



**MANAGEMENT DISCUSSION AND ANALYSIS**

**For the year ended October 31, 2015**

**Suite 912 – 1112 West Pender Street  
Vancouver, BC V6E 4J6  
Telephone: 604-558-2565  
Email: [info@towerresources.ca](mailto:info@towerresources.ca)**

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*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” or “Tower”). This report also provides information to improve the readers’ 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 audited financial statements of the Company for the year ended October 31, 2015 (“Financial Statements”). The following discussion is dated and current as of February 23, 2016. 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.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors’ approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board’s review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Additional information on the Company is available on SEDAR and at the Company’s website, [www.towerresourcesltd.com](http://www.towerresourcesltd.com).

*Forward Looking Statements*

Certain disclosures contained in this MD&A may constitute forward-looking information. 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 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 Uncertainties”.

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.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

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.

*Description of Business and Discussion of Operations*

Tower is incorporated under the Business Corporations Act (BC) and is listed on the TSX Venture Exchange (“TSX-V”). The principal business of the Company is the acquisition and exploration of exploration and evaluation assets in the Province of British Columbia, Canada.

The Company currently holds four precious metal projects located in British Columbia of which exploration work on the Baez and Waterloo property were suspended in the 2014 fiscal year. The Company was focused on the multidisciplinary program at the Rabbit North copper-gold property.

Overall performance

Operating expenses for the year ended October 31, 2015 was \$326,856 versus \$445,527 in the comparative year ended October 31, 2014. The decrease in expenses in the current year is primarily attributable to lower office and miscellaneous expenses, professional fees (accounting, audit and legal) and share-based compensation which are further discussed in the “Results of Operations” section.

Loss and comprehensive loss for the year ended October 31, 2015 was \$328,966 versus \$1,111,349 in the comparative year ended October 31, 2014. In addition to the reduced operating expenses in the current year (described above), the lower comprehensive loss was the result of a smaller write-down of exploration and evaluation assets of \$3,890 whereas in the prior year, management fully impaired the Baez and Waterloo properties by \$725,564. However, in the prior year, the higher loss was partially offset by the full reversal of a flow-through premium liability of \$52,849.

The Company experienced a net decrease in cash during the year ended October 31, 2015 of \$330,344 compared to net decrease of \$143,886 in the comparative year ended October 31, 2014. The larger decrease in cash in the current year is largely the result of higher cash flows used in operating activities. Furthermore, even though the Company did not have any financing activities in the current year whereas in the prior year, the Company received cash inflows of \$739,686 from the issuance of shares, the Company used significantly more cash in investing activities (\$743,699 in the prior year versus \$27,324 in the current year) as management decided to reduce exploration activity in the current year.

Corporate activities

In November 2014, the Company granted 900,000 incentive stock options to officers and directors of the Company at an exercise price of \$0.05 expiring on November 4, 2019.

In December 2014, 7,293,512 share purchase warrants expired unexercised.

In January 2015, the Company and Kaizen Discovery (“Kaizen”) entered into an Exclusivity Agreement as an initial step towards a proposed transaction that would see Kaizen acquire 100% of the outstanding common shares of the Company in an all-share transaction.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

The proposed exchange ratio was 0.232 of a Kaizen common share for each common share of the Company. The exchange ratio implied a value of \$0.065 for each common share of the Company based on a Kaizen share price of \$0.28. If the transaction was entered into and completed on these terms, 11,381,527 new Kaizen shares would be issued to shareholders of the Company, representing approximately 6.7% of the issued and outstanding pro-form Kaizen common shares.

Both Kaizen and the Company were permitted to not proceed with the transaction if they were not satisfied with their due diligence investigations. In March 2015, the Company and Kaizen elected not to proceed with the proposed transaction.

