



CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

TOWER RESOURCES LTD.
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(Expressed in Canadian Dollars - Unaudited)

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

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

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

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

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

	April 30, 2020	October 31, 2019
	\$	\$
ASSETS		
Current		
Cash	416,663	121,725
Receivables (Note 4)	12,880	650,174
Prepaid expenses and deposits	9,628	8,100
	<u>439,171</u>	<u>779,999</u>
Equipment (Note 5)	2,124	2,360
Exploration and evaluation assets (Note 6)	4,262,569	3,967,665
Reclamation bonds (Note 8)	<u>80,000</u>	<u>80,000</u>
	4,783,864	4,830,024
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 9 and 11)	<u>125,031</u>	<u>66,061</u>
	<u>125,031</u>	<u>66,061</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	18,103,436	18,103,436
Reserves (Note 10)	590,534	538,046
Deficit	<u>(14,035,137)</u>	<u>(13,877,519)</u>
	<u>4,658,833</u>	<u>4,763,963</u>
	4,783,864	4,830,024

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

Approved and authorized on behalf of the Board:

/s/ "Joe Dhami"
Joe Dhami, Director

/s/ "Gerald Shields"
Gerald Shields, Director

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

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

(Expressed in Canadian Dollars - Unaudited)

	For the three months ended		For the six months ended	
	April 30,		April 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Expenses				
Accounting and audit (Note 11)	7,218	14,090	13,218	20,090
Consulting fees	-	-	-	4,600
Depreciation (Note 5)	118	4,439	236	8,878
Legal fees	187	462	401	8,879
Management fees (Note 11)	22,500	7,500	45,000	7,500
Office and miscellaneous	16,958	31,845	36,535	64,989
Share-based compensation (Notes 10 and 11)	26,759	(64,224)	54,114	(19,426)
Transfer agent and filing fees	4,303	8,228	6,412	15,352
Travel and promotion	-	-	-	7,963
Wages and benefits (Note 11)	2,785	7,631	4,174	70,084
	<u>(80,828)</u>	<u>(9,971)</u>	<u>(160,090)</u>	<u>(188,909)</u>
Interest	<u>612</u>	<u>971</u>	<u>846</u>	<u>2,423</u>
Loss and comprehensive loss for the period	(80,216)	(9,000)	(159,244)	(186,486)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding	105,067,435	92,367,435	105,067,435	92,156,800

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

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

	For the six months ended	
	April 30,	
	2020	2019
	\$	\$
Cash flows used in operating activities		
Loss for the period	(159,244)	(186,486)
Items not affecting cash		
Depreciation	236	8,878
Share-based compensation	54,114	(19,426)
Changes in non-cash working capital items		
Receivables	15,440	36,414
Prepaid expenses and deposits	(1,528)	12,316
Accounts payable and accrued liabilities	(15,246)	(5,590)
	<u>(106,228)</u>	<u>(153,894)</u>
Cash flows provided by (used in) investing activities		
Acquisition of exploration and evaluation assets	(220,688)	(266,911)
BC mining exploration tax credit received	621,854	-
Exploration advance	-	(16,000)
	<u>401,166</u>	<u>(282,911)</u>
Cash flows provided by financing activity		
Share subscriptions received in advance	-	286,000
	<u>-</u>	<u>286,000</u>
Net change in cash	294,938	(150,805)
Cash, beginning of period	<u>121,725</u>	<u>615,376</u>
Cash, end of period	<u>416,663</u>	<u>464,571</u>

SUPPLEMENTAL CASH FLOW INFORMATION (Note 13)

TOWER RESOURCES LTD.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Number of Shares Issued	Capital Stock	Reserves	Share subscriptions received in advance	Deficit	Total Shareholders' Equity
		\$	\$	\$	\$	\$
Balance at October 31, 2018	91,742,435	17,584,000	618,831	-	(13,347,864)	4,854,967
Units issued for exploration and evaluation assets acquisition	625,000	18,750	8,640	-	-	27,390
Share subscriptions received in advance	-	-	-	286,000	-	286,000
Share-based compensation	-	-	(19,426)	-	-	(19,426)
Stock options terminated	-	-	(34,744)	-	34,744	-
Loss for the period	-	-	-	-	(186,486)	(186,486)
Balance at April 30, 2019	92,367,435	17,602,750	573,301	286,000	(13,499,606)	4,962,445
Shares issued for cash	12,500,000	500,000	-	(286,000)	-	214,000
Share issuance costs	-	(9,314)	-	-	-	(9,314)
Shares issued for exploration and evaluation assets acquisition	200,000	10,000	-	-	-	10,000
Share-based compensation	-	-	86,353	-	-	86,353
Stock options expired	-	-	(5,741)	-	5,741	-
Stock options terminated	-	-	(115,867)	-	115,867	-
Loss for the period	-	-	-	-	(499,521)	(499,521)
Balance at October 31, 2019	105,067,435	18,103,436	538,046	-	(13,877,519)	4,763,963
Share-based compensation	-	-	54,114	-	-	54,114
Stock options expired	-	-	(1,626)	-	1,626	-
Loss for the period	-	-	-	-	(159,244)	(159,244)
Balance at April 30, 2020	105,067,435	18,103,436	590,534	-	(14,035,137)	4,658,833

