TOWER RESOURCES LTD.
(FORMERLY TOWER ENERGY LTD.)

MANAGEMENT DISCUSSION AND ANALYSIS
For the three and six months ended April 30, 2012

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Description of Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of Tower Resources Ltd. (the "Company"). This report also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the unaudited condensed interim financial statements ("Interim Financial Statements") of the Company for the three and six months ended April 30, 2012 and the audited financial statements ("Financial Statements") for the year ended October 31, 2011. The following discussion is dated and current as of June 29, 2012. This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

Financial results are now being reported in accordance with International Financial Reporting Standards ("IFRS"). As a result, accounting policies, presentation, financial statement captions and terminology used in this discussion and analysis differ from those used in previous financial reporting. Further details on the transition to IFRS are included in the Interim Financial Statements for the six months ended April 30, 2012.

Description of Business and Discussion of Operations

Tower Resources Ltd. (formerly Tower Energy Ltd.) is engaged in the business of acquiring, exploring and developing exploration and evaluation assets. The Company does not have any properties in production and, therefore, did not generate any revenue from operations during the six months ended April 30, 2012 and the year ended October 31, 2011. None of the Company's exploration and evaluation assets have any reserves of ore identified thereon and all of the Company's activities to date have been exploratory in nature only.

On September 8, 2011, the Company changed its name from Tower Energy Ltd. to Tower Resources Ltd. in order to reflect the change in its focus from oil & gas exploration and development to mineral exploration.

On September 20, 2011 the Company consolidated its capital stock on the basis of one post-consolidated common share for four common shares then held. The Company also cancelled its preference shares. All share and per share amounts have been restated to reflect the share consolidation unless otherwise indicated. Management of the Company made the determination that consolidation of its capital stock could improve access to capital markets and funding opportunities with institutional investors in the future.

On December 9, 2011, the Company granted 100,000 incentive stock options to a consultant of the Company. The incentive stock options are priced at $0.35 each and may be exercised for a period of five years from the date of grant with 12.5% of the options vesting at the date of grant and an additional 12.5% vesting every three months thereafter.

On December 23, 2011, the Company completed a non-brokered private placement of 2,545,000 flow-through common shares at a price of $0.40 per share for gross proceeds of $1,018,000. The flow-through common share had an associated flow-through premium liability of $254,500 on issuance. The Company incurred fees of $16,340 related to this financing. The Company also issued 400,000 shares pursuant to the Waterloo property option agreement.

On February 20, 2012, the Company granted 200,000 incentive stock options to two consultants of the Company. The incentive stock options are priced at $0.35 each and may be exercised for a period of five years from the date of grant with 12.5% of the options vesting at the date of grant and an additional 12.5% vesting every three months thereafter.

On March 23, 2012 the Company granted 100,000 incentive stock options to a consultant of the Company. The incentive stock options are priced at $0.35 each and may be exercised for a period of five years from the date of grant with 12.5% of the options vesting at the date of grant and an additional 12.5% vesting every three months thereafter.

On April 5, 2012 the Company granted 50,000 incentive stock options to directors and management of the Company. The incentive stock options are priced at $0.45 each and may be exercised for a period of five years from the date of grant with 12.5% of the options vesting at the date of grant and an additional 12.5% vesting every three months thereafter.

On April 23, 2012 the Company completed a non-brokered private placement of 1,825,000 common shares at a price of $0.40 per share for gross proceeds of $730,000. The Company paid share issue cost of $57,721.

On May 24, 2012 the Company granted 250,000 incentive stock options to directors and management of the Company. The incentive stock options are priced at $0.30 each and may be exercised for a period of five years from the date of grant with 12.5% of the options vesting at the date of grant and an additional 12.5% vesting every three months thereafter.

The ongoing financial health of the Company is dependent upon its ability to attain profitable operations and to generate cash flow there from and/or to raise equity capital through the sale of its securities, or secure additional exploration funding through option or joint venture agreements on its properties, or through the sale of capital assets or properties. The Company has no earnings and therefore has historically financed its acquisition and exploration activities by the sale of common shares.

Exploration and Evaluation Assets

For the six months ended April 30, 2012, the Company incurred $350,103 in exploration and evaluation assets expenditures compared to $nil for the corresponding six months ended April 30, 2011.

