



10 January 2025

**Tower Resources plc**

("Tower" or the "Company")

**Transformational Farm-out Agreements for Cameroon and Namibia Licenses**

Tower Resources plc (AIM: TRP), the AIM-listed oil and gas company focused on Africa, is pleased to announce that it has executed two farm-out agreements and associated documentation with Prime Global Energies Limited ("Prime") for minority, non-operated interests in its Thali license, offshore Cameroon, and PEL96 offshore Namibia.

Through its wholly-owned subsidiary, Tower Resources Cameroon S.A. ("TRCSA"), the Company has agreed to farm-out a 42.5% non-operated interest in the Thali license to Prime in exchange for a US 15,000,000 cash contribution towards the Thali work programme and drilling of the NJOM-3 well in 2025, and further payments as set out below. In addition, via Tower Resources (Namibia) Limited, Prime has also agreed to farm-in to PEL96, offshore Namibia, for a 25% non-operated interest. As explained below, as part of these arrangements, Tower will also receive further payments including US 937,500 in cash immediately and a further US 3,437,500 cash on completion of the two farm-out agreements, for a total of US 4,375,000 in cash.

Completion of both farm-out agreements is expected to occur by the end of Q1 2025 subject to government, partner and regulatory consents.

Prime is a UK-incorporated company with more than three decades of upstream operational experience. In 2022, Prime's parent company, Prime International Oil and Gas Company Limited ("PIOGCL"), acquired the assets of ENI in Pakistan (which included the former interests of Lasmo in Pakistan) and is a substantial upstream company with significant technical resources and production from both operated and non-operated production in Pakistan.

**Highlights**

- Prime will acquire a 42.5% non-operated interest in the Thali license, in return for a US 15,000,000 contribution to the Thali work programme costs;
- Prime is also acquiring a 25% non-operated interest in PEL96, offshore Namibia, with Tower receiving US 2,500,000 cash on completion (of which US 1,875,000 will be held back pending completion of the Thali farmout as well as the PEL96 farmout);
- In recognition of existing production-based payment agreements in place with Pegasus Petroleum Limited ("Pegasus") on the Thali license, which Pegasus has agreed to modify in Prime and Tower's favour, Prime will commit to production-based payments of 10% of Prime's after-tax share of profit oil from Thali to Tower, which will, in turn, be passing the majority of those payments on to Pegasus and also retaining a portion itself, as previously disclosed; other aspects of the transaction include:
  - A payment of US 1,875,000 will be made to Tower upon the farm-out agreement execution; 50% to be paid to Pegasus and 50% to be retained by Tower;
  - A further payment of US 1,875,000 to Tower on completion of the Thali farm-out; 50% to be paid to Pegasus and 50% to be retained by Tower;
  - The issue of 5,650,483,681 Ordinary shares in Tower to Pegasus in consideration of the cash retentions by Tower noted above.
- Therefore, in aggregate Tower will be in receipt of a total of US 4,375,000 in cash on completion of both the Thali and PEL96 farm-out agreements;
- Agreement in principle for Tower and Prime to work together on other projects in Cameroon, with Prime participating up to 42.5% depending on the project.

**Tower Resources Chairman & CEO, Jeremy Asher, commented:**

"I am delighted to announce the execution of these transformational farm-out agreements for our Cameroon and Namibia licenses. In Prime, we have secured a partner with substantial technical and financial resources and a track record of operational success, and we are very pleased to be working closely with them on these two highly valuable projects.

"For our Thali license, the funding provided should enable Tower to drill the NJOM-3 commitment well, which will mark a significant milestone for the Company. Whilst this has been our priority, we have also made great efforts over the past few years to understand better the huge prospectivity of the PEL96 license, offshore Namibia, and I'm very pleased that its potential has also been recognised through this additional agreement with Prime as a non-operating partner.

"These negotiations required flexibility from all of us and, as a result, there have been some changes to the Pegasus Facility Agreement giving rise to the production-based payments already agreed in respect of the Thali farm-out. These payments were originally intended to be similar to those agreed in our earlier potential farm-out agreements, a portion of which were to be paid on to Pegasus as consideration for funding previously provided, but paid from the farm-out partner's share of production, so that Tower would incur no net cost. However, during these negotiations we agreed to amend the basis and reduce the amount of these payments in return for Tower retaining a larger participating interest in the license, alongside some cash payments to Tower and Pegasus at execution and completion. Pegasus will be using 50% of its share of these cash payments to subscribe for shares in Tower, half of which will be locked in for a year. Whilst this results in a significant increase in my beneficial shareholding in the Company due to my personal involvement in Pegasus, it achieves a similar purpose to the previous, more generous, production payment structure in that both are largely contingent on Thali's success, and it serves to further align my interests with those of my fellow-shareholders while also contributing significantly to the Company's current working capital position.

