MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended April 30, 2019

Suite 912 – 1112 West Pender Street
Vancouver, BC V6E 2S1
Telephone: 604-558-2565
Email: info@towerresources.ca

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" or "Tower"). The following Management's Discussion & Analysis ("MD&A") provides a review of activities, results of operations and the financial condition of the Company for the six months ended April 30, 2019. This MD&A should be read in conjunction with the Company's condensed interim financial statements and related notes for the six months ended April 30, 2019 ("Financial Statements") and the audited financial statements and related notes thereto for the year ended October 31, 2018. The following discussion is dated and current as of June 28, 2019. 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.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are 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, http://www.towerresources.ca/.

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.

Forward Looking Statements *(continued)*

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

The Company is incorporated under the Business Corporations Act (BC) and is listed on the TSX Venture Exchange ("TSX-V") under the symbol TWR and on the OTCQB under the symbol TWRFF. The principal business of the Company is the acquisition and exploration of mineral exploration and evaluation assets in the Province of British Columbia, Canada.

The Company is a Canadian based mineral exploration company focused on the discovery and advancement of economic mineral projects in the Americas. The Company's key exploration assets are located in British Columbia, Canada. They include the Rabbit North copper-gold porphyry project located between the New Afton and Highland Valley Copper mines, the Nechako gold project near New Gold's Blackwater project, the Belle copper-gold porphyry project in the Toodoggone district and the More Creek and Voigtberg gold projects in the Golden Triangle area.

The Company is currently focused on the multidisciplinary program at the Rabbit North copper-gold property and exploration of the Nechako Gold property.

Overall performance

Operating expenses for the six months ended April 30, 2019 were $188,909 versus $422,150 in the comparative period ended April 30, 2018. Expenses have decreased as the Company is minimizing expenditures to conserve its cash. Changes are further discussed in the "Results of Operations" section.

The Company had a net decrease in cash during the six months ended April 30, 2019 of $150,805, for a cash balance as at April 30, 2019 of $464,571. The decrease in the current period is mainly attributable to operating activities of $153,894 and exploration and evaluation assets expenditures of $266,911, offset by share subscriptions received in advance of $286,000. Refer to the "Summary of Exploration Activities" for further discussion of the expenditures and properties.

Corporate activities

In December 2018, the Company issued 625,000 units pursuant to the Voigtberg property agreement. 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 for a period of 60 months.

In February 2019, Garett Macdonald tendered his resignation as President, Chief Executive Officer and a director.

In April 2019, Joe Dhami was appointed as President and Chief Executive Officer and a member to the Board of Directors.

Description of Business and Discussion of Operations *(continued)*

Corporate activities (continued)

In May 2019, the Company issued 12,500,000 units, for proceeds of $500,000, pursuant to a private placement. Each unit was comprised of one common share and one-half of 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 12 months from the date of issue.

Summary of Exploration Activities

During the six months ended April 30, 2019, the Company incurred $331,576 in exploration and evaluation asset expenditures compared to $560,270 for the corresponding six months ended April 30, 2018.

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, 2019:

	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	-	-	-	-	27,390	27,390
Deferred costs						
Assays	-	-	9,651	-	-	9,651
Consulting	-	1,796	648	-	-	2,444
Drilling	-	-	152,935	-	-	152,935
Equipment rental	-	-	1,771	-	-	1,771
Field supplies	-	187	743	-	-	930
Food	-	-	2,915	-	-	2,915
Geologist	-	21,742	103,227	-	-	124,969
Travel	-	2,400	3,451	-	-	5,851
Vehicle	-	-	2,720	-	-	2,720
Total costs incurred during the period	-	26,125	278,061	-	27,390	331,576
Balance, April 30, 2019	**1**	**2,863,307**	**1,250,994**	**104,117**	**231,224**	**4,449,643**