In January 2015, the Company and the optionor agreed to amend the terms of the JD option agreement. Under the amended terms, the following commitment changes were made to:

- Extend the work commitment of:
  - \$1,500,000 from December 11, 2015 to December 11, 2016; and
  - \$1,800,000 from December 11, 2016 to December 11, 2018;
- Change to the cash payment due on or before:
  - December 11, 2014 from \$50,000 to \$20,000;
  - December 11, 2015 from \$65,000 to \$40,000; and
  - December 11, 2016 by making a final cash payment of \$55,000;
- Issue the following number of shares:
  - Not less than 350,000 common shares on or before December 11, 2014;
  - 350,000 common shares on or before December 11, 2015;
  - 350,000 common shares on or before December 11, 2016; and
  - An additional 350,000 common shares on or before December 11, 2017.

In May 2015, the Company appointed Gerald Shields as a director of the Company.

During the year ended October 31, 2015, the Company issued a total of 575,000 common shares with a total value of \$20,000 in connection with the JD, Rabbit North and Belle property option agreements.

Subsequent event

In November 2015, the Company had 7,500,000 warrants expire unexercised.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*Summary of Exploration Activities*

For the year ended October 31, 2015, the Company incurred \$163,906 in exploration and evaluation asset expenditures compared to \$651,729 for the corresponding year ended October 31, 2014.

The following is a breakdown of the components of the Company's exploration and evaluation assets, on a property by property basis, for the year ended October 31, 2015:

	<b>JD</b>	<b>Baez</b>	<b>Waterloo</b>	<b>Rabbit North</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance, October 31, 2014	<b>2,421,613</b>	<b>1</b>	<b>1</b>	<b>1,086,139</b>	<b>3,507,754</b>
<b>Acquisition costs</b>	39,219	-	-	32,000	71,219
<b>Deferred costs</b>					
Assays	-	-	-	184	184
Consulting services	22,500	-	2,500	57,500	82,500
Field supplies	382	-	336	76	794
Food	171	-	439	218	828
Travel	3,363	-	479	860	4,702
Vehicle	1,288	-	136	2,255	3,679
Total costs incurred during the year	66,923	-	3,890	93,093	163,906
BC mineral exploration tax credit recoverable	(890)	-	-	(90,467)	(91,357)
Write-off of exploration and evaluation asset	-	-	(3,890)	-	(3,890)
Balance, October 31, 2015	<b>2,487,646</b>	<b>1</b>	<b>1</b>	<b>1,088,765</b>	<b>3,576,413</b>

**JD property**

On September 7, 2011 (later amended on January 28, 2015), 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 amended option agreement, Tower can earn a 100% interest in the property by making cash payments of \$200,000 over a 5-year period, issuing 1,875,000 common shares over a 6-year period to the vendors, in addition to funding aggregate exploration expenditures of \$5,000,000 over a total 84-month period. The agreement is subject to a 2% NSR, 1% of which can be purchased by the Company for \$3,000,000.

On April 11, 2012, the Company entered into an agreement to acquire the Belle claims located directly adjacent to and adjoining the JD property. Under the terms of the Belle 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.

The JD property comprises approximately 16,800 hectares located in the historically significant Toodoggone gold district of north-central BC. The property is underlain by rocks of the Stikine Terrane and comprise a thick succession of interlayered volcanoclastic and intermediate volcanic rocks that are locally cut by high level porphyritic intrusions. These rocks appear to host epithermal related gold-silver mineralization with many high-grade showings exposed over an area of approximately three square kilometers.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

The majority of the historic drilling on the JD property was focused on the Finn Zone where in excess of 200 diamond drill holes were completed between 1995 and 1998 by Antares Mining and Exploration Corporation and ACG Americas Gold Corp. Historic work on the JD property also includes soil and rock geochemistry, geophysics (airborne and ground), trenching and road building. Previous workers on the property focused on advancing a low-tonnage, high-grade epithermal gold and silver system. In 2012 and 2013, Tower completed exploration programs consisting of diamond drilling, soil geochemical surveys, an IP geophysical survey, rock geochemical sampling and geological mapping. Interpretation of this data, coupled with the historical data, Tower concludes that there is discovery potential on the JD property for epithermal gold and silver mineralization and copper-gold porphyry mineralization.

Some of the technical information stated above is historical in nature and has been compiled from sources believed to be accurate. The technical information has not been verified by Tower and may in some instances be unverifiable dependent on the existence of historical drill core, trench and grab samples.

