



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the Six Months Ended April 30, 2021**

**(Expressed in Canadian Dollars - Unaudited)**

**TOWER RESOURCES LTD.**  
**INDEX TO CONDENSED INTERIM FINANCIAL STATEMENTS**  
(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)

	<b>April 30, 2021</b>	<b>October 31, 2020</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	2,323,608	275,495
Receivables (Note 4)	17,251	188,185
Marketable securities (Note 5)	23,625	47,250
Prepaid expenses and deposits	29,155	18,101
	<u>2,393,639</u>	<u>529,031</u>
<b>Equipment</b> (Note 6)	1,699	1,888
<b>Exploration and evaluation assets</b> (Note 7)	4,941,206	4,603,107
<b>Reclamation bonds</b> (Note 8)	<u>80,000</u>	<u>80,000</u>
	<b>7,416,544</b>	<b>5,214,026</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 9 and 11)	361,345	194,623
Flow-through share premium (Note 10)	582,903	-
	<u>944,248</u>	<u>194,623</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	20,114,705	18,612,641
Reserves (Note 10)	701,444	699,423
Deficit	<u>(14,343,853)</u>	<u>(14,292,661)</u>
	<u>6,472,296</u>	<u>5,019,403</u>
	<b>7,416,544</b>	<b>5,214,026</b>

**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,	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>Expenses</b>				
Accounting and audit fees (Note 11)	11,700	7,218	17,700	13,218
Depreciation (Note 6)	94	118	189	236
Legal fees	559	187	559	401
Management fees (Note 11)	22,500	22,500	45,000	45,000
Office and miscellaneous	19,483	16,958	39,223	36,535
Share-based compensation (Notes 10 and 11)	31,112	26,759	56,684	54,114
Transfer agent and filing fees	5,665	4,303	10,292	6,412
Travel and promotion	-	-	-	-
Wages and benefits (Note 11)	1,168	2,785	1,168	4,174
	<u>(92,281)</u>	<u>(80,828)</u>	<u>(170,815)</u>	<u>(160,090)</u>
Interest	55	612	159	846
Recognition of flow-through premium (Note 10)	88,426	-	88,426	-
Unrealized loss on marketable securities (Note 5)	<u>(7,875)</u>	<u>-</u>	<u>(23,625)</u>	<u>-</u>
<b>Loss and comprehensive loss for the period</b>	<b><u>(11,675)</u></b>	<b><u>(80,216)</u></b>	<b><u>(105,855)</u></b>	<b><u>(159,244)</u></b>
<b>Basic and diluted loss per share</b>	<b><u>(0.00)</u></b>	<b><u>(0.00)</u></b>	<b><u>(0.00)</u></b>	<b><u>(0.00)</u></b>
<b>Weighted average number of common shares outstanding</b>	<b><u>120,350,444</u></b>	<b><u>105,067,435</u></b>	<b><u>116,933,977</u></b>	<b><u>105,067,435</u></b>

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)

	<b>For the six months ended April 30,</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Loss for the period	(105,855)	(159,244)
Items not affecting cash		
Depreciation	189	236
Share-based compensation	56,684	54,114
Recognition of flow-through premium	(88,426)	-
Unrealized loss on marketable securities	23,625	-
Changes in non-cash working capital items		
Receivables	8,882	15,440
Prepaid expenses and deposits	(11,054)	(1,528)
Accounts payable and accrued liabilities	22,271	(15,246)
	<u>(93,684)</u>	<u>(106,228)</u>
<b>Cash flows provided by (used in) investing activities</b>		
Acquisition of exploration and evaluation assets	(193,648)	(220,688)
BC mining exploration tax credit received	162,052	621,854
	<u>(31,596)</u>	<u>401,166</u>
<b>Cash flows provided by financing activities</b>		
Proceeds from shares issued	2,000,000	-
Proceeds from warrants exercised	185,215	-
Share issuance costs	(11,822)	-
	<u>2,173,393</u>	<u>-</u>
<b>Net change in cash</b>	<b>2,048,113</b>	<b>294,938</b>
<b>Cash, beginning of period</b>	<b>275,495</b>	<b>121,725</b>
<b>Cash, end of period</b>	<b>2,323,608</b>	<b>416,663</b>