"Our goal remains to achieve progress across the Company's entire asset base and deliver value for all stakeholders, and the additional liquidity these transactions will generate, upon completion, should allow us to proceed with all our work programmes with greater confidence.

"Deals of this nature require complex negotiation, lengthy documentation, and are often strategic for our partners as well as for ourselves. That is especially so in this case, where we and Prime are also keen to work together on further projects in Cameroon in the future. But our whole team understands that this also requires patience and support from investors, so we would all like to acknowledge our appreciation for the trust and commitment demonstrated by so many of our valued shareholders whilst these conversations have been ongoing. We would also like to thank Mike Lakin of Envoi for introducing us to Prime last year. I look forward to keeping you updated with our further progress."

### **Cameroon Farm-out and Production Payments Deed**

After receiving a detailed offer for the financing of the Thali license (see announcements dated 30 September 2024 and 16 October 2024), the Company has now executed a farm-out agreement with Prime whereby Prime will take a 42.5% non-operated interest in Thali, in return for a US 15,000,000 contribution to the work programme, including the drilling of the NJOM-3 well, which is already partly funded and other arrangements as summarised above and below.

The Thali participating interest being farmed out is subject to future production-based payments to the Company, a portion of which are committed to Pegasus (wholly owned by a trust of which the Company's CEO and Chairman is a lifetime beneficiary) pursuant to agreements made in 2019 arising from the working capital facility that Pegasus had provided to the Company at that time, and which it extended multiple times as announced on 4 March 2021 (the "Pegasus Facility Agreement"). These production-based payments were originally intended to be similar to those agreed and disclosed in the Company's earlier proposed farm-out agreements, a portion of which would then be paid on to Pegasus as per the Production Payment Agreements, but paid from the farm-out partner's share of production, so that it would not require payments from Tower.

However, during negotiations, Tower and Prime agreed to reduce the amount of these payments (covered by a separate Production Payments Deed from Prime to Tower) in return for retaining a larger participating interest in the license, alongside some cash payments to Tower (and also, in turn, to Pegasus) at execution and completion. Pegasus has agreed to use 50% of the cash payments (US 1,875,500) to subscribe for 5,650,483,681 Ordinary shares ("Pegasus Consideration Shares") which represents a price of 0.027 pence per share at the exchange rate at the time of the market close on 9 January 2025, being the price at which the most recent placing was completed as announced on 11 November 2024, but without any commissions or fees.

Pegasus has entered into a lock-in arrangement in respect of 50% of the shares for which it is subscribing for a period of 12 months from issue. It should be noted that to date neither Pegasus nor Mr Asher, the beneficial owner, has sold any of their shares in the Company.

The production-based payments to Tower will represent 10% of Prime's after-tax share of profit oil from Thali (thus, based on current participating interests, corresponding to 4.25% of the total profit oil). Tower will be passing the majority of those payments (approximately 88%, corresponding to 3.75% of the total profit oil) on to Pegasus, at no net cost to the Company.

Now that the farm-out agreement has been executed, Tower will receive payment of US 1,875,000 with 50% to be paid to Pegasus and 50% to be retained by Tower as set out above. Following completion of the farm-out for Thali, Tower will receive payment of a further US 1,875,000, of which, as with the payment on execution, 50% will be paid to Pegasus with Tower retaining the remaining 50%.

Completion of the farm-out transaction is expected by the end of Q1 2025 given that approvals from the Government of the Republic of Cameroon will be required.

Although multiple rigs are currently available to drill the NJOM-3 well in 2025, the exact timing of the well will now depend on the timing of the government approval for the Thali farm-out transaction, as well as government approval for an extension to the First Exploration Period from the current date of 4 February 2025. The well timing will therefore be dictated in large part by the sequence of feasible rig slots after completion, considering the normal lead times for mobilisation of equipment and personnel. The Company will provide shareholders with further details on the expected timing of the NJOM-3 well following completion of the farm-out transaction, although, as usual, the Company will not be able to comment in any detail on commercial negotiations in progress.

