



MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended April 30, 2013

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FOR THE SIX MONTHS ENDED APRIL 30, 2013

Description of Management Discussion and Analysis

The purpose of this Management Discussion and Analysis (“MD&A”) is to explain management’s point of view regarding the past performance and future outlook of Tower Resources Ltd. (the “Company”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the condensed interim financial statements (“Financial Statements”) of the Company for the three and six months ended April 30, 2013. The following discussion is dated and current as of July 2, 2013. This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

Financial results are now being reported in accordance with International Financial Reporting Standards (“IFRS”). As a result, accounting policies, presentation, financial statement captions and terminology used in this MD&A differ from those used in previous financial reporting.

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.

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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 Resources Ltd. (the “Company”) 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 three precious metal projects located in British Columbia, Canada. During the current 2012 field season the Company completed a successful diamond drilling campaign at its flagship JD project in north-central B.C. and conducted reconnaissance, mapping and sampling at its other projects.

Overall performance

On November 27, 2012, the Company issued 150,000 shares valued at \$40,500 pursuant to the JD property option agreement.

On December 6, 2012, the Company completed a private placement of 5,501,375 flow-through units at a price of \$0.32 per unit for gross proceeds of \$1,760,440. Each unit is comprised of one flow-through common share and one-half of one common share purchase warrant which entitles the holder to purchase one additional common share of the company for \$0.40 up to December 6, 2014. The flow-through units had an associated flow-through premium liability of \$220,055 on issuance. The Company incurred commissions and expenses of \$195,028 related to this financing.

On April 9, 2013, the Company granted 450,000 incentive stock options to a directors and consultants of the Company. The incentive stock options are priced at \$0.13 each and may be exercised for a period of five years from the date of grant with 12.5% of the options vesting at the date of grant and an additional 12.5% vesting every three months thereafter. The Company also cancelled 300,000 incentive stock options that were previously granted in February and March 2012.

On April 18, 2013, the Company issued 25,000 shares valued at \$3,750 pursuant to the Belle property option agreement.

On June 11, 2013, the Company commenced its 2013 exploration program on the Baez property in the Nechoako Plateau region, central British Columbia. The exploration program will initially consist of a focused IP (Induced Polarization) geophysical 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. In conjunction with the IP geophysical survey Tower will continue to explore the property by mapping, sampling and further geochemical surveys over newly identified geophysical targets.

On June 26, 2013, 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. This new permit sets a good framework for advanced project development and exploration to be completed over a five year time frame.

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Summary of Exploration Activities

For the six months ended April 30, 2013, the Company incurred \$284,489 in exploration and evaluation assets expenditures compared to \$350,103 for the corresponding six months ended April 30, 2012.

The following is a breakdown of the components of the Company's exploration and evaluation assets, on a property by property basis, for the six months ended April 30, 2013:

| | JD | Baez | Waterloo | Total |
|--|------------------|----------------|-----------------|------------------|
| | \$ | \$ | \$ | \$ |
| Balance, October 31, 2012 | 1,583,579 | 73,911 | 457,370 | 2,114,860 |
| Acquisition costs | 90,116 | 856 | - | 90,972 |
| Deferred costs | | | | |
| Assays | 31 | - | 6,455 | 6,486 |
| Consulting services | 6,400 | 28,404 | 9,059 | 43,863 |
| Equipment rental | - | - | 830 | 830 |
| Field supplies | 3,301 | 795 | 520 | 4,616 |
| Food | 213 | 66 | - | 279 |
| Geologist | 67,850 | 46,300 | 11,880 | 120,030 |
| Site development | - | - | 3,185 | 3,185 |
| Travel | 5,032 | - | - | 5,032 |
| Vehicle | 19 | 27 | 3,150 | 3,196 |
| Total costs incurred during the period | 172,962 | 76,448 | 35,079 | 284,489 |
| Balance, April 30, 2013 | 1,756,541 | 150,359 | 492,449 | 2,399,349 |

JD property

On September 7, 2011, the Company entered into an agreement to acquire the JD gold - silver property located in the Omineca mining division of British Columbia.