Summary of Exploration Activities *(continued)*

Rabbit North property

The Rabbit North property, acquired in 2013, is comprised of 34 mineral tenures covering 16,400 hectares of which 2,850 hectares are claims under option from private individuals and the remainder were staked by the Company. The staked claims are known as the Rabbit North Extension property. The Company earned a 100% interest in the optioned portion by making cash payments of $170,000, issuing 1,300,000 common shares, and funding aggregate exploration expenditures of $2,150,000. The vendors also hold a 3% NSR, 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. If these buy-back rights are exercised, the NSR would be reduced to 1%. 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. Under the terms of the agreement, the Company received $50,000. 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. If these transactions occur, the optionors will hold a 1% NSR on the Rabbit North property and Sandstorm will hold a 1% NSR, for a total royalty burden of 2%. In March 2017, the Company entered into a NSR agreement with Sandstorm. Under the terms of the agreement, the Company received $150,000 in return for granting 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.

The property is located in the Kamloops mining district in south-central B.C., between the New Afton underground Cu-Au mine and the Highland Valley open pit Cu mine. It is centered on the alkalic Durand Stock which measures 2 x 3 km and is compositionally similar to and of the same age as (Late Triassic to Early Jurassic) the intrusion that hosts the New Afton deposit. Previous exploration within the stock identified several zones of Cu-Au mineralization that appear to be of limited size and grade but drilling by the Company in 2017 on a magnetic anomaly – the Western Magnetite Zone – encountered stronger and more continuous mineralization in the volcanic rocks along the western margin of the stock, including 247 metres of 0.51% Cu and 0.34 g/t Au in hole RN17-05.

Q1/Q2 Activities

The Company did not perform any field work on the Rabbit North property or Rabbit North Extension in Q1 or Q2. In Q4 of 2018 the Company fulfilled its remaining obligations under the Rabbit North option agreement and now owns a 100% interest in the Rabbit North property.

More Creek property

The More Creek property is located in the Golden Triangle mineral district in northwestern B.C. It was acquired by staking in 2016, covers 6,430 hectares and is centered on a mountain known as Lawrence Peak. Sandstorm holds a 2% NSR on the property, of which the company can buy back 1% for $500,000.

Previous work on the property focused on the Sinter Zone, an area of epithermal alteration that is exposed on a high ridge and hosted by Triassic volcanic rocks. Limited heavy mineral stream sediment sampling by the Company in 2016 identified anomalous concentrations of gold grains in a creek draining a previously unexplored area upstream from the Sinter Zone. Mapping, prospecting and silt, soil and rock sampling were performed along the creek valley in the 2017 field season, but no additional heavy mineral sampling was conducted.

Summary of Exploration Activities *(continued)*

More Creek property (continued)

Q1/Q2 Activities

The company did not perform any field work on the More Creek property in Q1 or Q2.

Nechako Gold property

The Nechako Gold property is located on the Nechako Plateau in central B.C., 30 km northeast of the 8,000,000-ounce Blackwater Au deposit. It consists of two claim blocks –Porphyry and Chutanli – that were acquired by the Company in July 2016 under separate option agreements and together cover 2975 hectares. To acquire a 100% interest in each property the Company was required, over a 2-year period for the Porphyry Property and a 3-year period for the Chutanli Property, to make a series of cash payments, issue tranches of shares and fulfill exploration expenditures of $250,000 on the Porphyry block and $225,000 on the Chutanli block. During the year ended October 31, 2018, the Company fulfilled its obligations under the Porphyry option agreement and has earned the right to acquire a 100% interest in the Porphyry property. The vendors hold a 1.5% NSR on their respective properties, each of which the Company can buy back in full for $1,000,000. Sandstorm also holds a 2% NSR on the combined property, of which the Company can buy back 1% for $500,000.

The Nechako Gold property lies mainly in a valley that is infilled by thick glacial sediments comprised largely of till eroded from the underlying bedrock. At the time the Company acquired the property the bedrock geology was essentially unknown because rock outcrops are very scarce, even on hills of the Nechako Range along the west side of the valley.

In October 2016, Overburden Drilling Management Limited (ODM) sampled the till at 31 sites in the valley and, in the heavy mineral fraction of the till, identified a gold grain anomaly the core of which covers an area of 2 x 3 km and is twice as large and similar in strength to the known gold grain dispersal train that extends glacially down-ice from the Blackwater Au deposit.