**Waterloo property**

On October 18, 2011, the Company entered into an agreement to acquire the 3130 hectare Waterloo property located in the Vernon mining division of British Columbia. Under the terms of the option agreement, the Company may acquire a 75% 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 42-month period. In May 2014, the Company and the vendor agreed to extend the work commitment due on May 13, 2014 and May 13, 2015 for 24 months. The agreement is subject to a 2% NSR which can be purchased by the Company for \$3,000,000.

Upon completing and delivering a Feasibility Study, the Company will be deemed to have exercised the second option and to have earned an additional 25% Interest (for an aggregate 100% interest), subject to the Royalty Interest as defined below. Once the Company has earned the 100% interest, it will pay an advance royalty of \$40,000 per year until it commences commercial production.

The Waterloo property is underlain by Late Paleozoic deformed and metamorphosed volcanic, siliciclastic and carbonate rocks of the Harper Ranch Group. Here the Harper Ranch Group forms the stratigraphic basement to the island-arc related Quesnel Terrane. On the property rocks of the Harper Ranch Group form a roof pendant structure intruded by Cretaceous aged granitic batholiths of the Nelson and Valhalla complexes. A property scale easterly trending structure termed the "Waterloo Structure" is central to the property and hosts numerous high-grade silver showings such as the Waterloo Mine. The Waterloo mine has seen sporadic production of high-grade silver with lesser gold since 1903 resulting in numerous shipments of ore to the Trail, BC smelter in 1954, 1967 and 1983. The Waterloo Structure consists of structurally controlled carbonate with lesser quartz breccias and veins mineralized with sphalerite and galena along a contact between marbles and siliciclastic rocks of the Harper Ranch Group.

Interpretation of historical data, coupled with data acquired during 2011 and 2012 fieldwork, indicates that additional exploration is warranted to advance the project and fully evaluate the silver potential.

During the year ended October 31, 2014, management wrote-down the property to \$1 as the Company suspended exploration activity related to this property.

Technical information stated above is historical in nature and has been compiled from sources believed to be accurate.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

**Baez property**

On February 21, 2012, the Company acquired the Baez property by staking. The road accessible Baez Property consists of fourteen mineral claims totaling 6,469 hectares located 125 kilometres west of Quesnel.

The property is underlain by interlayered rhyolite to andesite flows, flow breccias and minor volcanoclastic rocks likely assigned to the Eocene in age Ootsa Lake Group. These rocks hosts the Camp, Clusko, and Boulder Ridge North and South zones. The Camp target area encompassed the bulk of historic drilling and is located 3.5 kilometers northeast of the Clusko Zone, and 1.7 kilometers east of the Boulder Ridge South target.

Based on historical data and data acquired during Tower's fieldwork in 2012 and 2013 (see Tower's website for press releases) and in particular the presence of widespread silicified breccias with anomalous gold and silver mineralization and elevated arsenic values and extensive clay alteration coincident with a large pathfinder element in-soil anomaly, Tower believes the Baez Property may represent the base of the silica cap to a epithermal gold system. Further exploration is warranted to evaluate the project.

During the year ended October 31, 2014, the Company suspended exploration activity related to this property and accordingly, management decided to write-down the property to \$1 as at October 31, 2014.

There was no exploratory work conducted on the Baez property by Tower in 2015

Some technical information stated above is historical in nature and has been compiled from sources believed to be accurate. The technical information has not been verified by Tower and may in some instances be unverifiable dependent on the existence of historical drill core, trench and grab samples.

**Rabbit North property**

On July 11, 2013, the Company entered into an agreement to acquire the Rabbit North Copper - Gold Property located in the Kamloops mining division of south central British Columbia. Under the terms of the agreement, Tower may acquire a 100% interest in the property subject to a 3% NSR.

The Rabbit North property comprises 2,850 hectares located in the active and significant Kamloops mining division. The road accessible property is approximately 14.5 kilometres west of the producing New Afton mine operated by New Gold Inc. (Measured and Indicated Mineral Resources of 51.8 million tonnes at 1.26% Cu, 0.91 grams per tonne (g/t) Au, 2.9 g/t silver and .11 g/t palladium at 0.5% Cu cutoff; New Gold Inc website) and approximately 28 kilometres east northeast of the producing Highland Valley mine operated by Teck Resources Limited, Canada's largest copper producer.