The following is a breakdown of the material components of the Company's exploration and evaluation assets expenditures, on a property by property basis, for the six month ended April 30, 2012:

	Dragon	**Dorado**	**JD**	**Baez**	**Straw**	**Waterloo**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, October 31, 2011	**78,227**	**38,135**	**61,574**	**1,303**	**-**	**12,984**	**192,223**
Acquisition costs	-	-	23,011	15,112	782	179,869	218,774
Deferred costs							
Assays	-	-	934	-	-	-	934
Annual mineral rights	-	-	46,836	-	-	-	46,836
Geologist	-	-	63,227	9,400	-	-	72,627
Travel	-	-	-	1,032	-	9,900	10,932
Total costs incurred during the period	-	-	134,008	25,544	782	189,769	350,103
Balance, April 30, 2012	**78,227**	**38,135**	**195,582**	**26,847**	**782**	**202,753**	**542,326**

Dragon and Dorado properties

The Company entered into an option agreement with Sidewinder Exploration Ltd., dated June 26th, 2011 to acquire up to a 100% (subject to a 2% NSR) interest in two exploration and evaluation assets known as "Dragon" and "Dorado", located on Vancouver Island, British Columbia.

The 7,200 hectare Dragon (Zn, Cu, Au, Ag) project is located 25 km northwest of Gold River, Vancouver Island and 60 km northwest of the Myra Falls Zn-Cu-Pb-Ag-Au mine (Nyrstar NV), the largest producing volcanogenic massive sulphide deposit in western Canada. Geological mapping of the Dragon property indicates that a strongly silica altered and sulfide mineralized rhyolite flow-dome complex comprises the footwall of a prospective volcanogenic massive sulphide (VMS) horizon which is conformably overlain by limestone. On the Dragon property, the conformable transition from footwall altered felsic volcanic rocks to overlying limestones indicates a shallow marine environment for the hydrothermal system. This geological setting may be prospective for precious metal enriched, Eskay Creek-like VMS mineralization. A historical airborne geophysical survey of the Dragon property outlined several conductors that are coincident with this prospective horizon. These conductors have yet to be tested by diamond drilling. Several VMS occurrences exist on the Dragon property, most notably the Falls-North showing. A 2 meter chip sample from the Falls-North occurrence yielded base and precious metal grades of 7.3% Zn, 1.3% Pb, 0.68 g/t Au and 19 g/t Ag. The prospective horizon that hosts polymetallic VMS mineralization of the Falls-North occurrence has been traced along strike for over 4 kilometres. Historic exploration of the Dragon property by Noranda Inc., and Westmin Resources Ltd. outlined multiple, untested targets. These and other untested targets recently identified by a previous operator will be examined during a 2012 field program comprising geological mapping, rock sampling, geophysical surveys and diamond drilling.

The 2,347 hectare Dorado project (Cu, Au) is located 25 kilometres southwest of Gold River, Vancouver Island. Here, a recently discovered 1.8 km long corridor of strong quartz-epidote-carbonate alteration and associated gold-copper bearing stringer to massive sulfide mineralization has been defined in basaltic volcanic rocks. Grab samples of stockwork-like stringer chalcopyrite mineralization associated with this corridor has yielded up to 1.5% Cu, 0.3 g/t Au, and 12 g/t Ag. An exploration program combining geophysics, geological mapping, stream sediment and soil sampling is planned for the Dorado property during the summer of 2012.

Under the option agreement, the Company may earn an initial 75% interest in the properties by making cash payments of $45,000 and issuing 1,200,000 common shares to Sidewinder, in addition to funding aggregate exploration expenditures of $2,000,000 all over a total 41-month period. The Company also has an exclusive right and option to earn an additional 25% interest in the properties (for an aggregate of 100% subject to a 2% NSR) by funding and delivering a Feasibility Study.

Initial field programs on the Dragon and Dorado properties have commenced.

JD property

On September 7, 2011, the Company entered into an agreement to acquire the JD gold - silver property located in the Omineca mining division of British Columbia. Under the terms of the agreement, the Company may acquire a 100% interest (subject to a 2% NSR) in the property.

