



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the Three Months Ended January 31, 2021**

**(Expressed in Canadian Dollars - Unaudited)**

**TOWER RESOURCES LTD.**  
**INDEX TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars - Unaudited)

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**TOWER RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars - Unaudited)

	<b>January 31, 2021</b>	<b>October 31, 2020</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	216,076	275,495
Receivables (Note 4)	28,109	188,185
Marketable securities (Note 5)	31,500	47,250
Prepaid expenses and deposits	9,319	18,101
	<u>285,004</u>	<u>529,031</u>
<b>Equipment</b> (Note 6)	1,793	1,888
<b>Exploration and evaluation assets</b> (Note 7)	4,645,589	4,603,107
<b>Reclamation bonds</b> (Note 8)	<u>80,000</u>	<u>80,000</u>
	<b>5,012,386</b>	<b>5,214,026</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 9 and 11)	<u>61,591</u>	<u>194,623</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	18,612,641	18,612,641
Reserves (Note 10)	724,995	699,423
Deficit	<u>(14,386,841)</u>	<u>(14,292,661)</u>
	<u>4,950,795</u>	<u>5,019,403</u>
	<b>5,012,386</b>	<b>5,214,026</b>

**NATURE OF OPERATIONS AND GOING CONCERN** (Note 1)  
**SUBSEQUENT EVENTS** (Note 16)

Approved and authorized on behalf of the Board:

/s/ "Joe Dhami"  
Joe Dhami, Director

/s/ "Gerald Shields"  
Gerald Shields, Director

The accompanying notes are an integral part of these condensed interim financial statements

**TOWER RESOURCES LTD.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars - Unaudited)

	<b>For the three months ended January 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Accounting and audit fees (Note 11)	6,000	6,000
Depreciation (Note 6)	95	118
Legal fees	-	214
Management fees (Note 11)	22,500	22,500
Office and miscellaneous	19,740	19,577
Share-based compensation (Notes 10 and 11)	25,572	27,355
Transfer agent and filing fees	4,627	2,109
Wages and benefits	-	1,389
	<u>(78,534)</u>	<u>(79,262)</u>
Interest income	104	234
Unrealized loss on marketable securities (Note 5)	<u>(15,750)</u>	<u>-</u>
<b>Loss and comprehensive loss for the period</b>	<b>(94,180)</b>	<b>(79,028)</b>
<b>Basic and diluted loss per share</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>113,628,917</b>	<b>105,067,435</b>

The accompanying notes are an integral part of these condensed interim financial statements

**TOWER RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars - Unaudited)

	<b>For the three months ended January 31,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Loss for the period	(94,180)	(79,028)
Items not affecting cash		
Depreciation	95	118
Share-based compensation	25,572	27,355
Unrealized loss on marketable securities	15,750	-
Changes in non-cash working capital items		
Receivables	(1,976)	19,045
Prepaid expenses and deposits	8,782	(7,245)
Accounts payable and accrued liabilities	4,758	(33,442)
	<u>(41,199)</u>	<u>(73,197)</u>
<b>Cash flows provided by (used in) investing activities</b>		
Acquisition of exploration and evaluation assets	(180,272)	(3,694)
BC mining exploration tax credit received	162,052	352,838
	<u>(18,220)</u>	<u>349,144</u>
<b>Net change in cash</b>	(59,419)	275,947
<b>Cash, beginning of period</b>	<u>275,495</u>	<u>121,725</u>
<b>Cash, end of period</b>	<u><b>216,076</b></u>	<u><b>397,672</b></u>

**SUPPLEMENTAL CASH FLOW INFORMATION** (Note 13)

The accompanying notes are an integral part of these condensed interim financial statements