Alkalic porphyry related mineralization and alteration at the Rabbit North property is documented in two host rock types; the three by two kilometer Late Triassic to Early Jurassic zoned alkaline intrusion termed the Durand Stock, and the intrusion's volcanic country rocks assigned to the Upper Triassic Nicola Group. The age of the Durand Stock is approximately the same age as the Guichon and Iron Mask batholiths, which host the Highland Valley and New Afton mines respectively. Copper mineralization within the porphyritic monzonite core of the Durand Stock is characterized by disseminated and blebby chalcopyrite whereas mineralization hosted in the Nicola volcanics is dominantly characterized by disseminated and blebby chalcopyrite and pyrite (+/- bornite) associated with varying degrees of albite, biotite and magnetite alteration.

Historical exploration on the property was completed by major companies such as Kennco, Noranda and Cominco in the 1960s and 1970s and by junior companies such as ProAm Exploration and Auterra Ventures in the late 1990s and early 2000s. These programs consisted of shallow diamond drilling in a confined area, percussion

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

drilling, soil and organic geochemistry and various geophysical programs. Collectively, the historical work outlines numerous porphyry related targets that Tower investigated in detail during the 2013 field season.

Under the terms of the option agreement dated July 11, 2013, Tower can earn a 100% interest in the property by making cash payments of \$170,000 and issuing one million common shares over a 4-year period, to the vendors, in addition to funding aggregate exploration expenditures of \$2,000,000 over a 5-year period. The agreement is subject to 3% NSR, 2% of which can be purchased by Tower for \$3,500,000.

*2014 Activities*

The Company reported results from its detailed mapping and sampling program at Rabbit North. Five new copper and gold targets were discovered by way of systematic mapping over the course of the 2014 summer field season and include; the Chrysocolla East target (June 17<sup>th</sup>, 2014 press release), the Central Monzonite South target (August 25<sup>th</sup>, 2014 press release), the Kwil Target (September 9<sup>th</sup>, 2014 press release), the Buff target (September 23<sup>rd</sup>, 2014 press release), and the KV target (October 8<sup>th</sup>, 2014 press release). All five mineralized targets are associated with the Durand Stock porphyry system previously described in detail in 2013 (see above).

The Chrysocolla East porphyry target covers an area of at least 160 by 100 metres where outcrop is only exposed in a recent logging clear-cut. Copper and gold mineralization is associated with disseminated, clotted and vein controlled chalcopyrite and pyrite hosted in strongly magnetite + epidote altered diorite and magnetite healed breccias of the Durand Stock and Nicola Group volcanic rocks. Magnetite + actinolite + chalcopyrite +/- bornite veins locally cross cut altered diorite and copper oxides are locally observed along fracture surfaces. Nine samples with characteristic magnetite and epidote alteration were collected from the target area and average 0.56 g/t Au, 0.25% Cu, and 0.04g/t Pd (palladium). Importantly, this style of mineralization and alteration is also observed in drill hole 97-18 drilled at the Chrysocolla main target approximately 500 meters to the west. An intercept of 54 meters of 0.5g/t Au with 0.13% Cu was returned in this hole.

The Central Monzonite South target covers an area of at least 530 by 160 metres where outcrop is best exposed along subtle north trending ridges. This new target is located within the previously described Central Monzonite Zone (CMZ, see October 22<sup>nd</sup>, 2013 Press Release) and represents mineralization hosted within the core monzonite phase of the Durand Stock. The center of this target is approximately 620 meters southwest of the main Central Monzonite high-grade showing (i.e., sample 1790454, 1.02% Cu, 0.43g/t Au and 7.4g/t Ag (silver), October 22<sup>nd</sup>, 2013 Press Release) and 650 metres southeast of historic drill hole 97-08. This drill hole bottomed in mineralization and is the only diamond drill hole to test for mineralization at depth in the Durand monzonite core. An interval of 31 metres assaying 0.25% Cu with 0.10g/t Au was returned from the bottom of the hole starting at 156 metres. Copper and gold mineralization of the Central Monzonite South target is dominantly hosted in equigranular to porphyritic monzonite and locally within small syenite bodies or plugs. Mineralization is characterized by disseminated and clotted chalcopyrite +/- bornite associated with varying degrees of epidote + carbonate + sericite alteration. Copper sulphides appear to be replacing mafic minerals and are in place oxidized to malachite + azurite with nondescript white clay. In total, 48 grab samples were collected from outcrops and subcrops from across this target for geochemical analyses. Samples returned results as high as 0.62% Cu with 0.73g/t Au (sample 1717194).

