FORM 51-102F3

SECURITIES ACT

MATERIAL CHANGE REPORT

Item 1 Name and address of Company

Tower Energy Ltd.
2110-1177 West Hastings Street
Vancouver BC V6E 2K3

Item 2 Date of Material Change

February 27, 2007

Item 3 Press Release

News Release dated February 27, 2007 disseminated via Stockwatch and Market News under section 7.1 of National Instrument 51-102

Item 4 Summary of Material Change

See attached copy of the February 27, 2007, News Release.

Item 5 Full Description of Material Change

See attached copy of the February 27, 2007, 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

Charles Ross, Director 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

February 27, 2007

"Charles Ross"
Director

February 27, 2007 **TWR: TSX Venture Exchange**

# NEWS RELEASE

## Exploration Update

**VANCOUVER, B.C.:** Tower Energy Ltd. ("Tower" or the "Company") is pleased to announce the results of its three farm-in projects, previously announced on December 7, 2006.

**Operation Update**

**Poplar Point Energy Ltd. – Strachan**

The farm-in was with Poplar Point Energy Ltd. at the Strachan 8-10-38-10W5M in the West Central area of Alberta. The following results were announced by the operator, Winstar Resources Ltd., on February 22, 2007.

Winstar re-entered the suspended Winstar 13-10-38-10W5 ("13-10") well and initiated a sidetrack with a 1,500 meters (4,900 feet) horizontal displacement, targeting a newly identified, adjacent Leduc structure. The sidetrack operation was successful and entered the Leduc formation at the bottom-hole location 8-10-38-10 W5 ("8-10" or "Strachan well") 30 meters (98 feet) structurally higher than the top of the producing zone at 13-10. Open-hole logs indicate that the 8-10 location has 18 meters (59 feet) of Leduc gas pay with porosities of 3-15%. The drilling rig was released on January 20, 2007 after production tubing was installed.

Completion operations commenced February 11, 2007. The well was stimulated using two acid matrix and fracturing type stimulations. The well has been subsequently flowed back at gas rates varying between 30 E3m3 per day of natural gas to 130 E3m3 per day (1,060 to 4,590 mcf/d), containing up to 4.5% Hydrogen Sulfide Gas ("H2S gas") and was still recovering stimulation fluids pumped during the treatments. The well has been shut-in as of February 21, 2007 to release all service company equipment and re-install the surface production facilities in preparation for an "in-line" production test and eventual permanent production of the well. The above stated flow rates are unstable and very preliminary in nature as there is still over 100 m3 (630 barrels) of stimulation fluid left in the well to recover. This amount of fluid can have a significant effect on the early performance of the well. The production test is expected to commence in approximately two weeks time.

Tower provided $300,000 ("Equalization") of the drilling, completion and tie in costs of the Strachan well with Tower's participating interests to be calculated as a percentage of the Equalization to the total of Poplar Point Energy's share of the aforementioned costs, based on costs incurred to date and to be incurred.

**Empress Seismic Program**

Tower paid 100% of the cost to run two seismic lines in the Empress area, to evaluate shallow gas potential. Interpretation of these lines, in conjunction with existing seismic data, has been reviewed by the Company's independent engineers with the farmor. This review indicates that the Belly River target is not viable. However, a possible Rex formation gas play was identified at a depth of approximately 900 meters. The Company is reviewing the potential of this opportunity with its independent engineers. Rex gas plays are generally narrow channel plays, with possible significant net pays. There are a number of Rex producers to the West of the Empress area.

**Esther**

The Company drilled, completed and perforated a well into the Viking formation in the Esther area of Alberta. Initial flow rates were not economic. The Company's independent engineers are in the process of determining if the well has any stimulation potential.

**TOWER ENERGY LTD.**
Per: "Charles Ross"
Director

For further information, please contact:


**Charles Ross**
Director
**TOWER ENERGY LTD.**
Suite 2110 – 1177 W. Hastings Street
Vancouver, BC, Canada V6E 2K3
Tel: 604.669-4340
Fax: 604.681-5259
Email: info@towerenergy.ca
Website: www.towerenergy.ca

**Richard Cohen**
Director
Tel.: 905.882.4422
Fax: 905.882.4435
Email: clarkavenue@rogers.com
Website: www.clarkavenue.com