TOWER RESOURCES LTD.

# MANAGEMENT DISCUSSION AND ANALYSIS

## For the three months ended January 31, 2015

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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" 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 condensed interim financial statements of the Company for the three months ended January 31, 2015 ("Financial Statements"). The following discussion is dated and current as of April 1, 2015. 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.

### *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.

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, Canada of which exploration work on the Baez and Waterloo property have been suspended. The Company is currently focused on the multidisciplinary 2015 program at the Rabbit North copper-gold property.

#### Overall performance

Net and comprehensive loss in the three months ended January 31, 2015 was $95,958 compared to $34,650 in the comparative period ended January 31, 2014. The lower loss in the comparative period is primarily attributable to the reversal of the flow through premium liability of $52,849. In addition, the Company also had slightly higher operating expenses in the current period which is further discussed in the section "Results of Operations".

The Company experienced a net decrease in cash during the three months ended January 31, 2015 and 2014 of $94,868 and $367,000, respectively. The larger decrease in the comparative period is largely due to exploration and evaluation asset expenditures of $488,974 whereas the Company spent $41,358 in the current period. However, the Company had total cash inflow from operating activities that resulted from receipt of their BC mineral exploration tax credit in the prior period versus total cash outflow of $53,167 from operating activities in the current period.

During the three months ended January 31, 2015, a total of $26,527 of exploration and evaluation assets expenditures was incurred during the period whereas the Company spent 377,042 in the comparative period. The Company had significantly higher exploration and evaluation asset expenditures in the prior period because the Company was required to incur eligible expenditures on their properties in connection with the flow through shares issued in the December 2012 private placement.

#### Subsequent events

In February 2015, the Company issued 350,000 common shares in connection with the JD property option agreement.

In March 2015, the Company and Kaizen elected not to proceed with the proposed transaction.

***Summary of Exploration Activities***

For the three months ended January 31, 2015, the Company incurred $26,527 in exploration and evaluation asset expenditures compared to $377,042 for the corresponding three ended January 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 three months ended January 31, 2015:

| | JD | Baez | Waterloo | Rabbit North | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Balance, October 31, 2014 | **2,421,613** | **1** | **1** | **1,086,139** | **3,507,754** |
| **Acquisition costs** | 244 | - | - | - | 244 |
| **Deferred costs** | | | | | |
| Assays | - | - | - | 183 | 183 |
| Consulting services | 10,000 | - | - | 15,000 | 25,000 |
| Travel | 1,063 | - | - | 37 | 1,100 |
| Total costs incurred during the period | 11,307 | - | - | 15,220 | 26,527 |
| Balance, January 31, 2015 | **2,432,920** | **1** | **1** | **1,101,359** | **3,534,281** |

The following is a breakdown of the components of the Company's exploration and evaluation assets, on a property by property basis, for the three months ended January 31, 2014:

| | JD | Baez | Waterloo | Rabbit North | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Balance, October 31, 2013 | **2,375,889** | **248,255** | **478,637** | **488,875** | **3,591,656** |
| **Acquisition costs** | 46,000 | - | 768 | 23,677 | 70,445 |
| **Deferred costs** | | | | | |
| Assays | - | - | - | 263 | 263 |
| Consulting services | - | - | - | 82,918 | 82,918 |
| Field supplies | 3,099 | - | - | 517 | 3,616 |
| Food (recovery) | (220) | - | - | 282 | 62 |
| Geologist | - | - | - | 210,996 | 210,996 |
| Travel (recovery) | (3,343) | - | - | 306 | (3,037) |
| Vehicle (recovery) | (524) | - | - | 12,303 | 11,779 |
| Total costs incurred during the period | 45,012 | - | 768 | 331,262 | 377,042 |
| Balance, January 31, 2014 | **2,420,901** | **248,255** | **479,405** | **820,137** | **3,968,698** |

## 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 16,000 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 three square kilometers.

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. 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 gold and silver 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 copper-gold porphyry mineralization similar to the Kemess Mine (Northgate Minerals) located 30 km to the south.