The JD property comprises 5,575 hectares located in the historically significant Toodoggone gold district of north-central BC. The property is underlain by a thick succession of interlayered volcaniclastic and intermediate volcanic rocks that are locally cut by high level porphyritic intrusions. These rocks appear to host a large epithermal gold-silver system with many significant high-grade gold and silver showings exposed over an area of 3 km.

The majority of the historic drilling on the JD property was focused on the Finn Zone where in excess of 200 resource style diamond drill holes were completed between 1995 and 1998 by Antares Mining and Exploration Corporation and ACG Americas Gold Corp. Highlights from historic drilling in the Finn Zone include:

• 26m of 6.4g/t Au and 8.4g/t Ag (DDH 94-15)
• 34m of 3.7g/t Au and 17.7g/t Ag including 16m of 7.4g/t Au and 27.6g/t Ag (DDH 95-41)
• 20m of 12.2g/t Au and 161.5g/t Ag including 1m of 216g/t Au and 308.9g/t Ag (DDH 95-47)
• 37m of 4.1g/t Au and 15.2g/t Ag including 13.5m of 8.5g/t Au and 33.2g/t Ag (DDH 95-68)
• 19m of 9.4g/t Au and 64.3g/t Ag including 4m of 17.2g/t Au and 183.8g/t Ag (DDH 95-97)

Historic work on the JD property includes soil and rock geochemistry, geophysics (airborne and ground), trenching and diamond drilling. Previous workers on the property focused on advancing a low tonnage, high grade epithermal Au-Ag deposit. Tower believes there is potential on the JD property to discover a lower grade, bulk-tonnage gold and silver deposit. Furthermore, the potential exists on the JD property for the discovery of related Cu-Au porphyry mineralization similar to the Kemess Mine (Northgate Minerals) located 30 km to the south.

The Company plans to immediately undertake a multi-phase exploration program on the property comprising a property visit and compilation of data from historical exploration. Exploration in 2012 will consist of a ground IP geophysical survey, mapping, and drilling. The Company plans on updating shareholders regularly as exploration proceeds.

Under the terms of the option agreement Tower can earn a 100% interest in the property by making cash payments of $200,000, and issuing 1,200,000 common shares over a 5-year period, to the vendors, in addition to funding aggregate exploration expenditures of $5,000,000 over a total 63-month period. The agreement is subject to a 2% NSR, 1% of which can be purchased by the Company for $3,000,000.

On May 22, 2012, the Company announced its upcoming 2012 exploration and drilling program at the JD Property. The program will focus on expansion and definition of the Finn, Creek and Moosehorn zones. The program will also include work on targets to the north and south of the Finn Zone as well as on the newly optioned Belle property to the southeast.

Belle property

On April 18, 2012, the Company entered into an agreement to acquire the Belle property located in the Omineca mining division of British Columbia adjoining the JD property. Under the terms of the agreement, the company may acquire a 100% interest by making a cash payment of $14,000, and issuing 150,000 common shares over a four-year period to the vendor. The agreement is subject to a 2% NSR, 1% of which can be purchased by the Company for $2,000,000.

Waterloo property

On October 18, 2011, the Company entered into an agreement to acquire the Waterloo property located in the Osoyoos mining division of British Columbia. Mineralization is polymetallic (Pb, Zn, Cu, Au, Ag) and widespread. Under the terms of the option agreement, the Company may acquire a 100% interest in the property by making cash payments of $70,000 and issuing 400,000 common shares to the vendor, in addition to funding aggregate exploration expenditures of $2,000,000 over a total 41-month period. The agreement is subject to a 1% NSR which can be purchased by the Company for $3,000,000.

Other properties

During calendar 2011, the Company acquired for nominal staking costs the Baez and Straw properties located in British Columbia.

Exploration and Evaluation Assets - Oil & Gas

Poplar Winstar Strachan

On December 4, 2006 the Company entered into an agreement with Poplar Point Energy Ltd. ("Poplar"), to participate in a Participation Agreement between Poplar and Winstar Resources Ltd. ("Winstar"), dated October 20, 2006, wherein Poplar agreed to participate in the Winstar Strachan 8-10-38-10 W5M well in the West Central area of Alberta. The Company paid $300,000 of the drilling, completion and tie in costs of the well to earn an equalization interest 1.2366423%. During the year Winstar sold its interest in the well to Crossbow Energy Partners Ltd, which sold its interest to Vermilion Energy Trust.

