



COMPANY REGISTRATION NUMBER 05305345
TOWER RESOURCES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2023

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YEAR-ENDED 31 DECEMBER 2023
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TOWER RESOURCES PLC

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OVERVIEW

Tower Resources plc (the “Company”, the “Group” or “Tower”) is an upstream oil and gas company listed on the London Stock Exchange AIM market in London. Tower is an experienced international operator of oil and gas licenses with high potential projects in Cameroon, Namibia and South Africa.

CHAIRMAN AND CHIEF EXECUTIVE’S STATEMENT

2023 has been a year of steady progress for our Company, against a backdrop of a more stable oil market environment, even though the geopolitical environment has remained uncertain. As we observed last year, the global crude oil market has been quite well balanced in the short term, and prices remain very favourable for the Company’s projects. The underinvestment of the past few years also still leaves potential for further upside in the years ahead. Another notable aspect of our commercial environment has been the further drilling success of Shell, Total and now GALP in Namibia. Apart from the direct implications for our own subsurface analysis and the availability of services in Namibia, this success has also led to a noticeable renewal of interest in exploration generally, which is helpful in finding partners for our projects even though funding, especially for smaller companies and projects, remains tight.

In the latter part of the year, we contracted a rig, the *Norve*, one of Borr’s fleet of modern high-specification jackup rigs, to drill the NJOM-3 well in Cameroon once the rig has completed its existing contractual obligations. Naturally, the contract is subject to our having financing in place in good time, and it is now already clear that the rig’s current drilling campaign has encountered some delays, but we still expect the well to be drilled in later this year.

The Government of Cameroon has continued to be extremely supportive and we are very grateful to them for the further extension of the initial exploration period of our Thali license to February 2025. We are also still in active and detailed discussions and due diligence regarding the financing for the NJOM-3 well, and we still expect this to be completed in time for the rig schedule for the well.

In Namibia, as discussed in more detail in the Operational Review, we completed our basin modelling work, and integrated it with a new seep analysis, completed after the basin modelling work was done, and which was consistent with the basin model we had developed. This has greatly increased our confidence in our understanding of the subsurface, and we shared a summary of our analysis with the industry in Cape Town in October 2023, which was well received. A copy of that technical presentation can be found on our website.

Since then, we have been reviewing all of our seismic data (including some 20,000 line-kilometres of 2D data) to identify the most promising anticlines and stratigraphic traps along the expected oil migration paths we have identified. While this includes some of the large anticlines we had already identified in the license area more than a decade ago, it also includes some very large stratigraphic traps which we had not considered before. At the time of writing this, we are still reviewing this work with our partners and with the Ministry, but we are looking forward to sharing our latest view of these leads/prospects and their prioritisation with investors shortly.

In South Africa our co-venturer and operator NewAge is continuing to explore the options for acquisition of new 3D seismic data over our deep-water Outeniqua basin lead, which continues to attract interest from third parties. The farm-out process which they have been conducting has now resulted in a serious discussion with one party getting underway, though we cannot yet say if it will result in a transaction, and we cannot provide more detail or comment further while discussions are in process. We will inform investors promptly if a firm agreement is reached.

All in all, 2023 is a year in which we have been able to move our projects forward despite funding constraints, and while we would have liked to have done more, it does appear that we will see some of the fruit of this progress in 2024.

Jeremy Asher

Chairman and Chief Executive

31 May 2024

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 STRATEGIC REPORT

Our strategy over the past several years has been to focus in the near term on lower risk appraisal and development within proven basins where there is still low-risk exploration upside, such as our Thali PSC in Cameroon, while still maintaining selective exposure to longer term and high risk/reward exploration in areas where we have existing relationships, such as Namibia and South Africa.

Even before the current conflict in Ukraine, markets were becoming aware by the end of 2021 that the global underinvestment in exploration and production since 2015 was already having a profound effect on both oil and gas supply, and on prices. This has reinforced the benefits, both short and long term, of a strategy based on achieving short-term production as quickly as we can, while also continuing to develop potential resources for the future.

TotalEnergies' 2020 success in South Africa with its Brulpadda and Luiperd wells in the Outeniqua basin, and its recent success in Namibia at Venus-X1, coupled with Shell's recent success in Namibia with its Graff-1 well and the subsequent successful appraisal drilling, followed more recently by GALP's successful well, all indicate that in Namibia and South Africa we have chosen promising countries for our exposure to high risk, high reward exploration. These successes have also resulted in a renaissance of investor interest in exploration, and especially in these countries, as both the scale of these opportunities and the need for the resulting oil and gas over the next decade have become apparent.

In the near term, our strategy still requires reaching first oil in Cameroon as soon as possible, especially now that production is worth so much more than a few years ago. Our Cameroon license also has substantial exploration upside, but this can only be unlocked once we have the existing discovery appraised and in production.

This activity requires financing, and while there is still non-dilutive financing available (within limits) for producing assets, the equity requirements for the earlier stages of exploration and development usually require some trade-offs between the amount of a project one can retain and the speed with which it can be developed. We always look at the alternatives of financing our activity at the asset level, whether via debt or other non-dilutive financing, or via farm-outs, or at the corporate level, again with debt or equity, in order to achieve the best expected outcome for our shareholders.

Although we have both operated and non-operated interests, our preference is to operate assets, in order to control costs and timing more directly, and to build up our local relationships and internal knowledge of reservoirs and petroleum systems, and this remains the case today.

Over the past few years, keeping costs low and flexible without losing access to our people and their skills has also been critical to survival, and we believe will continue to be critical to success in future – not merely in being able to keep costs to a minimum in periods where activity is necessarily low, as we have recently seen, but also in being able to ramp up the resources and technology we are able to bring to our projects in the future when needed. This is why strategic relationships such as our technical-subsurface relationship with EPI, which has served us well since 2015, and our more recent relationship with Bedrock Drilling on well design and management, have formed a key part of our strategy, although we are also now looking to increase our in-house subsurface capability.

Finally, as noted in previous annual reports, our strategy remains to enable and to support the wider strategic and environmental plans of each of the countries in which we operate, to increase power generation from cleaner sources, including both renewables and natural gas, both to aid economic development and to displace less efficient diesel and fuel-oil based power generation, and to reduce imports of liquid fuels by increasing local production where possible. These countries' strategic plans depend critically on the continued development of local oil and gas production in the near term, in order to meet the national goals and COP26 and other climate commitments which they have set for the next decade.

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OPERATIONAL REVIEW

In 2023 we were able to make progress on our licenses in Cameroon and Namibia, while progress in South Africa has been slower.

In Cameroon we received an extension of the initial exploration period of the Thali PSC to February 2025. Investors may recall that we explained last year how the market for jack-up rigs had tightened due to very high levels of chartering by Saudi Aramco in 2022, however we remained confident that we would be able to secure a rig in the year ahead, when the rigs that remained working in West Africa came free from existing contractual commitments, and so it has proved. In December 2023, we contracted with Borr to use the Norve, one of their fleet of premium jack-up rigs which is currently operating in West Africa, to drill the NJOM-3 well on our Thali license once its existing contractual obligations were completed. At the time, we expected this to be by the end of August 2024. We now believe this will be later due to operational delays to the current charterer's drilling schedule, but we still expect to be able to spud the NJOM-3 well within the current exploration period.

In the meantime, we have continued to prepare for drilling both by maintaining readiness of our long-lead items and well plans, and also by refreshing our frame contracts with key service providers and keeping abreast of lead times for consumables, fuel and so forth. We have also been developing our thinking and planning for the next phase of development, after NJOM-3 is drilled, notably in respect of the platform to support the wellheads for NJOM-3 and the three subsequent wells.

In Namibia, we completed the basin modelling work that we had begun in 2021. In May 2023 we updated investors regarding the initial conclusions of this basin modelling work. As we explained in our last annual report, this had indicated the potential for mature oil source rocks in the deeper syn-rift sections across the Dolphin Graben, generating predominantly oil phase hydrocarbons in substantial volumes, capable of charging very large structures. It has also identified focused migration pathways from those source rocks and generative kitchens to the giant anticlines in the Western area of the license, and a number of potential stratigraphic trap plays both in the Dolphin Graben itself and along the flanks of the giant structures to the West, which are also capable of containing large volumes of oil. The basin modelling work was very closely calibrated with the actual geochemical data measured in the nearby wells and explained the presence of the lacustrine oil in the Norsk Hydro well 1911/15-1 in our license area. The analysis explains why this oil would originally have been generated and potentially trapped and the subsequent tilting of the area would have caused any trapped hydrocarbons to have migrated elsewhere, explaining the residue of oil in the well and providing us with high confidence in the analysis.

By October we had completed the integration of this work with an oil seep analysis we had commissioned over the license area, which matched up very closely with the generation locations and migration paths we had identified, giving us further confidence in the basin model. We presented this work in Cape Town, where it attracted considerable interest, and a similar presentation with voiceover is available on our website.

Between then and now we have been working to prioritise the leads we have already identified in the license area, and to identify new leads, and to reassess their likelihood and expected volume of charge. This will allow us to choose the best area over which to acquire new 3D seismic data in due course. We are now close to completing that work, and look forward to sharing it with investors as soon as we have incorporated feedback from our partners and the Ministry.

In South Africa, our 50% partner NewAge, as operator of the Algoa-Gamtoos block, has continued to negotiate with potential contractors for 3D seismic data acquisition on either a proprietary or a multi-client basis. Just as in 2022, this remains a slow process partly because of the uncertainties created by the new Petroleum Bill and its implementation, and also the associated uncertainty over the environmental consultation process highlighted by the litigation over Shell's delayed plans to acquire 3D seismic over a rather larger area to the East of our license. PASA, the regulatory authority, has remained understanding of this situation, and the regulatory and other uncertainties do appear to be getting clarified step by step. Nevertheless, we are not yet in a position to move forward with the next phase of 3D seismic data acquisition; however we are continuing to plan and budget for this work.

NewAge has continued to explore farm-out options for the Algoa Gamtoos block and some reasonably detailed discussions are now underway with an interested party, although no agreement has yet been reached.

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STRATEGIC REPORT

FINANCIAL REVIEW

Selected financial data

	2023	2022
(Loss) / profit after tax (\$)	(454,196)	(1,009,122)
Net cash investment in oil and gas assets (\$)	2,910,691	3,053,280
Year-end cash (\$)	20,633	243,900
Year-end share price (p)	0.16p	0.16p

Highlights:

- Cameroon operational update covering:
 - Application for a one-year extension of the initial exploration period of the Production Sharing Contract (“PSC”), following positive discussions with the Minister of Mines, Industry and Technological Development and the Prime Minister of the Republic of Cameroon
 - Ongoing discussions with rig owners and operators with the aim to secure rig availability to drill at NJOM-3
 - Ongoing negotiations for a term loan with BGF Bank Group and asset-level financing with several other parties
 - Updated resource estimates and risks for the reservoirs connected to the NJOM-1 and the NJOM-2 discovery wells, substantially lowering risk attributed to PS9 Sup and PS3 HW reservoirs, and increasing total risked pMean prospective resources to 35.4 million bbls
 - Deployment of software to conduct detailed attribute analysis of the reprocessed 3D seismic data to identify the oil and gas elements of the reservoirs in the Njonji-1 and Njonji-2 fault blocks, resulting in a clearer picture of the pay zones in both fault blocks.
- Namibia technical update covering:
 - A basin and thermal maturity study to significantly progress the understanding of the hydrocarbon prospectivity of the license. The basin modelling study has been carefully integrated with seismic sequence stratigraphic interpretation of the large 2D seismic datasets and integrated with the well data within PEL96 and available well data elsewhere in the Walvis Basin region.
 - The integrated analysis of the seismic, wells and the basin modelling results showing clear evidence of a working petroleum system present within the Dolphin Graben in PEL 96; in the form of oil recovered from cores in the 1911/15-1 well and direct hydrocarbon indicators (DHIs) observed on seismic.
 - The objectives of the basin modelling study were to assess the critical elements of the hydrocarbon charging system, i.e. thermal maturity, distribution of generative source kitchens, volumetric estimation of generative capacity of mature source rocks, timing of generation/expulsion of hydrocarbons and mapping of migration pathways.
 - An oil seep analysis to accompany the basin modelling work, and a review of the existing volumetric data on the prospects and leads that have already been identified.
- The execution of a contract with Borr Drilling Limited for the hire of the Norve jack-up rig, one of Borr's fleet of high-specification drilling units, to drill the NJOM-3 well on Tower's Thali license in Cameroon in 2024.

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- The completion of an institutional placing via an investment deed to Energy Exploration Capital Partners, LLC (“EEPC”), in January 2023 with an initial placing of \$1.3 million at a price of 0.36p per share with additional follow on commitments up to a total commitment of \$6.0 million. As part of the placing commitment, additional tranches of share issues were made throughout 2023 raising an additional \$556k at an issue price of between 0.028p and 0.12p per share.
- A placing and subscription of 4,600 million shares to raise £2.3 million (\$2.9 million) at a price of 0.05p (0.06¢) per share announced in May 2023 together with the appointment of Axis Capital Markets Limited as joint broker to the Company.
- A Subscription at a share price of 0.02p per share to raise £600k announced in December 2023, with proceeds receivable in January 2024.
- Cash balance at year-end of \$21k (2022: \$231k) prior to receipt of subscription proceeds.
- 2023 full-year net administrative costs, excluding share-based payment charges, of \$702k (2022: \$631k)

Post-reporting period events

4 January 2024: Share issuance in accordance with the terms of the investment deed with EEPC announced on 16 January 2023, of 440,567,445 ordinary shares of 0.001 pence each. The purchase price of 0.0225 pence per Ordinary Share for the settlement amount of \$125,000 had been prepaid by EEPC.

4 January 2024: Issue of 350.9 million warrants in lieu of £60,000 (in aggregate) of Directors fees in respect of the period January-June 2024, to conserve the Company's working capital. The warrants are exercisable at a strike price of 0.03 pence per share. The warrants are exercisable for a period of five years from the date of issue.

8 February 2024: The Company received formal notification from the Minister of Mines, Industry and Technological Development in Cameroon of the extension of the First Exploration Period of the Thali production-sharing contract to 4th February 2025, in accordance with the Company's PSC and the Cameroon Petroleum Code, and with the approval of the President of the Republic of Cameroon. The Company's principal obligation during the First Exploration Period is the drilling of a single well which the Company intends to fulfil through the drilling of the NJOM-3 well during 2024.