As part of wider funding arrangements and in addition to the financing provided by this Cameroon farm-out, Tower is in discussions with various African lending banks about medium-term facilities to support the Company in achieving early production from the Thali license.

The Company believes that the US 15,000,000 being raised from the farm-out transaction will be sufficient to meet the current NJOM-3 well commitment. Further testing, development and production costs beyond that US 15,000,000, to the extent not externally financed, will be met by the partners in the ratio of their participating interests.

### **Namibia Farm-out**

Negotiations with Prime also resulted in their expressing interest in the Company's PEL96 license offshore Namibia. Subsequently, a farm-out agreement has been executed pursuant to which Prime will take a 25% non-operated interest in the PEL96 license (out of Tower's 80% interest), in return for US 2,500,000 aggregate cash at completion.

Completion of the farm-out will be subject to Namibian government approvals and the consent of the other partners in the PEL96 license (the National Petroleum Corporation of Namibia (Pty) Ltd, and our local partner ZM Fourteen (Pty) Ltd.) and is expected to occur by the end of Q1 2025.

These funds are not restricted as to use, and will further enable the Company to proceed with its various activities in relation to Namibia and elsewhere, including the evaluation of the large stratigraphic and structural leads and prospects across the license area, as announced on 2 August 2024. The Company is planning to reprocess the previously acquired 2D seismic data over large areas of the license, in order to achieve better data quality and a more detailed picture of the structures it wishes to explore further with new 3D seismic data acquisition. This reprocessing work will guide the final choice of the 3D seismic data acquisition area.

The budget for Tower's 2025 work programme, including this 2D reprocessing work, is approximately US 1,225,000, which has been approved by the existing PEL96 partners. This cost will now be shared with our new partners, subject to the relevant approvals and farm-out completion.

#### Further cooperation

As part of a separate letter agreement, Tower has committed to offer Prime the opportunity to participate in other future Tower projects in Cameroon, with Prime participating up to 42.5% depending on the project.

#### Pegasus Subscription pursuant to amended Pegasus Facility Agreement

Following the issue of the Pegasus Consideration Shares ("the Pegasus Subscription"), Jeremy Asher and Pegasus will be interested in shares as follows.

<b>Pegasus and its Affiliates Holdings</b>	<b>Shareholding</b>	<b>Shareholding (%)</b>	<b>Shareholding upon exercise of total number of Options and Warrants held</b>	<b>% of Issued share capital upon exercise of Options and Warrants held</b>
<b>Current Holding</b>	1,707,255,782	7.30%	3,472,706,930	12.81%
<b>Holding following the Pegasus Subscription</b>	7,357,739,463	25.33%	9,123,190,611	27.85%

#### Related Party Disclosures

Pegasus, due to its relationship to Jeremy Asher and existing shareholding, constitutes a Related Party of the Company in accordance with the AIM Rules for Companies.

Therefore, the amendment to the Pegasus Facility Agreement which gave rise to the Production Payment Agreement between the Company and Pegasus, along with the Pegasus Subscription (together the "Related Party Arrangements"), constitute related party transactions in accordance with AIM Rule 13. Accordingly, Paula Brancato, Stacey Kivel and Mark Enfield, being the Directors independent of the Related Party Arrangements, consider, having consulted with the Company's Nominated Adviser, SP Angel Corporate Finance LLP, that the terms of the Related Party Arrangements are fair and reasonable insofar as the Company's shareholders are concerned.

Pegasus and Tower have agreed to establish a Relationship Agreement in order to govern the Company's future relationship with Pegasus given its larger shareholding in the Company. Further details are expected to be included in the Company's 2024 Annual Report when published.

#### Share Capital following Equity Issue to Pegasus Petroleum Limited

Application will be made for the 5,650,483,681 Pegasus Consideration Shares to be admitted to trading on AIM. It is expected that Admission of the Pegasus Consideration Shares will become effective and that dealings will commence at 8.00 a.m. on or around 15 January 2025.

Following admission of the Pegasus Consideration Shares, the Company's enlarged issued share capital will comprise 29,044,691,475 Ordinary Shares of 0.001p each with voting rights in the Company. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in the interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

#### Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated

under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.