**TOWER RESOURCES LTD.**

## CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars - Unaudited)

	<b>Number of Shares Issued</b>	<b>Capital Stock</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at October 31, 2019</b>	<b>105,067,435</b>	<b>18,103,436</b>	<b>538,046</b>	<b>(13,877,519)</b>	<b>4,763,963</b>
Share-based compensation	-	-	27,355	-	27,355
Stock options expired	-	-	(1,626)	1,626	-
Loss for the period	-	-	-	(79,028)	(79,028)
<b>Balance at January 31, 2020</b>	<b>105,067,435</b>	<b>18,103,436</b>	<b>563,775</b>	<b>(13,954,921)</b>	<b>4,712,290</b>
Shares issued for cash	8,367,732	502,064	-	-	502,064
Shares issued for warrants exercised	193,750	19,375	-	-	19,375
Share issuance costs	-	(12,234)	-	-	(12,234)
Share-based compensation	-	-	159,339	-	159,339
Stock options expired / forfeited	-	-	(23,691)	23,691	-
Loss for the period	-	-	-	(361,431)	(361,431)
<b>Balance at October 31, 2020</b>	<b>113,628,917</b>	<b>18,612,641</b>	<b>699,423</b>	<b>(14,292,661)</b>	<b>5,019,403</b>
Share-based compensation	-	-	25,572	-	25,572
Loss for the period	-	-	-	(94,180)	(94,180)
<b>Balance at January 31, 2021</b>	<b>113,628,917</b>	<b>18,612,641</b>	<b>724,995</b>	<b>(14,386,841)</b>	<b>4,950,795</b>

The accompanying notes are an integral part of these condensed interim financial statements

## **TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

#### **Nature of operations**

Tower Resources Ltd. (the "Company") is incorporated under the laws of British Columbia, Canada. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol TWR. The Company's head office and principal address and registered and records office is located at 40440 Thunderbird Ridge B1831, Garibaldi Highlands, BC, V0N 1T0.

#### **Going concern**

The Company's principal business activity is the acquisition and exploration of mineral exploration and evaluation assets domiciled in Canada. The Company has not yet determined whether any of these exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim financial statements have been prepared assuming the Company will continue on a going concern basis. The Company has incurred losses since inception, and the ability of the Company to continue as a going concern depends upon its ability to raise adequate financing and/or to achieve profitable operations. These condensed interim financial statements do not include adjustments to the carrying value of assets and liabilities, the reported expenses, and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

The continuation of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's investments in exploration and evaluation assets, which in turn is dependent upon the existence of economically recoverable reserves and market prices for the underlying minerals. These material uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern. Management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favourable or adverse market conditions occur.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations or its ability to raise funds.

### **2. BASIS OF PRESENTATION**

#### **Statement of compliance**

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2020, prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were approved by the Audit Committee and Board of Directors of the Company on March 26, 2021.



## **TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### **2. BASIS OF PRESENTATION (continued)**

#### **Basis of presentation**

These condensed interim financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

#### **Functional currency**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The reporting currency of the Company is the Canadian dollar.

#### **Use of estimates**

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amounts, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Critical judgment exercised relates primarily to the application of the going concern basis of preparation.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

#### Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits, including geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

#### Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

**3. SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim financial statements were prepared using the same accounting policies and methods of computation as in the Company's financial statements for the year ended October 31, 2020.

**New standards, interpretations and amendments to existing standards not yet effective**

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning after November 1, 2020. These have not been applied in preparing these condensed interim financial statements. There are no IFRSs or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on these condensed interim financial statements.

**4. RECEIVABLES**

	<b>January 31, 2021</b>	<b>October 31, 2020</b>
	<b>\$</b>	<b>\$</b>
GST receivable	27,896	24,302
BCMETC receivable	-	162,052
Interest receivable	213	1,831
	<b>28,109</b>	<b>188,185</b>

**5. MARKETABLE SECURITIES**

As at January 31, 2021, the Company held 225,000 (October 31, 2020 - 225,000) shares with a fair value of \$31,500 (October 31, 2020 - \$47,250). The change in market value of the shares resulted in the recording of an unrealized loss on marketable securities for the three months ended January 31, 2021 of \$15,750 (2020 - \$nil).

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

**6. EQUIPMENT**

	<b>Computer software</b>	<b>Equipment and furniture</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>			
At October 31, 2019 and 2020 and January 2021	76,929	11,451	88,380
<b>Depreciation</b>			
At October 31, 2019	76,929	9,091	86,020
Charge for the year	-	472	472
At October 31, 2020	76,929	9,563	86,492
Charge for the period	-	95	95
At January 31, 2021	76,929	9,658	86,587
<b>Net book value</b>			
At October 31, 2020	-	1,888	1,888
<b>At January 31, 2021</b>	-	<b>1,793</b>	<b>1,793</b>