During the year ended October 31, 2009, management of the Company wrote down the value of the property to the estimated recoverable amount of $1 (2008 - $10,000).

Costs Summaries for the Oil and Gas Property:

	April 30, 2012 and October 31, 2011 Acquisition Costs
Poplar Winstar Strachan	$ 1

Selected Quarterly Information

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's condensed interim consolidated financial statements for the three and six months ended April 30, 2012 and 2011:

	For the three months ended April 30,		For the six months ended April 30,	
	2012 $	2011* $	2012 $	2011* $
Revenues (interest income)	676	13,342	13,707	2,778
General and administrative expenses	(267,740)	(89,720)	(470,842)	(226,043)
Loss and comprehensive loss	(238,922)	(89,051)	(441,742)	(223,317)
Basic and diluted loss per common share	(0.01)	(0.00)	(0.02)	(0.01)
Working capital	2,955,328	2,236,017	2,955,328	2,236,017
Exploration and evaluation assets	542,326	-	542,326	-
Total assets	3,956,430	2,283,699	3,956,430	2,283,699
Total liabilities	409,871	56,613	409,871	56,613

** Restated in accordance with IFRS*

The Company's projects are at the exploration stage and have not generated any revenues other than interest earned. At April 30, 2012, the Company had not yet achieved profitable operations and has accumulated losses of $7,893,513 (April 30, 2011 - $7,141,180) since inception. These losses resulted in a net loss per share for the six months ended April 30, 2012 of $0.02 (April 30, 2011 - $0.01).

Summary of Quarterly Results

Period ended	Revenues (interest income)	Loss and comprehensive loss	Basic and diluted loss per share	Exploration and evaluation assets expenditures	General & administrative expenses
	$	**$**	**$**	**$**	**$**
April 30, 2012	13,342	(238,922)	(0.01)	86,361	267,740
January 31, 2012	365	(202,820)	(0.01)	156,742	203,102
October 31, 2011*	7,181	(251,136)	(0.02)	44,395	257,325
July 31, 2011*	12,926	(56,814)	(0.00)	-	79,975
April 30, 2011*	676	(89,051)	(0.00)	-	89,720
January 31, 2011*	2,102	(134,266)	(0.00)	-	136,322
October 31, 2010	795	(1,202,175)	(0.10)	25	63,856
July 31, 2010	630	(30,025)	(0.00)	3,546	30,742

** Restated in accordance with IFRS*

Variances quarter over quarter can be explained as follows:

- Due to an increase in exploration activities and an increase in the number of projects, there was an increase in general and administrative expenses from $30,742 in the quarter ended July 31, 2010 to $238,922 in the quarter ended April 30, 2012.
- General and administrative expenses increased primarily due to the following:
  - increased travel
  - increased consulting fees to existing consultants and professionals
- In the quarter ended October 31, 2010, the Company wrote down an oil and gas property by $897,123 and recorded a loss on disposal of investment of $241,907.
- In the quarters ended January 31, 2011, October 31, 2011, January 31, 2012, and April 30, 2012, stock options were granted to various parties. These grants resulted in share-based compensation expenses of $71,319, $116,575, $120,763, and $126,710, respectively.

Results of Operations

The following discussion should be read in conjunction with the accompanying Interim Financial Statements and related notes. The operating and administrative expenses for the six months ended April 30, 2012 totalled $470,842 (April 30, 2011: $226,043), including share-based compensation issued during the period, valued at $247,473 (April 30, 2011: $104,903) calculated using the Black Scholes option pricing model. Comparatively, the major expenses for the six months ended April 30, 2012 were accounting and audit fees of $28,467 (April 30, 2011 - $15,815), consulting fees of $55,419 (April 30, 2011 - $13,050), office and miscellaneous of $73,770 (April 30, 2011 - $18,714), and management fees of $5,000 (April 30, 2011 - $nil).

The table below details the changes in major expenditures for the six months ended April 30, 2012 as compared to the corresponding six months ended April 30, 2011.