The Kwil target is located 1.4 kilometers northeast of the Central Monzonite South target. At Kwil, porphyry related copper and gold mineralization has been traced over an area of approximately 230 by 110 metres. The true dimensions of this target are not presently known due to widespread overburden cover. Mineralization at Kwil is hosted in augite porphyritic microdiorite and brecciated microdiorite and locally within equigranular biotite diorite of the Durand stock. The target is near the geological contact with the core monzonite phase of the Durand stock and where observed, the monzonite in this area is also mineralized (i.e., sample 2377100). Chalcopyrite and pyrite are associated with pervasive and clotted magnetite + epidote alteration and locally with



**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

magnetite + quartz veinlets and discrete albite veins with potassium feldspar halos. Copper oxides are readily observed on most fracture surfaces. Twelve grab samples were collected from outcrops and subcrops from across this target for geochemical analyses and assayed up to 0.49% Cu with 1.89g/t Au (sample 2377094).

The Buff target is located approximately 1 kilometer southwest of the Chrysocolla East target and approximately 1.8 kilometers southwest of the Central Monzonite South target. Although mostly covered by thick glacial overburden, the zone represents a high priority target for further investigation. The Buff target is underlain by a magnetic-high geophysical anomaly that Tower discovered in 2013 that spans approximately 1.3 by 0.6 kilometers oriented broadly northwest – southeast. Furthermore, the highest magnetic response is coincident with the shoulder of a largely untested, open to the south and east, IP (Induced Polarization) chargeability high anomaly that spans at least 1.9 by 1.4 kilometer. Bedrock exposure is limited, however, where observed, copper and gold mineralization is dominantly hosted in extensive and pervasive magnetite and epidote altered microdiorite-clast rich breccias. Copper and gold mineralization is characterized by clotted and disseminated chalcopyrite + pyrite observed in both the matrix and within clasts in the breccias. Minor malachite and azurite are locally observed along fracture planes and associated with local crosscutting actinolite + epidote veins. Trace native copper is observed locally along discrete fracture planes. This breccia occurrence has been mapped over an area of approximately 200 by 160 metres which marks the boundaries of exposure. Nineteen grab samples were collected from this target for geochemical analyses and assayed up to 0.57 g/t Au with 0.21% Cu (sample 2377540).

Copper and gold mineralization at the untested KV target has been traced over an area of at least 400 by 460 metres and contains some of the highest grade copper and gold mineralization identified to date on the property. The center of the KV target is located 850 metres south of the previously reported Kwil target (September 9<sup>th</sup>, 2014 Press Release) and 800 metres east of the Central Monzonite South target (August 25<sup>th</sup>, 2014 Press Release). Here, mineralization is hosted in equigranular biotite + augite diorite of the Durand Stock, augite porphyritic microdiorite and breccias composed of microdiorite and plagioclase porphyry clasts. Chalcopyrite is strongly disseminated within samples from the equigranular diorite and is associated with pervasive potassium feldspar + magnetite + chlorite alteration (i.e., sample 2377061 and 2377060). Crosscutting veins of potassium feldspar, epidote +/- magnetite and hematite are also observed to contain chalcopyrite, pyrite and malachite. Here, palladium (Pd) is locally elevated in the samples (i.e., 0.13g/t Pd sample 2377060). In the breccias, magnetite and epidote alteration is widespread and pervasive in both clasts and matrix. Chalcopyrite mineralization is dominantly clotted and disseminated (i.e., sample 2377034) and locally structurally controlled with vein hosted magnetite and trace bornite (i.e., sample 2377052). Malachite and azurite are readily observed on some fractures. Twenty five grab samples were collected from this target area for geochemical analysis.