In November 2017, 38 reverse circulation (RC) holes were drilled in the valley to obtain continuous samples of the till and underlying bedrock. The RC drilling revealed that: (a) the glacial deposits in the valley range in thickness from 10 to 60 m and, where more than 20 m thick, include a Lower Till horizon from an earlier glaciation in addition to the gold-grain-bearing Upper Till that is exposed at surface; (b) the gold grain dispersal train that was originally identified in the Upper Till is actually a daughter train in which the gold was glacially eroded from an older and stronger mother train in the underlying Lower Till; and (c) the bedrock beneath the till includes two porphyry bodies – the large, previously unknown and pervasively argillic-altered Blue Road Porphyry and the smaller, thinly covered Kluskus Road Porphyry which is locally exposed along the western edge of the valley and contains a historical, low-grade porphyry Cu occurrence, the C-Zone.

The mother train is a sulphide-rich, polymetallic Au-Ag-As-Cu-Zn-Pb train. It is 1.5 km wide in the area east-northeast of (i.e. glacially down-ice from) the C-Zone but the host Lower Till has been completely eroded in the area of thin cover over the C-Zone, creating a large gap in the train. The Cu component of the train closely matches that of the C-Zone. However, the C-Zone does not contain significant Au, Ag, As, Zn or Pb, indicating that the bedrock source of these five metals is located further west-southwest up the glacial ice flow path. In an initial attempt to locate this source, five diamond core holes totaling 751.02 m were drilled in the eastern part of the erosional gap in the train in May 2018. These holes did not intersect any Au-Ag-As-Zn-Pb mineralization, indicating that the targeted mineralized zone was located further up-ice, possibly near the historical April showing which contains the same five metals.

Summary of Exploration Activities *(continued)*

Nechako Gold property (continued)

Q1/Q2 Activities

In December 2018, during Q1, the Company drilled 13 step-out RC holes, Nos. 39 to 51, between the C-Zone and the April showing with the objective of locating the bedrock source of the mother train. In addition, one diamond core hole was drilled to test an induced polarization geophysical anomaly on the eastern part of the Blue Road Porphyry.

The RC drilling intersected a second remnant of the Lower Till horizon. This remnant is located 1 km west-southwest of – i.e. glacially up ice from – the C-Zone and contains the source-proximal part of the gold dispersal train. The till in this segment of the train contains only Au-Ag-As-Zn-Pb, confirming that the Cu that is present in the segment down-ice from the C-Zone is derived from this zone.

The dispersal train was found to end abruptly along a line extending southeast from the historical April Au-Ag-As-Zn-Pb showing. The 1.5 km width of the dispersal train indicates that this fertile lineament – the “April Trend” – has a strike length of 1.5 kilometres. The bedrock intercepts obtained from the RC drill holes indicate that the April Trend follows the contact between unaltered basalt flows to the northeast and highly altered tuffs and siltstones to the southwest. Due to the wide spacing of the drill holes, however, the drilling succeeded only in broadly constraining the trend to a 300-m-wide corridor. Infill RC drilling, scheduled for early Q3, is required to further constrain the width of the prospective corridor prior to testing it by diamond drilling.

The diamond drill hole on the Blue Road Porphyry, No. ND-18-006, was drilled vertically a depth of 245 metres. It encountered the contact of the porphyry with the underlying volcanics at 120 m, indicating that the contact dips shallowly inward. Both the porphyry and volcanics were found to be pervasively sericitized and pyritized but the only mineralization of note was minor sphalerite and galena associated with later fractures. A 6 m section 10 m below the porphyry/volcanic contact averaged 0.11 gpt Au, 10.5 gpt Ag, 0.01% Cu, 0.22% Pb and 0.57% Zn.

Belle Claims (formerly part of JD property)

In March 2017, the Company was served with a legal claim disputing the title of the Company’s Belle claims in the Toodoggone gold district of north-central B.C. The Company commenced arbitration, serving the claimants with a Statement of Defence on September 15, 2017. In May 2018, the Company received the arbitrator’s decision in favour of the Company.