Under the terms of the option agreement Tower can earn a 100% interest in the property by making cash payments of \$200,000, and issuing 1,200,000 common shares over a 5-year period, to the vendors, in addition to funding aggregate exploration expenditures of \$5,000,000 over a total 60-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 15,000 hectares located in the historically significant Toodoggone gold district of north-central BC. The property is underlain by a thick succession of interlayered volcanoclastic and intermediate volcanic rocks that are locally cut by high level porphyritic intrusions. These rocks appear to host a large epithermal gold-silver system with many significant high-grade gold and silver showings exposed over an area of 3 km.

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

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

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

2012 exploration at JD consisted of soil geochemistry, mapping, sampling and diamond drilling. Drilling was focused on expansion and definition of the Finn and Moosehorn zones. The program also included work on targets to the north and south of the Finn Zone as well as on the newly optioned Belle property to the southeast.

During August and September 2012 the Company reported the three following batches of selected diamond drill highlights from phase one drilling in the core, footwall and step-outs to the Finn Zone (for full results see press releases of August 29, September 19 and 27, 2012).

August 29, 2012:

- 12.6 meters (m) grading 10.82 grams per tonne (g/t) gold (Au) and 65.70 g/t silver (Ag) in hole JD-12-003
- 21.5 meters grading 4.92 g/t Au and 53.99 g/t Ag in hole JD-12-002
- 21.2 meters grading 3.80 g/t Au and 24.53 g/t Ag in hole JD-12-001

September 19, 2012:

- JD-12-009 intersected from surface; 18.0 metres of 1.74 grams per tonne (g/t) gold (Au) in a step out hole collared in the footwall to the Finn zone
- JD-12-007 intersected; 28.0 metres of 2.72 g/t Au and 8.0 g/t silver (Ag)
- JD-12-004 intersected; 17.5 metres of 1.41 g/t Au and 28.61 g/t Ag

September 27, 2012:

- JD-12-014 intersected; 26 metres grading 1.16 g/t gold (Au) and 11.54 g/t silver (Ag) in step-out hole west of Finn zone
- JD-12-005 intersected; 17 metres grading 2.33 g/t Au and 7.82 g/t Ag in Finn zone

The company reported the last two sets of drill assay results from phase one drilling on October 2nd and October 11th, the focus of which was the core, footwall and step-outs of the Finn zone.

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October 2, 2012:

| Drill Hole ¹ | From (m) | To (m) | Width ² (m) | Au (g/t) | Ag (g/t) | AuEQ ³ (g/t) |
|-------------------------|----------|--------|------------------------|--------------|--------------|-------------------------|
| JD-12-008 | 5.0 | 31.0 | 26.0 | 3.64 | 9.29 | 3.81 |
| including | 10.0 | 20.0 | 10.0 | 8.22 | 12.54 | 8.45 |
| including | 13.0 | 15.0 | 2.0 | 32.45 | 26.60 | 32.95 |
| and | 46.0 | 51.0 | 5.0 | 0.31 | 1.18 | 0.33 |
| and | 58.0 | 59.0 | 1.0 | 9.49 | 5.20 | 9.59 |
| JD-12-010 | 35.0 | 40.0 | 5.0 | 0.91 | 14.86 | 1.19 |
| and | 84.5 | 103.0 | 18.5 | 1.29 | 50.67 | 2.24 |
| JD-12-013 | 20.5 | 24.0 | 3.5 | 0.57 | 1.57 | 0.60 |
| and | 27.0 | 32.0 | 5.0 | 0.78 | 1.16 | 0.80 |
| and | 34.0 | 45.0 | 11.0 | 1.21 | 4.93 | 1.30 |
| and | 62.0 | 64.0 | 2.0 | 0.60 | 7.40 | 0.74 |

October 11, 2012:

Highlights:

- Successful step-out hole (JD-12-015) extends Finn zone mineralization 350 metres north
- Continues to demonstrate near surface gold and silver mineralization characteristic of the Finn zone
- JD-12-006 intersected; 22.5 metres of 1.93 grams per tonne (g/t) gold (Au) with 36.89 g/t silver (Ag)
- JD-12-011 intersected; 28.90 metres of 1.18 g/t Au with 34.75 g/t Ag