*2013 Activities*

The Company received a Multi-Year Area Based (MYAB) Notice of Work permit from the B.C. government authorizing a multi-disciplinary five year exploration program at its JD Project. Under this new Notice of Work permit, Tower has permission over five years to complete 30,000 metres of drilling from 100 pad locations covering the majority of known target areas.

Following the Company’s 2012 exploration season a composite sample of drill core from within the Finn Zone was selected for initial metallurgical testing in early 2013. The sample was submitted to Inspectorate Exploration & Mining Services Ltd. in Richmond B.C. and was subjected to three tests including gravity concentration at two grind sizes and cyanide leach and flotation assessment at three grind sizes each.

The samples subjected to centrifugal gravity separation at a grind size of P80 100 microns yielded a recovery of 47.8% of the gold and 13.5% of the silver. The samples responded well to bottle-roll leach testing with an average of 86.5% gold extraction and 55.8% silver extraction at a grind P80 size of 100 microns. The leach kinetics responded well to finer grinding with maximum gold extraction occurring in less than 40 hours at P80 at 75 microns. At this grind size, 82.7% gold extraction and 55.8% silver extraction was attained. In the flotation test gold recoveries of up to 96.9% at grind size of P80 75 microns and silver recoveries of up to 92.5% at P80 100 micros were attained after 8 minutes of flotation. Gold recovery reportedly increased with decreasing grind size.

2013 exploration at JD consisted of an induced-polarization geophysical survey, mapping, sampling and 2,100 meters of diamond drilling in 10 holes. Drilling was focused on exploration outside the core of the know Finn Zone mineralization. In particular, the Company targeted the porphyry potential east of the Finn Zone.

The Company reported the results from the 2013 exploration season which resulted in the discovery of a significant porphyry related hydrothermal alteration system in which classic alteration, mineralization and veining were encountered in three holes along a strike length of 850 metres.

The dominantly phyllic (quartz + sericite + pyrite) alteration with anomalous copper mineralization is believed to be related to a deeper copper mineralized porphyry system as one hole (JD-13-025) bottomed in 1.4 metres of 4665 ppm Cu hosted in an altered intrusion at 229 metres down-hole. Furthermore, the three holes tested only a small portion of an IP (Induced Polarization) chargeability anomaly Tower identified earlier in the program.

The IP survey covered a grid with a footprint of roughly 1.6 by 2 kilometers with lines spaced 200 and 400 metres apart. Three lines spaced 200 metres apart were run over the known extent of the Finn Zone to establish a geophysical baseline for chargeability and resistivity response associated with epithermal related mineralization and alteration. Two lines spaced 400 metres apart were also run east and topographically below the Finn Zone where a poly-element geochemical anomaly identified in 2012 and a coincident large (roughly 800 by 800 metres in dimension) geophysical magnetic anomaly exists. IP line 11N, located east of the Finn Zone returned a 900 meter long +16 mV/V chargeability anomaly partially coincident with a magnetic and geochemical anomaly.

The 2013 diamond drill program was designed to investigate the continuity of gold and silver mineralization between the Finn Zone and step-out hole JD-12-015 drilled in 2012 and the extent of mineralization along strike to the west and east from the Finn Zone. Furthermore, Tower tested new target areas identified in the IP survey.