Q1/Q2 Activities

The Company did not perform any field work on the Belle Claims in Q1 or Q2.

Voigtberg property

The Voigtberg property is located near the heart of the Golden Triangle region of northwestern B.C. The property is comprised of six mineral tenures totaling 3144 hectares. It was optioned in December 2017, from Goldcorp Inc. for a three-year term in exchange for Company shares and warrants and a $1,925,000 work commitment, with Goldcorp retaining a 1% NSR.

Summary of Exploration Activities *(continued)*

Voigtberg property (continued)

The property is considered by the Company to be prospective for Au-Cu mineralization associated with monzonitic dykes of inferred Late Triassic to Early Jurassic age. A historical drill hole at a showing known as the Gold Zone intersected 51.2 m of 1.03 g/t Au including 18.2 m of 1.87 g/t Au. Of particular interest is the untested Gossan zone, a 600 x 1000 m area of phyllic and advanced argillic alteration south of the Gold Zone.

Q1/Q2 Activities

The Company did not perform any field work on the Voigtberg property in Q1 or Q2 .

Other Properties

The Company is continually reviewing data from and conducting technical due diligence investigations on other exploration projects with a view to acquiring additional properties.

The scientific and technical content and interpretations contained in this MD&A have been reviewed, verified and approved by Stuart A. Averill, B.Sc. (Hons.), P.Geo. (APGO-0641, APEGNL-05465), a Director of the Company and Qualified Person as defined by NI 43-101, *Standards of Disclosure for Mineral Projects*.

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 of 1.2366423%. 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, the Company wrote down the value of the property to the estimated recoverable amount of $1.

Costs Summary for the Oil and Gas Property

	April 30, 2019 and October 31, 2018
	Acquisition Costs
Poplar Winstar Strachan	$ 1

Summary of Quarterly Results

Quarter ended	Revenue (interest income)	Loss and comprehensive loss	Basic and diluted loss per share	Exploration and evaluation assets expenditures	General and administrative expenses
	$	**$**	**$**	**$**	**$**
April 30, 2019	971	(9,000)	(0.00)	57,667	9,971
January 31, 2019	1,452	(177,486)	(0.00)	273,909	178,938
October 31, 2018	1,941	(141,691)	(0.00)	169,499	158,297
July 31, 2018	4,107	(407,139)	(0.00)	635,229	411,246
April 30, 2018	-	(212,452)	(0.00)	156,450	212,452
January 31, 2018	-	(211,348)	(0.00)	403,820	209,698
October 31, 2017	-	(183,245)	(0.00)	228,829	203,088
July 31, 2017	-	(217,308)	(0.00)	886,927	217,308

Variances quarter over quarter can be explained as follows:

- 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.

Results of Operations – current quarter

The following discussion should be read in conjunction with the accompanying Financial Statements and related notes. For the three months ended April 30, 2019, the loss and comprehensive loss includes operating and administrative expenses of $9,971 (2018 - $212,452) and net other income of $971 (2018 - $nil).

The table below explains the significant changes in expenditures for the three months ended April 30, 2019 as compared to the corresponding three months ended April 30, 2018.

Expenses	**Increase / Decrease in Expenses**	**Explanation for Change**
Consulting fees	Decrease of $18,000	Decrease as the consultant is no longer used by the Company.
Legal fees	Decrease of $21,786	Decrease as prior period included fees for the Belle arbitration and Voitgberg acquisition.
Management fees	Decrease of $12,500	Management fees include fees paid to the CEO.
Travel and promotion	Decrease of $11,379	Decrease resulted from the Company minimizes expenditures as it conserves its cash.
Wages and benefits	Decrease of $25,161	Decrease resulted as the previous CEO's fees were recorded as wages; the current CEO is paid a management fee.

Results of Operations – year-to-date

The following discussion should be read in conjunction with the accompanying Financial Statements and related notes. For the six months ended April 30, 2019, the loss and comprehensive loss includes operating and administrative expenses of $188,909 (2018 - $422,150) and net other income (loss) of $2,423 (2018 - $(1,650)).