In 2014 Samples were shipped in sealed and secure bags to ALS Minerals Laboratory in Kamloops, BC. Here, samples were prepared using standard preparation procedures. Samples were then analyzed for 51 elements at the ALS Minerals Laboratory in North Vancouver, BC including copper and silver by ICP-MS using an aqua regia digestion. Gold, platinum and palladium was analyzed by fire assay (30 gram nominal sample weight), aqua regia digestion and ICP-AES finish. Over limit copper (>1%) was re-analyzed using an aqua regia digestion and ICP-AES finish.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*2015 Activities*

Some technical information stated above is historical in nature and has been compiled from sources believed to be accurate. This technical information has not been verified by Tower and may in some instances be unverifiable dependent on the existence of all historical drill core.

The scientific and technical content and interpretations contained in this MD&A have been reviewed, verified and approved by Christopher D. Leslie, M.Sc., P.Geo. (APEGBC-42500), a Qualified Person as defined by NI 43-101, *Standards of Disclosure for Mineral Projects*.

*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 of 1.2366423%. 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, the Company wrote down the value of the property to the estimated recoverable amount of \$1.

**Costs Summary for the Oil and Gas Property**

	October 31, 2015 and 2014
	Acquisition Costs
Poplar Winstar Strachan	\$ 1

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*Results of Operations*

The following discussion should be read in conjunction with the accompanying Financial Statements and related notes. The operating and administrative expenses for the year ended October 31, 2015 totaled \$326,856 (2014 - \$445,527),

The table below explains the changes in major expenditures for the year ended October 31, 2015 as compared to the corresponding year ended October 31, 2014.

<b>Expenses</b>	<b>Increase / Decrease in Expenses</b>	<b>Explanation for Change</b>
Accounting and audit	Decrease of \$14,614	Less corporate activity resulted in lower accounting fees.
Consulting fees	Increase of \$24,275	Increase as a greater proportion of consulting fees in the prior year was capitalized to exploration and evaluation assets.
Office and miscellaneous expense	Decrease of \$98,479	Decrease primarily due to lower rent (from a new rent agreement entered into during the 2014 Q4 period) and lower administrative fees.
Share-based compensation	Decrease of \$13,820	Decrease as the value of stock options vested was lower during the current period.
Transfer agent and filing fees	Decrease of \$8,041	Less corporate activity resulted in lower filing fees.

The table below details the changes in major expenditures for the year ended October 31, 2014 as compared to the corresponding year ended October 31, 2013.

<b>Expenses</b>	<b>Increase / Decrease in Expenses</b>	<b>Explanation for Change</b>
Accounting and audit	Decrease of \$11,361	Less activity resulted in lower accounting fees.
Consulting fees	Decrease of \$14,619	Decrease as a higher portion of consulting fees incurred in the current year was related to exploration and evaluation assets which were allocated as such.
Office and miscellaneous expense	Decrease of \$15,793	Decrease primarily due to interest charge related to Part XII.6 tax being lower and a new rent agreement entered into in the current year.
Property examination costs	Decrease of \$19,301	Decrease as the Company incurred minimal property examination costs in the current year.
Share-based compensation	Decrease of \$137,865	Decrease as the value of stock options vested was less in the current year.
Travel and promotion	Decrease of \$7,122	Decrease level of travel for site visits, and marketing.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*Selected Annual Information*

The following financial data is derived from the Company's financial statements for the years ended October 31, 2015, 2014 and 2013:

	2015 \$	2014 \$	2013 \$
Revenue (interest income)	1,810	6,546	27,509
General and administrative expenses	(326,856)	(445,527)	(662,301)
Loss and comprehensive loss	(328,966)	(1,111,349)	(308,633)
Basic and diluted loss per common share	(0.01)	(0.03)	(0.01)
Working capital	369,025	651,633	868,769
Exploration and evaluation assets	3,576,413	3,507,754	3,591,656
Total assets	4,056,024	4,393,963	4,858,131
Total liabilities	51,959	127,023	294,501

The Company's projects are at the exploration stage and have not generated any revenue other than interest earned. At October 31, 2015, the Company had not yet achieved profitable operations and has a deficit of \$9,643,502 (2014 - \$9,314,536). These losses resulted in a net loss per share for the year ended October 31, 2015 of \$0.01 (2014 - \$0.03).