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Table of selected highlights of length weighted drill intersections:

| Drill Hole ¹ | From (m) | To (m) | Width ² (m) | Au (g/t) | Ag (g/t) | AuEQ ³ (g/t) |
|-------------------------|----------|--------|------------------------|-------------|---------------|-------------------------|
| JD-12-006 | 14.0 | 18.0 | 4.0 | 0.96 | 52.10 | 1.93 |
| and | 26.0 | 48.5 | 22.5 | 1.93 | 36.89 | 2.62 |
| including | 29.0 | 35.7 | 6.7 | 5.52 | 110.79 | 7.60 |
| including | 29.0 | 32.0 | 3.0 | 9.28 | 232.67 | 13.65 |
| JD-12-011 | 79.0 | 107.9 | 28.9 | 1.18 | 34.75 | 1.83 |
| including | 83.0 | 90.0 | 7.0 | 2.89 | 110.70 | 4.96 |
| JD-12-015 | 5.7 | 13.0 | 7.3 | 0.47 | 1.28 | 0.49 |
| And | 85.0 | 105.0 | 20.0 | 1.55 | 2.42 | 1.60 |
| including | 94.0 | 100.0 | 6.0 | 3.73 | 3.30 | 3.79 |
| And | 109.0 | 114.0 | 5.0 | 0.62 | 2.04 | 0.65 |
| and | 121.0 | 125.0 | 4.0 | 0.41 | 1.40 | 0.44 |
| and | 127.0 | 131.0 | 4.0 | 0.35 | 0.65 | 0.36 |
| and | 133.0 | 138.0 | 5.0 | 2.43 | 2.03 | 2.46 |
| inc | 136.0 | 138.0 | 2.0 | 5.64 | 4.80 | 5.73 |
| JD-12-018 | 74.0 | 75.0 | 1.0 | 1.08 | 5.30 | 1.18 |
| and | 92.0 | 105.0 | 13.0 | 1.16 | 33.53 | 1.78 |
| and | 117.0 | 118.0 | 1.0 | 1.29 | 5.40 | 1.40 |

The Company expects to commission an independent technical report and update its internal modeling for the project. Exploration plans for the 2013 field season at JD will be completely dependent on the results of these technical compilations, and the availability of financing to the Company.

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-

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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.

On December 14, 2011, the company reported assay results from representative and selective grab samples collected by the Company from outcrops, trenches, and dump piles located near old workings. New areas of precious metal enriched rocks were also identified during this work. Highlights from this work include:

| Area | Sample | Type | Ag (g/t) | Au (g/t) | Pb (%) | Zn (%) |
|----------------|---------|--------|----------|----------|--------|--------|
| Waterloo | E924007 | Select | 2790.0 | 0.01 | 1.94 | 3.82 |
| Waterloo | B386631 | Select | 138.0 | 0.00 | 5.32 | 30.00 |
| AU Showing | J486140 | Select | 141.0 | 25.40 | 1.80 | 0.69 |
| AU Showing | J486142 | Select | 68.3 | 3.96 | 0.37 | 1.03 |
| Silver Spot #3 | J486145 | Select | 188.0 | 0.01 | 0.85 | 6.23 |
| Silver Spot #4 | J486146 | Grab | 220.0 | 0.60 | 5.45 | 0.55 |
| Forge | J486143 | Grab | 367.0 | 0.26 | 0.02 | 0.02 |
| Prince | J486137 | Grab | 61.3 | 0.04 | 0.88 | 0.79 |
| Prince | J486136 | Grab | 3.0 | 0.04 | 0.04 | 0.20 |
| Potosi | E924003 | Grab | 66.5 | 0.48 | 0.55 | 0.22 |
| Potosi | E924002 | Grab | 303.0 | 4.75 | 0.06 | 0.02 |
| Potosi | B386624 | Grab | 0.8 | 0.82 | 0.00 | 0.01 |
| Potosi | E924005 | Grab | 3.5 | 0.30 | 0.00 | 0.01 |
| VQ | J486155 | Grab | 13.6 | 0.00 | 0.08 | 0.02 |

The Company conducted additional detailed prospecting, rock sampling, geophysics and 1200 meters of diamond drilling during the 2012 field season at the Waterloo property.