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS**

	<b>Belle</b>	<b>Rabbit North</b>	<b>Nechako Gold</b>	<b>More Creek</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, October 31, 2019	<b>1</b>	<b>2,502,425</b>	<b>1,382,795</b>	<b>82,444</b>	<b>3,967,665</b>
<b>Acquisition costs</b>	-	30,000	-	-	30,000
<b>Deferred costs</b>					
Drilling	-	-	457,382	-	457,382
Equipment rental	-	-	64	-	64
Field travel, meals, and accommodations	-	-	12,482	-	12,482
Geology	-	-	243,832	-	243,832
Geophysics	-	-	106,850	-	106,850
Laboratory and analytical	-	-	8,084	-	8,084
Project supplies and fuel	-	2,800	-	-	2,800
Additions for the year	-	32,800	828,694	-	861,494
B.C. mineral exploration tax credit recovery	-	(8,286)	(153,766)	-	(162,052)
Option agreement	-	-	-	(64,000)	(64,000)
Balance, October 31, 2020	<b>1</b>	<b>2,526,939</b>	<b>2,057,723</b>	<b>18,444</b>	<b>4,603,107</b>
<b>Deferred costs</b>					
Geology	-	-	21,240	-	21,240
Geophysics	-	-	12,050	-	12,050
Laboratory and analytical	-	-	9,192	-	9,192
Additions for the period	-	-	42,482	-	42,482
Balance, January 31, 2021	<b>1</b>	<b>2,526,939</b>	<b>2,100,205</b>	<b>18,444</b>	<b>4,645,589</b>

## **TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### **7. EXPLORATION AND EVALUATION ASSETS (continued)**

#### ***BELLE PROPERTY***

The Company owns a 100% interest in the Belle property located in the Omineca mining division of British Columbia.

The property is subject to a 2% net smelter return royalty (“NSR”), of which 1% can be purchased by the Company for \$2,000,000.

On August 5, 2020, the Company entered into an option agreement with Volatus Capital Corp. (“Volatus”), pursuant to which the Company proposes to sell its 100% interests in and to the Belle property (the “Belle Option”). To exercise the Belle Option and earn a 100% interest, Volatus is required to make a total of \$100,000 in cash payments (\$25,000 received as at January 31, 2021) and issue 500,000 common shares over a 36 month period (125,000 received as at January 31, 2021, valued at \$50,000).

#### ***RABBIT NORTH PROPERTY***

The Company owns a 100% interest in the Rabbit North property, comprised of certain mineral claims, located in the Kamloops mining division of British Columbia. The Company acquired the property by making cash payments of \$170,000, issuing 1,300,000 common shares, and funding aggregate exploration expenditures of \$2,150,000.

The property is subject to a 3% NSR in favour of the optionors, of which 1% of the 3% may be purchased by the Company for \$2,000,000 and the second 1% of the 3% may be purchased by the Company for \$1,500,000. In March 2017, the Company entered into a royalty buyback assignment agreement with Sandstorm Gold Ltd. (“Sandstorm”) pursuant to which it assigned to Sandstorm the Company’s right to purchase the second 1% of the Company’s 2% buyback rights with respect to the optionors’ NSR. If the Company makes a decision to develop the Rabbit North property and put it into production, the Company has agreed to exercise its right to buy back 1% of the NSR, contingent upon Sandstorm exercising its right to buy back the second 1% (as assigned to it), whereupon the Company will grant directly to Sandstorm a 1% NSR. As at January 31, 2021, the Company had paid a total of \$90,000 in advanced annual royalty payments.

The Company acquired additional claims, contiguous to the Rabbit North property, by staking, known as the Rabbit North Extension property. In March 2017, the Company entered into an agreement with Sandstorm and granted Sandstorm a 2% NSR on the Rabbit North Extension property. The Company has the option to buy back 1% of the NSR from Sandstorm for cash consideration of \$500,000.

#### ***NECHAKO GOLD PROPERTY***

In July 2016, the Company entered into two property option agreements (Porphyry and Chutanli) under which it was granted the right to acquire mineral tenures in the Nechako Plateau region of central British Columbia.

##### Porphyry Property Option Agreement

In fiscal 2018, the Company fulfilled its obligations under the Porphyry Property option agreement and earned the right to acquire a 100% interest in the Porphyry Property by making cash payments totaling \$40,000 and issuing 400,000 common shares, in addition to funding aggregate exploration expenditures of \$250,000.

The agreement is subject to a 1.5% NSR, which can be purchased by the Company for \$1,000,000.