*Summary of Quarterly Results*

Period ended	Revenue (interest income)	Loss and comprehensive loss	Basic and diluted loss per share	Exploration and evaluation assets expenditures	General and administrative expenses
	\$	\$	\$	\$	\$
October 31, 2015	448	(77,944)	(0.00)	20,432	74,397
July 31, 2015	108	(67,703)	(0.00)	58,410	67,769
April 30, 2015	121	(87,361)	(0.00)	58,537	87,514
January 31, 2015	1,133	(95,958)	(0.00)	26,527	97,176
October 31, 2014	1,447	(843,730)	(0.03)	79,975	119,405
July 31, 2014	1,268	(116,341)	(0.00)	132,956	117,643
April 30, 2014	1,606	(116,628)	(0.00)	61,756	118,116
January 31, 2014	2,225	(34,650)	(0.00)	377,042	90,363

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

Variances quarter over quarter can be explained as follows:

- In the quarter ended October 31, 2014, the Company wrote off exploration and evaluation assets of \$725,564.
- In the quarter ended January 31, 2014, the Company recognized \$52,849 relating to the reversal of the flow through premium liability.
- Given the general weather conditions and exploration season in British Columbia, the Company's exploration and evaluation assets expenditures tend to be greater from May to November than in the rest of the year.

***Fourth Quarter***

The operating and administrative expenses for the quarter ended October 31, 2015 totaled \$74,397. The major expenses for the quarter ended October 31, 2015 were accounting and audit fees of \$22,900, consulting fees of \$12,500, management fees of \$14,625 and office and miscellaneous costs of \$20,785.

During the fourth quarter, the Company wrote down exploration and evaluation assets by \$3,890 in relation to the Waterloo property as management does not have any further exploration plans on the property.

There were no material adjustments or other events affecting the Company's financial condition or performance in the fourth quarter other than the above mentioned.

***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.

The Company's liquidity and capital resources are as follows:

	October 31, 2015	October 31, 2014
	\$	\$
Cash	378,669	709,013
Receivables	13,364	33,695
Prepaid expenses	15,951	22,948
Total current assets	407,984	765,656
Payables and accrued liabilities	38,959	114,023
Working capital	369,025	651,633

As at October 31, 2015, the Company had a cash position of \$378,669 (2014 - \$709,013), consisting mainly of proceeds from the April 2014 financing. As at October 31, 2015, the Company had a working capital position of \$369,025 (2014 - \$651,633).

The primary use of cash during the year ended October 31, 2015 was the funding of operating activities of \$303,020 (2014 - \$139,873) and investing activities of \$27,324 (2014 - \$743,699).

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

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 Company'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 estimates it will require additional financing within the next twelve months.

***Related Party Transactions***

During year ended October 31, 2015, the Company engaged in the following transactions with related parties (key management), not disclosed elsewhere in this MD&A:

- a) Management fees of \$90,000 (2014 - \$75,000) and exploration and evaluation assets expenditures totaling \$nil (2014 - \$15,000) were paid to a company controlled by Mark Vanry, the President, CEO and director of the Company.
- b) Consulting fees of \$37,500 (2014 - \$12,500) and exploration and evaluation assets expenditures totaling \$82,500 (2014 - \$107,500) were paid to a company controlled by Christopher Leslie, the Vice President of Exploration of the Company.
- c) Administrative fees included in office and miscellaneous of \$30,000 (2014 - \$30,000) were paid to a company controlled by Steve Vanry, the CFO and director of the Company.
- d) Office and miscellaneous includes rent recovery of \$12,000 (2014 - \$nil) from Rhys Resources Ltd., a company related by a common director. As at October 31, 2015, \$3,170 (2014 - \$1,092) was included in receivables for rent recovery owed from this company.
- e) Office and miscellaneous includes rent of \$nil (2014 - \$68,416) and other office expenses of \$nil (2014 - \$1,772) were paid to a company related by common directors and officers.

