility of \$500,000 with Shard Merchant Capital Ltd ("Shard"). The terms of the facility include the issue of 31,446,541 attached three-year warrants at a strike price of 0.6 pence and 5,761,198 shares to pre-pay interest;

28 August 2020: Further six-month extension to the existing Pegasus \$750,000 Loan Facility with, as part of which 47,169,811 attached three-year 0.6 pence warrants were issued and Pegasus agreed to subscribe for 37,854,971 shares to convert the current accrued interest on the Pegasus Loan Facility into shares, and to pre-pay interest;

28 August 2020: Subscription to raise gross proceeds of \$200,000 through the issue of approximately 38,407,989 new ordinary shares at a price of 0.393 pence per share to clients of Shard. The Subscription Price of 0.393 pence per share represented a discount of 9.7% to the midpoint price of the Company's shares at the close of trading on 28 August 2020.

**TOWER RESOURCES PLC
PERIOD ENDED 30 JUNE 2018**

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