On December 4, 2012, Tower reported drill assay results from the program.

| Drill Hole ¹ | From (m) | To (m) | Drill Width (m) | True Width ² (m) | Ag (g/t) | Pb (%) | Zn (%) |
|-------------------------|----------|--------|-----------------|-----------------------------|----------|--------|--------|
| WL-12-004 | 79.0 | 80.1 | 1.1 | 0.5 | 18.64 | 0.09 | 2.98 |
| and | 85.0 | 86.2 | 1.25 | 0.6 | 16.10 | 0.07 | 0.82 |
| WL-12-006 | 62.2 | 62.7 | 0.5 | 0.2 | 14.60 | 0.03 | 3.06 |
| and | 64.2 | 70.0 | 5.80 | 2.1 | 49.36 | 0.25 | 6.34 |
| inc | 66.7 | 68.7 | 2.00 | 0.7 | 112.93 | 0.27 | 11.48 |
| WL-12-008 | 135.0 | 136.0 | 1.00 | 0.7 | 16.20 | 0.01 | 0.95 |
| WL-12-011 | 177.0 | 178.0 | 1.0 | 0.5 | 181.90 | 0.25 | 3.08 |

Exploration plans for the 2013 field season at Waterloo will be completely dependent on the results of the above mentioned technical compilations, and the availability of financing to the Company.

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Baez property

On February 21, 2012, the company acquired the Baez property by staking. The road accessible Baez Property consists of nineteen mineral claims totalling 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 volcanoclastic 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.

The Company conducted detailed mapping, prospecting, soil sampling and re-logging and sampling of historic drill core on the Baez property in May, June and August 2012. Highlights from the sampling were press released on January 24, 2013.

| Area | Sample | Description | Au (g/t) | Ag (g/t) |
|-------------|---------|----------------------------------|-------------|-------------|
| Ridge North | 1710583 | siliceous breccia boulder | 0.179 | 0.30 |
| Ridge North | 1710585 | altered dacite breccia subcrop | 0.236 | 0.80 |
| Ridge North | 1710586 | siliceous breccia boulder | 5.204 | 30.70 |
| Ridge North | 1710211 | siliceous breccia boulder | 0.270 | 235.00 |
| Ridge North | 1710580 | siliceous breccia boulder | 0.206 | 0.90 |
| Ridge South | 1710065 | siliceous breccia boulder | 0.600 | 6.20 |
| Ridge South | 1710066 | siliceous breccia boulder | 0.410 | 10.00 |
| Ridge South | 1710587 | altered rhyolite breccia subcrop | 0.452 | 34.00 |
| Ridge South | 1710588 | altered rhyolite breccia subcrop | 1.710 | 21.10 |
| Ridge South | 1710590 | altered dacite breccia outcrop | 0.338 | 3.10 |
| Ridge South | 1710593 | altered rhyolite breccia outcrop | 0.112 | 1.40 |
| Ridge South | 1710594 | altered rhyolite breccia subcrop | 0.147 | 3.00 |

Exploration plans for the 2013 field season at Baez will be completely dependent on the results of the above mentioned technical compilations, and the availability of financing to the Company.

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Dragon and Dorado properties

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

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

On August 29, 2012, Tower announced its decision to terminate the Option Agreement covering the Dragon and Dorado projects.

Other properties

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

A basic program consisting of mapping, sampling and reconnaissance was completed during August 2012, subsequent to which the Company decided to relinquish the claims.

Exploration and Evaluation Assets - Oil & Gas

Poplar Winstar Strachan

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

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

Costs Summaries for the Oil and Gas Property:

| | April 30, 2013 and October 31, 2012 |
|-------------------------|-------------------------------------|
| | Acquisition Costs |
| Poplar Winstar Strachan | \$ 1 |

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Selected Quarterly Information

The following financial data, which has been prepared in accordance with IFRS, is derived from the Company's financial statements for the three and six months ended April 30, 2013 and 2012:

| | For the three months ended April 30, | | For the six months ended April 30, | |
|---|--------------------------------------|------------|------------------------------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Revenues (interest income) | 7,988 | 13,342 | 14,235 | 13,707 |
| General and administrative expenses | (166,191) | (267,894) | (368,965) | (471,418) |
| Loss and comprehensive loss | (143,582) | (238,922) | (335,067) | (441,742) |
| Basic and diluted loss per common share | (0.00) | (0.01) | (0.01) | (0.02) |
| Working capital | 2,144,288 | 2,955,328 | 2,144,288 | 2,955,328 |
| Exploration and evaluation assets | 2,399,349 | 542,326 | 2,399,349 | 542,326 |
| Total assets | 4,879,753 | 3,956,430 | 4,879,753 | 3,956,430 |
| Total liabilities | 277,175 | 409,871 | 277,175 | 409,871 |

