

**Stock Data**

Share Price:	0.4p
Market Cap:	£5.16m
Shares in issue:	1,243.3m

**Company Profile**

Sector:	Oil & Gas
Ticker:	TRP
Exchanges:	AIM

**Activities**

Tower Resources plc ('Tower', 'the Company', 'TRP') is an oil & 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.

**1-year share price performance chart**



Source: [LSE](#)

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

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# Tower Resources plc

Tower has released its preliminary results for the 12 months ended 31 December 2019. While its statement notes the exceptional challenges that had faced the sector during 2020 up to the more recent recovery in oil prices to around US\$40 per barrel, its Board also points out that given its expected production profile, it is the price of Brent for forward delivery that is most relevant for it. In this respect, the price for forward delivery has been affected less by the recent difficulties in the prompt crude market, with the benchmark Brent for December 2025 delivery still above [US\\$52 per barrel](#). This has been reinforced by the farm-out agreement with [OilLR](#), (announced at the end of February 2020), which Tower still expects to complete in the near future along with interest also from other parties in a similar transaction. Fundraising permitted US\$4.7 million of net investment in the Company's oil & gas assets during 2019 and its weak period-end balance sheet was bolstered by further small fundraising of [£0.5m in March 2020](#). Despite continuing uncertainties, management confirms its plans are now further advanced and determination to achieve its goals undiminished. It hopes to have more 'concrete' news for shareholders in the coming 'weeks and months'.

## Few surprises in the preliminary financial numbers

[Figures for the 12 months](#) were much as expected, detailing total administrative expenses of US\$2.24m, leading to a loss for the year after taxation of US\$2.66m, or a diluted loss per share of US0.04 dollar cents. Total cash proceeds from issuance of new ordinary share capital amounted to US\$4.57m net, taking net assets to US\$21.78m (2018: US\$18.71m, while year-end cash was US\$38.7k (2018:US\$331.4k).

## Heads-of-Terms ('HoT') completion date

In March, Tower and OilLR, the private Brisbane-based company, agreed to amend their HoT to [extend the completion date](#) in respect of the key Thali production sharing contract ('PSC') in Cameroon to 30 June 2020. Tower remains satisfied that OilLR's intended investors have the funds to complete the 24.5% farm-in and that both parties remain committed to the project. The deal covers US\$7.5m towards the cost of the NJOM-3 well that Tower is planning to drill on the Licence. The well is currently expected to cost in the range US\$15-16m, of which approximately US\$3m has already been spent by Tower. That said, all parties have agreed that the transaction cannot be completed under the current circumstances until the global situation stabilises, as discussed below. Tower is also continuing discussions with other potential investors in the Thali licence.

Following a site survey that was completed in February 2020 and confirmed the suitability of the proposed NJOM-3 well location, the COVID-19 pandemic has meant Tower has not been in a position to conclude a rig contract or other services for drilling. As a result, it has notified the Ministry ('MINMIDT') of a state of *Force Majeure*, and since that time meetings with both MINMIDT and the Société Nationale des Hydrocarbures have discussed next steps with a view to restarting drilling preparations as soon as possible. Commitment has been reinforced by the asset's updated [Reserves and Resources Valuation](#) report from Oilfield International Ltd. in March 2020 that, using the Brent forward curve of 10 March 2020, provided an OIL estimate of the NPV10 of their Best Estimate of Contingent Resources of US\$119m, with an EMV10 of US\$91m.

Elsewhere, Tower has also kept its other African work programmes underway, including its license PEL 96 in Namibia, for which it received an [unsolicited approach](#) from an oil major in the second half of 2019.

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