Expenses	**Increase / Decrease in Expenses**	**Explanation for Change**
Accounting and audit	Increase of $12,652	Increase in accounting fees with respect to transition to IFRS
Consulting fees	Increase of $42,369	Increase is due to commencement of services by the Company's vice president of exploration and the engagement of additional geologists
Management fees	Increase of $5,000	Increase due to compensation to management.
Office and miscellaneous expense	Increase of $55,056	Increased rent as the Company expanded its office facilities and increased website and printing expenditures as the Company expanded its activities
Share-based compensation	Increase of $142,570	Increase due to 450,000 stock options granted in this period

Liquidity, Financial Position and Capital Resources

The Company has no known mineral resources and is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets from time to time.

As at April 30, 2012, the Company's liquidity and capital resources are as follows:

	April 30, 2012	October 31, 2011*
	$	$
Cash and cash equivalents	3,255,309	2,058,418
Receivables	37,545	31,140
Prepaid expenses	59,345	1,997
Total current assets	3,352,199	2,091,555
Payables and accrued liabilities	102,868	58,950
Due to related parties	55,160	34,881
Flow-through premium liability	238,843	-
Working capital	2,955,328	1,997,724

** Restated in accordance with IFRS*

As at April 30, 2012, the Company had a cash and cash equivalents position of $3,255,309 (October 31, 2011 - $2,058,418), consisting mainly of proceeds from financings in December 2011 and April 2012. As at April 30, 2012, the Company has a surplus working capital position of $2,955,328 (October 31, 2011 - $1,997,724).

The primary uses of cash in the six months ended April 30, 2012 were the funding of operations - $297,947 (2011 - $137,486); acquisition and exploration of exploration and evaluation assets - $191,003 (2011 - $nil); and the acquisition of equipment - $41,098 (2011 – $1,104). The main sources of cash were the issuance of shares - $1,748,000 (2011 - $1,925,000) and related party advances -$20,279 (2011 –$5,716).

The Company currently has no source of operating cash flow, limited financial resources, and has no assurance that additional funding will be available to it for further exploration and development of its properties or to enable it to fulfill its obligations under any applicable agreements. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Issuer's properties and the possible loss of title to such properties. The ability of the Company to continue as a going concern and realize the carrying value of its resource properties is dependent upon the continued financial support from related parties, the ability of the Company to raise equity financing to continue exploration and development activities or contract out further work with joint venture partners, the discovery of economically recoverable reserves, and upon future profitable operations or proceeds from disposition of resource properties. Management believes it has sufficient working capital to continue operations for the next 12 months.

Use of Proceeds from December 2011 Financing

In December 2011, the Company closed a private placement of 2,545,000 common shares at a price of $0.40 per share for proceeds of $1,018,000 net of cash commissions and expenses of $16,340. The budgeted use of proceeds from the 2011 financing was to finance its 2012 exploration programs in British Columbia. As of April 30, 2012, the Company has spent $131,329 in deferred exploration and evaluation costs. As the 2012 exploration program is not complete, it is too early to analyze any variances.

Off-Balance Sheet Transactions

The Company does not have any off-balance sheet arrangements as at April 30, 2012 or as of the date of this report.

Related Party Transactions

During the six months ended April 30, 2012, the Company engaged in the following transactions with related parties, not disclosed elsewhere in this MD&A:

a) Management fees of $5,000 (April 30, 2011 - $nil) were paid or accrued to a company controlled by Mark Vanry, the President, CEO and director of the Company.
b) Consulting fees of $11,500 (2011 - $12,000 including $4,000 paid to the director personally) were paid or accrued to a company controlled by Len Guenther, a director of the Company.
c) Consulting fees of $20,000 (2011 - $nil) and exploration and evaluation assets expenditures totaling $40,000 (2011 - $nil) were paid to a company controlled by Christopher Leslie, the Vice President of Exploration of the Company.
d) Accounting fees of $1,330 (2011 - $nil) and administrative fees included in office and miscellaneous of $1,250 (2011 - $nil) were paid or accrued to a company controlled by Steve Vanry, the CFO and director of the Company.
e) "Office and miscellaneous" includes rent of $38,623 (2011 - $nil) and other office expenses of $2,069 (2011 - $nil) paid or accrued to a company related by common directors and officers.