**SUPPLEMENTAL CASH FLOW INFORMATION** (Note 13)

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

**TOWER RESOURCES LTD.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars - Unaudited)

	<b>Number of Shares Issued</b>	<b>Capital Stock</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Shareholders' Equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at October 31, 2019</b>	<b>105,067,435</b>	<b>18,103,436</b>	<b>538,046</b>	<b>(13,877,519)</b>	<b>4,763,963</b>
Share-based compensation	-	-	54,114	-	54,114
Stock options expired	-	-	(1,626)	1,626	-
Loss for the period	-	-	-	(159,244)	(159,244)
<b>Balance at April 30, 2020</b>	<b>105,067,435</b>	<b>18,103,436</b>	<b>590,534</b>	<b>(14,035,137)</b>	<b>4,658,833</b>
Shares issued for cash	8,367,732	502,064	-	-	502,064
Shares issued for warrants exercised	193,750	19,375	-	-	19,375
Share issuance costs	-	(12,234)	-	-	(12,234)
Share-based compensation	-	-	132,580	-	132,580
Stock options expired / forfeited	-	-	(23,691)	23,691	-
Loss for the period	-	-	-	(281,215)	(281,215)
<b>Balance at October 31, 2020</b>	<b>113,628,917</b>	<b>18,612,641</b>	<b>699,423</b>	<b>(14,292,661)</b>	<b>5,019,403</b>
Shares issued for cash	13,986,014	2,000,000	-	-	2,000,000
Shares issued for warrants exercised	1,852,150	185,215	-	-	185,215
Share issuance costs	-	(11,822)	-	-	(11,822)
Flow-through premium	-	(671,329)	-	-	(671,329)
Share-based compensation	-	-	56,684	-	56,684
Stock options expired / forfeited	-	-	(54,663)	54,663	-
Loss for the period	-	-	-	(105,855)	(105,855)
<b>Balance at April 30, 2021</b>	<b>129,467,081</b>	<b>20,114,705</b>	<b>701,444</b>	<b>(14,343,853)</b>	<b>6,472,296</b>

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, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### **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 B1831, Garibaldi Highlands, BC, V0N 1T0.

#### **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. 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. The Company raised capital in the current period through a private placement of its common shares and exercise of warrants, with the result that the current working capital balance is an amount that management estimates is sufficient to further operations for the upcoming twelve months.

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, 2020, 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 25, 2021.

## **TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### **2. BASIS OF PRESENTATION (continued)**

#### **Basis of presentation**

These 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 these condensed interim financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim 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.

## TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### 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, 2020, except as noted below:

#### Flow-through common shares

The Company may, from time to time, issue flow-through common shares (as defined in the *Income Tax Act* (Canada)) to finance a portion of its Canadian exploration and development programs. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the proceeds received from flow-through common shares into: a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability, and share capital. The Company estimates the portion of the proceeds attributable to the premium as being the excess of the subscription price over the fair value of the shares without the flow-through feature at the time of issuance. Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized and the flow-through share premium is amortized to profit or loss on a pro-rata basis.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

#### New standards, interpretations and amendments to existing standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued by the IASB and are effective for annual periods beginning after November 1, 2020. These have not been applied in preparing these condensed interim financial statements. There are no IFRSs or IFRS Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on these condensed interim financial statements.

### 4. RECEIVABLES

	April 30, 2021	October 31, 2020
GST receivable	\$ 17,221	\$ 24,302
BCMETS receivable	-	162,052
Interest receivable	30	1,831
	<b>17,251</b>	<b>188,185</b>

### 5. MARKETABLE SECURITIES

As at April 30, 2021, the Company held 225,000 (October 31, 2020 - 225,000) shares with a fair value of \$23,625 (October 31, 2020 - \$47,250). The change in market value of the shares resulted in the recording of an unrealized loss on marketable securities for the six months ended April 30, 2021 of \$23,625 (2020 - \$nil).

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

**6. EQUIPMENT**

	<b>Computer software</b>	<b>Equipment and furniture</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>			
October 31, 2019 and 2020 and April 30, 2021	76,929	11,451	88,380
<b>Depreciation</b>			
October 31, 2019	76,929	9,091	86,020
Charge for the year	-	472	472
October 31, 2020	76,929	9,563	86,492
Charge for the period	-	189	189
April 30, 2021	76,929	9,752	86,681
<b>Net book value</b>			
October 31, 2020	-	1,888	1,888
<b>April 30, 2021</b>	-	<b>1,699</b>	<b>1,699</b>