9 February 2024: Share issuance in accordance with the terms of the investment deed with EEPC announced on 16 January 2023, of 396,825 ordinary shares of 0.001 pence each. The purchase price of 0.021 pence per Ordinary Share for the settlement amount of \$105,000 had been prepaid by EEPC.

15 February 2024: The Company reached an agreement for the repayment of the outstanding balance owed to EECP, in accordance with the terms of the investment deed announced to the market on 16 January 2023. In addition, the Company also announced a Subscription to raise £600,000 via the issue of 3,333,333,333 shares at a price of 0.018p per share.

In addition to the events above, subsequent to the year-end the Company received notice that the third of its appeals to the First-Tier Tax Tribunal had been successful, resulting in a release of the remaining VAT provision and the receipt of remaining receivables.

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STRATEGIC REPORT

(Loss) / profit for year

The 2023 loss totalled \$454k (2022: profit \$1.0 million) and includes the following items:

	2023	Variance	2022
	\$	\$	\$
Administrative expenses	(702,706)	(71,744)	(630,932)
VAT provision	1,178,228	1,178,228	-
Share-based payment charges included within staff costs	(278,255)	(35,358)	(242,897)
Share-based payment charges included within professional costs	(59,103)	(7,875)	(51,228)
Foreign exchange (loss) / gain	(46,834)	35,149	(81,983)
Finance expense	(545,526)	(543,444)	(2,082)
Loss for the year after taxation	(454,196)	554,926	(1,009,122)

During the year the company raised \$3.6 million (2022: \$3.6 million) in equity net of fees and commissions.

Administrative expenses (excluding share-based payments) have increased marginally by \$72k to \$703k (2022: \$631k).

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STRATEGIC REPORT

Exploration and evaluation expenditure

The Group invested the following amounts in the exploration for oil and gas during the year (net of a reduction in accruals for expenditure in South Africa):

	2023	2022
	\$	\$
Cameroon	2,651,002	3,085,434
Namibia	156,851	383,193
South Africa	102,838	(415,347)
Total	2,910,691	3,053,280

At the year-end the Group had capitalised the following amounts (net of impairments) within intangible exploration and evaluation assets:

	2023	2022
	\$	\$
Cameroon	20,073,606	17,422,604
South Africa	13,789,397	13,659,997
Namibia	907,921	751,070
Total	34,770,924	31,833,671

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STRATEGIC REPORT

BUSINESS RISKS

Principal business risks and uncertainties

The Directors have identified the following current principal risks in relation to the Group's future performance. The relative importance of risks faced by the Group can and is likely to change with progress in the Group's strategy and developments in the external business environment.

- 1. Market volatility and uncertainty over conflict in Ukraine.** The war in the Ukraine following the Russian invasion in February 2022 has generated considerable volatility in both capital markets and commodity pricing. The Company periodically relies upon capital markets to raise equity funding and there can be no certainty that sufficient funds can be raised where there are extraneous downward pressures on the Company's share price (see item 4 below). The pricing of hydrocarbons underpins the recoverable amount of the Company's assets and the ready availability of drilling rigs and associated support infrastructure and equipment. Where there is market instability, there remains an increased risk of cost escalations and/or availability shortages which may impact the ability of the Company to complete its planned operations on budget and on time (see item 8 below).
- 2. Oil price and gas price / foreign exchange volatility.** The carrying value of the Group's assets is underpinned by current and future oil prices, particularly in higher-cost exploration environments such as deep-water offshore acreage. Although higher oil prices might improve the valuation of assets, they can only increase cash flow to the extent there is current production, and they may also be accompanied by higher costs for fuel and services (and vice versa). Volatility in oil and gas price markets makes it more difficult for the Group to accurately value their assets at any given time. The Group is primarily financed in the United Kingdom from the proceeds of shares issued on the AIM in pounds Sterling. The majority of the Group's operational expenditure is denominated in US Dollars and currency fluctuations may adversely affect the cost of that expenditure.
- 3. Restrictions in capital markets impacting available financial resource.** The Group's assets are not yet developed to a stage where it could secure debt finance against proven reserves and, therefore, it relies upon the ability to raise money at the asset-level or from capital markets to finance its exploration and evaluation activities. Any downturn or closure of capital markets may restrict the amount and price at which the Group can issue new shares, which may in turn impact upon the ambition of its forward exploration programme. The Group will need to complete its agreed farm-out and/or another asset-level transaction within the next nine months, or otherwise raise further funds, in order to meet all of its forward commitments. The Directors believe that there are a number of options available to them either through capital markets, farm-outs or asset disposals with respect to raising these funds. There can, however, be no guarantee that the required funds may be raised or transactions completed within the necessary timeframes.
- 4. Exploration activities within the Group's licences may not result in a commercial discovery.** The historic industry average exploration drilling success rate is approximately one success for every five wells. There is no certainty of success from the existing portfolio. Tower mitigates the risk through the experience and expertise of the Group's specialists, the application of appropriate technology, by farm-outs to other industry participants and the selection of prospective exploration assets.

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STRATEGIC REPORT

5. **Tower does not operate all of the Group's licences where exploration drilling is anticipated as the next operational activity.** The Group is often dependent on other operators for the performance of activities and will be largely unable to direct, control or influence the activities and costs of the operators. By farming-out prior to drilling activities, the Group has and intends to reduce its cost exposure and transfer operatorship to other, normally larger and more experienced, operators for drilling activities, with a consequent increase in the Group's dependence on other operators for the performance of these activities.
6. **Some of the Group's assets are located in countries where the medium-long term political and fiscal stability is uncertain.** Country risk is mitigated by monitoring the political, regulatory, and security environment within the countries in which Tower holds assets, engaging in constructive discussions where and when appropriate, and introducing third-party expertise if this may assist in the resolution of issues affecting the Group's assets. The Group seeks to acquire additional assets for the exploration portfolio, which may assist in diversifying country risk. The countries in which the Group currently have direct interests (Cameroon, South Africa, Namibia and Zambia) are considered to be medium-low risk by the Board of Directors. The Group's royalty interests in SADR, however, are currently affected by a country-specific situation. SADR is the democratically elected government of the territory known as Western Sahara, which lies to the south of Morocco and is recognised by the United Nations as a non-self-governing territory. The sovereignty of the territory remains in dispute, and until this is resolved there is little that can be done to advance the exploration of these blocks.
7. **Cost escalation and budget overruns.** The Group closely monitors actual performance against pre-approved work programmes and budgets, however, given the nature and inherent risks involved in the exploration for oil and gas, operational cost overruns and cost escalation with respect to supply constrained services can quickly become material. The Group seeks to mitigate these factors by farming-down material commitments wherever possible and in carefully selecting reputable joint-venture partners. Where the Group cannot farm-down a material interest before committing to expenditures, it will undertake a tendering process with a view to selecting the contractor with a suitable track record and credentials for the proposed work.
8. **Attracting and retaining experienced and skilled individuals.** The Group considers its investment in skilled and competent human capital to be the key to delivering material future success for shareholders and has adopted a proportionate remuneration strategy, in accordance with industry best practice, that the Remuneration Committee consider sufficient to attract and retain key talent.

The Directors regularly review these and other risks using information obtained or developed from external and internal sources and will take actions as appropriate to mitigate these risks. Effective risk mitigation may be critical to Tower in achieving its strategic objectives and protecting its assets, personnel and reputation.

Jeremy Asher

Chairman and Chief Executive

31 May 2024

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CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Jeremy Asher BSc (Econ), MBA, MEI – Chairman and Chief Executive Officer

Jeremy, aged 65, in addition to his role in Tower, is Chairman of Agile Energy Limited, a privately held energy investment company, and Senior Independent Director at Block Energy Limited, an AIM-listed exploration and production company with operations in the Republic of Georgia. Until November 2018 he also served as a Director of NYSE-listed Pacific Drilling SA, where he chaired the Remuneration Committee and was a member of the Restructuring Committee. He has also served as Deputy Chairman of LSE-listed Gulf Keystone Petroleum Ltd (until June 2014) and TASE-listed Oil Refineries Ltd (until December 2014). Following several years as a management consultant, he ran the global oil products trading business at Glencore AG and then acquired, developed and sold the 275,000 b/d Beta oil refinery at Wilhelmshaven in Germany. Between 1998 and 2001 he was CEO of PA Consulting Group, and since that time has been an investor and Director in various public and private companies.

Dr Mark Enfield BSc (Hons), PhD - Independent Non-Executive Director

Mark, aged 64, is a geoscientist with more than 30 years' experience and a doctorate in structural geology from Royal School of Mines, Imperial College, London, and has been an advisor to the Company's board since 2013. He is CEO of Geoscience at EPI Group. After an early career in international exploration plus development projects in the Gulf of Mexico working for a large US independent operator, Mark founded P.D.F. Ltd in 1994, a highly successful E&P consultancy that developed the 'Outsourced E&P Department™ (OExD®)', partnering with oil and gas companies to provide a ready-made, full spectrum, subsurface geoscience function to support their operations. PDF was acquired by the larger international energy consultancy EPI Group in 2016 and now continues as the Geoscience Department within EPI, which Mark continues to lead. Mark also founded TerraMod Ltd, a specialist basin modelling and oil generation/migration software and consultancy provider to the exploration sector. He founded the PDF Fellowship (for collaborative research within the oil and gas industry), based at Plymouth University in 2005 and remains an active collaborator with this and other institutions. Mark is chair of the Remuneration Committee.

Paula Brancato MBA, FINRA, CFA - Independent Non-Executive Director

Paula, aged 67, is an investment advisor with Barnum Financial Group in New York, where she works with clients and also in new venture and market development. Paula holds an MBA from Harvard Business School and FINRA qualifications in the US as both a broker and investment advisor, as well as being a member of the CFA Society New York. Paula is chair of the Audit Committee.

Application of QCA Code and s.172 principles

Throughout the year-ended 31 December 2023 the Board has sought to comply with the provisions of the QCA Code ("the Code"). The Company's Corporate Governance Statement is available on the Company's website and explains how the 10 Principles of the QCA Code are applied by the Company and where it departs from the QCA Code, an explanation of the reasons for doing so is provided.

A director of a company must act in a way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Board has regard to the provisions of s.172 of the Companies Act 2006 in carrying out their duties and have regard to the matters set out in s.172 (a) – (f) in the decisions taken during the year ended 31 December 2023.

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CORPORATE GOVERNANCE

Further details are also provided below.

Board composition, operation and independence

The Board currently comprises the Chairman/Chief Executive Officer, and two independent non-executive Directors. Each of the Board members have substantial knowledge of the oil and gas industry combined with general business and financial skills and bring independent judgement to bear on issues of strategy, performance, resources, key appointments and standards. The Board meets regularly throughout the year and all the necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively.

The Board is responsible to the Shareholders for the proper management of the Company. A Statement of Directors' Responsibilities in respect of the Financial Statements is set out at the end of the Directors' Report.

The Board has a formal schedule of matters specifically reserved for its decision. These include strategic planning, business acquisitions or disposals, authorisation of major capital expenditure and material contractual arrangements, changes to the Group's capital structure, setting policies for the conduct of business, approval of budgets, remuneration policy of Directors and senior management, and taking on debt and approval of Financial Statements. Other matters are delegated to the Committees of the Board and executive Directors, supported by policies for reporting to the Board.

The Group maintains Directors' and Officers' liability insurance cover, the level of which is reviewed annually, and provides the Directors with indemnity.

Board meetings and attendance

The following table summarises the number of Board and committee meetings held during the year and the attendance record of the individual Directors:

	Board	Audit	Remuneration
	Meetings	Committee	Committee
Number of meetings in year	12	2	1
Jeremy Asher	12	¹ -	¹ -
Paula Brancato	12	2	1
Mark Enfield	12	2	1

¹ not a committee member

TOWER RESOURCES PLC

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CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT

An important part of the role of the Audit Committee is its responsibility for reviewing the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment and reporting of risk. The Committee devotes significant time to their review and further information on the risk management and internal control systems is provided within the Strategic Report.

A key governance requirement of the Group's financial statements is for the report and accounts to be fair, balanced and understandable. The co-ordination and review of the Group-wide input into the Annual Report and Accounts is a sizeable exercise performed within an exacting time-frame. It runs alongside the formal audit process undertaken by external Auditors and is designed to arrive at a position where initially the Audit Committee, and then the Board, is satisfied with the overall fairness, balance and clarity of the document is underpinned by the following:

- detailed guidance issued to contributors at operational levels;
- a verification process dealing with the factual content of the reports;
- thorough review undertaken at different levels that aim to ensure consistency and overall balance; and
- comprehensive review by the senior management team.

An essential part of the integrity of the financial statements are the key assumptions and estimates or judgments that have to be made (see note 2 to the financial statements). The Committee reviews key judgments prior to publication of the financial statements at the full and half year, as well as considering significant issues throughout the year. In particular, this includes reviewing any materially subjective assumptions within the Group's activities to enable an appropriate determination of asset valuation and provisioning. The Committee reviewed and was satisfied that the judgments exercised by management on material items contained within the Annual Report were reasonable.

The Committee also considered management's assessment of going concern with respect to the Group's cash position and its commitments for the next 12 months. In this respect, the Committee refers to the Going concern section in the Directors' Report.

The Audit Committee has considered the Group's internal control and risk management policies and systems, their effectiveness and the requirements for an internal audit function in the context of the Group's overall risk management system. The Committee is satisfied that the Group does not currently require an internal audit function.

The Committee has recommended to the Board that shareholders support the re-appointment of the Auditors at the 2023 AGM.

Paula Brancato

Chair of the Audit Committee

31 May 2024

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 CORPORATE GOVERNANCE

Audit Committee Members

This Committee comprises:

- Paula Brancato (Chair)
- Mark Enfield

Summary of responsibilities of Audit Committee

- Reviewing the effectiveness of the Group's financial reporting, internal control policies and procedures for the identification, assessment and reporting of risk;
- monitoring the integrity of the Group's financial statements;
- monitoring the effectiveness of the internal control environment;
- making recommendations to the Board on the appointment of the Auditors;
- agreeing the scope of the Auditors' annual audit programme and reviewing the output;
- keeping the relationship with the Auditors under review;
- assessing the effectiveness of the audit process; and
- developing and implementing policy on the engagement of the Auditors to supply non-audit services.

