

13 April 2011

Tower Resources

Year End	Revenue (\$m)	PBT* (\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/08	0.0	(0.93)	(0.2)	0.0	N/A	N/A
12/09	0.0	(0.71)	(0.1)	0.0	N/A	N/A
12/10e	0.0	(1.50)	(0.1)	0.0	N/A	N/A
12/11e	0.0	(1.50)	(0.1)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation and exceptional items.

Investment summary: On schedule

Tower's 13 April operational update confirms that the work programme in Uganda and Namibia is on schedule. Significantly, Tower has indicated that a well to drill the potentially huge Delta prospect offshore Namibia remains a target within a year. Drilling is also a distinct possibility in Uganda in Q411. We continue to see Tower as an exciting frontier exploration play. Namibia, in particular, has company maker potential.

The interpretation of the 3D survey offshore Namibia is at an advanced stage. A CPR is scheduled to be published in early June. Initial findings include not only confirmation of the scale of the Delta structure, but also a Palaeocene lead and importantly some additional deeper reservoir horizons. The resource potential may therefore be greater than the maximum 3bn barrels gross identified earlier. The Namibian operator, Arcadia Petroleum, is apparently making progress in securing finance and a rig in late 2011 or early 2012. Note that Tower is free carried for the first well.

In Uganda Tower is undertaking a geochemical survey and is scheduled to commence a 2D seismic survey over the prospect area in early May. The results from both surveys are expected by end June, which will pave the way for selecting a well location. Tower is well funded for the seismic and geochemical programmes, but will require a farm-in partner for drilling. The recently agreed MOU between Tullow and the Ugandan government should have eased this task.

Price 7p
Market Cap £80m

Share price graph



Share details

Code TRP
Listing AIM
Sector Oil & Gas
Shares in issue 1,122.2m

Price

52 week High Low
9.1p 1.2p

Business

Tower Resources is a frontier oil & gas exploration company focused on Africa. There are two projects in Uganda's Albertine Basin (100%) and offshore Namibia (15%).

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