Summary of key management personnel compensation:

	For the six months ended April 30, 2012	2011
	$	$
Accounting and audit	1,330	-
Management fees	5,000	-
Office and miscellaneous	1,250	-
Consulting fees	31,500	12,000
Exploration and evaluation assets expenditures	40,000	-
Share-based compensation	159,289	90,020
	238,369	102,020

The above transactions have been in the normal course of operations and, have been valued in the financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts owing to related parties are as follows:

	April 30, 2012	October 31, 2011
	$	$
i. Company with a director in common for expenses	21,902	28,645
ii. CEO for expenses	6,027	4,042
iii. CFO for expenses	6,257	1,978
iv. Former director for loans	216	216
v. Directors for expenses	1,680	-
vi. VP Exploration for expenses	12,357	-
	48,439	34,881

Amounts due to related parties are unsecured, non-interest-bearing and have no specific terms of repayment; accordingly, fair market value cannot be determined.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors (executive and non-executive) of the Company.

Risks and Uncertainties

The main risks that can affect the Company include operational risks, changes in commodity and equity prices, and government regulation.

Operational

The Company has changed its focus from oil and gas exploration to mineral exploration. The mineral exploration business is speculative and involves a high degree of risk.

There can be no assurance that the Company's exploration activities will be successful as few properties that are explored are ultimately developed into producing mines. It is impossible to ensure that the current exploration programs being carried out or planned by the Company will result in a profitable commercial mining operation. At present, none of the Company's properties have a known body of commercial ore and any proposed exploration programs are an exploratory search for ore.

In addition to the risk that no economic body of ore exists on its properties, the Company is subject to an extensive array of other economic, political and technical risks in exploring and developing its exploration and evaluation assets, including, without limitation, volatile stock and currency markets, fluctuations in metals prices, competition, changing government regulations, title issues, undercapitalization, the potential for delays in exploration, the potential for unexpected costs and expenses, accidents, the availability of key personnel and political instability. Since the Company has no revenues, the acquisition and development of its properties depends upon its ability to obtain financing through private placement financings, public financings, the joint venturing of projects or other means. There can be no assurance that the Company will be successful in obtaining the required financings

Management of Industry Risk
The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company's mineral exploration activities expose it to potential environmental liability risk. It is management's policy to review environmental compliance and exposure on an ongoing basis. The Company follows industry standards and specific project environmental requirements. The Company is currently in the exploration stage on its property interests and has not determined whether significant site recovery costs will be required. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

Commodity and equity prices
The Company is exposed 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. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Government regulation
The Company's operations may be adversely affected by changes in Governmental policies or other economic developments which are not within the control of the Company including a change in crude oil or natural gas pricing policy, taxation policies, economic sanctions, and currency control. The Company is subject to various laws governing exploration, development, production, taxes, labour standards and occupational health, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could increase the cost of operations.

Critical Accounting Estimates

The preparation of 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 financial statements and the reported revenues and expenses during the period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the audited consolidated financial statements materially and involve a significant level of judgment by management.

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

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets and valuation of share-based compensation.

Critical judgments exercised in apply accounting policies that have the most significant effect on the amounts recognized in the financial statements 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 assessments 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.

Determination of functional currency
The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

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

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.

Changes in Accounting Policies including Initial Adoption

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended April 30, 2012 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective subsequent to the Company's financial statements for the year ending October 31, 2013 or later:

Title of the new IFRS standard	Required application date of the IFRS
IAS 1, *Presentation of Financial Statements*	For periods beginning on or after January 1, 2012.
Amendments to IAS 12 – *Income Taxes - Deferred Tax: Recovery of Underlying Assets*	For periods beginning on or after January 1, 2012.
Amendments to IAS 32 – *Financial Instruments – Presentation*	For periods beginning on or after January 1, 2014.
IFRS 9, *Financial Instruments*	For periods beginning on or after January 1, 2015.
IFRS 10, *Consolidated Financial Statements*	For periods beginning on or after January 1, 2013.
IFRS 11, *Joint Arrangements*	For periods beginning on or after January 1, 2013.
IFRS 12, *Disclosure of Interests in Other Entities*	For periods beginning on or after January 1, 2013.

Transition to International Financial Reporting Standards ("IFRS")

IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") or the former Standing Interpretations committee ("SICs").