The external Auditors have unrestricted access to the Chairman of the Audit Committee. Audit Committee meetings are also attended by the external Auditor where appropriate and, by invitation, the Chairman/Chief Executive Officer, any other Directors and senior management.

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 CORPORATE GOVERNANCE

REMUNERATION COMMITTEE REPORT

The Remuneration Committee (“Committee”) convened once during the year and has been engaged on all matters of corporate remuneration. Over the past year, the Committee has considered the following matters:

- CEO compensation including base compensation, bonus and equity incentives;
- Related party transactions with regard to Pegasus Petroleum Limited and share-based payment awards during the year; and
- Director remuneration.

In order to conserve the Company’s working capital, it was decided that Directors would take their remuneration in warrants in 2023, and also in 2024 until otherwise agreed.

Directors and certain consultants are only eligible to participate in the Group bonus or equity incentive schemes at the absolute discretion of the Board, with recommendations from the Remuneration Committee. Annual bonuses are capped as follows:

- Executive Directors: one times basic salary;
- Senior managers: nine months basic salary; and
- Selected other employees: six months basic salary.

The Committee, when reviewing base salaries, consider matters of retention, motivation, the economic climate, and the challenges facing the business and the wider sector; they also consider appropriate industry benchmarks. The annual remuneration for the Directors is noted in the Directors’ report.

Mark Enfield

Chairman, Remuneration Committee

31 May 2024

Remuneration Committee Members

This Committee comprises:

- Mark Enfield (Chairman)
- Paula Brancato

Summary of responsibilities of Remuneration Committee

- Agreeing a policy for the remuneration of the Chairman, executive Directors, non-executive Directors and other senior executives;
- Within the agreed policy, determining individual remuneration packages for the Chairman, executive Directors, non-executive Directors and other senior executives;
- Agreeing the policy on terms and conditions to be included in service agreements for the Chairman, executive Directors, non-executive Directors and other senior executives, including termination payments and compensation commitments, where applicable; and
- Approving any employee incentive schemes and the performance conditions to be used for such schemes including share performance targets.

NOMINATIONS COMMITTEE

The Board does not feel that, at this time, the establishment of a formal Nominations Committee is merited given its current composition. The Board will continue to evaluate the requirement for a formal standing Nominations Committee on a periodic basis.

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

CORPORATE GOVERNANCE

QCA CODE

The Board recognises that good standards of corporate governance help the Company to achieve its strategic goals and is vital for the success of the Company. The Company adopts proper standards of corporate governance and follows the principles of best practice set out in the Quoted Companies Alliance Governance Code (2018) (the 'QCA Code'), as far as is appropriate for the size and nature of the Company and the Group. Further details in respect of the Company's application of the principles from the QCA Code can be found at <https://www.towerresources.co.uk/about-us/corporate-governance/the-code/> on the Company's website.

Business Model and Strategy

Tower Resources is focused on building a production-led, African-based, conventional oil & gas group, which intends to have a balanced portfolio ranging from exploration through appraisal to production, primarily through its own origination of opportunities and their organic development, but also via the inorganic route where appropriate acquisition opportunities arise.

The company aims to achieve this through:

1. Originating high-potential, entry stage, exploration and appraisal licences with large equity interests (50-100%) that provide the flexibility to farm-out whilst retaining a material exposure in the event of success;
2. Holding smaller equity stakes or royalty interests in production or potential production, whether developed internally or acquired; and
3. Maintaining the capacity to operate throughout the exploration and appraisal phase of a licence.

Exploration success is transformational in terms of shareholder value creation in the E&P sector, but in the early stages requires funding via partnering with major industry players or shareholder equity; both of which are subject to market conditions. To balance risk across the portfolio, Tower aims to develop oil & gas production thereby providing operational cashflow to fund its early-stage exploration costs.

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communications with its institutional and private shareholders. The Company provides regular updates on operational matters together with price sensitive information, which is released to the market via the Regulatory News Service (RNS) under the guidance of the Company's nominated advisor, SP Angel Corporate Finance LLP and its joint brokers Axis Capital Markets Limited and Novum Securities Limited. The Company website also allows shareholders and prospective shareholders to register for automatic news alerts for both regulatory announcements and non-regulatory news and is updated regularly.

The Company also regularly presents at oil & gas investor forums, as well as other international conferences of note. The corporate presentations from such conferences are made available to investors via the Company website. Tower also subscribes to the Proactive IR platform and periodically records podcasts, which are uploaded to the Company website of industry commentator's interviews with the CEO. The Company has a presence on Twitter, but does not currently utilise social media as a major part of its IR strategy, but this may be reviewed in the future should it complement existing IR efforts.

The Company usually encourages all shareholders to attend its Annual General Meeting where they can meet and question the Directors and express ideas or concerns.

Stakeholder and Social Responsibility

The Board recognises that the long-term success of Tower and value creation for shareholders depends on good relations with both internal (shareholders and employees) and external stakeholders (advisors, license partners, technical consultants, governments).

The Company maintains a regular dialogue with its external stakeholders, especially the oil & gas ministries of foreign governments where the Company has its operations or licence applications, such as Cameroon, South Africa and Namibia. The Company also works closely with its advisors to ensure it complies with its AIM listing requirements, MAR and FCA disclosures, as well as the social, legal and financial requirements of the countries in which it operates.

TOWER RESOURCES PLC

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CORPORATE GOVERNANCE

Health, Safety and Environment (HSE)

Health, Safety and the Environment (HSE) are of paramount importance to the oil & gas industry with the potential for high profile and severe consequences on the rare occasions where strict compliance to HSE has not been maintained or things go wrong.

Tower is committed to excellence and continual improvement in operations and HSE standards throughout its activities. The Company complies with all applicable laws, governmental rules and regulations and other requirements of its host countries and strive to meet the following broad goals:

- Protect the health and safety of its employees, contractors and others who may be affected by its activities;
- Prevent environmental pollution;
- Promote the needs of the local communities; and
- Optimise raw material and energy consumption to minimise waste.

We will achieve this by:

- Strong leadership and clearly defined responsibilities for HSE at all levels of the organisation;
- Setting and reviewing HSE goals and objectives;
- Hiring of competent staff to manage the business;
- Identifying, assessing and managing HSE risks to people and the environment as an integral part of the business;
- Emergency planning to ensure that an emergency can be quickly and efficiently contained;
- Selection of competent contractors and suppliers to support the company;
- Reporting and investigating incidents to ensure appropriate lessons learned;
- Monitoring HSE performance through regular reporting; and
- Periodic audits and management reviews to identify and implement improvements to our HSE systems.

We all have a responsibility for maintaining high standards of HSE and this policy shall be used to guide our activities and our HSE standards should not be compromised by other business priorities.

Social Responsibility Statement

Tower places great importance on establishing good relationships within the communities in which it operates, and the group is committed to best practice, consistent with IFC guidelines and the “Equator Principles” in its management of social issues in its areas of operation. Planning to manage the environmental impact is very comprehensive and adherence to the spirit, as well as the letter, of Environmental Impact Assessment is a fundamental aim.

Local relationships are led by Tower’s local country manager facilitated by focused social investment projects established after consultation with national and local government and the communities themselves to establish the greatest need and the potential for sustainability.

TOWER RESOURCES PLC

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CORPORATE GOVERNANCE

Community Programmes

Throughout its operations in Cameroon, South Africa and Namibia, Tower and its partners have supported a programme of communicating with, and supporting, local communities to ensure that they are aware of the operations being undertaken by the Company and potential benefits that Tower are bringing to communities through its investment in local operating companies. Importantly, “Town Hall” meetings are held to present the environmental impact assessments of, geological sampling and fieldwork, seismic and drilling operations so that local communities can ask questions and obtain reassurances prior to the commencement of operations. Other examples of community engagement include:

- Promoting wider awareness of the Company and the oil industry;
- Establishing a strong local identity through employment and training of locals to manage key areas of the business;
- Communication with local communities in all areas to keep them informed of operations;
- Consultation to gain feedback and understand community priorities for Tower’s social investments; and
- Building local capacity for the long term through encouragement of local educational initiatives and use of local labour and contractors.

Risk Management

The exploration for and development of natural resources is an inherently highly speculative activity which involves a high degree of risk and in addition there are specific country risks in which Tower operates or hold licence interests. These risks are regularly assessed by the Board at either a corporate level or on a specific project basis to mitigate those risks which include, amongst others, geological/sub-surface, operational, commercial, commodity pricing, currency, geopolitical, security and funding risks.

Tower’s technical and sub-surface risks are mitigated further via a strategic alliance with EPI Group Limited (EPI) which provides an outsourced exploration department. EPI can provide Tower with New Ventures, Exploration and Development work across the world and has specific expertise in the fields of prospect evaluation, reservoir geology, well evaluation, seismic mapping, structural geology, sequence stratigraphy, field geology, basin modelling and the full spectrum of seismic acquisition management and processing operations. The exploration team has the capability and reach to provide a full range of exploration geoscience expertise and is fully integrated into the management team at Tower Resources providing asset management and new ventures high-grading capabilities.

Board Structure

The Board comprises three directors – a joint chairman and CEO, Jeremy Asher, who has executive responsibilities, including the day-to-day management and financial control of the Company’s subsidiaries, and two independent non-executive directors: Paula Brancato and Mark Enfield.

The Board is aware that the QCA Code advises that save in exceptional circumstances, the chairman should not also fulfil the role of chief executive. Given the current size and stage of the Company, Tower notes that this combined role is merited in the short-term, given current resource constraints although this will be monitored as the Company grows.

The QCA Code also recommends that the Board include at least two non-executive directors who are identified as independent, as Tower presently has, and the Board will review further appointments as the Group’s scale and complexity grows.

For the year-ended 31 December 2023 Paula Brancato and Mark Enfield are both regarded as independent directors: Ms Brancato does not own shares in Tower, albeit her remuneration was settled with warrants in order to preserve cash reserves; Mr Enfield does own shares in Tower, comprising approximately 0.01% of the total shares outstanding with a value which does not, in the Company’s opinion, compromise his independence, and his remuneration has been settled with warrants in the same terms as those provided to Ms Brancato. Jeremy Asher is a substantial shareholder in Tower, and in his capacity as Chairman has elected to accept warrants in partial settlement of remuneration. The award of warrants in lieu of remuneration is reviewed each calendar quarter. In order to conserve working capital, the Board agreed that all directors would take warrants in lieu of director fees including Ms Brancato and Mr Enfield, using the same principles of valuation that have historically been applied.

TOWER RESOURCES PLC

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CORPORATE GOVERNANCE

The Board meets formally at least four times a year but in practice holds many more additional meetings when necessary to transact other business. All the necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. The UK-based directors also meet to review operational and administrative progress with input from technical and administrative consultants at least once a month.

There are formally constituted Audit and Remuneration Committees. There is currently no formal Nominations Committee as the Board participates in all relevant decisions. The Company will report annually on the number of Board and Committee meetings that have been held and the attendance record of individual directors in its annual accounts.

Board Composition and Experience

Tower operates its business in the complex area of oil & gas and in developing African countries which present specific challenges. It is critical that the Board is composed of members who have experience in all facets of the international oil & gas sector, including sub-Saharan Africa, as well as commercial and finance knowledge. The Chairman and CEO, together with the non-executive directors, has a successful track record in establishing and developing oil and gas companies and all the directors are fully committed to using their experience to benefit all shareholders.

The Board and its committees also seek external expertise and advice when required.

The current composition of the Board and bios are noted in the Board of Directors section of this report.

Board Evaluation

The ultimate measure of the effectiveness of the Board is the Company's progress against the long-term strategy and aims of the business. This progress is reviewed in Board meetings held at least quarterly.

Given the size of the Company, a formal annual appraisal process for the members of the Board does not currently exist although informally, each of the members are reviewed by their fellow board members to ensure that their individual contributions are relevant and effective, that they are committed, and where relevant, have maintained their independence.

The Board will continue to evaluate the requirement for a formal appraisal process as the Company grows and may consider independent external evaluation reviews at such a point in time.

Succession planning is also a vital task for boards and the management of succession planning represents a key responsibility of the Board.

Corporate Culture

All directors are committed to transparency and the highest standard of ethical dealings with all stakeholders as the Company realises that this is critical in maintaining the quality of relationships which are vital for success.

The Group operates in the international oil & gas sector and therefore recognises that its corporate culture not only needs to comply with UK law and the laws of the countries in which the Company operates, but also to incorporate ethical values and professional behaviour which reflect positively on the Company and treats employees, partners, stakeholders and service providers with respect.

The Company's Code of Conduct sets out compliance with rules, laws and regulations, such as the UK Bribery Act and the Company's whistleblowing policy and given that Tower Resources is a listed company, has adopted a Market Abuse Regulations (MAR) 2016 compliant share dealing code.

The Board's responsibility is to set out the strategic objectives and ensures that the correct resources are in place for the delivery of those objectives. All members of the Board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Company.

The Board has a formal schedule of matters specifically reserved for its decision. These include strategic planning, business acquisitions or disposals, authorisation of major capital expenditure and material contractual arrangements, changes to the Group's capital structure, setting policies for the conduct of business, approval of budgets, remuneration policy of Directors and senior management, and taking on debt and approval of Financial Statements. Other matters are delegated to the Committees of the Board and executive Directors, supported by policies for reporting to the Board. The Group maintains Directors' and Officers' liability insurance cover, the level of which is reviewed annually, and provides the Directors with indemnity.

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 CORPORATE GOVERNANCE

The Board has a joint Chairman and CEO role currently fulfilled by Jeremy Asher. The Chairman is responsible for overall leadership of the Board and ensuring that the Board operates effectively and has the right level of experience and expertise to deliver the company's strategic objectives.

The CEO is responsible for the day to day running of the business and ensuring that the objectives set by the Board are implemented. The CEO is also responsible for ensuring the company is sufficiently capitalised to meet its objectives and for all communications with shareholders and the investor community; including advisors and regulatory bodies.

The dual role is also managed through the strong board communication and spirit of constructive discussion and challenge at board level, where the Chairman/CEO actively seeks the views and participation of the non-executive directors.

The Board has established Audit and Remuneration Committees to assist in the oversight of specific functions, details of which are noted in the Corporate Governance Section of this report above.