2013 Table of selected highlights of length weighted drill intersections:

| Drill Hole | From (m) | To (m) | Width (m) | Au (g/t) | Ag (ppm) | Cu (ppm) |
|---|---|---|---|---|---|---|
| JD-13-019 | 152 | 211 | 59 | 0.13 | 2.6 | 418 |
| JD-13-019 | 153 | 156 | 3 | 0.35 | 8.4 | 1823 |
| JD-13-019 | 167 | 172 | 5 | 0.12 | 7.7 | 792 |
| JD-13-019 | 181 | 188 | 7 | 0.06 | 3.2 | 985 |
| JD-13-020 | 152 | 163 | 11 | 0.38 | 1.1 | |
| JD-13-020 | 167 | 178 | 11 | 0.8 | 1.9 | |
| JD-13-020 | 184 | 189 | 5 | 2.28 | 2.9 | |
| JD-13-020 | 187 | 188 | 1 | 10.3 | 8.8 | |
| JD-13-021 | 113 | 115 | 2 | 0.62 | 2.5 | |
| JD-13-021 | 121 | 122 | 1 | 1.06 | 1.7 | |
| JD-13-021 | 140.7 | 144 | 3.3 | 0.57 | 3 | |
| JD-13-021 | 149 | 164.5 | 15.5 | 0.48 | 2.2 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| JD-13-021 | 172 | 179 | 7 | 0.86 | 1.4 | |
| JD-13-022 | 7.9 | 32 | 24.1 | 0.07 | 1.7 | 213 |
| JD-13-022 | 87 | 139 | 52 | 0.01 | 0.6 | 164 |
| JD-13-023 | 24 | 57 | 33 | 0.06 | 2.1 | 476 |
| JD-13-023 | 39 | 47 | 8 | 0.11 | 4 | 1079 |
| JD-13-024 | 113 | 125 | 12 | 1.75 | 38.1 | |
| JD-13-024 | 118 | 125 | 7 | 2.89 | 32.5 | |
| JD-13-024 | 132 | 138 | 6 | 0.51 | 0.2 | |
| JD-13-025 | 32 | 69 | 37 | 0.02 | 2.1 | 975 |
| JD-13-025 | 66 | 69 | 3 | 0.09 | 14.2 | 9462 |
| JD-13-025 | 222 | 230.1 | 8.1 | 0.01 | 0.8 | 962 |
| JD-13-025 | 228.7 | 230.1 | 1.4 | 0.02 | 3.4 | 4665 |
| JD-13-026 | 310 | 312 | 2 | 6.03 | 0.6 | |
| JD-13-026 | 325 | 326 | 1 | 1.54 | 0.1 | |
| JD-13-028 | 9 | 330 | 321 | 0.02 | 0.6 | 333 |
| JD-13-028 | 45.7 | 48 | 2.3 | 0.03 | 1.1 | 917 |
| JD-13-028 | 114 | 121 | 7 | 0.03 | 1.4 | 762 |
| JD-13-028 | 143 | 151 | 8 | 0.02 | 0.6 | 1090 |
| JD-13-028 | 222 | 232 | 10 | 0.02 | 1.3 | 876 |
| JD-13-028 | 322 | 324 | 2 | 0.02 | 1.6 | 3371 |

Table of 2013 Drill Hole Locations (coordinates: UTM Z9 NAD83)

| Hole ID | Easting | Northing | Azimuth (º) | Dip (º) | Total Depth (m) |
|---|---|---|---|---|---|
| JD-13-019 | 611256 | 6367954 | 200 | -65 | 211.23 |
| JD-13-020 | 611256 | 6367954 | 20 | -65 | 201.47 |
| JD-13-021 | 611194 | 6368117 | 200 | -65 | 242.93 |
| JD-13-022 | 611646 | 6367870 | 200 | -65 | 138.99 |
| JD-13-023 | 611646 | 6367870 | 0 | -90 | 63.4 |
| JD-13-024 | 610814 | 6368011 | 210 | -65 | 162.15 |
| JD-13-025 | 612216 | 6368112 | 200 | -65 | 230.12 |
| JD-13-026 | 612406 | 6367279 | 230 | -75 | 424.18 |
| JD-13-027 | 611914 | 6367715 | 160 | -70 | 114.28 |
| JD-13-028 | 612314 | 6367614 | 315 | -50 | 351.74 |

## 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. 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.

As at October 31, 2014, management wrote-down the property to $1 due to the Company's failure to meet the work commitment of $700,000 due on or before May 13, 2014.

**Baez property**

On February 21, 2012, the Company acquired the Baez property by staking. The road accessible Baez Property consists of nineteen mineral claims totaling 8,610 hectares located 125 kilometres west of Quesnel.