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS** (continued)**NECHAKO GOLD PROPERTY** (continued)Chutanli Property Option Agreement

In fiscal 2019, the Company fulfilled its obligations under the Chutanli Property option agreement and earned the right to acquire a 100% interest in the Chutanli Property by making cash payments totaling \$60,000 and issuing 600,000 common shares, in addition to funding aggregate exploration expenditures of \$225,000.

The agreement is subject to a 1.5% NSR, which can be purchased by the Company for \$1,000,000.

In March 2017, the Company entered into certain NSR agreements with Sandstorm and granted Sandstorm a 2% NSR on the Nechako Gold property. The Company has the option to buy back 1% of the NSR from Sandstorm for cash consideration of \$500,000.

**MORE CREEK PROPERTY**

This property is located in the Golden Triangle district of northwest British Columbia and was acquired by staking.

In March 2017, the Company entered into an NSR agreement with Sandstorm and granted Sandstorm a 2% NSR on the Company's More Creek property. The Company has the option to buy back 1% of the NSR from Sandstorm for cash consideration of \$500,000.

On August 21, 2020, the Company entered into an option agreement with Volatus, pursuant to which the Company proposes to sell its 100% interests in and to the More Creek property (the "More Option"). To exercise the More Option and earn a 100% interest, Volatus is required to make a total of \$150,000 in cash payments, of which Volatus may at its option settle certain payments totaling \$100,000 in shares, (\$25,000 received as at January 31, 2021), issue 100,000 common shares (received, valued at \$39,000), and complete \$600,000 in exploration expenditures over a 40-month period. The Company will retain a 1% NSR of which 0.5% can be repurchased for \$500,000.

**8. RECLAMATION BONDS**

In relation to the Rabbit North and Nechako properties, the Company has posted reclamation bonds totaling \$45,000 and \$35,000 (October 31, 2020 - \$45,000 and \$35,000), respectively.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>January 31, 2021</b>	<b>October 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Accounts payable	15,076	172,023
Accrued liabilities	36,540	22,600
Due to related parties (Note 11)	9,975	-
	<b>61,591</b>	<b>194,623</b>

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

**10. SHARE CAPITAL AND RESERVES****Authorized share capital**

Unlimited number of common shares without par value.

**Issued share capital**During the three months ended January 31, 2021

During the three months ended January 31, 2021, the Company issued no common shares.

During the year ended October 31, 2020

In June 2020, the Company completed a private placement for 8,367,732 units at a price of \$0.06 per unit for gross proceeds of \$502,064. Each unit was comprised of one common share and one share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at the exercise price of \$0.10 per share for a period of 24 months. Finder's fees and expenses of \$12,234 were paid in connection with this financing.

In fiscal 2020, the Company issued 193,750 common shares, for proceeds of \$19,375, pursuant to the exercise of warrants.

**Stock options**

On November 19, 2010, the Company adopted an incentive stock option plan (the "Plan"). The Plan provides that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed ten percent of the issued and outstanding common shares of the Company at the time an option is granted. Options granted under the Plan will have a maximum term of 10 years. The exercise price of options granted under the Plan shall be set by the Board of Directors on the effective date of the options and will not be less than the Discounted Market Price as defined under the policies of the TSX-V. Vesting of the options shall be at the discretion of the Board of Directors.

During the three months ended January 31, 2021, the Company expensed \$25,572 (2020 - \$27,355) as share-based compensation for stock options.

During the three months ended January 31, 2021, nil (2020 - 50,000) incentive stock options expired unexercised; accordingly, \$nil (2020 - \$1,626) was reversed from reserves to deficit.

During the year ended October 31, 2020, 50,000 incentive stock options expired unexercised and 325,000 incentive stock options were forfeited; accordingly, \$1,626 and \$23,691 respectively, were reversed from reserves to deficit.