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

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Tower Resources Ltd. ("the Company") is incorporated under the laws of British Columbia, Canada. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol TWR. The Company's head office and principal address and registered and records office is located at 40440 Thunderbird Ridge, Squamish, BC, V8B 0G1.

Going concern

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

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

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

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

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee. They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2019, prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were approved by the Audit Committee and Board of Directors of the Company on June 26, 2020.

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

2. BASIS OF PRESENTATION (continued)

Basis of presentation

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

Functional currency

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

Use of estimates

The preparation of 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.

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

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

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

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

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

Valuation of share-based compensation

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

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements were prepared using the same accounting policies and methods of computation as in the Company's financial statements for the year ended October 31, 2019, except as noted below.

New accounting policies adopted

The following standards and amendments to existing standards have been adopted by the Company effective November 1, 2019:

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**New accounting policies adopted** (continued)IFRS 16 – Leases

This standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. It eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

There was no impact on the condensed interim financial statements as a result of adopting this standard as the Company has not entered into any contracts that contain a lease.

4. RECEIVABLES

	April 30, 2020	October 31, 2019
	\$	\$
GST receivable	12,232	12,359
BCMETS receivable	-	621,854
Interest receivable	648	15,567
Other receivable	-	394
	12,880	650,174

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

5. EQUIPMENT

	Computer hardware	Computer software	Equipment and furniture	Total
	\$	\$	\$	\$
Cost				
At October 31, 2018	24,356	76,929	16,052	117,337
Additions	-	-	-	-
Disposals	(24,356)	-	(4,601)	(28,957)
At October 31, 2019 and April 30, 2020	-	76,929	11,451	88,380
Depreciation				
At October 31, 2018	22,080	61,220	11,507	94,807
Charge for the year	1,043	15,709	883	17,635
Adjustment for the year	(23,123)	-	(3,299)	(26,422)
At October 31, 2019	-	76,929	9,091	86,020
Charge for the period	-	-	236	236
At April 30, 2020	-	76,929	9,327	86,256
Net book value				
At October 31, 2019	-	-	2,360	2,360
At April 30, 2020	-	-	2,124	2,124

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS

	JD	Rabbit North	Nechako Gold	More Creek	Voigtberg	Total
	\$	\$	\$	\$	\$	\$
Balance, October 31, 2018	1	2,837,182	972,933	104,117	203,834	4,118,067
Acquisition costs	-	30,000	35,000	-	27,390	92,390
Deferred costs						
Assays	-	-	16,708	-	-	16,708
Claim fees	-	-	-	-	31,694	31,694
Consulting	-	1,796	2,348	-	-	4,144
Drilling	-	-	360,295	-	-	360,295
Equipment rental	-	-	2,505	-	-	2,505
Field supplies	-	187	994	-	-	1,181
Food	-	-	8,284	-	-	8,284
Geologist	-	23,238	185,109	-	-	208,347
Travel	-	2,400	3,702	-	-	6,102
Vehicle	-	-	2,720	-	-	2,720
Additions for the year	-	57,621	617,665	-	59,084	734,370
B.C. mineral exploration tax credit recoverable	-	(392,378)	(207,803)	(21,673)	-	(621,854)
Write-off of exploration and evaluation asset	-	-	-	-	(262,918)	(262,918)
Balance, October 31, 2019	1	2,502,425	1,382,795	82,444	-	3,967,665
Deferred costs						
Assays	-	-	5,625	-	-	5,625
Consulting	-	-	18,068	-	-	18,068
Drilling	-	-	180,879	-	-	180,879
Equipment rental	-	-	64	-	-	64
Field supplies	-	2,800	-	-	-	2,800
Food	-	-	3,348	-	-	3,348
Geologist	-	-	83,918	-	-	83,918
Travel	-	-	202	-	-	202
Additions for the period	-	2,800	292,104	-	-	294,904
Balance, April 30, 2020	1	2,505,225	1,674,899	82,444	-	4,262,569

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (continued)

