

#### Stock Data

Share Price: 0.19p  
Market Cap.: £2.4m  
Shares in issue: 1,243.3m

#### Company Profile

Sector: Oil & Gas  
Ticker: TRP.L  
Exchanges: 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: [London Stock Exchange website](#)

**Past performance is not an indication of future performance.**

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# Tower Resources plc

**Tower has announced an update in regard to both its Thali PSC (Production Sharing Contract) in Cameroon and its binding heads of terms (HoT) in respect to a farm-out of a 24.5% interest in the PSC to OilLR Pty Ltd as announced on 2 March 2020. In particular, the company has notified the Cameroon Ministry of Mines, Industry and Technological Development (MINMIDT) of an event of Force Majeure under the terms of the PSC during which the company's obligations are temporarily suspended.**

Operations in Cameroon have been impacted by the Covid-19 pandemic. In particular, international travel restrictions, including those implemented by the Republic of Cameroon on 17 March 2020, have limited service providers significantly in what they can do locally.

Consequently, Tower notified MINMIDT of an event of Force Majeure under the terms of the PSC. During such a period, the parties' obligations under the agreement are temporarily suspended. Additionally, it is understood that the same period of approximately seven months remaining under the current exploration period as at 17 March 2020 should still remain once Force Majeure ends without any further extension requested.

Tower has notified MINMIDT that it is still possible that NJOM-3 could be spudded prior to 15 September 2020 despite the Force Majeure in the event that the current global situation returns to normal quickly. However, the company acknowledges that this is currently highly uncertain.

On 2 March 2020, Tower executed a HoT for a farm-out with OilLR, a private Brisbane based company. The farm-out covers US\$7.5m towards the cost of the NJOM-3 well that Tower is planning to drill on the Thali PSC. The well is currently expected to cost US\$15-16m of which approximately US\$3.0m has already been spent by Tower.

Tower and OilLR have now agreed to amend their HoT to extend the completion date to 30 June 2020. Tower is satisfied that OilLR's intended investors have the funds to complete the farm-in and both parties remain committed to the project. However, the parties also agree that the transaction cannot be completed under the current circumstances until the global situation stabilises.

Tower is also continuing discussions with other potential investors in Thali. While the company anticipates that OilLR will be able to complete the farm-in under the agreed terms, Tower has also agreed with OilLR that, in the event that the company receives additional offers of firmly committed funds which total more than US\$15m and if OilLR is unable to make an escrow payment on the agreed schedule, then Tower will have the right to reduce OilLR's share of the farm-out to a minimum of US\$5m to accommodate other potential investors.

**A period of Force Majeure provides the company with vital breathing space in what are unprecedented global circumstances with regard to the spread of Covid-19. In addition, the current oil price environment is also highly volatile since Saudi Arabia's decision to increase output significantly in early March 2020. However, Tower notes that forward Brent prices presently remain above \$40 per barrel for the expected production period of the Njonji field; a level that would still provide attractive economic returns under the existing PSC.**

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