The table below explains the significant changes, not described above, in expenditures for the six months ended April 30, 2019 as compared to the corresponding six months ended April 30, 2018.

Expenses	**Increase / Decrease in Expenses**	**Explanation for Change**
Share-based compensation	Decrease of $127,835	Variation is due to timing of options vesting. Additionally, options were terminated in the current period, which resulted in an adjustment to reflect the fair value of options not yet vested.

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.

The Company's liquidity and capital resources are as follows:

	April 30, 2019	October 31, 2018	April 30, 2018
	$	$	$
Cash	464,571	615,376	1,717,478
Receivables	11,674	48,088	25,741
Prepaid expenses	16,638	28,954	16,869
Total current assets	492,883	692,418	1,760,088
Accounts payables and accrued liabilities	88,497	56,812	41,618
Working capital	404,386	635,606	1,718,470

The use of cash during the six months ended April 30, 2019 was the funding of operating activities of $153,894 (2018 - $332,545) and investing activities of $282,911 (2018 - $454,477), offset by funding from financing activities of $286,000 (2018 - $42,000). Investing activities include expenditures on exploration and evaluation assets of $266,911 (2018 - $419,477), exploration advances of $16,000 (2018 - $nil), and reclamation bonds of $nil (2018 - $35,000). The primary focus of the exploration and evaluation assets expenditures was for exploration on the Nechako Gold property. Exploration advances will be used to fund future exploration and evaluation assets expenditures. Financing activities in the current period consisted of $286,000 received in advance for the May 2019 private placement.

Liquidity, Financial Position and Capital Resources *(continued)*

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. These uncertainties may cast significant doubt as to the ability of the Company to continue as a going concern.

Related Party Transactions

During the six months ended April 30, 2019, the Company engaged in the following transactions with related parties (key management), not disclosed elsewhere in this MD&A:

a) Management fees of $7,500 (2018 - $nil) were paid to Joe Dhami, the President, CEO and director of the Company.
b) Management fees, included in wages and benefits, of $62,692 (2018 - $19,231) were paid to Garett Macdonald, the former President, CEO and director of the Company.
c) Management fees of $nil (2018 - $50,000) were paid to a company controlled by Mark Vanry, the former President, former CEO and former director of the Company.
d) Accounting fees of $12,000 (2018 - $3,548) were paid to Lesia Burianyk, the CFO of the Company.
e) Administrative fees included in office and miscellaneous of $nil (2018 - $10,000) were paid to a company controlled by Steve Vanry, the former CFO and former director of the Company.
f) Office and miscellaneous includes rent recovery of $nil (2018 - $1,500) from Pacific Rim Cobalt Corp. (formerly Rhys Resources Ltd.), a company related by a common former director.
g) Office and miscellaneous includes rent recovery of $nil (2018 - 3,169) from InZinc Mining Ltd., a company related by a common former officer.

Summary of key management personnel compensation (including officers and directors) for the six months ended April 30, 2019 and 2018:

	2019	2018
	$	$
Accounting fees	12,000	3,548
Management fees	7,500	50,000
Office and miscellaneous	-	10,000
Share-based compensation	34,172	65,580
Wages and benefits	62,692	19,231
	116,364	**148,359**

Amounts owing to related parties (including key management personnel) included in accounts payable and accrued liabilities total $7,500 (October 31, 2018 - $2,100).

***Related Party Transactions* (continued)**

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.

Off-Balance Sheet Transactions

The Company does not have any off-balance sheet arrangements as at April 30, 2019 or as of the date of this report.

Risks and Uncertainties

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

<u>Operational</u>

The Company is focused on mineral exploration of its Rabbit North, More Creek and Nechako Gold properties located in British Columbia. 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 has 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.

<u>Management of industry risk</u>

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.

Risks and Uncertainties *(continued)*

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 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.

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.

Critical Accounting Estimates *(continued)*

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.