The property hosts the northern Camp zone and the southern Clusko zone which are 3.6 kilometres apart. Both zones lie within an arsenic in-soil anomaly that covers an area of 7.5 by 1.5 kilometres and remains open in numerous directions. Antimony, gold and silver are also locally anomalous and coincident with arsenic. Historic rock samples from throughout a large silicified corridor (chalcedony healed breccias, quartz stockwork and pervasive silica) of the southern Clusko Zone were extremely elevated in arsenic and highly anomalous in antimony and mercury with anomalous gold (up to 0.28 g/t Au). Historic shallow drilling of the northern Camp Zone in 1988 intersected long intervals of pervasive clay and silica alteration in hydrothermal breccias containing anomalous arsenic, antimony, gold and silver.

The Baez property covers a large 16 by 15 kilometre magnetic high identified by government regional airborne geophysical data. This magnetic high likely represents a buried intrusion as geological mapping indicates the property is underlain by interlayered rhyolite to andesite flows, flow breccias and minor volcaniclastic rocks likely assigned to the Eocene in age Ootsa Lake Group although the exact age of the host rocks is not presently known.

Based on this historic data and in particular the presence of widespread silicified breccias with elevated arsenic values and extensive clay alteration coincident with a large pathfinder element in-soil anomaly, Tower believes the Baez Property represents the base of the silica cap to a well developed epithermal gold system.

On March 22, 2012, the Company expanded the Baez property by staking an additional 69 claims. This brought the total land package to a size of 40,125 hectares.

*2013 Activities*

The field program at Baez consisted of a focused 22 line kilometer IP survey aimed at defining the size and scale of the three main targets with known epithermal related mineralization: the Camp, Clusko and Boulder Ridge

South targets. 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.

To assist in focusing the footprint of the IP survey, Tower also completed a property scale compilation of historic airborne geophysical data (1993, 1994 and 2008 vintage) that covers an area of 25 by 15 kilometres. Tower contracted MIRA Geoscience Ltd., of Vancouver, BC to complete the compilation and execute advanced interpretation including a robust 3D inversion. New targets identified within this compilation are characterized by coincident magnetic anomalies with areas of high conductivity response. The IP survey covered some of these new target areas.

These airborne geophysical anomalies coupled with the presence of mineralized boulders down-ice from the ridge and the presence of hydrothermally brecciated rhyolite in outcrop suggests the ridge is in part underlain by a structurally controlled, north-striking corridor of silicified and mineralized felsic breccia.

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.

**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) 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 drilling, soil and organic geochemistry and various geophysical programs. Collectively, the historical work outlines numerous porphyry related targets that Tower intends to investigate 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.

*2013 Activities*

The Company reported results from a detailed sampling and reconnaissance program at its Rabbit North Project. The focus of the program was to evaluate the style and grade of copper (gold and silver mineralization described in historic reports. Representative grab and chip samples were collected from outcrops and historic trenches and historic drill core from 1997 and 2004 was re-examined. In total 47 samples were collected for geochemical analysis.

Table of 2013 Grab Sample Highlights from Rabbit North Property:

| Area | Sample | Type | Cu (%) | Au (g/t) | Ag (g/t) | Pd (g/t) |
|---|---|---|---|---|---|---|
| Central | 1709453 | grab | 1.32 | 0.27 | 3.9 | 0.01 |
| Central | 1709454 | grab | 1.02 | 0.43 | 7.4 | 0.01 |
| Central | 1709461 | grab | 0.28 | 0.28 | 2 | 0.01 |
| Central | 1709462 | grab | 0.09 | 0.26 | 1 | 0.02 |
| Central | 1709463 | grab | 0.96 | 0.52 | 6.5 | 0.01 |
| Central | 1709464 | grab | 0.56 | 0.57 | 4.4 | 0.01 |
| Central | 1710297 | grab | 0.28 | 0.1 | 4.1 | 0.01 |
| Central | 1717043 | grab | 1.32 | 0.24 | 3.8 | 0.01 |
| Central | 1717044 | grab | 0.88 | 0.56 | 5.1 | 0.01 |
| Central | 1709480 | grab | 0.3 | 0.38 | 2.7 | 0.01 |
| Central | 1709481 | grab | 1.04 | 0.88 | 4.8 | 0.02 |
| Chrysocolla | 1717045 | grab | 2.4 | 1.72 | 4.6 | 0.03 |
| Chrysocolla | 1709458 | grab | 1.3 | 1.64 | 4.4 | 0.04 |
| Chrysocolla | 1709459 | 3 meter | 0.84 | 1.48 | 2.2 | 0.03 |
| Chrysocolla | 1710296 | grab | 1.82 | 1.68 | 1.9 | 0.04 |
| Chrysocolla East | 1710287 | grab | 0.12 | 4.28 | 1.1 | 0.19 |
| Chrysocolla East | 1710289 | grab | 0.91 | 0.2 | 17.4 | 0.03 |
| Chrysocolla East | 1709479 | grab | 0.32 | 0.25 | 4.6 | 0.03 |

