FORM 51-102F3

SECURITIES ACT

MATERIAL CHANGE REPORT

Item 1 Name and address of Company

Tower Energy Ltd.
Suite 1238
200 Granville Street
Vancouver, BC V6C 1S4

Item 2 Date of Material Change

October 18th , 2005

Item 3 Press Release

News Release dated October 18th, 2005 disseminated via Stockwatch, Market News and Canada News Wire under section 7.1 of National Instrument 51-102

Item 4 Summary of Material Change

See attached copy of the October 18th, 2005, News Release.

Item 5 Full Description of Material Change

See attached copy of the October 18th, 2005, News Release.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

James Watt, President of the Issuer, is knowledgeable about the material change and this report. His business telephone no. is (604) 669-4340.

Item 9 Date of Report

18th day of October 2005.

"James G.G. Watt""
President

1238 – 200 Granville Street
Vancouver, BC V6C 1S4
TEL: 604-669-4340 / FAX: 604-684-6813

TWR-V

October 18, 2005

NEWS RELEASE

PROPOSED PRIVATE PLACEMENT

Tower Energy Ltd ("Tower") is pleased to announce it has entered into a private placement financing arrangement with Octagon Capital Corporation, as lead agent, and Dominick & Dominick Securities Inc. on an agency basis for gross proceeds of $5,000,000. The offering will consist of 6,400,000 flow-through shares at a price of $.50 per flow-through share and 4,000,000 units at $0.45 per unit, each unit consisting of one (non flow-through) share and one-half warrant. Two half warrants may be exercised to acquire an additional common share at 60 cents for a period of 2 years. Octagon and Dominick collectively will receive a commission of 8% in cash of the gross proceeds of the Offering and 8% warrants in the number of Offering Securities, exercisable for 2 years.

The proceeds from the flow-through portion of the placement will be used to incur Canadian Exploration Expense ("CEE") and will be used to fund further exploration on Tower's interests in the Sarcee Lands west of Calgary, Alberta. The balance of the funds will be used for general working purposes and as a reserve of potential future acquisitions. The completion of the private placement is subject to the approval of the TSX Venture Exchange and other regulatory agencies.

Tower has a 25% W.I. in 20,800 acres in the Sarcee Lands along with a 5% W.I. in an additional 2,560 acres which includes the Sarcee 12-13-23-4W5M Deep Mississippian well.

Based on this preliminary information provided by C1 Energy Ltd. as operator, Sproule Associates Ltd. has determined that a gas pool has been encountered, and estimates that the original gas in place of this pool could be between 20 billion standard cubic feet to 30 billion standard cubic feet. At this time, it appears no previous production has been established from this pool. Similar gas pools in the area are high deliverability, hydrocarbon liquids-rich and demonstrate long reserve life indices.

TOWER ENERGY LTD.

PER: "James G.G. Watt"

JAMES G.G. WATT, President

Investor Relations: info@towerenergy.ca