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS**

	<b>Belle</b>	<b>Rabbit North</b>	<b>Nechako Gold</b>	<b>More Creek</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, October 31, 2019	<b>1</b>	<b>2,502,425</b>	<b>1,382,795</b>	<b>82,444</b>	<b>3,967,665</b>
<b>Acquisition costs</b>	-	30,000	-	-	30,000
<b>Deferred costs</b>					
Drilling	-	-	457,382	-	457,382
Equipment rental	-	-	64	-	64
Field travel, meals, and accommodations	-	-	12,482	-	12,482
Geology	-	-	243,832	-	243,832
Geophysics	-	-	106,850	-	106,850
Laboratory and analytical	-	-	8,084	-	8,084
Project supplies and fuel	-	2,800	-	-	2,800
Additions for the year	-	32,800	828,694	-	861,494
B.C. mineral exploration tax credit recovery	-	(8,286)	(153,766)	-	(162,052)
Option agreement	-	-	-	(64,000)	(64,000)
Balance, October 31, 2020	<b>1</b>	<b>2,526,939</b>	<b>2,057,723</b>	<b>18,444</b>	<b>4,603,107</b>
<b>Deferred costs</b>					
Drilling	-	-	247,454	-	247,454
Field travel, meals, and accommodations	-	-	4,567	-	4,567
Geology	-	-	54,270	-	54,270
Geophysics	-	-	12,050	-	12,050
Laboratory and analytical	-	-	18,052	-	18,052
Project supplies and fuel	-	-	1,706	-	1,706
Additions for the period	-	-	338,099	-	338,099
Balance, April 30, 2021	<b>1</b>	<b>2,526,939</b>	<b>2,395,822</b>	<b>18,444</b>	<b>4,941,206</b>

## **TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### **7. EXPLORATION AND EVALUATION ASSETS (continued)**

#### ***BELLE 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.

On August 5, 2020, the Company entered into an option agreement with Volatus Capital Corp. (“Volatus”), pursuant to which the Company granted to Volatus the option to acquire its 100% interests in and to the Belle property (the “Belle Option”). To exercise the Belle Option and earn a 100% interest, Volatus is required to make a total of \$100,000 in cash payments (\$25,000 received as at April 30, 2021) and issue 500,000 common shares over a 36 month period (125,000 received as at April 30, 2021, valued at \$50,000).

#### ***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, 2021, the Company had paid a total of \$90,000 in advance annual royalty payments.

The Company acquired additional claims contiguous to the Rabbit North property by staking, known collectively 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 has 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. The Company fully exercised the options and now owns a 100% interest in these property properties. Details are as follows:

##### 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.

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

**7. EXPLORATION AND EVALUATION ASSETS (continued)****NECHAKO GOLD PROPERTY (continued)**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 has the option to buy back 1% of the NSR from Sandstorm for cash consideration of \$500,000.

**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.

On August 21, 2020, the Company entered into an option agreement with Volatus, pursuant to which the Company granted to Volatus the right to acquire its 100% interest in and to the More Creek property (the "More Option"). To exercise the More Option and earn a 100% interest, Volatus is required to make a total of \$150,000 in payments (of which Volatus must pay \$50,000 in cash and, at its option, pay up to \$100,00 in cash or shares of Volatus), (\$25,000 cash received as at April 30, 2021), issue 100,000 common shares (received, valued at \$39,000), and complete \$600,000 in exploration expenditures over a 40-month period. The Company will retain a 1% NSR of which 0.5% can be repurchased by Volatus for \$500,000.

**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, 2020 - \$45,000 and \$35,000), respectively.

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>April 30, 2021</b>	<b>October 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Accounts payable	295,306	172,023
Accrued liabilities	56,064	22,600
Due to related parties (Note 11)	9,975	-
	<b>361,345</b>	<b>194,623</b>

## TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### 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, 2021

In March 2021 the Company completed a private placement for 13,986,014 units at a price of \$0.143 per unit for gross proceeds of \$2,000,000. Each unit was comprised of one flow-through common share and one share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at the exercise price of \$0.22 per share for a period of 12 months. Expenses of \$11,822 were paid in connection with this financing. The flow-through shares were issued at a premium of \$671,329. During six months ended April 30, 2021, as a result of the Company incurring eligible flow-through expenditures, the flow-through premium was reduced to \$582,903 at as April 30, 2021 and \$88,426 was recognized as income.

During the six months ended April 30, 2021, the Company issued 1,852,150 common shares for proceeds of \$185,215, pursuant to the exercise of warrants.

##### During the year ended October 31, 2020

In June 2020 the Company completed a private placement for 8,367,732 units at a price of \$0.06 per unit for gross proceeds of \$502,064. Each unit was comprised of one common share and one share purchase warrant, with each 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 24 months. Finder's fees and expenses of \$12,234 were paid in connection with this financing.

In fiscal 2020, the Company issued 193,750 common shares for proceeds of \$19,375, pursuant to the exercise of warrants.

#### Flow-through premium

	<b>Total</b>
	<b>\$</b>
October 31, 2019 and 2020	-
Flow-through premium additions	671,329
Recognition of flow-through premium	(88,426)
<b>April 30, 2021</b>	<b>582,903</b>

#### 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 10 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, 2021, the Company expensed \$56,684 (2020 - \$54,114) as share-based compensation for stock options.