JD PROPERTY

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

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

RABBIT NORTH PROPERTY

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

The property is subject to a 3% NSR in favour of the optionors, of which 1% of the 3% may be purchased by the Company for \$2,000,000 and the second 1% of the 3% may be purchased by the Company for \$1,500,000. In March 2017, the Company entered into a royalty buyback assignment agreement with Sandstorm Gold Ltd. ("Sandstorm") pursuant to which it assigned to Sandstorm the Company's right to purchase the second 1% of the Company's 2% buyback rights with respect to the optionors' NSR. If the Company makes a decision to develop the Rabbit North property and put it into production, the Company has agreed to exercise its right to buy back 1% of the NSR, contingent upon Sandstorm exercising its right to buy back the second 1% (as assigned to it), whereupon the Company will grant directly to Sandstorm a 1% NSR. As at April 30, 2020, the Company had paid a total of \$60,000 in advanced annual royalty payments.

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

NECHAKO GOLD PROPERTY

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

Porphyry Property Option Agreement

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

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

Chutanli Property Option Agreement

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

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

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

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

6. EXPLORATION AND EVALUATION ASSETS (continued)***MORE CREEK PROPERTY***

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

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

VOIGTBERG PROPERTY

On December 18, 2017, the Company entered into an option agreement with Kaminak Gold Corporation ("Kaminak"), a wholly-owned subsidiary of Goldcorp Inc. ("Goldcorp"), to acquire the Voigtberg exploration property, comprised of certain mineral claims located in the Golden Triangle region of northwestern British Columbia. Under the terms of the option agreement, the Company may acquire a 100% interest in the property by issuing 3,000,000 units and incurring aggregate exploration expenditures of \$1,925,000 over a three year period. The Company paid a \$54,000 finder's fee in connection with the option agreement.

In fiscal 2019, the Company wrote off the property.

7. EXPLORATION AND EVALUATION ASSETS - OIL AND GAS

	Poplar Winstar Strachan	
	\$	
Balance, October 31, 2018		1
Disposition		(1)
Balance, October 31, 2019 and April 30, 2020		-

POPLAR WINSTAR STRACHAN

In fiscal 2019, the Company returned their 1.2367% interest in the Winstar Strachan 8-10-38-10 W5M well in the West Central area of Alberta to the operators.

8. RECLAMATION BONDS

In relation to the Rabbit North and Nechako properties, the Company has posted reclamation bonds totaling \$45,000 and \$35,000 (October 31, 2019 - \$45,000 and \$35,000), respectively.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2020	October 31, 2019
	\$	\$
Accounts payable	115,056	39,328
Accrued liabilities	-	26,733
Due to related parties (Note 11)	9,975	-
	125,031	66,061

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

10. SHARE CAPITAL AND RESERVES

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the six months ended April 30, 2020

During the six months ended April 30, 2020, the Company issued no common shares.

During the year ended October 31, 2019

In December 2018, the Company issued 625,000 units pursuant to the Voigtberg property agreement (Note 6). Each unit is comprised of one common share and one-half of one share purchase warrant, with each full warrant entitling the holder to acquire one additional common share of the Company at the exercise price of \$0.0375 per share for a period of 60 months. The common shares were valued at \$18,750 and the compensatory warrants were valued at \$8,640.

In May 2019, the Company completed a private placement for 12,500,000 units at a price of \$0.04 per unit for gross proceeds of \$500,000. Each unit is comprised of one common share and one-half of one share purchase, with each full warrant entitling the holder to acquire one additional common share of the Company at the exercise price of \$0.10 per share for a period of 12 months. Finder's fees and expenses of \$9,314 were paid in connection with this financing.

In July 2019, the Company issued 200,000 common shares, valued at \$10,000, pursuant to the Chutanli property agreement (Note 6).

Stock options

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

During the six months ended April 30, 2020, the Company expensed \$54,114 (2019 - \$(19,426)) as share-based compensation for stock options.

During the six months ended April 30, 2020, 50,000 (2019 - nil) incentive stock options expired unexercised and nil (2019 - 425,000) incentive stock options were terminated in accordance with their terms; accordingly, \$1,626 (2019 - \$nil) and \$nil (2019 - \$34,744), respectively, were reversed from reserves to deficit.

During the year ended October 31, 2019, the Company granted 3,450,000 incentive stock options with a fair value of \$175,775 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free interest rate of 1.41%, a forfeiture rate of nil, and volatility of 159%. During the year ended October 31, 2019, the Company expensed \$66,927 as share-based compensation for stock options.

During the year ended October 31, 2019, 100,000 incentive stock options expired unexercised and 2,725,000 incentive stock options were terminated in accordance with their terms; accordingly, \$5,741 and \$150,611 respectively, were reversed from reserves to deficit.