The Company's projects are at the exploration stage and have not generated any revenues other than interest earned. At April 30, 2013, the Company had not yet achieved profitable operations and has a deficit of \$8,479,645 (April 30, 2012 - \$7,893,513). These losses resulted in a net loss per share for the six months ended April 30, 2013 of \$0.01 (April 30, 2012 - \$0.02).

Summary of Quarterly Results

| Period ended | Revenues (interest income) | Loss and comprehensive loss | Basic and diluted loss per share | Exploration and evaluation assets expenditures | General & administrative expenses |
|-------------------|-------------------------------|-----------------------------------|--|--|---|
| | \$ | \$ | \$ | \$ | \$ |
| April 30, 2013 | 7,988 | (143,582) | (0.00) | 124,963 | 166,191 |
| January 31, 2013 | 6,247 | (191,485) | (0.01) | 159,524 | 202,774 |
| October 31, 2012 | 3,646 | (137,504) | (0.00) | 1,131,202 | 233,194 |
| July 31, 2012 | 7,751 | (208,114) | (0.01) | 567,413 | 237,089 |
| April 30, 2012 | 13,342 | (238,922) | (0.01) | 86,361 | 267,740 |
| January 31, 2012 | 365 | (202,820) | (0.01) | 263,743 | 203,102 |
| October 31, 2011* | 7,181 | (253,248) | (0.02) | 100,222 | 257,325 |
| July 31, 2011* | 12,926 | (57,343) | (0.00) | 92,000 | 79,975 |

* Restated in accordance with IFRS

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Variances quarter over quarter can be explained as follows:

- Due to an increase in exploration activities and an increase in the number of projects, there was an increase in exploration and evaluation assets expenditures from \$92,000 in the quarter ended July 31, 2011 to \$124,963 in the quarter ended April 30, 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.
- In the quarter ended July 31, 2012, the Company wrote off exploration and evaluation assets of \$116,362.
- In the quarter ended October 31, 2012, the Company wrote off exploration and evaluation assets of \$9,720.
- In the quarters ended October 31, 2011, January 31, 2012, April 30, 2012, July 31, 2012, October 31, 2012 and April 30, 2013, stock options were granted to various parties. These grants resulted in share-based compensation expenses of \$71,319, \$116,575, \$120,763, \$126,710, 117,289, \$93,163, and \$40,911 respectively.

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 six months ended April 30, 2013 totaled \$368,965 (April 30, 2012: \$471,418), including value of stock options vested during the period, valued at \$128,117 (April 30, 2012: \$247,473) calculated using the Black Scholes option pricing model. Comparatively, the major expenses for the six months ended April 30, 2013 were accounting and audit fees of \$15,680 (April 30, 2012 - \$28,467), consulting fees of \$23,844 (April 30, 2012 - \$55,419), office and miscellaneous of \$113,384 (April 30, 2012 - \$77,316), and management fees of \$45,000 (April 30, 2012 - \$5,000).

The table below details the changes in major expenditures for the six months ended April 30, 2013 as compared to the corresponding six months ended April 30, 2012.

| Expenses | Increase / Decrease in Expenses | Explanation for Change |
|----------------------------------|--|--|
| Accounting and audit | Decrease of \$12,787 | Decrease in accounting fees due to additional fees for the transition to IFRS during the period ended April 30, 2012. |
| Management fees | Increase of \$40,000 | Increased management compensation. |
| Office and miscellaneous expense | Increase of \$36,068 | Increased rent as the Company expanded its office facilities and increased website and printing expenditures as the Company expanded its activities. |
| Share-based compensation | Decrease of \$119,356 | Decrease due to fewer stock options granted during the period ended April 30, 2013 |
| Travel and promotion | Decrease of \$5,689 | Decrease level of travel for site visits, and marketing of the Company. |