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

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

During the six months ended April 30, 2021, nil (2020 - 50,000) incentive stock options expired unexercised and 850,000 (2020 - nil) incentive stock options were terminated in accordance with their terms; accordingly, \$nil (2020 - \$1,626) and \$54,663 (2020 - \$ nil), respectively, were reversed from reserves to deficit.

During the year ended October 31, 2020, 50,000 incentive stock options expired unexercised and 325,000 incentive stock options were forfeited; accordingly, \$1,626 and \$23,691 respectively, were reversed from reserves to deficit.

The following is a summary of stock options activities:

	<u>Number of options</u>	<u>Weighted average exercise price</u>
		\$
Outstanding at October 31, 2019	5,600,000	0.08
Granted	2,000,000	0.12
Forfeited	(325,000)	0.09
Expired	<u>(50,000)</u>	0.05
Outstanding at October 31, 2020	7,225,000	0.09
Forfeited	<u>(850,000)</u>	0.09
Outstanding at April 30, 2021	<u><u>6,375,000</u></u>	0.09

The Company has outstanding options entitling the holders to purchase common shares at April 30, 2021 as follows:

<u>Number outstanding</u>	<u>Number exercisable</u>	<u>Exercise price</u>	<u>Weighted average remaining life (years)</u>	<u>Expiry date</u>
		\$		
200,000	200,000	0.09	0.32	August 23, 2021
575,000	575,000	0.13	0.38	September 16, 2021
100,000	100,000	0.16	0.77	February 6, 2022
175,000	175,000	0.16	1.41	September 28, 2022
600,000	900,000	0.125	2.01	May 2, 2023
2,875,000	1,916,667	0.055	3.25	July 29, 2024
<u>1,850,000</u>	<u>616,667</u>	0.115	4.23	July 22, 2025
<u><u>6,375,000</u></u>	<u><u>4,183,334</u></u>			

The weighted average exercise price of exercisable options is \$0.09.

**Warrants**

In conjunction with the March 2021 financing, the Company issued 13,986,014 warrants, each exercisable into one common share of the Company at a price of \$0.22 for a period of 12 months.

In conjunction with the June 2020 financing, the Company issued 8,367,732 warrants, each exercisable into one common share of the Company at a price of \$0.10 for a period of 24 months.

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

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

The following is a summary of share purchase warrant activities:

	<u>Number of warrants</u>	<u>Weighted average exercise price</u>
		\$
Outstanding at October 31, 2019	19,685,096	0.18
Issued	8,367,732	0.10
Exercised	<u>(193,750)</u>	0.10
Outstanding at October 31, 2020	27,859,078	0.16
Issued	13,986,014	0.22
Exercised	<u>(1,852,150)</u>	0.10
Outstanding at April 30, 2021	<u>39,992,942</u>	0.18

The Company has outstanding warrants entitling the holders to purchase common shares at April 30, 2021 as follows:

<u>Number outstanding</u>	<u>Exercise price</u>	<u>Expiry date</u>
	\$	
5,787,500	0.10	May 8, 2021 <sup>(1)</sup>
13,986,014	0.22	March 24, 2022
12,700,183	0.22	April 6, 2022
172,413	0.22	May 1, 2022
6,784,332	0.10	June 24, 2022
250,000	0.22	January 16, 2023
<u>312,500</u>	0.0375	December 31, 2023
<u>39,992,942</u>		

<sup>(1)</sup> subsequent to April 30, 2021, 400,000 warrants were exercised (Note 16) and the balance expired unexercised**11. RELATED PARTY TRANSACTIONS**

The Company entered into transactions with related parties during the six months ended April 30, 2021.

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

	<b>For the six months ended April 30,</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
Accounting fees	12,000	12,000
Management fees	45,000	45,000
Share-based compensation	53,181	47,214
	<u>110,181</u>	<u>104,214</u>

Amounts owing to related parties (including key management personnel) included in accounts payable and accrued liabilities total \$9,975 (October 31, 2020 - \$nil).

## TOWER RESOURCES LTD.

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**

(Expressed in Canadian Dollars - Unaudited)

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### 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.

### 13. SUPPLEMENTAL CASH FLOW INFORMATION

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

	For the six months ended April 30,	
	2021	2020
	\$	\$
Non-cash transactions not included in investing or financing activities:		
Exploration and evaluation assets in accounts payable	296,781	74,666
Stock options expired / forfeited	54,663	1,626
Flow-through share premium	671,329	-

### 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. Marketable securities are 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.

**TOWER RESOURCES LTD.**

Notes to the condensed interim financial statements

**For the six months ended April 30, 2021**(Expressed in Canadian Dollars - Unaudited)

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**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)*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, 2021, 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.

*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, 2021.

**16. SUBSEQUENT EVENT**

Subsequent to April 30, 2021, the Company issued 400,000 common shares for proceeds of \$40,000, pursuant to the exercise of warrants.