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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

The following is a summary of stock options activities:

	Number of options	Weighted average exercise price
		\$
Outstanding at October 31, 2018	4,975,000	0.13
Granted	3,450,000	0.06
Terminated	(2,725,000)	0.13
Expired	(100,000)	0.06
Outstanding at October 31, 2019	5,600,000	0.08
Expired	(50,000)	0.05
Outstanding at April 30, 2020	<u>5,550,000</u>	0.08

The Company has outstanding options entitling the holder to purchase common shares at April 30, 2020 as follows:

Number outstanding	Number exercisable	Exercise price	Weighted average remaining life (years)	Expiry date
		\$		
200,000	200,000	0.09	1.32	August 23, 2021
575,000	575,000	0.13	1.38	September 16, 2021
100,000	100,000	0.16	1.77	February 6, 2022
175,000	175,000	0.16	2.41	September 28, 2022
1,050,000	700,000	0.125	3.01	May 2, 2023
<u>3,450,000</u>	<u>1,150,000</u>	0.055	4.25	July 29, 2024
<u>5,550,000</u>	<u>2,900,000</u>			

The weighted average exercise price of exercisable options is \$0.10.

Warrants

During the year ended October 31, 2019, the Company, issued 312,500 compensatory warrants in connection with the Voigtberg option agreement, with each warrant exercisable into one common share at \$0.0375 for a period of 60 months. The warrants were valued at \$8,640 calculated using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free interest rate of 1.88%, a forfeiture rate of nil, and volatility of 160%. The Company also issued 6,250,000 warrants, each exercisable into one common share of the Company at a price of \$0.10 for a period of 12 months.

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

10. SHARE CAPITAL AND RESERVES (continued)**Warrants (continued)**

A summary of share purchase warrant activities is as follows:

	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
		\$
Outstanding at October 31, 2018	13,122,596	0.22
Issued	<u>6,562,500</u>	0.10
Outstanding at October 31, 2019 and April 30, 2020	<u>19,685,096</u>	0.18

The Company has outstanding warrants entitling the holder to purchase common shares at April 30, 2020 as follows:

<u>Number outstanding</u>	<u>Exercise price</u>	<u>Expiry date</u>
	\$	
6,250,000	0.10	May 8, 2021*
12,700,183	0.22	April 6, 2022
172,413	0.22	May 1, 2022
250,000	0.22	January 16, 2023
312,500	0.0375	December 31, 2023
<u>19,685,096</u>		

* during the nine months ended April 30, 2020, the Company received consent from the TSX-V to extend the expiry date by one year to May 8, 2021

11. RELATED PARTY TRANSACTIONS

The Company entered into transactions with related parties during the six months ended April 30, 2020.

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

	For the six months ended April 30,	
	2020	2019
	\$	\$
Accounting fees	12,000	12,000
Management fees	45,000	7,500
Share-based compensation	47,214	34,172
Wages and benefits	-	62,692
	<u>104,214</u>	<u>116,364</u>

Amounts owing to related parties (including key management personnel) included in accounts payable and accrued liabilities total \$9,975 (October 31, 2019 - \$nil).

12. SEGMENTED INFORMATION

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

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

(Expressed in Canadian Dollars - Unaudited)

13. SUPPLEMENTAL CASH FLOW INFORMATION

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

	For the six months ended April 30,	
	2020	2019
	\$	\$
Non-cash transactions not included in investing or financing activities:		
Exploration and evaluation assets in accounts payable	74,666	37,275
Expiration of stock options	1,626	-
Termination of options	-	34,744
Units issued for exploration and evaluation assets	-	27,390

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

The Company's financial instruments consist of cash, receivables, reclamation bonds, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values. 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 credit, liquidity, interest rate, foreign currency and price risk.

Credit risk

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

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of April 30, 2020, the Company held demand deposits with a face value of \$68,000. A change in interest rates of 1% would change income by \$680 per annum.

TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

For the six months ended April 30, 2020

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Foreign currency risk

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

Price risk

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

15. CAPITAL MANAGEMENT

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There have been no significant changes in the Company's objectives, policies, and processes for managing its capital during the six months ended April 30, 2020.

16. SUBSEQUENT EVENT

Subsequent to April 30, 2020, the Company issued 8,367,732 units, for proceeds of \$502,064, pursuant to a private placement. Each unit was comprised of one common share and one share purchase warrant, which will entitle the holder of each whole warrant to acquire an additional common share of the Company at a price of \$0.10 per common share, for a period of 24 months from the date of issue. Finders' fees of \$8,260 were paid in connection with this financing.