Effective November 1, 2011, the Company prepares its financial statements in accordance with IFRS. The comparative financial information of 2010 in the MD&A has also been restated to conform with IFRS. This MD&A should be read in conjunction with Note 14 "Transition of IFRS" of the Company's Interim Financial Statements for the six months ended April 30, 2012.

To transition from Canadian GAAP to IFRS, the main adjustment includes:

a) Share-based payments

The Company grants stock options that have a graded vesting schedule. Under IFRS, unlike Canadian GAAP, the Company treats each installment as its own award. Therefore, each installment is measured and recognized separately.

On transition to IFRS the Company adjusted share-based payments whereby amounts recorded for expired unexercised stock options are transferred to deficit. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

Financial Instruments and Management of Financial Risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, marketable securities and receivables. Management believes that the credit risk concentration with respect to cash, marketable securities and investments is remote. Receivables are due primarily from a government agency.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at April 30, 2012, the Company had a cash balance of $3,255,309 to settle current liabilities of $396,871. All of the Company's financial liabilities are subject to normal trade terms.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest rate risk
The Company has cash balances and no debt. The Company's current policy is to invest excess cash in investment-grade demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk
The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in United States Dollars. However, management believes the risk is not currently significant.

(c) Price risk
The Company is exposed 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. The Company closely monitors commodity prices of non-ferrous metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Financial instruments fair values
Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and cash equivalents are determined using level one of the fair value hierarchy. The carrying value of receivables, accounts payable and accrued liabilities and amount due to related party approximate their fair value because of the short-term nature of these instruments.

Other risks
The Company will need additional funding to complete its short and long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, as well as the business performance of the Company. Current global financial conditions have been subject to increased volatility as a result of which access to public financing has been negatively impacted. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. The market price of the Company's shares at any given point in time may not accurately reflect value. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

The Company is dependent upon the services of key executives, including the Chief Executive Officer. Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in mineral exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict.

Disclosure of Data for Outstanding Common Shares, Options and Warrants

Authorized and issued capital stock as at June 29, 2012

Authorized – Unlimited common shares without par value

Issued and Outstanding: 27,756,933 common shares (post-consolidation)

The following options and warrants were outstanding as at June 29, 2012:

(i) Options

Exercise Price	Number Outstanding	Expiry Date
$		
0.40	456,250	November 10, 2013
0.40	187,500	August 12, 2014
0.35	1,000,000	September 29, 2016
0.35	100,000	December 9, 2016
0.35	200,000	February 20, 2017
0.35	100,000	March 23, 2017
0.45	50,000	April 5, 2017
0.30	250,000	May 24, 2017
	2,343,750	

(ii) Warrants

Exercise Price	Number Outstanding	Expiry Date
$		
0.40	4,200,000	December 1, 2014
0.40	7,500,000	November 2, 2015
	11,700,000	

For a detailed description of share transactions please refer to the Company's financial statements.

Corporate Governance

The Company's Board and its committees substantially follow the recommended corporate governance guidelines for public companies under applicable Canadian securities legislation to ensure transparency and accountability to shareholders. The current Board is comprised of 4 individuals, 2 of whom are neither executive officers nor employees of the Company and are unrelated in that they are independent of management. The Audit Committee is comprised of 3 directors, 2 of whom are independent of management.

Caution Regarding Forward-Looking Information

Certain disclosures contained in this MD&A constitute forward-looking information within the meaning of the Ontario Securities Act and Alberta Securities Act or "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 of the United States. This is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information.

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits and the possibility that future exploration and development results will not be consistent with the Company's expectations. Some other risks and factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A are described under the heading "Risks" and in the Company's other public disclosure documents filed with certain Canadian securities regulatory authorities and available at www.sedar.com.

Readers are cautioned that any such listings of risks are not, and in fact cannot be, complete. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Other MD&A Requirements

Additional information relating to the Company may be found on or in:

- SEDAR at www.sedar.com;
- the Company's website at www.towerresourcesltd.com;
- the Company's audited financial statements for the year ended October 31, 2011; and
- the Company's condensed interim financial statements for the three and six months ended April 30, 2012.

Approval

The board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis.

On Behalf of the Board of Directors,

"*Mark Vanry*"
Mark Vanry
President, CEO and Director
June 29, 2012