Stakeholder Communication

Tower Resources is committed to maintaining good and transparent relations with shareholders. The Company's website is regularly updated with all the required regulatory information and news events as well as other corporate, shareholder and operational information. Results of shareholder meetings are announced through the Regulatory News Service and displayed on the Company's website, with explanations of any actions undertaken as a result of any significant votes against resolutions.

Tower also actively engages with investors through the Proactive IR platform and investor forums, as well as other international oil & gas conferences. The corporate presentations from such conferences are then made available on the Company website and viewable as webcasts.

The Company's investor relations programme is supported by the Company's Corporate Affairs function and Nominated Adviser and joint broker SP Angel Corporate Finance LLP, its financial PR adviser BlytheRay, and its joint brokers Axis Capital Markets Limited and Novum Securities Ltd.

Areas of non-compliance:

- Jeremy Asher, is both Chairman and CEO of the Company, and these roles should be separated under the Code;
- Non-executive directors Mark Enfield and Paula Brancato have been granted share warrants in lieu of certain services to the Company in order to preserve cash resources;
- The Executive Director is assessed against clear and objective criteria, however there are no objective criteria set against which the Board, Committees and individual effectiveness of the non-executive Directors are considered. Board evaluation is considered on an ad hoc basis and there is no formal evaluation process carried out by the Company as it is not deemed necessary or appropriate at this time.

COMMUNICATIONS WITH SHAREHOLDERS

The Board is accountable to the Company's shareholders and as such it is important for the Board to appreciate the aspirations of the shareholders and equally that the shareholders understand how the actions of the Board and short-term financial performance relate to the achievement of the Company's longer-term goals.

The Board reports to the shareholders on its stewardship of the Company through the publication of interim and final results each year. Press releases are issued throughout the year and the Company maintains a website (www.towerresources.co.uk) on which press releases, corporate presentations and Annual Reports are available. Additionally, this Annual Report contains extensive information about the Company's activities. Enquiries from individual shareholders on matters relating to the business of the Company are welcomed. Shareholders and other interested parties can subscribe to receive notification of news updates and other documents from the Company via email. In addition, the executive Directors meet with major shareholders to discuss the progress of the Company.

The Chairman/Chief Executive Officer provides periodic feedback to the Board following meetings with shareholders. The Senior Independent Director also attends some shareholder meetings to ensure the Board is apprised of all feedback provided by such meetings.

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 CORPORATE GOVERNANCE

The Annual General Meeting provides an opportunity for communication with all Shareholders and the Board encourages the Shareholders to attend and welcomes their participation. The Directors attend the Annual General Meeting and are available to answer questions. Details of resolutions to be proposed at the Annual General Meeting will be made available to shareholders and posted on the Company's website.

CONFLICTS OF INTEREST

The Company has in place procedures for the disclosure and review of any conflicts, or potential conflicts of interest which the Directors may have and for the authorisation of such conflicts by the Board. In deciding whether to authorise a conflict matter or a potential conflict the Directors must have regard to their general duties under the Companies Act 2006.

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 CORPORATE GOVERNANCE

DIRECTORS' REPORT

The Directors present the Report and Financial Statements on the affairs of Tower and its subsidiaries, together with the financial statements and Auditors' Report for the year-ended 31 December 2023.

Principal activity and business review

The principal activity of the Group and Company throughout the year remained the exploration for oil and gas in Africa. The significant developments during 2023, and more recently, the other activities of the Group, as well as the future strategy and prospects for the Group, are reviewed in detail in the Chairman and Chief Executive's Statement and the Strategic Report section of this report.

The Group operates through overseas branches and subsidiary undertakings as appropriate to the fiscal environment. Subsidiary undertakings of the Group are set out in note 13 to the financial statements.

Results and dividends

The Group loss for the financial year was \$454k (2022: \$1.0 million profit). Full analysis of the movements in the Group's reserves is provided in the Consolidated Statement of Changes in Equity. The Directors do not recommend the payment of a dividend (2022: \$nil).

Going concern

The Group will need to complete its farm-out and/or another asset-level transaction within the coming months, or otherwise raise further funds in addition to funds already raised in 2024, in order to meet its liabilities as they fall due, particularly with respect to the forthcoming drilling programme in Cameroon. The Directors believe that there are a number of options available to them through either, or a combination of, capital markets, farm-out or asset disposals with respect to raising these funds. There can, however, be no guarantee that the required funds may be raised or transactions completed within the necessary timeframes, which results in an inherent material uncertainty as to the application of going concern in these accounts. Having assessed the risks attached to these uncertainties on a probabilistic basis, the Directors are confident that they can raise sufficient finance in a timely manner and therefore believe that the application of going concern is both appropriate and correct.

This point is also discussed in note 1(c) and within note 2 of the financial statements.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 18 to the financial statements. The Company has one class of ordinary share, which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Details of the employee share schemes are set out in note 21. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

CORPORATE GOVERNANCE

Directors

The Directors who served during the year were as follows:

Mr Jeremy Asher (Chairman)

Ms Paula Brancato (independent non-executive Director)

Mr Mark Enfield (independent non-executive Director)

Biographical details of serving Directors can be found in the Board of Directors section of this report.

Directors and election rotation

With regard to the appointment and replacement of the Directors, the Company is governed by its Articles of Association, the QCA Code, the Companies Acts and related legislation. The powers of Directors are described in the Corporate Governance section.

In accordance with Article 25.2 of the Company's Articles of Association Jeremy Asher retires by rotation and has offered herself for re-election at the forthcoming AGM.

Directors and their interests

The Directors, who served during the year and subsequently, together with their beneficial interests in the issued share capital of the Company, were as follows:

	Ordinary shares of 0.001p each 31 May 24	Share options and warrants 31 May 24	Ordinary shares of 0.001p each 30 May 23	Share options and warrants 30 May 23
Jeremy Asher ¹	1,011,603,608	1,679,266,438	611,603,608	742,429,973
Paula Brancato	-	184,700,786	-	47,671,877
Mark Enfield	1,877,546	182,856,938	1,877,546	45,828,029

¹ Some of Jeremy Asher's shares are held by Agile Energy Limited, and the options and warrants are mainly held by Pegasus Petroleum Ltd, both companies owned by the Asher Family Trust and of which Jeremy Asher is a lifetime beneficiary; Mark Enfield's shares are held by Geoscience Equity Ltd

Beneficial shareholdings include the shareholdings of a Director's spouse and infant children.

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 CORPORATE GOVERNANCE

Directors' Remuneration and service contracts

- Jeremy Asher (Chairman) was paid at a rate of £60,000 pa all of which was in share warrants. Pegasus Petroleum Limited ("Pegasus"), a company owned and controlled by Jeremy Asher, also received \$567,649 (2022: \$381,428) in fees for management services provided to group companies.
- Paula Brancato (independent non-executive) was paid at a rate of £30,000 pa all of which was paid in share warrants.
- Mark Enfield (independent non-executive) was paid at a rate of £30,000 pa all of which was paid in share warrants.

The remuneration paid to the Directors during the 12 months ended 31 December 2023 was as follows:

	Salary	Share options	Share warrants	Share incentive plan	2023 Total	2021 Total
	\$	\$	\$	\$	\$	\$
Jeremy Asher	-	129,831	74,212	- ³	204,042	186,560
Paula Brancato	-	-	37,106	-	37,106	51,879
Mark Enfield	-	-	37,106	-	37,106	51,879
Total	-	129,831	148,423 ¹	-	278,254	290,318

¹ Share warrants represent warrants issued in lieu of salaries forgone.

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

CORPORATE GOVERNANCE

Substantial shareholdings

Except for the holdings of ordinary shares listed below, the Company has not been notified by or become aware of any persons holding 3% or more of the 3,554,437,955 issued ordinary shares of 0.001 pence each of the Company at 31 December 2023 (16,638,185,250 at 31 May 2024)

At 31 May 2024	Number	%
Jeremy Asher ¹	1,011,603,608	6.1%
	1,011,603,608	6.1%

At 31 December 2023	Number	%
Jeremy Asher ¹	1,011,603,608	8.1%
	1,011,603,608	8.1%

¹ Some of these shares are held by Agile Energy Limited, a company owned by the Asher Family Trust and of which Jeremy Asher is a lifetime beneficiary. The list of substantial shareholdings above excludes the shareholdings of market makers in the Company's shares.

Business risk

A summary of the principal and general business risks can be found within the Strategic Report.

Financial instruments

Information about the use of financial instruments, the Group's policy and objectives for financial risk management is given in note 20 to the financial statements.

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 CORPORATE GOVERNANCE

Auditors

Each of the persons who are Directors at the date of approval of this Report and Financial Statements confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

UHY Hacker Young has expressed its willingness to continue in office as Auditors and a resolution to appoint UHY Hacker Young will be proposed at the forthcoming Annual General Meeting.

Jeremy Asher

Chairman and Chief Executive

31 May 2024

TOWER RESOURCES PLC

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CORPORATE GOVERNANCE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report and Financial Statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statement in accordance with UK-adopted international accounting standards, in conformity with the requirements of the UK Companies Act 2006.

The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange (LSE) for companies trading securities on the AIM.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained, and assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Use the going concern basis of accounting, unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so; and
- The Directors are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They have general responsibility for safeguarding the assets of the Group, and for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report is available on a website. Financial statements are published on the Company's website, in accordance with the requirements of the Company's Articles. The maintenance and integrity of corporate and financial information included on the Company's website is the responsibility of our Directors. Their responsibility also extends to the ongoing integrity of the financial statements contained therein.

For and on behalf of the Board

Jeremy Asher

Chairman and Chief Executive

31 May 2024

TOWER RESOURCES PLC YEAR-ENDED 31 DECEMBER 2023 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOWER RESOURCES PLC

Opinion

We have audited the financial statements of Tower Resources Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the Going Concern section of the Accounting Policies of the Group financial statements (note 1c) which indicates that the Group raises finance for its exploration activities in discrete tranches. As described in note 1c and note 2, the Group will require further funds to meet its budgeted operating and planned exploration costs for the coming year.

As stated in note 1c, these events and conditions, along with note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result (such as impairment of assets) if the Group and Company were unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included an assessment of the risk and audit procedures to address this risk:

The risk

The Group is still in the exploration phase of its licenses and has a minimum required spend on certain licenses in order to keep them in good standing. The Group is therefore dependent on its cash reserves and ability to raise additional funding, either through share issues, farm out arrangements, bank loans or other similar transactions to cover its ongoing activities for the foreseeable future.

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INDEPENDENT AUDITORS REPORT

Given the above factors, we consider going concern to be a significant audit risk area.

The directors' conclusion of the risks and circumstances described in the Going Concern section of the Accounting Policies of the Group financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

How our audit addressed the risk:

Our audit procedures included:

- We discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and gained an understanding of the future plans for each project and their impact on the going concern status of the Group.
- We obtained budgets and cashflow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions.
- We assessed the transparency and the completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cashflow projections for the next 12 months and the underlying assumptions.
- We compared prior year cash flow projections with actual trading results for the year to provide comfort over management's ability to budget effectively and reliably.
- We reviewed post year end Regulatory News Services ("RNS") and compared these to budget and our knowledge of the business and future plans to ensure consistency.
- We evaluated the key assumptions in the forecast, which were consistent with our knowledge of the business and considered whether these were supported by the evidence we obtained.
- We performed sensitivity analysis by decreasing cash inflow to determine the extent of the negative cash position.
- We also reviewed the disclosures relating to going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

Key observations

Based on the audit procedures performed we concluded that the Group has a material uncertainty over the ability to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - valuation of exploration assets and material uncertainty

We draw attention to note 12 of the financial statements, which describes the valuation of the intangible exploration licenses. The Directors have undertaken a review for indicators of impairment under IFRS 6 'Exploration for and Evaluation of Mineral Resources' and where identified have completed an impairment review in accordance with IAS 36 'Impairment of Assets'. The Group will require additional funds in order to meet the Group's licence commitments in the coming 12 months, the timing and outcome of which is currently unknown. Should sufficient funds not be raised or the timing not lead to committed exploration activities being possible, it may impact upon the ability of the Group to continue to maintain the licenses and continue exploration.