#### Contacts:

**Tower Resources plc** +44 20 7157 9625  
 Jeremy Asher  
*Chairman & CEO*  
 Andrew Matharu  
*VP - Corporate Affairs*

**BlytheRay** +44 20 7138 3204  
**Financial PR**  
 Tim Blythe  
 Megan Ray

**SP Angel Corporate Finance LLP** +44 20 3470 0470  
**Nominated Adviser and Joint Broker**  
 Stuart Gledhill  
 Caroline Rowe

**Axis Capital Markets Limited** +44 203 026 2689  
**Joint Broker**  
 Ben Tadd

**Novum Securities Ltd** +44 20 7399 9400  
**Joint Broker**  
 Jon Bellis  
 Colin Rowbury

#### About Tower Resources

Tower Resources plc is an AIM listed energy company building a balanced portfolio of energy opportunities in Africa across the exploration and production cycle in oil and gas and beyond. The Company's current focus is on advancing its operations in Cameroon to deliver cash flow through short-cycle development and rapid production with long term upside, and de-risking attractive exploration licenses through acquiring 3D seismic data in the emerging oil and gas provinces of Namibia and South Africa, where world-class discoveries have recently been made.

Tower's strategy is centred around stable jurisdictions that the Company knows well and that offer excellent fiscal terms. Through its Directors and staff, Tower has access to decades of expertise and experience in Cameroon and Namibia, and its joint venture with New Age builds on years of experience in South Africa.

#### About Prime Global Energies Limited

Prime has a legacy spanning over three decades of exploration and production activities in Pakistan's oil and gas industry. Prime holds participating interests in nine concession blocks, of which four are operated and five are non-operated.

The company operates the following assets in Pakistan:

- Bhit and Badhra gas concessions and Bhit gas processing plant with processing capacity of 370 MMscfpd;
- Kadanwari gas field; and
- South West Miano III exploration license.

Prime also has interests in several non-operated assets including the Sawan processing plant, which is the gas processing hub for gas fields in the Middle Indus, and processes gas from the Sawan, Kadanwari, Latif, Miano, and Mohar gas fields (capacity 450 MMscfpd), and the Zanzama gas processing plant (capacity 550 MMscfpd), together with the Latif and Mubarak exploration licenses.

It is also noteworthy that a Prime affiliate has established the largest off-grid brownfield photovoltaic power project in Pakistan.

Prime Global Energies Limited is a wholly owned subsidiary of Prime International Oil & Gas Company Limited (PIOGCL).

Website: [www.piogcl.com](http://www.piogcl.com)

NOTIFICATION AND PUBLIC DISCLOSURE OF TRANSACTIONS BY PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES AND PERSONS CLOSELY ASSOCIATED WITH THEM:

1.	<b>Details of the person discharging managerial responsibilities/person closely associated</b>
	Jeremy Asher

a)	Name:					
2.	<b>Reason for the notification</b>					
a)	Position/status:	Chairman and Chief Executive Officer				
b)	Initial notification/Amendment:	Initial notification				
3.	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>					
a)	Name:	Tower Resources PLC				
b)	LEI:	2138002J9VH6PN7P2B09				
4.	<b>Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted</b>					
a)	Description of the financial instrument, type of instrument:  Identification code:	Ordinary Shares of 0.001 pence each  GB00BZ6D6J81				
b)	Nature of the transaction:	Issue of Pegasus Consideration Shares				
c)	Price(s) and volume(s):	<table border="1"> <thead> <tr> <th>Price(s)</th><th>Volume(s)</th></tr> </thead> <tbody> <tr> <td>0.027 pence</td><td>5,650,483,681</td></tr> </tbody> </table>	Price(s)	Volume(s)	0.027 pence	5,650,483,681
Price(s)	Volume(s)					
0.027 pence	5,650,483,681					
d)	Aggregated information:  Aggregated volume:  Price:	Single Transaction as in 4 c) above  <table border="1"> <thead> <tr> <th>Price(s)</th><th>Volume(s)</th></tr> </thead> <tbody> <tr> <td>0.027 pence</td><td>5,650,483,681</td></tr> </tbody> </table>	Price(s)	Volume(s)	0.027 pence	5,650,483,681
Price(s)	Volume(s)					
0.027 pence	5,650,483,681					
e)	Date of the transaction:	10 January 2025  07:00 GMT				
f)	Place of the transaction:	Outside a trading venue				

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