The following is a summary of stock options activities:

	<u>Number of options</u>	<u>Weighted average exercise price</u>
		\$
Outstanding at October 31, 2019	5,600,000	0.08
Granted	2,000,000	0.12
Forfeited	(325,000)	0.09
Expired	(50,000)	0.05
Outstanding at October 31, 2020 and January 31, 2021	<u>7,225,000</u>	0.09

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

(Expressed in Canadian Dollars - Unaudited)

**10. SHARE CAPITAL AND RESERVES (continued)****Stock options (continued)**

The Company has outstanding options entitling the holder to purchase common shares at January 31, 2021 as follows:

<u>Number outstanding</u>	<u>Number exercisable</u>	<u>Exercise price</u>	<u>Weighted average remaining life (years)</u>	<u>Expiry date</u>
		\$		
200,000	200,000	0.09	0.56	August 23, 2021
575,000	575,000	0.13	0.62	September 16, 2021
100,000	100,000	0.16	1.02	February 6, 2022
175,000	175,000	0.16	1.66	September 28, 2022
900,000	900,000	0.125	2.25	May 2, 2023
3,275,000	2,183,333	0.055	3.49	July 29, 2024
<u>2,000,000</u>	<u>666,666</u>	<u>0.115</u>	<u>4.47</u>	<u>July 22, 2025</u>
<u>7,225,000</u>	<u>4,799,999</u>			

The weighted average exercise price of exercisable options is \$0.09.

**Warrants**

In conjunction with the June 2020 financing, the Company issued 8,367,732 warrants, each exercisable into one common share of the Company at a price of \$0.10 for a period of 24 months.

The following is a summary of share purchase warrant activities:

	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
		\$
Outstanding at October 31, 2019	19,685,096	0.18
Issued	8,367,732	0.10
Exercised	<u>(193,750)</u>	0.10
Outstanding at October 31, 2020 and January 31, 2021	<u>27,859,078</u>	0.16

The Company has outstanding warrants entitling the holder to purchase common shares at January 31, 2021 as follows:

<u>Number outstanding</u>	<u>Exercise price</u>	<u>Expiry date</u>
	\$	
6,056,250	0.10	May 8, 2021
12,700,183	0.22	April 6, 2022
172,413	0.22	May 1, 2022
8,367,732	0.10	June 24, 2022
250,000	0.22	January 16, 2023
<u>312,500</u>	<u>0.0375</u>	<u>December 31, 2023</u>
<u>27,859,078</u>		



**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the three months ended January 31, 2021**

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**11. RELATED PARTY TRANSACTIONS**

The Company entered into transactions with related parties during the three months ended January 31, 2021.

Summary of key management personnel compensation (includes officers and directors of the Company):

	For the three months ended January 31,	
	2021	2020
	\$	\$
Accounting fees	6,000	6,000
Management fees	22,500	22,500
Share-based compensation	23,790	23,867
	<b>52,290</b>	<b>52,367</b>

Amounts owing to related parties (including key management personnel) included in accounts payable and accrued liabilities total \$9,975 (October 31, 2020 - \$nil).

**12. SEGMENTED INFORMATION**

The Company has one geographic segment, being Canada, and one operating segment, being the acquisition and exploration of mineral exploration and evaluation assets.

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

The significant non-cash investing and financing transactions are as follows:

	For the three months ended January 31,	
	2021	2020
	\$	\$
Non-cash transactions not included in investing or financing activities:		
Exploration and evaluation assets in accounts payable	14,540	16,910
Expiration of stock options	-	1,626

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, reclamation bonds, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values. Marketable securities are measured at fair value using level 1 inputs.

## **TOWER RESOURCES LTD.**

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**For the three months ended January 31, 2021**

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### **14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, interest rate, foreign currency and price risk.

#### *Credit risk*

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables are primarily due from a government agency. Management believes that credit risk related to these amounts is nominal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments. The Company is exposed to liquidity risk.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of January 31, 2021, the Company held demand deposits with a face value of \$68,000. A change in interest rates of 1% would change income by \$680 per annum.

#### *Foreign currency risk*

The Company is not significantly exposed to foreign currency risk on fluctuations related to items that are denominated in a foreign currency.

#### *Price risk*

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

### **15. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital, options and warrants.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There have been no significant changes in the Company's objectives, policies, and processes for managing its capital during the three months ended January 31, 2021.

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

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**16. SUBSEQUENT EVENTS**

Subsequent to January 31, 2021, the Company:

- a. issued 13,986,014 flow-through units at a price of \$0.143 per unit for gross proceeds of \$2,000,000, pursuant to a flow-through non-brokered private placement. Each unit was comprised of one common share in the capital of the Company that qualifies as a “flow-through share” for the purposes of the Income Tax Act (Canada) and one common share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share in the capital of the Company at price of \$0.22 per common share for a period of 12 months; and
- b. issued 352,150 common shares for proceeds of \$35,215, pursuant to the exercise of warrants.