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Additionally, the license held for Algo Gamtoos in South Africa has expired as at the date of this report (see note 12) and another will expire within 12 months of the date of this report. The Directors are currently in discussions regarding the work required on these projects and the availability of funds to complete these. Once this has been finalised, the directors' expectation is that these licences will be renewed, or further time allowed, on the same or similar terms to those currently in existence.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the value of the intangible assets. Our opinion is not modified in this respect.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies. At the Parent Company level, we also tested the consolidation procedures. The audit team communicated regularly throughout the audit with the CFO in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit. Going concern is a significant key audit matter and is described above. In arriving at our audit opinion above, the other key audit matters were as follows:

Key audit matters	How our audit addressed the key audit matters
<p>Valuation and Impairment review – Exploration and evaluation assets (Group)</p> <p>The Group has significant exploration and evaluation assets, amounting to \$34,770,924 at the year end. A review for indicators of</p>	<p>We have:</p> <ul style="list-style-type: none"> Obtained a copy of the group's impairment review prepared by the directors. We have reviewed this document in conjunction with our review of each E&E asset for impairment indicators and considered whether the

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<p>impairment of exploration and evaluation assets that have been capitalised in the past should be undertaken by management in accordance with the requirements and criteria set out in IFRS 6 'Exploration for and Evaluation of Mineral Resources'. This review involves some level of judgement relating to future commodity prices.</p> <p>Where indicators of impairment are identified, a robust review of the assets held should be undertaken by the directors to confirm the value in use of these amounts and that there are no indications, or requirements for, impairments of their values.</p> <p>Significant management judgements and estimation uncertainty is involved in this area, primarily around:</p> <ul style="list-style-type: none"> • Future commodity prices; • The ability to obtain financing; and • The ability to renew licences. <p>We therefore identified the risk over the valuation of the exploration and evaluation assets as a key audit matter, which was one of the most significant risks of material misstatement in the financial statements of the Group.</p>	<p>conclusions reached by management are reasonable and in line with our knowledge of the business.</p> <ul style="list-style-type: none"> • We obtained evidence of the current position of the licenses held to ensure they are current and in good standing. • We reviewed the future plans of the projects in respect of funding, viability and developments to assess whether there were any indicators of impairment. • We assessed whether the conclusions reached by management were in line with our expectations based on our knowledge of the exploration projects and industry. • We have reviewed the trend and expectations of the commodity prices. • We have verified the additions to ensure that they meet the recognition criteria under IFRS 6. <p>The Group's accounting policy on Oil & Gas Exploration and Evaluation Expenditure is shown in Accounting Policies for the consolidated financial statements and related disclosures are included in note 12.</p> <p>Key observations</p> <p>There is ongoing uncertainty in respect of the Zambia licence as petroleum legislation has led to delays in agreeing work programmes and the expiry of the exploration licences. The exploration assets have been impaired in full in a prior year and remain impaired.</p> <p>During the year, there were possible impairment triggers in respect of the license held for Algo Gamtoos in South Africa. The licence expired in November 2022 and the group is unable to obtain a renewal without first completing the work commitments for the current phase. The group has a potential offer for funding and is of the view that the licence will continue in place.</p> <p>Subsequent to the year end, the Thali license in Cameroon was renewed to February 2025 and the group hold a head of terms agreement with a farm out partner.</p> <p>The licence in relation to Blocks 1910A, 1911 and 1912B in Namibia have expired in November 2023. But the group have a right to extend for another year or two. The exact time is dependent on a discussion with the Ministry to be held after the date of signing this report, however, there is no evidence to support the</p>
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	<p>additional license will not be granted.</p> <p>The outstanding licence obligations are higher than the cash reserves of the Group currently and the Directors are confident that further funding, or transactions on one or more of the licenses may be achieved in order to obtain sufficient funding to meet their current commitments.</p> <p>As a result of the audit procedures we performed and, after considering management's disclosures of the judgements applied by them, we have concluded that no further impairments are required. However, the above matters are inherently uncertain, as disclosed in note 12 to the financial statements. We have included above an 'emphasis of matter' paragraph in our audit report for this uncertainty.</p>
<p>Valuation and impairment review of loans and investments in subsidiaries (Parent Company financial statements only)</p> <p>Due to the material size of the investments in, and loans to, the subsidiaries (amounting to \$38,550,737 at the year-end) the directors should critically consider if any indicators of impairment exist in relation to the balances.</p> <p>The estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting the profitability of the exploration and evaluation (E&E) assets, as described in risk 1 above.</p> <p>Where indicators of impairment have been identified a robust review of the investments held by the Parent Company and any amounts due from subsidiaries to the Parent Company should be undertaken by the directors to confirm the value in use of these amounts and that there are no indications, or requirements for, impairments of the amounts.</p> <p>Significant management judgement and estimation uncertainty is involved in this area, where the primary input is the valuation of the exploration and evaluation assets discussed above.</p> <p>We therefore identified the risk over the valuation of the investments in and loans to the subsidiaries as a key audit matter in the Parent Company financial statements, which was one of the most significant risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Obtained a copy of the Company's impairment review prepared by the directors in relation to the exploration and evaluation assets held in the subsidiary companies and assessed each for indicators of impairment. • Considered whether the conclusions reached by management were in line with our knowledge of the business. • Assessed management's evaluation of the recoverable amounts of intragroup loans including review the impairment provisions and net asset values of components that have intercompany debt; • Ensured that intragroup loans have been reconciled and confirmed that there are no material differences. • Reviewed the disclosure made in the financial statements to ensure it is in line with accounting standards. <p>Key Observations</p> <p>The carrying value of the investment in, and loans to, the subsidiaries is intrinsically linked to the carrying value of the E&E assets held by the subsidiaries.</p> <p>As per the above discussion in the risk over the valuation of E&E assets, no impairments were recognized in connection with these amounts. As such, no impairments are considered necessary on the intercompany loans or investments in subsidiaries.</p>

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Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Materiality Measure	Group	Parent
Overall materiality	We determined materiality for the financial statements as a whole to be \$543,000 (2022: \$459,000).	We determined materiality for the financial statements as a whole to be \$434,400 (2022: \$367,200).
How we determine it	Based on a benchmark of the main key indicator, being 1.5% of gross assets of the Group. As the Group is not trading and still in the exploration phase, we determine this to be the best benchmark.	Company materiality based on approximately 1.5% of gross assets of the Company but limited to 80% of Group materiality as Company materiality exceeded Group materiality.
Rationale for benchmarks applied	We believe 1.5% of gross assets to be the most appropriate benchmark due to the size and nature of the Group.	We believe 1.5% of gross assets to be the most appropriate benchmark due to the size and nature of the Company.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality and was set at \$407,250.	On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality and was set at \$325,800.
Reporting threshold	We agreed with the Audit Committee that we would report to them all misstatements over \$27,150 (5% of Group materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds.	We agreed with the Audit Committee that we would report to them all misstatements over \$21,720 (5% of Company materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative

**TOWER RESOURCES PLC
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	We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.	grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.
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Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view,

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YEAR-ENDED 31 DECEMBER 2023

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and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and Parent Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment and health, safety and environment (HSE) regulation, anti-bribery, corruption and fraud, we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Quoted Companies Alliance Corporate Governance Code ("QCA Code"), UK adopted International Accounting Standards and United Kingdom Generally Accepted Accounting Practice. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to inflated investment valuations and exploration and evaluation assets.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and the QCA's Code on Corporate Governance and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Review of the financial statement disclosures to underlying supporting documentation;
- Review of correspondence with legal advisors;
- Review of Board minutes;
- Evaluating management's controls designed to prevent and detect irregularities;
- Challenging management on the judgements and assumptions made in their significant accounting estimates;
- Enquiring of management as to actual and potential litigation and claims;
- Review of relevant legal or professional costs within the accounting records for any evidence of previously un-detected or un-reported instances of non-compliance;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit;
- Considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud;
- Enquiry of management in so far as they related to the financial statements and testing of journals; and
- Evaluate whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

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- Substantively testing of revenue and testing of journals to identify unusual transactions and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud;
- Performed analytical procedures to identify any unusual or unexpected relationships;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- Investigated the rationale behind any significant or unusual transactions;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Wright

(Senior Statutory Auditor)

For and on behalf of UHY Hacker Young

Chartered Accountants and Statutory Auditor

4 Thomas More Square

London E1W 1YW

31 May 2024

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		31 December 2023 (audited)	31 December 2022 (audited)
	Note	\$	\$
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other administrative expenses		(749,540)	(712,915)
Share-based payment charges		(337,358)	(294,125)
VAT provision release	14	1,178,228	-
Total administrative expenses		91,330	(1,007,040)
Group operating (loss) / profit	4	91,330	(1,007,040)
Finance expense	6	(545,526)	(2,082)
(Loss) / profit for the year before taxation		(454,196)	(1,009,122)
Taxation	7	-	-
(Loss) / profit for the year after taxation		(454,196)	(1,009,122)
Other comprehensive income		-	-
Total comprehensive (expense) / income for the year		(454,196)	(1,009,122)
Basic (loss) / profit per share (USc)	10	(0.01c)	(0.05c)
Diluted (loss) / profit per share (USc)	10	(0.01c)	(0.05c)

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

-	Note	31 December 2023 (audited) \$	31 December 2022 (audited) \$
Non-current assets			
Property, plant and equipment	11	-	-
Exploration and evaluation assets	12	34,770,924	31,833,671
		34,770,924	31,833,671
Current assets			
Trade and other receivables	14	1,420,325	474,749
Cash and cash equivalents		20,633	231,216
		1,440,958	705,965
Total assets		36,211,882	32,539,636
Current liabilities			
Trade and other payables	15	2,832,127	2,631,815
Provision for liabilities and charges	16	-	502,972
Borrowings	17	12,867	12,244
		2,844,994	3,147,031
Non-current liabilities			
Borrowings	17	18,098	29,286
Total liabilities		2,863,092	3,176,317
Net assets		33,348,790	29,363,319
Equity			
Share capital	18	18,394,680	18,283,317
Share premium	18	156,166,470	152,336,303
Retained losses	19	(141,212,360)	(141,256,301)
Total shareholders' equity		33,348,790	29,363,319

The financial statements of Tower Resources plc, registered number 05305345 were approved by the Board of Directors and authorised for issue on 31 May 2024.

Signed on behalf of the Board of Directors

Jeremy Asher - Chairman and Chief Executive

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	¹ Share-based payments reserve	Retained losses	Total
	\$	\$	\$	\$	\$
At 1 January 2022	18,264,803	148,747,595	2,883,798	(143,494,024)	26,402,172
Shares issued for cash	18,384	3,870,790			3,889,174
Shares issued on settlement of third-party fees	131	29,393	-	-	29,524
Share issue costs	-	(311,475)			(311,475)
Share-based payment charge for the year	-	-	363,047	-	363,047
Transfer to retained losses	-	-	(738,615)	738,615	-
Total comprehensive expense for the year	-	-	-	(1,009,122)	(1,009,122)
At 31 December 2022	18,283,317	152,336,303	2,508,230	(143,764,531)	29,363,319
Shares issued for cash	97,460	3,859,030			3,956,490
Shares issued on settlement of third-party fees	13,903	298,593	-	-	312,496
Share issue costs	-	(327,456)			(327,456)
Share-based payment charge for the year	-	-	498,137	-	498,137
Total comprehensive income for the year	-	-	-	(454,196)	(454,196)
At 31 December 2023	18,394,680	156,166,470	3,006,367	(144,218,727)	33,348,790

¹ The share-based payment reserve has been included within the retained loss reserve on the consolidated statement of financial position and is a non-distributable reserve.

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
CONSOLIDATED STATEMENT OF CASH FLOWS

		31 December 2023 (audited)	31 December 2022 (audited)
	Note	\$	\$
Cash outflow from operating activities			
Group operating profit / (loss)loss for the year		91,330	(1,007,040)
Share-based payments	21	498,137	363,047
Shares issued on settlement of third-party fees		312,496	29,524
Operating cash flow before changes in working capital			
		901,963	(614,469)
Increase in receivables and prepayments		(945,576)	(466,510)
(Decrease) / increase in provision for liabilities and charges		(502,972)	502,972
Increase in trade and other payables		200,312	295,479
Cash used in operations			
		(346,273)	(282,528)
Interest paid (net)		(542,704)	(7,387)
Cash used in operating activities			
		(888,978)	(289,915)
Investing activities			
Exploration and evaluation costs	12	(2,937,253)	(3,053,280)
Net cash used in investing activities			
		(2,937,253)	(3,053,280)
Financing activities			
Repayment of loan facilities	17	(12,465)	(12,294)
Cash proceeds from issue of ordinary share capital net of issue costs	18	3,629,034	3,577,698
Interest paid	17	(921)	(1,220)
Net cash from financing activities			
		3,615,647	3,564,184
(Decrease) / increase in cash and cash equivalents		(210,583)	220,989
Cash and cash equivalents at beginning of year		231,216	10,227
Cash and cash equivalents at end of year			
		20,633	231,216

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
COMPANY STATEMENT OF FINANCIAL POSITION

		31 December 2023 (audited)	31 December 2022 (audited)
	Note	\$	\$
Non-current assets			
Loans to subsidiary undertakings	13	26,242,971	20,859,388
Investments in subsidiary undertakings	13	12,307,766	12,307,766
		38,550,737	33,167,154
Current assets			
Trade and other receivables	14	1,420,323	474,747
Cash and cash equivalents		11,663	159,456
		1,431,986	634,203
Total assets		39,982,723	33,801,357
Current liabilities			
Trade and other payables	15	1,013,290	87,069
Provision for liabilities and charges	16	-	502,972
Borrowings	17	12,867	12,244
		1,026,157	602,285
Non-current liabilities			
Borrowings	17	18,098	29,286
Total liabilities		1,044,255	631,571
Net assets		38,938,468	33,169,786
Equity			
Share capital	18	18,394,680	18,283,317
Share premium	18	156,166,470	152,336,303
Retained losses	19	(135,622,682)	(137,449,834)
Total shareholders' equity		38,938,468	33,169,786

In accordance with the provisions of Section 408 of the Companies Act 2006, the Company has not presented a statement of comprehensive income and for the year-ended 31 December 2023 the Company made a loss of \$1.3 million (2022: \$312k)

The financial statements of Tower Resources plc, registered number 05305345 were approved by the Board of Directors and authorised for issue on 31 May 2024.

Signed on behalf of the Board of Directors

Jeremy Asher - Chairman and Chief Executive

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	¹ Share-based payments reserve	Retained losses	Total
	\$	\$	\$	\$	\$
At 1 January 2022	18,264,803	148,747,595	2,883,798	(140,384,601)	29,511,595
Shares issued for cash	18,384	3,870,790	-	-	3,889,174
Shares issued on settlement of third-party fees	131	29,393	-	-	29,524
Share issue costs	-	(311,475)	-	-	(311,475)
Share option charge for the year	-	-	363,047	-	363,047
Transfer to retained losses	-	-	(738,615)	738,615	-
Total comprehensive expense for the year	-	-	-	(312,078)	(312,078)
At 31 December 2022	18,283,317	152,336,303	2,508,230	(139,958,064)	33,169,786
Shares issued for cash	97,460	3,859,030	-	-	3,956,490
Shares issued on settlement of third-party fees	13,903	298,593	-	-	312,496
Share issue costs	-	(327,456)	-	-	(327,456)
Share option charge for the year	-	-	498,137	-	498,137
Total comprehensive expense for the year	-	-	-	(1,329,015)	(1,329,015)
At 31 December 2023	18,394,680	156,166,470	3,006,367	(138,629,049)	38,938,468

¹ The share-based payment reserve has been included within the retained loss reserve on the Company statement of financial position and is a non-distributable reserve.

