

Stock Data

Share Price: 0.70p
Market Cap.: £4.0m
Shares in issue: 565.7m

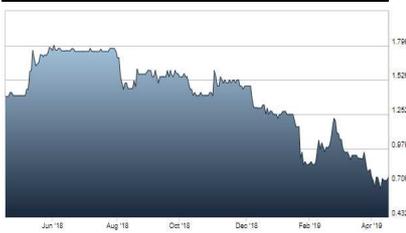
Company Profile

Sector: Oil & Gas
Ticker: TRP.L
Exchange: AIM

Activities

Oil and gas exploration company with a core focus on the Thali PSC located offshore Cameroon. The company also holds assets in South Africa, Namibia and the Sahawari Arab Democratic Republic.

Share price performance



Source: LSE

Turner Pope contact details

Turner Pope Investments (TPI) Ltd
6th Floor
Becket House
36 Old Jewry
London
EC2R 8DD

Tel: 0203 621 4120
Email: info@turnerpope.com
Web: www.turnerpope.com

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Barney Gray Research analyst
Tel: 0203 621 4120
barney@turnerpope.com

Tower Resources PLC

Tower is in the final stages of planning the NJOM3 appraisal well on the Njonji field (Tower: 100%), located offshore Cameroon. NJOM3 is planned to be drilled to a total depth of 1,100m, probing at least three reservoir zones identified by the NJOM1B and NJOM2 discovery wells. NJOM3 is designed to confirm the reservoir thickness on the Njonji field, supplement existing well data and evaluate additional formations that could provide valuable resource upside.

Tower has contracted the Topaz Driller, the Vantage rig, to drill the NJOM3 well. The rig is currently expected to complete its current assignment in Gabon in mid-May, making it possible to move the rig to Cameroon to spud NJOM3 in late May 2019. The anticipated cost of the well is estimated to be approximately US\$10m dry hole costs and c.US\$14m including well planning and testing.

The final location of NJOM3 has been agreed with the state oil company, SNH, and a full drilling team is now in place and operating from Tower's office in Douala. All long lead time items have been acquired and services contracted on the basis of a late May spud. The company notes that this date could be subject to slippage depending on the activities of the Topaz Drilling over the next month.

As outlined in the Turner Pope research report dated 5 February 2019, Tower is planning to use a combination of bank financing, company equity and also potential partner equity to fund the first phase of development at Njonji. The company has been in discussions with a prominent African bank with regards to a loan facility of US\$15m which could be extended to US\$50m for the Njonji development.

Tower is hopeful that that this facility may be in place by mid-May 2019. However, in the event that this is not the case, the company has been conducting discussions with potential farm-in partners for the Thali licence. Tower believes that any of these options or a combination of them could provide an attractive funding solution to complete the NJOM3 well.

In the meantime, Tower has agreed a short term senior secured funding facility of US\$750,000 with Pegasus Petroleum Ltd, a company owned by the Tower's Chairman, Jeremy Asher. This facility comprise fees of 2%, interest of 1% per month accrued and paid on repayment, a fixed and floating charge over the company's assets and the issue of 90 million 5-year warrants priced at 1.0p per share. This price represents a premium of 38% over the closing mid-market share price on 15 April 2019.

This bridging loan will be due for repayment on or before 30 June 2019 and will have a preferential right of repayment from any future financing secured by the company.

In the event that NJOM3 is successful, Tower's plan is to suspend the well with a view to its subsequent completion as one of four initial production wells on the Njonji field. This first phase of development has been devised to exploit the mean 2C contingent resources of 18 mmbbls already identified in the structure. We believe that a positive outcome for NJOM3 will serve to de-risk Njonji significantly and provide the potential for a re-rating of the company's shares.

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