New or Revised Accounting Standards Adopted

The following standards and amendments to existing standards have been adopted by the Company effective October 1, 2018:

IFRS 2 – Share Based Payments

The Company adopted *IFRS 2, Share Based Payments*. IFRS 2 amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. There was no impact on the condensed interim financial statements as a result of adopting this standard.

IFRS 9 – Financial Instruments

The Company retrospectively adopted *IFRS 9, Financial Instruments*. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39, Financial Instruments: Recognition and Measurement*. Prior periods were not restated and there was no material impact to the Company's condensed interim financial statements as a result of transitioning to IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and financial assets. The impact of IFRS 9 on the classification and measurement of financial assets and financial liabilities is set out below.

Classification and measurement of financial assets and liabilities

Under IFRS 9, financial assets, on initial recognition, are recognized at fair value and subsequently classified and measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The classification of financial assets depends on the purpose for which the financial assets were acquired. Financial assets are classified as current assets or non-current assets based on their maturity date. The Company's financial assets which consist of cash and receivables are classified as amortized cost. Cash has changed classification from FVTPL to amortized cost. The carrying value is equal to its fair value given the short-term nature of the asset, therefore, there is no change in the carrying value as a result of the change in classification. Reclamation bonds are classified as FVTPL.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, and, as such, the Company's accounting policy with respect to financial liabilities is substantially unchanged. The Company's financial liabilities which consist of accounts payable and accrued liabilities are classified as amortized cost.

***New or Revised Accounting Standards Adopted** (continued)*

IFRS 9 – Financial Instruments (continued)

Impairment of financial assets

Under IFRS 9, an expected credit loss ("ECL") impairment model applies to financial assets classified and measured at amortized cost, and contract assets and debt investments classified and measured at FVOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets given the nature of the items and that receivables are substantially all current and there is a minimal level of default.

IFRS 15 – Revenue from Contracts with Customers

The Company retrospectively adopted *IFRS 15, Revenue from Contracts with Customers.* IFRS 15 establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. There was no impact on the condensed interim financial statements as a result of adopting this standard.

New or Revised Accounting Standards Not Yet Adopted

The following new standards, amendments to standards and interpretations applicable to the Company are not yet effective and have not been applied in preparing these financial statements. The Company does not expect there to be any changes other than disclosure as a result of the new or revised standards, which will be effective in relation to the Company's financial statements for the year ending October 31, 2019 or later.

IFRS 16 – Leases

This standard establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet assessed the potential impact of the application 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. 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 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 primarily consist of sales tax receivable 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. 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, 2019, the Company held demand deposits with a face value of \$68,000 (October 31, 2018 - \$668,000). A change in interest rates of 1% would change income by \$680 (October 31, 2018 - \$6,680) 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.

Financial Instruments and Management of Financial Risk *(continued)*

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 the date of this report

Authorized: Unlimited common shares without par value

Issued and Outstanding: 104,867,435 common shares

(i) Warrants

The following warrants were outstanding and exercisable as at the date of this report:

Exercise Price	Number Outstanding	Expiry Date
$		
0.10	6,250,000	May 8, 2020
0.22	12,700,183	April 6, 2022
0.22	172,413	May 1, 2022
0.22	250,000	January 16, 2023
0.0375	312,500	December 31, 2023
	19,685,096	

Disclosure of Data for Outstanding Common Shares, Options and Warrants *(continued)*

(ii) Options

The following options were outstanding and exercisable as at the date of this report:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.06	100,000	100,000	July 7, 2019
0.05	50,000	50,000	November 4, 2019
0.09	200,000	200,000	August 23, 2021
0.13	575,000	575,000	September 16, 2021
0.16	100,000	100,000	February 6, 2022
0.16	175,000	175,000	September 28, 2022
0.125	1,050,000	700,000	May 2, 2023
	2,250,000	1,900,000	

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.towerresources.ca;
- the Company's audited financial statements for the year ended October 31, 2018; and
- the Company's condensed interim financial statements for the six months ended April 30, 2019.

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,

/s/ "*Joe Dhami*"

Director
June 28, 2019