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
COMPANY STATEMENT OF CASH FLOWS

		31 December 2023 (audited)	31 December 2022 (audited)
	Note	\$	\$
Cash flow from operating activities			
Operating profit/(loss) for the year		887,121	(846,081)
Share-based payments	21	498,137	363,047
Shares issued on settlement of third-party fees		312,496	29,524
Operating cash flow before changes in working capital			
		1,697,754	(453,510)
Increase in receivables and prepayments		(945,576)	(466,510)
(Decrease) / increase in provision for liabilities and charges		(502,972)	502,972
Increase / (decrease) in trade and other payables		926,221	(139,125)
Cash from / (used in) operations			
		1,175,427	(556,173)
Interest received		444,715	528,698
Cash from / (used in) operating activities			
		1,620,142	(27,475)
Investing activities			
Loans granted to subsidiary undertakings	13	(5,383,583)	(3,383,485)
Net cash used in investing activities			
		(5,383,583)	(3,383,485)
Financing activities			
Repayment of loan facilities	17	(12,465)	(12,294)
Cash proceeds from issue of ordinary share capital net of issue costs	18	3,629,034	3,577,698
Interest paid	17	(921)	(1,220)
Net cash from financing activities			
		3,615,648	3,564,184
(Decrease) / increase in cash and cash equivalents		(147,793)	153,224
Cash and cash equivalents at beginning of year		159,456	6,232
Cash and cash equivalents at end of year			
		11,663	159,456

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) General information

Tower Resources plc is a public company incorporated in the United Kingdom under the UK Companies Act. The address of the registered office is 134 Buckingham Palace Road, London, SW1W 9SA. The Company and the Group are engaged in the exploration for oil and gas.

These financial statements are presented in US dollars as this is the currency in which the majority of the Group's expenditures are transacted and the functional currency of the Company and have been prepared in accordance with UK-adopted International Accounting Standards, and in compliance with the requirements of the Companies Act 2006.

b) Basis of accounting and adoption of new and revised standards

Changes in accounting policies

A number of new standards are effective from 1 January 2023 but they do not have material effect on the Group's financial statements.

New and amended standards

The following amended standards and interpretation are effective for financial years commencing on or after 1 January 2024. The Group does not intend to adopt the standards below, before their mandatory application date.

Standard	Description	IASB Issue Date	IASB Effective Date	Secretary of State Adoption Date
IAS 1 (amendments)	Classification of Liabilities as Current or Non-current.	23 January 2020	1 January 2024	Endorsed
IFRS 16 (amendments)	Lease Liability in a Sale and Leaseback	22 September 2022	1 January 2024	Endorsed
IAS 1 (amendments)	Non-current Liabilities with Covenants.	31 October 2022	1 January 2024	Endorsed
IAS 12 (amendments)	International Tax Reform – Pillar Two Model Rules.	23 May 2023	1 January 2024	Endorsed
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements.	25 May 2023	1 January 2024	Endorsed

Future accounting pronouncements

The Company intends to adopt the above listed standards and interpretations in its financial statements for the annual period beginning 1 January 2024. The Company does not expect the implementation to have a material impact on the financial statements.

c) Going concern

The Group will need to complete a farm-out and/or another asset-level transaction within the coming months, or otherwise raise further funds in addition to funds already raised in 2024, in order to meet its liabilities as they fall due, particularly with respect to the forthcoming drilling programme in Cameroon. The Directors believe that there are a number of options available to them through either, or a combination of, capital markets, farm-outs or asset disposals with respect to raising these funds. There can, however, be no guarantee that the required funds may be raised or transactions completed within the necessary timeframes, which results in an inherent

TOWER RESOURCES PLC

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NOTES TO THE FINANCIAL STATEMENTS

material uncertainty as to the application of going concern in these accounts. Having assessed the risks attached to these uncertainties on a probabilistic basis, the Directors are confident that they can raise sufficient finance in a timely manner and therefore believe that the application of going concern is both appropriate and correct.

This point is also discussed in note 2 of the financial statements.

d) Basis of consolidation

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting ("the purchase method") which includes the results of the subsidiaries from their date of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

The results of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

As a Consolidated Statement of Comprehensive Income is published, a separate Statement of Comprehensive Income for the Parent Company has not been published in accordance with section 408 of the Companies Act 2006.

e) Jointly controlled operations

Jointly controlled operations are arrangements in which the Group holds an interest on a long-term basis which are jointly controlled by the Group and one or more ventures under a contractual arrangement. The Group's exploration, development and production activities are sometimes conducted jointly with other companies in this way. Since these arrangements do not constitute entities in their own right, the consolidated financial statements reflect the relevant proportion of costs, revenues, assets and liabilities applicable to the Group's interests.

f) Oil and Gas Exploration and Evaluation Expenditure

Costs incurred before the acquisition of a license or permit to explore an area are expensed to the income statement.

All exploration and evaluation costs incurred following a license or permit to explore being obtained or acquired on the acquisition of a subsidiary are capitalised in respect of each identifiable project area. These costs are classified as intangible assets and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves (successful efforts).

Costs incurred by Directors' and employees of the parent Company on the exploration activities are recharged to the subsidiaries and capitalised as exploration assets accordingly.

Other costs are expensed unless commercial reserves have been established or the determination process has not been completed. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences the accumulated costs for the relevant area of interest are transferred from intangible assets to tangible assets as 'Developed Oil and Gas Assets' and amortised over the life of the area according to the rate of depletion of the economically recoverable costs.

g) Impairment of Oil and Gas Exploration and Evaluation assets

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

The carrying value of unevaluated areas is assessed when there has been an indication that impairment in value may have occurred. The impairment of unevaluated prospects is assessed based on the Directors' intention with regard to future exploration and development of individual significant areas and the ability to obtain funds to finance such exploration and development.

h) Decommissioning costs

Where a material liability for the removal of production facilities and site restoration at the end of the field life exists, a provision for decommissioning is made. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. An asset of an amount equivalent to the provision is also created and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset.

i) Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computers and equipment, fixtures, fittings and equipment: straight line over 4 years

Leasehold and office refurbishment costs: over duration of lease

The assets' residual values and useful lives are reviewed and adjusted if necessary at each year-end. Profits or losses on disposals of plant and equipment are determined by comparing the sale proceeds with the carrying amount and are included in the statement of comprehensive income. Items are reviewed for impairment if and when events indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

j) Investments

The Parent Company's investments in subsidiary companies are stated at cost less any expected credit loss for impairment and are shown in the Company's Statement of Financial Position.

k) Share-based payments

The Company makes share-based payments to certain Directors, employees and consultants by the issue of share options or warrants. The fair value of these payments is calculated either using the Black Scholes option pricing model or by reference to the fair value of the remuneration settled by way of the grant of such options or warrants. The expense is recognised on a straight-line basis over the period from the date of award to the date of vesting, based on the Company's best estimate of shares that will eventually vest.

l) Foreign currency translation

i Functional and presentational currency

Items included in the financial statements are shown in the currency of the primary economic environment in which the Company operates ("the functional currency") which is considered by the Directors to be the U.S Dollar. The exchange rate at 31 December 2023 was £1 / \$1.2715 (2022: £1 / \$1.2026).

ii Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

Transactions in the accounts of individual Group companies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the year-end. All differences are taken to the statement of comprehensive income.

m) Taxation

i Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible on other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

ii Deferred taxation

Deferred income taxes are provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using tax rates that have been enacted or substantially enacted and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled.

The principal temporary differences arise from depreciation or amortisation charged on assets and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

n) Financial instruments

The Group's Financial Instruments comprise of cash and cash equivalents, loans and receivables. There are no other categories of financial instrument.

i Cash and cash equivalents

Cash and cash equivalents are carried at cost and comprise cash in hand, cash at bank, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

ii Receivables

Receivables are measured at amortised cost unless the time value of money is immaterial. A provision for expected credit losses of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the expected credit losses is the difference between the assets' carrying amount and the recoverable amount. Expected credit losses for impairment of receivables are included in the statement of comprehensive income.

iii Payables

Payables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the asset of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

o) Share capital

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

Ordinary shares are classified as equity. Proceeds received from the issue of ordinary shares above the nominal value are classified as Share Premium. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the Share Premium account.

p) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group would be required to settle that obligation. Provisions are measured at the managements' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the executive Board members.

r) Leases

The Group do not have any leases with a term of 12-months or more that contain an option to purchase or where the underlying asset has anything other than a low value and has elected for exemption to the reporting requirements of IFRS 16 (Leases).

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on managements' best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRS also require management to exercise its judgement in the process of applying the Group's accounting policies.

The prime areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements, are as follows:

Recoverability of inter-company balances

Determining whether inter-company investments and balances are impaired requires an estimation of whether there are any indications of expected credit losses that result in their carrying values not being recoverable, details of which are included in note 13. The Board believes that the carrying values at the year end are recoverable based primarily on the expected realisation value of the exploration assets even though they are unlikely to be repaid until the projects are successful and the subsidiaries start to generate revenues.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of proved, probable and inferred resources, future technological changes which could impact the cost of drilling and extraction, future legal changes (including changes to environmental restoration obligations), changes to commodity prices and licence renewal dates and commitments.

To the extent that capitalised exploration and evaluation expenditure is determined to be irrecoverable in the future, this will reduce profits and net assets in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made. Details of impairments of capitalised exploration and evaluation expenditure during the year are included in note 12.

VAT receivable

At 31 December 2022 there remained three further appeals to the First-Tier Tax Tribunal by HMRC, which were yet to be heard. The two earlier appeals concerned time periods not covered by the original Tribunal decisions, to which HMRC had raised procedural objections which it latterly withdrew. These appeals were formally settled during 2023, resulting in a payment to the Company of \$422,359 (£351,212). The third more recent appeal concerns a revised assessment in respect of time periods covered by the Upper Tribunal's 21 May 2021 decision which was proved to be incorrect and upheld in favour of the Company. As such no further liability to HMRC for VAT exists and a VAT receivable was recognised within the financial statements, and received subsequent to the year-end.

Capital markets / going concern

The Group relies on the UK equities market and the market for equity participations in oil and gas exploration assets in order to raise the funds required to operate as a listed entity and complete the respective work programmes for its oil and gas exploration assets. From time to time, and especially in light of the repercussions of events in the Ukraine, general economic and market conditions may deteriorate to a point where it is not possible to raise equity finance to fund exploration projects, nor debt to develop projects.

Additional financing may therefore not be available to the Group restricting the scope of operations, risking both its long-term expansion programme, its obligations under contracts which may be withdrawn or terminated for non-compliance and ultimately the financial stability of the Group to continue as a going concern.

Please see note 1 (c) for a more detailed discussion of going concern matters.

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes model and by reference to the value of the fees or remuneration settled by way of granting of warrants. The determination of fair value using the Black Scholes methodology is based on the input parameters chosen and will therefore contain an element of judgement and uncertainty. Details of share-based payment transactions are included in note 21.

3. Operating segments

The Group has two reportable operating segments: Africa and Head Office. Non-current assets and operating liabilities are located in Africa, whilst the majority of current assets are carried at Head Office. The Group has not yet commenced production and therefore has no revenue. Each reportable segment adopts the same accounting policies. In compliance with IFRS 8 'Operating Segments' the following table reconciles the operational loss and the assets and liabilities of each reportable segment with the consolidated figures presented in these Financial Statements, together with comparative figures for the year-ended 31 December 2022.

	Africa		Head Office		Total	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Administrative expenses ¹	(122,982)	(55,120)	551,670	(709,024)	428,688	(764,144)
Share-based payment charges	-	-	(337,358)	(242,896)	(337,358)	(242,896)
Financing costs	(596)	(641)	(544,930)	(1,441)	(545,526)	(2,082)
Loss by reportable segment	(123,578)	(55,761)	(330,618)	(953,361)	(454,196)	(1,009,122)
Total assets by reportable segment ^{2/3}	34,779,896	31,905,433	1,431,986	634,203	36,211,882	32,539,636
Total liabilities by reportable segment ⁴	(1,818,839)	(2,544,748)	(1,044,253)	(631,569)	(2,863,092)	(3,176,317)

¹ Administrative expenses include \$1.2 million (2022: \$nil) of VAT provision write-backs

² Included within total assets of \$34.8 million (2022: \$32.5 million) are \$20.1 million Cameroon (2022: \$17.4 million), \$907k Namibia (2022: \$751k) and \$13.8 million South Africa (2022: \$13.7 million)

³ Carrying amounts of segment assets exclude investments in subsidiaries.

⁴ Carrying amounts of segment liabilities exclude intra-group financing.

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS

4. Group operating (loss) / profit

	2023	2022
	\$	\$
Share-based payment charges included within staff costs	278,255	242,897
Share-based payment charges included within professional costs	59,103	51,228
Gain on foreign currencies	48,022	69,299

An analysis of auditor's remuneration is as follows:

Fees payable to the Group's auditors for the audit of the Group and subsidiary annual accounts	65,856	57,136
Fees payable to the Group's auditors for non-audit assurance services	-	-
Total audit fees	65,856	57,136

5. Employee information

The average monthly number of employees of the Group (including Directors) was:

	2023	2021
Head office	3	3
Africa	3	3
	6	6

Group employee costs during the year (including executive Directors) amounted to:

	2023	2022
	\$	\$
Share-based payment charges	278,255	242,897
	278,255	242,897

TOWER RESOURCES PLC

YEAR-ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

During 2023, no awards were made under the Group share incentive scheme.

Key management personnel include the executive and non-executive Directors whose remuneration comprised entirely non-cash share-based payment charges of \$278k (2022: \$290k); see Directors' Report for additional detail. During the year \$332k (2022: \$271k) of the full-year share-based payment charge of \$493k (2022: \$363k) related to employees and their remuneration as employees.

The highest paid Director was Jeremy Asher \$204k (2022: \$187k).

6. Finance costs

During the year covered by these financial statements the Group incurred finance costs of \$545k (2022: \$2k) in connection with its equity fundraisings (see note 18). The Company incurred finance costs of \$545k (2022: \$2k).

7. Taxation

	2023 \$	2022 \$
Current tax		
UK Corporation tax	-	-
Total current tax charge	-	-
<i>The tax charge for the period can be reconciled to the loss for the year as follows:</i>		
Group loss before tax	454,196	996,438
Tax at the UK Corporation tax rate of 23.5% (2022: 19%)	(106,738)	(189,323)
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	71,721	46,150
Tax losses carried forward not recognised as a deferred tax asset	35,017	143,173
Current tax charge	-	-

As of 1 April 2023, the main rate of UK corporation tax increased from 19% to 25%. As the company's financial year straddles this date, a blended corporation tax rate of 23.5% has been applied which is calculated by apportioning the two tax rates on a weighted basis for the proportion of the financial year for which each main tax rate was applicable.

8. Deferred tax

At the reporting date the Group had an unrecognised deferred tax asset of \$4.6 million (2022: \$4.8 million) relating to unused tax losses. No deferred tax asset has been recognised due to the uncertainty of future profit streams against which these losses could be utilised.