In November and December 2013, the Company completed two geophysical surveys. The purpose of both surveys was to refine drill targets in areas of known mineralization and to identify new targets in areas with overburden cover. The surveys consisted of a 50 line kilometer IP survey over the core of the Rabbit North property and a 2,900 line kilometer high resolution helicopter magnetic survey over the recently expanded claim package.

The IP survey covered a grid centered on the Durand Stock with a footprint of approximately 2.8 by 3.6 kilometers with lines oriented northerly spaced 200 metres apart. The goal of the survey was to establish a geophysical baseline for chargeability and resistivity response associated with known porphyry related copper and gold mineralization and alteration. Furthermore, the survey was also designed to investigate areas peripheral to and deeper than the known areas of mineralization.

The IP survey identified numerous significant high chargeability anomalies (indicative of increased sulphide concentrations) which are also in-part coincident with strong magnetic anomalies outlined by an earlier ground magnetic survey and expanded by the helicopter-borne magnetic survey (see below). For example, the inverted chargeability 200 meter depth plan outlines a +12.5 mV/V (millivolt per volt) anomaly with a strike length of at least 1.9 kilometers and a width of at least 1.4 kilometers. This anomaly is open to the east and to the south where chargeability readings in the core of the anomaly reach +60 mV/V. Previously within this large anomaly, a small area of approximately 190 by 175 meters (the Chrysacolla Zone) was tested with diamond drill holes (see Tower's

October 22nd, 2013 Press Release). The Chrysocolla Zone is associated with the western extent of the anomaly. Also on the inverted chargeability 200 meter depth plan, the northern extent of the Western Magnetite Zone is associated with a +12.5 mV/V anomaly which appears to extend 2.4 kilometers to the northeast producing an arcuate shaped high chargeability anomaly. Bedrock associated with this anomaly has been poorly tested.

The helicopter magnetic survey was flown on easterly oriented lines at 100 meter separation covering a survey block with dimensions of approximately 29 by 11 kilometers. In total, 2,900 line kilometers of data was collected between December 4 and December 9, 2013. The purpose of the survey was to provide high resolution magnetic data to assist in the interpretation of the property geology and to help define drill targets in areas proximal to the Durand Stock. The Durand Stock comprises an oval shaped magnetic high rim measuring 2.7 by 2.2 kilometers, with a magnetic low core. Magnetic highs proximal to the stock are also observed where magnetite alteration is documented in Nicola Group volcanic rocks. Magnetic highs of similar magnitude have been identified in areas with limited historic exploration proximal to the Durand Stock. These anomalies are considered significant targets for follow-up. Furthermore, the survey effectively identified new magnetic highs, lineaments and breaks which may represent possible intrusions and structures in unexplored areas where publically available, low resolution magnetic data exhibits coarse featureless anomalies.

In December 2013, the Company expanded by staking the mineral tenures covering the Rabbit North project. The property now consists of 34 mineral tenures covering 16,400 hectares

*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 17th, 2014 press release), the Central Monzonite South target (August 25th, 2014 press release), the Kwil Target (September 9th, 2014 press release), the Buff target (September 23rd, 2014 press release), and the KV target (October 8th, 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 Tower's October 22nd, 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), Tower's October 22nd, 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 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 9th, 2014 Press Release) and 800 metres east of the Central Monzonite South target (see Towers August 25th, 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.

