

Stock Data

Share Price: 0.42p
Market Cap.: £2.4m
Shares in issue: 580.7m

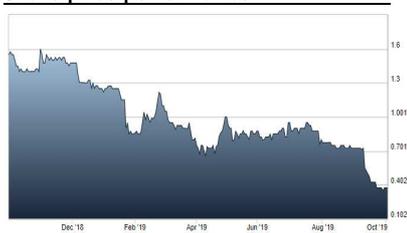
Company Profile

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

Past performance is not an indication of future performance.

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Tower Resources plc

Tower has disclosed technical and commercial information to a major international oil company in respect of Tower's Namibian exploration blocks. Preliminary discussions initiated by the major and held earlier this summer have addressed the potential of cooperating in respect of future exploration activity. Although these discussions are at a very early stage and may not lead to a formal agreement between the parties, they do serve as a reminder that in addition to the company's more advanced appraisal and development activities in Cameroon, Tower also possesses significant exploration upside in Namibia as well as South Africa that could represent major upside to the current share price in the event that farm-out agreements in either region are expedited successfully.

Under a Petroleum Agreement (PA) with the Government of Namibia, Tower holds an 80% interest and operatorship in offshore blocks 1910A, 1911 and 1912B in Namibia. This acreage is located in the Dolphin Graben where only nine exploration wells have been drilled to date. However, one of the most notable wells (1911/15-1), drilled by Norsk Hydro on block 1911, recovered oil from Albian carbonate core samples in 1994.

Tower has already identified two giant four-way dip closures in the western region of block 1911 in addition to several large structural closures mapped in the central area of the Dolphin Graben. These are all located directly adjacent to source kitchens and are believed to comprise multiple stacked reservoir targets already identified in previous drilling campaigns in the region.

Tower notes that the two largest structures on block 1911, termed 'Alpha' and Gamma' represent multi-billion barrel potential and even the smaller group of structural leads in the central region of the Graben could possess resource potential of 250-700 mmbbls each of mean unrisked recoverable hydrocarbons.

In South Africa, Tower holds a 50% interest in the Algoa-Gamtoos licence, operated by NewAge Energy. This highly prospective acreage is adjacent to Total's Block 11B/12B to the immediate southeast, where the French major made the 1 bn+ boe Brulpadda gas-condensate discovery in the Outeniqua Basin in early 2019. We note with interest that Algoa-Gamtoos now includes a 364 million boe prospect recently identified by NewAge in the same Outeniqua basin.

In Cameroon, farm-out discussions in regard to the offshore Thali licence are progressing with several potentially interested parties. Tower notes that these prospective partners require time to finalise their own financing and due diligence exercises in order to commit to an initial well. However, this is also providing Tower with the latitude to finalise its own financing plans. In the meantime, Tower's financial commitments in Cameroon are modest, comprising the funding of an inexpensive site survey and ongoing farm-out discussions with potential partners.

We believe that today's announcement highlights the upside within Tower's wider portfolio beyond current activities in Cameroon. Both Namibia and South Africa represent previously under-explored exploration plays where activity is ramping up on the back of exciting recent progress. This includes Total's farm-out of three Namibian licence interests to Qatar Petroleum in August 2019 and Total's major Brulpadda discovery in South Africa in February 2019. Given that we believe that both Namibia and Cameroon represent effectively a free option on Tower at the current market cap, we await further details of a potential Namibian farm-out with great interest.

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