9. Parent company income statement

For the year-ended 31 December 2023 the Parent Company made a loss of \$1.3 million (2022: loss of \$312k) including financing costs of \$545k (2022: \$1k) and VAT provision movements of \$1.2 million (2022: \$nil). The Company charged finance interest on intercompany loan accounts of \$1.5 million (2022: \$536k) and fees with respect to the provision of strategic advice and support of \$172k (2022: \$105k). In accordance with the provisions of Section 408 of the Companies Act 2006, the Parent Company has not presented a statement of comprehensive income.

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS

10. Loss / (profit) per share

The fully diluted weighted average number of shares in issue and to be issued as at 31 December 2023 is 6,405,097,403 (2022: 2,165,197,663). At 31 December 2023 the dilutive effect of share options outstanding was nil (2022: nil). At 31 December 2023 and 31 December 2022, the fully diluted loss per share has been kept the same as the basic loss per share because the conversion of share options and share warrants would decrease the basic loss per share and is thus anti-dilutive. The number of anti-dilutive shares that were excluded from this computation of profit per share was 9,382,490 (2022: 7,688,323).

	Basic & Diluted	
	2023	2022
	\$	\$
(Loss) / profit for the year	(454,196)	(996,438)
Weighted average number of ordinary shares in issue during the year	6,405,097,403	2,165,197,663
Dilutive effect of share options outstanding	-	-
Fully diluted average number of ordinary shares during the year	6,405,097,403	2,165,197,663
(Loss) / profit per share (USc)	(0.01c)	(0.05c)

11. Property, plant and equipment

	Group	Company
Year-ended 31 December 2023	\$	\$
Cost		
At 1 January 2023	1,046	1,046
At 31 December 2023	1,046	1,046
Depreciation		
At 1 January 2023	1,046	1,046
At 31 December 2023	1,046	1,046
Net book value		
At 31 December 2023	-	-
At 31 December 2022	-	-

TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
NOTES TO THE FINANCIAL STATEMENTS

	Group	Company
Year-ended 31 December 2022	\$	\$
Cost		
At 1 January 2022	1,046	1,046
At 31 December 2022	1,046	1,046
Depreciation		
At 1 January 2022	1,046	1,046
At 31 December 2022	1,046	1,046
Net book value		
At 31 December 2022	-	-
At 31 December 2021	-	-

12. Intangible Exploration and Evaluation (E&E) assets

	Exploration and evaluation assets	Goodwill	Total
Year-ended 31 December 2023	\$	\$	\$
Cost			
At 1 January 2023	103,842,133	8,023,292	111,865,425
Additions during the year	2,937,253	-	2,937,253
At 31 December 2023	106,752,824	8,023,292	114,776,116
Amortisation and impairment			
At 1 January 2023	(72,008,462)	(8,023,292)	(80,031,754)
Impairment during the year	-	-	-
At 31 December 2023	(72,008,462)	(8,023,292)	(80,031,754)
Net book value			
At 31 December 2023	34,770,924	-	34,770,924
At 31 December 2022	31,833,671	-	31,833,671

TOWER RESOURCES PLC
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	Exploration and evaluation assets	Goodwill	Total
Year-ended 31 December 2022	\$	\$	\$
Cost			
At 1 January 2022	100,788,853	8,023,292	108,812,145
Additions during the year	3,053,280	-	3,053,280
At 31 December 2022	103,842,133	8,023,292	111,865,425
Amortisation and impairment			
At 1 January 2022	(72,008,462)	(8,023,292)	(80,031,754)
Impairment during the year	-	-	-
At 31 December 2022	(72,008,462)	(8,023,292)	(80,031,754)
Net book value			
At 31 December 2022	31,833,671	-	31,833,671
At 31 December 2021	28,780,391	-	28,780,391

During the year the Group capitalised amounts totalling \$2.9 million (2022: \$3.1 million) with respect to the following assets:

	2023 \$	2022 \$
Cameroon	2,651,002	3,085,434
Namibia	156,851	383,193
South Africa	102,838	(415,347)
Total	2,910,691	3,053,280

The carrying values of E&E assets at the year end were:

	2023 \$	2022 \$
Cameroon	20,073,606	17,422,604
South Africa	13,789,397	13,659,997
Namibia	907,921	751,070
Total	34,770,924	31,833,671

Cameroon

The \$2.7 million of capitalised expenditure comprised ongoing NJOM-3 appraisal drilling preparation costs (geotechnical platform site survey plus the capitalised cost of operating the local office in Douala).

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The Directors have not provided for any impairment of the Group's investment in the Thali license, because potential transactions and funding discussions with third parties and the Company's internal cash flow projections for the license support the Directors' view that the current carrying value is recoverable. Furthermore, the operating company, Tower Resources Cameroon SA, has applied for and been awarded an extension of the First Exploration Period of the license to 4 February 2025.

Namibia

The Group continued to make various licence commitment and training payments to the Government of the Republic of Namibia in addition to commencing basin modelling work and other work in line with the work programme commitments.

The Company's investment in the current license is currently \$908k (2022: \$751k), which appears well supported by the valuations implied by recent transactions in the region, allowing for the early stage of the evaluation and appraisal process. Furthermore, the Directors continue to believe firmly that the relatively modest amounts of expenditure incurred on acquiring and securing tenure to the licence is fully supported by their initial view of its prospectivity based on the information that is currently available

South Africa

In South Africa, Rift Petroleum Limited, Tower's wholly owned subsidiary, and its JV partner and operator New African Global Energy SA (Pty) Ltd, continued to work on planning the 3D seismic acquisition, the tendering and evaluation process for which is ongoing. The Petroleum Authority of South Africa ("PASA") formally approved the application to enter the second renewal period, submitted by the Operator NewAge Energy Algoa (Pty) Ltd, on 17 November 2020, having confirmed that the first renewal period work programme had been completed to its satisfaction. The second renewal period commits the JV to the acquisition of 700km of 2D seismic acquisition or the acquisition of 300km of 3D seismic. The minimum spend is \$5.0 million in total to the JV and this period will conclude upon the completion of the work programme, representing a commitment to acquire a minimum of 700km 2D or 300km of 3D seismic over the block. Acquiring the additional seismic data in 2024 is now unlikely to be possible, and as a result, the JV partners do not expect to acquire the new 3D seismic data over the block until 2025 at the earliest. The operator has told the Company that PASA accepts this position and merely requires that the seismic acquisition obligation is completed before the JV enters the next renewal period.

Impairment

In accordance with the Group's accounting policies and IFRS 6 'Exploration for and Evaluation of Mineral Resources' the Directors have reviewed each of the exploration license areas for indications of impairment. Having done so, it was concluded that a full impairment review was not required on the Cameroon, South African or Namibian CGUs.

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13. Investment in subsidiaries

Company	Loans to subsidiary undertakings \$	Shares in subsidiary undertakings \$	Total \$
Cost			
At 1 January 2023	85,721,514	32,216,739	117,938,253
Net advances during the year	5,383,583	-	5,383,583
At 31 December 2023	91,105,097	32,216,739	123,321,836
Provision for impairment			
At 1 January 2022	(64,862,126)	(19,908,973)	(84,771,099)
Provision for impairment	-	-	-
At 31 December 2023	(64,862,126)	(19,908,973)	(84,771,099)
Net book value			
At 31 December 2023	26,242,970	12,307,766	38,550,737
At 31 December 2022	20,859,388	12,307,766	33,167,154

Included within loans made to subsidiary undertakings during the year of \$5.3 million (2022: \$3.4 million) are amounts of \$4.3 million Cameroon (2022: \$2.5 million), \$402k South Africa (2022: \$158k), \$610k Rift Petroleum Holdings (2022: \$616k) and \$110k (2022: \$131k) Namibia.

Loans made by the parent company to subsidiary undertakings are interest-bearing in accordance with loan agreements made in 2015, and are repayable to the parent company on demand.

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The subsidiary undertakings at the year-end are as follows (these undertakings are included in the Group accounts):

	Country of incorporation	Class of shares held	Proportion of voting rights held		Nature of business
	2023	2023	2023	2022	2023
Tower Resources Cameroon Limited ¹	England & Wales	Ordinary	100%	100%	Holding company
Tower Resources Cameroon SA ²	Cameroon	Ordinary	100%	100%	Oil and gas exploration
Rift Petroleum Holdings Limited ¹	Isle of Man	Ordinary	100%	100%	Holding company
Rift Petroleum Limited ³	Zambia	Ordinary	100%	100%	Oil and gas exploration
Rift Petroleum Limited ³	Isle of Man	Ordinary	100%	100%	Oil and gas exploration
Tower Resources (Namibia) Holdings Limited ¹	England & Wales	Ordinary	100%	100%	Holding company
Tower Resources (Namibia) Limited ⁴	England & Wales	Ordinary	100%	100%	Oil and gas exploration

¹ Held directly by the Company, Tower Resources plc

² Held directly or indirectly through Tower Resources Cameroon Limited

³ Held directly or indirectly through Rift Petroleum Holdings Limited

⁴ Held directly or indirectly through Tower Resources (Namibia) Holdings Limited

14. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade and other receivables	1,420,325	474,749	1,420,323	474,747

Trade and other receivables include VAT recoverable from HMRC on late appeals owed to the Company, which at the end of 2023 were \$632k (2022: \$422k), all amounts for which were repaid by HMRC in May 2024.

Also included are net amounts due on the settlement of shares placed on 18 December 2023 of \$759k, which was received in January 2024.

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15. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade payables	291,647	195,776	186,626	28,451
Other payables	757,719	-	757,719	-
Accruals	1,782,761	2,436,039	66,945	58,618
	2,832,127	2,631,815	1,013,290	87,069

Included within other payables are amounts prepaid by EECF against shares not yet drawn down against the Share Placement Deed (see note 18).

Accruals include UK \$67k (2022: \$59k); Cameroon \$1.4 million (2022: \$2.1 million); Namibia \$221k (2022: \$167k) and South Africa \$128k (2022: \$190k) and comprise operational and other asset related costs due plus amounts payable to Ministerial bodies with respect to licence tenure, most of which have been settled subsequent to the year-end.

Group creditor payment days are approximately 30 days (2022: 32 days).

16. Provision for liabilities and charges

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
VAT appeals	-	502,972	-	502,972
	-	502,972	-	502,972

At 31 December 2022 there remained three further appeals to the First-Tier Tax Tribunal by HMRC, which were yet to be heard. The two earlier appeals concerned time periods not covered by the original Tribunal decisions, to which HMRC had raised procedural objections which it latterly withdrew. These appeals were formally settled during 2023, resulting in a payment to the Company of \$422,359 (£351,212). The third more recent appeal concerns a revised assessment in respect of time periods covered by the Upper Tribunal's 21 May 2021 decision, which revised assessment was contested successfully by the Company. As such no further liability to HMRC for VAT exists or is recognised within the financial statements (see note 14 for VAT amounts receivable at the year-end).

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17. Borrowings

Total borrowings for the Group and Company are noted below:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Principal balance at beginning of year	41,088	59,532	41,088	59,532
Amounts drawn down during the year	-	-	-	-
Principal repaid during the year	(12,465)	(12,294)	(12,465)	(12,294)
Currency revaluations at year end	2,105	(6,149)	2,105	(6,149)
Principal balance at end of year	30,728	41,088	30,728	41,088
Financing costs at beginning of year	442	818	442	818
Changes to financing costs during the year	-	-	-	-
Interest expense	696	925	696	925
Interest paid during the year	(921)	(1,220)	(921)	(1,220)
Currency revaluations at year end	20	(81)	20	(81)
	237	442	237	442
Financing costs at the end of the year				
Carrying amount at end of period	30,965	41,530	30,965	41,530
Current	12,867	12,244	12,867	12,244
Non-current	18,098	29,286	18,098	29,286
PRINCIPAL REPAYMENT DATES				
	Group	2022	Company	2022
	2023		2023	
	\$	\$	\$	\$
Due within 1 year	12,867	12,244	12,867	12,244
Due within years 2-5	18,098	29,286	18,098	29,286
Due in more than 5 years	-	-	-	-
	30,965	41,530	30,965	41,530

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Borrowing represent a 5-year Barclays Bounceback loan taken out in June 2021 and repayable in June 2026. During the year, the Group and Company entered into no new facilities (2022: \$nil).

18. Share capital

	2023	2022
	\$	\$
Authorised, called up, allotted and fully paid		
12,467,459,075 (2022: 3,554,437,955) ordinary shares of 0.001p	18,394,680	18,283,317

The share capital issues during 2023 are summarised as follows:

	Number of shares	Share capital at nominal value \$	Share premium \$
At 1 January 2023	3,554,437,955	18,283,317	152,336,303
Shares issued for cash	7,784,543,067	97,460	3,859,029
Shares issued on settlement of third party fees	1,128,478,053	13,903	298,593
Share issue costs	-	-	(327,454)
At 31 December 2023	12,467,459,075	18,394,680	156,166,470

In December 2022, the Company entered into a Share Placement Deed ("SPD") with Energy Exploration Capital Partners LLC ("EECP") under which EECP advanced \$1.3 million in January 2023 against subsequent share placements as outlined under the SPD. Following the initial placing, EECP could also invest, at the request of the Company, up to US\$1.8 million in the aggregate for Shares worth \$1.9 million. If required by the Company, a further \$3.0 million could have been raised for shares worth an equivalent amount, with EECP's consent. At the year-end \$758k remained owing to EECP. Shares totalling 1,313,021,120 were issued to EECP during 2023, and these are included in shares issued for cash (\$16k nominal value / \$776k share premium)

On 31 May 2023 the Company raised \$2.9 million by placing 4,600,000,000 shares for cash at 0.05 pence per share.

On 18 December 2023 the Company raised \$760k by placing 3,000,000,000 shares for cash at 0.02 pence per share.

19. Reserves

Reserves within equity are as follows:

Share capital

Amounts subscribed for share capital at nominal value.

Share premium account

The share premium account represents the amounts received by the Company on the issue of its shares which were in excess of the nominal value of the shares.

TOWER RESOURCES PLC
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Retained losses

Cumulative net gains and losses recognised in the Statement of Comprehensive Income less any amounts reflected directly in other reserves.