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The table below details the changes in major expenditures for the three months ended April 30, 2013 as compared to the corresponding three months ended April 30, 2012.

| Expenses | Increase / Decrease in Expenses | Explanation for Change |
|----------------------------------|--|--|
| Accounting and audit | Decrease of \$7,727 | Decrease in accounting fees due to additional fees for the transition to IFRS during the quarter ended April 30, 2012. |
| Consulting fees | Decrease of \$35,720 | Decrease due to fewer consultants were hired during the quarter. |
| Management fees | Increase of \$17,500 | Increase due to compensation to management. |
| Office and miscellaneous expense | Increase of \$28,864 | Increased rent as the Company expanded its office facilities and increased website and printing expenditures as the Company expanded its activities. |
| Share-based compensation | Decrease of \$85,799 | Decrease due to fewer stock options granted during the quarter ended April 30, 2013. |

Liquidity, Financial Position and Capital Resources

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

As at April 30, 2013, the Company's liquidity and capital resources are as follows:

| | April 30, 2013 | October 31, 2012 |
|----------------------------------|-----------------------|-------------------------|
| | \$ | \$ |
| Cash | 2,341,836 | 1,277,454 |
| Receivables | 31,834 | 184,762 |
| Prepaid expenses | 34,793 | 24,932 |
| Total current assets | 2,408,463 | 1,487,148 |
| Payables and accrued liabilities | 64,124 | 242,310 |
| Working capital | 2,144,288 | 1,244,838 |

As at April 30, 2013, the Company had a cash position of \$2,341,836 (October 31, 2012 - \$1,277,454), consisting mainly of proceeds from financings in April and December 2012. As at April 30, 2013, the Company has a surplus working capital position of \$2,144,288 (October 31, 2012 - \$1,244,838).

The primary uses of cash in the quarter ended April 30, 2013 were the funding of operations - \$103,951 (April 30, 2012 - \$277,668); acquisition and exploration of exploration and evaluation assets - \$387,625 (April 30, 2012 - \$191,003); and the acquisition of property and equipment - \$9,454 (April 30, 2012 - \$41,098). The main sources of cash was the issuance of shares - \$1,760,440 (April 30, 2012 - \$1,748,000).

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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 believes it has sufficient working capital to continue operations for the next 12 months.

Use of Proceeds from 2011 and 2012 Financing

In December 2011, the Company closed a private placement of 2,545,000 common shares at a price of \$0.40 per share for proceeds of \$1,018,000 net of cash commissions and expenses of \$16,340. The use of proceeds from the 2011 financing financed its 2012 exploration programs in British Columbia.

In April 2012, the Company closed a private placement of 1,825,000 common shares at a price of \$0.40 per share for proceeds of \$730,000 net of cash commissions and expenses of \$57,193. The use of proceeds from the 2012 financing financed its 2012 exploration programs in British Columbia. As of October 31, 2012, the Company has spent \$1,730,366 in deferred exploration and evaluation costs for 2012 exploration programs.

In December 2012, the Company closed a private placement of 5,501,375 flow-through units at a price of \$0.32 per unit for proceeds of \$1,565,412 net of cash commissions and expenses of \$195,028. The budgeted use of proceeds from the December 2012 financing was to finance its 2013 exploration programs in British Columbia. As the 2013 exploration program is not completed, it is too early to analyse any variances in the budgeted use of proceeds.

Off-Balance Sheet Transactions

The Company does not have any off-balance sheet arrangements as at April 30, 2013 or as of the date of this report.

Related Party Transactions

During the six months ended April 30, 2013, the Company engaged in the following transactions with related parties, not disclosed elsewhere in this MD&A:

- a) Management fees of \$45,000 (April 30, 2012 - \$5,000) were paid or accrued to a company controlled by Mark Vanry, the President, CEO and director of the Company.
- b) Consulting fees of \$20,000 (April 30, 2012 - \$20,000) and exploration and evaluation assets expenditures totaling \$40,000 (April 30, 2012 - \$40,000) 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 \$15,000 (April 30, 2012 - \$1,250) were paid or accrued to a company controlled by Steve Vanry, the CFO and director of the Company.
- d) "Office and miscellaneous" includes rent of \$38,828 (April 30, 2012 - \$38,623) and other office expenses of \$2,063 (April 30, 2012 - \$2,069) paid or accrued to a company related by common directors and officers.