The scientific and technical content and interpretations contained in this MD&A have been reviewed, verified and approved by Kenneth Thorsen, BSc. PEng and CPG-27486, 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**

| | January 31, 2015 and October 31, 2014 |
|---|---|
| | Acquisition Costs |
| Poplar Winstar Strachan | $ 1 |

***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 three months ended January 31, 2015 totaled $97,176 (January 31, 2014 - $90,363), including value of stock options vested during the period of $36,743 (January 31, 2014 - $20,462) calculated using the Black-Scholes option pricing model. Comparatively, the major expenses for the three months ended January 31, 2015 were consulting fees of $5,000 (January 31, 2014 - $nil), management fees of $22,500 (January 31, 2014 - $7,500) and office and miscellaneous of $20,274 (January 31, 2014 - $47,670).

The table below explains the changes in major expenditures for the three months ended January 31, 2015 as compared to the corresponding period ended January 31, 2014.

| **Expenses** | **Increase / Decrease in Expenses** | **Explanation for Change** |
|---|---|---|
| Consulting fees | Increase of $5,000 | Increase as consulting fees in prior period were capitalized in exploration and evaluation assets. |
| Office and miscellaneous expense | Decrease of $23,291 | 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 | Increase of $16,281 | Increase as the Company granted more stock options in the current period which all vested immediately. |

***Selected Quarterly Information***

The following financial data is derived from the Company's financial statements for the three months ended January 31, 2015 and 2014:

| | For the three months January 31, | |
|---|---|---|
| | 2015<br>$ | 2014<br>$ |
| Revenue (interest income) | 1,133 | 2,225 |
| General and administrative expenses | (97,176) | (90,363) |
| Loss and comprehensive loss | (95,958) | (34,650) |
| Basic and diluted loss per common share | (0.00) | (0.00) |
| Working capital | 567,536 | 485,466 |
| Exploration and evaluation assets | 3,534,281 | 3,968,698 |
| Total assets | 4,300,495 | 4,643,911 |
| Total liabilities | 92,770 | 88,469 |

The Company's projects are at the exploration stage and have not generated any revenue other than interest earned. At January 31, 2015, the Company had not yet achieved profitable operations and has a deficit of $9,410,494 (October 31, 2014 - $9,314,536). These losses resulted in a net loss per share for the three months ended January 31, 2015 of $0.00 (January 31, 2014 - $0.00).

***Summary of Quarterly Results***

| Period ended | Revenue (interest income) | Income (loss) and comprehensive income (loss) | Basic and diluted income (loss) per share | Exploration and evaluation assets expenditures | General & administrative expenses |
|---|---|---|---|---|---|
| | **$** | **$** | **$** | **$** | **$** |
| 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 |
| October 31, 2013 | 5,970 | 141,568 | 0.00 | 955,052 | 119,760 |
| July 31, 2013 | 7,304 | (115,134) | (0.00) | 444,750 | 173,576 |
| April 30, 2013 | 7,988 | (143,582) | (0.00) | 124,965 | 166,191 |

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.

- In the quarter ended October 31, 2013, the Company recognized $261,112 relating to the reversal of the flow through premium liability. The Company also entered into the Rabbit North property option agreement in July 2013 which largely contributed to the increase in exploration and evaluation assets expenditures of $510,302 from the quarter ended July 31, 2013 to the quarterly ended October 31, 2013.
- 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.

***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:

| | January 31, 2015 | October 31, 2014 |
|---|---|---|
| | $ | $ |
| Cash | 614,145 | 709,013 |
| Receivables | 15,700 | 33,695 |
| Prepaid expenses | 17,461 | 22,948 |
| Total current assets | 647,306 | 765,656 |
| Payables and accrued liabilities | 79,770 | 114,023 |
| Working capital | 567,536 | 651,633 |

As at January 31, 2015, the Company had a cash position of $614,145 (October 31, 2014 - $709,013), consisting mainly of proceeds from the April 2014 financing. As at January 31, 2015, the Company had a working capital position of $567,536 (October 31, 2014 - $651,633).