Summary of key management personnel compensation (including officers and directors) for the years ended October 31, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
	\$	\$
Management fees	82,125	75,000
Office and miscellaneous	30,000	30,000
Consulting fees	37,500	12,500
Exploration and evaluation assets expenditures	82,500	122,500
Share-based compensation	44,544	40,417
	<b>276,669</b>	<b>280,417</b>

Amounts owing to related parties (including key management personnel) included in accounts payable and accrued liabilities total \$4,983 (2014 - \$39,792).

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.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*Off-Balance Sheet Transactions*

The Company does not have any off-balance sheet arrangements as at October 31, 2015 or as of the date of this report.

*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 is focused on mineral exploration of its properties located in British Columbia. 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.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*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 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 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 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 apply in 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 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.

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.



**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

***New or Revised Accounting Standards Not Yet Adopted***

As of November 1, 2014, the Company adopted the following accounting policies:

- a) IAS 32 – Financial Instruments: Presentation amendment provides clarification on the application of offsetting rules. The amendments are effective for annual periods beginning on or after January 1, 2014.
- b) IAS 36 – Impairment of Assets: Clarifies disclosure requirements regarding measurement of the recoverable amount of impaired assets. The overall effect of the amendments is to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment where recoverable amount is determined using a present value technique. The amendment is effective for annual periods beginning on or after January 1, 2014.

There was no effect on the Company’s financial statements as a result of adopting these standards.

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended October 31, 2015 and were not applied in preparing the Financial Statements. The Company does not expect there to be any changes as a result of the new and revised standards which will be effective to the Company’s financial statements for the year ending October 31, 2016 or later:

- a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adopted permitted.

***Financial Instruments and Management of Financial Risk***

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, other than cash, approximates their carrying values. Cash is measured at fair value using level 1 inputs.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity 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 primarily consist of sales tax recoverable due from the Federal Government of Canada. 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 has sufficient cash to settle current liabilities.

*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 October 31, 2015, the Company held a demand deposit with a face value \$30,000. A change in interest rates of 1% will change income by \$300 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.

*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 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.

**TOWER RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED OCTOBER 31, 2015**

---

*Disclosure of Data for Outstanding Common Shares, Options and Warrants*

**Authorized and issued capital stock as at February 23, 2016**

**Authorized** – Unlimited common shares without par value

**Issued and Outstanding:** 49,633,308 common shares

The following options and warrants were outstanding and exercisable as at February 23, 2016:

(i) **Warrants**

<u>Exercise Price</u>	<u>Number Outstanding and Exercisable</u>	<u>Expiry Date</u>
\$ 0.10	<u>7,500,000</u>	*April 1, 2016

\* The Company may accelerate the expiry date of these warrants to within 30 days of notice if the common shares of the Company close at over \$0.20 for 10 consecutive trading days and gives notice of the same in writing to the holder of the warrants.

(ii) **Options**

<u>Exercise Price</u>	<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Expiry Date</u>
\$			
0.35	900,000	900,000	September 29, 2016
0.35	100,000	100,000	December 9, 2016
0.45	50,000	50,000	April 5, 2017
0.30	250,000	250,000	May 24, 2017
0.30	400,000	400,000	October 25, 2017
0.13	450,000	450,000	April 9, 2018
0.05	425,000	425,000	December 17, 2018
0.06	525,000	459,375	July 7, 2019
0.05	900,000	900,000	November 4, 2019
	<u>4,000,000</u>	<u>3,934,375</u>	

***Other MD&A Requirements***

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

- SEDAR at [www.sedar.com](http://www.sedar.com);
- the Company's website at [www.towerresourcesltd.com](http://www.towerresourcesltd.com);
- the Company's audited financial statements for the year ended October 31, 2015.

**TOWER RESOURCES LTD.**  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED OCTOBER 31, 2015

---

*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

February 23, 2016