20. Financial instruments

Capital risk management and liquidity risk

Capital structure of the Group and Company consists of cash and cash equivalents held for working capital purposes and equity attributable to the equity holders of the Parent, comprising issued capital, reserves and retained losses as disclosed in the Statement of Changes in Equity. The Group and Company uses cash flow models and budgets, which are regularly updated, to monitor liquidity risk.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each material class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Due to the short-term nature of these assets and liabilities such values approximate their fair values at 31 December 2023 and 31 December 2022.

	Carrying amount / fair value	
	2023	2022
Group	\$	\$
Financial assets (classified as loans and receivables)		
Cash and cash equivalents	20,633	231,216
Trade and other receivables	1,420,325	474,749
Total financial assets	1,440,958	705,965
Financial liabilities at amortised cost		
Trade and other payables	2,832,127	2,631,815
Borrowings	30,965	41,530
Total financial liabilities	2,863,092	2,673,345

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	Carrying amount / fair value	
	2023	2022
Company	\$	\$
Financial assets (classified as loans and receivables)		
Cash and cash equivalents	11,663	159,456
Trade and other receivables	1,420,323	474,747
Loans to subsidiary undertakings	26,242,971	20,859,388
Total financial assets	27,674,957	21,493,591
Financial liabilities at amortised cost		
Trade and other payables	1,013,290	87,069
Borrowings	30,965	41,530
Total financial liabilities	1,044,255	128,599

Financial risk management objectives

The Group's and Company's objective and policy is to use financial instruments to manage the risk profile of its underlying operations. The Group continually monitors financial risk including oil and gas price risk, interest rate risk, equity price risk, currency translation risk and liquidity risk and takes appropriate measures to ensure such risks are managed in a controlled manner including, where appropriate, through the use of financial derivatives. The Group and Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk management

The Group and Company borrowings carry a fixed interest rate of 1% per month and are therefore not exposed to any sensitivity risk.

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Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and assuming the amount of the balances at the reporting date were outstanding for the whole year.

A 100-basis point change represents management's estimate of a possible change in interest rates at the reporting date. If interest rates had been 100 basis points higher and all other variables were held constant the Group's profits and equity would be impacted as follows:

	Group		Company	
	Increase		Increase	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash and cash equivalents	4,013	1,122	3,311	782
Borrowings	366	500	366	500
	4,379	1,622	3,677	1,282

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on classes of financial assets and financial liabilities, was as follows:

	2023		2022	
	Floating interest rate	Non-interest bearing	Floating interest rate	Non-interest bearing
	\$	\$	\$	\$
Cash and cash equivalents	14,123	6,510	172,782	58,434

Foreign currency risk

The Group's and Company's reporting currency is the US dollar, being the currency in which the majority of the Group's revenue and expenditure is transacted. The US dollar is the functional currency of the Company and the majority of its subsidiaries. Less material elements of its management, services and treasury functions are transacted in pounds sterling. The majority of balances are held in US dollars with transfers to pounds sterling and other local currencies, as required to meet local needs. The Group does not enter into derivative transactions to manage its foreign currency translation or transaction risk as it does not believe such risks are material.

At the year-end the Group and Company maintained the following cash reserves:

	Group		Company	
	2023	2022	2023	2022
Cash and cash equivalents	\$	\$	\$	\$
Cash and cash equivalents held in US\$	2,167	55,874	2,167	55,874
Cash and cash equivalents held in GBP	11,149	156,448	9,496	103,582
Cash and cash equivalents held in XAF	2,460	13,326	-	-
Cash and cash equivalents held in other currencies	4,857	5,568	-	-

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20,633 231,216 11,663 159,456

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group or Company. The Group and Company reviews the credit risk of the entities that it sells its products to or that it enters into contractual arrangements with and will obtain guarantees and commercial letters of credit as may be considered necessary where risks are significant to the Group or Company.

The Group has cash and cash equivalents of \$21k as at 31 December 2023 (2022: \$231). The cash and cash equivalents are held with financial institutions which are rated below. Wherever possible ratings are provided by Fitch Ratings, however, where no rating was available from either Fitch Ratings or either of the other major international credit rating agencies such as Standard & Poors or Moodys, the bank's local credit rating was used:

	Rating	Group		Company	
		2023	2022	2023	2022
Cash and cash equivalents		\$	\$	\$	\$
Barclays Bank plc	A+	11,663	159,456	11,663	159,456
Royal Bank of Scotland	A	6,510	58,434	-	-
First Afriland Bank	No rating	2,081	12,947	-	-
BGFI Bank	A+	379	379	-	-
		20,633	231,216	11,663	159,456

21. Share-based payments

	2023	2022
	\$	\$
In the statement of comprehensive income the Group recognised the following charge with respect to its share-based payments	498,137	363,047

The share-based payments include the cost of warrants issued in respect of the company's equity financings and bridging loan, and also share-based payments for a number of services to the Group's various contractors and brokers and payments in lieu of Director fees.

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Options

Details of share options outstanding at 31 December 2023 are as follows:

	Number in issue
At 1 January 2022	392,000,000
Lapsed during the year	-
Awarded during the year	296,000,000
At 31 December 2022	688,000,000

Date of grant	Number in issue ¹	Option price (pence)	Latest exercise date
24 Jan 2019	70,000,000	1.250	24 Jan 2024
18 Dec 2020	86,000,000	0.450	18 Dec 2025
01 Apr 2021	88,000,000	0.450	01 Apr 2026
16 Aug 2022	148,000,000	0.300	16 Aug 2027
16 May 2023	268,000,000	0.100	15 May 2028
	660,000,000		

¹ These options vest in the beneficiaries in equal tranches on the first, second and third anniversaries of grant.

The following Directors held interests, directly or indirectly, in share options at the year-end:

	2023	2022
	No.	No.
Jeremy Asher	480,000,000	280,000,000
Total	480,000,000	280,000,000

Warrants

Details of warrants outstanding at 31 December 2023 are as follows:

	Number in issue
At 1 January 2023	599,969,023
Awarded during the year	545,526,533
Lapsed during the year	(162,162,382)
At 31 December 2023	983,333,174

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Date of grant	Number in issue	Warrant price (pence)	Latest exercise date
01 Oct 2018	4,687,500	1.575	30 Sep 2023
16 Apr 2019	90,000,000	1.000	14 Apr 2024
30 Jun 2019	4,285,714	1.000	28 Jun 2024
30 Jul 2019	3,000,000	1.000	28 Jul 2024
15 Oct 2019	10,990,933	0.500	13 Oct 2024
31 Mar 2020	49,816,850	0.200	30 Mar 2025
29 Jun 2020	19,719,338	0.350	28 Jun 2025
28 Aug 2020	78,616,352	0.600	28 Aug 2023
01 Oct 2020	10,960,907	0.390	30 Sep 2025
01 Dec 2020	4,930,083	0.375	30 Nov 2025
31 Dec 2020	12,116,316	0.450	30 Dec 2025
01 Apr 2021	16,998,267	0.450	31 Mar 2026
01 Jul 2021	24,736,149	0.250	30 Jun 2026
01 Oct 2021	16,233,765	0.425	30 Sep 2026
01 Jan 2022	17,329,020	0.425	01 Jan 2027
01 Apr 2022	19,851,774	0.263	01 Apr 2027
01 Jul 2022	16,831,240	0.295	01 Jul 2027
03 Oct 2022	26,114,205	0.250	03 Oct 2027
01 Aug 2022	10,588,228	0.425	31 Jul 2024
15 Feb 2023	29,114,906	0.175	15 Feb 2028
02 May 2023	43,053,960	0.143	01 May 2028
16 May 2023	112,500,000	0.100	16 May 2026
03 Jul 2023	128,571,426	0.050	02 Jul 2028
18 Dec 2023	65,000,000	0.040	18 Dec 2026
02 Oct 2023	167,286,241	0.050	01 Oct 2028
	983,333,174		

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The following table shows the interests of the Directors in the share warrants in issue at 31 December:

	2023	2022
	No.	No.
Jeremy Asher	333,341,403	217,875,279
Paula Brancato	96,981,488	33,238,104
Mark Enfield	95,137,640	31,394,256
Total	525,460,531	282,507,639

The weighted average exercise price of the share warrants was 0.28p (2022: 0.59p) with a weighted average contractual life of 2.8 years (2022: 1.8 years). At 31 December 2023 and 2022 all warrants had fully vested.

In its Statement of Comprehensive Income, the Company recognised share-based payment charges of \$337k (2022: \$294k).

In compliance with the requirements of IFRS 2 on share-based payments, the fair value of options or warrants granted during the year is calculated using the Black Scholes option pricing model. For this purpose, the volatility applied in calculating the above charge varied between 20% and 100% (2022: 20% and 111%), depending upon the date of grant, and the risk-free interest rate was 0.50% (2022: 0.50%) and the Dividend Yield was nil% for 2023 and 2022.

The Company's share price ranged between 0.02p and 0.2p (2022: 0.2p and 0.4p) during the year. The closing price on 31 December 2023 was 0.03p per share (2022: 0.2p). The weighted average exercise price of the share options was 0.4p (2022: 0.5p) with a weighted average contractual life of 3.1 years (2022: 3.3 years). The total number of options vested at the end of the year was 214.7 million (2022: 185.3 million).

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22. Related party transactions

Related party transactions include both transactions between group companies and the Directors of the Company, and also intercompany transactions within the Group.

The key management of the Group comprises the Directors of the Company. Except as disclosed, there are no transactions with the Directors other than their remuneration and interests in shares, share options and warrants. As noted in the Directors' Report, Pegasus Petroleum Ltd ("Pegasus"), a company owned and controlled by Jeremy Asher, received \$466k (2022: \$381k) in fees for management services. Further information on Directors' remuneration is detailed in the Directors' Report and their total remuneration in each of the categories specified in IAS 24 'Related Party Disclosures' is shown below:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Fees charged by companies associated with Jeremy Asher ¹	567,649	381,428	-	-
Share-based payments	278,254	242,896	278,254	242,896
Finance interest on Group intercompany loan accounts	1,487,503	536,375	1,487,503	536,375
Fees charged within the Group in respect of the provision of strategic advice and support by the parent	172,135	104,911	172,135	104,911
	2,505,541	1,265,610	1,937,892	884,182

¹ Charged by Pegasus Petroleum Limited ("Pegasus"), a company registered in the Channel Islands, to Rift Petroleum Holdings Limited, a wholly owned subsidiary of Tower Resources plc and registered in the Isle of Man. Pegasus Petroleum Limited ("Pegasus") is owned and controlled by a family trust of which Jeremy Asher is the settlor and lifetime beneficiary.

The following amounts were owed by subsidiary undertakings at the balance sheet date:

	Rift Petroleum Holdings Limited (\$000)	Rift Petroleum Limited (\$000)	Tower Resources (Namibia) Holdings Limited (\$000)	Tower Resources Namibia Limited (\$000)	Tower Resources Cameroon Limited (\$000)	Tower Resources Cameroon SA (\$000)	TOTAL (\$000)
2023	3,225	2,287	16	472	4	20,238	26,242
2022	2,616	1,885	18	362	6	15,974	20,861

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23. Control

The Company is under the control of its shareholders and not any one party.

24. Leases and capital commitments

The Group is committed to funding the following exploration expenditure commitments as at 31 December 2023

	Country	Interest	2024	2025 onwards
Cameroon Thali ¹	Cameroon	100%	\$2.80 million	\$5.60 million
South Africa Algoa-Gamtoos ²	South Africa	50%	-	\$3.45 million
Namibia Blocks 1910A, 1911 and 1912B ³	Namibia	80%	-	\$4.50 million
			\$2.80 million	\$13.55 million

¹ Extension granted to February 2025

² Period ends on completion of work programme commitments

³ First period expiration November 2024, extendable to November 2025

25. Subsequent events

4 January 2024: Share issuance in accordance with the terms of the investment deed with EEPC announced on 16 January 2023, of 440,567,445 ordinary shares of 0.001 pence each. The purchase price of 0.0225 pence per Ordinary Share for the settlement amount of \$125,000 had been prepaid by EEPC.

4 January 2024: Issue of 350.9 million warrants in lieu of £60,000 (in aggregate) of Directors fees in respect of the period January-June 2024, to conserve the Company's working capital. The warrants are exercisable at a strike price of 0.03 pence per share. The warrants are exercisable for a period of five years from the date of issue.

8 February 2024: The Company received formal notification from the Minister of Mines, Industry and Technological Development in Cameroon of the extension of the First Exploration Period of the Thali production-sharing contract to 4th February 2025, in accordance with the Company's PSC and the Cameroon Petroleum Code, and with the approval of the President of the Republic of Cameroon. The Company's principal obligation during the First Exploration Period is the drilling of a single well which the Company intends to fulfil through the drilling of the NJOM-3 well during 2024.

9 February 2024: Share issuance in accordance with the terms of the investment deed with EEPC announced on 16 January 2023, of 396,825 ordinary shares of 0.001 pence each. The purchase price of 0.021 pence per Ordinary Share for the settlement amount of \$105,000 had been prepaid by EEPC.

15 February 2024: The Company reached an agreement for the repayment of the outstanding balance owed to EECP, in accordance with the terms of the investment deed announced to the market on 16 January 2023. In addition, the Company also announced a Subscription to raise £600,000 via the issue of 3,333,333,333 shares at a price of 0.018p per share.

In addition to the events above, subsequent to the year-end the Company received notice that the third of its appeals to the First-Tier Tax Tribunal had been successful, resulting in a release of the remaining VAT provision and the receipt of remaining receivables.

**TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023
PROFESSIONAL ADVISERS**

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Joint Broker:

Novum Securities Ltd

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London, W1J 6ER

Solicitors:

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UHY Hacker Young LLP

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London E1W 1YW

Registrars:

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**TOWER RESOURCES PLC
YEAR-ENDED 31 DECEMBER 2023**

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Tower Resources Namibia Limited

Tower Resources Cameroon Limited

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Westminster

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United Kingdom

Rift Petroleum Holdings Limited

Rift Petroleum Limited

36 Hope Street

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IM1 1AR

Isle of Man

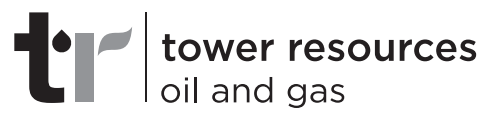
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