The primary use of cash during the three months ended January 31, 2015 was the funding of operating activities of $53,167 (January 31, 2014 – cash inflow of $121,974) and exploration activities of $41,701 (January 31, 2014 - $488,974).

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.

### *Use of Proceeds from the Fiscal 2014 Financing*

In April 2014, the Company closed a private placement of 15,000,000 units at a price of $0.05 per unit for net proceeds of $734,373, net of share issue costs of $15,627. The budgeted use of the remaining proceeds from the April 2014 financing is to fund its 2015 exploration programs in British Columbia and for general working capital purposes.

### *Off-Balance Sheet Transactions*

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

### *Abandoned Transaction*

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. The exclusivity period lasted for 45 days and expired on March 15, 2015 or until the execution of a definitive Arrangement Agreement.

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 have been issued to shareholders of the Company, representing approximately 6.7% of the issued and outstanding pro-form Kaizen common shares.

The final terms and conditions of the arrangement were subject to approval of the boards of directors of Kaizen and the Company, the shareholders of the Company, as well as the applicable regulatory authorities, including the TSX-V Exchange and the Supreme Court of British Columbia. 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

### *Related Party Transactions*

During three months ended January 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 $22,500 (January 31, 2014 - $7,500) and exploration and evaluation assets expenditures totaling $nil (January 31, 2014 - $15,000) were paid or accrued to a company controlled by Mark Vanry, the President, CEO and director of the Company.

b) Consulting fees of $5,000 (January 31, 2014 - $nil) and exploration and evaluation assets expenditures totaling $25,000 (January 31, 2014 - $30,000) 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 $7,500 (January 31, 2014 - $7,500) were paid or accrued to a company controlled by Steve Vanry, the CFO and director of the Company.

d) Office and miscellaneous includes rent recovery of $3,000 (January 31, 2014 - $nil) from a company related by a common director.

e) Office and miscellaneous includes rent of $nil (January 31, 2014 - $20,905) and other office expenses of $nil (January 31, 2014 - $401) paid or accrued to a company related by common directors and officers.

Summary of key management personnel compensation (including officers and directors of the Company) for the three months ended January 31, 2015 and 2014:

| | **2015** | **2014** |
|---|---|---|
| | **$** | **$** |
| Management fees | 22,500 | 7,500 |
| Office and miscellaneous | 7,500 | 7,500 |
| Consulting fees | 5,000 | - |
| Exploration and evaluation assets expenditures | 25,000 | 45,000 |
| Share-based compensation | 35,804 | 11,898 |
| | **95,804** | **71,898** |

Amounts owing to related parties (including key management personnel) included in accounts payable and accrued liabilities total $33,893 (October 31, 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.

***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.

*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.

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*

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended January 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 tentatively 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.

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 January 31, 2015, the Company held a demand deposit with a face value $55,000. A change in interest rates of 1% will change income by $550 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.

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

**Authorized and issued capital stock as at April 1, 2015**

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

**Issued and Outstanding**: 49,408,308 common shares

The following options and warrants were outstanding and exercisable as at April 1, 2015:

**(i) Options**

| Exercise Price | Number Outstanding | Number Exercisable | Expiry Date |
|---|---|---|---|
| $ | | | |
| 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 | 318,750 | December 17, 2018 |
| 0.06 | 525,000 | 196,875 | July 7, 2019 |
| 0.05 | 900,000 | 900,000 | November 4, 2019 |
| | 4,000,000 | 3,565,625 | |

**(ii) Warrants**

| Exercise Price | Number Outstanding and Exercisable | Expiry Date |
|---|---|---|
| $ | | |
| 0.40 | 7,500,000 | November 2, 2015 |
| 0.10 | 7,500,000 | *April 1, 2016 |
| | 15,000,000 | |

* The Company may accelerate the expiry date of these warrants to within 30 days 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.

***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 condensed interim financial statements for the three months ended January 31, 2015; and
- the Company's audited financial statements for the year ended October 31, 2014.

***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
April 1, 2015