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Summary of key management personnel compensation:

| | For the six months ended April 30, | |
|--|---|----------------|
| | 2013 | 2012 |
| | \$ | \$ |
| Accounting and audit | - | 1,330 |
| Management fees | 45,000 | 5,000 |
| Office and miscellaneous | 15,000 | 1,250 |
| Consulting fees | 20,000 | 31,500 |
| Exploration and evaluation assets expenditures | 40,000 | 40,000 |
| Share-based compensation | 82,891 | 159,289 |
| | 202,891 | 238,369 |

Amounts owing to related parties included in accounts payable and accrued liabilities are as follows:

| | April 30, 2013 | October 31, 2012 |
|---|-----------------------|-------------------------|
| | \$ | \$ |
| i. Company with a director in common for expenses | 7,862 | 5,475 |
| ii. CEO for expenses | 11,678 | 4,071 |
| iii. CFO for expenses | 4,801 | 6,683 |
| iv. Former director for loans | 216 | 216 |
| | 25,557 | 16,445 |

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

Risks and Uncertainties

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

Operational

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

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

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

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Management of industry risk

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

Commodity and equity prices

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

Government regulation

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

Critical Accounting Estimates

The preparation of 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.

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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 assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Determination of functional currency

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

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

Valuation of share-based compensation

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

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.

Changes in Accounting Policies including Initial Adoption

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the period ended April 30, 2013 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending October 31, 2014 or later:

- a) IFRS 7 – Financial Instruments: Disclosures applied to offsetting financial assets and financial liabilities in accordance with IAS 32. It is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company does not expect any effect on its financial statements from the adoption of this standard.
- b) 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, 2015 with early adoption permitted. The Company does not expect any effect on its financial statements from the adoption of this standard.

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- c) IFRS 13 – Fair Value Measurement is a comprehensive standard that defines fair value, requires disclosure about fair value measurement and provides a framework for measuring fair value when it is required or permitted within the IFRS standards. It is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company does not expect any effect on the Company’s financial statements. The Company does not expect any effect on its financial statements from the adoption of this standard.
- d) 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. The Company does not expect any effect on its financial statements from the adoption of this standard.

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, and due to related parties. 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 consist of a provincial mining tax credit and harmonized 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 as they become due.

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 April 30, 2013, the Company held a demand deposit with a face value \$2,360,000. A change in interest rates of 1% will change income by \$23,600 per annum.

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Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. However, management believes the risk is not currently significant.

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 July 2, 2013

Authorized – Unlimited common shares without par value

Issued and Outstanding: 33,433,308 common shares

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The following options and warrants were outstanding as at July 2, 2013:

(i) **Options**

| Exercise Price | Number Outstanding | Expiry Date |
|-----------------------|---------------------------|--------------------|
| \$ | | |
| 0.40 | 456,250 | November 10, 2013 |
| 0.40 | 187,500 | August 12, 2014 |
| 0.35 | 1,000,000 | September 29, 2016 |
| 0.35 | 100,000 | December 9, 2016 |
| 0.45 | 50,000 | April 5, 2017 |
| 0.30 | 250,000 | May 24, 2017 |
| 0.30 | 400,000 | October 25, 2017 |
| 0.13 | 450,000 | April 9, 2018 |
| | <u>2,893,750</u> | |

(ii) **Warrants**

| Exercise Price | Number Outstanding | Expiry Date |
|-----------------------|---------------------------|--------------------|
| \$ | | |
| 0.40 | 4,200,000 | December 1, 2014 |
| 0.40 | 2,750,687 | December 6, 2014 |
| 0.32 | 342,825 | December 6, 2014 |
| 0.40 | 7,500,000 | November 2, 2015 |
| | <u>14,793,512</u> | |

For a detailed description of share transactions please refer to the Company's Financial Statements.

Other MD&A Requirements

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

- SEDAR at www.sedar.com;
- the Company's website at www.towerresourcesltd.com;
- the Company's audited financial statements for the year ended October 31, 2012; and
- the Company's condensed interim financial statements for the three and six months ended April 30, 2013.

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

July 2, 2013